

ANNUAL MONITORING REPORT

CEAM

EXECUTIVE MONITORING
COMMITTEE OF THE IPCG
CORPORATE GOVERNANCE CODE

2022

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EXECUTIVE SUMMARY

This Annual Monitoring Report (hereinafter referred to as RAM) is the fifth prepared by reference to the monitoring system introduced with the IPCG Corporate Governance Code (hereinafter referred to as CGS), initially approved in 2018.

This is the third Report on the monitoring of the CGS as revised in 2020.

Thirty-six companies were monitored, including the sixteen companies that are currently part of the PSI index, as well as one unlisted company.

Comprising 53 recommendations which, for monitoring purposes, were broken down into 74 subrecommendations, the CGS revised in 2020 represented another significant step towards self-regulation of corporate governance in Portugal.

This document, in similar terms to the previous four years, reports on the monitoring work carried out with reference to the year of 2022.

The conclusion of this exercise is that the average degree of compliance with the CGS in the total number of issuer companies monitored, regarding the total of recommendations and subrecommendations, reached approximately 83%. In the case of issuer companies that were part of the PSI in 2022, the percentage rises to 95%.

These results represent a positive evolution in terms of average compliance, compared to the result obtained in the 2021 year: there is an increase of four percentage points (from 79% to 83%) in the total of issuer companies considered and a more marked increase in the PSI universe (from 88% to 95%). It should be noted that, with respect to the latter, the comparability with the data analysed in the previous year is directly affected by the change in the composition of the companies that form part of this index.

These overall figures reflect, to a large extent, the fact that we are facing a year that can be said to be one of consolidation, which is the result of two unifying forces.

On the one hand, the universe of monitored companies remained constant compared to the 2021 year, with the result that this year there were no issuer companies in the process of adapting to the CGS.

On the other hand, the recommendation framework remained unchanged, allowing monitored companies, in continued dialogue with the CEAM – Executive Monitoring Committee (*Comissão Executiva de Acompanhamento e Monitorização*), to integrate and consolidate the good governance practices adopted.

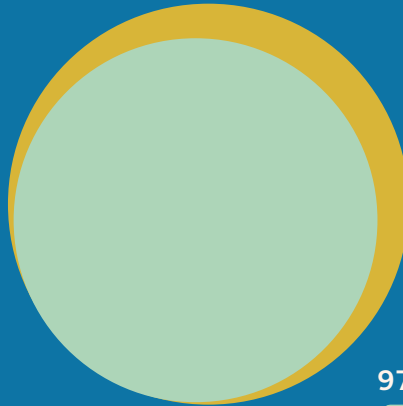
Considering the sustained evolution of results, the CEAM considers that the path towards improving the governance solutions of issuer companies in Portugal is assured, and it hopes that will be reinforced in the next year with the application of the new recommendation framework resulting from the CGS revised in 2023.

Chart 1

Recommendations with the highest compliance level

100% compliance

- I.1.1.
- I.2.2.(4)
- I.2.2.(5)
- I.2.3.(1)
- V.2.2.
- VI.6.(1)
- VI.6.(4)



97% compliance

- I.2.3. (2)
- VII.1.1
- VII. 2.2. (1)

I.1.1 – establishing of mechanisms for the timely disclosure of information

I.2.2.(4) and (5) – drawing up minutes of the meetings of the management and supervisory bodies

I.2.3.(1) and (2) – disclosure, on the website, of the composition and number of annual meetings of the bodies and committees

V.2.2 – remuneration settled by a committee (or by the general meeting of shareholders upon a committee proposal)

VI.6.(1) and (4) – establishment of a risk management function, identifying (1) the main risks to which the issuer company is subjected; (4) the monitoring procedures, aiming at their accompaniment

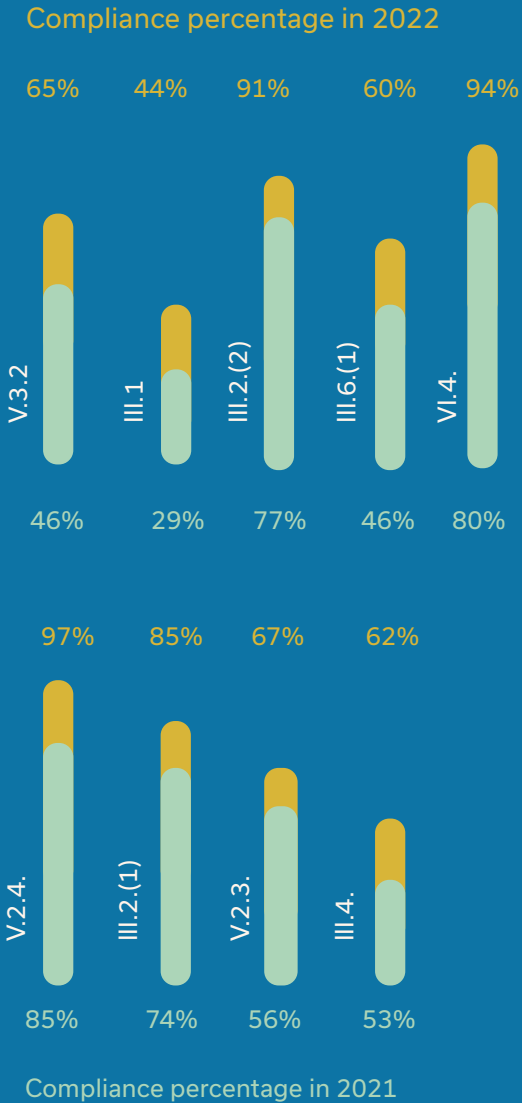
VII.1.1. – imposition, by internal regulation of the supervisory body, of this body to supervise the suitability of the process of preparation and disclosure of financial information by the management body

VII.2.2.(1) – the supervisory body as the main interlocutor of the statutory auditor and first addressee of his/her reports

Note: the recommendations considered herein are those deemed applicable to at least the majority of the issuer companies, which led to the exclusion from the chart of recommendations III.2.(3) and V.2.9, fully accepted but applicable to a reduced number of issuer companies (3% and 17%, respectively).

Chart 2

Recommendations whose compliance grew most



IV.3.2 - existence of a committee to monitor and support the appointment of senior management

III.1 - appointment, by the independent directors, of a coordinator

III.2.(2) - suitability judgement on the number of members of the supervisory body

III.6.(1) - the supervisory body assesses and issues its opinion on the strategy, prior to their final approval by the management body

VI.4 - the supervisory body issues its opinion on the work plans and resources allocated to the services of the internal control system

V.2.4 - presence of the chairman or other member of the remuneration committee at the general meeting whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees

III.2.(1) - suitability judgement on the number of non-executive members of the management body

V.2.3 - approval of the maximum amount of compensation in the event of termination of functions

III.4 - the existence of no less than one third of non-executive directors who fulfil the independence requirements

Chart 3

Recommendations with the lowest compliance level



III.1 – appointment, by the independent directors, of a coordinator

III.7.(1) and (2) - existence of a specialised committee on (1) corporate governance and on (2) appointments

IV.1 – approval, by the management body, of the regime for the exercise by executive directors of functions outside the group

V.3.1. - the company promotes that the proposals for the appointment of members of governing bodies are accompanied by a justification in regard of the profile, the skills and curriculum vitae of each candidate to the functions to be performed

III.6.(1) and (2) - the supervisory body assesses and issues its opinion on (1) the strategy and (2) the risk policy, prior to their final approval by the management body

III.4 - the existence of no less than one third of non-executive directors who fulfil the independency requirements

V.3.3 - inclusion of a majority of independent non-executive members in the appointments committee

VII.2.1 – definition, by the supervisory body, of the supervisory procedures designed to ensure the independency of the statutory auditor

Note: in this chart only recommendations that were deemed applicable to at least the majority of the issuer companies were considered, which led to the exclusion from the chart of recommendation II.1.(2), applicable to a reduced number of issuer companies (23%).

INTRODUCTION

The Annual Monitoring Report presented hereby is the fifth analysis prepared with reference to the IPCG CGS, and the third regarding the CGS revised in 2020.

The implementation of the new code was the result of efforts made by the IPCG – the Portuguese Institute for Corporate Governance (*Instituto Português de Corporate Governance*, hereinafter the **IPCG**), in cooperation with the CMVM – the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*, hereinafter the **CMVM**) and the AEM – the Portuguese Issuers Association (*Associação de Empresas Emitentes de Valores Cotados em Mercado*, hereinafter the **AEM**), as witness of the Protocols entered into with both entities ¹.

It was within the fundamental framework outlined by these instruments that a monitoring system was designed, according

1. The Protocol entered into between the CMVM and the IPCG is available at:

https://cgov.pt/images/ficheiros/cam/PROTOCOLO_CMVM_IPCG_assinado.pdf

The Protocol entered into between the AEM and the IPCG is available at: https://cgov.pt/images/ficheiros/cam/PROTOCOLO_AEM_IPCG_Monitorizacao_e_acompanhamento_do_CGS_assinado.pdf

As a complement to the Protocol signed, in January 2019 the CMVM published the notification regarding the new rules and procedures for 2019 with regard to the supervision of the corporate governance recommendatory regime, through the CMVM Circular, "The supervision of the corporate governance recommendatory regime - new rules and procedures for 2019", dated 11/01/2019: see <https://www.cmvm.pt/PlInstitucional/Content?Input=2B0B85F37406EECA0>

to which the CEAM has been carrying out the tasks that now culminate in the production and dissemination of this Report.

Currently composed by five members, including an Executive Director responsible for the coordination of the technical work², the CEAM, in addition to the interaction with the issuer companies in order to clarify interpretative doubts on the content of the recommendations, collected public information indispensable for the monitoring tasks, initiated a dialogue with the monitored companies for the analysis of their preliminary results, responded to written comments received in that process and, finally, communicated to each of the issuer companies the final results of the respective analysis.

As such, the elements and clarifications necessary for an informed monitoring were obtained, ensuring the independence, objectivity and exemption required for such an exercise, nevertheless without disregard for the particularities of each issuer company, especially those contained in the explanations provided in the respective corporate governance reports.

Therefore, in line with best international practices and with the regulatory framework in force in Portugal, the assessment of the compliance with each recommendation took due notice of the options explained by the issuer companies, in order to, whenever appropriate, value such options as substantially equivalent to the direct compliance with the Code, thus materialising the underlying philosophy of comply or explain.

2. The CEAM is composed of Duarte Calheiros (President), Abel Sequeira Ferreira, Rui Pereira Dias, Mariana Fontes da Costa (Executive Director) and Renata Melo Esteves; to carry out the monitoring work the contribution of a technical support team was secured in 2022, consisting of four elements, including Nuno Devesa Neto (who also supported the coordination of the monitoring work), Ana Jorge Martins, Francisca Pinto Dias, and Mariana Leite da Silva.

The Report, after being unanimously approved by the members of the CEAM, is submitted to the CAM for final approval.

Thus, adopting the structure and sequence defined by the CAM in the exercise of its competence, in the present Report we set out the principles that govern the monitoring (chapter III of this document), after which the working methodology used is reported (chapter IV).

Having established this framework, we will be able to move on to the assessment of the degree of compliance with the recommendations of the Code (chapter V), giving prior note of the treatment given to the multiple recommendations, as well as to the non- applicable ones, and the way in which the monitoring results were defined.

In this context, it is furthermore important to recall the meaning of the ***comply or explain*** principle, on which the Code is based, as well as to report on how the ***explain*** was used by issuer companies and assessed during monitoring.

Based on this set of elements, the Report presents, chapter by chapter, the additional observations necessary in view of each CGS recommendation and of the contents monitored by the CEAM, after which brief final conclusions are presented (chapter VI).

3 MONITORING PRINCIPLES

The monitoring work developed by the CEAM is fundamentally based on the Protocols signed between the CMVM and the IPCG and between the IPCG and the AEM.

In particular, the latter document, which is important for understanding the terms and results of the analysis undertaken, sets out the principles on which monitoring shall be based:

- a) **Necessity** – the monitoring the CGS is an indispensable element of the corporate governance system, as a means of knowing the form and level of compliance with the recommendations and the most critical areas of non-compliance;
- b) **Independence** – the monitoring of the CGS shall be ensured, institutionally and personally, by entities and people who can guarantee the necessary independence from the entities that adopt the CGS;
- c) **Autonomy** – the monitoring of the CGS is autonomous from the exercise of any competencies of judicial or administrative authorities in their supervisory, oversight or sanctioning activities, within the framework of their respective legal powers and duties;
- d) **Universality** – monitoring shall cover all organisations that have adopted the CGS;
- e) **Objectivity and Exemption** - monitoring shall be carried out objectively and impartially and shall, in particular, not include

the formulation of value judgements on the adoption of the CGS recommendations or on the conduct of the adhering companies;

f) **Completeness** – monitoring shall cover all the principles and recommendations of the CGS;

g) **Collaboration** – monitoring shall be based on the collaboration with the entities that adopt the CGS, either by providing them with the necessary elements and clarifications for a correct interpretation and application of the CGS, or by receiving from such entities the elements and clarifications necessary for an informed monitoring; collaboration is also extended to entities whose competences or purposes are projected or intersected with the application of the CGS;

h) **Transparency** – monitoring shall ensure that all mechanisms, criteria or information on which it is based are accessible, at least, to all adhering entities;

i) **Publicity** – the results of the monitoring, insofar as the CGS compliance level is concerned, must be publicised, globally and without individualising or detailing the results regarding each member entity;

j) **Timeliness** – monitoring shall contribute to promote the updating of the criteria for interpretation and application of the CGS, as well as induce the changes that may seem necessary and/or appropriate for the evolution of the CGS;

k) **Annuality** – without prejudice to occasional interventions, monitoring shall be based on an annual cycle of activity;

l) **Comply or explain** – the CGS is of voluntary adhesion and its observance is based on the comply or explain rule, whereby monitoring must ensure the effective valuation of the “explain” as equivalent to the compliance with the recommendations in question.

4 METHODOLOGY

The monitoring process leading to the preparation of the present RAM, as in previous years, involved various activities, which are briefly described below.

The monitoring work itself began by the gathering of information published by the issuer companies, focusing the analysis especially on the corporate governance reports of the issuer companies.

Based on that public information, accessed in particular through the CMVM information disclosure system, the reports of thirty-six companies were analysed for the year ending on 31 December 2022.

The present report is prepared on the basis of the information collected and processed in respect of thirty-five such governance reports, given that one of the issuer companies adopted the IPCG CGS 2018 in its original version³.

The first analysis carried out by the CEAM culminated in the communication of the preliminary results of the monitoring, mirrored in individual tables containing, in addition to the evaluation of each subrecommendation – compliance, non-

3. Nevertheless, monitoring did not cease to be carried out, and in this process the results were presented in a more complex manner, with the CEAM making correspondences between the 2018 recommendations, effectively the object of reference in this governance report, and, therefore, the object of monitoring, and the current recommendations; an assessment of the practices adopted in light of the corresponding recommendations in the Code revised in 2020 was also added.

compliance, not applicable and evaluation of the *explain*⁴ - reasoned observations, whenever justified, and which were sent to each of the issuer companies.

In addition to the communication of the individual results, the monitored companies were invited to comment on the preliminary results of the monitoring, putting into practice the interaction with the issuer companies referred to in the Protocol entered into between the IPCG and the AEM.

After sending out the preliminary results, the CEAM's executive team maintained the necessary and appropriate contacts with the issuer companies.

This process resulted in useful clarifications for the monitoring work, allowing issues to be clarified and contributing to the standardisation, in general, of the criteria for measuring compliance, in addition to the contribution that such an exercise makes to the continued reflection on the best corporate governance practices in the Portuguese securities market.

Subsequently, the CEAM confirmed the preliminary results and sent to each of the issuer companies their final assessments: these are the definitive results for the 2022 year and form the basis for the Annual Monitoring Report presented herein.

In constant internal articulation, it fell to the members of the CEAM, with the assistance of the technical team supporting the monitoring work, to carry out the tasks described above.

4. On this assessment, see *infra*, V.1.3. of this Report.

EVALUATION OF THE DEGREE OF COMPLIANCE

V.1 Framework

V.1.1 Multiple Recommendations

Aiming at the successfully implementation of the monitoring work, the CEAM, in articulation with the CAM, previously identified the Code recommendations with multiple content and their corresponding analytical breakdown, according to the following criteria:

- all mutually independent subrecommendations were broken down;

- were not broken down the subrecommendations

- that close a general clause with a clarification; where there is a logical dependency between subrecommendations

This exercise resulted in 74 subrecommendations, as identified in the *Table of Multiple Recommendations*⁵, which appears as

5. Available at: <https://cgov.pt/images/ficheiros/2023/nota-interpretativa-n.%C2%BA-3.pdf>.

an annex to Interpretative Note no. 3, prepared by the CEAM, and the first published by reference to the revised CGS in 2020.

Monitoring, both in the analysis of individual governance reports and in the subsequent global data processing, was based on all of the above subrecommendations.

V.1.2 Non-applicable Recommendations

The decision of considering some recommendations as not applicable to certain or all issuer companies is the result of the interpretative task undertaken by the CEAM when comparing the recommendatory provisions with the responses of the issuer companies.

In this exercise, in some cases, recommendations that the issuer companies had qualified as not applicable were considered as compliance or non-compliance, and ***vice versa***.

Recommendations considered not applicable were not taken into account when calculating the percentage of compliance.

Notwithstanding, in the presentation of the contents of the Code monitored by the CEAM (*infra*, V.3), the explanation of the hypotheses of non-applicability was occasionally considered justified, with a view to a better understanding of the results, since, in certain circumstances, the omission of the high level of non-applicability of a certain recommendation could provide a distorted image of the evaluation undertaken.

The non-applicability of certain recommendations results from various circumstances, such as:

- the specificities of the governance model adopted by the issuer companies;
- the interdependence between some subrecommendations.

V.1.3 Results

In each subrecommendation and for each issuer company, one of four results was attributed in the respective individual tables:

S - compliance;

N - non-compliance;

NA - not applicable;

E - *explain* materially equivalent to compliance, pursuant to the terms explained below regarding the quality of the *explain*.

The set of individual results has been treated in an integrated manner, as follows (V.3.).

Unless otherwise stated, the reference to compliance levels refers to the sum of the direct compliance results ("S") and the results of *explain* materially equivalent to compliance ("E"), which thus make up, computed together ("S+E"), an overall compliance figure.

V.2 The quality of the *explain*

V.2.1 The *comply or explain* principle

In compliance with the *comply or explain* principle on which the Code is based, pursuant to the Protocol entered into between the IPCG and the AEM, and as clarified in the Interpretative Note no. 3, issuer companies shall, on the one hand, reflect on the appropriateness and relevance of each recommendation in relation to their reality and circumstances and, on the other hand, present their options regarding corporate governance, namely in light of the principles set out in the Code.

Ideally, the *explain* implies three "statements" from the issuer company: (1) a statement of non-compliance, (2) an explanation of the solution it has adopted and (3) a clarification of why it considers this solution to be an equivalent option to adopting the Code's recommendations.

Notwithstanding, the CEAM continues to place emphasis on the need for any omissions by the issuer companies to be integrated in a proper and adequate place, considering all the material explanatory information contained in the various points of the governance reports and other publicly available information.

Thus, in line with the *comply or explain* principle, special emphasis has been placed on the quality and depth of the "*explain*", the evaluation of which is apt to lead, taking into account the specific circumstances, to it being treated as an equivalent to the "*comply*".

In these terms, for the analysis of the quality of the *explain*, it is always necessary to assess in which cases a *properly explained non-compliance* has the effects of a compliance.

In this regard, it shall be kept in mind what is contained in CMVM Regulation no. 4/2013, which remains in force and therefore, regarding this part, subsists as a guiding document for issuer companies:

its preamble, regarding the *comply or explain* principle, states that there will be "*material equivalence between the compliance with the recommendations and the explanation for the non-compliance*" when such explanation "*allows for a valuation of those reasons in terms that make it materially equivalent to the compliance with the recommendation*".

Annex I of the same Regulation, specifically in point 2 of Part II, establishes that "*[the] information to be reported shall include, for each recommendation:*

- a) Information enabling measurement of compliance with the recommendation or reference to the point in the report where the issue is dealt with in detail (chapter, title, point, page);
- b) Justification for any non-compliance or partial compliance;
- c) In the event of non-compliance or partial compliance, identification of any alternative mechanism adopted by the company for the purposes of pursuing the same objective as the recommendation. ⁶

How to make a good explain?

reflect on the appropriateness and relevance of each recommendation in relation to the reality and circumstances of the company

when the recommendation is not complied with, explain the corporate governance option adopted, substantiating it in terms that make it possible to justify its material equivalence to the practice recommended in the Code

The Principles that frame each Chapter (and subchapter) of the Code are a relevant support in this substantiation exercise.

6. Similarly, also the European Commission Recommendation on the quality of corporate governance information ("comply or explain") of 9 April 2014, in section III, contains indications on the quality of explanations in the event of divergence from a code. The Recommendation is available at: <https://eur-lex.europa.eu/legal-content/PT/TXT/PDF/?uri=CELEX:32014H0208&from=PL>

V.2.2 The evaluation of the *explain*

Based on these guidelines, the explanations provided in cases of non-compliance with recommendations were considered as materially equivalent to compliance whenever the issuer companies explained in an effective, justified and substantiated manner the reason for not complying with the recommendations provided for in the CGS in terms that demonstrate the adequacy of the alternative solution adopted to the principles of good corporate governance and that allow a valuation of these reasons in a sense that is materially equivalent to the compliance with the recommendation: we quote, with the necessary adaptations, the provisions of Article 1(3) of CMVM Regulation no. 4/2013.

For the purposes of this assessment, the Principles that frame the different Chapters (and subchapters) of the Code were considered, which are the guiding basis for the interpretation and application of the recommendations and, simultaneously, a qualitatively relevant basis for the assessment of the *explain*⁷.

As an example, the justified invocation of means of promoting shareholder participation and the proportionality of the solutions adopted as an alternative to the recommendations concerning the remote participation in general meetings and the remote exercise of voting rights continued to be relevant (see recommendations II.3. and II.4. and principles II.A to II.C). Furthermore, the size and structure of the company were also considered in terms of the *explain*, when pertinent and duly sustained and densified (see, for example, recommendation V.3.2.).

7. See the Preamble to the 1st edition of the CGS (2018), republished as an annex to the Code revised in 2020, p. 37.

As the evaluation of the *explain* is an essential pillar of the monitoring exercise of a recommendatory code, the importance of the information provided in Part II of the governance report on the non-compliance with the recommendations and the concomitant explanation is underlined.

In fact, as it is not necessary to merely repeat the content of the *explain*, and there may be occasional references to Part I of the governance report, for monitoring purposes it is essential that issuer companies always provide a suitable framework and reasoned justification as to why the recommendation in question was not complied with and, furthermore, identify the alternative solution of good corporate governance adopted and its adequacy in terms of material equivalence to the solution recommended by the Code.

V.3 Contents of the Code monitored by the CEAM

Chapter I

GENERAL PART

OVERALL ASSESSMENT OF THE CHAPTER

The first chapter of the CGS contains ten recommendations, divided into five subchapters, and is presented as a *General Part* dedicated to a varied set of topics: the relationship between the company and the investors, and information, diversity in composition and functioning of the corporate bodies, the relationship between these bodies, conflicts of interest and transactions with related parties.

The subdivision resulted in sixteen subrecommendations subject to monitoring⁸.

The average of compliance in Chapter I was 91%, increasing the progress made in previous years (84% in 2018, 85% in 2019, 89% in 2020 and 88% in 2021). This average rises to 98% in the context of the PSI, which represents an increase in light of the previous year, when the average compliance rate was 94%.

The percentage of compliance with the various recommendations and subrecommendations varied between 100% and 71% (which, in the minimum range, compares favourably with the 51% in the previous year).

The growth in compliance seen this year could be explained by a greater familiarity of issuer companies with the Code and the good practices of governance it recommends. After the adaptation phase to the 2018 version of the CGS, revised in 2020, there is a growing convergence between the practices adopted by the monitored companies and the guiding principles and recommendations contained in the CGS, which cannot be dissociated from the experience accumulated in previous years and the dialogue established with the issuer

8. In this count (ten recommendations / sixteen subrecommendations), recommendation I.5.2. was not included. In fact, as informed in the Interpretative Note no. 3, the wording of recommendation I.5.2. at the time of approval of the new text of the CGS by the CAM, in July 2020, was based on the proposal for transposition of Directive (EU) no. 2017/828, then pending in the Portuguese Parliament as Draft Law 12/XIV. In view of the changes introduced in the meantime during the legislative process, culminating in the current Article 29-S of the Securities Code (which essentially corresponds to Article 249-A(1) as added by Law no. 50/2020, of 25 August), recommendation I.5.2 has lost its useful meaning and shall be considered as not applicable, as it is up to the supervisory body itself (and no longer the management body, as stated in the Draft Law) to periodically verify transactions with related parties.

companies. Thus, the outlook set out in the 2021 RAM is confirmed, when it was referred that the dialogue maintained by the CEAM with the monitored companies opened up prospects for improvement for the 2022 year.

RECOMMENDATIONS

I.1.1.

The first recommendation establishes the fundamental terms of the relationship of the company with shareholders and other investors, referring to the institution of mechanisms that adequately and rigorously ensure the timely disclosure of information - a requirement that, pursuant to the information made available and as in previous years, issuer companies have fully complied with.

2023 review

This recommendation was amended in the 2023 review to become recommendation II.1.1, with the following content:

"The company shall establish mechanisms to ensure, in an adequate and rigorous manner, the timely circulation or disclosure of the information required to its bodies, the **company secretary**, shareholders, investors, financial analysts, other stakeholders and the market at large."

The need to ensure the timely circulation or disclosure of information is thus expressly provided for the company secretary.

I.2.1.

With regard to the profile of new members of the corporate bodies, the Code recommends that the company establishes, in advance and in abstract, criteria and requirements relating to such profile, including individual attributes and diversity requirements, in terms that do not necessarily depend on whether or not there have been appointments in the period in question - which is why a mere reference to the specific profile of each member, simply as reflected in *curricula vitae*, or a finding that, in practice, such criteria and requirements would have been taken into account, do not appear to be sufficient to comply with the recommendation requirement.

This understanding was explained to the issuer companies during the previous monitoring exercise and was echoed in the previous RAMs, as well as in point 3 of Interpretative Note no. 3⁹.

Thus, the compliance with recommendation I.2.1., without any materially equivalent case of *explain*, is of 71% for all issuer companies and 93% for PSI companies (which compares favourably with the 51% and 69% recorded in the previous year, respectively).

9. See page 30 of the RAM for 2018; page 23 of the 2019 RAM; pages 27-28 of the 2020 RAM and page 37 of the 2021 RAM. It should be added that the previous subdivision of this recommendation - dividing it into individual attributes on the one hand and diversity requirements on the other - was eventually reversed in the Table of Multiple Recommendations that currently serves as reference. This was motivated by the fact that monitoring experience had revealed the great difficulty in making a real division between "profile" criteria and "diversity" criteria, especially when diversity is not just gender-related, but may include qualifications, experience, etc. - in other words, elements that also concern the "profile".

2023 review

This recommendation was amended in the 2023 review to become recommendation II.2.1, with the following content:

"Companies shall establish, **previously and abstractly**, criteria and requirements regarding the profile of the members of the corporate bodies that are adequate to the function to be performed, considering, namely, individual attributes (such as competence, independence, integrity, availability and experience), and diversity requirements (with particular attention to equality between men and women), that may contribute to the improvement of the performance of the body and of the balance in its composition."

In order to assimilate the content of Interpretative Note no. 3, the wording now includes the need for the criteria and requirements relating to the profile of the members of the governing bodies to be defined in advance and in abstract.

I.2.2. and I.2.3

The recommendations under analysis concern the existence and disclosure of internal regulations, minutes of meetings and other general information (including the composition and number of annual meetings) concerning the management and supervisory bodies, as well as internal committees, presenting in all cases compliance levels equal to or greater than 87% in relation to all the subrecommendations, with the exception of recommendation I.2.2.(3), which recorded a compliance percentage of 77% (compared to 79% in the previous year). This percentage rises to 93% and 87%, respectively, for PSI companies.

2023 review

With the 2023 review, these recommendations will become recommendations II.2.2. and II.2.3. respectively.

I.2.4.

The Code initially recommended in this regard not only the adoption of a whistleblowing policy vested with the appropriate resources, but also the existence and guaranteed functioning of mechanisms for detecting and preventing irregularities. In view of the difficulty in distinguishing between the latter and those associated with the functioning of internal control systems, as referred to and monitored in recommendation VI.3, the recommendation now refers exclusively to the aforementioned whistleblowing policy.

Compliance with I.2.4., without cases of materially equivalent *explain*, was 91% for all issuer companies, compared to 89% in the previous year; among PSI companies, it remains at 100%.

2023 review

This recommendation was amended in the 2023 review to become recommendation II.2.4, with the following content:

"The companies shall adopt a whistleblowing policy **that specifies the main rules and procedures to be followed for each communication and an internal reporting channel that also includes access for non-employees, as set forth in the applicable law.**"

I.3.1. and I.3.2.

With compliance levels of 89% for all issuer companies as a whole (down from 91% for recommendation I.3.2. in the previous monitoring exercise), but in both cases of 100% in the PSI companies, recommendations I.3.1. and I.3.2. refer to the relations between the corporate bodies, striving for the disclosure of information, both in terms of documents and access to the relevant company employees, and for the existence of an information flow that ensures pondered and efficient measures are taken, within the framework of an articulated and harmonious interorganic relationship.

In I.3.2., continuing to follow the criterion adopted before, now set out in point 4 of Interpretative Note no. 3, "the indications of the issuer companies regarding the (not intra-organic but) interorganic flow, i.e., to and from the different bodies and internal committees of the company, in accordance with the law and the articles of association, were taken into consideration".

2023 review

With the 2023 review, these recommendations will become recommendations II.3.1. and II.3.2. respectively.

I.4.1. and I.4.2.

This year we have continued to register improvements in the compliance with these recommendations, as anticipated after the introduction of the new wording in 2020.

With 89% and 86% compliance, respectively, for all issuer companies and 100% for PSI companies, the figures for recommendation I.4.1 compare with 80% and 84%, respectively, in the 2021 monitoring exercise, which represents a significant improvement. The trend for recommendation I.4.2 is also positive, with 86% compliance for all issuer companies and 100% for PSI companies (compared to 77% and 89% in the previous year, respectively).

2023 review

With the 2023 review, these recommendations will become recommendations II.4.1. and II.4.2. respectively.

I.5.1. and I.5.2.

The growing compliance with recommendation I.5.1. continued.

The scope of recommendation I.5.1. is to require an additional duty to disclose the internal procedure for verifying transactions with related parties, without advocating a specific design for such procedure. We found 94% compliance with this recommendation (up from 91% in 2021), maintaining full compliance in the PSI universe.

In turn, recommendation I.5.2. was not subject to monitoring, as communicated to the issuer companies through Interpretative Note no. 3, under the terms described above in the global assessment of this Chapter I.

2023 review

With the 2023 review, recommendation I.5.1. now corresponds to recommendation II.5.1. and recommendation I.5.2. no longer has any correspondence and has been repealed.

Chapter II

SHAREHOLDERS AND GENERAL MEETING

OVERALL ASSESSMENT OF THE CHAPTER

The chapter contains six recommendations, with only one subdivision in the first, all of which are dedicated to issues related to shareholder participation in general meetings.

The average compliance rate was 80%, rising to 90% in the PSI context.

The percentage of compliance varied between 71% and 88%, which is an increase in the minimum threshold compared to the 64% recorded in the previous year, with the maximum threshold remaining at 88%. We continue to see full compliance with some of the recommendations by PSI, where there is even an improvement compared with the previous year (from 85% to 90%).

RECOMMENDATIONS

II.1.and II.2

By taking a position on the adequate involvement of shareholders in corporate governance, the CGS begins by

recommending that companies do not set a high disproportion between the number of shares and the number of votes that correspond hereto, at the same time as it recommends not setting deliberative quorums greater than those provided by law, precisely to avoid making it difficult to pass resolutions at the meeting.

The first recommendation mentioned was complied with by 88% of issuer companies, either through the adoption of the principle that each share corresponds to one vote, or through deviation from this principle which, however, does not make the number of shares necessary to confer the right to one vote excessively high. This circumstance rendered the following subrecommendation (II.1.(2)) largely inapplicable (77%), which requested issuer companies to explain the option, in a governance report, whenever there is a deviation from the abovementioned principle. Of the eight issuer companies to whom it was applicable, four complied (50%).

With regard to deliberative quorums, the recommendation is complied with by 85% of the issuer companies, of which approximately 68% (23 issuer companies) correspond to direct acceptance and 17.6% (6 issuer companies) to materially equivalent solutions which were fully explained. In the PSI universe, the registered figure was 93%.

2023 review

With the 2023 review, these recommendations now correspond to recommendations III.1. and III.3. respectively.

II.3.and II.4

The Code recommends the implementation of adequate means for shareholders to participate remotely in the general meeting, in proportion to its size (II.3.), as well as for the remote exercise of voting rights, including by correspondence and electronically (II.4.).

The issuer companies continued to largely comply with the recommendation, with 71% of compliance with recommendation II.3 and 76% with recommendation II.4. These figures rise to 80% and 86%, respectively, for PSI companies.

In the first case, while it is true that there is a decrease in relation to the general level of compliance with the corresponding recommendation in the 2018 version of the CGS¹⁰, from 78% to 66% in 2020, 65% in 2021 and 71% in 2022, it should be noted that the previous level of compliance was due almost exclusively (75% out of 78%) to an assessment of the *explain* of issuer companies that, justifiably stated that they did not implement telematic means, namely due to the associated high costs, the size of the company or the concentration of the capital structure, under the terms currently set out in point 8 of Interpretative Note no. 3. In the current year, although there are still relevant cases of *explain* (12%), it is mainly through direct compliance (65%) that such result is achieved.

In any case, the evolution of reality, marked by the COVID-19 pandemic, continues to make it advisable to reflect on the increased usefulness that recent experience

10. I.e., recommendation II.4., whereby there has been a change in the order of the recommendations under review.

allows to recognise of telematic means, a reflection that the CEAM has continued to promote with issuer companies throughout the contacts established during the monitoring¹¹.

2023 review

With the 2023 review, these recommendations will become recommendations III.4. and III.5. respectively.

II.5. and II.6.

The recommendation that, in cases where there are statutory limitations on the number of votes held or exercised by a shareholder, there should also be mechanism, at least every five years, that subjects such limitations to voting on their maintenance or amendment (II.5.) remains largely non-applicable (89%), as a result of the fact that the vast majority of cases do not foresee such limitations. In the cases of applicability, corresponding to 4 issuer companies, compliance was 75%.

In turn, the recommendation (II.6.) that no measures be adopted that lead to social costs in the case of change of control or change in the composition of the management body was accepted by 85% of the issuer companies, a slight decrease from the 88% recorded in the previous year. Compliance rises to 93% in the PSI companies' universe.

11. See also the CMVM, IPCG and AEM Recommendations within the scope of General Meetings, dated 20/03/2020, available at:

https://www.cvm.pt/pt/Legislacao/Legislacaonacional/Recomendacoes/Pages/rec_ag_2020.aspx?v=

While it is true that the existence of these measures does not, in itself, prevent compliance, the cases of non-compliance refer to situations in which the issuer company, when stating the existence, in particular, of contractual measures, does not provide a reasoned justification that these do not seem “likely to prejudice the economic interest in the transfer of shares and the free assessment by shareholders of the performance of the members of the board”¹².

2023 review

With the 2023 review, these recommendations will become recommendations III.6. and III.7. respectively.

Chapter III

NON-EXECUTIVE MANAGEMENT AND SUPERVISION

OVERALL ASSESSMENT OF THE CHAPTER

Chapter III, dedicated to non-executive management and supervision, contains seven recommendations, divided into twelve subrecommendations. Amongst these, recommendation III.5, establishing a cooling-off period in abstract relevant to the evaluation of the criteria of the independence of the members of the board, was not applicable to any of the issuer companies that are part of the total universe of companies analysed.

12. See point 10 of Interpretative Note no. 3.

The average level of compliance was 66% across all the issuer companies, rising to 92% in the PSI universe. Compared to the previous year, this represents an increase of 8 percentage points in the first broader set and 18 percentage points in the second.

RECOMMENDATIONS

III.1.

According to recommendation III.1, independent members of the board of directors shall appoint a coordinator among themselves, unless the chairman of the board of directors is himself independent. If there are no independent members of the board of directors, either in total or in a sufficient number, so that it would not be possible to appoint a coordinator, the company shall, in order to ensure compliance, appoint a coordinator of non-executive members of the board of directors, as explained in point 11 of Interpretative Note no. 3¹³. There is, however, no record of the implementation of this last possibility, *qua tale*, by the issuer companies.

If the company has no (or only one) non-executive member of the board of directors, the possibility of appointing a coordinator for the non-executive members of the board would also be prejudiced, which is why the recommendation

13. It reads: "In cases in which the company does not comply with recommendation III.4 - it does not appoint independent non-executive members of the board of directors or does not appoint a sufficient number- whereby the possibility of appointing a coordinator of the independent members of the board of directors as literally recommended is logically harmed, a coordinator may be appointed by the non-executive members of the board of directors from among themselves, and such appointment shall be considered equivalent to compliance with the recommendation if, as a whole, the option of the company is shown to be duly substantiated."

was considered not applicable in such cases. This same result of non-applicability was introduced in the case of the adoption of the German governance model, as well as in cases in which the chairman of management body is independent. The combination of these three reasons resulted in the non-applicability of the recommendation to eight companies (23%), and in four of these companies the chairman of the management body is independent (50%).

Of the companies to which this recommendation is applicable, seven (26%) appointed a coordinator, while five issuer companies (19%) presented an *explain* that was assessed as equivalent to compliance. The institutionalisation of regular coordination mechanisms between the chairman of the management body and the non-executive directors made a decisive contribution to this result, materially equivalent to compliance.

The final result of overall acceptance of the recommendation stands at 44%, which is a significant increase when compared with the previous year (29%). In the universe of PSI companies, this percentage rises to 80%.

2023 review

This recommendation was amended in the 2023 review to become recommendation IV.2.1, with the following content:

“Notwithstanding the legal duties of the chairman of the board of directors, if the latter is not independent, the independent (members of the board of) directors - **or, if there are not enough independent directors, the non-executive directors** - shall appoint a coordinator among themselves to, in particular (i) act, whenever necessary, as interlocutor with the chairman of the board of directors and with the other directors, (ii) ensure that they have all the conditions and means necessary to carry out their duties, and (iii) coordinate their performance assessment by the administration body as provided for in recommendation VI.1.1.; **alternatively, the company may establish another equivalent mechanism to ensure such coordination.**”

With the 2023 review, this recommendation now incorporates the content of Interpretative Note no. 3 and also expressly gives issuer companies the possibility of alternatively establishing a mechanism that ensures equivalent coordination.

III.2. and III.3.

In recommendation III.2, the Code recommends that the number of non-executive members of the management body, of members of the supervisory body and of members

of the financial affairs committee¹⁴ is appropriate to the dimension and complexity of the risks inherent to its activity, but sufficient to ensure the efficient performance of the functions entrusted to it.

While recommendation III.2.(3), which refers to the members of the committee for the financial matters, is only applicable to the German model, recommendation III.2.(1) was considered not applicable to this same governance model, as it refers to non-executive members of the management body.

As it is not the responsibility of the monitoring entity to formulate a judgement on the adequacy of the specific composition of the corporate bodies, the compliance depends on the inclusion, in the governance report, of such a judgement, even if brief, on the adequacy of the number of members referred, as results from the text of the recommendation itself, *in fine*.

The reasons presented in all three subrecommendations had acceptance levels of 85%, 91% and 100%, respectively, highlighting the marked improvement over the previous year in subrecommendations III.2(1) (74%) and III.2.(2) (77%). For PSI companies, the first two figures both rise to 100%.

In cases where the management body of the issuer company does not have any non-executive directors, this total absence was only evaluated as non-compliance with regard to recommendation III.2.(1), without prejudice to the possibility, inherent to the monitoring system of

14. Respectively, subrecommendations III.2.(1), III.2.(2) and III.2.(3).

the Corporate Governance Code, of an **explain** on how it is materially equivalent to compliance.

Recommendation III.3 states that the number of non-executive members of the board of directors shall be higher than the number of executive ones, which occurs in 74% of cases, a 3% improvement over the previous year. This figure rises to 100% for PSI companies.

2023 review

Recommendation III.2. was amended in the 2023 review and subdivided into recommendations IV.2.2. and V.2., which read as follows:

IV.2.2.

"The number of non-executive members of the administration body shall be adequate given the size of the company and the complexity of the risks inherent to its activity, but sufficient to ensure the efficient performance of the tasks entrusted to them, whereby the formulation of this adequacy judgement shall be included in the governance report."

V.2.

"The number of members of the supervisory body and of the financial matters committee shall be adequate in relation to the size of the company and the complexity of the risks inherent to its activity, but sufficient to ensure the efficiency of the tasks entrusted to them, whereby the formulation of this adequacy judgement shall be included in the governance report."

With the 2023 review, recommendation III.3. now corresponds to recommendation IV.2.3.

III.4. and III.5.

Recommendations III.4. and III.5. concern the independence of non-executive members of the board of directors.

The inclusion of at least one third of independent directors in the management body is seen in 62% of issuer companies, rising to 86% in the case of PSI companies.

It should be remembered that, similarly to what was already stated in the 2020 RAM (pages 41 and 42) and 2021 RAM (pages 47 and 48), considering the content of paragraph **a)** of point 12 of Interpretative Note no. 3¹⁵, this proportion is being computed in relation to the number of non-executive members of the board of directors and not in relation to all the members of the management body as a whole.

With regard to the independence criteria, we recall that, in view of the maintenance in force of Annex I of CMVM Regulation no. 4/2013, the CMVM made it known, by means of a Circular, that: *"listed companies must: (i) in Part I, identify the non-executive members of the board of directors who may qualify as independent, in light of the criteria of point 18.1 of Annex I of CMVM Regulation no. 4/2013; and (ii) in Part II, state whether they comply with recommendation III.4 of the IPCG code, which includes criteria not entirely coincident with those of the said regulation"*¹⁶.

15. "In view of the lack of clarity of the wording of the Recommendation, it is accepted that the expression "no less than one third" shall be computed solely by reference to the number of non-executive members of the board of directors - and not in relation to all the members of the management body. Compliance with the Recommendation requires that the number of independent non-executive members of the board of directors must necessarily be plural."

16. CMVM Circular, "The supervision of the recommendatory regime of Corporate Governance - new rules and procedures for 2019", of 11/01/2019: see

No company raised the issue of the cooling-off period for the purposes of the independence of its members of the board, therefore recommendation III.5. once again was not applicable.

2023 review

Recommendation III.4. was amended in the 2023 review to become Recommendation IV.2.4., which reads as follows:

"The number of non-executive directors that meet the independence requirements shall be plural and shall not be less than one third **of the total number of non-executive directors**. For the purposes of the present recommendation, a person is deemed independent when not associated to any specific interest group in the company, nor in any circumstances liable to affect his/her impartiality of analysis or decision, in particular in virtue of:

- i. Having held, continuously or intermittently, functions in any corporate body of the company office for more than twelve years, with **this period being counted regardless of whether or not it coincides with the end of mandate (...)**"

These changes correspond to the incorporation of the contents of Interpretative Note no. 3.

With the 2023 review, recommendation III.5. now corresponds to recommendation IV.2.5.

III.6

Recommendation III.6. establishes that the supervisory body, abiding by the competences conferred to it by law, shall evaluate and issue its opinion on the strategy (III.6.(1)) and the risk policy (III.6.(2)), prior to their final approval by the management body. It should be noted that the CGS also addresses the approval of the strategic plan and risk policy by the management body in recommendation VI.1., in the context of the chapter on risk management (Chapter VI), to which it also refers.

The final part of the recommendation was amended in 2020, rendering it unequivocal that the recommendation requires, for its compliance, an assessment and opinion by the supervisory body prior to the final approval of the strategy and risk policy by the management body.

This year, with advantages for effective interorganic dialogue between the management and the supervisory bodies, there was an accentuated increase in the degree of compliance with both subrecommendations compared to the previous year, with the percentage of compliance with recommendation III.6.(1) and III.6(2) both standing at 60% (compared to 33% and 27% in 2020 and 46% and 51% in 2021, respectively). These figures rise to 93% and 87% respectively for PSI companies.

The recommendation applies to all governance models. In the case of companies adopting the Anglo-Saxon model, there may be a prior opinion by the audit committee, in an autonomous space and at an autonomous moment, in which the members of this committee act in their capacity as members of such body, and not also, concurrently, as members of the management body.

In cases where the assessment and opinion of the supervisory body concerns multi-annual strategies and policies, the recommendation will be deemed to have been complied with when, for the year being monitored, information is included in the governance report regarding the adoption of the recommended practice in the year in which they were subject to final approval by the management body, thus extending the compliance for the period of time during which such strategies and policies may be considered to be in force.

2023 review

Recommendation III.6. was amended in the 2023 review to become Recommendation V.1. with the following content:

"With due regard for the competences conferred to it by law, the supervisory body **shall take cognisance of the strategic guidelines and evaluate and render an opinion on the risk policy**, prior to its final approval by the administration body."

III.7

The internal committees that, pursuant to this recommendation, the company shall have are those "composed mostly by members of corporate bodies, to whom duties are ascribed with the company", in accordance with the definition contained in the Glossary of the Code. In the event that the remuneration committee provided for in Article 399 of the Companies Code has been created, and such is not prohibited by law, this recommendation can be complied with

by attributing to this committee powers in the matters to which it concerns, that is: corporate governance, appointments and performance assessment.

Interpretative Note no. 3, in its point 13 *b*), also clarifies that, in terms of appointments, the issue under discussion is only the constitution of a committee with competences regarding the members of the corporate bodies, whereby the appointments committee for senior management is the specific object of recommendation V.3.2.

The percentage of compliance, either direct or by way of an *explain*, present in all the subrecommendations is as follows: 54% with regard to corporate governance, rising to 87% in the PSI companies; 49% with regard to appointments, rising to 87% in the PSI; 80% with regard to performance assessment, with 100% in the PSI.

As already mentioned, for the full compliance with this recommendation, in its three dimensions, the competence in matters of corporate governance, appointments and performance assessment shall be attributed to a committee or committees mainly composed of a majority of members of the corporate bodies of the company, and, as such, the attribution of competences in any of these matters to senior management is not sufficient – without prejudice, in any case, to the possibility inherent in the CGS regime of evaluating an *explain* as materially equivalent to compliance¹⁷.

17. See again above, V.2.

It should also be noted that subrecommendation III.7.(3) does not restrict its scope of application to the performance assessment of executive members of the board of directors, but also applies to all other members of the corporate bodies.

2023 review

Recommendation III.7. was amended in the 2023 review to become Recommendation II.2.5. and, in order to assimilate the content of Interpretative Note 3, with the following content:

"The companies shall have specialised committees for matters of corporate governance, remuneration, appointments of members of the corporate bodies and performance assessment, separately or cumulatively. If the remuneration committee provided for in Article 399 of the Portuguese Companies Code has been set up, the present recommendation can be complied with by assigning to said committee, if not prohibited by law, powers in the above matters."

Chapter IV

EXECUTIVE ADMINISTRATION

OVERALL ASSESSMENT OF THE CHAPTER

This chapter contains three recommendations concerning executive administration, one of which is broken down into three subrecommendations. In no case was the existence of an *explain* considered equivalent to compliance.

The average rate of compliance is 84%, up five percentage points in relation to the previous year. In the PSI, the compliance rate is 93%.

RECOMMENDATIONS

IV.1.

The approval, through internal regulations or by equivalent means, of a regime for the exercise of functions by executive directors in entities outside the group occurs in 54% of the companies assessed. This is an increase of eight percentage points in relation to the previous year (46%). The recommendation was deemed to have been complied with both in cases where there is a specific regime for executive directors to exercise executive functions outside the group, and in cases where there is a general prohibition on executive directors to exercise executive functions outside the group.

2023 review

With the 2023 review, this recommendation now corresponds to recommendation IV.1.2.

IV.2.

The subrecommendations regarding the delegation of powers - in strict terms, the non-delegation of powers in the matters listed in recommendation IV.2.- are largely complied with by issuer companies: in 97% of cases, the management body does not delegate powers regarding the definition of the strategy and main policies of the company; the same is true in 94% of the issuer companies regarding the organisation and coordination of the corporate structure; and in 97% regarding matters that shall be considered strategic due to their amount, risk or special characteristics (in all three cases the percentages

rise to 100% in the universe of PSI companies). In all these cases, this is an improvement of three percentage points in relation to the previous year.

The recommendation was considered not to be applicable in the German model, as well as in cases where the management body does not have any non-executive directors, circumstances in which there is no delegation of powers.

2023 review

With the 2023 review, this recommendation now corresponds to recommendation IV.1.1.

IV.3.

Recommendation IV.3 establishes that the management body shall explain, in the annual report, the terms in which the strategy and main policies defined seek to ensure the long-term success of the company and the main contributions resulting therefrom to the community at large. This recommendation has underlying concerns regarding the evolution of the CGS towards taking sustainability into account, within the framework of good governance practices of issuer companies. In 2022 there was a significant increase in the degree of compliance with this recommendation, which rose from 74% to 80% in the overall universe of issuer companies and from 84% to 93% in the set of PSI companies.

Among the practices adopted by the issuer companies that complied with the recommendation are, namely, the adoption of social responsibility policies in the areas in which the monitored companies operate and in the community in which they are inserted, the creation of innovative projects to promote

good environmental, social and governance practices and the creation of departments with competences in defining and implementing strategies for the promotion of sustainability and creation of long-term social value.

2023 review

Recommendation IV.3. was subject to changes in the 2023 review, and now appears in the new Chapter I ("Relationships of the Company with Shareholders, Interested Parties and the Community at large"), Recommendation I.1., with the following content:

"The company shall specify in what terms its strategy seeks to ensure the fulfilment of its long-term objectives and what the main contributions resulting herefrom are for the community at large."

Chapter V

PERFORMANCE EVALUATION, REMUNERATION AND APPOINTMENTS

OVERALL ASSESSMENT OF THE CHAPTER

Chapter V, with seventeen subrecommendations, is divided into three subchapters: annual performance evaluation; remuneration; and appointments.

The average level of compliance was 81%, rising to 91% in the PSI universe.

RECOMMENDATIONS

V.1.1

Subchapter V.1. deals with the issue of annual performance assessment and, as such, recommendation V.1.1. determines that the management body shall undertake its own annual self-assessment (V.1.1.(1)), the assessment of its committees (V.1.1.(2)) and of the executive directors (V.1.1.(3))¹⁸, taking into account the compliance with the company's strategic plan and budget, risk management, its internal functioning and the contribution of each member to the same, as well as the relationship between the bodies and committees of the company.

As referred, this recommendation is subdivided according to the subjects that are the object of the assessment. If, on the one hand, the first subrecommendation is applicable to all companies, subrecommendations V.1.1.(2) and V.1.1.(3) will or will not be applicable depending on the existence of committees of the management body and executive directors / executive committee, respectively. The non-applicability rates found for these subrecommendations were 40% and 11%, respectively.

From the analysis carried out, the overall compliance rate for V.1.1.(1) was 80%, for V.1.1.(2) 86% and for V.1.1.(3) 81% (these percentages rise to 100% for PSI companies). There were thus increases in compliance with the last two subrecommendations, of six and four percentage points, respectively, compared to the previous year.

18. This last subrecommendation included the evaluation of the executive committee, whenever it exists, given the unequivocal parallel with the functions exercised by executive directors.

With a view to fully complying with this recommendation, it would be appropriate - in addition to the reference in the governance report that the management body carries out the due evaluations based on the reference factors listed at the end of the recommendation - for the duty to evaluate performance on an annual basis to be foreseen in internal regulations or in other equivalent means.

2023 review

This recommendation was amended in the 2023 review to become recommendation VI.1.1, with the following content:

"The administration body - **or committee with relevant powers, composed of a majority of non-executive members** - shall assess its performance on an annual basis, as well as the performance of the executive committee, of the executive directors and of the company committees, taking into account the fulfilment of the strategic plan of the company and of the budget, the risk management, its internal functioning and the contribution of each member to that end, and the relationship between the bodies and committees of the company."

This amendment corresponds to the incorporation of the content of Interpretative Note no. 3.

V.2.1

Recommendation V.2.1. is included in the subchapter on remuneration and establishes the duty of the company to create a remuneration committee, which "may be the remuneration committee appointed pursuant to Article 399 of the Companies Code".

In accordance with point 15 of Interpretative Note 3, the independence of the remuneration committee is not jeopardised by the presence of directors, provided they are a minority in number. Furthermore, it should be noted that, for monitoring purposes, it is understood that the independence criterion may be measured in relation to the executive management. Finally, again in accordance with the point of the Interpretative Note referred to above, the recommendation will not apply whenever the company, by virtue of a special legal regime, is obliged to set up a remuneration committee composed entirely or partly of directors.

This recommendation obtained a level of compliance of 89%, rising to 93% of PSI companies. This represents a drop of two percentage points in relation to the previous year.

2023 review

With the 2023 review, this recommendation now corresponds to recommendation VI.2.1.

V.2.2

The remuneration shall be determined by a remuneration committee, or by the general meeting of the shareholders after a proposal from that committee, in accordance with recommendation V.2.2.. As clarified in point 16 of Interpretative Note no. 3, the competence of the remuneration committee referred to herein covers members of the management and supervisory bodies and their internal committees, and does not include senior management.

The recommendation obtained a 100% compliance rate.

2023 review

This recommendation was amended in the 2023 review to become recommendation VI.2.2, with the following content:

“The remuneration of the **members of the administration and supervisory bodies and of the company committees** shall be set by the remuneration committee or by the general meeting, upon proposal of such committee.”

This amendment corresponds to the incorporation of the content of Interpretative Note no. 3.

V.2.3

This recommendation provides that, for each mandate, the maximum amount of all compensation to be paid to a member of any corporate body or committee for termination of the respective office shall be approved. This approval will be given by the remuneration committee or the general meeting, upon proposal of such committee. Also, a duty of disclosure, including amounts, is established in the corporate governance report or remuneration report, whenever such a situation arises during the year under analysis.

In order for this recommendation to be complied with, it is not sufficient to merely state the compliance with the legal regime applicable to cases of dismissal, without any further reference to the other forms of termination of functions, and without indicating the competence of the remuneration committee in this area.

The degree of compliance in this year is 67%, which represents a nine percentage points increase in relation to results of the previous year. This figure rises to 73% for PSI companies.

2023 review

With the 2023 review, the present recommendation no longer has a correspondence.

However, recommendation VI.2.3. sets out:

"The company shall disclose in the corporate governance report, or in the remuneration report, the termination of office of any member of a body or committee of the company, indicating the amounts of all costs for the company related to the termination of office, for any reason, during the year in question."

V.2.4

97% of the monitored companies complied with the recommendation that a member of the remuneration committee shall attend the annual general meeting, or any other meeting where the agenda includes a matter related to remuneration. The percentage of compliance is 100% for PSI companies.

2023 review

With the 2023 review, this recommendation now corresponds, with changes, to recommendation VI.2.4., with the following content:

"In order to provide information or clarification to shareholders, the chairman or another member of the remuneration committee shall be present at the annual general meeting and at any other if the respective agenda includes a matter related to the remuneration of the members of bodies and committees of the company, or if such presence has been requested by shareholders."

V.2.5

It was found that 97% of the issuer companies complied with the recommendation that, within the budget constraints of the company, the remuneration committee shall be free to decide on the contracting by the company of consultancy services. This percentage is 100% in the PSI companies.

In order for the recommendation to be complied with, it is not sufficient to state in the governance report that no consultancy services were requested or contracted to support the remuneration committee, whereby it shall be made clear that the remuneration committee is free to contract such services if it deems it necessary.

2023 review

With the 2023 review, this recommendation now corresponds to recommendation VI.2.5.

V.2.6

85% of the issuer companies (93% of PSI companies) state that their remuneration committee ensures that the services mentioned in V.2.5. are provided independently and that the respective providers shall not be contracted to provide any other services to the company itself or to other companies that are in a controlling or group relationship with the company, without express authorisation of the Commission.

In these terms, the percentage increase in the level of compliance with this recommendation that is constantly being verified was consolidated, this time with an increase of six percentage points compared to the previous year (four percentage points in the case of PSI companies).

Similarly to the understanding mentioned to above regarding the compliance with recommendation V.2.5., also in relation to this recommendation it has been understood that it is not sufficient to state in the governance report that no consultancy services to support the remuneration committee were requested or contracted, whereby it is necessary to state explicitly that, shall such consultancy be provided, the remuneration committee is responsible for ensuring that they are provided independently and that the respective providers shall not be contracted to provide other services to the company itself or to other companies that are in a controlling or group relationship with the company, without its express authorisation.

2023 review

With the 2023 review, recommendation V.2.6. gives rise to two separate recommendations:

Recommendation VI.2.6, according to which:

"The remuneration committee shall ensure that these services are provided independently."

And recommendation VI.2.7, according to which:

"The providers of said services shall not be hired by the company itself or by others with which it is in a controlling or group relationship for the provision to the company of any other services **related to the competences of the remuneration committee**, without the express authorisation of the committee."

V.2.7

The recommendation relates to the remuneration of directors, striving for the existence of variable remuneration encouraging the alignment of interests between the company and the executive directors.

Thus, the imposition that the variable component reflects the sustained performance of the company and does not encourage excessive risk-taking continued to be assessed on the basis of the overall calculation of the information that the issuer companies provided on variable remuneration.

With regard to this assessment, the level of compliance stood at 91% in the overall universe of monitored

companies (which represented a drop of three percentage points compared to the 2021 year) and at 100% in the universe of PSI companies.

2023 review

With the 2023 review, this recommendation now corresponds to recommendation VI.2.8.

V.2.8

64% of issuer companies (a percentage that rises to 80% in the PSI universe) have a significant part of the variable component of the director's remuneration partially deferred over time, for a period of no less than three years, thus representing a decrease of two percentage points compared to the previous year (and an increase of eight percentage points in the PSI universe). Similarly to the criterion adopted in the previous year, the omission in the internal regulations did not necessarily lead to the assessment of non-compliance, as the definition of the association of the deferred variable component to the confirmation of sustainability in other elements of public access, namely in the governance report or in the remuneration policy statement, was valued.

2023 review

With the 2023 review, this recommendation now corresponds to recommendation VI.2.9.

V.2.9

In the present monitoring, recommendation V.2.9., related to the inclusion of options (or other instruments directly or indirectly dependent on the value of the shares) in variable remuneration, was applicable to only six issuer companies and was fully complied with, with five complying directly and one other providing an explanation accepted as materially equivalent to compliance.

2023 review

With the 2023 review, this recommendation corresponds to recommendation VI.2.10.

V.2.10

The recommendation does not apply to companies that, due to their governance model or internal structure, do not have non-executive directors, which occurred in 14% of cases.

With regard to the rest of the universe, in 87% of the issuer companies the remuneration of non-executive directors does not include any component whose value depends on the performance of the company or its value. This percentage rises to 93% in the PSI companies.

2023 review

With the 2023 review, this recommendation now corresponds to recommendation VI.2.11.

V.3.1

In subchapter V.3. on appointments, the applicability of recommendation V.3.1. continued to be considered from the first year in which there is a general meeting electing new members of corporate bodies¹⁹.

In the current year, the level of compliance was 54%, which corresponds to an increase of five percentage points in relation to the previous year. In the PSI companies, the compliance percentage is 93%.

Notwithstanding the fact that the proposals for appointment of members of the corporate bodies come from the shareholders, it is the responsibility of the company, "in the terms it deems adequate, but in a manner susceptible of demonstration", to promote that such proposals are accompanied by a substation regarding the stipulated points. It is for this reason that the mere compliance with the provisions of the law or the mere reference to the curricula vitae of the proposed members is deemed insufficient for the purposes of compliance with the recommendation, as stated in point 18, subparagraph b) of Interpretative Note no. 3.

As already identified in the 2021 RAM (page 60), among the practices adopted by issuer companies that constitute compliance with the recommendation are, notably, the instruction of the proposals submitted to the elective general meeting with the documentation that allows the demonstration required herein, with this documentation remaining available online; the preparation, in the corporate governance report itself, of a description of the functions, qualifications and skills

19. As expressly stated on page 52 of the 2018 RAM, on page 52 of the 2019 RAM, on page 56 of the 2020 RAM, on page 59 of the 2021 RAM and in point 18(a), of Interpretative Note no. 3.

required to hold positions; and the adoption of a “selection policy” for members of the corporate bodies, of broader applicability than that corresponding to a particular elective moment.

2023 review

With the 2023 review, this recommendation now corresponds to recommendation VI.3.1.

V.3.2

Pursuant to the Glossary of the Code, senior management are “persons who are members of the senior level management, as defined (under the name “managers”) by European and national legislation regarding listed companies, excluding members of the company bodies”.

Notwithstanding, in the cases in which the issuer companies explicitly state in the governance report that they adopt, in the specific context of their structure, another definition of persons comprising the senior level management, and attribute competences for the respective appointments to a specialised committee, this is considered to be a practice in line with the teleology of the recommendation, corresponding to compliance.

From the analysis carried out, in nine cases (26%) the corporate governance report stated that there were no senior managers, and therefore the recommendation was considered not applicable to such issuer companies.

Within the group of companies to which the recommendation applies, 31% have a nominations

committee with the function of monitoring and supporting the appointments of senior management.

It should be remembered that, in accordance with point 19 of Interpretative Note no. 3, the recommendation "also applies to companies with a family nature or with a highly concentrated capital structure, as the only criterion justifying non-compliance, foreseen in the recommendation, is the size of the company. Notwithstanding, the family nature of the company or the concentration in the capital structure may, among other things, be invoked in the context of an *explain* and its relevance assessed in that context."

As in the previous year, the mere invocation of the size of the company did not immediately determine the non-applicability of the recommendation, it was, however, evaluated in the *explain*, as suggested by the Interpretative Note, in terms that are substantiated, invoking the particular characteristics of the company and identifying the equivalent option adopted by the company, as stated in the 2021 RAM (page 62).

In these terms, 35% of the companies presented an *explain* that was considered materially equivalent to compliance with recommendation V.3.2, which thus obtained an overall compliance figure of 65%, a percentage that rises to 89% for the PSI companies.

2023 review

With the 2023 review, this recommendation now corresponds to recommendation VI.3.3.

V.3.3 and V.3.4

Recommendations V.3.3 and V.3.4 assume the existence of a nomination committee, and V.3.3. applies to both the corporate bodies nomination committee (III.7.(2)) and the senior management nomination committee (V.3.2.). Accordingly, in the event that the latter is not complied with or applicable, V.3.3. also becomes non-applicable, which is also the case with regard to the German model. Thus, we found a volume of 63% of issuer companies to which recommendation V.3.3. was not applicable.

Within this framework, compliance with V.3.3. represented 62% of applicable cases, a percentage that drops to 50% in the PSI companies.

With regard to recommendation V.3.4, it shall be noted that, in accordance with point 20 of Interpretative Note no. 3, it is understood that this recommendation only refers to the committee envisaged in recommendation V.3.2.

Thus, V.3.4., although not applicable in 74% of the cases, obtained a degree of compliance of 67%, whereby the percentage in the PSI companies remains the same.

2023 review

The 2023 review brings substantive changes to both recommendations, which now correspond to recommendation VI.3.2. and recommendation VI.3.4., with the following content:

VI.3.2.

"The committee for the appointment of members of corporate bodies includes a majority of independent members of the board of directors."

VI.3.4.

"The committee for the appointment of **senior management** shall make available its terms of reference and promote, to the extent of its powers, the adoption of transparent selection processes that include effective mechanisms for identifying potential candidates, and that for selection those are proposed who present the greatest merit, are best suited for the requirements of the position and promote, within the organisation, an adequate diversity including regarding gender equality."

This amendment corresponds to the incorporation of the content of Interpretative Note no. 3.

Chapter VI

INTERNAL CONTROL

OVERALL ASSESSMENT OF THE CHAPTER

Chapter VI, dedicated to internal control, contains seven recommendations, divided into eleven subrecommendations. There were no cases of *explain* equivalent to compliance. The average degree of compliance was 90%, with each subrecommendation varying between 100% to 76%.

RECOMMENDATIONS

VI.1

VI.1 stipulates that the management body shall discuss and approve the strategic plan and risk policy of the company, including the establishments of limits on risk-taking.

In this context, 91% of the issuer companies declare that their management body discusses and approves the strategic plan, revealing an increase of two percentage points in relation to the previous year, and 83% of issuer companies declare that they approve a risk policy. The compliance rate for VI.1.(1) and VI.1(2) rises to 100% in the PSI context.

With regard to the risk policy (VI.1.(2)), the monitoring process once again reinforced the fundamental importance of the disclosure, albeit in general terms, of the topics defined in the risk policy, in terms of the establishment of limits, objectives or others deemed relevant.

2023 review

With the 2023 review, this recommendation now corresponds to recommendation VII.1.

VI.2

With regard to VI.2., its compliance in the overall universe of issuer companies stood at 76%, which shows a decrease of twelve percentage points compared to the 88% obtained in 2021. In the context of PSI companies, compliance is 93%.

The decrease was largely the result of the implementation of what was specified in the 2021 RAM (pages 64-65), where issuer companies were made aware of the need to provide this information in full in future years.

Thus, with regard to the monitoring for the 2022 year, and as was widely communicated in the 2021 monitoring exercise, it was considered essential, for the purposes of compliance, not only to provide information on the implementation of the aforementioned mechanisms and procedures, but also on how these mechanisms and procedures translate into periodic monitoring, specifically specifying the terms under which it is carried out and the terms of its periodicity.

There are also some cases of non-applicability of the recommendation, which does not result per se from a generic non-applicability to the issuer companies in question, but rather from the lack of compliance with recommendation VI.1.(2). In other words: the non-existence of public information regarding the definition of a risk policy, upstream, by the management body, effectively renders the recommendatory content here in question meaningless.

2023 review

With the 2023 review, this recommendation now corresponds to recommendation VII.3.

VI.3., VI.4. and VI.5.

91% of the issuer companies have structured their internal control system in terms that they consider adequate²⁰ for the size of the company and the complexity of the risks inherent to its activity, with the supervisory body being competent to assess it and propose the necessary adjustments. The compliance value of VI.3. rises to 100% in the PSI context.

As recommended in VI.4., the same supervisory body issues an opinion on the work plans and resources allocated to internal control services, including risk management, compliance and internal audit functions (when existing), in 94% of cases, which shows a continuous improvement since 2019 (64%); 2020 (77%) and 2021 (80%). This figure rises to 100% in the PSI context.

The supervisory body is also the addressee, under the terms recommended in VI.5, of reports made by the internal control services in 83% of the issuer companies and in 100% of the issuer companies that are part of the PSI, once again increasing with respect to the 77% and 95% of 2021, respectively.

20. The "adequacy" referred to is taken as a guideline, and as such is not subject to autonomous monitoring – similarly to the cases of recommendations I.1.1., IV.2. and VII.2.2. On the guidelines, see point 2 of Interpretative Note no. 3.

2023 review

With the 2023 review, recommendation VI.3. now corresponds to recommendation VII.4., recommendation VI.4. corresponds to recommendation VII.10. and, finally, recommendation VI.5. corresponds to recommendation VII.11..

VI.6

With regard to subrecommendations VI.6.(1) to (4), all issuer companies continue to establish mechanisms to identify the main risks to which they are subject when carrying out their activities. 91% expressly indicate that they identify the probability of occurrence of these risks and their impact, 91% establish mitigation instruments and measures. All issuer companies define and identify procedures to monitor their risks.

We thus note an increase in compliance with subrecommendation VI.6.(2) compared to the compliance set at 83% in 2021 and continued compliance with the other subrecommendations. In the universe of PSI companies, compliance was 100% in all the subrecommendations analysed.

Also as emphasised in the 2021 RAM (page 67), in relation to the identification of the probability of occurrence of the identified risks and respective impact (VI.6.(2)), the issuer companies were also advised that, for the purposes of compliance, although the indication in public information of the concrete probability of occurrence and respective impact is not required, an unequivocal indication that the company makes these calculations is essential.

2023 review

With the 2023 review, this recommendation now corresponds to recommendation VII.6.

VI.7

Recommendation VI.7, concerning the supervision procedures, periodic assessment and adjustment of the internal control system, presents a compliance rate of 89%, and is fully complied with in the PSI universe. The level of compliance thus remains constant compared to the previous year.

2023 review

With the 2023 review, this recommendation now corresponds to recommendation VII.5.

Chapter VII

FINANCIAL INFORMATION

OVERALL ASSESSMENT OF THE CHAPTER

Chapter VII, which deals with financial information, contains, after subdividing it, five subrecommendations.

The average level of compliance was 86%. In the PSI context, compliance rises to 96%.

RECOMMENDATIONS

VI.1.1

It is foreseen that the regulations of the supervisory body shall include a set of competences listed therein, such was verified in 97% of cases. In the PSI universe, compliance was complete.

It should be emphasised that, as stated in the 2021 RAM (page 68), there will only be compliance when the internal regulations of the supervisory body impose the mentioned duty.

2023 review

The 2023 review amended this recommendation to become recommendation VIII.1.1, with the following content:

"The regulations of the supervisory body shall require that it oversees the appropriateness of the process of preparation and disclosure of information by the administration body, including the appropriateness of accounting policies, estimates, judgements, relevant disclosures and their consistent application from year to year, in a duly documented and reported manner."

VII.2.1

In accordance with the reading adopted since the first monitoring²¹, reflected today in point 21 of Interpretative Note no. 3, what is at stake is not merely the generic establishment of the competence of the supervisory body to define the supervisory procedures aimed at ensuring the independence

21. See page 56 of the 2018 RAM and page 58 of the 2019 RAM.

of the statutory auditor, but also the prior and abstract definition of those same procedures.

This occurred in 63% of issuer companies, which is nine percentage points up in comparison with last year. In the PSI context, the compliance increased from 74% to 87% of issuer companies.

2023 review

With the 2023 review, this recommendation now corresponds to recommendation VIII.2.1.

VII.2.2

With regard to recommendation VII.2.2.(1), in 97% of the issuer companies there are indications that the supervisory body is the main interlocutor of the statutory auditor within the company. Compliance is complete in the PSI universe.

In this regard, it is to be noted that the supervisory body, although it may not be the exclusive interlocutor, as results from point 22, a) of Interpretative Note no. 3, shall be, even if not the only one, the first addressee of the respective reports.

It was also observed, now with regard to VII.2.2.(2), that in 86% of issuer companies it is the supervisory body that is responsible for proposing the remuneration of the statutory auditor, therefore there was an increase by three percentage points, in the degree of compliance. In the PSI context, for its turn, compliance proved to be complete.

2023 review

With the 2023 review, this recommendation now corresponds to recommendation VIII.2.2.

VII.2.3

In 86% of the issuer companies (down from 91% in the previous year), the supervisory body has the duty to annually assess the work carried out by the statutory auditor, its independence and suitability for the exercise of its functions, whereby it may propose to the competent body the dismissal or termination of the contract for the provision of services whenever there is just cause to do so. In the PSI universe, compliance stands at 93%.

The lower level of acceptance of this recommendation is due to the fact already explained in the 2021 RAM (page 70), in the sense that acceptance of the recommendation presupposes that all the duties listed are made explicit.

2023 review

With the 2023 review, this recommendation now corresponds to recommendation VIII.2.3.



CONCLUSIONS

We can thus conclude the following:

- **In the monitoring regarding 2022**, the average degree of compliance with the 53 recommendations of the IPCG CGS 2018 revised in 2020 - broken down into 74 subrecommendations - is **83%**.
- This average degree of acceptance rises to **95%** in the universe of issuer companies that are part of the PSI.
- **In comparison with the previous year**, there was an **improvement** of four percentage points (from 79% to 83%), an improvement which was **more accentuated in the PSI universe** (from 88% to 95%). It is to be noted that, with regard to the latter, the comparability of the data with the previous year is affected by the change in the composition of the companies that make up such index.
- These global figures result from the operation of **two opposing forces**:
 - on the one hand, **the universe of monitored companies remained constant** compared to the 2021 year, with the result that there were no issuer companies in the process of adapting to the CGS.
 - on the other hand, **the recommendations framework remained unchanged**, allowing issuer companies to integrate and consolidate the good governance practices adopted, in a **continuous dialogue with the monitoring entity**.

- As in previous years, we have observed **qualitative progress in terms of the information provided** in the governance reports on the practices adopted, attesting to a healthy concern on the part of the issuer companies to meet the recommendatory requirements and to explain them so that an external observer can verify their compliance. **The Executive Monitoring Committee** has continued to play its role in this area, seeking, within the scope of its competences and through the interactions that this exercise allows, to **promote the improvement of governance practices** and the improvement of reporting.
- Among the **recommendations with the highest compliance level**, the following deserve special mention: establishment of mechanisms for the timely disclosure of information; preparation of minutes of the meetings of the management and supervisory bodies; disclosure, on the website, of the composition and number of annual meetings of the bodies and committees; setting of remunerations by committee (or by the general meeting, upon the proposal of the committee); establishment of a risk management function, identifying (1) the main risks to which the issuer company is subject; (4) the monitoring procedures, with a view to their accompaniment; imposition, by internal regulation of the supervisory body, of this body to oversee the adequacy of the process of preparation and disclosure of financial information by the management body; the supervisory body as the main interlocutor of the statutory auditor and first addressee of its reports.
- Amongst the **recommendations whose compliance grew most**, it is worth highlighting those relating to,

in particular: the existence of a committee to monitor and support the appointment of senior management; the appointment of a coordinator by the independent directors; a judgement on the appropriateness of the number of members of the supervisory body; issuance of an opinion and assessment by the supervisory body on the strategy, prior to its final approval by the management body; issuance of an opinion by the supervisory body on the work plans and resources allocated to the internal control system services; presence of the chairman or member of the remuneration committee at the general meeting; judgement on the appropriateness of the number of non-executive members of the management body; approval of the maximum amount of compensation in the event of termination of office; existence of no less than one third of non-executive directors who fulfil the requirements of independence.

- Among the **recommendations with the lowest compliance level** are the recommendations regarding: appointment of a coordinator by the independent directors; existence of a specialised committee on corporate governance (1) and appointments (2); approval by the management body of the regime for executive directors to carry out executive duties outside the group; promotion by the company that proposals for the **appointment** of members of the corporate bodies be accompanied by substantiation on the suitability for the functions to be performed, the profile, the knowledge and curriculum vitae of each candidate; assessment and issuance of its opinion by the supervisory body on the strategy (1) and the risk policy (2), prior to their final approval by the

management body; the existence of no less than one third of non-executive directors who fulfil the independence requirements; the inclusion of a majority of independent non-executive members in the appointments committee; the definition by the supervisory body of the supervisory procedures designed to ensure the independence of the statutory auditor.

- The results obtained, as reported in this Annual Report, demonstrate the commitment of all those involved in the monitoring process to continue on a **path of consolidation of the good governance practices** already adopted, as well as **improving the governance solutions** of companies listed on the Portuguese market.

ANNEX I Comparative table (2021-2022) of individual results of the 74 subrecommendations

Recommendation	Global compliance (S+E)			
	All issuer companies		PSI issuer companies	
	2021	2022	2021	2022
I.1.1.	100%	100%	100%	100%
I.2.1.	51%	71%	68%	93%
I.2.2.(1)	86%	91%	95%	93%
I.2.2.(2)	86%	89%	95%	93%
I.2.2.(3)	79%	77%	82%	87%
I.2.2.(4)	100%	100%	100%	100%
I.2.2.(5)	100%	100%	100%	100%
I.2.2.(6)	83%	90%	88%	100%
I.2.3.(1)	100%	100%	100%	100%
I.2.3.(2)	100%	97%	100%	100%
I.2.4.	89%	91%	100%	100%
I.3.1.	89%	89%	100%	100%
I.3.2.	91%	89%	100%	100%
I.4.1.	80%	89%	84%	100%
I.4.2.	77%	86%	89%	100%
I.5.1.	91%	94%	100%	100%
I.5.2.	-	-	-	-
II.1.(1)	88%	88%	100%	100%

Recommendation	Global compliance (S+E)			
	All issuer companies		PSI issuer companies	
	2021	2022	2021	2022
II.1.(2)	50%	50%	100%	100%
II.2.	82%	85%	95%	93%
II.3.	65%	71%	68%	80%
II.4.	76%	76%	79%	87%
II.5.	75%	75%	67%	50%
II.6.	88%	85%	84%	93%
III.1.	29%	44%	36%	80%
III.2.(1)	74%	85%	94%	100%
III.2.(2)	77%	91%	84%	100%
III.2.(3)	100%	100%	100%	100%
III.3.	71%	74%	94%	100%
III.4.	53%	62%	67%	86%
III.5.	-	-	-	-
III.6.(1)	46%	60%	68%	93%
III.6.(2)	51%	60%	68%	87%
III.7.(1)	51%	54%	63%	87%
III.7.(2)	49%	49%	68%	87%
III.7.(3)	74%	80%	89%	100%
IV.1.	46%	54%	47%	73%
IV.2.(1)	94%	97%	94%	100%
IV.2.(2)	91%	94%	94%	100%
IV.2.(3)	94%	97%	94%	100%

Recommendation	Global compliance (S+E)			
	All issuer companies		PSI issuer companies	
	2021	2022	2021	2022
IV.3.	74%	80%	84%	93%
V.1.1.(1)	80%	80%	89%	100%
V.1.1.(2)	80%	86%	93%	100%
V.1.1.(3)	77%	81%	89%	100%
V.2.1.	91%	89%	95%	93%
V.2.2.	97%	100%	100%	100%
V.2.3.	56%	67%	53%	73%
V.2.4	85%	97%	95%	100%
V.2.5.	94%	97%	89%	100%
V.2.6.	79%	85%	89%	93%
V.2.7.	94%	91%	100%	100%
V.2.8.	66%	64%	72%	80%
V.2.9.	100%	100%	100%	100%
V.2.10.	86%	87%	89%	93%
V.3.1.	49%	54%	68%	93%
V.3.2.	46%	65%	69%	89%
V.3.3.	71%	62%	70%	50%
V.3.4.	75%	67%	83%	67%
VI.1.(1)	89%	91%	95%	100%
VI.1.(2)	83%	83%	89%	100%
VI.2.	88%	76%	95%	93%
VI.3.	91%	91%	95%	100%
VI.4.	80%	94%	95%	100%
VI.5.	77%	83%	95%	100%

Recommendation	Global compliance (S+E)			
	All issuer companies		PSI issuer companies	
	2021	2022	2021	2022
VI.6.(1)	100%	100%	100%	100%
VI.6.(2)	83%	91%	95%	100%
VI.6.(3)	91%	91%	100%	100%
VI.6.(4)	100%	100%	100%	100%
VI.7.	89%	89%	100%	100%
VII.1.1	94%	97%	100%	100%
VII.2.1.	54%	63%	74%	87%
VII.2.2.(1)	97%	97%	100%	100%
VII.2.2.(2)	83%	86%	95%	100%
VII.2.3.	91%	86%	95%	93%

ANNEX II List of monitored issuer companies that adopted the revised IPCG CGS 2018 as revised in 2020 (year of 2022)^{22*}

Altri, S.G.P.S., S.A.

Banco Comercial Português, S.A.

Caixa Geral de Depósitos, S.A.

Cofina, S.G.P.S., S.A.

Corticeira Amorim, S.G.P.S., S.A.

CTT - Correios de Portugal, S.A.

EDP - Energias de Portugal, S.A.

EDP Renováveis, S.A.

Estoril-Sol, S.G.P.S., S.A.

Flexdeal SIMFE, S.A.

Futebol Clube do Porto - Futebol, SAD

Galp Energia, S.G.P.S., S.A.

Glintt - Global Intelligent Technologies, S.G.P.S., S.A.

Greenvolt - Energias Renováveis, S.A.

Grupo Media Capital, S.G.P.S., S.A.

Ibersol, S.G.P.S., S.A.

Impresa, S.G.P.S., S.A.

Inapa - Investimentos, Participações e Gestão, S.A.

Jerónimo Martins, S.G.P.S., S.A.

Martifer, S.G.P.S., S.A.

Mota-Engil, Engenharia e Construção, S.A.

NOS, S.G.P.S., S.A.

Novabase, S.G.P.S., S.A.

Pharol, S.G.P.S., S.A.

Ramada Investimentos e Indústria, S.A.

REN - Redes Energéticas Nacionais, S.G.P.S., S.A.

Semapa - Sociedade Investimento e Gestão, S.G.P.S., S.A.

22. * The universe of companies listed here includes the 35 entities that timely adhered to the IPCG CGS 2018 in its 2020 revised version. It therefore does not include an issuer company that has still adopted the 2013 CMVM Code; an issuer company that has adopted the IPCG CGS in its original 2018 version; nor does it include another issuer company that, as of the date of this Report, had not yet publicised the approval of its governance report for the 2022 financial year.

SONAE, S.G.P.S., S.A.

SONAECOM, S.G.P.S., S.A.

Sport Lisboa e Benfica - Futebol, SAD

Sporting Clube de Portugal - Futebol, SAD

Teixeira Duarte - Engenharia e Construções, S.A.

Toyota Caetano Portugal, S.A.

The Navigator Company, S.A.

VAA - Vista Alegre Atlantis, S.G.P.S., S.A.

Issuer companies included in the PSI index in 2022



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