CEAM

EXECUTIVE MONITORING COMMITTEE OF THE IPCG CORPORATE GOVERNANCE CODE

ANNUAL MONITORING REPORT OF THE IPCG 2018 CORPORATE GOVERNANCE CODE WITH REGARD TO 2019

COMISSÃO DE ACOMPANHAMENTO E MONITORIZAÇÃO

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Tel./Fax:(+351) 21 317 40 09 • E-mail: ipcg@cgov.pt
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SUMMARY

I. EXECUTIVE SUMMARY

The Annual Monitoring Report (RAM) hereby presented is the second drafted under the Corporate Governance Code of the Portuguese Corporate Governance Institute 2018 (CGS IPCG 2018). It provides an account of the monitoring activity with respect to the financial year of 2019.

This Code, comprised of 60 recommendations, further decomposed in 117 sub-recommendations for monitoring purposes, has constituted a significant step towards self-regulation in the field of Corporate Governance in Portugal.

In the spirit of cooperation between the Portuguese Corporate Governance Institute (IPCG), the Portuguese Securities Market Commission (CMVM) and the Portuguese Issuers Association (AEM), reflected in the Protocols agreed upon by the IPCG and each of these entities, it was possible to set up an independent and autonomous monitoring system, leading to the results presented herein in respect to compliance with the CGS IPCG 2018 recommendations[1].

Throughout this process, the Executive Monitoring Committee (CEAM), set up after the entry into force of the CGS IPCG 2018, continued to play its several roles: in addition to interacting with the listed companies in order to clarify questions on the interpretation of the recommendations, the CEAM gathered public informa-

[1] The Protocol signed between AEM and IPCG is available at: https:// cgov.pt/images/ficheiros/2018/protocolo-ipcg-aem-monitorizao-f.pdf.

tion indispensable for the monitoring task, dialogued with the listed companies for the purpose of analysing the preliminary results, answered to written comments on this process and, finally, shared with each of the listed companies their respective final results.

Hence, the elements and clarifications necessary for an informed monitoring exercise were gathered, ensuring the indispensable objectivity and impartiality, with attention to the singularities of each listed company, most importantly those reflected in the explanations provided in the corporate governance reports.

Therefore, in line with international best practices and the existing regulatory framework in Portugal, the assessment of compliance with each recommendation took due notice of the options explained by the companies in order to evaluate them, whenever suitable, as substantially equivalent to a direct compliance with the Code, thereby fulfilling the underlying comply or explain philosophy.

The monitoring results indicate that the average level of compliance with CGS IPCG 2018, regarding the universe of monitored listed companies and all of the recommendations and sub-recommendations, amounts to 80 %, raising to 86 % in the case of PSI 20 listed companies, which represents, in both cases, an increase of two percentage points compared to the results for the year 2018.

From the monitoring tasks, as herein reported and further detailed ahead, stems a positive outlook on the future: not only may the level of compliance with the recommendations be perceived as largely satisfactory, but also, the contacts established with the listed companies demonstrate their growing concern with corporate governance issues.

Hence, we renew the belief that the companies will continue to implement their best efforts in a sustained improvement of governance practices.

II. INTRODUCTION

The RAM now being presented constitutes the second analysis prepared in reference to the CGS IPCG 2018. As highlighted above, the implementation of the new Code resulted from the effort carried out by IPCG, in cooperation with CMVM and AEM, a cooperation that is patent in the aforementioned Protocols entered by both entities[2].

The fundamental framework outlined by those instruments allowed to devise a monitoring system, under which the CEAM performs the tasks that now allow the dissemination of this Report.

Currently consisting of four members, including an Executive Director responsible for coordinating the technical work[3], the Committee, among other tasks, shall:

– support listed companies in interpreting the Code, namely by clarifying the most pressing questions on interpretation; in this context, the Interpretative Note no. 2 of the CGS IPCG 2018 was issued[4] in the year under consideration;

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[2] In January 2019, in addition to the Protocol, the CMVM released the communication related to the new rules and procedures fur 2019 regarding the supervision of the corporate governance recommendation framework, through the CMVM's Communication, "The supervision of the corporate governance recommendation regime — new rules and procedures for 2019", dated 11/01/2019, v.

https://cam.cgov.pt/pt/noticia/1339-notificacao-da-cmvm-sobre-novas-regras-e-procedimentos-para-2019-em-materia-corporate-governance.

[3] For the monitoring work carried out in 2020, assistance was given by a technical team with four additional members, composed of Andreea Babicean, Francisca Pinto Dias, Nuno Devesa Neto and Renata Melo Esteves.

[4] Available at https://cam.cgov.pt/pt/documentos/1346-nota-in-

– undertake the studies necessary for a successful transition phase of the CMVM's Code to the current advisory framework; to this purpose, CEAM carried out an analysis of the equivalences between Annex I of CMVM Regulation no. 4/2013 and the recommendations of the Code, in order to contribute to the preparation of corporate governance reports in listed companies in light of its recommendation[5], and prepared and disclosed, always in coordination with CAM — Accompaniment and Monitoring Committee (CAM), an identification table for recommendations of multifaceted content, seeking to break them down in order to contribute to a good implementation of the monitoring work[6];
– share with each of the listed companies the preliminary results of the monitoring carried out based on publicly available information, inviting them to comment on those preliminary results;
– analyse and consider all collected inputs for the purpose of establishing the final monitoring results that it communicates to each of the listed companies and based on which the Annual Monitoring Report is prepared.

Once approved with the unanimous vote of the CEAM members, the Report is submitted for final approval by the CAM.

terpretativa-n-2-sobre-a-interpretacao-do-codigo-de-governo-das-sociedades-ipcg-2018, which thus joined the Interpretative Note no. 1 issued in 2018 (available at: https://cam.cgov.pt/pt/documentos/1292-codigo-de-governo-das-sociedades-2018-nota-interpretativa-n-1).

[5] Available at https://cam.cgov.pt/pt/documentos/1341-correspondencias-entre-o-anexo-i-do-regulamento-da-cmvm-n-4-2013-e-as-recomendacoes-do-codigo-de-governo-das-sociedades-do-ipcg-de 2018.

[6] Available at https://cam.cgov.pt/pt/documentos/1344-tabela-de-recomendacoes-multiplas.

Thus, adopting the structure defined by the CAM acting under the powers conferred upon it, following this Report, we hereby present the principles governing monitoring (III.), followed by a presentation of the working methodology used (IV.).

After presenting such framework, we are able to proceed to assess the degree of compliance with the recommendations of the Code (V.), giving preliminary notice of the treatment given to multiple recommendations, as well as to the non-applicable ones, and the way in which the results of the monitoring were defined.

In this context, it will be important to recall the meaning of the "comply or explain" principle, on which the Code is based, as well as to report how "explain" was used by the listed companies and evaluated.

Based on this set of elements, the Report presents, chapter by chapter, the additional clarifications needed considering each CGS IPCG 2018 recommendations and the contents monitored by the CEAM, after which brief final conclusions are presented (VI.).

III. MONITORING PRINCIPLES

The monitoring work carried out by the CEAM has its fundamental framework in the Protocols entered by the CMVM and IPCG and between the IPCG and AEM.

In particular, this last document sets out the principles on which monitoring should be based, which allows to understand the terms and results of the analysis undertaken:

a) **Necessity** — monitoring the CGS IPCG 2018 is an indispensable element of the corporate governance system, as a means of knowing how and to what extent recommendations are being complied with, and the most critical areas of non-compliance;

b) **Independence** — monitoring the CGS IPCG 2018must be personally and institutionally assured by entities and persons

who can provide the necessary guarantees of independence from the entities adopting the CGS IPCG 2018;

c) **Autonomy** — monitoring the CGS IPCG 2018is independent from the exercise of any competences by judicial or administrative authorities, in relation to their inspection, supervision or sanctioning activities, within the framework of their respective legal powers and duties;

d) **Universality** — the monitoring should cover all entities that have adopted the CGS IPCG 2018;

e) **Objectivity and Impartiality** — monitoring should be carried out in an objective and impartial manner and should not include passing sentences on the adoption of CGS IPCG 2018 recommendations or on the conduct of adhering companies;

f) **Completeness** — monitoring should focus on all principles and recommendations of the CGS IPCG 2018;

g) **Collaboration** — monitoring should be based on collaboration with entities that adopt the CGS 2018, whether by providing them with the elements and clarifications necessary for correct interpretation and application of the CGS IPCG 2018, or by receiving from such entities the dements and clarifications necessary for an informed monitoring; the collaboration extends to entities whose competences or scope are projected or intersected with the application of the CGS IPCG 2018;

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

i) **Advertising** — monitoring results regarding the level of compliance with the CGS IPCG 2018 must be advertised in a global manner and without singling out or detailing the results of each adhering entity;

j) **Up to date** — monitoring should help to promote updating interpretation and application criteria for the CGS IPCG 2018, as well as induce the necessary and/or appropriate changes to the evolution of the CGS IPCG 2018;

k) **Annuity** — without prejudice to occasional interventions, monitoring will be based on an annual code of activity;

l) **"Comply or explain"** — the CGS IPCG 2018S is based on voluntary adoption and its compliance is based on the "comply or explain" rule; therefore, monitoring should ensure the effective appreciation of "explain" with equivalence to the compliance with the recommendations.

IV. METHODOLOGY

As in the previous financial year, the monitoring process leading up to the preparation of the Annual Monitoring Report involved a number of activities, which are briefly summarized below.

The actual monitoring work began by gathering the information published by the listed companies, focusing the analysis especially — but not exclusively — on their corporate governance reports.

Based on this public information, accessed namely through the CMVM's information system, the reports of thirty-three companies were analysed, with reference to the financial year ending on the 31st of December of 2019.

The first analysis culminated in the communication of the preliminary results of the monitoring conducted by the CEAM, reflected in individual tables sent to each of the listed companies, which contained, in addition to the assessment of each sub-recommendation — complied, non-complied, not applicable and "explain" assessment[7] — substantiated observations, whenever justified.

The companies were invited to comment on the preliminary monitoring results, thus putting into practice the interaction with listed companies referred to in the Protocol entered by the IPCG and AEM.

[7] About this assessment, see bellow V.1.3 of this Report.

After submitting the respective preliminary results, the CEAM's executive team established contact with the listed companies, either in writing or by holding meetings.

This process resulted in valuable explanations for the monitoring work, allowing to clarify issues and contributing to the standardisation, in general, of the criteria for measuring compliance. It also contributed to the ongoing debate on best corporate governance practices in the Portuguese securities market, bringing a pedagogical dimension to the monitoring exercise.

After the said interaction, the CEAM confirmed the preliminary results and made the respective final assessments available to each of the listed companies: these are considered as final results for the 2019 financial year and constituted the basis for the preparation of this Annual Monitoring Report.

The CEAM members with the assistance of the technical support team to the monitoring work have performed the tasks described in constant internal coordination.

V. ASSESSMENT OF THE DEGREE OF COMPLIANCE

V.1. Framework

V.1.1. Multiple recommendations

Aiming at the successful implementation of the monitoring work, the CEAM, in coordination with the CAM, proceeded to the prior identification of Code recommendations with multiple content and to their respective analytical "breakdown", according to the following criteria:

- all mutually independent sub-recommendations were broken down;
- the following sub-recommendations were not broken down:
  - those containing a general clause with a clarification;
  - those in which there is a logical dependency between sub-recommendations.

This exercise resulted in 117 sub-recommendations, as identified in the *Multiple Recommendations Table*[8].

The monitoring activity, both in the analysis of individual corporate governance reports and in the subsequent global data processing, was based on the aforementioned sub-recommendations.

V.1.2. Non-applicable recommendations

The decision to consider some recommendations as not applicable to certain or all listed companies is the result of the interpretative task carried out by the CEAM, according to a cross-check between recommendatory provisions and the responses from listed companies.

In that exercise, recommendations were considered to be either complied with, or not, when the listed companies classified them as not applicable, and vice-versa.

When calculating compliance percentages, non-applicable recommendations were not taken into account. Nevertheless, in the presentation of the contents monitored by the CEAM (below, V.3) the non-applicable hypotheses were occasionally considered to be justified, whenever this allowed a better understanding of the results, given that, under certain circumstances, omissions regarding a given high level of non-applicability of a certain recommendation could lead to a distorted image of the assessment.

[8] Available at https://cam.cgov.pt/pt/documentos/1344-tabela-de-recomendacoes-multiplas.

The non-applicability of certain recommendations arises from several circumstances, such as:

– the specifics of the governance model adopted by the listed companies;
– the interdependence between certain sub-recommendations;
– the factual circumstances highlighted in the context of what could still be considered a transition phase for a new recommendation matrix.

V.1.3. Results

In each sub-recommendation and for each issuer, the respective individual tables listed four possible outcomes to be chosen from:

- S — compliance;
- N — non-compliance;
- NA — not applicable;
- E — "explain" materially equivalent to acceptance, as explained below regarding the quality of the "explain".

The set of individual results has been treated in an integrated way, as explained below (V.3.)

Unless otherwise stated, reference to acceptance rates refers to the sum of the direct acceptance results ("S") and the "explain" results materially equivalent to acceptance ("E"), which when calculated together ("S+E"), make up a full or global compliance figure.

V.2. Quality of "explain"

V.2.1. The "comply or explain" principle

In accordance with the "comply or explain" principle on which the Code is based, pursuant to the Protocol signed between the

IPCG and AEM, and as explained in the Interpretative Note no. 1, companies should, on the one hand, reflect on the appropriateness and relevance of each recommendation to its reality and circumstances and, on the other hand, soundly explain their corporate governance options, particularly in light of the principles set out in the Code.

Ideally, "explain" implies three "statements" from the listed company: (1) declaration of non-compliance, (2) explanation regarding the adopted solution and (3) indication of the reason why said solution was deemed to be an equivalent option to Code recommendations.

Nonetheless, in this transition phase, the CEAM placed particular emphasis on the need to overcome any omissions from listed companies in an appropriate place, considering all materially explanatory information contained in the various parts of the corporate governance reports and other publicly available information.

Thus, in line with the "comply or explain" principle, special emphasis was given to the quality and depth of "explain", the analysis of which may lead to an equivalence to "comply", taking the specific circumstances into account.

In any case, for the analysis of the quality of "explain", it is always necessary to assess in which cases a properly explained non-compliance has the same effect as compliance.

In this respect, CMVM Regulation no. 4/2013, which remains in force and therefore remains, for this matter, a guiding document for listed companies, establishes the following:

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

– Annex I from the same Regulation, specifically point 2 of Part II, states "*[the] information to be reported should include, for each recommendation:*

a) *Information that allows to determine 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 potential non-compliance or partial compliance;*

c) *In case 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.*"[9]

V.2.2. The assessment of "explain"

Based on these guidelines, the explanations provided in the event of non-compliance with recommendations were considered to be materially equivalent to compliance whenever the listed companies explained, in an effective, justified and substantiated manner, the reason for non-compliance with the recommendations provided for in the 2018 CGS, in terms that demonstrate the adequacy of the alternatively adopted solution to good corporate governance principles, and which allow a valuation of those reasons as materially equivalent to compliance with the recommendation: we quote, mutatis mutandis, article 1(3) of the CMVM Regulation no. 4/2013.

For the purposes of this assessment, Code principles were considered to be the guiding basis for the interpretation and application of the recommendations and, at the same time, a qualitatively relevant ground for the assessment of "explain" (see the Preamble to the

[9] Likewise, also the European Commission Recommendation on the quality of corporate governance reporting ("comply or explain") of 9 April 2014, in Section III contains instructions on the quality of explanations in case 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

CGS IPCG 2018). For example, the invocation of means of promotion of shareholder participation and the proportionality of the adopted solutions as an alternative to recommendations regarding electronic voting and participation through telematic means (see Recommendations II.3. and II.4. and principles II.A and II.C) was taken into account.

The size and structure of the company were also taken into account for the "explain", when properly supported and explained (see, e.g. recommendation V.4.2.).

As the "explain" assessment is a crucial pillar of the monitoring exercise of a recommendatory code, the importance of the provision of information in Part II of the governance report regarding the non-compliance with recommendations and accompanying explanation should be highlighted. While it is not necessary to repeat content in what regards "explain" and there may be specific remissions to Part I of the corporate governance report, it is important that listed companies always carry out the proper contextualization and reasoned justification of the motives for non-compliance with the recommendation in question and furthermore, to the identification of an alternative good corporate governance solution of corresponding 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 chapter contains twelve recommendations, broken down into five subchapters, in the form of a General Part covering a variety of subject matters: the relationship between the company and investors and information, diversity in the composition and function-

ing of corporate bodies, the relationship between those corporate bodies, conflicts of interest and transactions with related parties.

Twenty-six sub-recommendations subject to monitoring resulted from the break down operation carried out.

The average compliance rate was 85 %, rising to 91 % when disregarding the results obtained in the last subchapter (I.5.1. and I.5.2.).

The percentage of compliance ranged from 100 % to 39 %.

Thus, we see a slight progress (from 84 % to 85 %) in the overall assessment of the chapter, compared to the previous year, with emphasis on the improvement verified in the last sub-chapter.

In fact, in the recommendations on transactions with related parties, the compliance increased, respectively, to 39 % and 73 % of the total listed companies. In addition, half of the PSI 20 companies comply with I.5.1. and the vast majority (92 %) comply with I.5.2.

Recommendations

I.1.1.

The first recommendation establishes the fundamental terms of the company's relationship with shareholders and other investors, to be treated equally, and also refers to the establishment of mechanisms and procedures for the appropriate treatment and disclosure of information — requirements which, in terms of the information provided and similarly to the previous year, listed companies fully complied with.

I.2.1.

Regarding the profile of new corporate body members, the Code recommends that the companies, in advance and abstract terms, establish general criteria and requirements relating to said profile, including individual characteristics — I.2.1.(1) — and diversity requirements — I.2.1.(1) –, in terms that do not necessarily depend on whether or not elections were held during the period considered — which is why a mere reference to the concrete profile of each member, as merely reflected in their curricula, or an acknowledge-

ment that, in practice, such criteria and requirements had been taken into consideration, is not sufficient to meet the recommendatory requirement.

This understanding had been made explicit to the listed companies during the first monitoring, related to 2018 and carried out in 2019, and is also reflected in point 3 of the Interpretative Note no. 2 and in the previous RAM[10].

In accordance with this criterion, the compliance with both sub-recommendations, without any case of "*explain*" materially equivalent, was 52 % in all listed companies and 56 % in PSI 20 companies.

Having the corporate governance reports now been analysed in light of a reading more in keeping with the literal content of the recommendation, we arrive at the results reported above, which qualitatively correspond to an effective progress in establishing the criteria in question, in line with the indications provided by the monitoring work in the previous financial year.

Without prejudice to the foregoing, there was a decrease compared to last year's figures, which is explained by a change in criteria. Indeed, due to the fact that, in the monitoring of the 2018 financial year, it was a first transition phase, the result of *not applicable* was set out in cases where there was no elective general meeting in that year and, in addition, the monitoring, for compliance purposes, was limited to verifying compliance with the legal requirements for gender diversity[11].

I.2.2., I.2.3. and I.2.4.

The recommendations under consideration concern the existence and disclosure of internal regulations, minutes and other general information (including the structure and number of annual meetings)

10 See page 30 of the 2018 RAM.

11 See, in the sense, page 30 of the 2018 RAM.

in. respect to the management and supervisory bodies, as well as internal committees.

With compliance levels equal to or above 85 % — in almost all cases, there was an increase in the compliance level compared to the previous financial year — non-applicability for part of the recommendations was only considered in situations, which occur in some listed companies, where internal committees are non-existent.

I.2.5.

The Code recommends not only the adoption of a whistleblowing policy allocated with the adequate resources, but also, as envisioned by the breakdown of the recommendation, the Code recommends the existence and guarantee of functioning mechanisms for the detection and prevention of irregularities.

In accordance with point 4 of the Interpretative Note no. 2 and the criterion followed in the previous year, we have considered that there was a coincidence between the mechanisms for detecting and preventing irregularities (sub-recommendation I.2.5.(1)) and those associated with the functioning of risk management, internal control and internal audit systems, as referred and monitored in recommendation III.10, with full compliance.

As for whistleblowing, there is evidence of the adoption of such a policy in 97 % of listed companies, a figure that amounts to 100 % in PSI 20 listed companies.

I.3.1. and I.3.2.

Recommendations I.3.1. and I.3.2. referring to the relationships between the corporate bodies, calling for the provision of information, both documentary and through access to relevant company employees, and to the existence of an information flow that ensures the adoption of pondered and efficient measures, within the framework of an articulated, harmonious relationship, displayed overall compliance levels of 85 % and 94 %, respectively, and of 94 % and 100 % in PSI 20 companies.

In I.3.2., following the criteria set out in point 5 of the Interpretative Note 2, "the indications of the issuing companies regarding the (not intra-organic but rather) inter-organic flow, that is, from and to the various internal bodies and committees of the company, under the terms of the law and the statutes" were taken into account.

I.4.1. and I.4.2.

Regarding conflicts of interest, full compliance with the obligation to provide occasional information, within each body or internal committee, on facts that may constitute or give rise to such a conflict, was also verified.

In addition, the guarantee of non-intervention of a member in potential conflict in the decision-making process is proven, directly or through solutions materially equivalent to the recommended one, in 79 % of cases, corresponding to an increase of 10 percentage points compared to the result for 2018 financial year.

I.5.1. and I.5.2.

The Code recommends the definition of the type, scope and minimum value of transactions entered into with related parties, which, due to the potential risks they entail, justify a double intervention, not only of the managing body, acting collegially (and therefore with the intervention of non-executive members), but also of the supervisory body, in accordance with recommendation I.5.1. — reading enshrined in point 6 of the Interpretative Note no. 2. These are transactions that should be reported by the management to the supervisory body, at least every six months, as recommended in I.5.2. — another form of reporting, defined as per the structure of each listed company, may be taken into account, in case the previous recommendation is not accepted, as explained in point 7 of said Note.

With regards to these reports, the compliance level amounted to 73 % and with regards to the double intervention requirement, to 39 %, which, in both cases, translates into a significant increase compared to previous results.

With an equally significant improvement, half of the PSI 20 companies comply with recommendation I.5.1. and the vast majority (92 %) comply with recommendation I.5.2.

Once again, the interaction with listed companies allowed to realise the existence of some practices that may materially approach or correspond to the recommended ones, without, however, there being public information that could be taken into consideration in this context.

In addition, with the entry into force of Law no. 50/2020, of 25 August, which transposed the Shareholder Rights Directive II[12] into Portuguese law, this matter became the object of a mandatory law, which is why the listed companies will henceforth have to conform their procedures to legal requirements.

Chapter II · *Shareholders and General Meeting*

Overall assessment of the chapter

The chapter contains six recommendations, broken down into nine sub-recommendations in the context of monitoring, all dedicated to issues related to shareholder participation in general assembly meetings.

The average compliance level, similar to the previous chapter, was 84 %. The percentage of compliance varied between 50 % and 100 %, and these results include the noteworthy resort to "explain" equivalent to compliance, present in recommendations II.2., II.3., II.4 and II.5.

Recommendations

II.1. and II.2.

By taking a position in regards to the proper involvement of shareholders in corporate governance, the Code begins by recommend-

[12] Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

ing companies not to establish an disproportional ratio between the number of shares and the number of corresponding votes, while at the same time recommending that companies do not establish deliberative quorums that are higher than those provided for by law, precisely to avoid hindering the passing of resolutions at meetings.

The first recommendation was complied with by 97 % of the listed companies, either by adopting the principle of one share, one vote, or by deviation from that principle, which, however, does not render exceedingly high the number of shares needed to confer the right to vote.

These results caused the next sub-recommendation, which called listed companies to explain their option in the governance report, whenever there was as a deviation from the aforementioned principle, to be largely non-applicable (82 %).

With regards to the deliberative quorums, the recommendation was complied with by 91 % of the listed companies, of which 78 % (25 listed companies) correspond to direct acceptance and 13 % (4 listed companies) to materially equivalent solutions which were duly explained.

II.3. and II.4.

The Code recommends the implementation of appropriate means for the exercise of voting rights by correspondence, including by electronic means (II.3.)[13], as well as for participation in general meeting by telematic means (II.4.).

Listed companies broadly complied with recommendation II.3 in 69 % of cases and with recommendation II.4 in 78 % of cases.

[13] Regarding the electronic vote, under the terms set out in point 8 of the Interpretative Note no. 2, if its admissibility is not expressly provided for in the bylaws, but results from a repeated and duly justified practice, namely contained in the notices for the general meeting, it is considered that there is implementation of adequate means in this sense.

It should be noted that, with regards to the second recommendation, such a result is almost exclusively (75 % of 78 %) due to the assessment of "explain"' by listed companies whenever, in a duly justified manner and similar to the previous financial year, they noted an intentional non-implementation of telematic means, notably in view of the high associated costs, the company's size or the concentration of the capital structure, as provided for in point 9 of the Interpretative Note no. 2.

Despite these guidelines having been valid in the monitoring for 2019, it will be justified that, in 2020, the listed companies reflect on the accrued usefulness that the recent experience allows to recognize the telematic means, a reflection that CEAM tried to promote with the listed companies throughout the contacts established within monitoring. The massive use of these means in the context of COVID-19, highlighting their possible virtualities, will in general place an additional burden on listed companies in the next year when justifying their non-implementation[14].

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 a mechanism to subject such limitations to voting for their preservation or amendment, at least every five years (II.5.) was largely not applicable (8 %), as a result of the fact that, in the vast majority of cases, such limitations are not provided for. Where applicable, corresponding to four listed companies, the compliance level was 50 %.

[14] Taking into account, in particular, the CMVM, IPCG and AEM Recommendations within the General Meetings, dated March 20, 2020, available at https://www.cmvm.pt/pt/Legislacao/Legislacaonacional/Recomendacoes/Pages/rec_ag_2020.aspx?v=.

In turn, recommendation (II.6.) not to adopt measures that lead to a burden on companies in case of transfer of control or changes in the composition of the managing body was complied with by 88 % of the listed companies.

While the existence of these measures in itself does not prevent compliance, cases of non-compliance refer to situations in which the listed company — when declaring the existence, in particular, of contractual measures — does not provide a reasoned justification that they are not "likely to harm the economic interest in the transfer of shares, as well as the shareholders' free assessment of directors' performance"[15].

The difference in results compared to the previous year is due to the application of this criterion — for full compliance, it is required that the listed companies "substantially justify" (again citing point 10 of the Interpretative Note 2), based on public information contained in the corporate governance report or otherwise publicly available, that such measures have the characteristics described above.

Considering that sub-recommendation II.6.(2) became autonomous, due to the sub-division carried out, but in the absence of a corresponding reference in Annex I to CMVM Regulation no. 4/2013 in force, the result of the monitoring of the previous sub-recommendation was extended to this one.

Chapter III · *Non-Executive Management and Supervision*

Overall assessment of the chapter

The chapter III, dedicated to the non-executive management and supervision, contains twenty-four recommendations, three of which apply only to the German governance model — III.2.(3), III.7.(1) and III.7.(2).

[15] See point 10 of the Interpretative Note no. 2.

In turn, recommendations III.2.(1), III.3., III.4. and III.6. are not applicable to the German model.

Recommendation III.5., establishing a cooling-off period relevant to the assessment of the directors' independence criteria, was considered not applicable to the whole realm of companies analysed.

The average compliance was 73 % in all listed companies, increasing to 80 % in the PSI 20 universe.

The percentage of compliance ranged from 35 % to 100 %.

Recommendations

III.1

In accordance with recommendation III.1, independent directors must designate a lead independent director to act as coordinator among them, unless the chairman of the managing body is himself independent, which is the case in only one listed company — in relation to which the recommendation was considered to be not applicable for that reason.

In the absence of independent directors, at all or in sufficient numbers, such that it would not be possible to appoint a coordinator, the company should appoint a lead non-executive director, as explained in point 2 of the Interpretative Note no. 1, in order to ensure compliance[16].

16 "Where the company does not comply with recommendation III.4 — by not appointing independent non-executive directors, or not appointing them in sufficient numbers —, and hence being logically impaired the possibility of appointing a lead independent director as literally recommended, a coordinator may be appointed from among the nonexecutive directors (lead non-executive director), and such an appointment should be considered equivalent to compliance with the recommendation, if, as a whole, the company's option is duly substantiated."

However, there is no record of the implementation of such a possibility by the listed companies.

In the event that the company has no (or has only one) non-executive directors, the possibility of appointing a coordinator of non-executive directors would also be undermined, which was why, in such cases, the recommendation was considered to be not applicable[17].

In the realm of companies to which this recommendation applies, eight (31 %) designated a lead independent director (an increase compared to the five cases of direct acceptance in 2018) and one listed company (4 %) presented an "explain" which was valued as equivalent to compliance, thus leading to an overall compliance of 35 %.

III.2. and III.3.

In recommendation III.2, the Code recommends that the number of non-executive members of the managing body, members of the supervisory body and members of the committee for financial matters[18] is to be adequate to the dimension and complexity of the risks inherent to its activity, but sufficient to efficiently ensure the functions entrusted to such bodies.

While recommendation III.2.(3), in respect to members of the committee for financial matters, is only applicable to the German model, recommendation III.2.(1) was regarded as not applicable to that same governance model, as it refers to non-executive members of the managing body.

While it is not for the monitoring to formulate a judgement of adequacy regarding the concrete structure of governing bodies, the compliance depends on the consignment in its governance report of such a judgement, albeit brief, on the adequacy of the number

[17] This non-applicability result was introduced in the case of the adoption of the German model.

[18] Respectively, recommendations III.2.(1), III.2.(2) and III.2.(3).

of members referred to, as expressly indicated in point 11 of the Interpretative Note no. 2, and under the terms already mentioned in the 2018 RAM[19] .

It was possible to consider the reasons presented in all three sub-recommendations, with acceptance levels of 63 %, 55 % and 100 %, respectively. In the PSI 20 companies, the first two figures amount to 82 % and 67 %.

In this context, the percentage drop compared to the previous financial year, being nominally high, must be contextualized with the indication that the previous monitoring, given the set of concomitant circumstances of the entry into force of the Code, accepted as compliant certain cases in which the judgment in question[20] was not always fully explained in the reports. It can therefore be said that, in qualitative terms, there has been an effective progress in the information provided, in line with the indications provided by the monitoring in the previous financial year.

In cases where the listed company's managing body does not have non-executive directors, this total absence must continue to be assessed as non-compliance, with regard to recommendation III.2.(1), given that it assumes the existence of non-executive directors — such an existence representing, in itself, a good governance practice.

Recommendation III.3. stipulates that the number of non-executive directors must be higher than that of executive directors, which is the case in 66 % of cases.

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19 "While it is not for the monitoring exercise to formulate a judgement of adequacy regarding the concrete structure of governing bodies, it would always be necessary for the listed company to demonstrate in its governance report, in a substantiated manner, that it carried out such an evaluation, and in what terms (page 36 of the 2018 RAM).

20 Realising this guideline, see page 36 of the 2018 RAM.

III.4. and III.5.

Recommendations III.4. and III.5. focus on the independence of executive directors.

The inclusion of at least one third of independent directors in the managing body is verified in 52% of listed companies — an increase compared to the results of a year ago.

In view of the content of point 3.a) of the Interpretative Note no. 1[21], this proportion was calculated in relation to the number of non-executive directors and not in relation to all members of the managing body.

Regarding the independence criteria, similar to the previous financial year, not all listed companies explicitly indicated whether the criteria they have applied comply regarding the provisions of the various subparagraphs of recommendation III.4.

In this regard, we recall that, in view of the continued applicability of Annex I to CMVM Regulation no. 4/2013, this regulator established, through a Communication, that:

"*listed companies must: (i) in Part I identify the non-executive directors who may be qualified as independent, in light of the criteria from point 18.1 from Annex I to CMVM Regulation no. 4/2013; and (ii) in Part IL declare whether they comply with recommendation III.4 of the IPCG Code, which includes criteria which are not entirely coincident with the ones in said regulation*"[22].

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[21] "Taking into account the lack of clarity in the Recommendation's wording, it is recognised that the expression "not less than one third" is calculated solely by reference to the number of non-executive directors — and not in relation to all members of the managing body. Compliance with the recommendation necessarily requires that the number of non-executive independent directors be plural."

[22] CMVM Communication, "The supervision of the Corporate Gov-

The issue of the cooling-off period did not arise in any listed company for the purposes of the independence of its directors, which is why recommendation III.5. had no applicability again.

III.6. and III.7.

In III.6.(1), the Code recommends that non-executive directors take part in the definition, by the managing body, of the strategy, main policies, corporate structure and decisions that should be deemed strategic for the company, in view of their amount or risk; in turn, the recommendation III.6.(2) refers to the participation of non-executives in the assessment of the corresponding compliance.

In 9 % of the cases, corresponding to three listed companies, both sub-recommendations were considered to be not applicable because there were no non-executive directors.

Given the scarce public information from which the concrete participation of non-executive directors in these matters could be safely concluded, monitoring of recommendation III.6.(1) was carried out jointly with recommendation IV.2., related to the delegation of powers, in the sense that, having verified the compliance of the latter, we are dealing with cases in which the matters listed by the CGS 2018 were not delegated to an executive committee or to delegated directors, remaining in the remit of the managing body.

Accordingly, decisions on these matters must be taken collectively by the body in which the non-executive directors take part, thereby participating in the matters in question.

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ernance recommendation regime — new rules and procedures for 2019", of 11/01/2019: see https://www.cmvm.pt/pt/Legislacao/Legislacaonacional/Circulares/Documents/Circular%2015.01.2019.pdf.

Recommendation III.6.(2) refers specifically to the assessment of compliance with the matters listed by non-executive directors. As a result of the split that the recommendation was subject to, several listed companies may have not become aware of the double issue at stake, consequently not referring to the second part of recommendation III.6, in the majority of cases.

For this reason, a compliance result has also been assumed in such cases, whenever this was also the result of the previous sub--recommendation[23]

Accordingly, in this exercise the level of compliance rose to 87% in both sub-recommendations, with only four cases of non--compliance registered.

Recommendations III.7.(l) and III.7.(2) are similar in content to what we have just described, adapted however to the German governance model, and in both, full compliance was obtained.

III.8.

Recommendation III.8. determines that the supervisory body, with respect to the competences conferred on it by law, should, in particular, monitor, evaluate and pronounce itself on the strategic lines and the risk policy defined by the managing body[24].

[23] It is the interconnection thus established between these two sub-recommendations that fully explains the percentage decrease in compliance with III.6. (2).

[24] This recommendation is the subject of point 12 of the Interpretative Note no. 2: "The provisions of Recommendation III.8., regarding the duty of the supervisory body to "monitor, evaluate and comment on strategic lines and risk policy defined by the management body implies a prior definition, by the management body, as to the aforementioned strategic lines and risk policy, without which the performance of the supervisory body has no object and the recommendation cannot be considered accepted".

The Code also deals with the approval of the strategic plan and risk policy by the managing body in recommendation VI.1, in the context of the chapter on risk management, to which we also refer.

The division rendered autonomous the reference to strategic lines, on the one hand, and to risk policy, on the other, with compliance in 19 (58 %) and 16 (48 %) listed companies, respectively.

These figures represent a very significant percentage increase compared to 2018, at a rate of 41 % and 71 %.

III.9.

The internal committees targeted by this recommendation are those "composed mostly by members of company's governing bodies to whom duties within the company are ascribed", as defined in the Glossary of the Code.

This definition expressly excludes the "remuneration committee appointed by the Shareholder's General Meeting under the terms set forth in article 399 of the Commercial Companies Code". Therefore, the appointment of a remuneration committee by the general meeting does not necessarily lead to compliance with the present recommendation. In any case, and similarly to the previous monitoring exercise, given that the vast majority of listed companies have appointed such a committee, in accordance with article 399 of the Commercial Companies Code, invoking it for the purpose of compliance with recommendation III.9.(2), although not always with an explanation to this effect, these cases were deemed as an "explain" materially equivalent to compliance[25].

This same result was applied under recommendation III.9.(3), when this same committee appointed by the Shareholder's General Meeting was given competences in relation to appointments.

[25] Cf. point 13 of the Interpretative Note no. 2.

Thus, the percentage of compliance, whether direct, or via "explain", present in all sub-recommendations, is as follows: 52 % for the corporate governance committee; 97 % with respect to the remuneration and performance assessment committee; 48 % regarding the nomination committee.

There is a total of seventeen listed companies that set up one or more specialized internal committees. Only in 3 % of cases, which correspond to a single listed company, there is no internal committee, nor a committee appointed by the Shareholder's General Meeting for remuneration matters.

Among the thirteen listed companies with a nomination committee — figure that represents an increase in 2019 — six (46 %) attributed it competences exclusively in relation to corporate body members, while seven (54 %) attributed, cumulatively, competences in relation to senior management, as explained below with regard to recommendation V.4.2., to which reference is also made.

With regard to joint committees, six from the seventeen (35 %) set up a nomination and remuneration committee and two (12 %) conferred on the same committee three competences, including in corporate governance.

In this regard, it should be recall that the recommendation expressly admits that the committees constituted cover "separately or cumulatively" matters of corporate governance, remuneration and performance assessment and appointments[26].

III.10., III.11. and III.12.

All listed companies establish risk management and internal control systems[27], 70 % of which also have an internal audit system.

[26] Understanding reiterated in point 4 of the Interpretative Note No. 1.
[27] Recommendations III.10.(1) e III.10.(2).

For the non-establishment of this separate internal audit system, an explanation assessed in terms of equivalence to compliance was presented in one listed company (3 %), thus leading to an overall compliance with recommendation III.10.(3) of 73 %.

Regarding the competence of the supervisory body to oversee the effectiveness of these systems, when present, and to also propose adjustments deemed necessary, the compliance remained at 97 %.

Given that this power results from article 420(2)(i) of the Commercial Companies Code, it being possible to include in these legal supervisory tasks the power to "propose adjustments deemed necessary", the demonstration of compliance with the law was considered enough for compliance purposes, under the terms provided for in point 14 of the Interpretative Note no. 2.

The same supervisory body provides its view on the work plans and resources allocated to internal control services, including compliance and internal audit and is the recipient of reports issued by these services in 64 % of listed companies (III.12.).

Chapter VI deals with the risk management system, in particular and to which we refer.

Chapter IV. *Executive Management*

Overall assessment of the chapter

This chapter contains eight recommendations related to executive management, for none of which "explain" was considered to be equivalent to compliance. The average compliance level was, as in the year 2018, 79 %, ranging from 100 % to 67 %.

Recommendations

IV.1.

In 70 % of the monitored listed companies, there is the approval of a framework for the executive directors through internal regulations or equivalent means, (IV.l.(l)). The same figure was assessed in relation

to the approval of a framework for the exercise of executive functions in entities outside the group by these executive directors (IV.1.(2)).

Regarding IV.1(2), compliance results were considered in cases where the company has established a ban on the exercise of functions outside the group.

Furthermore, and like the first monitoring, it was considered sufficient, for the purpose of compliance, the mere indication that none of the executive directors of the company is currently exercising functions in entities outside the group.

Without prejudice, it was duly noted again to listed companies that full compliance with recommendations would be favoured were the company to adopt a regime designed for when such a situation would occur.

IV.2.

Listed companies widely comply with the sub-recommendations referring to the delegation of powers — strictly speaking, to the non-delegation of powers in the matters listed in the sub-paragraphs of the recommendation IV.2. : in 87 % of cases, the managing body does not delegate powers regarding the definition of the company's strategy and main policies; the same is true of 80 % of listed companies with regard to the organisation and coordination of the corporate structure; and in 87 % with regard to matters that should be considered strategic in view of the respective amount, risk or special characteristics.

Despite the slight percentage difference in relation to the previous year, the absolute numbers remained practically unchanged, between 26 and 24 listed companies. Most of the non-compliance cases result more from an absence of information from which it could be safely concluded that there was no delegation of the matters in question, than from an affirmative indication of that delegation.

In addition, the recommendation was considered not applicable in the German model, as well as in cases where the managing body had no non-executive directors, circumstances under which there is no delegation of powers.

IV.3.(1), IV.3.(2). e IV.4.

The recommendations IV.3.(1), IV.3.(2) and IV.4 are interconnected and revolve around the determination of risk-taking objectives by the managing body, which occurs in 767 % of cases.

Where there was no indication of the determination of these objectives, recommendations IV.3.(2) and IV.4 were considered non-applicable.

In cases of compliance with recommendation IV.3.(1), 100 % of the listed companies determine that the managing body should ensure the pursuit of the established objectives; and in 77% the supervisory body has the competence to guarantee that the risks effectively incurred are consistent with these objectives.

It should be noted however, that within the cases of compliance with IV.4., publicly available information on whether the supervisory body is internally organised, implementing mechanisms and periodic control procedures with a view to ensure consistency between the risks effectively incurred and the objectives previously set, as recommended by the Code, was not always as clear and unequivocal as recommended.

Chapter V · *Evaluation of Performance, Remuneration and Appointments*

Overall assessment of the chapter

The chapter V, with twenty-nine sub-recommendations, is subdivided into four subchapters: annual evaluation of performance, remuneration, directors' remuneration and appointments.

The average compliance of this chapter was 84 %, with a growth of 6 percentage points, compared to the global compliance of 78%, assessed in the previous monitoring.

The percentage of compliance ranged from 100 % to 36 %.

Recommendations

V.1.1.

Subchapter V.l. concerns the annual evaluation of performance and, as such, recommendation V.1.1. determines that the managing body annually conduct its self-assessment (V.l.l.(l)), the assessment of its committees (V.1.1.(2)) and of delegated directors (V.l.1.(3))[28], taking into account compliance with the company's strategic plan and budget, risk management, its internal functioning and the contribution of each member to this effect, as well as the relationship between the company's bodies and committees.

As mentioned, this sub-recommendation is broken down according to the subjects of the evaluation. If, on the one hand, the first sub-recommendation is fully applicable, on the other hand, sub-recommendations V.1.1.(2) and V.1.1.(3) may or may not apply depending on whether there are managing body committees and delegated directors/executive committee, respectively. The non-applicability rates found for the sub-recommendations were 45 % and 9 %, respectively.

From the analysis carried out, an overall compliance rate of 73 % was found in V.1.1.(1), 83 % in V.1.1.(2) and 77 % in V.1.1.(3). Thus, there is a very significant increase compared to last year's percentages, as a result of a higher direct acceptance (which corresponds to 58 %, 61 % and 57 %, respectively), as well as the presentation of explanations regarding the evaluation system in force in some listed companies in terms that allowed the assessment of equivalence to the compliance.

[28] In this last sub-recommendation, it was included the evaluation of the executive management in view of the unequivocal parallel with functions exercised by delegated directors.

V.1.2.

According to recommendation V.1.2., the supervisory body should supervise the company's management and, in particular, annually evaluate the fulfilment of the company's strategic plan and budget, risk management, the internal functioning of the managing body and its committees, as well as the relationship between the company's bodies and committees.

Thus, within the general supervisory competence over the company's management, which is supported by articles 420(1)(a), and 423-F(1)(a), of the Commercial Companies Code, several subtopics arose, which were taken into account in monitoring.

This recommendation, which is applicable to all listed companies, had a compliance rate of 50 %, a percentage which was due, in particular, to the fact that some companies make general references to the governance report or internal regulations of the supervisory body where there is only reference to the generic competence to "supervise the management of the company" or, in addition, simply highlight the competence of that body to evaluate the effectiveness of the risk management system, a matter subject to evaluation in another recommendation (III.11).

Even so, by not ignoring that it is a transitional phase with regard to the entry into force of the Code, there were several cases in which the recommendation was considered complied with in the current financial year, even though not all competences evidenced in the recommendation were touched upon.

V.2.1.

Recommendation V.2.1. is part of the subchapter on the subject of remuneration and enshrines a double requirement that leads to the sub-division carried out: (1) a committee should be responsible for determining remuneration, and (2) the structure of that committee should ensure its independence from management.

In accordance with point 5(a) of the Interpretative Note no. 1, and contrary to the case of the internal committee with competence in matters of remuneration foreseen in recommendation III.9.(2), the committee in question may be the committee foreseen in article 399(1) of the Commercial Companies Code, that is, a remuneration committee appointed by the shareholder's general meeting.

Thus, where listed companies only created the remuneration committee foreseen in article 399 of the Commercial Companies Code — which is quite common -, this recommendation was deemed as complied with, even though recommendation III.9.(2) was not complied with directly[29].

For sub-recommendation V.2.1.(1), the high degree of compliance, which amounts to 94 %, should be highlighted, meaning that only two companies did not comply: this was due, as in the first monitoring carried out, to the effective non-existence of a remunerations committee in one case, and, in the other case, to the fact that the existing committee only determines the remuneration for members of the supervisory body and of the members of the board of the shareholders' meeting, not determining the remuneration for the managing body.

Sub-recommendation V.2.1.(2) indicates that the committee members should be independent in relation to the management.

Pursuant to point 5(b) of the Interpretative Note no. 1, the independence of the remunerations committee is not impaired by the presence of directors, provided that they are a minority.

In addition, it should be noted that, for monitoring purposes, it is understood that the independence criterion may be assessed in relation to the executive management.

[29] See above, what was written regarding III.9.(2) .

This sub-recommendation obtained a 87 % compliance rate, with 6 % of non-applicability resulting from cases where sub-recommendation V.2.1.(1) was considered not complied with.

V.2.2.

The recommendation in question provides for the need for the remunerations committee to approve, at the beginning of each term of office, to implement and confirm, annually the remuneration policy of the members of the company's bodies and committees, in which the respective fixed components are determined (V.2.2.(1)). Regarding executive directors or directors occasionally vested in executive tasks, in case there is a variable component of remuneration, to determine its respective allocation and measurement criteria, the limitation mechanisms, the mechanisms of deferral of remuneration payment and remuneration mechanisms based on the company's own options or shares (V.2.2.(2)).

As for V.2.2.(1), given that this is the only recommendation which establishes the requirement to approve/propose a remuneration policy, this was at the core of the recommendation for monitoring purposes, even if the exact establishment of fixed components was not included in that policy.

91 % compliance was obtained in this context; only one listed company has this recommendation as non-applicable (3 %), consistently with the impossibility of assessing this recommendation where the company has not established a remuneration committee.

Recommendation V.2.2.(2) is not applicable whenever there is no variable remuneration in the company, as this would make it impossible to analyse (a) allocation and measurement criteria, (b) limitation and deferral (c) mechanisms for the payment of remuneration and (d) remuneration mechanisms based on options or shares; all these aspects were considered in order to analyse the degree of compliance with the recommendation.

The recommendation was 97 % complied with, being not applicable to two companies — one for not having a remuneration

committee, another because there was no variable component for the remuneration of executive directors.

V.2.3.

This recommendation is broken down into six sub-recommendations, according to each subparagraph i) to vi).

Also in this monitoring exercise, the fact that the information required in those subparagraphs is effectively provided for in the government report, although not in the declaration on remuneration policy, as recommended, was taken into account.

As a sub-recommendation applicable to all companies, the compliance rate of V.2.3.(1) — in the sense that the statement on remuneration policy should include total remuneration broken down by different components, relative proportion of fixed and variable remuneration, an explanation on how the total remuneration complied with the remuneration policy adopted, including how it contributed to long-term performance of the company, and information on how the performance criteria were applied — remained at 94 %.

It should be noted, however, that a significant proportion of the companies have not provided in the report or in the remuneration policy statement this explanation on how the total remuneration complies with the remuneration policy adopted.

If, in the previous exercise, , this absence was noted to the listed companies, seeking to contribute to this information to be included in the remuneration policy statement in future financial years, today, the obligation to provide it will derive from the Securities Code, after the transposition of the Shareholder Rights Directive II through Law no. 50/2020, since the new article 245-C(2)(b) of the Securities Code now requires, under the law, what the CGS IPCG 2018 already recommended.

Sub-recommendation V.2.3.(2), establishing that remuneration from companies belonging to the same group should be included in the remuneration policy statement, is not applicable to most listed companies (48 %), since it is assumed to be not applicable to com-

panies which declare that there is no remuneration coming from companies belonging to the same group.

Compliance of the sub-recommendation was 94 % of the companies to which it applied, with only one case of non-compliance, as in the previous year.

Regarding V.2.3.(3), requiring that the remuneration policy statement states the number of shares and share options granted or offered, as well as the main conditions for the exercise of the rights, including the price and date of such exercise and any change to those conditions, the sub-recommendation does not apply to a still significant percentage of companies (76 %), which is due to the fact that the vast majority of companies did not adopt share or option allocation plans, or to a lesser extent, because there was no variable component in the remuneration of executive directors.

The eight companies that have or foresee the existence of an allocation plan for shares or options are 100% compliant with this sub-recommendation.

Full compliance resulted from the analysis carried out for sub-recommendation V.2.3.(4), concerning the possibility of requesting the return of variable remuneration.

If in some cases companies expressly refer to such an (im)possibility, in others, in accordance with the understanding shared by several listed companies, the absence of an express possibility to request the return of variable remuneration was accepted as a form of compliance.

Regarding sub-recommendation V.2.3.(5), according to which the statement on remuneration policy should contain information on any deviation from the procedure for applying the approved remuneration policy, there was 100 % compliance: while some companies complied with the recommendation by expressly stating that during the 2018 financial year there was no deviation, in other companies such an assessment resulted from the absence of reports on said deviation.

Finally, the sub-recommendation V.2.3.(6), on the provision of information regarding the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors, was also fully complied with.

V.2.4.

This recommendation is broken down into two parts: the remuneration committee must approve (1) the directors' pension benefit policy, if the bylaws allow it, and (2) the maximum amount of all compensations payable to the member of any company body or committee due to the respective termination of office.

In 76 % of companies, the first sub-recommendation was assessed to be non-applicable mainly due to the fact that the by-laws did not allow a pension benefit policy or, if they did, it was not actually adopted; and also due to the fact that, in some companies, pensions are paid under a previous framework which no longer exists.

In relation to the eight companies to which, in the year under consideration, the sub-recommendation applied, there is only one case of non-compliance which is due to the failure to indicate any competence of the remuneration committee for pension matters.

With regard to V.2.4.(2), the monitoring of compliance followed, in the current exercise, a parameter identical to that of the previous one, that is, "the information provided regarding the absence of agreements for compensation payments or for the actual non-payment of any compensation other than that legally due"[30] is sufficient.

Once a transition phase is over, a parameter that is more in line with the content of the recommendation will be adopted, according to which the mere indication that in cases of dismissal only the legal regime applies, without any other reference on the other forms of termination of service, and without indicating the competence of the remuneration committee in this field, will not be sufficient.

[30] Cf. Page 48 of the 2018 RAM.

V.2.5.

97 % of the companies complied with the recommendation of participation of one member of the remuneration committee in the yearly general assembly meeting, or in any other on which the agenda includes a matter relating to remuneration — an increase from 27 to 31 listed companies.

The only case of non-compliance results from the absence of public indication regarding the presence of any member of the remuneration committee at the aforementioned general assembly meetings.

V.2.6.

It results that 94 % of listed companies comply with sub-recommendation V.2.6.(1), in the sense that, within the company's budget limitations, the remuneration committee should be able to freely decide on the contracting of consulting services by the company.

In turn, 69 % of companies certify that their remuneration committee ensures that services are provided independently and that the respective providers will not be hired to provide any other services to the company itself or to others in a controlling or group relationship without the express authorization of the committee, as per V.2.6.(2).

Accordingly, there was a strong percentage increase compared to the figure of 39 % assessed in the monitoring of the 2018 financial year.

It should also be noted that there is no dependency between sub-recommendations V.2.6.(1) and V.2.6.(2): in fact, failure to comply with recommendation V.2.6.(1) does not determine the non-applicability of V.2.6.(2)[31] given that, even though it is not up to the remuneration committee to decide on the contracting of consulting services, the matter of compliance with the sub-recommendation (2) can still be raised.

[31] See point 5 of the Interpretative Note no. 2.

V.3.1.

Subchapter V.3. refers to the remuneration of directors, under the rationale that there be a variable remuneration leading to the alignment of interests between the company and the executive directors.

Thus, the requirement that the variable component should reflect the sustained performance of the company and not stimulate excessive risk-taking was assessed on the basis of the overall calculation of the information provided by listed companies regarding variable remuneration.

In view of this assessment, the compliance level remained 94 %, reflecting the establishment and explanation, by almost all listed companies, of the criteria for determining the variable component of remuneration — there are two cases of non-compliance due to the lack of available elements from which could be extracted the alignment of interests between the company and those executive directors through variable remuneration.

V.3.2.

59 % of the companies have a significant part of the variable component partially deferred over time, for a period of not less than three years.

This sub-recommendation is only not applicable to one company that has not assigned a variable component to the executive directors.

Given the dependence relationship between the sub-recommendation described and V.3.2.(2) — "associating it to the confirmation of performance sustainability, in the terms defined by the company's internal regulations" -, the non-compliance with the former leads to the non-applicability of the latter, which happens in 42% of cases.

Sub-recommendation V.3.2.(2) recorded a degree of compliance of 84 % in the realm of those to which it was applicable.

Thus, one can observe an increase in compliance in both sub-recommendations.

In this monitoring exercise, the omission in internal regulations did not necessarily lead to non-compliance, as the definition of the

association of the deferred variable component was valued with the confirmation of sustainability in other publicly accessible dements, such as the governance report or the remuneration policy statement.

V.3.4.

In the present monitoring, the recommendation was applicable to two listed companies, one of which did not comply with it, and the other presented an explanation accepted as materially equivalent to the compliance.

The cases in which variable compensation comprises shares are not included for the purposes of this recommendation, but rather in V.2.2.(3) and V.2.3.(3), to which reference is made.

V.3.5.

The recommendation does not apply to companies that due to their governance model or internal structure, do not have non-executive directors, which applied to 9 % of cases.

Moreover, in 87 % of the listed companies the remuneration of non-executive directors does not include any component whose value depends on the performance of the company or on its value.

The remaining 13 % accommodates the cases where non-executive directors remunerated under the terms referred above, namely because they are the chairman of the board of directors, they are considered non-executive and non-independent or it is foreseen, in general terms, the possibility of attributing a variable component to non-executive members, with an additional case of non-compliance in 2019, compared to the 2018 financial year.

V.3.6.

The results of compliance with recommendation V.3.6., which amount to 94 %, are the result of the information provided by the listed companies regarding the absence of agreements or contractual limitations on compensation payable to directors in the event of ter-

mination of service prior to the expiration of their term of office, in addition to compensation resulting from the common applicability of the scheme provided for by law.

In view of the assessment carried out in 2018, the cases of non-compliance increased from one to two.

V.4.1.

In subchapter V.4., on the subject of appointments, the applicability of the recommendation V.4.1. was considered, in this assessment, from the first year in which there is an elective general meeting of new members of corporate bodies[32], which led to the non-applicability of only 18%.

The compliance level almost doubled the 29 % of the first monitoring, now being 56 %. The cases of non-acceptance were due in particular to the fact that some listed companies have insufficiently considered a mere reference to curricula vitae and compliance with the requirements of article 289(1)(d) of the Commercial Companies Code to be sufficient.

Notwithstanding the proposals for the election of the members of the governing bodies departing from the shareholders, it is up to the company, "in terms that is considers suitable, but in a demonstrable form", to promote that those proposals are accompanied by reasoning, at the points provided. It is for this reason that those references proved, in certain cases, to be insufficient, given the need for the proposals for the election of members of the governing bodies to be accompanied by a concrete and individual justification regarding the adequacy of the profile, experience and curriculum to the role to be fulfilled by each candidate[33].

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[32] As expressly indicated on page 52 of the 2018 RAM and in point 16(a), of the Interpretative Note no. 2.

[33] See point 16 of the Interpretative Note no. 2, also in line with the provisions on page 52 of the 2018 RAM.

V.4.2.

According to the Code's Glossary, executive staff are considered to be "persons who are part of senior management, but that do not belong to the company's bodies".

Bearing in mind that several listed companies refer to "executive staff" in terms resulting from European legislation, in addition to the lack of a consensual alternative definition, the Glossary of the Code was read in line with the legal notion of person discharging managerial responsibilities for the purposes of article 248-B of the Securities Codes and Regulation (EU) No. 596/2014 on market abuse[34].

Notwithstanding this understanding, in the cases where the listed companies make it clear, in the governance report, that they adopt, in the specific context of their structure, another definition of people who are part of the senior management, and attribute to a specialized committee the competencies for the respective appointments, it was considered to be a practice aligned with the *ratio* of the recommendation, corresponding to a compliance.

On the other hand, from the analysis carried out, the declaration of absence of executive staff was evidenced in the corporate governance in only five cases (15 %), so the recommendation was considered not applicable to such listed companies.

This Recommendation should not be mistaken by the above recommendation III.9.(3), regarding the establishment of an internal committee specialised in nominating members of the company bodies, without prejudice to the attribution to said committee of competences for nominating members of the company bodies and executive staff.

Indeed, within the realm of listed companies analysed, thirteen have a nomination committee: six of them are only competent for

[34] See point 17 of the Interpretative Note no. 2.

nominating company body members (46 %) and the remaining seven have a single committee with competences for nominating both company body members as well as executive staff (54 %).

Within the realm of companies to which the recommendation applies, 25 % have a nomination committee with the role of accompaniment and supporting nomination of executive staff.

It is recalled that, in accordance with point 6 of the Interpretative Note no. 1, the recommendation "also applies to companies of a family nature or whose capital structure is very concentrated, since the only justification criterion for non-compliance, provided for in the recommendation, is that of the size of the company. Without prejudice, the family nature of the company or the concentration in capital structure may, among others, be invoked in the context of "explain" and its importance appreciated within that same context".

In particular, the invocation of company size did not determine the non-applicability of the recommendation (notwithstanding a different understanding which led several companies to consider the recommendation as not applicable), but which may however be invoked under "explain", as suggested by the Interpretative Note, in terms that prove to be substantiated, by invoking particular characteristics of the company and identifying the equivalent option adopted by the company.

Accordingly, 14 % of the companies presented an "explain" which, accordingly, was valued as materially equivalent to compliance with recommendation V.4.2.

V.4.3. and V.4.4.

Recommendations V.4.3 and V.4.4 assume the existence of a nomination committee, irrespective of whether, according to the interpretation that has been made, it is the committee provided for in III.9.(3) or V.4.2. Accordingly, if the latter are not complied with or applicable, the recommendations V.4.3. and V.4.4. become inapplicable. Additionally, the recommendation V.4.3. is not applicable to the German model.

As a result, the recommendation V.4.3. did not apply to 58 % of listed companies and the recommendation V.4.4. to 55 %. Within the realm of companies that have nomination committees, the recommendation V.4.3 was complied with by 57 % and the recommendation V.4.4. was complied with by 73 %.

The progress in the compliance level of the last of these recommendations is evident, which in absolute numbers increased from six to eleven listed companies; in recommendation V.4.3. the compliance level also increased from six to eight. The slight negative percentage variation is based, on the one hand, on a greater field of applicability of the recommendation in this last exercise and, on the other hand, on the increase in the number of non-compliance from four to six.

Chapter VI · *Risk Management*

Overall assessment of the chapter

The chapter VI, focused on risk management, contains nine recommendations, all of which applied to the entire realm of listed companies included in the monitoring carried out.

In no recommendation was an "explain" considered to be equivalent to compliance.

The average compliance increase from 84 % to 87 %, ranging now from 100% to 73 %.

Recommendations

VI.1.

VI.1. foresees that the managing body should debate and approve the company's strategic plan and risk policy, which includes the definition of acceptable risk levels.

In this context, 88 % of listed companies state that their managing body discusses and approves the strategic plan and 79 % declare to approve a risk policy — an improvement over the 84% and 66%

figures compared to 2018.

With regard to risk policy, although there is not, in all cases of compliance, an express statement about the levels of risk considered acceptable, considering at this stage, the link with recommendation IV.3.(1) — which provides for the managing body setting objectives related to risk-taking -, the monitoring of VI.1.(2) only took into account the references to the existence of a risk policy.

The role of the supervisory body in the accompaniment, assessment and issue of opinion on strategic lines and risk policy defined by the managing body, according to the above recommendation III.8., is 58 % and 48 %, respectively, similarly a progress by reference to 2018.

VI.2. and VI.3.

With respect to recommendations IV.2.(1) to (5), all companies established mechanisms for the main risks to which they are subjected in the development of their respective activities; 85 % expressly indicate that they identify the probability of said risks, as well as their impact.

91 % establish mitigation instruments and measures, while 97 % define risk monitoring procedures.

Regarding the evaluation of the risk management system itself, 91 % establish supervisory proceedings, periodic evaluation and the adjustment of said system.

The specific annual assessment of the degree of internal compliance and performance of the risk management system, as well as the prospect of changing the previously defined risk framework, as recommended in VI.3., is carried out by 76 % and 79 % of monitored companies, respectively.

Thus, there is a general increase in the compliance of the several points of the recommendations VI.2. and VI.3.

Chapter VII · *Financial Information*

Overall assessment of the chapter

After being broken down, the chapter VII, focused on the financial information, contains twelve sub-recommendations.

The last four, corresponding to VII.2.4 and VII.2.5, were generally considered not applicable, given the content of point 8 of the Interpretative Note no 1, and given the verification, throughout the monitoring tasks, of the infeasibility of monitoring the duties embodied therein, which are incumbent on the certified chartered accountant.

The average compliance level reached 69 % and all recommendations, except the last one, improved. This is the largest improvement within a chapter, with an increase of 21% over the previous year.

The percentage of compliance within the chapter varies between 97 % and 39 %, with no cases of "explain" considered equivalent to compliance, and the other recommendations — VII.1.1., VII.2.1., VII.2.2. and VII.2.3. — applicable to all companies.

Recommendations

VII.1.1.

Given that it is anticipated that the supervisory body's regulation should include a set of competences, there is a compliance level of 97 %, even if during the 2019 financial year, situations in which the clarification of such competences from the supervisory body's internal regulations does not occur, but for which the corresponding information exists in the corporate governance report, were also taken into account.

VII.2.1.

As the recommendation was broken down into its four subparagraphs, each was accordingly assessed individually.

Similarly to the previous recommendation, information contained not only in the internal regulations of the supervisory body, as recommended, but information contained in the corporate governance report itself was equally taken into account.

In accordance with the reading adopted since the first monitoring[35], and as reflected in point 18 of the Interpretative Note no. 2, what is at stake is not only the generic determination of the competence of the supervisory body for that definition, but the definition, *ex ante* and in abstract, of the various elements listed therein.

As provided for in VII.2.1.(1), the supervisory bodies of 45 % of the listed companies defined the criteria and selection process for the statutory auditor, with a compliance rate of 48 % with regard to the definition of the company's communication methodology with the statutory auditor (VII.2.1(2)).

The definition of supervisory proceedings to ensure the independence of the statutory auditor (VII.2.1(3)) and the definition of non-audit services that cannot be provided by the statutory auditor (VII.2.1 (4)) are accepted in 39 % and 45 % of cases, respectively.

VII.2.2.

RegardingVII.2.2.(1), in 94 % of companies, there are indicators that the supervisory body is the main contact for the statutory auditor in the company.

In this regard, it should be noted that the supervisory body, even though it may not be the exclusive interlocutor as follows from point 7(a) of the Interpretative Note no. 1, it should be, even if not

35 See page 56 of the 2018 RAM.

the only one, the first recipient of the corresponding reports[36].

It was further observed, now with respect to VII.2.2.(2), that in 88 % of listed companies the supervisory body is responsible for proposing the remuneration of the statutory auditor.

In view of the division carried out, the recommendation that, within the company, the supervisory body ensures the appropriate conditions for the provision of services by the statutory auditor was considered as a line of con duct, not subject to independent monitoring.

VII.2.3.

Notwithstanding occasional deviations regarding the explanation of any of the duties listed in the recommendation, which were the subject of a note to listed companies in every case, it can be said that for 97 % of listed companies it is found that, on an annual basis, the supervisory body has the duty to assess the work performed by the statutory auditor, their independence and suitability for the exercise of functions, and may propose their dismissal or termination of contract for the provision of their services to the competent body whenever there is just cause.

VI.CONCLUSIONS

Thus, we can conclude the following:

- **In the monitoring carried out in 2019**, the average compliance level of the 60 recommendations of the CGS IPCG 2018 — divided into 117 sub-recommendations — amounts to 80 %.
- This average compliance level rises to 86 % in the universe of listed companies that are part of the PSI 20.

36 Cf. Point 7(b) of the Interpretative Note no. 1.

- Among the *recommendations with a greater compliance level*, the following should be highlighted: the establishment of appropriate mechanisms for an adequate relationship between the company and the investors; the disclosure of company information; the adoption of a policy for communicating irregularities; procedures to avoid conflicts of interest; the disclosure of information in the remuneration policy statement; the adequacy of risk management and internal control systems.
- Among those with a *lower compliance level*, there are recommendations regarding: the appointment of a coordinator for independent directors; the creation of committees for the appointment of members of the governing bodies and executive staff; the double intervention of corporate bodies in transactions with related parties; the powers conferred on the supervisory body regarding risk policy; definition of particular points in the internal regulations of the supervisory body.
- Nevertheless, in all of these recommendations with a lower compliance level, there was an *increase in compliance*, sometimes quite significant.
- **In comparing the monitoring relating to 2018 and 2019**, one an register an increase of two percentage points, compared to the previous year, both in the universe of all monitored listed companies (from 78 % to 80 %) and in the companies listed in the PSI 20 index (from 84 % to 86 %).
- In addition to the quantitative increase in compliance, a qualitative progress at two important levels was observed: on the one hand, in the quality of the information provided in government reports; on the other hand, in the implementation of good governance measures during 2019, in line with the Code's recommended requirements.
- **Regarding the future**: it is confirmed that the expectation that the compliance level would increase, from 2018 to 2019, expressed in the previous Report, met reality. This expectation is now renewed, based on the monitoring experience of 2019, by reference to the next financial year.

In effect, **the monitoring of the government reports for the year 2019**, undertaken by CEAM allows us to conclude that the average compliance level with the CGS IPCG 2018 — through direct acceptance and "explain" equivalent to acceptance — in the total of the 33 monitored listed companies, with respect to all 117 sub-recommendations identified in the *Multiple Recommendations Table*, amounts to 80 %. This percentage rises to 86 % when only companies listed on the PSI 20 index are included.

Thus, there is an increase of two percentage points in both figures compared to the results of the previous year. As this is only the second monitoring exercise of this Code, the results are, once again, quite satisfactory.

Among the recommendations that had a greater compliance level are the provisions that cut across almost all chapters of the Code, and which in essence concern the establishment of appropriate mechanisms for adequate relationships with investors, the disclosure of company information, the adoption of a policy for communicating irregularities, the procedures aimed at avoiding conflicts of interest, the disclosure of information in the remuneration policy statement and the adequacy of risk management and internal control systems.

Thus, from this evaluation, a set of thirteen sub-recommendations deserve to be highlighted, given their full compliance (100 %) in the thirty-three listed companies monitored, namely: I.1.1.(1), I.1.1.(2), I.1.1.(3), I.2.2.(4), I.2.2.(5), I.2.4.(2), I.2.5.(1), I.4.1., III.10.(1), III.10.(2), V.2.3.(5), V.2.3.(6) and VI.2.(1).

Although not applicable to all listed companies, the following six sub-recommendations are also noteworthy due to their full compliance within the universe of their application, explain equivalent to compliance included: II.5.(2), III.2.(3), III.7.(1), III.7.(2), IV.3.(2) and V.2.3.(3).

Among the least accepted recommendations are those concerning the appointment of a coordinator for independent directors, the need to create committees for appointing members of the governing bodies and executive staff, the need for double intervention of governing bodies in transactions with related parties (as provided for in

I.5.1.), the powers assigned to the supervisory body in relation to risk policy (as identified in III.8.(2)) and the definition of particular points in the internal regulations of the latter body, with respect to matters reflected in VII.2.1.

Thus, within the framework of sub-recommendations less complied with — being those applicable to the majority of listed companies[37] and deemed complied with directly or through an explain equivalent to compliance less than 50 % — we find only ten sub-recommendations, identified below in descending order of acceptance: III.8.(2), III.9.(3), VII.2.1.(2), VII.2.1.(1), VII.2.1.(4), I.5.1.(1), I.5.1.(2), VII.2.1.(3), V.4.2. and III.1.

Assuming the same criterium[38] but now looking exclusively at the companies listed in the PSI 20, there is only one recommendation with less than 50 % compliance level — III.1 — and five sub-recommendations followed by half of these companies — — I.5.1.(1), I.5.1.(2), V.4.3., VII.2.1.(3) e VII.2.1.(4).

As for the **comparison between the results of the 2018 and 2019 monitoring**, as has already been said, there is progress in the global compliance level, growing from 78 % to 80 % in the group of the 33 monitored listed companies and from 84 % to 86 % in PSI 20 companies.

Focusing on the chapters individually considered, the average compliance in each of them remained relatively stable, with emphasis on the positive variation verified in chapters V, VI and VII — in particular the very sharp improvement in the last chapter, on financial information, which registered an increase of 21 %.

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[37] Applicable to at least 50 % of the overall universe of the thirty-three listed companies.

[38] In this event, assuming the criterium of applicability equal to or greater than 50 % of monitored companies listed on the PSI 20 Index.

Throughout the Code, we found eleven sub-recommendations whose global acceptance benefited, compared to the 2018 figures, from a positive variation above 40 %: I.5.2.(2), III.8.(1), II.8.(2), V.1.1.(1), V.1.1.(2), V.1.1.(3), V.2.6.(2), V.4.1., VII.2.1.(1), VII.2.1.(2) and VII.2.1.(4).

In the comparison between the results of 2018 and 2019, two circumstances must be taken into account. First of all, the universe of listed companies covered by monitoring is different, not only in number — from 32 to 33 -, but also in composition — on the one hand, the listed companies that are admitted to trading on the regulated market varied; on the other hand, there were more companies that chose to adopt the CGS IPCG 2018.

In addition, the applicability of some recommendations and sub-recommendations differs from one year to the next, with an impact, sometimes harmful, on the measured compliance rates.

These particularities lead to the fact that some apparently less positive quantitative results do not reflect on the qualitative results, which are quite positive, as we tried to explain in the observations on the monitored contents (supra, V.3.).

The same is true in a limited number of cases in which the negative variation between the results was strictly due to a change in the monitoring criterion, justified by the indications provided by CEAM on the transition phase, both in the context of communicating the individual results to each issuer, last year and also in the current one, as well as in the RAM for 2018 and in some points of the Interpretative Note no. 2.

These cases correspond to an effective material improvement — as explained above in relation to each recommendation[39].

In fact, in addition to the most immediate percentage increase, there was notorious progress in the analysis carried out at two im-

[39] These are recommendations I.2.1., II.6., III.2. and III.6.

portant levels: on the one hand, in the quality of the information provided, whether in terms of the contents of the respective Part I, or in terms the explanations provided for non-compliance, under Part II; on the other hand, in the implementation of good governance measures during 2019, in line with the recommendations of the CGS IPCG 2018.

In this context, it is worth noting the fruitful dialogue that was developed between CEAM and the listed companies in the context of both monitorings.

In the Annual Monitoring Report for 2018, we expressed the conviction that, following such contacts and clarifications provided to the listed companies through the monitoring process, the compliance level of these recommendations could increase already in respect to the 2019 financial year. This conviction, which met reality, is now renewed, based on the monitoring experience for 2019, by reference to the next monitoring exercise that will be carried out.

ANNEX I
Comparative table (2018-2019) of the individual results of the 117 sub-recommendations

* Cases in which the negative variation between the 2018 and 2019 results was due to a change in the monitoring criteria, as explained throughout the Report.

Recommendation	Global compliance (S+E)			
	All listed companies		PSI 20 listed companies	
	2018	2019	2018	2019
I.1.1.(1)	100%	100%	100%	100%
I.1.1.(2)	100%	100%	100%	100%
I.1.1.(3)	100%	100%	100%	100%
I.2.1.(1)*	86%	52%	93%	56%

Recommendation	Global compliance (S+E)			
	All listed companies		PSI 20 listed companies	
	2018	2019	2018	2019
I.2.1.(2)*	86%	52%	93%	56%
I.2.2.(1)	88%	88%	94%	94%
I.2.2.(2)	91%	94%	100%	100%
I.2.2.(3)	85%	85%	80%	87%
I.2.2.(4)	97%	100%	94%	100%
I.2.2.(5)	91%	100%	89%	100%
I.2.2.(6)	85%	85%	88%	93%
I.2.3.(1)	96%	97%	94%	94%
I.2.3.(2)	97%	97%	94%	94%
I.2.3.(3)	83%	91%	92%	92%
I.2.4.(1)	100%	97%	100%	100%
I.2.4.(2)	97%	100%	100%	100%
I.2.5.(1)	100%	100%	100%	100%
I.2.5.(2)	91%	97%	100%	100%
I.3.1.	88%	85%	94%	94%
I.3.2.	91%	94%	100%	100%
I.4.1.	100%	100%	100%	100%
I.4.2.	69%	79%	83%	89%
I.5.1.(1)	28%	39%	50%	50%
I.5.1.(2)	28%	39%	50%	50%
I.5.2.(1)	60%	73%	80%	92%
I.5.2.(2)	48%	73%	67%	92%
II.1.(1)	100%	97%	100%	100%
II.1.(2)	80%	67%	100%	100%
II.2.	91%	91%	94%	94%

Recommendation	Global compliance (S+E)			
	All listed companies		PSI 20 listed companies	
	2018	2019	2018	2019
II.3.	69%	69%	78%	78%
II.4.	69%	78%	78%	89%
II.5.(1)	40%	50%	33%	33%
II.5.(2)	100%	100%	100%	100%
II.6.(1)*	100%	88%	100%	83%
II.6.(2)*	100%	88%	100%	83%
III.1.	27%	35%	36%	43%
III.2.(1)*	94%	63%	100%	82%
III.2.(2)*	100%	55%	100%	67%
III.2.(3)	100%	100%	100%	100%
III.3.	61%	66%	76%	76%
III.4.	52%	56%	59%	65%
III.5.	-	-	-	-
III.6.(1)*	90%	87%	88%	88%
III.6.(2)*	100%	87%	100%	88%
III.7.(1)	100%	100%	100%	100%
III.7.(2)	100%	100%	100%	100%
III.8.(1)	41%	58%	67%	72%
III.8.(2)	28%	48%	50%	61%
III.9.(1)	50%	52%	56%	56%
III.9.(2)	97%	97%	100%	100%
III.9.(3)	38%	48%	56%	67%
III.10.(1)	100%	100%	100%	100%
III.10.(2)	100%	100%	100%	100%
III.10.(3)	81%	73%	89%	78%

Recommendation	Global compliance (S+E)			
	All listed companies		PSI 20 listed companies	
	2018	2019	2018	2019
III.11.(1)	97%	97%	100%	100%
III.11.(2)	97%	97%	100%	100%
III.11.(3)	96%	96%	100%	100%
III.12.(1)	59%	64%	78%	78%
III.12.(2)	72%	64%	83%	78%
IV.1.(1)	66%	70%	78%	78%
IV.1.(2)	63%	70%	72%	72%
IV.2.(1)	90%	87%	88%	88%
IV.2.(2)	93%	80%	88%	88%
IV.2.(3)	86%	87%	88%	88%
IV.3.(1)	72%	67%	83%	78%
IV.3.(2)	100%	100%	100%	100%
IV.4.	74%	77%	87%	93%
V.1.1.(1)	50%	73%	56%	83%
V.1.1.(2)	31%	83%	36%	92%
V.1.1.(3)	46%	77%	47%	82%
V.1.2.	50%	55%	72%	72%
V.2.1.(1)	94%	94%	94%	94%
V.2.1.(2)	90%	87%	88%	88%
V.2.2.(1)	90%	91%	89%	94%
V.2.2.(2)	97%	97%	94%	100%
V.2.3.(1)	94%	94%	94%	94%
V.2.3.(2)	93%	94%	100%	100%
V.2.3.(3)	100%	100%	100%	100%
V.2.3.(4)	100%	100%	100%	100%

Recommendation	Global compliance (S+E)			
	All listed companies		PSI 20 listed companies	
	2018	2019	2018	2019
V.2.3.(5)	97%	100%	100%	100%
V.2.3.(6)	100%	100%	100%	100%
V.2.4.(1)	100%	88%	100%	100%
V.2.4.(2)	100%	97%	100%	94%
V.2.5.	87%	97%	83%	100%
V.2.6.(1)	90%	94%	94%	100%
V.2.6.(2)	39%	69%	56%	78%
V.3.1.	94%	94%	94%	100%
V.3.2.(1)	55%	59%	59%	59%
V.3.2.(2)	82%	84%	100%	100%
V.3.4.	-	50%	-	-
V.3.5.	90%	87%	94%	94%
V.3.6.	97%	94%	100%	94%
V.4.1.	29%	56%	50%	79%
V.4.2.	38%	39%	60%	57%
V.4.3.	60%	57%	63%	50%
V.4.4.	55%	73%	56%	82%
VI.1.(1)	84%	88%	89%	89%
VI.1.(2)	66%	73%	83%	83%
VI.2.(1)	100%	100%	100%	100%
VI.2.(2)	81%	85%	94%	94%
VI.2.(3)	94%	91%	100%	100%
VI.2.(4)	97%	97%	100%	100%
VI.2.(5)	94%	91%	100%	100%
VI.3.(1)	72%	76%	78%	83%

Recommendation	Global compliance (S+E)			
	All listed companies		PSI 20 listed companies	
	2018	2019	2018	2019
VI.3.(2)	69%	79%	78%	83%
VII.1.1	94%	97%	100%	100%
VII.2.1.(1)	22%	45%	28%	56%
VII.2.1.(2)	25%	48%	33%	56%
VII.2.1.(3)	28%	39%	33%	50%
VII.2.1.(4)	31%	45%	33%	50%
VII.2.2.(1)	84%	94%	83%	94%
VII.2.2.(2)	75%	88%	78%	89%
VII.2.3.	97%	97%	100%	100%
VII.2.4.(1)	-	-	-	-
VII.2.4.(2)	-	-	-	-
VII.2.4.(3)	-	-	-	-
VII.2.5.	-	-	-	-

ANEXO II

Monitored listed companies (2019 financial year)

- **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.
- **Galp Energia, S.G.P.S., S.A.**
- Glintt — Global Intelligent Technologies, S.G.P.S., 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.**

- Lisgráfica — Impressão e Artes Gráficas, S.A.
- Martifer, S.G.P.S., S.A.
- **Mota-Engil, 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.**
- **Sonae, S.G.P.S., S.A.**
- **Sonae Capital, S.G.P.S., S.A.**
- Sonae Indústria, S.G.P.S., S.A.
- Sonaecom, S.G.P.S., S.A.
- Teixeira Duarte — Engenharia e Construções, S.A.
- **THE NAVIGATOR COMPANY, S.A.**
- VAA — Vista Alegre Atlantis, S.G.P.S., S.A.

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