

**ANNUAL
MONITORING
REPORT**

CEAM

**EXECUTIVE MONITORING
COMMITTEE OF THE IPCG
CORPORATE GOVERNANCE CODE**

2024

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ISBN E-BOOK

978-989-36633-0-1

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ANNUAL MONITORING REPORT FOR THE YEAR 2024 NOVEMBER 2025

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EXECUTIVE SUMMARY

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

This is the second report on the monitoring of the CGS as revised in 2023.

Thirty-five companies were monitored, including the fifteen companies that were part of the PSI index, as well as three unlisted companies, one of which was included for the first time, in a movement of voluntary adherence to the CGS that has been consolidating in recent years.

This document, in similar terms to the previous six years, reports on the monitoring work carried out with reference to the 2024 financial year.

The results shown correspond to the overall percentage of compliance with all the subrecommendations that make up the CGS revised in 2023 (84 subrecommendations), whereby "not applicable" results are not considered for the purposes of this calculation.

As in previous years, the results of the overall percentage of compliance for the entire universe of monitored companies and the results of the overall compliance percentage for the universe of companies that make up the PSI are published herein separately.

The conclusion of this exercise is that the overall percentage of compliance with the CGS, among all the companies monitored, regarding the total of recommendations and subrecommendations, amounted to 87%. The percentage in the case of listed companies that were part of the PSI in 2024 rises to 95%.

On the whole, these results represent a stabilisation compared to the total result obtained in the 2023 financial year (also 87%). In the universe of listed companies that make up the PSI, there was a positive evolution by one percentage point (from 94% to 95%).

The monitoring exercise covered by the present report was characterised by a consolidation of good practices regarding the new recommendations resulting from the 2023 revision and by the beginning of a process of progressive deepening of the terms of compliance with previous recommendations, enabled and propitiated by the good results achieved and the already demonstrated maturity of the monitoring process.

The adherence to the CGS and to the process of monitoring the compliance with its recommendations by three unlisted companies, two of which monitored in the last two financial years, is a positive sign of the growing awareness, also on the part of unlisted Portuguese companies, of the undeniable relevance of good corporate governance practices for the success of the business activity.

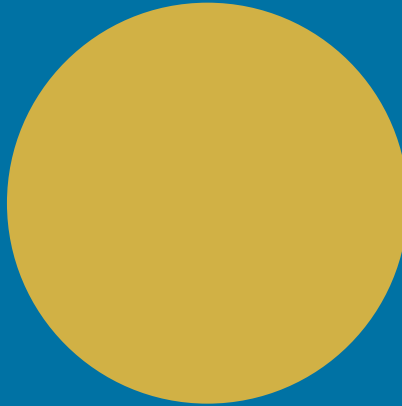
In a context of rapid and marked cultural and technological changes, it is the conviction of the CEAM that the CGS and the process of monitoring of its recommendations play an increasingly important role as instruments that help to promote the long-term success of companies. Their role translates into the simultaneous embodiment of a reference framework for an essential exercise of self-knowledge regarding the corporate governance practices effectively adopted by the company and a roadmap of good practices to be implemented for an increasing improvement of the corporate governance of the company, in light of its specific circumstances.

Chart 1

Recommendations with the highest compliance level

100% compliance

- II.2.2.(4)
- II.2.2.(5)
- II.2.3.(1)
- IV.1.1.(1)
- IV.1.1.(2)
- IV.1.1.(3)
- VII.6.(1)
- VII.6.(2)
- VII.6.(4)
- VIII.2.2.(1)



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

II.2.3.(1) – disclosure, on the website of the company, of the composition of the management and supervisory bodies and their internal committees.

IV.1.1.(1), (2) and (3) – non-delegation by the management body of powers with regard to (1) the definition of the corporate strategy and main policies of the company; (2) organisation and coordination of the corporate structure; and (3) matters that shall be considered strategic due to their amount, risk or particular characteristics.

VII.6.(1), (2) and (4) – establishment of a risk management function, identifying (1) the main risks to which the issuer company is subject in the operation of its business; (2) the probability of their occurrence and respective impact, and (4) the monitoring procedures aimed at following them up.

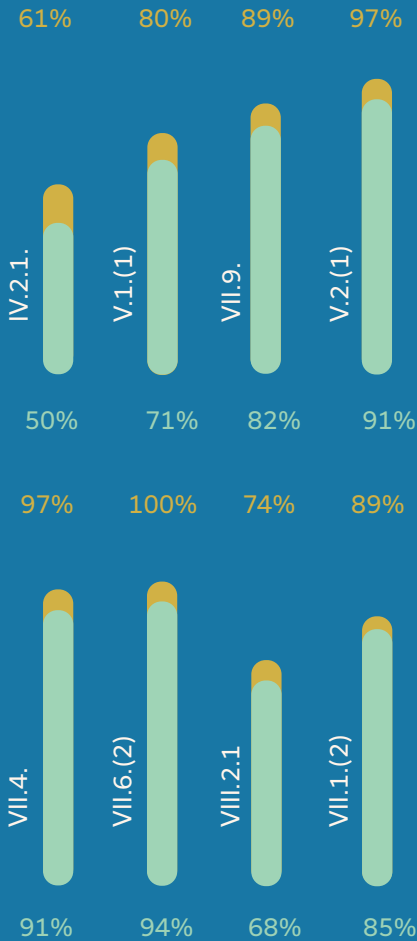
VIII.2.2.(1) – assignment to the supervisory body the role of main interlocutor of the statutory auditor and the first addressee of the respective reports.

Note: The recommendations considered herein are those deemed applicable to, at least, the majority of the issuer companies, which led to the exclusion from the chart of recommendations V.2.(2) and VI.2.10., which are fully complied with but applicable to a reduced number of issuer companies.

Chart 2

The recommendations whose compliance grew the most

Compliance percentage in 2024



Compliance percentage in 2023

IV.2.1. – appointment of a coordinator by the independent directors.

V.1.(1) – the supervisory body takes cognisance of the strategic guidelines, prior to their final approval by the management body.

VII.9. – information on the manner in which artificial intelligence mechanisms have been used as a decision-making tool by the corporate bodies.

V.2.(1) – formulation of an adequacy judgement regarding the number of members of the supervisory body.

VII.4. – formulation of an adequacy judgement regarding the internal control system and assessment of that system by the supervisory body.

VII.6.(2) – establishment of a risk management function, identifying the probability of risks occurring and their respective impact.

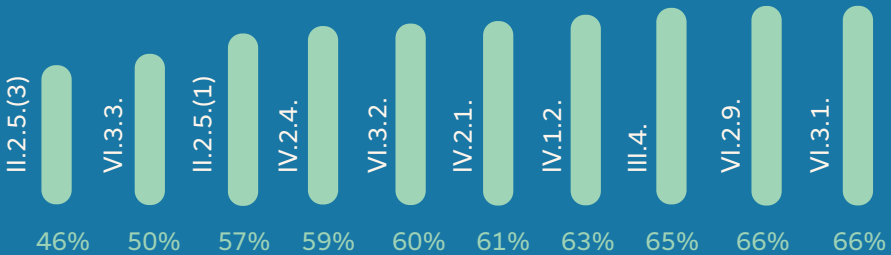
VIII.2.1. – the supervisory body defines the supervisory procedures designed to ensure the independence of the statutory auditor.

VII.1.(2) - discussion and approval by the management body of the risk policy of the company

Note: The recommendations considered herein are those deemed applicable to, at least, the majority of the issuer companies, which led to the exclusion from the chart of recommendation VI.3.4 from the chart, with a 20% increase in the percentage of compliance, but applicable to a reduced number of issuer companies (29%).

Chart 3

Recommendations with the lowest compliance level



II.2.5.(1) and (3) – existence of a specialised committee for matters of (1) corporate governance and (3) the appointment of members of the corporate bodies.

VI.3.3. – existence of a committee to monitor and support the appointment of senior management.

IV.2.4. –at least one third of the non-executive directors fulfil the independence requirements.

VI.3.2. –inclusion of a majority of independent directors in the committee for the appointment of members of corporate bodies

IV.2.1. – appointment of a coordinator by the independent directors.

IV.1.2. –the management body approves the regime for the exercise by executive directors of executive duties outside the group.

III.4. – implementation of adequate means for shareholders to participate in the general meeting without being present in person.

VI.2.9. – a significant part of the variable component of the remuneration of executive directors is deferred for a period of no less than three years.

VI.3.1. – the company promotes that the proposals for the appointment of members of the corporate bodies are sustained by a statement of grounds regarding their suitability for the function to be performed.

INTRODUCTION

The Annual Monitoring Report presented hereby constitutes the seventh analysis prepared with reference to the IPCG CGS, and the second that focuses on the CGS revised in 2023.

The implementation of the IPCG CGS was the result of efforts made by the IPCG – *Instituto Português de Corporate Governance* (hereinafter, the “**IPCG**”), in cooperation with the CMVM – *Comissão do Mercado de Valores Mobiliários* (hereinafter, the “**CMVM**”) and the AEM – *Associação de Empresas Emitentes de Valores Cotados em Mercado* (hereinafter, the “**AEM**”), as witness of the Protocols entered into with both entities¹.

It was within the fundamental framework outlined by these instruments that a monitoring system was designed, according to which the CEAM has been carrying out the tasks that now culminate in the production and dissemination of this Report.

¹ The Protocol entered into between the CMVM and the IPCG is available at: https://cgov.pt/images/ficheiros/cam/PROTOCOLO_CMVM_IPCG_assinado.pdf

The Protocol entered into between the AEM and the IPCG, signed in February 2018 and revised in October 2023, is available at: https://cgov.pt/images/ficheiros/cam/231016_protocolo_aem-ipcg_cgs_codigo-governo-sociedades_revisao_protocolo-revisto-aprovado_v2.pdf

As a complement to the Protocol signed, the CMVM published, in January 2019, the notification regarding the new rules and procedures for 2019 with regard to the supervision of the corporate governance recommendatory regime, through the CMVM Circular, “The supervision of the corporate governance recommendatory regime - new rules and procedures for 2019”, dated 11/01/2019.

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

As such, the elements and clarifications necessary for informed monitoring were obtained, ensuring the independence, objectivity and exemption required of such an exercise, but, where appropriate, taking into account the particularities of each company, especially those set out in the explanations provided in their respective corporate governance reports.

Therefore, in line with international best practices and with the regulatory framework in force in Portugal, the assessment of compliance with each recommendation was guided by attention to the options set out by the companies, in order to, whenever appropriate, value such options as materially equivalent to direct compliance with the Code, thus materialising the underlying philosophy of *comply or explain*.

The Report, after a preliminary opinion issued by the CAM, was unanimously approved by the CEAM members.

² The members of CEAM are Duarte Calheiros (Chairman), Abel Sequeira Ferreira, Rui Pereira Dias, Mariana Fontes da Costa (Executive Director) and Renata Melo Esteves; to carry out the monitoring work, in 2024 the contribution of a technical support team was secured, consisting of four elements, including Nuno Devesa Neto (who also supported the coordination of the monitoring work), Ana Jorge Martins, Francisca Pinto Dias and Luísa Eckenroth Moreira.

In this Report, following the model adopted in previous years, we present below the principles governing the monitoring (Chapter III), after which the working methodology used is described (Chapter IV).

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

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

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

MONITORING PRINCIPLES

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

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

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

- f) **Completeness** – the monitoring shall cover all the principles and recommendations of the CGS;
- g) **Collaboration** – the monitoring shall be based on the collaboration with the entities that adopt the CGS, either by providing them with the necessary elements and clarifications for a correct interpretation and application of the CGS, or by receiving from such entities the elements and clarifications necessary for an informed monitoring; collaboration can also extend to entities whose competences or purposes project or intersect with the application of the CGS;
- h) **Transparency** – the monitoring shall ensure that all the mechanisms, criteria or information on which it is based are accessible, at least, to all adhering entities;
- i) **Publicity** – the results of monitoring, insofar as the CGS compliance level is concerned, shall be publicised globally, and without individualising or detailing the results regarding each adhering entity;
- j) **Timeliness** – the monitoring shall contribute to promote the updating of the criteria for interpretation and application of the CGS, as well as induce the changes that may seem necessary and/or appropriate to the evolution of the CGS;
- k) **Annuality** – without prejudice to occasional interventions, the monitoring shall be based on an annual cycle of activity;
- l) **Comply or explain** – the CGS is of voluntary adhesion and its observance is based on the *comply or explain* rule, whereby monitoring must ensure the effective valuation of the “*explain*” as equivalent to the compliance with the recommendations in question.

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

4 METHODOLOGY

The monitoring work itself began by gathering information published by the monitored companies, with the analysis focusing on the governance reports of these companies.

Based on that public information, accessed in particular through the CMVM information disclosure system, the reports of thirty-five companies were analysed with reference to the financial year of 2024.

The present report is prepared on the basis of the information collected and processed in respect of these thirty-five governance reports.

The first analysis carried out by the CEAM culminated in the communication of the preliminary results of the monitoring, mirrored in individual tables containing, in addition to the evaluation of each subrecommendation – compliance, non-compliance, not applicable and evaluation of the *explain*³ –, reasoned observations, whenever justified, and which were sent to each of the monitored companies.

In addition to the communication of the individual results, the companies were invited to comment on the preliminary results of the monitoring, in accordance with the terms of the Protocol entered into between the IPCG and the AEM.

³ On this assessment, see below section V.1.3. of this Report.

After the referred sending out of the preliminary results, the CEAM executive team maintained the necessary and appropriate contacts with the monitored companies.

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

Subsequently, the CEAM confirmed the preliminary results and sent to each of the companies their final assessments: these are the definitive results for the financial year of 2024 and form the basis for the Annual Monitoring Report presented herein.

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

EVALUATION OF THE DEGREE OF COMPLIANCE

V.1 Framework

V.1.1 Multiple Recommendations

With a view to the successful implementation of the monitoring work, the CEAM proceeded to the prior identification of the Code recommendations with multiple content and their corresponding analytical breakdown, according to the following criteria:

all the mutually independent subrecommendations were broken down;

the following subrecommendations were not broken down:

those that close a general clause with a clarification;

where there is a logical dependency between subrecommendations.

This exercise resulted in 84 subrecommendations, as identified in the *Update of the Table of Multiple Recommendations of the CGS IPCG, revised in 2023*.⁴

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

V.1.2 Non-applicable Recommendations

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

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

Recommendations deemed not applicable were not considered in the calculations of the percentage of compliance.

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

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

⁴ Available at: https://cgov.pt/images/ficheiros/2023/cgs_atualizac%CC%A7a%CC%83o-da-tabela-de-recomendac%CC%A7o%CC%83es-mu%CC%81ltiplas_revisao2023.pdf

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

V.1.3 Results

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

S – compliance;
N – non-compliance;
NA – not applicable;
E – explain materially equivalent to compliance, pursuant to the terms explained below regarding the quality of the explain.

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

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

V.2 The quality of the *explain*

V.2.1 The *comply or explain* principle

In compliance with the *comply or explain* principle on which the Code is based, pursuant to the Protocol entered into between the IPCG and the AEM, companies shall, on the one hand, reflect on the appropriateness and relevance of each recommendation in relation to their reality and circumstances and, on the other

hand, present, in a substantiated manner, their options regarding corporate governance, namely in light of the principles set out in the Code.

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

In this context, the CEAM considers it essential that any omissions by issuer companies are integrated in a proper and adequate place, considering all the material explanatory information contained in the various points 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 the "explain", the evaluation of which is apt to lead, taking into account the specific circumstances, to an equivalence to the "comply".

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

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

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

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

- a) Information enabling measurement of compliance with the recommendation or reference to the point in the report where the issue is dealt with in detail (chapter, title, point, page);
- b) Justification for any non-compliance or partial compliance;
- c) In the event of non-compliance or partial compliance, identification of any alternative mechanism adopted by the company for the purposes of pursuing the same objective as the recommendation."⁵

V.2.2. The evaluation of the explain

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

For the purposes of this assessment, the Principles that frame

⁵ Similarly, also the European Commission Recommendation on the quality of corporate governance information ("comply or explain") of 9 April 2014, in section III, contains indications on the quality of explanations in the event of divergence from a code. The Recommendation is available at: <https://eur-lex.europa.eu/legal-content/PT/TXT/PDF/?uri=CELEX:32014H0208&from=PL>

the different chapters (and subchapters) of the Code were considered, which are the guiding basis for the interpretation and application of the recommendations and, simultaneously, a qualitatively relevant basis for the assessment of the *explain*⁶.

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

In fact, as it is not necessary to merely repeat the content for the *explain*, and there may be occasional references to Part I of the corporate governance report, for monitoring purposes it is essential that the companies always provide the suitable framework and reasoned justification as to why the recommendation in question was not complied with. Furthermore, it will also be necessary to identify the alternative solution of good corporate governance adopted and its 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. Relationship of the Company with Shareholders, Interested Parties and the Community at large

OVERALL ASSESSMENT OF THE CHAPTER

The first chapter of the CGS, added as a result of the 2023 revision, contains two recommendations dedicated to the matter of sustainability, in its dual aspect of long-term sustainability of

⁶ See the Preamble to the 1st edition of the CGS (2018), republished as an annex to the Code revised in 2023, p. 37.

the company and the manner in which the objectives of the company are aligned with the interests of the community at large, especially with regard to the environmental and social impact of its activity.

The subdivision that took place resulted in four subrecommendations that are subject to monitoring.

The percentage of compliance with Chapter I was 93%, rising to 98% in the PSI context.

The percentage of compliance with the set of all the recommendations and subrecommendations varied between 89% and 97% in the overall universe of monitored companies.

RECOMMENDATIONS

I.1.

Recommendation I.1 states that the company shall explain in the annual report how its strategy seeks to ensure the fulfilment of its long-term objectives and what the main contributions resulting herefrom are for the community at large.

This recommendation is subdivided into two subrecommendations.

The first subrecommendation [I.1.(1)] refers to the existence of a strategic plan for the company, in which its mission, vision and values are defined and how these are articulated in the promotion of its long-term objectives. Its scope of application is, therefore, distinct from the scope of application of the recommendations on risk control, set out in Chapter VII, as well as the determination of environmental and/or social policies, set out in recommendation I.2.

With regard to the second subrecommendation, among the practices adopted by the monitored companies that were deemed to constitute compliance with subrecommendation I.1.(2) are, in particular, the adoption of sustainability policies in the areas where companies operate and in the community in which they are inserted, the creation of innovative projects to promote good environmental, social and governance practices, and the creation of departments with competences for the definition and implementation of strategies to promote sustainability and create long-term social and environmental value.

Subrecommendation I.1.(1) recorded an overall compliance percentage of 89% and subrecommendation I.1.(2) a percentage of 94%, compared to a compliance percentage of 88% and 91%, respectively, in the 2023 financial year. These percentages rise to 93% and 100% for PSI companies.

I.2.

Recommendation I.2. provides that companies shall identify the main policies and measures adopted with regard to the fulfilment of their environmental objectives and with regard to the fulfilment of their social objectives.

The recommendation is subdivided into two subrecommendations, which recorded compliance percentages of 91% and 97% respectively [I.2.(1) and I.2.(2)]. In both cases, the compliance percentage totalled 100% in the PSI universe.

Compared to the results obtained in the 2023 financial year, these figures represent a stabilisation with regard to subrecommendation I.2.(2), which maintained an overall percentage of compliance of 97%, and a reduction of three percentage points, from 94% to 91%, regarding subrecommendation I.2.(1). With regard to the universe of

companies that make up the PSI, both subrecommendations also recorded a percentage of compliance of 100% in the 2023 financial year.

Chapter II. Composition and Functioning of the Corporate Bodies

OVERALL ASSESSMENT OF THE CHAPTER

The chapter contains eleven recommendations, which are subdivided into 21 subrecommendations dedicated to a varied set of topics: information, diversity in the composition and functioning of the corporate bodies, the relationship between these bodies, conflicts of interest and transactions with related parties.

The overall percentage of compliance was 88%, rising to 95% in the context of the PSI, and the percentage of compliance of each recommendation varied between 46% and 100%.

RECOMMENDATIONS

II.1.1.

The first recommendation in this chapter refers to the establishment of mechanisms to adequately and rigorously ensure the timely disclosure of the information required to the corporate bodies, the company secretary, shareholders, investors, financial analysts, other interested parties and the market at large.

Recommendation II.1.1. was complied with by 97% of the companies monitored, and in the PSI universe it was fully complied with. These results represent a stabilisation when compared to the financial year of 2023, since in said financial year the present recommendation recorded the same percentage of compliance, both globally, as well as within the PSI universe.

II.2.1.

With regard to the profile of new members of the corporate bodies, the Code recommends that the company establishes, previously and in the abstract, criteria and requirements regarding such profile, including individual attributes (such as competence, independence, integrity, availability and experience) and diversity requirements, emphasising here, in line with the equivalent recommendation in the previous version of the CGS, measures to promote gender equality, in line with legislative developments in this area. The establishment of these criteria and requirements, because made in advance and in abstract, does not depend on whether or not there were elections during the period in question.

Compliance with recommendation II.2.1. was 71% for all companies monitored and 93% of PSI companies (a slight decrease of five and one percentage points, respectively, compared to the percentages of compliance recorded in the previous financial year).

It should be clarified that, as stated in point 7) of the complementary Guidelines on the application and enforcement of the Code⁷, that for compliance with this recommendation, the mere reference to the CVs of the referred members is not sufficient, nor is the mere observation that, in practice, certain criteria and/or requirements have been taken into account if these are not previously defined.

II.2.2. and II.2.3.

The recommendations under analysis, which correspond, with mere formal changes, to recommendations I.2.2. and I.2.3.,

⁷ Available at: https://cgov.pt/images/ficheiros/2023/cgs_2023-_guidelines.pdf

respectively, of the version of the CGS as revised in 2020 concern the existence and disclosure of internal regulations, minutes and other general information (including the composition and number of annual meetings) relating to the management and supervisory bodies, as well as internal committees, showing levels of compliance equal to or greater than 87%, in all cases, and full compliance in the cases of subrecommendations II.2.2.(4) and (5) and II.2.3.(1).

These results represent a relative stabilisation when compared to the financial year of 2023, in which the subrecommendations in question recorded the same percentages of compliance, with the exception of subrecommendation II.2.2.(3), which recorded an increase of one percentage point, from 86% to 87%, and recommendation II.2.3.(2), which recorded a decrease of nine percentage points, from 100% to 91%.

II.2.4.

Recommendation II.2.4. concerns the adoption of a policy for reporting irregularities and an internal reporting channel that also includes access for non-employees. It is subdivided into two recommendations, which recorded percentages of compliance of 94% and 97%, respectively, a percentage that rises to 100% in the case of PSI companies for both subrecommendations. These results compare favourably with those recorded in the 2023 financial year, in which the present subrecommendations had a percentage of compliance of 91% and 94%, respectively.

II.2.5.

The internal committees that the company must have, pursuant to this recommendation, are those "composed for the most part of members of the corporate bodies, to whom the company attributes functions within the corporate ambit", in

accordance with the definition in the footnote to Principle II.2.A. If the remuneration committee provided for in Article 399 of the Companies Code has been created, and if such is not prohibited by law, this recommendation can be complied with by giving this committee competence in the matters referred to, that is: corporate governance, appointments and performance assessment.

The percentage of compliance with the subrecommendations is as follows: 57% with regard to corporate governance, rising to 80% in the PSI; 89% with regard to remuneration, rising to 100% in the PSI; 46% with regard to the appointment of members of corporate bodies, with 73% in the PSI; and 74% with regard to performance assessment, a percentage that rises to 93% in the case of PSI companies.

As mentioned in point 8) of the Guidelines, full compliance with this recommendation, in its different dimensions, is not satisfied merely by the attribution of competences, in any of the areas referred to in this recommendation, to senior management – without prejudice, however, to the possibility, inherent to the CGS regime, of evaluating an *explain* as materially equivalent to compliance.

It should also be emphasised that subrecommendation II.2.5.(4) does not restrict its scope to assessing the performance of executive directors, but also applies to the other members of the corporate bodies.

II.3.1. and II.3.2.

With compliance levels of 94% and 91%, respectively, for all issuer companies and, in both cases, 100% for PSI companies, recommendations II.3.1. and II.3.2. refer to relations between corporate bodies, calling for information to be made available, both in documents and through access to the company 's relevant employees, and for the existence of an information flow that ensures

measures are taken thoughtfully and efficiently, within the framework of an articulated and harmonious interorganic relationship.

The percentages of compliance recorded in the current financial year with regard to the total universe of issuer companies showed slight decreases, in both cases, when compared to the percentages of compliance recorded in the previous financial year (which stood at 97% for recommendation II.3.1 and 94% for recommendation II.3.2). With regard to PSI companies, full compliance stabilised.

II.4.1. and II.4.2.

With compliance at 94% and 89%, respectively, for all monitored issuer companies, the percentages of compliance for recommendations II.4.1 and II.4.2 compare favourably with the 91% and 88%, respectively, recorded in the 2023 financial year. With regard to PSI companies, there was a significant increase of five percentage points compared to the percentage of compliance recorded for the recommendations in the previous financial year: from 88% recorded in 2023, to 93% in 2024.

II.5.1.

Recommendation II.5.1. has as its scope the requirement of a duty of disclosure of the internal procedure for verifying transactions with related parties, without advocating a specific design for such procedure. Here, we find a compliance of 97%, maintaining the full compliance in the PSI universe, which represents a stabilisation compared to the figures recorded in the 2023 financial year.

Chapter III. Shareholders and General Meeting

OVERALL ASSESSMENT OF THE CHAPTER

Chapter III contains seven recommendations, with only one subdivision in the first, all of which are dedicated to issues related to shareholder participation in general meetings.

The compliance percentage stood at 83%, rising to 89% in the PSI context.

The compliance percentage varied between 65% to 94%, and having varied between 50% and 100% in the PSI universe.

RECOMMENDATIONS

III.1.

In taking a stance on the appropriate involvement of shareholders in corporate governance, the CGS begins by recommending that companies shall not set a high disproportion between the number of shares and the correspondent number of votes, while at the same time recommending (in recommendation III.3.) to not set quorums for resolutions greater than those foreseen by law, precisely to avoid difficulties in passing resolutions at general meetings.

This recommendation was complied with by 94% of the companies monitored, either by adopting the principle that each share corresponds to one vote, or by deviating from this principle, which, however, was not deemed to make the number of shares necessary to confer the right to one vote excessively high, representing a 3% increase when compared to the previous year. This circumstance made the following subrecommendation [III.1.(2)] largely inapplicable (77%), which asks companies to explain the option in their corporate governance report whenever there is a deviation from the aforementioned principle. Of the

eight companies to the subrecommendation applied, 88% complied with it. In both cases, the percentage of compliance rises to 100% in the PSI companies.

III.2.

This recommendation is a novelty introduced by the 2023 revision and aims to ensure that the companies that have issued shares with special plural voting rights identify, in the corporate governance report, the matters which, pursuant to articles of association, are excluded from the scope of plural voting.

In the current financial year, similar to what was recorded in the 2023 financial year, this recommendation was not applicable to any of the companies monitored.

III.3.

Recommendation III.3 is complied with by 91% of the companies monitored, of which around 71% correspond to direct compliance and 21% to solutions that were considered materially equivalent. In the PSI universe, the figure stood at 93%.

These figures represent a positive development compared to the percentage of compliance recorded for all issuer companies in the 2023 financial year (from 88% to 91%), while in the PSI universe there was a slight decrease from 94% to 93%.

III.4. and III.5.

The Code recommends the implementation of adequate means for the participation of shareholders in the general meeting without being present in person, in terms

proportionate to their size (III.4.), as well as for the exercise of remote voting rights, including by correspondence and electronically (III.5.).

The overall percentage of compliance was 65% for recommendation III.4. and 74% for recommendation III.5. In the case of PSI companies, the percentage of compliance rises to 73% for recommendation III.4. and to 87% for recommendation III.5.

III.6. and III.7.

The recommendation that, in cases where there are statutory limitations on the number of votes held or exercised by a shareholder, there shall also be a mechanism, at least quinquennial, for subjecting such limitations to a resolution for their maintenance or amendment (III.6.) remains largely not applicable (91%), as a result of the fact that, in the vast majority of cases, there are no such limitations. In the cases of applicability, compliance was 67%.

For its part, the recommendation (III.7.) that no measures leading to corporate costs in the event of a change of control or change in the composition of the management body shall be adopted was complied with by 94% of the companies monitored, which represents a stabilisation compared to the results recorded for the recommendation in the previous financial year. In the context of the PSI, this recommendation recorded a percentage of compliance of 93%.

While it is true that the existence of these measures does not in itself preclude compliance, the cases of non-compliance refer to situations in which the monitored company, while declaring the existence, notably, of contractual measures, does not provide a substantiated justification that these do not appear "likely to jeopardise the economic interest in the transfer of shares and the free assessment by shareholders of the performance of directors".

Chapter IV. Management

OVERALL ASSESSMENT OF THE CHAPTER

This chapter contains seven recommendations, one of which is broken down into three subrecommendations, all of which concern the management body.

The overall compliance rate is 81%, with compliance reaching 93% in the PSI, which in both cases represents a one percentage point increase when compared to the results recorded in the 2023 financial year.

RECOMMENDATIONS

IV.1.1.

The subrecommendations regarding the delegation of powers are widely complied with by the companies monitored: in no issuer company does the management body delegate powers regarding the definition of the strategy and main policies of the company (which corresponds to a 100% compliance rate), and the same can be said for matters that are to be considered strategic due to their amount, risk or special characteristics and to the organisation and coordination of the corporate structure. This is an improvement by three percentage points compared to the percentage of compliance with subrecommendation IV.1.1(2) in the previous financial year, while compliance with the remaining subrecommendations remained stable at a 100% compliance.

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

IV.1.2.

The approval, through internal regulations or an equivalent means, of the rules governing the exercise by executive directors of executive functions in entities outside the group was verified in 63% of the companies monitored, rising to 73% in the case of companies that are part of the PSI. This represents, thus, an increase of one percentage point compared to the previous year (62%), whereby the recommendation was considered to have been complied with in cases where this regime is materialised by a ban on executive directors exercising executive functions outside the group.

IV.2.1

In accordance with recommendation IV.2.1., the independent directors shall appoint a coordinator among themselves, unless the chairman of the management body is himself independent. If there are no independent directors, at all or in sufficient numbers, so that it would not be possible to appoint a coordinator, then the company shall appoint a coordinator of the non-executive directors in order to ensure compliance. There is, however, no record of companies monitored implementing this latter possibility, *qua tale*. Alternatively – a solution that results from the new wording of the recommendation following the 2023 revision – the company may establish other equivalent mechanism(s) to ensure coordination between these directors and the chairman of the management body.

In the event that the company has no (or only one) non-executive director, the recommendation is deemed not to be applicable, as stated in point 15) of the Guidelines. This same result of non-applicability was introduced in the case of the adoption of the German model, as well as in cases where the chairman of the management body is independent. The combination of these three grounds resulted in the recommendation not being applicable to seven companies (20%).

Of all the companies to which this recommendation applies, 61% complied with the recommendation, with the percentage of compliance rising to 91% among the PSI companies, which compares favourably with the results recorded in the previous financial year, when the overall percentage of compliance was 50%, rising to 82% in the case of companies that make up the PSI.

IV.2.2. and IV.2.3.

In recommendation IV.2.2., the Code recommends that the number of non-executive members of the management body shall be adequate to the size of the company and the complexity of the risks inherent to its activity, but sufficient to ensure with efficiency the functions entrusted to them.

Recommendation IV.2.2. was deemed not applicable to the German model, as it refers to non-executive members of the management body.

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

Recommendation IV.2.2. was complied with by 85%. In the PSI companies, the percentage of compliance rises to 100%.

In cases where the management body of the issuer company does not have any non-executive directors, this total absence cannot fail to continue to be assessed as non-compliance with recommendation IV.2.2. (with the exception, as mentioned above, of companies adopting the German model), without prejudice to the possibility, inherent

to the monitoring system of the Corporate Governance Code, of an *explain* that it is deemed materially equivalent to compliance.

Recommendation IV.2.3. states that the number of non-executive directors shall be greater than the number of executive directors, which occurs in 79% of cases, a three percentage point improvement compared to the compliance recorded for this recommendation in the 2023 financial year. This percentage rises to 100% in the case of companies that make up the PSI.

IV.2.4. and IV.2.5.

Recommendations IV.2.4. and IV.2.5. concern the independence of non-executive directors.

The percentage of compliance with recommendation IV.2.4. is 59%, rising to 79% in the PSI universe, which represents a decrease compared to the compliance percentages recorded in the previous financial year, in which the overall compliance percentage stood at 64%.

With regard to the independence criteria, we recall that, given that Annex I of CMVM Regulation no. 4/2013 remains in force, the CMVM made known, by means of a Circular, that: *"listed companies must: (i) in Part I, identify the non-executive members of the board of directors who may qualify as independent, in light of the criteria of point 18.1 of Annex I of CMVM Regulation no. 4/2013; and (ii) in Part II, state whether they comply with recommendation III.4 [read, today IV.2.4.] of the IPCG code, which includes criteria not entirely coincident with those of the said regulation"*⁸.

⁸ CMVM Circular, "Supervision of the Corporate Governance recommendation regime - new rules and procedures for 2019", of 11/01/2019: see <https://cam.cgov.pt/pt/noticia/1339-notificacao-da-cmvm-sobre-novas-regras-e-procedimentos-para-2019-em-materia-corporate-governance>.

No issuer company raised the issue of the cooling-off period for the purposes of the independence of its members of the board of directors, and therefore recommendation IV.2.5. was not applicable.

Chapter V. Supervision

OVERALL ASSESSMENT OF THE CHAPTER

Chapter V contains two recommendations, broken down into four subrecommendations.

The overall compliance rate is 84%, rising to 100% in the case of PSI companies.

The percentages of compliance with the subrecommendations range from 74% to 100%.

RECOMMENDATIONS

V.1.

Recommendation V.1. states that the supervisory body, with respect for the competences conferred to it by law, takes cognisance of the strategic guidelines [V.1.(1)] and evaluates and renders an opinion on the risk policy [V.1.(2)], prior to their final approval by the management body. It should be noted that the CGS also addresses the approval of the strategic plan and risk policy by the management body in recommendation VII.1., in the context of the chapter on risk management (Chapter VII), to it also refers.

The final part of the recommendation was amended in 2020, making it unequivocal that, for the purposes of compliance

with this recommendation, it is required that the supervisory body takes cognisance of the strategic guidelines and evaluates and renders an opinion on the risk policy, prior to their final approval by the management body.

The recommendation also underwent a substantively relevant change in the 2023 revision (compared to the previous recommendation III.6.), with a distinction now being made between a duty to take cognisance of the strategic guidelines and a duty to evaluate and render an opinion on the risk policy.

It should be noted that the recommendation applies to all governance models. In the case of companies adopting the Anglo-Saxon model, there shall be a prior opinion rendered on the risk policy by the audit committee, preferably in an autonomous space and moment, in which the members of this committee act in their capacity as members of this body, and not also, simultaneously, as members of the management body.

In cases where the supervisory body takes cognisance, and evaluates and renders an opinion in relation to multi-annual strategies and policies, the recommendation will be deemed to have been complied with if, in the financial year under monitoring, the corporate governance report contains information regarding the adoption of the recommended practice in the year in which they were subject to final approval by the management body, thus extending compliance for the period of time during which such strategies and policies may be considered to be in force (see point 18 of the Guidelines).

Subrecommendation V.1.(1) recorded a percentage of compliance of 80%, rising to 100% in the PSI companies, representing, thus, an increase of nine percentage points and twelve percentage points, respectively, compared to the results for the 2023 financial year. In the case of subrecommendation

V.1.(2), it recorded a compliance percentage of 74% of all companies monitored, representing, thus, an increase of three percentage points compared to the percentage of compliance in 2023 (which stood at 71%). The percentage of compliance rises to 100% for PSI companies.

V.2.

In V.2., the CGS recommends that the number of members of the supervisory body and the financial matters committee shall be adequate in relation to the size of the company and the complexity of the risks inherent to the company 's activity, but sufficient to ensure the efficiency of the tasks entrusted to them.

Recommendation V.2.(2), concerning the members of the committee for financial matters, is only applicable to the German model.

As already mentioned in relation to recommendation IV.2.2., as it is not for the monitoring exercise to formulate a judgement on the adequacy of the specific composition of corporate bodies and internal committees, compliance depends on the inclusion in the governance report of such a judgement, albeit brief, on the adequacy of the number of members referred, as is clear from the text of the recommendation itself, *in fine*.

The two subrecommendations showed compliance levels of 97% and 100%, respectively. In PSI companies, both figures are at 100%.

Chapter VI. Performance Assessment, Remuneration and Appointments

OVERALL ASSESSMENT OF THE CHAPTER

Chapter VI, comprising eighteen subrecommendations, is divided into three sub-chapters: annual performance assessment; remuneration and appointments.

The overall compliance rate was 86%, rising to 93% in the PSI universe.

RECOMMENDATIONS

VI.1.1.

Subchapter VI.1. concerns the issue of annual performance assessment and, as such, recommendation VI.1.1. stipulates that the management body – or committee with competences in this area, composed of a majority of non-executive members – shall carry out, on an annual basis, its self-assessment [VI.1.1.(1)], the assessment of the performance of the executive committee/ executive directors [VI.1.1.(2)] and of the company committees [VI.1.1.(3)], taking into account the compliance with the company's strategic plan and budget, risk management, its internal functioning and the contribution of each member to that end, and the relationship between the bodies and committees of the company.

As identified, this recommendation is subdivided according to the subjects being assessed. While the first subrecommendation is applicable to all companies, subrecommendations VI.1.1.(2) and VI.1.1.(3) will or will not be applicable depending on the existence of executive directors/executive committee and board committees, respectively. The non-applicability rates found for these subrecommendations were 11% and 37%, respectively.

From the analysis carried out, the overall compliance rate for VI.1.1.(1) was 83%, for VI.1.1.(2) 84% and for V.1.1.(3) 82% (these percentages rise to 100% for PSI companies). There have thus been decreases in the compliance with the three subrecommendations compared to the results in the previous financial year, of two percentage points for the first, six percentage points for the second and four percentage points for the third.

As in previous years, with a view to fully complying with this recommendation, it is necessary for the corporate governance report to state that the management body carries out the necessary assessments based on the reference factors set out in the final part of the recommendation, and for the duty to assess performance on an annual basis to be foreseen in internal regulations or other equivalent means.

VI.2.1.

Recommendation VI.2.1. is part of the subchapter on remuneration and establishes the duty of the company to set up a remuneration committee, whose composition ensures its independence from the management, whereby it may "be the remuneration committee appointed pursuant to Article 399 of the Portuguese Commercial Companies Code".

The recommendation is not applicable when the company, by virtue of a special legal regime, is obliged to set up a remuneration committee made up in whole or in part by directors.

This recommendation obtained an overall percentage of compliance of 80%, rising to 93% in the PSI companies universe. This represents a decrease of five percentage points when compared to the previous financial year in terms of all companies monitored and of one percentage point in terms of companies that make up the PSI.

VI.2.2.

The remuneration of members of the management and supervisory bodies and committees of the company is determined by the remuneration committee, or by the general meeting, upon a proposal from that committee, in accordance with recommendation VI.2.2.

The recommendation was complied with by 97% in terms of all companies monitored and 100% in terms of the PSI companies.

VI.2.3.

This recommendation sets out that the company shall disclose in the corporate governance report or in the remuneration report the termination of office of any member of the corporate bodies and/or committees and shall indicate the amounts of all costs related to such termination of office, for any reason.

In order to comply with this recommendation, introduced with the 2023 revision, it is necessary that the governance report or remuneration report includes, on the one hand, an indication of the termination of office of the members of the corporate bodies and of the internal committees (and not only of the members of management bodies) and, on the other hand, the indication of all company expenses related to the termination of office, for any reason, in the respective financial year, which includes, but is not limited to, the amounts relating to compensation paid or due to executive directors.

In the current financial year, this recommendation was complied with by 74% of the global universe of companies monitored and by 80% of companies that make up the PSI.

VI.2.4.

94% of companies complied with the recommendation that a member of the remuneration committee attends the annual general meeting, or any other meeting in which the agenda includes a matter related to remuneration. The percentage of compliance reaches 100% in the PSI companies.

VI.2.5.

It is recorded that 97% of the companies monitored comply with the recommendation that, within the budgetary limitations of the company, the remuneration committee shall be free to decide on the contracting, by the company, of consultancy services, with this percentage rising to 100% in the case of companies included in the PSI index.

As mentioned in previous years, in order to comply with the recommendation, it is not enough to state in the corporate governance report that no consultancy services to support the remuneration committee have been requested nor contracted, and it must be made clear that the remuneration committee is free to contract them if it deems it necessary.

VI.2.6. and VI.2.7.

Recommendation VI.2.6. states that it is the responsibility of the remuneration committee to ensure that the services mentioned in recommendation VI.2.5. are provided independently.

Recommendation VI.2.7. states that the providers of these services shall not be contracted, by the company itself or by other companies with which it has a controlling or group relationship, for the provision of any other services related to the competences of the remuneration committee without the express authorisation from the remuneration committee.

The percentage of compliance with recommendation VI.2.6. stands at 94% and with recommendation VI.2.7. at 87%, rising in both cases to 100% in the universe of PSI companies.

VI.2.8.

The recommendation refers to the remuneration of directors, its rationale being that there shall be variable remuneration conducive to the alignment of interests between the company and the executive directors.

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

Given this assessment, the level of compliance stood at 89% in the global universe of monitored companies and 93% in the universe of PSI companies, down five percentage points in the global universe of monitored companies and one percentage point in the PSI universe compared to the results for the 2023 financial year.

VI.2.9.

66% of the companies (a percentage that rises to 86% in the PSI universe) have a significant part of the variable component partially deferred in time, for a period of no less than three years, which represents, thus, a decrease of one percentage point in both monitored universes when compared to the previous financial year. As with the criterion adopted in the previous financial year, the omission

in the internal regulations did not necessarily lead to the assessment of non-compliance, since the definition of the association of the deferred variable component with the confirmation of sustainability in other publicly accessible elements was valued, namely in the corporate governance report and/or the remuneration policy statement.

VI.2.10.

In the present monitoring exercise, recommendation VI.2.10, related to the inclusion of options (or other instruments directly or indirectly subject to share value) in the variable remuneration, was only applicable to five monitored companies and was fully complied with, with three companies complying directly and two providing an *explain* that was accepted as materially equivalent to compliance.

VI.2.11.

Recommendation VI.2.11. does not apply to companies that, due to their governance model or internal structure, do not have non-executive directors, which was the case in 9% of cases.

With regard to the rest of the universe, in 88% of the companies monitored, the remuneration of non-executive directors does not include any component whose value depends on the performance of the company or its value, which represents an increase of two percentage points compared to the result of the previous year. This percentage rises to 93% in PSI companies, a figure that has not changed when compared to last year.

VI.3.1.

In Subchapter VI.3., regarding appointments, the level of compliance with recommendation VI.3.1. was 66%, down two percentage points from the result obtained in the previous financial year. In PSI companies, the percentage of compliance is 93%, an increase of five percentage points compared to the previous year.

Although the proposals for the election of the members of the corporate bodies come from the shareholders, it is the responsibility of the company, "in the terms it deems appropriate, but in a manner capable of demonstration," to promote that these proposals are accompanied by a statement of reasons, in accordance with the points set out. It is for this reason, that mere compliance with applicable law provisions or mere reference to the CVs of the proposed members is considered insufficient for the purposes of compliance with the recommendation, as stated in point 23) of the Guidelines.

As already identified in previous Annual Monitoring Reports and in point 23) of the Guidelines, among the practices adopted by the monitored companies that are deemed to constitute compliance with the recommendation are, specifically, the instruction of the proposals submitted to the elective general meeting with the documentation that demonstrates the promotion of the existence of the grounds recommended herein, with such documentation remaining available online; the preparation, in the corporate governance report itself, of a description of the functions, qualifications and skills required to fulfil the positions and the adoption of a "selection policy" for members of the corporate bodies, that is more widely applicable than that corresponding to a particular elective moment.

VI.3.2.

In VI.3.2. it is recommended that the committee for the appointment of members of corporate bodies shall include a majority of independent directors.

This recommendation was considered not to be applicable in the German model, as well as in cases where the issuer companies do not have a committee for the appointment of members of corporate bodies, which resulted in a non-applicability rate of 57% in the total universe of companies monitored and 33% in the case of PSI companies.

Within this framework, compliance with VI.3.2. represented 60% of the cases in which such recommendation was considered applicable, a percentage that drops to 50% in the case of PSI companies.

VI.3.3. and VI.3.4.

In accordance with the footnote to principle VI.3.A. of the CGS, for the purposes of this Code, senior management is defined as "persons who are part of senior management, as defined (under the name «managers») by European and national legislation regarding listed companies, excluding members of the corporate bodies".

However, in cases where issuer companies explicitly state in their corporate governance report that they adopt, in the specific context of their structure, another definition of the people who make up senior management, and give a specialised committee competences to make the respective appointments, this was considered to be a practice in line with the rationale of these recommendations.

From the analysis carried out, in nine cases (26%) the corporate governance report stated that there were no senior managers, so these recommendations were considered not applicable to these issuer companies.

In the case of recommendation VI.3.3., as already explained in previous financial years, the mere invocation of the size of the company does not determine the non-applicability of the recommendation.

However, it was valued in virtue of the *explain*, in terms that proved to be substantiated, by invoking the particular characteristics of the company and identifying the equivalent option adopted by the company.

Within the universe of companies to which the recommendation applies, the percentage of compliance was 50%, with 35% corresponding to direct compliance and 15% to an *explain* considered materially equivalent to compliance. These figures rise to 80% compliance for companies in that make up the PSI index, with 60% corresponding to direct compliance and 20% to an *explain* considered materially equivalent.

With regard to recommendation VI.3.4., although not applicable in 71% of cases, it obtained a 90% percentage of compliance in the cases where it was applicable, with this percentage being 83% in the universe of PSI companies. Compared to the previous financial year, this translates into an increase of twenty percentage points in the overall compliance results and sixteen percentage points in the compliance results of companies that make up the PSI index.

Chapter VII. Internal Control

OVERALL ASSESSMENT OF THE CHAPTER

Chapter VII, dedicated to internal control, contains eleven recommendations, broken down into fifteen subrecommendations. The percentage of compliance stood at 91%, with the percentage of compliance with the subrecommendations varying between 69% and 100%.

RECOMMENDATIONS

VII.1.

Pursuant to recommendation VII.1., the management body shall discuss and approve the strategic plan and risk policy of the company, which shall include the setting of limits in matters of risk-taking.

In this context, 94% of the companies monitored state that their management body discusses and approves the strategic plan, revealing a stabilisation in the percentage of compliance with the present subrecommendation compared to the previous financial year. 89% of the companies monitored state that they approve a risk policy, revealing an increase of four percentage points compared to the result obtained in the previous financial year. The compliance value for VII.1.(1) and VII.1.(2) is 100% in the context of the PSI, which corresponds to an increase of six percentage points compared to the equivalent results for the previous financial year.

With regard to the risk policy [VII.1.(2)], it is important to reiterate, as was also done during the monitoring process, the fundamental importance of disclosure, albeit in general terms, of the issues that have been defined in the risk policy in terms of setting limits in matters of risk-taking.

VII.2.

Recommendation VII.2. stipulates that the company shall have a specialised committee or a committee composed of specialists in risk matters, which reports regularly to the management body.

The recommendation was complied with by 69% of the total universe of companies monitored, rising to 93% for the universe of companies that make up the PSI index.

VII.3.

With regard to recommendation VII.3., the compliance in the overall universe of monitored companies stood at 79%. In the context of PSI companies, compliance was 93%, representing an increase of five percentage points compared to the 88% obtained in 2023.

Similar to previous monitoring exercises, for the purposes of compliance, it was considered essential not only to provide information on the implementation of the aforementioned mechanisms and procedures, but also on how these mechanisms and procedures translate into periodic control, in particular by densifying the way they operate and the terms of their periodicity.

VII.4. and VII.5.

97% of the companies monitored structured their internal control system in terms they deemed adequate⁹ to the size

⁹ The "adequacy" referred to is considered a guideline and, as such, is not subject to independent monitoring – as is also the case in recommendations II.1.1., IV.2.2. and V.2.

of the company and the complexity of the risks inherent to its activity, with the supervisory body having the competence to assess it and propose any necessary adjustments. The compliance rate for VII.4. rises to 100% in the context of the PSI. This represents an increase of six percentage points in the overall universe of monitored companies and six percentage points in the PSI universe, compared to last year's results.

Recommendation VII.5, concerning the procedures for supervision, periodic evaluation and adjustment of the internal control system, has a compliance rate of 91% (down three percentage points compared to last year), whereby full compliance is maintained in the PSI universe.

VII.6.

With regard to subrecommendations VII.6.(1) to (4), all companies continue to establish mechanisms to identify the main risks to which they are subject in carrying out their activities. In the current financial year, similarly, all of them expressly state that they identify the probability of these risks occurring and their impact, and 97% establish risk mitigation instruments and measures. All monitored companies also define and identify procedures for monitoring their risks. In the universe of PSI companies, compliance was 100% in all the subrecommendations analysed.

As emphasised in previous monitoring exercises, in relation to the identification of the probability of occurrence of the identified risks and their impact (VII.6.(2)), it was also pointed out to the monitored companies that, for compliance purposes, although it is not necessary to indicate, in public information, the concrete probability of occurrence and respective impact, it will be essential to clearly indicate that the company carries out these calculations.

VII.7. and VII.8.

Pursuant to recommendation VII.7., the company shall establish processes to collect and process data related to environmental and social sustainability, alerting the management body to the risks in which the company is incurring in these matters and proposing strategies for their mitigation. Also, within the scope of environmental sustainability concerns, VII.8. recommends that the company reports on how climate change is considered within the organisation and how it takes into account the analysis of climate risk in its decision-making processes.

With regard to VII.7., its compliance in the global universe of monitored companies stood at 86%, falling to 80% in recommendation VII.8., which represents an increase of one percentage point in each of the recommendations compared to the previous financial year. In the context of PSI companies, compliance is 100% for both recommendations.

VII.9.

Recommendation VII.9. foresees that the company shall disclose, in its corporate governance report, the terms in which artificial intelligence mechanisms have been used, or not, as a decision-making tool by the corporate bodies.

As is clear from its content, this is a recommendation of an informative nature, which is why it is considered to have been complied with when the corporate governance report contains information that makes it possible to conclude on the use or non-use of these artificial intelligence mechanisms, whereby the affirmative or negative response regarding the terms of such use does not interfere for the purposes of compliance with the recommendation.

In the current financial year, the recommendation had a percentage of compliance of 89% in the total universe of companies monitored, translating into an increase of seven percentage points compared to the previous financial year, with full compliance in the case of companies that make up the PSI.

VII.10. and VII.11.

Pursuant to recommendation VII.10., the supervisory body pronounces on the work plans and resources allocated to the internal control services, including the risk management, compliance and internal audit functions (where applicable), in 94% of cases. This compliance rises to 100% in the context of the PSI.

The supervisory body is also the addressee, pursuant to the recommendations in VII.11., of the reports prepared by the internal control services in 94% of the companies monitored, which represents an increase of three percentage points compared to the result obtained in the 2023 financial year, while the result of 100% is maintained in the issuer companies that are part of the PSI.

Chapter VIII. Information and Statutory Audit of Accounts

OVERALL ASSESSMENT OF THE CHAPTER

Chapter VIII, on information and statutory audit of accounts, contains five subrecommendations.

The compliance rate rose to 91%. In the companies that make up the PSI, compliance rises to 97%.

RECOMMENDATIONS

VIII.1.1.

The percentage of compliance with recommendation VIII.1.1. stood at 94% in the current financial year; in the PSI universe, compliance was 100%.

As reinforced in previous monitoring exercises, this recommendation will only be complied with when the internal regulations of the supervisory body impose the aforementioned duty. It should also be noted that the new wording of the recommendation, resulting from the 2023 revision, no longer restricts the duty of supervision to financial information, with such duty now covering financial and non-financial information, an element that will be essential to include in the regulations of the supervisory body for full compliance with the recommendation in future monitoring exercises.

VIII.2.1.

In accordance with the reading adopted since the first monitoring exercise¹⁰, reflected today in point 29) of the Guidelines, what is at stake is the prior and abstract definition of the supervisory procedures designed to ensure the independence of the statutory auditor and not merely the generic establishment of the competence of the supervisory body to define those procedures.

This was the case for 74% of the companies monitored, a figure that represents an increase of six percentage points compared to last year. In the context of the PSI, compliance increased from 88% to 93% of issuer companies.

¹⁰ See page 56 of the RAM for 2018 and page 58 of the RAM for 2019.

VIII.2.2.

With regard to recommendation VIII.2.2.(1), compliance is complete in the universe of all monitored companies and in the universe of PSI companies.

In this regard, it should be noted that the supervisory body, although it may not be the exclusive interlocutor, as is clear from point 30) of the Guidelines, must be the first addressee of the respective reports.

It was also noted, now with regard to VIII.2.2.(2), that in 97% of the companies monitored, it is the supervisory body that is responsible for proposing the remuneration of the statutory auditor, there being consequently a three percentage point increase in the degree of compliance compared to the previous financial year. In the context of the PSI, in turn, compliance is 100%, which translates into an increase by six percentage points.

VIII.2.3.

In 89% of the companies monitored, the supervisory body has the duty to annually assess the work carried out by the statutory auditor, its independence and suitability for the exercise of its functions, and shall propose to the competent body its dismissal or the termination of the contract for the provision of its services, whenever there is just cause to do so. In the PSI universe, compliance stands at 93%.

In this regard, it should be emphasised, following on from what has already been emphasised in previous exercises, that compliance with the recommendation presupposes that all the duties listed are made explicit.



CONCLUSIONS

We can therefore conclude the following:

- **In the monitoring regarding 2024**, the percentage of compliance with the 60 recommendations of the IPCG CGS revised in 2023 – broken down into 84 subrecommendations – is **87%**.
- This percentage of compliance rises to **95%** in the universe of issuer companies that are part of the PSI.
- **In comparison with the previous year**, there was a **stabilisation** in the overall percentage of compliance in the total of monitored companies (which remains at 87%) and an **increase** by one percentage point among companies that make up the PSI (from 94% to 95%).
- These overall figures reflect the **consolidation** of the adaptation, by the companies monitored, to the recommendations introduced with the 2023 revision of the CGS and the **progressive deepening** of the terms of reference considered adequate and sufficient to enshrine a compliance result with the set of recommendations.
- In addition to these two factors, **there have also been changes in the universe of companies considered** for the purposes of overall compliance results, with the inclusion of three monitored companies: one non-issuer company that adhered to the CGS and to its monitoring for the first time, and two issuer companies which, due to the specificities of their annual financial year, were monitored last year under the 2020 version of the CGS.
- Among the **recommendations with the highest compliance levels**, the following are, in particular, worth highlighting:

drawing up minutes of meetings of the management and supervisory bodies; disclosure on the website of the company of the composition of the management and supervisory bodies and their internal committees; non-delegation by the management body of powers with regard to the definition of the strategy and main policies of the company, the organisation and coordination of the corporate structure, and matters that shall be considered strategic due to their amount, risk or particular characteristics; establishment of a risk management function, identifying the main risks to which the company is subject in the operation of its business, the probability of their occurrence and their respective impact, and the monitoring procedures aimed at following them up; and assignment to the supervisory body of the role of main interlocutor of the statutory auditor and first addressee of its reports.

- Among the **recommendations whose compliance grew most**, the following are, in particular, worth highlighting: appointment of a coordinator by the independent directors; the supervisory body takes cognisance of the strategic guidelines prior to their final approval by the management body; information on the manner in which artificial intelligence mechanisms have been used as a decision-making tool by the corporate bodies; formulation of an adequacy judgment regarding the number of members of the supervisory body; formulation of an adequacy judgment regarding the internal control system and assessment of that system by the supervisory body; establishment of a risk management function, identifying the probability of risks occurring and their respective impact; the supervisory body defines, through regulations, the supervisory procedures designed to ensure the independence of the statutory auditor; and discussion and approval by the management body of the risk policy of the company.
- Among the **recommendations with the lowest compliance levels**, are those relating to: the existence of a specialised

committee for matters of corporate governance and the appointment of members of corporate bodies; the existence of a committee to monitor and support the appointment of senior management; at least one third of the non-executive directors fulfil the independence requirements; the inclusion of a majority of independent directors in the committee for the appointment of members of corporate bodies; the appointment of a coordinator by the independent directors; the management body approves the regime for the exercise by executive directors of executive duties outside the group; implementation of adequate means for shareholders to participate in the general meeting without being present in person; a significant part of the variable component of the remuneration of executive directors is deferred for a period of no less than three years and the company promotes that the proposals for the election of members of the corporate bodies are accompanied by a statement of grounds regarding their suitability for the function to be performed.

- As was already possible to conclude in the previous financial year, there remains a **significant stability in the identification of the recommendations with the highest compliance level** (with an overlap of seven recommendations out of a total of ten compared to the previous financial year) **and with the lowest compliance level** (with an overlap of eight recommendations out of a total of ten compared to the previous financial year).
- A **global analysis by chapter** shows that it is possible to identify that the topics that show the lowest compliance with recommendations are those relating to shareholders and the general meeting (Chapter III), to the management body (Chapter IV) and to performance assessment, remuneration and appointments (Chapter VI).

- In contrast, this financial year saw a **significant increase** in the results of compliance with recommendations relating to the supervisory body (Chapter V) and also, albeit to a lesser extent, in the results of compliance with the recommendations relating to internal control (Chapter VII) and financial reporting and statutory audit (Chapter VIII). These trends are evident both for the total of the companies monitored, as well as for the companies that make up the PSI index, where the percentage of compliance with the recommendations on supervision reached 100%.
- The results obtained allow us to conclude that there is room to continue to pursue a **path of consolidation of good corporate governance practices** in Portugal and that **this path not only continues to be traced**, in a stable and consolidated manner, **by most of the listed companies monitored since 2018**, but has also **been gaining momentum among new companies**, which over the last few years have been voluntarily joining this process.

ANNEX I

Comparative table (2023-2024) of individual results of the subrecommendations

Recommendation	Global compliance (S+E)			
	All issuer companies		PSI issuer companies	
	2023	2024	2023	2024
I.1.(1)	88%	89%	94%	93%
I.1.(2)	91%	94%	100%	100%
I.2.(1)	94%	91%	100%	100%
I.2.(2)	97%	97%	100%	100%
II.1.1.	97%	97%	100%	100%
II.2.1.	76%	71%	94%	93%
II.2.2.(1)	91%	91%	94%	93%
II.2.2.(2)	91%	91%	94%	93%
II.2.2.(3)	86%	87%	88%	87%
II.2.2.(4)	100%	100%	100%	100%
II.2.2.(5)	100%	100%	100%	100%
II.2.2.(6)	90%	90%	94%	93%
II.2.3.(1)	100%	100%	100%	100%
II.2.3.(2)	100%	91%	100%	93%
II.2.4.(1)	91%	94%	100%	100%
II.2.4.(2)	94%	97%	100%	100%
II.2.5.(1)	59%	57%	81%	80%
II.2.5.(2)	97%	89%	100%	100%
II.2.5.(3)	50%	46%	75%	73%
II.2.5.(4)	82%	74%	100%	100%
II.3.1.	97%	94%	100%	100%
II.3.2.	94%	91%	100%	100%

Recommendation	Global compliance (S+E)			
	All issuer companies		PSI issuer companies	
	2023	2024	2023	2024
II.4.1.	91%	94%	88%	93%
II.4.2.	88%	89%	88%	93%
II.5.1.	97%	97%	100%	100%
III.1.(1)	91%	94%	100%	100%
III.1.(2)	93%	88%	100%	100%
III.2.	-	-	-	-
III.3.	88%	91%	94%	93%
III.4.	73%	65%	75%	73%
III.5.	79%	74%	88%	87%
III.6.	75%	67%	50%	50%
III.7.	94%	94%	94%	93%
IV.1.1.(1)	100%	100%	100%	100%
IV.1.1.(2)	97%	100%	100%	100%
IV.1.1.(3)	100%	100%	100%	100%
IV.1.2.	62%	63%	75%	73%
IV.2.1.	50%	61%	82%	91%
IV.2.2.	88%	85%	100%	100%
IV.2.3.	76%	79%	100%	100%
IV.2.4.	64%	59%	80%	79%
IV.2.5.	-	-	-	-
V.1.(1)	71%	80%	88%	100%
V.1.(2)	71%	74%	94%	100%
V.2.(1)	91%	97%	100%	100%
V.2.(2)	100%	100%	100%	100%
VI.1.1.(1)	85%	83%	100%	100%
VI.1.1.(2)	90%	84%	100%	100%

Recommendation	Global compliance (S+E)			
	All issuer companies		PSI issuer companies	
	2023	2024	2023	2024
VI.1.1.(3)	86%	82%	100%	100%
VI.2.1.	85%	80%	94%	93%
VI.2.2.	100%	97%	100%	100%
VI.2.3.	94%	74%	94%	80%
VI.2.4.	97%	94%	100%	100%
VI.2.5.	100%	97%	100%	100%
VI.2.6.	94%	94%	100%	100%
VI.2.7.	91%	87%	100%	100%
VI.2.8.	94%	89%	94%	93%
VI.2.9.	67%	66%	87%	86%
VI.2.10.	100%	100%	100%	100%
VI.2.11.	86%	88%	93%	93%
VI.3.1.	68%	66%	88%	93%
VI.3.2.	69%	60%	55%	50%
VI.3.3.	52%	50%	70%	80%
VI.3.4.	70%	90%	67%	83%
VII.1.(1)	94%	94%	94%	100%
VII.1.(2)	85%	89%	94%	100%
VII.2.	68%	69%	94%	93%
VII.3.	82%	79%	88%	93%
VII.4.	91%	97%	94%	100%
VII.5.	94%	91%	100%	100%
VII.6.(1)	100%	100%	100%	100%
VII.6.(2)	94%	100%	100%	100%
VII.6.(3)	94%	97%	100%	100%
VII.6.(4)	100%	100%	100%	100%

Recommendation	Global compliance (S+E)			
	All issuer companies		PSI issuer companies	
	2023	2024	2023	2024
VII.7.	85%	86%	100%	100%
VII.8.	79%	80%	100%	100%
VII.9.	82%	89%	88%	100%
VII.10.	97%	94%	100%	100%
VII.11.	91%	94%	100%	100%
VIII.1.1.	91%	94%	100%	100%
VIII.2.1.	68%	74%	88%	93%
VIII.2.2.(1)	97%	100%	100%	100%
VIII.2.2.(2)	94%	97%	94%	100%
VIII.2.3.	88%	89%	94%	93%

ANNEX II

List of monitored companies that adopted the IPCG CGS 2018 as revised in 2023 (financial year 2024) *

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

Banco Comercial Português, S.A.

BCR – Brisa Concessão Rodoviária, S.A.

Caixa Económica Montepio Geral, Caixa Económica Bancária, S.A.

Caixa Geral de Depósitos, S.A.

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

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

CTT – Correios de Portugal, S.A.

EDP – Energias de Portugal, S.A.

EDP Renováveis, S.A.

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

Flexdeal SIMFE, S.A.

Futebol Clube do Porto – Futebol, SAD

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

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

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

*The universe of companies listed here includes the 35 entities that in due course adhered to the IPCG CGS 2018 in its 2023 revised version. It therefore does not include an issuer company that still adopted the 2013 CMVM Code.

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

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

Jerónimo Martins, S.G.P.S., S.A.

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

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

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

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

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

Ramada Investimentos e Indústria, S.A.

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

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

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

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

Sport Lisboa e Benfica – Futebol, SAD

Sporting Clube de Portugal – Futebol, SAD

Teixeira Duarte – Engenharia e Construções, S.A.

Toyota Caetano Portugal, S.A.

The Navigator Company, S.A.

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

Issuer companies included in the PSI index in 2024



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