
Introduction

Banco Comercial Português, S.A., (hereinafter referred to as “Company, Bank, BCP, Millennium bcp”) structured this Corporate Governance Report regarding the financial year of 2018, in compliance with the guidelines set forth by CMVM Circular - “Supervision of the recommendation regime of the Corporate Governance - new rules and procedures for 2019”, of 11 January 2019 - and made it in accordance with the Annex to the Regulation of CMVM nr. 4/2013 of 1 August 2013 and the Corporate Governance Code of IPCG – Instituto Português de Corporate Governance, which entered into effect on 1 January 2018, having also taken into consideration the legislation in force, namely the Legal Framework for Credit Institutions and Financial Companies (LFCIFC), the Securities Code (SC), the Companies Code, Law nr. 62/2017 of 1 August, the Regulation from CMVM nr. 7/2018, the guidelines from the European Bank Association – EBA/GL/2017/11, EBA/GL/2017/12, both from 26 September 2017 and EBA/GL/2015/22, 27/06/2016, and the Regulation (EU) nr. 596/2014 of 16 April 2014.

During the process for the replacement and transition of the CMVM Corporate Governance Code into a self-regulation model of the corporate governance recommendation regime represented by the Companies Corporate Code issued by IPCG-Instituto Português de Corporate Governance, the Bank voluntarily adhered to this Code which, similar to the precedent one does not present a mandatory nature, being based on principles and recommendations and also on the comply or explain rule.

This Report is composed of two parts:

Part I – regarding table I - Items 1 to 92 of the Annex to the Regulation of CMVM nr. 4/2013 on information on the shareholding structure, organization and company governance;

and,

Part II - regarding table II - Evaluation of the Corporate Governance - including the declaration of compliance with the Corporate Governance Code of IPCG and provision of additional information comprising an index referring to the contents of Part I.

TABLE REGARDING PART I

Attachment 1 to the CMVM's Regulation nr 4/2013	Correspondence in the Corporate Governance Code of the Instituto Português de Corporate Governance (IPCG)
A. Shareholder structure	
I. Capital structure	
1. The capital structure (share capital, number of shares, distribution of capital by shareholders, etc.), including an indication of shares that are not admitted to trading, different classes of shares, rights and duties of same and the capital percentage that each class represents (article 245-A/1/a).	No match
2. Restrictions on the transfer of shares, such as clauses on consent for disposal, or limits on the ownership of shares (Article 245-A/1/b).	No match
3. Number of own shares, the percentage of share capital that it represents and corresponding percentage of voting rights that corresponded to own shares (Article 245-A/1/a).	No match
4. Important agreements to which the company is a party and that come into effect, amend or terminated in cases such as a change in the control of the company after a takeover bid, and the respective effects, except where due to their nature, the disclosure thereof would be seriously detrimental to the company; this exception does not apply where the company is specifically required to disclose said information pursuant to other legal requirements (Article 245-A/1/j).	Match in Recommendation II.6.
5. A system that is subject to the renewal or withdrawal of countermeasures, particularly those that provide for a restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.	Partial match as nr. 5 is broader than Recommendation II.5.
6. Shareholders' agreements that the company is aware of and that may result in restrictions on the transfer of securities or voting rights (Article 245-A/1/g).	No match

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II. Shares and Bonds Held

7. Details of the natural or legal persons who, directly or indirectly, are holders of qualifying holdings (Article 245-A/1/c & d and Article 16) with details of the percentage of capital and votes attributed and the source and causes of the attribution.	No match
8. Indication of the number of shares and bonds held by members of the management and supervisory bodies. (NOTE: the information must be provided in order to comply with the provisions of Article 447/5 of the Companies Code)	No match
9. Special powers of the Board of Directors, especially as regards resolutions on the capital increase (Article 245-A/1/i) with an indication as to the allocation date, time period within which said powers may be carried out, the upper ceiling for the capital increase, the amount already issued pursuant to the allocation of powers and mode of implementing the powers assigned.	No match
10. Significant business relations between holders of qualifying stakes and the company.	No match

B. Governing bodies and committees

I. General meeting

a) Composition of the Board of the General Meeting (throughout the reference year)

11. Identification and position of the members of the board of the general meeting and respective term of office (beginning and end).	No match
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b) Exercise of Voting Rights

12. Any restrictions on the right to vote, such as restrictions on voting rights subject to holding a number or percentage of shares, deadlines for exercising voting rights, or systems whereby the financial rights attaching to securities are separated from the holding of securities (Article 245-A/1/f).	Match in Recommendation II.1.
13. Indication of the maximum percentage of voting rights that can be exercised by a single shareholder or by shareholders related to the former in any manner described in number 1 of article 20	Indirect match in Recommendation II.5.

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14. Details of shareholders' resolutions that, imposed by the articles of association, may only be taken with a qualified majority, in addition to those legally provided, and details of said majority.

Indirect match in recommendation II.2,

II. Management and supervision

(Board of Directors, Executive Board of Directors and General and Supervisory Board)

a) Composition (throughout the reference year)

15. Identification of the endorsed governance model.

No match

16. Articles of association rules on the procedural requirements governing the appointment and replacement of members of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable. (Article 245-A/1/h)).

Partial match in Recommendation I.2.1.

17. Composition of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable, with details of the articles of association's minimum and maximum number of members, duration of term of office, number of effective members, date when first appointed and end of the term of office of each member.

No match

18. Distinction of the executive and non-executive members of the Board of Directors and, relating to the non-executive members, identification of the members who may be considered independent or, if applicable, identification of the independent members of the Supervisory Board

Recommendations III.2. and III.3.

18.1. The independence of the members of the Supervisory Board and members of the Audit Committee is appraised pursuant to the legislation in force. Regarding the other members of the Board of Directors, an independent person is considered a person who is neither associated to any specific group of interests in the company of the Bank, or under any circumstance capable of influencing the impartiality of his analysis or decision making, namely as a result of:

Recommendation III.4.

18.1.a. Having been an employee of the company over the last three years or of a company which is in a controlling or group relationship;

Recommendation III.4.ii.

18.1.b. Having, in the last three years, provided services or established a significant business relationship with the company or company with which said company is in a control or group relationship, either directly or as a partner, board member, manager or director of the legal person;

Recommendation III.4.iii.

18.1.c. Receiving remuneration paid by the company or by a company that is in a controlling or group relationship in addition to the remuneration derived from carrying out the tasks as a Board Member;

Recommendation III.4.iv.

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18.1.d. Living in non-marital cohabitation or being the spouse, relative or relative-in-law in a straight line and until the 3rd degree, inclusively, in the collateral line, of directors or natural persons directly or indirectly holding qualifying stakes;	Recommendation III.4.v.
18.1.e. Being the holder of a qualifying stake or representative of a shareholder with qualifying stake.	Recommendation III.4.vi.
19. Professional qualifications and other relevant curricular details of each member of the, as applicable, of the Board of Directors, The Supervisory Board and of the Executive Board of Directors.	Recommendation I.2.1
20. Customary and meaningful family, professional or business relationships of members of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, with shareholders that are assigned qualifying holdings that are greater than 2% of the voting rights.	Partial match in Recommendation III.4. (Attachment mentions commercial or professional relations and the CGC mentions family relations in paragraphs ii) and iii) .
21. Organisational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/or departments within the company, including information on delegating powers, particularly as regards the delegation of the company's daily management	1st part: no match. There is a match in the 2nd part regarding the delegation of powers (IV.2.)
b) Functioning	
22. Existence and local where it may be consulted the regulations, as applicable, of the Board of Directors, the Supervisory Board and of the Executive Board of Directors.	Recommendations I.2.2. and I.2.3.
23. Number of meeting held and degree of assiduity of each member, as applicable, of the Board of Directors, the Supervisory Board and the Executive Board of Directors, in the meetings held.	Recommendation I.2.4.
24. Details of competent corporate boards undertaking the performance appraisal of executive directors.	Recommendations V.1.1. and V.1.2.
25. Predefined criteria for the assessing of the performance of the executive directors.	Recommendations V.1.1. and V.1.2.
26. The availability of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and details of the positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of these boards throughout the financial year.	Indirect match in Recommendation I.2.1

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c) Committees of the Board of Directors or of the supervisory body and delegated directors

27. Details of the committees created within the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and the place where the rules on the functioning thereof is available.

Recommendations III.9. and I.2.2.

28. Composition of the executive Board and/or details of the board delegate/s, where applicable.

No direct match The recommendations IV.1. and IV.2. referring to the Delegation of powers do not require the identification of the members of the Executive Committee and/or delegated directors.

29. Description of the powers of each of the committees established and a summary of activities undertaken in exercising said powers.

Partial match in Recommendation III.9.

III. Supervision

(Board of Auditors, Audit Committee or Supervisory Board)

a) Composition (throughout the reference year)

30. Identification of the supervisory body matching the adopted model

No match

31. Composition, as applicable, of the Board of Auditors, the Audit Committee, the Supervisory Board or the Financial Matters Committee, with the indication of the minimum and maximum statutory numbers, statutory duration of the mandate, number of permanent members, date of the first designation and date of each member's the end of mandate, being allowed a remittance to an item of the report where that information is already disclosed due to the provided in nr 17.

No match

32. Indication, as applicable, of the members of the Board of Auditors, the Audit Committee, the Supervisory Board or the Financial Matters Committee that are considered to be independent, as provided for in Article 414/5 of the Companies Code, being allowed a remittance to an item of the report where that information is already disclosed due to the provided in nr. 18.

No match

33. Indication, as applicable, of the members of the Board of Auditors, the Audit Committee, the Supervisory Board or the Financial Matters Committee that are considered to be independent, as provided for in Article 414/5 of the Companies Code, being allowed a remittance to an item of the report where that information is already disclosed due to the provided in nr. 21.

Recommendation I.2.1

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b) Functioning

34. Availability and place where the rules on the functioning of the Board of Auditors, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, may be viewed, and reference to the section of the report where said information already appears due to the provided in nr. 22.

Recommendations I.2.2. and I.2.3.

35. Availability and place where the rules on the functioning of the Board of Auditors, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, may be viewed, and reference to the section of the Report where said information already appears due to the provided in nr. 23.

Recommendation I.2.4.

36. The availability of each member of the Board of Auditors, the Audit Committee, the Supervisory Board or the Financial Matters Committee, as applicable, and details of the positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of these boards throughout the financial year, being allowed a remittance to an item of the report where that information is already disclosed due to the provided in nr. 26.

No direct match, in recommendation I.2.1. (includes the availability among the criteria for the evaluation of the members of the corporate bodies).

c) Competence and duties

37. A description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor.

Recommendation III.12

38. Other duties of the supervisory body and, where appropriate, the Financial Matters Committee.

Recommendations I.5.1., III.7., III.8., III.11., III.12., V.1.2., VII.1.1., VII.2.1., VII.2.5.

39. Identification of the statutory auditor and its representative partner statutory auditor.

No match

IV. Statutory auditor

40. State the number of years that the statutory auditor consecutively carries out duties with the company and/or group.

No match

41. Description of other services rendered by the statutory auditor to the company.

No match

42. Identification of the external auditor appointed for the purposes of article 8 and its corresponding representative partner statutory in the performance of duties, together with the CMVM's registry number.

No match

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43. Number of years that the external auditor and respective partner that represents same in carrying out these duties consecutively carries out duties with the company and/or group.	No match
44. Rotation policy and schedule of the external auditor and the respective partner that represents said auditor in carrying out such duties.	No match
45. Details of the Board responsible for assessing the external auditor and the regular intervals when said assessment is carried out.	No match
46. Details of services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal procedures for approving the recruitment of such services and a statement on the reasons for said recruitment.	No match
47. Details of the annual remuneration paid by the company and/or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the following services (For the purposes of this information, the network concept results from the European Commission Recommendation No. C (2002) 1873 of 16 May)	No match

C. Internal organisation

I. Articles of Association

48. Regras applicable to the amendment of the articles of association (Article 245-A/1/h).	No match
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II. Communication of Irregularities

49. Reporting means and policy on the reporting of irregularities in the company.	Recommendation I.2.5.
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III. Internal control and risk management

50. Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems.	Correspondence in Recommendations III.10., III.11. and III.12.
51. Details, even including organisational structure, of hierarchical and/or functional dependency in relation to other boards or committees of the company.	No match

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52. Other functional areas responsible for risk control.	No match
53. Details and description of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity.	Recommendation VI.2.al.i)
54. Description of the procedure for identification, assessment, monitoring, control and risk management.	Recommendations VI.1. to VI.3.
55. Core details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information (Article 245-A/1/m)	No match

IV. Investor support

56. Department responsible for investor assistance, composition, functions, the information made available by said department and contact details.	Partial match in Recommendation I.1.1.
57. Market Liaison Officer.	Partial match in Recommendation I.1.1.
58. Data on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years.	Partial match in Recommendation I.1.1.

V. Website

59. Address(es)	No match
60. Place where information on the firm, public company status, headquarters and other details referred to in Article 171 of the Commercial Companies Code is available.	No match
61. Place where the articles of association and regulations on the functioning of the boards and/or committees are available.	Recommendation I.2.3
62. Place where information is available on the names of the corporate boards' members, the Market Liaison Officer, the Investor Assistance Office or comparable structure, respective functions and contact details.	No match
63. Place where the documents are available and relate to financial accounts reporting, which should be accessible for at least five years and the half-yearly calendar on company events that is published at the beginning of every six months, including, inter alia, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements.	No match

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64. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed.

No match

65. Place where the historical archive on the resolutions passed at the company's General Meetings, share capital and voting results relating to the preceding three years are available

No match

D. Remunerations

I. Competence for determination

66. Details of the powers for establishing the remuneration of corporate boards, members of the executive committee or chief executive and directors of the company.

Recommendation V.2.1.

II. The remunerations commission

67. Composition of the remuneration committee, including details of individuals or legal persons recruited to provide services to said committee and a statement on the independence of each member and advisor.

Correspondence in Recommendations I.2.4., V.2.1. and V.2.6.

68. Knowledge and experience in remuneration policy issues by members of the Remuneration Committee.

No match

III. Structure of remunerations

69. Description of the remuneration policy for the management and supervisory bodies referred to in article 2 of Law 28/2009, of 19 June.

Recommendation V.2.3.

70. Information on how remuneration is structured so as to enable the aligning of the interests of the members of the board of directors with the company's long-term interests and how it is based on the performance assessment and how it discourages excessive risk taking.

Recommendations V.2.3., par. i), and V.3.1.

71. Reference, where applicable, to there being a variable remuneration component and information on any potential impact of the performance appraisal on this component.

Recommendations V.2.3., par. i), and V.3.1.

72. The deferred payment of the remuneration's variable component and specify the relevant deferral period.

Recommendation V.2.3.

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73. The criteria whereon the allocation of variable remuneration on shares is based, and also on maintaining company shares that the executive directors have had access to, on the possible share contracts, including hedging or risk transfer contracts, the corresponding limit and its relation to the total annual remuneration value	Recommendations V.2.3., par. iii), and V.3.4.
74. The criteria whereon the allocation of variable remuneration on options is based and details of the deferral period and the exercise price.	Recommendations V.2.3., par. iii), and V.3.4.
75. The key factors and grounds for any annual bonus scheme and any additional non-financial benefits	No immediate match, but as stated in the Recommendation V.2.3., par. i)
76. Key characteristics of the supplementary pensions or early retirement schemes for directors and state date when said schemes were approved at the general meeting, on an individual basis.	No match

IV. Disclosure of remunerations

77. Details on the amount relating to the annual remuneration paid as a whole and individually to members of the company's board of directors, including fixed and variable remuneration and as regards the latter, reference to the different components that gave rise to same.	Recommendation V.2.3., par. i)
78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to a common control.	Recommendation V.2.3., par. ii)
79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.	No match but as stated in the Recommendation V.2.3., par. i)
80. Compensation paid or owed to former executive directors concerning contract termination during the financial year.	Recommendations V.2.3., par. vi), and V.2.4.
81. Details of the annual remuneration paid, as a whole and individually, to the members of the company's supervisory board for the purposes of Law No. 28/2009 of 19 June.	Recommendation V.2.3.
82. Details of the remuneration in said year of the Chairman of the Presiding Board to the General Meeting.	No match

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V. Agreements with remunerative implications

83. The envisaged contractual restraints for compensation payable for the unfair dismissal of directors and the relevance thereof to the remunerations' variable component.

Recommendation V.3.5.

84. Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the board of directors and managers, pursuant to Article 248-B/3 of the Securities Code that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a takeover bid. (Article 245-A/1/I) (article 245-A/1/I))

Without direct correspondence, but in accordance with Recommendation V.3.5.

VI. Plans for the attribution of shares or stock options

85. Details of the plan and the number of persons included therein.

Recommendation V.2.3., par. iii)

86. Characterization of the plan (share-assignment conditions, non-transfer of share clauses, criteria on share-pricing and the exercising of options, period during which the options may be exercised, characteristics of the shares or options to be distributed, the existence of incentives to purchase of shares and/or exercise options).

Recommendation V.2.3., par. iii)

87. Option rights granted for the acquisition of stock (stock options) of which the workers and employees of the company are beneficiaries.

No match

88. Control mechanisms envisaged in possible employee-participation schemes in capital to the extent that voting rights are not exercised directly by them (art. 245-A/1/I).

No match

E. Transactions with related parties

I. Control mechanisms and procedures

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties (For this purpose, see the concept emerging from IAS 24).

Recommendations I.5.1. and I.5.2.

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90. Details of transactions that were subject to control in the referred year.

No match, but as stated in Recommendations I.5.1. and I.5.2.

91. A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualifying holdings or entity-relationships with the former, as envisaged in Article 20 of the Securities Code.

Recommendations I.5.1. and I.5.2.

II. Elements relative to business

92. Details of the place where the financial statements including information on business dealings with related parties are available, in accordance with IAS 24, or alternatively a copy of said data.

No match.

TABLE REGARDING PART II

Principles of the Corporate Governance Code of the Instituto Português de Corporate Governance (IPCG)	Recommendations of the Corporate Governance Code of the Instituto Português de Corporate Governance (IPCG)	Declaration of Compliance	Refer to Attachment 1 to the CMVM's Regulation nr. 4/2013
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Chapter I – General part

I.1. Company's Investor Relations and Information

Principle	Recommendation:		
Companies and, in particular, their directors must treat shareholders and other investors in a fair manner, ensuring, in particular, mechanisms and procedures for the appropriate treatment and disclosure of information.	I.1.1. The company must create mechanisms able of ensuring, in a strict and appropriate manner, the production, processing and the timely disclosure of information to its corporate bodies, investors and remaining stakeholders, the financial analysts and to the market in general.	Compliant	Items: 56., 57. and 58.

I.2. Diversity in the composition and functioning of the corporate bodies

Principles:	Recommendations:		
I.2.A The companies must ensure diversity in the composition of the respective corporate bodies and the adoption of individual merit criteria in the respective appointment processes, which pertain exclusively to the shareholders.	I.2.1. The companies must establish criteria and requirements regarding the profile of new members of the corporate bodies which suit the function to perform. Thus, in addition to individual attributes (such as competence, independence, integrity, availability and experience), those profiles must consider diversity requirements, notably gender, which may contribute to improve the performance of the corporate body and to the achievement of a balanced composition.	Compliant	Items: 16.17.,19.,26. and 33.
I.2.B The companies must have straightforward and transparent decision-making structures and ensure maximum efficiency in the functioning of its corporate bodies and commissions.	I.2.2. The management and supervision bodies and their internal commissions must obey to internal regulations – namely on the exercise of the respective attributions, chairmanship, periodicity of meetings, functioning and duties of their members – and detailed minutes of the respective meetings must be written-up.	Compliant	Items: 22., 27. and 34.

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I.2.3. The internal regulations of the management and supervision bodies and of their internal commissions must be fully disclosed on the company's website.	Compliant	Items: 22., 34. and 61.
I.2.4. The composition, the number of annual meetings of the management and supervision bodies and of its internal commissions must be disclosed through the company's website.	Compliant	Items: 21. Audit Committee and 21. Executive Committee, 23., 27., 35. and 67.
I.2.5. The Company's regulations must safeguard the existence and operation of mechanisms for the detection and prevention of irregularities, as well as the adoption of a policy on communication of irregularities (whistleblowing), which guarantees adequate means for its communication and treatment, safeguarding the confidentiality of the given information and the identity of the notifier, whenever requested.	Compliant	Item: 49.

I.3. Relation between corporate bodies

Principle	Recommendations:	
Members of the corporate bodies, above all the Directors, should create the conditions so that, as far as each body's responsibilities are concerned, they can ensure that weighted and efficient measures are taken, and that the various corporate bodies act in a harmonious, articulated way and with adequate information to the exercise of their functions.	I.3.1. The articles or other equivalent means adopted by the company must establish mechanisms to ensure that, within the limits of applicable legislation, members of the management and supervisory body are allowed to permanently access all information and employees of the company for performance assessment, status and prospects for the development of the company, including, in particular, the minutes, supporting documentation of decisions that were made, call notices and filing meetings of the executive management body, without prejudice of access to any other documents or persons to whom clarifications may be requested.	Compliant Item: 22.
	I.3.2. Each body and committee of the company must ensure, in a timely and adequate manner, the flow of information, from the respective call notices and minutes, necessary for the exercise of the legal and statutory powers of each of the other bodies and committees.	Compliant Item: 22.

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I.4. Conflicts of interest

Principle

Existing or potential conflicts of interest between members of corporate bodies or committees and the company, should be prevented. It must be ensured that the member in conflict does not interfere in the decision-making process.

Recommendations:

I.4.1. An obligation should be put on members of corporate bodies and committees to inform, in a timely manner, their respective body or committee of the facts that may constitute or give cause to a conflict between their interests and the company's interest.

Compliant

Items:
20., 89., 90.
and 91.

I.4.2. Procedures should be adopted to ensure that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and clarifications requested by the body, the committee or its members.

Compliant

Item: 20.

I.5. Transactions with related parties

Principle

Due to the potential risks involved, transactions with related parties must be justified by the interests of the company and carried out under market conditions, subject to principles of transparency and adequate supervision.

Recommendations:

I.5.1. The management body should define, with binding prior opinion of the supervisory body, the type, scope and minimum value, individual or aggregate, of the transactions with the related parties that: (i) require the prior approval of the management body; (ii) and those that, because they are of a higher value, also require a prior favourable opinion from the supervisory body.

Compliant

Items: 37.,
89., 90. and
91.

I.5.2. The management body should, every six months, report to the supervisory board all the businesses covered by Recommendation I.5.1.

Compliant

Items: 89.,
90. and 91.

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Chapter II – Shareholders and general meeting

Principles:	Recommendations:		
II.A The proper involvement of shareholders in corporate governance is a positive factor of corporate governance, as an instrument for the efficient performance of the company and for achieving the social purpose.	II.1. The company should not set an excessively large number of shares necessary to give the right to a vote, and should state in the governance report its option whenever it implies a deviation from the principle that each share corresponds to one vote.	Compliant	Item: 12.
II.B The company should promote the personal participation of the shareholders in General Meetings, as space of communication of the shareholders with the corporate bodies and committees and of reflection about the company.	II.2. The company should not adopt mechanisms that hinder the adoption of resolutions by their shareholders, in particular establishing a deliberative quorum higher than that established by law.	Not accepted but explained	Items: 12 and 14
II.C. The company should also allow the participation of shareholders in the General Meeting using electronic means, postal ballot and, in particular, electronic vote, unless, because of the associated costs, it becomes disproportionate.	II.3. The company must implement adequate resources to exercise the right to use correspondence vote, including by electronic means.	Compliant	Item: 12. (First part)
	II.4. The company must implement adequate means for the participation of shareholders in the meeting by telematic means.	Non Compliant but explained, in the text of its Recommendation	
	II.5. Articles of association of companies which foresee the limitation of the number of votes which may be held or exercised by a single shareholder, individually or in combination with other shareholders, must also establish that, at least every five years, the alteration or maintenance of this statutory provision will be subject to deliberation by the General Meeting – without requirement of a quorum larger than that legally established – and that, in this deliberation, all the votes cast will count, without the application of this limitation.	Compliant	Items: 5 and 13
	II.6. Measures should not be adopted if they determine payments or the incurrance of expenses by the company in the event of the transfer of control or change of the composition of the management body, and which might hinder the financial interest in the free transferability of shares and the free appraisal by the shareholders of the performance of Directors.	Compliant	Item: 4.

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Chapter III - Non-executive management and supervision

Principles:

Recommendations:

III.A. The members of corporate bodies with functions of non-executive management and supervision must exercise, in an effective and judicious manner, a supervisory and defiant function in relation to the executive management for the full accomplishment of the social purpose, and this action must be complemented by committees in central areas of corporate governance.

III.1. Without damaging the legal functions of the chairperson of the Board of Directors, if he/she is not independent, the independent directors must appoint amongst them a coordinator (lead independent director) to, namely: (i) act, whenever necessary, as interlocutor with the chairperson of the board of directors and with the remaining directors; (ii) endeavour that they all have the conditions and means necessary for the exercise of their functions; and (iii) coordinate them in the assessment of the performance by the administration body as foreseen in recommendation V.1.1.

Non Compliant but explained, in the text of its Recommendation

III.B. The composition of the auditing and supervisory body and all non-executive directors should provide the company with a balanced and adequate diversity of skills, knowledge and professional experience.

III.2. The number of non-executive members of the administrative body as well as the number of members of the supervisory board and the number of members of the Financial Matters Committee should be compatible with the size of the company and the complexity of the inherent risks of its activity, but sufficient to ensure that they can efficiently carry out the tasks entrusted to them.

Compliant Item: 18.

III.C. The supervisory body should develop a permanent supervision of the company's management, also with a preventive goal, accompanying the activity of the company and, in particular, decisions of paramount importance for the company.

III.3. In any case, the number of non-executive directors must exceed that of executive directors.

Compliant Item: 18.

III.4. Each company must include a number not less than one-third but always plural, of non-executive directors who meet the requirements of independence. For the purposes of this recommendation, a person is considered independent as long as he/she is not associated with any group of specific interests in the company, or is not in a position susceptible to affect his/her ability to make an impartial analysis or decision, in particular due to:

Compliant Item: 18.

i. Having exercised more than twelve years, consecutive, or not, functions in any corporate body of the company;

Not applicable

Item: 18.1.g. In Recommendation III.4.

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ii. Being an employee of the company over the last three years or a company which is in a controlling or group relationship;	Compliant	Item: 18.1.a.
iii. Having, in the last three years, provided services or established a significant business relationship with the company or company with which said company is in a control or group relationship, either directly or as a partner, board member, manager or director of the legal person;	Compliant	Item 18.1 b)
iv. Receiving remuneration paid by the company or by a company that is in a controlling or group relationship in addition to the remuneration derived from carrying out the tasks as a director;	Compliant	Item: 18.1.c.
V. Living in non-marital cohabitation or being the spouse, relative or relative-in-law in a straight line and until the 3rd degree, inclusively, in the collateral line, of directors of the company, of a legal person holder of a qualifying stake in the company or of natural persons directly or indirectly holding qualifying stakes;	Compliant	Item: 18.1.d.
vi. Being the holder of a qualifying stake or representative of a shareholder with qualifying stakes.	Compliant	Item: 18.1.e.
III.5. The provisions of paragraph (i) of recommendation III.4 shall not preclude the qualification of a new director as independent if, between the termination of his duties in any company body and his new designation, at least three years have elapsed -off period).	Not applicable	Item: 18.1.g. and Recommendation III.4.
III.6. Non-executive directors should participate in the definition, by the management body, of the strategy, main policies, corporate structure and decisions that are considered strategic to the company by virtue of their amount or risk, as well as in the assessment of their compliance.	Compliant	Item: 21. - Board of Directors
III.7. The general and supervisory board should, within the framework of its legal and statutory powers, collaborate with the executive board of directors in defining the strategy, main policies, corporate structure and decisions that should be considered strategic for the company, due to its amount or risk, as well as in the assessment of their compliance.	Compliant	Item: 18. and 37.

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III.8. In compliance with the powers conferred upon it by law, the supervisory body should, in particular, monitor, assess and give opinion on the strategic guidelines and risk policy defined by the management body.	Compliant	Items: 21. Audit Committee and 37.
III.9. Companies must establish specialized internal committees that are appropriate to their size and complexity, covering, separately or cumulatively, matters of corporate governance, remuneration and performance appraisal, and appointments.	Compliant	Items: 27 and 29
III.10. Risk management, internal control and internal audit systems should be structured appropriately according to the size of the company and the complexity of the risks that are inherent to its activity.	Compliant	Items: 50. and 52.
III.11. The supervisory body and the financial committees should oversee the effectiveness of systems and risk management, internal control and internal audit, and propose any adjustments that may prove necessary.	Compliant	Items: 37 and 50
III.12. The Supervisory Body should issue an opinion on the work plans and resources allocated to the internal control, including control of compliance with the regulations applied to the company (compliance services) and of internal audit, and should receive the reports produced by these services at least when concerning matters related to the presentation of accounts, the identification or resolution of conflicts of interests and the detection of potential irregularities.	Compliant	Items: 37 and 50

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Chapter IV - Executive management

Principles:	Recommendations:		
<p>IV.A As a way to increase the efficiency and quality of the performance of the management body and the suitable flow of information to this body, the day-to-day management of the company must belong to executive directors with the appropriate proficiency, skills and experience, that their function requires. Executive management is responsible for managing the company, pursuing the goals of the company and aiming to contribute to its sustainable development.</p> <p>IV.B In determining the number of executive directors, the size of the company, the complexity of its activity and its geographical dispersion must be taken in to account, in addition to the costs and the desirable agility in the way the executive management works.</p>	<p>IV.1. The management body should approve, through internal regulations or through an equivalent means, the working regime of executives and their performance in executive functions in entities outside the group.</p>	Compliant	Items: 21. - Executive Committee
	<p>IV.2. The administration body must assure that the company acts in accordance with its objectives, and should not delegate its powers, namely, with respect to: i) definition of the strategy and general policies of the company; ii) definition of the Group's business structure; iii) decisions which should be considered strategic due to their amount, risk or special features</p>	Compliant	Item: 21. - Board of Directors
	<p>IV.3. The management body should set risk-taking goals and ensure that they are fulfilled.</p>	Compliant	Item: 21. - Board of Directors and Recommendation IV.4.
	<p>IV.4. The supervisory body should organize itself internally by implementing periodic control mechanisms and procedures to ensure that the risks effectively incurred by the company are consistent with the objectives set by the management body</p>	Compliant	Item: 21. - Audit Committee

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Chapter V - Performance evaluation, remuneration and nominations

V.1 Annual Performance Evaluation

Principle:	Recommendations:		
The company should promote the evaluation of the performance of the executive body and its members individually and also of the overall performance of the management body and of the specialized committees established within it.	V.1.1. The management body should evaluate annually its performance as well as the performance of its committees and of the delegated directors, taking into account the compliance with the company's strategic plan and budget, risk management, internal performance of the management and of its committees, as well as the relationship between corporate bodies and committees.	Compliant	Items: 24 and 25
	V.1.2. The supervisory body must supervise the management of the company and, in particular, evaluate annually the compliance with the company's strategic plan and budget, risk management, the internal functioning of the management body and its committees, and the relationship between bodies and committees of the company.	Compliant	Items: 24., 25. and 37.

V.2 Remunerations

Principle	Recommendations:		
The remuneration policy of members of management and supervision bodies must allow the company to attract, at a reasonable economic cost for their situation, qualified professionals, to induce the alignment of interests with those of the shareholders - taking into account the wealth effectively created by the company, the economic situation and the market situation - and to constitute a factor for the development of a culture of professionalisation, promotion of merit and transparency in society.	V.2.1. The establishment of remunerations should be made by a committee whose composition ensures its independence from management.	Not applicable	Items: 66 and 67

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V.2.2. The remunerations commission must approve, at the beginning of each term-of-office, the making and confirm, every year, the remuneration policy of the members of the corporate bodies and commissions of the company, wherein the respective fixed components are established and, regarding the executive directors or directors temporarily in charge of executive tasks, if there is a variable component of the remuneration, the respective criteria for attribution and measurement, the limitation mechanisms, the mechanisms for the deferment of the payment of the remuneration, and the remuneration mechanisms based on options or shares of the company itself.

Compliant Items: 27.b), 66., 67. and 69.

V.2.3. The statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law 28/2009, of 19 June, should also contain:

Compliant Items 69 and 81

i. The total remuneration broken down by the different components, the relative proportion of the variable remuneration, an explanation of how the total remuneration complies with the remuneration policy adopted, including how it contributes to the long-term performance of society, and information on how performance criteria were applied.

Compliant Items: 70., 77. and 79.

ii. The remunerations from companies part of the same group;

Compliant Items: 77 and 78

iii. The number of shares and of options on shares granted or offered and the main conditions for the exercise of the rights, including price and the date of that exercise and any alteration in those conditions;

Compliant Items: 70. to 85.

iv. Information of the possibility of requesting the return of a variable remuneration;

Compliant Items: 69., 70. and 80.

v. Information on any deviation from the procedure for implementing the approved remuneration policy, including an explanation of the nature of the exceptional circumstances and an indication of the specific elements to be waived;

Compliant Item: 66.

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	vi. Information on the payability or non-payability of amounts relative to the termination of duties of directors.	Compliant	Item: 80.
	V.2.4. For each term of office, the remuneration committee should also approve the pension scheme of directors, if the articles will allow it, and the maximum amount of any compensation to be paid to the member of any body or committee of the company in case they leave office.	Compliant	Items: 69., 76., 80., 83., e 84. and Recommendation V.2.5.
	V.2.5. With the purpose to provide information or clarification to the shareholders, the chairman or, in his / her absence, another member of the remuneration committee shall be present at the annual general meeting and any other meetings if the respective agenda includes a matter related to the remuneration of the members of the bodies and committees of the company or if such presence has been requested by shareholders	Compliant	Item: 67. Recommendation V.2.4.
	V.2.6. Within the budgetary constraints of the company, the remuneration committee must be able to freely decide on the contracting, by the company, of the consultancy services necessary or convenient for the performance of its duties. The Remuneration Committee should ensure that the services are provided with independence and that the respective providers will not be hired for the provision of any other services to the company itself or to other companies that are in a control or group relationship without the express authorization of Committee.	Compliant	Items: 27.b) and 67.

V.3 Remuneration of Directors

Principle	Recommendations:		
Directors should receive compensation:	V.3.1. Bearing in mind the alignment of interests between the company and executive directors, a portion of their remuneration should be of a variable nature so as to reflect the sustained performance of the company and does not encourage excessive risk-taking.	Compliant	Item: 70.

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(I) that it adequately remunerates the responsibility assumed, the availability and the competence placed at the service of the company;	V.3.2. A significant part of the variable component must be partially deferred over time for a period of not less than three years, associating it with the confirmation of the sustainability of performance, under the terms defined in the company's regulations.	Compliant	Item: 70.
(li) that guarantees a line of conduct aligned with the long-term interests of the shareholders, as well as others that they expressly define; and	V.3.3. When variable remuneration comprises options or other instruments directly or indirectly dependent on the value of the shares, the beginning of the exercise period shall be deferred for a term of not less than three years.	Compliant	Item: 70.
(I) that rewards performance.	V.3.4. The remuneration of the non-executive directors should not include any component whose value depends on the performance or value of the company.	Compliant	Item: 69.
	V.3.5. The company should have the appropriate legal instruments so that the termination of functions before the term of office does not directly or indirectly result in the payment to the director of any amounts other than those set forth by the law, and should explain the legal instruments adopted in the corporate governance report.	Compliant	Items: 83 and 84

V.4. Nominations

Principle:	Recommendations:		
Regardless of the appointment procedure, profile, expertise and curriculum of the members of the corporate bodies and senior managers, they should be suitable to the performance of the function.	V.4.1. The company should, under such terms as it deems appropriate, but in a manner that can be demonstrated, promote that proposals for the election of members of corporate bodies are accompanied by a justification on the suitability of the profile, expertise and curriculum to the function of each candidate.	Compliant	Item: 17.
	V.4.2. Unless the size of the company does not justify it, the function of monitoring and supporting appointments to senior management positions should be attributed to a Committee for Nominations.	Compliant	Item: 27 b) Committee for Nominations and Remunerations

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V.4.3. This commission includes a majority of independent non-executive members.	Compliant	Items 17 and 27.b
V.4.4. The Committee for Nominations should make its terms of reference available and should, to the extent of its competences, foster transparent selection procedures that include effective mechanisms for identifying potential candidates, and that those who have the greatest merit, are better suited to the requirements of the function, and promote within the organization adequate diversity including gender, should be the ones chosen for the proposal.	Compliant	Item: 17. and Recommendation V.4.1.

Chapter VI – Risk management

Principle:	Recommendations:	
Based on the medium and long-term strategy, the company must establish a system of risk management and control and internal audit that allows to anticipate and minimize the risks inherent to the activity.	VI.1. The Board of Directors should discuss and approve the company's strategic plan and risk policy, including the formulation of acceptable risk levels.	Compliant Items: 27 a) and 54.
	VI.2. Based on its risk policy, the company must establish a risk management system, identifying (i) the main risks to which it is exposed in the development of its activity; (ii) the probability of their occurrence and their impact; (iii) the instruments and measures to be adopted with for the purpose of their mitigation; (iv) monitoring procedures for their follow-up; and (v) the supervisory procedure, periodic evaluation and adjustment of the system.	Compliant Item: 54.
	VI.3. The company should evaluate annually the degree of internal compliance and the performance of the risk management system, as well as the potential for change of the previously defined risk framework.	Compliant Item: 54.

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Chapter VII - Financial information

VII.1 Financial information

Principles:	Recommendations:		
VII.A. The supervisory body should independently and diligently ensure that the management body fulfils its responsibilities in the choice of appropriate accounting policies and criteria and in the establishment of appropriate systems for financial reporting, risk management, for internal control and audit.	VII.1.1. The internal regulation of the supervisory body should impose that it supervises the adequacy of the preparation and disclosure of financial information by the management body, including the adequacy of accounting policies, estimates, judgements, relevant disclosures and their consistent application between exercises, in a duly documented and reported manner.	Compliant	Items: 21. – Audit Committee and 37.
VII.B. The supervisory body should promote an adequate articulation between the work of the internal audit and the statutory audit of accounts.			

VII.2 Statutory audit of accounts and supervision

Principle:	Recommendations:		
It is incumbent upon the supervisory body to establish and monitor formal, clear and transparent procedures on the way the company selects and relates to the statutory auditor, and to verify if that auditor complies with the rules of independence that the law and professional standards impose.	VII.2.1. Through internal regulations, the supervisory body should define:	Compliant	Item: 37.
	i. The criteria and selection process for the Statutory Auditor;	Compliant	Item: 37. and Recommendation VII.2.1.
	ii. The methodology of communication of the company with the Statutory Auditor;	Compliant	Item: 37. and Recommendation VII.2.1.

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iii. The supervisory procedures designed to ensure the independence of the statutory auditor;	Compliant	Item: 37. and Recommendation VII.2.1.
iv. Other than auditing services which can not be provided by the statutory auditor.	Compliant	Item: 37. and Recommendation VII.2.1.
VII.2.2. The supervisory body should be the main discussion partner of the Statutory Auditor and the first to receive the reports, and should propose the respective remuneration and ensure that the company provides the appropriate conditions for the provision of the audit services.	Compliant	Recommendation VII.2.1.
VII.2.3. The supervisory body should evaluate annually the work, independence and suitability for the performance of duties carried out by the statutory auditor and propose, to the competent body, the auditor's dismissal or the termination of the work contract whenever there is just cause for that.	Compliant	Recommendation VII.2.1.
VII.2.4. The statutory auditor should, under his duties, verify the application of the remuneration policies and systems of the governing bodies, the efficacy and operation of the internal control mechanisms and report any failures to the supervisory body.	Compliant	Item: 66.
VII.2.5. The statutory auditor should cooperate with the supervisory body and should immediately provide information on any irregularities that it has detected, relevant to the performance of the functions of the supervisory body and any difficulties encountered in the performance of its duties.	Compliant	Items: 37.