CORPORATE GOVERNANCE CODE

2018
Revised in 2020

Portuguese Institute of
Corporate Governance

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EBOOK VERSION

Instituto Português de
Corporate Governance

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TABLE OF CONTENTS

PREAMBLE (2020 REVISION)

The Corporate Governance Code of the IPGC came into effect in 2018 and was widely adopted by listed companies whose securities are admitted to trading on the Portuguese regulated market.

The first monitoring exercise - relating to the year 2018 - was completed in 2019, and the IPCG succeeded in fulfilling the commitment assumed in the preamble of the original version of the 2018 Code, *to create and maintain the necessary and appropriate structures for monitoring the Code and analysing its application*. In these tasks the role played by the commissions created for this purpose has been decisive: the Monitoring Committee (CAM), chaired by Pedro Maia, and the Executive Monitoring Committee (CEAM), chaired by Duarte Calheiros. Equally indispensable for the good performance of these tasks is the permanent articulation between the IPCG and the AEM in the implementation of the Protocol signed in February 2018.

In this Protocol, IPGC has equally committed to the *revaluation of the content of the Code on a regular basis*. It was established that one of the functions of CAM is that of *promoting a tendentially biennial revision of the Code, considering the reality determined by the monitoring, changes in the law* and the *international dynamics of evolution of the Corporate Governance best practices*, in line with the duty assumed by the IPCG, towards the CMVM, to *promote, in biennial cycles and with the participation of the CMVM, the updates proven necessary, in line with the best international practices*. And it was decided that a *Delegated Commission*,

composed of representatives of the IPCG and the AEM, would prepare and submit to CAM a *joint proposal* for discussion and approval.

It was within this framework that Rui Pereira Dias and Mafalda de Sá, appointed by the IPCG, and Abel Sequeira Ferreira, appointed by the AEM, worked together in the elaboration of a common proposal, in articulation with the Chairmen of CEAM and CAM.

Within the *spirit of cooperation* that allowed the approval of the Code, in 2018, and continuing the *fruitful dialogue* with the various players in the Portuguese capital market, the CMVM and issuing companies were heard, the final result having benefited from the contributions received in this process.

Faithful to the mandate to review, the proposal presented began by feeding on the *monitoring experience*, visible in several suggestions of revision that are based, essentially, on the *partial coincidence of recommendations with legal impositions*, on *the repetition of content* and on *proven difficulties in the implementation of recommendations*, as determined by monitoring.

The *legislative amendments* have also deserved the attention of the *Delegated Commission*, with the purpose of the Code continuing to establish a *harmonious complementary relationship* with the law. This explains the recommended developments in terms of *remuneration* and *transactions with related parties*, in view of the imminent transposition of the Shareholder Rights Directive II.

The attention paid to the *international dynamics of corporate governance evolution* has led, for example, to a focus on *sustainability*, through the persistence in promoting the long-term success of the company and its contribution to the community at large.

The 2020 revision of the 2018 IPCG Code thus constitutes the result of a self-regulatory exercise, concluded in late July 2020, and made possible by the cooperation between all the institutions involved, in a continuous and common effort to improve corporate governance practices in the Portuguese capital market.

GLOSSARY

For purposes of this Code:

A) EXECUTIVE DIRECTORS — members of the executive board of directors, members of the board of directors who under article 407(3) of the Portuguese Commercial Companies Code have been delegated with day to day management powers, and all directors if the board of directors has not carried out the referred delegation.

B) NON-EXECUTIVE DIRECTORS — members of the board of directors to whom management powers have not been delegated, whenever a delegation of powers in the terms set forth under article 407(3) of the Commercial Companies Code has taken place.

C) COMPANY COMMITTEES (OR INTERNAL COMMITTEES) — committees composed mostly by members of the company's governing bodies to whom duties within the company are ascribed, excluding the remuneration committee appointed by the Shareholders' general meeting under the terms set forth in article 399 of the Commercial Companies Code, except where otherwise expressly indicated in this Code.

D) COMPANY STRUCTURE/CORPORATE STRUCTURES — the group of governing bodies and committees of the company, under the terms defined in this glossary.

E) MANAGING BODY — the board of directors, in companies that adopt a classical model of organisation or the Anglo-Saxon system; the management board, in companies that adopt a Germanic system.

F) SUPERVISORY BODY — the audit board, the audit committee and the general and supervisory board in accordance with the corporate governance model adopted, without detriment to the competences of a different nature that also fall under the powers of this latter body.

G) RELATED PARTIES — has the meaning defined in the international accounting standards (IAS 24 or a substitute) adopted by European regulations.

H) EXECUTIVE STAFF — people who are part of senior management as defined by European and national legislation relating to listed companies (under the name "person discharging managerial responsibilities"), excluding members of the corporate bodies.

I) INTERNAL REGULATIONS — group of non-statutory provisions established by the governing bodies of the company and its committees, which aim to regulate aspects of the composition of these bodies or committees, their organization and functioning.

Chapter I · GENERAL PROVISIONS

General Principle:

Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies.

I.1. Company's relationship with investors and disclosure

Principle:

Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information.

Recommendation:

I.1.1. The Company should establish mechanisms to ensure the timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.

I.2. Diversity in the composition and functioning of the company's governing bodies

Principles:

1.2.A. *Companies ensure diversity in the composition of its governing bodies, and the adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders.*

1.2.B. *Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions.*

1.2.C. *Companies ensure that the functioning of their bodies and committees is duly recorded, namely in minutes, to allow an understanding not only of the meaning of the decisions taken, but also of their grounds and opinions expressed by their members*

Recommendations:

I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.

I.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members —, disclosed in full on the company's website. Minutes of the meetings of each of these bodies should be drawn out.

I.2.3. The composition and the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.

I.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.

I.3. Relationships between the company bodies

Principle:

Members of the company's boards, especially directors, should create, considering the duties of each of the boards, the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information in order to carry out their respective duties.

Recommendations:

I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.

I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.

I.4. Conflicts of interest

Principle:

The existence of current or potential conflicts of interest, between members of the company's boards or committees and the company, should be prevented. The non-interference of the conflicted member in the decision process should be guaranteed.

Recommendations:

I.4.1. The members of the managing and supervisory boards and the internal committees are bounded, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.

1.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.

I.5. Related party transactions

Principle:

Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision.

Recommendations:

I.5.1. The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.

I.5.2. The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.

Chapter II · SHAREHOLDERS AND GENERAL MEETINGS

Principles:

II.A. *As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.*

II.B. *The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees, and for reflection about the company itself.*

II.C. *The company should implement adequate means for the participation and remote voting by shareholders in meetings.*

Recommendations:

II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.

II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.

II.3. The company should implement adequate means for the remote participation by shareholders in the general meeting, which should be proportionate to its size.

II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.

II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.

II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.

Chapter III · NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION

Principles:

III.A. *The members of governing bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and incentivise executive management for the full accomplishment of the corporate purpose, and such performance should be complemented by committees for areas that are central to corporate governance.*

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

III.C. *The supervisory body should carry out a permanent oversight of the company's managing body, also in a preventive perspective, following the company's activity and, in particular, the decisions of fundamental importance.*

Recommendations:

III.1. Without prejudice to the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their

functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.

III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.

III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.

III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:

i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis;

ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;

iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;

iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;

v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or

vi. having been a qualified holder or representative of a shareholder of qualifying holding.

III.5. The provisions of paragraph (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (*cooling-off period*).

III.6. The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines and the risk policy prior to its final approval by the management body.

III.7. Companies should have specialised committees, separately or cumulatively, on matters related to corporate governance, appointments, and performance assessment. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters.

Chapter IV · EXECUTIVE MANAGEMENT

Principles:

IV.A. *As way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development.*

IV.B. *In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread.*

Recommendations:

IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.

IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i) the definition of the strategy and main policies of

the company; ii) the organisation and coordination of the business structure; iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.

IV.3. In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and which are the main contributions resulting therein for the community at large.

Chapter V · EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENT

V.1. Annual evaluation of performance

Principle:

The company should promote the assessment of performance of the executive board and of its members individually, and also the assessment of the overall performance of the managing body and its specialized committees.

Recommendation:

V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and executive directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.

V.2. Remuneration

Principles:

V.2.A *The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders — taking into account the wealth effectively created by the company, its financial situation and the market's — and constitute a factor of development of a culture of professionalization, sustainability, promotion of merit and transparency within the company.*

V.2.B. *Directors should receive compensation:*

i) that suitably remunerates the responsibility taken, the availability and the expertise placed at the disposal of the company;

ii) that guarantees a performance aligned with the long-term interests of the shareholders and promotes the sustainable performance of the company; and

iii) that rewards performance.

Recommendations:

V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Commercial Companies Code.

V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.

V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.

V.2.4. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.

V.2.5. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.

V.2.6. The remuneration committee should ensure that those services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.

V.2.7. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.

V.2.8. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.

V.2.9. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.

V.2.10. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.

V.3. Appointments

Principle:

Regardless of the manner of appointment, the profile, the knowledge, and the curriculum of the members of the company's governing bodies, and of the executive staff, should be suited to the functions carried out.

Recommendations:

V.3.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.

V.3.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee unless this is not justified by the company's size.

V.3.3. This nomination committee includes a majority of non-executive, independent members.

V.3.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.

Chapter VI · INTERNAL CONTROL

Principle:

Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimization of risks inherent to the company's activity.

Recommendations:

VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include the establishment of limits on risk-taking.

VI.2. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.

VI.3. The internal control systems, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.

VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.

VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.

VI.6. Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; and (iv) the monitoring procedures, aiming at their accompaniment.

VI.7. The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.

Chapter VII · FINANCIAL INFORMATION

VII.1. Financial information

Principles:

VII.A. *The supervisory body should, with independence and in a diligent manner, ensure that the managing body complies with its duties when choosing appropriate accounting policies and standards for the company, and when establishing suitable systems of financial reporting, risk management, internal control, and internal audit.*

VII.B. *The supervisory body should promote an adequate coordination between the internal audit and the statutory audit of accounts.*

Recommendation:

VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.

VII.2. Statutory audit of accounts and supervision

Principle:

The supervisory body should establish and monitor clear and transparent formal procedures on the relationship of the company with the statutory auditor and on the supervision of compliance, by the auditor, with rules regarding independence imposed by law and professional regulations.

Recommendations:

VII.2.1. By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.

VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.

VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.

PREAMBLE TO THE 1ST EDITION OF THE CODE (2018)

In answer to the appeal of national companies and of a vast community of parties interested in matters of Corporate Governance, and following the proposition of Pedro Rebelo de Sousa and João Calvão da Silva, the Portuguese Institute for Corporate Governance (IPCG) established a Commission (composed by Alexandre Mota Pinto, António Dias, António Gomes Mota, João Soares da Silva, Jorge Brito Pereira, Paulo Bandeira, Paulo Câmara and Pedro Maia, who chaired). In 2011, this Commission prepared a first version of its Corporate Governance Code, which was subsequently published in 2012.

After its publication, this first version received a variety of suggestions for amendments, which lead to the publication of a new version in 2014.

Ready to be adopted by the Issuers, the Code of 2014 promptly exposed the inconvenience of the existence of two different Codes — one from the Portuguese Securities Market Commission (CMVM) the other from the IPCG — in a small capital stock exchange market, such as the Portuguese.

At this point, the purpose of finding a balance, which would allow for prevention of regulatory duplication, without abandoning the essential idea of leaving the corporate governance code to self-regulation, started to become clear.

In accordance with the availability and spirit of cooperation that the CMVM promptly revealed for this purpose, the IPCG has been working — on the basis of a very fruitful dialogue with the Issuers, and especially with AEM — on the preparation of a document that would respect the essential features of the IPCG Code of 2014, while also reflecting the fundamental concerns of the CMVM in matters of corporate governance. Legislative amendments occurred in the meantime, especially in respect to statutory audit of accounts, further imposed some adjustments in the Code.

As a result of this interaction, a new text was submitted, through public consultation, to the scrutiny of all those with an interest in matters of corporate governance, now under the clarified purpose of making the final, approved version the new Corporate Governance Code: a Code presented, not as an *alternative* to the CMVM´s Code, given that the latter will cease to be published, as already announced in the joint declaration of 16 March 2016, but rather *as a successor of both then existing* Codes.

2. Although the application of the Code is not limited to a given set of companies, its natural addressees are public companies, especially Issuers of shares admitted to trading on a regulated market (listed companies), given that they are legally bond to adopt a Corporate Governance Code.

The Code is of *voluntary adhesion* and its observance is based on the *comply or explain* rule.

While the Code is positioned on a very different level from a legal one, it is based on a systematic articulation with the capital market law and company law, thus establishing a relationship of harmonious complementariness with the law. Without being mandatory, the Code seeks to induce companies to practices in conformity with the guidelines that, on a national and international level, are recognized as of *good governance*: in this sense, the Code is, on the one hand, a *complement* to the legal order, and, on the other, a *guide* of good corporate governance.

In order to ensure the easiest adaptability of companies to the Code, no recommendations that presuppose a certain bylaw content are imposed, which guarantees that the compliance with the Code does not require any sort of bylaw amendment. For the same purpose, the Code aims to be entirely neutral with regard to the different organizational models a company incorporated by shares may legally adopt, and, consequently, does not discriminate between any of these models.

On the other hand, the Code tries to accomplish the difficult aim of being *adaptable to the very heterogeneous circumstances* of the companies addressed. For this purpose, essentially two devices were adopted: some of the recommendations vary depending on the size of the company (for example, III.2. and V.4.1) and, in other cases, the company is granted the right to conform to certain aspects relevant to matters of corporate governance by means of bylaw amendments or equivalent measures. In this case, the Code establishes a basic recommendatory level, assigning the company with the task of creating and developing the rules most suitable to its specificities. That is, the company is not recommended a specific regime, but rather to develop and establish the regime it finds most suitable.

The Code is structured and developed into two distinct levels: *principles* and *recommendations*. The aim of the principles is not only to establish a foundation for *interpretation* and *application* of the recommendations, but also to offer a *qualitatively relevant foundation* for *explaining*: the observance of a principle, by itself, does not allow a statement of compliance with the recommendations, but it allows a *positively differentiated* assessment of the non compliance.

In any case, the principles are not, in themselves, the object of the statement of compliance.

3. Following conversations with the interested entities, the IPCG commits itself to creating and maintaining, individually or in partnership, the necessary and suitable structures for accompaniment of the Code, and to carrying out the analysis of its application, as well as to re-evaluating its content on a regular basis.