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The Corporate Governance of the PSI 20 Companies: Evaluation of Compliance with the Recommendations of the CMVM

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Abstract

The Commercial Companies Code and the Securities Code itself (CVM) contain a set of recommendations concerning the system of rules of conduct to be taken into account in the exercise of direction and control of companies listed on Portugal.

Based on a report by the Centre for Applied Studies of the Catholic University of Lisbon on corporate governance in 2011, based on data for 2010, was considered a sample of companies that are listed on a regulated market as defined Portuguese Euronext Lisbon Stock Exchange and, as such, subject to the recommendations of the Portuguese Securities and Exchange Commission (CMVM).

The PSI-20 (Portuguese acronym for Stock Index) is the main benchmark of market shares in Portugal and reflects the evolution of the prices of 20 issues of shares and larger liquidity selected from the universe of companies admitted to trading on Euronext Lisbon.

For each of the companies comprising the PSI-20 index was determined the degree of compliance with the recommendations of the CMVM and it was possible to observe that, in general, the degree of compliance with the recommendations was high.

Keywords: corporate governance, company, share, responsibility

1. Introduction

In October 1999, were approved by the CMVM a set of recommendations concerning the system of rules of conduct to be observed in exercising direction and control of companies admitted to trading. In 2010 these rules have been updated having arisen CMVM Regulation nº 1/2010—Corporate Governance, which contains the current recommendations.

According to CMVM is considered an appropriate corporate governance policy, one that must ensure transparency and ensuring the protection of shareholders and creditors; managers accountable for breaches of objectives and for violations of the law, not to prevent the maximization of performance; conform to international norms and adjusted to the reality of the country.

The revised code of commercial companies in 2006 (Note 1) devotes three models of governance:

- Board of directors and supervisory board;
- Board of directors, including an audit committee and auditor;
- Board of executive directors, general council and supervisory auditor.

After the Enron scandal, the Anglo-American system, based on a higher operating system market, compared to others, was called into question. As a result, various legislation has been published in the United States of America (USA), as in many other countries.

In Portugal also made improvements to legislation seeking to prevent any cases of fraud.

In this article we intend to make the framework of corporate governance in Portugal and assess the extent to which companies in the PSI-20 comply with the recommendations of the CMVM.

2. Context of the Theme

The concept of corporate governance has its origin in the U.S., but may already be considered a world heritage site in current securities markets (CMVM, 2010).

Smith (1776) with reference to corporate governance warned of difficulties arising from the separation of ownership and control as central features of market economies (Walkner, 2004; Learmount, 2002; Chamlou&Iskander, 2000).

According to (Tricker, B. 2009:7) corporate governance has been practiced since the existence of corporate entities. However, the study of the subject is only less than half a century. In fact, the concept of corporate governance has been little used up to 80 years, with current practices still attached to existing legal concepts on business in the nineteenth century, therefore inappropriate in the emerging global context.

Indeed, the origin of this analysis is assigned to a work entitled "The Modern Corporation and Private Property," prepared in 1932 by Berle& Means after the great crash of 1929. This work is a reference to the U.S. legislation passed however, including the Securities Act of 1933 and the Securities Exchange Act of 1934, which are still.

The SEC (Securities and Exchange Commission) from the seventies began, under the guidance of the American Law Institute, the drafting of a document called Principles of Corporate Governance: Analysis and Recommendations, oriented towards the end by Melvin Eisenberg and published about 20 years later.

With corporate governance is intended that listed companies are up to the expectations of investors, so that each company should be administered and managed for the benefit of all shareholders and not just in the interests of some, who may have business relationships preferably.

Corporate governance is defined as the system that controls and manages the activities of the company, is comprised of people, policies and processes that are necessary to achieve, with integrity, respect, transparency and accountability, the expectations of shareholders.

According to OECD (2004), "Corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the company—the board of directors, managers, shareholders and other stakeholders - and spells out the rules and procedures for making decisions on corporate affairs. In doing so, it also provides the structure through which the company sets its goals and ways to achieve them and monitor their performance".

According to The Cadbury Report, corporate governance is concerned to achieve a balance between economic goals and social goals and between individual and society. The array of corporate governance exists to encourage the efficient use of resources and equally to require accountability on how those resources are used. The goal is to align as closely as possible the interests of individuals, corporations and society (Cadbury, 2000).

Another reference in the evolution of corporate governance is Mervyn King, head of the King Report, in which the author blames the managers of the companies for the proper management of their resources. Believes that these should take into consideration in their decision-making, the expectations of various stakeholders, which are not limited to holders of capital (stockholders), there is always a practice of accountability and transparency in its communication.

They are also to highlight the contributions and encouragement of multilateral organizations and private institutions in recent decades, as the World Bank, OECD, IFAC and others.

The good corporate governance, involves the construction of a system composed of people, processes and policies that achieve the following objectives, namely (Santos & Barbosa (2010)):

- Efficient use of organizational resources;
- Accountability of the board the results of the company from the shareholders;
- Alignment of interests of directors with the interests of shareholders;
- Conduct and ethical responsibility towards society and the respective stakeholders that comprise it;
- Act with transparency to all stakeholders in the company;
- Use the resources of the company, managing the expectations of all stakeholders, aligning their goals with long-term profitability of the premises of sustainable development advocated by the society.

Already in relation to Portugal, the recommendations of the CMVMfor listed companies, are focused primarily on accountability and transparency of companies towards their shareholders, and much less specific as to their responsibilities to others stakeholders.

The CMVM meant by corporate governance rules and a system of pipes on the exercise of direction and control of the issuers of shares admitted to trading on a regulated market (CMVM, 2003).

Farinha (2003) argues that there are several reasons that contributed to the growing interest in corporate governance:

- The revelations of major scandals, unsuccessful business, disclosure of the payment of large sums to managers and, more recently, the large number of accounting frauds committed by managers (egEnrom U.S.);
- The adoption of measures that prevent the success of takeover bids;
- A comparison of corporate governance systems of countries around the world, especially between the U.S., Germany and Japan (Shleifer and Vishny, 1997).

Currently, there is no doubt that society is changing their expectations regarding the performance of managers. It is expected that the company's value will increase, but not because of accounting manipulations; institutional investors claim situations of poor management, excessive compensation, requiring higher levels of corporate governance.

3. The CMVM Recommendations

In Portugal the principles of corporate governance arise from many sources. The Commercial Companies Code and the Securities Code itself (CVM) contains provisions that host these principles, however, reflection on this theme occurred in October 1999 with the adoption by the CMVM, a set of recommendations relating to the system rules of conduct to be taken into account in exercising direction and control of companies admitted to trading.

The Regulation No. 1/2010 of 7 January CMVM, revokes Regulation No 1/2007, issued by the same body, and elects fundamental aspects as: (a) the ability of the issuer of shares admitted to trading on a regulated market choose the code of society that the government deems best suited to their characteristics; and (b) requires information to be disclosed on the remuneration of members of the management and supervision of issuers of shares admitted to trading on a regulated market.

The current legislative also includes aspects such as communication and dissemination of information on the structure and practices of corporate governance, plans to allot shares and / or options to acquire shares and the information contained on the website of the company.

It is through the presentation of a set of recommendations that CMVM document want to transpose to the national context the inherent reflection in the governance of listed companies. The above recommendations seek to present itself not only as a base on the subject, but as a range of information tailored to the legal context and market in Portugal.

The recommendations of the CMVM, contains provisions on:

- Disclosure of Information.
- No restrictions on voting rights and representation of shareholders.
- Internal control system.
- Lack of defensive clauses that cause erosion of company assets.
- Multiple members of the Board.
- Committees of the Board.
- Disclosure of Remuneration of the Board.
- Members of the Independent Remuneration Committee.
- Approval of plans for the allocation of shares or options in the General Assembly.

Note that for the banks, the role of authority and prudential supervision of these institutions and behavior is exercised by the Bank of Portugal (Note 2). In terms of governance, Portugal has evolved is the concern shown by national companies, is due to the legal regulation of the Companies Code or the creation of the Portuguese Institute of corporate governance and the White Paper on corporate governance.

4. Principles of Corporate Governance

The OECD principles on corporate governance encompass, in the current version, six main issues:

1) Legal and institutional framework of corporate governance;
2) Shareholders' rights and duties relating to their exercising;

3) Fair treatment of shareholders;

4) Role of other individuals with relevant interests in corporate governance (stakeholders);

5) Disclosure and transparency;

6) Responsibilities of the board.

In a study conducted in June 2000 by McKinsey "Investor Opinion Survey" results that investors give equal importance to the administration and governance to financial performance, at the time to invest. The same study showed that, in Latin America, Europe, USA and Asia, over 80% of respondents would be willing to pay more for companies with good corporate governance practices.

Under the same study were dealt with good and bad practice in corporate governance, defined as follows:

Poor corporate governance	Good corporate governance
Existence of a minority of outside directors	Most directors are external
Existence of links between outside directors and managers	The outside directors are truly independent, without any connection to the existing management
The directors hold little or no action	The directors hold a significant amount of shares
The directors are compensated only in cash	A large part of the payments made to directors are made in the form of shares or options
Absence of a formal assessment director	Existence of a formal evaluation of directors
Difficulty in giving answers to questions asked byinvestors at the level of corporate governance	Ease and speed in responding to requests for information related to corporate governance

Fonte: McKinsey & Company (2000).

As principles and foundations of corporate governance, the article indicates:

- Transparency, timely information that provides adequate, clear and comparable information on the company's performance in that relates to compliance with the principles of corporate governance;
- Equity, which aims to ensure the protection of shareholder rights, without putting aside other stakeholders;
- The line and alignment of interests, the standards, procedures and incentives in the company ensure the alignment of the performance of decision-makers with the interests of stakeholders;
- The accountability that ensures accountability makers.

The separation of powers, together with an adequate system of internal control, ensure balance and fulfillment of company goals. Good corporate governance must represent added value and contribute to the organization's objectives, i.e. the interests of stakeholders, especially shareholders. Any organizational model of corporate governance must seek to maximize the performance criteria in the cultural, social and economic context of the company and their conditions in the short and long term.

5. Models of Corporate Governance

There is no single model of good corporate governance (OECD, 1999). The models of government are the following:

a. Anglo-Saxon model (shareholder dispersion) U.S., UK and others;

b. Japanese and continental European model (concentration shareholders and stakeholders).

Business structures	
Anglo-Saxon	**Continental**
• Property dispersed	• Property concentrated (banks, companies, households)
• Institutional Investors	• Narrow and illiquid markets
• Major shareholders (globally)	Main problem:
• Large and liquid markets	• Protection of small and anonymous shareholders
	• Power of preponderant shareholders
Main problem:	
• Protecting shareholders from managers	
• Greaterfreedomof managers	

Fonte: Ribeiro (2010).

There are other models of corporate governance, such as:

a. Economic base (Berle& Means, 1932) - maximization of shareholder utility function for maximum return;

b. From an organizational basis, from the viewpoint of the owners of interests (Freeman, 1984) - the holders of interests also take risks in the operation of the company should participate in the system of government workers, suppliers, customers and community.

In Portugal, the revised Code of commercial companies in 2006, sets three models of governance:

- Board of directors and supervisory board;
- Board of directors, including an audit committee and auditor;
- Board of executive directors, general council and supervisory auditor.

In the context of corporate governance relief takes the idea of agency theory, which focuses on corporate governance perspective of the owner, the shareholder / principal and the controller, the manager / agent. According to this theory there are no significant differences between corporate governance and the government of any other type of contract, as the main contribution of agency theory (Paterson, 2001). For Becht et al (2003), corporate governance can be described as a problem that an agent, the Chief Executive Officer (CEO) of the company and multiple major shareholders, creditors, suppliers, customers, employees and other parties with whom the CEO does business on behalf of the company. Stakeholders are represented by the board of directors and external auditors.

6. Governance Risk and the Key Role of Audit

The governance risk can be point to the fact that managers be able to negotiate on his own, attributed to unjustified compensation, may act inefficiently, even though honestly, without being questioned its maintenance, have a rational behavior that leads to the subordination shareholder interests.

However, the audit may play a key role in this context. Internal audit represents the set of efficient and effective mechanism aimed at detection and risk management, the implementation of appropriate systems of control, independence and transparency in order to protect the interests of shareholders, the company's investments and assets. On the other hand, the external audit depends on the quality and credibility of the economic and financial information prepared by the company. External auditors should submit to the company a technical work of unquestionable importance, depth and length adjusted and with complete independence of the board.

7. Case Study

The PSI-20 is an acronym for the Portuguese Stock Index, the main index of Euronext Lisbon (Note 3) (which regulates the stock market) and the main benchmark of the Portuguese capital market. It is constituted by shares of the twenty largest companies listed on Lisbon stock exchanges and reflects the evolution of prices of these shares, which are the most liquid among those that transact in the Portuguese market. The PSI-20 consists of the following companies:

PSI-20Companies	
Altri SGPS SA	Jerónimo Martins, SGPS
Banco BPI SA	Mota Engil
Banco Comercial Português	Portugal Telecom
Banco Espirito Santo	Portucel
Brisa	REN
Cimpor SGPS	Semapa
EDP	Sonaecom, SGPS
EDP Renováveis	SONAE industria
Espírito Santo Financial	SONAE
GALP Energia	ZON Multimédia

At this point, we analyze the degree of compliance with the most relevant recommendations issued by the CMVM on corporate governance in relation to listed companies on Euronext Lisbon on December 31, 2010.

To develop our study took into consideration a report by the Centre for Applied Studies at the Catholic University of Lisbon on corporate governance in the year 2011 based on data for the year 2010. Companies considered for the study was a sample of that under Portuguese law are listed on a regulated market as defined

Portuguese Euronext Lisbon Stock Exchange and, as such, subject to the CMVM Recommendations (except EDP Renováveis).

Table 1. Percentage of the compliance with the corporate governance recommendations in 2010

		Recommendations		**PSI 20**
General Meeting	Voting and exercising of voting rights	I.3.1	Postal voting	100%
	Measureson Corporate control	I.6.1	Measures aimed at preventing successful takeover bids	70%
		I.6.2	Free transmissionof shares	100%
Board of Directors and Supervisory Board	Structure and duties	II.1.1.1	Assessment of the adopted corporate model	95%
		II.1.1.2	Internal control and risk management systems	90%
		II.1.1.3	Assessing the functioning of the internal control and risk management systems	100%
		II.1.1.4	Identify risks and describe the performance and efficiency of risk management system	95%
		II.1.1.5	Regulations for the Board of directors and Supervisory Board	85%
	Incompatibility and Independence	II.1.2.1	Number of non-executive members	100%
		II.1.2.2	Independent members	67%
		II.1.2.3	Assessment of independence	67%
	Eligibility and appointment criteria	II.1.3.1	Independence of the Chair of the Supervisory Board, Auditing and Financial Matters committees	90%
		II.1.3.2	Selection of non-executive members	67%
	Policy on the reporting of irregularities	II.1.4.1	i) Internal communication; ii) communication handling	100%
	Remuneration	II.1.5.1		
		(i)	Remuneration of Directors with executive duties	90%
		(vi)	Variable remuneration	75%
		(vii)	No compensation in the dismissal without due cause of a Director	30%
		(viii)	Remuneration of the non-executive board members	72%
		II.1.5.4	Approval in the General Meeting of plans for the allotment of shares and/or options for share purchase	82%
		II.1.5.6	Presence in the General Meeting of one representative of the Remuneration Committee	95%
	Board of Directors	II.2.1	Delegated duties	89%
		II.2.2	Duties non-delegable	89%
		II.2.3	Coordination mechanisms regarding non-executive members	88%
	Special Committees	II.5.1	Set up of Special Committees for the assessment of performance of executive Directors, adopted governance system and identification of potential candidates for a director position	75%
		II.5.2	Independence and duties of the Remuneration Committee members	75%
		II.5.3	Prevention of conflicts of interest	85%
Information and auditing	General Disclosure Duties	III.1.1	Principle of equality for shareholders and equal access to information	100%
		III.1.4	External Auditor duties	85%
		III.1.5	Limits to the relations with External Auditor	65%
			AverageDegreeofCompliance	83

Source: Catholic University of Lisbon AEM (2011:15).

Our paper focuses only on the PSI-20 companies. For each of the recommendations of the CMVM was given the degree of compliance with these companies, whose results are listed in Table 1.

Prior to detailed analysis, and in general, the degree of compliance with the recommendations under consideration by the companies of the PSI-20 index traded in 2010 was high.

We will then make a few remarks about the numbers in the table above, regarding the compliance of corporate governance rules by companies that are part of the index mentioned above.

8. Recommendations for the General Meeting

On this point it is stated that 100% of the PSI-20 companies listed welcome the recommendation that prohibits any legal restrictions on the exercise of voting rights by mail.

As for the recommendation on the use of the measures adopted to prevent the success of takeover bids, we note that is accepted by 70% of these companies.

The recommendation that promotes the free transfer of shares is accepted for 100% of the PSI-20 companies.

9. Recommendations of Management and Supervision

9.1 Structure and Competence

The recommendation on the need to assess the governance model adopted, and possible measures to improve its operation is accepted by 95%, when referring to the PSI-20 companies.

The recommendation supports the creation of internal control and risk management systems is followed by 90% of companies.

100% of the PSI-20 companies follow the recommendation requiring the establishment of an effective internal control systems and risk management.

95% report that identifies those companies, in their annual reports, the main business risks, financial and legal company that is exposed, and also describe the performance and efficiency of risk management.

85% of PSI-20 companies disclose in its Internet site, the operational regulations for the management and supervision.

9.2 Incompatibility and Independence

The recommendation states that the number of non-executive directors on the board should be sufficient to ensure effective supervision, monitoring and evaluation of the activity of the executive members is accepted for 100% of the PSI-20 companies.

The recommendation, according to which, among the non-executive members, there must be a number of independent directors not less than one fourth of the total number of directors, is one of the recommendations followed by two-thirds of companies in the PSI 20.

The recommendation sets out how the independence of non-executive directors should be evaluated, was fulfilled by 66,7% of the companies of 20 PSI.

9.3 Eligibility and Nomination Criteria

The percentage of the PSI-20 companies following the recommendation that the Chairman of the Supervisory Board, the Audit Committee and the Committee on financial matters, should be independent and adequately empowered to perform their functions, is 90%.

The recommendation on the selection process of non-executive members, who argues that this process must be designed to prevent any interference of the executive members, the companies said the index is only two-thirds who follow the advice given. Itisunderstoodthatthiscomplianceisstilllow.

9.4 Policy on the Reporting of Irregularities

All companies in the PSI 20 adopt a policy for reporting irregularities in accordance with international recommendations on corporate governance.

9.5 Remuneration

For 90% of the PSI-20 companies in the CEO's compensation includes a variable component, which is determined by a performance evaluation.

The recommendation regarding treatment options, when they are considered part of the variable remuneration is followed by 75% of the 20 PSI companies.

The recommendation states that the remuneration established for any resignation of the director, without good reason, should not be paid if the director performance results are inappropriate, unless it is accepted as part of the Portuguese corporate governance in general. In fact, only 30% of the PSI-20 companies following it.

The number of companies that are in accordance with the recommendation that states that the remuneration of executive members of the board shall not include any component whose value may depend on the performance or value of the company, is 72,2% in PSI-20 companies.

81.8% of PSI-20 companies have, the General Assembly, the proposed allocation of shares and / or option to purchase shares to members of management and supervision, as well as other directors.

For 95% of the companies of 20 PSI at least one representative of the remuneration committee is present at the general meeting of shareholders.

9.6 Board of Directors

The recommendation, suggesting that the Board of Directors shall delegate the daily management of the company, and delegated powers should be identified in the annual corporate governance, is followed by 88,9% in relation to companies in the PSI-20 index.

The recommendation states that the powers not delegated is followed by 88,9% of those companies.

87.5% of the PSI-20 companies comply with the recommendation that states that if the chairman of the board has executive duties, the board must find mechanisms to ensure that non-executive members are able to decide independently and informed manner.

9.7 Special Committees

75% of the issuers of the PSI-20 have the fees required in order to: a) ensure a competent and independent assessment of performance, b) reflect on and improve the system of government adopted, and c) identify, in due time, the potential candidates to perform the duties of a director.

The recommendation provides for the independence of the remuneration of the members of the board, including at least one member with extensive knowledge and experience in matters relating to remuneration policies, is followed by 75% of companies in the PSI-20 index.

The recommendation is to avoid conflicts of interest in the definition of remuneration, including establishing that a person who served the company during the past three years, should not be recruited to assist the Compensation Committee in this matter is welcome to 85% of companies PSI-20 index.

9.8 Information and Audit

All companies that make up the PSI-20 index with the principle of equality of shareholders, preventing disparities in access to information for investors by creating a support unit to the investor.

The recommendation on the powers of the external auditor is followed by 85% of companies in the PSI-20 index.

The recommendation states that the company should not hire the external auditor a significant amount of services in addition to audit services, is fulfilled by 65% of companies in the PSI-20 index.

9.9 General Comments

Based on the study mentioned at this point, it allows us to conclude that among the recommendations with a lower degree of compliance are mainly those relating to remuneration. Indeed, the recommendation states that there should be compensation for unfair dismissal of a director, is followed by only 30% of the companies of 20 PSI.

Another aspect to emphasize and where it is possible to observe a low degree of compliance relates to issues of incompatibility and independence of the management and supervision.

The recommendation for the percentage of independent directors is followed by two-thirds of companies in the PSI-20.

As regards the undertakings concerned, in addition to the recommendations mentioned above, there is a low compliance in the following subjects: (a) selection of candidates for non-executive directors, with 66.7% compliance, and (b) Restriction relations with the external auditor, with 65% compliance.

10. Evaluation of CMVM—Year 2010

The CMVM has produced a report on assessment of compliance with the recommendations on corporate governance, which included the degree of compliance with these recommendations by listed companies for the year 2010. To companies that are part of the PSI-20, the details are providedin the table below:

Table 2. Percentage of the compliance with the corporate governance recommendations in 2010 (evaluation of CMVM)

Evaluationof CMVM—Year 2010	
	All Recommendations (%)
Altri SGPS SA	72
Banco BPI SA	78
Banco Comercial Português	89
Banco Espirito Santo	88
Brisa	84
Cimpor SGPS	90
EDP	73
EDP Renováveis	78
Espírito Santo Financial	88
GALP Energia	67
Jerónimo Martins, SGPS	81
Mota Engil	71
Portugal Telecom	88
Portucel	69
REN	88
Semapa	72
Sonaecom, SGPS	88
SONAE industria	85
SONAE	92
ZON Multimédia	94
Average Degree of Compliance	82

Source: CMVM, 2012.

This review was preceded by hearing the issuers to permit the exercise of the adversarial perspective regarding the regulatory authority on compliance with the recommendations. The percentage of adoption of the recommendations by the issuing company, according to the criteria of the CMVM and the study results are different. According to the study carried out, the average compliance (Note 4) of the recommendations is 83%, while according to the report of the CMVM this average is 82%. The reasons relate to differences in regard to compliance criteria in view of the firm and the CMVM.

11. Conclusions

Corporate governance is defined as the system that controls and manages the activities of the company, is comprised of people, policies and processes that are necessary to achieve, with integrity, respect, transparency and accountability, the expectations of shareholders.

The concept of corporate governance has been little used up to 80 years, with current practices still attached to existing legal concepts on business in the nineteenth century, so inadequate in the emerging global context.

The growing interest generated around corporate governance results, among others, the revelations of major scandals, unsuccessful business, the disclosure of the payment of large sums to managers and, more recently, the high number of accounting frauds committed by managers such as U.S. Enron.

The CMVM approved a set of recommendations in which to transpose into national context reflection inherent in the governance of listed companies, and intend to assert itself not only as a base but as a range of information tailored to the legal context and market in Portugal.

Based on a study conducted by the Catholic University of Lisbon on corporate governance in 2011 (relative to 2010) on the implementation of the recommendations on corporate governance, namely "Recommendations on the General Assembly", "Recommendations of Administration and Oversight" and "Information and Auditing", it was concluded that among the recommendations with a lower degree of compliance are mainly those relating to remuneration.

It is also possible to observe a low level of compliance with respect to issues of incompatibility and independence of the administrative and supervisory.

In addition to the recommendations mentioned above, there is low compliance in the following subjects: (a) selection of candidates for non-executive directors, with 66.7% compliance, and (b) restrictions on relations with the external auditor, with 65% compliance.

Regarding the data obtained from the study and referred to the report of the CMVM reported the same year, there are differences in the means of compliance obtained, resulting from the use of different criteria in the assessment of compliance with the rules defined.

It was found however, from the information of the CMVM's website, that companies listed on the Lisbon Stock Exchange have been increasing their degree of compliance with the recommendations of corporate governance.

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Notes

Note 1. With the subsequent updates that was targeted.

Note 2. The Bank of Portugal is the Central Bank of the Republic.

Note 3. Euronext Lisbon is the Lisbon Stock Exchange and belongs to Euronext group. Previously it was known as the Stock Exchange of Lisbon and Porto.

Note 4. Simple arithmetic average of the degree of compliance of each issuer.