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Portugal Corporate Governance

Contributor

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Miguel Ventura

Of Counsel, Head of Practice Governance | mv@vda.pt

Matilde Silveira Rodrigues

Associate | msr@vda.pt

This country-specific Q&A provides an overview of corporate governance laws and regulations applicable in Portugal.

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Portugal: Corporate Governance

1. What are the most common types of corporate business entity and what are the main structural differences between them?

The most common types of corporate business entities in Portugal are the sociedade anónima (SA) and the sociedade por quotas (Lda).

The sociedade anónima is a public limited company. Its share capital is divided into shares (ações) that are, as a rule, freely transferable, but may be subject to certain statutory restrictions, such as the company's consent or the right of pre-emption. This entity requires a minimum share capital of €50,000 and, in the vast majority of cases, at least five shareholders. Sociedades anónimas are typically used for larger enterprises, listed companies, and businesses seeking to raise capital from the public.

The sociedade por quotas is a private limited company with capital divided into quotas held by quota-holders. There is no minimum share capital. This entity may be incorporated by two or more quota-holders, or by a single person (sociedade unipessoal por quotas). Contrary to the transfer of shares, the transfer of quotas generally requires the consent of the company unless otherwise is provided in the articles of association. Sociedades por quotas are favoured by small and medium-sized enterprises due to their flexibility and simpler governance requirements.

Other less common forms include the sociedade em nome coletivo, a general partnership with unlimited liability, and the sociedade europeia (SE) for cross-border European operations.

This chapter focuses primarily on the legal rules and best practices applicable to sociedades anónimas. Where the type of corporate entity is not expressly specified, all references shall be understood as relating to sociedades anónimas.

2. What are the current key topical legal issues, developments, trends and challenges in corporate governance in this jurisdiction?

Key developments and trends currently shaping Portuguese corporate governance derive from both European and Portuguese law, concerning topics such as

sustainability reporting, ESG integration, and artificial intelligence.

The Corporate Sustainability Reporting Directive (CSRD), which initially required enhanced non-financial disclosures from a broader range of companies, has undergone significant changes following the European Commission's Omnibus Simplification Package. The CSRD has not yet been transposed into Portuguese law, awaiting full implementation. Nonetheless, pressure from financial institutions, together with the European Commission's recommendation for non-listed small and medium-size undertakings to adopt the voluntary (and simplified) standards, has led to greater attention to sustainability information and reporting, as well as related governance matters.

Regarding ESG integration, the Portuguese Institute of Corporate Governance (Instituto Português de Corporate Governance – IPCG) revised its Corporate Governance Code in 2023, adding a dedicated chapter on sustainability, which clearly proves the relevance of the subject. Moreover, the Portuguese Climate Framework Law (Lei de Bases do Clima), in force since 2022, requires companies to consider climate change in their corporate governance and to incorporate climate risks analysis into their decision-making processes.

Artificial intelligence governance has also become critical, with boards increasingly required to oversee their digital strategies as regulatory demands intensify. The EU AI Act entered into force in August 2024 and will become applicable from 2 August 2026, although the prohibitions on unacceptable AI practices and AI literacy obligations have applied since February 2025. The need for transparency in the use of artificial intelligence as a decision-making tool by corporate bodies has also been recently incorporated in the IPCG's Corporate Governance Code.

3. Who are the key persons involved in the management of each type of entity?

The key persons involved in management vary according to the entity type and governance model adopted (See Section 6).

In sociedades anónimas, the management body typically corresponds to a board of directors (conselho de

administração).

The board of directors is composed of a variable number of members, as freely determined in the articles of association, with a minimum of two, who may perform executive or non-executive functions. Certain matters may be delegated to specific directors, and, if the by-laws provide so, the board may delegate the day-to-day management of the company to one or more directors or to an executive committee. Among the directors, a chair of the board of directors may be appointed by the board itself or by the shareholders. The chair of the board of directors may hold a casting vote.

In companies with share capital not exceeding €200,000 the board of directors may be replaced by a sole director (administrador único), except in those adopting the Anglo-Saxon governance model.

Furthermore, under the Anglo-Saxon model, the board of directors includes an audit committee (comissão de auditoria), which is composed of at least three members, as provided in the articles of association, whose members are prevented from performing executive functions.

Under the German governance model, the management of the company is entrusted to a board of directors composed of a variable number of executive members only (conselho de administração executivo), as freely established in the by-laws. This management body differs from the traditional board of directors not only by virtue of being composed exclusively of executive members, but also due to the particular relationship it maintains with the general and supervisory body.

Listed companies are also required to appoint a Company Secretary, whose main competence is to provide support to the corporate bodies of the company.

In sociedades por quotas, management is entrusted to one or more managers (gerentes), who may be quota-holders or third parties. Managers are collectively referred to as the management board (conselho de gerência).

4. How are responsibility and management power divided between the entity's management and its economic owners? How are decisions or approvals of the owners made or given (e.g. at a meeting or in writing)?

The division of powers between management and its owners follows the principle of separation between management and ownership.

In a sociedade anónima, the board of directors holds broad management powers, including the authority to carry out all acts and operations falling within the company's corporate purpose, except for specific matters reserved to the shareholders' general meeting. Reserved matters include amendments to the articles of association, mergers, demergers, transformations, dissolution, approval of annual accounts, profit distribution, appointment and removal of directors, and approval of remuneration policies (for listed companies). Both profit distribution and appointment of directors are subject to limited exceptions.

Portuguese law provides that, regarding matters of corporate management, shareholders may only pass resolutions upon request of the board of directors.

Shareholders exercise their rights through the general meeting (assembleia geral), which must be convened with a minimum notice period of one month for non-listed companies, and of 21 days for listed companies. Resolutions are typically adopted by a simple majority of votes cast, although qualified majorities (two-thirds) are required for specific matters, such as amendments to the articles of association, mergers, demergers, transformation, and dissolution.

In a sociedade por quotas, the managers conduct the company's business, whilst significant decisions require approval by the quota-holders. The range of matters reserved to the decision by general meeting is broader than those provided for sociedades anónimas, and includes, e.g., the disposal of immovable property.

Written shareholder resolutions are permitted in both sociedades anónimas and sociedades por quotas, provided that the decisions are adopted unanimously by all shareholders.

5. What are the principal sources of corporate governance requirements and practices? Are entities required to comply with a specific code of corporate governance?

The Portuguese legal framework regarding corporate governance derives primarily from the Portuguese Companies Code (PCC) and the Portuguese Securities Code (PSC).

The PCC establishes the fundamental rules for corporate entities, governance structures, directors' duties, and shareholders' rights, applying to both sociedades anónimas and sociedades por quotas.

The PSC governs listed companies, providing special rules applicable to companies operating in regulated markets. These entities are also subject to regulations issued by the Portuguese Securities Market Commission (Comissão do Mercado de Valores Mobiliários – CMVM).

Regarding soft law instruments, the IPCG's Corporate Governance Code applies to listed companies on a "comply or explain" basis. Such entities are required to adopt this code or another recognised code, disclosing their compliance on an annual basis. Non-listed companies are not obliged to adopt any governance code but may voluntarily do so.

European legislation, such as the Shareholders' Rights Directive and the Audit Directive are also relevant instruments already transposed into Portuguese law.

Sector-specific regulation applies to regulated industries, such as banking and insurance, where the Bank of Portugal and the Insurance and Pension Funds Supervisory Authority (Autoridade de Supervisão de Seguros e Fundos de Pensões – ASF) impose heightened governance standards.

6. How is the board or other governing body constituted? Does the entity have more than one? How is responsibility for day-to-day management or oversight allocated?

Portuguese law provides for three governance models applicable to sociedades anónimas.

Under the classic model (also known as the Latin model), management is entrusted to a board of directors (conselho de administração), composed of a variable number of members (with a minimum of two), as freely determined in the by-laws. In companies with share capital not exceeding €200,000, a sole director may replace the board of directors.

Auditing is performed by a sole auditor (fiscal único), who must be a chartered accountant, or by a supervisory board (conselho fiscal), composed of a minimum of three members, one of whom must be a chartered account. In listed companies or large public companies, a reinforced auditing structure is mandatory, requiring the supervisory board to include at least one expert and independent member, plus a chartered accountant, who must not be a member of the supervisory board.

The Anglo-Saxon model also assigns management to a board of directors, which includes an audit committee (comissão de auditoria). This governance model does not

permit a sole director. The audit committee is composed of at least three non-executive directors, as provided in the articles of association, whose functions are similar to those performed by the supervisory body under the classic model. A chartered accountant is required to carry out the external audit.

Under the German model, the management of the company is entrusted to a board of directors composed of a variable number of executive members only, as freely established in the articles of association, or to a sole director, which is admissible in companies whose share capital does not exceed €200,000.

In this model, a general and supervisory board combines the typical competences of the supervisory board and of the shareholders' general meeting. This body is composed of a variable number of members, as provided in the by-laws, which must be greater than the number of directors. A chartered accountant performs the external auditing.

The IPCG's Corporate Governance Code provides additional recommendations regarding board composition, independence requirements, and committee structures applicable to listed companies (See Section 8).

In the case of a sociedade por quotas, management is conferred upon one or more managers (gerentes), who need not be quota-holders. Together, the managers constitute the management board (conselho de gerência). Internal auditing is performed by a supervisory board or a sole auditor.

7. How are the members of the board appointed and removed? What influence do the entity's owners have over this?

The appointment and removal of members of the board falls primarily within the competence of the entity's owners.

In sociedades anónimas under the classic or Anglo-Saxon model, directors are appointed and removed by the shareholders' general meeting by simple majority of votes cast, unless the articles of association provide otherwise. Under the German model, directors are appointed and removed by the general and supervisory body, unless such competence is attributed to the shareholders' general meeting in the by-laws.

The articles of association may reserve the right to appoint a proportion of the directors (not exceeding one-third of the total) to certain groups of shareholders

holding between 10% and 20% of the company's share capital. Alternatively, the articles of association may provide that a minority of shareholders holding 10% or more of the company's share capital who have vote against the winning proposal shall have the right to appoint at least one director. Listed companies are required to include one of these legal schemes in their articles of association. Under the German model, this right applies to the appointment of members of the general and supervisory board and not of the executive board of directors.

Directors are appointed for terms specified in the articles of association, commonly four years (and not exceeding it), and may be re-elected.

Where a director ceases to hold office during the term of appointment, replacement may also occur through the calling of substitute directors (suplentes), by designation of the remaining members of the board of directors (cooptação), if there are no substitute directors, or by appointment by the supervisory board or the audit committee. In the latter two cases, the shareholders must ratify the decision at the following shareholders' general meeting.

Directors may be removed at any time by the shareholders' general meeting without just cause; however, removal without just cause may give rise to compensation. Such compensation shall not exceed the aggregate value of the remuneration that the director would have received until the end of the relevant term.

Shareholders are entitled to propose lists of candidates for election and, if they are entitled to participate in the general meeting, to vote on appointments. Where an election of directors is to take place, the company must make the candidates' qualifications and professional activities performed in the preceding five years available to shareholders.

In a sociedade por quotas, managers are appointed and removed by resolution of the quota-holders, approved by a majority of votes cast. Appointment may also be defined in the articles of association. The term of appointment may be for an indefinite term or for a fixed duration.

8. Who typically serves on the board? Are there requirements that govern board composition or impose qualifications for board members regarding independence, diversity, tenure or

succession?

Boards typically comprise a mix of executive and non-executive directors. Executive directors are often drawn from senior management, while non-executive directors may include independent professionals, representatives of significant shareholders, and individuals with specific expertise (e.g., finance, legal, industry knowledge). In listed companies, it is common to see former executives, academics, and professionals from related sectors serving on the board. The IPCG's Corporate Governance Code recommends that the number of non-executive directors should exceed the number of executive directors.

Directors of sociedades anónimas must be natural or legal persons; however, where a legal person is appointed, it must designate a natural person to exercise the functions of director in his or her own name. Directors are not required to be shareholders of the company. No general independence requirements apply, although under the Anglo-Saxon governance model, the audit committee, which is part of the board of directors, must comprise at least three members who are subject to incompatibility rules.

Under the IPCG's Corporate Governance Code, an adequate number of independent directors should serve on the board, corresponding to at least one-third of the total number of non-executive members. Independence criteria include the absence of material relationships with the company, significant shareholders, or management. It is common practice for listed companies to include independent members on the board of directors in compliance with this recommendation; however, this is not a legal requirement.

Regarding gender diversity requirements, Portuguese law requires a minimum threshold of 33,3% for each gender in the governing bodies of listed companies. Non-compliance may result in a declaration of non-compliance by the regulatory authority and the provisional nature of the appointment, which must be remedied by the company within 90 days.

Portuguese law does not impose a maximum number of mandates that one director may serve.

In sociedades por quotas, managers may be quota-holders or third parties. There are no specific independence or diversity requirements. The composition of management typically reflects the ownership structure and any arrangements set out in the articles of association or shareholders' agreements.

9. What is the role of the board with respect to setting and changing strategy?

The board bears primarily responsibility for defining and overseeing corporate strategy.

The board of directors is entrusted with the management of the company's activities, which encompasses setting the company's strategic objectives, approving business plans, and overseeing their implementation. Strategic decisions concerning material investments, divestments, acquisitions, financing arrangements, and entry into new businesses areas fall within the board's competence.

The board of directors may delegate to an executive committee or managing directors both the definition and execution of corporate strategy. In practice, however, boards typically reserve and do not delegate authority for setting the strategic direction and for approving the most consequential actions with strategic implications.

Under the German model, the general and supervisory board approves strategic plans proposed by the board of directors and monitors their execution, thereby providing an additional layer of strategic oversight.

Regarding listed companies, the IPCG's Corporate Governance Code recommends that the board of directors should not delegate the definition of the company's strategy and main policies, and emphasises that non-executive directors should constructively challenge and contribute to the development of strategy. Boards are expected to conduct regular strategy reviews and communicate the strategic direction to shareholders through the annual management report and the general meeting.

In sociedades por quotas, given their closely held ownership and governance structure, it is common for shareholders to participate in the definition of strategy. There is, however, no statutory limitation on the powers of the gerentes in this regard.

10. How are members of the board compensated? Is their remuneration regulated in any way?

In sociedades anónimas, remuneration is determined by the shareholders' general meeting or, more commonly, by a remuneration committee appointed by the latter. The exception is the German model, in which remuneration is determined by the general and supervisory board or by a committee appointed by this board, except if the articles of association attribute this competence to the general

assembly or a remuneration committee appointed by the latter.

Listed companies are required to adopt a policy remuneration for members of their governing bodies. The remuneration policy must be reviewed at least every four years. It shall be clear and comprehensible, contribute to the company's business strategy, its long-term interests and sustainability, and include explanations regarding such contributions, as well as a description of the variable and fixed components of remuneration and of all bonuses and benefits. The policy must be disclosed immediately following its approval and made permanently available on the company's website. Additionally, these entities are required to publish an annual report and to disclose information in this regard.

Remuneration of directors comprises a fixed component and may include a variable component. Where the variable component consists of a percentage of profits, the maximum percentage must be authorised in the articles of association. The variable component is typically determined by reference to mixed performance criteria relating to both the company and the individual director.

The IPCG's Corporate Governance Code includes further recommendations concerning remuneration, such as ensuring that variable remuneration is linked to long term performance and does not encourage excessive risk taking, and that the payment of a significant portion of variable remuneration is deferred for at least three years.

In sociedades por quotas, the quota-holders set the remuneration of the managers.

11. Do members of the board owe any fiduciary or special duties and, if so, to whom? What are the potential consequences of breaching any such duties?

Directors owe extensive fiduciary duties under Portuguese law. The main duties are the duty of care (dever de cuidado) and the duty of loyalty (dever de lealdade).

The duty of care requires that directors remain available to exercise their responsibilities with diligence, and possess technical competence and a thorough understanding of the company's business and activities. This encompasses the duty to be appropriately informed before making decisions and to permanently monitor the company's activities.

The duty of loyalty obliges directors to act in the company's interest, considering the long-term interests of the shareholders and weighing the interests of other stakeholders relevant to the company's sustainability, including employees, clients, creditors, and the community. Consequently, the interests of the company and the interests of its shareholders are of greater importance when compared to the interests of other stakeholders relevant to the company's sustainability.

Additionally, directors must avoid conflicts of interest; they shall disclose any actual conflict of interest and abstain from participating in deliberations or voting on matters in which they have such a conflict. They are further subject to a duty of non-competition, which prohibits them from engaging in activities on behalf of entities that compete with the company in which they serve as directors, or from competing directly in their own capacity. This prohibition may, however, be waived by authorisation of the general meeting of shareholders.

Breach of fiduciary duties may result in several consequences, including civil liability, liability to creditors, removal, and criminal liability.

Regarding civil liability, directors are liable to the company for damages caused by acts or omissions in violation of their duties. Portuguese law recognises the business judgment rule, whereby directors who proved to have acted on an informed basis, free from conflicts of interest, and in the reasonable belief that their decisions serve the company's best interests, are not liable for mere errors of judgement.

Directors may be also liable to company's creditors where the company's assets are insufficient to satisfy its debts, provided the breach of duty caused or aggravated such insufficiency.

Directors may be removed based on just cause, and, in this case, no compensation is due.

Directors may face criminal sanctions under Portuguese law in specific situations.

12. Are indemnities and/or insurance permitted to cover board members' potential personal liability? If permitted, are such protections typical or rare?

Portuguese law permits directors' insurance to cover potential personal liability of board members, subject to certain limitations.

Indemnification of directors by the company is not expressly regulated in the PCC, although it is generally accepted that a company may indemnify directors for liabilities and expenses incurred in connection with their functions. It is important to note that any indemnification exempting directors from liability for breach of their fiduciary duties would be contrary to Portuguese law and, therefore, null and void. In certain cases, the general meeting of shareholders may resolve to waive the company's right to claim indemnification.

Insurance is permitted and widely used in Portuguese corporate practice, particularly among listed companies and large public companies. Such policies typically cover defence costs, settlements, and judgments arising from claims against directors for alleged wrongful acts in the performance of their duties. However, directors' insurance policies typically exclude coverage for fraud, wilful misconduct, and criminal fines. The cost of insurance premiums may be borne by the company, and this is common practice. Notwithstanding, there is a legal obligation for directors of sociedades anónimas to provide a security in the amount of €250,000 for listed companies, and of €50,000 for public companies, and the company may not bear the costs of insurance policies intended to substitute this security. In certain cases, the requirement to provide such security may be waived by shareholders.

13. How (and by whom) are board members typically overseen and evaluated?

In sociedades anónimas, the oversight of board members is performed by internal supervisory bodies and, in certain cases, by an external auditor. Under the classis model, the supervisory body (or sole auditor) is responsible for monitoring the board of directors' activities, overseeing compliance with the law and the articles of association, and verifying the company's accounts. In listed and large public companies, a chartered account must also be appointed to perform external audit functions.

Under the Anglo-Saxon model, the audit committee performs internal supervision whilst a chartered account conducts the external audit. Under the German model, the general and supervisory board supervises the executive board of directors, approves strategic plans, and monitors the company's performance.

The shareholders' general meeting is required annually to conduct a general appraisal of the management and supervision of the company as part of the annual general meeting agenda. In this general meeting, shareholders may approve resolutions to remove directors.

In sociedades por quotas, oversight of managers is entrusted to a supervision body or a sole auditor, while quota-holders exercise control through the general meeting and may request information from managers at any time.

14. Is the board required to engage actively with the entity's economic owners? If so, how does it do this and report on its actions?

Portuguese law does not impose a general duty on boards to engage actively with shareholders outside the context of the general meeting. However, certain disclosure obligations and practical considerations encourage ongoing communications.

In sociedades anónimas, the principal forum for interaction between the board and shareholders is the annual general meeting, where the board presents the management report, accounts, and proposed profit allocation, and responds to shareholders' questions. Shareholders are entitled to request information from the board during the general meeting, and the board must provide truthful, complete and elucidative answers, unless disclosure shall cause serious harm to the company or breach confidentiality obligations.

Information rights attributed to shareholders outside the context of general meetings are limited. The right to request information in writing, for example, is only available to shareholders holding a participation of 10% or above (See Section 19).

Listed companies must maintain an investor relations' officer, who is responsible for ensuring appropriate communication with shareholders, investors, and the market generally.

In listed companies, additional disclosure obligations that facilitate shareholder engagement apply. Companies must publish information through the CMVM's information system, including annual reports, half-year reports, quarterly information, and inside information. The Corporate Governance Code further recommends that the board should establish appropriate means of communication with shareholders and that the company should promote shareholder participation in general meetings through electronic voting and other mechanisms.

In sociedades por quotas, engagement between managers and the quota-holders tends to be more direct and informal, reflecting the closely held nature of these entities. Quota-holders have broad rights to information

and may request details regarding the company's affairs at any time. The annual general meeting remains the formal occasion for managers to report on the company's activities and for quota-holders to exercise oversight.

15. Are dual-class and multi-class capital structures permitted? If so, how common are they?

In sociedades anónimas, the articles of association may establish different categories of shares, provided that the number of shares and the rights conferred to each category are clearly stated. Shares may be differentiated based on dividend entitlements, liquidation preferences, or other characteristics. Portuguese law does not permit the attribution of the right to appoint a director to a specific category of shares, though allows the attribution of a veto right to the appointment of directors. Shares conferring the same rights form a category.

A principle of equal treatment of shareholders applies. For this reason, different rights may only be attributed to shareholders through different categories of shares and must not be attributed directly to a single shareholder.

The articles of association may permit the creation of non-voting preference shares (ações preferenciais sem direito de voto). These shares carry a priority dividend of not less than 1% of their nominal value and enjoy priority in the distribution of assets upon liquidation. The total nominal value of non-voting preference shares may not exceed one-half of the company's share capital.

Listed companies are equally permitted to create different categories of shares, but in practice, dual-class or multi-class structures are not widely adopted among Portuguese listed companies. The IPCG's Code of Corporate Governance favours transparency and the principle of proportionality between capital contribution and voting power. Listed companies must disclose the existence and characteristics of any share categories in their corporate governance annual report.

16. What financial and non-financial information must an entity disclose to the public? How does it do this?

Corporate entities face several disclosure obligations under Portuguese law. Listed companies, in particular, are subject to more extensive requirements.

All sociedades anónimas must prepare annual accounts comprising the balance sheet, profit and loss account,

and notes to the accounts, together with the management report. The management report of large public companies is typically extremely detailed. In any case, it is composed of a faithful, clear overview of the company's business evolution, performance, position, and the principal risks and uncertainties it faces, including a comprehensive analysis proportionate to the company's size and complexity, and, where applicable, non-financial performance indicators. Some specific disclosures are mandatory, such as significant post balance sheet events, expected future developments, market conditions, investments, R&D activities and treasury shares information.

Companies must approve annual accounts and the annual management report within three months after the financial year-end. Larger companies operating within a group may also be required to prepare consolidated accounts and a consolidated management report, and in this case their approval may occur within five months after the financial year-end.

Large public companies with more than 500 employees are subject to additional non-financial reporting obligations arising from the transposition into the Portuguese law of the Non-Financial Reporting Directive (NFRD), which requires reporting across various ESG topics.

Listed companies are subject to substantially more extensive disclosure requirements under the PSC and applicable CMVM regulations. In addition to the general obligations mentioned above, listed companies must include in their annual management report a corporate governance report. Further obligations include half year reports, quarterly information, inside information (informação privilegiada), notification of major shareholdings, disclosure of related party transactions, and the publication of remuneration policies and reports. Most listed companies must also comply with applicable obligations under the Taxonomy Regulation, which requires disclosure of the environmental classification of the activities carried out.

The IPCG's Code recommends that companies establish appropriate mechanisms to the sharing and disclosing of information to their governing bodies, the company secretary, its shareholders, investors, and any interested parties, including the market in general.

Sociedades por quotas are required to prepare annual accounts and a management report. Non-financial reporting obligations under the NFRD apply only where the relevant thresholds are met.

17. Can an entity's economic owners propose matters for a vote or call a special meeting? If so, what is the procedure?

Shareholders holding at least 5% of the share capital, solely or in group, have the right to request the convening of an extraordinary general meeting and to propose the inclusion of items on the agenda. In case of listed companies, this right applies to shareholders holding at least 2% the share capital.

Where shareholders request the convening of a general meeting, they must clearly indicate the items on the agenda and provide a justification for the need of the general meeting.

It is important to note that, regarding matters of corporate management, shareholders may only pass resolutions upon request of the board of directors, which means that shareholders cannot unilaterally place management matters on the agenda of a general meeting without the board's prior invitations. Shareholders may, however, freely propose resolutions on matters falling within the reserved competence of the general meeting, such as amendments to the articles of association, mergers, demerges, and the appointment or removal of directors.

In sociedades por quotas, the rights of quota-holders to request a general meeting and propose matters for a vote are broader than those available to shareholders of sociedades anónimas, as a minimum of 5% of quotas does not apply. There are no subject matter limits on resolutions that quota holders may propose.

18. What rights do investors have to take enforcement action against an entity and/or the members of its board?

Shareholders have the right to challenge the validity of resolutions of the general meeting by bringing actions to annulment or nullity before the competent court. A resolution may be annulled where it infringes the law or the articles of association, or where it is adopted in a manner prejudicial to the company's interests.

Shareholders also have the right to bring liability actions against directors for breach of their fiduciary duties (See Section 11). Shareholders holding at least 5% of the share capital of the company (or at least 2% of it, in case of listed company) may initiate a liability action on behalf and in favour of the company where the company itself fails to bring proceedings against directors.

Shareholders may also avail themselves of general remedies for the protection of rights, including ordinary civil actions, special proceedings for the exercise of corporate rights as provided in the Portuguese Code of Civil Procedure, and interim measures (injunctive relief).

19. Is shareholder activism common? If so, what are the recent trends? How can shareholders exert influence on a corporate entity's management?

Shareholder activism in the context of listed companies, manifested through proxy battles, public shareholder campaigns, concerted resolution proposals and class actions is not common in Portugal. This trend has not shown significant evolution, possibly due to the fact that the majority of these companies have stable control structures, in which the controlling shareholder exercises a direct and decisive influence over corporate management, thereby reducing both the space and the incentive for the emergence of adversarial activist movements.

Notwithstanding, shareholder activism understood in a broader sense, as any effort undertaken by shareholders to influence corporate behaviour through the exercise of the rights inherent to their equity participation, proves to be quite frequent in smaller companies. Dissatisfied shareholders may exert influence through the exercise of their legal rights, including the right to request information directly from the board, the right to access relevant documents, the right to request information and vote at general meetings, the right to propose the inclusion of items on the agenda and to call a general meeting (See Section 17), and the right to elect directors.

The right to request corporate information in writing from the board is attributed to shareholders holding at least 10% of the share capital of the company (*direito coletivo à informação*). Any shareholder holding at least 1% of the share capital may consult at the company's registered office, invoking good reason, relevant information (*direito mínimo à informação*), such as the management reports and other accounting documents of the past three years, as well as other related reports by the supervisory board and the chartered accountant, the convening notices, minutes and presence lists of the general meetings of the past three years, the global values of remuneration paid to members of the governing bodies in the past three years, the global values of remuneration paid to the top 10 or 5 most-well paid employees of the company during the past three years, and the registration documents of shares.

Additionally, during the general meeting, shareholders may request to be provided truthful, complete and clear information that may allow them to form an opinion about the voting items.

The PCC further grants minority shareholders holding at least 10% of the share capital the right to appoint at least one director in case of listed companies.

In *sociedades por quotas*, shareholder activism should be considered differently. As these are typically small and medium-size companies with greater proximity to the owners, the latter's presence and influence is more direct and intrinsic to the functioning of these companies. It is nevertheless common, when there are disagreements among quota-holders, for various legal mechanisms of exercising influence to also be resorted to.

20. Are shareholder meetings required to be held annually, or at any other specified time? What information needs to be presented at a shareholder meeting?

Annual general meetings are mandatory for all companies, public or private, listed or non-listed.

These annual meetings must be held within three months after the end of financial year and for companies required to prepare consolidated accounts within five months after the end of such financial year.

Mandatory agenda items of the annual general meeting include the approval of the annual management report and accounts, proposed profit allocation, a general appraisal of the management and supervision of the company, and, where applicable, the elections of members of the governing bodies (board of directors and supervisory board). It is also possible to remove directors, if that is the case, even if the topic is not on the agenda of the meeting.

In *sociedades anónimas*, a convening notice must be published at least one month prior to the date of the meeting, and must contain the complete identification of the company as required in the PCC, the place, date and hour of the meeting, the type of meeting (general or specific), the requirements for participating and voting on the general meeting, the agenda, and a description of the proceedings regarding the postal vote, if applicable.

During the fifteen days prior to the meeting, the preparatory information (*informação preparatória*) must be made available for consultation by shareholders at the company's registered office. Preparatory information

includes the full names of the directors, members of the supervisory board, and the chairman and the secretary of the general meeting, list of other companies where members of the governing bodies of the company perform similar functions, and proposals of the board to be voted on the meeting as well as reports or justifications that may be complementary. If elections are on the agenda, the names of the proposed candidates, their professional qualifications, the professional activities performed during the past five years, and the number of shares held by them, are mandatory. For annual general meetings, the management report, the accounts and any other relevant accounting documents, as well as the report of the supervisory board or similar body must be included in the preparatory information. Any requirements to include items on the agenda presented by shareholders must be also made available for consultation by shareholders at the company's registered office.

In listed companies, the convening notice must be published at least 21 days before the meeting. In this case, the informação preparatória also includes the total number of shares and voting rights by the date of convening notice, the models for representation and, if applicable, postal vote, and everything must be made available for consultation by shareholders also on the company's website from the day of the convening notice.

21. Are there any organisations that provide voting recommendations, or otherwise advise or influence investors on whether and how to vote (whether generally in the market or with respect to a particular entity)?

In Portugal, proxy voting recommendation services are expressly provided for and specifically regulated by law, with a particular focus on disclosure and transparency. This encompasses not only transparency by financial intermediaries regarding their use of such services, but also transparency by the entities that provide them ("consultores em matéria de votação").

In practice, coverage in Portugal is essentially provided by international service providers and is limited to the most significant issuers listed in the capital market.

22. What role do other stakeholders, including debt-holders, employees and other workers, suppliers, customers, regulators, the government and communities typically play in the corporate

governance of a corporate entity?

The PCC recognises the relevance of diverse stakeholder interests in the governance of public and private companies. Directors owe a duty of loyalty that obliges them to act in the company's interest, considering the long-term interests of the shareholders and weighting the interests of other stakeholders relevant to the company's sustainability, including employees, clients, creditors, and the community (See Section 11).

Creditors enjoy specific protections under the PCC, including in certain cases the right to liability actions against directors where the company's assets are insufficient to satisfy its debts. Portuguese law attributes creditors a range of protections that directly impact on corporate decision making, including capital maintenance rules and provisions governing corporate reorganizations, such as mergers, demergers, and transformations. Employees participate in corporate governance indirectly through labour law mechanisms such as work councils and trade union representation, but they do not have a formal seat on the board of directors.

Regulators exert a material and direct influence on corporate governance. Beyond the role of securities' regulatory authority, sectoral authorities issue detailed governance-related regulations, most prominently in the banking and insurance sectors.

In sociedades por quotas, the same overarching duty to consider stakeholder interests applies to managers under the PCC. In practice, the relationship between managers and stakeholders, particularly employees and creditors, tends to be more direct.

23. How are the interests of non-shareholder stakeholders factored into the decisions of the governing body of a corporate entity?

Portuguese law confers non shareholder stakeholders an indirect role in managerial decision making through directors' fiduciary duties, above all, the duty of loyalty. That loyalty is owed to the company as such; while the long term interests of shareholders must be taken into account, the interests of other stakeholders arise at a subsidiary level and are to be considered only insofar as they are relevant to the company's own sustainability.

Beyond this general framework, stakeholders' interests enter the corporate decision making framework through specific legislative frameworks. Most notably, a highly developed labour law affords robust protections to employees, and environmental legislation imposes

obligations with significant operational implications for virtually all economic actors. Together, these sectoral frameworks ensure that stakeholder considerations, though not primary within corporate fiduciary doctrine, exert material influence on governance outcomes.

24. What consideration is typically given to ESG issues by corporate entities? What are the key legal obligations with respect to ESG matters?

Legal obligations concerning ESG are essentially of European origin and are limited to large undertakings.

There is a cross-cutting obligation applicable to all companies to include in the management report, where appropriate and relevant to the company's activity, information on non financial performance, including environmental and workforce matters. However, this is a very limited requirement.

The more developed ESG disclosure obligations for large undertakings derive from the transposition into Portuguese law of the Non Financial Reporting Directive, which requires more extensive reporting across various ESG topics, and from the in force Taxonomy Regulation, which provides for the obligation to disclose the environmental classification of the activities carried out. Expected developments are essentially those arising from the transposition of the CSRD and the Corporate Sustainability Due Diligence Directive (CSDDD), the latter introducing substantive duties of conduct and not merely disclosure obligations.

There are no other general legal obligations of ESG conduct, without prejudice to directors' legal duty to take into account, in their actions, the interests of other parties relevant to the company's activity, and not only those of its shareholders.

These disclosure obligations, and their growing impact across the value chain, have brought greater attention to ESG matters in corporate practice.

25. What stewardship, disclosure and other responsibilities do investors have with regard to the corporate governance of an entity in which they are invested or their level of investment or interest in the entity?

Institutional investors holding listed shares, and asset managers to the extent they invest in listed shares on behalf of clients, must adopt and publicly disclose a shareholder engagement policy explaining how they monitor investee companies (covering strategy, financial and non-financial performance, risk, capital structure, and social and environmental impact), conduct dialogue, exercise voting and other rights, cooperate with other shareholders, communicate with stakeholders, and manage conflicts of interest; they must also publish, annually, how the policy was implemented.

Institutional investors holding listed shares must disclose the key elements of their equity investment strategy, explaining how it contributes to medium to long-term performance of the assets held.

26. What are the current perspectives in this jurisdiction regarding short-term investment objectives in contrast with the promotion of sustainable longer-term value creation?

It is unequivocal that there is a widespread context seeking to press market participants to act increasingly with a long term perspective. This stems from disclosure obligations (See Section 22), as well as from the broader body of sustainability legislation and practice already mentioned.

This force arises indirectly from the law and from a social pressure, but it is not a legal constraint. The trend toward greater incorporation of long term perspectives does exist and will very likely increase in the future; however, economic actors remain interested in quick results, creating a tension between these tendencies that will not be totally overcome. The efficiency of the markets must be found in the balance of these two perspectives.

Contributors

Miguel Ventura
Of Counsel, Head of Practice Governance

mv@vda.pt



Matilde Silveira Rodrigues
Associate

msr@vda.pt

