

Corporate Governance at Critical Software

1. Goals and principles

Purpose: We engineer change, helping to build a better and safer world through trusted and transformative technologies.

Critical Software (CSW) believes that a bright future depends on its ability to position itself as a company that:

- Delivers high-quality services and products
- Looks after and delivers value to customers and partners
- Treats its employees well, nurtures them and builds a solid community around them
- Respects the privacy and security of clients, customers and partners
- Acts with social responsibility and provides value to the communities in which it operates
- Minimises its impact on the environment
- Adheres to a strict code of ethics
- Is committed to diversity

A company is more than a business. It is a community. Only a strong community can make for a strong company. A strong community means unity, solidarity, shared values and a common set of basic principles on how to relate with the world at large. A strong community takes pride in its accomplishments and wider impacts.

To achieve these goals, the company needs good corporate governance.

Governance at CSW is approved and regularly reviewed by the Board of Directors and at General Meetings and is based on the following basic principles:

- Honesty and transparency
- Fairness, meritocracy, equal opportunities and equal treatment
- Trust and autonomy, as enablers of initiative and creativity
- Responsibility and accountability at all levels
- Sustainability of the company, of society and of the wider planet

2. Shareholders and general meetings

The quorum of General Meetings is the one established by law, with no further restrictions. Shareholders can participate digitally in the General Meetings.

The Board of Directors and the Audit Committee are appointed at the shareholders General Meeting, for four-year terms.

Pursuant to Portuguese Law no. 83/2017 (Anti-Money Laundering Act), which reflects what is established in Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 (article 3, para 6), the beneficial owners of Critical Software, S.A. are:

- João Fernando Viegas Carreira
- Manuel Gonçalo Lopes de Almeida Quadros

Critical Software, S.A. holds 100% of the shares of the subsidiaries Critical Software GmbH, Critical Software Technologies Limited and Critical Software Limited.

Beneficial owners of the subsidiaries are:

- João Fernando Viegas Carreira
- Manuel Gonçalo Lopes de Almeida Quadros

3. Non-executive management, monitoring and supervision

The Board of Directors approves the strategy, the main policies and the business structure, and monitors the activities of the company, verifying that its set objectives are satisfied. Non-Executive Directors are a full part of the preparation and decision process, as well as of the assessment of the accomplishment of these actions. A Non-Executive Director is a board member without responsibilities for the daily management or operations of the company.

The Audit Committee supervises the company's activity, implementing mechanisms and procedures of periodic control.

The Board of Directors and the Audit Committee closely follow the main risk variables of the company's activities and take corrective action whenever necessary.

The Board of Directors meets at least once every quarter and the Audit Committee meets at least once every two months. Audit Committee members participate in the Board of Directors meeting as observers that can intervene.

4. Executive management

The Board of Directors appoints the Executive Directors that constitute the Management Board, and delegates to them the executive management of the company. A Chief Executive Officer, also appointed by the Board of Directors, heads the Management Board.

The Management Board meets weekly. As a way to stay close to the community, it invites to these meetings people from across different hierarchical levels of the company regularly, and the meetings take place in different company locations.

5. Evaluation of company performance

The Management Board continuously plans for and assesses the company's performance. The Board of Directors independently validates and verifies such assessments.

The Management Board guarantees that all information needed to assess the activities of the company is made available to the Board of Directors and Audit Committee, so that they are able to monitor performance and identify any deviations from what is expected.

The Audit Committee has the responsibility of assessing and monitoring financial performance, and matters relating to budget and risk management.

6. Employee remuneration and wealth distribution

The Board of Directors defines the general compensation policy of the company and appoints a Compensation Committee that oversees all decisions related to remuneration in the company. Critical Software operates according to the rule that the largest salary in the company must not be greater than 10 times that of the lowest salary. Critical Software believes that this is central for the company's long-term competitiveness, sustainability and fairness.

The company's wealth distribution principles account for four key stakeholders: the company itself, its employees, the communities it supports and its shareholders. Wealth generated by the company is distributed annually according to the following order of priority: 1. company 2. employees 3. community and shareholders. The total wealth generated is assessed against pre-defined thresholds each year, which determines the exact financial values that are distributed to each stakeholder group.

The wealth generation distribution mechanism to employees takes the form of a base bonus distributed to every person in the company, independent of individual performance. On top of this, managers receive an additional bonus based on the achievement of key objectives. Sales individuals receive bonuses exclusively based on sales performance.

7. Risk management

The Board of Directors defines the risk management guidelines and regularly monitors them. The Management Board also identifies risks and defines mitigation plans. The Audit Committee monitors risk management activities.

8. Financial statements and accounting

The Board of Directors analyses the company's financial information regularly. The Audit Committee, working in close cooperation with the statutory auditor, validates that information.

The company believes in transparency and accountability and is committed to providing business and financial information to its employees on a regular basis. The Management Board has the responsibility of organising a Business Update meeting on at least a quarterly basis, open to all employees, to share key business events and high-level financial information for the quarter. Additionally, once a year, the company shares with its employees the key business events and facts for the year, high-level financial statements, and how the company stands regarding its annual goals.

9. Metanational organisation

The internal organisation of Critical Software is based on a metanational structure. This structure seeks to breakdown traditional geographical boundaries which often can stand in the way of a truly collaborative global working environment and focuses instead on establishing functions within the business which support all people and operations across all locations – wherever talent lies.

This means that the company is structured in different functional areas whose scope is the entire organisation, independent of geographies and subsidiaries. The goals of each functional area always concerns the entire organisation, and the heads of each functional area may come from any of the subsidiaries. Management Board members are typically selected from the heads of the company's different functional areas.

10. Membership of the boards

The chair of the General Meeting is João Amaro da Luz, and the secretary is Ana Rita Roque.

The Statutory Auditor is EY - Ernest & Young.

Board of Directors

Gonçalo Quadros Chairman	João Carreira Director	Pedro Murtinho Director	Jorge Rodrigues Director	TBD Independent Board Member
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Management Board

João Carreira CEO	Pedro Murtinho CFO	José Costa CSO	Filipa Carmo People Director	Luís Gargaté Division Director
João Brito Division Director	Bernardo Patrão Division Director	Mónica Sobreira Division Director		

Audit Committee

Carlos Barros Chair	João Figueiral Member	Ana Santos Member
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Compensation Committee

Pedro Murtinho Chair	Gonçalo Quadros Member	Filipa Carmo Member	Jorge Rodrigues Member
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