



CORPORATE GOVERNANCE REPORT

2018

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PART I - INFORMATION ON CAPITAL STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

A. CAPITAL STRUCTURE

I. CAPITAL STRUCTURE

1. CAPITAL STRUCTURE (SHARE CAPITAL, NUMBER OF SHARES, DISTRIBUTION OF CAPITAL BETWEEN SHAREHOLDERS, ETC.), INCLUDING INDICATION OF SHARES NOT ADMITTED TO TRADING, DIFFERENT CLASSES OF SHARES, THE RIGHTS AND OBLIGATIONS ATTACHING TO THESE AND THE PERCENTAGE OF SHARE CAPITAL THAT THEY REPRESENT (ARTICLE 245-A.1 A)).

Semapa has a share capital of 81,270,000 Euros, represented by a total of 81,270,000 shares without nominal value. All shares are ordinary shares and have the same rights and obligations attached to them, and are admitted for trading.

A breakdown of the capital structure, indicating shareholders with qualifying holdings, is provided in the table in item 7 below.

2. ANY RESTRICTIONS ON THE TRANSFER OF SHARES, SUCH AS CLAUSES ON CONSENT FOR DISPOSAL, OR LIMITS ON THE OWNERSHIP OF SHARES (ARTICLE 245-A.1 B)).

Semapa has no restrictions of any kind on the transferability or ownership of its shares.

3. NUMBER OF OWN SHARES, CORRESPONDING PERCENTAGE OF SHARE CAPITAL AND PERCENTAGE OF VOTING RIGHTS WHICH WOULD CORRESPOND TO OWN SHARES (ARTICLE 245-A.1 A)).

On 31 December 2018, Semapa held 640,666 own shares, corresponding to 0.788% of its share capital. If the voting rights were not suspended, the percentage of voting rights would be the same as the percentage of the total capital.

4. SIGNIFICANT AGREEMENTS TO WHICH THE COMPANY IS PARTY AND WHICH TAKE EFFECT, ARE AMENDED OR TERMINATE IN THE EVENT OF A CHANGE IN THE CONTROL OF THE COMPANY AS A RESULT OF A TAKEOVER BID, TOGETHER WITH THE RESPECTIVE EFFECTS, UNLESS, DUE TO ITS NATURE, DISCLOSURE OF SUCH AGREEMENTS WOULD BE SERIOUSLY DETRIMENTAL TO THE COMPANY, EXCEPT IF THE COMPANY IS SPECIFICALLY REQUIRED TO DISCLOSE SUCH INFORMATION BY OTHER MANDATORY PROVISION OF LAW (ARTICLE 245-A.1 j)).

Semapa is not a party to any important loan agreement, debt instruments or other to which the company is a party and which take effect, alter or terminate upon a change of control of the company as a result of a takeover bid.

5. RULES APPLICABLE TO THE RENEWAL OR REVOCATION OF DEFENSIVE MEASURES, IN PARTICULAR THOSE PROVIDING FOR LIMITS ON THE NUMBER OF VOTES WHICH CAN BE HELD OR CAST BY A SINGLE SHAREHOLDER INDIVIDUALLY OR IN A CONCERTED MANNER WITH OTHER SHAREHOLDERS.

There are no defensive measures in place in the company, namely any limiting shareholder's exercisable voting rights.

6. SHAREHOLDERS' AGREEMENTS KNOWN TO THE COMPANY OR WHICH MIGHT LEAD TO RESTRICTIONS ON THE TRANSFER OF SECURITIES OR VOTING RIGHTS (ARTICLE 245-A.1 G)).

The Company is only aware of the ongoing and open coordination of the exercise of voting rights mentioned in item 7 below, resulting in the allocation to Sodim, SGPS, S.A. on 31 December 2018 of 71.983% of non-suspended voting rights, above the 71.186% arising from the direct and indirect holdings.

II. HOLDINGS OF SHARES AND BONDS

7. IDENTIFICATION OF PERSONS AND ORGANIZATIONS WHO, DIRECTLY OR INDIRECTLY, OWN QUALIFYING HOLDINGS (ARTICLE 245-A.1 C) AND D) AND ARTICLE 16), DETAILING THE PERCENTAGE OF THE SHARE CAPITAL AND VOTES IMPUTABLE AND THE RESPECTIVE GROUNDS.

The owners of qualifying holdings in Semapa on 31 December 2018 are identified in the following table:

Entity	Number of Shares	% share capital and voting rights	% non-suspended voting rights
A			
- Sodim, SGPS, S.A.	15,252,726	18.768%	18.917%
Directors of Sodim			
Filipa Mendes de Almedida de Queiroz Pereira	5,488	0.007%	0.007%
Mafalda Mendes de Almeida de Queiroz Pereira	5,888	0.007%	0.007%
Lua Mendes de Almeida de Queiroz Pereira	5,888	0.007%	0.007%
Cimigest, SGPS, S.A.	3,185,019	3.919%	3.950%
Cimo - Gestão de Participações, SGPS, S.A.	38,959,431	47.938%	48.319%
Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.769%	0.775%
Total:	58,039,639	71.416%	71.983%
B			
- Bestinver Gestión, S.A., S.G.I.I.C.	-	-	-
Bestinver Empleo, F.P.	13,930	0.017%	0.017%
Bestinver Bolsa, F.I.M.	2,319,127	2.854%	2.876%
Bestifond Ahorro Fondo de Pensiones	198,347	0.244%	0.246%
Bestinver Empleo III Fondo de Pensiones	2,221	0.003%	0.003%
Bestinver Hedge Value Fund, FIL	1,503,046	1.849%	1.864%
Bestinver Global F.P.	405,052	0.498%	0.502%
Bestinver Mixto, F.I.M.	195,019	0.240%	0.242%
Bestvalue F.I.	519,214	0.639%	0.644%
Bestinver Prevision F.P.	38,849	0.048%	0.048%
Divalsa de Inversiones SICAV	13,543	0.017%	0.017%
Bestinver SICAV - Bestifund	79,928	0.098%	0.099%
Bestinver Empleo II, F.P.	3,571	0.004%	0.004%
Bestinver Futuro EPSV	6,607	0.008%	0.008%
Bestinver SICAV Iberian	229,426	0.282%	0.285%
Bestinver Renta F.I.M.	177,186	0.218%	0.220%
Bestinver Consolidacion EPSV	1,975	0.002%	0.002%

Bestifond, F.I.M.	1,459,715	1.796%	1.810%
Total:	7,166,756	8.818%	8.889%

C

- Norges Bank (The Central Bank of Norway)	1,699,613	2.091%	2.108%
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The voting rights relating to the companies in group A are allocated on the basis of (i) direct ownership of the shares; (ii) the open coordination of the exercise of voting rights, which means that the voting rights held by these companies taken together in Semapa are allocated to each of them, as explained next, and (iii) the existence of, direct and indirect, controlling relationships of Sodim, SGPS, S.A. also described ahead.

The allocation to Sodim by virtue of the open coordination of the exercise of voting rights, under the terms in which they have been announced, according to Article 20. 1 c) and h) of the Securities Code, matches the part identified by the letter A in the table above.

The allocation to Sodim by virtue of the controlling relationship, in accordance with Article 20. 1 b) of the Securities Code, was on 31 December 2018 as follows:

Entity	Allocation	No. shares	% share capital and voting rights	% non-suspended voting rights
Sodim, SGPS, S.A.		15,252,726	18.768%	18.917%
Cimigest, SGPS, S.A.	100% owned by Sodim	3,185,019	3.919%	3.950%
Cimo - Gestão de Participações, SGPS, S.A.	100% owned by Cimigest	38,959,431	47.938%	48.319%
	Total:	57,397,176	70.625%	71.186%

In relation to the companies in groups B and C, voting rights are allocated on the basis of direct and indirect ownership of shares, by virtue of domain relations.

8. INDICATION OF THE NUMBER OF SHARES AND BONDS HELD BY MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES.

This information is provided in Annex I to this Report.

9. SPECIAL POWERS OF THE MANAGEMENT BOARD, IN PARTICULAR CONCERNING RESOLUTIONS TO INCREASE CAPITAL (ARTICLE 245-A.1 I)), INDICATING, WITH REGARD TO THESE, THE DATE ON WHICH THEY WERE GRANTED, THE PERIOD DURING WHICH SUCH POWERS MAY BE EXERCISED, THE UPPER LIMIT FOR THE INCREASE IN SHARE CAPITAL, SHARES ALREADY ISSUED UNDER THE POWERS GRANTED AND THE FORM TAKEN BY THESE POWERS.

In the terms of the Articles of Association, the Board of Directors has no powers to resolve on increases to the share capital.

10. INFORMATION ON THE EXISTENCE OF SIGNIFICANT DEALINGS OF A COMMERCIAL NATURE BETWEEN QUALIFYING SHAREHOLDERS AND THE COMPANY.

All transactions taking place in 2018 between the company and qualifying shareholders are described in Note 35 of the annex to the consolidated accounts and Note 25 of the annex to the individual financial statements. In the period from 1 January to 31 October, on the basis of the criteria set out in item 91 below, and in the period from 1 November to 31 December, on the basis of the regulation of conflicts of interests and related party transactions, items 89 and following of this report, there were no significant dealings of a commercial nature between qualifying shareholders and the company.

B. CORPORATE BOARDS AND COMMITTEES

I. GENERAL MEETING

A) COMPOSITION OF THE GENERAL MEETING

11. OFFICERS OF THE GENERAL MEETING AND THEIR TERM OF OFFICE (STARTING AND ENDING DATES).

The officers of the General Meeting are:

CHAIRMAN:	Francisco Xavier Zea Mantero (term of office from 24/05/2018 to 31/12/2021)
SECRETARY:	Luís Nuno Pessoa Ferreira Gaspar (term of office from 24/05/2018 to 31/12/2021)

Until the Annual General Meeting of 24 May 2018, the office of secretary of the General Meeting was held by Rita Maria Pinheiro Ferreira Soares de Oliveira.

B) EXERCISE OF VOTING RIGHTS

12. ANY RESTRICTIONS ON VOTING RIGHTS, SUCH AS LIMITATIONS ON THE EXERCISE OF VOTING RIGHTS BASED ON THE OWNERSHIP OF A GIVEN NUMBER OR PERCENTAGE OF SHARES, TIME LIMITS FOR EXERCISING VOTING RIGHTS OR SYSTEMS FOR DETACHING VOTING RIGHTS FROM OWNERSHIP RIGHTS (ARTICLE 245-A.1 F));

Under Semapa's Articles of Association, each share in the Company carries one vote.

Despite the existence of time limits established in Semapa's Articles of Association for attendance of the General Meeting, the mandatory legal rules on this matter apply, such as Article 23-C of the Securities Code. The time limit established by the Articles of Association for exercise of postal rights is the day prior to the General Meeting.

The Articles of Association make no provision for electronic voting. Nevertheless, the Board of Directors might regulate on alternative ways to vote besides paper format, as long as authenticity and confidentiality of the votes are also guaranteed until the moment of the voting. Although the Board of Directors never used this capacity, the Chairman of the General Meeting accepts electronic votes which are received under comparable conditions as the vote by mail, in what regards the deadline, comprehensibility, the guarantee of authenticity, confidentiality and other formal issues. Signature acknowledgement shall be replaced by the digital signature and closed and separate envelopes for each item in the agenda by separate annexes to the email.

There are no systems for detaching voting rights from ownership rights.

13. INDICATION OF THE MAXIMUM PERCENTAGE OF THE VOTING RIGHTS WHICH CAN BE EXERCISED BY A SINGLE SHAREHOLDER OR BY SHAREHOLDERS CONNECTED IN ANY OF THE FORMS ENVISAGED IN ARTICLE 20.1

There are no rules in the Articles of Association which lay down that voting rights are not counted if in excess of a given number, when cast by a single shareholder or shareholders related to him.

14. IDENTIFICATION OF SHAREHOLDER RESOLUTIONS WHICH, UNDER THE ARTICLES OF ASSOCIATION, CAN ONLY BE ADOPTED WITH A QUALIFIED MAJORITY, IN ADDITION TO THOSE PROVIDED FOR IN LAW, AND DETAILS OF THE MAJORITIES REQUIRED.

The Company has established no quorums for constituting meetings or adopting resolutions different from those provided for on a supplementary basis in law.

II. MANAGEMENT AND SUPERVISION

A) COMPOSITION

15. IDENTIFICATION OF THE GOVERNANCE MODEL ADOPTED.

The company has adopted the governance model provided for in Article 278.1 a) of the Companies Code (Board of Directors and Audit Board) and in Article 413.1 b) (Audit Board and Statutory Auditor), of the same code.

16. RULES IN THE ARTICLES OF ASSOCIATION ON PROCEDURAL AND MATERIAL REQUIREMENTS APPLICABLE TO THE APPOINTMENT AND SUBSTITUTION OF MEMBERS, AS THE CASE MAY BE, OF THE BOARD OF DIRECTORS, THE EXECUTIVE BOARD OF DIRECTORS AND THE GENERAL AND SUPERVISORY BOARD (ARTICLE 245-A.1 H)). POLICY OF DIVERSIFICATION.

Semapa's Articles of Association set no special rules on the appointment and replacement of directors, and the general supplementary rules contained in the Companies Code therefore apply here, i.e. shareholders have the power to appoint the directors (and the supervisory body).

Concerning the development of a policy of diversification, Semapa chose to not formally adopt such policy, on the grounds of a set of legal and operational circumstances and not based on the belief that diversification in the relevant governing bodies is not positive.

In effect, while it does not have a policy of diversification, nor formally adopted requirements and criteria for the profile of the new members of the governing bodies, which suit the duties performed, the company acknowledges that individual features, such as competence, independence, integrity, availability and expertise, and diversity requirements help improve the performance of the governing bodies.

Analysing the diversity of the governing bodies of Semapa, it should be noted that there is a fairly reasonable level of diversity. As highlighted in the following table:

Diversification factor	Parameter	%
Age	<50	29.41%
	50-65	41.17%
	> 65	29.41%
Gender	Female	23.53%
	Male	76.47%
Education	Econ./Manag.	47.06%
	Engineering	17.65%
	Law	11.76%
	Other	5.88%
	Non graduate	17.65%
Professional background	Professional experience abroad	35.29%
	Different sectors of the group	88.24%

According to the Portuguese legal system that holds shareholders responsible for deciding on the composition of the governing bodies and the nature itself of the Group of which Semapa is a part, family-owned and with concentration in the shareholding and members of the joint boards of directors to several related companies, the Directors find that the shareholders shall have the power to decide on the composition of the governing bodies.

This is the vision that justifies the fact that the company chose to explain and not implement the recommendations for the setting up of an Appointments Committee and the criteria applied by it.

Accordingly, the existence of a policy of diversification must be regarded in line with the existence or not of the Appointments Committee and, properly, it is not very relevant outside of the context of a company's body empowered to propose the election of people to the governing bodies in the framework of such policy of diversification.

In addition, as explained above, the reality of the facts reveals that it was largely possible to meet the goals without having formally approved the policy in question.

17. COMPOSITION, AS THE CASE MAY BE, OF THE BOARD OF DIRECTORS, THE EXECUTIVE BOARD OF DIRECTORS AND THE GENERAL AND SUPERVISORY BOARD, DETAILING THE PROVISIONS OF THE ARTICLES OF ASSOCIATION CONCERNING THE MINIMUM AND MAXIMUM NUMBER OF DIRECTORS, DURATION OF TERM OF OFFICE, NUMBER OF FULL MEMBERS, THE DATE WHEN FIRST APPOINTED AND THE END OF THEIR TERMS OF OFFICE FOR EACH MEMBER.

The Company's Articles of Association (Article 11.1) stipulate that the Board of Directors comprises three to fifteen directors appointed each for a four-year term.

We indicate below the date of first appointment of each member, together with the date on which their term of office expires:

Members of the Board of Directors	Date of first appointment and end date of term of office
Pedro Mendonça de Queiroz Pereira	1991-2018
João Nuno de Sottomayor Pinto de Castello Branco	2015-2021
José Miguel Pereira Gens Paredes	2006-2021
Paulo Miguel Garcês Ventura	2006-2021
Ricardo Miguel dos Santos Pacheco Pires	2014-2021
António Pedro de Carvalho Viana-Baptista	2010-2021
Carlos Eduardo Coelho Alves ¹	2015-2021
Filipa Mendes de Almedida de Queiroz Pereira	2018-2021
José Antônio do Prado Fay	2018-2021
Lua Mónica Mendes de Almeida de Queiroz Pereira	2018-2021
Francisco José Melo e Castro Guedes	2002-2021
Mafalda Mendes de Almeida de Queiroz Pereira	2018-2021
Manuel Custódio de Oliveira	2014-2018
Vítor Manuel Galvão Rocha Novais Gonçalves	2010-2021
Vítor Paulo Paranhos Pereira	2014-2021

Pedro Mendonça de Queiroz Pereira ceased the performance of duties as Chairman of the Board of Directors after passing away on 19 August 2018.

Filipa Mendes de Almeida de Queiroz Pereira, José Antônio do Prado Fay, Lua Mónica Mendes de Almeida de Queiroz Pereira and Mafalda Mendes de Almeida de Queiroz Pereira were appointed directors for the 2018/2021 term, at the Annual General Meeting held on 24 May 2018.

Manuel Custódio de Oliveira was not reappointed director at the mentioned Annual General Meeting, and ceased these duties on 24 May 2018.

On 31 October 2018, it was decided at the meeting of the Board of Directors to co-opt Heinz-Peter Elstrodt as Chairman of the Board of Directors of the company, starting the exercise of duties on 1 January 2019. Consequently, considering that this appointment only entered into effect in the financial year of 2019, it was not taken into account in the drafting of this report.

18. DISTINCTION BETWEEN EXECUTIVE AND NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS AND, IN RELATION TO NON-EXECUTIVE DIRECTORS, IDENTIFICATION OF THOSE WHO CAN BE REGARDED AS INDEPENDENT OR, IF APPLICABLE, IDENTIFICATION OF THE INDEPENDENT MEMBERS OF THE GENERAL AND SUPERVISORY BOARD.

¹ Held office from 1991 to 2009, and was appointed again in 2015.

The executive members of the Board of Directors are those who belong to the Executive Board, as per paragraph 28 below, the others being non-executive.

Nevertheless, Pedro Mendonça de Queiroz Pereira, Chairman of the Board of Directors of the company, up to the time of his passing away on 19 August 2018, was closely involved in the daily company management decisions.

In 2018, the Board of Directors of the company was composed of (i) eleven members until 24 May, (ii) fourteen members from then until 19 August, and (iii) thirteen members from then and until 31 December, of which four members in all of these periods integrated the Executive Board, resulting, after the annual General Meeting, in an increase in the number of non-executive directors compared with the previous term, but the same number of executive directors. We therefore consider that the company has an adequate number of non-executive directors, in what regards the company's dimension and complexity of the risks inherent to its activity and sufficient to efficiently ensure the functions assigned to them.

On the basis of the criteria laid down by the corporate governance code adopted, the following non-executive directors may be classified as independent: António Pedro de Carvalho Viana-Baptista and Carlos Eduardo Coelho Alves, as they are not associated with any specific group of interests in the Company, nor are they under any circumstance likely to affect an exempt analysis or decision.

On the other hand, the Directors Pedro Mendonça de Queiroz Pereira, Filipa Mendes de Almeida Queiroz Pereira, Francisco José Melo e Castro Guedes, Lua Mónica Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira, Manuel Custódio de Oliveira and Vítor Paulo Paranhos Pereira were not classified as independent in the light of the criteria referred, since they were also members of the Board of Directors of companies owning qualified holdings in Semapa during 2018. José António do Prado Fay and Vítor Manuel Galvão Rocha Novais Gonçalves may not be classified as independent in the light of the applicable criteria, since they are directors of companies controlled by or controlling Semapa, and receive remuneration for their duties.

Thus, in the course of the 2018 financial year, the Board included between 1/4 (one fourth) and 1/5 (one fifth) of non-executive directors who fulfilled the independence requirements, which the company finds adequate and consistent with a fully independent performance of the Board of Directors and sufficient to guarantee the effective capacity to supervise, assess and monitor the activity of the other members of the Board of Directors. Considering the profile, age, history and professional experience and integrity of the members of this body, that proportion is perfectly adjusted to the nature and size of the company, namely considering that it is a family-owned company, with a stable capital structure and taking into account the complex risks inherent to its activity.

19. PROFESSIONAL QUALIFICATIONS AND OTHER RELEVANT BIOGRAPHICAL DETAILS OF EACH OF THE MEMBERS, AS THE CASE MAY BE, OF THE BOARD OF DIRECTORS, THE GENERAL AND SUPERVISORY BOARD AND THE EXECUTIVE BOARD OF DIRECTORS.

PEDRO MENDONÇA DE QUEIROZ PEREIRA

Pedro Queiroz Pereira attended General High School studies in Lisbon and Instituto Superior de Administração. He lived in Brazil from 1975 to 1987, where he held directorship positions in several companies in the industry, trade, tourism and agriculture areas. After returning to Portugal, he continued to work as Director for several companies belonging to the Queiroz Pereira family. In 1995, when the scope of activities of the Queiroz Pereira family expanded to the concrete

industry, he was elected Chairman of the Board of Directors of Secil and Semapa, and also CEO of the latter, having resigned as Chairman of the Executive Board of Semapa in July 2015. Since 2004, Pedro Queiroz Pereira also held the office of Chairman of the Board of Directors of The Navigator Company.

JOÃO NUNO DE SOTTOMAYOR PINTO DE CASTELLO BRANCO

João Castello Branco is a graduate in mechanical engineering by Instituto Superior Técnico and holds a master degree in management by INSEAD. He holds office, since July 2015, as Chairman of the Executive Board of Semapa, and up to that date was Partner-Director of McKinsey & Company at the Iberian Office. He joined McKinsey in 1991, where he practised in several fields, at the service of some of the leading institutions in Portugal and Spain. He also worked in this sectors in Europe, Latin America and the USA. He led teams at McKinsey working in competitiveness, productivity and innovation in Portugal and Spain. Before joining McKinsey, he worked at the engine development centre of Renault, in France. In 2017 he was elected member of the General Board of AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado. Since 2015, he has been Director of The Navigator Company and Secil, having been appointed Chairman of both companies by the end of 2018.

JOSÉ MIGUEL PEREIRA GENS PAREDES

José Miguel Paredes holds a degree in Economics from Universidade Católica Portuguesa and initiated his professional activity in 1985, at Direcção Geral de Concorrência e Preços (Portuguese Competition Authority). In the following years, he worked at the Rodoviária Nacional (Portuguese state-owned bus transportation company), Trader Interbiz, Cosec (Credit Insurance Company) in the External Credit Department, Generale Bank in the Commercial Department and Treasury / Foreign Exchange Trading Room, in Portugal, and United Distillers in the Financial Department in Portugal. In 1994, he became Financial Director of Semapa and some of the other related companies in the group. He was Executive Director of Enersis, a renewable energy company owned by the Semapa Group. From 2004 to 2018 he was Semapa's investor relations officer and he has held office as Executive Director of Semapa since 2006. In 2008 José Miguel Paredes was appointed Director of ETSA and he is Chairman of the Board of Directors since 2010. He also became Director of The Navigator Company and Secil in 2011 and 2012, respectively. In 2018 he was appointed Director of Sonagi.

PAULO MIGUEL GARCÊS VENTURA

Miguel Ventura has a degree in Law and completed the INSEAD IEP '08Jul and COL '15Dec Governance Programmes in 2018. He also holds a certificate of Corporate Governance of INSEAD of 2018. He began practising Law in 1995. In 1997 he became an officer of the General Assemblies in several subsidiaries of Cimigest, Sodim and Semapa and was appointed Company Secretary of Semapa. From 2005 to 2007 he was a member of the Lisbon District Council of the Bar Association. He has held office as Executive Director of Semapa and other related companies since 2006. In 2007 Miguel Ventura was appointed Vice-President of the General Meeting of REN (until the end of 2014) and of Infraestruturas de Portugal. He also became Director of The Navigator Company and Secil in 2011 and 2012, respectively. In 2014 he was elected member of the General Board of AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado, and remained in office until the end of 2016. In 2017 he was appointed member of the Board of that association. In 2018 he was appointed Director of Sonagi.

RICARDO MIGUEL DOS SANTOS PACHECO PIRES

Ricardo Pires holds a degree in Business Administration and Management from Universidade Católica Portuguesa, and

is specialised in Corporate Finance from ISCTE. He also has an MBA in Corporate Management from Universidade Nova de Lisboa. He began his career in the field of management consulting, from 1999 to 2002 for BDO Binder and later for GTE Consultores. From 2002 to 2008 he held several positions in the Corporate Finance Board at ES Investment, where he developed different M&A and capital market projects in the Energy, Paper and Pulp and Food & Beverages sectors. He has worked for Semapa since 2008, first as Director of Strategic Planning and New Business and afterwards, from 2011, as Chief of Staff of the Chairman of the Board of Directors. In 2014 he was appointed Executive Director of Semapa, and he also holds positions in other related companies. Since 2015, he has held positions in the board of The Navigator Company and Secil. He is, since 2017, the CEO of Semapa Next.

ANTÓNIO PEDRO DE CARVALHO VIANA-BAPTISTA

António Viana Baptista has a degree in Economy, a post-graduate degree in European Economy and holds an MBA (INSEAD). From 1984 to 1991, he was Principal Partner of McKinsey & Co. Between 1991 and 1998, he was Director of Banco Português de Investimento. Between 1998 and 2008, he held positions at Telefonica S.A., as Chairman of Telefonica Internacional from 1998 to 2002, Chairman of Telefonica Moviles S.A. from 2002 to 2006, and Chairman of Telefonica España from 2006 to 2008, and he was also Director of Telefonica S.A. and Portugal Telecom, representing Telefonica. From 2011 to 2016 he was CEO of Crédit Suisse AG for Spain and Portugal. He held office as non-Executive Director of Jasper Inc, California until 2016 and of Abertis, S.A. from 2017 to 2018. At present, he is non-executive Director of Jerónimo Martins, S.A. (where he also acted as member of the Audit Committee from 2010 to 2015) and of Atento S.A., in addition to performing duties as Director of Alter Venture Partners G.P., SARL. He has been non-executive Director of Semapa since 2010.

CARLOS EDUARDO COELHO ALVES

Carlos Alves has a degree in mechanical engineering from Instituto Superior Técnico and he is an Expert Industrial Manager by the Portuguese Association of Engineers. He began working as lecturer of Machine Components I and II at Instituto Superior Técnico and he was a Trainee Expert of the Works Monitoring Division at Laboratório Nacional de Engenharia Civil in Lisbon. He was an engineer of technical services at Cometna – Companhia Metalúrgica Nacional, SARL, and later director in charge of manufacturing and managing director of Cobrascom S.A. (In Rio de Janeiro, Brazil). From 1989 to 2009 he was director of Semapa and Secil, where he held office as CEO from 1994 to 2008, of Portucel (currently The Navigator Company) and Enersis. He has been non-executive director of Semapa since November 2015.

FRANCISCO JOSÉ MELO E CASTRO GUEDES

Francisco Guedes has a degree in Economic and Financial Sciences and holds an MBA from INSEAD. He initiated his professional career in 1971 at the Companhia União Fabril. He performed military service from 1972 to 1975. In the following years, in 1976 he was Financial Director of Companhia Rio Moju and from 1977 to 1987 at the Anglo American Corporation (in Brazil), holding office as Executive Director, the Holding's Financial Director, Director in charge of all (non-gold) mining and industrial companies in Brazil and Financial Director of Mineração Morro Velho. Between 1988 and 1989 Francisco Guedes he was in charge of the Ricardo Schedel brokerage. In 1990, he was manager of the Aroeira project at Formentur, and in the following years he was director and manager at Anglo American Corporation Portugal, Nacional – C.I.T.C., Nutrinveste and Sociedade Ponto Verde. Between 2009 and 2015 he was Director of The Navigator Company. He has occupied, since 2001, management positions at Secil, having carried out executive functions in Semapa and other group companies from 2006 to 2013.

MANUEL CUSTÓDIO DE OLIVEIRA

Manuel Oliveira has a degree in Economy. In 1977, he began working as Director of the Lagoalva Groups, and he still holds this position today. In 1978 he worked for Thomson Maclintock, and in 1979 for Glaxo Farmacêutica. In 1980, he took office as Director of Sodim and became Financial Director of Cimianto. In the 90s still, he was Chairman of AIPA (Associação das Indústrias de Produtos de Amianto) and negotiator in Brussels for the Asbestos dossier. In the following years, he was Chairman of the Board of Directors of Antasobral S.A., Director of Sousa Campilho S.A. and of Esforço S.A. and manager of Zona de Caça e Pesca da Herdade Sobral e Mergulhoas, Lda. From 2013 to 2018, he held office as Chairman of the Board of Directors of Cimilonga, Longavia, Refundos and Sonagi Imobiliária, and as Director of Cimigest and Sodim, and he was appointed Chairman of the Board of Directors of the Sonagi in 2014. From 2014 to 2018, he held office as non-executive Director of Semapa, company for which he had previously worked as a consultant.

VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES

Vítor Novais Gonçalves has a Business and Administration Degree by ISC-HEC, in Brussels, and more than 30 years of professional experience with senior positions in Consumer Goods, Telecom and Financial sectors. He began his professional activity in 1984 at Unilever as Management Trainee and later as Product Manager and Market Manager. Between 1989 and 1992, he was Business Manager in the Venture Capital Area at Citibank Portugal and later he was Corporate Finance Head and member of the Management Committee. Between 1992 and 2000, in the financial area of Group José de Mello, he held board positions in several companies and, among others, was General Manager of Companhia de Seguros Império. Between 2001 and 2009, at SGC Group he was Director of SGC Comunicações, being responsible for International Business Development. He is presently Director of Zoom Investment, Semapa and The Navigator Company, among others.

VÍTOR PAULO PARANHOS PEREIRA

Vitor Paranhos Pereira holds a degree in Economics by Universidade Católica Portuguesa and attended AESE (Universidade de Navarra). He began working in 1982 at the company Gaspar Marques Campos Correia & C^a. Lda. as Financial Director until 1987. From 1987 to 1989 he was Deputy Financial Director of the Instituto do Comércio Externo de Portugal (ICEP). Vítor Pereira joined the group in 1989 as Financial Director of Sodim, and in 2009 he became member of the Board of Directors of that company and did not leave until May 2018. He also holds directorships in several companies related to Sodim, namely Hotel Ritz since 1998. From 2001 to 2016, he was Director of the Hotel Villa Magna. He has held office as Director of Sonagi since 1995. From 2006 to 2015 he was appointed Chairman of the Audit Board of the Associação da Hotelaria de Portugal (AHP). From 2007 to 2016 he has been Chairman of the General Meeting of the Associação Portuguesa de Fundos de Investimento, Pensões e Patrimónios (APPFIPP). He has served as member of the Audit Board of Eurovida – Companhia de Seguros, S.A. and Popular Seguros – Companhia de Seguros, S.A. from 2009 to 2018. In 2014 he was appointed member of the Board of Directors of Semapa and Cimigest, having held positions in the latter until May 2018. He was appointed director of Refundos in 2005, where he has served as Chairman of the Board of Directors since 2018.

FILIPA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

Filipa Queiroz Pereira has a degree in Applied Mathematics from Universidade Lusíada and a post-graduate degree in Information Systems from Harvard Extension School. She completed executive programmes at INSEAD, at London Business School, at Harvard Business School and at Singularity University and she has been involved in IT consultancy

and real estate activities. She has been a director of Sodim (the controlling company of Semapa) since 2014, also integrating, since 2018, the Board of Directors of Semapa and Hotel Ritz.

MAFALDA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

Mafalda Queiroz Pereira completed Secondary Education, together with technical courses in Wood Carving and Carpentry by Fundação Ricardo Espírito Santo and in Interior Architecture by SENAI (Brazil). She completed executive programmes at Insead, at London Business School and at Harvard Business School and she has been involved in the development of projects in real estate. She has been a director of Sodim (the controlling company of Semapa) since 2014, also integrating, since 2018, the Board of Directors of Semapa and Sonagi, company dedicated to the real estate management and operation.

LUA MÓNICA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

Lua Queiroz Pereira after completing Secondary Education, attended several schools of management, namely Insead, where she obtained a certificate in Global Management, London Business School, Singularity University and Harvard Business School, where she completed courses for executives. In the past she was a business manager linked to equestrianism. She has been a director of Sodim (the controlling company of Semapa) since 2014, also integrating, since 2018, the Board of Directors of Semapa and Semapa Next, a venture capital company of the Group.

JOSÉ ANTÔNIO DO PRADO FAY

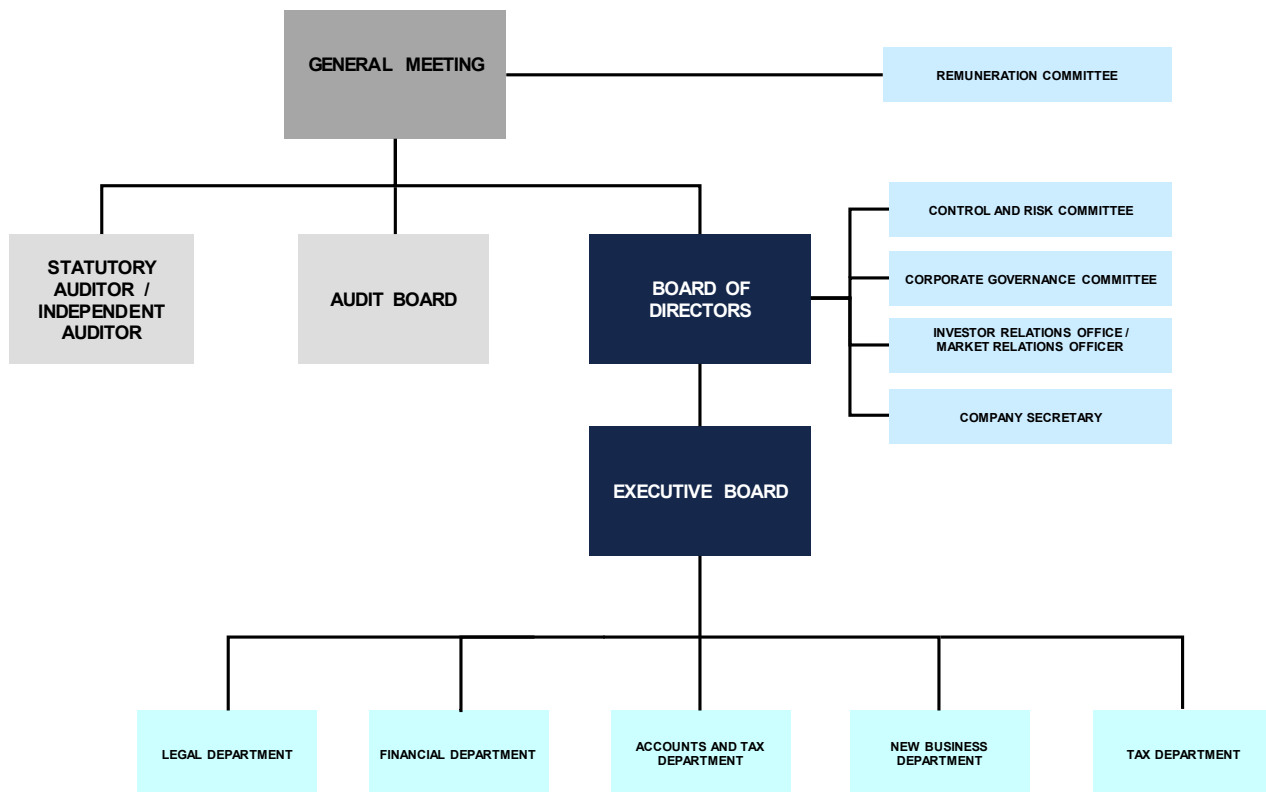
José Antônio do Prado Fay has a degree in Mechanical Engineering from Universidade Federal do Rio de Janeiro and he attended a specific post-graduate course in Industrial Engineering from Coppe (Coordenação de Pós-Graduação e Pesquisa de Engenharia). He initiated his professional activity at Copesul in 1978, where he was engineering supervisor until 1986. From 1986 to 1988 he was chief of the Engineering and Maintenance Division at Petroquímica Triunfo, S.A. and until 2000 he performed several management functions at Bounge Group, in the areas of Engineering and Consumption Goods Business. He was in charge of the Commercial and Marketing department at Electrolux from 2000 to 2003 and from 2003 to 2007 he served as chairman of Batavo, S.A., which was incorporated in Perdigão, S.A. in 2006, acting as Chairman of that company in 2008. He was chairman of Brasil Foods S.A. From 2007 to 2013. Since 2014, he is member of several Boards of Directors, namely Camil, S.A., S.A. and Supremo Cimentos (Secil), S.A. He is Senior advisor at Mckinsey & Co. and of the Warburg Pincus fund.

20. HABITUAL AND SIGNIFICANT FAMILY, PROFESSIONAL OR BUSINESS TIES BETWEEN MEMBERS, AS THE CASE MAY BE, OF THE BOARD OF DIRECTORS, THE GENERAL AND SUPERVISORY BOARD AND THE EXECUTIVE BOARD OF DIRECTORS WITH SHAREHOLDERS TO WHOM A QUALIFYING HOLDING GREATER THAN 2% OF THE VOTING RIGHTS MAY BE ALLOCATED.

Besides the directorships held by several Directors in companies which own qualifying holdings in Semapa, namely Sodim and subsidiaries, as described in paragraph 26 below, and the direct and indirect shareholdings of Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira, as heirs to the undivided estate of Pedro Mendonça Queiroz Pereira in Sodim and Vialonga, there are no habitual or significant family, professional or business ties between members of the Board of Directors and shareholders in Semapa which own qualifying holdings.

21. ORGANIZATIONAL OR FUNCTIONAL CHARTS SHOWING THE DIVISION OF POWERS BETWEEN THE DIFFERENT CORPORATE BOARDS, COMMITTEES AND/OR COMPANY DEPARTMENTS, INCLUDING INFORMATION ON DELEGATED POWERS, IN PARTICULAR WITH REGARD TO DELEGATION OF THE DAY-TO-DAY MANAGEMENT OF THE COMPANY.

The following simplified chart shows the organization of Semapa’s different bodies, committees and departments:



The management of the company is centred on the relationship between the Board of Directors and the Executive Board.

The two bodies were coordinated and kept in contact through the close cooperation between the Chairman of the Board and the executive team and, in particular with the CEO, Pedro Mendonça de Queiroz Pereira, through the availability of the members of the Executive Board to convey all relevant or urgent or requested information on the day-to-day management of the Company, to the non-executive directors, in order to keep them abreast of the Company’s life at all times. In addition, meetings of the Board of Directors are called for all strategic decisions regarded as especially important, even if they fall within the scope of the general powers delegated, and the Chairman of the Board attending some of the meetings of the Company’s Executive Board.

Information requested by the other members of corporate boards is also provided in good time and in an appropriate form by the members of the Executive Board.

In order to assure that information is communicated on a regular basis, the Chief Executive Officer also provides the notices and minutes of meetings of the Executive Board to the Chairman of the Audit Board. The remaining committees and corporate governing bodies also ensure information flows in a timely and appropriate manner and in accordance

with their respective operating regulations, by delivering notices and minutes in the necessary and appropriate terms for the other bodies and committees to exercise their legal and statutory powers.

Although duties and responsibilities are not rigidly compartmentalised within the Board of Directors, four main areas may be distinguished in the way responsibilities are shared:

- 1st Strategic planning and investment policy, which are the responsibility of the CEO, João Nuno de Sottomayor Pinto de Castello Branco.
- 2nd Financial, accounting and audit, which are the responsibility of the director José Miguel Pereira Gens Paredes.
- 3rd Legal, corporate governance and IT issues, which are the responsibility of the director Paulo Miguel Garcês Ventura.
- 4th New Business Areas, which are the responsibility of the director Ricardo Miguel dos Santos Pacheco Pires.

Regarding strategic planning and Investments Policy, and without prejudice to the mentioned office, this is an area that naturally entails more intervention on behalf of the non-executive members and that counts on the substantial involvement of the Chairman of the Board. Non-executive directors should participate in the definition, by the managing body, of the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.

The Executive Board has been granted broad management powers, largely detailed in the respective act of delegation, and only limited with regard to the matters indicated in article 407.4 of the Companies Code. Powers are specifically delegated for the following:

- a) To negotiate and resolve to enter into any commercial or civil contract, by public or private act, on the terms and conditions it deems most appropriate, and to take all decisions it sees fit in the performance of these contracts;
- b) To resolve to issue, sign, draw, accept, endorse, guarantee, protest or carry out any other act in connection with the use of bills or credit instruments;
- c) To resolve on all routine banking operations, with Portuguese or foreign financial institutions, namely opening, consulting and establishing the form of effecting movements in bank accounts, in all the legally admissible forms;
- d) To negotiate and resolve to contract and amend loan agreements, with financial institutions or other entities, including the provision of the respective guarantees in cases where the law permits such delegation, all on the terms it sees fit;
- e) To resolve to acquire, dispose of and encumber assets of all kinds, on the terms and conditions it sees fit, negotiating and resolving on the conclusion for such purposes, by public or private document, of any contractual instrument, and carrying out any accessory or complementary acts which may be necessary for the performance of these contracts;
- f) To take all decisions and carry out all acts in connection with the exercise by the company of its position as shareholder, namely by appointing its representatives at the General Meetings of companies in which it has holdings and adopting unanimous resolutions in writing;
- g) To draft the company reports, balance sheets, financial statements and proposals for allocation of profits;
- h) To take all steps necessary or appropriate in connection with the company's industrial relations with its employees, namely contracting, dismissing, transferring, defining terms of employment and pay, and revising

- and amending the same;
- i) To resolve on representation of the company before any court or mediation or arbitration body, taking all decisions as may be necessary or appropriate in connection with any proceedings pending before the same or to bring the same, and namely to desist, confess or settle;
 - j) To appoint attorneys for the company within the powers delegated to it;
 - k) To take all steps necessary or appropriate in connection with existing or planned issues of bonds and commercial paper, including the actual decision to issue; and
 - l) In general, to carry out all acts of day-to-day management in the company, except for those which cannot be delegated under Article 407.4 of the Companies Code.

The Executive Board is barred from resolving on the following:

- i) Selection of the Chairman of the Board of Directors;
- ii) Co-opting of directors;
- iii) Call a General Meeting;
- iv) Annual reports and financial statements;
- v) Provision of bonds and personal or real guarantees by the company;
- vi) Change in registered offices and increases in share capital; and
- vii) Plans to merge, break-up or change the company.

At the end of 2015 financial year, some of the Company's regular practices were standardised, in order to guarantee intervention by the Board of Directors in strategic decisions involving large amounts of money, high risk or special characteristics.

At the end of 2018, the new internal regulations of the Board of Directors and Audit Board, and of the internal committees identified below, which lay down rules governing the functioning, duties and collaboration between these bodies and committees, were revised, approved and published. According to these regulations and other applicable rules, these governing bodies and committees draw up complete minutes of their meetings.

In the case of the Audit Board, which has the powers established in law, there are no delegated powers or special areas of responsibility for individual members.

The main purpose of the Control and Risk Committee (CRC) is to detect and control all relevant risks in the Company's affairs, and the Committee enjoys full powers to pursue this aim, as set out in item 29 of this Report.

The CRC replaced the former Internal Control Committee. The Board of Directors decided on 31 October 2018 to change its composition by appointing new members, mentioned in item 29 below.

The Corporate Governance Committee (CGC) exists to monitor, on a permanent basis, compliance by the company with corporate governance requirements established in law, regulation and the Articles of Association, and to exercise the other powers detailed in item 29 of this Report.

The CGC replaced the Corporate Governance Supervisory Committee. The Board of Directors decided on 31 October 2018 to change its composition by appointing new members, mentioned in item 29 below.

The functions of the Investor Support Office are detailed in item 56 of this report.

The Company Secretary is appointed by the Board of Directors and has the powers defined in law.

The Remuneration Committee draws up an annual statement on remuneration policy for members of the Board of Directors and audit board, and conducts analyses and sets the remuneration of directors.

The Legal Department provides the company with legal advice and is in charge of legal compliance in order to assure that procedures and proceedings comply with the relevant legislation. The Financial Division is primarily engaged in financial management and planning. The Accounts and Tax Department is mainly responsible for rendering the Company's accounts and complying with its tax obligations. As for the New Business directorate, it is in charge of identifying and researching new business opportunities towards their implementation. The Tax directorate, on the other hand, provides tax advice, ensuring compliance with the applicable legislation and preventing unlawful fiscal planning.

The governing bodies and internal committees mentioned above are required to exchange between them, in accordance with the legal statutory requirements, all necessary information and documents for the exercise of legal and statutory duties of such bodies and committees, the respective directorates and services helping with drawing up, processing and disseminating such information in an appropriate, strict and timely manner.

The regulations of the Board of Directors and the audit body also establish, in particular, mechanisms that ensure, within the limits of the legislation and applicable regulations, access of members to employees of the company and all information that is necessary for assessing the Company's performance, status and development prospects, including without limitation, minutes, documentation supporting the decisions taken, notices and files of the meetings of the Board of Directors and its Executive Board, without prejudice to having access to other documents or persons to request clarifications.

B) FUNCTIONING

22. EXISTENCE OF THE RULES OF PROCEDURE OF THE BOARD OF DIRECTORS, THE GENERAL AND SUPERVISORY BOARD AND THE EXECUTIVE BOARD OF DIRECTORS, AS THE CASE MAY BE, AND PLACE WHERE THESE MAY BE CONSULTED.

The Board of Directors has rules of procedure which are published on the company website (http://www.semapa.pt/sites/default/files/pdf_pb/rules_of_the_board_of_directors.pdf), where they may be consulted.

23. NUMBER OF MEETINGS HELD AND ATTENDANCE RECORD OF EACH MEMBER OF THE BOARD OF DIRECTORS, THE GENERAL AND SUPERVISORY BOARD AND THE EXECUTIVE BOARD OF DIRECTORS, AS THE CASE MAY BE.

The Board of Directors met thirteen times in 2018, and attendance by each member was as follows:

Members of the Board of Directors	Members present (%)	Members present and represented (%)
Pedro Mendonça de Queiroz Pereira	90	90

Members of the Board of Directors	Members present (%)	Members present and represented (%)
João Nuno de Sottomayor Pinto de Castello Branco	100	100
José Miguel Pereira Gens Paredes	100	100
Paulo Miguel Garcês Ventura	100	100
Ricardo Miguel dos Santos Pacheco Pires	100	100
António Pedro de Carvalho Viana-Baptista	85	85
Carlos Eduardo Coelho Alves	100	100
Francisco José Melo e Castro Guedes	92	92
Manuel Custódio de Oliveira	100	100
Vítor Manuel Galvão Rocha Novais Gonçalves	92	92
Vítor Paulo Paranhos Pereira	100	100
Filipa Mendes de Almedida de Queiroz Pereira	100	100
Mafalda Mendes de Almeida de Queiroz Pereira	100	100
Lua Mónica Mendes de Almeida de Queiroz Pereira	100	100
José Antônio do Prado Fay	100	100

The table above specifies the proportion of meetings attended by the directors in the period during which they performed duties.

24. INDICATION OF THE COMPANY BODIES EMPOWERED TO ASSESS THE PERFORMANCE OF EXECUTIVE DIRECTORS.

The Remuneration Committee determines how the system will work and prepares the framework for the assessment of the executive directors. It is also responsible for the final check to the performance factors and their impact in terms of remuneration, as well as guaranteeing overall coherence. However, assessment in the strict sense, as the specific appraisal of individual performance, is the responsibility of the team supervisor, as is the case of the members of the Executive Board, and of the Chairman of the Board of Directors, as for the Chief Executive Officer, and in both cases with the participation of other non-executive directors whom the supervisor deems appropriate to involve.

The regulations of the Board of Directors adopted in October 2018 lay down further that the Board of Directors should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic and budget plans, risk management, the internal functioning and the contribution of each member to these objectives, as well as the relationship with the company's other bodies and committees. Consequently, although the executive directors are already assessed every year, in 2019 the Board of Directors and its committees will be conducting a self-assessment of their performance in 2018.

25. PREDETERMINED CRITERIA FOR ASSESSING THE PERFORMANCE OF EXECUTIVE DIRECTORS.

The criteria for assessing the performance of executive directors are the criteria defined in item 2 of chapter VI of the Remuneration Policy Statement for setting the variable remuneration component. Such criteria are met through a system of KPIs, which include quantitative and qualitative, individual and collective, components. EBITDA, net earnings and cash flow are the quantitative elements jointly considered.

26. AVAILABILITY OF EACH OF THE MEMBERS OF THE BOARD OF DIRECTORS, THE GENERAL AND SUPERVISORY BOARD AND THE EXECUTIVE BOARD OF DIRECTORS, AS THE CASE MAY BE, INDICATING OFFICE HELD SIMULTANEOUSLY IN OTHER COMPANIES, INSIDE AND OUTSIDE THE GROUP, AND OTHER RELEVANT ACTIVITIES CARRIED ON BY THE MEMBERS OF THESE BODIES DURING THE PERIOD.

The members of the Board of Directors have the appropriate time available to perform the duties entrusted to them, and the other activities carried on by the executive members during the period, outside the business group to which Semapa belongs, are negligible when compared to performance of their duties in the companies and other companies in the same business group.

Besides the activities mentioned under item 19, the members of the Board of Directors occupy the positions detailed below:

JOÃO NUNO DE SOTTOMAYOR PINTO DE CASTELLO BRANCO

OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:

APHELION, S.A.	Chairman of the Board of Directors
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OFFICE HELD IN OTHER COMPANIES:

AEM - Ass. de Emp. Emitentes de Valores Cotados em Mercado	Member of the General Board
CIMIGEST, SGPS, S.A.	Director
CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.	Chairman of the Board of Directors ²
LONGAPAR, SGPS, S.A.	Chairman of the Board of Directors ³
THE NAVIGATOR COMPANY, S.A.	Chairman of the Board of Directors ⁴
SECIL - Companhia Geral de Cal e Cimento, S.A.	Chairman of the Board of Directors ⁵
SEINPART – Participações, SGPS, S.A.	Chairman of the Board of Directors ⁶
SEMAPA NEXT, S.A.	Chairman of the Board of Directors
SODIM, SGPS, S.A.	Director

JOSÉ MIGUEL PEREIRA GENS PAREDES

OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:

ABAPOR - Comércio e Indústria de Carnes, S.A.	Chairman of the Board of Directors
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² Company incorporated in Cimigest, SGPS, S.A. on 27 December 2018.

³ Company incorporated in Cimo – Gestão de Participações, SGPS, S.A. on 27 December 2018.

⁴ Served as Vice-Chairman of the Board of Directors until 29 October 2018, having taken office as Chairman after that date.

⁵ Served as Vice-Chairman of the Board of Directors until 29 October 2018, having taken office as Chairman after that date.

⁶ Company dissolved on 30 November 2018.

APHELION, S.A.	Director
Aprovechamiento Integral de Subproductos Ibéricos, S.A.	Director
BIOLOGICAL - Gestão de Resíduos Industriais, Lda.	Manager
CELCIMO, S.L.	Director
ETSA - Investimentos, SGPS, S.A.	Chairman of the Board of Directors
ETSA LOG, S.A.	Chairman of the Board of Directors
I.T.S. - Indústria Transformadora de Subprodutos, S.A.	Chairman of the Board of Directors
SEBOL - Comércio e Indústria de Sebo, S.A.	Chairman of the Board of Directors
SEINPART - Participações, SGPS, S.A.	Director ⁷
SEMAPA NEXT, S.A.	Director
SEMINV - Investimentos, SGPS, S.A.	Director ⁸

OFFICE HELD IN OTHER COMPANIES:

CIMIGEST, SGPS, S.A.	Director
CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.	Director ⁹
CIMO – Gestão de Participações, SGPS S.A.	Chairman of the Board of Directors
HOTEL RITZ, S.A.	Director ¹⁰
LONGAPAR, SGPS, S.A.	Chairman of the Board of Directors ^{11 12}
MOR ON-LINE – Gestão de Plataformas de Negociação de Resíduos On-Line, S.A.	Director ¹³
SECIL - Companhia Geral de Cal e Cimento, S.A.	Director
SODIM, SGPS, S.A.	Director
SONAGI, SGPS, S.A.	Director
THE NAVIGATOR COMPANY, S.A.	Director

PAULO MIGUEL GARCÊS VENTURA

OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:

ABAPOR - Comércio e Indústria de Carnes, S.A.	Director
APHELION, S.A.	Director
Aprovechamiento Integral de Subproductos Ibéricos, S.A.	Director
BIOLOGICAL - Gestão de Resíduos Industriais, Lda.	Manager
CELCIMO, S.L.	Director
ETSA - Investimentos, SGPS, S.A.	Director
ETSA LOG, S.A.	Director

7 Company dissolved on 30 November 2018.

8 Company dissolved on 28 September 2018.

9 Company incorporated in Cimigest, SGPS, S.A. on 27 December 2018.

10 In office until 23 March 2018.

11 Served as Chairman of the Board of Directors until 28 May 2018.

12 Company incorporated in Cimo – Gestão de Participações, SGPS, S.A. on 27 December 2018.

13 In office until 27 June 2018.

I.T.S. - Indústria Transformadora de Subprodutos, S.A.	Director
SEBOL - Comércio e Indústria de Sebo, S.A.	Director
SEINPART - Participações, SGPS, S.A.	Director ¹⁴
SEMAPA Inversiones, S.L.	Director
SEMAPA NEXT, S.A.	Director
SEMINV - Investimentos, SGPS, S.A.	Director ¹⁵

OFFICE HELD IN OTHER COMPANIES:

AEM - Ass. de Emp. Emitentes de Valores Cotados em Mercado	Member of the General Board
CIMIGEST, SGPS, S.A.	Director
CIMIPAR – Sociedade Gestora de Participações Sociais, S.A	Chairman of the Board of Directors ^{16 17}
FUNDAÇÃO NOSSA SENHORA DO BOM SUCESSO	Member of the General Board
HOTEL RITZ, S.A.	Director
LONGAPAR, SGPS, S.A.	Director ¹⁸
SECIL - Companhia Geral de Cal e Cimento, S.A.	Director
SODIM, SGPS, S.A.	Director
SONAGI, SGPS, S.A.	Director
THE NAVIGATOR COMPANY, S.A.	Director
ANTASOBRAL - Sociedade Agropecuária, S.A.	Chairman of the General Meeting
BEIRA-RIO – Sociedade Construtora de Armazéns, S.A.	Chairman of the General Meeting
GALERIAS RITZ – Imobiliária, S.A.	Chairman of the General Meeting
INFRAESTRUTURAS DE PORTUGAL, S.A.	Vice-Chairman of General Meeting
LONGAVIA – Imobiliária, S.A.	Chairman of the General Meeting ¹⁹
PARQUE RITZ – Imobiliária, S.A.	Chairman of the General Meeting
REFUNDOS – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Chairman of the General Meeting
SOCIEDADE AGRÍCOLA DA QUINTA DA VIALONGA, S.A.	Chairman of the General Meeting
SONAGI – Imobiliária, S.A. (Previously called Cimilonga – Imobiliária, S.A.)	Chairman of the General Meeting ²⁰
SONAGI – Imobiliária, S.A.	Chairman of the General Meeting ²¹
SONAGI, SGPS, S.A.	Chairman of the General Meeting ²²
VÉRTICE – Gestão de Participações, SGPS, S.A.	Chairman of the General Meeting

¹⁴ Company dissolved on 30 November 2018.

¹⁵ Company dissolved on 28 September 2018.

¹⁶ In office until 28 May 2018.

¹⁷ Company incorporated in Cimigest, SGPS, S.A. on 27 December 2018.

¹⁸ Company incorporated in Cimo – Gestão de Participações, SGPS, S.A. on 27 December 2018.

¹⁹ Company incorporated in Cimilonga – Imobiliária, S.A. on 2 August 2018 that changed its name to Sonagi - Imobiliária, S.A.

²⁰ In office until 28 September 2018.

²¹ Company incorporated in Cimilonga – Imobiliária, S.A. on 2 August 2018 that changed its name to Sonagi - Imobiliária, S.A.

²² In office until 30 May 2018.

RICARDO MIGUEL DOS SANTOS PACHECO PIRES

OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:

APHELION, S.A.	Director
SEINPART - Participações, SGPS, S.A.	Director ²³
SEMAPA NEXT, S.A.	Director
SEMINV - Investimentos, SGPS, S.A.	Director ²⁴

OFFICE HELD IN OTHER COMPANIES:

CIMIGEST, SGPS, S.A.	Director
CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.	Director ²⁵
CIMO – Gestão de Participações, SGPS S.A.	Director
HOTEL RITZ, S.A.	Director ²⁶
LONGAPAR, SGPS, S.A.	Director ²⁷
PYRUS AGRICULTURAL LLC	Director
PYRUS INVESTMENTS LLC	Director
PYRUS REAL ESTATE LLC	Director
SECIL - Companhia Geral de Cal e Cimento, S.A.	Director
SODIM, SGPS, S.A.	Director
THE NAVIGATOR COMPANY, S.A.	Director
UPSIS, S.A.	Director

ANTÓNIO PEDRO DE CARVALHO VIANA-BAPTISTA

OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:

No office held in other companies belonging to the same group as Semapa

OFFICE HELD IN OTHER COMPANIES:

ABERTIS, S.A.	Director ²⁸
ALTER VENTURE PARTNERS G.P., SARL	Director
ATENTO, S.A.	Director
JERÓNIMO MARTINS SGPS, S.A.	Director

CARLOS EDUARDO COELHO ALVES

OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:

²³ Company dissolved on 30 November 2018.

²⁴ Company dissolved on 28 September 2018.

²⁵ Company incorporated in Cimigest, SGPS, S.A. on 27 December 2018.

²⁶ In office until 23 March 2018.

²⁷ Company incorporated in Cimo – Gestão de Participações, SGPS, S.A. on 27 December 2018.

²⁸ In office until 18 May 2018.

No office held in other companies belonging to the same group as Semapa

OFFICE HELD IN OTHER COMPANIES:

No office held in other companies.

FRANCISCO JOSÉ MELO E CASTRO GUEDES

OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:

CELCIMO, S.L.	Director
SEMAPA Inversiones, S.L.	Chairman of the Board of Directors

OFFICE HELD IN OTHER COMPANIES:

CIMENTS DE SIBLINE S.A.L.	Director
CIMIGEST, SGPS, S.A.	Director ²⁹
SECIL – Companhia Geral de Cal e Cimento, S.A.	Director
SODIM, SGPS, S.A.	Director ³⁰

VÍTOR MANUEL GALVÃO ROCHA NOVAIS GONÇALVES

OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:

No office held in other companies belonging to the same group as Semapa

OFFICE HELD IN OTHER COMPANIES:

BELDEVELOPMENT, S.A.	Director
EXTRASEARCH, SGPS, S.A.	Director
MAGALHÃES E GONÇALVES – Consultoria e Gestão, Lda.	Manager
QUALQUER PONTO – SOCIEDADE IMOBILIÁRIA, S.A.	Director
QUALQUER PRUMO – Sociedade Imobiliária, Lda.	Manager
THE NAVIGATOR COMPANY, S.A.	Director
VANGUARDINTEGRAL, Lda.	Manager
VRES – Vision Real Estate Solutions, S.A.	Director
ZOOM INVESTMENT, SGPS, S.A.	Director
ZOOM INVESTMENT TURISMO, S.A.	Director
2FOR VENTURE, SGPS, S.A.	Director

VÍTOR PAULO PARANHOS PEREIRA

OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:

²⁹ In office until 28 May 2018.

³⁰ In office until 29 May 2018.

No office held in other companies belonging to the same group as Semapa

OFFICE HELD IN OTHER COMPANIES:

ANTASOBRAL - Sociedade Agropecuária, S.A.	Director
CAPITAL HOTELS BV	Director
CIMIGEST, SGPS, S.A.	Director ³¹
EUROVIDA – COMPANHIA DE SEGUROS DE VIDA, S.A.	Member of the Audit Board ³²
GALERIAS RITZ, S.A.	Chairman of the Board of Directors
HOTEL RITZ, S.A.	Director
LONGAVIA – Imobiliária, S.A.	Director ³³
PARQUE RITZ, S.A.	Chairman of the Board of Directors
POPULAR SEGUROS – COMPANHIA DE SEGUROS, S.A.	Member of the Audit Board ³⁴
REFUNDOS – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.	Chairman of the Board of Directors
SOCIEDADE AGRÍCOLA da HERDADE dos FIDALGOS, Unip., Lda	Manager
SODIM, SGPS, S.A.	Director ³⁵
SODIMPARQUE – Parqueamento e Garagens, Lda.	Manager ³⁶
SONAGI, SGPS, S.A.	Director
SONAGI – Imobiliária, S.A. (Previously called Cimilonga – Imobiliária, S.A.)	Chairman of the Board of Directors ³⁷
SONAGI – Imobiliária, S.A.	Director ³⁸

FILIPA MENDES DE ALMEDIDA DE QUEIROZ PEREIRA

OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:

No office held in other companies belonging to the same group as Semapa

OFFICE HELD IN OTHER COMPANIES:

ABSTRACTREASON, LDA.	Manager
BESTWEB, LDA.	Manager
CIMIGEST, SGPS, S.A.	Director
ESPAÇO TREZENTOS E QUARENTA, S.A.	Director
FUNDAÇÃO NOSSA SENHORA DO BOM SUCESSO	President of the General Council
HOTEL RITZ, S.A.	Director
LAGUM, LDA.	Manager
SODIM, SGPS, S.A.	Director

³¹ In office until 28 May 2018.

³² In office until 1 October 2018.

³³ Company incorporated in Cimilonga – Imobiliária, S.A. on 01 August 2018 that changed its name to Sonagi - Imobiliária, S.A.

³⁴ In office until 29 March 2018.

³⁵ In office until 29 May 2018.

³⁶ Company dissolved on 31 October 2018.

³⁷ Served as Director until 28 September 2018.

³⁸ Company incorporated in Cimilonga – Imobiliária, S.A. on 1 August 2018 that changed its name to Sonagi - Imobiliária, S.A.

REPRESENTAÇÕES CARVALHAL, S.A.

Director

MAFALDA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:

No office held in other companies belonging to the same group as Semapa

OFFICE HELD IN OTHER COMPANIES:

ESPAÇO TREZENTOS E QUARENTA, S.A.

Director

CIMIGEST, SGPS, S.A.

Director

SODIM, SGPS, S.A.

Director

SONAGI, SGPS, S.A.

Director

REPRESENTAÇÕES CARVALHAL, S.A.

Director

LUA MÓNICA MENDES DE ALMEIDA DE QUEIROZ PEREIRA

OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:

SEMAPA NEXT, S.A

Director

OFFICE HELD IN OTHER COMPANIES:

CIMIGEST, SGPS, S.A.

Director

ECOLUA, LDA.

Manager

ESPAÇO TREZENTOS E QUARENTA, S.A.

Director

SODIM, SGPS, S.A.

Director

REPRESENTAÇÕES CARVALHAL, S.A.

Director

JOSÉ ANTÔNIO DO PRADO FAY

OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:

No office held in other companies belonging to the same group as Semapa

OFFICE HELD IN OTHER COMPANIES:

CAMIL ALIMENTOS, S.A.

Director

SUPREMO CIMENTOS, S.A.

Director

According to the regulation of the Board of Directors adopted in October 2018, the directors of the Executive Board may not perform executive functions in entities outside of the Company's group, unless if the activity of such entities is found to be ancillary or complementary to the group's activity or is not very time-consuming, the executive directors not being able to perform duties in other companies that do not fulfil the aforementioned criteria.

The same regulation provides that the directors who are not part of the Executive Board may perform management

functions (either executive or not) in entities outside of the company's group, where such companies do not carry out activities that compete with that of the company or of directly or indirectly participated companies, and the Chairman of the Board of Directors must be notified before the start of such functions. The non-executive directors of the company do not perform duties in other companies which do not meet the requirements mentioned above.

C) COMMITTEES BELONGING TO THE MANAGEMENT OR SUPERVISORY BODIES AND MANAGING DIRECTORS

27. IDENTIFICATION OF COMMITTEES SET UP BY THE BOARD OF DIRECTORS, THE GENERAL AND SUPERVISORY BOARD AND THE EXECUTIVE BOARD OF DIRECTORS, AS THE CASE MAY BE, AND PLACE WHERE THE RULES OF PROCEDURE MAY BE CONSULTED

The following committees exist in the company within the Board of Directors: Executive Board, Control and Risk Committee (CRC) and Corporate Governance Committee (CGC).

The CRC and the CGC committees have rules of procedure, which are published on the company website (<http://www.semapa.pt/en/rules-corporate-members>), where they may be looked up.

Given its nature, composition and origin from the Board of Directors, which has its own regulation on autonomous functioning and specific rules on the organisation and functioning of its Executive Board, the CGC does not have an autonomous regulation. Consequently, the following operating rules provided by said regulation and the act delegating power shall apply:

- a) The Executive Board shall meet when convened by the Chairman or any other two members;
- b) The members of the Executive Board may be represented by another member, and each person may not represent more than one member;
- c) The Chairman of the Executive Board has a casting vote;
- d) Absent members may cast written votes, and
- e) The Chairman of the Executive Board is particularly responsible for reporting and communicating with the Board of Directors.

28. COMPOSITION, IF APPLICABLE, OF THE EXECUTIVE BOARD AND/OR IDENTIFICATION OF THE MANAGING DIRECTOR(S).

The following are the current members of the Executive Board, who were appointed by resolution of the Board of Directors on 5 June 2018:

- João Nuno de Sottomayor Pinto de Castello Branco, who chairs the board;
- José Miguel Pereira Gens Paredes;
- Paulo Miguel Garcês Ventura, and
- Ricardo Miguel dos Santos Pacheco Pires

29. INDICATION OF THE POWERS OF EACH OF THE COMMITTEES CREATED AND SUMMARY OF THE ACTIVITIES CARRIED ON THE EXERCISE OF THESE RESPONSIBILITIES.

Executive Committee:

The powers of the Executive Board are described in item 21 of this report.

The Executive Board is the company's executive body, which has performed its duties in the scope of the powers entrusted to it by the Board of Directors. The Board meets on a regular basis and whenever necessary in the light of ongoing business and monitoring of the company's activity. In 2018 it held fifty-one meetings. These meetings are attended by the members of the Executive Board, as well as the Company Secretary, Rui Gouveia. When the matters to be discussed so require, non-executive directors, directors of the group's companies and some of the Company's managers may also take part in the meetings.

Control and Risk Committee:

In view of implementing its purpose to detect and control all relevant risks in the company's affairs, in particular financial risks, the CRC has the following responsibilities and powers:

- a) To monitor the Company's business affairs, with integrated and permanent analysis of the risks associated with these affairs;
- b) To propose and follow through the implementation of specific measures and procedures relating to the control and reduction of the Company's business risks, with a view to perfecting the internal risk control and management system;
- c) To check implementation of the adjustments to the internal control and risk management system proposed by the Audit Board;
- d) To propose the discussion, alteration and introduction of new procedures to improve the detection, control and management of risks inherent to the Company's operations.

The CRC shall prepare for approval by the Board of Directors the Company's risk policy for each fiscal year, which shall identify, without limiting:

- a) The main risks to which the Company is subject in the development of its activities and the levels of risk considered acceptable to the Company;
- b) The likelihood of such risks and their impact on the Company's operations;
- c) The necessary tools and measures for the mitigation of the risks identified as relevant for the Company's activities.

The CRC met four times in the financial year 2018.

Considering the recomposition of the CRC as decided by the Board of Directors on 31 October 2018, the former members of the CRC (appointed by the Internal Control Committee) Joaquim Martins Ferreira do Amaral, Jaime Alberto Marques Sennfelt Fernandes Falcão and Margarida Isabel Feijão Antunes Rebocho, were replaced on that date by Carlos Eduardo Coelho Alves, Chairman, José Miguel Pereira Gens Paredes and Gonçalo de Castro Salazar Leite, Members, being Carlos Alves and José Miguel Paredes directors of the company as well.

This committee conducted the activities, ensured the monitoring and made all the verifications corresponding to its duties, and held joint meetings with the members of the Audit Board, and with the support of the Financial Department

and the Accounts and Tax Department.

Corporate Governance Committee:

The CGC monitors on a continuous basis the Company's compliance with the provisions of the law, regulations and articles of association applicable to corporate governance and it is responsible for critical analysis of the company's practices and procedures in the field of corporate governance and for proposing for debate, altering and introducing new procedures designed to improve the structure and governance of the Company. The CGC is also required to assess annually corporate governance and submit to the Board of Directors any proposals as it sees fit.

The CGC met twice in the financial year of 2018.

Considering the recomposition of the CGC as decided by the Board of Directors on 31 October 2018, the former members of the CGC (known as the Corporate Governance Supervisory Committee) Jorge Manuel de Mira Amaral, Gonçalo Allen Serras Pereira and the director Francisco José Melo e Castro Guedes, were replaced on that date by Francisco José Melo and Castro Guedes, Chairman, Paulo Miguel Garcês Ventura and Rui Tiago Trindade Ramos Gouveia, Members, company directors and secretary, respectively.

The CGC conducted its oversight and corporate governance assessment activities throughout the financial year. It also participated actively in the drafting of the Annual Report on Corporate Governance, for which it obtained the necessary information, particularly by keeping in touch and attending the meetings with the Executive Director, Miguel Ventura, and a member of the Legal Department.

III. AUDITING

A) COMPOSITION

30. IDENTIFICATION OF THE SUPERVISORY BODY CORRESPONDING TO THE MODEL ADOPTED.

The Company's affairs are supervised by the Audit Board and the Statutory Auditor, in accordance with Article 413.1 b) of the Companies Code.

31. COMPOSITION, AS APPLICABLE, OF THE AUDIT BOARD, THE AUDIT COMMITTEE, THE GENERAL AND SUPERVISORY BOARD OR THE COMMITTEE FOR FINANCIAL AFFAIRS, INDICATING THE MINIMUM AND MAXIMUM NUMBERS OF MEMBERS AND DURATION OF THEIR TERM OF OFFICE, AS ESTABLISHED IN THE ARTICLES OF ASSOCIATION, NUMBER OF FULL MEMBERS, DATE OF FIRST APPOINTMENT AND END DATE OF THE TERM OF OFFICE OF EACH MEMBER; REFERENCE MAY BE MADE TO THE ITEM IN THE REPORT WHERE THIS INFORMATION IS CONTAINED IN ACCORDANCE WITH PARAGRAPH 17.

As established in the Articles of Association, the Audit Board consists of three to five full members, one of whom serves as Chairman with a casting vote, and of one or two alternate members, depending on whether there are three or more full members, all holding office for four year terms.

Members of the Audit Board	Date of first appointment and end date of term of office
Miguel Camargo de Sousa Eiró ³⁹ (Chairman)	2006-2018
José Manuel Oliveira Vitorino (Chairman) ⁴⁰	2014-2021
Gonçalo Nuno Palha Gaio Picão Caldeira (Full member)	2006-2021
Maria da Graça Torres Ferreira da Cunha Gonçalves (Full member)	2018-2021
Ana Isabel Moraes Nobre de Amaral Marques (Alternate member)	2016-2021

The Company considers that it has a sufficient number of members of the Audit Board for its size and the complexity of the risks inherent in its activity, thus ensuring the efficient performance of its duties.

32. IDENTIFICATION, AS APPLICABLE, OF THE MEMBERS OF THE AUDIT BOARD, THE AUDIT COMMITTEE, THE GENERAL AND SUPERVISORY BOARD OR THE COMMITTEE FOR FINANCIAL AFFAIRS WHO ARE DEEMED INDEPENDENT, IN ACCORDANCE WITH ARTICLE 414.5 OF THE COMPANIES CODE; REFERENCE MAY BE MADE TO THE ITEM IN THE REPORT WHERE THIS INFORMATION IS CONTAINED IN ACCORDANCE WITH PARAGRAPH 18.

The members of the Audit Board,, José Manuel Oliveira Vitorino (Chairman) and Maria da Graça Torres Ferreira da Cunha Gonçalves are deemed independent by Semapa, in accordance with criteria laid down in Article 414.5 of the Companies Code. The former is currently in his second term and the latter in her first term in office.

Following the appointment of Gonçalo Nuno Palha Gaio Picão Caldeira by the Annual General Meeting on 24 May 2018 for a fourth term as member of the Audit Board, he became a non-independent member of this governing body, in accordance with Article 414 (5b) of the Portuguese Commercial Companies Code.

Miguel Camargo de Sousa Eiró, while serving as Chairman of the Audit Board, was deemed independent, in accordance with the provisions of the law.

33. PROFESSIONAL QUALIFICATIONS, AS APPLICABLE, OF EACH OF THE MEMBERS OF THE AUDIT BOARD, THE AUDIT COMMITTEE, THE GENERAL AND SUPERVISORY BOARD OR THE COMMITTEE FOR FINANCIAL AFFAIRS AND OTHER RELEVANT BIOGRAPHICAL DETAILS; REFERENCE MAY BE MADE TO THE ITEM IN THE REPORT WHERE THIS INFORMATION IS CONTAINED IN ACCORDANCE WITH PARAGRAPH 21.

MIGUEL CAMARGO DE SOUSA EIRÓ

Miguel Eiró graduated in Law from Universidade de Lisboa in 1971. He joined the Portuguese Bar Association on 28 June 1973, and he was a member of its Lisbon District Committee between 1982/1984 and member of the General

³⁹ Held office as Chairman of the Audit Board until 24 May 2018.

⁴⁰ Serves as Chairman of the Audit Board as decided by the General Meeting on 24 May 2018, whereas from 20 April 2016 to that date he was a full member of the Audit Board.

Committee between 1999/2002 and 2002/2004. He is an Intellectual Property Agent and attended a course in Mediation. He has been practising Law since his graduation in 1971, and is currently partner and director at Correia Moniz & Associados – Sociedade de Advogados, R.L. law firm. Between 1972 and 1975 Miguel Eiró performed military service in the Portuguese navy as a Law Expert. He was member of the Board of the Centre for Arbitrage of the Portuguese Bar Association between 1997/1999. In 2004 he was arbitrator at the Centre for Automobile Conflict Resolution and served as arbitrator in several more arbitration cases. Between 1975 and 1980 he was Director of Brisa – Auto Estradas de Portugal, S.A., and of other companies during his working life. He was member of the Audit Board of Semapa from 2006 to 2018 and of The Navigator Company from 2007 to 2018, serving as Chairman of these audit bodies since 2010 and 2011, respectively. He was also Chairman of the Audit Board of Secil from 2013 to 2018.

JOSÉ MANUEL OLIVEIRA VITORINO

José Manuel Vitorino has a degree in Corporate Organisation and Management by Instituto Superior de Economia of Lisbon University. He is a qualified Statutory Auditor and certified by the executive training programme of Universidade Nova de Lisboa. He was an Assistant Professor at the School of Economics of Coimbra University until 1980, after which he joined PricewaterhouseCoopers and performed functions in auditing and financial consultancy, in national and foreign companies and groups, and in projects by taking part in international teams. He had performed Partner duties for several years when he left PricewaterhouseCoopers in 2013, after reaching the default retirement age. He was the Chairman of the Audit Board of Novo Banco, S.A. until 2017 and currently is member of the Audit Board of ANA – Aeroportos de Portugal, S.A. He is a member of the Audit Board of The Navigator Company since 2015, and of Semapa and Secil since 2016, and became Chairman of these supervisory bodies in 2018.

GONÇALO NUNO PALHA GAIO PICÃO CALDEIRA

Gonçalo Picão Caldeira has a degree in Law and joined the Portuguese Bar Association in 1991, after completing a legal internship. He holds an MBA from Universidade Nova de Lisboa and attended a course in real estate management and evaluation from ISEG. Gonçalo Caldeira has performed management and property development functions in family-owned companies since 2004. He collaborated previously with BCP Group (1992-1998) and Sorel Group (October 1998 to March 2002). He also worked for Semapa from April 2002 to February 2004. He has been a member of the Audit Board of Semapa since 2006, and of The Navigator Company and Secil since 2007 and 2013, respectively.

MARIA DA GRAÇA TORRES FERREIRA DA CUNHA GONÇALVES

Maria da Graça da Cunha Gonçalves holds a Degree in Business Organisation and Management from Instituto de Ciências do Trabalho e da Empresa (ISCTE), obtained in 1978. She is a qualified Statutory Auditor. She performed duties in General and Cost Accounting and Planning and Financial Analysis at Magnetic Peripherals Inc. Portugal (Control Data Corporation) until 1985, and Financial Analyst at Shell Portuguesa, S.A. from 1985 to 1989. She served as CFO, from 1989 to 1995 at United Distillers Comp. Velha, Lda. and at ITT Automotive Europe GmbH. She was Back Office Director at Pernod Ricard Portugal from 1995 to 2015. She is a member of the Audit Board of Semapa, The Navigator Company and Secil since 2018.

B) FUNCTIONING

34. EXISTENCE AND PLACE WHERE THE RULES OF PROCEDURE MAY BE CONSULTED FOR THE AUDIT BOARD, THE

AUDIT COMMITTEE, THE GENERAL AND SUPERVISORY BOARD OR THE COMMITTEE FOR FINANCIAL AFFAIRS, AS THE CASE MAY BE; REFERENCE MAY BE MADE TO THE ITEM IN THE REPORT WHERE THIS INFORMATION IS CONTAINED IN ACCORDANCE WITH PARAGRAPH 22.

The Audit Board has rules of procedure which are published on the company website (http://www.semapa.pt/sites/default/files/pdf_pb/rules_of_the_audit_board.pdf), where they may be consulted.

35. NUMBER OF MEETINGS HELD AND RATE OF ATTENDANCE AT MEETINGS OF THE AUDIT BOARD, THE AUDIT COMMITTEE, THE GENERAL AND SUPERVISORY BOARD OR THE COMMITTEE FOR FINANCIAL AFFAIRS, AS THE CASE MAY BE; REFERENCE MAY BE MADE TO THE ITEM IN THE REPORT WHERE THIS INFORMATION IS CONTAINED IN ACCORDANCE WITH PARAGRAPH 23.

In the financial year 2018, the Audit Board met 20 times, with members present at all meetings (physical presence) for the period during which they performed duties.

36. AVAILABILITY OF EACH OF THE MEMBERS OF THE AUDIT BOARD, THE AUDIT COMMITTEE, THE GENERAL AND SUPERVISORY BOARD OR THE COMMITTEE FOR FINANCIAL AFFAIRS, AS THE CASE MAY BE, INDICATING OFFICE HELD SIMULTANEOUSLY IN OTHER COMPANIES, INSIDE AND OUTSIDE THE GROUP, AND OTHER RELEVANT ACTIVITIES CARRIED ON BY THE MEMBERS OF THESE BODIES DURING THE PERIOD; REFERENCE MAY BE MADE TO THE ITEM IN THE REPORT WHERE THIS INFORMATION IS CONTAINED IN ACCORDANCE WITH PARAGRAPH 26.

The members of the Audit Board have the appropriate time available to perform the duties entrusted to them.

Besides the activities mentioned under item 33, the members of the Audit Board perform the duties detailed below:

JOSÉ MANUEL OLIVEIRA VITORINO

OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:

No office held in other companies belonging to the same group as Semapa

OFFICE HELD IN OTHER COMPANIES:

ANA Aeroportos de Portugal, S.A.	Member of the Audit Board
SECIL – Companhia Geral de Cal e Cimento, S.A.	Chairman of the Audit Board ⁴¹
THE NAVIGATOR COMPANY, S.A.	Chairman of the Audit Board ⁴²

GONÇALO NUNO PALHA GAIO PICÃO CALDEIRA

OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:

No office held in other companies belonging to the same group as Semapa

⁴¹ Became Chairman of the Board of Directors of Secil on 18 June 2018.

⁴² Became Chairman of the Board of Directors of The Navigator Company on 23 May 2018.

OFFICE HELD IN OTHER COMPANIES:

LINHA DO HORIZONTE – Investimentos Imobiliários, Lda.	Manager
LOFTMANIA – Gestão Imobiliária, Lda.	Manager
SECIL – Companhia Geral de Cal e Cimento, S.A.	Member of the Audit Board
THE NAVIGATOR COMPANY, S.A.	Member of the Audit Board

MARIA DA GRAÇA TORRES FERREIRA DA CUNHA GONÇALVES**OFFICE HELD IN OTHER COMPANIES BELONGING TO THE SAME GROUP AS SEMAPA:**

No office held in other companies belonging to the same group as Semapa

OFFICE HELD IN OTHER COMPANIES:

SECIL – Companhia Geral de Cal e Cimento, S.A.	Member of the Audit Board
THE NAVIGATOR COMPANY, S.A.	Member of the Audit Board

C) POWERS AND RESPONSIBILITIES**37. DESCRIPTION OF THE PROCEDURES AND CRITERIA APPLICABLE TO THE WORK OF THE SUPERVISORY BODY FOR THE PURPOSES OF CONTRACTING ADDITIONAL SERVICES FROM THE EXTERNAL AUDITOR.**

The Audit Board analyses the additional services and proposals submitted by the external auditor and the Statutory Auditor for provision of the same as transmitted to them by the directors, seeking to safeguard, essentially, that the independence and impartiality of the external auditor and the Statutory Auditor needed for the provision of audit services is not undermined and that the additional services are provided to a high standard of quality and independence.

Note that such analysis by the Audit Board is conducted following the rules laid down in the new Regulation of the Register of Auditors, as adopted by Law no. 140/2015 of 7 September, which entered into force on 1 January 2016, and the internal procedures established to guarantee that the new legal provisions are fulfilled.

38. OTHER DUTIES OF THE SUPERVISORY BODIES AND, IF APPLICABLE, OF THE COMMITTEE FOR FINANCIAL AFFAIRS.

As stated above, the Audit Board has the duties established in law, in particular those stated in Article 420 of the Companies Code, as well as those indicated in the Rules of Procedure of the Audit Board, which are:

- To oversee the management of the Company, including, hereunder, annual assessment of compliance with the Company's strategic plan and budget, risk management, the internal functioning of the Board of Directors and its committees, and the relation between Company bodies and committees;
- To ensure compliance with the law and the articles of association;
- To check that books, accounting records and the respective supporting documents are in order;
- To check, as and when it sees fit, the state of cash and inventories of any type of goods or valuables belonging to the company or received by the same as security, deposit or on another basis;
- To check the accuracy of financial reporting;

- To check that the accounting policies and valuation criteria adopted by the Company lead to a correct valuation of the company's assets and profits or loss;
- To draw up an annual report on its audit activities and to issue its opinion on the report, accounts and motions submitted by the Directors;
- To call the General Meeting, when the respective Chairman fails to do so;
- Monitor, evaluate and decide on the strategic lines and the risk policy laid down by the Board of Directors;
- To monitor the effectiveness of the risk management system, the internal control system and internal audit system, if applicable, proposing any necessary adjustments;
- To decide on the work plans and resources allocated to the internal audit services, including ensuring compliance with the rules applicable to the Company and internal audit;
- To receive reports of irregularities (whistleblowing) submitted by shareholders, Company employees or others;
- To contract the provision of services by experts who assist one or more of its members in the exercise of their duties, which experts shall be contracted and remunerated in line with the importance of the matters entrusted to them and the economic situation of the company;
- To perform any other duties established in law or the articles of association;
- To oversee the suitability of the financial information preparation and disclosure procedure by the Board of Directors, including the adequacy of the accounting policies, estimates, evaluations, relevant disclosure and the coherent implementation thereof from year to year, that shall be fully documented and communicated;
- To propose to the general meeting the appointment of the statutory auditor and its remuneration, highlighting the criteria on which the appointment of the statutory auditor was based and describing the auditor's appointment procedure it followed;
- To propose to the general meeting the dismissal of the statutory auditor or the termination of the service provision agreement whenever justifiable grounds are present;
- To monitor and oversee the preparation and disclosure of the financial information and submit proposals or recommendations to ensure their integrity;
- To choose the statutory auditor to be submitted to the approval and election by the General Meeting and to present the grounds for such choice;
- To oversee the legal auditing of the individual and consolidated annual accounts, namely the implementation thereof, based on possible remarks and conclusions of the Securities Market Commission;
- To oversee the auditing of the Company's financial statements and reports;
- To confirm if the corporate governance's structure and practices report disclosed includes the information listed in the Article 245-A of the Portuguese Securities Market Code;
- To monitor the independence of the Statutory Auditor, namely with regard to the provision of additional services, and assess every year the work conducted by the Statutory Auditor and compliance with the tasks assigned to it;
- To issue a previous and binding opinion on the Regulation of Conflicts of interests and related party transactions to be written and adopted by the Board of Directors or, in the absence of such Regulation, a Board opinion on the type, scope and minimum amount, separate or aggregate, of related party transactions which (i) must be approved previously by the Board of Directors and (ii) the transactions that, involving higher amounts, are also subject to prior approval by the Audit Board;
- To issue prior opinion on all business with related parties submitted to its approval, including on those which, according to the terms in the end of the previous paragraph, require the Board's prior approval.

It should be highlighted that the External Auditor and the Statutory Auditor are appointed according to the criteria and procedures set by the Audit Board, according to its internal regulation, as described above. The applicable criteria and the terms of the selection procedures are as decided by the Audit Board and according to each process arising, as was the case of the last selection process of the current External Auditor and Statutory Auditor of the company.

The Audit Board is also the prime point of contact with the External Auditor and the Statutory Auditor, with direct access to and knowledge of his work. The company believes that this direct supervision by the Audit Board is possible, without interference from the Board of Directors, in relation to the work carried on by the External Auditor and the Statutory Auditor, provided that it does not undermine a prompt and adequate information of the management body, which has ultimate responsibility for the company's affairs and financial statements. Complying with this principle, the External Auditor and Statutory Auditor's reports are addressed to the Audit Board and discussed at joint meetings of this board with a member of the Board of Directors, whom the Audit Board informs about the findings of the accounts audit, and the Audit Board ensures that the necessary conditions are in place in the Company for the provision of audit services. The Audit Board is further in charge of suggesting and monitoring, with the support of the Company's internal services, the External Auditor and Statutory Auditor's pay.

The Statutory Auditor also cooperates with the Audit Board to provide, immediately and in accordance with applicable legal and regulatory terms, information on irregularities relevant to the performance of the Audit Board's duties that it has detected, as well as any difficulties arising from the performance of his duties.

Within the framework of the rules of procedure of the Audit Board, this body is in charge of looking into the appropriateness and approving the provision of other services and relevant terms, in addition to auditing services by the Statutory Auditor to the Company and other entities of the group of the Company, as laid down in the Regulation of the Register of Auditors, as adopted by Law no. 140/2015 of 7 September.

IV. STATUTORY AUDITOR

39. IDENTIFICATION OF THE STATUTORY AUDIT FIRM AND THE PARTNER AND STATUTORY AUDITOR REPRESENTING THE SAME.

STATUTORY AUDITOR

FULL:	KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. represented by Paulo Alexandre Martins Quintas Paixão (ROC)
ALTERNATE:	Vitor Manuel da Cunha Ribeirinho (ROC)

40. INDICATION OF THE CONSECUTIVE NUMBER OF YEARS FOR WHICH THE STATUTORY AUDIT FIRM HAS HELD OFFICE IN THE COMPANY AND/OR GROUP.

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. has held office with the company since 2018.

41. DESCRIPTION OF OTHER SERVICES PROVIDED BY THE STATUTORY AUDITOR TO THE COMPANY.

In addition to legal auditing services, KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. has provided the Company with other authorised services.

V. EXTERNAL AUDITOR

42. IDENTIFICATION OF THE EXTERNAL AUDITOR APPOINTED FOR THE PURPOSES OF ARTICLE 8 AND THE PARTNER AND STATUTORY AUDITOR REPRESENTING SUCH FIRM IN THE DISCHARGE OF THESE DUTIES, TOGETHER WITH THEIR RESPECTIVE REGISTRATION NUMBER WITH THE SECURITIES MARKET COMMISSION.

The company's external auditor and its representative are indicated in item 39, and KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. is registered with the Securities Market Commission under number 20161489.

43. INDICATION OF THE CONSECUTIVE NUMBER OF YEARS FOR WHICH THE EXTERNAL AUDITOR AND THE RESPECTIVE PARTNER AND STATUTORY AUDITOR REPRESENTING THE SAME IN THE DISCHARGE OF THESE DUTIES HAS HELD OFFICE IN THE COMPANY AND/OR GROUP.

The external auditor is the statutory auditor KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A., represented by its partner Paulo Alexandre Martins Quintas Paixão (ROC), both having held office with the Company since 2018.

44. POLICY ON ROTATION OF THE EXTERNAL AUDITOR AND THE RESPECTIVE PARTNER AND STATUTORY AUDITOR REPRESENTING THE SAME IN THE CARRYING OUT OF THESE DUTIES, AND THE RESPECTIVE FREQUENCY OF ROTATION.

The Regulation of the Register of Auditors, as adopted by Law no. 140/2015 of 7 September, entered into force on 1 January 2016, and governs the new applicable laws that require the rotation of the auditors in companies of interest for society, like Semapa, while, previously, the company had no policy that required the rotation of the External Auditor, the Statutory Auditor or their representative.

In compliance with the new legal framework, and considering that PricewaterhouseCoopers & Associados – SROC, Lda. reached the maximum time limit of its functions as statutory auditors, in 2017 the Audit Board carried out, with the support of the administrations and services of the Semapa group companies involved, the process of selection of the statutory auditors for the 2018-2021 term, which was open to several entities. The bids submitted were analysed and assessed by the Audit Board according to the criteria laid down in the selection process.

As a result of the selection process, the Audit Board recommended and put forward to the shareholders the selection of KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. as external auditor, and the proposal was adopted by the shareholders at the General Meeting.

45. INDICATION OF THE BODY RESPONSIBLE FOR ASSESSING THE EXTERNAL AUDITOR AND THE INTERVALS AT WHICH THIS ASSESSMENT IS CONDUCTED.

As part of its supervisory work and auditing of the Company's accounts, the Audit Board assesses the external auditor and the Statutory Auditor on an ongoing basis, particularly under the preparation of its Report and Opinion on the annual accounts.

46. IDENTIFICATION OF WORK, OTHER THAN AUDIT WORK, CARRIED OUT BY THE EXTERNAL AUDITOR FOR THE COMPANY AND/OR COMPANIES IN A CONTROLLING RELATIONSHIP WITH IT, AND INDICATION OF THE INTERNAL PROCEDURES FOR APPROVAL OF THE CONTRACTING OF THESE SERVICES AND INDICATION OF THE REASONS FOR CONTRACTING THEM.

The services delivered by the external auditor and the Statutory Auditor other than audit work have always been approved by the Audit Board, in compliance with the applicable laws and internal procedures set up for this purpose.

These services consist essentially of support services to safeguard compliance with legal or contractual obligations laid down in the new legal framework provided by the new Regulation of the Register of Auditors in force in Portugal and abroad, and are approved by the Audit Board. The Board of Directors and the Audit Board consider that the occasional contracting of these services is justified by the External Auditor and Statutory Auditor's accrued experience in the sectors in which the company operates and by the quality of their work, in addition to the careful definition of the scope of services required at the contracting stage, and to the fact that the Audit Board is supported by the analysis and internal opinions of the services.

In the framework of the provision of tax consultancy services and services other than auditing, our auditors have set strict internal rules to guarantee their independence, and these rules have been adopted in the provision of these services and monitored by the Company, in particular by the Audit Board and the Internal Control Committee.

47. INDICATION OF THE ANNUAL REMUNERATION PAID BY THE COMPANY AND/OR CONTROLLED, CONTROLLING OR GROUP ENTITIES TO THE AUDITOR AND OTHER INDIVIDUALS OR ORGANIZATIONS BELONGING TO THE SAME NETWORK, SPECIFYING THE PERCENTAGE RELATING TO THE FOLLOWING SERVICES:

Services	Company		Group entities (including the company itself)	
	Amount	Percentage	Amount	Percentage
Value of auditing services	12,731.00	74%	235,701.00	87%
Value of reliability assurance services	4,500.00	26%	11,363.00	4%
Value of tax consultancy services	-	-	-	-
Value of other services other than auditing services	-	-	25,000.00	9%
Total:	17,231.00	100.00%	277,814.00	100.00%

NOTE: Amounts in Euros

In 2018, services other than audit services contracted by the Company or controlling entities from the External Auditor or the Statutory Auditor, including by entities belonging to the same corporate group or service network, represented 13% of the total services provided.

In addition to these amounts, the company or entities that maintained a controlling relationship with the former external auditor, PricewaterhouseCoopers, were invoiced 576,553.00 Euros, related to the 2017 financial year, regarding account auditing and auditing services.

C. INTERNAL ORGANIZATION

I. ARTICLES OF ASSOCIATION

48. RULES APPLICABLE TO AMENDMENT OF THE ARTICLES OF ASSOCIATION (ARTICLE 245-A.1 H)).

There are no specific rules at Semapa on the amendment of the Articles of Association, and the general supplementary rules contained in the Companies Code therefore apply here.

II. NOTIFICATION OF IRREGULARITIES (WHISTLEBLOWING)

49. WHISTLEBLOWING - PROCEDURES AND POLICY

The company has a set of Regulations on Notification of Irregularities, which govern the Company's procedures that employees can use to report irregularities allegedly taking place within the Company.

These regulations lay down the general duty to report alleged irregularities, requiring that such reports are made to the Audit Board, and also provide for an alternative solution in the event of conflicts of interests on the part of the Audit Board regarding to the report in question.

The Audit Board, which may be assisted for these purposes by the Control and Risk Committee, shall investigate all facts necessary for assessment of the alleged irregularity. We further note that, in the event of conflict of interest regarding an irregularity committed by a member of the Audit Board, a copy of the Report must also be sent to the Chairman of the Board of Directors.

This process ends with the report being filed or submitted to the Board of Directors or the Executive Board, depending on whether a Company officer is implicated or not, a proposal for application of the measures most appropriate in light of the irregularity in question.

The regulations also contain other provisions designed to safeguard the confidentiality of the disclosure and non-prejudicial treatment of the employee reporting the irregularity, as well as rules on providing information on the regulations throughout the Company.

The internal regulations of the company's bodies and committees also provide for the adoption and compliance with that regulation.

Access to the Regulations on Notification of Irregularities is reserved.

The Company also has a set of Principles of Professional Conduct, approved by the Board of Directors on 30 December 2002. This document establishes ethical principles and rules applicable to Company staff and officers.

In particular, this document establishes the duty of diligence, requiring professionalism, zeal and responsibility, the duty of loyalty, which in relation to the principles of honesty and integrity is especially geared to safeguard conflict of interest situations, and the duty of confidentiality, in relation to the treatment of relevant information.

The document also establishes duties of corporate social responsibility, namely of environmental conservation and protection of all shareholders, ensuring that information is fairly disclosed, and all shareholders treated equally and fairly.

The Ethical Principles were changed in late 2018 to include expressly the commitment to respect and promote the Human Rights, and combat money laundering and corruption.

With the entering into force of Law no. 73/2017, of 16 August, amending Article 127 of the Labour Code, which set forth the employer's duty to adopt good conduct codes to prevent and combat sexual harassment at work in companies with seven or more employees, on 1 October 2017 Semapa adopted a Good Conduct Code that contains specific rules aimed at reinforcing the prevention and combat against any type of harassment at work, without prejudice to any other regulations applicable.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. PEOPLE, BODIES OR COMMITTEES RESPONSIBLE FOR INTERNAL AUDITS AND/OR IMPLEMENTATION OF INTERNAL CONTROL SYSTEMS.

Although the Company has no specific independent structure for internal audits, the internal control and risk management are conducted by the Board of Directors and through an organisational unit with special responsibilities in this area - the CRC -, the Audit Board and the External and Statutory Auditors being responsible for oversight and monitoring, including of the efficiency of these systems. These bodies and the CRC shall also identify and propose all necessary changes. The Audit Board has the knowledge and the chance to deliver an opinion on the activities performed by the Control and Risk Committee and Semapa's departments in this framework, on the resources allocated to the departments that also perform compliance duties, and is the recipient, where available, of the reports and opinions made by these services when they concern matters related to financial reporting, identification or resolution of conflicts of interest and detection of potential illegalities and irregularities.

Additionally, the corporate universe represented by most of the group's workers, and which concerns the holding's main subsidiaries, The Navigator Company and Secil, is covered by separate auditing systems with organisational units having special auditing responsibilities. The company thus considers that these risk management systems and of internal control, implemented by the bodies and Committee mentioned before, are suitable for the company's specificities and size and the complexity of the risks from its activity.

Thus, the decision not to have a special department in this area is due to Semapa's simplified administrative structure as a holding company and the way risk control is carried out in the company's group.

51. DESCRIPTION OF THE LINES OF COMMAND IN THIS AREA IN RELATION TO OTHER BODIES OR COMMITTEES; AN ORGANIZATIONAL CHART MAY BE USED TO PROVIDE THIS INFORMATION

The lines of command are shown in the organisational chart in item 21 of this Report, and the responsibilities of the bodies and committees involved are better described in item 54.

52. EXISTENCE OF OTHER DEPARTMENTS WITH RESPONSIBILITIES IN THE FIELD OF RISK CONTROL.

Non-existence of other departments with responsibilities in the field of risk control.

53. IDENTIFICATION OF THE MAIN RISKS (ECONOMIC, FINANCIAL AND LEGAL) TO WHICH THE COMPANY IS EXPOSED IN THE COURSE OF ITS BUSINESS.

Chapter 2 of the notes to the consolidated financial statements provides a detailed analysis of all legal, financial and operational risks, including foreign exchange risk, interest rate risk, credit risk, liquidity risk, price risk, raw material supplies risk, sales price risk, risk of product demand, risk of competition, risk of environmental legislation, human resources risk, energy cost risk and economic and market risks in general.

54. DESCRIPTION OF THE PROCESS OF IDENTIFICATION, ASSESSMENT, MONITORING, CONTROL AND RISK MANAGEMENT.

The main purpose of the Control and Risk Committee (CGC) is to detect and control all relevant risks in the Company's affairs, in particular financial and legal risks, and the Committee is vested with the powers set out in items 21 and 29 of this Report.

In addition to the important role played by the Audit Board in this field, internal procedures for risk control are also particularly important in each of the Company's main subsidiaries. The nature of the risks and the degree of exposure vary from company to company, and each subsidiary therefore has its own independent system for controlling the risks which it is subject to.

The external audit to Semapa and the companies controlled by it was conducted by KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A. until the end of the year 2018. The company's External and Statutory Auditor checks, in particular, the application of remuneration policies and systems, and the effectiveness and workings of internal control procedures through the information and documents provided by the Company, and in particular by the Remuneration Committee and the CRC. The respective conclusions are reported by the External and Statutory Auditor to the Audit Board, which then reports the shortcomings detected, if any.

The implemented internal control and risk management systems have proven to be effective, and no situations have so far arisen which have not been anticipated, duly guarded against or expressly accepted in advance as controlled risks. As stated above, in addition to its own powers in this field and in order to safeguard against the acceptance of excessive risks by the Company, the Board of Directors created the CRC which, in accordance with the responsibilities defined by the Board of Directors, is responsible for assuring internal control and risk management. The Audit Board is responsible for overseeing the effectiveness of the risk management system and the internal control system, proposing adjustments to the existing system whenever necessary, and being the CRC responsible for implementing these adjustments. Finally, it should be noted that these systems are monitored and overseen at all times by the Board of Directors, which has ultimate responsibility for the Company's internal activities.

The company approved strategic guidelines at a meeting of the Board of Directors held in early 2018, and in the last quarter of 2018 it deeply revised the company's risk policy, with the direct involvement of the executive board and of the financial and accounting departments, the Control and Risk Committee, the relevant departments of the company's main subsidiaries and external consultants hired. This work has been completed and was approved by the Board of Directors in 2019.

The Audit Board, which plays a particularly important role in this field, with all the powers and responsibilities assigned to it directly by law and by the Rules of Procedure of the Audit Board, looked into, assessed and gave its opinion on these strategic guidelines and the risk policy, the latter in 2019. In this context, the Audit Board, in conjunction with the CRC and the administration services, is implementing periodic, in house, control mechanisms and procedures to ensure that the real risks of the company are consistent with the objectives set by the Board, since some of these procedures already exist in the company, such as regular meetings with other governing bodies and committees with competence in this matter and requesting tests whenever necessary and appropriate.

55. MAIN ELEMENTS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IMPLEMENTED IN THE COMPANY WITH REGARD TO THE PROCESS OF DISCLOSURE OF FINANCIAL INFORMATION (ARTICLE 245-A.1 M)).

The disclosure of financial information is the responsibility of the market relations officer and, where applicable, it falls to the Audit Board, the Internal Control Committee and the External and Statutory Auditor to assess the quality, reliability and completeness of the financial information approved by the Company's Board of Directors and drawn up by the Financial and Accounts and Tax departments.

The process of preparing financial information is subject to an internal control system and to rules, which are designed to assure that the accounting policies adopted by the company are properly and consistently applied and that the estimates and judgements used in preparing this information are reasonable.

With regard to internal control procedures for the process of disclosing financial information, the Company has implemented rules, which are intended to assure that disclosures are made in good time and to mitigate the risk of unevenness in the information provided to the market.

IV. INVESTOR SUPPORT

56. OFFICE RESPONSIBLE FOR INVESTOR SUPPORT, COMPOSITION, FUNCTIONS, INFORMATION PROVIDED AND CONTACT DETAILS

The investor support service is provided by an office reporting to the Financial Director of the Company, Susana Coutinho. This office is adequately staffed and enjoys swift access to all bodies, committees and departments of the Company, and where necessary and according to the procedures laid down and the limits provided by law, of the Group's companies, in order to ensure an effective response to requests, and also to produce, process and transmit relevant information to shareholders, investors and other stakeholders, as well as to financial analysts and to the market in general, in due time and without any inequality, pursuant to applicable legal and regulatory terms.

Susana Coutinho can be contacted through the email address investors@semapa.pt or on the company's general telephone numbers (+351 21 318 47 00). All public information regarding the company can be accessed by these means.

It should be noted, in any case, that the information most frequently requested by investors is available at the Company's website at www.semapa.pt/en/home, and it generally concerns information about the Semapa group, the Company's business, corporate governance and financial information.

57. MARKET RELATIONS OFFICER.

The market relations officer is Susana Coutinho.

58. INFORMATION ON THE NUMBER OF ENQUIRIES RECEIVED IN THE PERIOD OR PENDING FROM PREVIOUS PERIODS, AND ENQUIRY RESPONSE TIMES.

Semapa receives various types of enquiries, which are normally answered within 24 hours of receipt, although some enquiries, because of their breadth, scope or complexity, necessarily take longer to process. There are also specific times of the year when Semapa receives more enquiries, in particular in the run-up to General Meetings and the payment of dividends, when response times may sometimes be longer. There are no enquiries pending from previous years.

V. WEBSITE (59 TO 65)

Description	Internet address
59. SEMAPA WEBSITE	http://www.semapa.pt/en/home
60. ADDRESS WHERE INFORMATION IS PROVIDED ON THE COMPANY'S NAME, PUBLIC COMPANY STATUS, REGISTERED OFFICE AND OTHER DATA REQUIRED BY ARTICLE 171 OF THE COMPANIES CODE.	http://www.semapa.pt/en/location
61. ADDRESS WHERE THE ARTICLES OF ASSOCIATION AND RULES OF PROCEDURES OF COMPANY BOARDS AND/OR COMMITTEES CAN BE CONSULTED.	http://www.semapa.pt/sites/default/files/pdf_pb/articles_of_association.pdf http://www.semapa.pt/en/rules-corporate-members
62. ADDRESS WHERE INFORMATION IS PROVIDED ON THE IDENTITY OF COMPANY OFFICERS, MARKET RELATIONS OFFICER, THE INVESTOR SUPPORT OFFICE OR EQUIVALENT STRUCTURE, RESPECTIVE POWERS AND RESPONSIBILITIES AND CONTACT DETAILS.	http://www.semapa.pt/en/company-officers http://www.semapa.pt/en/investor-support-office
63. ADDRESS FOR CONSULTATION OF FINANCIAL STATEMENTS AND REPORTS, WHICH MUST BE ACCESSIBLE FOR NO LESS THAN FIVE YEARS, TOGETHER WITH THE SIX-MONTHLY CORPORATE DIARY, DISCLOSED AT THE START OF EACH SEMESTER, INCLUDING, AMONGST OTHER THINGS, GENERAL MEETINGS, DISCLOSURE OF ANNUAL, HALF-YEARLY AND, IF APPLICABLE, QUARTERLY ACCOUNTS.	http://www.semapa.pt/en/demonstracoes-financeiras http://www.semapa.pt/en/eventos

Description	Internet address
64. ADDRESS WHERE NOTICE OF GENERAL MEETINGS IS POSTED, TOGETHER WITH ALL PREPARATORY INFORMATION AND SUBSEQUENT INFORMATION RELATED TO MEETINGS.	http://www.semapa.pt/en/general-meeting-may-24-2018
65. ADDRESS FOR CONSULTATION OF HISTORICAL ARCHIVES, WITH RESOLUTIONS ADOPTED AT THE COMPANY'S GENERAL MEETINGS, THE SHARE CAPITAL REPRESENTED AND THE RESULTS OF VOTES, FOR THE PAST THREE YEARS.	http://www.semapa.pt/en/ag-arquivo

D. REMUNERATION

I. POWERS TO DETERMINE REMUNERATION

66. INDICATION OF POWERS TO SET THE REMUNERATION OF COMPANY OFFICERS, MEMBERS OF THE EXECUTIVE BOARD OR MANAGING DIRECTOR AND THE COMPANY MANAGERS.

Powers to determine the remuneration of the Board of Directors and the Audit Board lie with the Remuneration Committee.

Powers to determine the remuneration of company managers lie with the Board of Directors.

II. THE REMUNERATION COMMITTEE

67. COMPOSITION OF THE REMUNERATION COMMITTEE, INCLUDING IDENTIFICATION OF INDIVIDUALS OR ORGANIZATIONS CONTRACTED TO PROVIDE SUPPORT, AND DECLARATION REGARDING THE INDEPENDENCE OF EACH MEMBER AND ADVISER.

The Remuneration Committee comprises José Gonalo Ferreira Maury, Frederico Jos da Cunha Mendona e Meneses and Joo Rodrigo Appleton Moreira Rato and does not subcontract auxiliary staff. The company may decide freely to hire the services it deems necessary or appropriate, within budget parameters, a right that has been exercised in the past, in which case it must ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.

The company considers the Remuneration Committee to be independent of the Board, since all of its members are independent, although the Securities Market Commission, according to its recommendation in the Corporate Governance Code of the Portuguese Securities Market Commission, has a different understanding in relation to Frederico da Cunha. With regards to this member, the following needs to be said:

First, he is linked to Semapa due to the fact that until 2005 he was non-executive Director for the Company and currently earns a retirement pension as a result of the duties performed. However, Semapa considers that, since non-executive duties were performed, by virtue of the elapsed time and the right to a pension being an acquired right, independent from the will of Semapa's directors, the impartiality of analysis and decision is not impaired. Secondly, he exercised

administrative duties from June 2013 to May 2014 in Sodim, a company to which approximately 72% of the non-suspended voting rights of Semapa are now allocated, according to item 7 above. The Company considers that this does not affect his unbiased analysis and decision. In effect, and considering that what is at stake here is the independence from the executive members of the Board of Directors, Semapa considers that this committee member exercises his duties in the Remuneration Committee independently.

José Maury resigned in 2014 from office at Egon Zehnder, an HR services company which over the years supported Semapa and other related companies in procurement procedures. The aforementioned resignation in our view has not undermined the independence of this member of the Committee.

The Remuneration Committee provides all information or clarifications to the shareholders of the company in the respective Annual General Meetings or in any other general meeting if its agenda includes a matter related to the remuneration of the members of the corporate bodies and committees or if the shareholders require its presence, through the presence of at least one of its members. That was the case at the annual General Meeting of 24 May 2018, which was attended by all members.

68. EXPERTISE AND EXPERIENCE OF THE MEMBERS OF THE REMUNERATION COMMITTEE IN THE FIELD OF REMUNERATION POLICY.

One of the members of the Remuneration Committee, José Maury, has vast knowledge and experience in matters of remuneration policy and he was a partner of the company Egon Zehnder for a number of years, which is a leading recruitment company, involving thorough knowledge of assessment procedures and criteria and related remuneration packages.

III. REMUNERATION STRUCTURE

69. DESCRIPTION OF THE REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES AS REFERRED TO IN ARTICLE 2 OF LAW NO. 28/2009, OF 19 JUNE.

The remuneration policy for members of the management and supervisory bodies is set out in the Remuneration Policy Statement issued by the Remuneration Committee, approved at the beginning of each term and confirmed annually, corresponding to Annex II of this Report, and there is no deviation from the procedures for the application of the approved remuneration policy.

70. INFORMATION ON HOW REMUNERATION IS STRUCTURED IN ORDER TO ALIGN THE INTERESTS OF MEMBERS OF THE MANAGEMENT BODY WITH THE LONG TERM INTERESTS OF THE COMPANY, AND ON HOW IT IS BASED ON PERFORMANCE ASSESSMENT AND DISCOURAGES EXCESSIVE RISK-TAKING.

The way in which remuneration is structured and how it is based on the directors' performance follows clearly the Remuneration Policy Statement of the Remuneration Committee, specifically items 1 and 6 of chapter VI, to which we make reference.

Following such principles, to determine precisely the variable remuneration component, a set of KPIs are applied, for which EBITDA, net earnings and cash flow are the quantitative elements considered, as mentioned in item 25 above.

The effect of the alignment of the interests in the long-term results, to some extent, from the fact that one of the KPIs of EBITDA is linked to the medium term plan, albeit in a form that is more limited than that arising from Semapa's *de facto* situation in relation to the significant stability of the Executive Board's members. Such stability is naturally linked to longer time lines, including in the wage component, as future results influence future remunerations for which expectations exist.

The same is true for excessive risk-taking. The company has no separate remuneration mechanism aimed specifically at that. Risk is an intrinsic characteristic of any act of management and, as such, it is unavoidably and continuously considered in all management decisions. A quantitative or qualitative assessment of risk as good or bad cannot be made autonomously, but only in the light of its impact on Company's performance over the time. It is thus confused with long-term interests, and consequently benefits from the aforementioned incentives to overall alignment over time.

71. REFERENCE, IF APPLICABLE TO THE EXISTENCE OF A VARIABLE REMUNERATION COMPONENT AND INFORMATION ON ANY IMPACT ON THIS FROM PERFORMANCE ASSESSMENTS.

The remuneration of executive directors includes a variable component, which depends on a performance assessment, as described in the Remuneration Policy Statement, in particular in item 2 of chapter VI.

The performance assessment under the variable remuneration, in its individual and qualitative component, accounts for approximately 50% of that remuneration component. In the case of non-executive directors, it should be noted that although it is only a fixed part, it can be differentiated according to the accumulation of increased responsibilities.

There are no upper limits to remuneration, notwithstanding the limit set by the articles of association on directors' participation in the profits for the year and no mechanism is in place to allow the company to request the reimbursement of variable remuneration paid.

The remuneration of the members of the Audit Board includes no variable component.

72. DEFERRED PAYMENT OF THE VARIABLE COMPONENT OF REMUNERATION, INDICATING THE DEFERRAL PERIOD.

Payment of the variable component of remuneration is not deferred at Semapa, notwithstanding the existence of a specific indicator - one of the components of EBITDA is not measured in relation to the exercise, rather than a theoretical EBITDA determined by reference to the medium-term plan - which assesses sustainable performance in the medium term.

73. CRITERIA APPLIED IN ALLOCATING VARIABLE REMUNERATION IN SHARES AND ON THE CONTINUED HOLDING BY EXECUTIVE DIRECTORS OF THESE SHARES, ON ANY CONTRACTS CONCLUDED WITH REGARD TO THESE SHARES, SPECIFICALLY HEDGING OR TRANSFERRING RISK, THE RESPECTIVE LIMITS AND THE RESPECTIVE PROPORTION REPRESENTED OF TOTAL ANNUAL REMUNERATION.

At Semapa, the variable remuneration has no component consisting of shares.

74. CRITERIA APPLIED IN ALLOCATING VARIABLE REMUNERATION ON OPTIONS AND INDICATION OF THE DEFERRAL PERIOD AND THE PRICE FOR EXERCISING OPTIONS.

At Semapa, the variable remuneration has no component consisting of options.

75. MAIN PARAMETERS AND GROUNDS FOR ANY ANNUAL BONUS SYSTEM AND ANY OTHER NON-CASH BENEFITS.

The criteria for setting annual bonuses are those related to the variable remuneration, as described in item 2 of chapter VI of the Remuneration Policy Statement, and in item 25 above, and no other non-cash benefits are allocated.

76. MAIN FEATURES OF COMPLEMENTARY OR EARLY RETIREMENT SCHEMES FOR DIRECTORS AND THE DATE OF APPROVAL BY THE GENERAL MEETING, ON AN INDIVIDUAL BASIS.

There are no complementary or early retirement schemes for directors currently in place in the company. Nevertheless, Frederico José da Cunha Mendonça e Meneses receives a monthly pension, because he exercised an option under the expiry of a past pension scheme for directors.

At present, this is the only pension which Semapa pays. It is a lifetime monthly pension paid 12 months per year, for which the following is provided: (i) the transferability of half of its value to the surviving spouse or minor or disabled children and (ii) mandatory deduction from this pension either the value of remunerated services later delivered to Semapa or controlled companies, or the value of pensions that the beneficiary is entitled to receive from the national Social Insurance scheme related to the same period of service. Semapa's liability with this pension is as mentioned in Note 29 to the Consolidated Financial Statements and Note 26 to the Individual Financial Statements.

IV. DISCLOSURE OF REMUNERATION

77. INDICATION OF THE ANNUAL REMUNERATION EARNED FROM THE COMPANY, ON AN AGGREGATE AND INDIVIDUAL BASIS, BY THE MEMBERS OF THE COMPANY'S MANAGEMENT BODY, INCLUDING FIXED AND VARIABLE REMUNERATION AND, IN RELATION TO THE LATTER, REFERENCE TO THE DIFFERENT COMPONENTS.

Below we indicate the remuneration earned in 2018, paid by Semapa to the members of the Company's management body, distinguishing between fixed and variable remuneration, though the variable remuneration was paid in 2018 but refers to the performance of 2017, but without a breakdown of the different components of the latter, insofar as it is set as a whole, taking into account the factors described in the Remuneration Policy Statement issued by the Remuneration Committee, without identifying components.

Board of Directors	Remuneration Fixed		Remuneration Variable	
	Amount	Relative percentage	Amount	Relative percentage
António Pedro de Carvalho Viana-Baptista	128,305.13	100%	–	–
Carlos Eduardo Coelho Alves	77,825.00	100%	–	–
Filipa Mendes de Almedida de Queiroz Pereira	47,466.66	100%	–	–

Board of Directors	Remuneration Fixed		Remuneration Variable	
	Amount	Relative percentage	Amount	Relative percentage
Francisco José de Melo e Castro Guedes	77,825.00	100%	–	–
João Nuno de Sottomayor Pinto de Castello Branco	761,199.25	53.47%	662,411.00	46.53%
José Miguel Pereira Gens Paredes	315,969.50	35.89%	564,464.00	64.11%
José Antônio do Prado Fay	78,259.58	100%	–	–
Lua Mónica Mendes de Almeida de Queiroz Pereira	47,466.66	100%	–	–
Mafalda Mendes de Almeida de Queiroz Pereira	47,466.66	100%	–	–
Manuel Custódio de Oliveira	45,337.50	100%	–	–
Paulo Miguel Garcês Ventura	315,969.50	36.84%	541,667.00	63.16%
Pedro Mendonça de Queiroz Pereira	344,576.14	27.19%	922,866.00	72.81%
Ricardo Miguel dos Santos Pacheco Pires	295,381.25	35.55%	535,403.00	64.45%
Vítor Manuel Galvão Rocha Novais Gonçalves	77,825.00	100%	–	–
Vítor Paulo Paranhos Pereira	128,305.13	100%	–	–
TOTAL	2,789,177.96	–	3,226,811.00	–

NOTE: Amounts in Euros

This information already appears in the proposal for the Remuneration Policy Statement of the Remuneration Committee to be presented at the Annual General Meeting of the company to be held this year.

78. AMOUNTS PAID ON ANY BASIS BY OTHER CONTROLLED, CONTROLLING OR GROUP COMPANIES OR COMPANIES UNDER COMMON CONTROL.

It should be clarified that the amounts referred to in this item do not relate only to companies controlled by Semapa. They also include amounts over which Semapa and its officers have no control, as they are the concern of its shareholders, the shareholders of shareholders and other companies controlled by shareholders, where a controlling relationship is involved.

The following directors earned remunerations in other controlling companies or companies under common control: Pedro Mendonça de Queiroz Pereira (3,343,997.10 Euros), Francisco José de Melo e Castro Guedes (80,828.80 Euros), Vítor Manuel Galvão Rocha Novais Gonçalves (98,000.00 Euros), Vítor Paulo Paranhos Pereira (174,900.00 Euros), Filipa Mendes de Almeida de Queiroz Pereira (70,750.00 Euros), Mafalda Mendes de Almeida de Queiroz Pereira (70,750.00 Euros) and Lua Mónica Mendes de Almeida de Queiroz Pereira (70,750.00 Euros). It should be noted that the members of the Board of Directors did not receive remuneration in other companies in a group relationship, and this information is already included in the proposal for a Remuneration Policy Statement of the Remuneration Committee to be presented at the Annual General Meeting of the company to be held this year.

79. REMUNERATION PAID IN THE FORM OF PROFIT SHARING AND/OR PAYMENT OF BONUSES, AND THE GROUNDS ON WHICH THESE BONUSES AND/OR PROFIT SHARING WERE GRANTED.

The amount of the remuneration paid by Semapa in the form of profit-sharing and/or payment of bonuses corresponds to the variable remuneration referred to in item 77 of this report, which amounts were determined by the Remuneration Committee based on the actual application of the criteria described in item 2 of chapter VI of the Remuneration Policy Statement.

80. COMPENSATION PAID OR OWING TO FORMER EXECUTIVE DIRECTORS IN RELATION TO TERMINATION OF THEIR DIRECTORSHIPS DURING THE PERIOD.

No compensation was paid or is due to former executive directors for termination of their directorships.

81. INDICATION OF THE ANNUAL REMUNERATION EARNED, ON AN AGGREGATE AND INDIVIDUAL BASIS, BY THE MEMBERS OF THE COMPANY'S SUPERVISORY BODY, FOR THE PURPOSES OF LAW 28/2009, OF 19 JUNE.

Audit Board	Fixed Remuneration		Variable Remuneration	
	Amount	Relative percentage	Amount	Relative percentage
José Manuel Oliveira Vitorino	20,303.88	100%	–	–
Miguel Camargo de Sousa Eiró	13,369.21	100%	–	–
Gonçalo Nuno Palha Gaio Picão Caldeira	15,999.97	100%	–	–
Maria da Graça Torres Ferreira da Cunha	9,758.63	100%	–	–
TOTAL	59,431.69		–	

NOTE: Amounts in Euros

The table before specifies the annual amount paid to the members of the Audit Board during the performance of their duties.

This information already appears in the proposal for the Remuneration Policy Statement of the Remuneration Committee to be presented at the Annual General Meeting of the company to be held this year.

82. INDICATION OF REMUNERATION EARNED IN THE REPORTING PERIOD BY THE CHAIRMAN OF THE GENERAL MEETING.

In 2018, the Chairman of the General Meeting earned a fixed remuneration of 3,000 euros.

This information already appears in the proposal for the Remuneration Policy Statement of the Remuneration Committee to be presented at the Annual General Meeting of the company to be held this year.

V. AGREEMENTS WITH REMUNERATION IMPLICATIONS

83. CONTRACTUAL LIMITS FOR COMPENSATION PAYABLE FOR THE UNFAIR DISMISSAL OF DIRECTORS AND THE RESPECTIVE RELATIONSHIP WITH THE VARIABLE REMUNERATION COMPONENT;

Semapa has no contract with directors limiting or otherwise altering the supplementary legal rules on fair or unfair termination. Dismissal before the expiry of the mandate does not entitle the director, either directly or indirectly, to compensation beyond the statutory amounts.

84. REFERENCE TO THE EXISTENCE AND DESCRIPTION OF AGREEMENTS BETWEEN THE COMPANY AND DIRECTORS OR MANAGERS, AS DEFINED BY ARTICLE 248-B.3 OF THE SECURITIES CODE, WHICH PROVIDE FOR COMPENSATION IN THE EVENT OF RESIGNATION, DISMISSAL WITHOUT DUE CAUSE OR TERMINATION OF EMPLOYMENT CONTRACT AS A RESULT OF A CHANGE OF CONTROL OF THE COMPANY, INDICATING THE AMOUNTS INVOLVED (ARTICLE 245.-A.1 L)).

There are also no agreements between the company and the company officers or managers providing for compensation in the event of resignation, unfair dismissal or redundancy as the result of a takeover.

VI. STOCK OR STOCK OPTION PLANS

85. IDENTIFICATION OF PLAN AND BENEFICIARIES.

The company has no stock or stock option plans.

86. DESCRIPTION OF PLAN (TERMS OF ALLOCATION, NON-TRANSFER OF SHARE CLAUSES, CRITERIA ON THE PRICE OF SHARES AND THE PRICE OF EXERCISING OPTIONS, THE PERIOD DURING WHICH THE OPTIONS MAY BE EXERCISED, THE CHARACTERISTICS OF THE SHARES TO BE DISTRIBUTED, THE EXISTENCE OF INCENTIVES TO PURCHASE SHARES AND/OR EXERCISE OPTIONS)

Not applicable.

87. STOCK OPTION RIGHTS ALLOCATED TO COMPANY EMPLOYEES AND STAFF.

Not applicable.

88. CONTROL MECHANISMS IN AN EMPLOYEE OWNERSHIP SCHEME INSOFAR AS VOTING RIGHTS ARE NOT DIRECTLY EXERCISED BY EMPLOYEES (ARTICLE 245-A.1 E)).

There is no employee ownership scheme in Semapa.

E. RELATED PARTY TRANSACTIONS CONFLICTS OF INTEREST

I. CONTROL MECHANISMS AND PROCEDURES

89. PROCEDURES IMPLEMENTED BY THE COMPANY FOR CONTROLLING RELATED PARTY TRANSACTIONS (REFERENCE IS MADE FOR THIS PURPOSE TO THE CONCEPT DERIVING FROM IAS 24) AND CONFLICTS OF INTEREST.

On 31 October 2018, the company adopted, with the favourable opinion of the Audit Board, a Regulation of Conflicts of interests and related party transactions, which establishes the rules that govern conflicts of interest and related party transactions to which the company is a party, in addition to the internal mechanisms that the Company has in place to ensure compliance with the international accounting standard (IAS) 24 (Related Party Disclosures). It is applicable without prejudice to the Company's obligations and of its Directors, concerning Inside Information, the legal framework of company business with executive directors and the internal Regulation on the Reporting of Irregularities and other relevant legislation.

This regulation is available on the company's website.

According to the Regulation on Conflicts of interests and related party transactions, the transactions between the company and related parties, qualified as such in accordance with the IAS 24 international accounting standards, are subject to the following approval procedures:

Significant Transactions are Related Party Transactions which:

- a) Are carried out with companies controlled by the Company and that have consolidated accounts with the latter that (i) individually amount to 1% or more of the consolidated turnover of the last consolidated accounts of the Company adopted by the shareholders or (ii) amounting, in relation to the same related party and the same fiscal year, to a total amount equal to or above double the amount resulting from the application of the criterion mentioned above;
- b) Are carried out with entities outside of the Group of companies mentioned in the previous paragraph, with amounts that individually or in accumulated terms are equal to or more than one fifth of the amounts mentioned in the previous paragraph.

All other Related party transactions which are not mentioned in the previous paragraphs are considered Transactions that are not significant, so transactions with Related Parties may be carried out only in full respect of the justified interest of the Company.

Significant Transactions must be approved by the Board of Directors, subject to the prior approval of the Audit Board. Non-significant Transactions are not subject to the approval of the Audit Board and are approved by the Board of Directors or the Executive Committee if their amounts do not exceed two hundred and fifty thousand euros, individually or in accumulated terms.

The Board of Directors and the Audit Board must be informed every six months of the decisions concerning related party transactions in which they were not a party to. The Directors of the Company who take part in the conclusion of related

party transactions must ensure that the transactions are submitted to the approvals provided in the regulation. The Executive Board is responsible for overseeing the formalisation and the implementation of decisions concerning Related Party Transactions.

Until the date of approval of said regulation, on 31 October 2018, the rules and criteria which, in the last corporate governance reports were described in item 91 below, were applicable to the business with holders of qualifying holdings, namely the following procedures:

The Board of Directors was required to subject to review and prior opinion of the Audit Board the transactions between the company and qualifying shareholders or entities in any way related to these shareholders, as defined in Article 20 of the Securities Code, whenever one of the following criteria was met with regard to each period:

- a. When such transactions had a value greater than or equal to 1% of the company's consolidated turnover in the previous year;
- b. When the accrued value, with regard to the same qualifying shareholder, or entity related to the same in any way, as defined in Article 20 of the Securities Code, was greater than or equal to double the amount resulting from application of the criteria referred to in the preceding sub-paragraph.

Concerning the procedures applicable to conflicts of interest, the regulation provides for a conflict situation where the decision-maker or someone taking part in a decision (Director) is in a position that, in objective terms, may compromise his independence and influence in his judgement interests distinct from the Company's interests, either financial or other, own or other, and for the appropriate prevention, identification and resolution, the Director must:

- a) Report the existence of, real or potential, conflict of interest to their superiors, or, in the case of a member of a collegial body, to the body in question in the terms of the relevant rules of procedure; and
- b) Refrain from interfering or participating in a decision whenever there is a situation of conflict of interest, and have noted such impediment in the minutes or other written document where the decision is laid down, without prejudice to the duty to provide all information and clarification which the relevant company body and its members may request.

Furthermore, all rules of procedures of the governing bodies and internal committees include provisions on conflicts of interest aligned with the rules described before.

This is considered a major alteration compared with procedures previously applied to related party transactions, with the extension of the transactions covered and of the intervention of the company bodies with competence in this matter, and the approval of a new framework to provide control over emerging conflicts of interest between members of the governing bodies and their committees and the company.

90. INDICATION OF TRANSACTIONS SUBJECT TO CONTROL DURING REPORTING PERIOD

By 31 October 2018, there had been no transactions subject to control, pursuant to the criteria referred to in item 89 above and applicable up to that date, namely the company and qualifying shareholders, or entities in any way related to such shareholders, had not conducted any business which, under the terms of Art. 20 of the Securities Code, required prior approval of the Audit Board according to the rules defined and in force in that period.

After that date there were related party transactions that have been identified in the information on related party transactions in Note 35 of the Annex to the consolidated accounts and Note 25 of the Annex to the individual financial statements, which were analysed and approved in line with the new Regulation on Conflicts of interests and related party transactions, there being no transactions that required prior approval of the Audit Board. The Board of Directors informed the Audit Board about the approval of related party transactions made in the context of that regulation.

We also inform that in the second half of last year, Semapa's subsidiary, Semapa Next, S.A., subscribed shares, resulting in total shareholding of twelve million dollars in the company "Alter Venture Partners Fund I". Whereas the director António Viana-Baptista is an executive member of that company and took part in the presentation of this investment, it was decided that, regardless of the legal duty, this transaction should be approved by the Board of Directors and receive the approval of the Audit Board, hereby fulfilling all requirements laid down in Article 397 (2) of the Companies Code, as was the case.

91. DESCRIPTION OF THE PROCEDURES AND CRITERIA APPLICABLE TO INTERVENTION BY THE SUPERVISORY BODY FOR THE PURPOSES OF PRIOR ASSESSMENT OF TRANSACTIONS TO BE CARRIED OUT BETWEEN THE COMPANY AND QUALIFYING SHAREHOLDERS OR RELATED ENTITIES, UNDER ARTICLE 20 OF THE SECURITIES CODE.

The procedures and criteria are as described in items 89 to 90 before.

II. DETAILS OF TRANSACTIONS

92. INDICATION OF THE PLACE IN THE FINANCIAL REPORTS AND ACCOUNT WHERE INFORMATION IS AVAILABLE ON RELATED PARTY TRANSACTIONS, IN ACCORDANCE WITH IAS 24, OR, ALTERNATIVELY, REPRODUCTION OF THIS INFORMATION.

Information on related party transactions is contained in Note 35 of the Annex to the consolidated financial statements and Note 25 of the Annex to the individual financial statements.

PART II – ASSESSMENT OF CORPORATE GOVERNANCE

1. IDENTIFICATION OF THE CORPORATE GOVERNANCE CODE ADOPTED

Semapa adopted the Corporate Governance Code of the Portuguese Corporate Governance Institute (IPCG) taking into account the repeal of the Corporate Governance Code of the Portuguese Securities Market Commission (CMVM Regulation no. 4/2013), which Semapa had been following since 2010.

The Code adopted is disclosed by the IPCG and may be consulted on the website.

2. ANALYSIS OF COMPLIANCE WITH THE ADOPTED CORPORATE

The following table indicates the recommendations adopted and not adopted. For the recommendations adopted, we indicate only the place in the report where detailed information is contained. For recommendations not adopted, information is provided below the table on the respective grounds for non-adoption and any alternative measures taken.

#	Adoption	Text	Reference
I. GENERAL PROVISIONS			
GENERAL PRINCIPLE			
Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies.			
I.1 COMPANY'S RELATIONSHIP WITH INVESTORS AND DISCLOSURE			
PRINCIPLE:			
Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information.			
I.1.1	Adopted	The Company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	Part I, items 56 to 65 Part I, item 21
I.2 DIVERSITY IN THE COMPOSITION AND FUNCTIONING OF THE COMPANY'S GOVERNING BODIES			
PRINCIPLE:			
I.2.A - Companies ensure diversity in the composition of its governing bodies, and the adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders.			
I.2.B - Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions.			

#	Adoption	Text	Reference
I.2.1	Not adopted	Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	Explanation of recommendations not adopted below
I.2.2	Adopted	The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members —, and detailed minutes of the meetings of each of these bodies should be carried out.	Part I, items 21, 22, 27 and 34
I.2.3	Adopted	The internal regulations of the governing bodies — the managing body, the supervisory body and their respective committees — should be disclosed, in full, on the company's website.	Part I, items 22, 34 and 61
I.2.4	Adopted	The composition, the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	Part I, items 23, 29 and 35
I.2.5	Adopted	The company's internal regulations should provide for the existence and ensure the functioning of mechanisms to detect and prevent irregularities, as well as the adoption of a policy for the communication of irregularities (whistleblowing) that guarantees the suitable means of communication and treatment of those irregularities, but safeguarding the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality requested.	Part I, item 49

I.3 RELATIONSHIPS BETWEEN THE COMPANY BODIES

PRINCIPLE:

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

#	Adoption	Text	Reference
I.3.1	Adopted	The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	Part I, item 21
I.3.2	Adopted	Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	Part I, item 21

I.4 CONFLICTS OF INTEREST

PRINCIPLE:

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

I.4.1	Adopted	The duty should be imposed, to the members of the company's boards and committees, of promptly informing the respective board or committee of facts that could constitute or give rise to a conflict between their interests and the company's interest.	Part I, item 89
I.4.2	Adopted	Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	Part I, item 89

I.5 RELATED PARTY TRANSACTIONS

PRINCIPLE:

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

#	Adoption	Text	Reference
I.5.1	Adopted	The managing body should define, in accordance with a previous favourable and binding opinion of the supervisory body, the type, the scope and the minimum individual or aggregate value of related party transactions that: (i) require the previous authorization of the managing board, and (ii) due to their increased value require an additional favourable report of the supervisory body.	Part I, items 38, 89 to 91
I.5.2	Adopted	The managing body should report all the transactions contained in Recommendation 1.5.1. to the supervisory body, at least every six months.	Part I, items 89 to 91

II. SHAREHOLDERS AND GENERAL MEETINGS

PRINCIPLES:

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

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

II.C - The company should also allow the participation of its shareholders in the general meeting through digital means, postal votes and, especially, electronic votes, unless this is deemed to be disproportionate, namely taking into account the associated costs.

II.1	Adopted	The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	Part I, items 12 and 13
II.2	Adopted	The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	Part I, item 14
II.3	Adopted	The company should implement adequate means for the exercise of voting rights through postal votes, including by electronic means.	Part I, item 12
II.4	Not adopted	The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings.	Explanation of recommendations not adopted below

#	Adoption	Text	Reference
II.5	Not applicable	The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.	Part I, items 5 and 13
II.6	Adopted	The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	Part I, item 4

III. NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION

PRINCIPLES:

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

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

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

III.1	Not adopted	Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions, and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	Explanation of recommendations not adopted below
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#	Adoption	Text	Reference
III.2	Adopted	The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed.	Part I, items 18 and 31
III.3	Adopted	In any case, the number of non-executive directors should be higher than the number of executive directors.	Part I, item 18
III.4	Not adopted	Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: <ul style="list-style-type: none"> i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis; ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons with direct or indirect qualifying holdings; vi. having been a qualified holder or representative of a shareholder of qualifying holding. 	Explanation of recommendations not adopted below

#	Adoption	Text	Reference
III.5	Not applicable	The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).	Part I, item 18
III.6	Adopted	Non-executive directors should participate in the definition, by the managing body, of the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the fulfilment thereof.	Part I, item 21
III.7	Not applicable	The supervisory body should, within its legal and statutory competences, collaborate with the managing body in defining the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.	Part I, item 15
III.8	Adopted	The supervisory body, in observance of the powers conferred to it by law, should, in particular, monitor, evaluate, and pronounce itself on the strategic lines and the risk policy defined by the managing body.	Part I, item 54
III.9	Partially adopted	Companies should create specialised internal committees that are adequate to their dimension and complexity, separately or cumulatively covering matters of corporate governance, remuneration, performance assessment, and appointments.	Part I, items 16,21 and 27 and explanation of recommendations not adopted below
III.10	Adopted	Risk management systems, internal control and internal audit systems should be structured in terms adequate to the dimension of the company and the complexity of the inherent risks of the company's activity.	Part I, item 50
III.11	Adopted	The supervisory body and the committee for financial affairs should supervise the effectiveness of the systems of risk management, internal control and internal audit, and propose adjustments where they are deemed to be necessary.	Part I, items 38, 50 and 54
III.12	Not applicable	The supervisory body should provide its view on the work plans and resources of the internal auditing service, including the control of compliance with the rules applied to the company (compliance services) and of internal audit, and should be the recipient of the reports prepared by these services, at least regarding matters related with approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	Part I, item 50

#	Adoption	Text	Reference
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IV. EXECUTIVE MANAGEMENT

PRINCIPLES:

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

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

IV.1	Adopted	The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.	Part I, item 26
IV.2	Adopted	The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i) the definition of the strategy and main policies of the company; ii) the organisation and coordination of the business structure; iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	Part I, item 21
IV.3	Adopted	In matters of risk assumption, the managing body should set objectives and look after their accomplishment.	Part I, items 50 to 55
IV.4	Adopted	The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	Part I, item 54

V. EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENT

V.1 ANNUAL EVALUATION OF PERFORMANCE

PRINCIPLE:

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

#	Adoption	Text	Reference
V.1.1	Partially adopted	The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	Part I, items 24 and 25 and explanation of recommendations not adopted below
V.1.2	Adopted	The supervisory body should supervise the company's management, especially, by annually assessing the accomplishment of the company's strategic plans and of the budget, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	Part I, items 24 and 25

V.2 REMUNERATION

PRINCIPLE:

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

V.2.1	Adopted	The remuneration should be set by a committee, the composition of which should ensure its independence from management.	Part I, items 66 and 67
V.2.2	Partially adopted	The remuneration committee should approve, at the start of each term of office, execute, and annually confirm the company's remuneration policy for the members of its boards and committees, including the respective fixed components. As to executive directors or directors periodically invested with executive duties, in the case of the existence of a variable component of remuneration, the committee should also approve, execute, and confirm the respective criteria of attribution and measurement, the limitation mechanisms, the mechanisms for deferral of payment, and the remuneration mechanisms based on the allocation of options and shares of the company.	Part I, items 69 to 75, Annex II and Explanation of recommendations not adopted below

#	Adoption	Text	Reference
V.2.3	Adopted	The statement on the remuneration policy of the managing and supervisory bodies, pursuant to article 2 of Law no. 28/2009, 19 th June, should additionally contain the following: i. the total remuneration amount itemised by each of its components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the company's remuneration policy, including how it contributes to the company's performance in the long run, and information about how the performance requirements were applied;	Part I items 77, 81 and 82
	Not applicable	ii. remunerations from companies that belong to the same group as the company;	Part I item 78
	Not applicable	iii. the number of shares and options on shares granted or offered, and the main conditions for the exercise of those rights, including the price and the exercise date;	Annex II
	Adopted	iv. information on the possibility to request the reimbursement of variable remuneration;	Part I item 71
	Adopted	v. information on any deviation from the procedures for the application of the approved remuneration policies, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation;	Part I item 69
	Adopted	vi. information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors.	Annex II
V.2.4	Non adopted	For each term of office, the remuneration committee should also approve the directors' pension benefit policies, when provided for in the bylaws, and the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office.	Explanation of recommendations not adopted below
V.2.5	Adopted	In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	Part I, item 67

#	Adoption	Text	Reference
V.2.6	Adopted	Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties. The remuneration committee should ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	Part I, item 67

V.3 DIRECTOR REMUNERATION

PRINCIPLE:

Directors should receive compensation:

- i) that suitably remunerates the responsibility taken, the availability and the competences placed at the disposal of the company;
- ii) that guarantees a performance aligned with the long-term interests of the shareholders, as well as others expressly defined by them; and
- iii) that rewards performance.

V.3.1	Adopted	Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.	Part I, items 70 and 71
V.3.2	Not adopted	A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby connecting it to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	Explanation of recommendations not adopted below
V.3.4	Not applicable	When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	Part I, items 73 and 74
V.3.5	Adopted	The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	Part I, item 71
V.3.6	Adopted	The company should be provided with suitable legal instruments so that the termination of a director's time in office before its term does not result, directly or indirectly, in the payment to such director of any amounts beyond those foreseen by law, and the company should explain the legal mechanisms adopted for such purpose in its governance report.	Part I, items 83 and 84

V.4 APPOINTMENTS

#	Adoption	Text	Reference
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PRINCIPLE:

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

V.4.1	Not adopted	The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	Explanation of recommendations not adopted below
V.4.2	Adopted	The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size.	Part I, item 16
V.4.3	Not adopted	This nomination committee includes a majority of non-executive, independent members.	Explanation of recommendations not adopted below
V.4.4	Not adopted	The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	Explanation of recommendations not adopted below

VI. RISK MANAGEMENT
PRINCIPLE:

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

VI.1	Adopted	The managing body should debate and approve the company's strategic plan and risk policy, which should include a definition of the levels of risk considered acceptable.	Part I, item 54
VI.2	Adopted	Based on its risk policy, the company should establish a system of risk management, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; (iv) the monitoring procedures, aiming at their accompaniment; and (v) the procedure for control, periodic evaluation and adjustment of the system.	Part I, item 54

#	Adoption	Text	Reference
VI.3	Not adopted	The company should annually evaluate the level of internal compliance and the performance of the risk management system, as well as future perspectives for amendments of the structures of risk previously defined.	Explanation of recommendations not adopted below

VII. FINANCIAL STATEMENTS AND ACCOUNTING

VII.1 FINANCIAL INFORMATION

PRINCIPLES:

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

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

VII.1.1	Adopted	The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgements, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	Part I, item 38
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VII.2 STATUTORY AUDIT OF ACCOUNTS AND SUPERVISION

PRINCIPLE:

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

VII.2.1	Adopted	Through the use of internal regulations, the supervisory body should define:	Part I, item 38
	Adopted	i. the criteria and the process of selection of the statutory auditor;	
	Adopted	ii. the methodology of communication between the company and the statutory auditor;	Part I, item 38
	Adopted	iii. the monitoring procedures destined to ensure the independence of the statutory auditor;	Part I, items 37 and 38
	Adopted	iv. the services, besides those of accounting, which may not be provided by the statutory auditor.	Part I, item 38
VII.2.2	Adopted	The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	Part I, item 38

#	Adoption	Text	Reference
VII.2.3	Adopted	The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	Part I, item 38
VII.2.4	Adopted	The statutory auditor should, within their powers, verify the application of policies and systems of remuneration of governing bodies, the effectiveness and the functioning of the mechanisms of internal control, and report any irregularities to the supervisory body.	Part I, item 54
VII.2.5	Adopted	The statutory auditor should collaborate with the supervisory body, immediately providing information on the detection of any relevant irregularities as to the accomplishment of the duties of the supervisory body, as well as any difficulties encountered whilst carrying out their duties.	Part I, item 38

EXPLANATION OF RECOMMENDATIONS NOT ADOPTED BELOW

RECOMMENDATION I.2.1.

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

Concerning this recommendation that was not adopted, the explanation arises from item 16 of Part I above, to which reference should be made.

RECOMMENDATION II.4.

This recommendation states that “The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings.”

Whereas until now no shareholders requested or showed interest in the implementation of systems that allow participation in general meetings by telematic means and since the means that allow the vote by electronic correspondence are available and, on the other hand, these meetings benefit from extended disclosure deadlines and flexible participation requirements - *each share corresponding to one vote and the deadlines for providing proof of shareholder quality and the appointment of representatives being short* - the company finds that shareholder right to attend the general meetings is already fully guaranteed in very flexible conditions.

For all of the above reasons, the company believes that the adoption of this recommendation is not justified currently, since its underlying purpose is met and the uncertain outcomes of such a system do not justify the administrative burdening of the company with the installation of one more system.

RECOMMENDATION III.1.

This recommendation states that “Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.”

Given the size and specificities of the company, namely its family nature and concentration of its capital structure, and the total number of non-executive directors and, among them, independent directors, as well as the characteristics and current position of the Chairman of the Board of Directors, the company considers that the appointment of a lead independent director would be inappropriate and would only aim at the mere formal fulfilment of this recommendation, which the company would not adhere to.

In effect, as has been highlighted in this report, the company has several rules and procedures that provide for close and regular contact between members of the Board of Directors, namely between the chairman and the directors, and provides the conditions and necessary means for the performance of their functions.

This recommendation has therefore not been adopted by the company, although all of its objectives have been met.

RECOMMENDATION III.4.

This recommendation states that “Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. (...)”.

In the course of the 2018 financial year, the Board of Directors included between one fourth and one fifth of non-executive directors who fulfilled the independence requirements. Consequently, the recommended threshold of one third was not met and recommendation III.4 was not complied with.

However, the company finds that the proportion of independent directors mentioned is adequate and consistent with a fully independent performance of the Board of Directors considering, on the one hand, the family nature of the company and the shareholder structure and the stability thereof and, on the other hand, the history and professional experience and integrity of the members of this body, who ensure real independence of the board, thus meeting the objectives proposed by this recommendation.

RECOMMENDATION III.9.

This recommendation states that “Companies should create specialised internal committees that are adequate to their dimension and complexity, separately or cumulatively covering matters of corporate governance, remuneration, performance assessment, and appointments.”

Among all committees foreseen in this recommendation, only the Appointment Committee requirement is not met for the reasons provided in the previous item 16 of Part I.

RECOMMENDATION V.1.1.

This recommendation states that “The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company’s strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company’s other bodies and committees.”

Although the executive directors are already assessed every year, in 2019 the Board of Directors and its committees will be conducting a self-assessment of their performance in 2018, which is expected to be along the lines provided by the version of the Regulation of the Board of Directors approved in 2018.

RECOMMENDATION V.2.2.

This recommendation states that “The remuneration committee should approve, at the start of each term of office, execute, and annually confirm the company’s remuneration policy for the members of its boards and committees, including the respective fixed components. As to executive directors or directors periodically invested with executive duties, in the case of the existence of a variable component of remuneration, the committee should also approve, execute, and confirm the respective criteria of attribution and measurement, the limitation mechanisms, the mechanisms for deferral of payment, and the remuneration mechanisms based on the allocation of options and shares of the company.”

All aspects of the applicable part of this recommendation are met, except one concerning the setting of the amounts of the fixed part of remunerations. This choice is due to the fact that it is found that on this matter shareholders shall adopt the principles only, leaving it to the committee the setting of the concrete amounts. It should be noted that this is a totally transparent matter, since the fixed amounts are disclosed every year.

RECOMMENDATION V.2.4.

This recommendation states that “For each term of office, the remuneration committee should also approve the directors’ pension benefit policies, when provided for in the bylaws, and the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. ”

This recommendation is only fulfilled in respect of the indication of the exact amounts on the grounds referred to above of the maximum amount of any compensation to be paid to the member of any body or committee of the company by virtue of his or her termination of service, not being fulfilled in what regards the directors' pensions regime.

This is a matter on which, and to this day, the Remuneration Committee has never felt the need to create a self-limitation. The specific circumstance to which this limitation relates is not a common one, and when it happens, sensitivity and specificity are always so vast that it cannot fail to impose a case-by-case evaluation, even if it is integrated into the general remuneratory and historically weighted scheme. It is in any case a matter that, in view of the nature of the existing Recommendation, will still be re-evaluated in order to adopt or maintain the current situation of non-adoption.

RECOMMENDATION V.3.2.

This recommendation states that “A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby connecting it to the confirmation of the sustainability of the performance, in the terms defined by a company’s internal regulation.”

The justification for not adopting this recommendation can be found in the remuneration policy statement in force, Annex II hereto, which states in particular that:

“Specialists in this field have drawn attention to significant advantages in deferring payment of the variable component of remuneration to a date when the entire period corresponding to the term of office can in some way be appraised.

We accept this principle as theoretically sound, but it appears to us to offer few advantages in the specific case of Semapa and other similar companies.

One of the main arguments supporting this system is that directors should be committed to achieving sustainable medium-term results, and that the remuneration system should support this, avoiding a situation where remuneration is related simply to one financial year, which may not be representative, and which may present higher profits at the cost of worse results in subsequent years.

However, whilst this danger is real and is worth safeguarding against by means of systems such as this in companies where the capital is completely dispersed and the directors may be tempted to take a short term view, maximizing quick results by sacrificing long term potential, this does not correspond to the situation in a company such as Semapa, with a stable shareholder structure and management, where these concerns are inherently less of an issue.”

Therefore, this recommendation is not adopted by the company, without prejudice to the underlying substance, which is guaranteed to a greater extent than if such recommendation were implemented.

It should also be noted that the consolidated result of the Semapa exercise has always been repeatedly and consistently very positive, evidencing the sustainability of performance that the Recommendation seeks to caution. It follows from this background that the possible partial deferral, for a period of not less than three years, of the variable remuneration component, would not have had an impact on the right to the variable component by the directors of Semapa.

RECOMMENDATIONS V.4.1., V.4.3. AND V.4.4.

Recommendation V.4.1 states that “The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company’s governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.”

Recommendation V.4.3 states that “This nomination committee includes a majority of non-executive, independent members” and Recommendation V.4.4. States that “The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.”

The company has not set up an internal committee for the assessment of the performance, as it is not warranted by its size and complexity.

In these recommendations regarding the appointments committee – V.4.1 to V.4.4 – we must distinguish “internal competences” of holders of management positions and “external competences” that concern the governing bodies.

From the internal perspective, Semapa must be regarded individually as a holding company with a simplified administrative structure, which is why the size of the company does not justify the appointment of a committee for monitoring and supporting the appointment of holders of management positions (V.4.2).

From an external perspective, concerning the governing bodies, the reason provided in item 16 of Part I applies, and accordingly recommendations (V.4.1., V.4.3 and V.4.4) are not adopted.

RECOMMENDATION VI.3.

This recommendation states that “The company should annually evaluate the level of internal compliance and the performance of the risk management system, as well as future perspectives for amendments of the structures of risk previously defined.”

In addition to the reason provided in item 54 of Part I, the procedure in question is provided explicitly by the company’s risk policy and, therefore, will be implemented during the present year.

3. ADDITIONAL INFORMATION

There are no other disclosures or additional information which would be relevant to an understanding to the governance model and practices adopted.

ANNEX I

TO THE CORPORATE GOVERNANCE REPORT

DISCLOSURES REQUIRED BY ARTICLE 447 OF THE COMPANIES CODE

(WITH REGARD TO THE FINANCIAL YEAR OF 2018)

1. SECURITIES ISSUED BY THE COMPANY AND HELD BY COMPANY OFFICERS, IN THE SENSE DEFINED IN PARAGRAPHS 1 AND 2 OF ARTICLE 447 OF THE COMPANIES CODE (*):

- José Miguel Pereira Gens Paredes – 70 "Obrigações SEMAPA 2014/2019";
- Filipa Mendes de Almeida de Queiroz Pereira - 5,488 company shares;
- Mafalda Mendes de Almeida de Queiroz Pereira - 5,888 company shares, and
- Lua Mónica Mendes de Almeida de Queiroz Pereira - 5,888 company shares.

() The bonds issued by Semapa with the name "Obrigações SEMAPA 2014/2019" correspond to bonds with a variable 6-month EURIBOR rate, on the next working day TARGET immediately preceding the first day of each interest period, plus 3.25% a year, expiring in 2019.*

2. SECURITIES ISSUED BY COMPANIES CONTROLLED BY OR BELONGING TO THE SAME GROUP AS SEMAPA HELD BY COMPANY OFFICERS, IN THE SENSE DEFINED IN PARAGRAPHS 1 AND 2 OF ARTICLE 447 OF THE COMPANIES CODE:

- Undivided estate of Maria Rita de Carvalhosa Mendes de Almeida de Queiroz Pereira, with company directors Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira as parties concerned - 1,000 shares in The Navigator Company, S.A.
- Filipa Mendes de Almeida de Queiroz Pereira - 139,800 shares in Sodim, SGPS, S.A.
- Mafalda Mendes de Almeida de Queiroz Pereira - 139,800 shares in Sodim, SGPS, S.A.
- Lua Mónica Mendes de Almeida de Queiroz Pereira - 139,800 shares in Sodim, SGPS, S.A.
- Undivided estate of Pedro Mendonça de Queiroz Pereira, with company directors Filipa Mendes de Almeida de Queiroz Pereira, Mafalda Mendes de Almeida de Queiroz Pereira and Lua Mónica Mendes de Almeida de Queiroz Pereira as parties concerned - 134,422 shares in Sodim, SGPS, S.A.

3. SECURITIES ISSUED BY THE COMPANY AND CONTROLLED COMPANIES HELD BY COMPANIES IN WHICH DIRECTORS AND AUDITORS HOLD CORPORATE OFFICE:

- Cimigest, SGPS, S.A. - 3,185,019 shares in the company
- Cimo - Gestão de Participações, SGPS, S.A. – 38,959,431 shares in the company, 1,000 shares in Secil – Companhia Geral de Cal e Cimento, S.A. and 5,000 shares in ETSA – Investimentos, SGPS, S.A.
- Sodim, SGPS, S.A. - 15.252.726 shares in the company

4. ACQUISITION, DISPOSAL, ENCUMBRANCE OR PLEDGE OF SECURITIES ISSUED BY THE COMPANY, CONTROLLED COMPANIES OR COMPANIES IN THE SAME GROUP BY COMPANY OFFICERS AND THE COMPANIES REFERRED TO IN 3:

- On 20 June 2018, Director Carlos Eduardo Coelho Alves sold 100,000 shares in The Navigator Company, S.A. at 5.25 euros average price per share, and 152,350 shares in The Navigator Company, S.A., at 5.23 euros average price per share, and on 21 June 2018, 325,959 shares in The Navigator Company, S.A., at 5.07 euros average price per share, no longer holding shares in The Navigator Company, S.A.
- On 21 June 2018, Director Mafalda Mendes de Almeida de Queiroz Pereira sold 50,000 shares in The Navigator Company, S.A., at 4.98 euros average price per share, no longer holding shares in The Navigator Company, S.A.
- On 20 June 2018, Director Lua Mónica Mendes de Almeida de Queiroz Pereira sold 71,000 shares in The Navigator Company, S.A., at 5.21 euros average price per share, and on 21 June 2018, 50,000 shares in The Navigator Company, S.A., at 4.98 euros average price per share, no longer holding shares in The Navigator Company, S.A.
- Cimo - Gestão de Participações, SGPS, S.A. (“Cimo”) and Longapar, SGPS, S.A. (“Longapar”) carried out a merger by acquisition, with effect from 27 December 2018, under which Longapar was acquired by Cimo and 480,000,000 shares representing the share capital of Longapar were transferred to Cimo. As a result of that operation, 22,225,400 shares in the company, 1,000 shares in Secil – Companhia Geral de Cal e Cimento, S.A. and 5,000 shares in ETSA – Investimentos, SGPS, S.A. owned by Longapar were transferred to Cimo.
- Cimigest, SGPS, S.A. (“Cimigest”) and CIMIPAR – Sociedade Gestora de Participações Sociais, S.A. (“Cimipar”), carried out a merger by acquisition, with effect from 27 December 2018, under which Cimipar was acquired by Cimigest and 200,000 shares representing the share capital of Cimipar were transferred to Cimigest.

5. TRANSACTIONS IN OWN SHARES:

In 2018 Semapa acquired the following shares in its own capital:

- i. 1,750 shares, at the average price of 13.07 euros, on 11 December;
- ii. 2,000 shares, at the average price of 13.19 euros, on 12 December;
- iii. 9,000 shares, at the average price of 13.36 euros, on 13 December;
- iv. 7,000 shares, at the average price of 13.06 euros, on 14 December;
- v. 3,950 shares, at the average price of 12.83 euros, on 17 December;
- vi. 8,600 shares, at the average price of 12.75 euros, on 18 December;
- vii. 2,900 shares, at the average price of 12.77 euros, on 19 December;

- viii. 4,000 shares, at the average price of 12.74 euros, on 20 December;
- ix. 3,200 shares, at the average price of 12.75 euros, on 21 December;
- x. 4,000 shares, at the average price of 12.92 euros, on 27 December and
- xi. 7,937 shares, at the average price of 12.88 euros, on 28 December.

The purchase of the shares identified before left Semapa owning 640,666 own shares, corresponding to 0.788% of its share capital.

In 2018 Semapa did not dispose of any shares in its own capital.

ANNEX II

TO THE CORPORATE GOVERNANCE REPORT

REMUNERATION POLICY STATEMENT

Law 28/2009, of 19 June, requires the Remuneration Committee to submit each year for the approval of the General Meeting of shareholders a statement on the remuneration policy for members of the management supervisory bodies. A draft document was accordingly submitted to shareholders in 2018, resulting in approval of a remuneration policy statement as transcribed below:

“REMUNERATION POLICY STATEMENT - SEMAPA DIRECTORS AND AUDITORS

I. INTRODUCTION

Semapa’s Remuneration Committee drew up a remuneration policy statement for the first time in early 2007, successfully submitting it for approval by the company’s general meeting that year. This statement was drafted at that time in line with a recommendation issued on this matter by the Securities Market Commission (Comissão de Mercado de Valores Mobiliários).

The Remunerations Committee declared at this time that it felt that the options set out in the statement should be maintained until the end of the term of office of the company’s officers then underway. This term ran from 2006 to 2009.

The statement was due for review in 2010, not only because a fresh term of office had started, but also because of the entry into force of Law 28/2009, of 19 June, requiring remuneration committees to submit a remuneration policy statement annually for the approval of the general meeting.

This Committee continues to believe that a remuneration policy statement, due to its nature as a set of principles, should be mostly stable during an entire term of office, which is why the content of this year’s statement will remain unchanged.

There is a significant divide between the two most common systems for setting the remuneration of company officers. The first is for such remuneration to be set by the general meeting; this solution is rarely adopted, being rather impractical for a variety of reasons. The second is for remuneration to be set by a Committee, which decides in keeping with criteria on which the shareholders have not had the opportunity to pronounce..

The solution now before us amounts to an intermediate system whereby the shareholders can appraise a remuneration policy to be followed by the Committee. This seeks to draw on the best features of both theoretical systems, as we propose to do in this document, reasserting the position we have previously defended whilst also including the contribution from the additional experience and expertise acquired by the company, and complying with the legal requirements in this field as referred to above.

II. LEGAL FRAMEWORK AND RECOMMENDATIONS

This statement is issued in the legal framework formed by Law 28/2009, of 19 June (as referred to above), and the recommendations of the Securities Market Commission (2013).

In addition to rules on the frequency with which the statement must be issued and approved and on disclosure of its content, this law also stipulates that this content should include information on:

- a) Arrangements for aligning the interests of members of the management body with those of the company;
- b) Criteria for setting the variable component of remuneration;
- c) The existence of share or share option pay schemes for members of the management and supervisory bodies;
- d) The possibility of the variable component of remuneration, if any, being paid, wholly or in part, after the accounts have been finalized for the entire term of office;
- e) Rules limiting variable limitation in the event of the company's results revealing significant deterioration in the company's performance in the last period for which accounts are closed or when such deterioration may be expected in the period underway.

The current recommendations of the Securities Market Commission make the following requirements:

II.3.3. The statement on the remuneration policy for the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following:

- a) Identification and details of the criteria for determining the remuneration paid to the company officers;
- b) Information regarding the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances in which these maximum amounts may be payable;
- c) Information on whether payments are due for the dismissal or termination of appointment of board members.

III. RULES DERIVING FROM LAW AND THE ARTICLES OF ASSOCIATION

Any system for setting remuneration will inevitably have to consider the legal rules, as well as any private rules which may be established in the articles of association.

The legal rules for the directors are basically established in Article 399 of the Companies Code, from which it follows that:

- Powers to fix the remuneration lie with the general meeting of shareholders of a committee appointed by the same.
- The remuneration is to be fixed in accordance with the duties performed and the company's state of affairs.
- Remuneration may be fixed, or may consist in part of a percentage of the profits for the period, but the maximum percentage to be allocated to the directors must be authorized by a clause in the articles of

association, and shall not apply to distribution of reserves or any part of the profits for the period which could not, under the law, be distributed to shareholders.

For the members of the Audit Board and the officers of the General Meeting, the law lays down that the remuneration shall consist of a fixed sum, which shall be determined in the same way by the general meeting of shareholders or by a committee appointed by the same, taking into account the duties performed and the state of the company's affairs.

Semapa's articles of association contain a specific clause, number seventeen, dealing only with the directors and governing also retirement provision. We transcribe the relevant passages:

"2 – The remuneration of the directors [...] is fixed by a Remuneration Committee comprising an uneven number of members, elected by the General Meeting.

3 – The remuneration may consist of a fixed part and a variable part, which shall include a share in profits, which share in profits shall not exceed five per cent of the net profits of the previous period, for the directors as a whole."

This is the formal framework to be observed in defining remuneration policy.

IV. HISTORICAL BACKGROUND

Since the incorporation of Semapa and up to 2002, all directors of Semapa received remuneration comprising a fixed component, paid fourteen times a year, and fixed by the Remuneration Committee, then called the Comissão de Fixação de Vencimentos.

In 2003, the resolution on the distribution of profits from 2002 included, for the first time, a part of the profits to be directly paid as remuneration to the directors, divided between the directors as decided by the Remuneration Committee.

This procedure was repeated through to 2005, with regard to the profits from 2004.

In 2006, the allocation of profits from 2005 did not provide for any amount for directors' remuneration. The variable component of the remuneration was fixed in 2006 by the Remuneration Committee, also with reference to the profits, in accordance with the articles of association.

This is the procedure which has stayed in place through to 2014, although since 2007 this has taken place within the terms of a remuneration policy statement approved by the company's General Meeting. In 2015 we addressed again the benefits of returning to the previous procedure of having the shareholders decide directly at the General Meeting the total amount to be paid, according to the year's results and as proposed by the Remunerations Committee, which would be in charge of the individual distributions. The procedure was welcomed and has been implemented since 2015.

It should be noted that the allocation of a percentage of profits is not applied directly, but rather as an indicator, and also as a limit, in line with the articles of association, on amounts which are determined in a more involving process, taking into account the factors set out in the remuneration policy statement in force and the KPIs mentioned below.

There has therefore been a constant procedure since 2003, with the directors' remuneration comprising a fixed component and a variable component.

Since the incorporation of the company, members of the Audit Board have received fixed monthly remuneration. In the case of the officers of the General Meeting, since remuneration for these officers was first instituted it has been set on the basis of the number of meetings actually held.

V. GENERAL PRINCIPLES

The general principles to be observed when setting the remuneration of the company officers are essentially those which in very general terms derive from the law: on the one hand, the duties performed and on the other the state of the company's affairs. If we add to these the general market terms for similar situations, we find that these appear to be the three main general principles:

a) Duties performed.

It is necessary to consider the duties performed by each company officer not only in the formal sense, but also in the broader sense of the work carried out and the associated responsibilities. Not all the executive directors are in the same position, and the same is also true, for example, for the members of the audit board. Duties have to be assessed in the broadest sense, taking into account criteria as varied as, for example, responsibility, time dedicated, or the added value to the company resulting from a given type of intervention or representation of a given institution.

The fact that time is spent by the officer on duties in other controlled companies also cannot be taken out of the equation, due, on the one hand, to the added responsibility this represents, and, on the other hand, to the existence of another source of income.

It should be noted that Semapa's experience has shown that the directors of this company, contrary to what is often observed in other companies of the same type, have not always been neatly split into executive and non-executive. There are a number of directors with delegated powers and who are generally referred to as executive directors, but some of the directors without delegated powers have been closely involved in the life of the company in a variety of ways. Namely regarding the allocation of variable remuneration, the position of the Chairman of the Board is especially relevant here; although he is not member of the Executive Board, he is closely involved in the decisions taken regarding the company's day-to-day business.

b) The state of the company's affairs.

This criterion must also be understood and interpreted with caution. The size of the company and the inevitable complexity of the associated management responsibilities, is clearly one of the relevant aspects of the state of affairs, understood in the broadest sense. There are implications here for the need to remunerate a responsibility which is greater in larger companies with complex business models and for the capacity to remunerate management duties appropriately.

d) Market criteria.

It is unavoidably necessary to match supply to demand when setting any level of payment, and the officers of a corporation are no exception. Only respect for market practices makes it possible to retain professionals of a calibre required for the complexity of the duties performed and the responsibilities shouldered, thereby assuring not only their own interests but essentially those of the company, and the generation of value of all its shareholders. In the case of Semapa, in view of its characteristics and size, the market criteria to be considered are those prevailing internationally, as well as those to be observed in Portugal.

VI. COMPLIANCE WITH LEGAL REQUIREMENTS AND RECOMMENDATIONS

Having described the historical background and the general principles adopted, we shall now consider the issue of compliance by these principles with the relevant legal requirements.

1. Article 2 a) of Law 28/2009. Alignment of interests.

The first requirement that Law 28/2009 regards as essential in terms of the information in this statement is for a description of the procedures which assure that the directors' interests are aligned with those of the company.

We believe that the remuneration system adopted in Semapa is successful in assuring such alignment. Firstly, because the remuneration sets out to be fair and equitable in the light of the principles set out, and secondly because it links the directors to results by means of a variable remuneration component which is set primarily in the light of these results.

2. Article 2 b) of Law 28/2009. Criteria for the variable component.

The second requirement established by the law is for information on the criteria used to determine the variable component.

The variable remuneration is set based on the target amount applied to each director and is paid according to the individual's performance and performance of the company that correspond to the expectations and the criteria defined before hand. The target amount is weighted by the aforementioned principles - market, specific functions, state of the company -, in particular comparable market circumstances in positions equivalent in function. Another important factor taken into account when setting the variable component is Semapa's option not to provide any share or option plans.

Actual performance compared to the expectations and goals, which determine target variations is weighted against a set of quantitative and qualitative KPIs of the company's performance and of the relevant director, which include in particular EBITDA, net income and cash flow.

3. Article 2 c) of Law 28/2009. Share or option plans.

The decision whether or not to provide share or option plans is structural in nature. The existence of such a plan is not a simple add-on to an existing remuneration system, but rather an underlying to change to the existing system, at least in terms of the variable remuneration.

Although a remuneration system of this type is not incompatible with the company's articles of association, we feel that the wording of the relevant provisions in the articles and the historical background to the existing system argue in favour of maintaining a remuneration system without any share or option component.

This is not to say that we see no merits in including a share or option component in directors' remuneration, nor that we would not be receptive to restructuring directors' remuneration to incorporate such a plan. However, such a component is not essential in order to promote the principles we defend and, as we have said, we do not believe that this was the fundamental intention of the company's shareholders.

4. Article 2 d) of Law 28/2009. Date of payment of variable remuneration.

Specialists in this field have drawn attention to significant advantages in deferring payment of the variable component of remuneration to a date when the entire period corresponding to the term of office can in some way be appraised.

We accept this principle as theoretically sound, but it appears to us to offer few advantages in the specific case of Semapa and other similar companies.

One of the main arguments supporting this system is that directors should be committed to achieving sustainable medium-term results, and that the remuneration system should support this, avoiding a situation where remuneration is related simply to one financial year, which may not be representative, and which may present higher profits at the cost of worse results in subsequent years.

However, whilst this danger is real and is worth safeguarding against by means of systems such as this in companies where the capital is completely dispersed and the directors may be tempted to take a short term view, maximizing quick results by sacrificing long term potential, this does not correspond to the situation in a company such as Semapa, with a stable shareholder structure and management, where these concerns are inherently less of an issue.

5. Article 2 e) of Law 28/2009. Procedures limiting variable remuneration.

Procedures of this kind are designed to limit variable remuneration in the event of the results showing a significant deterioration in the company's performance in the last reporting period or when such deterioration may be expected in the period underway.

This type of provision also reflects a concern that good performance in the short term, which may boost directors' remuneration, could be achieved at the cost of future performance.

For obvious reasons, the arguments presented above also apply here. It should also be noted that a system of this kind would have little practical effect if not combined with significant deferral of remuneration, which is not proposed for Semapa.

6. Recommendation II.3.3 a). Criteria for determining the remuneration paid.

The criteria for determining the remuneration paid to the company officers is that which is drawn from the principles listed in chapter V above and that described in item 2 of chapter VI above, concerning the variable component of the directors' remuneration.

Besides these, there are no predetermined mandatory criteria at Semapa for setting the remuneration.

7. Recommendation II.3.3 b). Maximum potential, individual and aggregate remuneration.

Semapa's Articles of Association only lay down the maximum potential aggregate amount of variable remuneration payable to directors which, according to clause 17.3, corresponds to a share in profits not exceeding five per cent of the net profits of the previous period. Without prejudice to the fact that this Committee agrees with the meaning of the recommendation concerning the fixing of maximum potential amounts, in Semapa's case in our view, where a statutory provision on this matter already exists, no complementary rules limiting amounts are required, without prejudice to setting such limits for controlled companies. The maximum amount can be reached whenever performance criteria have been fulfilled completely.

8. Recommendation II.3.3. c). Payments for the dismissal or termination of duties.

There are no agreements, and no such provisions have been defined by this Committee, on payments by Semapa relating to dismissal or termination of Directors' duties.

This fact is the natural result of the particular situations existing in the company, and not a position of principle taken by this Committee against the existence of agreements of this nature.

The supplementary legal rule in this matter apply here.

VII. SPECIFIC OPTIONS

The specific options for the remuneration policy we propose may therefore be summarized as follows:

- 1.^a The remuneration of the executive members of the Board of Directors and the Chairman, as mentioned in paragraph a) of Chapter V, shall comprise a fixed and variable component.
- 2.^a The remuneration of non-executive directors shall comprise only a fixed component that may be complemented according to the piling on of added responsibilities.
- 3.^a The remuneration of the members of the Audit Board and the officers of the General Meeting shall comprise a fixed component only.
- 4.^a The fixed component of the remuneration of directors shall consist of a monthly amount payable fourteen times a year or of a predetermined amount for each meeting of the Board of Directors attended.
- 5.^a A monthly rate shall be set for the fixed component of the remuneration of directors for all those who are members of the Executive Board and those who, although not members of such Board, perform duties or carry out specific work of a repeated or ongoing nature.

- 6.^a The predetermined amount for participation in meetings by members of the Board of Directors shall be fixed for those who have duties which are essentially advisory and supervisory.
- 7.^a The fixed remuneration of the members of the Audit Board shall consist in all cases of a predetermined amount paid fourteen times a year.
- 8.^a The fixed remuneration of the officers of the General Meeting shall consist in all cases of a predetermined amount for each meeting, the remuneration for second and subsequent meetings being lower than that for the first general meeting of the year.
- 9.^a The procedure for assigning variable remuneration to the executive members of the Board of Directors shall comply with the criteria proposed by the Remuneration Committee, and such remuneration shall not exceed five per cent of the consolidated net profits (IFRS format).
- 10.^a In setting all remuneration, including in particular the distribution of the total amount allocated to the variable remuneration of the Board of Directors, the general principles established above shall be observed: the duties performed, the state of the company's affairs and market criteria.

Lisbon, 24 April 2018

The Remuneration Committee

José Gonçalo Ferreira Maury

Frederico José da Cunha Mendonça e Meneses

João Rodrigo Appleton Moreira Rato”

ANNEX III

TO THE CORPORATE GOVERNANCE REPORT

DECLARATION REQUIRED UNDER ARTICLE 245.1 c) OF THE SECURITIES CODE

Article 246.1 c) of the Securities Code requires that each of the persons responsible for issuers make a number of statements, as described in this article. In the case of Semapa, a standard statement has been adopted, worded as follows:

I hereby declare, under the terms and for the purposes of Article 245.1 c) of the Securities Code that, to the best of my knowledge, the management report, annual accounts, legal accounts certificate and other financial statements of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A., for the financial year of 2018, were drawn up in accordance with the relevant accounting rules, and provide a true and fair view of the assets and liabilities, financial affairs and profit or loss of said company and other companies included in the consolidated accounts, and that the management report contains a faithful account of the business, performance and position of said company and other companies included in the consolidated accounts, describing the main risks and uncertainties which they face.

Considering that the members of the Audit Board and the Statutory Auditor sign an equivalent declaration in relation to the documents for which they are responsible, a separate declaration with the above text was signed by the directors only, as it was deemed that only the Company officers fall within the concept of “persons responsible for the issuer”. As required by this rule, we provide below a list of the names of the people signing the declaration and their functions in the company:

Name	Function
Heinz-Peter Elstrodt	Chairman of the Board of Directors
João Nuno de Sottomayor Pinto de Castello Branco	Member of the Board of Directors
José Miguel Pereira Gens Paredes	Member of the Board of Directors
Paulo Miguel Garcês Ventura	Member of the Board of Directors
Ricardo Miguel dos Santos Pacheco Pires	Member of the Board of Directors
António Pedro de Carvalho Viana-Baptista	Member of the Board of Directors
Carlos Eduardo Coelho Alves	Member of the Board of Directors
Francisco José Melo e Castro Guedes	Member of the Board of Directors
Vítor Manuel Galvão Rocha Novais Gonçalves	Member of the Board of Directors
Vítor Paulo Paranhos Pereira	Member of the Board of Directors
Filipa Mendes de Almedida de Queiroz Pereira	Member of the Board of Directors
Mafalda Mendes de Almeida de Queiroz Pereira	Member of the Board of Directors
Lua Mónica Mendes de Almeida de Queiroz Pereira	Member of the Board of Directors
José António do Prado Fay	Member of the Board of Directors