

CORPORATE GOVERNANCE REPORT

CONTENTS

PART I - INFORMATION ON CAPITAL STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE	4
A. Capital Structure	4
I. Capital structure	4
II. Holdings of Shares and Bonds	5
B. Corporate Boards and Committees	7
I. General Meeting	7
II. Management and Supervision	8
III. Auditing	30
IV. Statutory Auditor	36
V. External Auditor	37
C. Internal Organization	39
I. Articles of Association	39
II. Notification of Irregularities (Whistleblowing)	39
III. Internal control and risk management	40
IV. Investor Support	42
V. Website (59 to 65)	43
D. Remuneration	44
I. Powers to determine remuneration	44
II. The Remuneration Committee	44
III. Remuneration structure	45
IV. Disclosure of remuneration	47
V. Agreements with remuneration implications	50
VI. Stock or stock option plans	50
E. Related Party Transactions Conflicts of Interest	51
I. Control Mechanisms and Procedures	51
II. Details of transactions	53
PART II – ASSESSMENT OF CORPORATE GOVERNANCE	54
1. Identification of the Corporate Governance Code adopted	54
2. Analysis of compliance with the adopted Corporate	54
3. Additional Information	70
ANNEX I	71
TO THE CORPORATE GOVERNANCE REPORT	71

Disclosures required by Article 447 of the Companies Code	71
ANNEX II.....	74
TO THE CORPORATE GOVERNANCE REPORT	74
Remuneration policy statement	74
ANNEX III.....	85
TO THE CORPORATE GOVERNANCE REPORT	85
Declaration required under Article 245.1 c) of the Securities Code.....	85

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 2019, Semapa held 823,337 own shares, corresponding to 1.013% 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.

Semapa has not adopted any mechanisms that imply payments or assumption of fees in the case of the change of control or 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.

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 2019 of 72.147% of non-suspended voting rights, above the 71.348% 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 2019 are identified in the following table:

Entity	Number of Shares	% capital and voting rights	% non-suspended voting rights
A			
- Sodim, SGPS, S.A.	15,252,726	18.768%	18.960%
Directors of Sodim			
Filipa Mendes de Almeida de Queiroz Pereira	5,488	0.007%	0.007%
Mafalda Mendes de Almeida de Queiroz Pereira	5,888	0.007%	0.007%
Lua Mónica Mendes de Almeida de Queiroz Pereira	5,888	0.007%	0.007%
Cimigest, SGPS, S.A.	3,185,019	3.919%	3.959%
Cimo - Gestão de Participações, SGPS, S.A.	38,959,431	47.938%	48.429%
Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.769%	0.777%
Total:	58,039,639	71.416%	72.147%
B			
- Bestinver Gestión, S.A., S.G.I.I.C.	-	-	-
Bestinver Global, F.P.	362,428	0.446%	0.451%
Bestinver Plan Mixto, F.P.	91,556	0.113%	0.114%
Bestinver Mixto, F.I.	97,233	0.120%	0.121%
Bestinver Bolsa, F.I.	1,095,302	1.348%	1.362%
Bestinverfond, F.I.	1,016,934	1.251%	1.264%
Bestvalue, F.I.	278,356	0.343%	0.346%
Bestinver Empleo II, F.P.	1,963	0.002%	0.002%
Bestinver Consolidacion EPSV	1,568	0.002%	0.002%
Bestinver Futuro EPSV	8,776	0.011%	0.011%
Bestinver Empleo III, F.P.	1,506	0.002%	0.002%
Bestinver Hedge Value Fund, F.I.L.	932,756	1.148%	1.159%

Bestinver Empleo, F.P.	11,068	0.014%	0.014%
Bestinver Iberian SICAV	89,830	0.111%	0.112%
Bestinver Bestinfund SICAV	40,613	0.050%	0.050%
Bestinver Crecimiento EPSV	2,162	0.003%	0.003%
Total:	4,032,051	4.961%	5.012%
C -			
Norges Bank (the Central Bank of Norway)	1,699,613	2.091%	2.113%

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 2019 as follows:

Entity	Allocation	No. shares	% share capital and voting rights	% non-suspended voting rights
Sodim, SGPS, S.A.		15,252,726	18.768%	18.960%
Cimigest, SGPS, S.A.	100% owned by Sodim	3,185,019	3.919%	3.959%
Cimo - Gestão de Participações, SGPS, S.A.	100% owned by Cimigest	38,959,431	47.938%	48.429%
	Total:	57,397,176	70.625%	71.348%

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 2019 between the company and qualifying shareholders are described in Note 10.4 of the Annex to the consolidated accounts and Note 10.2 of the annex to the individual financial statements. In 2019, pursuant to the Regulation on Conflict of Interests and Transactions with Related Parties and under the terms and conditions set out therein, as described in paragraphs 89 and following of this report, cash operations took place between the qualifying shareholders Sodim, SGPS, S.A. and Cimo - Gestão de Participações, SGPS, S.A. and the company, as best described in paragraph 90 below. Besides these transactions, there were no significant dealings of a commercial nature between qualifying shareholders and the company during the year ended.

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)

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, AS THE CASE MAY BE, OF MEMBERS OF THE BOARD OF DIRECTORS, THE EXECUTIVE BOARD OF DIRECTORS AND THE GENERAL AND SUPERVISORY BOARD (ARTICLE 245-A.1 H)). POLICY OF DIVERSITY.

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). The Board of Directors of Semapa adopted in 2019 the Principles of Diversity of the company, which lay down the profile requirements and criteria for new members of the governing bodies. These principles are published on the company website (https://www.semapa.pt/index.php/en/investors/corporate_governance/principles_of_diversity).

By adopting the aforementioned Principles of Diversity, Semapa has formally recognized the benefits of diversity in its corporate bodies, particularly for ensuring greater balance in its composition, boosting the performance of each member and, together, of each body, improving the quality of decision-making processes and contributing to its sustainable development.

Accordingly and to promote corporate diversity, in addition to the individual features, such as competence, independence, integrity, availability and experience, the company also acknowledged the importance of other requirements and criteria of diversity in the composition of its corporate bodies, such as diversity in gender, qualifications and professional experience, inclusion of members of different ages and life experiences or geographical origins.

The following analysis highlights a fairly reasonable level of diversity:

Diversity factor	Parameter	%
Age	<50	35.71%
	50-65	42.86%
	> 65	21.43%
Gender	Female	21.43%
	Male	78.57%
Education	Econ./Manag.	50.00%
	Engineering	21.43%
	Applied Mathematics	7.14%
	Other	7.14%
	Non graduate	14.29%
Professional background	Professional experience abroad	42.86%
	Different sectors of the group	92.86%

Also in 2019, the company set up a Talent Committee, with powers regarding the appointment of the corporate bodies and, in the exercise of its functions and to the extent of its powers, to help identify potential members of the governing bodies and assess the appropriate profile, knowledge and their curricula, by fostering transparent selection methods and ensuring that the applications chosen present the highest degree of merit, are best suited to the demands of the functions to be carried out, and will best promote suitable diversity in the company, including gender diversity.

The company thus finds that all targets arising from the adoption of the diversity policy have been met, as the reality also shows.

Finally, to reinforce the diversity promotion measures, the company adopted in 2019 the 2020 Plan for Equality, after the Law no. 62/2017, of 1 August was published, adopting the scheme for balanced representation of men and women in the administration and supervisory bodies of state-owned enterprises and listed companies, sets forth for listed companies the obligation to draw up and disclose annual plans for equality, with a view to effectively enforcing the equal treatment and opportunities between women and men, promoting the elimination of discrimination based on sex and making it possible to reconcile working, family and private life, in accordance with Article 7 of said Law.

The company reported the 2020 Plan for Equality to the Securities Market Commission (CMVM), and also published it on its website.

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
Heinz-Peter Elstrodt	2019-2021
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 Almeida 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
Vítor Manuel Galvão Rocha Novais Gonçalves	2010-2021
Vítor Paulo Paranhos Pereira	2014-2021

At the Annual General Meeting of the company on 16 April 2019, it was decided to ratify the appointment by co-option of Heinz-Peter Elstrodt as Chairman of the Board of Directors of the company.

Paulo Miguel Garcês Ventura terminated his duties as Member of the Board of Directors and Member of the Executive Board, by resignation with effect from 31 May 2019.

In 2020, José Miguel Pereira Gens Paredes terminated his duties as Member of the Board of Directors and Member of the Executive Board, by resignation with effect from 29 February 2020.

Vítor Paulo Paranhos Pereira, on the other hand, assumed executive duties from 1 March 2020.

Therefore, since the resignation of José Miguel Paredes and the recomposition of the Executive Board of the company, with the appointment of Vítor Paranhos Pereira, only took effect in the 2020 financial year, these events were not considered in this report.

18. DISTINCTION BETWEEN EXECUTIVE AND NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS AND, IN

¹ Held office from 1991 to 2009, and was appointed again in 2015. Therefore, three years have elapsed since the termination of his functions and the new appointment (cooling-off period).

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.

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.

In 2019, the Board of Directors of the company was composed of (i) fourteen members until 31 May, and of (ii) thirteen members from then until 31 December, of which four members integrated the Executive Board until 31 May and three members after that date. 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, Carlos Eduardo Coelho Alves may be classified as an independent non-executive director, as he is not associated with any group with specific interests in the company, nor is he under any circumstance likely to affect the impartiality of his analyses or decisions.

On the other hand, directors Heinz-Peter Elstrodt, Filipa Mendes de Almeida Queiroz Pereira, Lua Mónica Mendes de Almeida de Queiroz Pereira, and Mafalda Mendes de Almeida de Queiroz 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 2019. José António do Prado Fay, Vítor Manuel Galvão Rocha Novais Gonçalves and Francisco José Melo e Castro Guedes 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. The director António Pedro de Carvalho Viana-Baptista is no longer considered independent once commercial ties were established between the company and an entity where he exercises management functions. Finally, Vítor Paulo Paranhos Pereira may also not be considered independent since in 2019 he performed management functions in participated companies or in companies that are controlled by Sodim, SGPS, S.A. and which also established significant commercial relations with Semapa.

Thus, in the course of the 2019 financial year, the Board included only one non-executive director who fulfilled the independence requirements laid down by the corporate governance code adopted, which the company finds adequate and consistent with a fully independent performance of the Board of Directors and sufficient to guarantee the real capacity to supervise, assess and monitor the activity of the other members of the Board of Directors. In fact, considering the profile, age, background and professional experience and, above all, independent judgement and the integrity demonstrated by the members of the Board of Directors, the company finds that the current proportion between non-independent and independent non-executive directors, established through formal criteria of assessment of independence, is perfectly adjusted to the nature and size of the company, considering, in particular, that it is a family-owned company, with a stable capital structure, and taking into account the complexity of the risks inherent to its business.

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.

HEINZ-PETER ELSTRODT

Heinz-Peter Elstrodt has a degree in Business Administration and Industrial Engineering by the University of Karlsruhe and a PhD in Economics by the University of Augsburg. He worked from 1983 until 2015 at McKinsey & Co., Inc., having served as Chairman for Latin America from 2004. He is a Guest Lecturer at the London Business School since 2016, where he teaches family business management. Within this context, Heinz-Peter Elstrodt has lent support to several family businesses in generational transition and management professionalization processes, with acknowledged experience and knowledge in the areas of corporate governance, financial planning, and leadership development and strategy in family businesses. He was a member of the Board of Directors of Camargo Corrêa S.A. (Brazil) in 2016 and 2017 and of Lojas Renner S.A. (Brazil) from 2016 to 2019. Since 2019, he holds office as Chairman of the Board of Directors of Semapa and other related companies in the group.

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 these 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 the Board of Directors of both companies at the end of 2018, and was CEO of The Navigator Company from 9 April to 31 December 2019.

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, COL '15Dec and IDP '18 Programmes. He also holds a certificate of Corporate Governance of INSEAD. 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 held office as Executive Director of Semapa and other related companies since 2006, having terminated these functions on 31 May

2019, while remaining as director of Sodim and Cimigest. 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, until 31 May 2019. 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, holding this office until July 2019. 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 the 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 2001 to 2014.

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) and in April 2019 he became Chairman of the General Meeting of this organisation. 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

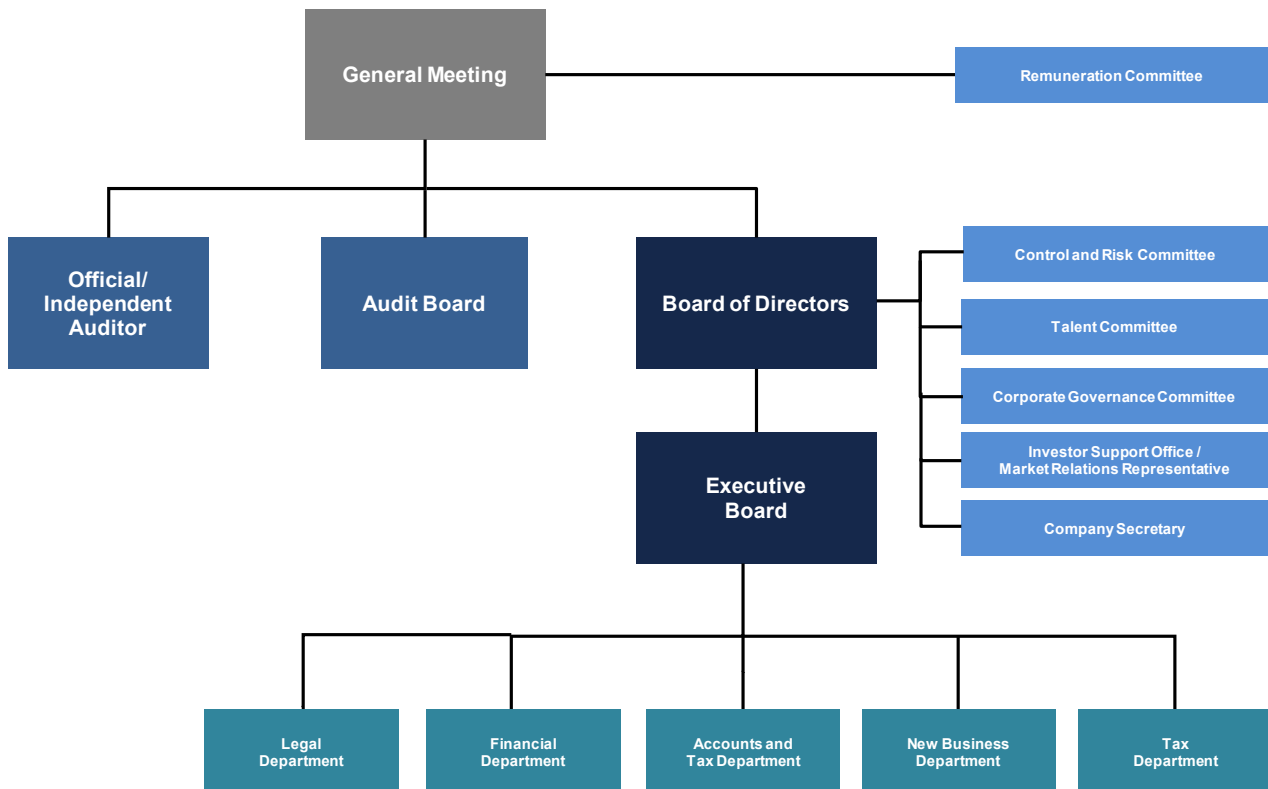
José Antônio do Prado Fay has a degree in Mechanical Engineering from Universidade Federal do Rio de Janeiro and he attended a specific post-graduate course in Equipment Engineering from Coppe/Petrobras (Coordenação de Pós-Graduação e Pesquisa de Engenharia). He initiated his professional activity at Copesul in 1978, where he was manager of the engineering sector until 1986. From 1986 to 1988 he was chief of the Engineering and Maintenance Division at Petroquímica Triunfo, S.A. From 1988 to 2000 he held 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., and Supremo Cimentos (Secil), S.A.. He is Senior advisor at Mckinze & 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, through the CEO, João Castello Branco, and 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.

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.

Until 31 December 2019, and although duties and responsibilities are not rigidly compartmentalised within the Executive Board, 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 were the responsibility of the director José Miguel Pereira Gens Paredes.
- 3rd Legal, corporate governance, talent management and IT, which were the responsibility of the director Paulo Miguel Garcês Ventura until 31 May. The legal area was assumed from that date on by José Miguel Gens Paredes, while the Chairman of the Executive Board João Castello Branco took charge of the corporate governance, talent management and IT areas.
- 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:

- a) Selection of the Chairman of the Board of Directors;
- b) Co-opting of directors;
- c) Call a General Meeting;
- d) Annual reports and financial statements;
- e) Provision of bonds and personal or real guarantees by the company;
- f) Change in registered offices and increases in share capital; and
- g) 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 were revised, approved and published, with the exception of the Talent Committee Regulation which was adopted in 2019, after the constitution of this Committee in July 2019, which lay down rules governing the functioning, duties and collaboration between these bodies and committees. 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 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 Talent Committee (TC) is a recommendatory and consultative body, and is heard in matters of appointments and

evaluations, as described in paragraph 29 of this report.

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 the remuneration policy for members of the Board of Directors and audit board, and conducts analyses and determines the remuneration of directors, in close collaboration with the TC.

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 (https://www.semapa.pt/sites/default/files/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 11 times in 2019, and attendance by each member was as follows:

Members of the Board of Directors	Members present (%)	Members present and represented (%)
Heinz-Peter Elstrodt	100	100
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	100	100
Carlos Eduardo Coelho Alves	100	100
Francisco José Melo e Castro Guedes	91	91
Vítor Manuel Galvão Rocha Novais Gonçalves	100	100
Vítor Paulo Paranhos Pereira	100	100
Filipa Mendes de Almeida 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. Furthermore, the Talent Committee is also involved in this process since it was set up. It is composed of 6 non-executive members of the Board of Directors, and it is responsible for monitoring the management performance assessment system and the allocation of the company's remuneration. Consequently, the additional involvement of the Board of Directors in the assessment of the executive directors is unnecessary.

Thus, in 2020 and in relation to the 2019 financial year, the Talent Committee will give its opinion on the individual performance proposals for the members of the Executive Committee issued by the respective Chairman, and the performance proposals of the Chairman of the Board of Directors for the Chairman of the Executive Committee, communicating its opinion to the Remuneration Committee.

In accordance with the Regulations of the Board of Directors and the Regulation of the Talent Committee, the Board of Directors, for its part, assisted by the Talent Committee, shall annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the implementation 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. The TC monitors the overall assessment of the Board of Directors' performance, as provided by its regulation.

The assessment of the performance of the executive directors and the self-assessment of the performance of the Board of Directors and its committees in 2018 was conducted in 2019, and the relevant performances in the 2019 financial year will be assessed in 2020, as described above.

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:

HEINZ-PETER ELSTRODT

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:

CIMIGEST, SGPS, S.A.	Chairman of the Board of Directors
LOJAS RENNER, S.A.	Director
SODIM, SGPS, S.A.	Chairman of the Board of Directors

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
SEMAPA NEXT, S.A.	Chairman of the Board of Directors

OFFICE HELD IN OTHER COMPANIES:

AEM - Ass. de Emp. Emitentes de Valores Cotados em Mercado	Member of the General Board
BCSD - Conselho Empresarial para o Desenvolvimento Sustentável	Chairman ²
CEPI – Confederation of European Paper Industries	Member of the Board in representation of CELPA – Associação da Indústria Papeleira ³
CIMIGEST, SGPS, S.A.	Director
FOREST SOLUTIONS GROUP	Co-Chair ⁴
FÓRUM PARA A COMPETITIVIDADE	Member of the Governing Board
THE NAVIGATOR COMPANY, S.A.	Chairman of the Board of Directors and Chairman of the Executive Board ⁵
SECIL - Companhia Geral de Cal e Cimento, S.A.	Chairman of the Board of Directors
SODIM, SGPS, S.A.	Director
WBCSD - World Business Council of Sustainable Development	Member of the Executive Board ⁶
CELPA – Associação da Indústria Papeleira	President of the General Council, in representation of Navigator Paper Figueira, S.A. ⁷

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
APHELION, S.A.	Director
Aprovechamiento Integral de Subproductos Ibéricos, S.A.	Director
BIOLOGICAL - Gestão de Resíduos Industriais, Lda.	Manager
CELCIMO, S.L.	Chairman of the Board of Directors ⁸
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

² Start of the term of office on 20 May 2019.

³ Start of the term of office on 29 October 2019.

⁴ Start of the term of office on 09 April 2019.

⁵ The Chairman of the Executive Board was in office from 09 April to 31 December 2019.

⁶ Start of the term of office on 14 October 2019.

⁷ Start of the term of office on 27 August 2019.

⁸ Served as Director until 31 January 2019, having taken office as Chairman after that date.

SEMAPA NEXT, S.A. Director

OFFICE HELD IN OTHER COMPANIES:

CIMIGEST, SGPS, S.A.	Director
CIMO – Gestão de Participações, SGPS S.A.	Chairman of the Board of Directors
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

RICARDO MIGUEL DOS SANTOS PACHECO PIRES

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

APHELION, S.A.	Director
SEMAPA NEXT, S.A.	Director

OFFICE HELD IN OTHER COMPANIES:

CIMIGEST, SGPS, S.A.	Director
CIMO – Gestão de Participações, SGPS S.A.	Director
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:

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:

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
SECIL – Companhia Geral de Cal e Cimento, S.A.	Director

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:

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
CAPITAL HOTELS, S.A.	Director ⁹
GALERIAS RITZ, S.A.	Chairman of the Board of Directors
HOTEL RITZ, S.A.	Director
PARQUE RITZ, S.A.	Chairman of the Board of Directors
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
SONAGI, SGPS, S.A.	Director
SONAGI – Imobiliária, S.A.	Chairman of the Board of Directors
ASSOCIAÇÃO DA HOTELARIA DE PORTUGAL	Chairman of the General Meeting ¹⁰

FILIPA 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:

ABSTRACTREASON, LDA.	Manager
BESTWEB, LDA.	Manager
CAPITAL HOTELS, S.A.	Chairman of the Board of Directors ¹¹
CIMIGEST, SGPS, S.A.	Director
ESPAÇO TREZENTOS E QUARENTA, S.A.	Director ¹²
FUNDAÇÃO NOSSA SENHORA DO BOM SUCESSO	President of the General Council
HOTEL RITZ, S.A.	Director
LAGUM, LDA.	Manager
SODIM, SGPS, S.A.	Director
REALTRAJE, LDA.	Manager
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

⁹ In office since 22 October 2019.

¹⁰ In office since 10 April 2019.

¹¹ In office since 22 October 2019.

¹² Company dissolved on 11 November 2019.

OFFICE HELD IN OTHER COMPANIES:

ESPAÇO TREZENTOS E QUARENTA, S.A.	Director ¹³
CIMIGEST, SGPS, S.A.	Director
SOCIEDADE AGRÍCOLA da HERDADE dos FIDALGOS, Unip., Lda	Manager ¹⁴
SODIM, SGPS, S.A.	Director
SONAGI, SGPS, S.A.	Director
REPRESENTAÇÕES CARVALHAL, S.A.	Chairman of the Board of Directors

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
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OFFICE HELD IN OTHER COMPANIES:

CIMIGEST, SGPS, S.A.	Director
ECOLUA, LDA.	Manager
ESPAÇO TREZENTOS E QUARENTA, S.A.	Director ¹⁵
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
JMACEDO ALIMENTOS, S.A.	Director
SECIL – Companhia Geral de Cal e Cimento, S.A.	Administrador ¹⁶
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

¹³ Company dissolved on 11 November 2019.

¹⁴ In office since 1 October 2019.

¹⁵ Company dissolved on 11 November 2019.

¹⁶ In office since 19 June 2019.

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) and Talent Committee (TC).

The CRC, the CGC and the TC have rules of procedure, which are published on the company website (<https://www.semapa.pt/index.php/en/sites/default/regulations>), 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

As mentioned before, and concerning the changes in 2019, Paulo Miguel Garcês Ventura was executive director until 31 May.

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 2019 it held 42 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; and
- c) The necessary tools and measures for the mitigation of the risks identified as relevant for the company's activities.

The CRC met five times in 2019 and on 31 December 2019 it included Carlos Eduardo Coelho Alves, the Chairman, and José Miguel Pereira Gens Paredes and Gonçalo de Castro Salazar Leite, the Members, being Carlos Alves and José Miguel Paredes as 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, 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 four times in 2019. Until 31 May 2019, the CGC had as members Francisco José Melo e Castro Guedes, the Chairman, Paulo Miguel Garcês Ventura and Rui Tiago Trindade Ramos Gouveia, Members and company directors and Secretary respectively. Following the resignation of Miguel Ventura as member of the CGC, Heinz-Peter Elstrodt, Chairman of the Board of Directors of the company, was appointed Member of CGC in July 2019. 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.

Talent Committee:

The TC, created in 2019, functions in compliance with the provisions of its regulations and is expected to perform the following duties in relation to the governing bodies:

- a) Concerning appointments:
 - i. Assisting the Board of Directors in identifying and assessing the suitability of the profile, knowledge and curriculum of members of the corporate bodies to be appointed, namely, the appointment by co-option to perform the duties of member of the Board of Directors of the company, and the nomination of directors who will perform executive duties;
 - ii. Providing the terms of reference available and fostering, 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;
 - iii. Whenever deemed appropriate, to know and monitor the processes of selection of potential candidates for the performance of executive management duties in subsidiaries of the Group, in cases where the company intends to present the respective elective proposal;
- a) Concerning evaluation:
 - i. Monitoring the management performance assessment system and the allocation of the company's remuneration;
 - ii. Issuing an opinion on the proposals for the annual individual assessment of the performance of the members of the Executive Committee issued by its Chairman, and on the assessment of the latter by the Chairman of the Board of Directors;
 - iii. Monitoring the overall assessment of the performance of the Board of Directors as a body, taking into account compliance with the company's strategic plan and budget, risk management, its internal functioning and the contribution of each member to this end;

The Committee is also responsible, concerning talent management, for: (i) Monitoring and issuing recommendations on internal policies and procedures relating to the Group's talent management; and (ii) Periodically assess the need and availability of talent in the Group and recommend appropriate actions to ensure the Group's ability to meet the arising challenges.

The TC met twice in the 2019 financial year and is comprised of Heinz-Peter Elstrodt, as Chairman, Carlos Eduardo Coelho Alves, 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, as Members, all of whom are non-executive directors of the company.

The remuneration attribution process, which is monitored by the Talent Committee, is in particular the responsibility of the company's Remuneration Committee, created under Article 399 of the Commercial Companies Code, with powers, namely, to prepare the statement on the remuneration policy of the members of the management and supervisory bodies, and to analyse and fix the remuneration of the directors.

The joint activity of both committees concerning remuneration matters is sufficient and appropriate to the size and complexity of the company, thus dispensing with the creation of a Remuneration Committee under the Board of Directors, which would otherwise result in the overlapping and redundancy of powers that would inevitably create unnecessary formal and bureaucratic burdens.

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
José Manuel Oliveira Vitorino (Chairman)	2014-2021
Gonçalo Nuno Palha Gaio Picão Caldeira	2006-2021

Members of the Audit Board	Date of first appointment and end date of term of office
(Full member) Maria da Graça Torres Ferreira da Cunha Gonçalves	2018-2021
(Full member) Ana Isabel Moraes Nobre de Amaral Marques	2016-2021
(Alternate member)	

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 Gaió 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.

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.

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.

GONALO NUNO PALHA GAIO PICAO CALDEIRA

Gonalo Picao 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. Gonalo 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 GRAA TORRES FERREIRA DA CUNHA GONALVES

Maria da Graa da Cunha Gonalves holds a Degree in Business Organisation and Management from Instituto de Cincias 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 (https://www.semapa.pt/sites/default/files//rules_of_the_audit_board.pdf), where they are made available.

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 2019, the Audit Board met 19 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
THE NAVIGATOR COMPANY, S.A.	Chairman of the Audit Board

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

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 non-audit services and the 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:

- a) 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;
- b) To ensure compliance with the law and the articles of association;
- c) To check that books, accounting records and the respective supporting documents are in order;
- d) 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;
- e) To check the accuracy of financial reporting;
- f) 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;
- g) 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;
- h) To call the General Meeting, when the respective Chairman fails to do so;
- i) Monitor, evaluate and decide on the strategic lines and the risk policy laid down by the Board of Directors;
- j) To monitor the effectiveness of the risk management system, the internal control system and internal audit system, if applicable, proposing any necessary adjustments;
- k) 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;
- l) To receive reports of irregularities (whistleblowing) submitted by shareholders, company employees or others;
- m) 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;

- n) 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;
- o) 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;
- p) To monitor and oversee the preparation and disclosure of the financial information and submit proposals or recommendations to ensure their integrity;
- q) To select the statutory audit firms to be proposed to the General Meeting and justifiably recommend its preference for such firm and propose the respective fees; the selection process shall begin with invitations addressed by the company to audit firms identified as reference in the provisioning of statutory audit services, which, in turn, submit their bids for the internal analysis of the company, in accordance with the following selection criteria:
 - i. Quality of the bids received;
 - ii. Knowledge of the sectors in which the Semapa Group operates;
 - iii. Technical quality and seniority of the experts that make up the proposed teams; and
 - iv. Financial conditions presented by each entity;
- r) 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;
- s) To oversee the auditing of the company's financial statements and reports;
- t) 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;
- u) 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;
- v) To check and monitor the audit firm's independence in the exercise of its statutory audit activity or in the provision of other legally permitted services, by means of
 - i. a Statement, during the audit firm's selection process, ensuring that the company has an internal mechanism guaranteeing independence and prevention of conflicts of interest, which it implements;
 - ii. proof provided regularly by the audit firm that such internal mechanisms are adequate and comply with the applicable laws and regulations, and
 - iii. the delivery of certificates required hereunder, namely those laid down in the law and the regulations that apply to all statutory audits of accounts;
- w) To check that the proposals for the provision of non-audit services submitted by the audit firm do not fall within the scope of the non-audit services that are not permitted and ensure that the requirements for their delivery are met, including the assessment with regard to the maintenance of independence and the prevention of conflicts of interest and the adequacy of the services to be provided; under the terms and for the purposes of this subparagraph, non-audit services which as such are not allowed under the applicable laws and regulations in this area, in particular Article 77(8) of the Statutes of the Association of Statutory Auditors (approved by Law 140/2015, of 7 September), may not be provided;
- x) 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;

- y) 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, and
- z) To perform any other duties established in law or the articles of association.

The Audit Board is also the main 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.

Pursuant to the rules of procedure of the Audit Board, the Statutory Auditor and the company shall maintain permanent and adequate channels of communication, namely through regular meetings with the management, the Audit Board and the services and departments with responsibilities in the areas concerned and with the consequent discussion and analysis of all information that may be pertinent in the exercise of the corresponding activity.

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:	Vítor 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 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	32,209.00	96%	556,476.00	93%
Value of reliability assurance services	1,500.00	4%	41,150.00	7%
Value of tax consultancy services	-	-	-	-
Value of other services other than auditing services	-	-	-	-
Total:	33,709.00	100.00%	597,626.00	100.00%

NOTE: Amounts in Euros

In 2019, 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 7% of the total services provided.

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 Committees 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 11 of the notes to the consolidated financial statements provides a detailed analysis of all strategic and operational risks, including economic and legal risks. Financial risks, on the other hand, are identified in Chapter 8.1 of the notes to the consolidated financial statements.

The strategic risks were identified as a result of the work initiated in 2018 and consolidated in 2019 that aimed at mapping the strategic risks facing Semapa and the group. This effort resulted in a risk report approved by the company.

Operational risks include, among others, raw material supply, sales price, product demand, competition, environmental legislation, and energy cost risks.

Financial risks include exchange rate, interest rate, liquidity and credit risks.

54. DESCRIPTION OF THE PROCESS OF RISK IDENTIFICATION, ASSESSMENT, MONITORING, CONTROL AND 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 2019. 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 the Risk Management System (Risk Policy) at a meeting of the Board of Directors held at the beginning of 2019, and also approved at the same meeting the 2018 Risk Report, which, in particular, sets the risk-taking objectives and identifies the probability and impact indices in relation to such risks, which provides for the assessment of the degree of internal compliance and the performance of the risk management system, and addresses changes to the previous risk framework. It also approved the instruments and measures to be adopted with a view to their mitigation, providing the follow-up procedures for monitoring these risks. The Board meeting held in March 2020 also adopted the 2019 Risk Report.

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 at Board meetings in 2019 and monitored the progress of the work carried out by the CRC 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 held with other governing bodies and committees with competence in this matter and tests requested 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 Control and Risk 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 www.semapa.pt, 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	https://www.semapa.pt
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.	https://www.semapa.pt/index.php/en/frmcontact
61. ADDRESS WHERE THE ARTICLES OF ASSOCIATION AND RULES OF PROCEDURES OF COMPANY BOARDS AND/OR COMMITTEES CAN BE CONSULTED.	https://www.semapa.pt/index.php/en/sites/default/articles_of_association_regulations
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.	https://www.semapa.pt/index.php/en/corporate_bodies https://www.semapa.pt/en/frmcontact

Description	Internet address
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.	https://www.semapa.pt/index.php/en/reports_financial_information https://www.semapa.pt/index.php/en/calendar_of_events
64. ADDRESS WHERE NOTICE OF GENERAL MEETINGS IS POSTED, TOGETHER WITH ALL PREPARATORY INFORMATION AND SUBSEQUENT INFORMATION RELATED TO MEETINGS.	https://www.semapa.pt/index.php/en/general_meeting_2019_04_16
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.	https://www.semapa.pt/index.php/en/general_meetings

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 consists of José Gonçalo Ferreira Maury, João Rodrigo Appleton Moreira Rato and João do Passo Vicente Ribeiro, the latter having been appointed by the Annual General Meeting of 16 April 2019, and nobody has been engaged to assist the Committee. 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.

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 16 April 2019, 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.

Furthermore, since it was set up, the Talent Committee is one more organic unit with the competencies of monitoring the management performance assessment system and the allocation of the company's remuneration.

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, but rather to 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 7.3 to the Consolidated Financial Statements and Note 7.2 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 2019, 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 2019 but refers to the performance of 2018, 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 Almeida de Queiroz Pereira	77,825.00	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%	–	–
Heinz-Peter Elstrodt	347,414.31	100%	–	–
João Nuno de Sottomayor Pinto de Castello Branco	761,199.25	52.50%	688,622.85	47.50%
José Miguel Pereira Gens Paredes	315,969.50	35.75 %	567,863.64	64.25%
José Antônio do Prado Fay	128,816.00	100%	–	–
Lua Mónica Mendes de Almeida de Queiroz Pereira	77,825.00	100%	–	–
Mafalda Mendes de Almeida de Queiroz Pereira	77,825.00	100%	–	–
Paulo Miguel Garcês Ventura	192,012.60	27.24%	512,810.56	72.76%
Ricardo Miguel dos Santos Pacheco Pires	315,969.50	36.17%	557,559.56	63.83%
Vítor Manuel Galvão Rocha Novais Gonçalves	77,825.00	100%	–	–
Vítor Paulo Paranhos Pereira	128,305.13	100%	–	–
TOTAL	2,784,941.42	–	2,326,856.61	–

NOTE: Amounts in Euros

The table above specifies the annual amount paid to the members of the Board of Directors 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.

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: Heinz-Peter Elstrodt (98,672.26 Euros), Francisco José de Melo e Castro Guedes (80,895.50 Euros), Vítor Manuel Galvão Rocha Novais Gonçalves (98,000.00 Euros), Vítor Paulo Paranhos Pereira (164,814.54 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	22,000.00	100%	–	–
Gonçalo Nuno Palha Gaio Picão Caldeira	15,999.97	100%	–	–
Maria da Graça Torres Ferreira da Cunha	15,999.97	100%	–	–
TOTAL	53,999.94		–	

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 2019, 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; the Remuneration Policy approved by Semapa's Remuneration Committee provides that, where directors resign, the supplementary legal rules will apply in this respect.

Therefore, considering the absence of individual contracts with directors in this regard and the provisions of the Remuneration Policy approved by the company's Remuneration Committee, where the removal of a director is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions, the company is obliged to pay compensation in accordance with the general terms of the law, although such compensation shall not exceed the value of the remuneration they would presumably have received through to the end of their term of office.

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 was amended by resolution of the Board of Directors on 25 July 2019, with the favourable opinion of the Audit Board and was published again on the Semapa website on 26 July 2019.

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:

The following Transactions have been approved by the Executive Board:

- a) Loans granted to the company by shareholder companies with a value of less than or equal to one hundred million euros;
- b) Transactions under the taxation regime for company groups, with a value of less than or equal to one hundred million euros;
- c) Transactions with controlled companies that consolidate accounts with the company, with an individual or accumulated annual value of less than or equal to two percent of the controlled company's revenue, assessed according to the latest approved annual accounts;
- d) Loans to controlled companies that consolidate accounts with the Company and, thus, holds their debt, (i) with a maturity of less than six months, (ii) individual or cumulative annual value of less than one fifth of the of the controlled company's revenue, assessed according to the latest approved annual accounts and not exceeding one hundred million euros and (iii) as long as the controlled company ensures credit lines for the reimbursement of the operation, and
- e) All other Transactions with an individual or cumulative annual amount of less than or equal to one million euros.

The Transactions that do not fall within the scope of the previous paragraphs are adopted by the Board of Directors,

subject to the prior approval by the Audit Board.

The Board of Directors shall inform the Audit Board, at least every six months, of all transactions with related parties that have taken place, irrespective of whether or not explicit consent of the Audit Board is required.

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 amendments to the Regulations on Conflicts of Interest and Related Party Transactions were adopted on 25 July 2019, the following rules and criteria were applicable to the transactions between the company and Related Parties:

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; and
- 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.

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.

90. INDICATION OF TRANSACTIONS SUBJECT TO CONTROL DURING REPORTING PERIOD

In 2019, there were the related party transactions that have been identified in the information on related party transactions in Note 10.4 of the Annex to the consolidated accounts and Note 10.2 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. According to the regulation mentioned before, the loans from Sodim, SGPS, S.A. and Cimo - Gestão de Participações, SGPS, S.A., specified in Note 10.4 of the Annex to the consolidated accounts and Note 10.2 of the Annex to the individual financial statements are subject to the prior opinion of the Audit Board, which did deliver a favourable opinion on these loans.

The Board of Directors informed the Audit Board about the approval of all related party transactions made pursuant to the Regulation on Conflict of Interests and Transactions with Related Parties.

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 and 90 above.

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 10.4 of the Annex to the consolidated financial statements and Note 10.2 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), also complying with the Regulation of the Portuguese Securities Market Commission (CMVM Regulation no. 4/2013).

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 55 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	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.	Part I, item 16
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, 29 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, items 49 and 54

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, items 4 and 84

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	<p>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:</p> <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	Adopted	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, items 17 and 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	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, 27 and 29
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	Adopted	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, items 26 and 27
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	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
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, item 38

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	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 66, 69 to 75 and Annex II

#	Adoption	Text	Reference
V.2.3	Adopted	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: 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, 82 and Annex II
	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;	Part I, items 73, 74, 85 and 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.	Part I, items 80, 83, 84 and Annex II
V.2.4	Partially 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

#	Adoption	Text	Reference
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V.4 APPOINTMENTS

PRINCIPLE:

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

V.4.1	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.	Part I, item 16
V.4.2	Not 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.	Explanation of recommendations not adopted below
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	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.	Part I, item 29

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
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#	Adoption	Text	Reference
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
VI.3	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.	Part I, item 54

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

#	Adoption	Text	Reference
	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
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	Not applicable	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.	(We find that monitoring the duties of the Statutory Auditor, and not of the company, is not feasible.)
VII.2.5	Not applicable	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.	(We find that monitoring the duties of the Statutory Auditor, and not of the company, is not feasible.)

EXPLANATION OF RECOMMENDATIONS NOT ADOPTED BELOW

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 2019 financial year, the Board of Directors included only one non-executive director who fulfilled the independence requirement. 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 V.2.4.

This recommendation states that "For each term of office, the remuneration committee should also approve the directors' pension scheme, where provided by the articles of association, and the maximum amount of all compensation payable to the member of any corporate body or committee due to the termination of service."

This recommendation has not been fulfilled only in relation to the maximum amount of all compensation payable to the member of any corporate body or committee for termination of service, and is not applicable to the part relating to the directors' pension scheme.

This is a matter for which the Remuneration Committee has never felt the need to create a self-limitation until now. The specific situation which this limitation concerns is not widespread and, when it does occur, it is always such a sensitive and specific issue that a case-by-case assessment is required, even if integrated in the general remuneration scheme and subject to historical consideration. In any case, it is a matter that, in view of the nature of the recommendation that now exists, will still be subject to reassessment of whether it should be adopted or the current situation of non-adoption should be maintained.

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:

“Literature sustains profusely the deferral to a later time of the payment of the variable part of remuneration, which will enable the establishment of a direct link between remuneration and the impact of management on the company over a longer period.

We find the principle generally good, but there are two facts that prevent us from adopting that option for the time being, notwithstanding a specific indicator assessing the medium term sustainable performance, as mentioned in paragraph 2 in this chapter. The first fact is historical, meaning the practice that has been followed successfully for years without the element of deferral, and the second are prior history of stability of staff in management positions of the company that, inevitably, binds them to a medium and long term commitment that earnings will continue to condition their remuneration.”

Therefore, this recommendation is not adopted by the company, without prejudice to the underlying substance, which is guarantee 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.

However, it is important to clarify that Semapa is analysing the model for the deferred payment of the variable part of remuneration with a view to its possible implementation.

RECOMMENDATION V.4.2.

Recommendation V.4.2 states that “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.”

Semapa must be regarded individually as a holding company with a simplified administrative structure and a small number of Departments and employees, 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.

Considering the size of Semapa this task falls under the Executive Board, although the Talent Committee may present recommendations on the Group's managers.

RECOMMENDATION V.4.3.

Recommendation V.4.3 states that "This committee includes a majority of non-executive, independent members", referring to the internal committee for the assessment of the performance.

Semapa's Talent Committee consists entirely of non-executive directors, but only one director is independent. The members of the committee were appointed with an emphasis on the diversity in profiles and backgrounds, while ensuring unbiased analysis and decision capability of all members.

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 2019)

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:

There were no acquisitions, disposals, encumbrances or pledges of securities issued by Semapa or by companies in a control or group relationship made by members of the governing bodies or by the companies referred to in number 3 above.

5. TRANSACTIONS IN OWN SHARES:

In 2019 Semapa acquired the following shares in its own capital:

	Number of Shares	Average price (euros)	Date
i.	6,000	12.86	02 January 2019
ii.	11,874	12.78	03 January 2019
iii.	8,000	13.05	04 January 2019
iv.	2,000	13.60	07 January 2019
v.	2,000	12.27	29 July 2019
vi.	4,000	12.16	30 July 2019
vii.	4,400	12.05	31 July 2019
viii.	4,300	11.92	01 August 2019
ix.	7,300	11.86	02 August 2019
x.	7,700	11.89	05 August 2019
xi.	3,800	11.98	06 August 2019
xii.	6,800	11.83	07 August 2019
xiii.	8,200	11.84	08 August 2019
xiv.	17,800	11.72	09 August 2019
xv.	19,000	11.43	12 August 2019
xvi.	8,500	11.58	13 August 2019
xvii.	9,000	11.51	14 August 2019
xviii.	8,200	11.51	15 August 2019
xix.	3,000	11.51	16 August 2019
xx.	1,600	12.00	19 August 2019
xxi.	2,388	11.98	21 August 2019
xxii.	3,000	11.96	23 August 2019
xxiii.	2,439	11.87	26 August 2019
xxiv.	2,000	11.98	28 August 2019

xxv.	1,400	11.95	29 August 2019
xxvi.	2,400	11.95	03 September 2019
xxvii.	1,000	11.94	04 September 2019
xxviii.	2,870	11.98	05 September 2019
xxix.	2,100	11.96	06 September 2019
xxx.	600	11.96	09 September 2019
xxxi.	3,500	11.89	23 September 2019
xxxii.	2,000	11.94	24 September 2019
xxxiii.	3,800	11.73	25 September 2019
xxxiv.	4,300	11.74	26 September 2019
xxxv.	5,400	11.64	27 September 2019

The purchase of the shares identified before left Semapa owning 823,337 own shares, corresponding to 1.013% of its share capital.

In 2019 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 2019, resulting in approval of a remuneration policy statement as transcribed below:

“REMUNERATION POLICY STATEMENT - SEMAPA DIRECTORS AND AUDITORS

I. INTRODUCTION

The Remuneration Committee of Semapa has been drawing up the remuneration policy statement since 2007, originally in the context of a recommendation from the Securities Market Commission (*Comissão de Mercado de Valores Mobiliários – CMVM*), from 2009 according to Law no. 28/2009 of 19 June, and more recently in line with the recommendations of the 2018 Corporate Governance Code of the Portuguese Corporate Governance Institute.

Although the Committee finds that the statement stability during the entire mandate period is a good policy, the changes to the legal recommendations followed by Semapa have dictated some changes which, although relevant, have not changed the essence of the options followed.

As it is made clear by the several options and explanations that stand out in the text, the final result sought was a compromise, on the one hand, between the new trends of management remuneration options and, on the other hand, the weight of history, previous options and the specific features of the company.

II. LEGAL FRAMEWORK AND RECOMMENDATIONS

This statement is issued in the legal framework formed by Law 28/2009 of 19 June mentioned before and the recommendations of the Portuguese Corporate Governance Institute.

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 Portuguese Corporate Governance Institute make the following requirements:

V.2.2. *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.*

V.2.3. *The statement on the remuneration policy of the managing and supervisory bodies pursuant to Article 2 of Law no. 28/2009 of 19 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;*
- (ii) *remunerations from companies that belong to the same group as the company;*
- (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 and any change to such conditions;*
- (iv) *information on the possibility to request the reimbursement of variable remuneration;*

- (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;*
- (vi) *information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors.*

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 or 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 FEATURES

Semapa paid directors variable remuneration for the first time in 2002, and has continued to do so ever since, albeit following different formalities. In some years the payment was made through the allocation of profits approved directly by the General Meeting and in other years the shareholders made no decisions concerning the payable amounts, which were set by the Remuneration Committee in line with the legal, regulatory framework and according to this statement.

The most recent procedure, and one that has prevailed, entails having the respective amount, and the amounts of the variable remuneration of other staff, expressly included in the proposed allocation of profits to be voted by the shareholders.

It should be noted that the allocation of a percentage of the profits laid down in the Articles of Association is not applied directly, but rather as an indicator and as a statutory limit of 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.

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.

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 related management responsibilities are clearly 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.

c) 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 component of remuneration is based on the target amount applied to each director and is paid according to the individual's performance and performance of the company that meet the expectations and the criteria previously defined. 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 targets is Semapa's option not to provide any share or share acquisition option plans.

Actual performance compared to the expectations and goals, which determine target variations is weighed 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. One of the EBITDA components is not measured against the financial year, but instead a theoretical EBITDA established by reference to the medium term plan. An approach was introduced through this specific indicator which already takes into account the company's medium term performance.

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 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.

Several writings sustain profusely the deferral of the payment of the variable part of remuneration to a later time, which will enable the establishment of a direct relation between remuneration and the impact of management on the company over a longer period.

We accept this principle as theoretically sound, but there are two facts that prevent us from adopting that option for the time being, notwithstanding a specific indicator assessing the medium term sustainable performance, as mentioned in paragraph 2 in this chapter. The first fact is historical, regarding the practice that has been followed successfully for years without the element of deferral, and the second are prior history of stability of staff in management positions of the company that, inevitably, binds them to a medium and long term commitment that earnings will continue to condition their remuneration.

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. Recommendations V.2.2. and V.2.3. Approval of the Remunerations Policy.

Recommendation V.2.2 provides for the approval of the remuneration policy of the members of the governing bodies at the beginning of their term, that it should be annually enforced and reviewed, a practice that is followed by Semapa. This recommendation and the following proceed to identify a set of topics to be included in the statement. Some matters mentioned therein have been included in other paragraphs of this statement, while others are included in the Corporate Governance Report that the company publishes every year. For systematization and simplifying reading for stakeholders, reference will be made herein to all matters, referring to other paragraphs in this statement where necessary and repeating the information found in the corporate governance report, where duplication of information is deemed necessary.

The remunerations specified in this statement refer to the past and not the future ones.

Concerning fixed remunerations, this committee believes that it is responsible for setting the remunerations, without prejudice to the shareholder participation principle.

The variable component, which this committee is also responsible for setting, is awarded and calculated according to the criteria laid down in paragraph 2 of chapter VI of this statement. The only mechanism that sets a cap on remuneration is that which results from the fact that the quantitative part of the variable component depends on the KPIs being minimally met. As mentioned before, there is no deferral of payment of the variable remuneration in this company, nor remuneration mechanisms based on stock or acquisition options of the company's own shares.

(i) The following is the total remuneration of the governing bodies, itemised by different components and the fixed and variable part of remuneration, for 2018, the variable remuneration having been paid in 2018, concerning performance in 2017:

Board of Directors	Fixed Remuneration		Variable Remuneration	
	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 Almeida de Queiroz Pereira	47,466.66	100%	–	–
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 Antão 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

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

Total values were set according to the fulfilment of the principles mentioned before in Chapter V of this statement. On how the remuneration policy contributes to the long-term performance, reference is made to paragraphs 1, 2 and 4 of Chapter VI. Performance criteria mentioned in paragraph 2 of Chapter VI was applied mathematically for its quantitative part, and using value assessments conducted by hierarchical superiors and weighed by the Remuneration Committee.

(ii) Governing bodies are not remunerated in other companies belonging to the same group as Semapa. Note that the group relationship is used in its technical/legal sense, which explains why some events identified in the corporate governance report of Semapa for controlling companies or companies under common control have not been mentioned.

(iii) The company has no stock or stock acquisition plans, as outlined in paragraph 3 of Chapter VI.

(iv) There is no mechanism allowing the company to demand refund of the variable remuneration paid.

(v) There is no withdrawal of the approved remuneration policy implementation procedure.

(vi) Neither exist or have ever been fixed by this Committee any agreements 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. Therefore, the supplementary legal regime applies in this matter.

VII. SPECIFIC OPTIONS

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

1. The remuneration of the executive members of the Board of Directors, as mentioned in paragraph a) of Chapter V, shall comprise a fixed and variable component.
2. 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. The fixed component of the remuneration of Directors shall consist of an annual amount payable throughout the year or of a predetermined amount for each meeting of the Board of Directors attended.
4. The procedure for assigning variable remunerations 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) as provided by the Articles of Association.
5. 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.
6. The remuneration of the members of the Audit Board and the officers of the General Meeting shall comprise a fixed component only.
7. The fixed remunerations of the members of the Audit Board shall consist in all cases of a predetermined annual amount payable throughout the year.
8. 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.

Lisbon, 13 March 2019

The Remuneration Committee

José Gonçalo Ferreira Maury

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 2019, 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
Ricardo Miguel dos Santos Pacheco Pires	Member of the Board of Directors
Vítor Paulo Paranhos Pereira	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
Filipa Mendes de Almeida de Queiroz Pereira	Member of the Board of Directors
Francisco José Melo e Castro Guedes	Member of the Board of Directors
José António do Prado Fay	Member of the Board of Directors
Lua Mónica Mendes de Almeida de Queiroz Pereira	Member of the Board of Directors
Mafalda Mendes de Almeida de Queiroz Pereira	Member of the Board of Directors
Vítor Manuel Galvão Rocha Novais Gonçalves	Member of the Board of Directors