

SEMAPA – SOCIEDADE DE INVESTIMENTO E GESTÃO, SGPS, S.A.

ANNUAL GENERAL MEETING OF 2021

REMUNERATION POLICY

(2021-2024)

REMUNERATION COMMITTEE PROPOSAL

**REMUNERATION POLICY
OF THE DIRECTORS AND AUDITORS
OF SEMAPA**

(2021 to 2024)

I. Introduction

The Remuneration Committee of Semapa has been drawing up a remuneration policy statement since 2007, originally in the context of a recommendation from the 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.

The new Law no. 50/2020 of 25 August 25 and the repealed of Law no. 28/2009 of 19 June 19 requires Semapa's Remuneration Committee to draw up a Remuneration Policy for its directors and auditors in accordance with the new legal framework.

It should be noted that once the Corporate Governance Code of the Portuguese Institute of Corporate Governance was reviewed in 2020, and in view of the necessary harmonisation of Law no. 50/2020 of 25 August, the content of the remuneration policy is no longer based on a recommendation.

This Remuneration Policy is thus the reflection of the work developed by the Remuneration Committee, based on the previous remuneration policy statement and taking into account the new framework mentioned above.

Taking into account Semapa's track record, the company has continued to opt for reconciliation between, on the one hand, new trends of management remuneration options and, on the other hand, the weight of history, previous options and the specific features of the company.

The remuneration policy is the exclusive responsibility of the Remuneration Committee, which has three members, all independent from the Board. It must be approved by the General Meeting at least every four years and whenever a relevant change occurs.

In its work, namely in determining, reviewing and applying the Policy, the Remuneration Committee complies with applicable legislation and Semapa's current policies and regulations, namely the regulation on Conflicts of Interest and Related Party Transactions, which sets out rules for preventing, identifying and resolving conflicts of interest between the company and its managers.

II. Rules deriving from law and the articles of association

The framework of this policy is the Law no. 50/2020, of 25 August, which amended the Securities Code.

Regarding the Law no. 50/2020, of 25 August, in addition to rules on the frequency with which the Policy must be issued and approved and on disclosure of its content, Article 26-C.2 of the Securities Code establishes that its content should include:

- a) An explanation of how it contributes to the company's business strategy, its long-term interests, and its sustainability;*
- b) An explanation of how the employment and remuneration conditions of the company's employees were taken into account when this policy was established;*
- c) A description of the components of the fixed and variable remuneration;*
- d) An explanation of all bonuses and other benefits, regardless of their form, which may be paid to directors and auditors, and indication of the respective proportion;*
- e) An indication of the duration of the contracts or agreements with the directors and auditors, notice periods, termination clauses and payments associated with their termination;*
- f) A description of the main features of complementary or early retirement schemes.*

In addition, Article 26-C.3 of the Securities Code stipulates that if variable remuneration is to be awarded to directors, the remuneration policy must lay out:

- a) The criteria for awarding variable remuneration, including financial and non-financial criteria and, where applicable, criteria related to corporate social responsibility, in a clear and comprehensive manner, and explain how these criteria contribute to the company's business strategy, long-term interests and sustainability;*
- b) The methods applied to determine the extent to which the performance criteria have been met;*
- c) The deferral periods and the possibility for the company to request the refund of variable remuneration that has been paid.*

On the other hand, Article 26-C.4 of the Securities Code stipulates that if part of the remuneration is to be paid through shares, the remuneration policy must lay out:

- a) The entitlement vesting periods;*
- b) If applicable, the term for holding the shares after the rights have been acquired;*
- c) How the share-based remuneration contributes to the company's business strategy, its long-term interests and sustainability;*

In addition to the stated in Law no. 50/2020, of 25 August, 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 be distributed to shareholders, according to the law.

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 provisions, stating the following:

"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.

III. 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.

The duties performed by each member of the governing bodies cover both the functions in a formal sense and also the duties in the broader sense of the concrete level of responsibility of the position held, considering different criteria, such as the commitment and time dedicated, the nature, size, complexity, and skills required for the duty, or the added value to the company that results from a specific intervention or institutional representation.

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

b) The state of the company's affairs.

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. These aspects have implications 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.

It is essential to be able to attract, develop and retain competent professionals, which requires the Remuneration Policy to be competitive and attractive in order to ensure the legitimate interests of individuals but essentially those of Semapa and the creation of sustainable value for shareholders.

Given its characteristics and size, market criteria and practices to be taken into account are, in Semapa's case, both national and international, and in order to keep up to date with these practices, Semapa regularly uses market research and benchmarking.

IV. Compliance with legal requirements

Having established the general principles adopted, we shall now consider the principles with the relevant legal requirements.

1. Article 26-C.2 a) of the Securities Code. Strategy, long-term interests, and sustainability.

Practice has shown that the remuneration system in place at Semapa has successfully supported its business strategy and also, in the long term, the alignment of the interests of members of the management body with those of the company and its sustainability, in particular for the reasons set out below.

Firstly, because the remuneration sets out to be fair and equitable in the light of the principles set forth, 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, but also considers the behavioural skills of the individual directors, such as the alignment with the company's long-term interests.

2. Article 26-C.2 b) of the Securities Code. Employment and remuneration conditions of the company's employees.

The alignment between this Policy and the remuneration scheme and employment conditions of Semapa employees is assured, given that both remuneration systems are based on the same General Principles set out in this Remuneration Policy, in particular the market conditions in the reference markets for the duties performed.

3. Article 26-C.2 c) of the Securities Code. Components of the fixed and variable remuneration

The remuneration of the members of the Board of Directors is made up of a fixed component, corresponding to an annual amount, payable in the year, and, for the Executive Directors, it also includes a variable component that may correspond to a percentage not exceeding five percent of the net income for the previous year in accordance with the Company's articles of association.

The remunerations of the members of the Audit Board shall consist of a fixed annual amount paid in the year.

Finally, the remuneration of the officers of the General Meeting consists only of a fixed amount based on the meetings actually held.

Note that the concrete amounts of remuneration are fixed according to the principles mentioned above in chapter III of this Policy.

4. Article 26-C.2 d) of the Securities Code. Bonuses and other benefits

In addition to the variable component that may be paid to the members of the management bodies, no other non-cash benefits are paid to directors and auditors, without prejudice to the means made available to them for the performance of their duties and a personal health and accident insurance policy in line with market practices.

5. Article 26-C.2 e) of the Securities Code. Agreements relating to the termination of Directors' duties

There are no agreements, and no such provisions have been defined by this Committee, on payments by Semapa relating to dismissal or termination of Directors' duties. This fact is the natural result of the particular situations existing in the company, and not a position of principle taken by this Committee against the existence of agreements of this nature. Only the supplementary legal rule in this matter apply here, as established in the Companies Code, which governs the payment to the Directors of any amounts before the end of the term of office due to termination of duties.

6. Article 26-C.2 f) of the Securities Code. Complementary or early retirement arrangements

There are no complementary or early retirement arrangements for directors currently in place in the company.

7. Article 26-C.3 a) of the Securities Code. Criteria for the variable component

The variable component of remuneration, which is set by this Committee, 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 set previously. 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 (general business indicators) and of the relevant director (specific objectives and behavioural indicators). The general business indicators include, in particular, EBITDA, net income, cash flow, and Total Shareholder Return compared to Peers, while the behavioural skills include the alignment of each director with the long-term interests of the company.

In addition to the statutory limit on management's share of profits for the year, the company also has mechanisms in place to limit variable compensation.

On the one hand, the variable remuneration is eliminated 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. On the other hand, the amount of the variable component attributable has a cap set to prevent good performance at one moment (with immediate remuneration benefits for the administration) from being obtained to the detriment of good performance in the future.

In light of the above, it is clear that the criteria for awarding remuneration contribute to the achievement of the Semapa's strategy, and to the long-term interests and sustainability of the company.

8. Article 26-C.3 b) of the Securities Code. Fulfilment of performance criteria

Performance criteria mentioned in the previous paragraph is applied mathematically for its quantitative part and using value assessments for the qualitative part.

Under the process of determining the variable remuneration, the Remuneration Committee draws up this Policy, and the performance evaluation of each executive director follows an internal process structured under the responsibility/leadership of the respective person in charge (i.e. under the responsibility of the person who manages the team, in the case of the members of the Executive Board, and under the

responsibility of the Chairman of the Board of Directors, in the case of the Chairman of the Executive Board) and with the involvement of the non-executive directors named by the person in charge.

The Talent Committee is also involved in this process. It is responsible for monitoring the system for assessing management performance and distributing the company's remuneration, and delivering its opinion on the proposals for individual performance evaluation of the executive board.

Finally, the Remuneration Committee must confirm that the respective achievement factors have been met for the performance evaluation, and ensure the overall consistency of the process by setting the variable remuneration.

9. Article 26-C.3 c) of the Securities Code. Deferral and refund of the remuneration

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.

In abstract, the principle is good, but the historical element, coupled with stability and the practice that has already been followed successfully for many years without this element of deferral means that we will not adopt this measure for the time being.

With regard to the obligation to return the variable remuneration that has been paid, and without prejudice to the applicable legal regime, the company does not possess any mechanism that enables it to request the refund from the directors.

10. Article 26-C.4 of the Securities Code. Share plans

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

V. *Specific Options*

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

1. In setting all remuneration, the general principles established above shall be observed: the duties performed, the state of the company's affairs and market criteria.
2. Executive Directors
 - The remuneration of executive directors of the Board of Directors shall comprise a fixed component and a variable component;
 - The fixed component of the remuneration shall consist of an annual amount payable in the year;
 - The variable component of remuneration is linked both to Semapa's performance and to the individual performance of each director;

- The procedure for awarding variable remunerations to the executive Directors of the Board, which is overseen by the Talent Committee, shall comply with the criteria set by the Remuneration Committee, and such remuneration shall not exceed five per cent of the consolidated net profit (IFRS format) as provided by the Articles of Association.

3. Non-Executive Directors

- The remuneration of non-executive directors shall comprise only a fixed component that may vary according to the piling on of added responsibilities, e.g. committee and specialised committee members.
- The fixed component of the remuneration shall consist of an annual amount payable in the year or of a predetermined amount for each meeting of the Board of Directors attended.

4. Audit Board

- The remuneration of the members of the Audit Committee will consist only of a fixed component, i.e. a fixed annual amount paid in the year.

5. General Meeting

- The remuneration of the officers of the General Meeting shall consist of a fixed amount only that will be set for every meeting, the remuneration for second and subsequent meetings being lower than that for the first general meeting of the year.

Lisbon, 6 April 2021

The Remuneration Committee

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