

CORPORATE GOVERNANCE REPORT
2020



CONTENTS

INTRODUCTION	8
PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE	9
A. SHAREHOLDER STRUCTURE	9
I. CAPITAL STRUCTURE	9
1. CAPITAL STRUCTURE	9
2. RESTRICTIONS TO SHARE TRANSFERABILITY, SUCH AS CONSENT CLAUSES FOR DISPOSAL, OR LIMITATIONS TO SHARE OWNERSHIP	9
3. NUMBER OF OWN SHARES, CORRESPONDING CAPITAL PERCENTAGE AND CORRESPONDING VOTING RIGHTS PERCENTAGE	9
4. SIGNIFICANT AGREEMENTS INCLUDING CHANGE OF CONTROL CLAUSES	9
5. RENOVATION / REVOCATION OF DEFENSIVE MEASURES, IN PARTICULAR THOSE PROVIDING FOR THE RESTRICTION OF THE NUMBER OF VOTES THAT MAY BE HELD OR EXERCISED BY A SINGLE SHAREHOLDER	10
6. SHAREHOLDERS' AGREEMENTS OF WHICH THE COMPANY IS AWARE AND MIGHT LEAD TO RESTRICTIONS IN THE TRANSFER OF SECURITIES OR VOTING RIGHTS.....	10
II. SHAREHOLDINGS AND BONDS	10
7. OWNERS OF QUALIFIED HOLDINGS, PERCENTAGE OF CAPITAL AND VOTES ATTRIBUTABLE, SOURCE AND CAUSES FOR ATTRIBUTION	10
8. NUMBER OF SHARES AND BONDS HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES.....	11
9. SPECIAL POWERS OF THE MANAGEMENT BODY, NOTABLY AS REGARDS CAPITAL INCREASE RESOLUTIONS	11
10. SIGNIFICANT COMMERCIAL RELATIONSHIPS BETWEEN OWNERS OF QUALIFIED HOLDINGS AND THE COMPANY	11
B. CORPORATE BODIES AND COMMITTEES	12
I. GENERAL MEETING OF SHAREHOLDERS	12
11. IDENTIFICATION OF THE MEMBERS OF THE BOARD OF THE GENERAL MEETING OF SHAREHOLDERS, COMMENCEMENT AND EXPIRATION OF TERM OF OFFICE	13
12. POSSIBLE LIMITATIONS ON VOTING RIGHTS	13
13. MAXIMUM PERCENTAGE OF VOTING RIGHTS THAT MAY BE EXERCISED BY A SINGLE SHAREHOLDER OR BY SHAREHOLDERS CONNECTED TO THE FORMER THROUGH ANY OF THE RELATIONSHIPS SET FORTH IN ARTICLE 20.1 OF THE PORTUGUESE SECURITIES CODE	14
14. SHAREHOLDER RESOLUTIONS WHICH, ACCORDING TO THE BYLAWS, CAN ONLY BE ADOPTED WITH QUALIFIED MAJORITY, APART FROM THOSE LEGALLY PROVIDED FOR.....	15
II. MANAGEMENT AND SUPERVISION	15
15. IDENTIFICATION OF THE CORPORATE GOVERNANCE MODEL.....	15
16. BYLAW RULES ON THE PROCEDURAL AND MATERIAL REQUIREMENTS FOR THE APPOINTMENT AND REPLACEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS	16
17. COMPOSITION OF THE BOARD OF DIRECTORS	16
18. EXECUTIVE AND NON-EXECUTIVE BOARD MEMBERS AND INDEPENDENCE CRITERIA.....	17
19. PROFESSIONAL QUALIFICATIONS AND OTHER RELEVANT CURRICULUM ELEMENTS OF THE MEMBERS OF THE BOARD OF DIRECTORS	18
20. FAMILY, PROFESSIONAL OR COMMERCIAL RELATIONSHIPS, FREQUENT AND SIGNIFICANT,	

OF THE MEMBERS OF THE BOARD OF DIRECTORS WITH OWNERS OF QUALIFIED HOLDINGS ABOVE 2% OF THE VOTING RIGHTS	18
21. DISTRIBUTION OF POWERS AMONG THE VARIOUS CORPORATE BODIES, COMMITTEES AND/OR DEPARTMENTS OF THE COMPANY	18
MANAGEMENT BODY	18
Board of Directors	18
Powers of the Chairman of the Board of Directors	21
Managing-Director	21
Powers of the Managing Director	22
SUPERVISORY BODIES	22
Fiscal Council	22
Statutory Auditor	24
COMMITTEES AND SUPPORTING STRUCTURES	24
22. OPERATING RULES OF THE BOARD OF DIRECTORS	24
23. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND DEGREE OF ATTENDANCE OF EACH MEMBER	25
24. INDICATION OF THE CORPORATE BODIES EMPOWERED TO CARRY OUT THE PERFORMANCE EVALUATION OF EXECUTIVE DIRECTORS	25
25. PRE-DETERMINED CRITERIA FOR THE PERFORMANCE EVALUATION OF EXECUTIVE DIRECTORS	25
26. AVAILABILITY OF EACH MEMBER OF THE BOARD OF DIRECTORS AND INDICATION OF FUNCTIONS EXERCISED SIMULTANEOUSLY IN OTHER COMPANIES, INSIDE AND OUTSIDE THE GROUP, AND OTHER RELEVANT ACTIVITIES EXERCISED BY THE MEMBERS OF THE BOARD OF DIRECTORS	25
27. COMMITTEE CREATED WITHIN THE BOARD OF DIRECTORS AND LOCAL FOR THE CONSULTATION OF ITS OPERATING RULE	25
28. COMPOSITION OF THE EXECUTIVE COMMITTEE AND/OR IDENTIFICATION OF MANAGING DIRECTORS	25
29. DUTIES OF EACH COMMITTEE CREATED WITHIN THE BOARD OF DIRECTORS AND SUMMARY OF THE ACTIVITIES DEVELOPED IN THE EXERCISE OF SUCH DUTIES	26
III. SUPERVISION	26
30. IDENTIFICATION OF THE SUPERVISORY BODY	26
31. COMPOSITION OF THE FISCAL COUNCIL	26
32. IDENTIFICATION OF THE MEMBERS OF THE FISCAL COUNCIL COMMITTEE CONSIDERED INDEPENDENT UNDER ARTICLE 414,5 OF THE PORTUGUESE COMPANIES CODE	26
33. PROFESSIONAL QUALIFICATIONS AND OTHER RELEVANT CURRICULUM ELEMENTS OF THE MEMBERS OF THE FISCAL COUNCIL	26
34. OPERATING RULES OF THE FISCAL COUNCIL	26
35. NUMBER OF MEETINGS OF THE FISCAL COUNCIL AND DEGREE OF ATTENDANCE OF EACH MEMBER	27
36. AVAILABILITY OF EACH MEMBER OF THE FISCAL COUNCIL AND INDICATION OF FUNCTIONS EXERCISED SIMULTANEOUSLY IN OTHER COMPANIES, INSIDE AND OUTSIDE THE GROUP, AND OTHER RELEVANT ACTIVITIES EXERCISED BY THE MEMBERS OF THE FISCAL COUNCIL	27
37. PROCEDURES AND CRITERIA APPLICABLE TO THE INTERVENTION OF THE SUPERVISORY BODY WHEN HIRING ADDITIONAL SERVICES FROM THE EXTERNAL AUDITOR	27
38. OTHER DUTIES OF THE SUPERVISORY BODIES	27

IV. STATUTORY AUDITOR (REVISOR OFICIAL DE CONTAS / ROC)	27
39. IDENTIFICATION OF THE STATUTORY AUDITOR AND OF ITS REPRESENTING PARTNER....	27
40. NUMBER OF YEARS DURING WHICH THE STATUTORY AUDITOR PERFORMS DUTIES CONSECUTIVELY IN THE COMPANY AND/OR GROUP	28
41. OTHER SERVICES RENDERED TO THE COMPANY BY THE STATUTORY AUDITOR	28
V. EXTERNAL AUDITOR	28
42. IDENTIFICATION OF THE EXTERNAL AUDITOR AND OF ITS REPRESENTING PARTNER, AS WELL AS THEIR RESPECTIVE REGISTRY NUMBER BEFORE THE CMVM	28
43. NUMBER OF YEARS DURING WHICH THE EXTERNAL AUDITOR AND ITS REPRESENTING PARTNER PERFORM DUTIES CONSECUTIVELY IN THE COMPANY AND/OR GROUP.....	28
44. POLICY AND PERIOD FOR THE ROTATION OF THE EXTERNAL AUDITOR AND OF ITS REPRESENTING PARTNER.....	28
45. CORPORATE BODY RESPONSIBLE FOR THE EVALUATION OF THE EXTERNAL AUDITOR AND FREQUENCY FOR SUCH EVALUATION	28
46. SERVICES, OTHER THAN AUDITING SERVICES, PROVIDED BY THE EXTERNAL AUDITOR TO THE COMPANY AND/OR ENTITIES IN A CONTROL RELATIONSHIP, AS WELL AS INDICATION OF INTERNAL PROCEDURES FOR THE PURPOSES OF APPROVING THE HIRING OF THOSE SERVICES AND REASONS FOR SUCH HIRING	29
47. INDICATION OF THE AMOUNT OF ANNUAL REMUNERATION PAID TO THE AUDITOR AND OTHER INDIVIDUALS OR CORPORATIONS IN THE SAME NETWORK SUPPORTED BY THE COMPANY AND OR BY CORPORATIONS IN A CONTROL OR GROUP RELATIONSHIP, AS WELL AS SPECIFICATION OF THE PERCENTAGE OF EACH TYPE OF SERVICE.....	29
C. INTERNAL ORGANIZATION	29
I. BYLAWS	29
48. RULES APPLICABLE TO AMENDMENT TO THE BYLAWS OF THE COMPANY	29
Constitutive quorum for the General Meeting of Shareholders	29
Resolution quorum for the General Meeting of Shareholders	29
II. WHISTLEBLOWING	29
49. WHISTLEBLOWING	29
III. INTERNAL CONTROL AND RISK MANAGEMENT	30
Internal Control System	30
50. PERSONS, BODIES OR COMMITTEES RESPONSIBLE FOR INTERNAL AUDITING AND/OR IMPLEMENTATION OF INTERNAL CONTROL SYSTEMS.....	31
51. HIERARCHICAL AND/OR FUNCTIONAL DEPENDENCE RELATIONS VIS-À-VIS OTHER CORPORATE BODIES OR COMMITTEES.....	31
52. OTHER FUNCTIONAL AREAS HAVING RISK CONTROL POWERS ROLE	31
53. MAIN ECONOMIC, FINANCIAL AND LEGAL RISKS TO WHICH THE COMPANY IS EXPOSED IN THE CONDUCT OF ITS BUSINESS	32
54. RISK IDENTIFICATION, ASSESSMENT, MONITORING, CONTROL AND MANAGEMENT PROCEDURE	34
Risk Management Procedure	34
Risk monitoring, control and management.....	35
55. MAIN ELEMENTS OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IMPLEMENTED IN THE COMPANY IN CONNECTION WITH THE FINANCIAL INFORMATION DISCLOSURE PROCEDURE 35	
IV. INVESTOR SUPPORT	36
56. INVESTOR SUPPORT OFFICE, COMPOSITION, DUTIES, INFORMATION PROVIDED BY THE	

SAME AND CONTACT DETAILS	36
57. REPRESENTATIVE FOR RELATIONS WITH THE MARKET	37
58. INFORMATION ON RESPONSE PROPORTION AND PERIOD TO INFORMATION REQUESTS MADE DURING THE YEAR OR PENDING FROM PREVIOUS YEARS.....	37
V. INTERNET WEBSITE	37
59. ADDRESS	37
60. LOCATION OF INFORMATION ON THE COMPANY NAME, ITS NATURE OF PUBLIC COMPANY, REGISTERED OFFICE AND OTHER DATA PURSUANT TO ARTICLE 171 OF THE PORTUGUESE COMPANIES CODE.....	37
61. LOCATION OF INFORMATION ON THE BYLAWS AND OPERATING RULES OF THE CORPORATE BODIES AND/OR COMMITTEES	38
62. LOCATION OF INFORMATION ON THE IDENTITY OF THE MEMBERS OF THE CORPORATE BODIES, THE REPRESENTATIVE FOR RELATIONS WITH THE MARKET, THE INVESTOR RELATIONS OFFICE OR EQUIVALENT, THEIR DUTIES AND ACCESS DETAILS	38
63. LOCATION WHERE THE COMPANY MAKES AVAILABLE THE FINANCIAL STATEMENTS, WHICH MUST BE ACCESSIBLE FOR FIVE YEARS AT LEAST, AS WELL AS A SCHEDULE OF CORPORATE EVENTS, DISCLOSED AT THE BEGINNING OF EACH HALF-YEAR, INCLUDING, AMONG OTHERS, GENERAL MEETINGS OF SHAREHOLDERS, DISCLOSURE OF THE ANNUAL, HALF-YEAR AND, IF APPLICABLE, QUARTERLY FINANCIAL STATEMENTS.....	38
64. LOCATION WHERE THE COMPANY MAKES AVAILABLE NOTICES OF THE GENERAL MEETING OF SHAREHOLDERS AND ALL PREPARATORY AND SUBSEQUENT INFORMATION RELATED TO THE SAME	38
65. LOCATION WHERE THE COMPANY MAKES AVAILABLE THE HISTORICAL COLLECTION WITH THE RESOLUTIONS PASSED AT THE GENERAL MEETINGS OF SHAREHOLDERS, THE SHARE CAPITAL THEREIN REPRESENTED AND THE VOTING RESULTS, REGARDING THE PREVIOUS THREE YEARS	38
D. REMUNERATION	39
I. COMPETENCE FOR DETERMINATION.....	39
66. COMPETENCE FOR THE DETERMINATION OF THE REMUNERATION OF CORPORATE BODIES, MEMBERS OF THE EXECUTIVE COMMITTEE OR MANAGING DIRECTOR AND COMPANY OFFICERS	39
II. COMPENSATION COMMITTEE.....	39
67. COMPOSITION OF THE COMPENSATION COMMITTEE, INCLUDING THE IDENTIFICATION OF THE PERSONS OR CORPORATIONS HIRED TO SUPPORT IT AND INDEPENDENCE STATEMENT REGARDING EACH OF ITS MEMBERS AND CONSULTANTS	39
68. KNOWLEDGE AND EXPERIENCE OF THE MEMBERS OF THE COMPENSATION COMMITTEE IN THE MATTER OF REMUNERATION POLICY	39
III. REMUNERATION STRUCTURE.....	40
69. DESCRIPTION OF THE REMUNERATION POLICY FOR THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES AS REFERRED TO UNDER ARTICLE 2 OF LAW NO. 28/2009 OF 19 JUNE 2009	40
70. INFORMATION ON HOW THE REMUNERATION IS STRUCTURED IN ORDER TO PERMIT THE ALIGNMENT OF THE DIRECTORS' INTERESTS WITH LONG TERM INTERESTS OF THE COMPANY, AS WELL AS HOW THE REMUNERATION IS BASED ON PERFORMANCE AND DISINCENTIVES EXCESSIVE RISK TAKING	40
71. REFERENCE, IF APPLICABLE, TO THE EXISTENCE OF A VARIABLE COMPONENT OF THE REMUNERATION AND INFORMATION ON THE WAY AS SUCH COMPONENT DEPENDS ON PERFORMANCE EVALUATION	40
72. DEFERMENT OF PAYMENT OF THE VARIABLE COMPONENT OF THE REMUNERATION, MENTIONING THE DEFERMENT PERIOD.....	40
73. CRITERIA ON WHICH THE ALLOCATION OF A VARIABLE REMUNERATION IN SHARES IS BASED; EXECUTIVE DIRECTORS KEEPING ANY SHARES GRANTED THEM IN THE COMPANY; ANY	

AGREEMENT EXECUTED AS TO SUCH SHARES, NOTABLY HEDGING OR RISK TRANSFER AGREEMENTS, THE LIMIT THEREOF, AND THEIR RELATIONSHIP TO THE AMOUNT OF THE OVERALL ANNUAL REMUNERATION	40
74. CRITERIA ON WHICH THE ALLOCATION OF A VARIABLE REMUNERATION IN OPTIONS IS BASED, AND INDICATION OF DEFERMENT PERIOD AND EXERCISE PRICE	41
75. MAIN PARAMETERS OF AND GROUNDS FOR ANY ANNUAL BONUS SYSTEM AND ANY OTHER NON-PECUNIARY BENEFITS	41
76. MAIN CHARACTERISTICS OF COMPLEMENTARY PENSION OR EARLY RETIREMENT SYSTEMS FOR DIRECTORS, SPECIFYING WHETHER THE SAME WERE SUBJECT TO APPRAISAL, IN INDIVIDUAL TERMS, BY THE GENERAL MEETING OF SHAREHOLDERS	41
IV. REMUNERATION DISCLOSURE	41
77. REMUNERATION INDIVIDUALLY AND GLOBALLY EARNED BY THE MEMBERS OF THE COMPANY'S MANAGEMENT BODY	41
78. AMOUNTS PAID, FOR ANY REASON WHATSOEVER, BY OTHER COMPANIES IN A CONTROL OR GROUP RELATIONSHIP OR SUBJECT TO COMMON CONTROL.....	41
79. REMUNERATION PAID IN THE FORM OF PROFIT SHARING AND/OR BONUS PAYMENT, AND THE REASONS WHY SUCH BONUSES AND/OR PROFIT SHARING WERE GRANTED	42
80. COMPENSATIONS PAID OR DUE TO FORMER EXECUTIVE DIRECTORS IN RESPECT OF TERMINATION OF OFFICE DURING THE FINANCIAL YEAR.....	42
81. REMUNERATION INDIVIDUALLY AND GLOBALLY EARNED BY THE MEMBERS OF THE COMPANY'S SUPERVISORY BODY	42
82. INDICATION OF THE REMUNERATION OF THE CHAIRMAN OF THE BOARD OF THE GENERAL MEETING OF SHAREHOLDERS.....	42
V. AGREEMENTS WITH REMUNERATION IMPLICATIONS.....	42
83. CONTRACTUAL LIMITATION AS ESTABLISHED FOR ANY COMPENSATION TO BE PAID UPON REMOVAL WITHOUT JUST CAUSE OF A DIRECTOR, AND ITS RELATIONSHIP WITH THE VARIABLE COMPONENT OF THE REMUNERATION.....	42
84. AGREEMENTS WITH MEMBERS OF THE BOARD AND OFFICERS PROVIDING FOR COMPENSATION IN THE EVENT OF TERMINATION OF OFFICE FOLLOWING A CHANGE OF CONTROL	42
VI. SHARE ALLOTMENT OR STOCK OPTION PLANS	43
88. CONTROL MECHANISMS PLANNED FOR ANY EMPLOYEE CAPITAL HOLDING SYSTEM TO THE EXTENT THAT VOTING RIGHTS ARE NOT EXERCISED BY SUCH EMPLOYEES.....	43
E. RELATED PARTY TRANSACTIONS.....	43
I. CONTROL MECHANISMS AND PROCEDURES	43
89. MECHANISMS IMPLEMENTED BY THE COMPANY TO CONTROL RELATED PARTY TRANSACTIONS (IAS 24)	43
90. TRANSACTIONS SUBJECT TO CONTROL	46
91. INTERVENTION OF THE SUPERVISORY BODY IN THE PRIOR EVALUATION OF TRANSACTIONS WITH OWNERS OF A QUALIFIED HOLDING.....	46
II. TRANSACTION DETAILS.....	47
92. LOCATION, IN THE ANNUAL FINANCIAL STATEMENTS, WHERE INFORMATION ON RELATED PARTY TRANSACTIONS, IN ACCORDANCE WITH IAS 24, IS AVAILABLE	47
PART II – CORPORATE GOVERNANCE EVALUATION.....	48
1. IDENTIFICATION OF THE CORPORATE GOVERNANCE CODE ADOPTED	48
2. STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE ADOPTED.....	48
APPENDIX I	57
Functions performed by members of the management body in other companies.....	57

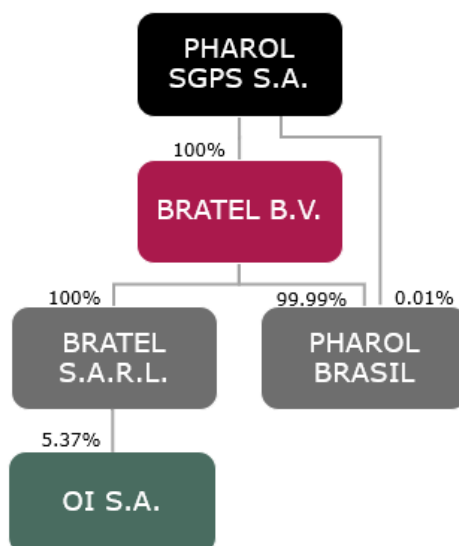
Professional qualifications and professional activities performed during the last 5 years.....	58
CV data of the members of the Compensation Committee.....	60
CV data of the members of the Fiscal Council.....	62
Professional qualifications and professional activities performed during the last 5 years.....	63
APPENDIX II	68
APPENDIX III	72
Code of Ethics	72

INTRODUCTION

PHAROL, SGPS SA, is headquartered at Rua Joshua Benoliel, 1, 2C, Edifício Amoreiras Square, 1250-133 Lisboa, with a share capital of EUR 26,895,375.00, registered on the Commercial Registry Office under unique registration and personal number collective 503215058 ("PHAROL" or "Company") is public listed company, issuer of securities admitted to trading on the regulated market of Euronext Lisbon.

In this report, PHAROL complies with the recommendations contained in the Corporate Governance Code of the Portuguese Institute of Corporate Governance ("CGS IPCG") which entered into force on January 1, 2018, revised in 2020, and continues to prepare the Report in accordance with the annex to Regulation of CMVM nº 4/2013 of January 1, 2014 and with the circular issued by the same Commission on January 28, 2020. This Report intends to reflect the adjustment and the pertinence of each recommendation to the reality and conjuncture of the Company with reflecting its classic corporate governance model and the provisions of paragraph a) of no. 1 of article 278 of the Commercial Companies Code.

The structure and investment of the PHAROL Group as of December 31, 2020 are as follows:



PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. CAPITAL STRUCTURE

1. CAPITAL STRUCTURE

The share capital in PHAROL is 26,895,375 Euros and it is fully paid up and represented by 896,512,500 common shares with a par value of three Euro cents each.

All PHAROL ordinary shares are admitted to trading on the Euronext Lisbon regulated market.

On June 3, 2020, PHAROL's Board of Directors decided to terminate its American Depositary Receipts (ADR) program.

This decision is part of the cost reduction strategy and consolidation of Euronext Lisbon as the primary trading market for PHAROL shares, started in 2015 with the delisting of the ADSs from the New York Stock Exchange ("NYSE") and trading in the United States of America only over the counter.

The termination was carried out in accordance with the procedures provided for in the deposit agreement in effect, taking effect on September 3, 2020.

2. RESTRICTIONS TO SHARE TRANSFERABILITY, SUCH AS CONSENT CLAUSES FOR DISPOSAL, OR LIMITATIONS TO SHARE OWNERSHIP

The Company does not adopt any specific limitations as to share transferability. However, the Bylaws provide that shareholders carrying out, directly or indirectly, a business competing with the business of companies in a control relationship with PHAROL may not be the owners, without the prior authorisation of the General Meeting of shareholders, of ordinary shares representing more than 10% of the share capital in the Company.

3. NUMBER OF OWN SHARES, CORRESPONDING CAPITAL PERCENTAGE AND CORRESPONDING VOTING RIGHTS PERCENTAGE

On 31 December 2020, the Company held 74,822,140 own shares, corresponding to 8,35% of PHAROL share capital.

The voting rights inherent to the own shares are suspended, in accordance with the applicable legislation.

4. SIGNIFICANT AGREEMENTS INCLUDING CHANGE OF CONTROL CLAUSES

There are no significant agreements entering into force in the event of change in control in PHAROL. There are no measures requiring payment or assumption of fees by the Company in the event of change of control or change in the composition of the Board of Directors and which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members.

5. RENOVATION / REVOCATION OF DEFENSIVE MEASURES, IN PARTICULAR THOSE PROVIDING FOR THE RESTRICTION OF THE NUMBER OF VOTES THAT MAY BE HELD OR EXERCISED BY A SINGLE SHAREHOLDER

PHAROL's Bylaws include a limitation on the counting of votes whereby any votes in excess of 10% of the total voting rights corresponding to the share capital cast by a single shareholder of ordinary shares, directly or through a representative, in his own name or as a representative of another shareholder, shall not be counted (article 13, 10).

The Company's bylaws provide a limitation on the counting of votes. On 24 May 2016, the discussion of this point was taken to the Shareholders' Meeting and it was decided to keep this limitation.

Also, the Regulation of the Board of Directors approved at the beginning of 2020 is stipulated that, providing for the Company's bylaws a limitation on the number of votes that can be held or exercised by a single shareholder, individually or in concert with others, the Board of Directors must promote that, at least every 5 years, should it be submitted to deliberation by the general meeting the change or maintenance of this statutory requirement.

Taking into account the foregoing, at the Annual General Meeting to be held in 2021, a new proposal will be brought to the consideration of shareholders regarding the maintenance (or not) of the release of the articles of association regarding this matter.

6. SHAREHOLDERS' AGREEMENTS OF WHICH THE COMPANY IS AWARE AND MIGHT LEAD TO RESTRICTIONS IN THE TRANSFER OF SECURITIES OR VOTING RIGHTS

The Company has no knowledge of the existence of any shareholders' agreements that might lead to restrictions in the transfer of securities or voting rights.

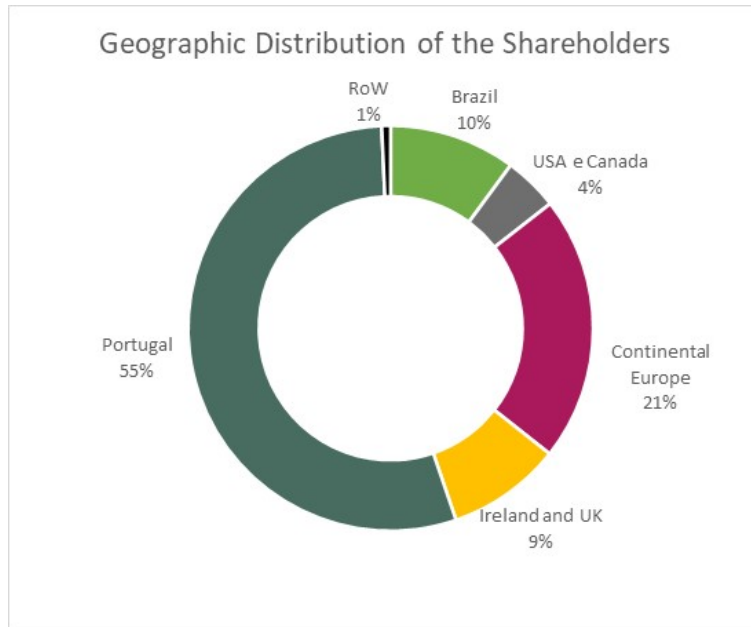
II. SHAREHOLDINGS AND BONDS

7. OWNERS OF QUALIFIED HOLDINGS, PERCENTAGE OF CAPITAL AND VOTES ATTRIBUTABLE, SOURCE AND CAUSES FOR ATTRIBUTION

As of 31 December 2020, qualified holdings represented about 19.56% of PHAROL share capital, as follows:

DATE OF INFORMATION	ENTITIES	NO. OF SHARES	% OF CAPITAL	% OF VOTING RIGHTS
31/05/2012	Telemar Norte Leste S.A.	89,651,205	10.00%	10.00%
	Telemar' s sole shareholder is OI S.A..			
	Total attributable	89,651,205	10.00%	10.00%
02/04/2018	Novo Banco S.A.	85,665,125	9.56%	9.56%
	Directly	85,665,125		
	Shares held by companies in a controlling or group relationship with Novo Banco, S.A.	916		
	Shares held by directors and members of the Corporate Bodies	595		
	Total attributable	85,666,636	9.56%	9.56%

PHAROL has a diversified shareholder structure, with around 45% of its share capital held by foreign shareholders, essentially divided between Brazil, North America (US and Canada) and Europe, representing 10%, 4% and 30% respectively of the shareholder basis. The Portuguese market represents around 55% of the shareholder basis.



Source: Interbolsa (December 2020)

For further information on the source and cause of the qualified holdings, please refer to the section called “Qualified Holdings” on the annual management report.

Updated information on qualified holdings in the Company may be consulted at www.pharol.pt and on CMVM website.

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

Regarding this matter, please see item 17 of Part I below.

Members of the supervisory bodies do not hold PHAROL shares.

9. SPECIAL POWERS OF THE MANAGEMENT BODY, NOTABLY AS REGARDS CAPITAL INCREASE RESOLUTIONS

The powers of PHAROL’s Board of Directors are described in item 21 below.

Prior to the resolution of the General Meeting setting parameters for capital reinforcement or reinforcement, PHAROL’s bylaws authorize the Board of Directors, with the favourable opinion of the Fiscal Council, to resolve to increase the capital stock by one or more times, and by cash inflows, in value up to 80,000,000 euros. The total amount of the authorized capital increase includes not only the nominal value of the issue(s) and the issue premium(s). For the calculation of the overall limit of 80,000,000.00, convertible bonds issued under Article 8 of the bylaws shall always be taken into account.

10. SIGNIFICANT COMMERCIAL RELATIONSHIPS BETWEEN OWNERS OF QUALIFIED HOLDINGS AND THE COMPANY

PHAROL does not have significant commercial relationships with holders of any qualifying holdings.

Nevertheless, PHAROL and Oi still have a Call Option Agreement under which PHAROL holds a call option to repurchase Oi shares that were the subject of the Exchange Agreement entered into in September 2014. Currently, this option concern over 8,538,276.96 common shares and 17,076,553.92 preferred shares of Oi, with an exercise price of 20.104 reais for common shares and 18.529 reais for preferred shares, to be adjusted by the Brazilian CDI rate plus one, 5% per year from March 30, 2015, and a maturity of 6 years, with the possibility of exercising the option for PHAROL at 10% at the end of the first year and at 18% at the end of each subsequent year, and yet to be corrected for the capital increases meanwhile carried out in Oi. This call option is currently valued at zero Euros.

Relevant transactions executed during 2020 with other owners of qualified holdings, who are not related parties, are described in Note 21 the consolidated financial statements included in the Report and Consolidated Accounts 2020. There are no other relevant commercial relations between owners of qualified holdings and the Company.

PHAROL/BRATEL and Oi reached a consensus to close and extinguish judicial and extrajudicial disputes in Brazil, Portugal and in all the different countries where were discussions involving companies from both Groups and was signed an agreement to that effect on 9 January 2019.

In addition to other previously existing guarantees, Oi, as stipulated in the said agreement, through PT Participações SGPS, SA, in January 2020, made a deposit in a guarantee account in the amount of Eur. 34,340,803.32 intended to guarantee the PHAROL in case of eventual condemnation in tax contingencies under Oi's responsibility, thus ending all disputes then existing with this company.

B. CORPORATE BODIES AND COMMITTEES

I. GENERAL MEETING OF SHAREHOLDERS

COMPOSITION OF THE BOARD OF THE GENERAL MEETING OF SHAREHOLDERS

The General Meeting of shareholders ordinarily meets once a year or whenever it is requested to the Chairman of Board of the General Meeting of shareholders by the Board of Directors, the Fiscal Council or by shareholders representing at least 2% of the share capital.

Shareholders may participate directly in the General Meeting or appoint their representatives, within the broadest terms provided for under the Portuguese Companies Code, using the form available at www.pharol.pt and the specific information given in the respective notice.

The Compensation Committee is represented in all General Meetings.

The Chairman of the Board of the General Meeting of shareholders is also provided with logistic support as required to carry out his duties, and the shareholders may contact the Board of the General Meeting of shareholders as follows:

Presidente da Mesa da Assembleia Geral
Rua Joshua Benoliel, 1, 2C, Edifício Amoreiras Square, 1250-133, Lisboa
Tel. - + 351800207369
Fax - + 351 212697949
E -mail: assembleia@pharol.pt

11. IDENTIFICATION OF THE MEMBERS OF THE BOARD OF THE GENERAL MEETING OF SHAREHOLDERS, COMMENCEMENT AND EXPIRATION OF TERM OF OFFICE

Board of the General Meeting of Shareholders

Diogo Lacerda Machado	Chairman
Maria de Lourdes Cunha Trigos	Secretary

The members of the Board of the General Meeting of Shareholders were elected on 25 May 2018 to complete the 2018-2020.

EXERCISE OF VOTING RIGHTS

12. POSSIBLE LIMITATIONS ON VOTING RIGHTS

Under the Company's Bylaws, each share grants the right to one vote. Only shareholders entitled to vote on the record date (i.e., on the fifth trading day prior to the General Meeting) and in compliance with the procedures and periods set forth in the notice.

Within the framework of American Depositary Receipts (ADR) or Global Depositary Receipts (GDR) programmes having as their object Company shares, the holders of ADR or GDR were deemed to be the shareholders, while the entity in whose name the shares were registered were deemed a simple representative of the shareholders, provided however that such shareholders complied with the conditions set forth in the Bylaws for the exercise of such right. These conditions were communicated to the holders of the right to vote in each notice for the General Meeting of shareholders.

As previously mentioned, PHAROL's Board of Directors has decided to terminate its ADR program, whose termination took effect on September 3, 2020.

According to article 13 of the Company's Bylaws, the votes cast by a single holder of ordinary shares, directly or through a representative, in his own name or as a representative of another shareholder, that exceed 10% of the total voting rights corresponding to the share capital shall not be counted. Shares held by a person in situations as provided for under article 20 of the Portuguese Securities Code shall be deemed to belong to the shareholder, and the limitation on the counting of votes cast by each person affected by the said provision shall be proportional to the number of votes held and cast.

There are no shares not granting voting rights, without prejudice to the limitations described above.

The Company Bylaws provide that the voting by correspondence or by electronic means may encompass all matters contained in the notice, under the terms and conditions set forth therein, and votes cast in this way shall be considered at the time of the counting by adding the same to the voting rights exercised in the course of the General Meeting.

The Bylaws further provide that the terms and conditions for voting by correspondence or by electronic means shall be defined by the Chairman of the Board of the General Meeting of shareholders in the notice, in order to ensure their authenticity, regularity, security, reliability and confidentiality up to the time of voting rights exercised in their course of the General Meeting.

Correspondence vote authenticity shall be ensured before the Chairman of the Board of the General Meeting of shareholders by means of a communication with a legally acknowledged signature, in the case of corporations, or, in the case of individuals, with a simple signature together with a photocopy of the relevant identity card. In order to guarantee vote confidentiality, said communication shall be sent in a closed envelope that will only be considered at the time of vote counting.

In respect of voting by electronic means, and according to the Company's practice, shareholders may vote

through the website www.pharol.pt in observance of the requirements established thereon, provided that, by the time and date scheduled on the notice for the General Meeting of shareholders, they deliver to the Chairman of the Board of the General Meeting a communication, prepared in accordance with the form made available on that same website, with a legally acknowledged signature (or, for individuals, a simple signature together with a copy of the relevant identity card), and setting out the post address to where the email and password should be sent by the Company.

Votes cast by correspondence or by electronic means are deemed as negative votes as to any resolution proposals submitted after such votes were cast. The presence at a General Meeting of a shareholder who had exercised his voting rights by correspondence or by electronic means, or of his representative, determines the revocation of the vote so cast.

According to PHAROL's practice, the procedure for voting by correspondence shall be as follows:

- Shareholders entitled to vote may, according to article 22 of the Portuguese Securities Code, exercise such vote by correspondence, provided that, by the time and date scheduled on the notice, a communication addressed to the Chairman of the Board of the General Meeting is delivered to the latter, such communication to be with a legally acknowledged signature (or, for individuals, a simple signature together with a copy of the relevant identity card), and set out the address to where voting papers and other documentation should be sent. In reply, the voting papers and other relevant documentation will be sent to such shareholders, who shall send to the Chairman of the Board of the General Meeting, in such a way as to be received by the time and date scheduled on the notice for the General Meeting a closed envelope containing another closed envelope with the duly filled in voting papers;
- Notwithstanding the possibility of downloading the voting papers from the Internet according to the next paragraph, there are voting papers available to shareholders at the offices of the Company, and the same may also be provided by hand delivery, by post or by electronic mail;
- As an alternative, shareholders may also download the voting papers from the website www.pharol.pt, and send the same, addressed to the Chairman of the Board of the General Meeting, duly filled in and in a closed envelope, in such a way as to be received, together with an envelope containing a copy of the identity card (or, for corporations, a legally acknowledged signature), by the time and date scheduled on the notice for the General Meeting.

The period for receipt of declarations of vote by correspondence according to PHAROL practice is 3 business days prior to the date of the General Meeting.

PHAROL's Bylaws do not provide for any system of detachment of patrimonial rights pertaining to the shares.

Considering the above described mechanisms for the participation and vote at the General Meeting, PHAROL promotes shareholder participation through voting by correspondence, by electronic means and by duly appointed representative in accordance with the legal and bylaw rules above.

13. MAXIMUM PERCENTAGE OF VOTING RIGHTS THAT MAY BE EXERCISED BY A SINGLE SHAREHOLDER OR BY SHAREHOLDERS CONNECTED TO THE FORMER THROUGH ANY OF THE RELATIONSHIPS SET FORTH IN ARTICLE 20.1 OF THE PORTUGUESE SECURITIES CODE

Regarding this matter, please see item 12 of Part I above.

14. SHAREHOLDER RESOLUTIONS WHICH, ACCORDING TO THE BYLAWS, CAN ONLY BE ADOPTED WITH QUALIFIED MAJORITY, APART FROM THOSE LEGALLY PROVIDED FOR

Under article 14 of the Company's Bylaws, the General Meeting of shareholders resolves, on a first or subsequent call, by a majority of votes cast, without prejudice to any qualified majority as required in cases as provided for by law.

In this way, the constitutive and resolute quorum of the General Meeting of shareholders established under PHAROL's Bylaws is no different from that established under the Portuguese Companies Code.

II. MANAGEMENT AND SUPERVISION

COMPOSITION

15. IDENTIFICATION OF THE CORPORATE GOVERNANCE MODEL

PHAROL follows a governance model, which is based on the existence of a Board of Directors and a Statutory Auditor ("ROC") elected by the General Meeting of shareholders upon a proposal by the Fiscal Council. In 2017, the Board of Directors appointed a Managing Director with an operational role, and predicted the existence of a Monitoring Committee, which, however, was not fulfilled considering the small size of the company and the high frequency of meetings of the Board of Directors, which end up filling, in this way, that monitoring role.

In any case, a proposal to amend the bylaws is foreseen at the next Annual General Meeting, which, for the reasons mentioned, does not maintain the obligation to create that Monitoring Committee.

PHAROL's organisation structure further includes a Compensation Committee elected by the General Meeting of shareholders, which is responsible for determining the remunerations of the members of corporate bodies.

The members of the corporate bodies and of the Board of the General Meeting of Shareholders are elected for a three-year term of office, and they may be re-elected one or more times within the limits of the law.

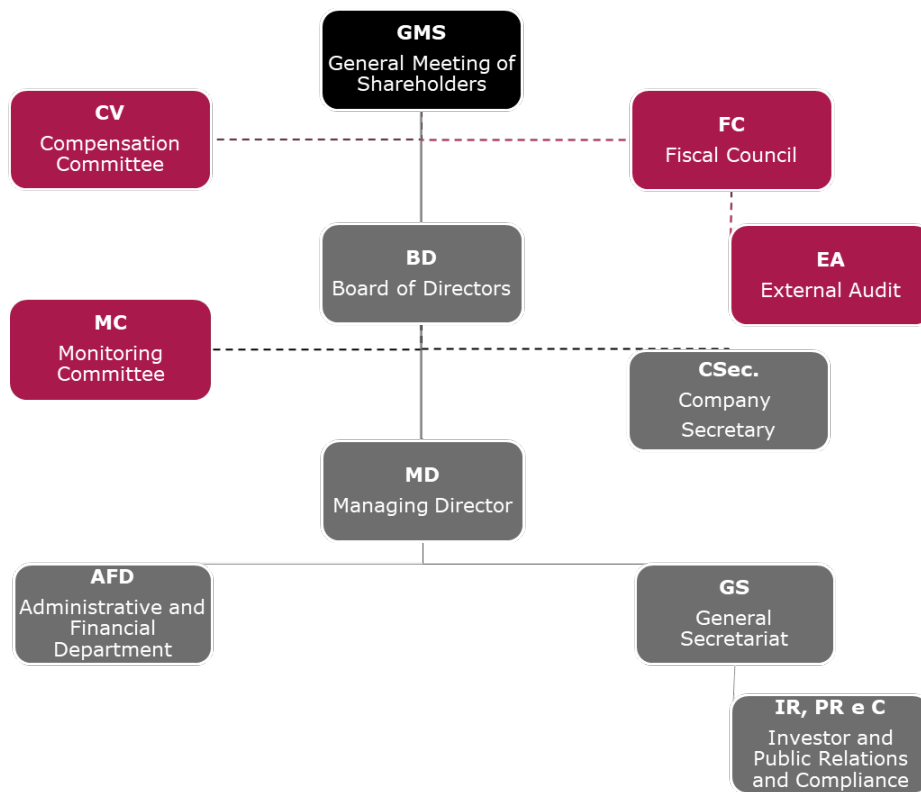
The Fiscal Council, together with the External Audit, performs the supervisory functions that derive from the applicable laws and regulations.

PHAROL currently has as its only fundamental objectives the management of two assets: the social participation in the Brazilian company Oi and the possible recovery of credit in the scope of the bankruptcy of Rio Forte.

To ensure its operational functioning, PHAROL has 8 permanent employees and the support of several external consultants and advisory services in the legal, financial and accounting areas.

In this context of such a reduced structure and dimension, the existence of 6 Directors, of which 4 are independent, from the Supervisory Board and the ROC, seem sufficient to efficiently guarantee the functions that are entrusted to the Company's management, including of risks.

On 31 December 2020, PHAROL's governance model could be schematised as follows:



16. BYLAW RULES ON THE PROCEDURAL AND MATERIAL REQUIREMENTS FOR THE APPOINTMENT AND REPLACEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS

The members of the Board of Directors are elected by the General Meeting of shareholders as described in item 17 of Part I below.

The Bylaws determine that the absence of any director from more than half the ordinary meetings of the Board of Directors during one financial year, in a consecutive way or not, without a justification acceptable to the Board of Directors, shall be deemed as a definitive absence of such director. Such definitive absence shall be declared by the Board of Directors, and the director in question shall be replaced as provided for by law and the Bylaws.

17. COMPOSITION OF THE BOARD OF DIRECTORS

On January 8, 2020, the amendment to the bylaws was decided at the General Meeting, and at present, the Board of Directors is composed of a minimum number of 3 and a maximum of 7 members.

The Company is also subject to the provisions of Law no. 62/2017, of August 1 (regime of balanced representation between women and men in the administrative and supervisory bodies of the entities of the public sector and companies listed). Under the terms of this law, the proportion of persons of each sex reassigned to each management and supervisory body of each company may not be less than 20% from the first elective general meeting after January 1, 2018.

Furthermore, on October 30, 2020, PHAROL approved its Plan for Gender Equality 2020-2021, a document that can be consulted on the Society's website at www.pharol.pt

The term of office of the directors is three years, and may be re-elected one or more times, within the limits established by law.

On December 31, 2020, the board of directors effectively in office was as follows:

Members (date of first appointment)	Board of Directors	Independence (1)	No. of shares
Luis Maria Viana Palha da Silva (2015)	President	No	200,000
Avelino Cândido Rodrigues (2019)	Member	Yes	
Jorge Telmo Maria Freire Cardoso (2014) (*)	Member	No	
Maria do Rosário Amado Pinto Correia (2015)	Member	Yes	40
Maria Leonor Martins Ribeiro Modesto (2018)	Member	Yes	
Pedro Zañartu Gubert Morais Leitão (2015)	Member	Yes	

(*) He submitted his resignation request on February 10, 2021.

The Board of Directors non-executive members are the majority of the directors in office.

The Managing-Director reported on all of the relevant matters to all other members of the Board of Directors.

18. EXECUTIVE AND NON-EXECUTIVE BOARD MEMBERS AND INDEPENDENCE CRITERIA

As referred to in item 17 above, as at 31 December 2020 the Company distinguishes executive and non-executive directors. In the same item, those directors that are considered independent are identified.

As at 31 December 2020, the Board of Directors of PHAROL has 4 independent directors, from among 6 members of the Board.

The number of non-executive and independent directors is adequate in relation to the provisions of Recommendations III.2 to III.4 of the IPCG Code, with a number of directors non-executives who meet the independence requirements of more than 1/3 and meeting the conditions for the effective performance of the Board of Directors in relation to the size of the Company. This ensures strategic decision-making regarding the company's risk profile, constructive supervision of the results achieved, as well as the ability to influence an efficient decision-making process and implement appropriate governance, sustainability and ethical conduct practices.

All directors deemed independent by PHAROL, as of 31 December 2020, as set out in item 17 above, meet the conditions required for the performance of their duties and compliance with their obligations to act diligently and in the interest of the Company in an independent manner. Thus, the Board of Directors considers that the Company's management body includes a number of independent members that is appropriate to its size and shareholder structure.

According to PHAROL's Internal Regulation no. 3/2017, the members of the Board of Directors of the Company, must send to the Chairman of the Board, within 10 business days as from their election or co-optation, and no later than 31 January of each year, declarations prepared in accordance with an Appendix to the said Internal Regulation.

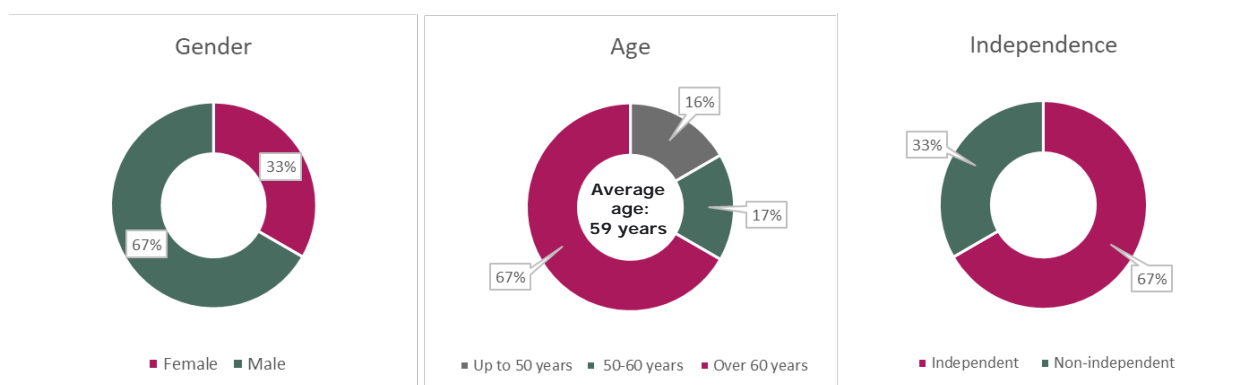
Where the independence situation of any member of the Board of Directors is subsequently changed, the director in question must send to the Chairman of the Board an updated declaration, in the 10 business days following such subsequent change.

The Board of Directors assesses the independence of its non-executive members, on the basis of such declarations, as well as of any other information of which the Board may be aware.

19. PROFESSIONAL QUALIFICATIONS AND OTHER RELEVANT CURRICULUM ELEMENTS OF THE MEMBERS OF THE BOARD OF DIRECTORS

The composition and qualifications of the members of the Board of Directors of PHAROL are defined in the internal regulations of this Board, referred in point 21 of this report.

PHAROL also complies with the provisions of Article 245-A of the CVM and with the balanced representation regime between women and men between the management and supervisory bodies of public sector entities and listed companies, law 62/2017.



In accordance with Recommendation I.2.1., the curricula of the members of this body follow in Annex I, describing the criteria and conditions related to the respective profile, including individual attributes and diversity requirements.

20. FAMILY, PROFESSIONAL OR COMMERCIAL RELATIONSHIPS, FREQUENT AND SIGNIFICANT, OF THE MEMBERS OF THE BOARD OF DIRECTORS WITH OWNERS OF QUALIFIED HOLDINGS ABOVE 2% OF THE VOTING RIGHTS

As at 31 December 2020, no member of the board of directors has no family, professional or commercial relationships, frequent and significant, with owners of qualified holdings above 2% of the voting rights, except:

- Jorge Telmo Maria Freire Cardoso: was is director of Novo Banco, S.A., an entity having a qualified holding more than 2%, until November 30,2020. On February 10, 2021, he resigned as a non-executive member of the Board of Directors of PHAROL, with effect, under the terms of the law, on March 31 of the same year.

21. DISTRIBUTION OF POWERS AMONG THE VARIOUS CORPORATE BODIES, COMMITTEES AND/OR DEPARTMENTS OF THE COMPANY

MANAGEMENT BODY

Board of Directors

Pursuant to the Bylaws, the Board of Directors is the corporate body responsible for managing the Company's businesses and practicing all acts regarding the corporate scope that are not within the powers of other corporate bodies. It establishes the strategic orientation of PHAROL and monitors the day-to-day management delegated to the Managing Director, designated in 2017 to ensure the existence of a structure more suited to the management needs of PHAROL.

On February 28, 2020, a new regulation of the Board of Directors was approved, governed by the following

guidelines:

The Board of Directors will perform its duties in accordance with the corporate interest and with the applicable legal and statutory provisions, taking into account the general objectives and fundamental principles of the Company, the long-term interests of its shareholders and other investors and the sustainable development of the activity corporate structure of the Company and its subsidiary company (ies). Corporate governance should promote and enhance the performance of companies and the capital markets and consolidate the confidence of investors, workers and the general public in the quality and transparency of management and supervision and in the sustained development of society.

The Company's Board of Directors is composed of the members elected in accordance with the applicable legal and statutory provisions framed in an open and transparent culture with respect for diversity.

The Directors, whose profiles will have to correspond to criteria and requirements of technical competence, independence, integrity, loyalty, availability, experience and gender diversity, will develop their respective qualifications, knowledge and experience with a view to the exercise of their duties and competences and the fulfilment respective duties and functions.

The duties and powers of the Board of Directors are as follows:

1. The Board of Directors is responsible for managing the Company's business dealings and activities and carrying out all actions regarding the corporate purpose that do not fall within the scope of other corporate bodies. It will also establish the strategy for the Company and its subsidiary(ies), engaging, to this purpose, in the necessary managerial and supervisory activities.
2. Regardless of any other powers provided for in the applicable laws and bylaws and of powers delegated to the Managing Director, the Board of Directors is responsible, in particular, for:
 - a) Establishing the general objectives and the fundamental principles of the policies applicable to Company and its subsidiary(ies). These are to be submitted to the General Meeting for approval;
 - b) Approving the general policies and the strategy for the Company and its subsidiary(ies), considering the objectives and principles approved by the General meeting;
 - c) Establishing and deciding on any amendments to the business structure of the Company or of its subsidiary(ies), whenever these do not constitute mere internal restructurings of the Company and/or its subsidiary(ies) that fall within the scope of the general objectives and fundamental principles approved by the General Meeting;
 - d) Deciding on important extensions or reductions in the Company's business activities or in those of its subsidiary(ies);
 - e) Adopting any other decisions deemed strategic for the Company and its subsidiary(ies), taking into account it's the amount, risk or special characteristics involved;
 - f) Evaluating the Company's corporate governance model on an annual basis and disclosing such evaluation in the Annual Governance Report, identifying any constraints on the operation of this model and proposing adequate measures to overcome such constraints;
 - g) Ensuring that the Company has efficient internal control, risk management and internal audit systems;
 - h) Replacing directors who are definitively absent, through co-optation;
 - i) Appoint and establish the day-to-day management skills in the Managing Director, delegating the skills whose inclusion is not prohibited by article 407 of the Commercial Companies Code;
 - j) Annually evaluate itself performance through a self-assessment model, as well as that of the Managing Director and, if applicable, the performance of its committees, taking into account the fulfilment of the Company's strategic plan and budget, the management of risks, its internal functioning and the contribution of each member to the effect, and the relationship between the Company's bodies and commissions;
 - k) Providing for the Company's statutes to limit the number of votes that can be held or exercised

by a single shareholder, individually or in consultation with other shareholders, the Board of Directors must promote that, at least every 5 years the amendment or maintenance of this statutory provision is subject to deliberation by the general meeting.

- l) Appointing and removing the General Secretary and the Company Secretary and their alternate(s).

Within the delegation of powers, the Board of Directors assigned the Managing Director all powers necessary for the day-to-day management of the Company, except for those matters that are not delegable pursuant to article 407 of the Portuguese Companies Code listed below:

- a) Selection of the Chair of the Board of Directors;
- b) Co-opting directors;
- c) Request to convene General Meetings;
- d) Annual report and accounts, to be submitted to the General Meeting for approval;
- e) Acquisition, sale and disposal of real estate and capital holdings;
- f) Provision of real or personal sureties or guarantees by the Company, where the competence for this lies with the Board of Directors, without prejudice to the stipulations of sub-paragraph h) of article 15 of the Company's Articles of Association;
- g) Change in the location of the Company's registered offices;
- h) Projects for the merger, demerger or transformation of the company, to be submitted to the General Meeting, or any corporate acquisitions, disposals, mergers, demergers, strategic partnership agreements or other forms of long-lasting cooperation that involve the Company and/or its subsidiary(ies), whenever such operations do not constitute mere internal restructurings of the Company and/or its subsidiary(ies) that fall within the scope of the general objectives and fundamental principles approved by the General Meeting;
- i) Projects for increases in capital, to be submitted to the General Meeting;
- j) Changes to the articles of association, to be submitted to the General Meeting;
- k) Important extensions or reductions in the Company's business activities or important changes to the Company's organizational structure;
- l) Annual business plans, budgets or investment plans;
- m) Setting of the amount to be proposed each year to the General Meeting for the issue of bonds or other securities.

No authority of the Board of Directors is delegated as regards: (i) the determination of the Company's general strategy and policies, and strategic decisions due to their amount, risk or special features, notably, regarding this latter, as a consequence of such matters being reserved to the powers of the Board of Directors pursuant to its Internal Regulation.

Regarding the Monitoring Committee, it is explained in item 15 the solution adopted.

Notwithstanding the Fiscal Council's powers, the Board of Directors is also responsible for ensuring the Company practice effective internal control and risk management procedures, in accordance with the rules of procedure. The application structures of these systems are described in C.III of Part I of this report.

Other than any matters excluded by law, the Board of Directors is forbidden from passing resolutions on matters assigned by the Bylaws to the General Meeting of shareholders. Shareholders, in their turn, may only resolve on management matters at the request of the management body.

All members of the Board of Directors take informed decisions on the matters submitted to them.

The Board of Directors during 2020 met with high frequency, having held 11 meetings, between ordinary and extraordinary meetings.

The Board discussed the main issues relevant to the Company, namely discussing its Strategic Plan and approving the Budget, as well as all other matters of importance to the Company's management. Budgetary

deviations and in-depth strategic options were regularly assessed for each of the assets included in PHAROL's portfolio.

The Board of Directors met with the Audit Board whenever necessary or imposed by the rules and regulations and received periodic information notes on the main issues and decisions made by the Chief Executive Officer.

The participation and contribution of all Directors for the evaluation and deliberation of all situations brought to the Board was a constant.

Due to the information received from the Managing Director and the regularity with which the Board met, the Board of Directors has maintained that it is not necessary for a Commission to follow up on it.

The Board of Directors maintained a Self-Assessment model, which was guaranteed to be anonymous and confidential, covering a wide range of 21 items.

In this questionnaire were evaluated the composition and decision-making process of the Board of Directors, covering various topics such as the respective size, diversity and independence, quality of the information that allows monitoring its strategic objectives and risk assessment, as well as the quality of the decisions taken and focus on the main issues, within the Council's competence.

In another context, matters relating to the responsibility of the Board of Directors, the role and leadership of the President and the performance of the Secretary Company in terms of supporting the President and the Board itself were evaluated.

Powers of the Chairman of the Board of Directors

Pursuant to the Bylaws and to the Board of Directors' internal operating rules, the Chairman of the Board of Directors is entrusted with the following duties:

- Call and direct the meetings of the Board of Directors;
- Coordinate the activity of the Board of Directors;
- Represent the Council in and out of court;
- Ensure the correct execution of the Board of Directors' resolutions;
- Represent the Board of Directors and promote communication between the Company and its shareholders.

Managing-Director

Since 2017, the Board of Directors delegated on a Managing-Director the daily management of the Company, according to the respective delegation of powers, retaining supervision and control functions.

On February 28, 2020, a new regulation of the Managing-Director was approved, which has a description of his powers and delegation of powers.

Within the scope of these Regulations, it is incumbent upon the Managing-Director to decide the instructions or guidelines to be given by the Company to the directors of its subsidiary companies, regarding the matters referred to in its delegation of powers, under the terms and in compliance with the provisions of the applicable law.

Powers of the Managing Director

1. The Managing Director is responsible for the management of the daily management of the Company, in accordance with the terms of the Portuguese Companies Code and the Bylaws.

2. Within the quantitative limits established by the Board of Directors, it is the responsibility of the Chief Executive Officer, namely:

- a) propose to the Board of Directors the goals and management policies of the Company;
- b) prepare annual activity and financial plans;
- c) manage the social affairs and practice all acts and operations related to the corporate purpose that do not fit in the competence attributed to other Bodies of the Company;
- d) represent the Company in and out of court, actively and passively, being able to withdraw, compromise and confess in any lawsuits, as well as to conclude arbitration agreements;
- e) to resolve on the issue of bonds and other securities in accordance with the Bylaws;
- f) establish the technical and administrative organization of the Company and the internal rules, namely on personnel and their remuneration;
- g) to establish representatives with the powers they deem appropriate, including those to be replaced;
- h) exercise the other powers attributed to it by law or by the General Meeting.

SUPERVISORY BODIES

Fiscal Council

As a supervisory body, the Fiscal Council has, in addition to all other powers established in the law or the Bylaws, the following specific rules:

1. The Fiscal Council shall:

- a) supervise the administration of the Company and, in particular, annually assess the fulfilment of the strategic plan and budget of the Company, the risk management, the internal functioning of the Board of Directors and its committees, as well as the relationship between the Company's bodies and committees, if any;
- b) accompany, assess and give its opinions on the strategic lines and the risk policy defined by the Board of Directors;
- c) monitor compliance with the law and the Company's Articles of Association;
- d) confirm that the books, accounting records and their support documents are in due order;
- e) when it deems convenient and through the means it finds adequate, confirm available cash and the existence of any type of goods or values belonging to the Company or received by it as a guarantee, deposit or other purpose;
- f) confirm the accuracy of the accounting statements and, generally, supervise the quality and integrity of the financial information specified in the Company's accounting statements;
- g) check whether the accounting policies and the valuation criteria applied by the Company result in a correct evaluation of its assets and results;
- h) prepare an annual report on its supervisory activities and issue an opinion on the report, accounts and proposals presented by the board, in which it expresses its agreement or not with the annual management report, with the fiscal year accounts, and with the audit

clearance or a declaration of impossibility of issuing such clearance, besides including a statement signed by each of its members, as provided for in Art. 245(1)(c) of the Portuguese Securities Market Code;

- i) convene the General Meeting, when the Chairman of the Bureau should, but does not do so;
 - j) supervise the process for the preparation and disclosure of financial information, including the suitability of the accounting policies, estimates, judgements, relevant disclosures and their consistent application between fiscal years, in a duly documented and communicated manner;
 - k) accompany the legal review of the individual and consolidated accounts, as well as supervise and assess the internal procedures regarding accounting and auditing matters;
 - l) supervise the quality, integrity and effectiveness of the risk management system, internal control system and internal audit system, if any, including the annual review of its adequacy and effectiveness, proposing any changes that are deemed necessary;
 - m) to be the recipient, on a quarterly basis, of the management report and monitoring of the respective risk reports, in order to ensure that the risks effectively incurred by the Company are consistent with the objectives established by the board;
 - n) receive notifications of deficiencies, claims and/or complaints (“whistleblowing”) submitted by shareholders, Company employees or others, and implement procedures to receive, record and process those notifications when related to aspects of accounting, auditing and internal control procedures in these matters;
 - o) contract services provided by experts to assist the Fiscal Council members in carrying out their duties, such as contracting and remuneration of said experts to take into account the importance of the issues for which they are responsible and the Company’s economic situation;
 - p) verify that the disclosed report on the corporate governance structure and practices includes the information specified in Art. 245 – A of the Securities Market Code;
 - q) propose to the General Meeting the appointment of the statutory auditor or a firm of statutory auditors, using a selection process based on the commercial evaluation (overall amount of the proposals) and on a technical assessment using the following criteria: experience as an auditor/statutory auditor, methodology of the account auditing procedure, planning of the works and the allocation of human resources, and the Curricula Vitae of the people in charge and of the members of the audit team directly assigned to the work;
 - r) supervise the independence of the statutory auditor, including obtaining the formal written confirmations provided for in Arts. 63 and 78 of the Statutes of the Association of Statutory Auditors and, in particular, verifying the suitability and approving the provision of other services beyond those of auditing, pursuant to the terms of Art. 77(10) and (11) of the Statutes of the Association of Statutory Auditors;
 - s) be the main interlocutor for the independent auditor and the statutory auditor or the firm of statutory auditors and the first recipient of the corresponding reports, having the responsibility, specifically, of proposing the corresponding remuneration and diligently ensuring there are suitable conditions in the Company for the provision of their services;
 - t) annually evaluate the work carried out by the independent auditor and the statutory auditor or the firm of statutory auditors, their independence and suitability for exercising their duties, and propose to the competent corporate body their dismissal or the resolution of the contract for the provision of their services whenever there is just cause for such.
- s) annually evaluate the work carried out by the independent auditor and the statutory auditor or the firm of statutory auditors, their independence and suitability for exercising their duties, and propose to the competent corporate body their dismissal or the resolution of the contract for the provision of their services whenever there is just cause for such.

The Fiscal Council also has the following duties:

- a) Analyse and issue its opinion on relevant issues related to accounting and auditing aspects and the impact on the financial statements caused by alterations to account standards applicable to the Company and to its accounting policies;

- b) Settle any disputes between the Company's Board and the independent auditors indicated in the previous subparagraph, in regard to the financial information to be included in the accounting statements to be reported to the competent entities and in regard to the process of preparing the audit reports to be issued by the said independent auditors;
- c) It will issue a statement and a prior opinion within the scope of its legal and statutory competences, and whenever it deems such necessary or convenient, on any reports, documentation or information to be disclosed or submitted by the Company to the competent authorities;
- d) Issue a prior opinion on transactions with related parties, under the terms defined by the Company's regulations;
- e) Issue a statement on work plans and the resources allocated to the internal control services, including monitoring compliance with the norms applicable to the Company (compliance services) and internal auditing, if any;
- f) Receive the reports made by the internal control services, at least when dealing with matters related to the presentation of accounts, or the identification or resolution of conflicts of interest and the detection of potential irregularities.

Statutory Auditor

Under articles 420,1(c), (d), (e) & (f) and 446,3 of the Portuguese Companies Code, it is the duty of the Statutory Auditor to control the regularity of the books, accounting records and documents supporting the same, as the Statutory Auditor deems fit and appropriate, the extension of cash and inventory of any kind of assets or values owned or received as collateral, deposit or otherwise by the Company, and furthermore the accuracy of individual and consolidated financial statements, as well as that the accounting policies and criteria adopted by the Company lead to a correct assessment of its assets and results.

Following entry into force of Decree-Law no. 185/2009 of 12 August 2009, similarly to the Statutory Auditor, it also became the duty of the Statutory Auditor to verify whether the Company's governance report disclosed each year includes all legally required data as regards, inter alia, qualified shareholdings in the Company capital, identification of shareholders of special rights and description of such rights, any restrictions in respect of voting rights, rules applicable to appointment and replacement of directors, Bylaw amendment and powers and resolutions of the management body, and the main constituents of the internal control and risk management systems implemented in the Company in connection with the financial information disclosure procedure.

COMMITTEES AND SUPPORTING STRUCTURES

FUNCTION

22. OPERATING RULES OF THE BOARD OF DIRECTORS

The full text of the Board of Directors regulation may be consulted on the Company's website, link:

https://conteudos.pharol.pt/Documents/EN/Regulation/2020/Regulamento%20CA_28.02.2020_en.pdf

Under the terms of article 24 of the Bylaws and the Board's Internal Regulation, the Board of Directors shall meet, at least, every three months of each year, and shall meet in extraordinarily sessions whenever convened by its Chairman, by two Directors or by the Fiscal Council. Detailed minutes are drawn up from these meetings.

The Board of Directors may not work without the presence of the majority of its members in office. The Chairman of the Board of Directors may, when clearly urgent, waive the presence of such majority if the same is ensured through voting by correspondence or through a power of attorney, although a director may not represent more than one other director.

The resolutions of the Board of Directors are passed by a majority of votes cast, and the Chairman has a

casting vote.

23. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS AND DEGREE OF ATTENDANCE OF EACH MEMBER

During the 2020 financial year, 11 meetings of the Board of Directors took place. The degree of attendance of directors at these meetings of the Board of Directors of PHAROL was 100%

24. INDICATION OF THE CORPORATE BODIES EMPOWERED TO CARRY OUT THE PERFORMANCE EVALUATION OF EXECUTIVE DIRECTORS

The Compensation Committee determines the remunerations of the members with executive functions based on objective criteria as approved by such Committee.

Furthermore, pursuant to the law, the General Meeting of shareholders makes an annual general appraisal of the management (and supervision) of the Company.

25. PRE-DETERMINED CRITERIA FOR THE PERFORMANCE EVALUATION OF EXECUTIVE DIRECTORS

On March 27, 2020, the General Meeting of Shareholders adopted the Declaration of the Compensation Committee on the Remuneration Policy for the members of the management and supervisory bodies, included on Appendix II.

26. AVAILABILITY OF EACH MEMBER OF THE BOARD OF DIRECTORS AND INDICATION OF FUNCTIONS EXERCISED SIMULTANEOUSLY IN OTHER COMPANIES, INSIDE AND OUTSIDE THE GROUP, AND OTHER RELEVANT ACTIVITIES EXERCISED BY THE MEMBERS OF THE BOARD OF DIRECTORS

The functions exercised by the Company' directors in other companies as well as their other relevant activities are shown in Appendix I, there being highlighted the duties performed and the attendance and active participation of the directors in the meetings of the Board of Directors (in respect of all its members) – see item 23 of Part I above – evidence the availability of each member of the Board of Directors to perform duties as director of the Company.

COMMITTEES WITHIN THE MANAGEMENT OR SUPERVISION BODIES AND DELEGATED DIRECTORS

27. COMMITTEE CREATED WITHIN THE BOARD OF DIRECTORS AND LOCAL FOR THE CONSULTATION OF ITS OPERATING RULE

The Regulation for the Monitoring Committee may be consulted on the Company's website, link:

http://conteudos.pharol.pt/Documents/EN/Regulation/2015/06_June/RegulamentoComissaoAcompanhamento_en.pdf

28. COMPOSITION OF THE EXECUTIVE COMMITTEE AND/OR IDENTIFICATION OF MANAGING DIRECTORS

According to the Bylaws, the Board of Directors appoints the Managing Director.

As of December 31, 2020, the Managing Director was the Chairman of the Board of Directors, Luís Maria

29. DUTIES OF EACH COMMITTEE CREATED WITHIN THE BOARD OF DIRECTORS AND SUMMARY OF THE ACTIVITIES DEVELOPED IN THE EXERCISE OF SUCH DUTIES

Regarding this matter, please see items 21 and 27 of Part I above.

III. SUPERVISION

COMPOSITION

30. IDENTIFICATION OF THE SUPERVISORY BODY

The supervisory body is the Fiscal Council.

31. COMPOSITION OF THE FISCAL COUNCIL

Pursuant the Company Bylaws, the Fiscal Council is composed of three effective members and one alternate member, appointed by the General Meeting of shareholders.

On December 31, 2020, the Fiscal Council was composed as follows:

José Maria Rego Ribeiro da Cunha	Chairman
Isabel Maria Beja Gonçalves Novo	Member
João Manuel Pisco de Castro	Member
Paulo Ribeiro da Silva	Alternate member

32. IDENTIFICATION OF THE MEMBERS OF THE FISCAL COUNCIL COMMITTEE CONSIDERED INDEPENDENT UNDER ARTICLE 414,5 OF THE PORTUGUESE COMPANIES CODE

The Fiscal Council members meet the requirements on incompatibilities, independence and specialization arising from legal and regulatory requirements to Corporate issuers of securities admitted to trading on a regulated market.

33. PROFESSIONAL QUALIFICATIONS AND OTHER RELEVANT CURRICULUM ELEMENTS OF THE MEMBERS OF THE FISCAL COUNCIL

The *curricula* of the members of PHAROL's Fiscal Council are shown in Appendix I.

34. OPERATING RULES OF THE FISCAL COUNCIL

All powers of the Fiscal Council are described in the Company's Bylaws, in addition to the Fiscal Council having adopted an internal regulation of operation, approved unanimously by all members of the Fiscal Council on October 29, 2015 and reviewed on November 9, 2020, which may be consulted at the following link:

<https://pharol.pt/en-us/governo-sociedade/Pages/Conselho-Fiscal.aspx>

According to such Regulation, the Fiscal Council meets at least once every three months, on the day and at the place established by its Chairman, although extraordinary meetings may be called upon by its Chairman or at the request of a majority of its members.

The Fiscal Council shall not function without the presence of the majority of its members in office. Its Chairman may, when clearly urgent or there is a justified impossibility, waive the presence of that majority if the same is ensured through voting by correspondence or by power of attorney.

The Fiscal Council's resolutions are approved by a majority of the votes cast, and its Chairman has a casting vote.

35. NUMBER OF MEETINGS OF THE FISCAL COUNCIL AND DEGREE OF ATTENDANCE OF EACH MEMBER

During the 2020 financial year, 11 meetings of the Fiscal Council took place. The degree of attendance of each member to these meetings was 100%.

36. AVAILABILITY OF EACH MEMBER OF THE FISCAL COUNCIL AND INDICATION OF FUNCTIONS EXERCISED SIMULTANEOUSLY IN OTHER COMPANIES, INSIDE AND OUTSIDE THE GROUP, AND OTHER RELEVANT ACTIVITIES EXERCISED BY THE MEMBERS OF THE FISCAL COUNCIL

The functions exercised by the members of PHAROL's Fiscal Council in other companies as well as their other relevant activities are shown in Appendix I.

COMPETENCES AND DUTIES

37. PROCEDURES AND CRITERIA APPLICABLE TO THE INTERVENTION OF THE SUPERVISORY BODY WHEN HIRING ADDITIONAL SERVICES FROM THE EXTERNAL AUDITOR

In the year 2020, PHAROL did not contract to the external auditor or any entity with a group relationship or that incorporate the same network, for any other services than audit services.

38. OTHER DUTIES OF THE SUPERVISORY BODIES

Regarding this matter, please see item 21 of Part I above.

IV. STATUTORY AUDITOR (REVISOR OFICIAL DE CONTAS / ROC)

39. IDENTIFICATION OF THE STATUTORY AUDITOR AND OF ITS REPRESENTING PARTNER

The Statutory Auditor effective for the period from 2018-2020 is BDO & Associados, SROC, Lda., registered in the Statutory Auditor's Professional Association ("OROC") under no. 29 and at CMVM under no. 20161384, represented by its partner and manager Rui Carlos Lourenço Helena, registered at OROC as Statutory Auditor, under no. 923.

40. NUMBER OF YEARS DURING WHICH THE STATUTORY AUDITOR PERFORMS DUTIES CONSECUTIVELY IN THE COMPANY AND/OR GROUP

The firm BDO & Associados, SROC. Lda., performs duties as Statutory Auditor in the Company since 29 May 2015. Pursuant to its duties, PHAROL's Fiscal Council confirmed the independence of the Statutory Auditor and appraised its work during the 2020 financial year.

41. OTHER SERVICES RENDERED TO THE COMPANY BY THE STATUTORY AUDITOR

In 2020, the Statutory Auditor also rendered the external audit service to PHAROL and there are no other services rendered.

V. EXTERNAL AUDITOR

42. IDENTIFICATION OF THE EXTERNAL AUDITOR AND OF ITS REPRESENTING PARTNER, AS WELL AS THEIR RESPECTIVE REGISTRY NUMBER BEFORE THE CMVM

PHAROL's current External Auditor, appointed in 2015 for the purposes of article 8 of the Portuguese Securities Code, is BDO & Associados – SROC, Lda., registered at OROC under no. 29 and at CMVM under no. 20161384, and it is represented by its partner and director Rui Carlos Lourenço Helena, registered at OROC as Statutory Auditor under no. 923.

43. NUMBER OF YEARS DURING WHICH THE EXTERNAL AUDITOR AND ITS REPRESENTING PARTNER PERFORM DUTIES CONSECUTIVELY IN THE COMPANY AND/OR GROUP

PHAROL's current External Auditor is BDO & Associados – SROC, Lda., registered at OROC under no. 29 and at CMVM under no. 20161384, began its functions in March 2015.

44. POLICY AND PERIOD FOR THE ROTATION OF THE EXTERNAL AUDITOR AND OF ITS REPRESENTING PARTNER

There is no internal policy for the External Auditor's mandatory rotation, apart from the one legally applicable to public interest entities. The mandatory rotation period applicable to the Statutory Auditor that represents the External Auditor in the performance of its duties results from article 54,2 of the OROC Statutes (7 years).

45. CORPORATE BODY RESPONSIBLE FOR THE EVALUATION OF THE EXTERNAL AUDITOR AND FREQUENCY FOR SUCH EVALUATION

The Fiscal Council annually evaluates the External Auditor's performance and independence, as described in the annual Report of the Fiscal Council's activities.

Pursuant to its duties, the Company's Fiscal Council assessed and confirmed the independence of BDO & Associados, SROC, Lda., and appraised its work relating to the 2020 financial audit of the Company.

46. SERVICES, OTHER THAN AUDITING SERVICES, PROVIDED BY THE EXTERNAL AUDITOR TO THE COMPANY AND/OR ENTITIES IN A CONTROL RELATIONSHIP, AS WELL AS INDICATION OF INTERNAL PROCEDURES FOR THE PURPOSES OF APPROVING THE HIRING OF THOSE SERVICES AND REASONS FOR SUCH HIRING

There were no services other than auditing services provided to the Company or to the companies in a control relationship with PHAROL by the External Auditor beyond the role of the Statutory Auditor.

47. INDICATION OF THE AMOUNT OF ANNUAL REMUNERATION PAID TO THE AUDITOR AND OTHER INDIVIDUALS OR CORPORATIONS IN THE SAME NETWORK SUPPORTED BY THE COMPANY AND OR BY CORPORATIONS IN A CONTROL OR GROUP RELATIONSHIP, AS WELL AS SPECIFICATION OF THE PERCENTAGE OF EACH TYPE OF SERVICE

BDO & Associados, SROC, Lda. for the external audit and Statutory Auditor simultaneously will represent a total cost of 42,000 euros to which VAT is added at the legal rate, referring to 2020.

C. INTERNAL ORGANIZATION

I. BYLAWS

48. RULES APPLICABLE TO AMENDMENT TO THE BYLAWS OF THE COMPANY

Constitutive quorum for the General Meeting of Shareholders

The PHAROL's Bylaws do not establish a constitutive quorum higher than that established by law.

Where an amendment to the Bylaws is at issue, the General Meeting of shareholders may only resolve on a first call, if shareholders owning shares corresponding to at least one-third of the share capital are present or represented. On a second call, no such requirement exists, and the General Meeting may resolve on any matter whatever the number of shareholders present.

Resolution quorum for the General Meeting of Shareholders

The PHAROL's Bylaws do not establish a resolution quorum higher than that established by law.

Decisions regarding the amendment of the Bylaws must be approved by a minimum of two thirds of the votes cast, whether the General Meeting meets first or second call, unless, in the latter case, shareholders holding at least half of the share capital, and such resolutions may then be taken by a majority of the votes cast (paragraphs 3 and 4 of article 386 of the Portuguese Companies Code).

The Board of Directors may move the Company's headquarters within the national territory and decide to increase the share capital, provided, in this case, previously authorized by the General Meeting and with the favourable opinion of the Fiscal Council, which will determine changes to the bylaws of the Company.

II. WHISTLEBLOWING

49. WHISTLEBLOWING

In December 2016, PHAROL revised a set of procedures called regarding to the rules and the procedure to adopt in the System for Disclosure of Unethical Practices or Whistleblowing.

Within Whistleblowing, “Unethical Practices e/or irregularities” mean all acts or omissions, wilful or negligent, performed within the activities of the companies pertaining to PHAROL, that may have an impact on the financial statements or information sent to the Portuguese regulatory authority, CMVM, or those that cause damage to PHAROL’s assets and reputation.

Suitable safety measures were implemented for the protection of information and data contained in communications. In particular, restricted access will be guaranteed, from a physical and logical perspective to the System servers, and the means for gathering and filing information must be exclusive to the System.

Both confidentiality of the communication and anonymity of the person reporting will be ensured at all times, unless the person concerned unequivocally intends and declares otherwise.

In no case is any kind of retaliation against those that make the said communications tolerated.

Disclosure of Unethical Practices (Whistleblowing).is available on the Company’s website

<http://pharol.pt/en-us/governo-sociedade/participacao-praticas-indevidas/pages/enquadramento.aspx>

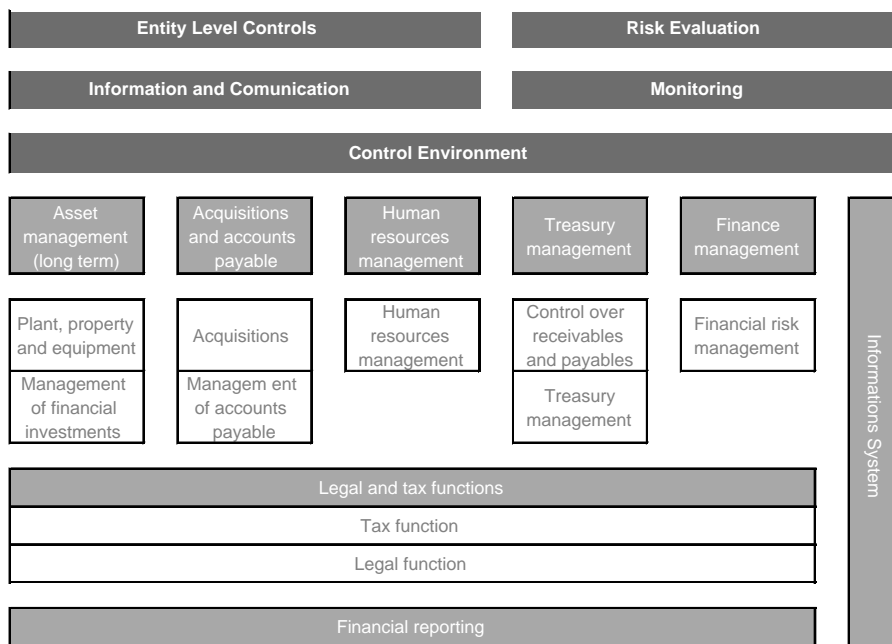
III. INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control System

The Internal Control System implemented at PHAROL was based on an internationally acknowledged model – COSO (Committee of Sponsoring Organisations of the Treadway Commission) – making use of the layers established according to such model, notably: (i) Entity Level Controls; (ii) IT Level Controls; and (iii) Process Level Controls.

PHAROL designed a manual and implemented controls for the most representative business cycles within the Company. As to lesser business cycles, and within the framework of improvement of internal control and risk management environment, PHAROL defined a set of minimum internal control requirements.

PHAROL’s internal control manual and most relevant business cycles may be summarised in the table below:



The identification and design of the controls that are relevant to financial reporting, whether preventive, detective or corrective, are documented in the proper manual according to the layers established by COSO. The manual is revised where changes in the processes occur or periodically, in order to attest their adhesion to the reality of PHAROL's operations.

Currently, PHAROL has already identified around 62 controls, of which 39 are considered as key controls.

The internal control system is checked by the External Auditors and the External Auditors also verify the implementation of remuneration policies and systems in force in the Company.

50. PERSONS, BODIES OR COMMITTEES RESPONSIBLE FOR INTERNAL AUDITING AND/OR IMPLEMENTATION OF INTERNAL CONTROL SYSTEMS

The Fiscal Council monitors PHAROL permanently as follows:

- a) evaluate internal procedures for accounting and auditing matters;
- b) assess the effectiveness of the Risk Management System regarding tax, legal, economic and financial aspects;
- c) evaluate the effectiveness of the internal control system;
- d) review the External Audit function.

The internal control system is monitored by the Board of Directors, which identifies the risks of the company, the results of the risk management process, the materiality level of financial reporting and proposes the implementation of measures.

Given the size of the company, is not implemented an internal audit system and these activities are ensured when necessary by the External Auditor.

51. HIERARCHICAL AND/OR FUNCTIONAL DEPENDENCE RELATIONS VIS-À-VIS OTHER CORPORATE BODIES OR COMMITTEES

The annual plan in respect of the External Audit and Risk Management function, in which the audits to be carried out and their scope are defined, is annually approved by the Managing Director and informed to the Fiscal Council of PHAROL. The objective of these audit procedures is to ensure that internal control mechanisms are in place to ensure the reliability and integrity of financial and operational reports, operational efficiency and compliance with applicable laws and regulations.

The progress of the execution of the annual audit plan as defined, as well as the aggregate results of audits carried out, are reported to the Fiscal Council and to Managing Director for the follow-up of the progress of the internal control and risk management system and definition of action plans for mitigation and resolution of risks detected.

52. OTHER FUNCTIONAL AREAS HAVING RISK CONTROL POWERS ROLE

Risk Management is promoted by the Board of Directors and the Managing Director in such a way as to identify, assess and manage uncertainties, threats and opportunities that might affect the pursuance of the plan and strategic goals, to decide on the level of exposure and overall risk limits to be undertaken by PHAROL in its different activities and to ensure that management risk policies and procedures are followed.

PHAROL risk level results from the degree of the Board's acceptance for risk, which is kept within limits according to criteria as agreed between the Board of Directors, the Managing Director and the Fiscal Council, this latter under legal terms, responsible for evaluating the effectiveness of the Risk Management System under the fiscal, legal, economic and financial viewpoint.

Risk Management is entrusted to the Board of Directors, performed by the Managing Director, although it depends on the supervision of the Fiscal Council.

53. MAIN ECONOMIC, FINANCIAL AND LEGAL RISKS TO WHICH THE COMPANY IS EXPOSED IN THE CONDUCT OF ITS BUSINESS

Among the various risks that may adversely affect the business of PHAROL, the following should be highlighted:

Macro Risk	Sub-Risk	Risk Factors	Mitigation Measures
Economic Risks	Oi's Performance	Now with Oi in day-to-day management (although still formally in Judicial Reorganization) and in the implementation of its Strategic Plan, the main risk that PHAROL is subject to through Oi is Oi's financial and operational performance, namely from its ability to execution of the asset sale plan and to generate results and cash flow and to pay dividends. Consequently, PHAROL's performance through Oi is also subject to and dependent on the performance of the Brazilian economy.	PHAROL continues to monitor the Judicial Recovery process and, whenever necessary, intervene through legal means to guarantee its rights as a shareholder. PHAROL also evaluates and analyzes Oi's investment every six months.
	COVID-19	PHAROL is subject to the potential economic shocks that a pandemic can cause in the economies in which society operates and may have a direct effect on the market value of the assets in which PHAROL has a stake.	PHAROL monitors the evolution of the pandemic crisis on a daily basis.
	Information Security	PHAROL is exposed on a daily basis to security risks, including the availability, integrity and confidentiality of the information.	PHAROL has implemented backup, firewall and antivirus procedures in its systems, as well as building security, in order to mitigate risks related to information security.
Financial Risks	Exchange Rates	Foreign currency exchange rate risks relate mainly to PHAROL's investment in Oi (Brazil). Any exchange rate fluctuations of the Real against the Euro affect the valorization of Oi shares held by PHAROL, and therefore impact PHAROL's results and financial position. The society does not have a policy to cover the value of the financial investment.	The Company, in order to reduce exchange rate risk, can hedge its position using derivatives for which there is a market, however, it currently does not have a policy to cover the value of the financial investment.
	Interest Rate	Interest rate risks basically relate to financial expenses and the floating interest rate debt and cash applications. PHAROL is indirectly exposed to this risk specially in Brazil. It should be noted that PHAROL has no bank debt as of December 31, 2020. Market interest	On December 31, 2020 PHAROL has no debt.

Legal Risks		rates also affect the discount rates used for impairment testing to the various assets of the company.	
	Treasury Applications	PHAROL is mainly subject to credit risks in its treasury applications.	In order to dilute these risks, in July 2014 the Board of Directors defined a policy for treasury applications and this policy has reviewed in 2019.
	Default by Rio Forte as to the reimbursement of the instruments that PHAROL holds following the execution of the Exchange	The Rio Forte Instruments currently held by PHAROL, are not guaranteed by assets. Therefore, even though there may exist amounts available for reimbursement to Rio Forte's creditors the right to reimbursement of PHAROL will be shared pro rata with the other unsecured creditors of Rio Forte and only after the repayment of all debts to any secured creditors, and after confirmation of the validity of the credits.	PHAROL evaluates this instrument every year, with the supervision of the Fiscal Council and External Audit and closely monitors Rio Forte's insolvency process taking place in Luxembourg.
	Court proceedings	PHAROL may incur in liabilities in connection with litigation or other future proceedings and incur in defense costs in such litigation or other proceedings. Any liability incurred could adversely affect PHAROL's financial situation.	The Board of Directors subcontracts the risk analysis as to court proceedings to external lawyers and consultants, to know, for each claim, their assessment as to PHAROL's liability (probable, possible and remote occurrence), the status of the proceedings, the amounts involved, provisioned and paid, and what steps should be taken to defend PHAROL's interests.
	Disputes or investigations triggered under the Rio Forte Instruments or the Business Combination	The Rio Forte Instruments and the Business Combination carried specific risks due to the complexity of Rio Forte's insolvency process and the Business Combination with Oi.	PHAROL has hired a team of Luxembourg lawyers specialized in insolvency proceedings to ensure the closest possible monitoring of the Rio Forte Instruments. It also has other legal advisors in Portugal who follow the Business Combination with Oi from the beginning and, whenever necessary, request legal advice from specialists in Brazilian law.
	Tax contingencies	In accordance with the agreements with Oi, Oi is responsible for the payment of all contingencies until May 5, 2014 and PHAROL remains and severally liable for these contingencies.	Oi has deposited in escrow Eur.34,340,803.32 as a guarantee to PHAROL in the event of tax contingencies that shall be incurred by Oi.

54. RISK IDENTIFICATION, ASSESSMENT, MONITORING, CONTROL AND MANAGEMENT PROCEDURE

Risk Management Procedure

The Risk Management procedure implemented in PHAROL is based on an internationally acknowledged methodology – COSO II, developed by the Committee of Sponsorship Organisations of the Treadway Commission. This approach is based on the identification and analysis of key value drivers and uncertainty factors that might affect value generation and compliance with the plan and strategic goals.

PHAROL's priority commitment consists in the implementation of mechanisms for assessment and management of risks that might affect its operations. Such mechanisms are based on an integrated transversal risk management model, which seeks to ensure, implementation of good corporate governance practices and transparency in communication to the market and shareholders.

The whole process is monitored and supervised by the Fiscal Council. Within the functions of this body regarding the supervision of the efficiency of the risk management system, we point out the analysis of the quality, integrity and effectiveness of the risk management system and internal control system, including the annual review of its adequacy and effectiveness, and generally monitoring the execution of the functions performed by the Managing Director.

Risk Management Methodology

Considering PHAROL's need for clear assessment and management mechanisms for the risks affecting its businesses, the following components were defined in the implementation of the risk assessment and management procedure:

- **Risk Typology**, which defines the risk factors that might generally affect PHAROL.
- **Economic Risks:** reflect the risks from the macroeconomic environment as well as the impact of entities and assets not controlled by PHAROL;
- **Financial Risks:** associated to the PT SGPS' financial performance and to the transparency in its communication to the market;
- **Legal Risks:** result of past situations, current and future associated with hiring, assumption of rights and responsibilities and relationships with regulators and authorities.
- **Risk Management**, which formalizes the analysis of processes and procedures, the mitigation and reporting of relevant risks.

Identified risks

The table below shows the risks currently identified at the level of the Risk Management Model of PHAROL on which all risk management procedures are developed.

Economic Risks	Oi's Performance
	COVID-19
	Information Security
Financial Risks	Exchange rates
	Interest rates
	Credit
	Liquidity
	Default by Rio Forte as to the reimbursement of the instruments that PHAROL holds following the execution of the Exchange

Legal Risks	Agreements with Oi / Business Combination Court proceedings Disputes or investigations triggered under the Rio Forte Instruments or the Business Combination
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Risk assessment

In its risk assessment, the Board of Directors and Managing Director considers the existence of predictable and unpredictable events. While most events are recurrent and have already been dealt with in already prepared management programs and budgets, there are events that are often unpredictable. The Board of Directors and Managing Director assesses the risks that may cause a significant impact on the Company, taking into account both the inherent risk of materialization of the risk and the residual risk (the risk that still exists after measures have been taken by the Board of Directors and the Managing Director).

Risk monitoring, control and management

The Board of Directors allocates responsibilities to the Managing Director in order to formalise procedures that are aligned with the strategy and exposure level/risk tolerance determined for PHAROL, in such a way as to identify:

- Monitoring procedures to mitigate for each risk, according to the risk management strategy adopted by the Board of Directors and supervised by the Fiscal Council;
- Disclosure and reporting procedures for information issued regarding the risk management procedure.

Operational implementation of the risk management methodology is an interactive cyclical process that may be summarised in the following table:

Risk Management Methodology	
Board of Directors	Identifies main risks affecting PHAROL; Decides on action and prioritisation of mitigating actions.
Managing Director	Implement policies and controls in accordance with the strategy set by the Board of Directors. Monitors the implementation of controls.
Fiscal Council	Supervises and evaluates risk management model; Proposes improvements & changes to model; Reviews the main risks.

55. MAIN ELEMENTS OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IMPLEMENTED IN THE COMPANY IN CONNECTION WITH THE FINANCIAL INFORMATION DISCLOSURE PROCEDURE

The wider scope of the internal control system implemented by PHAROL includes existing controls both as to the accuracy and completeness of disclosures and as to compliance thereof with the Company's financial information. At the beginning of the process, the Managing Director, together with the Company services, the External Auditor and the Statutory Auditor, establish a timeline for the process and identify the participants/responsibility aimed at the preparation/disclosure of the financial information.

Before approval by the Board of Directors and by the Managing Director, financial information disclosures are submitted to the Fiscal Council within the context of the Company's governance model. Both the Board's approval and the Fiscal Council's opinion are preceded by a set of validation and accuracy procedures

carried out by the Company services.

IV. INVESTOR SUPPORT

56. INVESTOR SUPPORT OFFICE, COMPOSITION, DUTIES, INFORMATION PROVIDED BY THE SAME AND CONTACT DETAILS

It is PHAROL's policy to supply clear and transparent information, on a regular basis, to its shareholders and other members of the financial community.

The purpose of the Investor Relations Office consists in ensuring adequate relations with shareholders, investors, analysts and financial markets in general, in particular with the Markets and Stock Exchanges where PHAROL is listed and the respective regulatory entity: CMVM.

PHAROL regularly prepares communications and press releases on interim and annual results, as well as any inside information affecting the Company. It also provides all sorts of clarifications to the financial community in general – shareholders, investors and analysts.

The financial information that is disclosed is previously audited and validated by the External Auditors and by the Management and Supervisory Bodies.

In addition, material information in relation to its activity or to the securities issued is disclosed immediately and publicly, and shareholders and other stakeholders may access it through the company's website.

Any interested party may have access to the Investor Relations Office through the following contacts:

Luís Sousa de Macedo

Investor Relations Director

Telephone: +351.212.697.698

Fax: +351.212.697.949

E-mail: ir@pharol.pt

Address: Rua Joshua Benoliel, 1, 2C - Edifício Amoreiras Square
1250-133 Lisboa - Portugal

Company Switchboard: +351.212.697.690

Website: www.pharol.pt

In addition to other information, PHAROL keeps the following information updated on its website, in Portuguese and in English:

- Company name, its nature of public company, registered office and other data pursuant to article 171 of the Portuguese Companies Code;
- The Bylaws;
- Operating rules of the corporate bodies and of the committees created within the Board of Directors;
- The identity of the members of the corporate bodies and of the representative for relations with the market;

- Duties of and access means to the Investor Relations Office as described above;
- For a period of five years, the annual and interim financial statements;
- A schedule of corporate events, which includes, among other information, scheduled General Meetings of shareholders and disclosure of annual, interim and quarterly accounts;
- Notices of the General Meetings of shareholders, as well as proposals to be submitted to discussion and voting by the shareholders, at least 21 days in advance of the meeting date;
- Historical collection with the resolutions passed at the Company's General Meetings of shareholders, the share capital therein represented and the voting results, regarding the previous three years;
- In general, information allowing an updated knowledge about the Company's evolution and reality in economic, financial and corporate governance terms.

57. REPRESENTATIVE FOR RELATIONS WITH THE MARKET

Regarding this matter, please see item 56.

58. INFORMATION ON RESPONSE PROPORTION AND PERIOD TO INFORMATION REQUESTS MADE DURING THE YEAR OR PENDING FROM PREVIOUS YEARS

The Investor Relations Office regularly receives calls with various questions, including clarifications on dividends, General Meetings of shareholders and others, typically answered immediately, when the information is public.

Also, receives requests by e-mail or post and depending on the technical complexity of the query it may take longer to answer, but typically it takes less than five business days.

Therefore, PHAROL believes that its Investor Relations Office ensures a permanent contact with investors, analysts and the market in general as well as a treatment of investors' requests.

V. INTERNET WEBSITE

59. ADDRESS

PHAROL makes available, through its website, www.pharol.pt, all information of a legal nature or on corporate governance, updates on the conduct of the business of the Company, as well as a complete set of Company financial and operational data, in order to facilitate inspection and access to such information by PHAROL's shareholders, financial analysts and other parties concerned.

60. LOCATION OF INFORMATION ON THE COMPANY NAME, ITS NATURE OF PUBLIC COMPANY, REGISTERED OFFICE AND OTHER DATA PURSUANT TO ARTICLE 171 OF THE PORTUGUESE COMPANIES CODE

All information pursuant to article 171 of the Portuguese Companies Code may be found on PHAROL website at:

<http://pharol.pt/en-us/a-empresa/pages/informacao-corporativa.aspx>

61. LOCATION OF INFORMATION ON THE BYLAWS AND OPERATING RULES OF THE CORPORATE BODIES AND/OR COMMITTEES

The bylaws and operating rules of the corporate bodies and of the committees created within the Board of Directors may be found on PHAROL' website at:

<http://pharol.pt/en-us/governo-sociedade/pages/estatutos.aspx>

<http://pharol.pt/en-us/governo-sociedade/pages/conselho-fiscal.aspx>

<http://pharol.pt/en-us/governo-sociedade/comissoes-internas/pages/enquadramento.aspx>

62. LOCATION OF INFORMATION ON THE IDENTITY OF THE MEMBERS OF THE CORPORATE BODIES, THE REPRESENTATIVE FOR RELATIONS WITH THE MARKET, THE INVESTOR RELATIONS OFFICE OR EQUIVALENT, THEIR DUTIES AND ACCESS DETAILS

The identity of the members of the corporate bodies, the representative for relations with the market, the Investor Relations Office or equivalent, their duties and access details may be found on PHAROL' website at:

<http://pharol.pt/en-us/governo-sociedade/pages/conselho-administracao.aspx>

<http://pharol.pt/en-us/governo-sociedade/pages/conselho-fiscal.aspx>

<http://pharol.pt/en-us/contactos/pages/relacao-investidores.aspx>

63. LOCATION WHERE THE COMPANY MAKES AVAILABLE THE FINANCIAL STATEMENTS, WHICH MUST BE ACCESSIBLE FOR FIVE YEARS AT LEAST, AS WELL AS A SCHEDULE OF CORPORATE EVENTS, DISCLOSED AT THE BEGINNING OF EACH HALF-YEAR, INCLUDING, AMONG OTHERS, GENERAL MEETINGS OF SHAREHOLDERS, DISCLOSURE OF THE ANNUAL, HALF-YEAR AND, IF APPLICABLE, QUARTERLY FINANCIAL STATEMENTS

The financial statements, as well as the schedule of corporate events may be found on PHAROL' website at:

<https://pharol.pt/en-us/informacao-financeira/relatorios/pages/2020.aspx>

<http://pharol.pt/en-us/informacao-financeira/calendario-financeiro/Pages/calendario-financeiro.aspx>

64. LOCATION WHERE THE COMPANY MAKES AVAILABLE NOTICES OF THE GENERAL MEETING OF SHAREHOLDERS AND ALL PREPARATORY AND SUBSEQUENT INFORMATION RELATED TO THE SAME

Notices of the General Meeting of Shareholders and all preparatory and subsequent information related to the same may be found on PHAROL's website at:

<http://pharol.pt/en-us/governo-sociedade/assembleia-geral-acionistas/Pages/assembleia-geral-acionistas.aspx>

65. LOCATION WHERE THE COMPANY MAKES AVAILABLE THE HISTORICAL COLLECTION WITH THE RESOLUTIONS PASSED AT THE GENERAL MEETINGS OF SHAREHOLDERS, THE SHARE CAPITAL THEREIN REPRESENTED AND THE VOTING RESULTS, REGARDING THE PREVIOUS THREE YEARS

The historical collection with the resolutions passed at the Company's General Meetings of

shareholders, the share capital therein represented and the voting results may be found on PHAROL' website at:

<http://pharol.pt/en-us/governo-sociedade/assembleia-geral-acionistas/Pages/assembleia-geral-acionistas.aspx>

D. REMUNERATION

I. COMPETENCE FOR DETERMINATION

66. COMPETENCE FOR THE DETERMINATION OF THE REMUNERATION OF CORPORATE BODIES, MEMBERS OF THE EXECUTIVE COMMITTEE OR MANAGING DIRECTOR AND COMPANY OFFICERS

The Compensation Committee is elected by the shareholders at a General Meeting and serves the purpose of defining the remuneration policy of the members of the corporate bodies, determining the remunerations applicable and taking into consideration the performance and the economic position of the Company.

For the completion of this task, the Compensation Committee continuously follows up and evaluates the directors' and the Company's performance, checking the extent to which the proposed targets have been achieved. The Compensation Committee meets whenever necessary.

Within the delegation of powers, the remuneration policy applicable to the PHAROL's officers is determined by the Managing Director.

II. COMPENSATION COMMITTEE

67. COMPOSITION OF THE COMPENSATION COMMITTEE, INCLUDING THE IDENTIFICATION OF THE PERSONS OR CORPORATIONS HIRED TO SUPPORT IT AND INDEPENDENCE STATEMENT REGARDING EACH OF ITS MEMBERS AND CONSULTANTS

On December 31, 2020, the following members of the Remuneration Committee (also known as the Remuneration Committee) were elected:

- António Sarmento Gomes Mota
- Francisco José Queiróz de Barros Lacerda
- Pedro Miguel Ribeiro de Almeida Fontes Falcão

Notwithstanding the necessary articulation of this committee with the Board of Directors, the composition of the Compensation Committee seeks to obtain the highest possible level of independence of its members from the members of the management body.

No member of the Compensation Committee is a member of any corporate body or committee within the Company, and no member of the Compensation Committee has any family connection to any member of the management body by way of marriage, kindred or affinity in a direct line and up to and including the third degree.

68. KNOWLEDGE AND EXPERIENCE OF THE MEMBERS OF THE COMPENSATION COMMITTEE IN THE MATTER OF REMUNERATION POLICY

All members of the Compensation Committee have knowledge and experience in the matter of

remuneration policy. Some of them belong or have belonged to compensation committees of other listed companies. Appendix I hereto sets out the most relevant curriculum elements of the members of the Compensation Committee.

III. REMUNERATION STRUCTURE

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

The remuneration policy for executive and non-executive members of the Board of Directors (such policy including the members of the supervisory body) in force during the 2020 financial year is described on the statement of the Compensation Committee on this matter as approved by the Annual General Meeting of Shareholders on 29 March 2019, pursuant to article 2,1 of Law no. 28/2009, of 19 June 2009 and Decree-Law no. 225/2008, of 20 November.

Such declaration is reproduced in Appendix II hereto.

At the same time, the remuneration policy applicable to non-executive members of the Board of Directors does not include any variable component, i.e., the value of which dependant on the performance of the Company or its value.

70. INFORMATION ON HOW THE REMUNERATION IS STRUCTURED IN ORDER TO PERMIT THE ALIGNMENT OF THE DIRECTORS' INTERESTS WITH LONG TERM INTERESTS OF THE COMPANY, AS WELL AS HOW THE REMUNERATION IS BASED ON PERFORMANCE AND DISINCENTIVES EXCESSIVE RISK TAKING

As result from the remuneration policy approved at the General Meeting of 27 March 2020 and presented in Annex II, the remuneration was based on a fixed and variable component.

71. REFERENCE, IF APPLICABLE, TO THE EXISTENCE OF A VARIABLE COMPONENT OF THE REMUNERATION AND INFORMATION ON THE WAY AS SUCH COMPONENT DEPENDS ON PERFORMANCE EVALUATION

Regarding this matter, please see the statement of the Compensation Committee Appendix II hereto.

72. DEFERMENT OF PAYMENT OF THE VARIABLE COMPONENT OF THE REMUNERATION, MENTIONING THE DEFERMENT PERIOD

Regarding this matter, please see the statement of the Compensation Committee Appendix II hereto.

73. CRITERIA ON WHICH THE ALLOCATION OF A VARIABLE REMUNERATION IN SHARES IS BASED; EXECUTIVE DIRECTORS KEEPING ANY SHARES GRANTED THEM IN THE COMPANY; ANY AGREEMENT EXECUTED AS TO SUCH SHARES, NOTABLY HEDGING OR RISK TRANSFER AGREEMENTS, THE LIMIT THEREOF, AND THEIR RELATIONSHIP TO THE AMOUNT OF THE OVERALL ANNUAL REMUNERATION

Not applicable, since the remuneration policy in force does not include the allocation of a variable remuneration in shares.

74. CRITERIA ON WHICH THE ALLOCATION OF A VARIABLE REMUNERATION IN OPTIONS IS BASED, AND INDICATION OF DEFERMENT PERIOD AND EXERCISE PRICE

Not applicable, since the remuneration policy in force does not include the allocation of a variable remuneration in options.

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

In 2020, there were no bonuses, annual bonuses or non-pecuniary benefit systems of any nature whatsoever in force in PHAROL.

76. MAIN CHARACTERISTICS OF COMPLEMENTARY PENSION OR EARLY RETIREMENT SYSTEMS FOR DIRECTORS, SPECIFYING WHETHER THE SAME WERE SUBJECT TO APPRAISAL, IN INDIVIDUAL TERMS, BY THE GENERAL MEETING OF SHAREHOLDERS

No PHAROL director is covered by complementary pension or early retirement system plan.

IV. REMUNERATION DISCLOSURE

77. REMUNERATION INDIVIDUALLY AND GLOBALLY EARNED BY THE MEMBERS OF THE COMPANY'S MANAGEMENT BODY

Pursuant to Law no. 28/2009 of 19 June 2009, individual and global gross remunerations paid to the members of the management body are shown hereinafter:

Board of Directors (year of designation)	Fixed Remuneration 2020	Variable Remuneration 2020
Luís Maria Viana Palha da Silva (2015)	255,500 €	16,513 €
Aristóteles Luiz Menezes Vasconcellos Drummond (2017) (1)	35,000 €	
Avelino Cândido Rodrigues (2019)	35,000 €	
Jorge Augusto Santiago das Neves (2017) (1)	35,000 €	
Jorge Telmo Maria Freire Cardoso (2014) (2)	35,000 €	
Maria do Rosário Amado Pinto Correia (2015)	35,000 €	
Maria Leonor Martins Ribeiro Modesto (2018)	35,000 €	
Nelson Sequeiros Rodriguez Tanure (2017) (1)	3,331 €	
Pedro Zañartu Gubert Morais Leitão (2015)	35,000 €	
Total	503.831 €	16,513 €

(1) Exonerated on 8 January 2020.

(2) Resigned on February 11, effective March 31, 2021.

78. AMOUNTS PAID, FOR ANY REASON WHATSOEVER, BY OTHER COMPANIES IN A CONTROL OR GROUP RELATIONSHIP OR SUBJECT TO COMMON CONTROL

During 2020, no amounts were paid to PHAROL's members of the Board of Directors by companies in a control or group relationship or subject to common control.

79. REMUNERATION PAID IN THE FORM OF PROFIT SHARING AND/OR BONUS PAYMENT, AND THE REASONS WHY SUCH BONUSES AND/OR PROFIT SHARING WERE GRANTED

The remuneration policy of the members of the Board of Directors in 2020, which was presented to the General Meeting of shareholders March 27, 2020, does not predict the provide for the allocation, in general terms, of this type of remuneration.

80. COMPENSATIONS PAID OR DUE TO FORMER EXECUTIVE DIRECTORS IN RESPECT OF TERMINATION OF OFFICE DURING THE FINANCIAL YEAR

During the year 2020, there is no compensation paid for the contract termination of executive directors.

81. REMUNERATION INDIVIDUALLY AND GLOBALLY EARNED BY THE MEMBERS OF THE COMPANY'S SUPERVISORY BODY

The remuneration of the Fiscal Council is composed of a fixed annual amount based on the Company's situation and market practices without the existence of a variable remuneration.

The gross remuneration of the Fiscal Council for the year 2019 was as follows:

Fiscal Council	Remunerations 2020
José Maria Rego Ribeiro da Cunha	49,000 €
Isabel Maria Beja Gonçalves Novo	31,500 €
João Manuel Pisco de Castro	31,500 €
Paulo Ribeiro da Silva (1)	0 €
Total	112,000 €

(1) Alternate member.

82. INDICATION OF THE REMUNERATION OF THE CHAIRMAN OF THE BOARD OF THE GENERAL MEETING OF SHAREHOLDERS

The Chairman of the Board of the General Meeting, Diogo Lacerda Machado, for his functions at General Meetings granting the gross remuneration of Euro, 12,000.

V. AGREEMENTS WITH REMUNERATION IMPLICATIONS

83. CONTRACTUAL LIMITATION AS ESTABLISHED FOR ANY COMPENSATION TO BE PAID UPON REMOVAL WITHOUT JUST CAUSE OF A DIRECTOR, AND ITS RELATIONSHIP WITH THE VARIABLE COMPONENT OF THE REMUNERATION

There are no agreements that establish a right to compensations upon removal without just cause of a director, other than the ones provided by law.

84. AGREEMENTS WITH MEMBERS OF THE BOARD AND OFFICERS PROVIDING FOR COMPENSATION IN THE EVENT OF TERMINATION OF OFFICE FOLLOWING A CHANGE OF CONTROL

There are no agreements between PHAROL and the members of the management body or officers providing for compensation in the event of resignation, removal without just cause or termination of employment

relationship following a change of control in the Company.

VI. SHARE ALLOTMENT OR STOCK OPTION PLANS

The information set forth in **items 85 to 87** of the form attached to CMVM Regulation no, 4/2013 is not applicable to PHAROL, as during the 2020 financial year, the Company did not adopt any share allotment or share call option plans, nor did any such plans remain in force, in regard to PHAROL directors, employees or any third parties.

88. CONTROL MECHANISMS PLANNED FOR ANY EMPLOYEE CAPITAL HOLDING SYSTEM TO THE EXTENT THAT VOTING RIGHTS ARE NOT EXERCISED BY SUCH EMPLOYEES

Not applicable, since there is no system specifically providing for any share capital holding by employees in the Company.

E. RELATED PARTY TRANSACTIONS

I. CONTROL MECHANISMS AND PROCEDURES

89. MECHANISMS IMPLEMENTED BY THE COMPANY TO CONTROL RELATED PARTY TRANSACTIONS (IAS 24)

In order to ensure compliance with PHAROL's obligations, internal control procedures are adopted to (i) identify and ensure the transparency of the decision-making process related to transactions with related parties and/or with shareholders with qualified participation, (ii) determine the transactions whose disclosure is mandatory or relevant, and (iii) establish internal responsibilities in relation to the identification of related parties and transactions carried out.

For this purpose, it is mandatory to comply with the following provisions of the internal regulations regarding the transactions of PHAROL, SGPS S.A. (PHAROL) and respective subsidiaries with related parties and shareholders with qualified participation:

1. **General principles regarding transactions with related parties and shareholders holding qualified participation**

- 1.1. Without prejudice to the provisions in the following sections, transactions with PHAROL related parties or with shareholders holding qualified participation must be carried out within the scope of PHAROL's current activity and under market conditions.
- 1.2. In any case, no main corporate member or key collaborator can authorize transactions with himself, with any of his family, with any entity under his control or with an entity under the control of his family.

2. **Transactions with related parties and shareholders holding qualified participation subject to a resolution by the Board of Directors preceded by an opinion by the Fiscal Council**

- 2.1. The following are subject to deliberation by the Board of Directors, preceded by the opinion of the supervisory board:
 - a) transactions by PHAROL or its subsidiaries to be carried out with members of the Board of Directors of PHAROL, regardless of the respective amount, under the terms of article 397/2 of the Portuguese companies code;
 - b) transactions with related parties that do not meet the requirements set out in paragraph 1.1 above.

- c) PHAROL transactions or its subsidiaries to be carried out with shareholders with qualified participation or entities that are in one of the relationships provided for in article 20 of the securities code, or respective renewals, whose aggregate value per entity is greater than euro 1,000 .000 (one million euros) per year;
 - d) transactions of PHAROL or its subsidiaries with related parties, or respective renewals, whose aggregate value per entity is greater than euro 200,000 (two hundred thousand euros) per semester;
 - e) other transactions that, due to their relevance, the Board of Directors intends to submit to this procedure.
- 2.2. The decision of the Board of Directors provided for in the preceding paragraph must include in particular the reasoning as to the fair and reasonable nature of the transaction from the point of view of PHAROL and of the shareholders who are not related parties, including minority shareholders, also making reference to the sense of the Fiscal Council's opinion.
- 2.3. The transaction proposals to be submitted to the Board of Directors must be substantiated, referring to the fair and reasonable nature of the transaction from the point of view of PHAROL and the shareholders who are not related parties, including minority shareholders.
- 2.4. The request for an opinion from the supervisory body must be accompanied by: (i) sufficient information on the characteristics of the transaction, namely from a strategic, financial, legal and fiscal point of view, (ii) information on the nature of the relationship between the PHAROL, or its subsidiaries, and the counterparty in question, (iii) financial procedures and terms agreed within the scope of the transaction, (iv) evaluation procedure adopted and respective assumptions, including prices used as a reference, (v) contracting process and (vi) the impact of the transaction on the financial situation of the PHAROL group.
- 2.5. The information referred to in the previous number must be provided by the transaction proponent.
- 2.6. The approval of the transactions provided for in number 2.1 / c) and d) above, depends on confirmation, in the opinion of the fiscal council, that, given the reasoning presented, the nature of the counterparty does not influence the decision to contract and the terms and conditions agreed.
- 2.7. At meetings of the Board of Directors for approval of half-yearly and annual financial information, the supervisory body informs the Board of Directors of the opinions issued in the immediately preceding period.
- 2.8. When the execution of any of the transactions provided for in paragraph 2.1 implies the successive performance of several operations in which the second and the following are mere acts of execution of the first, the approval procedure will only apply once.

3. Other related party transactions

- 3.1. Considering the provisions of paragraph 1.2 above, in cases not subject to deliberation by the Board of Directors, the approval of the transaction is the responsibility of a member with an equivalent or higher position in the hierarchy of the PHAROL group that ensures the independence of the decision process on the transaction, the provisions of paragraphs 2.2 (regarding the grounds for the decision), 2.3 (regarding the grounds for the proposal) and 2.8 above (regarding mere execution acts) being correspondingly applicable.
- 3.2. Transactions approved or to be approved under the terms of the previous number are subject to internal reporting to PHAROL's Board of Directors if:
- a) The accumulated annual amount of the transaction corresponds to at least euro 100,000 (one hundred thousand euros);
 - b) In the case of a loan, investment or other form of advance of funds (regardless of guarantees).

3.3. Proposals for transactions that do not correspond to normal market conditions for similar transactions cannot be approved, being sent to the Board of Directors for compliance with the provisions of section 2 above.

4. Exemption

4.1. Transactions with related parties or with holders of qualified participation relating to:

a) purchases of goods or provision of contracted services in compliance with the internal rules regarding purchases, suppliers and service providers that are in force at the time of contracting;

b) banking operations of PHAROL and subsidiaries, such as collection, payment, deposits and other financial investments, short and medium term financing operations, issuance of commercial paper, foreign exchange operations, hedging derivatives and bank guarantees provided they do not exceed the aggregate value of euro 300,000 (three hundred thousand euros) per year;

c) where the consideration is determined based on official quotations (for example, contracts on exchange rates or interest and commodities), if the agreed intervals correspond to normal market practices;

d) where the consideration is determined on the basis of tariffs or fees fixed by the competent regulatory authorities.

4.2. The following transactions are also exempted from the approval procedure provided for in section 2 above:

a) transactions carried out between companies in a controlling or group relationship with PHAROL or between these and PHAROL;

b) the payment by the PHAROL group of the remuneration of the main corporate members and key employees for the exercise of their functions;

c) operations accessible to all employees or shareholders of the PHAROL group under equivalent conditions;

d) the contracting of technical services, namely legal or tax consultancy, whenever the approval procedure provided for in this article may compromise their timely provision, taking into account the specificity of the services to be provided, namely taking into account the qualifications and degree of knowledge required for the provision of the services in question, as well as the deadline for their execution;

e) transactions that constitute the execution of transactions already contracted under general contracts already in force at PHAROL group.

5. Public disclosure of transactions with related parties and / or with shareholders holding qualified participation

5.1. Transactions with related parties whose value is equal to or greater than 2.5% of PHAROL's consolidated assets and which are not carried out within the scope of its current activity and under market conditions are subject to public disclosure.

5.2. The disclosure referred to in the previous number must be made no later than the moment of the transaction, containing at least: (i) the identification of the related party, (ii) information about the nature of the relationship, (iii) the date and amount of the transaction, (iv) justification as to the fair and reasonable nature of the transaction, from the point of view of PHAROL and of the shareholders who are not related parties, including minority shareholders and (v) the sense of the opinion of the fiscal council, whenever this has been negative.

5.3. Transactions between related parties and any PHAROL subsidiary whose value is equal to or greater than 2.5% of the company's consolidated assets and which are not carried out within the scope of

current activity and in market conditions.

- 5.4. Without prejudice to the case-by-case analysis of the specific transaction in the light of accounting, legal and regulatory rules, the other transactions provided for in paragraph 2.1 above and those subject to internal reporting, are also considered relevant for the purposes of weighting the disclosure to the market. Of paragraph 3.2 above.
- 5.5. The provisions of the preceding paragraphs do not prejudice the fulfillment of the obligations of mandatory disclosure of privileged information, under the legal terms.
- 5.6. Transactions with the same related party entered into during any 12-month period, or during the same year, and which have not been published are aggregated for this purpose.

6. Non-submission and exemption from public disclosure

- 6.1. Without prejudice to the provisions of paragraphs 5.4, 5.5 and 5.6, the transactions provided for in paragraph 4.1 above and those that do not reach the quantitative limit provided for in paragraphs 5.1 and 5.3 are not subject to public disclosure.
- 6.2. The following are exempt from the legal obligation of public disclosure:
 - a) Transactions carried out between PHAROL and its subsidiaries, provided that they are in a controlling relationship with the company and no party related to PHAROL has an interest in that subsidiary;
 - b) Transactions related to directors' remuneration, or to certain elements of that remuneration;
 - c) the transactions proposed to all shareholders under the same terms in which the equal treatment of all shareholders and the protection of the interests of the company are ensured;
 - e) transactions that constitute a mere execution of transactions already disclosed under this provision.

Responsibilities for the identification and disclosure of transactions with related parties and / or with qualified participation holders

For the purposes of internal control of transactions with related parties and / or with holders of qualified participation, a division of powers and responsibilities is established within the PHAROL group.

90. TRANSACTIONS SUBJECT TO CONTROL

In 2020, there were no transactions subject to the rules described in paragraph 89.

91. INTERVENTION OF THE SUPERVISORY BODY IN THE PRIOR EVALUATION OF TRANSACTIONS WITH OWNERS OF A QUALIFIED HOLDING

In this respect, reference is made to point 89 of Part I above.

II. TRANSACTION DETAILS

92. LOCATION, IN THE ANNUAL FINANCIAL STATEMENTS, WHERE INFORMATION ON RELATED PARTY TRANSACTIONS, IN ACCORDANCE WITH IAS 24, IS AVAILABLE

Information on related party transactions is available on Note 20 to the consolidated financial statements for the year 2020. There were no transactions with related parties to disclose in respect of the fiscal year ended on 31 December 2020.

Information on the transactions executed during the fiscal year ended on 31 December 2019 with owners of qualified holdings who are not related parties in accordance with IAS 24 is available in Note 212 to the consolidated financial statements for the year of 2020.

PART II – CORPORATE GOVERNANCE EVALUATION

1. IDENTIFICATION OF THE CORPORATE GOVERNANCE CODE ADOPTED

As previously mentioned, the Company has adopted the Corporate Governance Code of IPCG, ensuring an adequate level of protection of shareholders' interests and transparency of Corporate Governance.

PHAROL is also subject to other internal standards adopted in its corporate governance structure such as various internal rules of conduct and transparency, specifically the Code of Ethics, the Rules on Management Transactions, Related Party Transactions and Transactions with Qualified Holders.

PHAROL, held in 2020 the management model delegating the day-to-day management to Managing-Director.

2. STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE ADOPTED

PHAROL complies with the recommendations set out in the IPCG Corporate Governance Code, which entered into force on January 1, 2018, reviewed in 2020.

Within this context, PHAROL's corporate governance model and principles:

- Observe all legal rules of a binding content applicable to the Classic-type corporate governance model as provided for under article 278,1(a) of the Portuguese Companies Code;
- Take in a significant set of recommendations and best practices in this field as established under the IPCG Code, duly substantiating duly its corporate governance options in accordance with the "comply or explain" principle.

PHAROL adopts the IPCG Recommendations published in June 2018, available here:

https://cgov.pt/images/ficheiros/2020/revis%C3%A3o_codigo_en_2018_ebook_copy.pdf

The items in Part I of this Corporate Governance Report that contain a description of the measures taken by the Company for compliance with the IPCG Recommendations are identified hereunder.

RECOMMENDATION ACCORDING TO THE MULTIPLE RECOMMENDATIONS TABLE	Compliance	Report
I. GENERAL PROVISIONS		
I.1. Company's relationship with investors and disclosure		
I.1.1. The company must establish mechanisms that ensure, in an appropriate and rigorous form, the timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts and the market in general.	Complied	Items 56, 58 and 59
I.2. Diversity in the composition and functioning of the company's governing bodies		
I.2.1. Companies must establish criteria and requirements related to the profile of new members of corporate bodies appropriate to the function to be performed, and, in addition to individual attributes (such as competence, independence, integrity, availability and experience), these profiles must consider diversity requirements, paying particular attention to gender, which can contribute to the improvement of the organ's performance and to the balance in its composition.	Complied	Items 19, 21 and Appendix I

I.2.2. (1) The management body must have internal regulations - namely on the exercise of the respective attributions, chairmanship, frequency of meetings, operation and duties of its members - fully disclosed on the company's website.	Complied	Items 21, 22, 27, 31, 34 and 61
I.2.2. (2) Idem in relation to the supervisory body.	Complied	
I.2.2. (3) Idem applies to internal commissions.	Not Applicable	
I.2.2. (4) Minutes of the meetings of the management body must be prepared.	Complied	
I.2.2. (5) Idem in relation to the supervisory body.	Complied	
I.2.2. (6) Idem in relation to internal committees.	Not Applicable	
I.2.3. (1) The composition of the management, supervisory bodies and their internal commissions must be disclosed through the company's website.	Complied	Items 17, 22, 23, 27, 31, 34, 35, 59 and 61
I.2.3. (2) The number of annual meetings of the management, supervisory bodies and their internal commissions must be disclosed through the company's website.	Complied	
I.2.4. A whistleblowing policy should be adopted to ensure the appropriate means for communicating and handling them, safeguarding the confidentiality of the information transmitted and the identity of the notifier, whenever requested.	Complied	Items 21 and 49
I.3. Relationship between corporate bodies		
I.3.1. The bylaws or other equivalent measures adopted by the company must establish mechanisms to ensure that, within the limits of the applicable legislation, members of the management and supervisory bodies are permanently guaranteed access to all information and employees of the company for the assessment of performance, the situation and the prospects for the development of the company, including, in particular, the minutes, the documentation to support the decisions taken, the notices and the archive of the meetings of the executive management body, without prejudice to access to any other documents or persons to whom clarifications may be requested.	Complied	Items 22, 34 and 61
I.3.2. Each company body and committee must ensure, in a timely and appropriate manner, the flow of information, from the beginning of the respective notices and minutes, necessary for the exercise of the legal and statutory powers of each of the other bodies and commissions.	Complied	Items 22, 34 and 61
I.4. Conflicts of interest		
I.4.1. By internal regulation or equivalent, the members of the management and supervisory bodies and internal commissions are bound to inform the respective body or commission whenever there are facts that may constitute or cause a conflict between their interests and the social interest.	Complied	Items 22, 34 and 89
I.4.2. Procedures should be adopted to ensure that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and clarifications requested by the body, the committee or the respective members.	Complied	Items 22, 34 and 89
I.5. Related party transactions		
I.5.1. The management body must disclose, in the government report or in another publicly available way, the internal procedure for verifying transactions with related parties.	Complied	Items 21 and 89

I.5.2. The management body must communicate to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.	Complied	Items 21, 89 and 90
II. SHAREHOLDERS AND GENERAL MEETING		
II.1. (1) The company should not set an excessively high number of shares necessary to grant the right to one vote, II.1. (2) and must make explicit in the government report their option whenever it implies deviation from the principle that each share corresponds to one vote.	Complied Not Applicable	Item 12
II.2. The company must not adopt mechanisms that make it difficult for shareholders to take decisions, namely by setting a deliberative quorum higher than that provided for by law.	Complied	Item 14
II.3. The company must implement adequate means for the participation of shareholders in the General Meeting at a distance, in terms proportional to its size.	Complied	Item 12
II.4. The company must also implement adequate means for exercising the right to vote at a distance, including by correspondence and electronically.	Complied	Item 12
II.5. The bylaws that provide a limitation of the number of votes that can be held or exercised by a single shareholder, individually or in consultation with other shareholders, should also provide that, at least every five years, it is subject to deliberation. by the general meeting the alteration or maintenance of this statutory provision - without quorum requirements aggravated in relation to the legal one - and that, in this resolution, all votes cast are counted without that limitation working.	Complied	Items 5 and 21
II.6. Measures that determine payments or the assumption of charges by the company should not be adopted in the event of a change of control or a change in the composition of the management body and that appear likely to harm the economic interest in the transfer of shares and free appreciation by shareholders performance of administrators.	Complied	Item 4
III. NON-EXECUTIVE ADMINISTRATION AND SUPERVISION		
III.1. Without prejudice to the legal functions of the chairman of the board of directors, if he is not independent, the independent directors must designate a coordinator among themselves to, inter alia, (i) act, whenever necessary, as an interlocutor with the chairman of the board of directors and with the other administrators, (ii) ensure that they have the set of conditions and means necessary for the performance of their duties; and (iii) coordinating them in the performance evaluation by the management body provided for in recommendation V.1.1.	Explain	Items 15 and 18 The designation of a lead independent director does not bring added value given the reduced structure of the company and the size of the board. Within the scope of their duties, all directors decide together after being previously informed and clarified. As for the board's self-assessment process, this is done through responses on an electronic platform

		and the coordination of it is ensured by the Secretary-General.
<p>III.2. (1) The number of non-executive members of the management body must be adequate to the size of the company and the complexity of the risks inherent in its activity, but sufficient to efficiently ensure the functions entrusted to them and must be included in the government report the formulation of this adequacy judgment.</p> <p>III.2. (2) Idem in relation to the number of members of the supervisory body.</p> <p>III.2. (3) Idem applies to the number of members of the commission for financial matters.</p>	<p>Complied</p> <p>Complied</p> <p>Not Applicable</p>	<p>Items 15, 17, 18, 21 and 31</p>
<p>III.3. In any case, the number of non-executive directors must be greater than that of executive directors.</p>	<p>Complied</p>	<p>Items 17, 18 and 21</p>
<p>III.4. Each company must include a number of not less than one third but always plural, of non-executive directors who fulfil the requirements for independence. For the purposes of this recommendation, a person who is not associated with any specific interest group in the company, nor is under any circumstances likely to affect his/her exemption from analysis or decision, is considered to be independent, namely by virtue of: i) Having exercised for more than twelve years, in a continuous or interspersed manner, functions in any body of the company; ii) Having been a collaborator of the company or company that is in a controlling or group relationship with it in the last three years; iii) Having, in the last three years, provided services or established a significant commercial relationship with the company or with a company that is in a dominant or group relationship, either directly or as a partner, administrator, manager or person manager collective; iv) Be the beneficiary of remuneration paid by the company or by a company that is in a controlling or group relationship with it in addition to the remuneration resulting from the exercise of the functions of director; v) Live in a de facto union or be a spouse, relative or similar in a straight line and up to the 3rd degree, including, in the collateral line, of company directors, managers of a legal person holding a qualified interest in the company or of natural persons directly or indirectly with qualified participation; vi) Be a holder of a qualified shareholding or representative of a shareholder with a qualifying shareholding.</p>	<p>Complied</p>	<p>Items 17 and 18</p>
<p>III.5. The provision in paragraph (i) of recommendation III.4 does not preclude the qualification of a new director as independent if, between the end of his duties in any body of the company and his new appointment, at least three years have elapsed (cooling-off period).</p>	<p>Not Applicable</p>	<p>Item 17</p>

<p>III.6. (1) With respect to the powers conferred on it by law, the supervisory body assesses and pronounces on the strategic lines, prior to its final approval by the management body.</p>	<p>Complied</p>	<p>Item 21 and 34</p>
<p>III.6. (2) Idem in relation to the risk policy.</p>	<p>Complied</p>	
<p>III.7. (1) Companies must have a specialized committee on corporate governance.</p>	<p>Not Applicable</p>	<p>Items 15 and 21</p>
<p>III.7. (2) Idem applies to the matter of appointments.</p>	<p>Not Applicable</p>	<p>Given the nature and objectives of the company and its small size, it is not necessary to set up several internal committees.</p>
<p>III.7. (3) Idem applies to the matter of performance evaluation.</p>	<p>Explain</p>	<p>Considering, in particular, the close and frequent monitoring that the Board of Directors does of all matters that could be the responsibility of these committees. And it is in this line of reasoning, despite the fact that the Board of Directors approved, on June 30, 2015, a Monitoring Committee and the respective competences, led to the fact that filling the posts of that Committee was not considered a priority. Also, in this option, the costs associated with it continued to weigh given the decision taken by the Compensation Committee that fixed certain amounts of remuneration for the performance of those posts. The Board of Directors keeps this matter under review.</p>
<p>IV. EXECUTIVE MANAGEMENT</p>		

IV.1. The management body must approve, by means of internal regulation or by equivalent means, the performance regime of the executive directors applicable to the exercise by them of executive functions in entities outside the group.	Complied	Items 21 and 22 PHAROL complies with the provisions of Art. 398 of the Portuguese Companies Code. In addition, the sole executive director has full-time duties.
IV.2. (1) The management body must ensure that the company acts in accordance with its objectives and should not delegate powers, namely, with regard to: i) definition of the company's strategy and main policies; IV.2. (2) ii) organization and coordination of the business structure; IV.2. (3) iii) matters that should be considered strategic due to their amount, risk or special characteristics.	Complied Complied Complied	Items 21 and 22
IV.3. In the annual report, the management body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of society and what are the main resulting contributions to the community in general.	Complied	Annual Report, Item 6.
V. PERFORMANCE ASSESSMENT, REMUNERATION AND APPOINTMENTS		
V.1. Annual Performance Assessment		
V.1.1. (1) The management body should assess its performance annually, taking into account the fulfilment of the company's strategic plan and budget, risk management, its internal functioning and the contribution of each member to the effect, and the relationship between society's bodies and commissions. V.1.1. (2) Idem in relation to the performance of the committees of the management body. V.1.1. (3) Idem in relation to the performance of executive directors.	Complied Not Applicable Complied	Item 21
V.2. Remuneration		
V.2.1. The company must set up a remuneration committee, the composition of which ensures its independence from management, which may be the remuneration committee designated under the terms of article 399 of the Portuguese Companies Code.	Complied	Items 67 and 68
V.2.2. The setting of remunerations should be the responsibility of the remuneration committee or the general meeting, on the proposal of that committee.	Complied	Items 67 and 68 and Appendix II
V.2.3. For each mandate, the remuneration committee or the general meeting, on a proposal from that committee, must also approve the maximum amount of all compensation to be paid to the member of any body or committee of the company due to the respective termination of functions, proceeding the disclosure of said situation and amounts in the government report or in the remuneration report.	Complied	Items 80, 83 and 84
V.2.4. In order to provide information or clarifications to the shareholders, the chairman or, when unable to do so, another member of the remuneration committee must be present at the annual general meeting and at any other meetings if the respective agenda includes a matter related to the remuneration of the members of corporate bodies	Complied	Part I, Item B I. – General Meeting

and commissions or if such presence has been required by shareholders.		
V.2.5. Within the company's budgetary limitations, the remuneration committee must be able to freely decide whether to hire, by the company, the necessary or convenient consultancy services for the exercise of its functions.	Complied	Appendix II
V.2.6. The remuneration committee must ensure that those services are provided independently and that the respective providers are not contracted to provide any other services to the company itself or to others that are in a controlling or group relationship without the express authorization of the committee.	Not Applicable	Appendix II
V.2.7. In view of the alignment of interests between the company and the executive directors, part of their remuneration must be of a variable nature that reflects the sustained performance of the company and does not encourage the taking of excessive risks.	Complied	Appendix II
V.2.8. A significant part of the variable component must be partially deferred over time, for a period of not less than three years, associating it, necessarily, to the confirmation of the sustainability of performance, under the terms defined in the company's internal regulations.	Complied	Appendix II
V.2.9. When the variable remuneration comprises options or other instruments directly or indirectly dependent on the value of the shares, the beginning of the exercise period must be deferred for a period of not less than three years.	Not Applicable	Appendix II
V.2.10. The remuneration of non-executive directors must not include any component whose value depends on the performance of the company or its value.	Complied	Appendix II
V.3. Appointments		
V.3.1. The company must, under the terms it deems appropriate, but in a manner susceptible of demonstration, promote that the proposals for the election of the members of the governing bodies are accompanied by reasons regarding the adequacy of the profile, knowledge and curriculum to the function to be performed by each candidate.	Not Applicable	There was no elective general meeting in 2020. However, with an elective general meeting scheduled for 2021, recommendations regarding proposals for the election of members of governing bodies will be complied.
V.3.2. Unless the size of the company does not justify it, the function of monitoring and supporting the appointments of senior managers should be assigned to an appointments committee.	Explain	Item 15
V.3.3. This commission includes a majority of independent non-executive members.	Not Applicable	
V.3.4. The appointments committee must make available its terms of reference and must, as far as its competences, induce transparent selection processes that include effective mechanisms for identifying potential candidates, and that the ones with the greatest merit are chosen for the proposal, best suited the requirements of the function and promote, within the organization, an adequate diversity including gender.	Not Applicable	

VI. RISK MANAGEMENT		
VI.1. (1) The management body must discuss and approve the strategic plan.	Complied	Items 21 and 54
VI.1. (2) The management body must discuss and approve the company's risk policy, which includes the setting of limits in terms of risk-taking.	Complied	
VI.2. The supervisory body must organize itself internally, implementing periodic control mechanisms and procedures in order to ensure that the risks effectively incurred by the company are consistent with the objectives set by the management body.	Complied	Items 21, 34 and 54
VI.3. The internal control system, comprising the functions of risk management, compliance and internal audit, must be structured in terms appropriate to the size of the company and the complexity of the risks inherent in its activity, with the supervisory body evaluating it and, in within the scope of its competence to monitor the effectiveness of this system, propose any necessary adjustments.	Complied	Items 21, 34 and 54
VI.4. The supervisory body must give its opinion on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose any necessary adjustments.	Complied	Items 21, 34 and 54
VI.5. The supervisory body should be the recipient of the reports made by the internal control services, including the functions of risk management, compliance and internal audit, at least when matters related to the rendering of accounts, identification or resolution of conflicts of interests and the detection of potential irregularities	Complied	Items 21 and 34
VI.6. (1) Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks to which it is subject in the development of its activity, VI.6. (2) (ii) the probability of their occurrence and their impact, VI.6. (3) (iii) the instruments and measures to be adopted in view of the respective mitigation and VI.6. (4) (iv) the monitoring procedures, aiming at their monitoring.	Complied Complied Complied Complied	Items 53, 54 and 55
VI.7. The company must establish procedures for inspection, periodic assessment and adjustment of the internal control system, including an annual assessment of the degree of internal compliance and the performance of that system, as well as the prospect of changing the risk framework previously defined.	Complied	Items 21 and 51
VII. FINANCIAL INFORMATION		
VII.1. Financial Information		
VII.1.1. The internal regulation of the supervisory body should require that it supervise the adequacy of the process of preparation and disclosure of financial information by the management body, including the adequacy of accounting policies, estimates, judgments, relevant disclosures and their consistent application among exercises, in a duly documented and communicated manner.	Complied	Items 21 and 34
VII.2. Statutory audit and inspection		

VII.2.1. Through internal regulations, the supervisory body must define, under the terms of the applicable legal regime, the inspection procedures aimed at ensuring the independence of the statutory auditor.	Complied	Items 21 and 34
VII.2.2. (1) The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, VII.2.2. (2) it is incumbent upon him, namely, to propose the respective remuneration and to ensure that, within the company, the appropriate conditions for the provision of services are ensured.	Complied Complied	Items 21 and 34
VII.2.3. The supervisory body must annually assess the work carried out by the statutory auditor, its independence and suitability for the exercise of functions and propose to the competent body its dismissal or the termination of the contract for the provision of its services whenever there is just cause for that purpose.	Complied	Items 21 and 45

APPENDIX I

Functions performed by members of the management body in other companies

The functions performed by each director in companies other than PHAROL are as follows:

Luís Maria Viana Palha da Silva (Chairman of the Board of Directors and Managing Director)

Director of Bratel B.V.

Director of Bratel S.à.r.l.

Chairman of the Board of the General Meeting and Member of the General and Supervisory Council of EDP – Energias de Portugal, S.A.

Non-executive Director of Nutrinveste

Avelino Cândido Rodrigues (Director)

In 2007 entered, as a founding partner, in the constitution of the “ACR & Associados – Sociedade de Advogados R.L.”

Founding Partner and Managing Partner of “ACR & Associados – Sociedade de Advogados R.L.” – registered with the Portuguese Bar Association

Member of the Portuguese Bar Association

Member of the Brazilian Bar Association

- Legal Services Main Areas:
- Corporate Law;
- Contract Law;
- Administrative Law;
- I.T. Law;
- Copyright and Industrial Property Law;
- Criminal Law;
- Labour Law;
- Bankruptcy and Business Recovery Law;
- Procedural Law;
- Investments

Jorge Telmo Maria Freire Cardoso (Director)

Non-Executive Member of the Board of Directors of Enternext, S.A.

Maria do Rosário Amado Pinto-Correia (Director)

Board Member of Sixty Degrees – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A.

Board Member and CEO of Experienced Management S.A.

Member of the Advisory Board of Fundiestamo - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.

Lecturer of undergraduate and Executive Education programs at Catolica Lisbon School of Economics

Coordinator of Executive Education programs at Catolica Lisbon School of Business and Economics

Maria Leonor Martins Ribeiro Modesto (Director)

Full Professor, Católica Lisbon School of Business and Economics, June 2008 to present
Managing Partner of Modelling Mind, Lda. since June 2010

Pedro Zañartu Gubert Morais Leitão (Director)

Vice-Chairman of the Board of Directors of Prio SGPS
Managing Partner of MoteDALma Lda.
Managing Partner of Fikonline-Internet e Energia Lda.

Professional qualifications and professional activities performed during the last 5 years

Luís Maria Viana Palha da Silva (Chairman of the Board of Directors and Managing Director)

Portuguese, 65 years old

Member of the Board Director of Oi, S.A since 2015 to 2018 | Vice Chairman of the Board of Directors da Galp Energia, SGPS, S.A. | Member of the Board of Directors of Petróleos de Portugal – Petrogal, S.A. | Member of the Board of Directors of Galp Exploração e Produção Petrolífera, S.A. | Member of the Board of Directors of GDP – Gás de Portugal, SGPS, S.A. (redenominated Galp Gas & Power, SGPS, S.A. in February 12, 2015) | Member of the Board of Directors of Galp Gás Natural Distribuição, S.A. | Member of the Board of Directors of Galp Energia, S.A. | Member of the Board of Directors of Galp Energia España, S.A. | Member of the Board of Directors of Galp Energia E&P B.V. | Member of the Board of Directors of Galp Exploração e Produção (Timor-Leste), S.A. | Chairman of the Board of Directors of Galp Marketing International, S.A. | Chairman of the Management Board of Petrogal Angola, Lda. | Chairman of the Management Board of Petrogal Guiné-Bissau, Lda. | Chairman of the Management Board of Petrogal Moçambique, Lda. | Chairman of the Executive Board of Galp Moçambique, Lda. | Chairman of the Board of Directors of Galp Gambia, Limited | Chairman of the Board of Directors of Galp Swaziland, Limited | Chairman of the Board of Directors of CLC – Companhia Logística de Combustíveis, S.A. | Director of Galp Sinopec Brazil Services B.V. | Member of the Board of Directors of Petrogal Brasil, S.A. | Member of the Board of Directors of Galp Energia Brasil, S.A. | Member of the Technologic and Scientific Committee of ISPG – Instituto de Petróleo e Gás, Associação para a Investigação e Formação Avançada | Chairman of APETRO – Associação Portuguesa de Empresas Petrolíferas | Non-Executive Director of Kasmunaygas | Chairman of the Board of AEM – Associação dos Emitentes Portugueses | Member of the Board of Directors (non executive) of NYSE Euronext and Member of Audit Committee of NYSE Euronext | Chairman of the Audit Committee of the Companies Tranquilidade Vida, Logo, Açoreana and Seguradoras Unidas, S.A. | Chairman of the Audit Committee of Fórum para a Competitividade | Chairman of the Board of EPIS - Empresários pela Inclusão Social | Degree in Business Management from Universidade Católica Portuguesa | AMP – University of Pennsylvania – Wharton School of Economics.

Curriculum notes

Degree in Economics from Instituto Superior de Economia | Degree in Business Management from Universidade Católica Portuguesa | AMP - University of Pennsylvania - Wharton School of Economics

Avelino Cândido Rodrigues

Portuguese, 61 years old

Degree in Law
Post-graduation course in Capital Markets, Financial Institutions and Products
Course in the Contracting of goods and Services with the Government's Public Administration and I.T. Agreements

Curriculum notes

Law Degree at the Faculty of Law of the University of Lisbon | Post-Graduation in Markets, Institutions and Financial Instruments - Faculty of Economics, Universidade Nova de Lisboa, Faculty of Law, Universidade Nova de Lisboa and Porto Derivatives Exchange, Portugal | Course on Procurement of Goods and Services in Public Administration and Computer Contracting

Jorge Telmo Maria Freire Cardoso (Director) ***Portuguese, 49 years old***

Member of the Executive Board of Directors of Novo Banco, S.A. from September 2014 to November 2020 | Chairman of the Board of Directors of E.S. Tech Ventures, SGPS, S.A. from July 2016 to December 2020 | Member of the Board of Directors of NB Finance, Ltd. from April 2015 to November 2020 | Non-Executive Chairman of the Board of Directors of BESV, S.A. from April 2017 to December 2018 | Non-Executive Member of the Board of Directors of BESV, S.A. from April 2016 to April 2017 | Member of the Board of Directors and Member of the Executive Committee of Caixa Geral de Depósitos, S.A. from July 2013 to September 2014 | Non-Executive Vice Chairman of the Board of Directors of Banco Caixa Totta Angola, S.A. from April 2014 to September 2014 | Non-Executive Chairman of the Board of Directors of Caixa Capital – Sociedade de Capital de Risco, S.A. from March 2014 to September 2014 | Non-Executive Chairman of the Board of Directors of Caixa Desenvolvimento, SGPS, S.A. from March 2014 to September 2014 | Non-Executive Vice Chairman of the Board of Directors of Banco Caixa Geral Brasil, S.A. from September 2013 to September 2014 | Non-Executive Chairman of the Board of Directors of Caixa – Banco de Investimento, S.A. from August 2013 to September 2014 | Non-Executive Member of the Board of Directors of Caixa Seguros e Saúde, SGPS, S.A. from August 2013 to September 2014 | Non-Executive Member of the Board of Directors of Gerbanca, SGPS, S.A. from August 2013 to September 2014 | Non-Executive Member of the Board of Directors of Partang, SGPS, S.A. from September 2013 to September 2014 | Non-Executive Chairman of the Board of Directors da Wolfpart, SGPS, S.A. from November 2013 to September 2014 | Non-Executive Member of the Board of Directors of Grupo Visabeira, SGPS, S.A. from April 2014 to September 2014.

Curriculum notes

Graduate in Economics by Universidade Nova de Lisboa | MBA by Insead

Maria do Rosário Amado Pinto-Correia (Director) ***Portuguese, 62 years old***

Managing Director of Rocotota, Lda. | Managing Director at Rolling Power, Lda. | Alternate Board Member and Member of the Remuneration Committee at Oi S.A. from 2016 to 2018 | Executive Consultant at CEA – Católica from 2016 to 2018 | Chairman of Ferreira Marques & Irmão / Topázio from 2012 to 2016 | Senior Advisor at Bewith and CEA/CLSB from 2008 to 2012 | Director of Gestão do Conhecimento of PT Comunicações, Director of Qualidade e Satisfação do Cliente in Grupo Portugal Telecom, Board Member of PT Asia, Chairman da CTTC – Archway (Pequim) and CEO da Macau Cable TV from 2003 to 2008 | Head of Office da OgilvyOne from 1994 to 2002 | Publisher of the Marie Claire magazine from 1992 to 1994 | Director of Client Service at McCann – Erickson from 1987 to 1992 | Financial Products Manager, Director of the Direct Mail in CTT – Correios de Portugal from 1981 to 1987

Curriculum notes

Master of Business by Universidade Nova de Lisboa | MBA by Wharton School | Degree in Economics by Universidade Católica de Lisboa.

Maria Leonor Martins Ribeiro Modesto (Director) ***Portuguese, 63 years old***

President of the Scientific Council of Católica Lisbon School of Business and Economics, October 2015-January 2019 | Director of CEA (Centre for Applied Studies) of Universidade Católica Portuguesa, December 2008 to January 2017

Curriculum notes

Agregação, Universidade Católica Portuguesa, July 2004 | Docteur en Sciences Economiques, Université Catholique de Louvain and European Doctoral Program, Belgium September 1987 | Licenciatura in Economics, Universidade Católica Portuguesa, 1980.

Pedro Zañartu Gubert Morais Leitão (Director)
Portuguese, 55 years old

Non-Executive Director of Villas Boas ACE, S.A. | Member of the Board of Directors of Oi, S.A. from 2015 to 2017

Curriculum notes

Graduated in Business Management from Universidade Católica Portuguesa de Lisboa | Masters in Business Management from Kellogg Graduate School of Management at Northwestern University in Chicago, EUA.

CV data of the members of the Compensation Committee

António Sarmento Gomes Mota (Member of the Compensation Committee)

Member of the Compensation Committee since 2013.

Graduate in Business Organisation and Management, ISCTE - Instituto Universitário de Lisboa (1981), MBA, Universidade Nova de Lisboa (1984), Doctor in Management, ISCTE (2001).

He has a corporate career of over 20 years in management positions in the banking, consulting and financial services fields. He was Director of ISCTE Business School from 2003 to 2012 and President of INDEG/ISCTE from 2005 to 2012. He is a Professor at ISCTE Business School since 2005. He has a large experience as consultant in the areas of strategy, corporate assessment and risk management for Portuguese and international corporations. He is the author of various reference works in the financial field. He has held leadership positions in various Boards of Directors and Supervisory Boards in Portuguese listed corporations.

Chairman of the Audit Board of Mysticinvest Holding S.A. since 2019 | Chairman of the Board of Directors (non-executive) of SDC Investimentos, SGPS, S.A. from 2013 to 2016 | Chairman of the Instituto Português de Corporate Governance since 2016 | Member of the General and Supervisory Council from 2009 to 2018; Member of the Audit Committee (2009/2015) and Performance and Competition (2012/2015) and Chairman of the Audit Committee of EDP - Energias de Portugal, S.A. from 2015 to 2019.

Francisco de Lacerda (Member of the Compensation Committee)

Member of the Compensation Committee of PHAROL, SGPS S.A. (ex- Portugal Telecom, SGPS S.A.) since 2009 (suspended from August 2012 to March 2014).

Graduated in Management & Business Administration, Universidade Católica Portuguesa (1982). Certified in the International Directors Program, INSEAD, France (2019/2020). Several other training programs in INSEAD.

Non-Executive Independent Director of Endesa Energia, the largest electricity production, distribution and commercialization company in Spain, since 2015, also Chairman of the Audit and Compliance Committee from 2020 (member of the Audit and Compliance Committee and the Nomination and Remuneration

Committee from 2015 to 2020). Member of the Board of Cotec Portugal since 2015 (Chairman from 2015 to 2018).

During 25 years up to 2008, he held various positions in investment, corporate and retail banking, including CEO of Banco Mello and Executive Member of the Board of Directors of Millennium BCP, (the # 1 private sector bank in Portugal) then from 2010 to 2012, was CEO of Cimpor – Cimentos de Portugal SGPS, S.A., at that time an international cement group operating in 12 countries, from 2008 to 2012. Non-Executive Independent Director of EDP Renováveis (also member of the Audit Committee and later of the Remuneration Committee), Chief Executive Officer (CEO) of CTT – Portugal Post from 2012 to 2019, where he led its privatization and Chairman of Banco CTT since inception in 2015 to 2019.

Non-Executive Independent Director of Endesa Energia, Spain, from 2015, also member of the Audit and Compliance Committee and the Nomination and Remuneration Committee from 2015 to 2020 and Chairman of the Audit and Compliance Committee since 2020 | Chief Executive Officer (CEO) of CTT – Correios de Portugal, S.A. from 2012 to 2019, also Chairman of the Board of Directors from 2012 to 2017 and Vice Chairman from 2017 to 2019 and member of the Corporate Governance, Evaluation and Nominations Commission from 2014 to 2016 | Chairman of the Board of Directors of Banco CTT from 2015 to 2019, also Chairman of the Board's Remuneration Commission and member of the Selection Commission from 2015 to 2019 and Chairman of the Shareholders Remuneration Commission from 2016 to 2019 | Chairman of CTT Expresso – Serviços Postais e Logística, S.A. from 2014 to 2019 | Chairman of Tourline Express Mensajeria, S.L.U from 2014 to 2019 | Member of the Board of Directors of Fundação Portuguesa de Comunicações from 2012 to 2019 | Chairman of the General Meeting of Shareholders of Correio Expresso de Moçambique, S.A. since 2013 | Member of the Board of Directors of International Post Corporation from 2014 to 2017 | Chairman of the Board of Cotec Portugal from 2015 to 2018, Member of the Board from 2018 | Member of the Board of AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado from 2014 to 2017 | Member of the General Council of Clube Naval de Cascais from 2006 to 2020, Vice-Commodore from 2016 to 2020.

Pedro Miguel Ribeiro de Almeida Fontes Falcão (Member of the Compensation Committee)

Educational background and professional training

Graduated in Business Management (Universidade Católica Portuguesa, Lisbon)

MBA (Harvard Business School)

PhD in Management (Iscte-IUL)

Professional activity in the past five years

Current Positions:

Chairman of the "Audit Committee" ("Conselho Fiscal") of Montepio Holding, Banco BEM, Montepio Crédito and Montepio Valor since 2018 | Member of the "Audit Committee" ("Conselho Fiscal") of BMO-GAM Portugal since 2017 | Member of the Board of the "Ordem dos Economistas" since 2018 | Visiting Assistant Professor in Iscte-IUL since 2005 | Director of the Executive MBA of Iscte Executive Education since 2004 | Management Consultant.

Past Positions:

Non-executive Member of the Board of Directors of Caixa Geral de Depósitos from July 2013 to August 2016 | Member of the Audit Committee of Caixa Geral de Depósitos from July 2013 to August 2016 | Member of the Remuneration Committee of Caixa Geral de Depósitos from 2015 to August 2016 | Associate Dean of Iscte Business School from 2014 to 2017.

CV data of the members of the Fiscal Council

José Maria Rego Ribeiro da Cunha (Chairman of the Fiscal Council)

Degree in Finance from Instituto Superior de Ciências Económicas e Financeiras (ISCEF – 1972)

Between 1975 and 1977 worked as auditor at the international company Arthur Andersen & Co.

In 1981 he passed a Statutory Auditor examination. He is the member 497 of the Certified Auditor's Association.

Between 1977 and 1981 worked as auditor manager at the chartered accountant company "António Almeida e Augusto Martins Moreira, SROC".

In 1981 he joined and has become partner of "Amável Calhau, Ribeiro da Cunha & Associados", having been since managing partner in the company until 2018, performing several professional works within the following areas: auditing, evaluation of companies and consulting, among others.

In 2018, as part of a restructuring, he constituted JM Ribeiro da Cunha & Associados, SROC, Lda., a company of which is also a managing partner.

JM Ribeiro da Cunha & Associados, SROC is:

- Member of the Bar Association of Statutory Auditors, registered under n° 325; and
- Registered at the (CMVM) Portuguese Securities Market Commission under n, ° 20180024

Since 1981, also, he has been working as Chartered Accountant in representation of the above-mentioned company, either as Statutory Auditor or integrating Supervisory Boards, in a great deal of companies covering several business activity sectors, such as: Financial Institutions and Insurance, Industry and Construction, Public Entities, Services, Tourism, Commerce, etc.

On a personal basis he worked as supervisory board in:

- PHAROL, SGPS S.A. - Chairman of the Supervisory Board
- Haitong Capital SCR, S.A. – Chairman of the Supervisory Board
- Mellogere, SGPS, S.A. – Chairman of the Supervisory Board
- GNB Gestão de Activos, SGPS, S.A. - Chairman of the Supervisory Board

He works as Chairman or Member of the Supervisory Board of the following non-profits institutions:

- Associação de Ajuda ao Recém-Nascido (Banco do Bebê)
- Bens de Utilidade Social (BUS)
- Plataforma para o Crescimento Sustentável (PCS)
- Associação de Tratamento de Toxicodependentes / FAROL (ATT)

Isabel Maria Beja Gonçalves Novo (Member of the Fiscal Council)

Educational background and professional training

International Management Programme – INSEAD, Fontainebleau

Post graduation in Finance (European Business Certificate) – South Bank University, London

Graduated in Business Management and Organisation – Instituto Superior de Ciências do Trabalho e da Empresa (ISCTE)

Managing for Success – BNP Paribas, Brussels
Leadership for Growth – Fortis Bank, Mello
Certificate of Proficiency in English – Universidade de Cambridge, Lisbon
Diplôme Supérieur d'Études Françaises Modernes – Alliance Française, Lisbon
Pedagogical Skills Certificate – F607896/2013, Lisbon

Professional activity in the past five years

Current Positions:

Member of the Supervisory Board of Best – Banco Eletrónico de Serviço Total, S.A. (since December 2016)
Member of the Supervisory Board of PHAROL, SGPS S.A. (since May 2015)
Financial and Business Advisory (since April 2013)

Past Positions:

Head of the Credit Analysis Department, BNP Paribas Fortis – Portuguese Branch (September 2010 – October 2012)
Head of Credits, Fortis Bank – Portuguese Branch (October 1995 – September 2010)
Vice-Chairman of Federação de Triatlo de Portugal (December 2012 - January 2017),

João Manuel Pisco de Castro (Member of the Fiscal Council)

Director of Grupo Visabeira, SGPS S.A.
Director of Visabeira Constructel, S.A.
Director of Real Life – Tecnologias de Informação, S.A.
Chairman of Vista Alegre USA
Director da Constructel (Rússia)
Director of Birla – Visabeira LTD

Professional qualifications and professional activities performed during the last 5 years

President of MOB – Indústria de Mobiliário, S.A. to 2017 | President of Faianças da Capoa – Indústria de Cerâmica, S.A. to 2017 | President of Pinewells, S.A. to 2017 | President of Visagreen, S.A. to 2017 | Director of Visacasa, S.A. to 2017 | Director of Constructel (Belgium) to 2017 | Director of Constructel Sweden AB to 2017 | Director of Constructel (UK) até 2017 | Director of Constructel GmbH to 2017 | Director of Constructel (France) to 2017 | President of Instituto de Gestão Financeira e de Infra-Estruturas da Justiça, I.P. from 2007 to 2009 | Member of the Board of Directors of Grupo Visabeira SGPS S.A. from 2002 to 2007 | Member of the Board of Director of Visabeira Telecomunicações e Construção, SGPS S.A. from 2002 to 2006 | Director of Visabeira Serviços SGPS, S.A. from 2003 to 2005

Curriculum notes

Graduated in Electrotechnical Engineering, Telecommunications and Electronics track from Instituto Superior Técnico (1983) | MBA from Faculdade de Economia, Universidade de Lisboa (1990).

Paulo Ribeiro da Silva (Alternate Member of the Fiscal Council)

Educational background and professional training

Graduated in Financial Audit – ISCAL – Instituto Superior de Contabilidade e Administração de Lisboa

Post-graduated in Corporate Finance – INDEG/ISCTE
Post-graduated in Security and Computer Auditing – ISTECS – Instituto Superior de Tecnologias Avançadas

Professional activity in the past five years

Partner of JM Ribeiro da Cunha & Associados, SROC, Lda. since 2018
Partner Manager of BRAVI – Fiscalidade e Consultoria, Lda., since November 2017

Complementary information to the curricula of the Governing Bodies

In line with recommendations I.2.1 of the Corporate Governance Code of the Portuguese Institute of Corporate Governance 2018 ("IPCG Code"), revised in 2020, PHAROL provides this complementary information to the curricula of the governing bodies on the individual attributes and diversity requirements of them, which can contribute to their effective performance.

This document, focusing on the curricula presented by the members of the Board of Directors, Fiscal Council and Compensation Committee, is intended to contribute to a more detailed and objective analysis of the members of these bodies, materializing the specification of the criteria and requirements relating to individual attributes as set out in the IPCG Company Government Code.

Composition of the Board of Directors, Fiscal Council and Compensation Committee

- Board of Directors composed of six members
- Fiscal Council composed of three full members and one alternate
- Compensation Committee of Salaries composed by three members

The composition of these bodies is appropriate to the size of the company and its activity. It allows the promotion of an effective functioning and performance of the Board of Directors, considering aspects such as (i) the legal framework (composition of 3 to 7 members, in accordance with the statutes of PHAROL, and Recommendations III.2 to III.4 of IPCG code regarding the appropriate number of executives, non-executive and independent directors), (ii) the necessary skills, experience and knowledge and (iii) the appropriate level of diversity.

1. Individual Attributes

1.1. Academic Training, Competence and Experience

In the field of academic training and in accordance with the respective curricula, the members of the Board have complementary training at the international level, which includes Masters, MBA's and PhDs. We point out that the administrators Dr. Luis Palha da Silva, Dr. Maria do Rosário Pinto Correia, Dr. Pedro Morais Leitão, Dr. Jorge Freire Cardoso and Dr. Maria Leonor Ribeiro Modesto, all have training in economics and management.

The members of the FC have the qualifications required and adequate to carry out these functions with qualifications, training and solid knowledge in auditing or accounting.

The curricula presented by all members of the FC show a vast experience in the exercise of functions in supervisory bodies in multiple sectors. The President of the FC, Dr. José Maria Ribeiro da Cunha, with a wide accumulated experience of more than 30 years of professional life, is also a ROC, has performed the duties of an audit officer, was a member of the supervisory bodies of large companies in various sectors. activities such as Financial Institutions and Insurance, Industry, public entities, services. He also has extensive experience in company valuation and consultancy.

Dr. João Manuel Pisco de Castro, member of the FC, has extensive experience in executive management of companies, in executive and non-executive positions, both national and international.

Dr. Isabel Maria Gonçalves Novo also presents a curriculum with a solid background and extensive experience in the area of supervision, of which we highlight Financial and Management Consulting and her

role in the management of the Risk and Credit Analysis department at a Financial Institution.

The alternate member of the FC, Dr. Paulo Ribeiro da Silva, also has experience in the areas of accounting and taxation.

The members of the FC have experience in the financial and risk management areas and, on the whole, training and experience in listed companies.

Regarding the competence and experience of the members of the Board, the following stand out:

a) Leadership, Strategy and Management

The six members that make up the Board have extensive management experience and have held positions of direction and administration, which gives them capabilities and strategic vision, promoting strong competence in the area of leadership of the Company.

The Chairman of the Board of Directors, Dr. Luis Palha da Silva, has skills, knowledge and extensive experience in executive management in management functions in listed and large companies. The top management positions that he held, contribute very positively to his performance as Chief Executive Officer, namely in the context of the company's future planning.

b) International Area

Almost all the members of the Board of Directors have extensive experience in the international domain, having performed management functions in international companies or in Portuguese companies with international expansion. This experience was decisive for the acquisition of cultural background, a transversal element to all of them. Can be seen from the respective curricula, the administrators are Dr Luis Palha da Silva, Dr Maria do Rosário Pinto Correia, Dr Pedro Morais Leitão and Dr Jorge Freire Cardoso. Also, at the international level, and in the area of Law and top academic area, the administrator, Dr Avelino Cândido Rodrigues and the administrator, Dr Maria Leonor Ribeiro Modesto, stand out, respectively.

c) Financial Area and Risk

Board members have developed their training and / or professional career in consulting activities or in management functions that have allowed them to acquire solid skills in the areas of finance, investment and risk management.

d) Legal and Regulation

In this context, the expertise of the member of the Board of Directors, Dr. Avelino Cândido Rodrigues, stands out for his training in Law and extensive professional experience in the various legal fields, both in Portugal and in Brazil.

e) Corporate Governance, Social Responsibility and Ethics

The skills in this area are highlighted by the Chairman of the Board of Directors and Chief Executive Officer, Dr. Luis Palha da Silva, who has several years of professional experience in executive and non-executive positions in companies with strong corporate governance components, responsibility and ethics, such as Jerónimo Martins and Galp Energia. He also currently serves on the EDP Supervisory Board.

1.2. Independence and Integrity

The members of the Board of Directors and CF meet the necessary conditions to exercise their functions and fulfill their duties of diligent action and in the interest of the Company, with impartiality and impartiality, since the rules regarding conflicts of interest are still in force at PHAROL, in particular:

(a) within the scope of the deliberations of the Board of Directors (when the administrators in conflict are prevented from participating and voting);

(b) with respect to transactions with related parties, which are subject to principles and procedures

approved by the Board of Directors and by the FC aimed at promoting the pursuit of the social interest.

The Board and FC have demonstrated the ability to maintain compliance with legal and conduct duties in relation to the activity they have been developing and have the conditions for the performance of functions in the interest of the Company and in accordance with standards of loyalty and integrity.

It is PHAROL's practice to have in the list of its management elements indicated by shareholders with qualified holdings and with a long-term investment perspective for closer monitoring of the Company's management.

As for the strategic definition and assessment of the risks inherent to the company, the supervisory functions of non-executive and independent directors are guaranteed.

FC members declare that they comply with the independence requirements defined by law (according to the national criteria laid down in Article 414 of the Commercial Companies Code and on the basis of the information provided by them).

1.3. Availability

The members of the Board of Directors and CF have shown their full willingness to carry out their duties, closely monitoring the company's activity, either through meetings or through regular reports by the Chief Executive Officer.

2. Diversity Level

2.1. Gender Diversity

PHAROL complies with Law No. 62/2017 and promotes gender diversity in all its governing bodies.

2.2. Renewal and retention of knowledge and seniority

The curricula referred to in this document show a balance between, on the one hand, renewal/rotation and, on the other hand, retention of knowledge given the permanence of functions in the Company of Board and FC since 2018, including the President of the Board (who simultaneously serves as Delegated Director of the Company), as well as the Chairman of the Fiscal Council.

The composition of the Board and FC present diversification at the age level allowing an adjusted balance between the need for extensive experience suitable for the performance of the required functions and the necessary openness to new challenges.

3. Individual profile of members and composition of the Compensation Committee

The three members of the Compensation Committee, Dr. António Sarmento Gomes Mota, Dr. Francisco Lacerda and Dr. Pedro Miguel Ribeiro de Almeida Fontes Falcão as a whole, for their academic background, extensive experience in administration and consulting, demonstrate skills, experience and knowledge in the areas of remuneration policy, human resources, international area, financial and risk area, leadership and legal and regulatory area.

Conclusions

Following a more detailed deepening of the curricula presented by the members of the Board of Directors, members of the Fiscal Council and members of the Compensations Committee, bodies elected by PHAROL shareholders in 2018, it is concluded that, in addition to the components of diversity and individual characteristics (such as seniority, cultural background and gender), they have skills, knowledge, skills and experience that are crucial for them to , as a whole, meet the necessary conditions to pursue the best interests of the Company and its Shareholders.

APPENDIX II

“Declaration on the remuneration policy applicable to members of the management and supervisory bodies

Pursuant to Law no. 28/2009, of 19 June, and Decree-Law no. 225/2008, of 20 November, the Remuneration Committee hereby submits to the company's General Meeting the following declaration on its remuneration policy applicable to the members of the management and supervisory bodies.

1. Introduction

The year of 2019 represented the second year of the current mandate of the governing bodies. The Remuneration Committee understood that there was no reason to introduce any changes to the policy defined at the beginning of this term, which received the approval of the shareholders and which is summarized in the following points.

2. Remuneration Policy for Non-Executive Directors and members of the Fiscal Council:

The remuneration of the non-executive members of the Board of Directors and of the members of the Fiscal Council consists of a fixed annual remuneration (divided into 14 times per year), without attendance fees.

There was no change in the fixed wages in force that reflect a level of remuneration appropriate to the responsibility of the functions performed and promoting their good performance.

No form of variable remuneration is provided for non-executive members of the management body and the supervisory body.

3 -Executive Directors' Remuneration Policy

The remuneration of Executive Directors, which has been implemented since March 27, 2017 in the remuneration of the Chief Executive Officer, comprises a fixed component and a variable component and a variable component.

In the definition of the variable remuneration, it was sought to ensure a reasonable balance between the disincentive to excessive risk taking and the effective alignment of management interests with the interests of Shareholders and the Company.

A) Fixed remuneration

The fixed remuneration component did not change in relation to 2018 and takes into account (i) the fact that executive management is concentrated in a single person (Chief Executive Officer) and (ii) that the Chief Executive Officer accumulates the functions of Chairman of the Company's Board of Directors.

B) Variable Remuneration

The variable remuneration is associated with the performance of the Chief Executive Officer. The allocation of variable remuneration takes into account the different degrees of achievement in relation to the specific

objectives previously approved, associated with objective, simple, transparent and measurable performance indicators. The Remuneration Committee kept the two criteria defined for this mandate unchanged, namely: the Total Shareholder Return (TSR) of the Company's shares (80% weight) and the Operational Efficiency of the Company, measured by the relationship between budgeted recurring costs and real (20% weight).

The variable remuneration has a maximum value corresponding to 100% of the value of the annual fixed remuneration (and consequently 50% of the total annual remuneration), a limit that drops to 50% in the 2nd and following years of the mandate, if the accumulated TSR is not positive.

The variable remuneration will be paid in cash, 50% in the month following the date of approval of accounts by the General Shareholders' Meeting and 50% with a deferral of 3 years and subject to verification of the positive performance of the Company in the period considered, to be carried out by the Remuneration Committee, which will take into account the financial sustainability and economic situation of the Company as well as the sector in which it operates, in addition to exceptional factors that are not under management control and that may affect the performance of the Company.

These principles and indicators for determining the variable component of remuneration aim to ensure a clear alignment between the interests of the executive director and the interests of the Company, through an incentive and compensation policy that allows the attraction, motivation and maintenance of the best professionals.

The Remuneration Committee further understands that, due to the nature and objectives of the Company, in the event of any extraordinary event that represents an undeniable and measurable creation of value for shareholders, it can be considered, during the year in which the event becomes final, the attribution of an equally extraordinary prize to the Chief Executive Officer, under the terms to be defined in time and in view of the specific characterization of such event, and if it is proposed in a reasoned manner by the Company's Board of Directors.

In 2019 and according to the calculation of the values of the indicators mentioned above, there was no place for the attribution of the annual variable remuneration.

However, the Remuneration Committee received a proposal approved by the Board of Directors of the Company to allocate an extraordinary premium to the Managing Director in an amount equivalent to an interval between 0.25% and 0.75% of the benefit obtained for the Company resulting from the agreement entered into with the OI and that the Board of Directors found, in a documented way, to be between 34.8 and 36.8 million euros, depending on the dates and respective quotations (of exchange rate and OI share) that may be considered in the quantification of the referred benefit.

The Remuneration Committee, having considered that it values in a very positive way all the intense, consistent and very demanding work carried out by the Managing-Director in the search, first, and the realization, at the end, of an understanding with OI that appears to be objectively and adequately quantified the financial advantage of the agreement (receipt of money and shares), he understood that he should comply with the proposal presented by the Board of Directors of the Company in order to approve an extraordinary premium for the Managing Director. Regarding the amount, the Commission believes that it should also take into account the Company's performance in 2018, particularly with regard to the creation of value for shareholders in which, unfortunately, a negative value (measured by TSR) was obtained. Thus, it decided to attribute an extraordinary premium to the Managing Director of 147,000 euros, which corresponds to 50% of his fixed annual remuneration. This premium respects the 50% limit that the Commission defined in its remuneration policy statement whenever TSR is negative. The prize awarded complies with the proposed range (0.25 to 0.75%) by the Company's Board of Directors in relation to the percentage of the premium amount on the benefit that the Board determined resulting from the agreement with OI. Using the lowest value of the benefit valuation, 34.8 million euros, the premium of 147,000 euros represents 0.42%.

4 Allocation of shares and options

Currently, there are no plans for the attribution of shares or stock options in force in the Company for the current mandate.

5. Termination of duties of executive directors

In the event that an Executive Director ceases to function, for any reason other than dismissal for cause, the payment of the variable remuneration amounts determined and which are deferred can only be made at the time of the termination of the management relationship if, until that date, there are sufficient and sustained indications that the performance of the Company will be predictably positive in the remaining period in terms that would, in all probability, allow the payment of the deferred component.

6. Variable remuneration reversal clause ("claw back")

The reversal through the retention and / or return of the variable remuneration whose payment already constitutes an acquired right may be required, by resolution of the Remuneration Committee, if (i) there is a judicial condemnation of a Director for unlawful performance that determines changes adverse effects on the company's equity situation; (ii) there is a serious or fraudulent non-compliance with the code of conduct or internal rules with significant impact, or situations that justify a just cause for dismissal; (iii) and/or false statements and/or errors and omissions that are materially relevant in the financial statements to which the Director's conduct has contributed decisively.

7. Alignment of the interests of the Directors with the interest of the Company

The variable remuneration of the Company's Executive Directors is dependent on their performance, as well as on sustainability and the ability to achieve certain strategic objectives of the Company.

The current remuneration policy also allows a globally reasonable balance between the fixed and variable components and the deferral of a significant part of the variable remuneration, with its payment conditional on the non-affectation of the positive performance of the Company over that period as described above. In this way, it seeks to contribute to the maximization of long-term performance and the disincentive of excessive risk taking.

Still with a view to reinforcing the component of evaluating the performance of the Directors, unless agreed or resolved by the Remuneration Committee to the contrary, the Company and its Directors must act in accordance with the following principles:

- i) The Directors must not enter into contracts, either with the Company or with third parties, which have the effect of mitigating the risk inherent to the variability of the remuneration fixed by the Company;
- ii) In the event of dismissal or termination by agreement of the management relationship, when due to its inadequate performance, no compensation will be paid to the Directors.

8. Remuneration of the board of the General Meeting

In 2019, the values approved in 2018 for the President and Secretary of the General Meeting board were maintained.

9. Statutory Auditor remuneration policy

The Company's Statutory Auditor is remunerated in accordance with normal remuneration practices and conditions for similar services, following the conclusion of a service provision contract with the company, following a proposal by the Fiscal Council.

10. Support from external consultants

The Board of Directors has always assured the Remuneration Committee, within the economic possibilities of the company, the possibility of using external consultants to support the activities carried out. In 2019, as in 2018, the Remuneration Committee understood that it was not necessary to resort to that type of support.

Lisbon, 2 March 2020

On behalf of the Remuneration Committee

António Gomes Mota

Presidente"

APPENDIX III

Code of Ethics

PHAROL's Code of Ethics, approved in 2016, applies to all employees of the Company in order to guarantee a set of common ethical standards. Its implementation is permanently monitored by the management bodies.

The full text of the PHAROL's Code of Ethics is available for consultation on the Company's official website (www.PHAROL.pt) and may also be made available through the Investor Relations Office.