

Statement on the Remuneration policy for members of the administrative and supervisory bodies

Pursuant to the Securities Code, and in particular in articles 26 - A, 26 - B and 26 - C, the Remuneration Committee of Pharol SGPS, S.A. (hereinafter the Company), presents to the General Meeting the remuneration policy of the members of the administrative and supervisory bodies.

The preparation of the remuneration policy is the responsibility of this Remuneration Committee, composed of three members, all of them independent of the administration.

The remuneration policy set out below is essentially that of the previous year, and no significant substantive changes were made to the policy. This one took into account the very specific characteristics of the Company, whose activity is mainly focused on the management of a financial holding (in the Brazilian company OI S.A.) and on the recovery of a set of claims on the company, in bankruptcy proceedings, Rio Forte. In this context, the Company also has a very small staff (7 full-time employees).

Thus, several of the relevant dimensions to be considered in a remuneration policy, remunerations introduced by the Law 50/2020 and consolidated in the Securities Code, in particular in the areas of sustainability, social responsibility and conditions of employment and remuneration of workers, that were taken into account in the policy, have a very limited scope in this Company.

1. Remuneration Policy of non-executive Directors and members of the Supervisory Board

The remuneration of non-executive members of the Board of Directors consists of a fixed annual remuneration of 35,000 euros (allocated 14 times a year), without attendance vouchers. There is no place for any non-pecuniary benefit. This remuneration is the same as that paid during the previous mandate.

The Supervisory Board President has an annual remuneration of EUR 49,000 and the members 31,500 euros.

These remuneration amounts of non-executive Directors and members of the Supervisory Board are identical to those practiced in the previous mandate and aim to ensure adequate compensation in view of the responsibilities of the functions performed and the characteristics of the Company.

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

2. Executive Directors' Remuneration Policy

The remuneration of the Executive Directors, which has been carried out since March 27, 2017 in the remuneration of the Managing Director-Delegate, comprises a fixed component and a variable component.

2.1. Fixed remuneration

The fixed annual remuneration (ARF) amounts to EUR 294,000 and remains the same as in the previous mandate. It took into account (i) the fact that the executive administration is concentrated in a single person (Chief Executive Officer), (ii) the Managing Director accumulates the functions of Chairman of the Company's Board of Directors and (iii) it reflects the conditions practiced in the market for functions of a similar nature, in order to promote an adequate retention of talent.

The Managing Director has as its sole non-pecuniary benefits the use of vehicles (including fuel and tolls) and life insurance in line with normal market practices.

2.2. Variable Remuneration

Variable remuneration is associated with the performance of the Managing Director. 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.

As mentioned in the preamble, the nature of the Company's activity is based on the management of a very minority stake in Brazilian company OI and on the recovery of credit on the Company Rio Forte. In this context, its corporate dimension is also very limited, with a staff of only 7 people and with a strong use of expert consultants, in particular in terms of legal services. These characteristics greatly limit the implementation of a variable compensation model that incorporates a *multi-stakeholder view*. Shareholder value creation is the measurement element that can be consistently used over time.

In order to achieve a vision of creating a longer-term value, variable remuneration is divided into two installments, annual variable remuneration (RVA) and multiannual variable remuneration (PVR), in the following terms.

The RVA is calculated from the variation of the PHAROL Total Shareholder Return (TSR) indicator versus psi 20 TSR, both calculated based on the average value of the december quotes of the year of the evaluation and the month of December of the previous year:

$$\text{VARIAC\~{A}O TSR} = ((1 + \text{TSR PHAROL}) / (1 + \text{TSR PSI-20}) - 1) \times 100$$

The Value of the RVA is obtained, by linear interpolation, from the following table:

TSR VARIATION	% RFA
Inferior a - 5 %	0
From - 5% to 0 %	15%
More than 0% up to 5%	30%
More than 5% up to 10%	45%
Superior a 10 %	60%

RVA will be null if the PHAROL TSR in the period is negative by more than 20%.

RPV is calculated in the same way as RVA but based on the average value of the closing quotes for december 2020 and December 2023.

The RVP value is obtained, by linear interpolation, from the following table:

TSR VARIATION	% RFA DELEGATED ADMINISTRATOR
Up to 0%	0
More than 0% up to 5%	35%
More than 5% up to 10%	70%
More than 10% up to 15%	105%
Superior a 15%	140%

RPV will not be used if the PHAROL TSR in the period is negative by more than 10%.

Each year's RVA will be paid 50% in cash in the month following the approval of the accounts by the Company's General Meeting. The remaining 50% will be deferred for three years and their payment subject to verification of the positive performance of the Company in the period considered, to be carried out by the Remuneration Committee that will take into account the financial sustainability and economic situation of the Company, and may take into account exceptional factors that are not under the control of management and that may affect the company's performance.

The RVP will be paid 50% in cash in the month following the approval of the 2023 accounts by the General Meeting of the Company. The remaining 50% will be deferred for three years and their payment subject to verification of the positive performance of the Company in the period considered, in the terms previously referenced to the RVA.

These principles of remuneration and indicator for determining the variable component of remuneration contribute to the Company's business strategy, its long-term interests and its sustainability, to the extent that:

- a) The introduction into the variable remuneration determination model of a multiannual component reinforces the long-term vision of the Company's performance
- b) A ceiling of 107% has been for the weight of variable remuneration in total remuneration creating a reasonable balance between encouraging performance and not taking excessive risks;
- c) The retention of 50%, both RVA and RVP, and only paid if there is a positive performance of the company in the following 3 years, introduces an appropriate focus on sustainability and continuity in the management of the Company;
- d) Finally, the criterion defined for the determination of variable remuneration highlights an adequate articulation with the nature of the activity and characteristics of society, focusing on profitability and sustained value creation.

In another context, the insertion of the conditions of employment and remuneration of the Company's employees in the remuneration policy was met (and, it should be recalled, the Company has a staff of 7 people), by defining that both remuneration systems are based on the same principle set out in this policy, the valuation of market conditions for the functions performed and the enhancement of the acquisition and retention of talent.

3. Attribution of actions and options

There is no stock assignment plan or options plan.

4. Supplementary pension schemes or early retirement schemes

There is no scheme in place for the allocation of a supplementary pension or early retirement to any member of the administrative and supervisory bodies.

5. Termination of functions of the Managing Director

If the Managing Director ceases his duties, for any reason other than dismissal for just cause, the payment of the amounts of variable remuneration determined and deferred may be made only at the time of termination of the management relationship if, up to that date, there are sufficient and sustained indications that the Performance of the Company will be predictably positive in the remaining period in such terms that, would in all likelihood allow the payment of that deferred component.

6. Variable remuneration reversal clause ("clawback")

The reversal by means of the retention and/or return of the variable remuneration whose payment constitutes already an acquired right may be required, by resolution

of the Remuneration Committee, if (i) there is a judicial conviction of the Administrator for unlawful performance that determines adverse changes in the company's assets situation, (ii) there is serious or fraudulent breach of the code of conduct or internal regulation with significant impact, or situations that justify the cause of dismissal, (iii) false statements and/or materially relevant errors and omissions are made in the financial desmonstrações to which the Conduct of the Administrator has contributed decisively.

7. Conclusion of contracts and agreements between the Company and members of the administrative and supervisory bodies

No agreements exist, nor have they ever been established or approved by this Committee, with regard to payments relating to the dismissal of members of the Management and Supervisory bodies, whether for dismissal without just cause or for any other form of termination of service

In addition, this Commission has defined two fundamental principles in this context:

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

8. Remuneration of the general meeting table

By session the Chairman of the bureau benefits the amount of 4,000 euros and the Secretary of 2,000 euros, values already in force in the previous term.

9. Statutory Auditor remuneration policy

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

10. Use of consultants

The management board has provided the remuneration committee with all the conditions so that it could freely hire externally the consultancy services necessary for the performance of its duties. As in previous years, in 2022 the committee considered that there was no need to use such services, but if necessary, it will be ensured that they are provided independently and that their providers will never be

hired to provide any other services to the Company itself or to others with it who are in a domain or group relationship without the express authorisation of the committee.

Lisbon, 17 February 2023

By the Remuneration Committee

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