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 governing bodies began their new mandate in 2018. The Remuneration Committee analysed the remuneration policy for the previous mandate and concluded that, essentially, it guaranteed the main objectives and emphasised management performance and alignment with the company's interests. Within this context, the committee decided to maintain the basic principles of the policy applicable to the previous mandate, which was approved by the shareholders every year, although some adjustments and enhancements deemed appropriate were made.

2. Remuneration Policy for non-executive directors and members of the Supervisory Board:

Remuneration of non-executive members of the Board of Directors and members of the Supervisory Board consists of a fixed annual remuneration (divided into 14 payments per year), without including attendance fees.

In defining the fixed remunerations, an effort was made to ensure a remuneration level that recognises the responsibility inherent to the respective duties and that fosters adequate performance of the said duties.

We decided to maintain the values applied in the previous mandate which had been determined in line with values paid by companies with a similar market capitalisation listed in EURONEXT Lisbon.

No type of variable remuneration is foreseen for non-executive members of the Board of Directors and members of the Supervisory Board.
Therefore, the annual remunerations stipulated for this mandate are of 35,000 euros for non-executive directors and 42,000 and 31,500 euros for the president and members of the supervisory board, respectively.

3. Remuneration Policy for Executive Directors

The remuneration for Executive Directors, which since 27 March 2017 has been applied to the Managing Director's remuneration, consists of a fixed component and a variable component.
In defining the variable remuneration, we endeavoured to maintain a reasonable balance between dissuading excessive risk-taking and an effective alignment of management interests with the interests of the company's shareholders.

A) Fixed remuneration

The fixed remuneration component takes into account: (i) that the executive board consists of a single person (managing director); (ii) that the managing director is also the chairman of the company's board of directors; (iii) that it is expected to remain competitive by endeavouring to maintain it aligned with average remunerations of executive directors at companies with a similar market capitalisation listed on EURONEXT LISBON; and (iv) that the position is complex and requires expertise. Therefore, it was decided to maintain an annual payment of 294,000 euros for this mandate, as applied in the previous year, for the managing director's fixed remuneration, paid through a monthly salary 14 times per year. A benefit of life insurance and personal accident insurance is added to the said remuneration.

B) Variable Remuneration

The variable remuneration is associated to the managing director's performance. The variable remuneration will be determined according to the different levels of achieving the specific objectives approved in advance, associated to performance objectives that are objective, simple, transparent and measurable. The Remuneration Committee assessed the evolving scenario in the stock market, economy and company's operation and concluded that it should maintain the two criteria that were applied in the previous mandate, although with a slight alteration of the respective weights, as follows: the Total Shareholder Return (TSR) of the Company's shares (80%) and the company's Operational Efficiency, measured by the ratio between budgeted and real recurring expenses (20%).

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

Therefore, the variable remuneration will represent a maximum of 50% of the total annual remuneration.

The variable remuneration will be paid in currency, 50% in the month subsequent to the date when the accounts are approved by the General Shareholders Meeting and 50% with a 3-year deferment and subject to confirmation of the company's positive performance in the period in question, to be determined by the Remuneration Committee, which will take into account the financial sustainability and economic situation of the company and of its business sector, in addition to exceptional factors not subject to control by the management and that may affect the company's performance.

These principles and indicators for determining the variable component of the remuneration aim to ensure a clear alignment between the interests of the executive director and of the company, thereby fostering the pursuit and achievement of objectives through quality, work capacity, dedication and business know-how and an incentive and compensation policy to attract, motivate and retain the best professionals.

The Remuneration Committee also believes that, due to the company's nature and objectives, should an extraordinary event occur representing an undeniable and measurable creation of value for shareholders during the year in which the event becomes definitive, the granting of a reward equally extraordinary to the Managing Director will be taken into consideration, within the terms to be specified in time and according to the concrete characterisation of the said event and if the said reward is justifiably proposed by the company's Board of Directors.

4. Awarding shares or share options

The company does not have or advocate a policy of awarding shares or share options for the mandate in progress.

5. Termination of duties by executive directors

If the Executive Director terminates his duties, for any reason other than dismissal by just cause, any determined and deferred variable remuneration amounts may be paid at the time of the said termination of the management relations only if, until that date, there is sufficient and sustained evidence that the company's performance will be foreseeably positive in the remaining period to the extent that, in all probability, such would allow payment of the said deferred component.

6. Clause for reversal of the variable remuneration ("clawback")

Reversal through withholding and/or returning the variable remuneration whose payment is already an acquired right may be demanded by decision of the Remuneration Committee if: (i) a director comes to be judicially sentenced for an illicit act that results in adverse alterations to the company's asset situation; (ii) in the event of serious or fraudulent breach of the code of conduct or of the internal regulations with a significant impact, or situations that justify dismissal by just cause; (iii) and/or false declarations and/or materially relevant errors and omissions in the financial statement to which the director's conduct consisted of a decisive contribution.

7. Alignment of the directors' interests with the company's interests

The variable remuneration of the company's executive directors depends on their performance and on the sustainability and capacity of reaching specific company objectives.

The current remuneration policy also makes it feasible to reach a reasonable overall balance between the fixed and variable components and a deferral of a significant part of the variable remuneration, whereby its payment will be restricted when a positive performance is not achieved during that period according to the previously described terms. This approach is designed to contribute to maximising long-term performance and to dissuade excessive risk-taking.

Also, to reinforce the component of evaluating the performance of directors, save for agreement or deliberation by the Remunerations Committee to the contrary, the company and its directors must act in accordance with the following principles:

i) Directors must not sign contracts, either with the company or with third parties, for the purpose of diminishing the risk inherent to the variability of the remuneration stipulated by the company;

ii) In case of dismissal or of termination of duties by decision of the management, when such is proven to have been caused by inappropriate performance, no compensation will be paid to directors.

8. Remuneration of the general meeting board

The general meeting board chairman and secretary will be paid a presence fee of 4,000 and 2,000 euros per meeting, respectively.

9. Remuneration policy for the Statutory Auditor

The company's Statutory Auditor is paid according to normal remuneration practices and conditions for similar services, after the signing of a service contract with the company, through a proposal by the Supervisory Board.

Lisbon, 1 March 2019

The Remuneration Committee

António Gomes Mota
President