

Declaration on the remuneration policy for the members of the management and supervisory bodies

With the entry into force of Law no. 50/2020, of 25 August, and the consequent repeal of Law no. 28/2009 of 19 June, the Remuneration Committee of Pharol SGPS, SA (hereinafter the Company) passes to be obliged to prepare a Remuneration Policy for its members of the management and supervisory bodies in accordance with the new legal regime.

The present Remuneration Policy thus reflects the work carried out by the Remuneration Committee, based on the previous statements on the remuneration policy and taking into account the aforementioned new legal framework.

The drafting of the remuneration policy is the exclusive responsibility of this Remuneration Committee, composed of three members, all of whom are independent from management.

The remuneration policy presented below also took into account the very specific characteristics of the Company, whose activity is essentially centered on the management of a financial participation (in the Brazilian Company OI SA) and on the recovery of a set of credits on the Company, in the process of bankruptcy, 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 the remuneration policy introduced by Law no. 50/2020, particularly in the fields of sustainability, social responsibility and how the conditions of employment and remuneration of workers were taken into account in the said policy have, in this Company, a very limited scope.

1. Introduction

The year 2020 represented the third and final year of the current mandate of the governing bodies. The Remuneration Committee understood that there were no reasons to introduce 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 is no place for the attribution of any non-pecuniary benefit.

No changes were made to the fixed remunerations in force that reflect a level of remuneration appropriate to the responsibility of the functions performed and promoting their good performance.

There is no provision for any form of variable remuneration for the non-executive members of the management body and the supervisory body.

3. Executive Directors Remuneration Policy

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

A) Fixed remuneration

The fixed remuneration component has remained unchanged throughout the term and takes into account (i) the fact that the executive management is concentrated in a single person (Managing Director), (ii) that the Managing Director accumulates the functions of chairman of the Company's board of directors and (iii) reflect the conditions practiced in the market for functions of a similar nature in order to foster an adequate talent retention.

The Managing Director has the only non-financial benefits of using a vehicle (including fuel and tolls) and life insurance in line with normal market practices.

B) Variable Remuneration

The 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. The Remuneration Committee maintained without any changes the two criteria defined for this mandate, namely: the Total Shareholder Return (TSR) of the Company's shares (weight of 80%) 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, a limit that drops to 50%, in the 2nd and following years of the mandate, in case the accumulated TSR is not positive.

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

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, in addition to exceptional factors and which are not under the management control and that may affect the performance of the Company.

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

- i) A 50% ceiling was set for the weight of the variable remuneration in the total remuneration, thus creating a reasonable balance between the incentive to perform and the non-taking of excessive risks;
- ii) The retention of 50% of the variable remuneration and only paid if there is a positive performance of the Company in the following 3 years introduces an adequate focus on sustainability and continuity in the management of the Company;
- iii) Finally, the criteria defined for determining the variable remuneration reveal an adequate articulation with the nature of the Company's activity, focusing on profitability and creation of sustained value and organizational efficiency.

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

4. Allocation of shares and options

Currently, there are no plans for the attribution of shares or options to the current mandate.

5. Supplementary pension or early retirement schemes

There is no regime in force for granting a supplementary pension or early retirement to any member of the management and supervisory bodies.

6. Termination of duties of the Managing Director

If the Managing 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 time. date, there are sufficient and sustained indications that the performance of the Company will be predictably positive in the remaining period in terms that, in all probability, would allow the payment of said deferred component.

7. Variable remuneration reversal clause ("clawback")

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 regulations 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 conduct of the administrator has contributed decisively.

8. Signing of contracts and agreements between the Company and members of the management and supervisory bodies

There are not and have never been established by this Commission any payment agreements regarding the dismissal or termination of duties of members of supervisory bodies. In addition, this Commission has defined, in this context, two fundamental 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 case of dismissal or termination by agreement of the management relationship, when proven to be due to its inadequate performance, no compensation will be paid to the administrators.

9. Accumulation of remuneration

The Remuneration Committee authorized, with effect from 2021, that the Managing Director, by integrating the board of directors of the Company under Brazilian law OI SA, within the scope of the minority interest held by the Company in that Company, can accumulate the remuneration of that function with the remuneration earned in the Company. The Remuneration Committee had already authorized in the past (2015) the accumulation of

remuneration in the Company with remuneration earned in OI S.A. Furthermore, it is the understanding of the commission that the assumption of these functions is important for the proper management of said participation. The committee was also aware that the assumption of these functions, due to the very delicate economic and financial situation in which OI S.A finds itself, represents a risk and an increased responsibility for the Managing Director. In considering this set of elements, the Remuneration Committee decided to authorize said accumulation.

10. Remuneration of the board of the general meeting

The values approved in 2018 for the president and secretary of the general meeting board were maintained.

11. Statutory Auditor's 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 Supervisory Board.

12. Use of consultants

The board of directors provided the Remuneration Committee with all the conditions so that it could freely contract externally the consultancy services necessary for the exercise of its functions. As in the previous year, the commission considered that there was no need to use such services but that, if necessary, it would always ensure that they were provided independently and that the respective providers would never be hired to provide any other services to the Company itself or to the Company. others that are in a dominant or group relationship with it without the express authorization of the commission.

Lisbon, April 8, 2021

On behalf of the Remuneration Committee

António Gomes Mota