



**IBERSOL – SGPS, SA**

**Publicly Listed Company**

Registered office: Praça do Bom Sucesso 105/159, 9º andar, Porto

**Share Capital:** Euro 36.000.000

Commercial Registry : Oporto under the number 501669477

**Fiscal Number:** 501 669 477

## **CORPORATE GOVERNANCE REPORT 2019**

(to approve at the SGM on 29/06/2020)

# ***CORPORATE GOVERNANCE REPORT***

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## **CORPORATE GOVERNANCE**

### **REPORT**

**2019**

**IBERSOL, SGPS SA.**

**Publicly Listed Company, with share capital of 36,000,000 euros, with its registered office at Praça do Bom Sucesso, n.ºs 105/159, 9.º andar, 4150-146 Oporto, registered in the Companies Register of Oporto under registration and fiscal identification number 501669477.**

## **PART I – SHAREHOLDING STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE**

### **A. SHAREHOLDING STRUCTURE**

#### **1. Share Capital structure.**

The share capital of Ibersol,SGPS SA. amounts to 36,000,000 Euros, fully subscribed and paid, represented by 36,000,000 ordinary registered shares with a par value of 1 euro per share, all carrying the same rights and obligations. All the shares representing the share capital are admitted to trading on the regulated market Euronext Lisbon.

#### **2. Share transmission and ownership restrictions.**

There are no restrictions under Company's By-laws, in particular under 4<sup>th</sup> and 5<sup>th</sup> articles thereof, on the transferability of the shares, nor any clause requiring consent to the transfer of the shares, nor any type of limitation on ownership of the shares.

#### **3. Own shares.**

At 31<sup>st</sup> December 2019 Ibersol,SGPS SA. held 3.599.981 of its own shares, corresponding to 9,9999% of the share capital, with a nominal value of one euro per share, at an overall acquisition cost of 11,180,516 euros (which would correspond to a percentage of about 10% of vote) – having not acquired or sold any own shares during the year of 2019.

#### **4. Impact of change in shareholder control of the company in significant agreements.**

There are no significant agreements concluded by the Company or by its subsidiaries that contain clauses aimed at establishing measures to protect against a change of control (including after a tender offer). There are no specific conditions that limit the exercise of voting rights by the shareholders of the Company or other matters liable to interfere in the success of a tender offer. There are no signed contracts with change of control clauses, either financing agreements or other, in particular in a debt issuance context.

## 5. Defensive measures in case of change in shareholding control.

No defensive measures, nor any regime for the renewal or revocation of such measures, have been adopted in the Company.

## 6. Shareholders agreements.

The Company is not aware of any shareholders' agreement that could lead to restrictions on the transfer of marketable securities or to the concerted exercise of voting rights.

## II. Qualifying shareholdings and Bonds helds

### 7. Qualifying Shareholdings.

At 31 December 2019, according to the notifications received by the Company and in accordance with articles 16<sup>th</sup> and 20<sup>th</sup> of the Securities Code, the shareholders that have a qualifying shareholding of at least 2% of the share capital of Ibersol,SGPS SA. are as follows:

Shareholders	nº shares	% share capital
<b>ATPS - SGPS, S.A. (*)</b>		
Directly	19 767 058	54,91%
António Alberto Guerra Leal Teixeira	2 520	0,01%
António Carlos Vaz Pinto Sousa	2 520	0,01%
<b>Total attributable</b>	<b>19 772 098</b>	<b>54,92%</b>
<b>Magallanes Iberian Equity FI</b>		
<b>Total attributable</b>	<b>1 100 154</b>	<b>3,06%</b>
<b>Bestinver Gestion GGIC</b>		
<b>Total attributable</b>	<b>3 845 161</b>	<b>10,68%</b>
<b>River and Mercantile Asset Management LLP</b>		
<b>Total attributable</b>	<b>870 648</b>	<b>2,42%</b>
<b>FMR LLC</b>		
Fidelity Management & Research Company	<b>1 098 000</b>	<b>3,05%</b>
<b>GOSHA HOLDINGS SARL</b>		
Directly	1 034 313	
Malgorzata Ewa MCGovern	28 268	
<b>Total attributable</b>	<b>1 062 581</b>	<b>2,95%</b>

(\*) The voting rights attributable to the ATPS are also attributable to António Pinto de Sousa and Alberto Teixeira under subparagraph b) of paragraph 1 of Article 20 and Article 21 paragraph 1, both of the Securities Code, by virtue of the latter's are holding the domain of that company, in which participate indirectly in equal parts respectively through CALUM – SERVIÇOS E GESTÃO, SA. with the NIPC 513799486 and DUNBAR – SERVIÇOS E GESTÃO, SA with the NIPC 513799257 – companies which together hold the majority of the share capital of ATPS SGPS, SA.

### **8. Number of shares and bonds held by the Governing Bodies members - Board of Directors and Supervisory Board**

**Number of Shares directly or indirectly held in Ibersol, SGPS SA:**

#### **Board of Directors:**

##### **Chairman - Dr. António Carlos Vaz Pinto de Sousa**

2,520 shares of the capital of Ibersol SGPS, SA.

9,996 shares representing 99,96% of the capital of Calum – Serviços e Gestão, SA.

Calum – Serviços e Gestão, SA. holds 2,840 shares representing 25,02% of the capital of ATPS, SGPS, SA.

ATPS, SGPS, SA. on 31/12/2019, holds 19,767,058 shares representing share capital of Ibersol, SGPS, SA.

##### **Vice-Chairman - Dr. António Alberto Guerra Leal Teixeira**

2,520 shares of the capital of Ibersol SGPS, SA.

9,996 shares representing 99,96% of the capital of Dunbar – Serviços e Gestão, SA.

Dunbar – Serviços e Gestão, SA. holds 2,840 shares representing 25,02% of the capital of ATPS, SGPS, SA.

ATPS, SGPS, SA. on 31/12/2019 holds 19,767,058 shares representing share capital of Ibersol, SGPS, SA.

##### **Director – Prof. Doctor Juan Carlos Vázquez-Dodero**

Does not hold any shares of the company.

#### **Statutory Audit Committee:**

##### **Chairman - Dr. Carlos Alberto Alves Lourenço**

Does not hold any shares of the company.

##### **Vice-Chairman – Dr.<sup>a</sup> Maria José Martins Lourenço da Fonseca**

Does not hold any shares of the company.

##### **Member – Dr. Eduardo Moutinho Ferreira Santos**

Does not hold any shares of the company.

##### **Substitute – Dr. Arlindo Dias Duarte Silva**

Does not hold any shares of the company.

### **9. Board of Directors qualification due to share capital increase.**

Under article 4<sup>th</sup> number 2 of the Company's By-laws the share capital may be increased to one hundred million euros in one or more increases by resolution of the Board of Directors, which shall determine the form

and conditions of subscription and categories of shares to be issued from among those provided in the By-laws articles or others permitted by law. However, this statutory provision is not actually applicable face to the expiration of the five-year period established in Article 456 (2) (b) of the Companies Code – but the general meeting can resolve at any time upon the renewal of those Board of Directors powers under prevision of the article 456 (4) of the same Code.

### **10. Related Parties significant Transactions.**

No material business or significant transactions were conducted between the Company and holders of qualifying shareholdings.

## **B. GOVERNING BODIES AND COMMITTEES**

### **I. General Meeting**

#### **a) Board of the Shareholders' General Meeting**

#### **11. Name, function and mandate of the General Meeting Board's members.**

Throughout 2019, and as election act held in the Annual General Meeting on 26 May 2017, the composition of the Board of the General Meeting was as follows:

**Chairwoman of the Board** – Dr.<sup>ª</sup> Luzia Leonor Borges e Gomes Ferreira;

**Vice-Chairwoman** – Dr.<sup>ª</sup> Raquel de Sousa Rocha;

**Secretary** – Dr.<sup>ª</sup>. Maria Leonor Moreira Pires Cabral Campello;

These members are elected for a four-year mandate, from 2017 to 2020.

#### **b) Exercise of voting rights**

#### **12. Possible restrictions on voting rights.**

There are no restrictions on voting rights, such as limitations on the vote exercise depending on ownership of a certain number or percentage of shares, given that under terms of article 21 of the By-laws, each share represents one vote.

According to article 23 of Company's By-laws, the General Meeting is able to meet and deliberate on first call as shareholders representing more than fifty per cent of the share capital be present in person or represented. According to article 21.1 and 21.2 of the By-laws, each share represents one vote, and General Meeting deliberations can be adopted by simple majority, unless the law requires otherwise.

Article 22. 3 to 11 of the Company's By-laws contain rules on the exercise of voting rights by post and there are no restriction on postal voting. The company provides postal voting forms and informs of the necessary procedures to exercise this right. The form is available on the company's website at [www.ibersol.pt](http://www.ibersol.pt). Under

article 22.4 of the By-laws, postal votes can be received up to three days before the date of the General Meeting.

### **13. Maximum percentage of voting rights that may be exercised by a single shareholder or shareholders which have with that one any relations such as stated on nº 1 of Art. 20.º of the Securities Code**

There is no By-laws rule of the maximum percentage of voting rights that may be exercised by any shareholder or by shareholders who are mentioned in the provisions of the mentioned nº1 of Art. 20 of Securities Code.

### **14. Resolutions which only may be taken by qualified majority.**

Under By-laws, the Shareholder's resolutions are not submitted to qualified majorities, unless imposed by law. So, unless the law provides otherwise, resolutions of the General Meeting shall be adopted by simply majority (art. 21.2 of the By-laws);

## **II. MANAGEMENT AND SUPERVISION**

### **a) Composition**

#### **Board of Directors**

Chairman – Dr. António Carlos Vaz Pinto de Sousa;

Vice-Chairman – Dr. António Alberto Guerra Leal Teixeira;

Member – Professor Doutor Juan Carlos Vázquez-Dodero de Bonifaz;

#### **Statutory Audit Committee**

Chairman - Dr. Carlos Alberto Alves Lourenço;

Vice-Chairman – Dr.ª Maria José Martins Lourenço da Fonseca;

Member – Dr. Eduardo Moutinho Ferreira dos Santos;

Substitute – Dr. Arlindo Dias Duarte Silva;

**Statutory Auditor** - KPMG & Associados – Sociedade de Revisores Oficiais de Contas SA.

### **15. Identification of model of governance adopted.**

The Company adopts a classical monist model of governance, composed by Board of Directors and Statutory Audit Committee, the Statutory Auditor having been appointed by the General Meeting. The Board of Directors is responsible for performing all the administration acts related with the corporate object, determining the Company's strategic guidelines, and appointing and overseeing the work of the Executive Committee, no specialized committees having been formed by the Board. The Executive Committee coordinates the operations of the functional units and the Company's various businesses, meeting with the senior managers of these units and businesses on regular basis.

The Statutory Audit Committee is responsible for auditing the Company's activity in accordance with law and Company's By-laws.

The diversity and consolidated professional experience of the Board of Director's Members and of the Statutory Audit Committee Member's are described respectively in the following points 19. and 33.

### **16. Statutory rules for procedural and material requirements applicable to appointment and replacement of members of the Board of Directors.**

The rules on the procedural and material requirements applicable to the appointment and replacement of members of the Board of Directors are stated in articles 8, 9, 10 and 15 of the By-laws.

The Board of Directors is composed of an even or uneven number of members, with a minimum of three and a maximum of nine, elected by the General Meeting. A number of substitutes equal to one-third of the number of effective directors may also be elected.

Up to one-third of the directors shall be elected from among persons proposed in lists subscribed by shareholder groups holding shares representing no more than 20% and no less than 10% of the share capital. Each list must propose at least two candidates for each post to be filled and a shareholder may not subscribe more than one list. If, in a isolated election, lists are presented by more than one group, the vote will decide on all the lists taken together.

In the event of death, resignation or temporary or permanent disability of a director, the Board of Directors shall arrange for a replacement. Where a director elected under the rules set forth in the preceding paragraph is no longer and definitely available, a replacement shall be elected by the General Meeting.

### **17. Composition of the Board of Directors.**

The Board of Directors is currently composed of three members, the executive members being the Chairman and the Vice-Chairman. The Board of Directors shall choose its own chairman if this one has not been appointed by the General Meeting. The Board of Directors may specifically appoint one or more directors to handle certain matters. On 31 December 2019 the Board of Directors was composed by the following members:

Chairman – Dr. António Carlos Vaz Pinto de Sousa;

Vice-Chairman – Dr. António Alberto Guerra Leal Teixeira;

Member – Prof. Juan Carlos Vázquez-Dodero de Bonifaz;

All the members were elected by the General Meeting on 26 May 2017 for a mandate with term at 31<sup>st</sup> December 2020, but these members will be in exercise until a new election of it's members by the General Meeting.

It should be pointed out that the last electoral act of this corporate body occurred at the general meeting of May 26, 2017, without the validity of the current Code of Corporate Governance of 2019, issued by the Portuguese Institute of Corporate Governance (IPCG).

It should also be noted that the requirement of a gender-balanced composition of the governing bodies, in accordance with the quota system, has only been verified to be directly applicable to general election assemblies that have taken place after 1 January 2019. This Company shall observe these gender quotas at the

time of a new electoral act or at the time of the renewal or replacement of the current members' mandate, pursuant to Law 62/2017 of 1 August.

The members of the Board of directors were first elected to their posts as follows: Dr. António Carlos Vaz Pinto de Sousa, 1991; Dr. António Alberto Guerra Leal Teixeira, 1997; and Prof. Juan Carlos Vázquez-Dodero de Bonifaz, 1999.

Under article 27 of the By-laws, directors are elected for a four years period.

The Board of Directors may also delegate the day-to-day management of the Company to one or more directors or an executive committee, within the terms and limits established by law. The Board of Directors shall be responsible for the current exercise of the Executive Committee and the conditions it shall exercise the powers assigned to.

### **18. Distinction between executive and non-executive members and, as regards non-executive members, details of members that may be considered independent.**

The governing body of the Company is made up of three directors and includes one non-executive member, Prof. Juan Carlos Vázquez-Dodero de Bonifaz, who is not associated with any specific interest groups, whether of the Company or its principal shareholders, and has no material interests that might clash or interfere with the free performance of his duties as a director. No internal control committee has been established. The mentioned non-executive member is a director of related companies, in which he does not perform any executive functions. He does not carry out any activities or businesses with the Company, within the meaning of articles 397 and 398 of the **Companies Code (CSC)** and meets the other requirements for independence stated in art 414.5 of the CSC, in particular as stated in the European Commission Recommendation of 15 February 2005. Face to this Recommendation, in its point number 13, it is determined, about the independence requirement, that an administrator must be considered independent if he has no business, family, or other relations with the company, either with the control shareholders, as well with the directive bodies of any of them – that can create a conflict of interest that undermine his judgment. These independence requirements are complete fulfilled by the non-executive member of Board of Directors, Prof. Juan Carlos Vazquez-Dodero de Bonifaz, and so this is an independent member.

The above mentioned non-executive director, as a non-executive director of the Board of Directors of companies included in or linked to the Ibersol Group, does not collaborate or interferes with the management of those companies, neither provides any other type of services to any of these companies and has no other type of commercial relationship (material or non-material), whether of service provision or another nature, and is not a beneficiary of any kind of remuneration beyond that received annually as a non-executive director of Ibersol, SGPS, SA.

The company does not include a plural number of non-executive directors, pointing out that the last electoral event occurred at the general meeting of May 26, 2017, without the validity of the current Corporate



Governance Code of 2019 issued by the Portuguese Corporate Institute Governance Committee (IPCG). It should be noted that this non-executive member has held his office continuously since 1999 as a result of successive elections held at subsequent general meetings - without this circumstance has been likely to affect or condition, in any respect, his necessary exemption of analysis and decision in the course of his necessary exemption of analysis and decision, in the course of his mandates until the present date.

### **19. Professional qualifications of the members of the Board of Directors.**

#### **BOARD OF DIRECTORS**

##### **President - António Carlos Vaz Pinto de Sousa**

##### **Academic qualifications**

- BA in Law - Faculty of Law of the University of Coimbra
- CEOG – Course in Management – Catholic University of Oporto

##### **Professional activity**

- Chairman of the Board of Directors of Ibersol, SGPS, SA.
- Director of other companies in which Ibersol SGPS, SA holds shares.

**Date of first appointment and end of current term**– 1991 / 2020;

Functions performed in board of directors of other societies held by Ibersol Group:

ASUREBI - SGPS, SA.

EGGON – SGPS, SA.

ANATIR – SGPS, SA.

CHARLOTTE DEVELOPS, SL.

DEHESA DE SANTA MARIA FRANQUICIAS, S.L.U.

FIRMOVEN - Restauração, SA.

FOODSTATION, SLU.

HCI - Imobiliária, SA.

IBERAKI - Restauração, SA.

IBERGOURMET - Produtos Alimentares, SA.

IBER KING - Restauração, SA.

IBERSANDE - Restauração, SA.

IBERSOL ANGOLA, S.A.

IBERSOL - Hotelaria e Turismo, SA.

IBERSOL - Restauração, SA.

IBERSOL MADEIRA e AÇORES, RESTAURAÇÃO, SA.

IBERUSA - Hotelaria e Restauração, SA.

IBERUSA - Central de Compras para a Restauração, ACE

IBR – Imobiliária, SA.

INVERPENINSULAR, SL.

JOSÉ SILVA CARVALHO – Catering, SA.

LURCA, SAL.

LUSINVER RESTAURACIÓN, SAL.

MAESTRO - Serviços de Gestão Hoteleira, SA.

PANSFOOD SA.

Pans, Food, Vidisco y Lurca, Unión Temporal de Empresas.

SEC - EVENTOS E CATERING, SA.

SUGESTÕES E OPÇÕES – Actividades Turísticas, SA.

THE EAT OUT GROUP, SLU.

CORTSFOOD,SLU.

VIDISCO, SL

### **Manager**

RESTMON (Portugal) - Gestão e Exploração de Franquias, Lda.

### **Functions performed in board of directors of societies outside Ibersol Group :**

ATPS - Sociedade Gestora de Participações Sociais, S.A.

MBR, IMOBILIÁRIA, SA.

ONE TWO TASTE, SA.

POLIATLÂNTICA SGPS, SA.

DUNBAR – SERVIÇOS E GESTÃO, S.A.

CALUM – SERVIÇOS E GESTÃO, S.A.

### **Vice – President, Dr. António Alberto Guerra Leal Teixeira**

#### **Academic qualifications**

- BA in Economics – Faculty of Economics of the University of Oporto.

#### **Professional activity**

- Vice-Chairman of the Board of Directors of Ibersol, SGPS, SA

- Director of other companies in which Ibersol, SGPS, SA holds shares.

**Date of first appointment and end of current term**– 1997 / 2020;

### **Functions performed in board of directors of other societies held by Ibersol Group :**

ASUREBI - SGPS, SA.

EGGON – SGPS, SA.

ANATIR – SGPS, SA.

CHARLOTTE DEVELOPS, SL.

DEHESA DE SANTA MARÍA FRANQUICIAS, S.L.U.

FIRMOVEN - Restauração, SA.

FOODSTATION, SLU.

HCI – Imobiliária, SA.

IBERAKI - Restauração, SA.

IBERGOURMET - Produtos Alimentares, SA.

IBER KING - Restauração, SA.

IBERSANDE - Restauração, SA.

IBERSOL ANGOLA, S.A.

IBERSOL - Hotelaria e Turismo, SA.

IBERSOL - Restauração, SA.

IBERSOL MADEIRA e AÇORES, Restauração, SA.

IBERUSA - Hotelaria e Restauração, SA.

IBERUSA - Central de Compras para a Restauração, ACE.

IBR – Imobiliária, SA.

INVERPENINSULAR, SL.

JOSÉ SILVA CARVALHO – Catering, SA.

LURCA, SAL.

LUSINVER RESTAURACIÓN, SAL.

MAESTRO - Serviços de Gestão Hoteleira, SA.

PANSFOOD SA.

Pans, Food, Vidisco y Lurca, Unión Temporal de Empresas.

SEC - EVENTOS E CATERING, SA.

SUGESTÕES E OPÇÕES – Actividades Turísticas, SA.

THE EAT OUT GROUP, SLU.

CORTSFOOD, SLU.

VIDISCO, SL.

### **Manager**

RESTMON (Portugal) – Gestão e Exploração de Franquias, Lda.

### **Functions performed in board of directors of societies outside Ibersol Group:**

ATPS - Sociedade Gestora de Participações Sociais, SA.

MATEIXA – Sociedade Imobiliária, S.A.

ONE TWO TASTE, SA.

DUNBAR – SERVIÇOS E GESTÃO, SA.

CALUM – SERVIÇOS E GESTÃO, SA.

### **Member - Prof. Juan Carlos Vázquez-Dodero de Bonifaz**

#### **Academic qualifications**

- BA in Law – Complutense University of Madrid.
- BA in Business Studies – ICADE, Madrid.
- Master of Business Administration – IESE, University of Navarra.
- PhD in Management - IESE, University of Navarra.
- “ Managing Corporate Control and Planning” and “Strategic Cost Management” programmes, Harvard University.

#### **Professional activity**

- Professor Emeritus at IESE.
- Advisor and Consultant to various European and American companies.
- Member of the Board of Directors of Ibersol, SGPS, SA.
- Director of other companies in which Ibersol, SGPS, SA holds shares.

**Date of first appointment and end of current term**– 1999 / 2020;

### **Functions performed in board of directors of other societies held by Ibersol Group:**

DEHESA DE SANTA MARIA FRANQUICIAS,SLU.

FOODSTATION, SLU.

IBERUSA - Hotelaria e Restauração, SA.

IBERSOL - Restauração, SA.

PANSFOOD SA.

THE EAT OUT GROUP SLU.

### **Functions performed in board of directors of societies outside Ibersol Group:**

ATPS - Sociedade Gestora de Participações Sociais, SA.

ATPS II, SGPS. SA.

DUNBAR – SERVIÇOS E GESTÃO, SA.

CALUM – SERVIÇOS E GESTÃO, SA.

MUIR-SGPS, SA.

President and Founder of Patronato da Fundação Amigos de Rimkieta

Counselor of Jeanologia S.L.

Vogal of the Fundación IESE (FIESE)

### **20. Significant relationships between members of Board of Directors and qualified shareholders.**

There are no family, professional or business relationships with holders of qualifying shareholdings beyond the fact that the Directors, Dr. António Carlos Vaz Pinto de Sousa and Dr. António Alberto Guerra Leal Teixeira, through companies Calum-Serviços de Gestão, SA. and Dunbar – Serviços de Gestão, SA., have the control of ATPS SGPS, SA. and this company detains 54.91% of the share capital of Ibersol SGPS, SA, participation that is imputed to them individually as well.

### **21. Division of powers between the different boards, committees and/or departments within the company, including information on delegating responsibilities, particularly with regard to the delegation of powers, in particular with regard to the delegation of daily management of the Company.**

Two of the members of the Board of Directors perform executive functions and form an Executive Committee, which was elected and whose powers of day-to-day management were delegated by the board of directors under terms of art. 8.4 of the By-laws of the Company and article 407.3 of the Companies Code (CSC) and the third director performs non-executive functions without delegation of management powers.

The executive committee coordinates the operations of the functional units and the various corporate businesses, meeting with the senior managers of these units and businesses on periodic and regular basis. The decisions taken by the functional and business managers, which must respect the overall guidelines, are taken under powers delegated by the Executive Committee and are coordinated in periodic meetings.

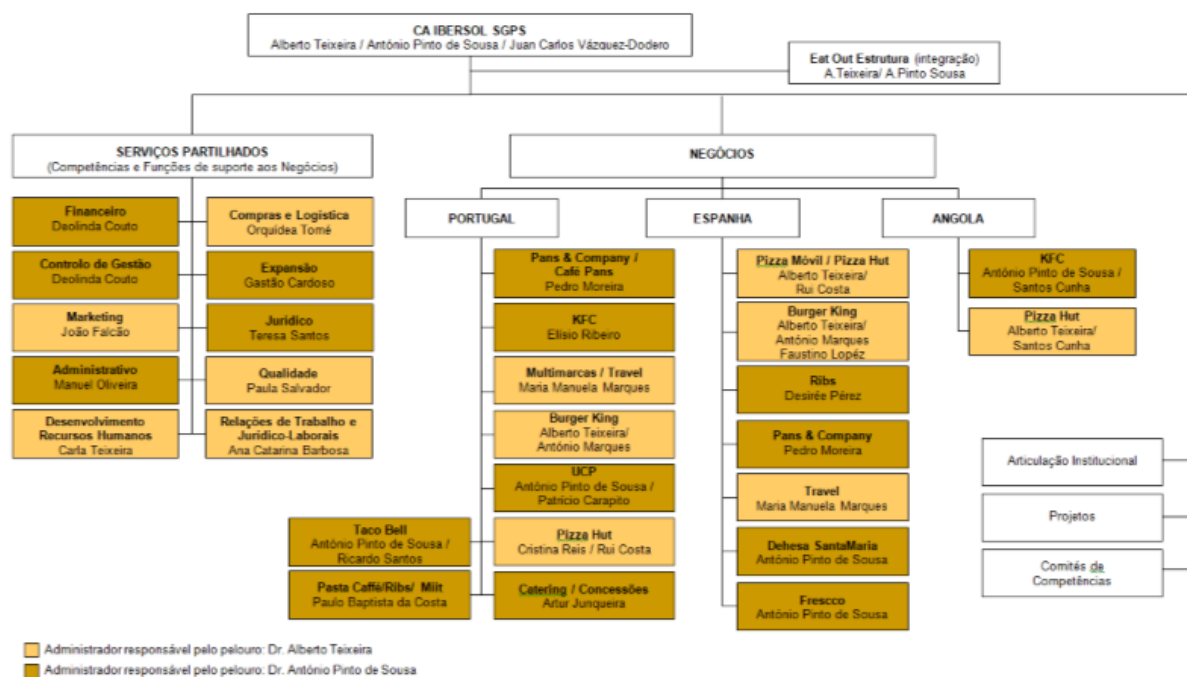
The powers delegated to the Executive Committee are as follows:

- a) Exercise full powers of decision, management and monitoring of the Company's activity at a strategic level, within the legal limits of art. 407.4 of the CSC.

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- b) Develop, plan and schedule the actions of the governing body, in the Company's internal and external plan for the exercise, so as to achieve the corporate objectives in accordance with the Company's mission, in particular assisting the Board of Directors in the proper verification of the instruments of supervision of the economic and financial situation and in the exercise of the control function over the companies belonging to the Ibersol Group.
- c) It is responsible for assisting the Board of Directors in the updating of its structures of advice and functional support; in the procedures of the companies belonging to the Ibersol Group, in line with the changing needs of the business, defining the profiles and characteristics of their strategic partners, customers, workers, employees and other agents; and in the conduct of the Group's relationships with its environment, acquiring, disposing and encumbering movable property and establishing or terminating cooperation agreements with other companies.

The organization chart and distribution of tasks is as follows:



## b) Functioning

### 22. Location where the regulations governing the functioning of the Board of Directors can be found.

The Regulations of the Board of Directors may be consulted on the Company's website: [www.ibersol.pt](http://www.ibersol.pt).

### 23. Number of meetings held and attendance level of each member, as applicable, of the Board, the General and Supervisory Board and Executive Board of Directors.

The By-Laws of the Company stipulate that the Board of Directors shall meet at least quarterly and whenever convened by the Chairman or two of its members. Meetings of the Board of Directors are arranged and

prepared in advance and the necessary documentation of the points on the agenda is made available in good time.

The minutes of meeting are registered in proper book.

In the 2019 exercise were made 10 (ten) reunions of the Board.

The Executive Members had a presence performance of 100% and the Non-Executive Member had a performance of 70%.

#### **24. Competent Bodies of the Company to appraise the performance of executive directors.**

The Board of Directors annually evaluates its own performance, both on the performance of its group and on the individual performance of the executive members and the non-executive member, emphasizing the analysis of the parameters of compliance with the strategic plan and the budget outlined for the Company, evaluating the risk management process, as well as placing this assessment at the level of the relationship with the other corporate bodies and with the Remuneration Committee.

The Remuneration Committee, representing the shareholders, is responsible for assessing the performance and the approval of remunerations of the Board of Director's Members and other bodies in accordance with the remuneration policy approved by the shareholders in the General Meeting.

#### **25. Predetermined criteria for evaluating the performance of executive directors.**

The remuneration of the executive members of the Board of Directors does not include any variable component. The executive directors are remunerated by ATPS, SGPS SA. having this one subscribed a contract for services with the subsidiary of the Group, the Ibersol Restauração SA. There are no pre-determined criteria for the stated purpose.

#### **26. Availability of each member of the Board of Directors indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities by members of these bodies during the financial year.**

The professional activity of the current members of the Board of Directors is described in point 19 above.

#### **c) Committees within the board of directors and delegates;**

#### **27. Identification of committees created within the board of directors and where can be found the Regulations on the functioning.**

The Executive Committee is the only committee of the Board of Directors and the Regulation of the Board of Directors may be consulted on the website [www.ibersol.pt](http://www.ibersol.pt).

The board of directors and the executive committee that integrates the board ensure that the company develops its activity in order to comply with the statutory purposes, not delegating the competence for the definition of the strategy and company management policies, centralizing the definition of the structure

business of the group, taking charge and in its exclusive competence of all relevant strategic decisions, either by its value, its potential degree of risk involved, either by its specific characterization.

### **28. Executive Committee.**

Dr. António Carlos Vaz Pinto de Sousa;

Dr. António Alberto Guerra Leal Teixeira;

### **29. Competence of each committee created and synthesis of activities in exercise of those competence.**

Ibersol, SGPS, SA has a Board of Directors made up of three members: a Chairman, a Vice-Chairman and a Director.

Two of the members perform executive functions and form an Executive Committee, which was elected and has powers delegated to it by the Board of Directors under the terms of art. 8.4 of the Company's By-laws and article 407.3 of Companies Code (CSC). The third director performs non-executive functions and has no delegation powers of ordinary management of the company

The executive committee coordinates the operations of the functional units and the company's various businesses, meeting with the senior managers of these units and businesses on a regular basis. The decisions taken by the functional and business managers, which must respect the overall guidelines, are taken under powers delegated by the Executive Committee and are coordinated in committee meetings.

The powers delegated to the Executive Committee are as follows:

- a) Exercise full powers of decision making, management and monitoring of the Company's activity at a strategic level, within the legal limits of art. 407.4 of the Companies Code (CSC), develop, plan and schedule the actions of the governing body, in the Company's internal and external plan for the year, so as to achieve the corporate objectives in accordance with the Company's mission, in particular assisting the Board of Directors in the proper verification of the instruments of supervision of the economic and financial situation and in the exercise of the function of control of the companies belonging to the Ibersol Group.
- b) The Executive Committee is also responsible for assisting the Board of Directors in the updating of its structures of advice and functional support; in overseeing the procedures of the companies belonging to the Ibersol Group, in line with the changing needs of the business, defining the profiles and characteristics of their strategic partners, customers, workers, employees and other agents; and in the conduct of the Group's relationships with its environment, acquiring, disposing and encumbering movable property and establishing or terminating cooperation agreements with other companies.

The Executive Committee meets monthly and whenever called by the Chairman. Apart from the regular contacts established between the members of the Executive Committee in the periods between meetings, a total of 25 meetings were held during 2019.

The members of the Executive Committee provide the information requested by other members of the corporate governing bodies in a timely manner.



## **III. SUPERVISION**

### **a) Composition**

#### **30. Identification of the Fiscal Board.**

Under the adopted model, the Company is audited by the Statutory Audit Committee (Fiscal Board ) and by the Statutory Auditor or by Statutory Audit firm, who are both elected by the General Meeting of Shareholders. The Statutory Auditor or the Statutory Audit firm are not members of the Statutory Audit Committee (Fiscal Board).

#### **31. Composition.**

##### **Audit Committee**

Chairman – Dr. Carlos Alberto Alves Lourenço;

Vice-Chairman – Dr.<sup>a</sup> Maria José Martins Lourenço da Fonseca;

Member – Dr. Eduardo Moutinho Ferreira Santos;

Substitute – Dr. Arlindo Dias Duarte Silva;

The Statutory Audit Committee is made up of at least three effective members, who are elected by the General Meeting and must meet at least quarterly. When the Audit Committee has three active members it must have one or two substitutes, and when it has more than three active members, it must be two substitutes.

The statutory auditor or statutory audit firm are elected by the General Meeting at the proposal of the Statutory Audit Committee ( Fiscal Board).

The term of mandate of the Statutory Audit Committee members is four years (art. 27 of the By-laws). The current Chairman and vice-Chairman took up the respective post in 2017. The Member was first appointed as a substitute in 2007 and was appointed as a member for the period 2013-2016 and 2017-2020;

#### **32. Independence of the Fiscal Board members.**

All the effective members meet the criteria stated in article 414.5 of the CSC and comply with all the rules of incompatibility mentioned in article 414.-A.1 of the CSC.

The members of the Statutory Audit Committee have the duty to immediately report to the Company any event that might give rise to incompatibility or loss of independence.

#### **33. Professional Qualifications.**

##### **Chairman –Dr. Carlos Alberto Alves Lourenço**

##### **Academic qualifications**

- Graduated by Instituto Superior de Contabilidade e Administração de Lisboa (1979) and Bachelor of Accounting and Administration;

**Professional activity in the last five years:**

- Statutory Auditor (1990);
- Management Consulting at PriceWaterHouse Coopers ( PwC);

**Date first appointed and end of current term of office:** 2017 / 2020.

**Functions performed in the governing bodies of other companies belonging to the Ibersol Group:**

He does not perform any functions in other companies in the Ibersol Group.

**Number of shares of Ibersol, SGPS, SA held directly or indirectly:**

He does not hold any shares of the company.

**Vice-Chairman – Dr.<sup>a</sup> Maria José Martins Lourenço da Fonseca;****Academic qualifications**

- Economics Degree from the Faculty of Economics of Oporto University (1984);
- Postgraduate ins European Studies by the Center of European Studies, Catholic University of Oporto (1987);
- Master in Business Sciences, specialized in Accountability and Management Control by Faculty of Economics of Oporto University (2002);
- PhD in Business Sciences, specialized in Accountability and Management Control by Faculty of Economics of Oporto University (2015);

**Professional activity in the last five years:**

- Professor at Oporto Catholic Business School (CPBS);
- Director of the Master in Auditing and Taxation, CPBS;
- Consultancy activity at the Center for Management Studies and Applied Economics, CPBS;
- Collaboration with the Order of Chartered Accountants as a trainer in the ROC Preparation Course.

**Date first appointed and end of current term of office:** 2017 / 2020.

**Functions performed in the governing bodies of other companies belonging to the Ibersol Group:**

She does not perform any functions in other companies in the Ibersol Group.

**Number of shares of Ibersol, SGPS, SA held directly or indirectly:**

She does not hold any shares of the company.

**Member – Dr. Eduardo Moutinho Santos;****Academic qualifications**

- Law Degree in Faculty of Law of Coimbra University (1978).

**Professional activity in the last five years:**

- Lawyer in Oporto;

**Date first appointed and end of current term of office:** 2007 (substitute member), 2013-2020;

**Functions performed in the governing bodies of other companies belonging to the Ibersol Group:**

He does not perform any functions in other companies in the Ibersol Group.

**Number of shares of Ibersol, SGPS, SA held directly or indirectly:**

He does not hold any shares of the company.

### **b) Functioning**

**34. Location where the regulations governing the functioning of the Fiscal Board can be found.**

The Regulations of the Statutory Audit Committee may be consulted on the website: [www.ibersol.pt](http://www.ibersol.pt).

**35. Meeting of the Fiscal Board.**

The Statutory Audit Committee meets at least once each quarter. The President was present at 7 of the 8 formal meetings and the rate of attendance of all the other active members was 100%. The minutes of meeting are registered in proper book.

**36. Availability of each member with description of positions held in other companies inside and outside the group and other relevant activities carried out.**

All the members of the Statutory Audit Committee consistently demonstrated their availability to perform their functions, having attended all the meetings and taken part in the work.

With reference to point 33 above we refer the information on other posts held in other companies by the active members of the Statutory Audit Committee in **Annex 3** to this report.

### **c) Competences and functions**

**37. Description of the procedures and criteria for intervention by the Fiscal Board for the purpose of hiring additional services to the Statutory Auditor.**

The Statutory Audit Committee annually assesses the work of the external auditor and states its conclusions in its Report and Opinion, issued in terms and for the purposes of art. 420.1. g) of the Companies Code.

The Statutory Audit Committee analyzes and approves the scope of any additional services provided, considering whether they call the independence of the external auditor into question. It also ensures that any consulting services provided have the necessary level of quality, autonomy and independence relative to the services provided within the scope of the audit process.

### **38. Other functions.**

The Statutory Audit Committee, in coordination with the Statutory Auditor, is responsible for the auditing of the Company, namely:

- Supervise the management of the Company, namely by regularly assessing compliance with the company's strategic plan and the budget;
- Verify that the accounting policies and valuation criteria adopted by the Company lead to a correct valuation of assets and results;
- Continuously monitor the effectiveness of the risk management system and the internal control system;
- Verify the accuracy of the accounting documents, accompanying the process of preparation and disclosure of financial information, and presenting recommendations to ensure the integrity of the same;
- Supervise the audit of accounts;
- Receive notifications of irregularities presented by shareholders, Group employees or others;
- To prepare annually a report on its audit action directed at shareholders, including the description of the inspection activity carried out, any detected constraints and to give an opinion on the report and accounts, as well as on the proposals presented by the management;

It is also responsible for making proposals to the General Meeting for the appointment of the statutory auditor and examining the auditor's independence, particularly as regards the provision of additional services.

The annual report on the work of the Audit Committee is published, together with the financial statements, on the Company's website.

To all effects, the Statutory Audit Committee represents the company in relation to the external auditor, ensuring that all the conditions of service provision are ensured, annually assessing the auditor's performance, acting as the auditor's main contact and receiving its reports, jointly with the Board of Directors.

To perform its functions the Statutory Audit Committee obtains from the Board of Directors the information it needs in order to carry out its activity, namely information on the Group's operations and finances, changes in the composition of the Group's portfolio of companies and businesses and the content of the main resolutions adopted by the Board.

## **IV. Statutory External Auditor**

### **39. Statutory External Auditor identification and the representing partner.**

The statutory auditor of the Company is "KPMG & Associados – Sociedade de Revisores Oficiais de Contas, SA.", designated by the General Meeting 14 May 2018 for the mandate's course 2017/2020, represented by the Statutory Auditor Dr. Pedro Manuel Bouça Morais Alves da Costa and Substitute, Dr. Vítor Manuel da Cunha Ribeirinho, Statutory Auditor.

### **40. Permanence of functions.**

The mentioned Statutory Auditor performs functions in the Company from its nomination occurred at the General Meeting 14 May 2018 to the present, and it's mandate will occur until 2020.

### **41. Other services provided to the Company.**

The Statutory Auditor is also the Company's external auditor.

## **V. External Auditor**

### **42. Identification.**

The external auditor named under article 8<sup>th</sup> of the Securities Code is "KPMG & Associados - Sociedade de Revisores Oficiais de Contas, SA. " registered in the Securities Market Commission under nº 20161489, and in 2019 its representative was the Statutory audit Dr. Pedro Manuel Bouça de Moraes Alves da Costa ( ROC nº 1466).

### **43. Permanence of Functions.**

The external auditor was elected for the first time in 2018 and develops its first mandate since 2018 to 2020. The partner who represents the actual External Auditor exercises since 2019 and will end his functions when a new company's external auditor shall be appointed.

### **44. Policy and frequency of rotation of the external auditor and its partner.**

The external auditor and its representative partner member in the performance of its duties are in a first mandate. The election for each mandate is carried out by the General Meeting upon proposal of the Statutory Audit Committee and the frequency of rotation thereof shall be appraised in accordance with best corporate governance practices at the date of the proposal for a new term of office.

### **45. External Auditor assessment.**

The Statutory Audit Committee annually assesses the work of the external auditor and states its conclusions in its Report and Opinion, issued in the terms and for the purposes of art. 420.1.g) of the Companies Code (CSC).

### **46. Additional work.**

In 2019, the services provided by the External Auditor and Statutory Auditor, other than Auditing and Accounts Revue, have always been approved by the Audit Committee, in compliance with the applicable legal rules and internal procedures established for this purpose. These services essentially consist of training and support services to safeguard the fulfilment of contractual obligations, allowed by the new legal regime of the new Statute of the Order of Statutory Auditors in force, in Portugal and abroad, which are approved by the Fiscal Council. In the rendered services provided other than auditing, auditors have instituted strict internal rules to guarantee the safeguarding of their independence, and these rules have been adopted in the provision of

## CORPORATE GOVERNANCE REPORT

these services and subject to monitoring by the company, especially by the Audit Committee. In 2019, fees for services other than audit represented 2.5% of the total services provided by

### 47. Annual remuneration.

The total annual remuneration paid by the Company and other companies in a control or group relationship to the auditor or other corporate entities belonging to auditor's network amounted in 2019 to 240,040 euros, as follows:

#### RESUME

	2019	%	2018	%
<b><u>Company Ibersol SGPS SA.</u></b>				
Audit and review	25,000	10,41%	25,000	10,2%
Other services				
<b><u>Entities that integrate the Group</u></b>				
Audit and review (*)	209,000	87,07%	221,00	89,8%
Tax consultancy				
Other services	6,040	2,52%		
<b>TOTAL</b>	<b>240,040</b>	<b>100%</b>	<b>246,000</b>	<b>100%</b>

(\*) In 2019 includes 25,000 euros of additional fees related to audit ( 2019 exercise)

(\*) In 2018 includes 25,000 euros of additional fees related to audit ( 2018 exercise)

## C. INTERNAL ORGANIZATION

### I. Articles of Association

#### 48. Rules about changes in Statutes.

The rules applicable to amendment of the By-laws of the Company are those set forth in articles 85 ff. and 383 ff. of the Companies Code (CSC).

### II. Whistle Blowing Policy

#### 49. Whistle Blowing Policy.

The values and principles of Ibersol Group, disseminated and rooted in the culture of its collaborators, rely in the absolute respect and adoption of good conduct rules and transparency in management of conflicts of interests and due diligence duties and confidentiality in relations with third parties.

The Company has a policy in place for the receipt of reports, claims or complaints about irregularities detected in the Company. As set forth in the Regulations of the Statutory Audit Committee, which are published on the Company's website, this organ keeps a written record of reports of irregularities that are addressed to it, and, when considered appropriate, takes the necessary steps together with the Board of directors and the auditors, and prepares a report on the irregularities. So, this kind of irregularities may be reported to the Statutory Audit Committee without anonymity and being reported directly to the Company, by means of its reference to the Statutory Audit Committee. The Company will send the reports received to the Chairman of the Statutory Audit Committee, ensuring confidentiality.

During 2019 the Statutory Audit Committee did not receive any reports of irregularities.

### **III. Internal Control and Risk Management**

#### **50. Individuals, bodies or committees responsible for internal audit and/ or implementation of internal control systems.**

Ibersol does not have autonomous internal audit and compliance services.

Risk management, as part of the company's culture, is present in all processes and is the responsibility of all managers and employees at the different organization levels.

Risk management is undertaken with the goal of creating value by managing and controlling uncertainties and threats that may affect the Group companies, with a view to the continuity of operations, to take advantage of business opportunities.

As part of strategic planning are identified and evaluated the risks of the existing businesses portfolio and the development of new businesses and relevant projects and defined those risks management strategies.

At the operational level, are identified and evaluated the risks management objectives of each business and planned actions to manage those risks that are included and monitored in the plans of business and functional units.

With regard to security risks of tangible assets and people are defined policies and standards, and the self-control of its application is made, being conducted external audits to all units and implemented preventive and corrective actions for the identified risks.

In order to ensure compliance of the established procedures is performed regularly assessing of the main internal control systems of the group. For specific business aspects there are risk areas whose management has been assigned to functional departments.

Internal control and the monitoring of internal control systems are overseen by the Executive Committee.

#### **51. Disclosure of the relationship to other committees of the Society in hierarchical dependence and/ or functional relation.**

The Group does not have autonomous services.

The Statutory Audit Committee evaluates the functioning of the internal control and risk management systems, supervising its business plan, receiving periodic information on its work, evaluating the conclusions and issuing

the guidelines it deems necessary.

The External Auditor verifies the effectiveness and functioning of internal control mechanisms in accordance with a work plan in line with the Statutory Audit Committee, to whom also reports its conclusions.

### **52. Existence of other functional areas regarding competences in risk control.**

There are central functions - Quality, Human Resources, Planning and Management control, and Financial Units – that reporting to the Executive Committee, promote, coordinate and facilitate the development of risk management processes.

### **53. Main Risks to which the Company and its Affiliates are exposed.**

The Board of Directors considers that the Group is exposed to the normal risks arising from its activity, namely at the level of the restaurants.

#### **Strategic and operational risks**

Ibersol's business, like any retail business, is exposed to the instability of the economic environment as well as the evolution of consumer preferences. Strategic risk management involves the monitoring of macroeconomic indicators, studies of consumer trends, studies of the catering market with consumer surveys and monitoring of competition activity in the different markets where the Group operates. In the annual Planning process all these factors are reassessed and macroeconomic trends are analyzed. Internationalization of businesses, strict control of costs, launching of new concepts, distribution channels, products and promotions adapted to changes in consumer profiles are some of the initiatives aimed at mitigating this risk.

With the acquisition of the Eatout Group, Ibersol has a significant part of its turnover in airport concession areas. The concessions are awarded by tender for a certain period of time, so the Group may or may not guarantee the renewal of these contracts, which may affect its turnover and profitability.

Operating various international brands under the franchise system, the Group enters into long-term franchise agreements (20 years or 10 + 10 years) and, after the respective term, have been renewed, although there is no such requirement. The group seeks to fulfill all obligations associated with contracts and maintain a good relationship with franchisors as a way to minimize the risk of non-renewal.

Operational risks are closely linked to the activity of restaurants: supply management (supply and logistics), stock management, fund management, and the efficiency and safety of resource and asset utilization. The adequacy and scope of the control procedures are monitored and revised where necessary.

Due to the specificities of the Business, there are areas of risk whose current management has been allocated to functional departments, namely:

#### ***Food quality and food safety***

In the restaurants business, the risk associated with hygiene and food safety is of primordial importance.



The management of this area of risk is overseen by the Quality Unit and is aimed primarily by adopting a responsible proactive approach, following the prevention principles, training, monitoring of indicators and continuous improvement in order to minimise risks with an impact on consumers health.

The main management dimensions of this risk area are:

- qualification and selection of Suppliers and Products in food quality and safety area and a Programme of Periodic Inspections of Suppliers, Products and Services;
- ensuring the effectiveness of the Traceability System;
- control of the Production Process in the units /restaurants through HACCP Systems;
- System for Developing Food Safety Competencies;
- maintenance and monitoring of measurement devices;
- food crisis management System, which is used to monitor existing food warning systems at all times and take immediate action when necessary;
- continuous improvement system supported by the following tools, among others: programme of External Audits in all Group units; programme of microbiological analyses of the end products, carried out through sampling by an authorized outside entity; complaints handling system; customer listening programs and a programme of internal audits in relation to food safety indicators. In addition, restaurants and their operations are still audited by International Franchising Brands
- certification process of the food safety management system under ISO 22000, a demanding international food safety standard.

### ***Hygiene and safety at work (HSW)***

The management of this risk area is overseen by the Human Resources Unit, which defines and coordinates training plans and the application of the rules and procedures defined in Ibersol's HSW Manual, and articulates the training plans.

A number of initiatives and actions are developed annually in the field of Health and Safety at Work, aiming to reinforce the commitment and involvement of all employees with the prevention and reduction of occupational risks.

### ***Financial***

It is the responsibility of the Finance Department to manage the various financial risks inherent to the unpredictability of the markets to which the Group is naturally exposed, namely foreign exchange, interest rate, credit, liquidity and capital risks. The steps taken by the Finance Department work to minimize the adverse effects of these possible risks:

### **a) Exchange rate risk**

In this regard, the Ibersol Group pursues a policy of natural hedging, using local currency financing. Since it is essentially present in the Iberian market, bank loans are mostly denominated in euros and the volume of purchases, outside the Euro Zone, does not assume relevant proportions.

It should be noted that the main source of exposure comes from the investment outside the euro zone of the operation in Angola, which is still small and in the process of losing weight in the group's activity. The imbalances of the Angolan economy cause a shortage of foreign currency in Angola, reason why the devaluation of Kwanza is a risk to consider. The remaining financings contracted by the Angolan subsidiaries are denominated in local currency, the same in which the income is generated. In view of the current limitations on payments abroad, the Group adopted a policy of monthly monitoring of credit balances in foreign currency and its full coverage with the acquisition of Treasury Bonds of the Republic of Angola, indexed to the USD.

### **b) Interest rate risk**

Except for the Angolan State Treasury Bonds, the Ibersol Group has no interest-bearing assets with significant interest. Accordingly, the income and cash flows of the investment activity are substantially independent of changes in the market interest rate. With regard to the Angolan State Treasury Bonds, indexed to the US Dollar, interest is fixed, so there is no risk either.

The Ibersol Group's main interest rate risk arises from liabilities, particularly long-term borrowings. Loans issued at variable rates expose the Group to the risk of cash flows associated with the interest rate. Loans issued at fixed rates expose the Group to fair value risk associated with the interest rate.

At the current level of interest rates, the Group's policy is, in mature loans, to fix interest rates up to 50% of the outstanding amount

### **c) Credit risk**

In the Group's main business, sales are paid in cash, or debit or credit card, so the Group does not have relevant credit risk concentrations.

In relation to customers, the risk is limited to the Catering and Franchisees business, which represents around 6% of consolidated turnover. The Group began to monitor receivables more regularly with the aim of:

- i) control the credit granted to customers;
- ii) analyze the age and recoverability of receivables;
- iii) analyze the risk profile of customers;

### **d) Liquidity risk**

Liquidity risk management implies the maintenance of sufficient cash and bank deposits, the feasibility of consolidating floating debt through an adequate amount of credit facilities and the ability to liquidate market

positions. The management of cash requirements is based on annual planning, which is reviewed quarterly and adjusted on a daily basis. In accordance with the dynamics of the underlying business, the Ibersol Group has been performing a flexible management of commercial paper and the negotiation of credit lines available at all times.

### **e) Capital risk**

The Company seeks to maintain a level of own capital appropriate to its principal business (cash sales and supplier credit) and ensure its continuity and expansion.

The balance of the capital structure is monitored based on the financial leverage ratio (defined as net remunerated debt / net remunerated debt + equity) with the aim of staying between 35% -70%.

### ***Environmental***

This area of risk management is coordinated by the Quality Department and its main focus is on implementing the policy deriving from the Ibersol Sustainability Principles which ensures that processes and procedures are applied in the environment.

Adoption of good environmental management practices is a matter of concern to Ibersol's Board of Directors, which promotes a responsible, proactive approach to resource and waste management.

The procedures set forth in Ibersol's Standards Manual as regards environmental matters are focused mainly on the rational use of electricity and the recycling of used oil and packaging.

### ***Legal***

Ibersol, its subsidiaries and the legal business inherent to the Group have a permanent legal and advisory function dedicated to their activity, which functions in articulation with the other central and business functions, in order to ensure a previous protection of interests of the Group in strict compliance with its legal duties and obligations.

Legal advice is also guaranteed, at national and international level, by external professionals of recognized competence.

### ***Sector-specific***

The recovery of private consumption, after the severe disruption seen in recent years, mainly in Portugal, will continue to affect sales in restaurants. To mitigate the impact on its results, the company has implemented rigorous cost control, with monthly monitoring of market trends and subsequent reviews of resource planning, in order to mitigate the impact of the consumption reduction.

Operating as it does in the food service business, the company is also subject to the risk of epidemics, disruptions in raw materials markets and changes in consumption patterns, which can have a material impact on the financial statements.

### **54. Description of the identification, assessment, monitoring, control and risk management process.**

As a structured approach, Risk Management is integrated throughout the Group's planning process. Its purpose is to identify, evaluate and manage the opportunities and threats that Ibersol's businesses face in pursuit of their value creation goals.

In the context of strategic planning, the risks of the business portfolio, as well the risks of development of new businesses and the implementation of the most important projects are identified and assessed, and strategies to manage those risks are defined.

At operational level the risks affecting the objectives of each business are identified and assessed, and actions are planned to manage those risks. These actions are included and monitored through the plans of the individual businesses and functional units.

As regards the risks to the security of tangible assets and persons, policies and standards have been established and are monitored to ensure compliance. All units are subject to external audits and preventive and corrective measures are taken in respect of the risks that have been identified.

To ensure that the established procedures are followed, the Group's main internal control systems are evaluated periodically.

### **55. Main elements of the internal control systems and risk management implemented by the company regarding the financial disclosure process.**

The Company does not have any internal audit services reporting directly to the Statutory Audit Committee (given the classic model adopted), the necessary compliance services being overseen by the individual departments of the company. Organizationally and functionally, the various Directions of the Group are directly responsible for compliance services to the Board of Directors and to the Supervisory Audit Committee and the persons responsible are duly identified in the Company's organization chart, it is necessary to reaffirm that they perform in interaction with both the supervisory board and the non-executive director of the company, reporting functionally to the same director, regardless of the hierarchical relationship that these departments maintain with the executive management of the company.

Within the scope of audit services, the external auditor meets with the different departments of the Group, at least twice a year to analyze and review the internal control system, submitting a report to the Statutory Audit Committee for subsequent discussion with the Board of Directors, namely with the non-executive director.

Regarding the risk in the process of financial information disclosure, only a restricted number of employees is involved in the disclosure process. All those who are involved in the process of financial analysis of the Company are considered to have access to inside information and are specially informed of their obligations in this precise scope.

The system of internal control of the accountability, preparation and disclosure of financial information rests on the following key elements:

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- the use of accounting principles, as set forth in the notes to the accounts, is one of the bases of the control system;

- the plans, procedures and records of the Company and its subsidiaries offer a reasonable guarantee that only duly authorized transactions are recorded and that they are recorded in accordance with generally accepted accounting principles;

- the financial information is analysed systematically and regularly by business unit management (supported by the Management Control Department) and by the heads of the profit centres, ensuring continuous monitoring and the necessary budgetary control;

- a timetable is previously established for the preparation and review of information, the work is divided up among the various areas involved and all the documents are reviewed in detail. This includes a review of the principles used, verification of the accuracy of the information produced and a check of consistency with the principles and policies used in previous years

- the accounting records and the preparation of the financial statements are overseen by the central accounting function. The financial statements are prepared by the accountants and are reviewed by the Administrative Unit;

- The consolidated financial statements are prepared on a quarterly basis by the central consolidation function, which conducts an additional reliability check;

- The financial information, annual report and financial statements are reviewed by the Financial Unit and submitted to the Board of Directors for final review and approval. Once the documents have been approved, they are sent to the external auditor, which issues its audit report and opinion.

- The statutory auditor carries out an annual audit and a half-yearly limited review of the individual and consolidated accounts. Also, each quarter it conducts a summary examination of the quarterly information.

- The process of preparation of the individual and consolidated financial information and of the management report is supervised by the Statutory Audit Committee and the Board of Directors. At quarterly intervals these bodies meet and analyze the individual and consolidated financial statements and management report.

Among the causes of risk that may materially affect financial reporting are the accounting estimates, which are based on the best information available and on the knowledge and experience of current and past events. Balances and transactions with related parties are disclosed in the annex to the financial statements and are associated above all with the Group's operating activities and its lending and borrowing, which is done at market prices.

## **IV. Investor Relations Office**

### **56. Department responsible for investor relations, composition, functions, information provided by these services and elements for contract.**

The Office may be contacted through the Representative for the capital market, António Carlos Vaz Pinto de Sousa (Telephone: +351 22 6089708; Telefax: +351 22 6089757; E-mail: [psousa@ibersol.pt](mailto:psousa@ibersol.pt), Morada: Praça do Bom Sucesso, 105/159 – 9th floor, 4150–146 Porto, who is accessorized by Dr. Tiago Marques.

### **57. Legal Representative for Capital Market Relations.**

The representative is the person indicated on the website of Ibersol, SGPS, SA. - Dr. António Carlos Vaz Pinto de Sousa;

### **58. Information about the volume and response time for information request at the year or outstanding from previous years.**

Ibersol maintains constant contact with analysts and investors, supplying them with up-to-date information. Whenever necessary, the representative for market relations ensures that all the necessary information on the Group's activity is made available and provides any clarifications requested by investors within five business days.

In 2019 were received 14 requests for information, and there are no pending inquiries from previous years.

## **V. Website**

### **59. Address.**

The Ibersol has a website for disclosure of information about the company. The address of the website is [www.ibersol.pt](http://www.ibersol.pt)

### **60. Location of the information mentioned in Article 171 of the Commercial Companies Code.**

[www.ibersol.pt\investidores\Governo da Sociedade](http://www.ibersol.pt/investidores/Governo da Sociedade);

### **61. Location where the Articles of Regulation for the committees can be found.**

[www.ibersol.pt\investidores\Estatutos](http://www.ibersol.pt/investidores/Estatutos) ;

[www.ibersol.pt\investidores\Governo da Sociedade](http://www.ibersol.pt/investidores/Governo da Sociedade);

### **62. Location where is provided information about the identify of the governing bodies, the representative for market relations, the Investor Relations Office, functions and means of access.**

[www.ibersol.pt\investidores\Governo da Sociedade](http://www.ibersol.pt/investidores/Governo da Sociedade)

[www.ibersol.pt\investidores\Relação com Investidores](http://www.ibersol.pt/investidores/Relação com Investidores)

**63. Location where is provided the documents of accounting, calendar of corporate events.**

[www.ibersol.pt/investidores/Relatório e Contas](http://www.ibersol.pt/investidores/Relatório e Contas);

[www.ibersol.pt/investidores/Calendário de Eventos](http://www.ibersol.pt/investidores/Calendário de Eventos);

**64. Location where is provided the notice to General Meeting and related information.**

[www.ibersol.pt/investidores/Assembleias Gerais](http://www.ibersol.pt/investidores/Assembleias Gerais);

**65. Location where the historical archives are available with resolutions adopted at general meetings of the company, the represented share capital and the voting results, with reference to the previous 3 years.**

[www.ibersol.pt/investidores/Assembleias Gerais](http://www.ibersol.pt/investidores/Assembleias Gerais);

### **D. REMUNERATIONS**

#### **I. Competence for definition**

**66. Competence for determining the remunerations of governing bodies of the executive committee members and managers of the Company.**

The members of the corporate governing bodies are remunerated in accordance with the remuneration policy proposed by the Remuneration Committee and approved by the General Meeting of shareholders.

#### **II. Remuneration Committee**

**67. Composition of the Remuneration Committee, including the identification of the other independent commission hired to support the committee.**

The Remuneration Committee is made up of three members: Dr. Vítor Pratas Sevilhano, Dr. Joaquim Alexandre de Oliveira e Silva and Dr. António Maria de Borda Cardoso.

The members of the Remuneration Committee are independent of the members of the Board of Directors. No individual or corporate entity that has provided services to any body reporting to the Board of Directors of the Company or to the Board of Directors itself at any time in the last three years or that currently provides consulting services to the Company, has been hired to support the Remuneration Committee in any capacity.

**68. Experience and professional qualifications of the members of the Shareholders' Remuneration Committee.**

The professional experience and background of the members of the Remuneration Committee allows them to perform their functions rigorously and effectively. All the members are empowered with the necessary academic, professional and technical training required for their function, and authorized with proper functional experience necessary for its proper performance, namely:

- **Dr. Vitor Pratas Sevilhano:** - Degree in Finance by Instituto Superior de Economia, Degree in Hospital Administration by ENSP - Escola Nacional de Saúde Pública de Lisboa, Certified by Manchester Business School - ITP - International Teachers Program. Certified by SBDC – Small Business Development Center de Wisconsin, EUA, Certified by INSEAD (Fontainebleau) – Advanced Management Program and Financial Management Program. Certified by Henley College - Strategic Planning in Practice. Certified by Linkage International–GILD e Executive Coaching Master Class. PCC– Professional Certified Coach by ICF–International Coach Federation. Professional qualifications: - Managing Partner of the European School of Coaching and Partner of the Company My Change;

- **Dr. Joaquim Alexandre de Oliveira e Silva** - Degree in Economics by Faculdade de Economia of Oporto's University, having exercised the tax consultancy activity in the last five years.

- **Dr. António Maria de Borda Cardoso** – Degree in Economics by Faculdade de Economia of Oporto's University. Retired in the last five years.

### **III. Remuneration Structure**

#### **69. Remuneration policy and performance assessment.**

The remuneration policy of the corporate governing bodies is approved by the shareholders in General Meeting. The General Meeting of shareholders held on 8 May 2019 approved the remuneration policy already in force, which has been implemented consistently and in this general meeting was present the majority of the Remuneration Committee members.

The remuneration policies and practices of other groups of companies are not used as a benchmark in setting the remuneration of the members of the Board of Directors and Statutory Audit Committee and no policy has been established with regard to severance payments for directors, as indicated in the statement of the Remuneration Committee attached to the Corporate Governance Report.

The remuneration policy for senior managers is described in the statement of the Board of Directors attached to the Corporate Governance Report. The remuneration of senior managers includes no major or material variable components.

The executive members of the Board of Directors are remunerated by the shareholder ATPS-SGPS, SA, which has subscribed a contract for services with Ibersol Restauração, SA.

The non-executive member receives a fixed annual remuneration ( **cfr. Annex 1.**) and no other remuneration of any kind.

The total remuneration of the members of the Statutory Audit Committee for 2019 was as follows: Chairman: 9,900 euros; Vice-Chairman: 8,800 euros; Member: 8,800 euros; and SROC: 25,000 euros.



**70. Information about remuneration structure in order to align the interests of members of the board with the long-term interests of the Company as well as about the Company assess and discourage excessive risk assumption.**

The directors' remuneration policy is the responsibility of the Remuneration Committee, which will submit its proposals to the approval of the Company's shareholders in the 2020 Annual General Meeting, in accordance with **Annex 1**.

The general principles of the remuneration policy for the Audit Bodies and the Board of the General Meeting are as follows:

- a) Functions performed: - the nature and volume of the activity involved in the functions performed by each member of the abovementioned corporate governing bodies is taken into consideration, as well as the responsibilities assigned to each one. The members of the Statutory Audit Committee, the Board of the General Meeting and the Statutory auditor will not all occupy the same organizational or functional position. Various criteria are applied, including level of responsibility, time commitment or the value of a particular service or institutional representation.
- b) The Company's economic situation.
- c) One relevant consideration will be the size of the company and the relative degree of functional complexity.

**71. Reference, if applicable, of the existence of a variable remuneration component and information about likely impact of performance appraisal in this component.**

There is no variable component.

**72. Deferring payment of the variable remuneration component, specifying the period of deferral.**

There is no variable component.

**73. Criteria that underlie the allocation of variable remuneration in shares and the maintenance of these shares by Executive Directors.**

No remuneration involving the allocation of shares or any other system of bonuses paid in shares is envisaged.

**74. Criteria that underlie the allocation of variable remuneration in options and indication of the deferral period and the exercise price and the members of the Company.**

No remuneration involving the allocation of share options is envisaged.

**75. Main parameters and reasoning for any scheme of annual bonuses and any other noncash benefits.**

There is no system of annual awards or other non-cash benefits.

**76. Main characteristics of complementary pension or early retirement schemes for the Administrators.**

There is no pension or early retirement scheme for members of the governing bodies, audit bodies or other

senior managers.

### **IV. Disclosure of remuneration**

#### **77. Statement of the annual amount of remuneration received by the board members including fixed and variable remuneration, and for this, mentioning the different components that gave rise**

The executive members of the Board of Directors are remunerated by the shareholder ATPS-SGPS, SA, which has subscribed a contract for services with Ibersol Restauração, SA., having received for such services, in 2019, a total of 1,000,000 euros. One of the obligations of ATPS-Sociedade Gestora de Participações Sociais, SA. under the contract for services with Ibersol, Restauração, SA. is to ensure that the directors of the Company António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira perform their duties without the Company incurring any additional expense. So, the Company does not directly pay any remuneration to any of its executive directors. Given that ATPS-Sociedade Gestora de Participações Sociais, SA. is owned by the directors António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira, out of the above mentioned total of 900,000 euros in 2019, each director received the amount of 500,000 euros. The executive directors do not receive any remuneration from other companies in the group and acquired no pension rights in the year in question.

The non-executive member receives a fixed annual remuneration of 6,000 euros and no other remuneration of any kind. In particular, he receives no performance award, bonus or complementary performance-related fees, retirement supplement or any additional payments beyond the annual amount of 6,000 euros delivered to him by the Company.

#### **78. Any amounts paid by other companies in a control or group or that they are subject to the same domain**

No other amounts are paid on any account by other companies controlled by or belonging to the Group, except as indicated in nº 77 above.

#### **79. Compensation paid in the form of profit sharing and / or bonus payments and the reasons why such bonuses and / or profit sharing were granted**

During the year no remuneration was paid in the form of profit-sharing or awards.

#### **80. Compensation paid or owed to former executive directors following the termination of their duties during the year.**

No amounts were paid or are owed as compensation to directors who ceased to be directors.

#### **81. Indication of the annual remuneration earned in aggregate and individually, by the members of the Fiscal Board of the Company.**

The total remuneration received by the members of the Statutory Audit Committee in 2019 was 27,500 euros. This total breaks down as follows:

Chairman – Dr. Carlos Alberto Alves Lourenço - 9,900 euros;

Vice-Chairman – Doutora Maria José Martins Lourenço da Fonseca: 8,800 euros;

Member - Dr. Eduardo Moutinho Ferreira Santos: 8,800 euros.

### **82. Indication of the annual remuneration earned by the Chairman of the Shareholders' General Meeting.**

Chairman of the Board – Dr.<sup>a</sup> Luzia Leonor Borges e Gomes Ferreira – 1,333.34 euros;

## **V. Agreements with remuneration implications**

### **83. Contractual limitations provided for compensation payable for unfair dismissal Managers and its relationship with the variable remuneration component.**

No contractual limitation is envisaged for the compensation payable for unfair dismissal of a director, nor is there any indication of a relationship with the variable component of remuneration (the variable component is not stipulated in the contract), being applicable to this case the legal dispositions.

### **84. Reference to the existence and description stating the sums involved, of the agreements between the company and members of the Board of Directors, providing for compensation in case of dismissal without due cause or termination of the employment relationship, following a change of control of the company.**

There are no agreements between the Company and the directors or other senior managers, within the meaning of article 248-B.3 of the Securities Code, that provide for compensation in the event of resignation, unfair dismissal or termination of the mandate or employment relationship following a change of control of the company, being applicable to this cases the legal dispositions, and namely the rules of the Companies Code and Labour Code.

## **VI. Share Plans and Stock Option Plans**

### **85. Identification of the plan and recipients.**

There are no share or share option schemes in force.

### **86. Plans functioning.**

The Company does not have any share or share option scheme.

### **87. Option rights granted to acquire shares (stock options) where the beneficiaries are company employees.**

No share options have been allocated to workers or employees of the Company.

### **88. Control mechanisms in any system of employee participation in the capital.**

Not applicable.

## **E. RELATED PARTY TRANSACTIONS**

### **I. Control procedures and mechanisms**

#### **89. Mechanisms implemented by the Company for purposes of monitoring of transactions with related parties (for this purpose refers to the concept resulting from IAS 24).**

The Statutory Audit Committee has approved the criteria for a previous evaluation of the transactions between the Company and holders of qualified shareholdings or entities related to them, within the terms of art. 20 of the Securities Code, require prior assessment. The criteria has been defined as a transaction value equal to five per cent or more of the consolidated net assets of Ibersol SGPS, SA.

#### **90. Statement of the transactions that were subject to control in the reference year.**

No businesses or transactions were entered into that required such prior assessment.

#### **91. Description of the procedures and criteria for intervention by the Authority for the purpose of preliminary assessment of the business carried out between the Company and holders of qualifying holdings or entities that are in a relationship with them, under Article 20. of CVM.**

In 2019 it was not necessary for the Statutory Audit Committee to issue any opinion since there were no transactions that should be assessed by that body.

The procedures applicable to the Statutory Audit Committee's intervention in the prior evaluation of any business to be carried out between the Company and holders of qualifying holdings follow the rules of the respective Regulation of the Fiscal Council, published in [www.ibersol.pt](http://www.ibersol.pt).

## **II. Elements related to transactions**

#### **92. Location where the financial statements and the information about transactions with subsidiaries can be found (in accordance of IAS 24).**

Information on transactions with related parties is provided in the Annex to the individual financial statements and in the Annex to the consolidated financial statements.

## **PART II - GOVERNANCE MODEL EVALUATION**

### **1. IDENTIFICATION OF THE CORPORATE GOVERNANCE CODE ADOPTED**

This Corporate Governance Report was prepared in accordance with CMVM Regulation 4/2013 of 1 August and with the new Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG) from 2019. In accordance with article 4. 2 of CMVM Regulation 4/2013, the necessary and indispensable information is disclosed as required by these regulations, both in substance and form.

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The report complies with article 245-A of Securities Code and in accordance with the comply or explain principle, indicates the degree of compliance with the new Recommendations from the mentioned IPCG as stated in it's 2019 Corporate Governance Code.

The reporting obligations under Law 28/2009 of 19 June, articles 447 and 448 of Companies Code and CMVM Regulation 5/2008 of 2 October 2008 with the changes of Regulation 7/2019. are also complied.

All the legal and regulatory texts mentioned in this report are available at [www.cmvm.pt](http://www.cmvm.pt) and [www.cam.cgov.pt](http://www.cam.cgov.pt).

## **2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE ADOPTED**

Overall Ibersol, SGPS, SA complies with the CMVM's corporate governance recommendations, as observes and exposes the degree of compliance with the new Recommendations of the Portuguese Institute of Corporate Governance, as follows:

### **I - GENERAL PROVISIONS**

#### **I.1. Company's relationship with investors and disclosure**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>I.1.1</b> The company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the market in general.	<b>Adopted</b>	<b>29, 38, 49, 56 to 65</b>

#### **I.2. Diversity in the composition and functioning of the company's governing bodies**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>I.2.1.</b> Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	<b>Adopted</b>	<b>15, 17 a 19, 26, 31 to 33 and 36</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>I.2.2.</b> The company's managing and supervisory boards, as well as their		

## CORPORATE GOVERNANCE REPORT

committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members -, and detailed minutes of the meetings of each of these bodies should be carried out.	<b>Adopted</b>	<b>22, 23, 27 34 to 35</b>
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<b>RECOMMENDATION</b>	<b>Degree of Compliance</b>	<b>Corporate Governance Report</b>
<b>I.2.3.</b> The internal regulations of the governing bodies - the managing body, the supervisory body and their respective committees - should be disclosed, in full, on the company's website.	<b>Adopted</b>	<b>22, 27, 34 and 61</b>

<b>RECOMMENDATION</b>	<b>Degree of Compliance</b>	<b>Corporate Governance Report</b>
<b>I.2.4.</b> The composition, the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	<b>Adopted</b>	<b>23, 35, 62 63, 64</b>

<b>RECOMMENDATION</b>	<b>Degree of Compliance</b>	<b>Corporate Governance Report</b>
<b>I.2.5.</b> The company's internal regulations should provide for the existence and ensure the functioning of mechanisms to detect and prevent irregularities, as well as the adoption of a policy for the communication of irregularities ( <i>whistleblowing</i> ) that guarantees the suitable means of communication and treatment of those irregularities, but safeguarding the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality requested.	<b>Adopted</b>	<b>49 and 38</b>

### **I.3. Relationship between the company bodies**

<b>RECOMMENDATION</b>	<b>Degree of Compliance</b>	<b>Corporate Governance Report</b>
<b>I.3.1.</b> The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws,		

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permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	<b>Adopted</b>	<b>21 to 23, 29, 34, 35, 38, 50 to 55, 63 to 65</b>
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RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>I.3.2.</b> Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	<b>Adopted</b>	<b>21 to 23, 29, 34, 35, 38, 50 to 55, 63 to 65</b>

### **I.4. Conflicts of interest**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>I.4.1.</b> The duty should be imposed, to the members of the company's boards and committees, of promptly informing the respective board or committee of facts that could constitute or give rise to a conflict between their interests and the company's interest	<b>Adopted</b>	<b>49, 89 to 92</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>I.4.2.</b> Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	<b>Adopted</b>	<b>49, 89 to 92</b>

### **I.5. Related party transactions**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>I.5.1.</b> The managing body should define, in accordance with a previous favourable and binding opinion of the supervisory body, the type, the		

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scope and the minimum individual or aggregate value of related party transactions that: (i) require the previous authorization of the managing board, and (ii) due to their increased value require an additional favourable report of the supervisory	<b>Adopted</b>	<b>89 to 92</b>
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<b>RECOMMENDATION</b>	<b>Degree of Compliance</b>	<b>Corporate Governance Report</b>
<b>I.5.2.</b> The managing body should report all the transactions contained in Recommendation I.5.1. to the supervisory body, at least every six months.	<b>Adopted</b>	<b>89 to 92, and 61</b>

### **II — SHAREHOLDERS AND GENERAL MEETINGS**

<b>RECOMMENDATION</b>	<b>Degree of Compliance</b>	<b>Corporate Governance Report</b>
<b>II.1.</b> The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.	<b>Adopted</b>	<b>12 to 14</b>

<b>RECOMMENDATION</b>	<b>Degree of Compliance</b>	<b>Corporate Governance Report</b>
<b>II.2.</b> The company shall not adopt mechanisms that make decision making by its shareholders(resolutions) more difficult, specifically, by setting a quorum higher than that established by law	<b>Adopted</b>	<b>12 to 14</b>

<b>RECOMMENDATION</b>	<b>Degree of Compliance</b>	<b>Corporate Governance Report</b>
<b>II.3.</b> The company should implement adequate means for the exercise of voting rights through postal votes, including by electronic means.	<b>partially adopted</b>	<b>12 and explanation below</b>

<b>RECOMMENDATION</b>	<b>Degree of Compliance</b>	<b>Corporate Governance Report</b>
<b>II.4.</b> The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings.	<b>Not adopted</b>	<b>v.d. explanation below</b>



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RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>II.5.</b> The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years the amendment or maintenance of this rule will be subject to a shareholder resolution without increased quorum in comparison to the legally established and in that resolution, all votes cast will be counted without observation of the imposed limits	<b>Not applicable</b>	<b>12 to 14</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>II.6.</b> The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	<b>Adopted</b>	<b>4</b>

### III — NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>III.1.</b> Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.I.I.	<b>Not applicable</b>	<b>18</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>III.2.</b> The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its	<b>Adopted</b>	<b>17, 18, 28, 29, 31 to 33</b>

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activity, but sufficient to ensure, with efficiency, the duties which they have been attributed.		
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RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	Not adopted	18

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<p>III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:</p> <p>i)having carried out functions in any of the company's bodies for more than 9 years, either on a consecutive or non-consecutive basis;</p> <p>ii)having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;</p> <p>iii)having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;</p> <p>iv)having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;</p> <p>v)having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or</p> <p>vi) having been a qualified holder or representative of a shareholder of qualifying holding.</p>	partially adopted	17 and 18

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RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.5. The provisions of (i) of recommendation III. 4. does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period)	Not applicable	17 and 18

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.6. Non-executive directors should participate in the definition, by the managing body, of the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions	Adopted	24

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.7. The supervisory body should, within its legal and statutory competences, collaborate with the managing body in defining the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.	Not applicable	15

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.8. The supervisory body, in observance of the powers conferred to it by law, should, in particular, monitor, evaluate, and pronounce itself on the strategic lines and the risk policy defined by the managing body.	Adopted	38

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
III.9. Companies should create specialised internal committees that are		

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adequate to their dimension and complexity, separately or cumulatively covering matters of corporate governance, remuneration, performance assessment, and appointments.	<b>Adopted</b>	<b>24, 27 to 29</b>
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RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>III.10.</b> Risk management systems, internal control and internal audit systems should be structured in terms adequate to the dimension of the company and the complexity of the inherent risks of the company's activity.	<b>Adopted</b>	<b>50 to 55</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>III.11.</b> The supervisory body and the committee for financial affairs should supervise the effectiveness of the systems of risk management, internal control and internal audit, and propose adjustments where they are deemed to be necessary.	<b>Adopted</b>	<b>36 to 38, 51</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>III.12.</b> The supervisory body should provide its view on the work plans and resources of the internal auditing service, including the control of compliance with the rules applied to the company (compliance services) and of internal audit, and should be the recipient of the reports prepared by these services, at least regarding matters related with approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	<b>Adopted</b>	<b>37, 38, 49, 51, 55</b>

### IV — EXECUTIVE MANAGEMENT

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>IV.1.</b> The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.	<b>Adopted</b>	<b>22, 27 and 61</b>

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RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>IV.2.</b> The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i)the definition of the strategy and main policies of the company; ii)the organisation and coordination of the business structure; iii)matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.	<b>Adopted</b>	<b>21, 24, 27 and 29</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>IV.3.</b> In matters of risk assumption, the managing body should set objectives and look after their accomplishment.	<b>Adopted</b>	<b>24, 29, 50, 52</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>IV.4.</b> The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	<b>Adopted</b>	<b>50, 51</b>

## **V — EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENT**

### **V.1. Annual evaluation of performance**

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.1.1.</b> The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	<b>Adopted</b>	<b>24, 25</b>

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RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.1.2.</b> The supervisory body should supervise the company's management, especially, by annually assessing the accomplishment of the company's strategic plans and of the budget, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	<b>Adopted</b>	<b>38, 50 , 51</b>

### V.2 Remuneration

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.2.1.</b> The remuneration should be set by a committee, the composition of which should ensure its independence from management.	<b>Adopted</b>	<b>66 to 68</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.2.2.</b> The remuneration committee should approve, at the start of each term of office, execute, and annually confirm the company's remuneration policy for the members of its boards and committees, including the respective fixed components. As to executive directors or directors periodically invested with executive duties, in the case of the existence of a variable component of remuneration, the committee should also approve, execute, and confirm the respective criteria of attribution and measurement, the limitation mechanisms, the mechanisms for deferral of payment, and the remuneration mechanisms based on the allocation of options and shares of the company.	<b>Adopted</b>	<b>69 to 76</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.2.3.</b> The statement on the remuneration policy of the managing and supervisory bodies, pursuant to article 2 of Law no. 28/2009, 19 <sup>th</sup> June, should additionally contain the following:  i. the total remuneration amount itemised by each of its components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the company's remuneration		

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<p>policy, including how it contributes to the company's performance in the long run, and information about how the performance requirements were applied;</p> <p>ii. remunerations from companies that belong to the same group as the company;</p> <p>iii. the number of shares and options on shares granted or offered, and the main conditions for the exercise of those rights, including the price and the exercise date;</p> <p>iv. information on the possibility to request the reimbursement of variable remuneration;</p> <p>v. information on any deviation from the procedures for the application of the approved remuneration policies, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation;</p> <p>vi. information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors.</p>	<b>Adopted</b>	<b>69 to 88</b>
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RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.2.4.</b> For each term of office, the remuneration committee should also approve the directors' pension benefit policies, when provided for in the bylaws, and the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office.	<b>Not applicable</b>	<b>76, 83, 84</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.2.5.</b> In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders	<b>Adopted</b>	<b>69</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.2.6.</b> Within the company's budgetary limitations, the remuneration		

## CORPORATE GOVERNANCE REPORT

committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties. The remuneration committee should ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	<b>Not applicable</b>	<b>67</b>
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### V.3 Director remuneration

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.3.1.</b> Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.	<b>Not applicable</b>	<b>69 to 72</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.3.2.</b> A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby connecting it to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	<b>Not applicable</b>	<b>71 , 72</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.3.4.</b> When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	<b>Not applicable</b>	<b>71 to 74</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.3.5.</b> The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value	<b>Adopted</b>	<b>69</b>



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RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.3.6.</b> The company should be provided with suitable legal instruments so that the termination of a director's time in office before its term does not result, directly or indirectly, in the payment to such director of any amounts beyond those foreseen by law, and the company should explain the legal mechanisms adopted for such purpose in its governance report.	<b>Adopted</b>	<b>83, 84</b>

### V.4. Appointments

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.4.1.</b> The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	<b>Adopted</b>	<b>v.d. documents published in this context in <a href="http://www.ibersol.pt">www.ibersol.pt</a> with the proposals of election occurred at the General Meeting 2017</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.4.2.</b> The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size.	<b>Not applicable</b>	<b>15, 27 to 29</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.4.3.</b> This nomination committee includes a majority of non-executive, independent members.	<b>Not applicable</b>	<b>15, 27 to 29</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>V.4.4.</b> The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of	<b>Not applicable</b>	<b>15, 27 to 29</b>

## CORPORATE GOVERNANCE REPORT

the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.		
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### VI — RISK MANAGEMENT

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>VI.1.</b> The managing body should debate and approve the company's strategic plan and risk policy, which should include a definition of the levels of risk considered acceptable.	<b>Adopted</b>	<b>24, 50, 52 to 55</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>VI.2.</b> Based on its risk policy, the company should establish a system of risk management, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; (iv) the monitoring procedures, aiming at their accompaniment; and (v) the procedure for control, periodic evaluation and adjustment of the system.	<b>Adopted</b>	<b>24, 50 to 55</b>
RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>VI.3.</b> The company should annually evaluate the level of internal compliance and the performance of the risk management system, as well as future perspectives for amendments of the structures of risk previously defined.	<b>Adopted</b>	<b>24, 50 to 55</b>

# CORPORATE GOVERNANCE REPORT

## Capítulo VII — FINANCIAL STATEMENTS AND ACCOUNTING

### VII.1 Financial information

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>VII.1.1.</b> The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	<b>Adopted</b>	<b>34 , 38</b>

### VII.2 Statutory audit of accounts and supervision

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>VII.2.1.</b> Through the use of internal regulations, the supervisory body should define: i. the criteria and the process of selection of the statutory auditor; ii. the methodology of communication between the company and the statutory auditor; iii. the monitoring procedures destined to ensure the independence of the statutory auditor; iv. the services, besides those of accounting, which may not be provided by the statutory auditor.	<b>Adopted</b>	<b>34, 37, 38</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>VII.2.2.</b> The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.	<b>Adopted</b>	<b>34, 37, 38</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>VII.2.3.</b> The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the	<b>Adopted</b>	<b>37 , 38</b>

## CORPORATE GOVERNANCE REPORT

termination of their service contract by the competent body when this is justified for due cause.		
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RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>VII.2.4.</b> The statutory auditor should, within their powers, verify the application of policies and systems of remuneration of governing bodies, the effectiveness and the functioning of the mechanisms of internal control, and report any irregularities to the supervisory body.	<b>Adopted</b>	<b>38 to 41</b>

RECOMMENDATION	Degree of Compliance	Corporate Governance Report
<b>VII.2.5.</b> The statutory auditor should collaborate with the supervisory body, immediately providing information on the detection of any relevant irregularities as to the accomplishment of the duties of the supervisory body, as well as any difficulties encountered whilst carrying out their duties.	<b>Adopted</b>	<b>38 and 51</b>

### Explanation for not adopted or partially adopted Recommendations

**Recommendation II.3** - In the absence of expressive requests from shareholders until the present date regarding the exercise of the right to vote by electronic means, this modality is not yet foreseen in the Company's By-laws, without prejudice of that modality can be considered relevant in future By-laws revision.

**Recommendation II.4** - In the absence of expressive requests from shareholders until the present date regarding the modality of participation in the General Meeting by telematic means, this modality is not yet foreseen in the Company's By-laws, without prejudice to such modality can be considered relevant in future By-laws revision.

### 3. OTHER INFORMATION

**The company should provide any additional elements or information that, if not finding explained in the preceding paragraphs, are relevant to understand the model and governance practices adopted.**

In compliance of the premises supra exposed and in terms of the 245º-A article, number 1, alinea r) of the Portuguese Securities Code, we will expose the information about the diversity policy applied in the Company related to it's management and supervisory bodies, namely in terms of age, sex, qualifications and professional background, also the objectives of this diversity policy, the way it was pursued, and it's results in the 2019 exercise.

The diversity policy applied by the company related to its management and supervisory bodies complies with the following general principles:

The candidates for members of the management and supervisory bodies should observe:

- Experience in sufficiently senior positions in companies or similar organizations that provide them:

1. To evaluate, challenge and develop of the most senior managers of the company;
2. To evaluate and challenge the corporate strategy of the group and its main subsidiaries;
3. To evaluate and challenge the operational and financial performance of the company;
4. To evaluate the degree of compliance in the organization of the Ibersol values;

- In addition to the common basic minimums, each candidate individually must contribute to the overall knowledge and competencies of the Board of Directors, as follows:

1. Deep and international knowledge of the main sectors of activity of Ibersol;
2. Knowledge of the main markets and geographies of the main businesses;
3. Knowledge and skills in management techniques and technologies that determine the success of companies with dimension in our sectors of activity;

- Candidates must have the human qualities, clarity of purpose, analytical ability, synthesis ability and communication skills required for a large number of diverse and complex subjects can be discussed in necessary limited time and necessary depth to provide high quality and timely decision making;

- Subject to the fulfilment of the other factors, a significant representativeness of genres and origins should seek to achieve a significant representativeness of genres and origins.

The composition of the management and supervisory bodies elected by the General Meeting in most of the Group's Companies complies the above mentioned guidelines, presenting a balanced diversity of gender, origin, qualifications and professional background.

In the Statutory Audit Committee and General Meeting's Board whose composition is above described in this report, the proportion of persons of each sex respects, in advance, the limiting principles imposed by the Article 5 of Law 62/2017 1st August. However this perspective has not occurred in the appointment of the Board of Directors members started in 2017 for its four-year mandate.

The diversity and professional experience of the members of the Board of Directors and the Statutory Audit Committee are a result of its respective curriculum vitae.

In addition to the elements above described, there are no other relevant elements to be considered.

## **ANNEX I**

### **REMUNERATION COMMITTEE STATEMENT**

#### **OF THE REMUNERATION COMMITTEE**

#### **ABOUT THE REMUNERATION POLICY FOR THE CORPORATE GOVERNING BODIES OF IBERSOL, SGPS S.A. TO BE SUBMITTED FOR APPROVAL BY THE NEXT GENERAL MEETING OF 2020**

1. Under the terms of the authority assigned to this Committee by the General Meeting of shareholders of Ibersol SGPS, SA. and under the terms of article 26.2 of the By-laws of the Company, the function of this Remuneration Committee is to set the remuneration of the members of the corporate governing bodies.

2. Under the applicable terms of the By-laws, the Remuneration Committee was appointed by the General Meeting of Shareholders on 26<sup>th</sup> May 2017 and is made up of three members, who are independent of the members of the Company's governing and audit bodies.

3. The Remuneration Committee thus submits this report for the consideration of this General Meeting and for the purpose of adoption of Recommendation of the Corporate Governance Code of the Instituto Português de Corporate Governance. The report contains the guidelines followed by this Committee in setting the remuneration of the members of the governing and audit bodies and the Board of the General Meeting, as follows:

a) The remuneration of the members of the Board of the General Meeting for 2019 was set at a fixed annual amount, payable twelve times a year, having its members earned the following annual remuneration:

- **Chairman** – Dr.ª Luzia Leonor Borges e Gomes Ferreira: € 1,333.34 ;

- **Vice-Chairman** – Dr.ª Raquel de Sousa Rocha: € 667,92 ;

- **Secretary** – Dr.ª Maria Leonor Moreira Pires Cabral Campello: € 333.36;

b) The shareholder ATPS-SGPS, SA. provided administrative and management services to the Group and in 2019 received from the investee Ibersol, Restauração, SA. a total of 1,000,000 euros for such services. One of the obligations of ATPS-Sociedade Gestora de Participações Sociais, SA. under the contract of services with Ibersol, Restauração, SA. is to ensure that the directors of the Company António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira perform their duties without additional expenses that the Company has to incur. The Company does not directly pay any remuneration to any of its executive directors. Given that ATPS-Sociedade Gestora de Participações Sociais, SA. is controlled by the directors António Carlos Vaz Pinto de Sousa and António Alberto Guerra Leal Teixeira, out of the abovementioned total of 1,000,000 euros paid in 2019, it is supposed that each director has received the amount of 500,000 euros. The non-executive member receives annual remuneration of 6,000 euros, and has not received any other remunerations of any kind, namely performance bonuses, bonuses or any additional performance fees and / or any additional payments at the annual amount of 6,000 euros provided to by the company.

The mentioned executive directors do not receive any other remuneration in other companies of the group nor have pension rights acquired in 2019.

In view of the above, it is not possible to issue a statement on the remuneration policy of the members of the governing body of the company, particularly a report containing the information mentioned in actual article 2.3 of Law 28/2009.

c) The remuneration of the members of the Statutory Audit Committee for 2019 was set at a fixed annual amount, payable twelve times a year. The individual members received the following annual remuneration:

**Chairman** - Dr. Carlos Alberto Alves Lourenço: € 9,900.00;

**Vice-Chairman** - Dr.<sup>a</sup> Maria José Martins Lourenço da Foseca: € 8,800.00;

**Member** – Dr. Eduardo Moutinho Santos: €8,800.00;

**The general principles** observed are essentially those that emerge from the law, taking into account the activities actually performed by the above persons, also the Company's economic situation and the usual terms and conditions in comparable situations. The functions performed by each member of the corporate governing bodies were considered in the most broadest sense of the activity actually performed, using the level of responsibility as an assessment parameter. The weighting of the functions is considered in a broad sense, in the light of various factors, particularly the level of responsibility, the time spent and the value the member's institutional role added to the Group. The size of the company and the degree of complexity of the assigned functions is also an important aspect. The combination of the abovementioned factors and assessment thereof serves to guarantee not only the interests of the post holders but also the primordial interests of the Company.

**The remuneration policy** we submit to the approval of the Shareholders of the Company is therefore based on the abovementioned parameters, consisting of the remuneration of the members of the corporate bodies in a gross fixed amount, paid in twelve monthly instalments until the end of the year. In setting all remuneration, the general principles stated above were observed: functions performed, situation of the Company and comparative criteria for equivalent degrees of performance.

**Oporto, 5<sup>th</sup> May 2020.**

**Remuneration Committee,**

*Vítor Pratas Sevilhano, Dr.*

*Joaquim Alexandre de Oliveira e Silva, Dr.*

*António Maria de Borda Cardoso, Dr.*

## ANNEX II

### **BOARD OF DIRECTOR'S STATEMENT UPON THE REMUNERATION POLICY OF IBERSOL, SGPS, S.A. DIRECTORS**

1. According to the competence established under article 11º of IBERSOL, SGPS SA. By- laws, the Board of Directors has the responsibility to determine the general remuneration policy and incentives for the Company's Directors positions and also, for all the administrative and technician personnel.
2. Under the terms of number 3 of the article 248º-B and 245º-A of the Securities Code, Directors are, besides Management and Supervisory Bodies members, those who have regular access to privileged information and take part in the company's decisions upon management and negotiation strategy.
3. According to CMVM Recommendations upon publicly listed companies corporate governance, and to promote transparency, in order to comply with Recommendations of Corporate Governance, the Board of Directors submits to this General Meeting this statement with the guidelines observed to determine the mentioned remunerations, as follows:
  - a) The remuneration policy adopted for Ibersol's Directors matches with the policy determined for the generality of the Company's employees.
  - b) However, the Company's Directors remuneration contains a fix remuneration and an eventual performance bonus.
  - c) The evaluation of the performance quality and the performance bonus are established according to the criteria previously defined by the Board of Directors.
  - d) Therefore, behaviour factors of each Director, namely, specific competencies to the function, its level of responsibility, ability to adjust to company's management and specific procedures, autonomy level of individual performance, will be attended to determine an eventual performance bonus, being also considered the technical and/or the financial-economic performance in the Directors' business sector, as well as the financial/economic performance of IBERSOL.

**OPorto, 5<sup>th</sup> May 2020.**

***The Board of Directors.***



## Annex III

### List of Positions held in other companies by the members of the Statutory Audit Committee and General Meeting Board

#### **STATUTORY AUDIT COMMITTEE:**

##### ***President – Dr. Carlos Alberto Alves Lourenço;***

Besides the position of President of the Statutory Audit Committee of Ibersol SGPS, SA., he performs functions in the following Societies outside Ibersol Group :

##### **Chairman of the Fiscal Board:**

- ELEVOLUTION GROUP, SGPS.
- REFUNDOS – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.

##### **Member of the Supervisory Board:**

- Manuel Champalimaud, SGPS, SA

##### ***Vice- President – Dra. Maria José Martins Lourenço da Fonseca***

Besides the position of Vice-President of the Statutory Audit Committee of Ibersol SGPS, SA., she performs functions in the following Societies outside Ibersol Group:

##### **Chairman of the Fiscal Board:**

- Sonae, SGPS,SA
- SDSR - Sports Division SR,SA.

##### **Member of the Supervisory Board:**

- Sonae MC, SGPS, S.A.
- Sonaecom, SGPS, S.A.

##### ***Member ( effective ) – Dr. Eduardo Moutinho Santos***

Besides the position of effective Member of the Statutory Audit Committee of Ibersol SGPS, SA., he performs the following cargo in a company outside Ibersol Group:

**Member of Supervisory Board:** IVN-Serviços Partilhados, SA.

##### ***Substitute Member – Dr. Arlindo Dias Duarte Silva***

Performs no other cargos in companies behind the cargo of Substitute Member of the Statutory Audit Committee of Ibersol SGPS, SA.

## **BOARD OF THE GENERAL MEETING**

### ***President – Dra. Luzia Leonor Borges e Gomes Ferreira***

#### **Functions performed in board of directors of other societies held by Ibersol Group**

Besides the position of Board's President of Ibersol SGPS, SA. General Meeting, she performs functions in the following Societies outside Ibersol Group:

#### **President of the Board of the General Meeting:**

- MDS, SGPS, SA.
- Modelo - Distribuição de Materiais de Construção, SA.
- Sonae Holdings , SA.
- Sonae Corporate, SA.
- Sonae FS,SA
- SFS – Financial Services, IME, SA
- SFS – Gestão de Fundos, SGOIC, SA
- Dot Value – SGPS, SA.
- Hotelco – Hotelaria e Comércio, SA.
- Laminar – Indústria de Contraplacados, SA.
- Orbitur – Intercâmbio de Turismo, SA.
- Orbitur – Imobiliária, SA.
- IVN – Serviços Partilhados, SA.

### ***Vice-president – Dr.ª Raquel de Sousa Rocha***

Besides the position of Vice-President of Ibersol SGPS, SA. General Meeting Board, she performs functions in the following Societies outside Ibersol Group:

#### **Secretary of the Board of the General Meeting:**

- MDS, SGPS, SA.
- Sonae Holdings, SA
- FS – Financial Services, IME, SA
- Sonae Corporate, SA
- Sonae FS, S.A.
- Mktplace, Comércio Electrónico, SA

### ***Secretary – Dr.ª Maria Leonor Moreira Pires Cabral Campello***

She performs no other cargos in other societies behind the Secretary cargo of Ibersol SGPS, SA. General Meeting Board.

**Oporto, 5<sup>th</sup> May 2020.**