



**CORPORATE  
GOVERNANCE REPORT**

**2011**



Cover: National Assembly of Angola

Corporate  
Governance Report **2011**

# Teixeira Duarte, S.A.

PUBLIC COMPANY

Head Office: Lagoas Park, Edifício 2 - 2740-265 Porto Salvo

Share Capital: € 420.000.000

Single Legal Person and Registration number 500 097 488 at Cascais Commercial Register (Oeiras) 509 234 526

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# Teixeira Duarte, S.A.

## **BOARD OF THE GENERAL MEETING OF SHAREHOLDERS**

Chairman	Mr. Rogério Paulo Castanho Alves
Deputy Chairman	Mr. José Gonçalo Pereira de Sousa Guerra Constenla
Secretary	Mr. José Pedro Poiares Cobra Ferreira

## **BOARD OF DIRECTORS**

Chairman	Mr. Pedro Maria Calainho Teixeira Duarte
Directors	Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte
	Mr. Joel Vaz Viana de Lemos
	Mr. Carlos Gomes Baptista
	Mr. Diogo Bebiano Branco de Sá Viana Rebelo

## **SUPERVISORY BOARD**

Chairman	Mr. António Gonçalves Monteiro
Member	Mr. Mateus Moreira
Member	Mr. Miguel Carmo Pereira Coutinho
Alternate	Mr. Horácio Lisboa Afonso

## **CHARTERED ACCOUNTANT**

Mariquito, Correia & Associados  
Chartered Accountants Firm, represented by  
Mr. António Francisco Escarameia Mariquito - ROC

## **COMPANY SECRETARY**

Permanent	Mr. José Pedro Poiares Cobra Ferreira
Alternate	Mrs. Maria António Monteiro Ambrósio

## **REPRESENTATIVE FOR MARKET RELATIONS**

Mr. José Pedro Poiares Cobra Ferreira

# Teixeira Duarte – Engenharia e Construções, S.A.

## **BOARD OF THE GENERAL MEETING OF SHAREHOLDERS**

Chairman	Mr. José Pedro Poiares Cobra Ferreira
Secretary	Mrs. Maria Filipa Rebelo Pereira de Matos

## **BOARD OF DIRECTORS**

Chairman	Mr. Pedro Maria Calainho Teixeira Duarte
Directors	Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte
	Mr. Joel Vaz Viana de Lemos
	Mr. Jorge Ricardo de Figueiredo Catarino
	Mr. Carlos Gomes Baptista
	Mr. João José de Gouveia Capelão
	Mr. João José do Carmo Delgado

## **STATUTORY AUDITOR**

Permanent	Mariquito, Correia & Associados Chartered Accountants Firm, represented by Mr. António Francisco Escarameia Mariquito – ROC
Alternate	Júlio Alves, Mário Baptista & Associados Chartered Accountants Firm, represented by Mr. Júlio Lourenço Alves

## **COMPANY SECRETARY**

Permanent	Mr. José Pedro Poiares Cobra Ferreira
Alternate	Mrs. Maria António Monteiro Ambrósio

# TEIXEIRA DUARTE ORGANISATIONAL CHART 2011

## BOARD OF DIRECTORS

### Adviser to the Board of Directors

Mr. António Costeira Faustino

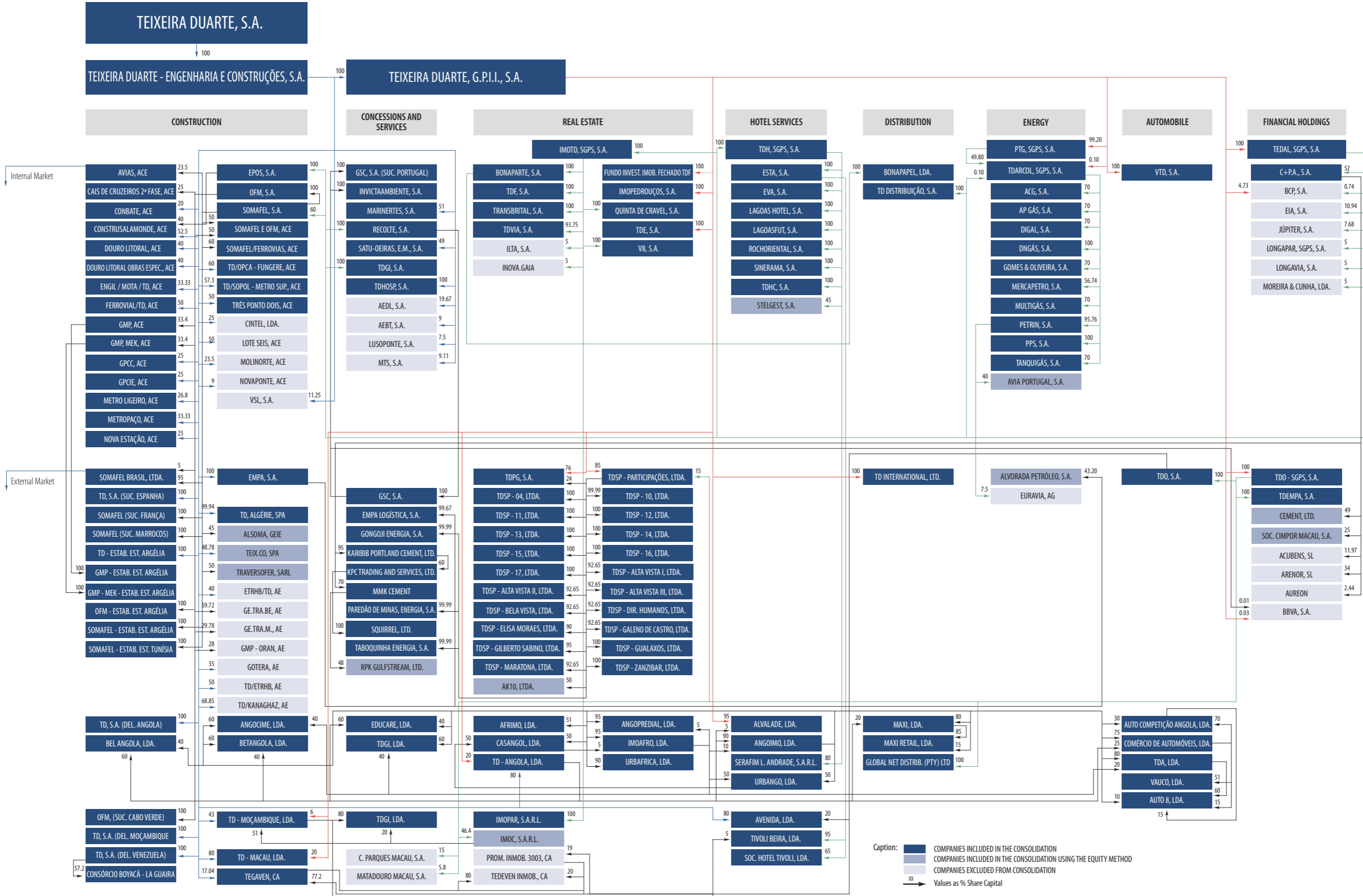
Markets	
<b>Portugal</b>	<b>South Africa</b>
<b>Angola</b>	<b>Cape Verde</b>
▪ <b>Delegation</b> Mr. Valdemar Marques	<b>China</b>
<b>Algeria</b>	<b>Morocco</b>
▪ <b>Delegation</b> Mr. Ricardo Acabado	<b>Namibia</b>
<b>Brazil</b>	<b>Russia</b>
▪ <b>Delegation</b> Mr. João Delgado	<b>São Tomé and Príncipe</b>
<b>Spain</b>	<b>Ukraine</b>
▪ <b>Delegation</b> Mr. António Carlos Teixeira Duarte	
<b>Mozambique</b>	
▪ <b>Delegation</b> Mr. Carlos Timóteo	
<b>Venezuela</b>	
▪ <b>Delegation</b> Mr. Luís Alves	

Corporate Centre	
<b>Central Departments</b>	<b>Corporate Services</b>
<b>Contracts and Logistics</b> Mrs. Maria António Ambrósio	<b>Corporate Secretariat</b> Mr. José Pedro Cobra Ferreira
<b>Management Systems and Technology</b> Mr. Agripino Fonseca Mr. Ivo Rosa	<b>Accounts Consolidation</b> Mr. Alexandre de Jesus
<b>Human Resources and Administrative Services</b> Mr. Ginja Sebastião	<b>Internal Audit</b> Mr. Mário Ferreira Faria
<b>Information Technology</b> Mr. José Gaspar	
<b>Finance and Accounting</b> Mr. Martins Rovisco	
<b>Procurement</b> Mr. Leal da Silva	

Activity Sectors			
<b>Construction</b>		<b>Concessions and Services</b>	
<b>Central Departments</b>	<b>Participated Companies</b>	<b>Central Departments</b>	▪ <b>TDGI, S.A.</b> Mr. Rogério Fonseca Mr. Rodolfo Valentim
<b>Geotechnics and Rehabilitation</b> Mr. Magalhães Gonçalves Mr. Hélder Matos Mr. João Pedro Lopes	<b>Underground Works</b> ▪ <b>E.P.O.S., S.A.</b> Mr. Costa Simões Mr. Dias de Carvalho	<b>Planning and Studies</b> Mr. Garcia Fernandes Mr. Luís Menezes Mr. Pedro Nunes	▪ <b>RECOLTE, S.A.</b> ▪ <b>GSC, S.A.</b> Mr. Magalhães Gonçalves Mr. Luís Carreira Mr. Angel Rodríguez
<b>Edificiations</b> Mr. Paulo Araújo Mr. Luís Mendonça Mr. Fernando Martins Mr. Luís Santos Mr. Pedro Costa	<b>Railway Works Maritime Works</b> ▪ <b>SOMAFEL, S.A.</b> ▪ <b>OFM, S.A.</b> Mr. Viana de Lemos Mr. Paiva Nunes Mrs. Isabel Amador	<b>Electromechanical Instalations</b> Mrs. Helena Galhardas	▪ <b>SATU-OEIRAS, E.M., S.A.</b> Mrs. Helena Galhardas
<b>Infrastructures</b> Mr. Sampayo Ramos Mr. Sousa Barros Mr. Moreira da Silva Mr. Pedro Plácido Mr. José Palma Mr. Oliveira Rocha Mr. Rosa Saraiva Mr. Fernando Frias Mr. Correia Leal		<b>Special Studies</b> Mr. Rocha Lobo	▪ <b>TDHOSP, S.A.</b> Mr. Diogo Rebelo
<b>Mechanical Engineering</b> Mr. Paiva Nunes Mr. Henrique Nicolau		<b>Infrastructure Studies</b> Mr. João Torrado	▪ <b>EDUCARE, Lda.</b> Mr. Viana de Lemos
<b>Shuttering and Prestressing Operating Centre</b> Mr. Marques dos Santos		<b>Projects</b> Mr. Baldomiro Xavier	<b>Real Estate</b> Mr. Diogo Rebelo Mr. Alfredo Silva Mr. Paulo Monteiro
<b>Equipment</b> Mr. Rodrigo Ouro			<b>Hotel Services</b> Mr. Manuel Maria Teixeira Duarte Mr. Luís Vicente
			<b>Distribution</b> Mr. Diogo Rebelo Mr. Manuel Lopes
			<b>Energy</b> Mr. Artur Caracol
			<b>Automobile</b> Mr. Diogo Rebelo Mr. Silva Pereira



# TEIXEIRA DUARTE GROUP 2011



Caption:   
 COMPANIES INCLUDED IN THE CONSOLIDATION   
 COMPANIES INCLUDED IN THE CONSOLIDATION USING THE EQUITY METHOD   
 COMPANIES EXCLUDED FROM CONSOLIDATION   
 xx Values as % Share Capital

## **CORPORATE GOVERNANCE REPORT**

Pursuant to the applicable provisions, namely article 245-A of the Securities Market Code and Regulation number 1/2010 of the Securities Market Commission (CMVM), TEIXEIRA DUARTE, S.A. (TD,SA) presents its Corporate Governance Report relative to the financial year of 2011, complying with all the requirements of the model attached to the abovementioned Regulation. Whenever deemed necessary and applicable, comments and considerations will be made on the procedures followed by the Company.

The Teixeira Duarte Group has, for many years, been concerned with the subject known as Corporate Governance and has adopted practices reflecting values that are currently safeguarded by the regulations on this matter, always being attentive to the development of national and international rules and recommendations.

The Company complies with all its corporate obligations, namely as an issuer of shares listed for trading on regulated markets, and takes on its due responsibility to find a balance between the different recommendations issued by the various entities and the Company's reality, its structure, history, markets and operating sectors.

### **STRUCTURE AND ORGANISATION OF THE REPORT:**

TD,SA has organised this Report in accordance with the model presented in the Annex to CMVM Regulation number 1/2010, and, through suggestion of the CMVM, has included in Chapter 0 a table describing all of the 54 Recommendations in the Corporate Governance Code issued by this regulating entity, indicating therein which ones have been adopted or not by the Company and also including reference to the points of this text where such matters are addressed or the reason for their non-adoption are explained.

The objectives of these options concerning the structure and inclusion of this table right at the beginning of the text are not only the rigorous compliance with the applicable rules, but also our interest in following-up the intention expressed by the CMVM of the standardisation of these Reports and their easier analysis and consultation by the Market.

## **CHAPTER 0**

### **Compliance Statement**

#### **0.1. Indication of the location where the texts on corporate governance codes to which the issuer is subject and, if applicable, those which it has voluntarily chosen to subject itself, are available to the public**

Apart from the applicable rules and regulations, namely the Commercial Companies Code, the Securities Market Code and Regulations of the CMVM, especially Regulation number 1/2010, TD,SA has chosen not to adopt any Corporate Governance Code other than that issued by the CMVM on January 2010, which is available for consultation at [www.cmvm.pt](http://www.cmvm.pt).

#### **0.2. List of the recommendations, adopted and not adopted, presented in the Corporate Governance Code of the CMVM or other that the company has decided to adopt, under the terms of the CMVM Regulation number 1/2010. For the effect, recommendations that are not followed entirely are considered as not adopted.**

#### **0.3. Without prejudice to the provisions in the previous number, the company can also make an overall assessment, provided that there are reasonable grounds to do so, of the degree of adoption of groups of recommendations of inter-related subjects**

**0.4. When the corporate governance structure or practices differ from the recommendations of the CMVM or other codes to which the company subscribes or has voluntarily adhered, the parts of each code which are not complied with or which the company considers are not applicable should be explained, as well as the respective grounds and other relevant observations, in addition to clear indication of the part of the Report where the description of this situation can be found.**

Points 0.2, 0.3, and 0.4 are developed simultaneously, since they are interrelated.

Among the 54 Recommendations comprising the abovementioned Corporate Governance Code of the CMVM, the Company does not adopt 17, that is they are not fully complied with.

The table below provides the integral reproduction of the text of these Recommendations with the same numbering of the aforementioned Corporate Governance Code, followed by an indication of their adoption or not and reference to the point in this Report where such matter is described or where, observing the principle of "comply or explain", any non-adoption is justified.

	<b>Recommendation</b>	<b>Adoption</b>	<b>Reference</b>
<b>I.1.1</b>	The Chairman of the Board of the General Meeting must be provided with the supporting human and logistic resources appropriate to his/her needs, considering the economic situation of the company.	Yes	CHAPTER I
<b>I.1.2</b>	The remuneration of the Chairman of the Board of the General Meeting must be disclosed in the Annual Corporate Governance Report.	Yes	I.3
<b>I.2</b>	<b>PARTICIPATION IN THE GENERAL MEETING</b>		
<b>I.2.1</b>	The period of time given in advance for the receipt, by the Board, of the statements of deposit or blocking of shares for participation in the General Meeting must not exceed five business days.	Yes	I.4
<b>I.2.2</b>	In the case of the suspension of the General Meeting, the company should not impose the blocking to remain during the entire period until the session is resumed, with the ordinary period of time in advance required in the first session being sufficient.	Yes	I.5
<b>I.3</b>	<b>VOTING AND THE EXERCISE OF VOTING RIGHTS</b>		
<b>I.3.1</b>	The companies must not establish any statutory restriction to voting by correspondence and, when adopted and permissible, to voting through electronic correspondence.	Yes	I.9
<b>I.3.2</b>	The statutory period of time in advance for the receipt of votes issued by correspondence must not exceed three business days.	Yes	I.11
<b>I.3.3</b>	Companies should ensure proportionality between voting rights and shareholder participation, preferably through a statutory provision according to which one share corresponds to one vote. Proportionality is not to be followed by companies which, namely: i) have shares which do not confer the right to vote; ii) establish that rights to vote above a certain number are not to be counted, when issued by a single shareholder or by shareholders related to the former.	Yes	I.6 I.7
<b>I.4</b>	<b>DELIBERATIVE QUORUM</b>		
<b>I.4</b>	Companies must not establish a deliberative quorum greater than that established by Law.	Yes	I.8
<b>I.5</b>	<b>MINUTES AND INFORMATION ON ADOPTED DELIBERATIONS</b>		
	Excerpts from the minutes of the General Meetings or documents of similar content should be available to the shareholders on the company's website within five days after the General Meeting, even if they do not constitute privileged information. The disclosed information should cover the deliberations taken, share capital represented and voting results. This information must be kept on the company's website for at least three months.	No	I.13 I.14

<b>I.6</b>	<b>MEASURES RELATIVE TO CORPORATE CONTROL</b>		
<b>I.6.1</b>	Any measures adopted with a view to preventing the success of public takeover bids should respect the interests of the company and its shareholders. Any articles of association of companies which, respecting this principle, set a limit on the number of votes which may be held or exercised by a single shareholder, individually or jointly with other shareholders, must also establish the commitment that at least every five years the maintenance or not of this statutory provision will be subject to deliberation at the General Meeting – with no requirement of a quorum larger than that legally established – and that in this deliberation all the votes cast will be counted, without the application of the above limit.	Yes	I.7
<b>I.6.2</b>	Defensive measures must not be adopted if they cause an automatic erosion of company assets in the event of the transfer of control or change of the composition of the management board, thereby jeopardising the free transferability of shares and the free assessment by the shareholders of the performance of members of the management board.	Yes	I.20 I.21 I.22
<b>II.</b>	<b>MANAGEMENT AND SUPERVISORY BODIES</b>		
<b>II.1</b>	<b>GENERAL SUBJECTS</b>		
<b>II.1.1</b>	<b>STRUCTURE AND COMPETENCE</b>		
<b>II.1.1.1</b>	The management board should assess the adopted model in its annual Governance Report, identifying any constraints to its functioning and proposing measures of action that, in its opinion, are suitable to overcome them.	Yes	II.1
<b>II.1.1.2</b>	Companies should create internal risk control and management systems to safeguard their value and enhance the transparency of their corporate governance, permitting the identification and management of risks. These systems should include at least the following components: i) establishment of strategic corporate objectives on matters of risk-taking; ii) identification of the main risks related to the specific activity exercised and any events which might imply risks; iii) analysis and measurement of the impact and probability of the occurrence of each potential risk; iv) risk management with a view to the alignment of the risks effectively incurred with the company's strategic risk-taking; v) mechanisms for the control of the execution of the adopted risk management measures and their effectiveness; vi) adoption of internal mechanisms of information and communication on the different components of the system and risk warnings; vii) periodic assessment of the implemented system and adoption of any necessary changes.	No	II.5
<b>II.1.1.3</b>	The management board should ensure the creation and functioning of the internal control and risk management systems, with the supervisory board being responsible for assessing the functioning of these systems and proposing any necessary adjustment to the company's needs	No	II.6
<b>II.1.1.4</b>	Companies should, in their annual Corporate Governance Report: i) identify the main economic, financial and legal risks to which the company is exposed during the exercise of its activity; ii) describe the action and effectiveness of the risk management system.	Yes	II.5 II.9
<b>II.1.1.5</b>	The management and supervisory bodies must have functioning regulations, which must be disclosed on the company's website.	No	II.7
<b>II.1.2</b>	<b>INCOMPATIBILITIES AND INDEPENDENCE</b>		
<b>II.1.2.1</b>	The Board of Directors must include a sufficient number of non-executive members so as guarantee effective capacity to manage, supervise and assess the activities of the executive members.	No	II.1 II.8

<b>II.1.2.2</b>	Amongst the non-executive Directors, there should be an adequate number of independent Directors, taking into consideration the size of the company and its shareholder structure, which cannot under any circumstances, be less than one quarter of the total number of Directors.	No	II.1 II.8
<b>II.1.2.3</b>	The assessment of the independence of the non-executive members made by the management board must take into account the legal and regulatory rules in force on the independence requirements and incompatibility system applicable to members of the other governing bodies, ensuring systematic and temporal coherence in the application of independence criteria to the entire company. A Director should not be considered independent if she/he cannot hold this capacity in another governing body through force of the applicable rules.	No	II.1 II.8
<b>II.1.3.1</b>	<b>ELIGIBILITY AND APPOINTMENT</b>		
<b>II.1.3.1</b>	According to the applicable model, the Chairman of the Supervisory Board, Audit Committee or Financial Matters Committee must be independent and possess adequate competences to perform the respective duties.	Yes	II.21 II.22
<b>II.1.3.2</b>	The process of selection of candidates to non-executive Directors must be designed in such a way as to prevent interference by the executive Directors.	No	II.16
<b>II.1.4</b>	<b>POLICY ON THE COMMUNICATION OF IRREGULARITIES</b>		
<b>II.1.4.1</b>	The company must adopt a policy of communication of any internal irregularities which have allegedly occurred within the organisation, with the following elements: i) indication of the means which may be used for the internal communication of irregular practices, including the persons with legitimacy to receive the communications; ii) indication of the treatment to be made of the communications, including confidential treatment, if this is wished by the declarant.	Yes	II.35
<b>II.1.4.2</b>	The general guidelines of this policy must be disclosed in the Corporate Governance Report.	Yes	II.35

II.1.5	REMUNERATION		
II.1.5.1	<p>The remuneration of the members of the management board should be structured in order to allow the alignment of their interests with those of the company's long term interests, based on the assessment of performance and discouraging excessive risk-taking. For this effect, the remunerations should be structured as follows:</p> <p>i) the remuneration of the Directors holding executive positions must include a variable component whose determination depends on performance assessment, conducted by the competent bodies of the company, in accordance with predetermined measurable criteria, which consider the company's real growth and wealth effectively created for the shareholders, its long term sustainability and the risks taken, as well as compliance with the rules applicable to the company's activity.</p> <p>(ii) The variable component of the remuneration should be reasonable in relation to the fixed component of the remuneration, and maximum limits should be established for all the components.</p> <p>(iii) A significant part of the variable remuneration should be deferred for a period not less than three years, and its payment should be subject to the continued positive performance of the company over this period.</p> <p>(iv) The remuneration of the members of the management board should not sign contracts, either with the company or third parties, which have the effect of mitigating the risk inherent to the variability of their remuneration established by the company.</p> <p>(v) Until the end of their term of office, the executive Directors should keep the company shares that they have obtained through variable remuneration schemes, up to the limit of twice the value of the annual total remuneration, with the exception of any which might need to be disposed of in order to pay taxes arising from the benefit of these same shares.</p> <p>(vi) When the variable remuneration includes the attribution of options, the beginning of the period of exercise should be deferred for a period not less than three years.</p> <p>(vii) Appropriate legal instruments should be established so that the compensation set for any form of unfair dismissal of a Director is not paid if the dismissal or termination by agreement is due to the inadequate performance of the Director.</p> <p>(viii) The remuneration of the non-executive members of the management board should not include any component whose value depends on the company's performance or value.</p>	No	II.32 II.33
II.1.5.2	<p>The statement on the policy of remuneration of the management and supervisory bodies referred to in article 2 of Law number 28/2009, of 19 June, should, in addition to the content referred to therein, present sufficient information: i) on which groups of companies whose remunerative policy and practices were taken as comparative elements for the establishment of remuneration; ii) on payments relative to dismissal or termination by agreement of the duties of Director.</p>	Not applicable	II.30
II.1.5.3	<p>The remuneration policy statement referred to in article 2 of Law number 28/2009 should also include the remunerations of the senior managers in observance of number 3 of article 248-B of the Securities Market Code and whose remuneration contains an important variable component. The statement should be detailed and the presented policy should take into account the company's long term performance, compliance with the rules applicable to the company's activity and restraint on excessive risk-taking.</p>	Not applicable	II.30

II.1.5.4	The proposal regarding the approval of plans to attribute shares and/or share purchase options, or based on variations in the price of the shares, to members of the management and supervisory bodies and other senior managers should be submitted to the General Meeting of Shareholders, in observance of number 3 of article 248-B of the Securities Market Code. The proposal should contain all the elements necessary for an appropriate assessment of the plan. The proposal should be accompanied by the regulations of the plan or, if it has not yet been prepared, the general conditions that it must follow. Likewise, the main characteristics of the retirement benefits scheme established in favour of the members of the administrative and supervisory bodies and other senior managers, should be approved at the General Meeting of Shareholders, in observance of number 3 of article 248-B of the Securities Market Code.	Not applicable	I.17 III.10
II.1.5.6	At least one representative of the remuneration committee must be present in the General Meeting of Shareholders.	Yes	I.15
II.1.5.7	The value of the remunerations received, as a whole and individually, from other companies of the group and the pension rights acquired during the year in question must be disclosed in the annual Corporate Governance Report.	Yes	II.30 II.31 II.33
<b>II.2</b>	<b>BOARD OF DIRECTORS</b>		
II.2.1	Within the limits established by the Law for each management and supervisory structure, and unless as a result of the small size of the company, the Board of Directors must delegate the daily management of the company, with the delegated competences being identified in the annual Corporate Governance Report.	No	II.3
II.2.2	The Board of Directors must ensure that the company acts in accordance with its objectives, and must not delegate its competence, namely, with respect to: i) defining the general strategy and policy of the company; ii) defining the corporate structure of the group; iii) decisions which should be considered strategic due to their value, risk or special characteristics.	Yes	II.3
II.2.3	Should the Chairman of the Board of Directors perform executive functions, the Board of Directors must find efficient mechanisms to coordinate the work of the non-executive members, which ensure, in particular, that they can make decisions in an independent and informed manner. These mechanisms should be duly explained to the shareholders in the Corporate Governance Report.	Not applicable	II.8
II.2.4	The Annual Management Report should include a description of the activity developed by the non-executive Directors, in particular referring to any constraints faced.	Not applicable	II.8
II.2.5	The company should explain its policy of rotation of the areas of responsibility within the Board of Directors, namely of the person responsible for financial matters, and provide information on this in the annual Corporate Governance Report.	No	II.11
<b>II.3</b>	<b>CHIEF EXECUTIVE OFFICER, EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS</b>		
II.3.1	When requested by other members of the governing bodies, the Directors who perform executive duties should provide, in due time and in a form appropriate to the request, any information requested by them.	Yes	II.1

<b>II.3.2</b>	The Chairman of the Executive Committee should send, respectively, to the Chairman of the Board of Directors and, when applicable, the Chairman of the Supervisory Board or Audit Committee, the call notices and minutes of the respective meetings.	Not applicable	II.13
<b>II.3.3</b>	The Chairman of the Executive Board of Directors should send to the Chairman of the Supervisory Board and to the Chairman of the Financial Matters Committee the call notices and minutes of the respective meetings.	Not applicable	II.13
<b>II.4</b>	<b>GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND SUPERVISORY BOARD</b>		
<b>II.4.1</b>	The General and Supervisory Board, in addition to performing the supervisory duties to which it is committed, should also carry out an advisory role and ensure the follow-up and continuous assessment of the company's management by the Executive Board of Directors. Amongst the matters on which the General and Supervisory Board should issue opinions, are the following: i) the definition of the general strategy and policy of the company; ii) the corporate structure of the group; iii) decisions which should be considered strategic due to their value, risk or special characteristics.	Not applicable	II.1
<b>II.4.2</b>	The Annual Reports on the activity developed by the General and Supervisory Board, Financial Matters Committee, Audit Committee and Supervisory Board should be disclosed on the company's website, together with the presentation of accounts.	Yes	II.4
<b>II.4.3</b>	The Annual Reports on the activity developed by the General and Supervisory Board, Financial Matters Committee, Audit Committee and Supervisory Board should include the description of the supervisory activities developed referring to any constraints which have been encountered.	Yes	II.4
<b>II.4.4</b>	The Financial Matters Committee, Audit Committee and Supervisory Board, according to the applicable model, should represent the company, for all effects, before the external auditor, being responsible, namely, for proposing the provider of this service and its remuneration, ensuring the existence of the appropriate conditions for the provision of the services within the company, as well as being the spokesperson of the company and first receiver of the respective reports.	No	II.24
<b>II.4.5</b>	The Financial Matters Committee, Audit Committee and Supervisory Board, according to the applicable model, should assess the external auditor on an annual basis and propose his/her dismissal to the General Meeting whenever there are fair grounds for the effect.	No	II.24
<b>II.4.6</b>	The internal audit services and the services ensuring compliance with the rules applied to the company ( <i>compliance services</i> ) should report functionally to the Audit Committee, General and Supervisory Committee or, in the case of companies adopting the Latin model, to an independent Director or the Supervisory Board, independently of the hierarchical relation of these services with the company's executive management.	No	II.5



<b>II.5</b>	<b>SPECIALISED COMMITTEES</b>		
<b>II.5.1</b>	<p>Unless as a result of the small size of the company, the Board of Directors and General and Supervisory Board, according to the adopted model, should create the committees which prove necessary to:</p> <p>i) ensure a competent and independent assessment of the performance of the executive Directors and for the assessment of their own overall performance, as well as that of the various existing committees;</p> <p>ii) reflect on the adopted governance system, verify its effectiveness and propose to the competent bodies the measures to take with a view to its improvement;</p> <p>iii) identify, in due time, potential candidates with the high profile necessary for the performance of the duties of Director.</p>	No	II.2 II.36
<b>II.5.2</b>	The members of the Remuneration Committee or equivalent should be independent from the members of the management board and include at least one member with knowledge and experience on matters of remuneration policy.	No	II.38
<b>II.5.3</b>	No legal or natural person who has provided, during the last three years, services to the any structure directly under the Board of Directors, to the company's Board of Directors or which/who has an current relationship with any consultant of the company should be contracted to support the Remuneration Committee. This recommendation is also applicable to any natural or legal person which is related to such persons through a work or service contract.	Yes	II.39
<b>II.5.4</b>	All the committees should prepare minutes of the meetings they hold.	Yes	II.38
<b>III.</b>	<b>INFORMATION AND AUDITS</b>		
<b>III.1</b>	<b>GENERAL INFORMATION DUTIES</b>		
<b>III.1.1</b>	Companies should ensure the existence of a permanent contact with the market, respecting the principle of shareholder equality and taking precautions against asymmetries in access to information on the part of investors. For this purpose, the company should have an investor support office.	Yes	CHAPTER III
<b>III.1.2</b>	<p>The following information available on the company's website should be disclosed in English:</p> <p>a) The corporate name, capacity as a public company, head office and other elements mentioned in article 171 of the Commercial Companies Code;</p> <p>b) Articles of Association;</p> <p>c) Identity of the members of the governing bodies and representative for market relations;</p> <p>d) Investor Support Office, respective duties and contacts;</p> <p>e) Documents presenting the accounts;</p> <p>f) Six-monthly calendar on corporate events;</p> <p>g) Proposals presented for discussion and voting at the General Meeting;</p> <p>h) Notice of meetings relative to the General Meeting.</p>	Yes	CHAPTER III
<b>III.1.3</b>	Companies should promote the rotation of the auditor at the end of every two or three terms of office, according to whether they last four or three years. Their maintenance beyond this period should be justified by a specific opinion of the supervisory board which explicitly reflects on the conditions of independence of the auditor and advantages and costs of the auditor's replacement.	Yes	III.18
<b>III.1.4</b>	The external auditor should, under its competences, verify the application of the remuneration policies and systems, the effectiveness and functioning of the internal control mechanisms and report any flaws to the company's supervisory board.	Yes	III.17

<b>III.1.5</b>	The company must not contract from the external auditor, or from any entities in a holding relationship or which are part of the same network, any services other than audit services. If there are reasons to contract such services, which should be approved by the supervisory board and explained in its annual Corporate Governance Report, and should not amount to more than 30% of the total value of the services provided to the company.	Yes	III.17
<b>IV.</b>	<b>CONFLICT OF INTERESTS</b>		
<b>IV.1</b>	<b>RELATIONS WITH SHAREHOLDERS</b>		
<b>IV.1.1</b>	The company's business with qualifying shareholders or with entities in any relation with them, under the terms of article 20 of the Securities Market Code, should be carried out under normal market conditions.	Yes	III.12
<b>IV.1.2</b>	Any business of significant relevance with qualifying shareholders or with entities in any relation with them, under the terms of article 20 of the Securities Market Code, should be submitted to the prior opinion of the supervisory board. This board should establish the necessary procedures and criteria for the definition of the relevant level of significance of this business and the other terms of its intervention.	No	III.13

## CHAPTER I

### General Meeting

The General Meeting of the Company represents all its shareholders, and its deliberations, when taken under the terms of the Articles of Association and Law, are binding to all shareholders, even those absent, in disagreement or incapable of action.

The General Meeting is composed of shareholders with voting rights as well as persons who, entitled or not to such rights, hold positions as permanent members of the Governing Bodies and the Company Secretary.

The Board of the General Meeting is composed by a Chairman, a Deputy Chairman and a Secretary.

The Chairman of the Board of the General Meeting is responsible for calling the General Meetings and directing their agenda, as well as performing any other duties entrusted by the Law, the Articles of Association or through delegation of the actual General Meeting. The Deputy Chairman shall replace the Chairman in the latter's absence or impediment, as well as whenever requested by the latter, and is responsible for advising the Chairman in the performance of the latter's duties. The Secretary is responsible for assisting the Chairman in the performance of the latter's duties and ensuring the completion of all the administrative work relative to the General Meeting.

Furthermore, and with the support of the Company Secretary and other services of the Company, the Chairman of the Board of the General Meeting is provided with the appropriate human and logistic resources for the suitable performance of the Chairman's duties, namely for the preparation and dissemination of the call notices and other preparatory information, as well as for the receipt, processing and filing of share certifications, letters of intention to participate, letters of representation, proposals for submission to the assessment and voting of the shareholders, attendance list, as well as for the organisation of the General Meetings, namely the welcoming of the Shareholders and other members of the governing bodies.

### **I.1 Identification of the members of the Board of the General Meeting.**

Currently, the Board of the General Meeting is composed of the following members:

Chairman: Mr. Rogério Paulo Castanho Alves, lawyer, with professional domicile at Largo de S. Carlos, n.º 3, 1200-410 Lisboa, Portugal

Deputy-Chairman: Mr. José Gonçalo Pereira de Sousa Guerra Costenla, lawyer, with professional domicile at Largo de S. Carlos, n.º 3, 1200-410 Lisboa, Portugal

Secretary: Mr. José Pedro Poiães Cobra Ferreira, lawyer, with professional domicile at Lagoas Park, Edifício 2, 2740-265 Porto Salvo, Oeiras, Portugal.

The members of the Board of the General Meeting fully comply with the requirements of independence, and there is no situation of incompatibility for the performance of these duties by any of them, in strict observance of the applicable regulations (article 414 and 414-A, through article 374-A, all of the Commercial Companies Code).

Without prejudice to the above, we disclose that the Secretary of the Board of the General Meeting is also the Company Secretary and employee of an entity included in the Teixeira Duarte Group.

### **I.2 Indication of the date of commencement and termination of office.**

All the identified members of the Board of the General Meeting were elected at the General Meeting held on 21 May 2011, to perform duties in that body during the four-year period 2011/2014.

### **I.3 Indication of the remuneration of the chairman of the Board of the General Meeting.**

With the exception of the said Secretary of the Board of the General Meeting, the remaining members of this Board, under the current system established in the Commercial Companies Code, namely the provisions in 422-A, through number 3 of article 374-A, receive a fixed remuneration for the performance of the duties inherent to the respective positions, determined by the Remuneration Committee established in article 11 of the Articles of Association.

Under the terms and for the effect of the applicable regulatory and recommended provisions, it is disclosed that the remuneration of the Chairman of the Board of the General Meeting, during 2011, was 5,000 euros (five thousand euros).

### **I.4 Indication of the time in advance required for the deposit or blocking of shares for participation in the General Meeting.**

As established in the actual Articles of Association (article 13), only shareholders with at least one voting right, on the registration date, corresponding to 0 hours (GMT) of the 5th business day prior to the date of the General Meeting, may participate in the General Meeting and discuss and vote therein. The exercise of these rights is not jeopardised by the transfer of the shares after the registration date, nor does it depend on their blocking between this date and the date of the General Meeting. Anyone wishing to participate in the General Meeting should state

this intention, in writing, addressed to the Chairman of the Board of the General Meeting and to the financial broker where the individualised registration has been opened up to the day prior to the date mentioned *above*, and may, for the effect, use electronic mail. Anyone who has stated the intention to participate in the General Meeting and transfers the ownership of the shares between the registration date and the end of the General Meeting, should immediately communicate this fact to the Chairman of the Board of the General Meeting and to the CMVM.

The Chairman of the Board of the General Meeting has not established any restrictions on the acceptance of statements received after the statutorily established dates.

#### **I.5 Indication of the rules applicable to the blocking of shares in the case of the suspension of the General Meeting.**

In the case of the suspension of the General Meeting, the company should not impose the blocking of shares to remain during the entire period until the session is resumed, although it is necessary that the shareholders confirm their capacity, under the terms described in point 1.4 above.

#### **I.6 Number of shares corresponding to one vote.**

Under the terms of article 13 of the Articles of Association, each share corresponds to one vote.

#### **I.7 Indication of the statutory rules establishing the existence of shares which do not confer the right to vote or which establish that rights to vote above a certain number should not be counted, when issued by a single shareholder or by shareholders related to the former.**

Although the Articles of Association foresee, in article 7, the possibility of shares without rights, the truth is that there are no, and have never been any, shares without voting rights.

There are no statutory provisions which limit the number of votes, when issued by a single shareholder or by shareholders related to the former, or that establish that rights to vote above a certain number should not be counted, regardless of being issued by a single shareholder or by shareholders related to the former.

#### **I.8 Existence of statutory rights on the exercise of voting rights, including constitutive and deliberative quorums or systems privileging rights related to assets.**

As established in article 13 of the Articles of Association, and as described in 1.4, only shareholders with at least one voting right, on the registration date, corresponding to 0 hours (GMT) of the 5th business day prior to the date of the General Meeting, may participate in the General Meeting and discuss and vote therein. The exercise of these rights is not jeopardised by the transfer of the shares after the registration date, nor does it depend on their blocking between this date and the date of the General Meeting. Anyone wishing to participate in the General Meeting should state this intention, in writing, addressed to the Chairman of the Board of the General Meeting and to the financial broker where the individualised registration has been opened up to the day prior to the date mentioned in number 1 of the present article, and may, for the effect, use electronic mail. Anyone who has stated the intention to participate in the General Meeting and transfers the ownership of the shares between the registration date and the end of the General Meeting, should immediately communicate this fact to the Chairman of the Board of the General Meeting and to the CMVM.

In the case of the joint ownership of shares, only one of the owners, empowered to represent the others, may participate in the General Meetings.

Shareholders who are natural persons, with voting rights, may be represented at the General Meetings by means of a document issued under the terms of the Law.

Shareholders who are incapable of acting and legal persons, with voting rights, may be represented by persons legally empowered for such.

For this purpose, the Company provides, on its *website* and at its head office, a power of attorney form, in compliance with the provisions in article 23 of the Securities Market Code, which may be used by shareholders wishing to be represented at the General Meeting.

All the representations indicated above must be communicated to the Chairman of the Board of the General Meeting through letter, duly signed and received at the head office up to three calendar days before the date scheduled for the respective General Meeting.

In the case of General Meetings attended by all the shareholders or unanimous deliberations in writing, the period of time in advance described above will not be applicable in relation to the availability of the shares and receipt of the respective certifications, as well as the letters of representation.

The deliberations of the General Meeting are taken by the majority of the votes cast, without prejudice to the legal provisions which, in certain cases, might require qualifying majorities or establish other forms of acceptance of the proposals.

There are no restrictions on voting rights, namely limits on the exercise of voting rights subject to the ownership of a number or percentage of shares, periods of time imposed for the exercise of voting rights – other than those described below for voting by correspondence – or systems privileging rights relative to assets.

Regarding the existence of provisions on constitutive quorums, article 15 of the Articles of Association establishes that the General Meeting may deliberate validly, on first call, whenever shareholders are present or represented owning shares corresponding to more than half of the share capital and, on second call, independently of the number of shareholders present or represented and the percentage of their share capital, subject to the exceptions determined by compulsory Law.

There are no measures with a view to preventing any public takeover bids, and, furthermore, the Article of Association do not establish any limit to the number of votes which can be held or exercised by a single shareholder, individually or in a concerted manner with other shareholders

### **I.9 Existence of statutory rules on the exercise of the right to vote by correspondence.**

The Articles of Association establish that shareholders with voting rights who intend to exercise them by correspondence, apart from complying with all the conditions and periods of time referred to above in order to demonstrate this capacity, should send a letter addressed to the Chairman of the Board of the General Meeting and which must be received at the head office within the period of time stipulated in the call notice, expressing therein their intention to exercise this right and indicating their identification, domicile and number of shares owned, which will be confirmed through the information certified by the financial institution where these shares are registered, where the latter will prevail.

This letter should also contain the authenticated signature of the shareholder or person binding the former, or in the case of natural persons, accompanied by a legible photocopy of the shareholder's Identity Card or equivalent document.

Together with the abovementioned letter, the shareholders should include, in closed envelopes, their voting statements regarding each of the

points of the Agenda, in a clear and unambiguous manner, followed by their signature, in a manner identical to that in the cover letter. The envelopes should be marked with the following: "Contains voting statement on point number (indication of the respective number) of the Agenda".

For the execution of the procedures indicated above, the Company provides drafts of the letter and voting ballot on its website and at its head office.

The envelopes containing the voting statements cast under the terms described above will be opened and considered by the Chairman of the Board of the General Meeting at the time of the voting on each point of the Agenda, where any votes included in statements which are not accepted will be counted as not cast.

Votes by correspondence are counted as negative in relation to proposals for deliberation presented after they have been cast.

The presence or representation at the General Meeting of any shareholder who has exercised the right to vote by correspondence determines the revocation of votes expressed in this manner previously.

The authenticity of voting by correspondence, its confidentiality up to the time of voting and respective processing will be ensured by the Chairman of the Board of the General Meeting.

Independently of the means chosen for this effect, whether in the text of the call notices for the General Meetings, or in the prior information provided for this purpose, the terms and conditions for the exercise of voting rights are always clearly and completely explained, including voting by correspondence.

#### **I.10 Provision of a model for the exercise of the right to vote by correspondence.**

For the exercise of the right to vote by correspondence and for the good execution of the procedures indicated above, the Company provides drafts of the letter and voting ballot, as well as instructions for their respective completion, on its website and at its head office.

#### **I.11 Requirement of a period of time between the receipt of votes cast by correspondence and the date of the General Meeting.**

The Articles of Association establish that shareholders with the right to vote who intend to exercise it by correspondence, should send a letter addressed to the Chairman of the Board of the General Meeting and that it should be received at the head office within the period of time stipulated in the call notice. The established period of time between the receipt of votes cast by correspondence and the date of all the General Meetings of 2011 was one day.

#### **I.12 Exercise of the right to vote through electronic means.**

TD,SA believes that the specific security requirements inherent to the voting process are very significant, namely with respect, on the one hand, to the technical means necessary to verify the authenticity of the corresponding voting statements, as well as to guarantee the integrity and confidentiality of the respective contents, and, likewise, recognises the high level of security and operational reliability required in the receipt of these statements.

Due to the considerations referred to above and the fact that the General Meetings of the leading listed company of the Teixeira Duarte Group traditionally has a very high representation of share capital, the Company has not implemented the possibility of the exercise of voting rights through electronic means.

### **I.13 Possibility of the shareholders accessing excerpts of the minutes of the General Meetings on the company's website during the five days after the General Meeting.**

The minutes relative to the only General Meetings held during 2011 were provided on the Company's website, pursuant to the applicable recommendations and regulatory provisions, although this was not carried out immediately during the subsequent five days due to the organisation of priorities of the teams and persons involved in the execution of this task in such a short period of time.

Furthermore, on the actual day of the General Meetings, or on the day immediately subsequent, various informative elements were disclosed on those meetings, including not only the deliberations taken, but also the share capital represented and results of the voting.

### **I.14 Existence of an historical record on the company's website, with the deliberations taken in the company's General Meetings, the share capital represented and results of the voting, relative to the previous 3 years.**

The Company's website provides the historical record of the attendance lists, agendas and deliberations taken relative to all the General Meetings of TD,SA relative to the previous 3 years.

### **I.15 Indication of the representative(s) of the remuneration committee present at the General Meetings.**

All the members of the Remuneration Committee in office on that date were present at the only General Meeting of 2011, held on 20 May 2011.

### **I.16 Information on the intervention of the General Meeting relative to the company's remuneration policy and assessment of the performance of the management board members and other senior managers.**

The intervention of the General Meeting relative to the company's remuneration policy and assessment of the performance of the members of the governing bodies and other senior managers (when applicable) is conducted, in the first place, through the analysis and approval of the documents presenting the accounts at the Annual General Meeting and through the general assessment of the management, under the terms and with the effect established in the combined provisions of articles 376 and 455 of the Commercial Companies Code, carried out every year at the meeting of shareholders, as well as through the election of its members and selection and appointment of the members of the Remuneration Committee which, in accordance with its assessment of performance and other criteria described below, establishes the remuneration of each member of the Governing Bodies, including the Board of Directors.

Furthermore, the General Meeting also performs the key role of being responsible for the approval of the remuneration policy statement which should be followed and disclosed annually in the Corporate Governance Report, submitted for the assessment of the shareholders.

In 2011, the Remuneration Committee submitted the remuneration policy statement for the assessment of the shareholders, relative to the Company's senior managers, in observance of number 3 of article 248-B of the Securities Market Code, which was approved at the General Meeting of 20 May 2011, with 99.9999% of the votes in favour and 0.0001% of the votes against.

**I.17 Information on the intervention of the General Meeting regarding the proposal of plans to attribute shares and/or share purchase options, or based on variations in the price of the shares, to members of the management and supervisory bodies and other senior managers, in observance of number 3 of article 248-B of the Securities Market Code, as well as on the elements presented at the General Meeting with a view to the proper assessment of these plans.**

There are no plans to attribute shares, and/or share purchase options or based on variations in the price of the shares.

Consequently, there is no intervention of the General Meeting on this matter.

**I.18 Information on the intervention of the General Meeting regarding the approval of the main characteristics of the retirement benefits system extended to the members of the management and supervisory bodies and other senior managers, in observance of number 3 of article 248-B of the Securities Market Code.**

The Remuneration Committee is responsible for establishing all the amounts paid in this context to any retired former Directors, under all circumstances.

The Remuneration Committee is also responsible for establishing the supplementary pension schemes, under the terms of the provisions in article 22 of the Articles of Association.

The General Meeting reserves the right to appoint the members of the Remuneration Committee which is exclusively competent to decide on these matters.

**I.19 Existence of a statutory rule establishing the duty to subject, at least every five years, to the General Meeting, the maintenance or elimination of the statutory rule establishing the limitation of the number of votes which can be held or exercised by a single shareholder individually or in a concerted manner with other shareholders**

There is no statutory rule with these characteristics (see I.7).



**I.20 Indication of defensive measures which have the effect of automatically leading to a serious erosion of company assets in the event of the transfer of control or change of the composition of the management board.**

There are no measures with these characteristics.

**I.21 Significant agreements of which the company is a party and which enter into force, are altered or cease in the event of a change of control of the company, as well as the respective effects, unless, due to their nature, their disclosure would be seriously harm the company, except if the company is specifically obliged to disclose this information due to other legal requirements**

There are no agreements with these characteristics.

**I.22 Agreements between the company and members of the management board and senior managers, in observance of number 3 of article 248-B of the Securities Market Code, which establish compensation in the case of resignation, unfair dismissal or termination of the work relation following a change in the control of the company.**

There are no agreements with these characteristics. The company follows the policy of not undertaking any payments related to the early termination of the exercise of duties by the Directors or other senior managers, as well as not signing any agreements relative to these matters.

## CHAPTER II

### Management and Supervisory Bodies

#### Section I – General Issues

##### II.1 Identification and composition of the governing bodies.

Since its incorporation in 30 November 2009, the Company adopted a Corporate Governance model known as the Latin unitary board structure or one-tier model, whose governing bodies comprise, in addition to the General Meeting and its respective Board, a Board of Directors and two autonomous Supervisory Bodies: the Supervisory Board and the Chartered Accountants Firm, taking into account their competences and requirements of compatibility and independence.

On this issue, it is important to note the collaboration between all these structures of the Group, as well as the advantages arising from these synergies, reflected in the privileged and effective manner of the achievement of objectives undertaken by all as collection action.

In this context and in compliance with recommendation number II.1.1.1 of the Corporate Governance Code of the CMVM, the Board of Directors discloses that the adopted corporate governance model fully complies with its base objectives, that is, of ensuring that the Company maintains good levels of operation and efficiency in the performance of duties by each governing body, both independently and jointly.

Indeed, the Board of Directors is composed exclusively of executive members, which is reflected in the effectiveness, operability and proximity of the matters entrusted to them, while the total independence and compatibility of the members of the Supervisory Board allows for impartial and useful intervention in the supervision of the Company's activity, not only from an accounting point of view - where it benefits

from the regular intervention of the Chartered Accountants Firm – but also from a policy perspective, in this case with the appropriate limits and scope essential to safeguard compliance with the legal and regulatory rules in force, all with a view to achieving constant transparency and proper levels of disclosure of information to the market in general and to the shareholders, especially at the General Meeting.

The Teixeira Duarte Group has chosen to keep all the Directors of the leading listed company in executive duties since the duties which would have been entrusted to any non-executive Directors – namely regarding supervision, monitoring and assessment of the activity of the executive members – are carried out, with full effectiveness, by the Supervisory Board, Remuneration Committee and General Meeting.

The non-adoption of the provisions in Recommendation II.1.2.3 – which establish the assessment of the independence of its non-executive members conducted by the management body – arises only from the fact that there are no non-executive directors, for the reasons which have been described above.

Particular note should also be made of the good interrelations between all the governing bodies, not only between the Chartered Accountants Firm and the Supervisory Board, which hold periodic meetings, but also between these bodies and the Board of Directors, whereby all the Directors have provided the information requested by other members of the governing bodies in due time and in an appropriate manner.

This model has also proved to be suitable to the *modus operandi* of the Company, its structures and members comprising the governing bodies, particularly those of the Board of Directors.

Under the terms of number 1 of article 17 of the Articles of Association, the **Board of Directors** is composed on a minimum of five and maximum of eleven members elected at the General Meeting, which must appoint, from amongst them, the member who will perform the duties of Chairman.

The members of the governing bodies to hold office during the four-year period 2011/2014 were elected at the General Meeting of 20 May 2011, where all the members of the Board of the General Meeting and Supervisory Board were re-elected, as was the case of the Chartered Accountants Firm which has held this position since the incorporation of TD,SA in 2009, with changes merely having been made to the structure and composition of the Board of Directors.

On this issue, it should be recalled that, during 2010, not only was the leading company replaced – which is now TD,SA –, but progress was made in the process aimed at the essential focus of TD-EC on its core activity, that is, the exercise of the civil construction and public works industry, in all their areas and related activities.

In this context and since the elections for the new term of office at TD,SA and TD-EC were only foreseen for 2011, the Annual General Meetings of these companies presented the ideal occasion to execute other changes considered necessary for the achievement of the overall objectives mentioned above, and which involved the statutory amendment of TD-EC and election of the members of the governing bodies, both for TD-EC and TD,SA.

In all truth, this has been a period of transition, during which, inclusively, both companies were listed on the stock market at the same time, and, therefore, maintained identical articles of association and members of their governing bodies.

Hence, it was considered that the Annual General Meetings, held on 20 May 2011, also presented the ideal opportunity to reflect the aforementioned corporate restructuring and internal reorganisation carried out in the structures of Teixeira Duarte.

It was assumed as fundamental that, on the issue noted above regarding the focus of TD-EC on its core activity, its Board of Directors should include a group of persons prepared for the development of the various fronts of action of this company, from the Corporate Centre to the areas of activity developed by the Operating Centres, Central Departments and participated entities in this sector, which is why the members of its Board of Directors were all re-elected for the four-year period 2011/2014.

At TD,SA and in view of its generally non-operational nature, reflected namely in its specific corporate object, the personnel of the Teixeira Duarte Group proposed for the Board of Directors were the actual employees responsible for more transversal areas, namely in the Corporate Centre and/or which perform duties of coordination and supervision of other areas of action of the Group.

This difference in relation to Engineering and Constructions also reflects the fact that some members of the Board of Directors of TD,SA may, in the future, concentrate on the performance of duties in this entity and with the described, thus no longer - when this proves opportune - being members of the Board of Directors of TD-EC.

Therefore, the Chairman of the Board of Directors and three of its former members were re-elected. A new Director was also appointed as a member of this management body, Mr. Diogo Bebiano Branco de Sá Viana Rebelo, who was trained at Teixeira Duarte and has been with the Company for 18 years, and was entrusted with the responsibility for the areas of Real Estate, Distribution and the Automobile Sector.

As noted above, the other three former members of the Board of Directors of TD,SA (Mr. Jorge Ricardo de Figueiredo Catarino, Mr. João José de Gouveia Capelão and Mr. João José do Carmo Delgado) continued to perform their duties in the Teixeira Duarte Group, although, as of that date, as directors of TD-EC.

Consequently, the composition of the Board of Directors, at the end of 2011, was as follows:

Chairman:

Mr. Pedro Maria Calainho Teixeira Duarte (re-elected)

Directors:

Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte (re-elected)

Mr. Joel Vaz Viana de Lemos (re-elected)

Mr. Carlos Gomes Baptista (re-elected)

Mr. Diogo Bebiano Branco de Sá Viana Rebelo

The remaining former three members of the Board of Directors of TD,SA continued to perform their duties in the Teixeira Duarte Group, although, as of that date, as directors of TD-EC.

The **Supervisory Board** is composed of three permanent members - a Chairman and two members - and an alternate member, who fully comply with all the requirements of independence in relation to whom there is no incompatibility for the performance of their duties, under the terms established in the Commercial Companies Code.

The composition of the Supervisory Board, since its full re-election at the Annual General Meeting of 20 May 2011 and until the end of 2011, was as follows:

Chairman: Mr. António Gonçalves Monteiro

Members: Mr. Mateus Moreira

Mr. Miguel Carmo Pereira Coutinho

Alternate: Mr. Horácio Lisboa Afonso

**The Chartered Accountants Firm**, also re-elected at the Annual General Meeting of 20 May 2011, to preform duties during the four-year period 2011/2014, "MARIQUITO, CORREIA & ASSOCIADOS, SROC", is represented by Mr. António Francisco Escarameia Mariquito, entrusted with ensuring all the examinations and verifications necessary for the review and legal certification of the accounts of the Company, and who also in the capacity of External Auditor registered at the CMVM under number 2.235, fully complying with all the requirements of independence and in relation to whom there is no incompatibility to hold the respective position, under the applicable legal provisions.

## **II.2 Identification and composition of other specialised committees constituted with competences in the company's management or supervision matters.**

Currently, there are no specialised Committees on management or supervisory matters, namely the Executive Committee, under the specific terms in which it is defined by the Company's Articles of Association, in particular article 20, although the members of the Board of Directors with executive duties, maintain frequent contact and sectorial meetings and hold weekly meetings together, accompanied by other members of the Board of Directors of TD-EC and the advisor to the Management.

Indeed, and in view of the adopted model, it is not considered necessary to create specific committees, namely for the effect of a competent and independent assessment of the performance of the executive Directors and for the assessment of the overall performance of the actual performance of the Board of Directors, since such duties are explicitly entrusted to the General Meeting, Supervisory Board and Remuneration Committee.

Likewise, the creation of a specific committee to reflect on the adopted governance system, verify its effectiveness and propose to the competent bodies the measures to take with a view to its improvement, has been concluded as irrelevant. These duties are performed and developed by each of the Governing Bodies which, better than any other body created only for this effect, are successful in identifying any constraints and difficulties which might have been encountered, and in the same way, collaborate together in the assessment of the adopted corporate governance model, reporting and overcoming any operational and interconnection difficulties.

Moreover, it was also not considered necessary to entrust any type of committee with the duty to identify, in due time, potential candidates with the high profile required for the performance of duties of Director, considering that the reference shareholders possess the necessary and relevant knowledge on the market and senior staff who collaborate with the Company, which allows them to identify, whenever necessary, the candidates they deem suitable for the corporate positions in question.

## **II.3 Organisational charts or flowcharts relative to the distribution of competences between the different governing boards, committees, commissions and/or departments of the company, including information on the scope of the delegation of competences, in particular with respect to the delegation of the daily management of the company, or distribution of areas of responsibility amongst the members of the management or supervisory boards, and list of matters which are not able of being delegated and of competences effectively delegated.**

It is important to note at this point and with respect to the performance of TD,SA in its different business sectors and markets, the close collaboration between all the structures of the Group, identified in the organisational chart at the beginning of this Report, as well as the added value arising from these synergies, which are reflected in the privileged and efficient means of achieving collectively undertaken objectives.

Particular note should be made, on the one hand, of the existence, in the context of the Group, of Central Departments with special responsibilities of transversal support to the action developed in the different business sectors integrated in the Corporate Centre, entrusted with promoting a standardisation of procedures and providing support to the structures operating abroad in these areas common to various businesses.

The Group's Operating Structures are organised by Activity Sector and tend to cover responsibility for all the teams and operations of these business areas, independently of the geographical market in which they operate, thus also acting to draw the technical and human central resources of the Group closer to those operating in the different markets of TD,SA.

Even so, it should be noted that occasionally some companies integrated in the Group, in view of the particularity of their business, maintain their respective specificity.

TD-EC, as the leading company of the Group in the Construction sector, develops its activity through Operating Centres, which divide up the production and Equipment areas and are essential in the training of the senior management and in the follow-up of their career, as well as through a series of Central Departments with specific scope of action in terms of specialised support to the Operating Centres, in particular in the areas of Studies and Projects.

Notwithstanding the above, there is no delegation of competences by any of the governing bodies, namely by the Board of Directors, in any specific committees, in particular in an Executive Committee.

This circumstance results essentially from the fact that the Board of Directors is composed exclusively of executive members, which, as noted above in the assessment of the corporate model (see II.1 above) is reflected in effectiveness of operationality and proximity to the matters of their competence, whereby any delegation in this regard would be redundant and counterproductive.

Without prejudice to the legal and statutory provisions which determine the collective functionality and collegial character of the Board of Directors and without reducing the operationality applied in an ongoing manner of permanent contact and consultation between all its members, with the areas of responsibility were distributed to the Directors during 2011, under the terms indicated below:

The Chairman of the Board of Directors, Mr. Pedro Maria Calainho Teixeira Duarte, performed the duties inherent to this position, under the terms and with the attributions defined in the Law and Articles of Association, monitoring the Company's current business and ensuring the daily management and execution of the resolutions of the Board of Directors, monitoring of the activity developed by the Delegates of "Teixeira Duarte – Engenharia e Construções, S.A." in the different countries, and was responsible for monitoring the financial holdings in "Banco Comercial Português, S.A." and "Banco Bilbao Vizcaya Argentaria, S.A."

Regarding the Corporate Centre:

Mr. Pedro Maria Calainho Teixeira Duarte monitors the action of the Central Department for Contracts and Logistics which are supervised, under "Teixeira Duarte – Engenharia e Construções, S.A.", by Mr. João José de Gouveia Capelão.

Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte was entrusted with supervising the activities developed by the Central Department for Finance and Accounting, as well as the Corporate Secretariat, Consolidation of Accounts and Internal Audit Services.

Mr. Joel Vaz Viana de Lemos was entrusted with the supervision of the activities developed by the Central Departments for Safety, Quality and the Environment, Human Resources and Administration, Information Technology and Procurement Services, as well as the management of the participation of the Group's Companies operating in the Construction sector in the Associations to which they are linked, namely representing them or providing for their representation.

Regarding the Group's activities:

Mr. Pedro Maria Calainho Teixeira Duarte monitors the action developed in the Distribution and Automobile sectors, which are supervised by Mr. Diogo Bebiano de Sá Viana Rebelo;

Mr. Pedro Maria Calainho Teixeira Duarte monitors:

- a) the activity developed in the Infrastructures Operating Centres, supervised by Mr. Jorge Ricardo de Figueiredo Catarino, under the action of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.";
- b) the activity of the participated companies "MTS – Metro, Transportes do Sul, S.A.", "AEDL – Auto-estradas do Douro Litoral, S.A." and "AEBT – Auto-estradas do Baixo Tejo, S.A.", followed by Mr. Jorge Ricardo de Figueiredo Catarino, under the action of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.";
- c) the activities developed by the Central Departments for Planning and Studies, Infrastructure Studies, Electromechanical Installations, Special Studies and Projects, supervised by Mr. João José de Gouveia Capelão, under the action of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.";
- d) the activities of coordination and representation of "Teixeira Duarte – Engenharia e Construções, S.A." in the commercial area, in this company under the responsibility of Mr. João José de Gouveia Capelão;
- e) the activity of the participated companies "SATU OEIRAS – Sistema Automático de Transporte Urbano, E.M." and "LUSOPONTE – Concessionária para a Travessia do Tejo, S.A.", followed by Mr. João José de Gouveia Capelão, under the action of "TEIXEIRA DUARTE – Engenharia e Construções, S.A.";

Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte was entrusted with:

- a) coordinating the action of the Cement, Concrete and Aggregates sector (in the meantime extinct, in the beginning of 2012);
- b) supervising the action of the Hotel sector;
- c) monitoring the action developed in the Real Estate and Energy sectors;
- d) monitoring the activity of "TDHOSP – Gestão de Edifício Hospitalar, S.A.";
- e) monitoring the management of the financial holdings owned in the companies E.I.A. – Ensino, Investigação e Administração, S.A., IMOCIPAR – Imobiliária, S.A., JÚPITER – Industria Hoteleira, S.A. and LONGAPAR, SGPS, S.A..

Mr. Joel Vaz Viana de Lemos was entrusted with:

- a) supervising the activities developed by "TEIXEIRA DUARTE – Engenharia e Construções, S.A." relative to the Geotechnical and Rehabilitation, Mechanical Engineering Operation Centres, the Shuttering and Prestressing Operating Centre (COC), and the Equipment Department;
- b) supervising the activities of the participated companies "E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A.", "SOMAFEL – Engenharia e Obras Ferroviárias, S.A." e "OFM – Obras Públicas, Ferroviárias e Marítimas, S.A.", "RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A.", "INVICTAAMBIENTE – Recolha de Resíduos e Limpeza Pública, S.A." and "GSC – Compañía General de Servicios y Construcciones, S.A. Sociedad Unipersonal";

Mr. Carlos Gomes Baptista was entrusted with:

- a) supervising the activity developed by "TEIXEIRA DUARTE – Engenharia e Construções, S.A." relative to the Buildings Operating Centres;

- b) supervising the activity of the subsidiary "TDGI – Tecnologia de Gestão de Imóveis, S.A.";
- c) monitoring the activity developed by the Central Department for Planning and Studies;

Mr. Diogo Bebiano Branco de Sá Viana Rebelo was entrusted with supervising the action developed by the Real Estate, Distribution and Automobile sectors.

**II.4 Reference to the fact that the annual reports on the activity developed by the General and Supervisory Board, Financial Matters Committee, Audit Committee and Supervisory Board include a description of the supervisory activity carried out, noting any constraints encountered, and are disclosed on the company's website, together with the documents presenting the accounts.**

Under the terms and for the effect of the CMVM Recommendations on this matter, the Annual Reports on the activity developed by the Supervisory Board, including the description on the supervisory activity developed and referring to any constraints encountered, were disclosed on the Company's website, together with the documents presenting the accounts, in observance of the rules and periods of time established in the Law and other applicable regulations.

**II.5 Description of the internal control and risk management systems implemented in the company, namely, relative to the process of disclosure of financial information, mode of functioning of this system and its effectiveness.**

The procedures implemented in terms of internal control and risk management are characterised by promoting the autonomy of the Company's senior staff in the management and monitoring of matters, instilling an attitude of responsibility and strong stimulus to entrepreneurial behaviour.

This consistent relationship between autonomy and responsibility imposes, in a realistic manner, careful and strict compliance with the tasks allocated to each employee, thus representing, in itself, a solid, sustained and effective risk control system that delivers extremely satisfactory practical results.

The importance of weighing the cost of control in relation to the matters that are to be controlled is always taken into account. The assessment of the Company, of the way it is managed, of the composition of its staff and managers and of the fundamental principles and concepts that are applied, leads to the conclusion that the costs related to the creation of any control committees would greatly outweigh the costs of matters to be controlled. The mere creation of committees for the effect, from a formal point of view, would eventually imply more bureaucratic obstacles that would not be reflected in their practical implementation.

Although the internal control and risk management system implemented in the company does not comply with the requirements listed in Recommendation II.1.1.2, TD,SA continues firmly convinced of this choice, because it believes that a model based on the assumptions of this Recommendation is inappropriate for the regular operation of the Company, and may even create various obstacles from the merely formal and bureaucratic point of view that are incompatible with the execution of the procedures which have already been implemented and the accountability of the Departments.

However, and even so, particular note should be made of the important role played in this matter by the Internal Audit Department, which has pursued the development of its action, as well as the performance of the Corporate Service for the Consolidation of Accounts of the Group in the process of disclosure of financial information.

As at 31 December 2011, these services were under the hierarchical and operational dependence of Director Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte, who was not considered independent under the applicable rules and regulations, thus constituting non-compliance with CMVM Regulation number II.4.6.

Nevertheless, it is considered that this Director is not under any circumstances capable of affecting his impartiality in analysis and decision-making.

It should be added that, since its creation within the internal organisation of the Teixeira Duarte Group, the Internal Audit Department has not only always been under the hierarchical dependence of the Board of Directors, but it has always reported functionally to the Director responsible for the financial area. This model has proved to be appropriate, since this not only facilitates the communication, collaboration and exchange of information between the said Departments within the company's organisational structure, and the Director responsible for the area, but also, it should be stressed, has ensured that its impartiality has never been placed in question.

#### **II.6 Responsibility of the management board and supervisory board in the creation and functioning of the company's internal control and risk management systems, as well as in the evaluation of their operation and adjustment to the company's needs**

Regarding the Company's internal control and risk management systems, the Board of Directors is responsible, in the first place, for knowing and assessing the most important risks faced by the Company, as well as for the promotion of the necessary initiatives for their respective prevention.

In this context, the Board of Directors is responsible for designing and planning the internal control and risk management systems which prove necessary and appropriate for the different situations which are identified, as well as monitoring their respective implementation, supervising and assessing their operation, all under the terms described above in II.5.

Furthermore, the Board of Directors is also responsible - rather than the supervisory bodies - for the assessment of the operation of these systems and for proposing their respective adjustment to the needs of TD,SA, since this matter which, due both to its nature and specificities described above, falls under the specific scope of action of the Board of Directors and under the control and supervision of this board of the different Departments of the Company, a system that has proved suitable for its respective purposes.

#### **II.7 Indication of the existence of regulations on the operation of the governing bodies, or other rules relative to incompatibilities defined internally and the maximum number of positions which can be accumulated, and place where they may be consulted.**

Formally speaking, there are no regulations on the operation of the governing bodies, code of conduct or any other rules relative to incompatibilities defined internally, nor a maximum number of positions which can be accumulated.

In view of the chosen corporate model, the composition of the management (all executive members) and supervisory bodies of the Company (all independent and relative to whom none are in any situation of incompatibility, in accordance with the legal rules) and the fact that the competences and responsibilities of each are very well defined and cannot be delegated to any other bodies, specialised committees or departments, the mode of operation of the Board of Directors, Supervisory Board and Chartered Accountant is rather simplified.

In this regard, it should be noted that the fact that the number of members in these bodies is not large enough to justify the stipulation, in



regulations, of additional rules on operations, and likewise, the interaction between these entities is maintained in a regular manner under the legally established terms, considered sufficient for the effect.

## Section II – Board of Directors

### **II.8 Should the chairman of the management board perform executive duties, indication of the mechanisms for the coordination of the work of the non-executive members which ensure the independent and informed character of their decisions.**

Considering that all the members of the Board of Directors perform executive duties, the present rule is not applicable to TD,SA.

### **II.9 Identification of the main economic, financial and legal risks to which the company is exposed during the exercise of its activity**

The main economic, financial and legal risks to which the company is exposed during the exercise of its activity are as follows:

- alterations in the economic and business conditions in Portugal, as well as in the economic and business conditions of the Group's operations abroad, namely in Angola, Algeria, Brazil, and Venezuela;
- fluctuations and volatility of interest rates, credit spreads and exchange rates;
- changes in government policies and in the regulatory framework of banking activity;
- alterations in the competitive environment of the Teixeira Duarte Group;
- fluctuations in stock markets in general and in particular the stock market price of BCP shares.

Furthermore, the activity of the Teixeira Duarte Group is dependent on the economic environment and on the consequences which certain macroeconomic situations might have on the levels of confidence of the different economic agents, on investment volumes, exports and global trade, as well as on employment levels and consumption patterns.

The evolution of the activity areas in which the Group operates, namely the construction area, but also, for example, the real estate, hotel and energy areas, is historically correlated, more or less directly, with the macroeconomic performance of the countries or markets where the Teixeira Duarte Group operates, in particular, with the evolution of Gross Domestic Product (GDP). Therefore, the Group's activity and its results may be significantly affected by the performance of the economies where the Teixeira Duarte Group operates, mainly through the effect of the growth or retraction of the construction market, the most representative business area in the Group's operating income (49% in 2011).

Considering that the construction business is the core activity of the Teixeira Duarte Group, in particular in the sub-branches of Geotechnics and Rehabilitation, Buildings, Infrastructures and Mechanical Engineering, below is a description of the main risks inherent to the said business:

The large-scale construction business involves a major allocation of human and material resources, which implies a high fixed cost structure not only due to the necessary need to invest in the teams and their training, but also the significant investment required in the acquisition and maintenance of equipment.

The costs associated to many of the tenders, both in the preparation of proposals and in the guarantees and bonds which are sometimes necessary to provide, also constitute another risk factor and penalisation inherent to the activity, especially taking into account the penalties very often associated to the large public contract works in which the Teixeira Duarte Group participates.

Moreover, the retraction of public investment, as well as the private of a lesser volume, has affected revenue, which is also sometimes penalised by the deadlines and delays in payments.

On the other hand, the nature of the service provided often implies alterations in the circumstances that were initially negotiated, as a result of the vicissitudes of the contract work in question (climate change; discovery of adverse and unexpected characteristics; natural, social and economic phenomena as a consequence of the impact of the work) and alterations of projects, very often due to new choices by the owner of the work which calls for great flexibility in the efficiency of their execution.

Yet another important aspect results from the significant number of suppliers of goods and equipment and service providers with which the Company deals in this area of action and which might imply risks due to actions or omissions imputable to them, including interruptions or delays in the service or supply of goods.

From a commercial point of view, globalisation has enabled the entry of other major Construction Groups in the main and oldest markets of action of the Teixeira Duarte Group – especially Portugal and Angola – forcing greater effort in the presentation of solutions and proposals, as well as the optimisation of costs to enable meeting the competitive strength of these entities.

Concessions are normally long term projects which involve increasingly more areas, such as those linked to planning, design, construction, financing and operation and, therefore, due to such complexity, the need of partners and the longevity of the processes imply a heavy risk in the evaluation of assets and projects in the long term, in an increasingly more dynamic world characterised by unexpected changes.

The real estate sector was at the origin and core of the *sub-prime* crisis and the reflections of this international situation are still experienced in Portugal, where the requirements for new projects have increased at all levels (administrative, economic, social, environmental, amongst others), and the increasingly greater evidence of excess supply has led to price decreases and demand is greatly affected by the increasing restrictions to credit.

The Hotel Services sector in Algarve has been heavily hit by the new destinations which are now accessible and changes of routes of the major international agencies, where the hotels in Africa are naturally exposed to the idiosyncrasies of the respective countries and the increasing competition, at an unprecedented scale. Moreover, and in view of the levels of indebtedness of some of the subsidiary companies operating in this sector, the net income and, consequently, the net worth of these companies may suffer adverse impacts as a result of unfavourable evolutions in interest rates.

Distribution in Angola is very exposed due to the specific circumstances of the country and logistic difficulties related to supply, transport and travel, as well as the difficult international environment which has affected many of the suppliers essential to the development of the project.

The Automobile sector operates in a very saturated market, where at an international level major *players* have entered bankruptcy and were strongly affected, with inevitable consequences at a global level and which had already led the Teixeira Duarte Group to dispose of the activity developed in this area in Portugal.

In Angola, competitiveness increasingly higher and the investment made by the Group implies strong optimisation of processes and costs, in a market which is increasingly more expensive and difficult.

The Energy sector of the Teixeira Duarte Group is exposed to two risks of different nature, according to whether we address the activity in Portugal (where the operation concerns the area of distribution and marketing of liquid fuel and gas) or Brazil (where an indirect subsidiary is engaged in oil prospecting).

Indeed, in the national market the risks are concentrated around three aspects: (i) the minor market share in the area of liquid fuel; (ii) the fact that the main suppliers are simultaneously the main competition, with major market shares; and (iii) the delicate management of the credit granted to re-distributors, namely through the consignment of delivered products.

Abroad, the risk is concentrated in the strong investment inherent to the prospecting obligations arising from the awarded concessions, namely compliance with the "Minimum Exploration Programmes (PEM)", compared with the expectation of obtaining a product that is not only uncertain but also unknown when it might occur, and should it occur, will then depend the quantity, quality, market conditions for the sale of the product and fluctuations of the international markets.

Common to these two realities - national and international - has been the strong impact on the fuel market, especially as a consequence of the speculation on the price of oil.

Regarding the financial holdings, in particular the qualifying holding owned in Banco Comercial Português, S.A., the risk results from the current fragility of the financial markets and the possible impact of the volatility of the respective stock market prices in the accounts of the Teixeira Duarte Group, which might even, under certain circumstances, affect the net income.

The risks described above, should they occur, could have a negative impact on the net income of the Teixeira Duarte Group and its financial situation.

TD,SA is exposed to **strategy risks**, through the possibility of taking inadequate strategic decisions, failures in the implementation of decisions or lack of response capacity regarding changing market conditions.

The international business of the Teixeira Duarte Group represents a significant portion of the Group's total turnover (59% in 2011). It is impossible to guarantee the full success of operations on the foreign markets in which the Group operates. Moreover, these operations are exposed to risks arising from possibly adverse economic developments in the countries where they are established. These factors could adversely affect the activity, financial situation and net income of the Teixeira Duarte Group. Some of the Group's international operations are also exposed to exchange rate risks.

The Teixeira Duarte Group operates in various activity sectors, in particular, due to its contribution to the Group's operating income, the construction sector, but also in others such as Distribution, Energy and Automobile. The sectors referred to above represent 81% of the Group's operating income and are highly competitive sectors. This competition environment, when associated to negative cycles in the activity areas in which the Group operates, may have a negative impact on the Company's marketing margins and on its net income and, consequently, on its financial situation.

The capacity of the Teixeira Duarte Group to successfully implement its strategy depends on its ability to recruit the most qualified and competent employees for each position. Although the human resources policy of the Teixeira Duarte Group is directed towards the achievement of these objectives, it is impossible to guarantee that, in the future, there will be no limitations in this area. Such circumstances could obstruct or delay the execution of the defined strategy, which could have a negative effect on the Group's activity, financial situation, and net income.

The deterioration of global economic conditions or adversities that affect the economies at a local scale could result in the inability of the Group's customers to meet their obligations or significantly delay their payment, leading to the existing credit lines entering into a situation of *default*. This scenario would result in losses affecting the activity, financial situation and net income of the Teixeira Duarte Group.

The Teixeira Duarte Group might, in the future, be part of a number of **disputes** related to its activity, including those where the sentence has been favourable, totally or partially, and which might be subject to appeal or action for annulment by the counterparts under the terms of the applicable procedural rules and until the reading of the final judgement of these same sentences. The Teixeira Duarte Group cannot guarantee that it will win any lawsuits relative to its activities and a negative decision in this area might have an adverse effect of significance to the activity, financial situation and net income of the Teixeira Duarte Group.

The activities of TD,SA require **investments**. The Group finances part of these investments through the cash flow generated by its operating activities. However, TD,SA and its subsidiaries finance most of their investments through external sources, including bank loans and offers in capital markets.

The Teixeira Duarte Group is exposed to a series of risks, such as liquidity risks, interest rate risks and exchange rate risks, amongst others, and in the event of exceptionally adverse scenarios, the policies and procedures used by TD,SA to identify, monitor and manage risks might not prove to be totally effective.

As is the case of any other economic group integrated in a competitive environment, the Teixeira Duarte Group is also subject to **risks related to liquidity**. The Group believes that it is suitably equipped to exercise effective control of the risks of its activity, that the action developed by the management is effective, based on information provided by the Consolidation of Accounts and Internal Audit Services and by the Central Department for Finance and Accounts which, under the direct supervision of a Director responsible for this area, is specially committed to controlling the liquidity of the Teixeira Duarte Group.

TD,SA manages the Group's liquidity risks in two ways: ensuring that the Group's financial debt has a high component of medium and long term maturities suitable to the expected capacity of generation of funds and the use of credit facilities, available in various cases in the form of current account credit lines.

During its normal business, the Group is subject to certain **operating risks**, including interruption or delays in the provision of services, frauds, omissions, errors and delays in the implementation of requirements for risk management. These risks are monitored by the Group in an ongoing manner through administrative and information systems, amongst others, with some of the operating risks being covered by insurance policies.

The operations developed by the Teixeira Duarte Group are dependent on computer processing. The computer processing involves the maintenance of records, financial reporting and other systems, including systems for the monitoring and control of the different operations of the Group, in particular in human resources management, accounts, logistics, administration and storage. Notwithstanding the assessment which has been made of the computer systems and the belief that their capacities are appropriate, it is impossible to guarantee potential investors that all the problems related to the information technology systems will be fully identified and corrected in due time, nor systematic success in the implementation of technological improvements.

The cost of the vast majority of the financial debt incurred by the Teixeira Duarte Group is indexed to variable reference rates, whereby TD,SA is, through this means, exposed to **interest rate risk**.

However, in order to manage these variations, the financial area of the Teixeira Duarte Group permanently follows market development, and is able to use financial instruments to mitigate the effects of interest rate volatility. These instruments are contracted by considering the risks affecting the assets and liabilities and after checking which of the instruments available on the market are the most appropriate to cover those risks. These operations are permanently monitored, particularly through the analysis of various indicators regarding these instruments, in particular the evolution of their market value and sensitivity of forecast cash flows and of the actual market value to changes in key variables that condition the structures, for the purpose of evaluating their financial effects. Derivative financial instruments are recorded in accordance with the provisions of IAS 39 and measured at fair value, which is based on assessments made by financial institutions. These are qualified as hedging instruments or instruments held for trading, in compliance with the provisions of IAS 39.

The **variation of the exchange rate** of the Euro relative to other currencies, in particular the US Dollar, Angolan Kwanza, Algerian Dinar, Brazilian Real, Mozambican Metical and Ukrainian Hryvnia might have an impact on the financial situation of TD,SA. The Teixeira Duarte Group operates in various markets, records revenue in foreign currency and has monetary assets and liabilities denominated in currencies other than the Euro and, therefore, in this way, is exposed to variations in the respective currencies.

In indirect terms, note should also be made of the fact that the Teixeira Duarte Group acquires a variety of materials, of special importance in the construction, distribution and automobile areas in currencies other than those in which the final products are subsequently sold, namely in Angola, which could partially influence the net income achieved by the Group in the activity developed in these sectors.

Particular note should be made of the import and export of materials for construction, of products which are essentially consumables, for the company established under Angolan law MAXI, and of automobile vehicles, spare parts and equipment for the different local subsidiaries operating in the automobile sector in Angola, involving, amongst others, the brands Nissan, Honda, Chevrolet, Renault and Peugeot.

**Adverse variations in the price of oil and other commodities** might also significantly affect the net income and financial situation of the Teixeira Duarte Group.

The volatility of the price of commodities constitutes a risk for the Teixeira Duarte Group, affecting the operating activity of the construction business area, although this is on occasions mitigated through supplier contracts with fixed prices and customer contracts which enable reflecting these alterations in the prices paid by these customers.

In particular, the Teixeira Duarte Group is indirectly exposed to the price of oil. The Group's capacity to reflect increases in the price of oil in the prices of its final products and services is minor, therefore, negative consequences might arise in the direct margins of the final products sold and in the net contribution of the services rendered. Furthermore, an increase in the price of oil has a direct impact on the transport costs associated to the development of the Group's activity, therefore, adverse variations in the price of oil could have a negative material impact on the Group's activity, financial situation and net income.

More specifically, the evolution in the price of oil could significantly affect the net income of the Teixeira Duarte Group for three reasons:

- directly, through the margin generated in energy, a business area which represented 10% of the operating income of the Teixeira Duarte Group in 2011;
- the cost of transport is one of the most important cost items in the Group's operating accounts;
- energy costs are of some significance in the price of external supplies and services.

**Any increase in taxes or reduction in tax benefits** could have an adverse effect on the activity of the Teixeira Duarte Group.

The Teixeira Duarte Group could be affected negatively by changes in the legislation and other tax regulations applicable in Portugal, in the European Union and in the different countries in which the Group operates.

The financial statements of the Teixeira Duarte Group might be influenced by **the change in value of the financial stakes owned**.

The net worth, equity and even, in certain situations the impairment, net income of the Teixeira Duarte Group might be influenced by the change in value of the financial stakes owned, which, in the case of the holdings in companies listed for trading on regulated markets, depends directly on the stock market prices of the respective shares.

The entities of the Teixeira Duarte Group are subject to the **risks inherent to any economic activity**, which is the case of accidents, break-downs or natural catastrophes that might lead to losses in the Group's assets or temporary interruptions in the respective activity. Likewise, these risks might affect the main customers and suppliers of the Teixeira Duarte Group, which would have a significant impact on profitability where it is not possible to find replacement customers in order to guarantee the turnover level or suppliers to enable maintaining the same cost structure.

## **II.10 Powers of the management board, namely with respect to deliberations to increase share capital.**

In addition to all the other duties and competences entrusted by the Law, Articles of Association or through delegation of the General Meetings, the Board of Directors is responsible for:

- a) exercising the full powers of management of the Company and carrying out all the acts and operations pertinent to the achievement of its corporate object;
- b) negotiating and granting all contracts, independently of their scope, form and nature, where the Company is a party;
- c) representing the Company in and out of court, actively and passively, promoting, contesting, transacting or waiving in any proceedings and engaging in all types of arbitration;
- d) preparing, if deemed appropriate, its internal regulations, defining the rule and procedures relative to its operation;
- e) proceeding with the distribution of areas of responsibility amongst its members and entrusting any of the members with specific matters of the competence of the Board of Directors;
- f) empowering any of its members sufficiently to, jointly or individually, perform certain tasks or specific actions;
- g) appointing attorneys or mandataries of the Company to carry out certain acts or categories of acts, with the powers and duties defined in the respective powers of attorney which it has granted for the effect;
- h) appointing the Company Secretary and its Alternate.
- i) moving the head office to another location, within national territory, as well as creating, transferring or extinguishing delegations, agencies, branches or any other forms of corporate representation, in the country or abroad, under the terms, where and when deemed convenient;
- j) deliberating that the Company acquire, dispose and encumber any fixed assets and industrial property rights, licenses and permits, as well as quotas, shares, bonds or other securities;
- k) deliberating that the Company participate in the constitution, subscription of share capital, assume interests or take part in other companies, complementary business groups or associations of any type and cooperate, collaborate or enter into consortium with other entities, as well as the provision of technical services related to administration and management or support in terms of human resources to subsidiary companies or entities with which a subordination contract has been signed;
- l) providing bonds and personal or real guarantees on behalf of the Company, namely sureties or securities.

The Articles of Association of the Company do not confer any powers to the Board of Directors relative to any share capital increases.

## **II.11 Information on the policy of rotation of the areas of responsibility within the Board of Directors, namely of the person responsible for financial matters, as well as on the rules applicable to the appointment and replacement of members of the management and supervisory bodies.**

As described in II.3, notwithstanding the collegial exercise of duties conferred to the Board of Directors, each of its members was more specifically responsible for certain operating areas or particular businesses.

There is no policy of rotation of areas of responsibility in the Board of Directors, namely of the person responsible for the financial area. The supervision of the different areas and sectors was attributed to each Director taking into consideration the training, experience and acquired competences of each, within the Teixeira Duarte Group, on the different matters, a situation which is not compatible for the concept of a policy of rotation of areas of responsibility.

The redistribution of the business areas amongst the various members of the Board of Directors will always take place when necessary and appropriate.

Regarding the rules applicable to the appointment and replacement of the members of the management and supervisory bodies, it should be recalled that the members of the Board of Directors are elected at the General Meeting, through the list system, for four years, coinciding with the financial years, and may be re-appointed once or twice, under the terms and with the legally established limits, and take up office as soon as they are elected, without further formalities.

Under the special election rules established in the Law, the Company adopted the systems which enables a Director to be elected amongst the persons proposed in lists which are undersigned and presented by groups of shareholders, provided that none of these groups own shares representing more than twenty percent and less than ten percent of the share capital. Pursuant to this choice, any Director elected in this manner automatically replaces the one last on the list who would have fallen due in the election of the Directors.

The Articles of Association do not foresee the existence of any alternate Director, but rather establish five as the number of absences to meetings, consecutively or interpolated, without justification accepted by the Board of Directors, per term of office, as leading to the situation of definitive absence of the Director, with the consequences established in the Law.

Apart from the circumstances referred to above, the Articles of Association do not foresee any specific rule for the replacement of the members of the Board of Directors, so the general system established in the Commercial Companies Code on this matter is applicable, that is, the Board of Directors may replace any Director who fails to perform duties for any of the reasons laid down in the Law, namely due to resignation or the accumulation of absences, and hence, should this be deemed appropriate and under the applicable terms and conditions, proceed with the corresponding co-optation, which must be ratified at the first following General Meeting.

As is the case with the other governing bodies, the members of the Supervisory Board are elected at the General Meeting, through the list system, for four years, coinciding with the financial years, and may be re-appointed once or twice, under the terms and with the legally established limits, and take up office as soon as they are elected, without further formalities. When electing the members of the Supervisory Board, the General Meeting must, mandatorily, elect one of them to perform the duties of Chairman.

The members of the Supervisory Board were elected at the Annual General Meeting of 20 May 2011 to perform duties during the four-year period 2011/2014.

Although in this case, an alternate member of the Supervisory Board was elected in the Annual General Meeting on 20 May 2011, the Articles of Association do not foresee any specific rule for the replacement of the members of this board, so the general system established in the Commercial Companies Code will be applicable on this matter, that is, any permanent members of the Supervisory Board who are temporarily prevented from holding office or whose duties have terminated will be replaced by alternates under the terms and conditions established therein.

**II.12 Number of meetings of the management and supervisory bodies and other committees constituted with competence on matters of management and supervision during the year in question.**

During 2011, the Board of Directors of TD,SA held 20 meetings, of which the Chairman of the Supervisory attended 5 and SROC representative attended 8, and the Supervisory Board of TD,SA held 4 meetings.

**II.13 Indication of the number of meetings of the Executive Committee or Executive Board of Directors, and reference to the drawing up of the minutes of these meetings and their remittance, accompanied by the call notices, as applicable, to the Chairman of the Board of Directors, to the Chairman of the Supervisory Board or of the Audit Committee, to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee.**

The present rule is not applicable to TD,SA, because, as described above, there is no Executive Committee, Audit Committee, General and Supervisory Board or Financial Matters Committee, and all the members of the Board of Directors currently perform executive duties, including the respective Chairman.

However, it should be noted that the Directors provide all the information requested by other members of the governing bodies, in due time and in a manner suitable to the request. Moreover, all the minutes of the meetings of the Board of Directors are sent to the Chairman of the Supervisory Board.

**II.14 Distinction between the executive and non-executive members and, amongst them, discrimination between the members which would comply, if the rules of incompatibilities established in number 1 of article 414-A of the Commercial Companies Code were applicable to them, with the exception laid out in subparagraph b), and the criteria of independence established in number 5 of article 414, both in the Commercial Companies Code.**

Considering that all the members of the Board of Directors perform executive duties, the present rule is not applicable to TD,SA.

Nevertheless and on this issue, it is important to disclose, with respect to the independence of its members, that the Board of Directors considers that none are under any circumstances capable of affecting their impartiality in analysis and decision-making.

In view of the adopted corporate model, the composition and mode of operation of its governing bodies, namely the executive character of the Board of Directors and the independence of the Supervisory Board and Chartered Accountants Firm, without their being any delegation of competences, either amongst them or to other Committees, TD,SA considers that the appointment of non-executive members to perform duties within the Board of Directors would not result in any significant benefits to the good operation of the adopted model which has proved to be suitable and efficient.

**II.15 Indication of the legal and regulatory rules and other criteria underlying the assessment of the independence of its members made by the management board.**

Not applicable, as described in the previous number.



**II.16 Indication of the rules of the process of selection of candidates to non-executive Directors and way they ensure the non-interference of the executive Directors in this process.**

Not applicable, as described in the previous two numbers.

**II.17 Reference to the fact that the company's annual management report should include a description of the activity developed by the non-executive Directors and any constraints which have been detected.**

Not applicable, considering that all the members of the Board of Directors perform executive duties.

**II.18 Professional qualifications of the members of the Board of Directors, indication of the professional activities carried out by them, at least, over the past five years, number of company shares they own, date of their first appointment and end of the term of office.**

Chairman of the Board of Directors: Mr. Pedro Maria Calainho Teixeira Duarte

Licentiate degree in Business Administration from Universidade Católica Portuguesa in 1977.

Appointed for the first time for the position in 2009, at the time of the incorporation of the company, with the current term of office ending in 2014.

Over the last five years, his professional activity has also included the holding of the following positions:

Chief Executive Officer of "TEIXEIRA DUARTE - Engenharia e Construções, S.A."

Chairman of the Board of Directors of TEIXEIRA DUARTE - Engenharia e Construções, S.A..

Chairman of the Board of Directors of PASIM - Sociedade Imobiliária, S.A..

Chairman of the Board of Directors of PACIM - Sociedade Gestora de Participações Sociais, S.A..

Director of CIMPOR - Cimentos de Portugal, SGPS, S.A.

Director of TEIXEIRA DUARTE - Engenharia e Construções (Macau), Lda..

Manager of F+P - IMOBILIÁRIA, LDA..

Member of the Advisory and Strategy Board of E.I.A. - Ensino, Investigação e Administração, S.A..

Deputy Chairman of the General and Supervisory Board of BANCO COMERCIAL PORTUGUÊS, S.A..

Member of the General and Supervisory Board of BANCO COMERCIAL PORTUGUÊS, S.A..

Deputy Chairman of the Board of Governors of BANCO COMERCIAL PORTUGUÊS, S.A..

Member of the Remunerations and Welfare Board of BANCO COMERCIAL PORTUGUÊS, S.A..

Member of the Supervisory Board of MILLENNIUM BANK, S.A. (Poland).

As at 31 December 2011, this member directly and indirectly held 6,912,550 shares representing the share capital of TD,SA.

Director: Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte

Licentiate degree in Law from the Faculdade de Direito da Universidade de Lisboa (Faculty of Law of Lisbon University), in 1989.

Appointed for the first time for the position in 2009, at the time of the incorporation of the company, with the current term of office ending in 2014.

Over the last five years, his professional activity has also included the holding of the following positions:

Chairman of the Board of Directors of BONAPARTE – Imóveis Comerciais e Participações, S.A..

Chairman of the Board of Directors of C+P.A. – Cimento e Produtos Associados, S.A..

Chairman of the Board of Directors of ESTA – Gestão de Hotéis, S.A..

Chairman of the Board of Directors of EMPA, S.A. Serviços de Engenharia.

Chairman of the Board of Directors of EVA – Sociedade Hoteleira, S.A..

Chairman of the Board of Directors of IMOPEDROUÇOS – Sociedade Imobiliária, S.A..

Chairman of the Board of Directors of IMOTD – Sociedade Gestora de Participações Sociais, S.A..

Chairman of the Board of Directors of LAGOAS HOTEL, S.A..

Chairman of the Board of Directors of LAGOASFUT – Equipamento Recreativo e Desportivo, S.A..

Chairman of the Board of Directors of MARTINS & ESTEVES, S.A..

Chairman of the Board of Directors of NGDI – Gestão e Investimentos Imobiliários, S.A..

Chairman of the Board of Directors of PARCAUTO – Sociedade Imobiliária, S.A..

Chairman of the Board of Directors of QUINTA DE CRAVEL – Imobiliária, S.A..

Chairman of the Board of Directors of ROCHORIENTAL – Sociedade Hoteleira, S.A..

Chairman of the Board of Directors of SEIUR – Sociedade de Empreendimentos Imobiliários e Urbanísticos, S.A..

Chairman of the Board of Directors of SINERAMA – Organizações Turísticas e Hoteleiras, S.A..

Chairman of the Board of Directors of STELGEST – Gestão Hoteleira, S.A..

Chairman of the Board of Directors of TD VIA – Sociedade Imobiliária, S.A..

Chairman of the Board of Directors of TDCM – SGPS, S.A.

Chairman of the Board of Directors of TDE – Empreendimentos Imobiliários, S.A..

Chairman of the Board of Directors of TDEMPA – Gestão de Participações e Investimentos, S.A..

Chairman of the Board of Directors of TDH – Sociedade Gestora de Participações, S.A..

Chairman of the Board of Directors of TDHC – Instalações para Desporto e Saúde, S.A..

Chairman of the Board of Directors of TDO – Sociedade Gestora de Participações Sociais, S.A..

Chairman of the Board of Directors of TDPG – Empreendimentos Imobiliários e Hoteleiros, S.A..

Chairman of the Board of Directors of TEDAL – Sociedade Gestora de Participações Sociais, S.A..

Chairman of the Board of Directors of TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A..

Chairman of the Board of Directors of TEJO VILLAGE – Promoção Imobiliária, S.A..

Chairman of the Board of Directors of TRANSBRITAL – Britas e Empreendimentos Imobiliários, S.A..

Chairman of the Board of Directors of V-8 – Gestão Imobiliária, S.A..

Chairman of the Board of Directors of VTD – Veículos Automóveis, S.A..

Director of BONAPARTE – Imóveis Comerciais e Participações, S.A..

Member of the Board of Directors of EMPA, S.A. Serviços de Engenharia.

Director of EUROGTD – Sistemas de Informação, S.A..

Director of GRATAC – Sociedade Gestora de Participações, S.A..

Director of ILTA – Urbanizadora da Ilha de Tavira, S.A..

Director of MARINERTES, S.A..

Director of PTG – Sociedade Gestora de Participações Sociais, S.A..

Director of Sociedade de Investimento Cimpor Macau, SGPS, S.A.

Director of TDARCOL – Sociedade Gestora de Participações Sociais, S.A..

Director of TDG – Sociedade Gestora de Participações Sociais, S.A..

Director of TDHOSP – Gestão de Edifício Hospitalar, S.A..

Director of TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A..

Director of TEIXEIRA DUARTE - Engenharia e Construções, S.A..

Manager of BONAPAPEL – Artigos de Papelaria e Equipamentos Informáticos Unipessoal, Lda..

Manager of GFF – Empreendimentos Imobiliários, Lda..

Manager of TEIXEIRA DUARTE – Engenharia e Construções (Macau), Limitada.

Member of the Remuneration Committee of BONAPARTE – Imóveis Comerciais e Participações, S.A..

Member of the Remuneration Committee of E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A..

Member of the General and Supervisory Board of E.I.A. – Ensino, Investigação e Administração, S.A..

Member of the Remuneration Committee of Gomes & Oliveira, S.A..

Member of the Remuneration Committee of RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A..

Member of the Remuneration Committee of TDF – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A..

Member of the Remuneration Committee of TDGI – Tecnologia de Gestão de Imóveis, S.A..

Member of the Remuneration Committee of TDO – Investimento e Gestão, S.A..

Secretary of the Board of the General Meeting of HAB – Cooperativa de Construção e Habitação C.R.L..

As at 31 December 2011, this member held 5,149,575 shares representing the share capital of TD,SA.

Director: Mr. Joel Vaz Viana de Lemos

Licentiate degree in Civil Engineering from the Faculty of Engineering of Porto University, in 1977.

Appointed for the first time for the position in 2009, at the time of the incorporation of the company, with the current term of office ending in 2014.

Over the last five years, his professional activity has also included the holding of the following positions:

Chairman of the Board of Directors of G.E.TRA.BE – Groupement d’Entreprises de Travaux de Bejaia.

Chairman of the Board of Directors of G.E.TRA.M – Groupement d’Entreprises de Travaux Maritimes de Bejaia.

Chairman of the Board of Directors of GMP - Grupo Marítimo Português, ACE.

Chairman of the Board of Directors of GMP MEK - Grupo Marítimo Português Mers El Kebir, ACE.

Chairman of the Board of Directors of GMP MKD – Grupo Marítimo Mers El Kebir Dragagens, ACE.

Chairman of the Board of Directors of INVICTAAMBIENTE – Recolha de Resíduos e Limpeza Pública, S.A..

Chairman of the Board of Directors of MARINERTES, S.A..

Chairman of the Board of Directors of NOVA TEIXEIRA DUARTE - Engenharia e Construções, S.A..

Chairman of the Board of Directors of OFM – Obras Públicas, Ferroviárias e Marítimas, S.A..

Chairman of the Board of Directors of RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A..

Chairman of the Board of Directors of SOMAFEL – Engenharia e Obras Ferroviárias, S.A..

Deputy Chairman of the Board of Directors of Novaponte – Agrupamento para a Construção da Segunda Travessia do Tejo, ACE.

Director of E.P.O.S. - Empresa Portuguesa de Obras Subterrâneas, S.A..

Member of the Board of Directors of EMPA, S.A. Serviços de Engenharia.

Director of BEL – ERE – Engenharia e Reabilitação de Estruturas, S.A..

Director of GMP – Groupement Maritime Portugais Gmp - ORAN.

Director of GSC – Compañía General de Servicios y Construcción, S.A. Sociedad Unipersonal.

Director of OFM – Obras Públicas, Ferroviárias e Marítimas, S.A. – Branch in Cape Verde.

Director of SOMAFEL e FERROVIAS, ACE.

Director of TDARCOL – Sociedade Gestora de Participações Sociais, S.A..

Director of TDEMPA - Gestão de Participações e Investimentos, S.A..

Director of TEISOMAR - Obras Marítimas, ACE.

Director of TEIXEIRA DUARTE - Engenharia e Construções, S.A..

Director of TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários S.A..

Member of the Remuneration Committee of BONAPARTE – Imóveis Comerciais e Participações, S.A..

Member of the Remuneration Committee of E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A..

Member of the Remuneration Committee of Gomes & Oliveira, S.A..

Member of the Remuneration Committee of RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A..

Member of the Remuneration Committee of TDF - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A..

Member of the Remuneration Committee of TDGI – Tecnologia de Gestão de Imóveis, S.A..

Member of the Remuneration Committee of TDO – Investimento e Gestão, S.A..

As at 31 December 2011, this member held 433,862 shares representing the share capital of TD,SA.

Director: Mr. Carlos Gomes Baptista

BSc in Engineering from Instituto Industrial de Lisboa, in 1973.

Appointed for the first time for the position in 2009, at the time of the incorporation of the company, with the current term of office ending in 2014.

Over the last five years, his professional activity has also included the holding of the following positions:

Chairman of the Board of Directors of BEL-ere – Engenharia e Reabilitação de Estruturas, S.A..

Chairman of the Board of Directors of INVICTAAMBIENTE – Recolha de Resíduos e Limpeza Pública, S.A..

Chairman of the Board of Directors of TDGI – Tecnologia de Gestão de Imóveis, S.A..

Member of the Board of Directors of EMPA, S.A. Serviços de Engenharia.

Director of GSC – Compañía General de Servicios y Construcción, S.A. – Branch in Portugal.

Director of GSC – Compañía General de Servicios y Construcción, S.A. – Sociedad Unipersonal.

Director of NOVA TEIXEIRA DUARTE - Engenharia e Construções, S.A..

Director of TEIXEIRA DUARTE - Engenharia e Construções, S.A..

Director of TEIXEIRA DUARTE/OPCA – Fungere – Parcela 1.18 do Parque da Nações em Lisboa 3.ª Fase – Empreitada de Acabamentos e Instalações Especiais dos Edifícios para o Hotel e Escritórios, ACE.

As at 31 December 2011, this member held 25,634 shares representing the share capital of TD,SA.

Director: Mr. Diogo Bebiano Branco de Sá Viana Rebelo

Licentiate degree in Civil Engineering from Instituto Superior Técnico, in 1992.

Appointed for the first time for the position in 2011, through deliberation of the Annual General Meeting, with the current term of office ending in 2014.

Over the last five years, his professional activity has also included the holding of the following positions:

Chairman of the Board of Directors of TEIXEIRA DUARTE – Distribuição, S.A..

Chairman of the Board of Directors of TDO – Investimento e Gestão, S.A..

Director of BONAPARTE – Imóveis Comerciais e Participações, S.A..

Director of IMOPEDROUÇOS – Sociedade Imobiliária, S.A..

Director of IMOTD – Sociedade Gestora de Participações Sociais, S.A..

Director of MARTINS & ESTEVES, S.A..

Director of PARCAUTO – Sociedade Imobiliária, S.A..

Director of QUINTA DE CRAVEL IMOBILIÁRIA, S.A..

Director of TD VIA – Sociedade Imobiliária, S.A..

Director of TDE – Empreendimentos Imobiliários, S.A..

Director of TDHOSP – Gestão de Edifício Hospitalar, S.A..

Member of the Board of Directors of TDPG – Empreendimentos Imobiliários e Hoteleiros, S.A..

Director of TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A..

Director of TEJO VILLAGE – Promoção Imobiliária, S.A..

Director of TRANSBRITAL – Britas e Empreendimentos Imobiliários, S.A..

Director of V8 – Gestão Imobiliária, S.A..

Manager of BONAPAPEL – Artigos de Papelaria e Equipamentos Informáticos Unipessoal, Lda..

Manager of GFF – Empreendimentos Imobiliários, Lda..

As at 31 December 2011, this member held 28,660 shares representing the share capital of TD,SA.

## **II.19 Positions that members of the management board hold in other companies, detailing those held in other companies of the same group.**

Chairman of the Board of Directors: Mr. Pedro Maria Calainho Teixeira Duarte

As at 31 December 2011, he held the following positions in other companies, all outside the Teixeira Duarte Group:

Chairman of the Board of Directors of PASIM – Sociedade Imobiliária, S.A..

Chairman of the Board of Directors of PACIM – Sociedade Gestora de Participações Sociais, S.A..

Chairman of the Board of Directors of TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A..

Member of the Advisory and Strategy Board of E.I.A. – Ensino, Investigação e Administração, S.A..

In companies of the Teixeira Duarte Group:

Chairman of the Board of Directors of TEIXEIRA DUARTE – Engenharia e Construções, S.A..

Director: Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte

As at 31 December 2011, he held the following positions in other companies, all outside the Teixeira Duarte Group:

Chairman of the Board of Directors of NGDI – Gestão e Investimentos Imobiliários, S.A..

Chairman of the Board of Directors of SEIUR – Sociedade de Empreendimentos Imobiliários e Urbanísticos, S.A..

Director of ILTA – Urbanizadora da Ilha de Tavira, S.A..

Director of TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A..

Secretary of the Board of the General Meeting of HAB – Cooperativa de Construção e Habitação C.R.L..

Member of the General and Supervisory Board of E.I.A. – Ensino, Investigação e Administração, S.A..

In companies of the Teixeira Duarte Group:

Director of TEIXEIRA DUARTE – Engenharia e Construções, S.A..

Chairman of the Board of Directors of BONAPARTE – Imóveis Comerciais e Participações, S.A..

Chairman of the Board of Directors of C+P.A. – Cimento e Produtos Associados, S.A.;

Chairman of the Board of Directors of ESTA – Gestão de Hotéis, S.A..

Chairman of the Board of Directors of EVA – Sociedade Hoteleira, S.A..

Chairman of the Board of Directors of IMOPEDROUÇOS – Sociedade Imobiliária, S.A..

Chairman of the Board of Directors of IMOTD – Sociedade Gestora de Participações Sociais, S.A..



Chairman of the Board of Directors of LAGOAS HOTEL, S.A..

Chairman of the Board of Directors of LAGOASFUT – Equipamento Recreativo e Desportivo, S.A..

Chairman of the Board of Directors of QUINTA DE CRAVEL – Imobiliária, S.A..

Chairman of the Board of Directors of ROCHORIENTAL – Sociedade Hoteleira, S.A..

Chairman of the Board of Directors of SINERAMA – Organizações Turísticas e Hoteleiras, S.A..

Chairman of the Board of Directors of STELGEST – Gestão Hoteleira, S.A..

Chairman of the Board of Directors of TD VIA – Sociedade Imobiliária, S.A..

Chairman of the Board of Directors of TDE – Empreendimentos Imobiliários, S.A..

Chairman of the Board of Directors of TDEMPA – Gestão de Participações e Investimentos, S.A..

Chairman of the Board of Directors of TDH – Sociedade Gestora de Participações, S.A..

Chairman of the Board of Directors of TDHC – Instalações para Desporto e Saúde, S.A..

Chairman of the Board of Directors of TDO – Sociedade Gestora de Participações Sociais, S.A..

Chairman of the Board of Directors of TEDAL – Sociedade Gestora de Participações Sociais, S.A..

Chairman of the Board of Directors of TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários, S.A..

Chairman of the Board of Directors of TRANSBRITAL – Britas e Empreendimentos Imobiliários, S.A..

Chairman of the Board of Directors of V-8 – Gestão Imobiliária, S.A..

Chairman of the Board of Directors of VTD – Veículos Automóveis, S.A..

Member of the Board of Directors of EMPA, S.A. Serviços de Engenharia.

Director of MARINERTES, S.A..

Director of PTG – Sociedade Gestora de Participações Sociais, S.A..

Director of TDARCOL – Sociedade Gestora de Participações Sociais, S.A..

Director of TDHOSP - Gestão de Edifício Hospitalar, S.A..

Manager of BONAPAPEL – Artigos de Papelaria e Equipamentos Informáticos Unipessoal, Lda..

Manager of TEIXEIRA DUARTE - Engenharia e Construções (Macau), Limitada.

Member of the Remuneration Committee of BONAPARTE – Imóveis Comerciais e Participações, S.A..

Member of the Remuneration Committee of E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A..

Member of the Remuneration Committee of Gomes & Oliveira, S.A..

Member of the Remuneration Committee of TDF – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A..

Member of the Remuneration Committee of TDGI – Tecnologia de Gestão de Imóveis, S.A..

Member of the Remuneration Committee of RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A..

Member of the Remuneration Committee of TDO – Investimento e Gestão, S.A..

Director: Mr. Joel Vaz Viana de Lemos

As at 31 December 2011, he held the following positions in other companies, all outside the Teixeira Duarte Group:

Director of TEIXEIRA DUARTE - Engenharia e Construções, S.A..

Chairman of the Board of Directors of G.E.TRA.BE – Groupement d’Entreprises de Travaux de Bejaia.

Chairman of the Board of Directors of G.E.TRA.M – Groupement d’Entreprises de Travaux Maritimes de Bejaia.

Chairman of the Board of Directors of GMP – Grupo Marítimo Português, ACE.

Chairman of the Board of Directors of GMP MEK – Grupo Marítimo Português Mers El Kebir, ACE.

Chairman of the Board of Directors of MARINERTES, S.A..

Chairman of the Board of Directors of OFM – Obras Públicas, Ferroviárias e Marítimas, S.A..

Chairman of the Board of Directors of RECOLTE – Recolha, Tratamento e Eliminação de Resíduos, S.A..

Chairman of the Board of Directors of SOMAFEL – Engenharia e Obras Ferroviárias, S.A..

Deputy Chairman of the Board of Directors of Novaponte – Agrupamento para a Construção da Segunda Travessia do Tejo, ACE.

Director of E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A..

Member of the Board of Directors of EMPA, S.A. Serviços de Engenharia.

Director of GMP – Groupement Maritime Portugais Gmp – ORAN.

Director of GSC – Compañía General de Servicios y Construcción, S.A. Sociedad Unipersonal.

Chairman of the Board of Directors of INVICTAAMBIENTE – Recolha de Resíduos e Limpeza Pública, S.A..

Director of OFM – Obras Públicas, Ferroviárias e Marítimas, S.A. – Branch in Cape Verde.

Director of SOMAFEL e FERROVIAS, ACE.

Director of TDARCOL – Sociedade Gestora de Participações Sociais, S.A..

Director of TEIX.CO, SPA.

Director of TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários S.A..

Alternate director of AVIAS - Grupo Ferroviário para a Alta Velocidade, ACE.

Member of the Remuneration Committee of BONAPARTE – Imóveis Comerciais e Participações, S.A..

Member of the Remuneration Committee of E.P.O.S. – Empresa Portuguesa de Obras Subterrâneas, S.A..

Member of the Remuneration Committee of Gomes & Oliveira, S.A..

Member of the Remuneration Committee of Recolte – Recolha, Tratamento e Eliminação de Resíduos, S.A..

Member of the Remuneration Committee of TDF - Sociedade Gestora de Fundos de Investimento Imobiliário, S.A..

Member of the Remuneration Committee of TDGI – Tecnologia de Gestão de Imóveis, S.A..

Member of the Remuneration Committee of TDO – Investimento e Gestão, S.A..

Director: Mr. Carlos Gomes Baptista

As at 31 December 2011, he held the following positions in other companies, all outside the Teixeira Duarte Group:

Director of TEIXEIRA DUARTE - Engenharia e Construções, S.A..

Chairman of the Board of Directors of TDGI – Tecnologia de Gestão de Imóveis, S.A..

Member of the Board of Directors of EMPA, S.A. Serviços de Engenharia.

Director of GSC – Compañía General de Servicios y Construcción, S.A. – Branch in Portugal.

Director of TEIXEIRA DUARTE/OPCA – Fungere – Parcela 1.18 do Parque da Nações em Lisboa 3.<sup>a</sup> Fase – Empreitada de Acabamentos e Instalações Especiais dos Edifícios para o Hotel e Escritórios, ACE.

Director: Mr. Diogo Bebiano Branco de Sá Viana Rebelo

As at 31 December 2011, he held the following positions in other companies, all outside the Teixeira Duarte Group:

Chairman of the Board of Directors of TEIXEIRA DUARTE - Distribuição, S.A..

Chairman of the Board of Directors of TDO - Investimento e Gestão, S.A..

Director of BONAPARTE – Imóveis Comerciais e Participações, S.A..

Director of IMOPEDROUÇOS - Sociedade Imobiliária, S.A..

Director of IMOTD – Sociedade Gestora de Participações Sociais, S.A..

Director of QUINTA DE CRAVEL IMOBILIÁRIA, S.A..

Director of TD VIA - Sociedade Imobiliária, S.A..

Director of TDE - Empreendimentos Imobiliários, S.A..

Director of TDHOSP - Gestão de Edifício Hospitalar, S.A..

Director of TEIXEIRA DUARTE – Gestão de Participações e Investimentos Imobiliários S.A..

Director of TRANSBRITAL - Britas e Empreendimentos Imobiliários, S.A..

Director of V8 - Gestão Imobiliária, S.A..

Manager of BONAPAPEL – Artigos de Papelaria e Equipamentos Informáticos Unipessoal, Lda..

### **Section III – General and Supervisory Board, Financial Matters Committee and Supervisory Board**

#### **II.21 Identification of the members of the Supervisory Board, stating compliance with the incompatibility rules established in number 1 of article 414-A and comply with the independence criteria established in number 5 of article 414, both of the Commercial Companies Code. The Supervisory Board carries out the respective self-assessment for the effect.**

The Supervisory Board is composed of three permanent members - a Chairman and two members - and an alternate member, who fully comply with all the requirements of independence in relation to whom there is no incompatibility for the performance of their duties, under the terms established in the Commercial Companies Code.

The facts referred to in the previous paragraph are investigated periodically in relation to each member of the Supervisory Board.

The members referred to above, elected at the General Meeting of 20 May 2011, are as follows:

Chairman: Mr. António Gonçalves Monteiro

Members: Mr. Mateus Moreira

Mr. Miguel Carmo Pereira Coutinho

Alternate: Mr. Horácio Lisboa Afonso

**II.22 Professional qualifications of the members of the Supervisory Board, indication of the professional activities carried out by them, at least, over the past five years, number of company shares they own, date of their first appointment and end date of the term of office.**

**Mr. António Gonçalves Monteiro (Chairman of the Supervisory Board)**

Professional Qualifications:

Licentiate degree in Finance from Instituto Superior de Economia and diploma in Accounting and Administration from ISCAL.

Professional Activities exercised over the last five years:

He is Chairman of the Board of Directors of Moore Stephens & Associados, SROC, S.A.. In this capacity, he performs the duties of statutory auditor, or is part of the supervisory boards of various commercial and industrial companies of a great variety of sizes and of different activity sectors.

Chairman of the Supervisory Board of the Luso-French Chamber of Commerce and Industry and Member of the Supervisory Board of the Luso-Spanish Chamber of Commerce and Industry, the Luso-South African Chamber of Commerce and Industry, the Luso-Mexican Chamber of Commerce and Industry and the Portugal-Namibia Chamber of Commerce and Industry. Member of the International Fiscal Association, of the Portuguese Fiscal Association, Portuguese Association of Tax Consultants and Economists Association.

He was Chairman of the Portuguese Institute of Statutory Auditors (2006-2011) and member of the National Council for Audit Supervision (2009-2011). Former Chairman of the Portuguese Association of Tax Consultants (1998-2005).

Former Chairman of the Supervisory Board of TEIXEIRA DUARTE - Engenharia e Construções, S.A..

He has never exercised any professional activities at TD,SA, although he has represented the Company at the Chartered Accountants Firm which performed the supervisory duties at the companies SOMAFEL – Engenharia e Obras Ferroviárias, S.A. and OFM – Obras Públicas, Ferroviárias e Marítimas, S.A., as well as at the TDF Closed Real Estate Investment Fund, integrated in the Teixeira Duarte Group.

Number of Company shares held:

He does not hold any shares of TEIXEIRA DUARTE, S.A..

Date of first appointment and end date of term of office:

Appointed for the first time on 30 November 2009 for the two-year period 2008/2011, with the current term of office ending in 2014.

**Mr. Mateus Moreia (Member of the Supervisory Board)**

Professional Qualifications:

Licentiate degree in Finance from ISCEF (1972).

Professional Activities exercised over the last five years:

Retired from Millennium BCP on 30.09.2003, where he held the position of Central Deputy Director.

Member of the Supervisory Board of TEIXEIRA DUARTE - Engenharia e Construções, S.A..

Number of Company shares held:

He does not own any shares of TD,SA.

Date of first appointment and end date of term of office:

Appointed for the first time on 30 November 2009 for the two-year period 2008/2011, with the current term of office ending in 2014.

**Mr. Miguel Pereira Coutinho (Member of the Supervisory Board)**

Professional Qualifications:

Attendance of the 2nd year of Instituto Superior de Agronomia (1952).

Entrepreneur.

Professional Activities exercised over the last five years:

Retired.

Number of Company shares held:

He is the co-owner of 10,000 shares of TD,SA.

Date of first appointment and end date of term of office:

Appointed for the first time on 30 November 2009 for the two-year period 2008/2011, with the current term of office ending in 2014.

**Mr. Horácio Lisboa Afonso (Alternate of the Supervisory Board)**

Professional Qualifications:

Licentiate Degree in Finance from Instituto Superior de Ciências Económicas e Financeiras.

Attendance of various professional specialisation courses, organised by Price Waterhouse, Deloitte, Grant Thornton, Nexia International and other entities, in Portugal and abroad, covering accounting, financial management, financial audits, computer-based audits, time management, personal skills and other specific matters of relevance for corporate governance.

Seven month internship at the Audit Department of Price Waterhouse, in London during the period of October 1978 to April 1979.

Chartered Accountant.

Certified Accountant.

Member of the Chartered Accountants Association.

Member of the Economists Association.

Member of the Certified Accountants Association.

Professional Activities exercised over the last five years:

Founding member of "Camacho Palma & Lisboa Afonso – SROC", representative in Portugal of Nexia International, he performs the duties of Chartered Accountant in various companies, being responsible for the Review and Legal Certification of the respective accounts.

Alternate of the Supervisory Board of "TEIXEIRA DUARTE - Engenharia e Construções, S.A.".

Number of Company shares held:

He does not own any shares of TD,SA.

Date of first appointment and end date of term of office:

Appointed for the first time on 30 November 2009 for the two-year period 2008/2011, with the current term of office ending in 2014.

**II.23 Positions that the members of the Supervisory Board hold in other companies, detailing those held in other companies of the same group.**

**Mr. António Gonçalves Monteiro (Chairman of the Supervisory Board)**

As at 31 December 2011, in the capacity of representative of Moore Stephens & Associados, SROC, S.A., he performed the duties of Statutory Auditor in various companies and institutions which are not part of the Teixeira Duarte Group.

**Mr. Mateus Moreira (Member of the Supervisory Board)**

As at 31 December 2011, he did not perform duties in any companies.

**Mr. Miguel Pereira Coutinho (Member of the Supervisory Board)**

As at 31 December 2011, he did not perform duties in any companies.

**Mr. Horácio Lisboa Afonso (Alternate of the Supervisory Board)**

As at 31 December 2011, he did not hold any positions in other companies, within the Teixeira Duarte Group.

In companies outside the Teixeira Duarte Group, he is:

Managing partner of Camacho Palma & Lisboa Afonso – SROC.

Manager of NEXIA, CPLA & Associados – SROC, Lda..

Member of the Audit Committee of Espírito Santo Financial Group, S.A..

Chairman of the Supervisory Board of Espírito Santo Financial (Portugal), S.A..

Member of the Supervisory Board of SOMINCOR – Sociedade Mineira de Neves-Corvo, S.A..

**II.24 Reference to the fact that the Supervisory Board assesses the external auditor on an annual basis and regarding the possibility of proposing, to the General Meeting, the dismissal of the auditor on fair grounds.**

The action of the External Auditor has been assessed by all the Governing Bodies of TD,SA, and there have been any circumstances that could justify his dismissal on fair grounds.

The Board of Directors of TD,SA and the services under this board have assumed the commitment to ensure the existence of appropriate conditions for the provision of the services of the external auditor, within the company, since the Board of Directors and its services are placed directly within the operating structure of TD,SA, and ensure that they have the necessary physical means, information and documentation in order to provide the external auditor with the appropriate conditions for the performance of its duties.

The interlocutor and first receiver of the external auditor's reports is the Board of Directors, since, as was described above, this is the body which is placed directly within the company's operating structure, facilitating the communication and disclosure of information between the different bodies and entities, where under no circumstances has the independence of the auditor ever been hindered.

These procedures are, however, adjusted and coordinated with the Supervisory Board which, notwithstanding this, also receives, from the External Auditor and its team, all the information and details deemed necessary to perform its duties.

The remuneration of the external auditor is established by the Company's Remuneration Committee, under the terms stipulated in the Article of Association, as is the case for all the other governing bodies, and up to this date, no grounds have been found to suggest the interference of the Supervisory Board in this matter.

This model, implemented some years ago within the Teixeira Duarte Group, has proved to be appropriate to the good operation of the governing bodies and guaranteed transparency.



**Points II.25., II.26., II.27., II.28. and II.29. are not applicable to TD,SA because they refer to specific matters of the General and Supervisory Board, a body that does not exist in the corporate model adopted by the Company.**

## **Section IV – Remuneration**

### **II.30 Description of the policy of the remuneration of the management and supervisory bodies referred to in article 2 of Law number 28/2009, of 19 June.**

The Remuneration Committee of TD,SA issued the respective remuneration policy statement relative to the members of the Management and Supervisory Bodies, which was approved at the General Meeting of this company, held on 20 May 2011, with 99.9999% of the votes in favour and 0.0001% of the votes against, where the contents of this statement are reproduced below:

#### *I. SCOPE OF THE STATEMENT:*

*Pursuant to the adopted corporate model, the governing bodies of "Teixeira Duarte, S.A." are the Board of Directors, Supervisory Board and Chartered Accountants Firm.*

*The Board of Directors issued a statement clarifying that there are no other senior managers in the Company, in observance of number 3 of article 248-B of the Securities Market Code, that is, employees who, not being members of the management and supervisory bodies, have regular access to privileged information and participate in the decisions on business management and strategy.*

*Hence, the present statement covers only the identified Management and Supervisory Bodies.*

#### *II. INTRODUCTION:*

*Since, under a corporate restructuring process of the Teixeira Duarte Group, in 2010, "Teixeira Duarte, S.A." succeeded "Teixeira Duarte – Engenharia e Construções, S.A." as the leading company of the Group, the presentation of this document takes into account the historical reality and context of the subject experienced regarding this latter company over the years.*

*Moreover, the remuneration policy presented herein and its implementation under the terms described below should take into account the company's long term performance, compliance with the rules applicable to the company's activity and restraint on excessive risk-taking.*

*For all due effects, it is clarified that "Teixeira Duarte, S.A." did not take any remunerative policy or practice of other groups of companies as a comparative element for the establishment of remunerations.*

#### *III. BOARD OF DIRECTORS:*

*Regarding the Board of Directors, the Remuneration Committee determines the values of the fixed and variable component of their remunerations in accordance with guidelines which link them to the performance and results of the Company as a whole, as well as the overall activity of the management board, relative to the defined objectives, taking into account the conditions and values of the remunerations of the other employees of "Teixeira Duarte – Engenharia e Construções, S.A."*

*In this regard, it is important to emphasise that the remunerations of the directors of "Teixeira Duarte, A.A." are established taking into account the remuneration determined for them under the performance of duties in "Teixeira Duarte – Engenharia e Construções, S.A.," and in continuity and harmony with the remunerations of the employees of this latter company.*

*The variable sum is paid to each member of the Board of Directors as a supplementary remuneration and performance bonus, in the spirit of distribution of profit, whereby this component is not related to the evolution of the stock market prices of the Company's shares, but rather depends on the net income for the year, the development of corporate business and the performance of the respective duties by each member.*

*No Director is entitled to receive any variable component to his remuneration unless it is specifically attributed by the Remuneration Committee.*

*There is no plan of the possibility of the payment of the variable component taking place, totally or partially, after the calculation of the accounts for the years corresponding to the entire term of office.*

*There are no mechanisms limiting the variable remuneration, in the event of the net income showing an important deterioration in the company's performance in the last calculated year or when such is expected for the year in progress.*

*There is no system for the attribution of shares or rights to acquire options on shares or any other share incentive scheme.*

*In the overall remuneration of the members of the Board of Directors, no sum is paid in the form of profit-sharing.*

*The Directors of "Teixeira Duarte, S.A." do not receive any remuneration, of any nature, paid by companies that are in a controlling or group relationship with it, with the exception of "Teixeira Duarte – Engenharia e Construções, S.A.," which, during part of 2010, was still the leading company of the Teixeira Duarte Group.*

*There are no other relevant non-cash benefits, apart from those established by this Committee.*

*No sums have been paid, and nor are any payments foreseen, relative to the dismissal or termination of office through agreement of Directors.*

#### **IV. SUPERVISORY BOARD:**

*All the members of the Supervisory Board, under the current system established by the Commercial Companies Code, receive a fixed remuneration for the performance of the duties inherent to the respective positions, determined by this Remuneration Committee, and none received any other retribution from Teixeira Duarte or other company with which it was in a controlling or group relationship, in particular for any other services provided to these entities.*

*Likewise, and as referred to above on the Management Board, there is no scheme for the attribution of shares and/or rights to acquire options on shares and/or any other share incentive scheme, nor any sum paid under the form of profit-sharing, nor any other relevant non-cash benefits.*

#### **V. CHARTERED ACCOUNTANT:**

*The remuneration of the Chartered Accountants Firm is determined in accordance with the volume and quality of the services provided in the context of the duties entrusted under the terms of the Law and Articles of Association.*

*In the case of "Teixeira Duarte, S.A.," this supervisory body is responsible for conducting all the examinations and verifications required for the review and legal certification of the Company's accounts, for which an amount was established in the form of an annual overall value to be paid under the terms and within the periods of time defined with the Board of Directors in accordance with the sensitivity and monitoring of the business and activity of this Supervisory Body.*

*The same Chartered Accountants Firm also provides services, exclusively of the same nature, of legal review of accounts and auditing, to other entities integrated in the Teixeira Duarte Group, receiving from them the corresponding retributions, the overall value of which is disclosed in the Corporate Governance Report.*

*The Supervisory Board has played an increasingly more active role in the monitoring of the work of the Chartered Accountants Firm, and this Board*

should be consulted in order to issue an opinion on the establishment of the remunerations of this firm.

It is based on the remuneration policy presented above that this Committee specifically establishes the exact values of the remunerations of the members of the indicated management and supervisory bodies of the company, in accordance with the personal opinion of their members, expressed in a deliberation drawn up in minutes and whose content is then communicated to the Board of Directors for implementation, under the strict terms defined therein.

These values have been disclosed on an annual basis in the Corporate Governance Report to which reference is made for an assessment of the implementation of the Remuneration Policy relative to the governing bodies of Teixeira Duarte.

As was the case last year, the Remuneration Committee of TD,SA will submit, for the assessment of the General Meeting of 2012, a statement on the policy of remuneration of the senior managers of the Company.

### **II.31 Indication of the annual value of the remuneration received individually by the members of the management and supervisory bodies of the company, including fixed and variable remuneration and, relative to the latter, mention of its different components, the portion deferred and portion already paid.**

Up to the elections held at the General Meeting of 20 May 2011, all of the then seven members of the Board of Directors of TD,SA received their remunerations merely for the same positions held in TD-EC, formerly the leading listed company of the Group.

As of 1 June 2011, inclusively, the then nine members of the Board of Directors of TD,SA began to receive their remuneration, as well as the "performance bonus", through this company.

In view of the above, the table below indicates the remunerations received by all who, during 2011, held positions in the Board of Directors of TD,SA, dividing the sums received by them between TD-EC and TD,SA, although only linked to the period when they performed duties as members of the Board of Directors of TD,SA.

During 2011, the remunerations, in a broad sense, received individually by the members of this board, were as follows:

Board of Directors	Fixed Remuneration			Variable Remuneration (a)			Total Remuneration		
	TD,SA	TD-EC	Total	TD,SA	TD-EC	Total	TD,SA	TD-EC	Total
Mr. Pedro Maria Calainho Teixeira Duarte	90,000.00	50,000.00	140,000.00	240,000.00	0.00	240,000.00	330,000.00	50,000.00	380,000.00
Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte	88,200.00	49,000.00	137,200.00	83,518.22	7,701.74	91,219.96	171,718.22	56,701.74	228,419.96
Mr. Joel Vaz Viana de Lemos	88,200.00	49,000.00	137,200.00	91,512.90	1,051.65	92,564.55	179,712.90	50,051.65	229,764.55
Mr. Carlos Gomes Baptista	88,200.00	49,000.00	137,200.00	96,834.73	7,431.55	104,266.28	185,034.73	56,431.55	241,466.28
Mr. Diogo Bebiano Branco de Sá Viana Rebelo (b) (c)	88,200.00	0.00	88,200.00	15,563.92	0.00	15,563.92	103,763.92	0.00	103,763.92
Mr. Jorge Ricardo Figueiredo Catarino (d)	0.00	49,000.00	49,000.00	80,000.00	13,322.91	93,322.91	80,000.00	62,322.91	142,322.91
Mr. João José de Gouveia Capelão (d)	0.00	49,000.00	49,000.00	80,000.00	1,254.60	81,254.60	80,000.00	50,254.60	130,254.60
Mr. João José do Carmo Delgado (d)	0.00	49,000.00	49,000.00	64,000.00	18,463.12	82,463.12	64,000.00	67,463.12	131,463.12
	<b>442,800.00</b>	<b>344,000.00</b>	<b>786,800.00</b>	<b>751,429.77</b>	<b>49,225.57</b>	<b>800,655.34</b>	<b>1,194,229.77</b>	<b>393,225.57</b>	<b>1,587,455.34</b>

(a) The variable remuneration indicated herein includes payment of bonuses and compensation for travel

(b) Director of TD,SA only as of 20 May 2011

(c) The Director Mr. Diogo Rebelo was attributed a bonus of 70,000 euros while still an employee of the Senior Management of TD-EC, that is, before his election to the Management of TD,SA

(d) Director of TD,SA only up to 20 May 2011

During 2011, no pension rights were acquired.

Regarding the variable component of the remuneration, it should be noted that the total amount attributed to each member of the Board of Directors included the sum indicated above in the preceding table increased by the amounts indicated in the following table, whose payments were deferred to July 2014 and "conditional to the positive performance of the Company over the financial years of 2011 to 2013":

Board of Directors	Variable Remuneration (Bonuses)		
	Paid 2012	Deferred	Total
Mr. Pedro Maria Calainho Teixeira Duarte	240,000.00	241,000.00	481,000.00
Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte	80,000.00	82,000.00	162,000.00
Mr. Joel Vaz Viana de Lemos	90,000.00	92,000.00	182,000.00
Mr. Carlos Gomes Baptista	90,000.00	92,000.00	182,000.00
Mr. Jorge Ricardo Figueiredo Catarino	80,000.00	82,000.00	162,000.00
Mr. João José de Gouveia Capelão	80,000.00	82,000.00	162,000.00
Mr. João José do Carmo Delgado	64,000.00	65,000.00	129,000.00
	<b>724,000.00</b>	<b>736,000.00</b>	<b>1,460,000.00</b>

All the members of the Supervisory Board receive, under the current system established in the Commercial Companies Code, and as determined by the Remuneration Committee, fixed remunerations for the performance of the duties inherent to the respective positions.

Up to May 2011 (inclusively), the members of the Supervisory Board of TD,SA received their remuneration as holders of the same positions in TD-EC, formerly the leading listed company of the Group, and it was only as of June of this year that began to receive remuneration directly for the positions held at TD,SA, no longer, inclusively, being members of any governing body of TD-EC, whose corporate model was simplified at the General Meeting, also on 20 May of this year.

Thus, during 2011, the remunerations received by the members of the Supervisory Board of TD,SA were distributed as follows:

Supervisory Board	Fixed Remuneration			Variable Remuneration			Total Remuneration		
	TD,SA	TD-EC	Total	TD,SA	TD-EC	Total	TD,SA	TD-EC	Total
Mr. António Gonçalves Monteiro	26,250.00	3,750.00	30,000.00	0.00	0.00	0.00	26,250.00	3,750.00	30,000.00
Mr. Mateus Moreira	15,750.00	2,250.00	18,000.00	0.00	0.00	0.00	15,750.00	2,250.00	18,000.00
Mr. Miguel Carmo Pereira Coutinho	15,750.00	2,250.00	18,000.00	0.00	0.00	0.00	15,750.00	2,250.00	18,000.00
	<b>57,750.00</b>	<b>8,250.00</b>	<b>66,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>57,750.00</b>	<b>8,250.00</b>	<b>66,000.00</b>

Due to the fact that during part of 2010, TD-EC was still the leading listed company of the Teixeira Duarte Group, the abovementioned members of the Supervisory Board of TD,SA received from the former company while also being members of the Supervisory Board of the latter, fixed remunerations for the performance of the duties inherent to the respective positions, determined by the Remuneration Committee of TD-EC, which during that year were identical to those of TD,SA, that is:

The total value paid to the Chartered Accountants Firm "MARIQUITO, CORREIA & ASSOCIADOS – SROC" was:

	Remuneration
Services of legal accounts review for the Group	274,000.00
Other guarantee and reliability services	
Tax consulting services	
Services other than accounts legal review services	
	<b>274,000.00</b>

All the values listed above were paid during 2011, therefore there are no portions whose payment is deferred over time.

**II.32 Information on how the remuneration is structured so as to permit the alignment of the interests of the members of the management board with the long-term interests of the company, as well as on how it is based on the assessment of performance and discourages excessive risk taking.**

In addition to the obligations inherent to the performance of the actual duties, the remuneration of the Directors also, complementarily, acts to meet the alignment of their interests with those of the Company. Indeed, the remuneration is determined by this Committee elected at the General Meeting, which establishes these values in accordance with guidelines linking the performance and results of the Company as a whole, as well as the overall activity of the management board, compared with the defined objectives, taking into account the conditions and values of the remunerations of the other employees of the Company.

On this issue, the points noted above should be recalled, regarding the variable component of the remuneration of the directors, where the total amount attributed to each director included a sum above 50% whose payments were deferred to July 2014 and "conditional to the positive performance of the Company over the financial years of 2011 to 2013":

**II.33 Regarding the remuneration of the executive Directors:****Reference to the fact that the remuneration of the executive Directors includes a variable component and information on how this component depends on the assessment of performance.**

The payment of the Directors includes a variable component, which is unrelated to the evolution of the stock market prices of the Company's shares, but rather, dependant on the net income for the year and development of corporate business.

In spite of the point made above (II.32.) on the deferral of the payment of part of the variable component attributed by the Remuneration Committee, it is important to note that no Director is entitled to any right to the variable component of his remuneration until a specific allocation is made by the Remuneration Committee, under the terms and on the grounds established by this committee.

**Indication of the governing bodies which are competent to carry out the assessment of the performance of the executive Directors.**

The competent body for the assessment of the performance of the Company's Directors, all of whom are executive, is the General Meeting, which, under the terms of number 1 of article 376 of the Commercial Companies Code, carries out an annual general assessment of the management and supervision of the Company.

Moreover, the Remuneration Committee assesses the activity developed by each Director for the purpose of establishing the respective remuneration.

**Indication of the predetermined criteria for the assessment of the performance of the executive Directors.**

There are no predetermined criteria for the assessment of the performance of the Executive Directors. Indeed, all the Directors are assessed in accordance with their respective performance during the year, based on fixed and achievable objectives, the Company's net income and various other parameters which, due to their diversity and variation over the years, are not to be considered exhaustive but rather adaptable to the circumstances of each period and each specific situation.

Even so and relative to the variable component of the remuneration of the members of the Board of Directors, their payments in July 2014 have remained "conditional to the positive performance of the Company over the financial years of 2011 to 2013".

**Detailed explanation of the relative importance of the variable and fixed components of the remuneration of the Directors and indication of the ceilings for each component.**

In 2011, the total value of the variable remunerations paid represented 48.96% of the total value received.

As noted in a), the variable component of the remuneration of Director depends on the net income for the year and the development of corporate business. Therefore, there is no ceiling for each component, but rather an attribution in conformity with the parameters identified above and the assessment of the performance and execution of the respective duties by each Director.

**Indication of the deferral of the payment of the variable component of the remuneration, mentioning the period of deferral.**

The payments of the sums of the variable component indicated above in table 2 were deferred to July 2014 and are "conditional to the positive performance of the Company over the financial years of 2011 to 2013".

**Explanation on how the payment of the variable remuneration is subject to the continuation of the positive performance of the company over the period of deferral.**

The payments of the sums of the variable component indicated above in table 2 were deferred to July 2014 and are "conditional to the positive performance of the Company over the financial years of 2011 to 2013".

It should be noted that the payment of the variable component of the remuneration of the members of the Board of Directors has been intrinsically dependent on the net income for the year and development of corporate business. In this regard, it is important to remember that the Directors of TD,SA are "in-house people" and have been an integral part of the business for dozens of years, and that their remunerations are placed in the context of a general plan covering all employees. They are not managers by trade who are there for merely circumstantial reasons or personal interests of the shareholders.

**Sufficient information on the criteria underlying the attribution of variable remuneration in shares as well as on the holding, by the executive directors, of the shares to which the company has accessed, on any signing of contracts relative to these shares, namely, hedging or risk transfer contracts, the respective limit, and their relation to the value of the annual total remuneration;**

Not applicable. The variable retribution is not attributed in shares and no contracts have been signed with the characteristics described above.

**Sufficient information on the criteria underlying the attribution of variable remuneration in options and indication of the deferral period and price for exercise of the option.**

Not applicable. The variable retribution is not attributed through options.

**Identification of the main parameters and grounds of any system of annual bonuses and any other non-cash benefits.**

As noted above, the Remuneration Committee takes into consideration, apart from the performance of the Directors, the net income of the Company as a whole, as well as the overall activity of the management board, compared with the defined objectives, taking into account the conditions and values of the remunerations of the other employees of the Company.

Furthermore, no relevant non-cash benefits were attributed to the Directors of the Company.

**Remuneration paid in the form of profit-sharing and/or payment of bonuses and the reasons for the award of such bonuses and/or profit-sharing.**

In the overall remuneration of the members of the Board of Directors, no sum is paid in the form of profit-sharing.

The members of the Board of Directors are paid a sum as a performance bonus and the distribution of profit, as deliberated by the Remuneration Committee.

**Compensation paid or owed to former executive Directors relative to their termination of office during the financial year.**

No compensation has been paid, or is owed, to any former executive Directors relative to their termination of office during the financial year. Furthermore, it should be noted that the Directors who terminated office during 2011 were not paid any compensation, nor is anything owed in that regard.

**Reference to the contractual limit established for the compensation payable for the unfair dismissal of a Director and its relationship with the variable component of the remuneration.**

There is no contractual limit established for the compensation payable for the unfair dismissal of a member of the Board of Directors, considering, firstly, that no contract was signed for the performance of the duties of the position of Director, nor is any agreement signed on any possible compensation payable for fair or unfair dismissal. The existence of a contractual limit under the terms referred to above would be incoherent, in view of the characteristics of the existing relationship between the Company and the members of its Management board.

The same applies to the existence of appropriate legal instruments so that the compensation established for any form of unfair dismissal is not paid if the dismissal or termination by agreement is due to the inadequate performance of the Director.

**Amounts paid, for any reason, by other companies in a controlling or group relationship.**

As described above (see II.31), up to May 2011, none of the then seven Directors of TD,SA received remuneration for the positions held in this company, but rather as members of the Board of Directors of TD-EC.

However, they receive no remuneration, of any nature, paid by companies that are in a controlling or group relationship with either TD,SA or TD-EC.

**Description of the main characteristics of supplementary pension or early retirement schemes for Directors, indicating if they were, or not, subject to the assessment of the General Meeting.**

Regarding any retired former Directors, it should be mentioned that the Remuneration Committee is responsible for establishing all the amounts paid in this context, under all circumstances.

As to the attribution of supplementary pension schemes, the actual Articles of Association establish, in article 22, transcribed below, the terms and criteria on which the Remuneration Committee should base the establishment of such amounts:

*ARTICLE TWENTY-TWO*

*ONE - When people who have performed duties as Directors cease to hold office, the Company may grant them a retirement pension for life, whenever they meet one of the following requirements:*

a) *Have held that position in this Company for over ten years, counting, for the effect, the years of service under the same position at TEIXEIRA DUARTE - Engenharia e Construções, S.A.;*

b) *Have provided, even with a shorter period of holding this position, a total of over twenty-five years of service to this Company, counting, for the effect, the years of service at TEIXEIRA DUARTE - Engenharia e Construções, S.A.;*

*TWO - The value of this pension will be determined taking into consideration the time or relevance of the services provided and the situation of the beneficiary, and should be reviewed on an annual basis but can never be greater than the highest remuneration received any given time by the permanent Directors.*

*THREE - Through delegation of the General Meeting, hereby established, the Remuneration Committee referred to in Article Eleven will be responsible for the assessment of the cases submitted to it and establishing the values and other procedures for the award of pensions.*

**Estimate of the value of any relevant non-cash benefits considered as remuneration not covered in the previous situations.**

There are no other relevant non-cash benefits, apart from those established by this Committee and listed above.

**Existence of mechanisms preventing Directors from signing contracts which place in question the underlying rationale of the variable remuneration.**

There are no mechanisms of this type, in view of the relationship between the Company and its Directors and the absence of any contractual binding that might place in question the underlying rationale of the variable remuneration, beyond the fact that this component of the remuneration is not attributed based on predetermined criteria, as described above.

**II.34 Reference to the fact that the remuneration of the non-executive Directors of the management board does not include variable components.**

Not applicable, considering that there are no non-executive Directors.

**II.35 Information on the policy on the communication of irregular practices adopted by the company (means of communication, persons with legitimacy to receive the communications, treatment to be made of the communications and indication of the persons and bodies with access to the information and respective intervention in the procedure)**

Regarding the policy of communication of irregularities which have allegedly occurred, the Company encourages its employees to provide information, through the means they deem convenient – direct contact, written document, e-mail or telephone – to the respective hierarchies of any detected irregularities. The persons with legitimacy to receive these communications are the respective hierarchical senior staff.

Whenever deemed appropriate to the correct establishment of the facts and responsibilities inherent to their practice, the corresponding proceedings or enquiries are initiated, also safeguarding the necessary confidentiality of the communication when requested by the declarant or deemed convenient by the receiver, without prejudice to this not being followed if the persecution is revealed to be of no value to the organisation.

The proceedings are monitored by the person responsible for the department where the alleged irregularity has occurred, by people who are not involved in these situations and, if appropriate, by lawyers and the Central Department for Human Resources and Administrative Service.



The proceedings are subject to the decision of the hierarchies involved, which shall be reported to the Board of Directors and any other entities to which it is mandatory that this communication must be provided.

In addition to the abovementioned rules and especially from the point of view of the other *stakeholders*, an Investor Support Office is also available for the reporting of any possible irregularities, and likewise the Company's supervisory bodies, that is, the Supervisory Board and the Chartered Accountants Firm.

## SECTION V – SPECIALISED COMMITTEES

### **II.36 Identification of the members of the committees constituted for the effects of the assessment of the individual and overall performance of the executive Directors, reflection on the system of governance adopted by the company and identification of potential candidates with the profile for the position of Director.**

As described in II.2, as a result of the organisational model and the different governing bodies, it was not considered appropriate to create any committees for the effect of the assessment of the individual and overall performance of the executive Directors, reflection on the system of governance adopted by the company and identification of potential candidates with the profile for the position of Director.

### **II.37 Number of meetings of the committees constituted with competence in management and supervisory matters during the financial year in question, and reference to the drawing up of the minutes of these meetings.**

Not applicable (see II.2 and II.36).

### **II.38 Reference to the fact of a member of the remuneration committee having knowledge and experience on matters of remuneration policy.**

Currently, the Remuneration Committee is composed of the following persons, elected at the General Meeting of 20 May 2011, to perform duties during the term of office 2011/2014:

Mr. Pedro Maria Calainho Teixeira Duarte

Mr. António Carlos Calainho de Azevedo Teixeira Duarte

Mr. Maria da Conceição Maia Teixeira Duarte

Mr. Pedro Maria Calainho Teixeira Duarte is not considered independent in relation to the members of the Board of Directors, since he is also the Chairman of this management body.

Since TD,SA is controlled by companies owned by members of the Teixeira Duarte family, it is naturally not recommended that any of them should be part of the Remuneration Committee. Traditionally and during decades, this has been the practice and always in conformity with the current rules and recommendations on the remuneration of the members of the Management Board established by the CMVM, therefore there is no reason to change this.

It is important to stress that this is a Company which, following the example of the former holding of the Group (TD-EC), with its own specific way of acting, its distinctive business image, has adopted a very particular way of being, a healthy management policy, that, amongst the public and market has been recognised as such.

Mr. Pedro Maria Calainho Teixeira Duarte and Mr. António Carlos Calainho de Azevedo Teixeira Duarte have knowledge and experience on matters of remuneration policy, taking into account that they performed these duties for several years in other companies.

Whenever a meeting of the Remuneration Committee is held, minutes are drawn up which are then transcribed to the corresponding Book and filed in the Company's vaults.

All the members of the Remuneration Committee were present at the only General Meeting of TD,SA during 2011, held on 20 May 2011.

**II.39 Reference to the independence of the natural or legal persons contracted by the Remuneration Committee through a work or service contract relative to the board of directors as well as, when applicable, to the fact that these persons are currently connected to a consultant of the company.**

No natural or legal persons were contracted for the Remuneration Committee or to support the Remuneration Committee in the performance of its duties.

### CHAPTER III

#### Information and Audits

Always guided by a philosophy of sobriety, accuracy and honesty, the Company discloses to the public, in a complete, true, current, clear, objective and licit manner, within the periods of time and through the established means of disclosure, not only all the facts defined legally as capable of being disclosed, namely those falling under the scope of "privileged information", in accordance with the definition presented in article 248 of the Securities Market Code, as well as all the financial information and relative to the activity under the terms determined by the rules in force, both at an individual and consolidated level.

In addition to the Investor Support Office referred to below, all the shareholders have access, under the terms and within the legal periods of time, the accounts and other preparatory information enabling them to participate, duly qualified, in the work of the General Meetings of the Company.

Pursuant to the provisions in article 4 of CMVM Regulation number 1/2010, TD,SA has its own website, with the domain [www.teixeiraduarte.pt](http://www.teixeiraduarte.pt), presenting the information defined in this Regulation, that is:

- a) The corporate name, capacity of public company, head office, Commercial Register where the Company is registered and its collective person identification number;
- b) Articles of Association;
- c) Identity of the members of the Governing Bodies and Representative for Market Relations;

- d) Investor Support Office, respective duties and contacts;
- e) Documents presenting the accounts;
- f) Six-monthly calendar of corporate events, disclosed in the beginning of each semester, including, amongst others, General Meetings, disclosure of the annual, six-monthly and quarterly accounts;
- g) Proposals presented for discussion and voting at the General Meeting, during the 15 prior to the date of the General Meeting;
- h) Call notices for the General Meeting, during, at least, the 21 prior to the date of the General Meeting.

For the effect of the applicable recommendations, the elements described above are also provided in English.

### **III.1 Structure of the share capital, including indication of non-tradable shares, different categories of shares, their inherent rights and duties and percentage of share capital that each category represents.**

The share representing the share capital have the nominal value of 1.00 euro, all in book entry form, nominative and listed for trading on regulated markets. The shares belong to a single category and there are no shares with special rights or duties.

### **III.2 Qualifying holdings in the share capital of the issuer, calculated under the terms of article 20 of the Securities Market Code.**

As at 31 December 2011, the qualifying holdings, calculated under the terms of article 20 of the Securities Market Code, were as follows:

- TEIXEIRA DUARTE – Sociedade Gestora de Participações Sociais, S.A. was imputed a total holding of 220,899,484 shares, corresponding to 52.60% of the share capital and voting rights, which includes the qualifying holding held by it directly (47.13%).
- Banco Comercial Português, S.A. was imputed a total holding of 42,049,716 shares, corresponding to 10.01% of the share capital and voting rights, including the qualifying holding owned by the Pensions Fund of the Banco Comercial Português Group (9.99%);
- Mr. Miguel Calainho de Azevedo Teixeira Duarte was imputed a total holding of 32,259,851 shares, corresponding to 7.68% of the share capital and voting rights, including the qualifying holding held by the company controlled indirectly by him, CIMILE – Sociedade Gestora de Participações Sociais, S.A. (7.66%).

### **III.3 Identification of shareholders with special rights and the description of these rights.**

There are no shareholders with special rights.

### **III.4 Any restrictions to the transferability of shares, such as clauses of consent for disposal or limits to the ownership of shares.**

There are no restrictions to the transferability of shares, namely clauses of consent for disposal or limits to the ownership of shares.

**III.5. Shareholders' agreements that are known to the company and might lead to restrictions on matters of the transfer of securities or voting rights.**

As far as the Company knows, there are no agreements between shareholders, namely those which might lead to restrictions on matters relative to the transfer of securities or voting rights.

**III.6 Rules applicable to the alteration of the articles of association.**

There are no specific rules for any alterations to the Articles of Association, with the general rules established in the Commercial Companies Code being applicable, in particular the provisions in articles 85, 383, number 2 and 386.

**III.7 Control mechanisms established for any system of participation of the workers in the share capital to the extent that voting rights are not exercised directly by them.**

There is no system of participation of the workers in the share capital, therefore there is no justification for the existence of control mechanisms to the extent that the voting rights are not exercised directly by them.

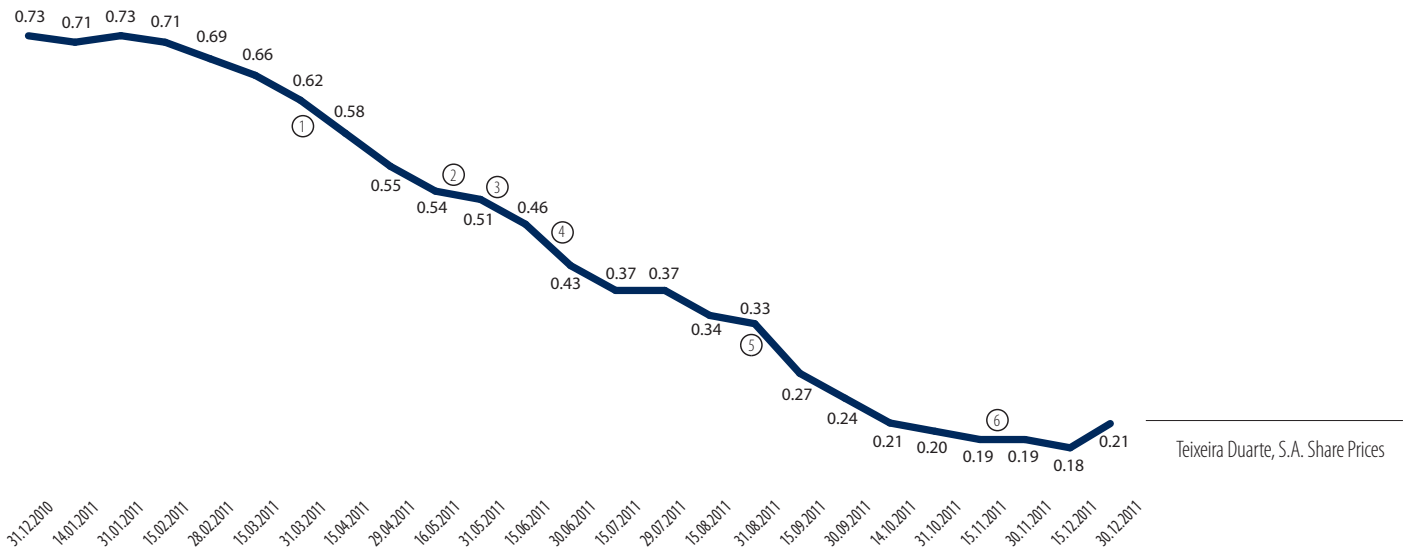
**III.8 Description of the evolution of the stock market prices of the shares of the issuer, taking into account, namely:**

- a) The issue of shares or other securities extending entitlement to the subscription or acquisition of shares**
- b) The announcement of results;**
- c) The payment of dividends made by category of shares, indicating the net value per share.**

During 2011, the share price devalued by 71.23%, falling from 0.73 euros as at 31 December 2010, to 0.21 euros as at 31 December 2011.

Regarding liquidity and turnover during this year, 17,018,120 shares were traded on the stock market, with a total turnover of 7,463,028 euros.

The graph below shows the evolution of the stock market share prices during 2011.



Teixeira Duarte, S.A. Share Prices

1 - Results relative to the financial year of 2010 - 31<sup>st</sup> March 2011 | 2 - Approval of the Annual Report and Accounts for financial year of 2011 - 20<sup>th</sup> May 2011 | 3 - Announcement of payment of dividends - 6<sup>th</sup> June 2011  
 4 - Activity, results and economic and financial situation in the 1<sup>st</sup> Quarter 2011 - 26<sup>th</sup> May 2011 | 5 - Results for the 1<sup>st</sup> half of 2011 and outlook for the end of the financial year - 30<sup>th</sup> August 2011  
 6 - Activity, results and economic and financial situation in the 3<sup>rd</sup> Quarter 2011 - 25<sup>th</sup> November 2011

As at 31 December 2011 share price was 0.21 euros and, on today's date, 26 April 2012, it is 0.21 euros.

### III.9 Description of the policy on the distribution of dividends adopted by the company, identifying, namely, the value of the dividend per share distributed over the last three financial years.

The Company's policy is to prioritise the reinforcement of the company's equity, while at the same time ensuring a continued and balanced distribution of dividends.

Since the Company was incorporate on 30 November 2009, in that year no dividend was distributed.

In 2010, the net value of the dividend per share that was distributed was 0.01 euros per share.

In 2011, the net value of the dividend per share that was distributed was 0.015 euros per share.

For 2012 and since the company calculated negative net income, the Board of Directors proposed its full transfer to retained earnings, implying that no dividend will be distributed.

### III.10 Description of the main characteristics of the plans to attribute shares and of the plans to attribute share purchase options which have been adopted or were in force during the financial year in question, namely, justification for the adoption of the plan, category and number of beneficiaries of the plan, conditions of attribution, clauses on the inability to dispose of shares, criteria relative to the price of the shares and agreed price for the exercise of options, period during which the options can be exercised, characteristics of the shares to be attributed, existence of incentives for the acquisition of shares and/or exercise of options and competence of the management board to implement or modify the plan

**Indication:**

**The number of shares required for the exercise of the attributed options and of the number of shares required for the exercise of options which can be exercised, with reference to the beginning and end of the year;**

**The number of options attributed, able to be exercised and extinguished during the year:**

**The assessment at the general meeting of the characteristics of the plans which were adopted or were in force during the financial year in question.**

As described in I.17, there are no plans relative to the attribution of shares or attribution of options for the acquisition of shares. Some years ago, and in relation to TD-EC, depending on the circumstances and economic environment, there were reference shareholders who provided a certain number of shares to be assigned to the staff members of this Company with defined periods of time and at specified prices. However, regarding TD,SA and relative to the year under consideration, there were no such operations.

**III.11 Description of the main elements of the businesses and operations carried out between, on the one hand, the company and, on the other hand, members of its management and supervisory bodies or companies in a controlling or group relationship with it, provided that they are significant in economic terms for any of the parties involved, except with respect to businesses or operations which, cumulatively, are carried out under normal market conditions for similar operations and are part of the current activity of the company.**

No businesses or operations with the characteristics described above were undertaken.

**III.12 Description of the fundamental elements of the businesses and operations carried out between the company and owners of qualifying holdings or entities that are in any relationship with it, under the terms of article 20 of the Securities Market Code, outside of normal market conditions.**

No businesses or operations with the characteristics described above were undertaken.

**III.13 Description of the procedures and criteria applicable to the intervention of the supervisory body for the effects of the prior assessment of transactions to be carried out between the company and owners of the qualifying holdings or entities which are in any relationship with it, under the terms of article 20 of the Securities Market Code.**

There are no procedures and criteria under the terms mentioned above since the type of operations carried out between the Company and owners of qualifying holdings are of a current character and for the performance of the activity, namely for financing by Banco Comercial Português, S.A., which is considered to be a matter of the exclusive responsibility and competence of the Board of Directors and which, naturally, concerns operations carried out under normal market conditions, whereby it is deemed inappropriate to subject these transactions to the prior opinion of the supervisory bodies.

**III.14 Description of the statistics (number, average value and maximum value) relative to the transactions subject to the prior intervention of the supervisory body.**

As described in the previous point, there are no transactions subject to the prior intervention of the supervisory body.

**III.15 Indication of the provision, on the company's website, of the annual reports on the activity developed by the general and supervisory board, financial matters committee, audit committee and supervisory board, including indication of any constraints encountered, together with the documents presenting the accounts.**

Under the terms and for the effect of the CMVM Recommendations on this matter, and as described above in II.4, the Annual Reports on the activity developed by the Supervisory Board, including the description of the supervisory activity developed and referring to any constraints encountered, have been disclosed every year on the Company's website, together with the documents presenting the accounts, always in observance of the rules and periods of time established in the Law and other applicable regulations.

**III.16 Reference to the existence of an Investor Support Office or other similar service, indicating:**

**a) Duties of the Office;**

**b) Type of information provided by the Office;**

**c) Means of access to the Office;**

**d) The company's website;**

**e) Identification of the representative for market relations.**

In order to reinforce the policy of disclosure of information referred to above, with a view to ensuring strict compliance with the principle of equality among shareholders and for the purpose of preventing any asymmetries in access to information on the part of investors, the Company has an Investor Support Office, which operates directly under Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte, Director with this area of responsibility, also integrating Mr. José Pedro Cobra Ferreira, Representative for Market Relations, duly registered at the CMVM.

All the information required by investors and available under the rules, regulations and other applicable directives is provided by this Office and may be accessed through the following means of communication:

Address: Lagoas Park, Edifício Dois, 2740-265, Porto Salvo, Oeiras  
Tel: + 351 217 912 415  
Fax.: + 351 217 912 421  
E-mail: [representantemercado@teixeiraduarte.pt](mailto:representantemercado@teixeiraduarte.pt)

**III.17 Indication of the value of the annual remuneration paid to the auditor and to other natural or legal persons belonging to the same network supported by the company or by legal persons in a controlling or group, as well as details of the percentage relative to the following services:**

- a) **Legal review of accounts services;**
- b) **Other guarantee and reliability services;**
- c) **Tax consulting services;**
- d) **Services other than the legal review of accounts.**

**If the auditor provides any of the services described in subparagraphs c) and d), a description should be made of the means to safeguard the independence of the auditor.**

**(For the effect of this information, the concept of network is as defined in European Commission Recommendation number C (2002) 1873, of 16 May.)**

The External Auditor should, under its competences, verify the application of the remuneration policies and systems, the effectiveness and operation of the internal control mechanisms and report any flaws to the company's supervisory board, pursuant to the provisions in CMVM Recommendation number III.1.4.

It should also be noted that neither the External Auditor, nor any other entities in a holding relationship or which are part of the same network, provide TD,SA any services other than audit services.

The retribution of the Chartered Accountants Firm is determined in accordance with the volume and quality of the services provided in the context of the duties entrusted under the terms of the Law and Articles of Association.

For the specific purposes of the applicable rules, we disclose that, during the year that has now ended, the auditor "MARIQUITO, CORREIA & ASSOCIADOS, SROC" and other natural and legal persons belonging to the same network supported by the Company and/or by legal persons in a controlling or group relationship, were paid the total value of 274,000 euros, relative to the only services provided, that is, Legal Review of Accounts and Audit services.

### **III.18 Reference to the rotation period of the External Auditor.**

The External Auditor was elected at the Annual General Meeting of 2011 to perform duties during the four-year period 2014/2010. Although the Chartered Accountants Firm MARIQUITO, CORREIA & ASSOCIADOS, SROC had performed the duties inherent to the position of Permanent Statutory Auditor of various companies of the Teixeira Duarte Group, namely at TD-EC, the truth is that such circumstances in no way affect its independence in the performance of the respective duties.

The issue of the rotation of the external auditor is irrelevant since the external auditor is currently performing its first term of office.





