



**CORPORATE  
GOVERNANCE REPORT**

**2016**



Cover: Hercílio Luz Bridge | Florianópolis | Brazil

# Corporate Governance Report **2016**



Having started its activity in **1921**, Teixeira Duarte currently leads a major Economic Group with over **10,000 employees**, who work in **18 countries**, in **6 activity sectors**, achieving an annual turnover of over **1,100 million euros**.

Based on its structural **Values**: Ingenuity, Truth and Commitment, Teixeira Duarte has accomplished its **Mission**: **Execute, contributing towards the construction of a better world.**

Its foundational reference as an Engineering Establishment characterises Teixeira Duarte's action in **all its Areas of Construction** from Geotechnics and Rehabilitation, to Buildings, Infrastructures, Metalworking, Underground Works, Railway Works and Maritime Works.

The sustained growth in Construction over decades has enabled the Group to progressively develop **other Activity Sectors** due to the business opportunities it has encountered and knowingly fostered since the 1970s, such as Concessions and Services (since 1984), Real Estate (since 1973), Hospitality (since 1992), Distribution (since 1996), Energy (since 1996) and Automotive (since 1991). Although in 2016 it still operated in the Energy sector - where it had operated since 1996 - Teixeira Duarte divested its stake in the entity through which it maintained its activity in this sector in the first quarter of 2017.

**With a consolidated process of internationalisation**, Teixeira Duarte has long operated in other markets which are nowadays still important in its operations, such as Venezuela (since 1978), Angola (since 1979), Mozambique (since 1982), Spain (since 2003), Algeria (since 2005) and Brazil (since 2006), currently also added by France, Belgium, United Kingdom, United States of America, Colombia, Peru, Morocco, South Africa, China, Qatar and Dubai.

"**Teixeira Duarte, S.A.**" is a publicly held company, with head office at "Lagoas Park", Edifício 2, 2740-265 Porto Salvo, in Oeiras, with fully underwritten and paid-up share capital of €210,000,000.00, with sole legal person and registration number at Cascais Commercial Register 509.234.526. It is the **leading company** of an Economic Group that has been **listed on Euronext Lisbon** since 1998, whose **majority shareholder base is the Teixeira Duarte family**.

# Contents

<b>GOVERNING BODIES</b>	4
<b>TEIXEIRA DUARTE ORGANISATIONAL CHART</b>	6
<b>TEIXEIRA DUARTE GROUP 2016</b>	8
<b>CORPORATE GOVERNANCE REPORT 2016</b>	11
<b>PART I - INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE</b>	12
<b>A. SHAREHOLDER STRUCTURE</b>	12
<b>B. GOVERNING BODIES, COMMITTEES AND COMMISSIONS</b>	17
<b>C. INTERNAL ORGANISATION</b>	45
<b>D. REMUNERATIONS</b>	54
<b>E. TRANSACTIONS WITH RELATED PARTIES</b>	65
<b>PART II - ASSESSMENT OF CORPORATE GOVERNANCE</b>	67

# Teixeira Duarte, S.A.

## **BOARD OF THE GENERAL MEETING**

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
	Mr. Jorge Ricardo de Figueiredo Catarino

## **SUPERVISORY BOARD**

Chairman	Mr. Óscar Manuel Machado de Figueiredo
Members	Mr. Mateus Moreira
	Mr. Miguel Carmo Pereira Coutinho
Alternate	Mr. Rui Pedro Ferreira de Almeida

## **STATUTORY AUDITOR**

Moore Stephens & Associados, SROC, S.A.  
Chartered Accountants Firm, represented by  
Mr. António Golçalves Monteiro - 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**

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

## **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. João José de Gouveia Capelão
	Mr. Fernando Paulo Baptista Gomes de Araújo
	Mr. Pedro Miguel Pinho Plácido
	Mr. Rogério Esteves da Fonseca
	Mr. Fernando Frias Correia

## **STATUTORY AUDITOR**

Permanent	Moore Stephens & Associados, SROC, S.A. Chartered Accountants Firm, represented by Mr. António Gonçalves Monteiro - ROC
Alternate	Mrs. Ana Patrícia Correia Monteiro - ROC

## **COMPANY SECRETARY**

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

## BOARD OF DIRECTORS

### Adviser to the Board of Directors

Mr. António Costeira Faustino

### Markets

Portugal

Brazil

Angola

▪ **Delegation**  
Mr. Diogo Rebelo  
Mr. Manuel Lopes

Algeria

▪ **Delegation**  
Mr. Ricardo Acabado

Spain

▪ **Delegation**  
Mr. António Carlos Teixeira Duarte

Mozambique

▪ **Delegation**  
Mr. Carlos Timóteo

Venezuela

▪ **Delegation**  
Mr. Luís Alves

South Africa

Belgium

China

Colombia

United Arab Emirates

United States of America

France

Morocco

Peru

Qatar

United Kingdom

### Corporate Centre

#### Central Offices

##### Legal

Mrs. Maria António Ambrósio

##### Human Resources

Mrs. Isabel Amador

##### Information Technology

Mr. José Gaspar

##### Finance and Accounting

Mr. Martins Rovisco  
Mr. Sérgio Castro

#### Corporate Services

##### Corporate Secretariat

Mr. José Pedro Cobra Ferreira

##### Accounts Consolidation

Mr. Alexandre de Jesus

##### Internal Audit

Mr. Mário Ferreira Faria

### Activity Sectors

#### Construction

##### Areas of Operation

##### Geotechnics and Rehabilitation

Mr. Magalhães Gonçalves

##### – Exploration Centres –

Mr. Hélder Matos  
Mr. João Pedro Lopes  
Mr. Duarte Nobre  
Mr. António Diniz

##### – Direction of Projects –

Mr. Baldomiro Xavier

##### Buildings

##### – Exploration Centres –

Mr. Pedro Costa  
Mr. Fernando Martins  
Mr. Luís Santos  
Mr. Luís Mendonça  
Mr. Carlos Guedes

##### – Direction of Studies –

Mr. Garcia Fernandes  
Mr. Pedro Nunes

##### Infrastructures

##### – Exploration Centres –

Mr. Sampayo Ramos  
Mr. Rosa Saraiva  
Mr. Correia Leal  
Mr. Júlio Filho  
Mr. Amílcar Teresinho

##### – Direction of Studies –

Mr. João Torrado

##### Metalworking

Mr. Henrique Nicolau

##### Underground Works

Mr. Dias de Carvalho  
Mr. Carlos Russo

##### Railway Works

Mr. Magalhães Gonçalves  
Mr. Paulo Serradas

##### Maritime Works

Mr. Magalhães Gonçalves

#### Central Support Structures

##### Shuttering and Prestressing Operating Centre

Mr. Marques dos Santos

##### Central Office of Equipment

Mr. Rodrigo Ouro

##### Central Office of Management and Technology Systems

Mr. Ivo Rosa

##### Central Office of Supplies

Mrs. Rosa Almeida

##### Proposals Service

Mrs. Maria António Ambrósio

#### Concessions and Services

##### – Facilities Management –

Mr. Rogério Fonseca  
Mr. Rodolfo Valentim  
Mrs. Mariana Coimbra

##### – Environment –

Mr. Magalhães Gonçalves  
Mr. Luís Carreira

##### Real Estate

Mr. Diogo Rebelo  
Mr. Alfredo Silva  
Mr. Guilherme Silva

##### Hospitality

Mr. Manuel Maria Teixeira Duarte  
Mr. Luís Vicente

##### Distribution

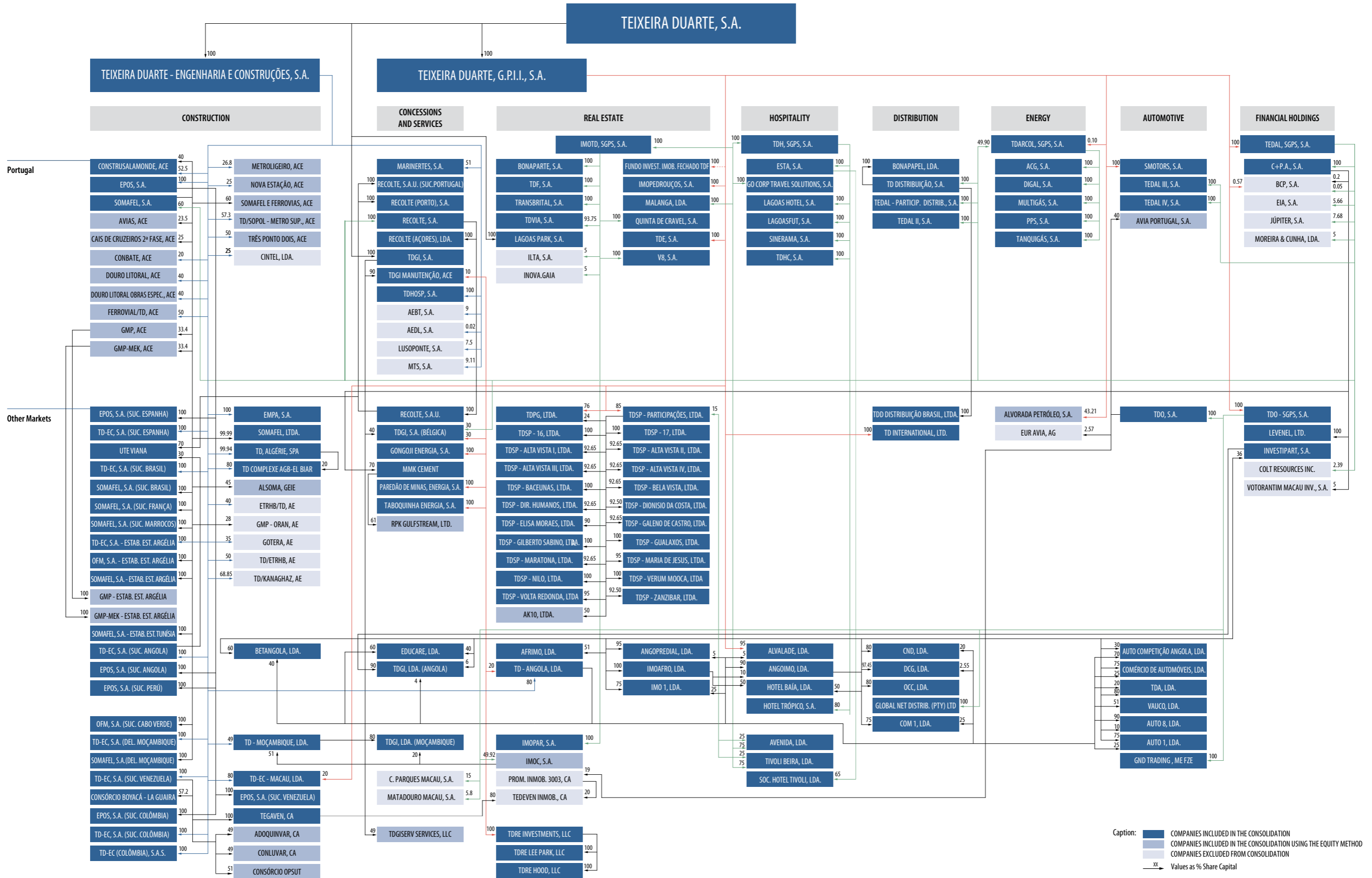
Mr. Diogo Rebelo  
Mr. Hugo Santos

##### Automotive

Mr. Diogo Rebelo  
Mr. Pedro Medo



# TEIXEIRA DUARTE GROUP 2016



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

Page left blank on purpose.

# Corporate Governance Report **2016**



## **PART I - INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE**

### **A. SHAREHOLDER STRUCTURE**

#### **I. Capital structure**

##### **1. Capital structure (share capital, number of shares, distribution of the capital among the shareholders, etc.), including indication of non-tradable shares, different categories of shares, their inherent rights and duties and percentage of share capital that each category represents (article 245-A, number 1, subparagraph a)).**

The share capital of "Teixeira Duarte, S.A." (hereinafter abbreviated to TD,SA) of the total value of € 210,000,000.00 (two hundred and ten million euros) is represented by 420,000,000 shares with the nominal value of € 0.50 (fifty cents) each.

The shares are all ordinary, book entry, registered and listed for trading in regulated markets (EURONEXT LISBON). The shares belong to a single category, each corresponding to one vote, and there are no shares with special rights or duties.

According to the most recent information, the shares representing the share capital of TD,SA were, at the end of 2016, distributed over a total number of 5,224 shareholders, as follows:

Shareholders with up to 42,000 shares:	5,012
Shareholders with 42,001 to 420,000 shares:	173
Shareholders with 420,001 to 4,200,000 shares:	29
Shareholders with 4,200,001 to 42,000,000 shares:	8
Shareholders with more than 42,000,000 shares:	2

##### **2. Restrictions on the transferability of shares, such as clauses of consent for divestment or limits to the holding of shares (article 245-A, number 1, subparagraph b)).**

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

##### **3. Number of treasury shares, percentage of corresponding share capital and percentage of voting rights to which the treasury shares would correspond (article 245-A, number 1, subparagraph a)).**

There are no own shares.

**4. 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 following a public take-over bid, as well as the respective effects, unless, due to their nature, their disclosure would be seriously harm the company, unless the company is specifically obliged to disclose this information due to other legal requirements (article 245-A, number 1, subparagraph j)).**

TD,SA is not a party in significant agreements which enter into force, are altered or cease in the event of a change of control of the Company, except in the situations established in loan contracts, pursuant to normal market practice, some of which foresee, in the case of change of control of the Company, the possibility of the financial institution requesting early repayment.

**5. Regime to which the renewal or revocation of defensive measures is subject, in particular those establishing limitation of the number of votes which may be held or exercised by a single shareholder, individually or in concertation with other shareholders.**

There is no statutory provision nor have any defensive measures been adopted establishing limitation of the number of votes which may be held or exercised by a single shareholder, individually or in concertation with other shareholders.

Consequently, the provisions in the present rule and in Recommendation number I.4 are not applicable to TD,SA.

**6. Shareholders' agreements that are known to the company and might lead to restrictions on matters of the transfer of securities or voting rights (article 245-A, number 1, subparagraph g)).**

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.

It should also be noted, for the effect of Recommendation number I.5 of the Corporate Governance Code of the CMVM, that no measures have been adopted whose effect is to demand payments or the assumption of costs by TD,SA in the event of transfer of control or change of the composition of the management board, and which might jeopardise the free transferability of shares and the free assessment by the shareholders of the performance of members of the management board.

## II. Shares and Bonds held

**7. Identification of natural or legal persons which, directly or indirectly, own qualifying holdings (article 245-A, number 1, subparagraphs c) and d), and article 16), detailing the percentage of capital and votes attributed and the source and causes of imputation.**

It is disclosed that, as at 31 December 2016, 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."	Nr. of shares	% Share capital with voting rights
Directly	203,520,000	48.46%
Through members of the Board of Directors of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A."	9,136,551	2.18%
<b>TOTAL IMPUTABLE</b>	<b>212,656,551</b>	<b>50.63%</b>

Mr. Miguel Calainho de Azevedo Teixeira Duarte	Nr. of shares	% Share capital with voting rights
Directly	333,790	0.08%
Through the company controlled by him directly, MIDINVEST, S.G.P.S., Sociedade Unipessoal, Lda.	43,364,872	10.32%
<b>TOTAL IMPUTABLE</b>	<b>43,698,662</b>	<b>10.40%</b>

"Banco Comercial Português, S.A."	Nr. of shares	% Share capital with voting rights
Directly	0	0.00%
Through the "Pension Fund of the Banco Comercial Português Group" held by him	41,131,179	9.7931%
<b>TOTAL IMPUTABLE</b>	<b>41,131,179</b>	<b>9.7931%</b>

Mr. Pedro Pereira Coutinho Teixeira Duarte	Nr. of shares	% Share capital with voting rights
Directly	9,100,000	2.17%
<b>TOTAL IMPUTABLE</b>	<b>9,100,000</b>	<b>2.17%</b>

## 8. Identification of the number of shares owned by members of the management and supervisory bodies.

[NOTE : the information should be provided in order to comply with the provisions in number 5 of article 447 of the Commercial Companies Code]

TD,SA presents, below, the list of shares issued by the Company and by companies with which it is in a controlling or group relationship, held by members of the governing bodies, as well as all the acquisitions, encumbrances or transfers during 2016, specifying the amount, date of the fact and consideration paid or received.

### I. Number of shares held by Members of the Governing Bodies as at 31 December 2015:

(a) Held under a regime of joint ownership with his wife

Name	Company	Quality	Nr. of Shares
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	0
José Gonçalo Pereira de Sousa Guerra Costenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	0
José Pedro Póiares Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	0
Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte, S.A.	Chairman of the Board of Directors	42,000
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Director	5,149,575
Joel Vaz Viana de Lemos	Teixeira Duarte, S.A.	Director	433,862
Carlos Gomes Baptista	Teixeira Duarte, S.A.	Director	62,671
Diogo Bebianco Branco de Sá Viana Rebelo	Teixeira Duarte, S.A.	Director	31,160
Jorge Ricardo de Figueiredo Catarino	Teixeira Duarte, S.A.	Director	180,000
Óscar Manuel Machado de Figueiredo	Teixeira Duarte, S.A.	Chairman of the Supervisory Board	0
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	0
Miguel Carmo Pereira Coutinho	Teixeira Duarte, S.A.	Member of the Supervisory Board	(a) 10,000
Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board	0
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Statutory Auditor	0

## II. Transactions with shares held, directly and indirectly, by Members of the Governing Bodies during the period between 1 January and 31 December 2016:

No transactions took place during the period in question.

## III. Number of shares held by Members of the Governing Bodies as at 31 December 2016:

Name	Company	Quality	Nr. of Shares	
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	0	(a) Held under a regime of joint ownership with his wife
José Gonçalo Pereira de Sousa Guerra Costenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	0	
José Pedro Poiares Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	0	
Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte, S.A.	Chairman of the Board of Directors	42,000	
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Director	5,149,575	
Joel Vaz Viana de Lemos	Teixeira Duarte, S.A.	Director	433,862	
Carlos Gomes Baptista	Teixeira Duarte, S.A.	Director	62,671	
Diogo Bebiano Branco de Sá Viana Rebelo	Teixeira Duarte, S.A.	Director	31,160	
Jorge Ricardo de Figueiredo Catarino	Teixeira Duarte, S.A.	Director	180,000	
Óscar Manuel Machado de Figueiredo	Teixeira Duarte, S.A.	Chairman of the Supervisory Board	0	
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	0	
Miguel Carmo Pereira Coutinho	Teixeira Duarte, S.A.	Member of the Supervisory Board	(a) 10,000	
Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board	0	
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Statutory Auditor	0	

## 9. Special powers of the management body with regard to resolutions on share capital increases (article 245-A, number 1, subparagraph i), indicating, with respect to these powers, the date on which they were attributed, period until which this competence may be exercised, maximum quantitative limit of the share capital increase, amount already issued under the attribution of powers and method of accomplishment of the attributed powers.

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

- 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;
- negotiating and granting all contracts, independently of their scope, form and nature, where the Company is a party;
- 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;
- preparing, if deemed appropriate, its internal regulations, defining the rule and procedures relative to its operation;
- 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;

- empowering any of its members sufficiently to, jointly or individually, perform certain tasks or specific actions;
- appointing attorneys or mandatories 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;
- appointing the Company Secretary and his Alternate;
- 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;
- 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;
- 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; and
- 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.

#### **10. Information on the existence of significant business relations between the holders of qualifying stakes and the company.**

There are no significant business relations between the holders of qualifying stakes and the company.

Considering the shareholder with a qualifying holding in the share capital of TD,SA is the Pension Fund of the Banco Comercial Português Group, this holding has been imputed to "Banco Comercial Português, S.A.".

Since 1985, the companies included in the Teixeira Duarte Group have maintained business relations with "Banco Comercial Português, S.A." and its participated companies, under normal market terms and conditions, where, as at 31 December 2016, the total value of the loans raised from this institution reached approximately 352 million euros, corresponding to 26.8% of the Group's total bank debt.

It is disclosed that the contracting of bank guarantees with "Banco Comercial Português, S.A." and its participated companies amounted to 43 million euros, representing 6.8% of the total value of the guarantees contracted by the Group.

Finally, it is disclosed that the Group also has financial lease contracts with "Banco Comercial Português, S.A." and its participated companies, of a total value of 150 million euros, corresponding to 82.3% of the total value of these types of contracts.

There are no other significant business relations between the holders of qualifying stakes and the company.



As the nature of the only relations is identified above and due to the fact that their scope is restricted to areas that are already highly regulated and supervised by various entities, it is deemed that there is no reason that would justify the supervisory body establishing necessary procedures and criteria for the definition of the relevant level of significant business with shareholders holding qualifying stakes, or with entities which are engaged with them in any of the relations established in number 1 of article 20 of the Securities Market Code, nor that the conduct of business of significant relevance should depend on the prior opinion of this body, pursuant to Recommendation number V2.

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

### **I. GENERAL MEETING**

#### **a) Composition of the board of the general meeting**

##### **11. Identification and position of the members of the board of the general meeting and respective term of office (start and end)**

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

Chairman: Dr. Rogério Paulo Castanho Alves, lawyer, with professional domicile at Avenida Álvares Cabral, 61 - 4º, 1250-017 Lisboa, Portugal;

Deputy Chairman: Dr. José Gonçalo Pereira de Sousa Guerra Costenla, lawyer, with professional domicile at Avenida Álvares Cabral, 61 - 4º, 1250-017 Lisboa, Portugal; and

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

All the identified members of the Board of the General Meeting were elected at the General Meeting held on 30 May 2015, to perform duties in this body during the four-year period 2015/2018.

#### **b) Voting and the exercise of voting rights**

##### **12. Any restrictions on the right to vote, such as limitations on voting rights depending on ownership of a certain number or percentage of shares, deadlines for exercising voting rights or systems highlighting ownership rights (article 245-A, number 1, subparagraph f)).**

There are no restrictions on voting rights, namely limitations to the exercise of voting rights dependent on the ownership of a number or percentage of shares, hence the periods imposed for the exercise of voting rights are the only limitations that are indicated for the case of voting by correspondence.

Furthermore, pursuant to article 13 of the Memorandum and Articles of Association, 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.

Each share, under the conditions referred to above, corresponds to one vote. 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.

For the exercise of the right to vote by correspondence and for the execution of all other procedures indicated in the Articles of Association, the Company has implemented the indispensable means for the effect, providing all the necessary forms on its website and at its head office, namely drafts of letters and the voting ballot, as well as instructions for their completion.

TD,SA believes that the specific security requirements inherent to the voting process through electronic means are very significant, namely with respect to the technical means necessary to verify the authenticity of the corresponding explanations of vote, and 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 explanations of vote.

Furthermore, TD,SA considers that the shareholders' participation in the General Meetings has been fully assured even when they are unable to attend in person, whether through voting by correspondence or via the existing mechanisms of representation, although the implementation of this system has never been requested, and no difficulties of participation in the General Meetings and in the exercise of voting rights have ever been noted.

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

Lastly, it should also be noted that TD,SA has not established any type of systems privileging rights relative to assets or mechanisms with the effect of causing a time lag between the right to receive dividends or the subscription of new securities and the voting right of each ordinary share.

### **13. Indication of the maximum percentage voting rights that may be exercised by a single shareholder or by shareholders engaged in any of the relations listed in number 1 of article 20.**

The Articles of Association of TD,SA do not stipulate a maximum percentage or maximum number of voting rights that may be exercised by a single shareholder (individually or in concertation with other shareholders) or by shareholders which are engaged in any of the relations referred to in number 1 of article 20 of the Securities Market Code.

### **14. Identification of shareholder deliberations, through statutory imposition, that may only be taken with a qualifying majority, apart from those legally established, and indication of these majorities.**

There are no statutory provisions which impose qualifying majority quorums for the deliberation of the shareholders on specific topics, apart from those legally established.

Indeed, article 16 of the Articles of Association establishes that "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".

## II. MANAGEMENT AND SUPERVISION

### (Board of Directors, Executive Board of Directors and General and Supervisory Board)

#### a) Composition

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

Since its incorporation on 30 November 2009, TD,SA has adopted a Corporate Governance model known as the Latin reinforced board structure or one-tier model, whose governing bodies comprise, in addition to the General Meeting and its Board, a Board of Directors and two autonomous Supervisory Bodies: the Supervisory Board and the Chartered Accountant Firm.

On this issue, it is important to note the existing 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.

The adopted governance model fully complies with its underlying objectives, that is, ensuring that TD,SA maintains good levels of operation and efficiency in the performance of duties by each governing body, both independently and jointly, thus proving to be appropriate the *modus operandi* of TD,SA, its structures and members of the governing bodies, in particular of the Board of Directors.

##### 16. Statutory rules on procedural requirements and matters applicable to the appointment and replacement of members, as applicable, of the Board of Directors, Executive Board of Directors and General and Supervisory Board (article 245-A, number 1, subparagraph h)).

Regarding the rules applicable to the appointment and replacement of the members of the management body, it should be recalled that they 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 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, TD,SA has 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 interspersed, 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 establish 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.

**17. Composition, as applicable, of the Board of Directors, Executive Board of Directors and General and Supervisory Board, indicating the minimum and maximum statutory number of members, statutory duration of the term of office, number of permanent members, date of the first appointment and date of the end of term of office of each member.**

Under article 17 of the Articles of Association, the Board of Directors should be composed of a minimum number of five and maximum of eleven members. Furthermore, when electing this Board, the General Meeting should determine the number of Directors which, within these limits, should comprise the Board for each term of office and appoint, among them, the member who will perform the duties of Chairman. The Articles of Association do not foresee the existence of alternate members.

Under the terms of number 2 of article 10 of the Articles of Association, the members of the governing bodies are elected for periods of four years, as noted above.

As at 31 December 2016, the Board of Directors was composed of the following members, all permanent:

Chairman:

Pedro Maria Calainho Teixeira Duarte

Directors:

Manuel Maria Calainho de Azevedo Teixeira Duarte

Joel Vaz Viana de Lemos

Carlos Gomes Baptista

Diogo Bebiano Branco de Sá Viana Rebelo

Jorge Ricardo de Figueiredo Catarino

The Chairman of the Board of Directors **Pedro Maria Calainho Teixeira Duarte** and the Directors **Manuel Maria Calainho de Azevedo Teixeira Duarte**, **Joel Vaz Viana de Lemos** and **Carlos Gomes Baptista** were appointed for the first time on the date of the Company's incorporation, on 30 November 2009, to perform duties during the 2009/2010 term of office. They were subsequently re-elected for the 2011/2014 term of office, and at the General Meeting of 30 May 2015 were again re-elected to perform duties during the current term of office of 2015/2018.

The Director **Diogo Bebiano Branco de Sá Viana Rebelo** was elected for the first time at the General Meeting of 20 May 2011, to perform duties during the 2011/2014 term of office, having been re-elected at the General Meeting of 30 May 2015 to perform duties during the 2015/2018 term of office.

The Director **Jorge Ricardo de Figueiredo Catarino** was appointed to the position for the first time on the date of the Company's incorporation, on 30 November 2009, to perform duties during the 2009/2011 term of office. He was not re-elected in 2011, having continued to perform duties in the Administration of other companies of the Group. At the General Meeting of 25 May 2013, he was once again elected to hold the position of Director of TD,SA until the end of the 2011/2014 term of office, and subsequently re-elected to perform duties during the 2015/2018 term of office currently in progress.

**18. Distinction between the executive and non-executive members of the Board of Directors and, regarding non-executive members, identification of members who may be considered independent, or, if applicable, identification of the independent members of the General and Supervisory Board.**

**18.1. The independence of the members of the General and Supervisory Board and the members of the Audit Committee is appraised under the terms of the current legislation and, regarding the other members of the Board of Directors, members are considered independent when they are neither associated to any specific group of interests in the company nor in any circumstance which might affect the impartiality of their analysis or decision-making, namely due to:**

**a. Having been an employee of the company or companies which are in a controlling or group relationship with the former during the last three years;**

**b. Having, in the last three years, rendered services or established significant commercial relations with a company which has been in a controlling or group relationship, whether directly as a partner, director or manager of a legal person;**

**c. Being a beneficiary of remuneration paid by the company or companies which are in a controlling or group relationship with the former in addition to the remuneration arising from the performance of directorship duties;**

**d. Living in non-marital cohabitation or being the spouse, parent or similar in a straight line and until the 3rd degree, inclusively, in the collateral line, of directors or natural persons directly or indirectly holding qualifying stakes;**

**e. Holding a qualifying stake or representing a shareholder holding a qualifying stake.**

The Board of Directors is exclusively composed of executive members, which is reflected in the effectiveness, functioning and proximity of the matters entrusted to them.

TD,SA has chosen to maintain all its Directors 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 by the Supervisory Board, Remuneration Committee and General Meeting.

In fact, 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 compliance with proper levels of disclosure of information to the market in general and to the shareholders, especially at the General Meeting.

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 competence, 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 suitable and efficient.

This justifies TD,SA's decision not to include non-executive members in the Board of Board of Directors for the monitoring, supervision and assessment of the activity of the remaining members of this board, as established in Recommendation number II.1.6. Therefore, considering that all the members of the Board of Directors perform executive duties, the present regulatory standard is not applicable to TD,SA's reality.

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.

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 the other members of the governing bodies in due time and in an appropriate manner.

It should also be noted that, pursuant to the principle of close collaboration between the governing bodies, for the effect of the provisions in Recommendation number II.1.9, the Chairman of the Supervisory Board is called to all the meetings of periodic nature and for the approval of the documents presenting the accounts, and is sent copies of the call notices and minutes of all the meetings of this board.

However, these documents are not sent directly by the Chairman of the Board of Directors, as indicated in this recommendation. These tasks are performed, through indication of the Chairman of the Board of Directors, by the Company Secretary who delivers copies of the call notices and minutes of the Board of Directors meetings to the Chairman of the Supervisory Board, after they have been duly signed.

Moreover, it should be added that, although the Chairman of the Board of Directors performs executive duties, since there are no non-executive directors, the Recommendation in number II.1.10 is not applicable to TD,SA. This recommendation notes that, if chairman of the board of directors performs executive duties, this board should indicate, from among its members, an independent director to assure the coordination of the work of the other non-executive members, and the conditions to enable them to take decisions in an independent or informed manner or find other equivalent mechanisms to assure this coordination.

## **19. Professional qualifications and other relevant curricular elements of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors.**

### **Chairman of the Board of Directors: 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 2018.

Furthermore, it should be noted that he has been a Director of the Group's leading listed company since 1987 (which was "Teixeira Duarte - Engenharia e Construções, S.A." until 2010).

As Chairman of the Board of Directors, as at 31 December 2016 he is responsible for performing the following duties, among others:

- assures the functioning of this Board, namely the coordination of the performance of its members and holding of the respective meetings;
- monitors the Company's current business;
- coordinates the interaction of the members of the Board of Directors of "Teixeira Duarte, S.A." and the members of the Board of Directors of the 100% subsidiary, "Teixeira Duarte - Engenharia e Construções, S.A.";
- coordinates and monitors the activity developed by the Group's Delegates in the different countries.

He entered the staff of "Teixeira Duarte – Engenharia e Construções, S.A." in 1978, having been promoted in 1987 to Chief Executive Officer of this company which was, at the time, the Group's leading listed company, and has held his current position as Chairman of its Board of Directors since 2008.

In 2009 and on the occasion of its incorporation, he was, at the same time, appointed to the position of Chairman of the Board of Directors of TD,SA, which would later become the leading listed company of the Teixeira Duarte Group as of 2010. He currently also holds this position cumulatively with the equivalent position at "Teixeira Duarte – Engenharia e Construções, S.A.".

Outside the Teixeira Duarte Group, but within the sphere of its shareholder structure, he is Chairman of the Board of Directors of "Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.", which, being held by members of the Teixeira Duarte family, controls the aforesaid leading listed company TD,SA with over 50%.

Throughout these years, he has performed many corporate positions in various other entities in which the Teixeira Duarte Group holds a stake, as indicated below:

- "CIMPOR – Cimentos de Portugal, S.G.P.S., S.A.", where he was a member of the Board of Directors between 2001 and August 2009; and
- "Banco Comercial Português, S.A.", where he performed various duties in the Corporate Bodies between 1985 and 2013, in particular as Deputy Chairman of the Board of Governors, Deputy Chairman of the General and Supervisory Board, and Deputy Chairman of the Board of Directors.

#### **Director: Manuel Maria Calainho de Azevedo Teixeira Duarte**

Licentiate degree in Law from the Law School of "Universidade de Lisboa", 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 2018.

Furthermore, it should be noted that he has been a Director of the Group's leading listed company since 2005 (which was Teixeira Duarte – Engenharia e Construções, S.A. until 2010).

As a Director and notwithstanding the legal and statutory provisions which determine the collegial character of this body and the instituted practice of regular contact and interaction between all its members, this Director was responsible as at 31 December 2016 for supervising the activities developed by the Central Department of Finance and Accounting, as well as the Corporate Secretarial, Consolidation of Accounts and Internal Audit Services, and for supervising the action of the Hospitality sector, monitoring the action developed in the Energy sector and monitoring the management of the financial holdings in companies.

He was a lawyer/legal adviser with his own office from 1989 to 1996.

Director of "TDF – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.", from 30 June 1992 to 22 April 2005, with supervisory, control and investment decision responsibilities under the duties attributed to the members of the Board of Directors by the Commercial Companies Code and the Company's Articles of Association, as well as relations with the CMVM.

He has been part of the staff of the Teixeira Duarte Group since 1993, acting as a legal adviser and manager in various companies, in particular in the real estate sector.

Member of corporate bodies of numerous Teixeira Duarte Group companies, and since April 2005 also a member of the Board of Directors of the Group's leading listed company, at that time "Teixeira Duarte – Engenharia e Construções, S.A." and currently TD,SA, positions which he still holds.

Outside of the Teixeira Duarte Group, but within its shareholder structure, he is also a Director of "Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.", a position to which he was appointed for the first time on 28 February 1991.

#### **Director: 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 2018.

Furthermore, it should be noted that he has been a Director of the Group's leading listed company since 2005 (which was Teixeira Duarte – Engenharia e Construções, S.A. until 2010).

As a Director and notwithstanding the legal and statutory provisions which determine the collegial character of this body and the instituted practice of regular contact and interaction between all its members, this Director was responsible as at 31 December 2016 for supervising the activities developed by the Central Departments of Human Resources, Administrative Services and Information Technology, as well as for the Central Departments of "Teixeira Duarte – Engenharia e Construções, S.A." of the areas of Management, Technology and Procurement Systems and for monitoring the participation of the Group's companies operating in the Construction sector at the Associations to which they are connected, namely representing them or providing for their respective representation.

In the a distribution of areas of responsibility of the Board of Directors of TD,SA he is still entrusted with chairing the Operational Executive Committee of the Board of Directors of "Teixeira Duarte – Engenharia e Construções, S.A.", which is responsible for coordinating the action of its Operating Centres and participated companies in the Construction sector; supervising the activities developed by "Teixeira Duarte – Engenharia e Construções, S.A." relative to the Geotechnical and Rehabilitation, Metalworking and Maritime Works areas, the Formwork and Pre-stressing Operations Centre (COC) and the Equipment Department; and 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.", "RECOLTE, Serviços e Meio Ambiente, S.A.", "RECOLTE, Serviços e Meio Ambiente (Porto), S.A.", "Recolte, Serviços e Meio Ambiente (Açores), Unipessoal Lda." and "RECOLTE, Servicios y Medioambiente, S.A., Sociedad Unipersonal".

After having completed the specialisation course in Soil Mechanics at Universidade Nova de Lisboa in the academic year of 1977/1978, he immediately started his professional career at "Teixeira Duarte – Engenharia e Construções, S.A." in 1978, and was Site Manager and Designer in the area of Geotechnics and Foundations until 1983.

From 1983 to 1984 he worked at the Commercial Technical Department, preparing and collaborating in a large number of studies and proposals, including bridges, dams and expansion of airport infrastructures.

From 1984 to 1992 he was assigned by "Teixeira Duarte – Engenharia e Construções, S.A." to the important Enterprise Group "FERDOURO,



ACE", constituted for the construction of São João Bridge over the River Douro, having, in this context, performed the duties of Head of the Technical Office (1984/88), Technical Director/Production Director (1988/89) and Deputy Managing Director with technical and production management (1989/92).

From 1992 to 1997, he took up the position, at "Teixeira Duarte - Engenharia e Construções, S.A.", of Production Centre Director of the area at that time referred to as "Public Works", coordinating various contracts for hydraulic works (dams, wastewater treatment stations, pumping stations), hospitals, roads and general infrastructure works.

In 1997, he was appointed Operating Centre Director in this same area of "Public Works".

Since then, he was also appointed to various corporate positions in a variety of Companies, Enterprise Groups, Consortiums and Associations in which the Teixeira Duarte Group holds a stake, some of which he still maintains, even after taking up the position of Director of "Teixeira Duarte - Engenharia e Construções, S.A." in 2005.

Does not perform any professional activity or hold any position outside the Teixeira Duarte Group.

#### **Director: 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 2018.

Furthermore, it should be noted that he was a Director of the Group's leading listed company since 2005 (which was Teixeira Duarte - Engenharia e Construções, S.A. until 2010).

In November 2013, he withdrew from being a member of the Board of Directors of "Teixeira Duarte - Engenharia e Construções, S.A.".

As Director and notwithstanding the legal and statutory provisions which determine the collegial character of this body and the instituted practice of regular contact and interaction between all its members, this Director was responsible as at 31 December 2016 for supervising the activities developed by "Teixeira Duarte - Engenharia e Construções, S.A." in the Buildings area and for supervising the activity of the participated company "TDGI - Tecnologia de Gestão de Imóveis, S.A.".

His career includes, in particular, employment at "M.S.F., S.A.", where he was Head of Services from 1975 to 1979, collaborating in various works, namely of hydraulic nature (pipeline and dam).

He entered into "Teixeira Duarte - Engenharia e Construções, S.A." in February 1980, as Site Manager in the area of buildings, at that time referred to as "Civil Construction".

From 1982 to 1983, he was on assignment in Venezuela where he monitored various building contract works for housing and offices.

Back in Portugal, he was appointed to the position of Zone Director in 1984, with responsibilities in a large number of enterprises in the areas of tourism, roads, housing, buildings, and especially for banking entities.

In 1989 he was appointed to the position of Production Centre Director, and in 1989 Director of the Operating Centre of what was, at that time, referred to as the "Civil Construction" area, where he was coordinator from 1998 to 2005, when he was appointed Director of "Teixeira Duarte - Engenharia e Construções, S.A.", a position he held until November 2013.

From 2000 onwards he has monitored the the action of the Teixeira Duarte Group company which operates in the Facilities Management area named "TDGI - Tecnologias e Gestão de Imóveis, S.A.", where he is Chairman of the Board of Directors.

Does not perform any professional activity or hold any position outside the Teixeira Duarte Group.

#### **Director: 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 General Meeting, with the current term of office ending in 2018.

As Director and notwithstanding the legal and statutory provisions which determine the collegial character of this body and the instituted practice of regular contact and interaction between all its members, this Director was responsible as at 31 December 2016 for supervising the activities developed in the Real Estate, Distribution and Automotive sectors in all the markets of action of the Teixeira Duarte Group, namely Portugal, Angola, Brazil and Mozambique, being, in this context, a Director of various other companies of the Group, and for supervising the activity of "TDHOSP - Gestão de Edifício Hospitalar, S.A." and "EDUCARE - Actividades Educativas e Culturais, Lda."

He worked at "PROFABRIL, S.A." as a Design Engineer in the Buildings Division, participating in projects of reinforced concrete structures from October 1992 to May 1993.

In the Teixeira Duarte Group:

From October 1993 to November 1999, he was a member of the "Teixeira Duarte - Engenharia e Construções, S.A." teams in the Buildings Operating Centre, at that time referred to as Civil Construction, performing the duties of Assistant Site Manager and Site Manager of various works in Portugal.

From November 1999 to May 2011, he part of the real estate teams of the Teixeira Duarte Group, being responsible for the technical area with duties in the development of real estate projects, namely in feasibility analysis, design of real estate solutions, project coordination, contract work coordination, definition of related marketing products, management of rented assets and coordination of sales teams.

His responsibility included all the segments of the sector, from residential to offices, commercial spaces, hospitality, health and leisure, industry/logistics and car parks, as well as dedication to the expansion of spaces allocated to other activities of the Group, especially Construction, Hospitality, Distribution and the Automotive sector.

In 2010 he also started to coordinate the Group's action in the Distribution and Automotive sectors, and in May 2011 he was elected Director of the leading listed company of the Teixeira Duarte Group, TD,SA.

Does not perform any professional activity or hold any position outside the Teixeira Duarte Group.

**Director: Jorge Ricardo de Figueiredo Catarino**

Licentiate degree in Civil Engineering from the Faculty of Engineering of Porto University, in 1974.

He was appointed to the position for the first time on the date of the Company's incorporation, on 30 November 2009, to perform duties during the 2009/2011 term of office. While his duties as a Director of TD,SA terminated in 2011, he continued to perform duties in the Administration of other companies of the Group. At the General Meeting of 25 May 2013, he was elected to hold the position of Director of TD,SA until the end of the 2011/2014 term of office, and on 30 May 2015 he was subsequently re-elected to perform duties during the term of office currently in progress (2015/2018).

Furthermore, it should be noted that he was a Director of the Group's leading listed company since 2005 (which was Teixeira Duarte – Engenharia e Construções, S.A. until 2010).

In November 2013, he withdrew from being a member of the Board of Directors of "Teixeira Duarte – Engenharia e Construções, S.A."

As Director and notwithstanding the legal and statutory provisions which determine the collegial character of this body and the instituted practice of regular contact and interaction between all its members, this Director was responsible as at 31 December 2016 for supervising the activities developed by TD-EC in the Infrastructures area and for supervising the activity of the participated companies "MTS – Metro, Transportes do Sul, S.A." and "AEBT – Auto-estradas do Baixo Tejo, S.A."

He started his career as a liberal profession, in the dimensioning and management of construction of various buildings for housing and industry.

He was employed at "CONDURIL S.A.R.L." from 1977 to 1981 as Site Manager, collaborating in various works, namely the construction of the dams of Penha Garcia and Cimeira and Fundeira in Alvão, for the "Hydraulic Directorate General (DGH)" and "Vila Real Municipal Council (CMVR)" respectively; various slope consolidation works along the Douro Line adjacent to the Régua and Valeira developments, for "EDP", following the damage caused by the great floods of 1979 and by the phenomenon of micro turbulence, and a variety of different roadworks for the "Junta Autónoma das Estradas".

He entered into "Teixeira Duarte – Engenharia e Construções, S.A." in 1981, as Site Manager in the area of buildings, at that time referred to as "Civil Construction". This area included, in particular, the construction of the Head Office of "Caixa Geral de Depósitos", a series of important buildings in the city of Porto and the construction of a Home for the Elderly on Ilha Terceira, in the Azores.

From 1984 to 1991 he was on assignment in Venezuela, where he performed the duties in the Production and Management Department of the affiliate "TEGAVEN S.A.", under which he monitored various contract works for housing and office buildings as well as the maintenance facility and others for Caracas metropolitan railway and the construction of motorways.

Back in Portugal, in 1992 he was appointed to the position of Operating Centre Director of the area at that time referred to as "Public Works", where he was the coordinator until 2005, when he was appointed as Director of "Teixeira Duarte – Engenharia e Construções, S.A.". During this period, he coordinated the development of major projects in the area of roads and railways, storage, water treatment and distribution, hydroelectric developments, hospitals and others.

He supervised the entrance of "Teixeira Duarte – Engenharia e Construções, S.A." into Algeria in 2003, and continues, still today, to hold various positions as a Director in a variety of entities in which the Teixeira Duarte Group holds a stake in this country.

Does not perform any professional activity or hold any position outside the Teixeira Duarte Group.

**20. Family, professional or business relations, habitual and significant, of the members, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors with shareholders who may be imputed a qualifying holding greater than 2% of the voting rights.**

The Chairman of the Board of Directors, Pedro Maria Calainho Teixeira Duarte, is shareholder and Chairman of the Board of Directors of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A.", although he does not earn any remuneration for holding this position. Furthermore, we disclose that he is the son of Mr. Pedro Pereira Coutinho Teixeira Duarte and brother of Mr. Miguel Calainho de Azevedo Teixeira Duarte. It is also disclosed that his business relations established with "Banco Comercial Português, S.A." are not of significant nature.

The Director, Manuel Maria Calainho de Azevedo Teixeira Duarte, is shareholder and Director of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A.", although he does not earn any remuneration for holding this position. Furthermore, we disclose that he is the nephew of Mr. Pedro Pereira Coutinho Teixeira Duarte and cousin of Mr. Miguel Calainho de Azevedo Teixeira Duarte. It is also disclosed that his business relations established with "Banco Comercial Português, S.A." are not of significant nature.

Regarding the remaining members of the Board of Directors, we disclose that none of them maintain habitual and significant family, professional or business relations with shareholders who may be imputed a qualifying holding greater than 2% of the voting rights.

**21. Organisational charts or flowcharts relative to the distribution of competence between the different governing boards, committees, commissions and/or departments of the company, including information on the delegation of competence, in particular with respect to the delegation of the daily management of the company.**

The Articles of Association of the Company define the competence of each of the governing bodies, namely in articles 12 (General Meeting), 19 (Board of Directors) and 23 (Supervisory Board and Chartered Accountants Firm).

There is no distribution or delegation of competence by any of the governing bodies, namely by the Board of Directors, to any specific committees or commissions, in particular an Executive Committee.

This circumstance essentially arises from the fact that the Board of Directors is exclusively composed of executive members, which is reflected in effectiveness of functioning and proximity to the matters of their competence, whereby any delegation in this regard would be redundant and counterproductive.

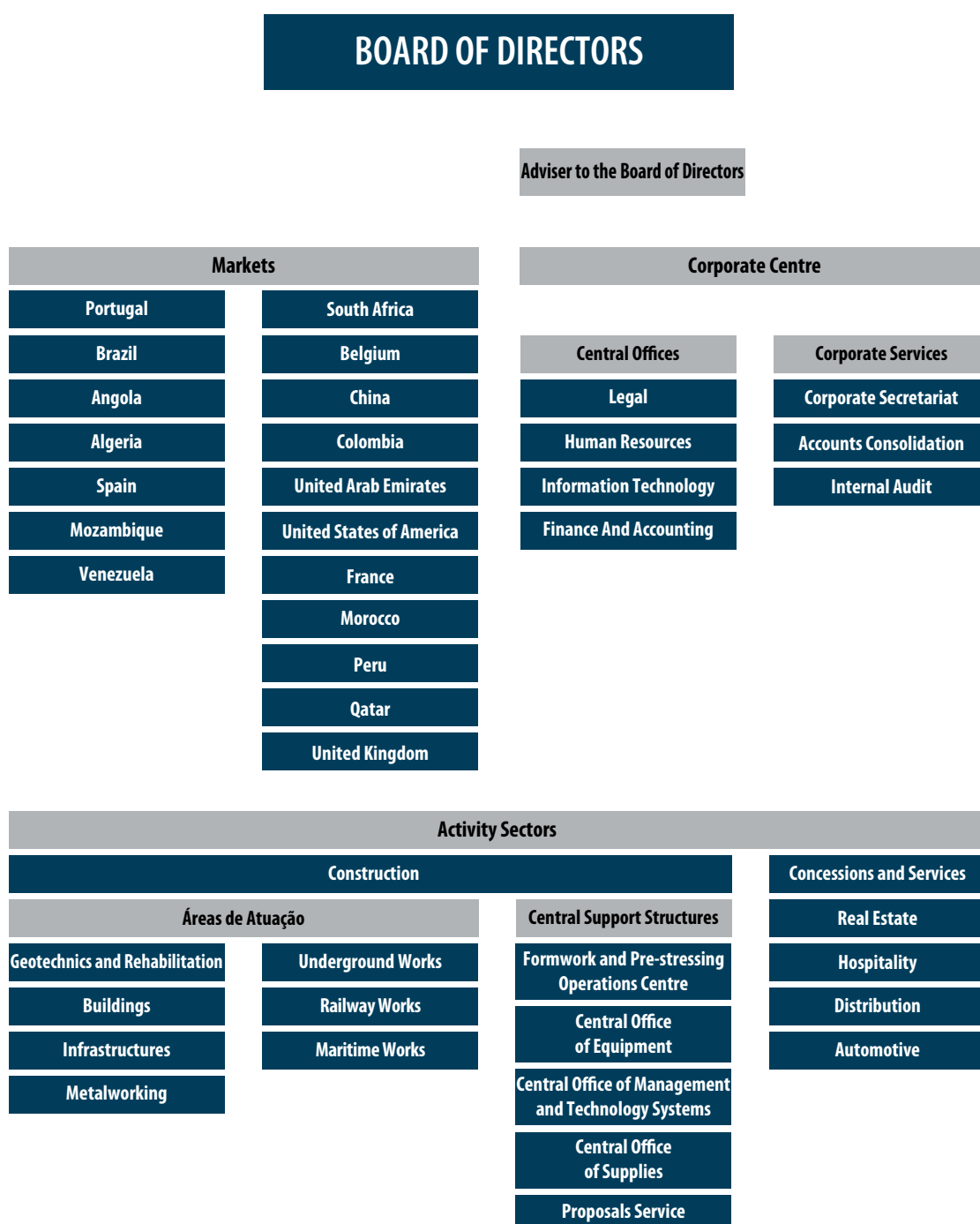
Notwithstanding the above, the general organisational lines defined by the Board of Directors for the Group, established as at 31 December 2016, aim to:

1. Maintain a series of Central Departments with special responsibilities of transversal support to the action developed in the Group's different activity sectors included in the Corporate Centre, which should promote a standardisation of procedures and provide support to the Group's structures operating abroad in these areas that are common to various businesses, even though some may be within the scope of TD- EC and others within the scope of its sole shareholder, TD,SA, namely: Central Legal Department; Central Department of Human Resources; Central Department of Information Technology; Central Department of Finance and Accounting; Corporate Secretarial Services; Account Consolidation Services and Internal Audit Services;

2. Maintain the organisation of the Group's operating structures by Activity Sector, which tends to cover the responsibility for all the teams and operations of these business areas, regardless of the geographic market in which they operate, thus also acting to draw the technical and human central resources of the Group closer to those operating in Teixeira Duarte's different markets of action;
3. Highlight the trade name of certain operations included in the Group which, in view of the particularity of their business, should maintain their individuality, especially in the Construction, Concessions and Services sectors;
4. Continue to strengthen TD-EC as the leading company of the Group operating in the construction sector, concentrating therein not only participated entities that act in this sector, but also the main human resource structures allocated to them;
5. Maintain the organisational model of the Construction Sector divided by Areas of Action and by Central Support Structures, which will have the following names and subdivisions:
  - Areas of Action: Geotechnics and Rehabilitation, which will have Operating Centres and a Project Department; Buildings which will have Operating Centres and a Department of Studies; Infrastructures which will have Operating Centres and a Department of Studies; Metalworking;
  - Central Support Structures: Formwork and Pre-stressing Operations Centre; Central Department of Equipment; Central Department of Management Systems and Technology; Central Department of Procurement; Proposal Services.
6. Maintain the coordination and interaction of the activity of the participated companies operating in the Construction sector through the Board of Directors of TD-EC;
7. Maintain, under the Board of Directors of TD-EC and from an operational perspective, an Operational Executive Committee, which shall continue to coordinate the action of the Operating Centres of the various Areas of Action and the participated companies in this Construction sector;
8. Maintain, under the Board of Directors of TD-EC, an Operational Executive Committee with duties of coordination, supervision and representation in the commercial area of the Group's entities that operate in the Construction sector;
9. Maintain close relations between the Boards of Directors of TD,SA and TD-EC;
10. Strengthen the firmness and efficacy of the bonds of unity within the Teixeira Duarte Group through the direct connection of the Board of Directors with the Group's Delegates in the different countries, which represent the management body therein, undertaking the Group's institutional representation, as well as the connection with the structures of the various Sectors and Corporate Centre which operate in these markets and the implementation of practices to optimise the functioning of the Group's companies, taking into account the particularities of each country.

These guidelines were also reflected in the organisational chart of the Teixeira Duarte Group, which was in force as at 31 December 2016 and is reproduced below:

## TEIXEIRA DUARTE ORGANISATIONAL CHART 2016



## b) Functioning

### **22. Existence and location where the operating regulations may be consulted, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors.**

There are no operating regulations.

In view of the chosen corporate model, the composition of the Board of Directors (all the members are executive) and the fact that the competence and responsibilities of this body cannot be delegated to any other bodies, specialised committees, commissions or departments, the mode of operation of the Board of Directors is fairly simplified, added to the fact that the number of members included in this body is not of a sufficiently size to justify the stipulation, in regulations, of further rules on functioning.

The individual competence of each member is established by deliberation of the actual Board of Directors and their interaction is maintained in a regular form under the legally stipulated terms and considered sufficient for this purpose.

Notwithstanding the above, we disclose that the "Code of Ethics and Conduct of Teixeira Duarte" was approved by deliberation of the Board of Directors of TD,SA on 24 April 2014, being applicable to all the entities integrated in its consolidation perimeter and management scope and to all their employees, including the members of the governing bodies. However, nowhere in this code are there regulatory provisions on the functioning of the governing bodies or others of relevance in this context.

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

During 2016, the Board of Directors of TD,SA held 36 meetings.

For all due purposes, it is disclosed that the attendance of each member of this Board was as follows:

The Chairman of the Board of Directors, **Pedro Maria Calainho Teixeira Duarte**, attended thirty-six meetings of this board, having been represented by the Director Manuel Maria Calainho de Azevedo Teixeira Duarte at the single meeting which he did not attend.

The Director **Manuel Maria Calainho de Azevedo Teixeira Duarte** attended 32 meetings of the Board of Directors, was represented by the Chairman of the Board of Directors at three meetings, when he was unable to attend any of these meetings, with his single absence having been previously announced and justified by other prior professional commitments and articulated with the other members of the Board.

The Director **Joel Vaz Viana de Lemos** attended 31 meetings of the Board of Directors, was represented at four meetings by another member of this board, and his single absence was previously announced and justified by other prior professional commitments and articulated with the other members of the Board.

The Director **Carlos Gomes Baptista** attended 29 meetings of the Board of Directors, was represented by the Chairman of the Board of Directors at two of the seven meetings that he was unable to attend, with all his absences having been previously announced and justified by other prior professional commitments and articulated with the other members of the Board.

The Director **Diogo Bebiano Branco de Sá Viana Rebelo** attended 26 meetings of the Board of Directors, was represented by the Chairman of the Board of Directors at four of the ten meetings that he was unable to attend, with all his absences having been previously announced and justified by other prior professional commitments and articulated with the other members of the Board.

The Director **Jorge Ricardo de Figueiredo Catarino** attended 26 meetings of the Board of Directors, was represented by the Chairman of the Board of Directors at three of the ten meetings he was unable to attend, with all his absences having been previously announced and justified by other prior professional commitments and articulated with the other members of the Board.

#### **24. 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.

The Supervisory Board monitors, under the established terms described in this document, the action of the Board of Directors, ensuring compliance with a series of matters and issuing an opinion on the annual report and accounts which is submitted to the appraisal of the shareholders at the General Meeting.

Moreover, the Remuneration Committee assesses the activity developed by each Director for the purpose of establishing the respective remuneration, based on the remuneration policy approved at the General Meeting.

Furthermore, it is disclosed that due to the organisational and functional model established for the different governing bodies, it was not considered worthwhile creating the committees or commissions referred to in Recommendation number II.1.4 a) for the purpose of assuring a competent and independent assessment of the performance of the executive Directors and their overall performance. Therefore, as described, there are no commissions or committees.

Indeed, in view of the adopted model and the structure and composition of the Governing Bodies, these duties are explicitly entrusted to the General Meeting, Supervisory Board and Remuneration Committee, under the terms indicated above.

Likewise and for the same reasons, it was considered that it was unnecessary to create the committee or commission referred to in Recommendation number II.1.4 b) to reflect on the adopted governance system, structure and practices, verify their effectiveness and propose to the competent bodies the measures to take with a view to their improvement.

These duties are performed 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 interaction difficulties.

Ultimately, the overall assessment of the action of the governing bodies is always entrusted to the shareholders at the General Meeting.

#### **25. Predefined criteria for the assessment of the performance of the executive directors.**

There are no predefined 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, pursuant to the remuneration policy approved annually at the General Meeting.

On this issue, see the remuneration policy of the governing bodies, reproduced below in point 69.

**26. Availability of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors, indicating positions held simultaneously at other companies, within and outside the group, and other relevant activities performed by the members of these bodies during the financial year.**

All the members of the Board of Directors of TD,SA have dozens of years "in-house", with professional paths conducted almost exclusively within the Teixeira Duarte Group, where, according to the Group's areas and sectors of action they supervised or monitored, they were appointed to other corporate positions. This also enabled them to report information to TD,SA on the action of these same entities and their corresponding implementation of the guidelines defined for the Teixeira Duarte Group.

However, there are various occasional situations of corporate positions held in other entities outside the Teixeira Duarte Group, where none of these Directors earn remuneration or are professionally bound to these entities, or subject to any circumstances which hinder their total availability to perform their duties as a member of the Board of Directors of TD,SA.

**Chairman of the Board of Directors: Pedro Maria Calainho Teixeira Duarte**

As at 31 December 2016, he held the following positions **in other companies of the Teixeira Duarte Group:**

Chairman of the Board of Directors of "Teixeira Duarte - Engenharia e Construções, S.A."

**In companies outside the Teixeira Duarte Group:**

Chairman of the Board of Directors of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A."

Manager of "PACIM - Gestão e Investimentos, Lda.";

Manager of "PASIM - Sociedade Imobiliária, Lda.";

Manager of "PACIM - CAXALP, Gestão e Investimentos, Lda.";

Manager of "Foros dos Olivais, Lda.";

Manager of "Mourinha de Cima - Atividades Imobiliárias e Turísticas, Lda.";

Manager of "Terras da Mourinha, Lda.";

Manager of "Terras da Mourinha de Baixo, Lda.";

Manager of "Terras da Serrinha - Atividades Agrícolas, Lda.";

Manager of "Terras do Pico - Atividades Agrícolas, Lda.";

Manager of "Terras de Montoito, Lda.";

Manager of "Sociedade Agrícola Monte da Casa Alta, Lda."; and

Manager of "SOPOGAR - Sociedade Portuguesa de Gado de Raça e de Agricultura, Lda.".

**Director: Manuel Maria Calainho de Azevedo Teixeira Duarte**

As at 31 December 2016, he held the following positions **in other companies of the Teixeira Duarte Group:**

Director of "Teixeira Duarte - Engenharia e Construções, S.A.";

Chairman of the Board of Directors of ACG - Distribuição e Comércio de Gás, S.A.";

Chairman of the Board of Directors of "C+P.A. - Cement e Produtos Associados, S.A.";

Chairman of the Board of Directors of "Digal - Distribuição e Comércio, S.A.";

Chairman of the Board of Directors of "ESTA - Gestão de Hotéis, 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 "Multigás - Sociedade Comercial e Distribuidora de Gás, S.A.";

Chairman of the Board of Directors of "PPS - Produtos Petrolíferos, S.A.";

Chairman of the Board of Directors of "SINERAMA - Organizações Turísticas e Hoteleiras, S.A.";

Chairman of the Board of Directors of "Tanquigás - Distribuição e Comércio de Gás, S.A.";

Chairman of the Board of Directors of "TD VIA - Sociedade Imobiliária, S.A.";

Chairman of the Board of Directors of "TDARCOL - Sociedade Gestora de Participações Sociais, 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 - Participações e Distribuição, S.A.";

Chairman of the Board of Directors of "TEDAL - Sociedade Gestora de Participações Sociais, S.A.";

Chairman of the Board of Directors of "TEDAL II - Distribuição e Investimentos, S.A.";

Chairman of the Board of Directors of "TEDAL III - Automóveis e Investimentos, S.A.";

Chairman of the Board of Directors of "TEDAL IV - Participações e Automóveis, S.A.";

Chairman of the Board of Directors of "Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.";

Director of "CPM - Companhia de Parques de Macau, S.A.";

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

Director of "Teixeira Duarte - Engenharia e Construções (Macau), Limitada"; and

Director of "Votorantim Macau Investimentos, S.A."

**In companies outside the Teixeira Duarte Group:**

Director of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A.";

Chairman of the Board of Directors of "ILTA - Urbanizadora da Ilha de Tavira, S.A."; and

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

**Director: Joel Vaz Viana de Lemos**

As at 31 December 2016, he held the following positions **in other companies of the Teixeira Duarte Group:**

Director of "Teixeira Duarte - Engenharia e Construções, S.A.";

Chairman of the Board of Directors of "E.P.O.S. - Empresa Portuguesa de Obras Subterrâneas, S.A.";

Chairman of the Board of Directors of "SOMAFEL - Engenharia e Obras Ferroviárias, S.A.";

Chairman of the Board of Directors of "RECOLTE, Serviços e Meio Ambiente, S.A.";

Chairman of the Board of Directors of "RECOLTE, Serviços e Meio Ambiente (Porto), S.A.";

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 "Groupement Maritime Portugais GMP - ORAN";

Director of "ACG - Distribuição e Comércio de Gás, S.A.";

Alternate Director of "AVIAS - Grupo Ferroviário para a Alta Velocidade, ACE";

Director of "Digal - Distribuição e Comércio, S.A.";

Director of "Multigás - Sociedade Comercial e Distribuidora de Gás, S.A.";

Director of "PPS - Produtos Petrolíferos, S.A.";

Director of "Tanquigás - Distribuição e Comércio de Gás, S.A.";

Director of "Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários S.A.";

Director of "TDARCOL - Sociedade Gestora de Participações Sociais, S.A.";

Director of "Somafel e Ferrovias, ACE"; and

Manager of "Recolte, Serviços e Meio Ambiente (Açores), Unipessoal Lda."

**Director: Carlos Gomes Baptista**

As at 31 December 2016, he held the following position **in another company of the Teixeira Duarte Group:**

Chairman of the Board of Directors of "TDGI - Tecnologia de Gestão de imóveis, S.A."

**Director: Diogo Bebiano Branco de Sá Viana Rebelo**

As at 31 December 2016, he held the following positions **in other companies of the Teixeira Duarte Group:**

Chairman of the Board of Directors of "BONAPARTE - Imóveis Comerciais e Participações, S.A.";

Chairman of the Board of Directors of "IMOPEDROUÇOS - Sociedade Imobiliária, S.A.";

Chairman of the Board of Directors of "Lagoas Park, S.A.";

Chairman of the Board of Directors of "Quinta de Cravel Imobiliária, S.A.";

Chairman of the Board of Directors of "Smotors, S.A.";

Chairman of the Board of Directors of "TDE - Empreendimentos Imobiliários, S.A.";

Chairman of the Board of Directors of "TDHOSP - Gestão de Edifício Hospitalar, S.A. ";

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

Chairman of the Board of Directors of "Teixeira Duarte - Distribuição, S.A.";

Chairman of the Board of Directors of "TRANSBRITAL - Britas e Empreendimentos Imobiliários, S.A.";

Chairman of the Board of Directors of "V8 - Gestão Imobiliária, S.A.";

Director of "IMOTD - Sociedade Gestora de Participações Sociais, S.A.";

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

Director of "Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários S.A.";

Manager of "BONAPAPEL - Artigos de Papelaria e Equipamentos Informáticos - Unipessoal, Lda."; and

Manager of "Malanga - Investimentos Imobiliários, Unipessoal Lda.";

**In companies outside the Teixeira Duarte Group:**

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

**Director: Jorge Ricardo de Figueiredo Catarino**

As at 31 December 2016, he held the following positions **in other companies of the Teixeira Duarte Group:**

Chairman of the Board of Directors of "CONBATE, A.C.E.";

Director of "Douro Litoral, A.C.E.";

Director of "Groupement Etrhb Haddad - Teixeira Duarte - Harrach Douera";

Director of "Groupement Mètre d'Alger Centre (GMAC)";

Director of "Groupement Teixeira Duarte / Groupe Etrhb Haddad";

Director of "Groupement Teixeira Duarte, S.A. / Kanaghaz, SPA - Lagunes de Souf"; and

Director of "Teixeira Duarte Algérie, SPA".

**c) Committees and commissions within the management or supervisory body and chief executive officers**

**27. Identification of committees and commissions within, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors, and location where the operating regulations may be consulted.**

Currently, there are no specific committees or commissions on management or supervisory matters; and nor can the foreseen Executive Committee be constituted under article 20 of the Articles of Association.

**28. Composition, if applicable, of the executive committee and/or identification of chief executive officer(s).**

Considering that there is neither an Executive Committee nor Chief Executive Officers, the present rule is not applicable to TD,SA.

**29. Indication of the areas of competence of each of the created committees and commissions, and summary of the activities developed during performance of this competence.**

Considering that there are no committees or commissions created under the Board of Directors, as noted in 2.7 above, , the above rule is not applicable to TD,SA.

### **III. SUPERVISION**

**(Supervisory Board, Audit Committee or General and Supervisory Board)**

**a) Composition**

**30. Identification of the supervisory body (Supervisory Board, Audit Committee or General and Supervisory Board) corresponding to the adopted model.**

The adopted corporate model is usually referred to as the Latin reinforced model, accordingly the appointment of a Supervisory Board was selected as the supervisory body.

**31. Composition, as applicable, of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee, indicating the minimum and maximum statutory number of members, statutory duration of the term of office, number of permanent members, date of the first appointment and date of the end of term of office of each member. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 18.**

Pursuant to article 24 of the Articles of Association of TD,SA, the Supervisory Board is necessarily composed of three permanent members and one alternate, who should comply with the requirements and are entitled to use the powers established by law. When electing the members of this Board, the General Meeting must, mandatorily, elect one of them to perform the duties of Chairman.

As is the case with the other governing bodies and under the terms of number 2 of article 10 of the Memorandum and Articles of Association, the members of the Supervisory Board are elected at the General Meeting, through the list system, for periods of four years, coinciding with the financial years, and may be re-appointed once or twice, under the terms and with the legally established limits.

The Supervisory Board is currently composed of the following members:

Chairman: Óscar Manuel Machado de Figueiredo

Members: Mateus Moreira

Miguel Carmo Pereira Coutinho

Alternate: Rui Pedro Ferreira de Almeida

The Chairman of the Supervisory Board was elected by the Shareholders on 31 May 2014 as Alternate of this board, having taken office as a permanent member on 7 November 2014 - following the resignation submitted by the former Chairman. He was appointed Chairman of the Supervisory Board at the meeting of this board on 5 December 2014, having been elected as Chairman of the Supervisory Board at the General Meeting of 30 May 2015, to perform duties during the current term of office 2015/2018.

The Members of the Board of Directors, Dr. Mateus Moreira and Miguel Carmo Pereira Coutinho were appointed for the first time at the time of the incorporation of the company on 30 November 2009, to perform duties during the 2009/2010 term of office, and were re-elected to their respective positions at the General Meeting of 30 May 2015, to perform duties during the current four-year period of 2015/2018.

The Alternate member of the Supervisory Board, Dr. Rui Pedro Ferreira de Almeida, was elected to the position at the General Meeting of 30 May 2015, also for the term of office 2015/2018.

Furthermore, it should be noted that they all possess suitable competence for the performance of their duties, as described below in point 33.

**32. Identification, as applicable, of the members of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Financial Affairs Committee who are considered to be independent under the terms of article 414, number 5 of the Commercial Companies Code. Reference is made to point 19 of the report where this information is already provided.**

All the current members of the Supervisory Board fully comply with all the requirements of independence, and there is no incompatibility for the performance of their duties for any of them, 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.

**33. Professional qualifications, as applicable, of each member of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee and other relevant curricular elements. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 21.**

The professional qualifications and other relevant curricular elements of the members of the Supervisory Board are described below:

**Óscar Manuel Machado de Figueiredo** (Chairman of the Supervisory Board)

Licentiate degree in Accounting and Administration from Instituto Superior de Contabilidade e Administração de Coimbra.

Advanced Management Course from the Postgraduate School in Economic and Business Science of Universidade Católica Portuguesa.

Member of the Governing Board of the Chartered Accountants Association.

Deputy Chairman of the Executive Committee of the Accounting Standardisation Committee of Portugal.

Was a consultant in various projects in Angola and Mozambique on matters of accounting and audits, and trainer in these same areas in Portugal and the PALOP (Portuguese-Speaking African Countries).

Entered Ernst & Young in January 1979, having been included in the Partnership between 1992 and 2006.

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

Licentiate degree in Finance from "Instituto Superior de Ciências Económicas e Financeiras" (1972).

Retired from Millennium BCP on 30 September 2003, where he held the position of Central Deputy Director.

Member of the Supervisory Board of "Teixeira Duarte - Engenharia e Construções, S.A." from 2 May 2007 to 20 May 2011.

**Miguel Carmo Pereira Coutinho**(Member of the Supervisory Board)

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

Formerly, a businessman.

Currently, he is retired.

Member of the Supervisory Board of "Teixeira Duarte - Engenharia e Construções, S.A." from 2 May 2007 to 20 May 2011.

**Rui Pedro Ferreira de Almeida** (Alternate of the Supervisory Board)

Licentiate degree in Management at the "Instituto Superior de Economia e Gestão" (1997).

Attended the Advanced Course in Human Behaviour in Organisations (AESE) (2007).

Attended a Post-graduation in Mergers and Acquisitions (EGP-UPBS) (2009).

Chairman of the Executive Committee and Member of the Board of Directors of MONERIS, SGPS, S.A..



Chairman of the Supervisory Board of The British-Portuguese Chamber of Commerce.

Alternate of the Supervisory Board of EDP Ventures - Sociedade De Capital De Risco, S.A..

## b) Functioning

### **34. Existence and location where the operating regulations may be consulted, as applicable, of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 24.**

As described above in number 22 of the present Report, there are no operating regulations for the governing bodies.

Notwithstanding the above, we disclose that the "Code of Ethics and Conduct of Teixeira Duarte" was approved by deliberation of the Board of Directors of TD,SA on 24 April 2014, being applicable to all the entities integrated in its consolidation perimeter and management scope and to all their employees, including the members of the governing bodies.

This document establishes, in a new version, the transversal principles of action for all Teixeira Duarte Group employees and in this way, the Company's dealings with the related parties. While this Code acts to strengthen and develop Teixeira Duarte's Mission and Values, it contains absolutely no regulatory provisions on the operating of the governing bodies or other pertinent regulations in this context.

### **35. Number of meetings held and level of attendance of the meetings which have been held, as applicable, of each of the members of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 25.**

During 2016, the Supervisory Board held six meetings, all of which were attended by all of its permanent members.

### **36. Availability of each member, as applicable, of the Supervisory Board, Audit Committee, General and Supervisory Board or Financial Matters Committee, indicating positions held simultaneously at other companies, within and outside the group, and other relevant activities performed by the members of these bodies during the financial year. Reference may be made to the point of the report where this information is already presented pursuant to the provisions in number 26.**

All the members of the Supervisory Board show the appropriate availability for the performance of their duties at TD,SA, namely for participation in the periodic meetings of the Board of Directors and Supervisory Board, and for follow-up of the Company's activity and the preparation and publication of the documents presenting the accounts, in coordination with the action of the Chartered Accountants Firm.

The positions held by each of the members of the Supervisory Board in companies within and outside the Group are indicated below:

#### **Óscar Manuel Machado de Figueiredo** (Chairman of the Supervisory Board)

As at 31 December 2016, he held the position of Permanent Member of the Supervisory Board of "Sporting Clube de Portugal".

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

As at 31 December 2016, he did not perform duties in any other companies.

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

As at 31 December 2016, he did not perform duties in any other companies.

**Rui Pedro Ferreira de Almeida** (Alternate of the Supervisory Board)

As at 31 December 2016, he was Chairman of the Executive Committee and Member of the Board of Directors of MONERIS, SGPS, S.A. and Chairman of the Supervisory Board of The British-Portuguese Chamber of Commerce, and Alternate of the Supervisory Board of EDP Ventures - Sociedade de Capital de Risco.

**c) Competencies and duties**

**37. Description of the procedures and criteria applicable to the intervention of the supervisory board for purposes of contracting additional services from the external auditor.**

No services are contracted from the external auditor other than those related to the legal review of accounts and audit, hence the present regulation is not applicable to TD,SA.

**38. Other duties of the supervisory bodies and, if applicable, the Financial Matters Committee.**

The supervisory bodies do not perform any duties other than those described above and as legally defined.

**IV. CHARTERED ACCOUNTANT**

**39. Identification of the chartered accountant and chartered accountant partner representing the former.**

The position of chartered accountant is held by "Moore Stephens & Associados - SROC", represented by Dr. António Gonçalves Monteiro.

**40. Indication of the number of years during which the chartered accountant has performed duties consecutively at the company and/or group.**

The chartered accountant was appointed for the first time to the position at the General Meeting of 30 May 2015, to perform the respective duties during the four-year period 2015/2018.

**41. Description of other services provided by the chartered accountant to the company.**

The chartered accountant does not provide any services other than those related to the legal review of accounts and audit of TD,SA.

## V. EXTERNAL AUDITOR

### **42. Identification of the external auditor appointed pursuant to article 8 and the partner representing it in performing these duties, as well as the respective registration number at the CMVM.**

The appointed external auditor, under the terms of article 8 of the Securities Market Code, is the chartered accountants firm "Moore Stephens & Associados - SROC", represented by Dr. António Gonalo Monteiro, registered at the OROC under number 173 and at the CMVM under number 20161476.

### **43. Indication of the number of years during which the external auditor and respective chartered accountant partner who represents it in compliance with these duties, has performed duties consecutively at the company and/or group.**

The external auditor and respective partner of the chartered accountant firm who represents it in performing these duties, has held this position at TD,SA since his election at the General Meeting of 30 May 2015, in other words, for approximately two years.

### **44. Policy and frequency of rotation of the external auditor and respective chartered accountant partner who represents it in compliance with these duties.**

There is no defined policy on the rotation of the external auditor and respective chartered accountant partner who represents it in compliance with these duties.

However, it should be further noted that the issue established in Recommendation number IV.3 - *companies should promote the rotation of the auditor at the end of two or three terms of office, according to whether they are four or three years respectively* - is not relevant in this case since the auditor is performing its first term of office in this position.

### **45. Indication of the body responsible for the assessment of the external auditor and frequency with which this assessment is conducted.**

The action of the external auditor has been assessed by all the Supervisory Board and all other governing bodies of TD,SA on an annual basis, and there have never been any circumstances that could justify his dismissal or the termination of the contract for the provision of his services on fair grounds.

On this issue, it should be noted that the Board of Directors of TD,SA and the services under this board have undertaken the commitment to assure the existence of appropriate conditions for the provision of services by the external auditor within the Company, since the Board of Directors and the services under this board are placed directly within the operating structure of TD,SA, and have the necessary physical means, information and documentation to provide the external auditor with the appropriate conditions for the performance of its duties.

The Company's principal interlocutor and first receiver of the external auditor's reports is not the Supervisory Board, as indicated in Recommendation number II.2.2, but rather the Board of Directors, since this is the most suitable interlocutor of the Company, as was described above, Furthermore, this is also 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.

However, it should be noted that these procedures are 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 under the Teixeira Duarte Group, has proved to be appropriate to the good operation of the governing bodies and guaranteed transparency.

**46. Identification of work, other than audit, carried out by the external auditor for the company and/or for the companies which are in a controlling relationship with it, as well as indication of the internal procedures for the purpose of approval of contracting such services and indication of the reasons for their contracting.**

It is disclosed that neither the external auditor, nor any other entities in a holding relationship or which are part of the same network, provide TD,SA with any services other than audit services.

**47. Indication of the value of the annual remuneration paid by the company and/or legal persons in a controlling or group relationship with the auditor and other natural or legal persons belonging to the same network, and details of the percentage relative to the following services (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 retribution paid by the company and/or legal persons in a controlling or group relationship with the auditor and other natural or legal persons belonging to the same network 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.

<b>By the Company</b>		
Value of review of legal accounts services	61,000.00	100.00%
Value of reliability assurance services	-	-
Value of tax advisory services	-	-
Services other than accounts legal review services	-	-
<b>By entities included in the Group</b>		
Value of review of legal accounts services	248,806.00	100.00%
Value of reliability assurance services	-	-
Value of tax advisory services	-	-
Services other than accounts legal review services	-	-

## **C. INTERNAL ORGANISATION**

### **I. ARTICLES OF ASSOCIATION**

#### **48. Rules applicable to the amendment of the articles of association of the company (article 245-A, number 1, subparagraph h)).**

There are no specific rules for any amendments of 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.

### **II. COMMUNICATION OF IRREGULARITIES**

#### **49. Means and policy of communication of irregularities occurred in the company.**

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.

The proceedings are monitored by the person responsible for the department where the alleged irregularity has occurred, using people who are not involved in the situation in question and, if deemed appropriate, followed by lawyers and the Central Department for Human Resources.

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 made.

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

Furthermore, a new vehicle for the communication of irregularities directly to the Supervisory Board was established in 2014, via the creation of the email address [irregularidades@teixeiraduarte.pt](mailto:irregularidades@teixeiraduarte.pt), through which employees (especially using the corporate portal) and shareholders (the same is provided for this purpose on TD,SA's official website [www.teixeiraduarte.pt](http://www.teixeiraduarte.pt)) may send reports on any irregularities.

The aforesaid "Code of Ethics and Conduct of Teixeira Duarte", on the issue of the monitoring of its application, states that "*the employees, customers, suppliers and all other related parties are responsible for striving to ensure compliance with this Code of Ethics, disclosing it, invoking it in their defence and demanding its application throughout the hierarchical structure, including their own, as well as communicating any detected irregularities directly to the Board of Directors, which shall also be available to provide clarifications on its application.*".

### **III. INTERNAL CONTROL AND RISK MANAGEMENT**

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

The Internal Audit Services of the Teixeira Duarte Group have progressively played a fundamental role regarding the implementation of internal control systems.

As at 31 December 2016, these services were assured by five employees, under the hierarchical and operational dependence of the Director Manuel Maria Calainho de Azevedo Teixeira Duarte, where the coordination of this work was also articulated in meetings with the participation of the members of the Supervisory Bodies.

On this issue, particular note should be made of the relevant contribution provided by the corporate services of Consolidation of Accounts and Corporate secretarial services in the process of reporting and disclosure of financial information.

#### **51. Explanation, even if by inclusion of an organisational chart, of the relations of hierarchical and operational dependence in relation to other bodies, committees or commissions of the company.**

As noted above, as at 31 December 2016, the audit services were under the hierarchical and operational dependence of the Director Manuel Maria Calainho de Azevedo Teixeira Duarte, who was not considered independent under the applicable rules and regulations.

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 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 none of their impartiality has ever been placed in question.

It is, therefore, in this context that we disclose that it is the Board of Directors - and not the Supervisory Board, as stated in Recommendation number II.2.5 - which issues opinions on all the work plans and resources allocated to the Internal Audit Service and receives all the reports produced by this service, even when unrelated to matters concerning the presentation of accounts, the identification or settlement of conflicts of interests and the detection of potential illegalities.

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.

Furthermore, the Board of Directors is also responsible - and not the supervisory bodies as mentioned in Recommendation number II.2.4 - for the assessment of the operation of these systems and for proposing their respective adjustment to the needs of TD,SA, since this matter, due both to its nature and the particularities described above, falls under the specific scope of action of the Board of Directors and under this body's control and supervision of the different Departments of the Group's companies, a system that has proved suitable for its purposes.

This reality is, however, followed closely by the members of the supervisory bodies which, in addition to the regular monitoring of the Group's activity, are represented at the monthly meetings held by the Board of Directors where a vast series of elements are provided of different nature with reporting information and forecasts on the Group's action in its different markets and sectors.

## **52. Existence of other operational areas with competence in risk control.**

There are no other areas with exclusive competence concerning risk control, since, in view of the model enforced within the Group on this matter, all the areas have their respective share of responsibility under the terms described above.

## **53. Identification and description of the main types of risk (economic, financial and legal) 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, Mozambique and Venezuela;
- fluctuations and volatility of interest rates, credit spreads and exchange rates, as well as ready cash of convertible currencies in markets in which the Group operates;
- alterations in government policies;
- regulatory and financial framework of banking activity;
- alterations in the competitive environment of the activity sectors in which the Teixeira Duarte Group operates; and
- fluctuations of stock markets and the impact on the 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, is historically correlated, more or less directly, with the macroeconomic performance of the countries or markets in which the Teixeira Duarte Group operates, in particular, with the evolution of Gross Domestic Product (GDP) and corresponding market prices. 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 (43.6% in 2016).

As the construction business is the core business of the Teixeira Duarte Group, namely the areas of Geotechnics and Rehabilitation, Buildings, Infrastructures, Metalworking, and Underground, Railway and Maritime Works, the main risks inherent to this business are described below.

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, maintenance and adaptation of equipment.

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

Moreover, the retraction of public investment, as well as private investment to a lesser extent, 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 of 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 arising from 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 arises 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 into the main and oldest markets of action of Teixeira Duarte - 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, which, both due to their complexity and need for partners and the longevity of the processes, imply heavy risk in the evaluation of assets and projects in the long term, in an increasingly more dynamic world characterised by unexpected changes.

The Group's Real Estate activity is affected by the requirements for new projects, increasing at all levels (administrative, economic, social, environmental, among others), and by variations of demand derived from updates of interest rates and ready cash for funding purposes.

**Hospitality** in Portugal have experienced minor fluctuations, while the hotels in Africa are naturally exposed to the characteristics 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 highly exposed due to the specific circumstances of the country and logistic difficulties related to supply, transport and travel.

The **Automotive** sector is currently subject to heavy competition, in particular in the Angolan market, where competitiveness is increasing considerably and the investment made by the Group implies strong optimisation of processes and costs, in a market which is becoming progressively more demanding.

Although the risks in the **Energy** sector to which the Group was exposed in 2016 were limited to the volatility of the price of gas in international markets, the truth is that on 12 March the Group concluded an agreement with "OZ Energia, S.A." to divest its 50% stake in "TDARCOL - Sociedade Gestora de Participações Sociais, S.A.". This company holds other companies through which the Teixeira Duarte Group had been operating in the Energy Sector, namely in the Gas area. Therefore, with the completion of this operation, which will only occur after the Competition Authority has issued its opinion, the Teixeira Duarte Group will no longer operate in the energy sector and its action will thus no longer be exposed to such risks.

Regarding its **financial holdings**, the risk to consider is that relative to the stake held in "Banco Comercial Português, S.A.", a risk which arises from the current volatility of the financial markets and the possible impact of the respective stock market prices on the accounts of the Teixeira Duarte Group, which might even, under certain circumstances, affect 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 (80,6% in 2016). 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 foreign exchange risks arising from possible 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.

The Teixeira Duarte Group operates in various activity sectors, in particular, due to their contribution to the Group's operating income, the Construction sector, but also in others such as Distribution and Automotive, which can be described as very 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 and retain 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 on 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 with the necessary means 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 Accounting which, under the direct supervision of a Director responsible for this area and monitoring of the supervisory bodies, is specially committed to controlling the liquidity of the Teixeira Duarte Group.

TD,SA manages the Group's liquidity by acting in two directions: by ensuring that the Group's financial debt has a high component of medium and long term maturities suitable to the expected capacity to generate funds and re-finance these lines, and by assuring the availability of credit facilities, in various cases provided 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 instruments available on the market are the most appropriate to cover these risks. These operations are permanently monitored, namely 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 IFRS 9 (formerly IAS 39), being measured at their fair value, which is based on assessments made by financial institutions. These are qualified as hedge instruments or instruments held for trading, in compliance with the provisions of IFRS 9.

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 Venezuelan Bolivar 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 automotive 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 and products which are essentially consumables for the companies established under Angolan law which operate in the area of distribution, as well as motor vehicles, spare parts and equipment for the different local participated companies in the automotive sector in Angola, involving, amongst others, the Nissan, Renault, Peugeot, Mahindra, Honda, JMC, Ssangyong, Chevrolet and Isuzu brands.

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:

- 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;
- the evolution of the price of oil strongly influences the development of the actual economy of the markets in which the Teixeira Duarte Group operates, some of which in a very significant manner, due to the importance that this product represents in the GDP of these countries.

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 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 held.

The net worth, equity and even, in certain situations the impairment and net income of the Teixeira Duarte Group might be influenced by the appreciation/devaluation of the financial stakes held, which, in the case of holdings in companies listed for trading on regulated markets (Banco Comercial Português, S.A.), depends directly on the stock market prices of the respective shares, as well as on changes in the applicable tax legislation related to holding or trading these interests.

The entities of the Teixeira Duarte Group are subject to the risks inherent to any economic activity, which is the case of accidents, breakdowns 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.

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

The procedures implemented in terms of internal control and management of risks 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 practical results considered satisfactory.

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 of the companies included in the Teixeira Duarte Group, and of the fundamental principles and concepts that are applied, leads to the conclusion that the efficiency and control costs related to the creation of any control committees would greatly outweigh the potential benefits that could arise from control carried out by such committees. Moreover, 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 fully comply with the requirements listed in Recommendation II.1.5, TD,SA remains firmly convinced of its choice for the model described above, because it believes that the basic assumptions of this recommendation are 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 with the accountability of the Group's organisational structures.

**55. Main elements of the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information (article 245-A, number 1, subparagraph m)).**

The process of disclosure of financial information is coordinated by the Board of Directors and always monitored by the Supervisory Bodies. The teams of the Consolidation of Accounts and Corporate Secretarial Services contribute to this process, respectively, in the preparation and recording of the accounts and other accounting and financial reporting and in the preparation and disclosure of the final document.

Both the aforesaid services closely follow the evolution of the applicable rules and regulations, both in the financial and legal areas, and interact with the Securities Market Commission to ensure updated supplementary information and regulations on these matters and report directly to the Board of Directors.

All the employees of the Consolidation of Accounts Services and those who, in the Corporate Secretarial Services, participate in the preparation and disclosure of the final document are included in the list established in article 248 of the Securities Market Code, as employees with access to privileged information, with all being notified by letter delivered by hand of their inclusion in this list and the legal consequences arising from the disclosure or abusive use of privileged information.

#### **IV. INVESTOR SUPPORT**

**56. Service responsible for investor support, composition, duties, information provided by these services and contact details.**

In order to reinforce the policy of disclosure of information referred to above, and in order to foster permanent contact with the market and the response to requests made by investors in due time, assuring 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 the supervision of the Director Manuel Maria Calainho de Azevedo Teixeira Duarte, coordinated by Dr. José Pedro Piores 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

Telephone: + 351 217 912 415

Fax: + 351 217 941 108

E-mail: [representantemercado@teixeiraduarte.pt](mailto:representantemercado@teixeiraduarte.pt)

The Investor Support Office also assures the maintenance of a record of the requests submitted by the different stakeholders and their subsequent treatment.

#### **57. Representative for market relations.**

As noted in point 56 above, the position of Representative for Market Relations is held by Dr. José Pedro Poiães Cobra Ferreira.

#### **58. Information on the proportion and response time to requests for information entered during the year or outstanding from previous years.**

The response time to requests for information during 2016 was, on average, 3 days.

### **V. INTERNET WEBSITE**

#### **59. Address(es).**

The Internet website of TD,SA has the following address: [www.teixeiraduarte.pt](http://www.teixeiraduarte.pt). On this website, the Company provides, in Portuguese and English, the information which is considered relevant and enables understanding the evolution and current situation in economic, financial and governance terms.

#### **60. Location where information can be found on the corporate name, capacity as a public company, head office and other elements mentioned in article 171 of the Commercial Companies Code.**

These elements may be consulted at: <http://www.teixeiraduarte.pt/en/investors/company-identification/>.

#### **61. Location where the articles of association and operating regulations for the bodies and/or committees or commissions.**

The Articles of Association may be consulted at: <http://www.teixeiraduarte.pt/en/investors/by-laws/>.

As noted above, there are no operating regulations for the bodies and/or committees or commissions.

#### **62. Location where information is provided on the identity of the members of the governing bodies, representative for market relations, Investor Support Office or equivalent structure, respective duties and means of access.**

The information on the identity of the members of the governing bodies may be consulted at:

<http://www.teixeiraduarte.pt/en/investors/social-bodies/>.

The information on the representative for market relations and the Investor Support Office may be consulted at:

<http://www.teixeiraduarte.pt/en/investors/investor-relations-office>.

**63. Location providing the documents presenting the accounts, which should be accessible for at least five years, as well as the six-monthly calendar of corporate events, disclosed in the beginning of each semester, including, among others, general meetings, disclosure of annual, six-monthly and, when applicable, quarterly accounts.**

The documents presenting the accounts since the Company's incorporation in 2009 may be consulted at:

<http://www.teixeiraduarte.pt/en/investors/financial-information/>.

The six-monthly calendar of corporate events may be consulted at:

<http://www.teixeiraduarte.pt/en/financial-calendar>.

**64. Location disclosing the call notice of a general meeting and all the preparatory and subsequent information related to this meeting.**

All the elements related to the General Meetings of TD,SA may be consulted at: [www.teixeiraduarte.pt/assembleias-gerais](http://www.teixeiraduarte.pt/assembleias-gerais).

**65. Location providing the historical record with the deliberations taken at the company's general meetings, the share capital represented and the results of the voting, relative to the preceding 3 years.**

All these elements may be consulted at: <http://www.teixeiraduarte.pt/en/general-meetings>.

## **D. REMUNERATIONS**

### **I. COMPETENCE FOR DETERMINATION**

**66. Indication of competence to determine the remuneration of the governing bodies, members of the executive committee or chief executive officer and senior managers of the company.**

Pursuant to article 11 of the Articles of Association of TD,SA and under the terms established in the Policy of Remuneration of the Management and Supervisory Bodies of the Company, the Remuneration Commission is competent to determine the remuneration of the governing bodies.

It should also be noted, as has already been clarified, there is no executive committee or Chief Executive Officer, hence, in this regard, this issue is not applicable to TD,SA.

However, and based on the criteria established in article 248-B, number 3 of the Securities Market Code, the only senior managers of TD,SA who are not part of their Board of Directors are members of the Board of Directors of its subsidiary company "Teixeira Duarte - Engenharia e Construções, S.A.", where the determination of these senior managers is entrusted to the Remuneration Committee of "Teixeira Duarte - Engenharia e Construções, S.A.", which is composed of precisely the same members as those of the Remuneration Committee of TD,SA.

## II. REMUNERATION COMMITTEE

### **67. Composition of the remuneration committee, including identification of natural or legal persons contracted to provide support and statement of the independence of each member and adviser.**

Currently, the Remuneration Committee is composed of the following persons, elected at the General Meeting of 30 May 2015, to perform duties during the term of office of 2015/2018:

- Pedro Maria Calainho Teixeira Duarte
- António Carlos Calainho de Azevedo Teixeira Duarte
- Maria da Conceição Maia Teixeira Duarte

Dr. 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 held by members of the Teixeira Duarte family, it is natural that they are part of its Remuneration Committee. Traditionally and for decades, this practice has been followed, always in conformity with the rules and recommendations on the remuneration of the members of the Management Board established by the CMVM at any given time, hence there are no reasons to change this.

It is important to stress that this is a Company which, following the example of the Group's former holding company ("Teixeira Duarte - Engenharia e Construções, S.A."), with its own specific way of acting and its strongly distinctive business image, has adopted a very particular way of being and a healthy management policy which has been recognised as such by the public and market.

Furthermore, no natural or legal persons have been contracted to support the Remuneration Committee in the performance of its duties.

Moreover, we disclose that the external auditor, under its competence, is responsible for verifying the application of the policies and systems of remuneration of the governing bodies, as established in Recommendation number IV.1.

### **68. Knowledge and experience of the members of the remuneration committee on matters of remuneration policy.**

Dr. 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.

### III. STRUCTURE OF THE REMUNERATIONS

#### **69. Description of the policy of 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 unanimously at the General Meeting of this company, held on 28 May 2016, where the contents of this statement are reproduced below:

##### *"REGULATORY CONTEXT*

*Pursuant to the provisions in Law number 28/2009, of 19 June, and article eleven of the Company's Articles of Association, this Committee is responsible for the annual submission, for the approval of the General Meeting, of a statement on remuneration policy of the members of the management and supervisory bodies of this Company, which should take into consideration, in addition to this diploma, article 399 of the Commercial Companies Code and the CMVM Corporate Governance Code of 2013 (Recommendations).*

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

*Pursuant to the adopted corporate model adopted by "Teixeira Duarte, S.A.," the present statement covers all the members of the Board of Directors, Supervisory Board and Chartered Accountants Firm.*

##### *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 definition of this Remuneration Policy takes into account the historical reality and context of the subject experienced regarding this latter company over the years.*

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

*Regarding the Board of Directors, the Remuneration Committee should determine the values of the fixed and variable component of its remunerations in accordance with guidelines that 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 amounts of the remunerations of the other employees of "Teixeira Duarte, S.A." and the company 100% held by it, "Teixeira Duarte - Engenharia e Construções, S.A."*

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

*The variable amount should be established for each member of the Board of Directors as supplementary remuneration and performance bonus, where this component is totally unrelated to the evolution of the stock market price of the Company's shares, but rather depends on the evolution of corporate business, financial indicators such as net indebtedness and financial autonomy, dedication by each member to the achievement of the tasks and objectives inherent to their respective duties, as well as the net income for the year and corresponding policy on its appropriation, which has progressively favoured the reinforcement of the Company's equity and ensuring the continued and balanced distribution of dividends to shareholders.*

*No Director is entitled to any right to the variable component of his remuneration until its specific attribution by this Remuneration Committee. Likewise, there is no provision stipulating 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. Furthermore, there are no mechanisms limiting the variable*



remuneration, in the event of the net income showing a considerable deterioration in the company's performance in the last reported year or when such is expected for the year in progress.

However, the Committee should consider whether a significant part of the variable remuneration should be deferred for a period not less than three years, and if its payment should be subject to the continued positive performance of the company over this period, where this is defined as the occurrence of at least one of the following facts:

- Increased equity;
- Average EBITDA for 2016 to 2018 above the EBITDA recorded for 2015;
- Average Consolidated Net Income for 2016 to 2018 above the Consolidated net income for 2015.

There will be no system for the attribution of shares or rights to acquire options on shares and/or any other share incentive scheme.

For the overall remuneration of the members of the Board of Directors, no sum will be paid in the form of profit-sharing.

The Directors of "Teixeira Duarte, S.A." should not receive any remuneration, of any nature, paid by companies that are in a controlling or group relationship with it.

There should not be any other relevant non-cash benefits, apart from those established by this Committee.

The members of the Board of Directors shall be paid daily allowances under the terms and of the amounts determined for all the other employees of "Teixeira Duarte, S.A." and "Teixeira Duarte – Engenharia e Construções, S.A.," namely for deployment under work for the Company.

No sums have been paid, and nor are there any foreseen sums payable, relative to the dismissal or termination of office of Directors.

#### IV. SUPERVISORY BOARD:

All the members of the Supervisory Board should, pursuant to the current system established in the Commercial Companies Code, receive a fixed remuneration for the performance of the duties inherent to their respective positions, determined by this Remuneration Committee, where none of these members should receive any other retribution from "Teixeira Duarte, S.A." 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 should not be any 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 should be 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 verification required for the review and legal certification of the Company's accounts, for which an amount should be 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, according to its sensitivity and monitoring of the business and activity of this Supervisory Body.

*It should be noted in particular that this same Chartered Accountants Firm also provides legal review of accounts and auditing services, exclusively of the same nature, to other entities included in the Teixeira Duarte Group, receiving the corresponding retributions from these companies, whose overall value shall be disclosed under the terms of the Law, especially through the publication of the Corporate Governance Report.*

*Since the Supervisory Board has played an increasingly more active role in monitoring the work of the Chartered Accountants Firm, this board should be consulted in order to issue an opinion on the establishment of the remunerations of this firm.*

**VI. CONCLUSION:**

*Therefore, it shall be based on the remuneration policy presented above that this Committee should, specifically, establish 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 amounts shall be disclosed annually whenever so required by the law, especially in the Corporate Governance Reports.*

*To conclude, it is emphasised that many of the aspects established above seek to comply with the regulations mentioned at the beginning, and may be altered in accordance with any changes that these rules might undergo."*

TD,SA believes that the statement on the remuneration policy applicable to the members of the Management and Supervisory Bodies transcribed above is fairly clear and encompassing, enabling a correct understanding of the way that the remunerations of the management and supervisory bodies are established.

Indeed, the aforesaid statement contains the generality of the information mentioned in Recommendation number II.3.3, where only the information relative to the potential maximum amounts referred to in subparagraph b) of this recommendation are not indicated, as these maximum amounts have never been established.

**70. Information on the way 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 the manner in which 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 related 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 amounts of the remunerations of its employees and all other employees of the company 100% held by it, "Teixeira Duarte - Engenharia e Construções, S.A."

The establishment of remunerations also takes into account the company's long term performance, compliance with the rules applicable to the company's activity, restraint in excessive risk-taking and market knowledge.

**71. Reference, if applicable, to the existence of a variable component of the remuneration and information on any impact of the assessment of performance on this component.**

The remuneration of the Directors is composed of a variable component, referred to as "performance bonus", which is attributed within the limits of the distribution of part of the net income for the year in question to the employees and members of the Board of Directors, deliberated

at the respective Annual General Meetings. This attribution is subsequently materialised pursuant to the terms, conditions, amounts and time limits established by the Remuneration Committee, taking into account the provisions established in the "Declaration on the Remuneration Policy of the Management and Supervisory Bodies of the Company" in force.

This variable component of remuneration is unrelated to the evolution of the stock market prices of the Company's shares, but rather depends on the evolution of corporate business, financial indicators such as net debt and financial autonomy, the dedication shown by each member in the accomplishment of the tasks and objectives inherent to their duties, as well as the net income for the year and the corresponding policy of its appropriation, which has also always prioritised the reinforcement of the Company's equity and assurance of the continued and balanced distribution of dividends to shareholders.

Accordingly, there is no maximum ceiling for each component as suggest in Recommendation number III.3, but rather an attribution in conformity with the parameters identified above, the remuneration policy defined for the Company, and the assessment of the performance and execution of duties of each Director. The variable component has always been reasonable as a whole in relation to the fixed component, in conformity with the indications of Recommendation number III.3.

Although part of the variable component attributed by the Remuneration Committee may be deferred over time, it is important to note that no Director is entitled to any right to the variable component of his remuneration until a specific allocation has been made by the Remuneration Committee, under the terms and on the grounds established by this committee.

Pursuant to Recommendation number III.5, we disclose that the members of the management body did not enter into 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.

## **72. Deferral of the payment of the variable component of remuneration, mentioning the period of deferral**

As deliberated by the Remuneration Committee, part of the variable component shall be paid from 2019 onwards, on a date to be determined by the Remuneration Committee, with this payment depending on the continued positive performance of the Company throughout the financial years of 2016 to 2018.

Moreover, it should be noted that the performance bonus attributed as distribution of profits for 2012 to each of the members of the Board of Directors of "Teixeira Duarte, S.A." were conditional to the observance of certain conditions - which did indeed take place - and stipulated the deferral of the payment of part of this bonus to this year of 2016. However, the Remuneration Committee decided that, "in view of the economic and financial circumstances which the Company and economic Group encounter in the different geographic areas in which they operate, as well as the reduction of activity and results achieved, compounded by the measures that have progressively been taken by the Board of Directors to overcome this more difficult situation", only part of this sum of the variable component derived from the distribution of net income for 2012 would be paid in 2016, with the other part only being paid at a later date to be defined by this Committee.

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.

## **73. Criteria underlying the attribution of variable remuneration in shares as well as on the holding, by the executive directors, of these shares, on any conclusion 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 features described above.

**74. 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.

**75. Main parameters and grounds of any system of annual bonuses and any other non-cash benefits.**

The bonus (referred to as "performance bonus") is attributed under the scope and within the limits of the distribution of part of the net income for the year in question to the employees and members of the Board of Directors, deliberated at the respective Annual General Meetings. This attribution is subsequently materialised pursuant to the terms, conditions, amounts and time limits established by the Remuneration Committee, taking into account the provisions established in the "Declaration on the Remuneration Policy of the Management and Supervisory Bodies of the Company" in force.

Therefore, the Remuneration Committee takes into consideration, in the attribution of annual bonus, the performance and net income of the Company as a whole, as well as the overall activity of the management board, in view of the defined objectives, taking into account the conditions and values of the remunerations of its employees and the other employees of the company 100% held by it, "Teixeira Duarte - Engenharia e Construções, S.A."

The annual bonuses were established taking into account the Company's long term performance, compliance with the rules applicable to the company's activity, restraint in excessive risk-taking and market knowledge, as already indicated above.

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

**76. Main characteristics of schemes for supplementary pensions or early retirement pensions for the directors and date on which they were approved at the general meeting, on an individual basis.**

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. The aforesaid Remuneration Committee is also responsible for conducting an annual review of the amounts attributed.

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 - By 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."*

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

The determination of the Memorandum and Articles of Association referred to above does not invalidate that the Remuneration Committee may submit such a matter to the General Meeting, however, this has actually never taken place because this has never proved necessary or appropriate in view of the established statutory rule.

For all due purposes, it is disclosed that, since the incorporation of the company in 2009, up to this date, no retirement benefit schemes established in favour of the members governing bodies have been approved at the General Meeting. Likewise, neither has any specific benefit been attributed, namely by the Remuneration Committee, for any termination of duties, in particular due to retirement.

#### IV. DISCLOSURE OF THE REMUNERATIONS

##### **77. Indication of the annual value of the remuneration received, as a whole and individually, by the members of the management bodies, derived from the company, including fixed and variable remuneration and, relative to the latter, reference to its different components.**

During 2016, the remunerations, in a broad sense, received individually by the members of the Board of Directors, were as follows:

Board of Directors	Fixed Remuneration	Variable Remuneration		Sub-Total	Compensation for Deployment	Total
		Attributed in 2016	Attributed in 2013			
Pedro Maria Calainho Teixeira Duarte	75,000.00	5,000.00	20,000.00	100,000.00	0.00	100,000.00
Manuel Maria Calainho de Azevedo Teixeira Duarte	137,200.00	5,000.00	42,500.00	184,700.00	16,239.80	200,939.80
Joel Viana de Lemos	137,200.00	5,000.00	55,000.00	197,200.00	3,284.10	200,484.10
Carlos Gomes Baptista	137,200.00	5,000.00	45,000.00	187,200.00	21,675.00	208,875.00
Diogo Bebbiano Branco de Sá Viana Rebelo	137,200.00	5,000.00	45,000.00	187,200.00	35,009.90	222,209.90
Jorge Ricardo Figueiredo Catarino	137,200.00	5,000.00	45,000.00	187,200.00	13,764.05	200,964.05
<b>TOTAL</b>	<b>761,000.00</b>	<b>30,000.00</b>	<b>252,500.00</b>	<b>1,043,500.00</b>	<b>89,972.85</b>	<b>1,133,472.85</b>

In 2016, the total value of the variable remunerations paid by TD,SA represented 24.9% of the total value received.

During 2016, no pension rights were acquired.

Supplementary to the information indicated above about the values paid, it is disclosed that in 2016 the Remuneration Committee decided to attribute variable remuneration sums to the members of the Board of Directors, part of which was paid in that same year - and indicated above in the table - and part was deferred to 2019, depending on the continued positive performance of the Company throughout 2016 to 2018.

Board of Directors	Variable Remuneration Attributed in 2016		
	For 2018	For 2019	Total
Pedro Maria Calainho Teixeira Duarte	5,000.00	10,000.00	15,000.00
Manuel Maria Calainho de Azevedo Teixeira Duarte	5,000.00	10,000.00	15,000.00
Joel Viana de Lemos	5,000.00	10,000.00	15,000.00
Carlos Gomes Baptista	5,000.00	10,000.00	15,000.00
Diogo Bebiano Branco de Sá Viana Rebelo	5,000.00	10,000.00	15,000.00
Jorge Ricardo Figueiredo Catarino	5,000.00	10,000.00	15,000.00
<b>TOTAL</b>	<b>30,000.00</b>	<b>60,000.00</b>	<b>90,000.00</b>

**78. Amounts paid, for any reason, by other companies in a controlling or group relationship or which are subject to common control.**

During 2016, the members of the Board of Directors did not receive any remuneration, of any nature, paid by other companies that are in a controlling or group relationship with TD,SA.

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

Effectively, the members of the Board of Directors are paid an amount as a bonus (referred to as "performance bonus"), which is attributed under the scope and within the limits of the distribution of part of the net income for the year in question to the employees and members of the Board of Directors, deliberated at the respective Annual General Meetings. This attribution is subsequently materialised pursuant to the terms, conditions, amounts and time limits established by the Remuneration Committee, taking into account the provisions established in the "Declaration on the Remuneration Policy of the Management and Supervisory Bodies of the Company" in force.

Therefore, as clarified above, the establishment of the paid bonuses was driven by the dedication and results of the Company as a whole, as well as the overall activity of the management board, in view of the defined objectives, taking into account the conditions and values of the remunerations of its employees and the other employees of the company 100% held by it, "Teixeira Duarte - Engenharia e Construções, S.A.".

The establishment of the bonuses also took into account the Company's long term performance, compliance with the rules applicable to the company's activity, restraint in excessive risk-taking and market knowledge.

### 80. 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 no Director terminated office during 2016.

### 81. Indication of the annual value of the remuneration received, as a whole and individually, by the members of the supervisory bodies, pursuant to Law number 28/2009, of 19 June.

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 their respective positions.

Thus, during 2016, 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
Óscar Manuel Machado Figueiredo	30,000.00	-	30,000.00
Mateus Moreira	18,000.00	-	18,000.00
Miguel Carmo Pereira Coutinho	18,000.00	-	18,000.00
<b>TOTAL</b>	<b>66,000.00</b>	<b>-</b>	<b>66,000.00</b>

The total value paid to the Chartered Accountants Firm "MOORE STEPHENS & ASSOCIADOS - SROC, S.A." 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, relative to the only services provided, that is, Legal Review of Accounts and Audit services, was:

Chartered Accountant Firm	Remuneration
Legal review of accounts services for the Group	309,806.00
Other reliability assurance services	-
Tax advisory services	-
Services other than accounts legal review services	-
<b>TOTAL</b>	<b>309,806.00</b>

All the values listed above relative to the remuneration of the members of the Supervisory Board and Chartered Accountants Firm were paid during 2016, therefore there are no portions whose payment is deferred over time.

Furthermore, it should also be noted that, as established in the Policy of Remuneration of the Management and Supervisory Bodies and, simultaneously, in compliance with the provisions in Recommendation number III.2, the remuneration of the members of the supervisory body does not include any component whose value depends on the performance of the company or its value.

## **82. Indication of the remuneration of the chairman of the board of the general meeting for the year in question.**

With the exception of the aforesaid Secretary of the Board of the General Meeting, all the other members of this body, 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 these terms, it is disclosed that the remuneration of the Chairman of the Board of the General Meeting was € 5,000.00 (five thousand euros) during 2016.

## **V. AGREEMENTS WITH REMUNERATIVE IMPLICATIONS**

### **83. Contractual limitations established for the compensation payable for dismissal without fair grounds 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.

It should be noted that, pursuant to Recommendation number III.8, no legal mechanisms have been established, apart from those stipulated by the law, for any indemnity or compensation, apart from that legally owed, to be payable when the dismissal of the Director neither arises from serious breach of duties nor from incapacity for the normal performance of his duties but, even so, can be attributed to inadequate performance.

It should be recalled that the Directors of the leading listed company of the Teixeira Duarte Group, formerly "Teixeira Duarte - Engenharia e Construções, S.A." and currently TD,SA, have always been "in-house people", whose career progression was developed within the Teixeira Duarte Group and are not managers from other companies or groups. Therefore, no situation of dismissal of a Director has occurred since its incorporation, nor has there ever been any payment of compensation for termination of contract, hence it is deemed inappropriate to establish any legal mechanisms of the nature described above.

### **84. Reference to the existence and description, indicating the amounts involved, of 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 of control of the company (article 245-A, number 1, subparagraph I).**

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.

## **VI. PLANS TO ATTRIBUTE SHARES OR STOCK OPTIONS**

### **85. Identification of the plan and respective beneficiaries.**



There are no plans relative to the attribution of shares or attribution of options for the acquisition of shares.

**86. Characterisation of the plan (conditions of attribution, clauses on the inability to dispose of shares, criteria relative to the price of the shares and 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).**

As noted in point 85 above, there are no plans relative to the attribution of shares or attribution of options for the acquisition of shares, hence the present provision is not applicable.

**87. Option rights attributed for the acquisition of shares (stock options) regarding which the company's employees and workers are the beneficiaries.**

As noted in point 85 above, there are no plans relative to the attribution of shares or attribution of options for the acquisition of shares, hence the present provision is not applicable.

**88. 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 (article, number 1, sub-paragraph e)).**

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.

## **E. TRANSACTIONS WITH RELATED PARTIES**

### **I. CONTROL MECHANISMS AND PROCEDURES**

**89. Mechanisms implemented by the company for the purpose of control of transactions with related parties (the concept arising from IAS 24 is used for this effect).**

All transactions between entities of the Teixeira Duarte Group with related parties are conducted at market prices. The concept is clear and undertaken by all business managers of the different areas of the Group who deal with related parties.

This attitude is transversal to all transactions of this nature, in other words, any transfer of resources, services or obligations between related parties, regardless of the existence of a price debit.

In addition to these general guidelines, all transactions between related parties are recorded electronically in the Group's overall supporting platform, which, apart from the actual business managers, is also accessible to the teams dealing with finance and accounting, consolidation of accounts and audit, as well as the actual management and, supplementarily, the supervisory bodies of the Company and Group.

It should be recalled, on this issue that the "Code of Ethics and Conduct of Teixeira Duarte" was approved by the Board of Directors of TD,SA on 24 April 2015, being applicable to all the entities integrated in its consolidation perimeter and management scope and to all their employees, including the members of the governing bodies.

This document establishes, in a new version, the transversal principles of action for all Teixeira Duarte Group employees and in this way, the Company's dealings with the related parties. This Code acts to strengthen and develop Teixeira Duarte's Mission and Values, with its compliance

being mandatory for all employees and members of the governing bodies, and any breach may be subject to disciplinary proceedings.

An excerpt of this text on "Customers and Suppliers" is quoted below:

*- Selection Criteria*

*This Truth implies that Teixeira Duarte and its employees should act so that the decisions taken by customers and those to be taken relative to suppliers follow objective, technical and professional selection criteria, aimed at the efficiency of the decision and safeguarding the Company's interests, albeit in full Respect for these entities, regardless of their position in relation to the Company, in other words, rejecting any possible abuses of power or position, whether between companies or among the employees.*

*- Conflicts of Interest and Corruption*

*In the context of relations with customers and suppliers, we reiterate the need to assess possible conflicts of interest, as well as the prohibition of any corrupting behaviour, either actively or passively, including payments or receipts for facilitation or creation, maintenance or promise of irregular situations or favours.*

**90. Indication of transactions which were subject to control during the year under review.**

In this context and in view of the mechanisms referred to above, all the transactions with related parties were subject to control under the aforesaid terms. These transactions with related parties and their respective balances and additional information may be consulted in Note 29 of the Notes to the Consolidated Financial Statements as at 31 December 2016.

**91. 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.

**II. ELEMENTS RELATIVE TO BUSINESS**

**92. Indication of the location of the documents presenting the accounts with available information on business with related parties, in accordance with IAS 24, or, alternatively, reproduction of this information.**

The information on business with related parties, in accordance with IAS 24, is reproduced in Note 29 of the Notes to the Consolidated Financial Statements as at 31 December 2016.

## PART II - ASSESSMENT OF CORPORATE GOVERNANCE

### 1. Identification of the adopted corporate governance code

**The Corporate Governance Code to which the company is subject or has voluntarily decided to adopt should be identified, under the terms and for the effects of article 2 of the present Regulation.**

Apart from the applicable legal and regulatory rules, namely the Commercial Companies Code, the Securities Market Code and Regulations of the CMVM, especially Regulation number 4/2013, TD,SA has chosen not to adopt any Corporate Governance Code other than that issued by the CMVM in 2013.

**The location available to the public where the texts on corporate governance codes to which the issuer is subject should be indicated (article 245-A, number 1, subparagraph p)).**

The aforesaid Corporate Governance Code issued by the CMVM in 2013 may be consulted at [www.cmvm.pt](http://www.cmvm.pt).

### 2. Analysis of compliance with the adopted corporate governance code

**Under the terms of article 245-A number 1, subparagraph o), the statement on the endorsement of the corporate governance code to which the issuer is subject should be presented, specifying any parts of this code with which there is divergence and the reasons for this divergence.**

The information to be presented should include, for each recommendation:

- a) Information which enables appraising compliance with the recommendation or reference to the point of the report where the issue is discussed in detail (chapter, title, point and page);
- b) Justification for any non-compliance or partial compliance;
- c) In the case of non-compliance or partial compliance, identification of any alternative mechanism adopted by the company for the effect of pursuing the same objective of the recommendation.

### 3. Other information

**The company should provide any elements or additional information which, not having been presented in the preceding points, are relevant for the comprehension of the model and governance practices that have been adopted.**

The points included in number 2 should be developed simultaneously, since they are interrelated.

Among the 41 Recommendations comprising the aforesaid Corporate Governance Code of the CMVM, the Company does not adopt eleven and partially adopts six.

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

	<b>Recommendation</b>	<b>Adoption</b>	<b>Reference</b>
I.1	Companies should encourage their shareholders to participate and vote at general meetings, in particular, by not establishing an excessively high number of shares required for access to the right to one vote and implementing the indispensable means for the exercise of the right to vote by correspondence and electronically.	Partial	12
I.2	Companies should not adopt mechanisms which hinder the taking of deliberations by their shareholders, in particular establishing a deliberative quorum greater than that stipulated by law.	Yes	14
I.3	Companies should not establish mechanisms with the effect of causing a time lag between the right to receive dividends or the subscription of new securities and the voting right of each ordinary share, unless duly substantiated as being in the long term interests of the shareholders.	Yes	12
I.4	Articles of association of companies which set a limit on the number of votes which may be held or exercised by a single shareholder, individually or jointly with other shareholders, should 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.	Not Applicable	5
I.5	Measures should not be adopted if they imply payments or the incurring of costs by the company in the event of transfer of control or change of the composition of the management board, and which might jeopardising the free transferability of shares and the free assessment by the shareholders of the performance of members of the management board.	Yes	6
<b>II</b>	<b>SUPERVISION, MANAGEMENT AND AUDIT</b>		
<b>II.1</b>	<b>SUPERVISION AND MANAGEMENT</b>		
II.1.1	Within the limits established by the law, and and unless due to the small size of the company, the board of directors should delegate the daily management of the company, with the delegated competence being identified in the annual Corporate Governance Report.	No	21

	Recommendation	Adoption	Reference
II.1.2	The Board of Directors should ensure that the company acts in accordance with its objectives, and should not delegate its competence, namely, with respect to: i) definition of the strategy and general policies of the company; ii) definition of the Group's corporate structure; iii) decisions which should be considered strategic due to their amount, risk or special features.	Yes	21
II.1.3	The General and Supervisory Board, apart from performing the supervisory duties entrusted to it, should assume full responsibility in terms of corporate governance, therefore, through statutory provision or equivalent measure, it should be made compulsory that this body issue an opinion on the strategy and main policies of the company, the definition of the group's business structure and the decisions which should be considered strategic due to their amount or risk. This body should also assess compliance with the strategic plan and the execution of the main policies of the company.	Not Applicable	15
II.1.4	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:		
a)	Ensure competent and independent assessment of the performance of the executive directors and their own overall performance, as well as that of the various existing committees and commissions;	No	24
b)	Reflect on the adopted governance system, structure and practices, verify its effectiveness and propose to the competent bodies the measures to take with a view to its improvement.	No	24
II.1.5	The Board of Directors or General and Supervisory Board, according to the applicable model, should establish objectives on matters of risk-taking and create systems for their control, with a view to assuring that the risks which are effectively incurred are consistent with these objectives.	Partial	54
II.1.6	The Board of Directors should include a sufficient number of non-executive members so as guarantee effective capacity to monitor, supervise and assess the activities of the other members of the management body.	No	18

	<b>Recommendation</b>	<b>Adoption</b>	<b>Reference</b>
II.1.7	<p>Among the non-executive directors, there should be an adequate proportion of independent directors, taking into consideration the adopted governance model, the size of the company, its shareholder structure and respective free float. The independence of the members of the General and Supervisory Board and the members of the Audit Committee is appraised under the terms of the current legislation and, regarding the other members of the Board of Directors, members are considered independent when they are neither associated to any specific group of interests in the company nor in any circumstance which might affect the impartiality of their analysis or decision-making, namely due to:</p> <p>a. Having been an employee of the company or companies which are in a controlling or group relationship with the former during the last three years;</p> <p>b. Having, in the last three years, rendered services or established significant commercial relations with a company which has been in a controlling or group relationship, whether directly as a partner, director or manager of a legal person;</p> <p>c. Being a beneficiary of remuneration paid by the company or companies which are in a controlling or group relationship with the former in addition to the remuneration arising from the performance of directorship duties;</p> <p>d. Living in non-marital cohabitation or being the spouse, parent or similar in a straight line and until the 3rd degree, inclusively, in the collateral line, of directors or natural persons directly or indirectly holding qualifying stakes;</p> <p>e. Holding a qualifying stake or representing a shareholder holding a qualifying stake.</p>	No	18
II.1.8	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	18
II.1.9	The chairman of the executive management body or executive committee should send, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board, and the Chairman of the Financial Matters Committee, the call notices and minutes of the respective meetings.	Yes	18
II.1.10	Should the chairman of the management body perform executive duties, this body should indicate, from among its members, an independent director to assure the coordination of the work of the other non-executive members, and the conditions to enable them to take decisions in an independent or informed manner or find other equivalent mechanisms to assure this coordination.	Not Applicable	18

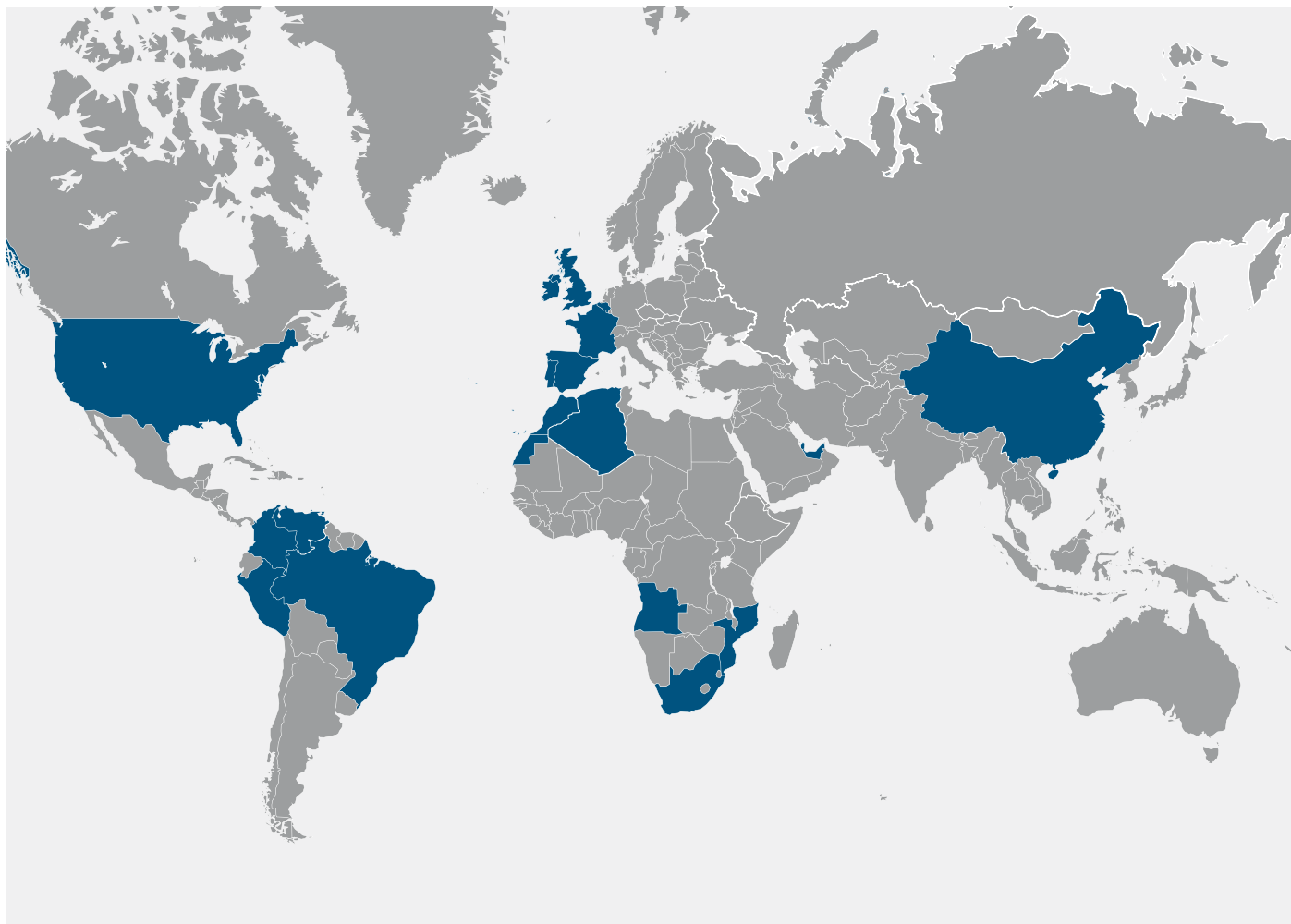
	<b>Recommendation</b>	<b>Adoption</b>	<b>Reference</b>
<b>II.2</b>	<b>SUPERVISION</b>		
II.2.1	According to the applicable model, the chairman of the Supervisory Board, Audit Committee or Financial Matters Committee should be independent, according to the applicable legal criteria, and possess adequate competence to perform the respective duties.	Yes	32
II.2.2	The supervisory body should be the main agent for communication with the external auditor and first receiver of the respective reports, being responsible, namely, for proposing the remuneration of the external auditor and ensuring the existence of the appropriate conditions for the provision of the services within the company.	No	45
II.2.3	The supervisory body should assess the external auditor on an annual basis and propose, to the competent body, the external auditor's dismissal or termination of its service contract whenever there are fair grounds for the effect.	Yes	45
II.2.4	The supervisory body should assess the operation of the internal control and risk management systems, and propose any adjustments deemed necessary.	No	51
II.2.5	The Audit Committee, General and Supervisory Board and Financial Matters Committee should issue an opinion on the work plans and resources allocated to the internal audit services and services which endeavour to assure compliance with the rules applied to the company (compliance services) and should receive the reports produced by these services at least when related to matters concerning the presentation of accounts, the identification or settlement of conflicts of interests and the detection of potential illegalities.	No	51
<b>II.3</b>	<b>ESTABLISHMENT OF REMUNERATIONS</b>		
II.3.1	All the members of the Remuneration Committee or equivalent should be independent from the executive members of the management board and include at least one member with knowledge and experience on matters of remuneration policy.	Partial	67 and 68
II.3.2	No legal or natural person who has provided, during the last three years, services to the any structure directly under the management body, the actual management body of the company or who has an current relationship with any consultant of the company or with the company's consultants 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	67

	<b>Recommendation</b>	<b>Adoption</b>	<b>Reference</b>
II.3.3	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, also contain: a) Identification and explanation of the criteria for the determination of the remuneration to be attributed to the members of the governing bodies; b) Information on the potential maximum amount, both in individual and aggregate terms, payable to the members of the governing bodies, and identification of the circumstances when these maximum amounts may be due; d) Information on the enforceability or non-enforceability of payments relative to the dismissal or termination of office of directors.	Partial	69
II.3.4	The proposal relative to approval of share attribution plans and/or share acquisition options, or based on share price variations, to members of the governing bodies, should be submitted to the General Meeting. The proposal should contain all the elements necessary for an appropriate assessment of the plan.	Not Applicable	85
II.3.5	The proposal relative to approval of any retirement benefit scheme established in favour of the members of the governing bodies should be submitted to the General Meeting. The proposal should contain all the elements necessary for a correct assessment of the scheme.	No	76
<b>III</b>	<b>REMUNERATIONS</b>		
III.1	The remuneration of the executive members of the management body should be based on effective performance and discourage excessive risk-taking.	Yes	70
III.2	The remuneration of the non-executive members of the management body and the remuneration of the members of the supervisory body should not include any component whose value depends on the company's performance or its value.	Yes	18 and 81
III.3	The variable component of the remuneration should be reasonable as a whole in relation to the fixed component of the remuneration, and maximum limits should be established for all the components.	Partial	71
III.4	A significant part of the variable remuneration should be deferred for a period not less than three years, and the right to its receipt should be subject to the continued positive performance of the company over this period.	Yes	72
III.5	The members of the management body should not enter into 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.	Yes	71



	<b>Recommendation</b>	<b>Adoption</b>	<b>Reference</b>
III.6	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.	Not Applicable	73
III.7	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.	Not Applicable	74
III.8	When the dismissal of a director does not arise from serious breach of duties nor from incapacity for the normal performance of his duties but, even so, can be attributed to inadequate performance the company should be endowed with the appropriate and necessary legal instruments so that no indemnity or compensation, apart from that legally owed, should be payable.	No	83
<b>IV</b>	<b>AUDIT</b>		
IV.1	The external auditor should, under its competence, verify the application of the policies and systems for the remuneration of the governing bodies, the effectiveness and functioning of the internal control mechanisms and report any flaws to the company's supervisory board.	Partial	51 and 67
IV.2	The company or any entities in a controlling relationship with it should not contract from the external auditor, or from any entities in a group 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, they should not amount to more than 30% of the total value of the services provided to the company.	Yes	37, 41 and 46
IV.3	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	44
<b>V</b>	<b>CONFLICTS OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES</b>		
V.1	The Company's business with shareholders of qualifying stakes, or with entities which are in any relationship with them, under the terms of article 20 of the Securities Market Code, should be conducted under normal market conditions.	Yes	10

	<b>Recommendation</b>	<b>Adoption</b>	<b>Reference</b>
V.2	The supervisory or audit body should establish the necessary procedures and criteria for the definition of the relevant level of significant business with shareholders holding qualifying stakes, or with entities which are engaged with them in any of the relations established in number 1 of article 20 of the Securities Market Code, where the conduct of business of significant relevance should depend on the prior opinion of this body.	No	10
<b>VI.</b>	<b>INFORMATION</b>		
VI.1	Companies should provide, through their website, in Portuguese and English, access to information which enables knowledge on their evolution and current reality in economic, financial and governance terms.	Yes	59
VI.2	Companies should ensure the existence of a an investor support office and permanent contact with the market, which responds to requests submitted by investors in due time, and records should be kept of the submitted requests and their subsequent treatment.	Yes	56 and 58



#### Head Office

Lagoas Park, Edifício 2  
2740-265 Porto Salvo  
Tel: (+351) 217 912 300  
Fax: (+351) 217 941 120

#### Teixeira Duarte Operating Centre

Av. da Indústria, 540  
2870-635 Alto do Estanqueiro - Jardim - Montijo  
Tel: (+351) 219 948 000  
Fax: (+351) 210 096 888

#### Offices

##### • Coimbra

Av. Fernão de Magalhães, 584-2º E  
3000-174 Coimbra  
Tel: (+351) 239 855 320  
Fax: (+351) 239 855 329

##### • Madeira

Rua das Pretas, 4 - 2º Dto.  
9000-049 Funchal  
Tel: (+351) 291 206 930

##### • Vila Nova de Gaia

Edifício Tower Plaza  
Rotunda Engº Edgar Cardoso, nº 23 - Piso 8  
4400-676 Vila Nova de Gaia  
Tel: (+351) 226 166 180  
Fax: (+351) 226 104 297

##### • South Africa

GLOBAL NET DISTRIBUTORS (PTY) LTD  
2nd Floor, West Tower - Nelson Mandela Square  
Maude Street - Sandton - Johannesburg, 2146  
Tel: (+27) 11 881 5963  
Fax: (+27) 11 881 5611

##### • Angola

Avenida Pedro de Castro Van-Dúnem Loy  
Baixo Morro Bento (Maxipark)  
Edifício Teixeira Duarte, 387 - Luanda  
Tel: (+244) 222 641 500  
Fax: (+244) 222 641 560

##### • Algeria

08 Route Ben Aknoun - El Biar  
16030 Algiers  
Tel: +213 (0) 21 92 74 33  
Fax: +213 (0) 21 92 74 36

##### • Belgium

Avenue Jean Monnet, 1  
1348 LOUVAIN-LA-NEUVE  
Tel: (+32) 2 318 38 04  
Fax: (+32) 2 318 38 03

##### • Brazil

Sao Paulo  
Rua Iguatemi, 448 - 6º Andar  
CEP 01451 - 010  
Itaim Bibi - São Paulo  
Tel: (+55) 112 144 57 00  
Fax: (+55) 112 144 57 04

Rua Vieira de Morais, 1111 - 6º andar  
Campo Belo - Conj. 601  
CEP 04617-014 São Paulo  
Tel: (+55) 113 073 13 03

Belo Horizonte  
Rua Paraíba, 1000 - 12º Andar-Parte  
Bairro Savassi, CEP 30130-145  
Belo Horizonte - MG  
Tel: (+55) 313 311 47 88  
Fax: (+55) 313 221 42 56

##### • China (Macau)

Avenida Dr. Mário Soares, nº 25  
Edifício Montepio, Ap. 26-28, 3º Andar - Macau  
Tel: (+853) 28 780 288  
Fax: (+853) 28 780 188

##### • Colombia

Carrera 11, 94-02 - Oficina 201  
Edifício Centro de Negócios Manhattan  
Bogotá  
Tel: (+57) 1 6754530

##### • United Arab Emirates (Dubai)

GND Trading ME, FZE  
Jafza One, Office 1503 - Jebel Ali Free Zone  
PO Box 263895 - Dubai - UAE

##### • Spain

Avenida Alberto Alcocer, nº 24 - 7º C  
28036 Madrid  
Tel: (+34) 915 550 903  
Fax: (+34) 915 972 834

##### • United States of America

4100 Spring Valley Road  
Suite 310  
Dallas - Texas 75244

##### • France

11, Bis, Passage Dartois Bidot  
94100 Saint-Maur des Fosses

##### • Morocco

Espace Porte d'Anfa, 2ème Étage,  
Batiment B, 218, Angle Boulevard Moulay  
Rachid et Rue El Mansour  
20050 Casablanca - Royaume du Maroc  
Tel: (+212) 223 62 890  
Fax: (+212) 223 62 647

##### • Mozambique

Avenida Julyus Nyerere, 130 - R/C  
Maputo  
Tel: (+258) 214 914 01  
Fax: (+258) 214 914 00

##### • Peru

Avenida Arenales, 773 - Oficina 802  
Urb. Santa Beatriz - Lima

##### • Qatar

TDGJSERV Services, LLC  
Marriot Executive Apart. 291  
Al Wahda St., West Bay  
25500, Doha  
Tel: (+974) 705 70 219

##### • Venezuela

Av. Venezuela del Rosal, con Calle Mohedano,  
Torre JWM, frente al BOD, piso 5, El Rosal  
1060 Caracas  
Tel: (+58) 212 951 2012  
Fax: (+58) 212 953 7409

