



**CORPORATE  
GOVERNANCE REPORT**

**2018**



CORPORATE GOVERNANCE  
REPORT  
**2018**

## Identification of the company

### **Teixeira Duarte, S.A.**

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

Share capital: € 210,000,000

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

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BOLIVAR

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VIKING MERLIN

Hapag-Lloyd  
Hapag-Lloyd  
Hapag-Lloyd

Corporate  
Governance Report  
2018

# 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 by the shareholders, etc.), including indication of shares not listed for trading, different categories of shares, their inherent rights and duties and percentage of share capital represented by each category (article 245.º-A, number 1, subparagraph a)).

The share capital of "Teixeira Duarte, S.A." (hereafter referred to as TD,SA, of the total value of € 210,000,000.00 (two hundred and ten million euros), is totally paid-up and is represented by 420,000,000 shares with the nominal value of € 0.50 (fifty euro 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 2018, distributed over a total number of 4,697 shareholders, as follows:

- Shareholders with up to 42,000 shares: 4,398
- Shareholders with 42,001 to 420,000 shares: 248
- Shareholders with 420,001 to 4,200,000 shares: 41
- Shareholders with 4,200,001 to 42,000,000 shares: 8
- Shareholders with more than 42,000,000 shares: 2

2. Restrictions to the transferability of shares, such as clauses of consent for disposal or limits to the ownership of shares (Article 245.º-A, number 1, subparagraph b)).

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

3. Number of own shares, corresponding percentage share capital and percentage voting rights to which the own shares would correspond (article 245.º-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 in-

formation due to other legal requirements (article 245-A, number 1, subparagraph j)).

TD,SA is not party to significant agreements that enter into force, are altered or terminated in the event of a change of control of the Company, with the exception of situations provided for in financing contracts, according to normal market practice, some of which provide for the possibility of the financial institution requesting early repayment in the event of a change of control of the Company.

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.

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 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 the natural and legal persons who, directly or indirectly, hold qualifying stakes (article 245-A, number 1, subparagraphs c) and d) and article 16), with detailed indication of the percentage share capital and votes imputable and the source and causes of imputation.

As at 31 December 2018, the qualifying holdings, calculated under the terms of article 20 of the Securities Market Code, were as follows:



	Nr. shares as at 31.12.2018	Share capital with right to vote
<b>Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A.</b>		
Directly	202,201,978	48.14%
Through the members of Board of Directors of "TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A.*"	9,058,048	2.16%
Total attributable	211,260,026	50.30%
<b>Eng. Miguel Calainho de Azevedo Teixeira Duarte</b>		
Directly	198,070	0.05%
Through the company controlled directly by him "MIDINVEST - Gestão e Investimentos, Sociedade Unipessoal, Lda."	43,510,000	10.36%
Total attributable	43,708,070	10.41%
<b>Banco Comercial Português, S.A. *</b>		
Directly	-	-
Through the Pension Fund of the Banco Comercial Português Group that it holds	33,752,363	8.04%
Total attributable	33,752,363	8.04%
<b>Eng. João Afonso Calainho de Azevedo Teixeira Duarte</b>		
Directly	9,717,325	2.31%
Total attributable	9,717,325	2.31%

\* - It is reported that, on April 5, 2019, the Pension Fund of the Banco Comercial Português Group reduced its holding of the share capital of the company Teixeira Duarte, S.A., from 21,078,470 shares representing around 5.018% of the share capital and the respective voting rights, to 20,929,397 and around 4.983% respectively.

#### 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. CSC]

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 2018, 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 2017:

Name	Company	Assurance	Nr. of Shares
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	-
José Gonçalo Pereira de Sousa Guerra Constenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	-
José Pedro Poiães Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	-
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
Óscar Manuel Machado de Figueiredo	Teixeira Duarte, S.A.	Chairman of the Supervisory Board	-
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	-
Mr. 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	-
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Chartered Accountant	-

### II. Transactions with shares held, directly and indirectly, by Members of the Governing Bodies during the period between 1 January and 31 December 2018:

Name	Operation	Company	Date	Nr. of Shares	Price per Share
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	03/12/2018	(b) 1,000	0,17
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	04/12/2018	(b) 1,000	0,1615
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	05/12/2018	(b) 1,000	0,15
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	06/12/2018	(b) 1,000	0,145
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	07/12/2018	(b) 1,000	0,142
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	10/12/2018	(b) 1,000	0,139
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	12/12/2018	(b) 2,000	0,147
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	13/12/2018	(b) 5,000	0,16
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	13/12/2018	5,000	0,16
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	14/12/2018	(b) 5,000	0,154
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	14/12/2018	(b) 5,000	0,154
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	17/12/2018	(b) 10,000	0,151
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	17/12/2018	500	0,153
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	17/12/2018	4,500	0,1505
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	18/12/2018	(b) 5,000	0,152
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	19/12/2018	(b) 5,000	0,148
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	20/12/2018	(b) 5,000	0,144
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	21/12/2018	(b) 2,152	0,1385
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	21/12/2018	(b) 2,848	0,139

Name	Operation	Company	Date	Nr. of Shares	Price per Share
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	24/12/2018	(b) 5,000	0,134
Pedro Maria Calainho Teixeira Duarte	Acquisition	Teixeira Duarte, S.A.	27/12/2018	(b) 5,000	0,135
Pedro Maria Calainho Teixeira Duarte	Sale	Teixeira Duarte, S.A.	27/12/2018	(c) 35,000	Exchange for TD-SGPS shares

(b) These operations were carried out by the company it controls, PACIM - Gestão e Investimentos, Lda.  
(c) This operation was carried out by the company it controls, PACIM - Gestão e Investimentos, Lda., which, for every 35 TEIXEIRA DUARTE, S.A. shares sold, it received 1 share representing the share capital of TEIXEIRA DUARTE - Sociedade Gestora de Participações Sociais, S.A.

### III. Number of shares held by Members of the Governing Bodies as at 31 December 2018:

Name	Company	Assurance	Nr. of Shares
Rogério Paulo Castanho Alves	Teixeira Duarte, S.A.	Chairman of the Board of the General Meeting	-
José Gonçalo Pereira de Sousa Guerra Constenla	Teixeira Duarte, S.A.	Deputy Chairman of the Board of the General Meeting	-
José Pedro Poiães Cobra Ferreira	Teixeira Duarte, S.A.	Secretary of the Board of the General Meeting	-
Pedro Maria Calainho Teixeira Duarte	Teixeira Duarte, S.A.	Chairman of the Board of Directors	(a) 60,000
Manuel Maria Calainho de Azevedo Teixeira Duarte	Teixeira Duarte, S.A.	Director	5,030,575
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
Óscar Manuel Machado de Figueiredo	Teixeira Duarte, S.A.	Chairman of the Supervisory Board	-
Mateus Moreira	Teixeira Duarte, S.A.	Member of the Supervisory Board	-
Mr. Miguel Carmo Pereira Coutinho	Teixeira Duarte, S.A.	Member of the Supervisory Board	(b) 10,000
Rui Pedro Ferreira de Almeida	Teixeira Duarte, S.A.	Alternate of the Supervisory Board	-
Moore Stephens & Associados, SROC, S.A.	Teixeira Duarte, S.A.	Chartered Accountant	-

(a) 42,000 shares directly held by it and 18,000 shares held by the company it controls "PACIM - Gestão e Investimentos, Lda.", which in 2019, exchanged all of these shares for shares in Teixeira Duarte - SGPS, S.A.

(b) shares held under joint ownership with his wife.

**9. Special powers of the management body, namely with respect to deliberations to increase the share capital (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 competences entrusted by the Law, Articles of Association or through delegation of the General Meeting, the Board of Directors is responsible for:

- 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;
- 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;

- appointing attorneys or mandataries of the Company to carry out certain acts or categories of acts, with the powers and duties defined in the respective powers of attorney which it has granted for the effect;
- 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 Board of Directors ensures that the Company acts in accordance with its objectives and does not delegate powers with regard to i) definition of the company's strategy and main policies; ii) organisation and coordination of the corporate structure; iii) matters that should be considered strategic due to their value, risk and special characteristics.

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 Comer-

cial Português Group, this holding has been imputed to "Banco Comercial Português, S.A."

It happens that 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 2018, the total value of the loans taken out from this institution reached approximately 246 million euros, corresponding to 28% 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 reached the total amount of 26 million euros, representing 6% of the total value of the guarantees contracted by the Group.

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

In view of the nature of the relations identified above and 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.

## **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: Mr. Rogério Paulo Castanho Alves, lawyer, with professional domicile at Avelida Álvares Cabral, 61 - 4º, 1250-017 Lisboa, Portugal;

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

Secretary Mr. 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 voting rights, such as limitations to the exercise of voting rights dependent on the ownership of a number or percentage of shares, periods of time imposed for the exercise of voting rights or systems privileging rights relative to assets (article 245-A, number 1, subparagraph f)).**

There are no restrictions on voting rights, namely limits on the exercise of voting rights subject to 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 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 article 7 of the Articles of Association provides for the possibility of shares without voting rights, the truth is that this category of shares does not exist and has never existed.

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 process of voting by electronic means, or to the participation of shareholders in the General Meeting by telematic means, are very significant, specifically with regard to the technical resources needed to verify the authenticity of the corresponding voting declarations, to allow participation in General Meetings by telematic means, and to guarantee the integrity and confi-

dentiality of the respective contents. It also recognises the high level of security and operational reliability necessary for receiving the aforementioned declarations.

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 traditionally have 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 which are 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 deliberation, by 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

Ever since its incorporation on 30 November 2009, Teixeira Duarte, S.A. has adopted a model of Corporate Governance known as the “strengthened Latin” model. In addition to the General Meeting and its respective board, its corporate bodies are a Board of Directors and two independent oversight bodies: the audit committee and the Official Accounts Auditor Company.

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

The adopted corporate model fully complies with the objectives that served as a basis, namely ensuring that TD,SA mains good levels of operation and efficiency as each corporate body performs its functions both independently and in conjunction with others. Therefore, this corporate model is appropriate for the modus operandi of TD,SA, for its structures and for members of the corporate bodies, specifically 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 adopted the systems which enables a Director to be elected amongst the persons proposed in lists which are undersigned and presented by groups of shareholders, provided that none of these groups own shares representing more than twenty percent and less than ten percent of the share capital. Pursuant to this choice, any Director elected in this manner automatically

replaces the one last on the list who would have fallen due in the election of the Directors.

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

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

#### 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.

Throughout the 2018 financial year, the Board of Directors consisted of five members, all of whom were permanent, with a Chairman and four members:

#### 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

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.

Since then, no other members of the Board of Directors or of the other corporate bodies have been elected, and therefore Recommendation V.4.1. does not apply to TD,SA.

**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, provided services or established significant business relations with the company or companies which are in a controlling or group relationship with the former, whether directly or as a partner, administrator, manager or director 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 family member in a straight line and up to the 3rd degree, inclusively, in a collateral line, of directors or natural persons who directly or indirectly hold a qualifying stake;
- 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, operationality 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 effect, the total independence and compatibility of the members of the Supervisory Board allows for impartial and useful intervention in the supervision of the Company's activity, not only from an accounting point of view - where it benefits from the regular intervention of the Chartered Accountants Firm - but also from a policy perspective, in this case with the appropriate limits and scope essential to safeguard compliance with the legal and regulatory rules in force, all with a view to achieving constant transparency and proper levels of disclosure of information to the market in general and to the shareholders, especially at the General Meeting.

In view of the corporate model that has been adopted, and the composition and operating methods of its corporate bodies - specifically the executive nature of the Board of Directors and the independence of the audit committee and the official accounts auditor company, without competences being delegated between them or to other committees - TD,SA believes that appointing non-executive members to hold positions on the Board of Directors would not bring significant added value to the good operation of the model that has been adopted, which has proved to be adequate and efficient.

Therefore, this justifies TD,SA's decision to not have non-executive members on the Board of Directors for monitoring, supervising and evaluating the activity of the other members of the body.

Considering that all members of the Board of Directors perform executive functions, this regulatory standard does not apply to the situation of TD,SA.

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

It should also be noted that there is a good connection between all of the corporate bodies, not only between the Statutory Auditor Company and the Supervisory Board, which meet periodically, but also between these bodies and the Board of Directors. All of the directors have provided the information requested by the other members of the corporate bodies in a timely and appropriate manner, and the company provides them all with any essential elements and documents for analysing and making decisions on matters that are their responsibility when exercising their respective positions.

The statutory auditor cooperates with the supervisory body, immediately providing it with information about any irregularities relevant to the duties performed by the supervisory body that it detects, as well as any difficulties that he/she may have encountered during the course of his/her duties.

It should also be noted that, pursuant to the principle of close collaboration between the governing bodies, 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. These tasks are performed, on the instructions of the Chairman of the Board of Directors, by the Company Secretary who, on the instructions of the former, provides the Chairman of the Supervisory Board with copies of the notifications and minutes of meetings of the Board of Directors, once they have been duly signed.

It should be added that, despite the fact that the chairman of the board of directors performs executive functions, as there are no non-executive Directors - and none of them is, according to the criteria of the CMVM Regulations, considered independent -, the provisions of Recommendation no. n.ºIII.1 do not apply to TD,SA. This recommendation states that, if the chair of the board of directors has executive functions, this body must appoint an independent director from among its members, to ensure that

the work of the other non-executive members is coordinated, and to create conditions to allow them to make decisions in an independent and informed manner, or find another equivalent mechanism to ensure that this coordination takes place.

**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**

Graduated in Business Management from "Universidade Católica Portuguesa", in 1977, where he held the position of assistant to the chair of General Mathematics until 1981.

Appointed for the first time in 2009, when the company was incorporated, he was last elected in 2015 to perform functions for the 2015/2018 term.

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 2018 he is responsible for performing the following duties, among others:

- ensuring the operation of the Board of Directors, particularly when it comes to coordinating the performance of its members and holding the respective meetings;
- coordinating the activities of the members of the Board of Directors of "Teixeira Duarte - Engenharia e Construções, S.A." and the members of the Board of Directors of the sole shareholder TD,SA;
- supervising, accompanied by the Administration adviser Dr. António Manuel Costeira Faustino, the activity of the Central Legal Management;
- monitoring and reporting, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Construction Sector;
- monitoring and reporting, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Concessions and Services Sector in the *Facilities Management* and environment areas;

In 1978 he joined the staff of "Teixeira Duarte - Engenharia e



Construções, S.A.", and in 1987 he became Managing Director of what was then the Group's top company, in which he has held the position of Chairman of the 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.

Over the years, he has held multiple corporate positions in various other entities, of which mentioned should be made of the following:

- On several occasions since 1991 he has served terms as a member of the Board of Directors of Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A. - a company owned by members of the Teixeira Duarte family to which a stake in excess of 50% of the capital of TD,SA is assigned - and of which he was Chairman between 2011 and 11 April 2019;
- The top position in the management body of PASIM - Sociedade Imobiliária, Lda. since its incorporation to date;
- Member of the Board of Directors of "CIMPOR - Cimentos de Portugal, S.G.P.S., S.A." between 2001 and August 2009; and
- Various functions in the Corporate Bodies of "Banco Comercial Português, S.A." between 1985 and 2013, in particular as Vice-Chairman of the Senior Board, Vice-Chairman of the General and Supervisory Board and Vice-Chairman of the Board of Directors.

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

Licentiate degree in Law from the "Faculdade de Direito da Universidade de Lisboa", in 1989.

Appointed for the first time in 2009, when the company was incorporated, he was elected in 2015 to perform functions for the 2015/2018 term.

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 without prejudice to the legal and statutory provisions that determine the collegiate nature of the Board of Directors and the established practice of regular contact and consultation between all its members, on 31 December 2018 this Director was in charge of:

- supervising the activities developed by the Central Department for Finance and Accounting, as well as the Corporate Secretariat, Consolidation of Accounts and Internal Audit Services.
- monitoring and reporting, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Construction Sector;
- monitoring and reporting, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Concessions and Services Sector in the *Facilities Management* and environment areas;
- monitoring and reporting on activities in the concessions and services sector relating to the operation of companies with stakes in small-scale hydroelectric power station projects in Brazil, "MMK Cement", "CPM - Companhia de Parques de Macau, S.A.";
- monitoring and reporting on activities carried out by subsidiaries in the Hospitality Sector;
- monitoring and reporting on other financial stakes.

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

He was the Director of "TDF - Sociedade Gestora de Investimentos Imobiliário, SA" from 30.06.1992 to 22.04.2005, with supervision functions and control over investment decisions, under the scope of competences assigned to Board of Directors members by the Trading Companies Code and by the company's articles of incorporation, as well as a role relating to relations with the Portuguese Securities and Exchange Commission (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.

He has been a member of the corporate bodies many Teixeira Duarte Group companies. In April 2005 he also became a member of the Board of Directors of the Group's listed parent company - "Teixeira Duarte - Engenharia e Construções, S.A." at the time, and currently TD,SA; he still holds these positions today.

On several occasions since 1991 he has served terms as a member of the Board of Directors of Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A. - a company owned by members of the Teixeira Duarte family to which a stake in excess

of 50% of the capital of TD,SA is assigned - and of which he was a Board Member between 2011 and 11 April 2019.

**Director: Joel Vaz Viana de Lemos**

Licentiate degree in Civil Engineering from the "Faculdade de Engenharia da Universidade do Porto", in 1977.

Appointed for the first time in 2009, when the company was incorporated, he was last elected in 2015 to perform functions for the 2015/2018 term.

It should also be noted that he has been a director of the Group's listed parent company since 2005 (which until 2010 was "Teixeira Duarte - Engenharia e Construções, S.A. ").

As a Director and without prejudice to the legal and statutory provisions that determine the collegiate nature of the Board of Directors and the established practice of regular contact and consultation between all its members, on 31 December 2018 this Director was in charge of:

- supervising the activities carried out by the central IT department - in this regard it will be monitored by administrator Diogo Bebiano Branco de Sá Viana Rebelo, - and activities carried out by the central human resources department - in this regard it will also be monitored by Engineer Diogo Bebiano Branco de Sá Viana Rebelo in the Professional Qualification Area - as well as monitoring the participation by group companies, particularly those that operate in the construction sector, in associations of which they are members, specifically by representing them or guaranteeing their respective representation;
- monitoring and reporting, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Construction Sector;
- monitoring and reporting, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Concessions and Services Sector in the *Facilities Management* and environment areas;

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 De-

partment, 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 has also held corporate positions in different companies, groups, consortia and associations in which the Teixeira Duarte Group participates, some of which he still holds after taking on the role 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 in 2009, when the company was incorporated, he was last elected in 2015 to perform functions for the 2015/2018 term.

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).

In November 2013, he ceased to be a member of the Board of Directors of "Teixeira Duarte - Engenharia e Construções, S.A.", a position to which he was again elected in 2018.

As a Director and without prejudice to the legal and statutory provisions that determine the collegiate nature of the Board of Directors and the established practice of regular contact and consultation between all its members, on 31 December 2018

this Director was in charge of:

- monitoring and reporting, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Construction Sector;
- monitoring and reporting, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Concessions and Services Sector in the *Facilities Management* and environment areas;

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 1992 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.", until November 2013.

From 2000 onwards he has monitored 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 to the position for the first time in 2011, by a General Meeting decision, he was last elected in 2015 to perform functions for the 2015/2018 term.

As a Director and without prejudice to the legal and statutory provisions that determine the collegiate nature of the Board of Directors and the established practice of regular contact and consultation between all its members, on 31 December 2018 this Director was:

- monitoring the Director Joel Vaz Viana de Lemos during the supervision of activities carried out by the central IT department and the professional qualification area;
- monitoring and reporting, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Construction Sector;
- monitoring and reporting, together with the other members of the Board of Directors, on the activities carried out by subsidiaries in the Concessions and Services Sector in the *Facilities Management* and environment areas;
- monitoring and reporting on activities carried out by subsidiaries in the concessions and services sector, specifically relating to actions by "TDHOSP - Gestão de Edifício Hospitalar, SA" and "EDUCARE - Actividades Educativas e Culturais, Lda .;
- monitoring and reporting on activities carried out by subsidiaries in Real Estate Sector;
- monitoring and reporting on activities carried out by subsidiaries in the Distribution Sector;
- monitoring and report on activities carried out by subsidiaries in the Automotive Sector.

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, hotel services, 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, Hotel Services, Distribution and the Automobile sector.

In 2010 he also started to coordinate the Group's action in the Distribution and Automobile 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.

**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 a shareholder of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A." and brother of the Engineer 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 any significant nature.

The Director Manuel Maria Calainho de Azevedo Teixeira Duarte is a shareholder of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A." and is the cousin of the Engineer 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 any 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 operationality and proximity to the matters of their competence, whereby any delegation in this regard would be redundant and counterproductive.

It is therefore the responsibility of the Board of Directors to ensure that the Company acts in accordance with its objectives, so this body does not delegate powers with regard to i) definition of the company's strategy and main policies; ii) organisation and coordination of the corporate structure; iii) matters that should be considered strategic due to their value, risk and special characteristics.

In effect, it is the Board of Directors that defines the generic organisational lines for the Group, which are shown on the following organisational chart:

## CORPORATE AREA

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Internal Audit

Accounting

Finance

Legal

Human Resources

Corporate Secretariat

Information Technologies

## ACTIVITY SECTORS

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### Construction

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Geotechnics and Rehabilitation

Marine Works

| Exploration Centres

| Direction of Studies  
and Projects

Buildings

| Exploration Centres

| Direction of Studies

Infrastructures

| Exploration Centres

| Direction of Studies

Metalworking

Underground Works

Railway Works

Shuttering and Prestressing

Supplies

Equipment Management

Management and  
Technology Systems

Proposal's Logistics

### Concessions and Services

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Facilities Management

Environment

Education

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### Real Estate

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### Hospitality

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### Distribution

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### Automotive

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## b) Operation

**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 operatinality.

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 foregoing, it is reported that following a decision by the Board of Directors of TD,SA on 5 February 2018, the new "Code of Ethics and Conduct of the Teixeira Duarte Group" was approved, which is also mandatory for all Directors. However, nowhere in this code are regulatory provisions for the operation of corporate bodies, or other relevant provisions in this regard.

Detailed minutes of the meetings of the Board of Directors and the other corporate bodies of TD,SA are always drawn up.

Although this is not established in the Articles of Incorporation or in other specific mechanisms to this effect, it is guaranteed that, within the limits of the applicable legislation, the members of the administration and supervisory bodies are permanently guaranteed access to all company information and employees for the assessment of the performance, situation and development prospects of the company, specifically including minutes, supporting documentation for decisions that are made, meeting notifications and files from meetings of the executive management body, without prejudice to access to any other documents or persons from whom clarifications may be requested.

**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 2018, the Board of Directors of TD,SA held 33 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, was present at all meetings of this body.

The Director Manuel Maria Calainho de Azevedo Teixeira Duarte was present at thirty-one meetings of the Board of Directors, and was represented by the Chairman of the Board of Directors at the two meetings at which he was not present.

The Director Joel Vaz Viana de Lemos was present at twenty-nine meetings of the Board of Directors, having been represented by the Chairman of the Board of Directors at three of the four meetings he was unable to attend, his absence having been previously announced and justified by other prior professional commitments, all in coordination with the other members of the Board.

The Director Carlos Gomes Baptista was present at thirty-two meetings of the Board of Directors and was represented by the Chairman of the Board of Directors at the only meeting at which he was not present.

The Director Diogo Bebiano Branco de Sá Viana Rebelo attended thirty-one meetings of the Board of Directors and was represented by the Chairman of the Board of Directors at the two meetings he was unable to attend.

**24. Indication of the company's governing bodies which are competent to assess 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 reported that due to the organizational and functional model that has been established between the different corporate bodies, it is understood that the creation of the committees is not justified for the purposes of ensuring that the performance of executive directors and the overall performance of the board is independently assessed (these committees do not exist as described).

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 any committee or commission 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 interconnection 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 predetermined criteria for the assessment or self-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.

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 2018, he held the following positions in companies outside 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.";
- Manager of "SOPOGAR - Sociedade Portuguesa de Gado de Raça e de Agricultura, Lda."; e

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

As at 31 December 2018, he held the following positions in companies outside the Teixeira Duarte Group:

- Director of "Teixeira Duarte - Engenharia e Construções, S.A.";
- Chairman of the Board of Directors of "C+P.A. - Cimento e Produtos Associados, S.A.".
- Chairman of the Board of Directors of "ESTA - Gestão de Hotéis, S.A.".
- Chairman of the Board of Directors of "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 "SINERAMA - Organizações Turísticas e Hoteleiras, S.A.".
- Chairman of the Board of Directors of "TD VIA - Sociedade Imobiliária, 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 "AVIA PORTUGAL - Produtos Petrolíferos, S.A.".
- Director of "CPM - Companhia de Parques de Macau, S.A.";
- Director of "TDAP - Atividades Portuárias, S.A."
- Director of "Teixeira Duarte - Engenharia e Construções (Macau), Limitada";
- Manager of "DPLG - Desenvolvimento do Terminal Especializado de Contentores do Porto de La Guaira, Sociedade Unipessoal Lda."

In companies outside the Teixeira Duarte Group:

- Director of "Teixeira Duarte - Sociedade Gestora de Participações Sociais, S.A."; and
- Chairman of the Board of Directors of "ILTA - Urbanizadora da Ilha de Tavira, S.A.".

**Director: Joel Vaz Viana de Lemos**

As at 31 December 2018, he held the following positions in other companies, all 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 "Groupement Maritime Portugais GMP - ORAN";
- Alternate Director "AVIAS - Grupo Ferroviário para a Alta Velocidade, ACE";
- Director of "Teixeira Duarte - Gestão de Participações e Investimentos Imobiliários, S.A.";

**Director: Carlos Gomes Baptista**



As at 31 December 2018, he held the following position in a company outside the Teixeira Duarte Group:

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

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

As at 31 December 2018, he held the following positions in companies outside 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 "Quinta de Cravel Imobiliária, S.A. ";
- Chairman of the Board of Directors of "TDE - Empreendimentos Imobiliários, 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. ";
- Manager of "Malanga - Investimentos Imobiliários, Unipessoal Lda. ";

In companies outside the Teixeira Duarte Group:

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

**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 specialised Committees on management or supervisory matters - the specified Executive Committee cannot even be constituted under article 20 the Articles of Association.

Considering the small number of members of the Board of Directors and the fact that all of them are executives and people who have been monitoring the activity of Group companies for more than 25 years and, therefore, the actions of the management staff, the people who fill these positions are appointed directly by the Board of Directors and the creation of any committees, specifically for monitoring and supporting such appointments as suggested in Recommendation V.4.2., is dispensed with in this case.

As no appointments committee has been set up, Recommendation V.4.4. does not apply to TD,SA. Therefore, the Board of Directors is responsible for establishing selection processes which, as provided for in this same Recommendation, are transparent and include effective mechanisms for identifying potential candidates. Those with the greatest merit and who are best suited to the demands of the role are chosen, and adequate diversity is promoted within the organisation, including gender diversity.

**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 present 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 one-tier 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  
**Board Members:** Mateus Moreira  
Mr. Miguel Carmo Pereira Coutinho  
**Deputy:** Rui Pedro Ferreira de Almeida

The Chair of the Audit Committee was elected by the shareholders on 31 May 2014, as substitute member of this body, and he took on a position as an effective member on 7 November 2014 - following the resignation submitted by the previous chairman; he was appointed as Chair of the Audit Committee at a meeting of this body on 5 December 2014, having been elected as the Chair of the Audit Committee at the General Meeting on 30 May 2015, to perform functions during the current 2015/2018 term.

Audit Committee members, Mr. Mateus Moreira and Mr. Miguel Carmo Pereira Coutinho, were appointed for the first time upon the incorporation of the company, on 30 November 2009, to perform functions during the 2009/2010 term. They were re-appointed to their respective positions at the Annual General Meeting on 30 May 2015, to perform functions during the current 2015/2018 four year period.

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 33.

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

All the current members 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.
- Vice President of the Governing Board of the Chartered Accountants Association.
- He is chairman of the Audit Committee of the Algarve Hospital Center.
- Member of the Supervisory Board of the Pension Fund Management Company of Banco de Portugal;
- Deputy Chairman of the Executive Committee of the Accounting Standardisation Committee of Portugal (2015-2017).
- 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 September 30, 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..
- Member of the Board of Directors of the British-Portuguese Chamber of Commerce;
- Alternate of the Supervisory Board of EDP Ventures - Sociedade De Capital De Risco, S.A..
- He is a member of the Advisory Board of Start-Up Portimão.

**b) Operation**

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 foregoing, it is reported that a decision by the Board of Directors of TD,SA of 5 February 2018, approved the new "Code of Ethics and Conduct of the Teixeira Duarte Group" which, under the terms of that document, also applies to the supervisory bodies, although nowhere in that document are provisions regulating the functioning of corporate bodies, or other relevant provisions in this regard.

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 2018, the Supervisory Board held eight 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 2018, he held the following positions:

- He is chairman of the Audit Committee of the Algarve Hospital Center.
- Member of the Supervisory Board of the Pension Fund Management Company of Banco de Portugal;
- Vice President of the Governing Board of the Chartered Accountants Association.

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

- As at 31 December 2018, he did not perform duties in any other companies.

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

- As at 31 December 2018, he did not perform duties in any other companies.

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

- On 31 December 2018, he was Chairman of the Executive Committee and Member of the Board of Directors of MONERIS, SGPS, S.A., member of the *Board of Directors of The British-Portuguese Chamber of Commerce* and substitute member of the Supervisory Board of EDP Ventures - Sociedade de Capital de Risco, S.A. and member of the Advisory Board of Start-Up Portimão.

#### c) Areas of competence 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 auditing, 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 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 chartered accountant partner who represents the external auditor in compliance with these duties, as well as the partner's 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 Gonçalo 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 four 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 noted in this regard that the external auditor in office was elected to the position for the first time for the 2015/2018 term.

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

**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.

By the Company*		
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 legal review of accounts	-	-
By entities included in the Group*		
Value of review of legal accounts services	260,710.00	100.00%
Value of reliability assurance services	-	-
Value of tax advisory services	-	-
Services other than legal review of accounts	-	-

### C. INTERNAL ORGANISATION

#### I. ARTICLES OF ASSOCIATION

##### 48. Rules applicable to the alteration of the articles of association (Article 245-A, number 1, subparagraph h)).

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

#### II. COMMUNICATION OF IRREGULARITIES

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

The previous irregularities reporting policy was adjusted in 2018, as part of the process carried out throughout 2017 to strengthen the *compliance* system, and as a result of the approval, on 5 February 2018, of the aforementioned new “Teixeira Duarte Group Code of Ethics and Conduct”. Therefore, the procedure that currently applies is described in that Code which, for the purpose of monitoring the application of its rules, states that “It is the responsibility of employees - and indirect recipients, under the terms and scopes listed above - to enforce this Code of Ethics and Conduct, to publicize it, to invoke it in their defence, to apply it and to require its application by hierarchical management structures, including the employee's own, as well as to proceed to report any possible irregularities identified through in-house means and procedures, developed by each company for this purpose and usually defined as the Ethics Channel.

Without prejudice to these means, this Code also assumes that any irregularities identified in relation to any external or internal regulations should be reported through the following means:

- Correspondence addressed to the Company’s management or supervisory body.
- Correspondence addressed to the “Teixeira Duarte, S.A.” Board of Directors or Supervisory Board;
- E-mail addressed to an independent body constituted within the scope of the Teixeira Duarte Group, whose address is [compliance@teixeiraduarte.pt](mailto:compliance@teixeiraduarte.pt).

The Company guarantees the confidentiality of communications received, the absence of any reprisals by whistle-blower complainants in good faith and the protection of the reporter’s and the suspected offender’s personal data. Reprisals against the complainants are frowned upon by the Company and may give rise to disciplinary proceedings against its perpetrators and the persons who have allowed such reprisals.

#### 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 2018, 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.

Also of note is the *Compliance* implemented in the Teixeira Duarte Group.

##### 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 indicated above, as at 31 December 2018, the internal audit services were under the hierarchical and operational dependence of Director Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte, who was not considered independent under the applicable rules and regulations.

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.

Therefore, it is within the reported framework that it's the Board of Directors - and not the Audit Committee, as stated in Recommendation no. III.12 - that pronounces on work plans and resources related to the Internal Audit Service. It is also the recipient of all of the reports drawn up by this service, even when matters related to rendering accounts are in hand, it identifies and resolves conflicts of interest and detects possible illegalities, without prejudice to the Audit Committee holding meetings to monitor work done by the Audit Services and access by the Audit Committee to documents issued by these Services and to the activities plan that they that they intend to carry out for the following year.

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.

It should be added that the Board of Directors - and not the oversight bodies referred to in Recommendation no. III.11. Recommendation no. II.2.4. is responsible for assessing the operation of these systems and proposing their respective adjustment to meet the needs of TD,SA, as this is a subject that, due to its nature and specific features describe above, falls within the scope of the activities of the Board of Directors, and the control and supervision by this body of the different group company

departments. This system has turned out to be suitable for the respective 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 competences in the area of risk control, and, in view of the model in force in the Group on this matter, all areas share responsibility under the terms described above and the *Compliance* System implemented in the Teixeira Duarte Group applies to all of them.

**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; and
- alterations in the competitive environment of the activity sectors in which the Teixeira Duarte Group operates.

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 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.

Considering that the construction business is the core activity of the Teixeira Duarte Group, in particular in the areas of Geotechnics and Rehabilitation, Buildings, Infrastructures, Mechanical Engineering, Underground, Railway and Marine Works, below is a description of the main risks inherent to this business.

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.

Similarly, the nature of the service often involves changes to the circumstances that are initially negotiated, as a result of difficulties with contracts in progress (climate change; discovery of characteristics of an adverse nature, different to those planned; natural, social and economic phenomena resulting from the impact of the project), and of changes to designs, often due to new choices made by project owners that require great flexibility and efficiency during 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 more stringent requirements for new projects at all levels (administrative, economic, social, environmental, among others), and by changes in demand as a result of changes in interests rates and availability of financing.

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.

Distribution in Angola is very 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.

As regards financial holdings, the risk to be considered is the risk relating to the stake held in Banco Comercial Português, S.A.". This risk is the result of current volatility on the financial markets and the possible impact of the respective changes in prices on the accounts of the Teixeira Duarte Group, which could affect results under certain circumstances.

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 (73.3% in 2018). 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 exchange risks arising from possibly adverse economic developments in the countries where they are established. These factors could adversely affect the activity, financial situation and net income of the Teixeira Duarte Group.

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 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 resources to effectively control the risk of its activity. It considers the actions taken by the administration to report on elements provided to it by the Internal Audit Accounts Consolidation Services, as well as by the central finances and accounting department which, under the direct supervision of the portfolios administrator and monitoring by the oversight bodies, is especially charged with controlling the liquidity of the Teixeira Duarte Group.

TD,SA manages the Group's liquidity risk by acting in two ways: ensuring that the Group's financial debt has a high medium and long term component with suitable maturities for the expected capacity for generating funds and negotiating credit facilities.

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.

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 automobile areas in currencies other than those in which the final products are subsequently sold, namely in Angola, which could partially influence the net income achieved by the Group in the activity developed in these sectors.

Particular note should be made of the import and export of materials for construction and products which are essentially consumables to the companies established under Angolan law which operate in the area of distribution, as well as automobile vehicles, spare parts and equipment for the different local participated companies in the automobile sector in Angola.

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:

- transportation costs is one of the most important expense items on 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 owned.

The net situation, equity and even, in certain impairment situations, the results of the Teixeira Duarte Group, can be influenced by the appreciation/devaluation of financial holdings. In the case of stakes held in companies that are traded on regulated markets (Banco Comercial Português, S.A.), this depends directly on the market listing of the respective shares, as well as on changes to the applicable tax legislation related to holding and/or trading the stakes in question.

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

This consistent relationship between autonomy and responsibility imposes, in a realistic manner, careful and strict compliance with the tasks allocated to each employee, thus representing, in itself, a solid, sustained and effective risk control system that delivers 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. Based on the evaluation of the company, the way in which it is managed, the composition of staff and managers of the companies that form part of the Teixeira Duarte Group, and the fundamental principles and concepts that are applied, it is concluded that efficiency and control costs, as well as the creation of possible control commissions, would be much higher than the benefits that could result from controls performed through such commissions. 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.

Despite the fact that the internal control and risk management system implemented in the company does not fully meet the requirements listed in Recommendation no. VI.2, TD,SA remains convinced of its choice to opt for the model described above, as it believes that the main guidelines of this recommendation are out of step with the regular operation of the Company and that they could create different obstacles from a merely formal and bureaucratic point of view that are neither compatible with the procedures that have already been implemented, nor with ensuring that the Group's organizational structures are held responsible.

Although the Board of Directors discusses the company's strategic plan and risk policy, and the definition of acceptable levels of risk, including the implementation of a *Compliance* System and approaching the matter under the terms described above, the truth is that it neither sets it out in a document nor formally approves it, as the current model has been efficient thus far.

The Board of Directors regularly assesses the degree of internal compliance and the performance of risk control and management, as well as the outlook for changes in the risk frameworks, which are, in general, disclosed annually in this Corporate Governance Report.

**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 financial information disclosure process is coordinated by the Board of Directors and always monitored by the Oversight bodies. Teams from the accounts consolidation services and the corporate secretary's office, respectively, work to draw up and ascertain the accounts and other accounting and financial reports, and to draw up and publish the final document.

Both of the aforementioned services monitor the evolution of applicable legislation, both in financial and legal areas, and work in coordination with the Portuguese Securities and Exchange Commission to update supplementary results and regulations on these matters, and report directly to the Board of Directors.

All employees who work for the accounts consolidation services, and those who work for the corporate secretary services, and who participate in drawing up and publishing the final document, are on the list provided for in article 248-A, item 7 of the Securities Code, and Article 18 of Regulation (EU) no. 596/2014, of the European Parliament and of the Council, of 16 April 2014 - to wit on employees with access to privileged information. All of these parties are notified, by a letter delivered in person, of their inclusion on the aforementioned list and the legal consequences arising from the disclosure or misuse of privileged information.

Although this is not included in the internal regulations of the supervisory body - which do not exist - it monitors, through the meetings scheduled with the external auditor and statutory auditor, the suitability of the management body's process for drawing up and disclosing financial information, including the suitability of accounting policies, estimates, judgements, relevant disclosures and their consistent application from financial year to financial year, in a duly documented and reported manner.

#### IV. INVESTOR SUPPORT

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

As a way of strengthening the aforementioned information disclosure policy and for the purpose of encouraging permanent contact with the market and responding to investor requests in a timely manner, ensuring strict compliance with the principle of equality between shareholders and with the aim of preventing possible imbalances in access to information by investors, the Company has an Investor Support Office, which operates under the supervision of the Director Dr. Manuel Maria Calainho de Azevedo Teixeira Duarte, coordinated by Dr. José Pedro Póiares Cobra Ferreira, market relations representative, duly registered with the Portuguese securities and exchange commission (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 2, 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.

In addition, the aforementioned Market Relations Representative is also the Company Secretary and, in coordination with the Board of Directors, he discloses information to members of the management and supervisory bodies.

#### 57. Representative for market relations.

As noted in 56 above, the position of Representative for Market Relations is held by Mr. 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 average response time to requests for information during 2018 was 4 days.

### V. INTERNET WEBSITE

#### 59. Address(es).

TD,SA's official website is:

[www.teixeiraduarte.pt](http://www.teixeiraduarte.pt).

The Company provides, on this website, in Portuguese and English, the information which is considered relevant and enables knowledge on its evolution and current reality 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:

[www.teixeiraduarte.pt/investidores/identificacao-da-sociedade](http://www.teixeiraduarte.pt/investidores/identificacao-da-sociedade).

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

The Company's Articles of Association can be found at: [www.teixeiraduarte.pt/investidores/estatutos](http://www.teixeiraduarte.pt/investidores/estatutos).

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

[www.teixeiraduarte.pt/investidores/orgaos-sociais](http://www.teixeiraduarte.pt/investidores/orgaos-sociais).

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

[www.teixeiraduarte.pt/investidores/gabinete-apoio-investidor](http://www.teixeiraduarte.pt/investidores/gabinete-apoio-investidor).

#### 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:

[www.teixeiraduarte.pt/investidores/informacao-financeira](http://www.teixeiraduarte.pt/investidores/informacao-financeira).

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

[www.teixeiraduarte.pt/calendario-do-investidor](http://www.teixeiraduarte.pt/calendario-do-investidor).

#### 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:

[www.teixeiraduarte.pt/assembleias-gerais](http://www.teixeiraduarte.pt/assembleias-gerais).

## 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 criterion established in article 3(1) (25) of Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014, the only Directors of TD,SA are its own Managers. As there are no non-executive Directors, no rule is provided on this matter.

### 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 2015/2018:

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

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

Since TD,SA is controlled by companies held by members of the Teixeira Duarte family, it is natural that they are part of the Remuneration Committee. This has traditionally been the prac-

tice followed for decades, always in accordance with the rules and recommendations established by the Portuguese securities and exchange commission (CMVM) at any given time on remuneration for members of the Body of Directors, so no reasons to change it are envisaged.

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.

It should be added that, although the Company is available for this purpose, no natural or legal persons were hired to support the Remuneration Committee in the performance of its duties, at the discretion of the Committee itself.

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 VII.2.4..

For the purposes of Recommendation no. V.2.5., it is reported that the Chairman of the Remuneration Committee and, generally, the other members are always present at the Annual General Meetings of the Company.

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

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

### 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 26 May 2018, where the contents of this statement are reproduced below:

## REGULATORY FRAMEWORK

According to the provisions laid down in Law no. 28/2009, of 19 June, and article eleven of the company's articles of incorporation, this Committee is responsible for submitting a statement on the remuneration policy for members of this company's administration and oversight bodies on an annual basis for the approval of the General Meeting; in addition to this piece of legislation, consideration should be given to article 399 of the Commercial Companies Code.

## SCOPE OF THE STATEMENT:

Depending on the corporate model adopted by "Teixeira Duarte, S.A.", this statement covers all members of the Board of Directors, the Audit Committee and the official accounts auditor company.

## INTRODUCTION:

When drawing up this "Statement on the Remuneration Policy for Members of Administration and Oversight Bodies", the historical situation and framework of the subject in the Teixeira Duarte Group over the years were taken into account, in addition to applicable legal provisions, particularly for the subsidiary company "Teixeira Duarte - Engenharia e Construções, S.A.".

## BOARD OF DIRECTORS:

Regarding the Board of Directors, the Remuneration Committee should determine the values of the fixed and variable component of their 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 au-

tonomy, 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 2018 to 2020 above the EBITDA recorded for 2017;
- Average Consolidated Net Income for 2018 to 2020 above the Consolidated net income for 2017.

There will be no system for the attribution of shares or rights to acquire options on shares 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.

**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.

**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 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.

**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 applicable regulations, and may be altered in accordance with any changes that these rules might undergo.

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

In addition to the obligations inherent to the performance of the actual duties, the remuneration of the Directors also, complementarily, acts to meet the alignment of their interests with those of the Company. Indeed, the remuneration is determined by this Committee elected at the General Meeting, which establishes these values in accordance with guidelines 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 the 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, 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.

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.

It is also reported that the members of the Board of Directors did not enter into contracts, either with the company or with third parties, that would have the effect of mitigating the risk inherent to the variable nature of the remuneration set for them by the company.

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

As decided by the Remunerations Committee, part of the variable component will be paid from 2021 onwards, on a date to be determined by the Remunerations Committee. This payment is dependent on the company's positive performance continuing during the course of the financial years 2018 to 2020.

**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 characteristics 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.

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

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.

To all due effects, it is reported that at no time between the incorporation of the company, in 2009, and today's date has the General Meeting approved any retirement benefit systems being established for members of corporate bodies, as this competence is expressly assigned to the Remuneration Committee, under the terms of the aforementioned provisions of the articles of incorporation.

#### 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 2018, the remunerations, in a broad sense, received individually by the members of the Board of Directors, were as follows:

	Fixed remuneration	Variable remuneration			Sub-Total	Travel compensation	Total
		Created in 2018	Created in 2013	Created in 2012			
Board of Directors							
Mr. Pedro Maria Calainho Teixeira Duarte	70,000.00	25,000.00	-	25,000.00	120,000.00	-	120,000.00
Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte	137,200.00	32,000.00	33,500.00	44,500.00	247,200.00	17,630.15	264,830.15
Joel Vaz Viana de Lemos	137,200.00	32,000.00	33,000.00	45,000.00	247,200.00	2,712.15	249,912.15
Mr. Carlos Gomes Baptista	137,200.00	32,000.00	28,000.00	50,000.00	247,200.00	14,768.75	261,968.75
Mr. Diogo Bebiano Branco de Sá Viana Rebelo	137,200.00	32,000.00	28,000.00	50,000.00	247,200.00	6,608.70	253,808.70
	618,800.00	153,000.00	122,500.00	214,500.00	1,108,800.00	41,719.75	1,150,519.75

In 2018, the total amount of variable remuneration paid by TD,-SA, assigned during the financial year and previous financial years, represented 42.6% of the total amount earned.

In addition to the information indicated above on the amounts paid, it is reported that in 2018 the Remuneration Committee decided to award variable remuneration amounts to the members of the Board of Directors, part of which were paid in the same year - which are indicated above on the map - and part of which were deferred to 2021, the respective payment of this part being dependent on each of the members of the Board of Directors in question continuing to perform their functions and the positive performance of "Teixeira Duarte, S.A." throughout that period, with this being defined as the occurrence of at least one of the following facts:

- Increase in equity, in relation to 31 December, 2017;
- Average EBITDA for 2018 to 2020 above the EBITDA recorded for 2017;
- Average Consolidated Net Results for the financial years 2018 to 2020 higher than 10 million euros.

It is further clarified that the variable remuneration paid in 2018 was an extraordinary bonus and not a performance bonus.

Board of Directors	Variable remuneration paid in 2018		
	For 2018	For 2021	Total
Mr. Pedro Maria Calainho Teixeira Duarte	25,000.00	30,000.00	55,000.00
Mr. Manuel Maria Calainho de Azevedo Teixeira Duarte	32,000.00	35,000.00	67,000.00
Joel Vaz Viana de Lemos	32,000.00	35,000.00	67,000.00
Mr. Carlos Gomes Baptista	32,000.00	35,000.00	67,000.00
Mr. Diogo Bebiano Branco de Sá Viana Rebelo	32,000.00	35,000.00	67,000.00
	153,000.00	170,000.00	323,000.00

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

During 2018, 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.

In effect, members of the Board of Directors are paid a premium amount - known as the "performance premium" - which is allocated within the limits of distribution of part of the results of the financial year in question, to employees and members of the Board of Directors. This is decided at the respective Annual General Meetings and the terms, conditions, amounts and deadlines of the allocation are subsequently established by the Remuneration Committee, taking into account the stipulations of the current "Statement on the Remunerations Policy for Administration and Company Oversight Bodies".

In 2018, the establishment of the bonuses paid - both as extraordinary bonuses (awarded in 2018) and as performance bonuses (awarded in 2012 and 2013) - was motivated by the performance and results of the Company as a whole, as well as by the activity of the management body as a whole, compared to the objectives that had been set, taking into account the remuneration conditions and quantities of its employees.

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.

**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 2018, 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 de Figueiredo	30,000.00	-	30,000.00
Mr. Mateus Moreira	18,000.00	-	18,000.00
Mr. Miguel Carmo Pereira Coutinho	18,000.00	-	18,000.00
	66,000.00	-	66,000.00

The total value of annual fees paid to the Official Accounts Auditor Company "MOORE STEPHENS & ASSOCIADOS, SROC, S.A." and to other individuals and legal entities forming part of the same network supported by the Company and/or by legal entities with a controlling or group relationship, for the services provided by it, to wit legal accounts review and auditing, was:

	Remuneration
Legal review of accounts services for the Group	321,710.00
Other reliability assurance services	-
Tax advisory services	-
Services other than legal review of accounts	-
	321,710.00

All the values listed above relative to the remuneration of the members of the Supervisory Board and Chartered Accountants Firm were paid during 2018, 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, 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 said Secretary of the Board of the General Meeting, the remaining members of this Board, under the current system established in the Commercial Companies Code, namely the provisions in 422-A, through number 3 of article 374-A, receive a fixed remuneration for the performance of the duties inherent to the respective positions, determined by the Remuneration Committee established in article 11 of the Articles of Association.

Under 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 2018.

**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 V.3.6, 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 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 described in 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) whose beneficiaries are the company's workers and employees.**

As described in 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 245-A, number 1, subparagraph 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 noted in this regard that, on 5 February 2018, the Board of Directors of TD,SA approved the new "Code of Ethics and Conduct of the Teixeira Duarte Group", mandatory for all Directors, employees and other representatives of those entities, under the terms defined in that document.

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

#### 5.2.2. Selection Criteria

*Employees must act - and encourage the Indirect Recipients of this Code to also act - so that the decisions made by the clients and to be taken relatively by the suppliers follow objective, technical and professional selection criteria, that aim at the efficiency of the decision and safeguard the interests of the entities they represent, repudiating any possible criteria that privilege personal or diffuse interests, as well as any actions constituting power or position abuse.*

#### 5.2.3. Conflicts of Interest, Corruption and Reporting Illicit Acts

*Employees must act - and ensure that the indirect recipients of this Code also act, to assess possible situations of conflicts of interest, which should be avoided. They must also actively and passively forbid any corrupt behavior, including payments or receiving facilitations, or creating, maintaining or promising irregular or favorable situations.*

*Furthermore, Employees shall be obliged to report - and encourage the Indirect Recipients of this Code to also report - any information that constitutes misconduct, including those that constitute possible illegal or illicit practices in financial and accounting matters, fraud, corruption and money laundering, as well as any actions related, directly or indirectly, to terrorist entities or those that may target or support terrorist practices.*

It should be remembered that the Code of Ethics and Conduct is mandatory for all employees (this concept includes directors, employees and other representatives of Teixeira Duarte Group entities) and that any failure to apply the code may lead to disciplinary procedures and sanctions. Therefore, given this comprehensiveness and effective relationship - which has been considered efficient - the management body has not defined, as suggested by Recommendation I.5.1., the type, scope and individual or aggregated minimum value of business with related parties that: (i) requires prior approval of the management body (ii) and business that also requires a favourable opinion in advance from the supervisory body, because it is of a higher value.

#### 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 2018.

#### 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 2018.

### 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.

In addition to the applicable legislation and regulations, specifically the Commercial Companies Code, the Securities Code and the CMVM Regulations, in particular Regulation no. 4/2013, TD,SA opted to adopt the Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG).

Indication of the location where the texts on corporate governance codes to which the issuer is subject (Article 245-A, number 1, subparagraph p).

The aforementioned Corporate Governance Code issued by the IPCG can be consulted at [www.cgov.pt](http://www.cgov.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 which, if any, parts of this code 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.

These lines are subject to simultaneous development, given their interconnection.

Out of the 60 Recommendations included in the aforementioned Corporate Governance Code of the IPCG, the Company does not adopt seventeen and partially adopts six.

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

Recommendation	Adoption	Reference
<b>I. GENERAL PART</b>		
<b>I.1. The company's relationship with investors and information</b>		
I.1.1. The company must put in place mechanisms to ensure, in an appropriate and rigorous manner, the production, processing and timely disclosure of information to its corporate bodies, shareholders, investors and other <i>stakeholders</i> , financial analysts and the market in general.	Yes	56.
<b>I.2. Diversity in the make-up and functioning of the corporate bodies</b>		
I.2.1. Companies must put in place criteria and requirements relating to the suitable profiles of new members of corporate bodies for the role to be performed and, in addition to individual attributes (such as competence, independence, integrity, availability and experience), these profiles must consider diversity requirements, paying particular attention to gender, which may contribute to improving the performance of the body and to balancing its respective composition.	Yes	92,3
I.2.2. The management and supervisory bodies and their internal committees must have internal regulations - specifically on exercising the respective attributes, chairmanship, meeting frequency, operation and framework of duties of their members. Detailed minutes must be kept of the respective meetings.	No	22.
I.2.3. The internal regulations of the management and supervisory bodies and their internal committees shall be disclosed in full on the website.	Not applicable.	22.
I.2.4. The composition, and the number of annual meetings of the management and supervisory bodies and their internal committees must be disclosed on the company's website.	Yes	23.
I.2.5. The company's internal regulations shall provide for the existence, and ensure the operation of mechanisms for detecting and preventing irregularities, as well as the adoption of a policy for reporting irregularities ( <i>whistle blowing</i> ), which guarantees appropriate means for communicating and handling such reports, while safeguarding the confidentiality of the information that is transmitted and the identity of the reporter, whenever requested.	Yes	49.
<b>I.3. The company's relationship with investors and information</b>		
I.3.1. The articles of association or other equivalent means adopted by the company must put mechanisms in place to ensure that, within the limits of applicable legislation, members of the management and supervisory bodies are permanently allowed access to all information and company employees for the assessment of the performance, situation and development prospects of the company, specifically including minutes, documentation supporting decisions taken, notifications of meetings and archives of meetings of the executive management body, without prejudice to access to any other documents or persons from whom clarification may be requested.	Partial	22. and 10.
I.3.2. Each of the company's bodies and committees must, in a timely and appropriate manner, ensure the flow of information, from the time of the respective meeting notifications and minutes, which is necessary to allow each of the other bodies and committees to exercise their legal and statutory powers.	Yes	22.
<b>I.4. Conflict of interests</b>		
I.4.1. Members of corporate bodies and committees must be required to inform the respective body or committee, in a timely manner, of any facts that may constitute or give rise to a conflict between their interests and the company's interest.	Yes	89.
I.4.2. Procedures must be put in place to ensure that the member affected by the conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and clarification as requested by the body, the committee or its members.	Yes	89.
<b>I.5. Transactions with related parties</b>		
I.5.1. The management body must define, based on a prior and binding opinion of the supervisory body, the type, scope and minimum individual or aggregate value of business with related parties that: (i) requires prior approval of the management body (ii) and business that also requires a favourable opinion in advance from the supervisory body, because it is of a higher value.	No	10. and 89.
I.5.2. The management body must report all business covered by Recommendation I-5-1 to the supervisory body, at least once every six months.		

	Recommendation	Adoption	Reference
II.	<b>SHAREHOLDERS AND GENERAL MEETING</b>		
II.1.	The company shall not set an excessively high number of shares required to confer the right to one vote, and must explain its choice in the governance report its choice whenever this implies a deviation from the principle that each share corresponds to one vote.	Yes	1 and 12
II.2.	The company 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.
II.3.	The company must put adequate means in place to allow voting rights to be exercised by correspondence, including electronically.	Partial	12.
II.4.	The company must put adequate means in place for shareholders to participate in the meeting by telematic means.	No	12.
II.5.	Any articles of association of the company 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, must also establish the commitment that at least every five years the maintenance or not of this statutory provision will be subject to deliberation at the General Meeting - with no requirement of a quorum larger than that legally established - and that in this deliberation all the votes cast will be counted, without the application of the above limit.	Not applicable.	5 and 13
II.6.	Measures must not be adopted that determine payments or the assumption of burdens by the company in the event of a change in control or of a change in the composition of the management body, if they are likely to undermine economic interest in the transfer of shares and the free appraisal by shareholders of the performance of directors.	Yes	6.
III.	<b>NON-EXECUTIVE MANAGEMENT AND SUPERVISION</b>		
III.1.	Without prejudice to the legal duties of the Chairman of the Board of Directors, if he/she is not independent, the independent directors must appoint a coordinator ( <i>lead independent director</i> ) from among their ranks to, specifically, (i) act, whenever necessary, as a point of contact between the Chairman of the Board of Directors and the other directors, (ii) ensure that they have all of the necessary conditions and means to perform their duties; and (iii) coordinate them for the performance assessment by the management body provided for in recommendation V.1.1.	Not applicable.	18.
III.2.	The number of non-executive members of the management body, as well as the number of members of the supervisory body and the number of members of the committee for financial affairs, must be appropriate for the size of the company and the complexity of the risks inherent to its activity, and sufficient to efficiently ensure the functions undertaken by them.	Yes	18.
III.3.	In any case, the number of non-executive directors must be greater than the number of executive directors.	No	18.
III.4.	No less than one third of the non-executive directors of each company must meet the independence requirements, and these directors must always be plural. For the purposes of this recommendation, a person is deemed to be independent if he or she is not associated with any specific interest group in the company, and he or she is not in any circumstance likely to affect his or her impartiality when conducting analyses or making decisions, specifically by virtue of: <ul style="list-style-type: none"> <li>i. Having held positions in any corporate body for more than twelve years, continuously or with breaks;</li> <li>ii. 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;</li> <li>iii. Having, in the last three years, provided services or established significant business relations with the company or companies which are in a controlling or group relationship with the former, whether directly or as a partner, administrator, manager or director of a legal person;</li> <li>iv. 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;</li> <li>v. Living in a non-marital partnership or being the spouse or straight line relative or similar, up to and including the 3rd degree, in the collateral line, of directors of the company, of directors of a legal person that holds a qualified stake in the company or of individuals that directly or indirectly hold a qualified holding;</li> <li>vi. Holding a qualifying stake or representing a shareholder holding a qualifying stake.</li> </ul>	No	18.
III.5.	The provisions of paragraph (i) of recommendation III.4 do not preclude the qualification of a new director as independent if, at least three years have elapsed between the end of his or her functions in any corporate body and his or her new appointment ( <i>cooling-off period</i> ).	Not applicable.	18.



	Recommendation	Adoption	Reference
III.6.	Non-executive directors must participate in the definition, by the management body, of the strategy, main policies, corporate structure and decisions that should be considered strategic for the company due to their value or risk, as well as in the assessment of their compliance.	Not applicable.	18.
III.7.	The general and supervisory board shall, within the framework of its legal and statutory powers, cooperate with the executive board of directors to define the strategy, main policies, corporate structure and decisions that should be considered strategic for the company, due to their value or risk, as well as with their compliance assessment.	Not applicable.	18.
III.8.	With regard to the powers conferred upon it by law, the supervisory body must, in particular, monitor, assess and pronounce on the strategic guidelines and risk policy defined by the management body.	No	51.
III.9.	Companies must set up specialised internal committees commensurate with their size and complexity, to separately or jointly cover matters of corporate governance, remuneration and performance assessment, and appointments.	Partial	24. and 66.
III.10.	Risk management, internal control and internal audit systems must be structured in terms that are appropriate to the size of the company and the complexity of the risks inherent to its activity.	Yes	50. and 51.
III.11.	The supervisory body and financial affairs committee must supervise the effectiveness of risk management, internal control and internal audit systems, and propose any adjustments that may be necessary.	No	51.
III.12.	The supervisory body must pronounce on the work plans and resources related to internal control services, including control of compliance with the standards applied to the company ( <i>compliance services</i> ) and internal audit services, and must be sent the reports drawn up by these services, at least when matters relating to the rendering of accounts, the identification or resolution of conflicts of interest, and the detection of potential irregularities are at issue.	No	51.
<b>IV.</b>	<b>EXECUTIVE MANAGEMENT</b>		
IV.1.	The management body must approve, through internal regulations or equivalent means, the regime for actions taken by executives and their exercising of executive functions in entities outside the group.	No	22.
IV.2.	The management body must ensure that the company acts in accordance with its objectives and that it specifically does not delegate powers with regard to: i) definition of the company's strategy and main policies; ii) organisation and coordination of the corporate structure; iii) matters that should be considered strategic due to their value, risk or special characteristics.	Yes	9 and 21
IV.3.	The management body shall set targets for taking on risks, and ensure that they are met.	Yes	53.
IV.4.	The supervisory body must organise itself internally, by implementing mechanisms and periodic control procedures with a view to ensuring that the risks to which the company is effectively exposed are consistent with the objectives set by the management body.	No	51. and 54.
<b>V.</b>	<b>PERFORMANCE ASSESSMENT, REMUNERATION AND APPOINTMENTS</b>		
<b>V.1.</b>	<b>Annual Performance Assessment</b>		
V.1.1.	On an annual basis, the management body must assess its performance, as well as the performance of its committees and of the managing directors, taking into account compliance with the company's strategic plan and the budget, risk management, its internal operation and the contribution of each member for this purpose, and the relationship between the company's bodies and committees.	Partial	24 and 25
V.1.2.	The supervisory body must supervise the management of the company and, in particular, conduct an annual assessment of compliance with the company's strategic plan and budget, risk management, the internal operation of the management body and its committees, as well as the relationship between company bodies and committees.	Partial	24. and 51.
<b>V.2.</b>	<b>Remuneration</b>		
V.2.1.	The setting of remunerations shall be the responsibility of a committee, the composition of which should ensure its independence from the management.	Yes	66. and 67.

Recommendation	Adoption	Reference
V.2.2. At the beginning of each term of office and on an annual basis, the remuneration committee must approve the implementation and confirmation of the remuneration policy for members of the company's bodies and committees, under the scope of which the respective fixed components are established, and, in the case of executive managers or managers with occasional executive duties, if the remuneration has a variable component, the respective award and measurement criteria, the limitation mechanisms, the mechanisms for deferring the payment of remuneration and the remuneration mechanisms based on share options or shares in the company itself.	Yes	69.
V.2.3. The statement on the policy of remunerations of the Management and supervisory bodies referred to in article 2 of Law number 28/2009, of 19 June, should contain: <ul style="list-style-type: none"> <li>i. The total remuneration broken down by different components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the remuneration policy that has been adopted, including the way in which it contributes to the long-term performance of the company, and information on how the performance criteria have been applied;</li> <li>ii. Remuneration from companies belonging to the same group;</li> <li>iii. The number of shares and share options granted or offered, and the main conditions for exercising the rights, including the price and date of this exercise and any change in these conditions;</li> <li>iv. Information on the possibility of requesting the refund of a variable remuneration;</li> <li>v. Information on any deviation from the procedure for applying the approved remuneration policy, including an explanation of the nature of the exceptional circumstances and an indication of the specific elements subject to the dispensation;</li> <li>vi. Information on the enforceability or non-enforceability of payments relative to the termination of office of directors.</li> </ul>	Yes	69.
V.2.4. For each term of office, the remuneration committee must also approve the directors' pension scheme, if allowed by the articles of association, and the maximum amount of all compensation to be paid to members of any company body or committee due to the respective termination of their functions.	No	76.
V.2.5. In order to provide information or clarification to shareholders, the chairman or, in his or her absence, another member of the remuneration committee must be present at the annual general meeting and at any other meeting, if the respective agenda includes a matter related to the remuneration of members of the company's bodies and committees, or if his or her presence has been requested by the shareholders.	Yes	67.
V.2.6. Within the limits of the company's budget, the remuneration committee must be able to freely decide on whether the company should contract consultancy services that may be necessary or appropriate for performing its duties. The remuneration committee must ensure that services are provided independently and that the respective providers are not contracted to provide any other services to the company itself or to others that are in a control or group relationship with it, without the express authorisation of the Committee.	Yes	67.
<b>V.3. Remuneration of directors</b>		
V.3.1. With a view bringing the interests of the company into line with those of the executive directors, part of their remuneration shall have a variable nature, reflecting the sustained performance of the company and not encouraging the taking of excessive risks.	Yes	70. and 71.
V.3.2. A significant part of the variable component must be partially deferred over time, for a period of not less than three years, and it must be associated with the confirmation of sustained performance, under the terms laid down in the company's internal regulations.	Yes	70, 71 and 72
V.3.4. If the variable remuneration includes share options or other instruments directly or indirectly dependent on the value of the shares, the beginning of the financial year period must be deferred for a period of not less than three years.	Not applicable.	74.
V.3.5. The remuneration of non-executive directors must not include any component whose value depends on the performance of the company or its value.	Not applicable.	66.
V.3.6. The company must have suitable legal instruments in place to ensure that termination of service before the end of the term of office does not directly or indirectly lead to the payment to the director of any amounts other than those provided for by law. The legal instruments that are adopted must be explained in the corporate governance report.	No	83.
<b>V.4. Nominations</b>		
V.4.1. The company must, under the terms it deems appropriate, ensure that proposals for the election of members of corporate bodies are accompanied by justifications in terms of suitability for the profile, knowledge and CV, for the role to be performed by each candidate, in a way that can be demonstrated.	Not applicable.	17.
V.4.2. Unless this is not justified by the size of the company, the role of monitoring and supporting appointments of management staff must be assigned to an appointments committee.	No	27.

	Recommendation	Adoption	Reference
V.4.3.	This committee includes a majority of independent non-executive members.	Not applicable.	27.
V.4.4.	The appointments committee shall make its terms of reference available and must, to the extent of its powers, foster transparent selection processes that include effective mechanisms for identifying potential candidates, ensuring that those with the greatest merit and who are best suited to the requirements of the role are selected, and that suitable diversity, including gender diversity is promoted within the organisation.	Not applicable.	27.
<b>VI.</b>	<b>RISK MANAGEMENT</b>		
VI.1	The management body must discuss and approve the company's strategic plan and risk policy, including the definition of risk levels that are deemed acceptable.	No	54.
VI.2	Based on its risk policy, the company must put a risk management system in place, identifying (i) the main risks to which it is subjected during the course of its activity, (ii) the likelihood of their occurrence and their respective impact, (iii) the instruments and measures to be adopted with a view to their mitigation, (iv) the monitoring procedures to ensure their monitoring and (v) the system's supervision, periodic assessment and adjustment procedure.	Partial	54.
VI.3	On an annual basis, the company must assess the degree of internal compliance and the performance of the risk management system, as well as prospects of change in the previously defined risk framework.	Yes	54.
<b>VII.</b>	<b>FINANCIAL INFORMATION</b>		
<b>VII.1.</b>	<b>Financial Information</b>		
VII.1.1.	The internal regulations of the supervisory body shall require it to supervise the suitability of the management body's process to prepare and disclose financial information, including the suitability of accounting policies, estimates, judgements, relevant disclosures and their consistent application from one financial year to the next, in a duly documented and reported manner.	Partial	55.
<b>VII.2.</b>	<b>Statutory audit and supervision</b>		
VII.2.1.	The supervisory body must use internal regulations to define the following: <ul style="list-style-type: none"> <li>i. The criteria and selection process for the statutory auditor;</li> <li>ii. The way in which the company communicates with the statutory auditor;</li> <li>iii. The supervisory procedures designed to ensure the independence of the statutory auditor;</li> <li>iv. Services other than auditing that may not be provided by the statutory auditor.</li> </ul>	No	45.
VII.2.2.	The supervisory body shall be the main point of contact in the company with the statutory auditor, and the first recipient of the respective reports. It shall be specifically responsible for proposing the respective remuneration and ensuring that suitable conditions for the provision of the services are provided within the company.	No	45.
VII.2.3.	On an annual basis, the supervisory body must assess the work done by the statutory auditor, its independence and suitability for performing the duties. The supervisory body must propose to the competent body its dismissal or termination of the contract for the provision of its services, whenever there is just cause to do so.	Yes	45.
VII.2.4.	The statutory auditor must, within the scope of its competences, verify the application of the remuneration policies and systems for corporate bodies, and the effectiveness and operation of the internal control mechanisms, and must report any deficiencies to the supervisory body.	Yes	51. and 67.
VII.2.5.	The statutory auditor must cooperate with the supervisory body, immediately providing it with information about any irregularities relevant to the duties performed by the supervisory body that it detects, as well as any difficulties that he/she may have encountered during the course of his/her duties.	Yes	41.

### 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.

As this has been referred to and stated several times in the text of this Corporate Governance Report, and because it is considered important to transfer the mandatory nature of the application of the Code of Ethics and Conduct to Teixeira Duarte Group companies, it is hereby informed that it has been adopted by decisions of each of the management bodies of these entities, and communicated to all workers. The text of the following item is also reproduced here:

#### 6.1. Compliance

*This Code of Ethics and Conduct applies to all Company Employees, who must know, comply with and promote - within the range of their actions - their compliance, as well as disclose its existence and content alongside other Employees and Indirect Recipients of this Code.*

*Failure to comply with the Code of Ethics and Conduct may entail disciplinary proceedings against Workers who fail to comply with it, as well as the presentation of any eventual complaints, including via judicial proceedings, and any eventual reports to the competent authorities, regarding all Employees who violate this Code.*

At the annual general meeting of TD,SA, the diversity policy applied by the company in relation to its management and supervisory bodies was approved, the description of which, in compliance with the stipulations of Article 245-A(1)(r) of the Securities Code, is disclosed herein:

#### INTRODUCTION:

*TEIXEIRA DUARTE, S.A. recognises the advantages arising from diversity in the composition of its Management and Supervisory Bodies, specifically in terms of age, gender, qualifications and professional background.*

*The main results of these benefits are the enrichment of management models, greater efficiency in assessment and decision-making processes through the consideration of different perspectives, taking advantage of the plurality of knowledge, experiences, skills and competences of the members of these corporate governing bodies.*

*In parallel, respect for such differences has shown the consolidation of the Human Resources structure of the business Group*

*led by TEIXEIRA DUARTE, S.A., through the enhancement of diverse aptitudes and competences, making the Company itself a reflection of the community of which it forms a part, and the different markets and sectors in which it operates.*

*In addition to the applicable legal provisions, this "Diversity Policy for the Management and Supervisory Bodies of Teixeira Duarte, S.A." was prepared by taking into account the historical situation of the company and of the entire TEIXEIRA DUARTE Group, which it leads.*

*Having said this, it is clarified that although diversity in the terms indicated above is an important criterion, it is not an absolute criterion, nor does it overlay others that are also deemed suitable for the sustainable development of Company and Group activities, and for simultaneously meeting applicable legal regulations.*

#### BOARD OF DIRECTORS:

*The criterion prioritised for the selection and appointment of the members of the Board of Directors of the leading company of the Teixeira Duarte Group - currently Teixeira Duarte, S.A. - was to focus on (i) executive members who are therefore linked to the Group's activity; and, from among these (ii) those who have been internally designated as "household people"; a commitment of trust in identifying with the same values, with a shared history, which means that this more idiosyncratic link is prioritised over the choice of an external expert in any sector of activity, operating market or corporate area.*

*Therefore, all members of administrative bodies have now been with the Teixeira Duarte Group for over twenty five years; the same applies to many members of the Group's senior management.*

*For this reason, it is understood that all commitments to be assumed and measures to be implemented should take into account what has become the priority criterion for selecting and appointing members of the Board of Directors, as well as the respective suitable for activities carried out by the Business Group led by Teixeira Duarte, S.A., and the situations of the markets and sectors in which it operates.*

*It is therefore within this framework that Teixeira Duarte, S.A. undertakes to make its best efforts to promote diversity in the composition of the Board of Directors, specifically through:*

- *Compliance with the legal provisions in force on diversity, specifically non-discrimination and equal opportunities, which derive from the law and other applicable regulations, as well as the rules contained in the "Teixeira Duarte Group Code of Ethics and Conduct" and other documents that are based on it, which apply to the entire Group;*

- *Ensure equal opportunities and equal treatment, specifically on grounds of age, gender, qualifications and professional background;*
- *Do not take any discriminatory action based on ancestry, age, gender, sexual orientation, gender identity, marital status, family situation, economic situation, education, origin or social condition, genetic heritage, reduced working capacity, disability, chronic illness, nationality, ethnic or racial origin, territory of origin, language, religion, political or ideological beliefs and union membership, in compliance with the provisions of the "Teixeira Duarte Group Code of Ethics and Conduct" on this matter;*
- *Continue to commit to age diversity, by prioritising a balance resulting from combining the knowledge and experience of older people with the innovative perspective of younger ones;*
- *Guarantee compliance with the legislation on gender diversity, ensuring adequate representation of women and men on the Board of Directors, always based on their skills, abilities, experience and qualifications;*
- *Ensure that the Board of Directors continues to include people with a diverse range of basic qualifications, provided they are suitable for the position to be held and in line with the characteristics, size and activities carried out by the Business Group led by Teixeira Duarte, S.A.;*
- *Maintain the commitment to "household people" as a priority criterion, while valuing the combination of people with experience in different sectors, countries and corporate areas.*

**SUPERVISORY BODIES:**

According to the corporate model in force at Teixeira Duarte, S.A., the supervisory bodies are the Supervisory Board and the Statutory Audit Firm.

As the Statutory Audit Firm is not a collegiate body by nature, and is therefore not made up of a plurality of members, this body is excluded from the this "Diversity Policy for the Management and Supervisory Bodies of Teixeira Duarte, S.A. ".

As regards the Supervisory Board, currently consisting of three effective members and a substitute, the following commitments are assumed in order to promote the diversity of its respective composition:

- *Compliance with the legal provisions in force on diversity, specifically non-discrimination and equal opportunities, which derive from the law and other applicable regulations,*

*as well as the rules contained in the "Teixeira Duarte Group Code of Ethics and Conduct" and other documents that are based on it, which apply to the entire Group;*

- *Ensure equal opportunities and equal treatment, specifically on grounds of age, gender, qualifications and professional background;*
- *Do not take any discriminatory action based on ancestry, age, gender, sexual orientation, gender identity, marital status, family situation, economic situation, education, origin or social condition, genetic heritage, reduced working capacity, disability, chronic illness, nationality, ethnic or racial origin, territory of origin, language, religion, political or ideological beliefs and union membership, in compliance with the provisions of the "Teixeira Duarte Group Code of Ethics and Conduct" on this matter;*
- *Continue to commit to age diversity, by prioritising a balance resulting from combining the knowledge and experience of older people with the innovative perspective of younger ones;*
- *Make efforts to promote appropriate representation of women and men on the Supervisory Board, always on the basis of their skills, competences, aptitude, experience and qualifications;*
- *Ensure that the Supervisory Board continues to include people with a diverse range of basic qualifications, provided they are suitable for the position to be held and in line with the characteristics, size and activities carried out by the Business Group led by Teixeira Duarte, S.A.;*
- *Continue the commitment to valuing the diversity of professional backgrounds of members of the Supervisory Board, encouraging the appointment of people with different professional experiences, provided that they fall within the scope of activity of the Group and that they are appropriate for the roles to be performed.*

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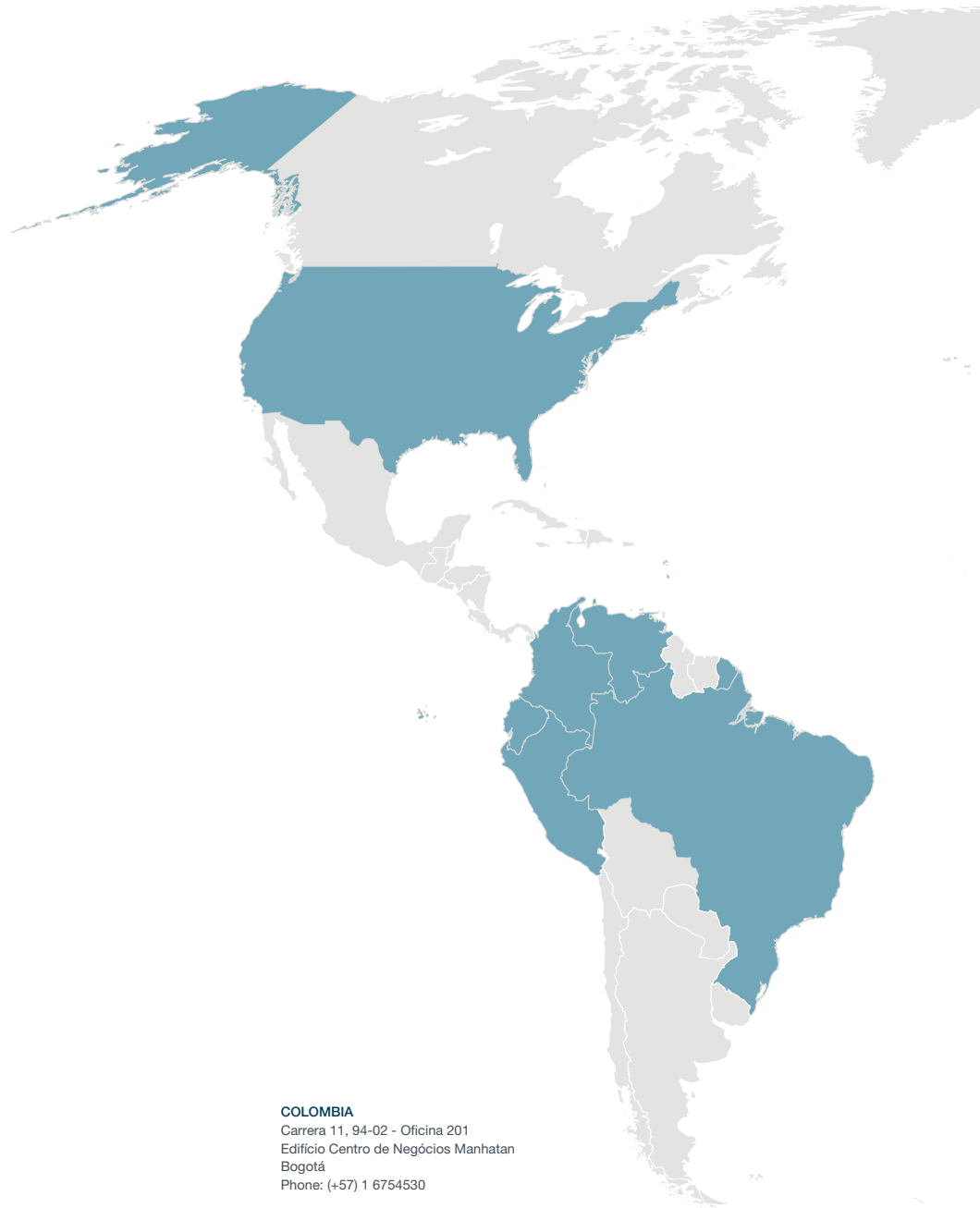
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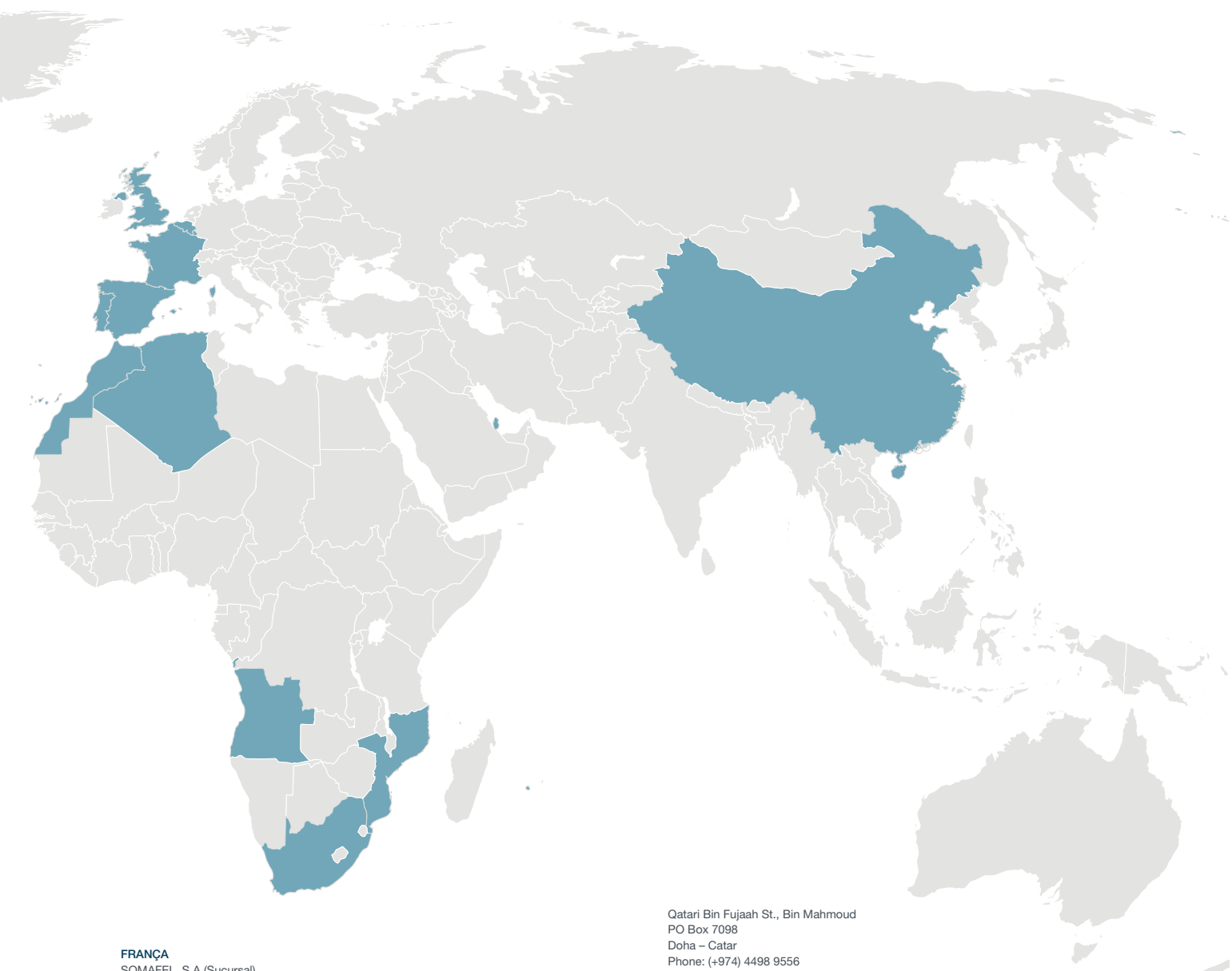
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