

# REMUNERATIONS COMMITTEE REGULATIONS

## REMUNERATIONS COMMITTEE REGULATIONS (1)

### TABLE OF CONTENTS

	Page
Preamble	3
Article 1 Establishment of the Remunerations Committee	4
Article 2 Composition	4
Article 3 Functioning	4
Article 4 Duties	5
Article 5 Reporting to the GSB	6
Article 6 Internal Regulations	6

---

(1) Approved in the Remuneration Committee meeting held on January 24th, 2007 and ratified in the GSB meeting of 25th of January 2007.

## PREAMBLE

The setup of the Remuneration Committee, pursuant to the Law and the Company By-Laws, corresponds to an important recommendation in terms of corporate governance so as to set up a committee especially directed to determine the remuneration of the Executive Board of Directors' (EBD) Chairman and remaining members, as well as to follow up its execution, in order to ensure they act in line with the Company's interests.

Therefore, in this Regulations' drafting, one endeavored to accommodate in flexible terms the specific demands of the Remuneration Committee activity, bearing in mind the Company's own experience, as well as the corporate governance recommendations on these matters, which will also guide the Committee's performance.

One of the Remuneration Committee's main distinctive marks is to be composed by a majority of independent members, which is according to the most demanding practices in corporate governance.

Another concern consisted in ensuring the Remuneration Committee's autonomy and necessary means to perform its duties, also providing it with enough flexibility in its performance, namely in its interaction with the remaining Company and Group bodies, especially concerning its relation with the General Meeting Remuneration Committee in order to set the remuneration of the Members of the remaining Company bodies.

Finally, one should also stress the importance given to the qualitative evaluation of its performance, which must be carried out by itself, namely by annually revising its activity's results.

Bearing in mind the importance of the start of operation of the Remuneration Committee in the shortest period of time, it is justifiable to give it a normative body that enables it to start its activity immediately.

Pursuant to these terms and to Article 7 of GSB (General Supervisory Board) Internal Regulations, the Remuneration Committee approves the following Internal Regulations:

## **Article 1**

### **Establishment of the Remunerations Committee**

1. The Remunerations Committee, set up by GSB Resolution, is responsible for performing the deeds stated in Article 4 hereto, with the mission to:
  - a) Define the company policy and objectives regarding the Executive Board of Directors Chairman' and Directors' remuneration determination.
  - b) Set the Executive Board of Directors Chairman' and Directors' remuneration.
  - c) Follow up the Executive Board of Directors Chairman' and Directors' remuneration performance for purposes of variable remuneration determination.

## **Article 2**

### **Composition**

1. The Remuneration Committee is elected by GSB and composed by three members, with adequate qualifications and experience, having a majority of independent members.
2. The Remuneration Committee Members are elected for the same term of office as that of the GSB which elects them.
3. The resolution electing the Committee members also nominates its Chairman, who must be an independent member.

## **Article 3**

### **Functioning**

1. Meetings of the Remuneration Committee are convened by the Chairman or two of its members.
2. The Remuneration Committee meets at least once per semester in order to follow up the Company's situation in the relevant matters to determine and set up the Chairman's and Director's variable remuneration.
3. The Remuneration Committee may decide on the participation of external elements in its meetings, namely representatives of the Human Resources Consultancy company hired for that purpose, as well as to request the presence of, regarding the Company and Subsidiary Companies:
  - a) Members of the administration bodies.
  - b) Members of the supervisory bodies.

- c) Statutory Auditor.
  - d) External Auditor.
  - e) Managers.
4. The Remuneration Committee cannot resolve without the presence of the majority of its members, the resolutions are taken by majority of votes and the Chairman has a casting vote in case of tie vote.
  5. Minutes are taken of the Remuneration Committee's meetings.
  6. The Remuneration Committee will be assisted by the GSB Office.

#### **Article 4**

##### **Duties**

1. Besides other duties expressly attributed to it by GSB, the Remuneration Committee is responsible for:
  - a) Defining the remuneration policy for the EBD Chairman and Directors, namely by setting criteria for the remuneration's variable component.
  - b) Determining the several components of base and variable remuneration, particularly the pension plans for retirement or incapacity.
  - c) Setting remunerations according to defined policy.
  - d) Evaluating the evolution of the Company's situation, according to previously set criteria, in order to ponder and determine the variable remuneration of EBD Chairman and Directors.
  - e) Following up the contract variations of EBD Chairman and directors reflecting on their salaries, namely in case of suspension or severance of same.
  - f) Evaluating consequences, in the scope of the adopted remuneration policy, of the possible remuneration to EBD Chairman or Directors for holding an office in participated or Subsidiary Companies.
  - g) Submitting before the annual General Meeting an information note on remuneration policy for EBD Chairman and Directors adopted by the Committee for consultation.
2. In the scope of its duties, the Remuneration Committee is also authorized:
  - a) To hire experts' and independent consultants' services according to budget.

- b) To perform other actions with the Company's and Subsidiary Companies' services, as far as those actions are deemed necessary to fulfill its responsibilities.
  - c) To obtain directly or indirectly through GSB Chairman all the information needed to perform its duties.
3. The Remuneration Committee will establish the required mechanisms to coordinate its activity with the Remuneration Committee elected by the General Meeting to set remuneration for the remaining social bodies.

### **Article 5**

#### **Reporting to the GSB**

1. The Remuneration Committee will inform GSB on its decisions and minutes of meetings, and it should also present reports or written information on the most relevant matters.
2. Yearly, the Remuneration Committee shall draft a report on its activity and on its evaluation on the same, which will be submitted to GSB's appreciation and will be part of its annual report.

### **Article 6**

#### **Internal Regulations**

1. Annually, the Remuneration Committee shall analyze the application of these Regulations, making the changes deemed necessary so that this can fully perform its duties.
2. GSB Internal Regulations apply to all areas not covered by these Regulations with due changes.