



Considering that:

- a) Portugal Telecom, SGPS, S.A. ("PT SGPS" or "Company") has been endeavoring strong efforts in order to pursue and progressively accommodate the national and international corporate governance rules and best practices;
- b) The Portuguese Securities Exchange Commission ("CMVM") has approved Regulation no. 1/2010 on the Corporate Governance of Listed Companies and new recommendations foreseen in the so-called "Corporate Governance Code", under which is proposed the setting up of board committees with powers concerning the evaluation of the board of directors' performance and the corporate governance as well as concerning the selection of its members (without the interference by the executive members in the selection of the non-executive directors);
- c) The so-called "*Livro Branco*" approved by the Portuguese Institute of Corporate Governance underlines the role of non-executive directors and internal committees of the board in evaluation, remuneration and selection matters;
- d) Pursuant to the Final Rules on corporate governance approved by the New York Stock Exchange ("NYSE") (Section 303A Corporate Governance Standards), adopted following to the Sarbanes-Oxley Act, domestic companies shall set up a nominating/corporate governance committee of the board;

This charter aims to govern the functions, objectives and powers, the composition and functioning, as well as the attributions, duties and responsibilities of the Evaluation Committee of the Board of Directors of PT SGPS.

Thus being, the Board of Directors of PT SGPS resolved to approve the following Charter of the Evaluation Committee:



## Charter of the Evaluation Committee of Portugal Telecom, SGPS, S.A.

### Article One Attributions and Purposes

1. The Evaluation Committee of the Board of Directors of the Company is established with the purpose to undertake the following attributions and purposes:
  - a) To assist the Board of Directors on:
    - (i) The evaluation, on an annual basis, of the overall performance of the Board;
    - (ii) The evaluation, on an annual basis, of the performance of the Executive Board of the Company taking in consideration the criteria approved by the Compensation Committee appointed by the General Meeting of PT SGPS under Article 399 of the Portuguese Companies Code ("Compensation Committee").
  - b) To discharge advisory powers regarding the selection criteria of the members of the managing bodies of the Relevant Affiliates and of the Board internal committees.
2. For these purposes, the following companies are deemed as "Relevant Affiliates": PT Portugal, SGPS, S.A., PT Comunicações, S.A., TMN – Telecomunicações Móveis Nacionais, S.A. Telemar Participações, S.A. and its subsidiaries shall be also deemed as "Relevant Affiliates", upon the conclusion of the transactions related with the same already disclosed to the market.

### Article Two Powers

1. The Evaluation Committee is an internal committee of the Board of Directors which undertakes the executive and/or advisory powers required to fulfill the attributions and purposes foreseen in Article One above, as well as any other powers delegated by the Board of Directors, in accordance with this Charter and the resolution which approved it and without prejudice to the powers of the Compensation Committee and to Article 407 of the Portuguese Companies Code.
2. When discharging its powers delegated by the Board of Directors, the Evaluation Committee shall send the reports, documentation and information required for the Board of Directors being aware of the performance of its attributions.
3. Regarding its attributions concerning evaluation matters, the Evaluation Committee shall discharge the advisory powers required to provide technical support to the Compensation



Committee in respect to the performance of its exclusive powers to establish the remuneration, in accordance with this Charter or by request of any member of the Compensation Committee.

### **Article Three Membership and Election**

1. The Evaluation Committee consists of the following Members:
  - a) The Chairman of the Board of Directors, the Chief Executive Officer and the Chairman of the Audit Committee of the Company; and
  - b) Four non-executive Directors, including at least one independent Director who meets the requirements set out in number 1 of Article Four below.
2. The Evaluation Committee shall be chaired by the Chairman of the Board of Directors of the Company, unless it is Chief Executive Officer, in which case this Committee shall be chaired by one of its non-executives members appointed by the Board of Directors.
3. The Chairman of the Evaluation Committee may appoint a Secretary to support the meetings of this Committee.
4. The mandate of the Members of the Evaluation Committee corresponds to the mandate of the Board of Directors.

### **Article Four Requirements and Independence of the Members**

The independent Member(s) of the Evaluation Committee under paragraph b) to number 1 of Article Three above shall satisfy the independence requirements applicable under the laws and regulations, national recommendations and standards, the standards set out in NYSE's regulations, as well as the European and United States rules and regulations which may be issued and other international market standards that the Board of Directors deems appropriate.

### **Article Five Meetings and Resolutions**

1. The Evaluation Committee shall meet regularly once each fiscal quarter at the time and place determined by its Chairman, and whenever called by the latter on its own initiative or at the request of any of its Members.
2. The Evaluation Committee shall not meet without being present or duly represented the majority of its Members.



3. Any Member of the Evaluation Committee may be represented at the meetings of the Committee by any other Members, by letter addressed to the Chairman. However, none of the Members of this Committee shall simultaneously represent more than one other Member.
4. The vote by correspondence is allowed.
5. The resolutions of the Evaluation Committee shall be adopted by the majority of the issued votes and its Chairman has casting vote.
6. The resolutions adopted by the Evaluation Committee and all statements shall be registered in minutes prepared for this purpose, which must be signed by all Members of this Committee attending the meeting, who may summarise their points of view to be mentioned in such minutes.
7. The Chief Executive Officer of the Company is not allowed to vote in the resolutions of the Evaluation Committee relating to the matters referred to in number 2 of Article Seven below and in paragraph a) to number 1 of Article Eight below as well as relating to the matters set forth in paragraphs a) and b) to number 2 of Article Nine below whenever the selection of the Company's non-executive directors is concerned.

#### **Article Six**

##### **Attributions, duties and responsibilities in general**

1. For the purposes of performing the objectives, functions and powers provided for in Articles One and Two above and without prejudice to the powers delegated to the Corporate Governance Committee in respect to the Company's corporate governance model and practices, the Evaluation Committee has the following responsibilities:
  - a) To submit to the Board of Directors and to the Compensation Committee, as applicable and to the extent of their powers, until the date of approval by the Board of Directors of the annual financial statements, a written communication on the degree of compliance by the Company of the laws and regulations, recommendations and guidelines issued by the competent authorities on evaluation, remuneration and selection matters;
  - b) To revise and recommend to the Board of Directors and to the Compensation Committee, as applicable and to the extent of their powers, the adoption of measures that may be necessary or appropriate to ensure the compliance by the Company with the rules referred to in the previous paragraph;
  - c) To review and reevaluate annually the adequacy of this Charter and to propose to the Board of Directors the changes deemed necessary or appropriate;



- d) To review annually, jointly with the Board of Directors, the evaluation of the Evaluation Committee's performance taking into consideration the objectives, functions and powers set out in this Charter, as well as to establish objectives for the subsequent year, issuing a written or an oral report made by the Chairman of this Committee or by any other Member appointed for that purpose by the Evaluation Committee.

#### **Article Seven**

##### ***Attributions, duties and responsibilities concerning evaluation matters***

1. The Evaluation Committee shall assist the Board of Directors in the context of the annual evaluation of the overall performance of the Board, proposing the objective criteria, calendar and evaluation methods, conducting the process and presenting a written report of annual evaluation of performance up to the date of the approval by the Board of Directors of the annual financial statements.
2. For the purposes of performing the objectives, functions and powers provided for in Articles One and Two above, this Committee shall endeavour the evaluation of the performance of the Executive Committee of Board on an annual basis, in accordance with the objective criteria approved by the Compensation Committee for the purposes and under the process of establishing the variable component of remuneration of the Executive Directors, after consultation with the Chief Executive Officer.

#### **Article Eight**

##### ***Attributions, duties and responsibilities concerning remuneration matters***

1. For the purposes of performing the objectives, functions and powers provided for in Articles One and Two above, the Evaluation Committee has the following responsibilities:
  - a) To define the objectives of the Executive Committee of the Company, for each mandate and for each year, taking into account the plans approved by the Board of Directors, for the purposes of the Compensation Committee establishing the relevant criteria concerning remuneration matters;
  - b) To propose and discuss with the Compensation Committee the Company's policy, for each mandate and on a long term basis, concerning the attribution, calculation and establishment of the fixed, variable and indirect remunerations of the members of the managing body of PT SGPS ("Remuneration Policy"), as well as any eventual amendments;
  - c) To issue an opinion to the Compensation Committee about the annual statement concerning the remuneration policy of the members of the managing and supervisory bodies, to be submitted by Compensation Committee to the annual general meeting,



including, at least, the minimum contents required by the applicable laws and recommendations.

2. The Evaluation Committee assists the Board and supports the Compensation Committee, according to the applicable laws and to the extent of their powers, in respect to the following matters:
  - a) The preparation and discussion of standard drafts of management contracts and contracts with other members of the corporate bodies, to be submitted to the approval of the Compensation Committee;
  - b) The negotiation of the specific conditions of management contracts and contracts with the other members of the corporate bodies, to be ratified by the Compensation Committee.

#### **Article Nine**

##### **Attributions, duties and responsibilities concerning selection matters**

1. For the purposes of performing the objectives, functions and powers provided for in Article One and Two above, the Evaluation Committee shall establish and periodically review, on a purely indicative basis, the selection criteria and a summary of skills, knowledge and professional experience taken as the appropriate profile for the members of the managing body of the Relevant Affiliates.
2. The Evaluation Committee shall assist the Board of Directors in the performance of its powers or functions within the following procedures:
  - a) Cooptation of Directors of the Company, at the request of the Chairman of the Board of Directors;
  - b) Selection of Directors for the Company, by request of the Chairman of the Board of Directors or by initiative of shareholders with the power to submit lists for election;
  - c) Appointing and filling vacancies of members of the internal committees of the Board of Directors of the Company, as well as of the members of the Executive Committee, in this latter case, further to a proposal of the Chief Executive Officer.
3. The members of the managing bodies of the Relevant Affiliates shall be appointed according to the applicable laws by the Executive Committee of the Company, after consultation with the Evaluation Committee, and elected or ratified by the competent bodies. The Evaluation Committee should also be informed about the relevant criteria for setting out the remuneration of those members.



## Article Ten Autonomy and Resources

1. The Evaluation Committee may, according to the approved budget for the respective Committees, hire independent consultants, auditors, legal or other advisors, to provide required services and assistance for the performance of the powers and attributions of this Committee foreseen in this Charter.
2. The Company shall provide, further to the recommendation of the Evaluation Committee, the financial resources and the technical, human and material means required for implementation and operation of this Committee, in compliance with this Charter, as well as the payment of the ordinary administrative expenses of the Evaluation Committee that are necessary or appropriate to perform its functions under this Charter.
3. The Company shall provide the financial resources required to pay to the hired consultants the services rendered in accordance with number one here above.
4. The Evaluation Committee may request to the Board of Directors, to the Executive Committee, or to the other internal committees of the Board, support, information and documentation deemed necessary to discharge its attributions, powers and responsibilities delegated under this Charter.

## Article Eleven Final Provisions

This Charter shall enter into force immediately and revokes the previous charter included in the Order 10,08 of December 18<sup>th</sup>, 2008.