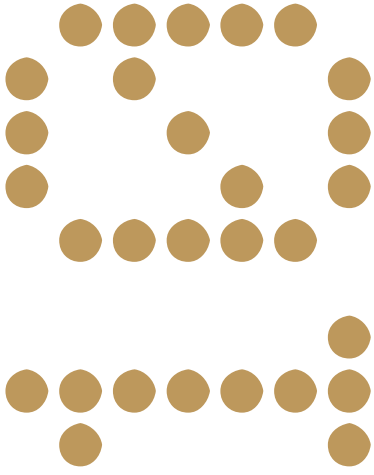


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Corporate Governance Report



WE VALUE OUR **HISTORY** AS
CONTRIBUTION TO DOING
MORE AND BETTER.



10. CORPORATE GOVERNANCE REPORT

// Statement of compliance with CMVM recommendations on corporate governance

Chapter "0" added to point B in the Notes to the CMVM Regulation no. 7/2001, including the changes introduced by CMVM Regulations 11/2003, 10/2005 and 3/2006, states that "detailed indications of adopted and not adopted CMVM recommendations on corporate governance must be given."

Thus, in fulfilling this provision, we hereby state, in the order stipulated by CMVM, the recommendations in question, with express mention of their adoption or not, as well as some other specific aspects deemed adequate to promoting a better understanding of the realities in question.

Publication of information - investor relations office

Inapa adopted this recommendation entirely. The investor relations office has the characteristics and assures the functions described in point 1.8. of the present report.

Voting rights and shareholder's representation

As mentioned in point 2. of the present report, any shareholder wishing to take part in the proceedings of the Inapa general meeting must have his shares, if nominal, made out in his name or, if bearer shares, deposited with a credit institution or in the company safe, at least five working days before the date of the General Meeting.

Therefore, the company entirely fulfils the CMVM recommendations on this matter.

Regarding the right to vote by mail, not only this is not restricted in any way, but also the deadline for receiving such votes is only three working days in advance, with the company making the appropriate voting ballots available to its shareholders by mail.

Therefore, the company entirely fulfils the CMVM recommendations on this matter.

The measures undertaken by the company with a view to encouraging its shareholders to participate in the General Meetings are described in point 2. of the present report, with average participation in General Meetings in the last few years having been approximately 2/3 of the share capital.

Company regulations

Adoption of the CMVM recommendations regarding creation of an internal control system is described in point 1.3. of the present report, such that this board believes that the company fulfils the recommendation in question, regarding this particular aspect.

The company did not adopt any measures against their own or shareholder's interests, with the aim of hindering the success of any public takeover bids, such as clauses that have the effect of provoking immediate erosion of its value in case of transition of control or a change in the composition of the board of directors; thus, no agreement exists that would prevent free trading of shares or free evaluation by shareholders of the performance of governing bodies.

The company fulfils the CMVM recommendations on this particular matter.

The company bylaw do not include any limitations to voting rights.

The company fulfils the CMVM recommendations on this particular matter.

Board of directors

As described in points 1.1. and 4. of the present report, the board of directors is composed of several members who, under the terms described, coordinate the effective management of the company and those responsible for it, convening with the adequate frequency this entails.

The company fulfils the CMVM recommendations on this particular matter.

In 2007, the board of directors was composed of seven members, of which four were non-executive members, whose role is to continuously follow and evaluate company management.

Regarding this particular issue, it should be underlined that, as referred in point 4. of the present report, three of the four non-executive voting members are part of the Audit Commission of the Board of Directors, being specifically responsible for company business supervision, according to the law and company bylaw.

The company fulfils the CMVM recommendations on this particular matter.

Of the four non-executive members of the board of directors, two cannot be considered independent, according to the dispositions included in no. 5 of article 414 of the Commercial Companies Code.

The existence of two non-executive independent members (half of the corresponding number) allows the company to ensure the interests of all stakeholders are considered and conflicts of interest in this area adequately prevented and managed.

The company fulfils the CMVM recommendations on this particular matter.

In the last General Meeting, which took place on the 31st May 2007, the company opted

for the governing structure described in section b) of no. 1 of article 278 of the CSC, including a Board of Directors comprising an Audit Commission.

The audit commission is a permanent internal control structure, with the widest intervention powers, namely regarding the following issues, amongst others:

- Supervision of the company's administrative board, legality of its acts and compliance with the company contract;
- Checking of the accuracy of accounts documents and correction of the accounting policies and valuation criteria adopted; supervision of the effectiveness of the risk management system, the internal control system and the internal audit system;
- Centralisation of communications of irregularities made by shareholders, company employees or others;
- Supervision of financial information processing and publication;
- Supervision of the independence of the Official Statutory Auditor.

The company thus believes it totally fulfils the CMVM recommendation on corporate governance included in no. 7 of the referred recommendations.

In the present report, the company did not adopt the CMVM recommendation regarding annual publication of individual remunerations of the members of the board of directors.

The general meeting was not presented with the document containing the guidelines to be followed by the remuneration commission concerning the remunerations policy relative to the governing bodies, for the subsequent year or the period deemed most adequate; therefore, this company is not observing the corresponding CMVM recommendation.

With regard to the composition of the Remuneration Commission, this is made up solely of persons who are independent from the directors and not subject to their influence. Such concepts have been adopted in the sense and within the scope described in point 9 of Chapter I of the Notes to the CMVM Regulations 7/2001; therefore, the company fully

complies with the CMVM recommendation on this issue.

In point 1.6. of the present report, full information is provided regarding the CMVM recommendation relative to eventual share attribution plans and/or share acquisition options by members of the board of directors and/or employees; therefore, it may be assumed the recommendation in question is fulfilled.

Policy for communication of irregularities occurring inside the company

The company has not as yet approved any directives relative to internal communication of irregularities allegedly occurred within the company, including indication of the means by which these should be communicated, persons legally entitled to receive them and guarantees of confidentiality, when requested.

Regarding this issue, the limited number of responsible people in the company allows for information of this nature to be transmitted without the need for a specific formal setting; therefore, the need to approve specific regulations on this question has not been felt, up to the present date.

It should also be referred that, since the Audit Commission of the Board of Directors is responsible, according to the law, for centralising communications of irregularities made by company shareholders, employees or others, the need for specific directives relative to this issue is less relevant than within the scope of a different type of governing organisation.

It should nonetheless be noted that, although the interests that the CMVM Recommendation aims to protect have been safeguarded, the recommendation itself has not been formally fulfilled.

Institutional investors

The matter contemplated in the present recommendation is not applicable to this

company, in the sense it does not constitute an institutional investor, in the strict sense of the term.

1. Publication of information

1.1. Governing bodies and definition of responsibilities within the framework of corporate decision-making

Inapa-Investimentos, Participações e Gestão, SA is a company listed in the Lisbon Stock Exchange (Euronext Lisbon); its shares were also admitted to the Private Exchange – Pex, in 2003.

Since its origins in the paper sector, the company has centred its activity on paper distribution.

The company has the following governing bodies:

- The General Meeting, composed of all shareholders bearing the right to vote, whose job is to elect the governing bodies, appraise the company's management and auditing, decide on the management report and accounts for the year and decide on any eventual bylaw changes, in addition to all other attributions specially conferred bylaw;
- The Board of Directors, composed of five to twelve members, is responsible for performing the broadest of management functions, representing the company in law and in business and performing all acts relative to achievement of corporate goals.
- The Executive Commission of the Board of Directors, composed of three directors, in whom the Board of Directors has delegated current company management, without the board relinquishing the right of deliberating on delegated issues, according to the law. The Executive Commission must also report to the Board of Directors regarding

the acts effectively carried out within the scope of the aforementioned delegation.

- The Audit Commission of the Board of Directors, composed of three directors, elected by the General Meeting, with the powers and competences described in article 423-F of the CSC.

- The Official Statutory Auditor, with the powers and competences described in sections c), d) e) and f) of no. 1 of article 420 of the CSC.

Inapa carries out its activity of paper distribution, through its subsidiaries, in 8 European countries, being the parent company of a Group that is currently one of the four largest European distributors.

The management model adopted by Inapa for its subsidiaries takes into account the specific needs of the business and the markets in which it operates.

Bearing in mind the absolute necessity to centralise management control and definition of global strategies, Inapa has made sure that its local companies have the necessary operational autonomy for effective adaptation to the characteristics of the markets in which they operate. The motto "Think global, Act local" reflects the management model adopted.

The Board of Directors currently includes seven members, of which three hold executive positions, integrating the aforementioned Executive Commission of the Board of Directors.

The Board of Directors has the special responsibility, within the scope of the adopted management model, of establishing the Group's large-scale strategic guidelines, as well as monitoring fulfilment of the duties delegated in the Executive Commission and ensuring good management control of the companies held by the Group.

Inapa's Board of Directors and its Executive Commission have the support of a series of services across the group, with registered offices in Lisbon, which include the areas of financial management, management auditing and control, accounting, legal and fiscal advice, investor relations and corporate communication.

In order to support and optimise operational management and make synergies effective, the chief executive officers of the main business units have regularly meetings, chaired by the Chairman of the Executive Commission of the Board of Directors, to analyse and monitor the strategic development of the Group and local operations, as well as discuss procurement, logistics and sales policy issues.

This structure has allowed the Group to constantly adapt and anticipate market evolution and extend the best solutions developed by each company - best practices - to all Group companies. This structure has proven extremely useful in strengthening synergies and reorganising the various local operations.

Regarding operations, business activity is developed through companies working nationally, structured around the following key areas:

- Germany;
- France, which comprises operations in Belgium and Luxembourg;
- Portugal, Spain, Switzerland and the United Kingdom.

Each of these companies has its own management team, with vast professional experience and knowledge of specific markets.

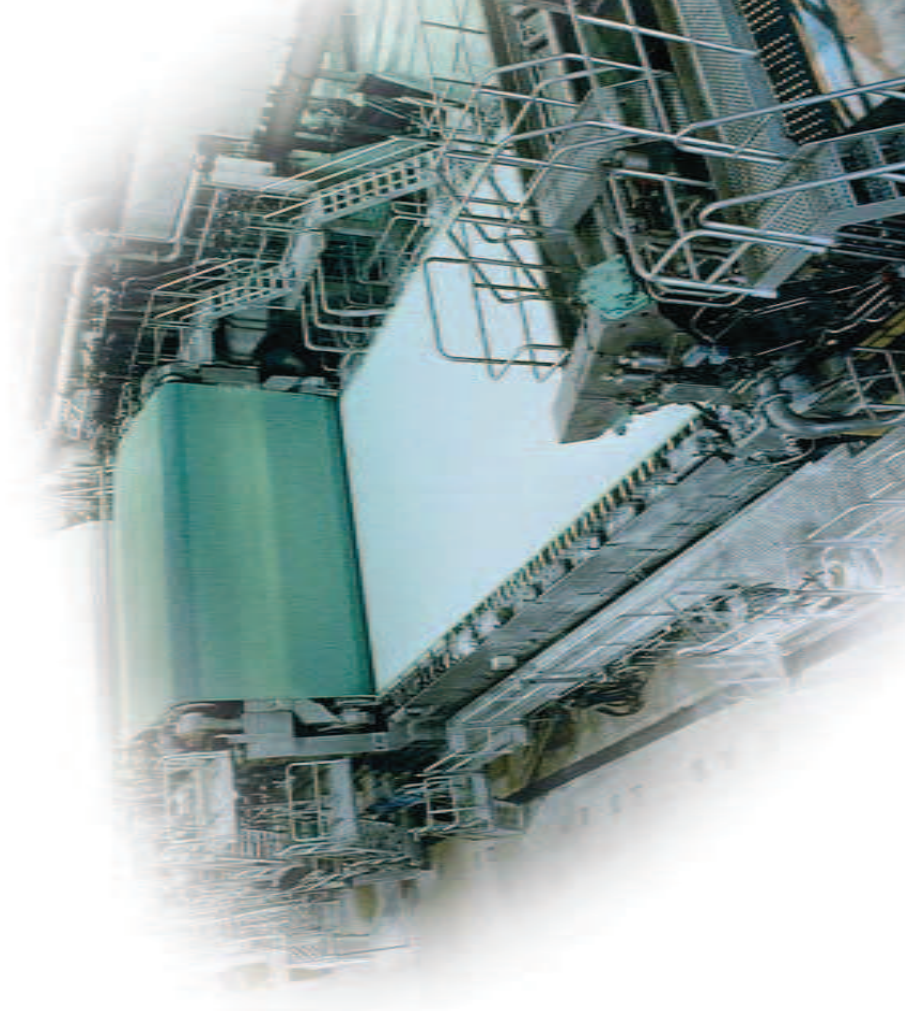
It should be emphasised that this structure has performed well, due to the fact that management teams actually originate from the countries in which activities are carried out and also because Inapa has managed to lend a strong common motivation, as well as an unquestionable sense of Group culture, to these management teams.

The activity of the various operational companies consists of sales of a complete range of paper products for writing and printing, aimed primarily at the graphics industry, the publishing and book universe and large companies and offices.

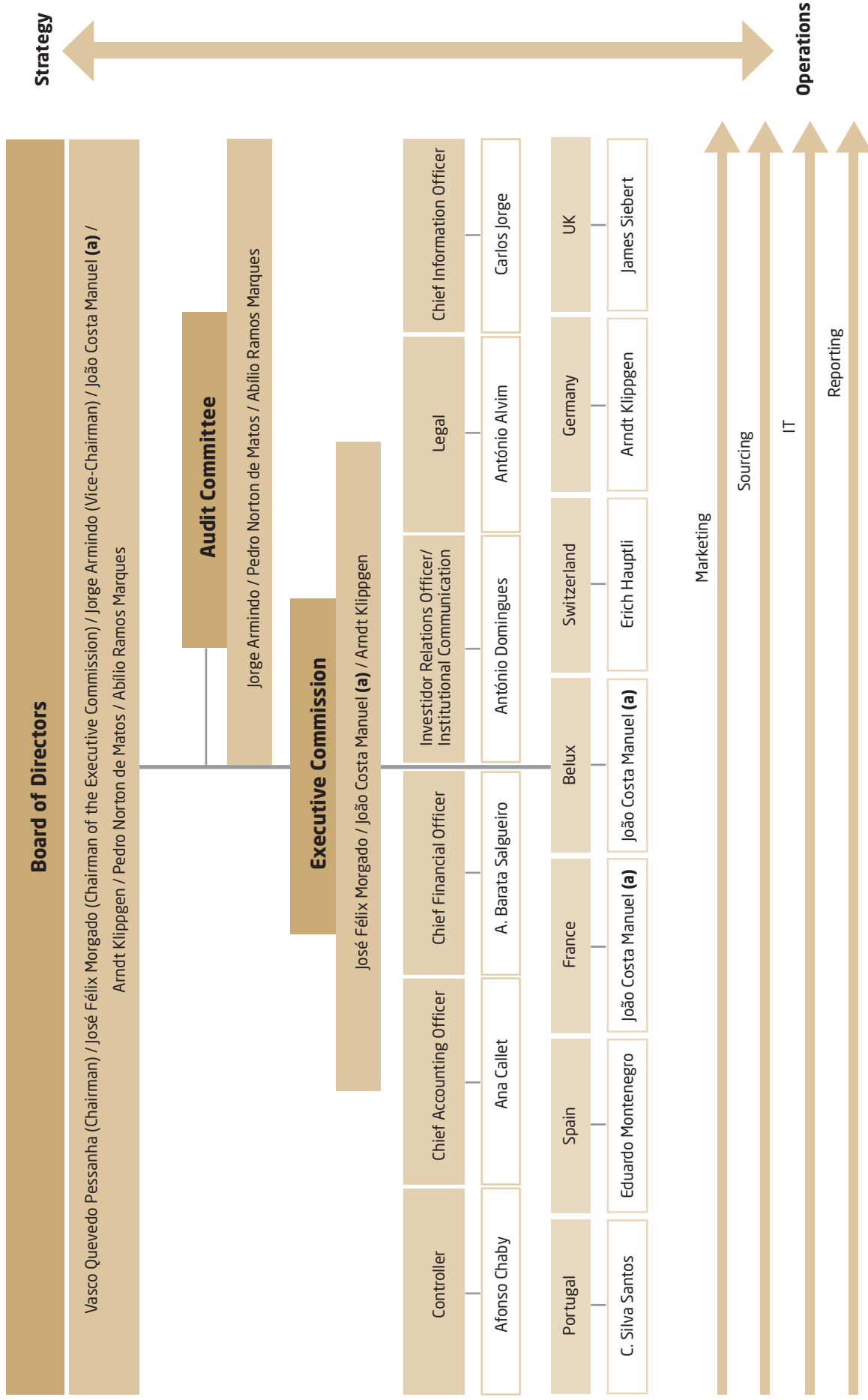
In a complementary way - but with increasing relative weight - the Group has been widening its activities to distribution of office consumables, packaging and visual communication products and articles, segments with significant growth potential and attractive margins.

Distribution activities demand a highly sophisticated and efficient logistics organisation, as well as a high-quality pre- and post-sales service.

It should be emphasised that the level of support given to clients in defining the best solutions for their very specific needs, as well as in solving any technical difficulties they may encounter, is a determining competitive factor in the paper merchandising sector.



The organisational model adopted may be described by the following functional flow-chart:



(a) resigned in January 2008

1.2. List of the commissions especially set up in the company

As mentioned in point 1.1. of the present report, the company opted for the administrative and auditing structure described in section b) of no. 1 of article 278 of the Commercial Companies Code – a Board of Directors, including an Audit Commission and an official statutory auditor.

The Audit Commission of the Board of Directors is composed of three non-executive directors, whose responsibilities are the following:

- supervision of the company's administrative board, legality of its acts and compliance with the company contract;
- checking of the accuracy and correction of the accounting policies and valuation criteria adopted;
- supervision of the effectiveness of the risk management system, the internal control system and the internal audit system;
- centralisation of communications of irregularities made by shareholders, company employees or others;
- supervision of financial information processing and publication;
- supervision of the independence of the Official Statutory Auditor.

The Commission is currently composed by the following directors:

- Jorge Armindo Carvalho Teixeira – Chairman;
- Pedro Maria Cabral Norton de Matos, and
- Abílio Ramos Marques.

This body meets regularly, at least once every two months.

Of the three members including this commission, only Abílio Ramos Marques should not be considered independent, in the sense defined by no. 2 of article 1 of the CMVM Regulation no. 7/2001, with the changes introduced by CMVM Regulations 11/2003, 10/2005 and 3/2006.

Therefore, CMVM recommendation 5-A concerning Corporate Governance should be considered completely fulfilled.

It should be nonetheless noted that Jorge Armindo Carvalho Teixeira fulfils the incompatibility condition included in section h) of no. 1 of article 414-A of the Commercial Companies Code, applicable due to the provision included in no. 3 of article 423-B of the same legal diploma. Given that shareholders are responsible, by law and the company bylaw, for appointing the members of the Audit Commission, replacement of the director in question shall be discussed in the next annual General Meeting.

1.3. Description of the risk control system

The company considers itself to be sufficiently prepared for effective risk control in its own activity and that of the companies it holds.

Regarding the company itself, those who have been especially entrusted with risk control and are responsible for internal auditing/management control, under the supervision of the Audit Commission of the Board of Directors, are considered to be very effective.

It should also be referred that the actions undertaken by these departments are subject to regular supervision by the external auditor – PriceWaterhouseCoopers, in addition to supervision by the Audit Commission.

The creation of any sort of specialised commissions for supervising risks of any specific nature was considered useless, given the limited number of staff.

Regarding the subsidiaries controlled by the Company, it should be reiterated that one of the essential duties falling on the Company is precisely to control the management of its holdings, on all levels.

Thus, the departments that make up the structure of the Company, starting obviously with the directors and extending to the finance, accounting, internal auditing, management

control and legal departments, as well as actions developed by PriceWaterhouseCoopers, are all geared towards this objective.

1.4. Share performance in the stock market

For Inapa-IPG, 2007 was marked by changes in the Corporate Governance model and composition of the Board of Directors, as well as restructuring of shareholder's equity.

On a corporate level, a new Board of Directors was elected for 2007-2010, as a result of the General Shareholder's Meeting, consisting of seven members, including the Chairman of the Board of Directors and the Chairman of the Executive Commission. Regarding audit bodies, the Fiscal Board was replaced by an Audit Committee, composed of three non-executive members of the Board of Directors.

The capital structure was strengthened according to the capital-restructuring program, which followed the stages described below:

- 1.** Application of Net Profits relative to 2006, amounting to -53,427,898 euros;
- 2.** Extinction of 2,762,987 company shares, with share capital becoming 136,185,065 euros;
- 3.** Mobilisation of reserves;
- 4.** Reduction in share capital, to 27,237,013 euros, and reduction of nominal value to 1 euro;
- 5.** Increase of 122,762,987 euros in share capital, to 150,000,000 euros, through subscription of 122,762,987 shares, with nominal value of 1 euro.

On the operational level, the Board of Directors presented its commitment to the shareholders and to the market, materialised in the Inapa 2010 Strategic Plan, whose implementation is analysed in a dedicated chapter of the present report.

The market context was favourable in 2007:

- The PSI-20 index increased by 16.27% relatively to 2006;
- Traded values also increased, reaching 99,000 billion euros, representing an 89% increase relatively to 2006;
- The majority of main world indices increased between 1.31%, for Cac40, and 22.29%, for Dax.

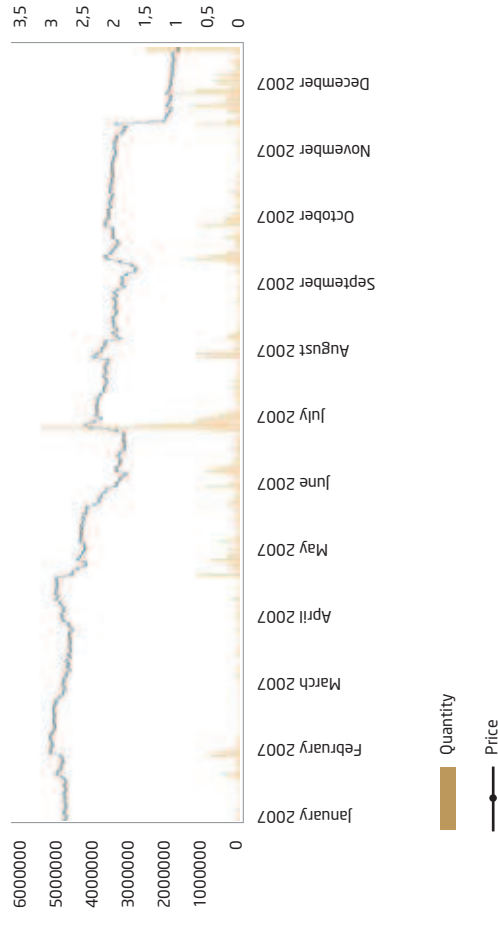
Inapa-IPG share performance was strongly influenced by the aforementioned conditions.

The trading volume registered a substantial increase. Over 59.8 million shares were traded during the year, which corresponds to a 7.4-fold increase relatively to the previous year. It should also be noted that, in 2007, 30 million shares were listed, up to the 15th August, and 27,237,013 shares were listed between the 15th August and the 28th December; this number was changed to 150 million shares after the 28th December. This allows us to conclude that share capital was traded twice, an event never before occurred in our company.

Also regarding traded value, a substantial improvement was registered, with 115 million euros traded, representing a 390% increase relatively to 2006.

Regarding this subject, it should be referred that Inapa did not sign any market making contract in 2007.

Graph showing share price evolution and traded volumes in 2007



Share price at year-end was 0.92 euros per share, which, after adjustment to the increase in share capital, represented a 14.4% decrease relatively to the 31st December 2006.

This price decrease was strongly influenced by the unfavourable market context observed in the end of the year, as well as the shareholder's equity restructuring operation.

However, it should be emphasised that the market reaction observed in the beginning of 2008 reflects a recognition of the future benefits for the company of the strategy adopted. Effectively, traded volumes are already very significant and performance relatively to the reference index (PSI-20) significantly higher.

Interest in Inapa-IPG shares also attracted the attention of institutional investors, reflected in the initial coverage by two of the most reputed Portuguese investment

banks: Caixa Banco de Investimentos and Banco Português de Investimento.

The Board of Directors continued to follow its policy of information and establishment of closer relations with the various capital market participants, through presentation of quarterly results to analysts and journalists, communication of price sensitive information and communication of other types of information.

Relations with small shareholders and investors were another company concern throughout the year, regarding which the company provides a website, direct e-mail services and an investor relations office, fully available, for clarification of any doubts and release of necessary information, in a simple, fast and efficient way.

The media were also important in broadcasting corporate events regarding the Inapa Group; the Board of Directors, through the Chairman of the Executive Commission, and the investor relations area are always available to receive journalists, in order to clarify any doubts. We believe this procedure to be effective, in the sense of creating a more open company, ensuring more and better information, provided to those needing it and able to use it, in a fast and efficient manner.

Actions undertaken within the scope of the capital market and relations with shareholders allowed the Group to take another step towards the positioning of Inapa as a reference within the capital market, both due to its performance and adoption of the best practices.

1.5. Dividends policy

The distribution of dividends is to Inapa a relevant way to remunerate its shareholders. The last distribution of dividends, proposed by the Board and approved by General Meeting, has been as follows:

Year	Dividends (€)	No. shares
1995	987,620	6,000,000
1996	1,496,393	6,000,000
1997	2,020,131	18,000,000
1998	2,244,590	18,000,000
1999	3,740,984	30,000,000
2000	4,115,082	30,000,000

During the year, no business or operations were carried out between the Company and members of its board of directors and audit commission.

If there were no operations or deals to be noted with any person or entity controlled by this company, because none were carried out, operations or negotiations carried out with qualified shareholders – such as Banco Comercial Português – and with held companies, were performed exclusively within the scope of normal company activity and under normal market conditions for such operations.

1.8. Investor relations office

Inapa has an Investor Relations Office, whose head is responsible for representing Market Relations.

This office is responsible for relations between the company and market agents, such as official entities (CMVM, Euronext Lisbon, Interbolsa, Opex), financial institutions (brokering companies, dealer companies, banks, etc.) and institutional and private investors.

This office may be contacted through its Market Relations Representative:

António José Nogueira Simão Domingues
Inapa - Investimentos, Participações e Gestão, SA
Investor Relations Office
Rua do Salitre, 142
1269 - 064 Lisboa
e-mail : antonio_domingues@inapa.pt
info@inapa.pt
www.inapa.pt
Tel. + 351 21 382 30 08
Fax. + 351 21 382 30 30

The continuous policy applied in the past was stopped in 2001, but is expected to be resumed as soon as the macroeconomic conditions and results obtained allow it.

1.6. Share acquisition plans or plans to attribute the option to buy shares to members of governing bodies or employees

No share acquisition plans or plans to attribute the option to buy shares to members of governing bodies or employees exist.

1.7. Business and operations carried out between the company and members of its board of directors and audit commission of companies which are under its control or part of its group

It should be noted that use by Inapa of new technologies to make relevant information public has been developed and consolidated over the last few years.

In this sense, the Group has a corporate website, in Portuguese and English, with the following addresses:

www.inapa.pt

www.inapa.com

In addition to an area merely used for institutional information, as well as an area including general information about the activity of the Group and its subsidiaries, this website also includes areas especially dedicated to investors and corporate communication.

In this website, people interested have at their disposal a vast array of information about the Company and the Group, such as the latest management reports and other annual, half-year and quarterly accounting documents, relevant facts and the most significant financial indicators.

This information is further complemented by the following individual sites, containing information of a more technical or transactional character:

www.inapa.de

www.papierunion.de

www.inapa.fr

www.inapa.ch

www.inapa.lu

www.inapa.be

www.idisa.com

www.inapa-tecno.com

www.papei.online.pt

1.9. Remuneration commission

For some time now, determination of remuneration for the members of the governing bodies has been the responsibility of a commission composed of three members, elected by the General Meeting.

The current Remuneration Commission includes the following members:

- Christopher de Beck

- João Plácido Pires

- João Vieira de Almeida

There is no relation whatsoever between the members of the Remuneration Commission and/or between the latter and the members of the Board of Directors, their spouses, relations and similar, in a direct line up to, and including, third degree.

1.10. Annual remuneration paid to the external auditor

Remuneration of the external auditor reached € 72 thousand and was paid exclusively in respect of the services of reviewing the accounts, included in the functions, which, as external auditor, he had been entrusted with.

The external auditor and/or any individual or corporate persons belonging to the same auditing network earned a total of € 469,900 in the period in question, corresponding to total wages for auditing services rendered to subsidiaries abroad.

The external auditor did not render to the company or any of its holdings any other services in addition to those described above, namely tax consulting.

2. Voting rights and shareholders representation

For a long time now, one primary task for the Company has been to create mechanisms to motivate shareholders to take part in General Meetings, or promote their right to vote. This not being an easy task, we point out the careful preparation by the Board of Directors

of adequate supporting documentation showing the evolution of, and prospects for, business, which is placed at the shareholders' disposal. The Board has also carefully chosen inviting surroundings for the meetings to be held in, which have better conditions for the discussion between shareholders of topics for debate, and which are, above all, more accessible to larger numbers of participants.

The Company is also committed to making information regarding general meetings as wide ranging and widely publicised as possible. Thus, simultaneously with publicising General Meetings in the places established by law - the CMVM site, the Euronext Lisbon bulletin, the Ministry of Justice online publications site and the company site - the company promotes press conferences around the dates of the General Meetings, aimed at urging the shareholders to participate.

It is thanks to these measures that the Company has managed to get an average participation of 2/3 of the share capital in General Meetings, to speak of the last five years alone.

2.1 . Statutory regulations concerning voting rights

All shareholders with the right to vote may participate in general meetings.

All shareholders owning at least one nominal share, registered in their name, or a bearer share, deposited in a credit institution or in the company's safe, by the fifth working day before the date of the General Meeting, have the right to vote, provided they notify the Chairman of the Meeting Board of this deposit and of the number of shares deposited, by the third working day before the date of the meeting.

The company bylaw do not present any obstacles to representation of a shareholder in General Meetings or to voting by mail, these options being expressly mentioned in the corresponding meeting calls.

On the contrary, the company simplifies resource to this practices, by providing voluntary representation forms, as well as voting ballots by mail and through the Internet.

2.2. Voting by mail

To allow voting by mail, it was inevitably necessary to set up a procedure that is as uncomplicated as possible and only limited by the need for organisation and smooth running of General Meetings. For this purpose, model ballots for voting by mail are available at the head office, well in advance. These are available at least from the date when accounts documents and proposals to be submitted to the General Meetings are made available.

Shareholders may also request voting ballots by mail or through the Internet, eliminating the need of travelling to the company's registered offices. In the former situation, voting ballots may be requested by letter sent to the Direction of Market Relations, Rua do Salitre, no. 142, 1269 - 064 Lisboa; in the latter situation, these may be requested through e-mail address antonio_domingues@inapa.pt.

Shareholders have the right to send in their vote by mail up to the third working day before the meeting is to be held.

2.3. Voting by e-mail

As yet, it has been impossible to run Meetings in a place with the best of conditions, in terms of space, that also responds to the technical demands of voting via e-mail. It should, however, be pointed out that the Company, as yet, has not heard of any special interest form its shareholders in this method of voting.

2.4. Deadlines for the deposit or blocking of shares for participation in the General Meeting

Shares owned by shareholders must be registered in the shareholder's name, when they are nominal shares, or, when bearer shares, they must be deposited in a credit institution or in the Company's safe, by the fifth working day before the General Meeting.

Depositing institutions must notify the Company of the number of shares deposited in the interested shareholder's name, up to three working days before the meeting in question.

2.5. Time frame for reception of a vote by mail preceding the date of the General Meeting

Shareholders have been given the option of sending in their vote by mail, up to three working days before the General Meeting is to be held.

2.6. Number of shares corresponding to one vote

All shareholders owning at least one share have the right to vote.

3. Company Regulations

3.1. Company code of conduct

Inapa is the holding company of a group of companies spread across eight countries. As such, its primary role is to define Group strategy, financial and supply policies, development and growth through acquisitions, as well as supervising and coordinating its affiliates' business activity.

This means a team exists of specialised professionals, subject to maintaining the professional standards associated to their functions, which, in our view, foregoes the need for a company code of conduct beyond the norms to which all companies are bound.

3.2. Risk control in the company's activity

This issue is thoroughly explained in point 1.3. of the present report.

3.3. Measures taken to hinder the success of public takeover bids

The company did not adopt any measures whatsoever that go against their own or their shareholders' interests, with the aim of hindering the success of any public takeover bids, such as clauses that have the effect of provoking immediate erosion of its assets in case of transition of control or a change in the composition of the board of directors.

The Company was not notified of any parallel agreements between the Company's shareholders and no agreements exist including special voting rights, given that no bylaw limitations exist to free transmission of shares and no special rights have been conceded to a particular shareholder or category of shareholders.

4. The Board of Directors

4.1. Identification of the members of the Board of Directors

The Board of Directors is composed of seven members, of which three have executive functions, namely:

Executive members of the Board of Directors

- José Manuel Félix Morgado;
- João da Costa Manuel (renounced to his term after the 31st December 2007);
- Arndt Jost Michael Klippgen.

Non-executive members of the Board of Directors

- Vasco Luís Schuilthess de Quevedo Pessanha;
- Jorge Armindo Carvalho Teixeira;
- Pedro Maria Cabral Norton de Matos;
- Abílio Ramos Marques.

Audit Commission of the Board of Directors

- Jorge Armindo Carvalho Teixeira;
- Pedro Maria Cabral Norton de Matos;
- Abílio Ramos Marques

In the light of the dispositions included in article 1 of CMVM Regulation 7/2001, with the changes introduced by CMVM Regulations 11/2003, 10/2005 and 3/2006, the following should be considered non-executive independent directors:

Vasco Luís Schuilthess de Quevedo Pessanha

Chairman of the Board of Directors;



Jorge Armindo de Carvalho Teixeira

Vice-Chairman of the Board of Directors; and

Pedro Maria Cabral Norton de Matos.

Non-executive director Abílio Ramos Marques is not considered independent within the terms of the aforementioned legal disposition.

Functions carried out by members of the Board of Directors in other companies

The members of the Board of Directors who carry out functions in other companies, within and outside the Group, as mentioned in the Notes that are an integral part of this document, are therefore already shown.

Professional qualifications of the members of the Board of Directors

The professional qualifications of the members of the Board of Directors, the number of shares they hold in the company, the dates of their first appointment and duration of their respective terms are described in the Notes, which are an integral part of this document, and are therefore already shown.

4.2. Existence of an executive commission or others with management duties

During the year in question, the Board of Directors made use of its statutory option to constitute, from among its members, an executive commission composed of three directors. These three directors were entrusted with the current management of the company, as described above. With this delegation, not only did the Board of Directors not abdicate from its powers to decide freely on the matters delegated, but it also took on the responsibility of supervising and controlling this commission's actions.

As for other commissions with management duties, we refer the reader to what is

described in point 1.1 of the present report, concerning the executive commission.

4.3. Description of the workings of the Board of Directors

The Board of Directors meets quarterly to approve accounts to be made public, under the terms of the law. Beyond this specific matter, the Board agenda systematically includes the following points - analysis of relevant facts and figures for the quarter, analysis of the activity of the company and each of its subsidiaries, analysis of Profit & loss accounts for the company and its subsidiaries, preliminary accounts for the preceding month, analysis of share evolution and trading volumes of shares issued by the Group. Also included in the Board's agenda are matters, which, due to their importance and current nature, should be supervised or formally decided on, by this body.

The Board of Directors also meets to review specific issues whenever the circumstances dictate.

The meetings of this body are always preceded by a vast compilation of information, elaborated by those responsible for the various management areas of the company, to be distributed to the directors in advance.

It is also important to mention that, during these meetings, the directors integrating the Executive Commission of the Board of Directors provide the most detailed information about the activities carried out by them, throughout the period in question, as well as submitting the management options whose adoption they foresee as necessary in the short term, for discussion by this management body.

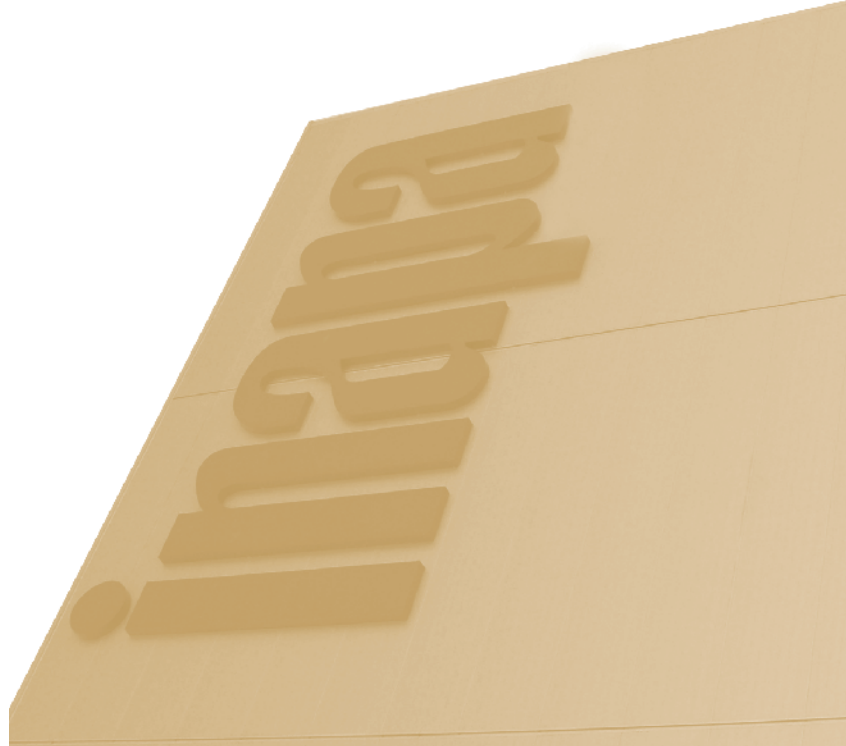
Whenever decisions to be made by the Executive Commission may assume a significance that goes beyond mere execution of policies or options discussed and approved by the Board, the Board of Directors must be heard before this Commission makes any decisions on questions delegated upon it.

The Executive Commission is entrusted with current management of the company and has specific powers to, in the company's name, negotiate and sign financing contracts for the company and/or its associates, as well as issue and place bonds and commercial paper.

The Executive Commission of the Board of Directors is forbidden to decide on issues that transcend mere everyday company management and which are not explicitly included in the specifically granted powers of negotiation and signature of financing contracts, such as those mentioned above.

It was not necessary to elaborate a list of incompatibilities for the Board of Directors, nor set a maximum number of posts that could be accumulated in the board of directors of other companies.

During the year in question, the Board of Directors met formally 11 times.



4.4 and 4.5. Remunerations earned by the members of the Board of Directors

Fixed remunerations earned by Directors, including those earned from companies owned by or part of the Group, reached € 864,852.20, in 2007; no variable remunerations were processed during this year.

No plans exist to attribute any company shares, rights to company shares, share options or variable remuneration components to the directors, besides what is previously mentioned.

No other connection between director remunerations and performance is foreseen, besides what is previously mentioned.

No other system of pecuniary or non-pecuniary annual prizes is established, besides what is previously mentioned.

No system of remuneration payable in the form of a share in the profits and/or payment of prizes is in place, besides what is previously mentioned.

With the exception of labour law requirements that may exist with the company, no indemnities are foreseen for former directors relative to cessation of their term during the year.

4.6 Description of general guidelines of the policy for communication of irregularities allegedly occurring within the company

As mentioned above, the company has not as yet approved any directives for internal communication of irregularities allegedly occurring within the company, including the means by which these should be communicated, persons legally entitled to receive them or guarantees of confidentiality, when requested.

With regard to this question, the limited amount of responsible persons that make up the company allows for information of this nature to be transmitted without the need for a specific formal setting; therefore, the need to approve specific regulation on this matter has not been felt, up to the present date.

It should be added that, as a result of the adoption of the governance model including a Board of Directors with an Audit Commission, the latter is expressly responsible, due to the dispositions included in section j) of article 423-F of the Commercial Companies Code, for "receiving communications of irregularities made by company shareholders, employees or others".