



10

CORPORATE  
GOVERNANCE  
REPORT

# '10

## CORPORATE GOVERNANCE REPORT

### Introduction

This Corporate Governance Report was compiled in conformance with the provisions of Regulation no. 1 /2007 of Portugal's Comissão do Mercado de Valores Mobiliários – The Securities Exchange Commission ("CMVM") and with CMVM's Recommendations on the Corporate Governance of Listed Companies, published in September 2007, which documents are available for consultation on CMVM's website, [www.cmvm.pt](http://www.cmvm.pt).

To that effect, without prejudice to CMVM's publication of its Regulation no. 1/2010 and in conformance with the provisions of CMVM's instruction of 26 January 2010, Inapa - Investimentos, Participações e Gestão, S.A. ("Inapa" or "The Company") elected to comply with the corporate governance report model set out in the aforementioned Regulation no. 1 /2007 owing to the fact that it was already at a very advanced stage in the preparation of this Report.



# Chapter 0

## DECLARATION OF COMPLIANCE

### 01.

Disclosure of the location where the documents of corporate governance regulations by which the reporting Company is governed are available for public scrutiny and, should that be the case, of the location of any other documents by which it may have voluntarily elected to be governed by.

The documents of the corporate governance regulations by which the Company is governed are available for public scrutiny at:

- the Company's Head Office, in Rua Castilho, n.º 44 - 3.º floor, Lisbon, Portugal;
- the Company's corporate website, on [www.lnapa.pt](http://www.lnapa.pt); and
- the website of Comissão do Mercado de Valores Mobiliários, on [www.cmv.pt](http://www.cmv.pt)

This Report will also be available for consultation at all of the aforementioned locations and may be obtained separately or as an Addendum to the Annual Report and Accounts of the Company, of which it is an integral part.

### 02.

Disclosure of which of the specific recommendations of CMVM's Corporate Governance Code have and have not been adopted:

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
<b>GENERAL MEETING</b>		
<b>I.1 BOARD OF THE GENERAL MEETING</b>		
<b>I.1.1.</b> The Chairman of the General Meeting shall be provided with adequate human resources and support logistics services as necessary and as a function of the economic situation of the Company.	Yes	
<b>I.1.2.</b> The remuneration of the Chairman of the General Meeting shall be disclosed in the Company's Corporate Governance Report.	Yes	1.3
<b>I.2. ATTENDANCE OF MEETINGS OF THE ASSEMBLY</b>		
<b>I.2.1.</b> The term to deposit or restrict from trading the shares of shareholders attending a meeting of the General Assembly of Shareholders in conformance with the bylaws shall not be greater than 5 business days	Yes	1.4
<b>I.2.2.</b> Should a meeting of the General Assembly of Shareholders be suspended, the Company shall not enforce that shares be restricted from trading for the entire period elapsing until the meeting resumes, for which purpose the ordinary term required for the original meeting shall equally apply to the date of the meeting's resumption	Yes	1.5

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
<b>I - GENERAL MEETING</b>		
<b>I.3. VOTING AND THE EXERCISE OF VOTING RIGHTS</b>		
<b>I.3.1.</b> Companies shall enforce no statutory restrictions on voting by mail	Yes	1.8
<b>I.3.2.</b> The statutory term for lodging votes by mail prior to a meeting shall not be greater than three business days	Yes	1.8
<b>I.3.3.</b> In their bylaws, companies shall include provisions to the effect of establishing that each share is entitled to one vote	Yes	1.6
<b>I.4. QUORUM AND RESOLUTIONS</b>		
<b>I.4.1.</b> Companies shall not set out minimum attendance requirements for a meeting's quorum or for the validity of resolutions that exceed the minima set out by Law	No	1.7
	(Under the Company's Articles of Association meetings at first notice require a number of shareholders representing at least 1/3 of share capital to be in attendance or duly represented not only for purposes of the validity of resolutions taken in conformance with the provisions of Paragraph 2 of Article 383 of the CSC (Companies Act), but also for purposes of the validity of any resolutions of the General Assembly of Shareholders. Such deviation from the principle in question is based on an understanding, long held by this Company, that its resolutions shall be based on a minimum number of attending shareholders that is representative, especially with a view to defend the interests of small individual shareholders)	
<b>I.5. MINUTES AND INFORMATION ON RESOLUTIONS PASSED AT A MEETING</b>		
<b>I.5.1.</b> Minutes of meetings of the General Assembly of Shareholders shall be provided to shareholders on the Company's website within the following 5 days, even if they are not deemed to legally constitute privileged information, and such sites shall maintain attendance records, agendas, and resolutions passed during meetings held for at least the three preceding years	Yes	
<b>I.6. MEASURES IMPLEMENTED WITH REGARD TO A COMPANY'S CONTROL</b>		
<b>I.6.1.</b> Measures taken to prevent the success of public tender offers shall abide by the interests of the Company and its shareholders	Yes	
	(the Company's Articles of Association do not provide for any measures to prevent the success of public tender offers)	

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
<b>I - GENERAL MEETING</b>		
<b>I.6. PROVISIONS ON CONTROL OF THE COMPANY</b>		
<p><b>I.6.2.</b> The companies bylaws which, in conformance with the principles set out in the preceding paragraph, contain restrictions on the number of votes or voting rights that may be held or exercised by a single shareholder, on an individual capacity or jointly with other shareholders, shall also specify that at least once every five years the General Meeting shall vote on a resolution to retain or discard such statutory provisions – without enforcing higher quorum requirements vis-à-vis the legal minima and providing that the votes counting for such a resolution shall be counted without the aforementioned restriction applying</p>	Yes	
<p><b>I.6.3.</b> Companies shall not adopt defensive measures that are geared to automatically cause serious erosion of the asset base of a company in the event of a change in its controlling shareholder or a change in the composition of its Board of Directors, thereby jeopardizing the free transferability of their shares and a free assessment by shareholders of the performance of members of their Boards of Directors</p>	Yes	1.13 1.14 1.15
<b>II – MANAGEMENT AND SUPERVISORY BOARDS</b>		
<b>II.1. GENERAL PROVISIONS</b>		
<b>II.1.1. Structure and Competence</b>		
<p><b>II.1.1.1.</b> In its corporate governance report, the board shall evaluate the model it adopted, identifying possible constraints to its operation and recommending measures to redress such constraints in a manner they deem to be capable</p>	Yes	
<p><b>II.1.1.2.</b> Companies shall implement internal control systems to detect the risks tied to the company’s activities to safeguard its assets and for the sake of transparency in its corporate governance</p>	Yes	2.4
<p><b>II.1.1.3.</b> Management and supervisory boards shall operate in conformance with regulations which shall be made available on the company’s website</p>	Yes	2.6

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
<b>II – MANAGEMENT AND SUPERVISORY BOARDS</b>		
<b>II.1.GENERAL PROVISIONS</b>		
<b>II.1.2. Incompatibility and Independence</b>		
<b>II.1.2.1.</b> The Board of Directors shall include a sufficient number of Non-Executive Directors that is capable of guaranteeing its effective capacity to supervise, audit, and assess the performance of its executive members	Yes	2.9
<b>II.1.2.2.</b> Non-Executive Directors shall include an adequate number of independent Directors relative to the size of the Company and to its shareholding structure, and the latter shall under no circumstances account for less than ¼ of the total number of Directors	Yes	2.9
<b>II.1.3. Eligibility and Appointment</b>		
<b>II.1.3.1.</b> Depending on the applicable corporate governance model, the Chairman of the Supervisory Board, Audit Committee, or Finance Committee shall be an independent Director and shall be endowed with adequate authority to perform such duties	Yes	2.9 2.10
<b>II.1.4. Policy on disclosure of irregular practices</b>		
<b>II.1.4.1.</b> The Company shall adopt a policy on disclosure of irregular practices alleged to have been perpetrated in the Company, containing the following features.	Yes	2.22
<b>1.</b> Disclosure of the means whereby allegations of irregular practices are reported internally, including the people appointed to receive such reports;		
<b>2.</b> Disclosure of the way in which such reports are handled, indicating whether they are treated confidentially, should the person who makes such allegations so wish.		
<b>II.1.4.2.</b> Disclosure, in broad guidelines, of such policies must be made in its Corporate Governance Report	Yes	

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
<b>II – MANAGEMENT AND SUPERVISORY BOARDS</b>		
<b>II.1.GENERAL PROVISIONS</b>		
<b>II.1.5.Remuneration</b>		
<p><b>II.1.5.1.</b> The remuneration of the members of the Board of Directors shall be structured with a view to align their personal interests with the interests of the Company. In that context:</p> <p><b>(i)</b> The remuneration of Directors with executive duties shall comprise a performance-based component, for which purpose it shall rely on regular assessments of their performance by an authorized board or committee;</p> <p><b>(ii)</b> The variable component shall be consistent with an objective to maximize the company's long-term performance and shall depend on the sustainability of the adopted performance variables;</p> <p><b>(iii)</b> Should it not directly arise as a result of legal imperatives, the remuneration of non-executive members of the Board of Directors shall only consist of a fixed sum.</p>	Yes	II.18
<p><b>II.1.5.2.</b> The Remunerations Committee and the Board of Directors shall disclose to the Annual General Meeting a statement on the remuneration policy of, respectively, the members of the management and supervisory boards and senior management as defined in conformance with Paragraph 3 of Article 248-B of the CVM. In this context, shareholders are especially to be explicitly informed on the criteria and main parameters utilized in such performance assessments to calculate the variable component of remuneration packages and whether share allocations, options to buy shares, annual performance bonuses, or other components are at stake.</p>	Yes	
<p><b>II.1.5.3.</b> The Remunerations Committee shall be represented by at least one of its members at Annual General Meetings</p>	Yes	

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
<b>II – MANAGEMENT AND SUPERVISORY BOARDS</b>		
<b>II.1.GENERAL PROVISIONS</b>		
<b>II.1.5. Remuneration</b>		
<p><b>II.1.5.4.</b> Recommendations on the approval of plans to allocate shares and/or options to buy shares or schemes based on share price fluctuation to members of management and supervisory boards and senior management as defined in accordance with Paragraph. 3 of Article 248-B of the CVM shall be submitted to the General Meeting. Such recommendations shall be inclusive of all necessary information to enable them to adequately assess such plans. Such recommendations shall be inclusive of the regulations governing such plans or, in the case that such regulations have not yet been drawn up, of the conditions that will govern the plans. Similarly, the General Meeting shall approve the main features of the retirement benefit plans for members of management and supervisory boards and senior management as defined in conformance with Paragraph 3 of Art. 248-B of the CVM.</p>	<p><b>Yes</b> (The Company has not implemented any plans to allocate shares and/or options to buy shares or schemes based on share price fluctuation. Similarly, the Company does not offer any retirement benefit plans for members of the management and supervisory boards and senior management.)</p>	<p><b>3.10</b></p>
<p><b>II.1.5.5.</b> The remuneration of members of management and supervisory boards shall be annually disclosed on an individual basis, for which purpose such information shall separately disclose the various components paid as fixed and variable remuneration, together with remuneration paid by other group companies or companies controlled by shareholders who hold qualified shares in such companies.</p>	<p><b>Yes</b></p>	<p><b>2.20</b></p>
<b>II.2. BOARD OF DIRECTORS</b>		
<p><b>II.2.1.</b> Within the limits set out in applicable legislation for each management and supervisory board, and unless dictated by the small size of the company, the Board of Directors shall delegate the day-to-day management of the Company, for which purpose the powers it delegates shall be disclosed in the company's Corporate Governance Report.</p>	<p><b>Yes</b></p>	<p><b>2.3</b></p>
<p><b>II.2.2.</b> The Board of Directors shall ensure that the Company acts in conformance with its objectives, and shall not delegate its powers on matters that specifically concern (i) the company's strategy and general policies; (ii) the group's corporate structure; and (iii) decisions that should be considered strategic due to the sum involved, the risk involved, or their special nature.</p>	<p><b>Yes</b></p>	<p><b>2.3</b></p>



RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
<b>II – MANAGEMENT AND SUPERVISORY BOARDS</b>		
<b>II.2. BOARD OF DIRECTORS</b>		
<p><b>II.2.3.</b> If the Chairman of the Board of Directors serve in an executive capacity, the Board of Directors shall implement effective mechanisms to coordinate the initiatives of its non-executive members, namely for purposes of ensuring that those members can act in an independent and informed capacity, and shareholders shall be duly and explicitly advised of such mechanisms within the scope of the company’s corporate governance report.</p>	<p><b>Yes</b> (The Chairman of the Board of Directors does not serve in an executive capacity)</p>	<b>2.1</b>
<p><b>II.2.4.</b> Annually, the Directors’ Report shall include a description of the actions performed by non-executive Directors, particularly with reference to any constraints they may have faced.</p>	<b>Yes</b>	<b>2.1</b>
<p><b>II.2.5.</b> The Board of Directors shall provide for the rotation of the member is in charge of Finance and Administration, which rotation shall be implemented at least once every two terms of office of the Board.</p>	<p><b>Yes</b> (The member of the Board of Directors in charge of Finance and Administration is serving his first term of office as a Director)</p>	
<b>II.3. MANAGING DIRECTOR, EXECUTIVE COMMITTEE, AND EXECUTIVE BOARD OF DIRECTORS</b>		
<p><b>II.3.1.</b> Upon request of other members of statutory bodies, Directors who serve in an executive capacity shall provide information requested by such members in a timely manner and in a way that adequately addresses the request in question</p>	<b>Yes</b>	
<p><b>II.3.2.</b> The Chairman of the Executive Committee shall provide the Chairman of the Board of Directors and the Chairman of the Supervisory Board or of the Audit Commission, as applicable, the notices of their meetings and their minutes.</p>	<b>Yes</b>	
<p><b>II.3.3.</b> The Chairman of the Executive Board of Directors shall provide the Chairman of the General and Supervisory Board and the Chairman of the Finance Committee the notices of their meetings and their minutes</p>	<b>Not applicable</b> (The Company is managed by a Board of Directors and supervised by an Audit Committee)	

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
<b>II – MANAGEMENT AND SUPERVISORY BOARDS</b>		
<b>II.4. GENERAL AND SUPERVISORY BOARD, FINANCE COMMITTEE, AUDIT COMMITTEE, AND SUPERVISORY BOARD</b>		
<p><b>II.4.1.</b> In addition to complying with its supervisory duties, the General and Supervisory Board shall provide guidance and shall monitor and assess the performance of the Executive Board of Directors in their management of the company, on an on-going basis. Among the matters which shall be referred to the General and Supervisory Board the following are included: (i) the company's strategy and general policies; (ii) the group's corporate structure; and (iii) decisions deemed to be strategic in nature owing to the sum involved, the risk involved, or their special character.</p>	<p><b>Not applicable</b> (The Company is administered by a Board of Directors and supervised by an Audit Committee)</p>	
<p><b>II.4.2.</b> Annual reports on the performance of the General and Supervisory Board, Finance Committee, Audit Committee, and Supervisory Board shall be disclosed on the company's website, together with Annual Report and Accounts.</p>	<p><b>Yes</b></p>	
<p><b>II.4.3.</b> Annual reports on the performance of the General and Supervisory Board, Finance Committee, Audit Committee, and Supervisory Board shall include a description of the supervisory actions they performed, with particular reference to any constraints they may have faced.</p>	<p><b>Yes</b></p>	
<p><b>II.4.4.</b> The Finance Committee, Audit Committee, and Supervisory Board, as applicable, shall represent the Company, for all purposes, in its dealings with external auditors, and shall be particularly responsible for recommending their appointment and remuneration, ensuring that the company provides them with adequate conditions to perform their duties and acting as their liaison with the company and the first recipient of their respective audit reports.</p>	<p><b>Yes</b> (It is to be noted that the Audit Committee was only appointed on 31 May 2007 at a meeting of the General Assembly of Shareholders, at which meeting the external auditors were equally appointed, on account of which the Audit Committee was not called upon to either recommend their appointment or their remuneration)</p>	
<p><b>II.4.5.</b> The Finance Committee, Audit Committee, and Supervisory Board, as applicable, shall assess the performance of the external auditors on an annual basis and shall recommend to the General Assembly of Shareholders their removal from such offices should there be justified grounds to the effect.</p>	<p><b>Yes</b></p>	

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
<b>II – ADMINISTRATION AND SUPERVISORY BOARDS</b>		
<b>II.5. SPECIAL COMMITTEES</b>		
<p><b>II.5.1.</b> Unless unwarranted on account of a company’s small size, the Board of Directors and the General and Supervisory Board, as applicable, shall appoint whichever committees they may deem fit to (i) ensure competent and independent assessment of the performance of Executive Directors and of its own overall performance, as well as of the performance of the existing committees; and (ii) ponder on the adopted corporate governance model and verify its efficacy, with a view to improve it.</p>	<p><b>Not applicable</b> (given the size of the Company, of its Board of Directors, and of the duties performed by its Audit Committee, appointment of any of the indicated committees is not warranted)</p>	
<p><b>II.5.2.</b> The members of the remunerations Committee or equivalent body shall be independent relative to the members of the Board of Directors.</p>	<p><b>Yes</b></p>	<p><b>2.19</b></p>
<p><b>II.5.3.</b> All committees shall provide minutes of all meetings held.</p>	<p><b>Not applicable</b> (the company has not appointed any special committees within the scope of its Board of Directors)</p>	
<b>III. INFORMATION AND AUDITING</b>		
<b>III.1. GENERAL DUTY OF INFORMATION</b>		
<p><b>III.1.1.</b> Companies shall ensure that they remain in contact with markets at all times and in full respect for the equality of all shareholders, preventing any form of bias in investor access to information. Companies shall provide an investor relations office to that effect.</p>	<p><b>Yes</b></p>	<p><b>3.12</b></p>

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
<b>III. INFORMATION AND AUDITING</b>		
<b>III.1. GENERAL DUTY OF INFORMATION</b>		
<b>III.1.2.</b> The following information, to be available for perusal on the company's website, shall be provided in English:	<b>Yes</b>	<b>3.12</b>
<ul style="list-style-type: none"> <li>a) The firm, its status as a publicly listed company, the address of its head offices, together with all ancillary information set out in the provisions of Article 171 of the Companies Act;</li> <li>b) The Company's Articles of Association;</li> <li>c) Identification of the members of its statutory bodies and of its market relations officer;</li> <li>d) Identification of its investor relations officer, respective duties, and contact details;</li> <li>e) Financial statements;</li> <li>f) Semi-annual calendar of corporate events;</li> <li>g) Proposals for discussion and voting at the General Assembly of Shareholders;</li> <li>h) Notices of meetings of the General Assembly of Shareholders.</li> </ul>		

## 0.3

Should the structure or practices of the company diverge from the recommendations of CMVM or other corporate governance codes under which the company is governed or by which it may have voluntarily decided to abide, the company shall disclose which provisions of each of such codes that it does not conform to and the reasons therefore.

The Company analysed in detail its compliance to the recommendations of CMVM on corporate governance matters and reached the conclusion that the structure and practices adopted by the Company do not diverge from those recommendations (barring Recommendation I.4.1., above, on which account the reasons for its divergence are duly disclosed in the Table included in Paragraph 0.2 of this Report).

## 0.4

The statutory body or committee in question shall assess the independence of each of its members at a given point in time and shall duly justify to shareholders its findings thereon by means of a declaration to be included in the Company's Corporate Governance Report, either upon their appointment or whenever any supervening circumstance may lead to a loss of their independence.

Declaration of Compliance with Independence Criteria

The following Directors comply with the independence criteria set out in the provisions of Paragraph 5 of Article 414 of Portugal's Código das Sociedades Comerciais (the Portuguese Companies Act, "CSC"):

- José Manuel Félix Morgado
- Jorge Armindo Carvalho Teixeira
- Arndt Jost Michael Klippgen
- Emídio de Jesus Maria
- Pedro Maria Cabral Norton de Matos

and, should those provisions be deemed to apply, the following Directors would not fall under the definition of incompatibility set out in the provisions of Article 414-A of the aforementioned Act:

- José Manuel Félix Morgado
- Arndt Jost Michael Klippgen
- Emídio de Jesus Maria

## Chapter 1 GENERAL ASSEMBLY OF SHAREHOLDERS

### 1.1

#### Board of the General Assembly of Shareholders

At present, the Board of the General Assembly of Shareholders is made up of the following members:

##### Chairman

Dr. João Vieira de Almeida

##### Secretary

Dr.ª Sofia Barata

### 1.2

#### Date of commencement and term of their respective terms of office

The members of the Board of the General

Assembly of Shareholders are currently serving a three year term running from 2007 to 2009 and were appointed by resolution of the shareholders at their meeting of 31 May 2007.

### 1.3

#### Remuneration of the Chairman of the General Assembly of Shareholders

Pursuant to a resolution of the Remunerations Committee dated 21 May 2008, the remuneration of the Chairman of the General Assembly of Shareholders was set at €5,000.00 (five thousand Euros) payable for every meeting chaired.

### 1.4

#### Term to deposit or restrict from trading the shares of shareholders attending a meeting of the General Assembly of Shareholders

Paragraph 1 of Article 13 of the Company's Articles of Association stipulates that "Shareholders may exercise their voting rights at meetings of the General Assembly provided they have held their shares in the Company at least since the fifth business day prior to the date of meeting of the General Assembly, for which purpose any such shareholders shall secure the due registration of their holdings in the Company's share register under their own name at least five business days prior to the aforementioned date, in the event their holdings consist of registered shares, or, should their holdings consist of bearer shares, any such shareholders shall duly lodge their bearer shares for safekeeping in the Company's safe or shall deposit them with a financial institution or legally accredited securities depositary institution, giving due notice of such deposit and of the number of shares held to the Chairman of the General Assembly at least three business days prior to the date of the aforementioned meeting, for which purpose such shares shall further remain their rightful property until the date of the General Assembly meeting in question."

### 1.5

#### Applicable provisions on the restriction from trading of shares in the event of a suspension of a meeting of the General Assembly of Shareholders

In Paragraph 1 of Article 13, Inapa's Articles of Association stipulate that "the shares shall be restricted from trading only until the close of the meeting of the General Assembly of Shareholders to which such interdiction relates; in the event of suspension of a meeting of the General Assembly of Shareholders for longer than 5 business days, shareholders who may be willing to attend and exercise their voting rights when the meeting resumes shall give the Chairman of the General Assembly of Shareholders at least three business days prior notice of the number of shares they hold on deposit with a financial institution or legally accredited securities depositary institution no later than the fifth business day prior to the date of the meeting's resumption."

### 1.6

#### Number of shares qualifying for a vote

Paragraph 5 of Article 13 of Inapa's Articles of Association stipulates that "Every share registered or deposited in conformance with the provisions of Paragraph 1 of this Article shall be entitled to one vote", by which means proportionality between voting rights and shareholder attendance is guaranteed.

The Articles of Association do not stipulate any restrictions on the counting of voting rights above a certain number, when such votes are exercised by a single shareholder or by shareholders associated with the shareholder in question.

To date, the Company has not made use of its statutory right to issue preference shares carrying no voting rights, although the provisions of Paragraph 2 of its Article 10, the Company's Articles of Association confer it such rights.

## 1.7

### Statutory regulations on the exercise of voting rights, including regulations on the validity of resolutions based on a minimum number of shareholders being in attendance or on the representativeness of their holdings or on systems based on special voting rights having to do with equity

The Company's statutory provisions on this matter are set out in Paragraphs 2 and 3 of Article 17 of its Articles of Association which respectively stipulate that:

- *"The General Assembly shall meet at first call whenever a number of shareholders, or their representatives, whose holdings represent at least one third of share capital are in attendance."*
- *"Resolutions passed at a meeting held at second call shall be deemed valid regardless of the number of shareholders in attendance or duly represented and whichever the percentage of share capital their holdings may represent."*

The Company's Articles of Association do not contain provisions on any systems based on special voting rights having to do with equity.

## 1.8

### Statutory regulations on the exercise of voting by post

Statutory regulations on the exercise of voting by post are set out in the provisions of Paragraphs 2, 3, and 4 of Article 13 of its Articles of Association, which respectively stipulate that:

- *"Shareholders shall be entitled to exercise their voting rights by post, for which purpose they shall notify the Chairman of the General Assembly of Shareholders of their intention in writing, with acknowledgement of receipt, by no later than three business days prior to the date of the meeting of the General Assembly of Shareholders to which such intention relates."*

- *"Votes by post shall count for purposes of establishing whether quorum requirements for a General Assembly meeting have been met and the Chairman of the General Assembly shall verify their authenticity and conformance to regulations as well as ensure that such votes are kept strictly confidential until voting takes place. Any votes sent by post shall be deemed automatically revoked in the event of the shareholder in question, or his or her duly appointed representative, personally attending the meeting of the General Assembly."*

- *"Votes by post shall be counted as "nay" votes with regard to proposals for resolutions which might be submitted subsequent to the date on which such votes were issued."*

## 1.9

### Provision of a registration form for voting by post

Inapa provides its shareholders with registration forms specifically designed for purposes of voting by post, which form is available on its website, <http://www.inapa.pt/>, under investor relations, chapter "General Assembly of Shareholders" and shall always be forwarded to shareholders upon request.

## 1.10

### Mandatory term between the receipt of a vote by post and the date of a meeting of the General Assembly of Shareholders

In conformance with the provisions of Paragraph 2 of Article 13 of Inapa's Articles of Association:

- *"Shareholders may exercise their voting rights by post for which purpose they shall notify the Chairman of the General Assembly of Shareholders of their intention in writing, with acknowledgement of receipt, by not later than three business days prior to the date of the meeting of the General Assembly of Shareholders to which such intention relates."*

## 1.11

### Exercise of voting rights via electronic means

To date, it has not been possible to reconcile the technical requirements to provide systems for voting by electronic means with Inapa's concern that meetings of its General Assembly of Shareholders are to be convened in a venue that provides adequate and satisfactory facilities for its shareholders, while it also important to note that, besides, the shareholders of the Company have not, to date, conveyed to it their possible interest in exercising their voting rights via such means.

## 1.12

### Information on the role played by the General Assembly of Shareholders in setting the remuneration policy of the Company and on assessing the performance of members of the Board of Directors

The setting and attributing of the remuneration and benefits of members of the Board of Directors is governed by a Remunerations Committee comprising three members appointed by the General Assembly of Shareholders for a term of service of three years, for which service they may be appointed one or more times. At least one of the members of this Committee has attended every meeting of the General Assembly of Shareholders of the Company.

The General Assembly of Shareholders assesses the performance of the members of the Board of Directors of the Company on an annual basis upon perusal of the Company's Annual Accounts. The assessment of the performance of the members of the Board of Directors at the General Assembly of Shareholders is conducted by means of its approval by a vote of confidence in all or some of its administration and supervisory boards and their members or the dismissal of one or more of those members.

Pursuant to Act no. 28/2009, of 19 July 2009, coming into force, and to its subsequent adoption of regulations (Regulation no. 1



/2010) and recommendations issued by CMM concerning the corporate governance of listed companies, Inapa shall be submitting to its shareholders at their next General Assembly meeting a declaration on the remuneration policies applicable to members of its statutory bodies which shall contain specific details on:

- mechanisms to ensure alignment of the personal interests of its Board of Directors with the interests of the Company;
- criteria to define the variable component of their remuneration;
- the existence of schemes to allocate shares or options to purchase shares to members of its administration and supervisory boards;
- the possibility of paying the variable component of their remuneration, partly or in full, only after results reported to all the financial years over which they serve on the board in question have been assessed;
- mechanisms to limit variable remuneration should the results achieved during the preceding financial year evidence a decline with regard to the performance of the Company or should they lead to expectations that such a decline will materialise with reference to the financial year under way;

The Company does not offer share allocation schemes or options to buy shares or retirement plans for the benefit of the members of its administration and supervisory boards and of senior management that may conform to the provisions of Paragraph 3 of Article 248°-B of the Securities Market Code.

## 1.13

**Defensive measures that are geared to automatically cause serious erosion of the asset base of a company in the event of a change in its controlling shareholder or a change in the composition of its Board of Directors**

The Company has adopted no measures of that nature.



## 1.14

**Disclosure of significant agreements into which the Company has entered that will come into force, be amended, or terminate in the event of a change in its controlling shareholder, together with the effect of any such agreements, unless, owing to their nature, disclosure of such agreements may seriously damage the interests of the Company barring the circumstance that the Company is under the obligation of disclosing such information in conformance with any other legal imperatives**

Inapa is not a party to any agreement that will come into force, be amended, or terminate in the event of a mere change in the Company's controlling shareholder, provided such a

change does not interfere with Inapa's ability to honour its commitments and that the new shareholding structure is in a position to offer a guarantee of identical solvency, without prejudice to the existence of change of control standard provisions in contractual clauses of long-term finance contracts entered into by the Company and certain financial institutions.

## 1.15

**Disclosure of agreements between the Company and members of the Board of Directors and senior management, as defined in conformance with Paragraph 3 of Article 248-B of the Securities Market Code, containing provisions on the payment of compensation upon resignation, unfair dismissal, or termination of terms of employment subsequent to a change in the company's controlling shareholder.**

No agreements between the Company and members of the Board of Directors and/or senior management, as defined in conformance with Paragraph 3 of Article 248-B of the Securities Market Code, containing provisions on the payment of compensation upon resignation, unfair dismissal, or termination of terms of employment subsequent to a change in the company's controlling shareholder are in force.

## Chapter 2

### ADMINISTRATION AND SUPERVISORY BOARDS

#### GENERAL PROVISIONS

## 2.1.

### Composition of the statutory bodies of the Company.

Pursuant to a resolution of the General Assembly of Shareholders of 31 May 2007, the Company adopted the governance model set out in the provisions of Sub-paragraph b) of Paragraph 1 of Article 278 of the Companies Act as its statutory administration and supervisory structure, comprising a Board of Directors, an Audit Committee, and a Chartered Accountant and Auditor.

The composition of the aforementioned statutory bodies is as follows:

#### Board of Directors

##### Chairman

Vasco Luis Schultness de Quevedo Pessanha

##### Vice-Chairman

Jorge Armino Carvalho Teixeira

##### Directors

José Manuel Félix Morgado  
Arndt Jost Michael Klippgen  
Emídio de Jesus Maria  
Pedro Maria Cabral Norton de Matos  
Abílio Ramos Marques

#### Executive Committee

##### Chairman

José Manuel Félix Morgado

##### Directors

Arndt Jost Michael Klippgen

#### Audit Committee

##### Chairman

Emídio de Jesus Maria

##### Directors

Pedro Maria Cabral Norton de Matos  
Abílio Ramos Marques

#### Chartered Accountants and External Auditors (CA)

##### Appointed CA

PricewaterhouseCoopers & Associados, SROC, Lda., represented by Ricardo Filipe de Frias Pinheiro

##### Substitute CA

José Manuel Henriques Bernardo

Having operated under this corporate governance model for the past three financial years, the Board believes that the model has fully met the requirements of the Company, both in terms of its management and in terms of the monitoring and control of its operations by its supervisory bodies.

To date, no constraints arising from its application that may indicate the adoption of measures to correct the adopted model have been identified.

## 2.2

### Identification and composition of special committees appointed with powers of an administrative or supervisory nature.

Given the small size of its Board of Directors and the duties performed by the Audit Committee, the Company deems that the appointment of any of the indicative special committees is not warranted.

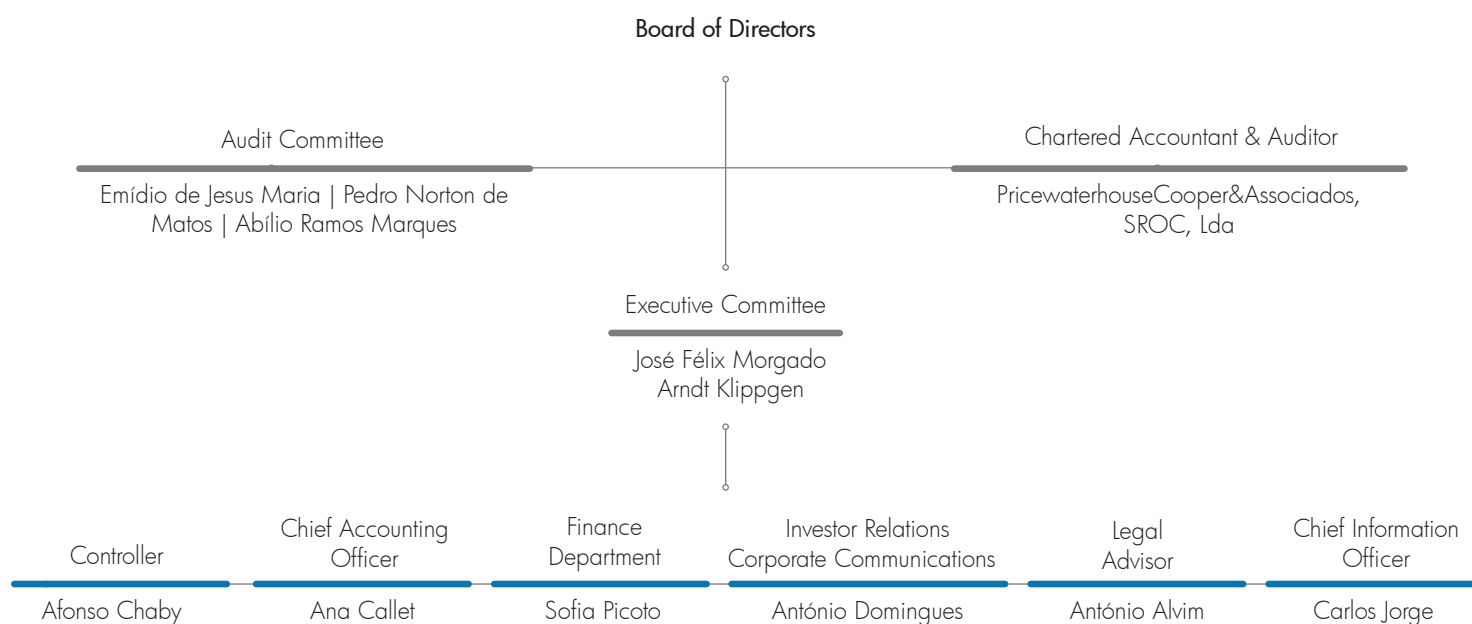




## 2.3

Organisation or functional charts describing the distribution of duties among the various statutory bodies, committees, and/or departments of the Company, including disclosure of the scope of delegation of powers or allocation of functional areas and portfolios among members of administration or supervisory bodies, and a listing of matters that may not be delegated.

The functional structure of the statutory bodies and respective committees is as follows:



In accordance with the provisions of Article 20 of the Articles of Association, the Board of Directors shall be entitled to exercise, in general, full powers in managing the affairs of the Company and shall represent it in court and out of court, either as plaintiff or as defendant, as well as conduct all necessary acts in the pursuit of the business purposes of Company, namely the following:

- Setting up, maintaining, relocating, or closing down any of the Company's premises, plants, laboratories, and workshops;
- Setting up, maintaining, relocating, or closing down any of the Company's offices, branches, agencies, or any other type of Company premises;
- Purchasing, selling, and pledging in any manner Company shares and securities held on its own account or any other Company securities of an identical or similar nature;
- Purchasing, selling, and pledging in any manner shares, rights, or any other type of shareholdings of an identical or similar nature held on other companies, together with public debt securities;
- Purchasing and selling any assets other than fixed assets held by the Company or pledging such assets in any manner;
- Acquiring fixed assets, as well as selling or pledging such assets under any acts or contracts, even if for purposes of providing tangible security against credit facilities, provided that a recommendation for approval thereof has been obtained from the Audit Committee, in any of those instances;
- Admitting guilt, withdrawing, or settling out of court on any legal proceedings as well as committing to abide by the findings of arbitration proceedings;
- Appointing duly mandated representatives in accordance with applicable legislation;
- Performing all and any other duties set out in the provisions of its Articles of Association and applicable legislation.

In conformance with a resolution of the Board of Directors of 29 June 2007 and the provisions of Paragraphs 3 and 4 of Article 407 of the Companies Act, the following powers were delegated to the Executive Committee, without prejudice to the Board of Directors, in conformance with the provisions of Paragraph 8 of the aforementioned Act, being entitled to pass resolutions on the matters it delegated:

- Managing the Company on a day-to-day basis;
- Setting out plans for implementation of the Company's and Group policies, objectives, and strategy for approval by the Board of Directors;

- Setting out general guidelines concerning the Company's internal organisation for approval by the Board of Directors;
- Compiling operational budgets and medium- and long-term investment and development plans, for approval by the Board of Directors;
- Approving contracts for the procurement of goods and services up to a limit of 500,000.00 Euros or less, per category of goods or services;
- Negotiating and contracting short-term bank finance agreements to fund the Company, subject to terms and conditions that most adequately suit the interests of the Company.
- Negotiating bank finance agreements of a term longer than a year and a day to fund the Company and its subordinated companies and the issuing of corporate bonds and commercial paper programs, for which purpose binding the Company under any such transactions shall be made expressly conditional to a prior resolution of the Board of Directors to the effect;
- Purchasing, selling, and pledging goods or assets accounted for as fixed assets of the Company in accordance with budgets approved by the Board of Directors;
- Purchasing, selling, and pledging goods or assets accounted for as fixed assets of the Company not included in budgets approved by the Board of Directors up to a value of 1.5% percent of realised share capital per item and up to a limit of 5% of the aforementioned capital, per annum;
- Renting or letting out any buildings or sectional title properties;
- Representing the Company in court and out of court, either as plaintiff or as defendant, as well as proposing and filing any legal suits, admitting guilt, withdrawing, or settling out of court, and committing to abide by the findings of arbitration proceedings;
- Purchasing, selling, or pledging shares in other companies, provided the transactions in question are included in the budget or in approved action plans not exceeding a limit of 5,000,000.00 Euros per transaction,

above which limit prior approval from the Board of Directors shall be required;

- Entering into, amending, and terminating terms of employment contracts and exercising powers of discipline over the staff;
- Opening, transacting, and closing bank accounts;
- Appointing duly mandated representatives of the Company.

In the aforementioned resolution, the Board of Directors expressly barred a delegation of the following powers:

- The powers set out in the provisions of Sub-paragraphs a) to m) of Article 406 of the Companies Act;
- Resolutions on instructions that are binding on subordinated companies;
- Approval of the Plan and Budget of the Company and subordinated companies;
- Approval of investment or disinvestment transactions of relevance into and by subordinated companies;
- Resolutions on purchases and sales of majority or controlling shareholdings or holdings subject to special purchase or selling offers in accordance with the Securities market Code;
- Resolutions on splits, mergers, or dissolution transactions by subordinated or associate companies;

In conformance with the provisions of applicable legislation and with the aforementioned resolution of the Board of Directors of 29 June 2007, the following powers have specifically been granted to the Audit Committee:

- Supervising the administration of the Company;
- Ensuring due compliance with the Law and the provisions of the Articles of Association;
- Verifying due compliance of the accounting books, records, and supporting documentation;

- Verifying cash balances and stocks of any type of goods or assets owned by the Company or held in lieu of security or in trust or under any other entitlement;
- Verifying the accuracy of the financial statements;
- Verifying whether the accounting policies and valuation criteria adopted by the Company are conducive to appropriately represent its assets and results;
- Compiling an audit report on its audit and supervisory action and issuing an opinion on the annual report and accounts and proposals of the Board of directors, on an annual basis;
- Convening a meeting of the General Assembly of Shareholders, should its Chairman fail to do so, having a duty to so act;
- Auditing the efficacy of the risk management system, the internal control system, and the internal audit system;
- Being the recipient of reports on irregularities which shareholders, employees or the Company, or other parties may submit;
- Auditing the process of preparation and disclosure of financial statements;
- Recommending to the General Assembly of Shareholders the appointment of a Chartered Accountant and Auditor;
- Supervising the audit to the financial statements of the Company;
- Supervising the Chartered Accountant and Auditor's independence, particularly with regard to provision of additional services;
- Notifying the Office of the Public Prosecutor of any contraventions of the Law constituting a public crime of which it may have become aware;
- Contracting for the provision of expert services in order to assist one or more of its members in the performance of their duties.

## 2.4

### Description of internal control and risk management systems implemented by the Company, particularly with regard to disclosure of financial information.

#### 2.4.1

##### Main risks associated with the operations of Inapa Group

The strategy adopted by Inapa in the conduct of its business is based on a management model that aims to operate within an adequate cost-to-risk ratio while protecting the performance and image of the Group, based on prudent management of the risks inherent in the operations of the various affiliate companies of the Group.

The multinational nature of the Group, arising from the fact that the Group's commercial activities are operationally carried out by nine affiliate companies set up by Inapa, and the weight of paper supply in the Group's operations are key factors in the manner in which the Company organised its internal control and risk management systems.

Essentially, the key risks associated to the paper supply sector to which Inapa is exposed arise from (i) fluctuation in the price of paper; (ii) short-term imbalances between demand and supply; and (iii) trends in consumption patterns, taking into consideration that paper suppliers operate as a conduit between upstream paper producers and downstream intermediate paper consumers (namely companies and paper manufacturing industries, such as printers, advertisers, media companies, and newspaper and book publishers, among others), modern distributors (large-scale suppliers and specialised retail chains), and end consumers (companies in the office segment and individuals).

In this context, the most relevant risks to which Inapa is exposed in the conduct of its business are associated with its capacity to pass changes in the purchase price of paper and in operating costs on to customers via its selling prices, with emphasis on costs relative to logistics, warehousing, and transport costs.

On the other hand, the paper supply business is sensitive to changes in the behavioural patterns of demand, namely in segments such as advertising and the media, together with changes in the structure of distribution. Balance between supply and demand is a function of a number of factors, among which trends in installed production capacity and the level of overall economic activity deserve highlight.

Furthermore, the paper supply business has undergone structural changes in recent years following a spate of mergers among paper suppliers, especially in Europe. Competitor moves may directly or indirectly impact on strategic decisions of the Company going forward and, consequently, on its positioning in each market and consequent economic and financial returns and asset allocation.

Naturally, declines in economic activity or reductions in producer and consumer confidence indices may cause a slowdown or a fall in the demand for paper, namely writing and printing paper, which, in turn, may adversely impact the operations, turnover, earnings, and financial standing of the Inapa Group.

Moreover, the multinational character of the Group's operations exposes its affiliate companies to risks arising from developments in the productive capacity of their various geographical markets, trends in demand for paper from emerging economies, such as China and India, and their impact on suppliers to those markets, the impact of fluctuation in foreign exchange rates on the competitiveness of the various markets, and a number of regulatory issues with impact on world paper trade, are all factors which, either in combination or in isolation, may directly or indirectly impact the performance of the Company, its financial standing, and its earnings.

Although real, currency risk exposure is limited on account of the fact that aggregate turnover in currencies other than Euro (namely Sterling Pound and Swiss Franc) accounts for only 8% of the total turnover of the Group.

Liquidity and interest rate risk are equally relevant from a financial standpoint. The interest rates charged on the majority of

Inapa Group's financial indebtedness are linked to variable market rates, as a result of which Inapa is thereby exposed to market risk on interest rate changes.

In the conduct of Inapa's business and as a result of its organisational structure, the Group is exposed to certain operational risks, including interruptions or delays in providing services to its customers.

In addition, Inapa identifies its capacity to retain its customer base and its ability to hire and retain the most competent and adequately skilled staff to perform each duty as risks associated with its operations.

#### 2.4.2

##### Internal control and risk management systems

In order to mitigate the aforementioned risks, the Company has put in place a functional structure, as depicted in the organisational chart included with Paragraph 11.3, above, and considers that that structure has proven adequate in achieving internal control and risk management objectives.

In its efforts to ensure effective internal control of Inapa's business and adequate management of the risks inherent in the conduct of its business, as described above, Inapa Group companies submit monthly reports compiled in accordance with preset procedures and parameters, containing information on their sales performance and variances in stocks, receivables, liabilities, and treasury, related to the period in question.

This information is examined by Inapa's Management Control, Finance, and Accounting departments.

Inapa Group's software systems, which are under the control of an autonomous manager, reconcile and validate the data submitted by Group companies.

In turn, the activities of the aforementioned Departments are controlled by the Executive Committee on an on-going basis and are subject to regular scrutiny by the Board of Directors, the Audit Committee, and the Chartered Accountant and Auditor in the performance of the duties



attributed to them by Law or the Company's Articles of Association.

It is also important to highlight that all management information gathered is subject to regular scrutiny in conformance with applicable legal or regulatory provisions by the external auditors, whose full compliance to requirements is subject to monitoring by the Audit Committee of the Board of Directors within the scope of its own duties.

As concerns financial risks, and although Inapa has not been hedging its exposure to adverse changes in market interest rates, which may, in turn, have an adverse impact on its performance, financial standing, and earnings, Inapa Group's Finance Department strives to manage the impact of changing interest rates on the Group by monitoring market developments on an on-going basis and by being in a position to contract the type of financial instruments employed to mitigate the impact of interest rate volatility.

Operational risks arising from the conduct of Inapa Group's operations are monitored by the Company on an on-going basis by means of the administrative and information systems it implemented to the effect, having arranged for insurance policies to cover certain operational risks.

## 2.5

### Powers of the Board of Directors, particularly as concerns the passing of resolutions to increase share capital

A detailed description of the statutory powers conferred on Board of Directors of Inapa is included in Paragraph II.3, above.

In accordance with the provisions of Article 7 of the Company's Articles of Association, the Board of Directors may increase share capital, one or more times, in cash, up to a limit of one hundred and fifty million Euros. Those powers may be exercised within a term of five years. When exercising such powers, the Board of Directors of Inapa shall set out the terms and conditions applicable to subscriptions of new shares on issue, subject to a recommendation for approval thereof being obtained from the Audit Committee.

## 2.6

### Disclosure of the existence of regulations governing the operation of the statutory bodies of

the Company or other regulations relative to incompatibilities that may have been internally identified, the maximum number of positions that may be cumulatively held, and the location where such regulations may be consulted.

On its corporate website, under its "Investor Relations" menu and "Corporate Governance" menu item, the Company publishes its regulations governing the operation of its approved, ruling statutory bodies. At present, its "Board of Directors Regulations", approved on 29 June 2007, are in force and govern the operation of both the Board of Directors, strictly speaking, and of the Executive and Audit Committees.

Rules concerning incompatibility and the maximum number of positions that may be cumulatively held are not specifically regulated by the Company.

## 2.7

### Rules on the appointment and replacement of members of administration and supervisory boards.

The members of the administration and supervisory boards are appointed for three-year terms of service by a simple majority of votes of shareholders attending a meeting of the General Assembly of Shareholders.

In conformity with the provisions of Paragraph 2 of Article 18 of its Articles of Association, "Shareholders who voted against the winning proposal on a list of appointees to the Board of Directors shall be entitled to appoint a Director provided that such a minority of shareholders represents at least 10% of share capital, subject to the appointment in question being voted on by the aforementioned minority of shareholders at the same meeting, and the Director appointed in such circumstances shall automatically replace the member of the winning list of appointees with the fewest votes or, in the event of a tie, the last member on the winning list of appointees". Replacement of the members of the administration and supervisory boards is undertaken by their respective alternates appointed by the General Assembly of Shareholders.

In the absence of an alternate Director appointed by the General Assembly of Shareholders, the Board of Directors shall strive to provide the necessary replacement by co-opting a member, and appointments of co-opted members shall be ratified at the next meeting of the General Assembly of Shareholders following the meeting at which the removal or resignation of the member in question is approved or accepted.

## 2.8.

**Number of meetings held by the administration and supervisory boards and by other appointed committees endowed with administrative and supervisory powers during the course of the financial year in question..**

During the course of 2009, the Board of Directors held 8 meetings, the Executive Committee held 7 meetings, and the Audit Committee held 11 meetings.

## 2.9

**Identification of the members of the Board of Directors and its Committees, identifying which members perform executive and non-executive duties and, among the latter, which members comply with the incompatibility rules set out in Paragraph 1 of Article 414-A of the Companies Act, subject to the exception set out in the provisions of Sub-paragraph b), and with the independence criteria set out in Paragraph 5 of Article 414, both provisions referenced in the Companies Act.**

The following Table identifies the members of the Board of Directors of Inapa, together with their respective distribution as a function of the executive or non-executive nature of their duties:

### NON-EXECUTIVE DIRECTORS

Vasco Luis Schulthess de Quevedo Pessanha  
Jorge Armindo Carvalho Teixeira  
Emídio de Jesus Maria  
Pedro Norton de Matos  
Abílio Ramos Marques

### EXECUTIVE DIRECTORS

José Manuel Félix Morgado  
Arndt Jost Michael Klippgen

The following Table identifies which Non-Executive Directors comply with (i) the incompatibility rules set out in Paragraph 1 of Article 414-A, subject to the exception set out in the provisions of Sub-paragraph b), if applicable, and (ii) the independence criteria set out in Paragraph 5 of Article 414, both provisions referenced to the Companies Act:

NAME	INCOMPATIBILITIES	INDEPENDENCE
Vasco Luis Schulthess de Quevedo Pessanha	<b>Incompatible</b> (serves as a Director in 5 or more companies)	<b>Non-Independent</b> (reappointed for more than two terms of service)
Jorge Armindo Carvalho Teixeira	<b>Incompatible</b> (serves as a Director in 5 or more companies)	<b>Independent</b>
Emídio de Jesus Maria	<b>Not incompatible</b>	<b>Independent</b>
Abílio Ramos Marques	<b>Not incompatible</b>	<b>Non-Independent</b> (is a member of top management in a Company that holds a qualified interest in Inapa)
Pedro Norton de Matos	<b>Incompatible</b> (serves as a Director in 5 or more companies)	<b>Independent</b>



## 2.10

Academic qualifications and professional experience of the members of the Board of Directors, including disclosure of duties performed or positions held for at least the last five years, number of shares held in the Company, date of first appointment to the Board and date of termination of term of service

### Executive Directors

#### José Manuel Félix Morgado

Mr. José Morgado holds a Bachelor's degree in Business Economics and Administration from Universidade Católica Portuguesa, having specialized in Asset and Liabilities Management with INSEAD.

From 1990 to 1993, he was a manager at Samuel Montagu Investment Bank and HSBC Investment Bank, in London and Lisbon;

From 1993 to 2005, he was a senior manager at Banco Comercial Português, having performed duties as a member of the Management Committee of BCP Investimento, among other duties, the CFO of Seguros & Pensões, a member of the Board of Directors of Ocidental Vida, Ocidental Seguros, Medis - Companhia Portuguesa de Seguros de Saúde, Império Bonança, Império Comércio e Indústria, Companhia de Seguros de Macau, and Pensões Gere, and the Chairman of the Board of Directors of Império Vida y Diversos.

From 2005 to 2006, he was a senior manager at EDP, having performed duties, among others, as CFO and subsequently, as Managing Director of ONI SPGS, S.A., having been responsible for the plans to restructure and reposition the company in the Portuguese and Spanish markets.

#### Arndt Jost Michael Klippgen

Born in Dresden, East Germany, in 1950. In 1973, Mr. Arndt Klippgen obtained a Diplom-Kaufmann academic degree from the University of Hamburg.

From 1974 to 1988, he was a General Manager at paper merchant Richard Klippgen & Co, Reinbeck.

In 1988, he led the merger of Richard Klippgen & Co., Reinbeck with three other paper merchants.

From 1988 to 2000, he was a General Manager at Papier Union, GmbH & Co., KG and has been the CEO of Papier Union, GmbH from 2000 to date.

### Non-executive Directors

#### Vasco Luís Schulthess de Quevedo Pessanha

Mr. Vasco Pessanha holds a Bachelor's degree in Economics from the ISCEF Institute of Lisbon's Universidade Técnica and has completed the Advanced Management Program from the Harvard Business School.

From 1970 to 1972, he was a corporate management and organization consultant with NORMA, SA (CUF Group).

From 1972 to 1973, he was an executive manager at NEOCEL – Impressão e Manufatura, Lda. In 1973, he was appointed as a Director of Inapa – Indústria Nacional de Papel, SA.

From 1975 to 1987, he served as the Chairman of the Board of Directors of Inapa - Indústria Nacional de Papéis, S.A..

From 1987 to 2006, he held the following positions:

- Chairman of the Board of Directors of Inapa - Investimentos, Participações e Gestão, SA and of its domestic and foreign subsidiaries;
- Chairman of the Board of Directors of Papelaria Fernandes - Indústria e Comércio, S.A.;
- Director of Solvay Portugal - Produtos Químicos, S.A.;
- Director / Manager of the asset management companies of a familial nature listed in Addendum I to this Report.

Currently, he holds the positions and performs the duties described in Paragraph 2.11 of this Report.

#### **Jorge Armindo de Carvalho Teixeira**

Mr. Jorge Armindo holds a Bachelor's degree in Economics from the Faculty of Economics of Porto.

From 1976 to 1992, he was an Assistant Professor of Business Economics and International Financial Management at Faculty of Economics of Porto.

From 1982 to 1987, he served as Chief Financial Officer at Amorim Group.

From 1987 to 1997, he served as Vice-Chairman of the Amorim Group and a member of the Board of Directors of various companies of that Group.

From 1997 to 2000, he served as a non-executive Vice-Chairman of the Amorim Group.

From 1998 to 2004, he served as Chairman of the Board of Directors of the Portucel Soporcel Group and a number of subsidiaries of that Group and as a Director of Inapa - Investimentos, Participações e Gestão, S.A.

During 2005, he served as Chairman of the Board of Directors of Portucel - Empresa de Celulose e Papel de Portugal, SGPS, S.A., Edifer - SGPS, S.A., Portucel Tejo - Empresa de Celulose e Papel do Tejo, S.A., Iberpartners - Gestão e Reestruturação de Empresas, S.A., Fundação do Alto da Lixa, S.A..

During the course of that year, he also served as a member of the Board of Directors of Inapa - Investimentos, Participações e Gestão, S.A..

Currently, he performs the administration duties described in Paragraph 2.11 of this Report.

### **Pedro Maria Cabral Norton de Matos**

Mr. Pedro Norton de Matos holds a Bachelor's degree in Business Economics and Administration from ISCTE.

From 1977 to 1980, he was a Sales Agent for Rank Xerox. From 1980 to 1984, he was a Sales Agent for Sperry / Unisys. From 1984 to 1986, he was a Sales Manager at Inforgal. From 1986 to 1988, he was a Sales Manager at Sperry / Unisys.

From 1988 to 1990, he acted as an Advisor to the Board / Strategy Manager of Rima / Nixdorf.

From 1991 to 1995, he served as Managing Director of Unisys Portugal.

From 1995 to 2000, he served as the Chairman of Group Ibérico, having also been a former Manager of Unisys' Southern Europe Region.

From 2000 to 2005, he chaired the Executive Committee of Oni SPGS and was a former Chairman of the Board of OniTelecom.

Currently, he performs the duties described in Paragraph 2.11 of this Report.

### **Abílio Ramos Marques**

Mr. Ramos Marques holds a Bachelor's degree in Finance from Instituto Superior de Ciências Económicas e Financeiras and has completed the Corporate Top Management Program from IESE (Universidade de Navarra).

From 1971 to 1973, he performed duties as a Junior Economist at Intermercado - Gestão de Empresas, SARL.

From 1973 to 1976, he performed his military service.

From 1976 to 1978, he was Head of Accounts Dept. at Rodoviária Nacional, EP.

From 1978 to 1996, he was a Senior Manager at Portucel - Empresa de Celulose e Papel de Portugal, S.A., having performed duties as:

- Head of Budget Control Dept.;
- Head of Finance Dept.;
- Head of Accounts Dept.;
- Financial Officer.

From 1996 to 2003, he was a Manager at Hidroelétrica de Cabora Bassa, SARL.

From 2003 to 2005, he served as an Advisor to the Board of Directors of the Portucel - Empresa de Celulose e Papel de Portugal, SGPS, S.A.

From 2005 to date, he has been a Manager at Parpública - Participações Públicas, SGPS, S.A.





## Emídio de Jesus Maria

Having graduated with a degree in Economics from the Instituto Superior de Economia of Universidade Técnica de Lisboa, in 1978, he has been an Accountant since 1980 and a Chartered Accountant and Auditor since 1990 (having voluntarily suspended such duties for the time being).

From 1979 a 1980, he performed duties as a Technical Economist at the Management Information and Control Dept. of Telefones de Lisboa e Porto.

From 1980 a 2003, he performed duties as an Inspector at the Inspectorate-General for Finance:

- As technical staff (from 1980 to 1984), he audited a variety of public companies;
- As an Inspector-Coordinator, Finance, he was a member of the Audit Department (from 1985 to 1988);

As an Inspector-Manager, Finance (1988 to 1994), he launched and managed the SCCC – Community Control Coordination Dept., having also performed the following duties:

- i) Representing Portugal in committees and working groups of the European Commission and Council, namely its Advisory Committee on Anti-Fraud Combat Coordination;
- ii) Chairing CIFG – Inter-ministerial Committee for Coordination and Control of the Application of the FEOGA-Guarantee Funding System;

He performed duties as an Assistant Inspector-General, Finance, managing the following sectors:

- i) Private and co-operative companies (from 1994 to 1997);
- ii) Tax Revenues and Tax and Customs Administration (from 1997 to 2003).

From 1990 to 2008, he performed duties as a Chartered Accountant and Auditor and Consultant.

- He performed duties as an accountant and auditor, as a member of audit and supervisory bodies of private and public companies and providing other related services;
- He chaired the Public Sector Technical Committee of OROC-Association of Chartered Accountants and Auditors (from 2003 to 2007) under which scope he also chaired the Public Sector Committee of FEE - Fédération des Experts Comptables Européens;
- He was a member of Proposal Evaluation Committees on public tenders for the award of highway concessionary contracts (Public and Private Partnerships);
- He acted as an advisor to the Secretariat-General for Treasury and Finance;
- He was a member of a consulting team on the “Technical Assistance to the Domestic Inspectorate for Finance of the Ministry of Finance” Project in Angola, funded by the International Development Agency/World Bank, from 2005 to 2006.

Other duties and positions held:

- Lecturer in Auditing and Inspection at Instituto Superior de Gestão, Lisbon, from 1987 to 1989;
- Member of the Audit Committee of the EIB – European Investment Bank (Luxemburg), from 1996 to 2003, during which time he chaired the Committee for two years;
- Member of the General Council and Executive Committee of CNC – Accounting Standards Committee, from 1995 to 2003;
- Member of the Executive Committee of UCLEFA – Coordinating Unit in the Combat against Tax and Customs Evasion and Fraud, from 1998 to 2003; and
- Chairman of the Monitoring Committee of FAT – Work Accidents Funds, from 2001 to 2006.



## SHAREHOLDING INTERESTS IN THE COMPANY HELD BY MEMBERS OF THE BOARD OF DIRECTORS [AS OF 31 DECEMBER 2009]

NAME	QUANTITY	VOTING RIGHTS
<b>Dr. Vasco Luís Schulthess de Quevedo Pessanha</b> Shares held by persons or entities conforming to the provisions of Article 447 and of Paragraph 2 of Article 1 of the CMVM Regulation no. 7/2001, as amended by CMVM Regulation no. 10/2005 (attributable to Directors)	1,020,000	1.68%
	980,000	0.65%
<b>Dr. José Manuel Félix Morgado</b>	563,631	0.38%
<b>Dr. Jorge Armindo Carvalho Teixeira</b>	0	0%
<b>Arndt Jost Michael Klippgen</b>	0	0%
<b>Dr. Pedro Maria Cabral Norton de Matos</b>	0	0%
<b>Dr. Emídio de Jesus Maria</b>	0	0%
<b>Dr. Abílio Ramos Marques</b> Shares held by persons or entities conforming to the provisions of Article 447 and of Paragraph 2 of Article 1 of the CMVM Regulation no. 7/2001, as amended by CMVM Regulation no. 10/2005 (attributable to Directors)	0	0%
	49,084,738	32.72%

## DATE OF FIRST APPOINTMENT TO THE BOARD OF DIRECTORS AND DATE OF TERMINATION OF THEIR TERM OF SERVICE

NAME	FIRST APPOINTMENT	TERMINATION OF TERM OF SERVICE
Dr. Vasco Luís Schulthess de Quevedo Pessanha	29.05.1973	31.12.2009
Dr. José Manuel Félix Morgado (*)	09.11.2004	31.12.2009
Arndt Jost Michael Klippgen	31.05.2007	31.12.2009
Dr. Jorge Armindo Carvalho Teixeira (**)	06.07.2000	31.12.2009
Dr. Pedro Maria Cabral Norton de Matos	26.06.2006	31.12.2009
Dr. Abílio Ramos Marques	31.05.2007	31.12.2009
Dr. Emídio de Jesus Maria	09.04.2008	31.12.2009

(\*) Co-opted as a Director on 9 November 2004, having terminated his service on 25 May 2005 and having again been co-opted on 15 February 2007

(\*\*) From 06/07/2000 to 25/05/2005, as a representative of Papercel - Celulose e Papel de Portugal, SGPS, S.A..





## 2.11

Duties performed or positions held by members of the Board of Directors in other companies, including disclosure of duties and positions in other Group companies.

Vasco Luís Schulthess de Quevedo Pessanha

Companies of the Inapa Group, other than the Company (Director/Manager)

No duties or positions.

Other companies (Director/Manager)

- Investimentos Prediais da Rocha - Imprerocha, S.A.;
- Mepesa - Sociedade de Investimentos Imobiliários, Lda;
- Sagritávora - Sociedade Agrícola da Quinta do Távora, S.A.;
- Sociedade Agrícola da Quinta dos Buxeiros, Lda;
- Solvay Portugal, S.A.;
- Sociedade Agrícola da Alvarinheira S.A..

José Manuel Félix Morgado

Companies of the Inapa Group, other than the Company (Director/Manager)

- Gestinapa - SGPS, S.A.;
- Inapa Portugal - Distribuição de Papel, S.A.;
- Inapa Deutschland GmbH;
- Papier Union, GmbH (Beirat);
- Inapa France, Sas;
- Logistipack, S.A.;
- Inapa Suisse, S.A.;
- Inapa Belgium, S.A.;
- Inapa Luxembourg, S.A.;
- Inapa España Distribución de Papel, S.A..

Other companies (Director/Manager)

- Medialivros - Actividades Editoriais, S.A.;
- Poresin - Investimentos Mobiliários e Imobiliários, Lda..

Jorge Armindo de Carvalho Teixeira

Companies of the Inapa Group, other than the Company (Director/Manager)

No duties or positions.

Other companies (Director/Manager)

- Amorim - Entertainment e Gaming Internacional, Sgps, S.A.;
- Amorim Turismo - Serviços e Gestão, S.A.;
- Amorim Turismo, Sgps, S.A.;
- Amorim Turismo Imobiliária, Sgps, S.A.;
- Cht - Casino Hotel de Tróia, S.A.;
- Drink In - Companhia de Indústria de Bebidas e Alimentação, S.A.;
- Edifer, Sgps, S.A.;
- Estoril Sol, Sgps, S.A.;
- Fozpatrimónio, S.A.;
- Goldtur - Hotéis e Turismo, S.A.;
- Grano Salis - Inv. Turísticos, Jogo e Lazer, S.A.;
- Hotel Turismo, SARL;
- Iberpartners - Gestão e Reestruturação de Empresas, S.A.;
- Imofoz, S.A.;
- Mobis - Hotéis de Moçambique, SARL;
- Motel - Empreendimentos Turísticos, SARL;
- Prifalésia - Construção e Gestão de Hotéis, S.A.;
- Return - Investimentos Hoteleiros e Jogo, S.A.;
- Royspa - Serviços de Consultadoria, Lda;
- Sgghm - Sociedade Geral de Hotéis De Moçambique, S.A.;
- Sociedade Figueira Praia, S.A.;
- Spigh - Sociedade Portuguesa de Investimentos e Gestão Hoteleira, S.A.;
- Troia Península Investimentos, Sgps, S.A.;
- Turyleader, Sgps, S.A.;

Arndt Jost Michael Klippgen

Companies of the Inapa Group, other than the Company (Director/Manager)

- Inapa Deutschland, GmbH;
- Papier Union, GmbH;
- PMF – Print Media Factoring, GmbH;
- Inapa Packaging, GmbH;
- Inapa VisCom, GmbH;
- Inapa Logistics, GmbH;
- ComPlott – Papier Union, GmbH;
- Inapa Suisse, S.A..

Other companies (Director/Manager)

No duties or positions.

Abílio Ramos Marques

Companies of the Inapa Group, other than the Company (Director/Manager)

No duties or positions.

Other companies (Director/Manager)

- CE- Circuito Estoril, S.A.

Pedro Maria Cabral Norton de Matos

Companies of the Inapa Group, other than the Company (Director/Manager)

No duties or positions.

Other companies (Director/Manager)

- Gingko, Lda.;
- Hábitos Saudáveis, Lda.;
- Visão Positiva, Lda.;
- Parceria Total, Lda.;
- Have a Nice Day, Lda.;

Other duties or positions at other companies

- Oracle – membro do Advisory Board

Emídio de Jesus Maria

Companies of the Inapa Group, other than the Company (Director/Manager)

No duties or positions.

Other companies (Director/Manager)

- Santander Totta seguros S.A. - Member of the Audit Committee



## 2.12

Identification of the members of the Audit Committee, including disclosure of which members comply with the incompatibility rules set out in Paragraph 1 of Article 414-A and with the independence criterion set out in the provisions of Paragraph 5 of Article 414, both provisions referenced in the Companies Act.

Not applicable.

## 2.13

Academic qualifications and professional experience of the members of the Audit Committee, including disclosure of duties performed or positions held for at least the last five years, number of shares held in the Company, date of first appointment to the Committee and date of termination of term of service.

Not applicable.

## 2.14

Duties performed and positions held by members of the Audit Committee in other companies, including disclosure of duties performed or positions held in other Group companies.

Not applicable.

## 2.15

Identification of the members of the General and Supervisory Board and of any of its Committees, including disclosure of which members comply with the incompatibility rules set out in Paragraph 1 of Article 414-A, including its Sub-paragraph f), and with the independence criterion set out in the provisions of Paragraph 5 of Article 414, both provisions referenced in the Companies Act.

Not applicable.

## 2.16

Academic qualifications and professional experience of the members of the General and Supervisory Board and of any of its Committees, including disclosure of duties performed or positions held for at least the last five years, number of shares held in the Company, date of first appointment to the Committee and date of termination of term of service.

Not applicable.



## 2.17

Duties performed and positions held by members of the General and Supervisory Board and any of its Committees, including disclosure of duties performed and positions held in other Group companies.

Not applicable.

## 2.18

Description of the remuneration policy, namely including the means whereby the personal interests of Directors are aligned with the interests of the Company and their performance assessment, together with an indication of which Directors serve in an executive and in a non-executive capacity and including a summary and explanation of the Company's policy on the terms and conditions for payment of compensation, whether contractually

negotiated or by means of a transaction in the event of removal, and disclosure of any other payments linked to early termination of terms of service.

The Company and its Directors have not entered into any agreement on the payment of compensation in the event of removal or on any other any other payments linked to early termination of their terms of service as Directors of the Company.

With a view to ensure alignment of the interests of the Company with the personal interests of its Directors, the Remunerations Committee has defined a variable remuneration model

applicable to members of the Board of Directors that serve in an executive capacity which is structured to include an annual component and a multi-annual component applicable to their full term of service.

The amount of the variable component is calculated as a function of the real value attained with reference to strategic variables for Inapa's business and to the respective achievement of targets approved by the Board of Directors.

## 2.19

Disclosure of the composition of the Remunerations Committee or equivalent body, if applicable, including disclosure of which of its members also serve in the Board of Directors, together with identification of their spouses, relatives, and direct descendants to the 3rd degree, inclusively.

Currently, the members of the remunerations Committee are:

- Dr. João Vieira de Almeida;
- Dr. João Plácido Pires; e
- Dr. Paulo José de Ribeiro Moita de Macedo.

There are no family or affinity relations among the members of the Remunerations Committee and/or between any of them and any of the members of the Board of Directors and none are direct descendents to the 3rd degree, inclusively, of any of those members, and no member of the Remunerations Committee serves as a member of an administration board of the Company.

## 2.20

### Disclosure of remuneration paid to the members of the Board of Directors, including performance bonuses, during the financial year under analysis.

In 2009, remuneration paid to the Directors of the Company totalled €715,580 (aggregate remuneration).

On an individual basis, the aforementioned sum was paid to the following Directors:

#### MEMBERS OF THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

NAME	FIXED REMUNERATION	VARIABLE REMUNERATION	TOTAL
José Manuel Félix Morgado	350,000	96,600	446,600
Arndt Michael Jost Klippgen	35,000	-	35,000

Under prior terms and conditions, the variable component of remuneration is not subject to deferral conditions and is calculated as a function of 96,600.

#### NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

NAME	FIXED REMUNERATION	VARIABLE REMUNERATION	TOTAL
Vasco Luis Schultness de Quevedo Pessanha	96,000	-	96,000
Jorge Armindo Carvalho Teixeira	49,000	-	49,000
Emídio de Jesus Maria	70,500	-	70,500
Pedro Maria Cabral Norton de Matos	16,500	-	16,500
Abílio Ramos Marques	-	-	-
Paulo Jorge dos Santos Fernandes*	2,250	-	2,250

\* Renounced to the term in 02.02.2009

No rights to share allocations, options to purchase shares, schemes to allocate shares or rights to purchase shares options, or any other share-based incentive schemes are awarded to members of statutory bodies.

During the course of the financial year under analysis, no remuneration was paid to members of statutory bodies in the form of a share in profits and/or bonus payments or as indemnity, and no compensation is due to former Executive Directors.

The Company does not provide complementary retirement or early retirement benefits to Directors and does not grant them material non-cash benefits that may be deemed to constitute remuneration.

## 2.21

### Disclosure, on an individual basis, of balances payable upon termination of duties during the course of their term of service when greater than double the amount of fixed remuneration, regardless of the nature.

There are no applicable provisions or agreements under which any balances are payable upon termination of duties during the course of the term of service of any member of the Company's statutory bodies, without prejudice to the provisions of the Companies Act relative to unfair dismissal.

## 2.22

### Disclosure of the policy adopted by the Company on reporting irregular practices.

The employees of Inapa Group (management and staff of the parent company, Directors, and management and staff of its affiliate companies) are bound to report any irregular practices of which they may have become aware being perpetrated in Inapa Group companies at which they are employed to the following officials:

- To the Chairman of the Executive Committee of Inapa, should such irregular practices involve the management and staff of the parent company, Directors, and the management and staff of its affiliate companies, which official shall subsequently report it to the Chairman of the Audit Committee as soon as he or she may deem fit considering the prevailing circumstances;
- To the Chairman of the Audit Committee of

Inapa, should such irregular practices involve the Directors of Inapa itself or of its supervisory board, and/or its staff, or should it involve a member of the Audit Committee or the Chairman of the Board of Directors of the Company.

Such allegations shall be submitted in writing and their author shall be entitled to demand from their recipient a written statement to the effect that the information in question shall be treated in the strictest confidence.

The reporting official shall be assured that, barring allegations of a calumnious nature, any information provided within the scope of these regulations shall neither be raised as grounds for instituting proceedings against him or her nor for any unfavourable treatment towards him or her.

## Chapter 3 INFORMATION

### 3.1

Structure of share capital, including disclosure of shares restricted from trading, types of shares, rights and obligations inherent to ownership thereof, and percentage of share capital accounted for by each type of share.

The share capital of the Company is represented by one hundred and fifty million ordinary shares of one Euro each.

#### THE STRUCTURE OF THE SHARE CAPITAL OF INAPA IS BROKEN DOWN AS FOLLOWS:

SHAREHOLDER NAME	NO. OF SHARES	% DO CAPITAL	% VOTING RIGHTS
<b>Parpública - Participações Públicas SGPS,SA</b>	<b>49,084,738</b>	<b>32.72%</b>	<b>32.72%</b>
<b>Shares attributable to Millennium BCP (Art. 20 of the CVM)</b>	<b>27,391,047</b>	<b>18.26%</b>	<b>18.26%</b>
Banco Comercial Português, SA	10,315,846	6.88%	6.88%
Fundo de Pensões do Grupo BCP	16,521,635	11.01%	11.01%
Banco Millennium BCP Investimento,SA	553,566	0.37%	0.37%
<b>Albano R. N. Alves-Distribuição de papel, S.A.</b>	<b>3,083,851</b>	<b>2.06%</b>	<b>2.06%</b>

The shares in question are fully held for trading in a regulated market (Euronext Lisbon), confer identical rights on their respective owners, and no segregation per type of shares applies.

### 3.2

Disclosure of qualified holdings in the share capital of the issuer calculated in conformance to the provisions of Article 20 of Código dos Valores Mobiliários (the Securities Market Act).

SHAREHOLDER NAME	NO. OF SHARES	% DO CAPITAL	% VOTING RIGHT
<b>Parpública - Participações Públicas SGPS,SA</b>	<b>49,084,738</b>	<b>32.72%</b>	<b>32.72%</b>
<b>Shares attributable to Millennium BCP (Art. 20 of the CVM)</b>	<b>27,391,047</b>	<b>18.26%</b>	<b>18.26%</b>
Banco Comercial Português, SA	10,315,846	6.88%	6.88%
Fundo de Pensões do Grupo BCP	16,521,635	11.01%	11.01%
Banco Millennium BCP Investimento,SA	553,566	0.37%	0.37%
<b>Jorge Augusto Martins Fazendeiro</b>	<b>3,083,851</b>	<b>2.06%</b>	<b>2.06%</b>
Own name	3,033,851	2.02%	2.02%
Shares held by a person or entity conforming to the provisions of Article 447	50,000	0.03%	0.03%

### 3.3

Disclosure of shareholders entitled to special rights and description of such rights.

No shareholders are entitled to special rights.

### 3.4

Disclosure of possible restrictions to free transfer of ownership of the shares, such as consent to sell clauses, or any restrictions on the ownership of such shares.

No restrictions to free transfer of ownership of the shares representing the capital of Inapa apply, namely no consent to sell clauses or any restrictions on the ownership of such shares apply.

### 3.5

#### Disclosure of shareholder agreements of which the Company may be aware of and that may be conducive to restrictions on free transfer of securities or voting rights.

The Company is not aware of any shareholder agreements that may be conducive to restrictions on free transfer of securities or voting rights.

### 3.6.

#### Regulations applicable to amendments to the Company's bylaws;

Statutory amendments are passed by shareholders at meetings of the General Assembly of Shareholders subject to the required majority of votes, in conformance with the provisions of the Companies Act.

### 3.7

#### Control mechanisms provided under possible s of stock options scheme in the capital of the Company to personnel insofar as their voting rights is not directly exercised by such personnel.

The Company does not have any stock option scheme to award shares in the capital of the Company to its personnel.

### 3.8

#### Description of the issuer's share price performance.

Following 2008, when prevailing market conditions were the most adverse of the last few decades, 2009 was marked by resumption of a significant upturn in most equity markets. The main stock market indices grew by 19% to 30%.

Despite maintenance of a severely adverse macroeconomic environment, Portugal's stock market did not fail to rise in tandem with the general upswing in world equity markets, with its most representative index – the PSI20 index – recording gains of 33%.

However, trading volumes in the Portuguese stock market reduced to 31.8 thousand million Euros, recording a fall of 42% when compared to 2008.

In 2009, Inapa shares once again outperformed the market, both with regard to trading volumes and to its share price performance.

The volume of Company shares traded on the Stock Exchange rose to 349.4 million shares, up 88% on 2008, equating to a rate of 2.33 times its share capital. The increase in trade volumes has remained on a steady upward trend since 2007. From 2006 to 2009, the volume of Inapa shares traded on the Stock Exchange grew 43 times, which is quite an uncommon event that demonstrates increasing appetite for Inapa shares among investors, bearing also in mind that the Company did not acquire any of its own shares.

Together with the above trends, the fact that there were no announcements of new stable qualified shareholding interests in conjunction with the fact that an increasing number of domestic and foreign stock brokers have been involved in transactions of Inapa shares is a clear indication of growing interest in the acquisition of holdings of Inapa shares by a growing number of investors that are more widely distributed, worldwide.

As concerns the value of transactions, the value of trades in Inapa shares grew to 201.4 million Euros, increasing by 45% from 2008 to 2009.

The share price closed the year at €0.64, up 88.2% on December 2008, which compares very favorably with a 33% increase in the PSI20 Index for the same period.

From the perspective of the Board of Directors, the above performance cannot fail to be associated with four key goals Inapa has been pursuing since 2007, as follows:

- Steady improvement in Inapa Group's operating performance with a consequent increase in its economic results and earnings;
- Changes to the Company's corporate governance model with a view to comply to best practices on such matters;

- Quality and accuracy of the economic and financial information disclosed to shareholders and investors; and
- A share price with potential for growth grounded on its satisfactory performance following the implementation of its Inapa 2010 Plan and on Inapa's growth prospects, going forward.

As a consequence of the substantial increase in its share price and trading volumes, and after the close of its 2009 financial year, Inapa was selected for inclusion in Portugal's main stock market index – the PSI20 Index – for the first time in its long history as a



listed company.

This development, which the Board of Directors views with pride, reflects the market's acknowledgement of its efforts to regularly release market information of



quality and, most especially, the fact that has been pursuing the right strategies.

Inapa continued to be regularly followed in terms of its economic and financial analysis by Banco Português de Investimento and Caixa Banco de Investimento, which issued a number of analytical reports on Inapa during the course of 2009.

As already stated, regular disclosure of information, and its quality and accuracy are a priority concern for Inapa and, in that regard, it released duly and in a timely manner annual and semi-annual reports on its earnings performance together with other relevant information to the market and to all market participants, in strict respect by a code of equality in the right to information.

Adding value to shareholders shall remain a priority for the Board of Directors, which, together with the adoption of best practices in corporate governance and the release of market information, leads the Board of Directors of Inapa to believe that those practices are susceptible of enhancing the performance of Inapa's share price.

No new shares or other securities entitling their owners to rights to subscribe or acquire shares or to dividend payments were issued during the course of financial year under analysis.

### 3.9

**Description of the dividend distribution policy adopted by the Company, namely disclosing dividends per share paid over the last three financial years.**

To Inapa, dividend distribution is an instrument relevant to remunerate its shareholders.

The practices it had consistently followed in the past were suspended in 2001 and the Company intends to resume those practices as soon as macroeconomic constraints, the volume of earnings available for distribution, and the financial environment under which it operates, allow.

Over its last three financial years, Inapa paid no dividends to shareholders, having rather elected to strengthen its financial position.

### 3.10

**Disclosure of schemes to allocate shares or options to buy shares adopted or in force during the course of the financial year under analysis, grounds for such schemes, position held by and number of recipients, terms and conditions for such allocations, clauses restricting transfer of shares, share price based criteria and exercising of option rights, applicable term during which such options may be exercised, characteristics of the shares being allocated, existence of incentive schemes to purchase shares and/or exercise options to buy shares, and powers of the Board of Directors to execute or amend such schemes.**

The Company has not approved any scheme to allocate shares or options to buy shares.

### 3.11

**Description of the main features of business or transactions entered into by the Company and the members of its board of directors and supervisory board, holders of qualified shares, or controlling or group shareholders, provided such business or transactions is materially relevant to either of the parties involved, barring any business or transactions that are cumulatively undertaken under normal market conditions for similar transactions and that may be part and parcel of the Company's current operations.**

No business or transactions were entered into by the Company and the members of its board of directors and supervisory board during the financial year under analysis.

Business or transactions entered into by the Company and holders of qualified shares – as is the case of Banco Comercial Português – and by the Company controlling or group shareholders were undertaken under normal market conditions for similar transactions and are a part of the Company's current operations.

### 3.12

#### Investor Relations Office

Inapa provides investors with an Investor Relations Office, which also represents the Company in its relations with the market.

This Office equally manages relations with market and stock market regulators (namely CMVM, Euronext, Interbolsa, Opex), financial players (brokers and financial brokers, financial institutions), and private and institutional investors.

The Investor Relations Office may be contacted through the offices of the Company's :

Investor Relations Officer:

**Dr. António José Nogueira Simão  
Domingues  
Inapa – Investimentos, Participações e  
Gestão, SA**

Investor Relations Office  
Rua Castilho n° 44 3°  
1250 – 071 Lisboa

**e-mail :**  
*antónio.domingues@inapa.pt*  
*info@inapa.pt*  
*www.inapa.pt*

**Tel. + 351 21 382 30 08**  
**Fax. + 351 21 382 30 16**

Inapa has been increasingly implementing the use of the technology for purposes of releasing relevant information, a practice it has been developing and consolidating over the last few years.

To that end, the Company maintains a corporate website on the Internet, in Portuguese and English, at the following address:

*www.inapa.pt,*

In addition to an area dedicated to institutional and corporate information and to an area containing general information on the activities of the Inapa Group and its subsidiary and associate companies, the website includes areas that are especially

dedicated to investor relations and to relations with the media.

At its Internet website, the Company provides interested parties with a wide range of information on the Company and the Group, of which the following are highlighted as a mere example: its latest Directors' Reports together with all other mandatory annual, semi-annual, and quarterly financial statements, including all information releases on relevant developments, and the most significant financial performance indicators.

As a complement to the aforementioned information, the following websites, containing information of a technical or purely transactional nature, are also available on the Internet:

*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.papel.online.pt*

As an expression of the concern of the Board of Directors of the Company in ensuring that small shareholders have access to information, the Company introduced a Shareholders Circle for shareholders who own a small interest in the Company with the objective of ensuring that information is made available quickly and in a timely manner to small shareholders, putting them on a par with other market participants.

This initiative is unique in Portugal and its main goals are:

- Enhancing shareholder status;
- Addressing information requirements of small shareholders;
- Enhancing proximity, thereby stimulating shareholder participation;
- Providing direct access to management;
- Involving shareholders in Company initia-

tives of a corporate, social responsibility, training, or charitable nature, or other.

By promoting this initiative, Inapa stands at the forefront of best international practices in such matters and progresses further in its goal to become a benchmark in equity markets as well.

Still within the scope of its concerns on disclosure of market information, by presenting its semi-annual and annual results, quarterly earnings reports, and ancillary information of relevance the Company has kept the markets and its participants informed duly and in a timely manner on its performance.

In order to ensure that the information in question reached all market participants and the general public in an easy and timely manner, it is important to highlight the role played by the media, to which the Company endeavored to make itself available at all times, either through the Chairman of the Executive Committee or through the Investor Relations Officer.

It is our intention to remain at the forefront of the implementation of best international practices concerning relations with markets and investors, which intention extends to best practices in corporate governance.

## 3.13

### Disclosure of annual remuneration paid to the Auditor and to other individual or corporate entities belonging to the same network by the Company or by controlling shareholders or group companies

The fees paid to external auditors reached 480 thousand Euros related to the auditing services they provided in the performance of their statutory duties as the Company's Chartered Accountants and Auditors.

The external auditor and/or to other individual or corporate entities belonging to the same network earned a total of 340,900 Euros during the period under analysis, being the sum of fees paid for provision of the aforementioned services plus

other auditing services provided to foreign subsidiaries.

In addition, the external auditors and/or individual or corporate entities belonging to the same network rendered tax consultancy services in the amount of 6,300 Euros and other services, in the amount of 950 Euros, to the Company or to companies it controls.

