

*Information on*  
**Corporate Governance**

## INTRODUCTION

Significant changes were made in 2009 and in the first quarter of 2010 to the legislation and regulations concerning corporate governance, with the publication of Law 28/2009, of 19 June, Decree-Law 185/2009, of 12 August, and Securities Market Commission Regulation 1/2010.

The new Regulation, which approves a revised model for corporate governance reports and revokes Regulation 1/2007, took effect in February 2010 and applies to the report drawn up in 2010 in relation to the financial year of 2009. However, the Securities Market Commission has allowed listed companies the possibility of drawing up their report using the previous model if they were already at an advanced stage of the drafting process, which was the case with Semapa.

The company has put in motion a number of adjustments to its corporate governance structure, including the newly created Strategy Committee, seeking on the one hand to reflect the natural course of development within the company and at the same time to incorporate recommendations which, as we stated in last year's report, we believe can have a positive effect on corporate governance, notwithstanding the critical view taken by the company with regard to the existence of a set of recommendations, as expressed in our previous report and reaffirmed this year.

In this Information we will go into greater detail on the question of remuneration, in order to provide the disclosures which are now mandatory under Law 28/2009, of 19 June, and Article 3 of the new Regulation.

The structure of this report is the same as that for the previous year, and divides into the following parts:

- I. Report on the corporate governance structure and practices, drawn up in accordance with Securities Market Commission Regulation no. 1/2010, but following the model approved by Securities Market Commission 1/2007;
- II. Remuneration policy statement;
- III. Disclosures required under Articles 447 and 448 of the Companies Code, and
- IV. Assessment of the corporate governance model adopted and activities of non-executive directors.

I. REPORT ON THE CORPORATE GOVERNANCE STRUCTURE AND PRACTICES, DRAWN UP IN ACCORDANCE WITH SECURITIES MARKET COMMISSION REGULATION NO. 1/2010, BUT FOLLOWING THE MODEL APPROVED BY SECURITIES MARKET COMMISSION REGULATION NO. 1/2007

Chapter 0  
Declaration of compliance

► 0.1. CODES ADOPTED

Semapa has not voluntarily opted to submit to any other corporate governance code and is only subject to the “Corporate Governance Code” approved by the Securities Market Commission in September 2007, given that the new Recommendations contained in the 2010 Corporate Governance Code are only applicable as from the financial year of 2010, and this report refers to the financial year of 2009.

Nonetheless, because the new model for corporate governance reports took effect at a time when Semapa was already at an advanced stage of preparing this report, it opted to present this report in accordance with the old model established in Regulation 1/2007, in line with the understanding set out by the Securities Market Commission in a circular. These texts are available online at the website of the Securities Market Commission ([www.cmvm.pt](http://www.cmvm.pt)).

► 0.2. AND 0.3 RECOMMENDATIONS ADOPTED AND REASONS FOR DIVERGENCE

The company and its shareholders have made the following options with regard to compliance with the recommendations in the code approved by the Securities Market Commission:

I. GENERAL MEETING

I.1 OFFICERS OF THE GENERAL MEETING

I.1.1 THE CHAIRMAN OF THE GENERAL MEETING SHALL HAVE AT HIS DISPOSAL THE NECESSARY AND ADEQUATE HUMAN RESOURCES AND LOGISTIC SUPPORT, TAKING THE FINANCIAL POSITION OF THE COMPANY INTO CONSIDERATION.

ADOPTED

The company complies with this recommendation in full, and the assessment of the resources as adequate is confirmed by the Chairman of the General Meeting.

I.1.2 THE REMUNERATION OF THE CHAIRMAN OF THE GENERAL MEETING SHALL BE DISCLOSED IN THE ANNUAL REPORT ON CORPORATE GOVERNANCE.

NOT ADOPTED

As in the previous year, the remuneration of the Chairman of the General Meeting is not disclosed as it is the company’s understanding that the individual remuneration of its officers should not be disclosed, although this disclosure is now mandatory in relation to directors and members of the audit board. We do not however believe that this should prevent the company from maintaining a policy of reserving information, where this is permitted, in view of the principles it defends.

## **I.2 PARTICIPATION AT THE MEETING**

- I.2.1 THE OBLIGATION TO DEPOSIT OR FREEZE SHARES BEFORE THE GENERAL MEETING, CONTAINED IN THE ARTICLES OF ASSOCIATION, SHALL NOT EXCEED 5 BUSINESS DAYS.

ADOPTED

The articles of association define the period in question in terms of days elapsed (five) and not business days, and define the time limit in relation to the date of receipt of the document at the company and not in relation to the date of freezing, which means that compliance with the recommendation cannot be directly assessed. As stated previously, and as follows directly today from the understanding of the Securities Market Commission, as set out in the new Corporate Governance Code, the company considers that this recommendation has been adopted considering that: (i) the date of receipt of the document is counted as from the date on which the first fax or email is received with a copy of the document, provided the original is presented prior to the start of the meeting, (ii) when the time limit in days ends during a weekend or on a public holiday, the company accepts notification received on the next business day, and (iii) under normal conditions, a period of more than two days cannot be considered to elapse between the freezing of the shares by financial institutions and receipt of the document at the company by fax or email, and it is clear that the five business days, due to the situation described in (ii), corresponds to a minimum of 7 days. This issue is dealt with further in chapter I.4 of this Report.

- I.2.2 IN THE EVENT OF THE GENERAL MEETING BEING ADJOURNED, THE COMPANY SHALL NOT REQUIRE SHARES TO BE FROZEN UNTIL THE MEETING IS RESUMED, WHEN THE NORMAL REQUIREMENT FOR THE FIRST SESSION SHALL AGAIN APPLY.

ADOPTED

This is the understanding of the Chairman of the General Meeting, who has confirmed that this solution will be adopted in the event of adjournment. The company therefore complies with the recommendation. This issue is further referred to in chapter I.5 of this Report.

## **I.3 VOTING AND EXERCISE OF VOTING RIGHTS**

- I.3.1 THE ARTICLES OF ASSOCIATION SHALL NOT IMPOSE ANY RESTRICTION ON POSTAL VOTING.

ADOPTED

The company has adopted this recommendation insofar as there is no restriction on exercise of the right to cast postal votes. This question is referred to in further detail in chapters I.8 to I.10 of this Report.

- I.3.2 THE DEADLINE ESTABLISHED IN THE ARTICLES OF ASSOCIATION FOR RECEIVING POSTAL BALLOTS SHALL NOT EXCEED 3 BUSINESS DAYS.

ADOPTED

The company accepts all postal votes received up to the day before the General Meeting, and this recommendation is therefore adopted in full. This issue is further referred to in chapter I.10 of this Report.

- I.3.3 THE COMPANY'S ARTICLES OF ASSOCIATION SHALL PROVIDE FOR THE ONE SHARE-ONE VOTE PRINCIPLE.

ADOPTED

We are pleased to record that the new recommendations bear out the interpretation defended by this company. As we have argued in the past, this recommendation

should not be understood in the most literal sense of meaning that a single share entitles the holder to vote and therefore take part in the general meeting. This interpretation has the perverse consequence that participation by the shareholder in the general meeting might be more costly, due to the expense of travel and of the declaration of frozen shares from the relevant financial institution, than the actual capital outlay required to acquire the share or shares which entitle the holder to attend the meeting or put questions to the company officers.

Article 384.2 a) of the Companies Code provides for the possibility of one vote being assigned to each 1000 euros of share capital, reflecting the concerns felt by the authors of the code that the right of the holders of insignificant portions of the share capital to attend and take part in discussions at the general meeting can often be prejudicial to the interests of the company and of the shareholders in general. The need for voting rights to be matched to capital is nonetheless assured by the possibility of small shareholders grouping together.

The essential purpose of this recommendation is to assure that there are no shares without voting rights, due to restrictions on voting, and this is not the case in this company. If all shareholders are present or represented, with the groupings necessary, the number of votes which can be cast is equal to the total number of shares in the company, divided by 385, the number of shares carrying one vote. There are therefore no shares without voting rights.

We believe that the text of the new recommendations of the Securities Market Commission sheds an interpretative light which allows us to classify this recommendation as adopted.

This question is also referred to in chapter I.6 of this report.

#### **I.4 QUORUM AND RESOLUTIONS**

- I.4.1 COMPANIES SHALL NOT SET A QUORUM FOR HOLDING THE MEETING OR ADOPTING RESOLUTIONS GREATER THAN THAT ESTABLISHED IN LAW.

ADOPTED

The company's articles of association do not set quorums for holding the meeting or adopting resolutions greater than that established in law; the recommendation is accordingly adopted by the company. This question is also referred to in chapter I.7 of this report.

#### **I.5 MINUTES AND INFORMATION ON RESOLUTIONS PASSED**

- I.5.1 THE MINUTES OF THE GENERAL MEETINGS SHALL BE MADE AVAILABLE TO SHAREHOLDERS ON THE COMPANY'S WEBSITE WITHIN 5 DAYS, IRRESPECTIVE OF CONSTITUTING PRIVILEGED INFORMATION UNDER THE TERMS OF THE LAW. THE LIST OF ATTENDEES, AGENDA ITEMS OF THE MINUTES AND RESOLUTIONS PASSED DURING SUCH MEETINGS SHALL CONTINUE ONLINE AT THE COMPANY'S WEBSITE FOR A PERIOD OF 3 YEARS.

NOT ADOPTED

With the extended scope it now has, the company has not adapted this recommendation, and is indeed prevented from doing so by Article 22 of its Articles of Association, which lay down that: "The information to be provided to shareholders which, under the terms of the law, depends or may depend on their holding shares corresponding to a minimum percentage in the share capital may only be provided on the company's website if such provision is imposed by law or by mandatory requirement of the regulatory authority".

The Board of Directors has not seen fit to propose amendment of this article to the shareholders, considering that under the terms of Article 288.1 of the Companies Code part of the information in question in this recommendation can only be provided

to shareholders who hold no less than 1% of the share capital, when they allege due grounds. Now, when this rule is viewed in conjunction with the provisions of paragraph 4 of the same article, it is not entirely clear whether access through the company's website should not even so depend on the ownership of the minimum 1% holding, leading to the creation of reserved areas and complex procedures for controlling access.

The recommendation is not therefore adopted, in order to assure clear compliance with the law, and the company welcomes the recent restriction on scope in the new recommendations, focussing on the information also relevant to shareholders with a holding of less than 1%, which is sufficient to protect their interests. The company will accordingly adopt the new recommendation.

## **I.6 MEASURES ON CORPORATE CONTROL**

- I.6.1 MEASURES AIMED AT PREVENTING SUCCESSFUL TAKEOVER BIDS, SHALL RESPECT BOTH THE COMPANY'S AND THE SHAREHOLDERS' INTERESTS. ADOPTED

As explained below in chapter III.5 of this Report, shareholders representing more than half the non-suspended voting rights in the company openly coordinate the exercise of their voting rights. This does not involve any specific rules or agreement for the event of a take-over bid, nor does it constitute a bar to the sale of shares in the company in connection with such a bid. No measure has therefore been adopted to prevent the success of take-over bids and this recommendation has been adopted in full.

This issue is also referred to in chapter I.14 of this Report.

- I.6.2 THE COMPANY'S ARTICLES OF ASSOCIATION THAT RESTRICT/LIMIT THE NUMBER OF VOTES THAT MAY BE HELD OR EXERCISED BY A SOLE SHAREHOLDER, EITHER INDIVIDUALLY OR IN CONCERT WITH OTHER SHAREHOLDERS, SHALL ALSO FORESEE FOR A RESOLUTION BY THE GENERAL MEETING, (5 YEAR INTERVALS, AT LEAST) ON WHETHER THAT STATUTORY PROVISION IS TO PREVAIL – WITHOUT SUPER QUORUM REQUIREMENTS AS TO THE ONE LEGALLY IN FORCE – AND THAT IN SAID RESOLUTION, ALL VOTES ISSUED BE COUNTED, WITHOUT APPLYING SAID RESTRICTION. NOT APPLICABLE

As follows from the above, this recommendation does not apply to the company.

- I.6.3 IN CASES SUCH AS CHANGE OF CONTROL OR CHANGES TO THE COMPOSITION OF THE BOARD OF DIRECTORS, DEFENSIVE MEASURES SHOULD NOT BE ADOPTED THAT INSTIGATE AN IMMEDIATE AND SERIOUS ASSET EROSION IN THE COMPANY, AND FURTHER DISTURB THE FREE TRANSMISSION OF SHARES AND VOLUNTARY ASSESSMENT OF THE PERFORMANCE OF THE BOARD OF DIRECTORS BY THE SHAREHOLDERS. ADOPTED

No defensive measures have been adopted in the company with the effect of causing erosion of its assets in the event of transfer of control or a change in the composition of the board of directors; the recommendation is therefore adopted in full. This issue is also referred to in chapter I.13 of this Report.

## **II. MANAGEMENT AND AUDIT BOARD**

### **II.1. GENERAL TERMS**

#### **II.1.1. STRUCTURE AND DUTIES**

II.1.1.1 THE BOARD OF DIRECTORS SHALL ASSESS THE ADOPTED MODEL IN ITS GOVERNANCE REPORT AND IDENTIFY POSSIBLE CONSTRAINTS ON ITS FUNCTIONING AND SHALL PROPOSE MEASURES THAT IT CONSIDERS APPROPRIATE FOR OVERCOMING SUCH CONSTRAINTS.

ADOPTED

This recommendation is adopted in full by the company, and the assessment in question is set out in part IV of this Information on Corporate Governance.

II.1.1.2 COMPANIES SHALL SET UP INTERNAL CONTROL SYSTEMS IN ORDER TO DETECT EFFECTIVELY ANY RISK TO THE COMPANY'S ACTIVITY, SO AS TO PROTECT ITS ASSETS AND KEEP ITS CORPORATE GOVERNANCE TRANSPARENT.

ADOPTED

This recommendation has been adopted by the company. In addition to the specific bodies and procedures in place within the subsidiaries, the company has its own Internal Control Committee with specific powers in the field of risk control, as described in chapter II.4 of this Report. The powers of this Committee have recently been extended by the Board of Directors to encompass risk management, taking on board the spirit of the new recommendations.

II.1.1.3 THE MANAGEMENT AND AUDIT BOARDS SHALL ESTABLISH INTERNAL REGULATIONS WHICH IT SHALL DISCLOSE ON ITS WEBSITE.

ADOPTED

The company complies in full with this recommendation, and the rules of procedure in question are disclosed on its website. This issue is further discussed in chapter II.6 of this Report.

#### **II.1.2 INCOMPATIBILITY AND INDEPENDENCE**

II.1.2.1 THE BOARD OF DIRECTORS SHALL INCLUDE A NUMBER OF NON-EXECUTIVE MEMBERS THAT ASSURES EFFECTIVE CAPACITY TO OVERSEE, AUDIT AND ASSESS THE ACTIVITIES OF THE EXECUTIVE MEMBERS.

ADOPTED

The company's Board of Directors has delegated powers to an Executive Board comprising seven directors, although this board has at this moment only six members. More than 1/3 of the directors are non-executive, representing a proportion which, in the view adopted by the Securities Market Commission and most listed companies, assures effective capacity to oversee, audit and assess the activities of the other directors.

II.1.2.2 NON-EXECUTIVE MEMBERS SHALL INCLUDE AN ADEQUATE NUMBER OF INDEPENDENT MEMBERS. THE SIZE OF THE COMPANY AND ITS SHAREHOLDER STRUCTURE SHALL BE TAKEN INTO ACCOUNT WHEN SETTING THIS NUMBER, WHICH SHALL NEVER BE LESS THAN A QUARTER OF THE TOTAL NUMBER OF DIRECTORS.

ADOPTED

In keeping with the legal and regulatory criteria on the classification of directors as independent or otherwise, the company in 2008 had only one director who qualified as such, although one of the other directors modified his position at the end of 2009, and

can now also qualify as independent. Another independent director was co-opted in early 2010. This recommendation is therefore adopted on quantitative grounds, insofar as three of the eleven members of the Company's board of directors are independent. As stated in previous years, the company acknowledges that diversity and the inclusion of a number of directors who are removed from the life of the company can contribute to the successful exercise of their office and the overall performance of the board of directors.

However, it considers that the filter for formal qualification as independent and the quantitative assessment adopted are not effective in assessing overall the existence of such circumstances which might be of interest to the company. This assessment should instead be conducted in the light of the specific team, its personal and professional characteristics and its overall relationship with the company.

The Board of Directors considers that, irrespective of compliance with this directive, its individual membership, thanks to its different origins and relations with the company and its subsidiaries and to its personal characteristics, effectively assures a complementary range of views and independence of judgment, such as safeguards the principles which the regulatory authority sought to protect with this recommendation.

### **II.1.3 ELIGIBILITY AND APPOINTMENT**

II.1.3.1 DEPENDING ON THE APPLICABLE MODEL, THE CHAIRMAN OF THE AUDIT BOARD, THE AUDIT COMMITTEE OR THE FINANCIAL AFFAIRS COMMITTEES SHALL BE INDEPENDENT AND BE ADEQUATELY CAPABLE OF PERFORMING HIS DUTIES.

ADOPTED

This recommendation has been adopted by the company, insofar as the Chairman of the Audit Board complies with the legal criteria for independence and possesses the appropriate expertise. This issue is further referred to in chapter II.12 of this Report.

### **II.1.4 POLICY ON THE REPORTING OF IRREGULARITIES**

II.1.4.1 THE COMPANY SHALL ADOPT A POLICY WHEREBY IRREGULARITIES OCCURRING WITHIN THE COMPANY, ARE REPORTED. SUCH REPORTS SHOULD CONTAIN THE FOLLOWING INFORMATION: I) THE MEANS THROUGH WHICH SUCH IRREGULARITIES MAY BE REPORTED INTERNALLY, INCLUDING THE PERSONS THAT ARE ENTITLED TO RECEIVE THE REPORTS; II) HOW THE REPORT IS TO BE HANDLED, INCLUDING CONFIDENTIAL TREATMENT, SHOULD IT BE REQUIRED BY THE REPORTER.

ADOPTED

The company complies with this recommendation and has adopted internal rules on the reporting of irregularities allegedly occurring within the company, setting down the channels, the persons to whom such reports are to be addressed and the rules on treatment, as described in further detail in chapter II.22 of this report.

II.1.4.2 THE GENERAL GUIDELINES ON THIS POLICY SHALL BE DISCLOSED IN THE CORPORATE GOVERNANCE REPORT.

ADOPTED

This recommendation has been fully adopted by the company, and the policy in question is outlined in chapter II.22 of this Report.

## II.1.5 REMUNERATION

II.1.5.1 THE REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS SHALL BE STRUCTURED SO AS TO BE ALIGNED WITH THE INTERESTS OF THE COMPANY. ACCORDINGLY: I) THE REMUNERATION OF DIRECTORS WITH EXECUTIVE DUTIES SHALL INCLUDE A PERFORMANCE-BASED COMPONENT AND A PERFORMANCE ASSESSMENT SHALL BE CARRIED OUT PERIODICALLY BY THE COMPETENT BODY OR COMMITTEE; II) THE VARIABLE COMPONENT SHALL BE CONSISTENT WITH THE MAXIMIZATION OF THE LONG TERM PERFORMANCE OF THE COMPANY, AND SHALL BE DEPENDENT ON SUSTAINABILITY OF THE PERFORMANCE VARIABLES ADOPTED; III) WHEN THE REMUNERATION OF NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS IS NOT SET BY LAW, IT SHALL COMPRISE SOLELY A FIXED COMPONENT.

NOT ADOPTED

The form in which the remuneration of the Board of Directors is structured is further described both in chapter II.18 of this Report and in the Remuneration Policy Statement approved at the general meeting of 2007, reproduced in part II of this Information on Corporate Governance. In the light of legal and regulatory requirements, applicable with reference to 2009, and in order to permit compliance with the new recommendations in 2010, the Remuneration Committee has drawn up a new Remuneration Policy Statement which it shall submit for the consideration of the annual general meeting.

However, with regard to the recommendations, Semapa's previous comments still hold:

I) Directors' remuneration includes a performance-related component, and performance is only assessed by the Remuneration Committee on the basis of this information at its disposal and that which it requests from the Chairman of the Board of Directors. There would appear to be no need for the creation of a new structure or committee to assess the performance of executive directors, given that the Remuneration Committee has access to all the information it requires for this purpose, both through access to the Chairman of the Board of Directors, who has primary responsibility for the team, and through access to the non-executive directors and to the Audit Board, whose members are the most direct observers of the performance of the executive directors. In the company's current circumstances, it is not felt that such a new structure would bring any fresh advantages.

II) With regard to the relationship between variable remuneration and long-term performance, the Remuneration Committee's assessment includes an overall weighting of performance in the broadest possible sense, which therefore also considers the sustainability of the company's results and performance. However, there is no procedure for suspending part of the remuneration or for making payment dependent on future performance.

III) As follows from the 2007 Remuneration Policy Statement, the company has opted in certain cases for variable payments to non-executive directors, in line with their responsibilities and the tasks they actually perform, as their role is not solely that of "supervisors" or advisers at meetings of the Board of Directors.

II.1.5.2 THE REMUNERATION COMMITTEE AND THE BOARD OF DIRECTORS SHALL SUBMIT A STATEMENT ON THE REMUNERATION POLICY TO BE PRESENTED AT THE ANNUAL SHAREHOLDERS GENERAL MEETING ON THE MANAGEMENT AND SUPERVISORY BODIES AND OTHER MANAGERS AS PROVIDED FOR IN ARTICLE 248/3/B OF THE SECURITIES CODE. THE SHAREHOLDERS SHALL BE INFORMED OF THE PROPOSED CRITERIA AND PRINCIPAL PARAMETERS FOR ASSESSING PERFORMANCE WITH A VIEW TO DETERMINING THE VARIABLE



COMPONENT, IN THE FORM OF SHARE BONUSES, SHARE OPTIONS, ANNUAL BONUSES OR OTHER COMPONENTS.

NOT ADOPTED

The company complies in full with this recommendation with regard to the company officers. The document in question, approved for a three-year period which ended in 2009, is reproduced in part II of this Information on Corporate Governance.

The company holds to its understanding as previously expressed and continues not to comply with this recommendation with regard to managers who are not company officers. It is easy to understand why, in its new recommendations, the Securities Market Commission, has provided for different treatment for such different situations. This question relates to company managers, and the directors consider that the remuneration policy for employees is a management issue which is their sole responsibility, as follows clearly from combined interpretation of Articles 373.3 and 405 of the Companies Code. Contrary to the case in companies by quota shares, in limited liability corporations shareholders are only involved in the management of the company in very exceptional situations, and only on the initiative of the management body. It is felt that in this case no exception was justified, as that the existence of a constraint on the directors' powers to decide the remuneration of management staff might even undermine their responsibility vis-à-vis the shareholders.

II.1.5.3 NO LESS THAN ONE OF THE REMUNERATION COMMITTEE'S REPRESENTATIVES SHALL BE PRESENT AT THE ANNUAL SHAREHOLDERS' GENERAL MEETING

ADOPTED

This recommendation has been adopted. It should nonetheless be noted that the decision to adopt this recommendation has not been imposed by the company, but has instead flow from a decision taken freely by the Remuneration Committee itself.

II.1.5.4 A PROPOSAL SHALL BE SUBMITTED AT THE GENERAL MEETING ON THE APPROVAL OF PLANS FOR THE ALLOTMENT OF SHARES AND/OR SHARE OPTIONS OR OPTIONS BASED ON VARIATION IN SHARE PRICES, TO MEMBERS OF THE MANAGEMENT AND AUDIT BOARDS AND OTHER DIRECTORS WITHIN THE CONTEXT OF ARTICLE 248/3/B OF THE SECURITIES CODE. THE PROPOSAL SHALL MENTION ALL THE NECESSARY INFORMATION FOR ITS CORRECT ASSESSMENT. THE PROPOSAL SHALL CONTAIN THE PLAN REGULATIONS OR, IF THESE HAVE NOT YET BEEN DRAWN UP, THE GENERAL CONDITIONS TO WHICH THE PLAN IS SUBJECT. THE MAIN FEATURES OF THE RETIREMENT BENEFIT PLANS FOR MEMBERS OF THE MANAGEMENT AND AUDIT BOARDS AND OTHER DIRECTORS WITHIN THE CONTEXT OF ARTICLE 248/3/B OF THE SECURITIES CODE, SHALL ALSO BE APPROVED AT THE GENERAL MEETING.

ADOPTED

The company has no share allocation schemes. It does however have a pension plan, for directors only, with regulations approved by resolution of the shareholders. The recommendation is therefore adopted in full.

This issue is further referred to in chapter II.20 of this Report.

II.1.5.5 THE REMUNERATION OF THE MEMBERS OF THE MANAGEMENT AND AUDIT BOARDS SHALL BE INDIVIDUALLY AND ANNUALLY DISCLOSED AND, INFORMATION ON FIXED AND VARIABLE REMUNERATION SHALL BE PROVIDED AS WELL AS ANY OTHER REMUNERATION RECEIVED FROM OTHER COMPANIES WITHIN THE GROUP OF COMPANIES OR COMPANIES CONTROLLED BY THE OWNERS OF QUALIFYING HOLDINGS.

NOT ADOPTED

The company does not comply fully with this recommendation.

Indeed, as argued in the past, the decision not to comply fully was taken after weighing up all the interests at stake which, in the view of the directors, suggest, in addition to other potential negative effects, that the gains of such a disclosure would not outweigh the advantages of maintaining the privacy of each director. However, part of the content of this recommendation has now been incorporated into regulations and law, meaning that it is no longer a mere option at the level of corporate governance. The company limits itself to complying with the mandatory requirements, opting not to disclose individual remuneration received in other group companies or in companies controlled by the holders of qualifying holdings.

This issue is further referred to in chapter II.20 of this Report.

## **II.2. BOARD OF DIRECTORS**

**II.2.1.** WITHIN THE LIMITS ESTABLISHED BY LAW FOR EACH MANAGEMENT AND SUPERVISORY STRUCTURE, AND EXCEPT BECAUSE OF THE SMALL SIZE OF THE COMPANY, THE BOARD OF DIRECTORS SHALL DELEGATE THE DAY-TO-DAY RUNNING OF THE COMPANY AND THE DELEGATED RESPONSIBILITIES SHALL BE IDENTIFIED IN THE ANNUAL REPORT ON CORPORATE GOVERNANCE.

ADOPTED

In this company, day-to-day management responsibilities are delegated to an Executive Board and the respective powers are identified in this report. This question is considered at further length in Chapters II.2 and II.3.

**II.2.2.** THE BOARD OF DIRECTORS SHALL ENSURE THAT THE COMPANY ACTS IN ACCORDANCE WITH ITS OBJECTS, AND SHALL NOT DELEGATE ITS RESPONSIBILITIES WITH REGARD TO: I) DEFINITION OF THE COMPANY'S STRATEGY AND GENERAL POLICIES; II) DEFINITION OF THE CORPORATE STRUCTURE OF THE GROUP; III) DECISIONS THAT SHOULD BE CONSIDERED AS STRATEGIC DUE TO THE AMOUNTS, RISK AND PARTICULAR CHARACTERISTICS INVOLVED.

NOT ADOPTED

As in the previous year, the recommendation is not adopted in full because the powers delegated to the Executive Board include some of the powers contemplated in the recommendation.

However, in practice, this recommendation has been adopted, as the powers in question have so far been exercised by the Board of Directors, and it is the intention of both the Board of Directors and of the Executive Board that this should continue to be the procedure in future.

However, the Board of Directors considers that the formal situation of wider delegated powers should be maintained, as the company should not take the risk that, in particular situations not compatible with the relative inflexibility of the procedures for holding meetings of the Board of Directors, important steps might not be taken in due time because the Executive Board lacks the necessary powers.

**II.2.3.** IF CHAIRMAN OF THE BOARD OF DIRECTORS EXERCISES EXECUTIVE DUTIES, THE BOARD OF DIRECTORS SHALL SET UP EFFICIENT MECHANISMS FOR COORDINATING NON-EXECUTIVE MEMBERS THAT CAN ENSURE THAT THESE MAY REACH DECISIONS IN AN INDEPENDENT AND INFORMED MANNER, AND FURTHERMORE SHALL EXPLAIN THESE MECHANISMS TO THE SHAREHOLDERS IN THE CORPORATE GOVERNANCE REPORT.

ADOPTED

The Chairman of the Board of Directors is also Chairman of the Executive Board, but the necessary procedures are in place in the company to assure efficient coordination of the work of non-executive directors; this recommendation is therefore adopted in full. This issue is further referred to in Chapter II.3 of this Report.

**II.2.4.** THE ANNUAL MANAGEMENT REPORT SHALL INCLUDE A DESCRIPTION OF THE WORK OF NON-EXECUTIVE BOARD MEMBERS AND SHALL MENTION ANY CONSTRAINTS ENCOUNTERED.

ADOPTED

This recommendation has been fully adopted, and a description of the activities of the non-executive directors is included in part IV of this Information on Corporate Governance .

**II.2.5.** THE MANAGEMENT BODY SHALL ROTATE THE MEMBER WITH RESPONSIBILITY FOR FINANCIAL AFFAIRS, AT LEAST AT THE END OF EVERY OTHER TERM OF OFFICE.

NOT ADOPTED

The company considers that responsibility for financial questions should be shared between and exercised by the most appropriate persons, in the manner which best serves the company's interests. The recommendation of rotation, which is made without reference to any other circumstances, does not appear to be capable of serving any type of interest or concern higher than the duty of ensuring that the solution implemented in the company is that which best serves its interests, irrespective of whether this involves an element of rotation or alteration of previous options.

Moreover, there are various arrangements for oversight of the company's affairs, most notably the Audit Board, which provides effective supervision in this and other areas of the company's activities.

Adoption of this recommendation does not therefore appear to be in the company's best interest.

These issues are considered further in chapters II.3 and II.4.

### **II.3. CHIEF EXECUTIVE OFFICER (CEO), EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS**

**II.3.1.** DIRECTORS WHO EXERCISE EXECUTIVE DUTIES, WHEN REQUESTED BY OTHER BOARD MEMBERS TO SUPPLY INFORMATION, SHALL DO SO IN A TIMELY MANNER AND THE INFORMATION SUPPLIED SHALL ADEQUATELY RESPOND TO THE ENQUIRY.

ADOPTED

The executive directors provide the information requested by other company officers in a timely and appropriate manner, as detailed in chapter II.3 of this report. This recommendation has therefore been adopted in full.

**II.3.2.** THE CHAIRMAN OF THE EXECUTIVE COMMITTEE SHALL SEND NOTICES AND MINUTES OF MEETINGS TO THE CHAIRMAN OF THE BOARD OF THE DIRECTORS AND, WHEN APPLICABLE, TO THE CHAIRMAN OF THE AUDIT BOARD OR THE AUDITING COMMITTEE.

ADOPTED

This recommendation has been adopted in full, and the notices of meetings and minutes of the Executive Board are forwarded to the Chairman of the Audit Board.

**II.3.3.** THE CHAIRMAN OF THE EXECUTIVE BOARD OF DIRECTORS SHALL SEND THE NOTICES AND MINUTES OF MEETINGS TO THE CHAIRMAN OF THE GENERAL AND AUDIT BOARD AND TO THE CHAIRMAN OF THE FINANCIAL AFFAIRS COMMITTEE.

NOT APPLICABLE

This recommendation does not apply to the company, as it is structured differently.

### **II.4. GENERAL AND AUDIT BOARD, FINANCIAL AFFAIRS COMMITTEE, AUDIT COMMITTEE AND AUDIT BOARD**

**II.4.1.** IN ADDITION TO ITS SUPERVISORY DUTIES, THE GENERAL AND AUDIT BOARD SHALL ADVISE, MONITOR AND ASSESS, ON AN ONGOING BASIS, THE MANAGEMENT OF THE COMPANY BY THE EXECUTIVE BOARD OF DIRECTORS. IN ADDITION TO OTHER MATTERS, THE GENERAL AND AUDIT BOARD SHALL PRONOUNCE ON: I) DEFINITION

OF THE STRATEGY AND GENERAL POLICIES OF THE COMPANY; II) THE CORPORATE STRUCTURE OF THE GROUP; AND III) DECISIONS WHICH SHOULD BE CONSIDERED STRATEGIC DUE TO THE AMOUNTS, RISK AND PARTICULAR CHARACTERISTICS INVOLVED.

NOT APPLICABLE

This recommendation does not apply to the company, as it is structured differently.

- II.4.2.** THE ANNUAL REPORTS AND FINANCIAL INFORMATION ON THE WORK OF THE GENERAL AND SUPERVISORY BOARD, THE FINANCIAL AFFAIRS COMMITTEE, THE AUDIT COMMITTEE AND THE AUDIT BOARD SHALL BE DISCLOSED ON THE COMPANY'S WEBSITE TOGETHER WITH THE FINANCIAL STATEMENTS.

ADOPTED

This recommendation is adopted, insofar as the report of the Audit Board, covering its activities in the period in question, has always been disclosed on the company's website, together with the other reports and financial statements.

- II.4.3.** THE ANNUAL REPORTS ON THE WORK OF THE GENERAL AND SUPERVISORY BOARD, THE FINANCIAL AFFAIRS COMMITTEE, THE AUDIT COMMITTEE AND THE AUDIT BOARD SHALL INCLUDE A DESCRIPTION OF THEIR SUPERVISORY ACTIVITY AND SHALL MENTION ANY CONSTRAINTS ENCOUNTERED

ADOPTED

The report in question includes a description of the supervisory activities of the Audit Board, indicating any constraints encountered. This recommendation is therefore adopted in full.

- II.4.4.** THE FINANCIAL AFFAIRS COMMITTEE, THE AUDIT COMMITTEE AND THE AUDIT BOARD (DEPENDING ON THE APPLICABLE MODEL) SHALL REPRESENT THE COMPANY FOR ALL PURPOSES IN DEALINGS WITH THE EXTERNAL AUDITOR, AND SHALL PROPOSE THE PROVIDER OF THESE SERVICES AND THE RESPECTIVE REMUNERATION, ENSURE THAT ADEQUATE CONDITIONS FOR THE SUPPLY OF THESE SERVICES ARE IN PLACE WITHIN THE COMPANY, AS WELL AS PROVIDING THE POINT OF CONTACT AT THE COMPANY AND RECEIVING THE RESPECTIVE REPORTS

NOT ADOPTED

The letter of this recommendation has not been adopted but, as with other recommendations, the company complies with its spirit.

As explained in the previous year, the company considers in the first place that the recommendation should not be interpreted as meaning that formal powers to represent the company in this regard should be granted to the audit board, by powers of attorney or other equivalent instruments.

The Audit Board effectively maintains an important dialogue with the External Auditor, and the reports are generally received and discussed at joint meetings with the Audit Board and a member of the Board of Directors; the Audit Board assures that proper arrangements have been made within the company for the audit services to be conducted correctly.

But the letter of the recommendation goes further, asserting that the Audit Board should be "the" point of contact between the company and the external auditor, and also requiring that instead of the report being received simultaneously it should instead be submitted in the first place to the Audit Board. This appears excessive. The company takes the sufficient steps to assure there are no barriers or filters between the external auditor and the Audit Board which would deny the Audit Board direct knowledge of the auditor's work; the Board of Directors takes the necessary steps to assure the reports are submitted simultaneously to the Audit Board and itself, but it cannot in all conscience deny itself knowledge of the findings of the external auditors, or delay the moment when it learns of such findings. Final responsibility for the company's affairs and its financial statements lies with the Board of Directors.

As regards the contracting of the external auditor, the Audit Board proposes the auditor under the terms of Article 420.2 b) of the Companies Code and is party to the process of fixing the respective remuneration. It should be noted that the External Auditor is the

company's Official Auditor and has been elected by the shareholders for a term of office identical to that of the Audit Board.

This means that in 2010, an election year for company officers, the company may be faced with the procedural difficulty referred to in last year's report, relating essentially to the fact that the proposal refers to a term of office for which the actual members of the audit board do not know if they will remain in office, as this depends on a decision of the shareholders, which will be taken at the same time as it elects the official auditor. It should be noted that, in view of the need to rotate the members of the Audit Board (Article 414.5 b) of the Companies Code), it could happen that they will be proposing an auditor for a period when they themselves will not be following through his activities.

In other words, the concerns which prompted this recommendation have been taken into due account by Semapa, but the literal text of the recommendation has not been adopted.

- II.4.5.** DEPENDING ON THE APPLICABLE MODEL, THE COMMITTEES FOR FINANCIAL MATTERS, AUDIT COMMITTEE AND THE AUDIT BOARD SHALL ASSESS THE EXTERNAL AUDITOR ANNUALLY AND PROPOSE HIS DISMISSAL TO THE GENERAL MEETING WHENEVER THERE IS DUE CAUSE.

ADOPTED

The external auditor is assessed by the Audit Board on a continuous basis, and especially at the close of each half and full year. No proposal has ever been made for dismissal, but such powers are in fact recognized as existing.

This recommendation has therefore been adopted in full by the company.

## **II.5. SPECIAL COMMITTEES**

- II.5.1** EXCEPT IN SMALL COMPANIES AND DEPENDING ON THE ADOPTED MODEL, THE BOARD OF DIRECTORS AND THE GENERAL AND SUPERVISORY BOARD SHALL SET UP THE NECESSARY COMMITTEES IN ORDER TO: I) ASSURE A COMPETENT AND INDEPENDENT ASSESSMENT OF THE PERFORMANCE OF THE EXECUTIVE DIRECTORS, AS WELL AS OF THEIR OWN OVERALL PERFORMANCE AND ALSO THAT OF ALL EXISTING COMMITTEES; II) STUDY THE ADOPTED GOVERNANCE SYSTEM AND VERIFY ITS EFFECTIVENESS AND PROPOSE TO THE RELEVANT BODIES THE MEASURES REQUIRED FOR ITS IMPROVEMENT.

ADOPTED

With regard to the question of a committee to assess the performance of executive directors, the company considers that, as it is a holding company with a very simple management structure, with direct business operations carried on by its subsidiaries, there is no need to create such an independent committee. Given the nature of the company, this role is satisfactorily filled by the Chairman of the Board of Directors, by the Audit Board, by the Remuneration Committee and by the shareholders.

As indicated in chapter II.3 of this Report, the company has a committee responsible for corporate governance issues.

The company therefore complies in full with this recommendation.

- II.5.2** MEMBERS OF THE REMUNERATION COMMITTEE OR THE EQUIVALENT SHALL BE INDEPENDENT OF THE MEMBERS OF THE BOARD OF DIRECTORS.

ADOPTED

In previous years, the company already considered this recommendation to be adopted, as there were objective criteria for assessing such independence, and these criteria were satisfied in relation to all the members of the committee. However, with regard to the financial year of 2007, the Securities Market Commission considered that the recommendation was not adopted because one of the members had been a director of the company. This question therefore requires careful consideration.

We should start by pointing out that there is now no objective criterion for assessing independence, although chapter II.19 of the annex to Securities Market Commission

Regulation no. 1/2007, which governs the preparation of this report, continues to require that these same objective factors be identified with regard to the relationship between members of the Remuneration Committee and the Board of Directors.

The committee member, Mr. Paulo Abreu, has no relationship of any kind with the company. The committee member, Eng. Frederico da Cunha, was in fact a director of the company until 2005. However, this fact would not appear to undermine his independence given that a closer examination of this relationship shows that there is no position of dependency vis-à-vis the company. The only bond which subsists is that of the retirement pension, which is an entitlement which cannot be called into question by the directors. It is impossible to see what advantages this member of the committee might have in acting in a biased or partial manner. It might be possible, from a more superficial approach, to make much of the fact that, if Eng. Frederico da Cunha were by chance to be elected again as a non-executive director, he could no longer qualify as an independent non-executive director on the grounds that he has held office in the company for more than two terms of office.

However, the assessment of independence for the purposes of an office regarded as supervisory cannot be conducted using the same parameters as for assessing independence for the purpose of setting remuneration. Not least because until recently the criteria to be used for assessing independence were radically different between these two cases. For the remuneration committee, the emphasis must be laid on whether or not the directors are able to exert influence on its members, and no factors are therefore identified which might prevent this member of the committee from qualifying as independent.

As regards Dr. José Maury, who represents Egon Zender, there are occasional instances of services rendered by this entity which are nonetheless insignificant in the overall context of the affairs of both Egon Zender or Semapa. In the course of 2009, Egon Zender was not involved in any contract work for Semapa, and its subsidiaries were involved in only 2 contracts. There is similarly nothing here to undermine the independence of this member of the committee.

If we extend this analysis to encompass the position of the different members of the committee, we find instead that the membership is extremely favourable to a correct and independent assessment. In effect, the committee consists of one person with no relationship with the company and no direct relation with the activity of remuneration setting, one person who is familiar with the internal working of the company from the time when he was a director and one more who is a specialist on the question of remuneration.

The company therefore considers that this recommendation has been fully adopted.

This issue is further referred to in item II.19 of this Report.

**II.5.3 ALL COMMITTEES SHALL DRAW UP MINUTES OF THE MEETINGS HELD.**

ADOPTED

This recommendation has been fully adopted by the company given that all the committees identified in Chapter II.3 of this Report draw up minutes of their meetings.

**III. REPORTING AND AUDITING**

**III.1 GENERAL REPORTING DUTIES**

**III.1.2 COMPANIES SHALL MAINTAIN PERMANENT CONTACT WITH THE MARKET, THEREBY UPHOLDING THE PRINCIPLE OF EQUALITY FOR SHAREHOLDERS AND PREVENTING ANY INEQUALITY IN ACCESS TO INFORMATION FOR INVESTORS. TO THIS END, THE COMPANY SHALL HAVE AN INVESTOR SUPPORT OFFICE.**

ADOPTED

This recommendation has been adopted, as follows from the detailed treatment of this issue in Chapter III.12 of this Report.

**III.1.3** THE FOLLOWING INFORMATION PUBLISHED ON THE COMPANY'S WEBSITE SHALL BE DISCLOSED IN THE ENGLISH LANGUAGE:

- a) THE COMPANY NAME, PUBLIC COMPANY STATUS, REGISTERED OFFICE AND OTHER DATA REQUIRED BY ARTICLE 171 OF THE COMPANIES CODE;
- b) ARTICLES OF ASSOCIATION;
- c) IDENTITY OF COMPANY OFFICERS AND MARKET RELATIONS OFFICER;
- d) INVESTOR SUPPORT OFFICE, RESPECTIVE SERVICES AND CONTACT DETAILS;
- e) FINANCIAL STATEMENTS AND REPORTS;
- f) SIX-MONTHLY SCHEDULE OF COMPANY EVENTS;
- g) MOTIONS TO BE TABLED AT THE GENERAL MEETING;
- h) NOTICES OF GENERAL MEETINGS.

ADOPTED

All the above information is disclosed in English on the company's website, and this recommendation is therefore adopted in full by the company.

► 0.4. INDEPENDENCE OF COMPANY OFFICERS

The company bodies are required, on an ongoing basis, to assess the independence of each of their members and inform the shareholders, with due grounds, of their assessment at the time of appointment or in the event of any supervening circumstance undermining their independence.

We should record here that Eng. Joaquim Martins Ferreira do Amaral has discontinued his duties in a company controlled by Semapa, due to the envisaged project not going ahead, meaning that this director now qualifies again as independent.

Dr. António Viana-Baptista was co-opted onto the board of directors in early 2010, and should be regarded as qualifying as independent.

Two explanations are required for why such qualification is consistent with the criterion in Article 414-A.1 h) of the Companies Code. In the first place, some of his directorships are held in companies of the same group, meaning that determination of whether the quantitative requirement was met considered these positions as constituting only one directorship. And secondly, the company has reservations as to whether this criterion has a place in determining the independence of directors insofar as it involves an underlying judgement as to the availability of a given person, and not of his position in relation to a given company, and is therefore in our opinion a factor undeserving of attention when assessing independence.

## Chapter I General Meeting

### ► I.1. IDENTIFICATION OF THE OFFICERS OF THE GENERAL MEETING.

The officers of the General Meeting are:

Chairman - Dr. José Pedro Correia de Aguiar-Branco  
Secretary - Dr. Rita Maria Pinheiro Ferreira Soares de Oliveira

### ► I.2. STARTING AND ENDING DATES OF TERMS OF OFFICE.

The officers of the general meeting indicated above were elected at the annual general meeting of 21 March 2007, to hold office until the end of the term of office in progress of the other company officers, i.e. 31 December 2009.

### ► I.3. REMUNERATION OF THE CHAIRMAN OF THE GENERAL MEETING.

This information, which is recommended be disclosed, is not revealed by the company for the reasons indicated in the previous chapter on compliance with recommendations. Please see the explanation on recommendations I.1.2 and II.1.5.5.

### ► I.4. TIME DURING WHICH SHAREHOLDERS MUST DEPOSIT OR FREEZE THEIR SHARES IN ORDER TO PARTICIPATE IN THE GENERAL MEETING.

The Articles of Association require that shareholder present documentary evidence of ownership of shares and that they have been frozen no less than five days prior to the date of the general meeting. These five days are counted continuously and whenever a time limit ends on a weekend or bank holiday, the end of the period is transferred to the next business day.

The company considers as the date of receipt the date on which the document is first received by fax or email, provided the original is presented by the starting date of the general meeting.

### ► I.5. RULES APPLICABLE TO THE FREEZING OF SHARES IN THE EVENT OF ADJOURNMENT OF THE GENERAL MEETING.

The chairman of the general meeting considers that shares do not need to be frozen for the entire adjournment period until resumption of the meeting, it being sufficient for the rules applying to the first session to apply to the second in this respect.

### ► I.6. NUMBER OF SHARES THAT CORRESPOND TO ONE VOTE.

As established in the articles of association, one vote corresponds to each 385 shares.



- ▶ I.7. THE EXISTENCE OF RULES IN THE ARTICLES OF ASSOCIATION ON THE EXERCISE OF VOTING RIGHTS, INCLUDING QUORUMS FOR HOLDING MEETINGS OR ADOPTING RESOLUTIONS OR SYSTEMS FOR EQUITY RIGHTS.

Nothing to report in this regard except that there are time limits for presentation of the documentation needed for participation in the general meeting and postal votes.

The time limits comply with the relevant recommendations and are as follows:

Deadline for presenting document proving ownership of shares ..... 5 days

Deadline for presentation of proxy letters ..... 5 days

Deadline for presentation of postal voting documentation.....day before the GM

- ▶ I.8. EXISTENCE OF RULES IN THE ARTICLES OF ASSOCIATION ON POSTAL VOTES.

Postal votes are permitted on the terms established in the articles of association, the following procedures being observed:

- a) An envelope containing the voting declarations shall be addressed to the Chairman of the General Meeting, and received at the registered offices by the day before the meeting;
- b) This envelope shall contain (1) letter addressed to the Chairman of the General Meeting, with notarized signature, expressing the intention to vote, and (2) the voting declarations, one for each item on the order of business, in a separate sealed envelope indicating on the outside the item on the order of business to which it refers;
- c) Postal votes are counted as votes against any motions submitted subsequent to their casting, and
- d) The Board of Directors may issue rules on alternative forms of exercising voting rights, not using paper, provided they also assure the authenticity and confidentiality of votes until the moment of casting.

- ▶ I.9. PROVISION OF POSTAL VOTING FORMS.

The company provides postal voting forms. These forms are available on the company's website and may be requested from the investor support office.

- ▶ I.10. TIME LIMIT FOR RECEIPT OF POSTAL BALLOTS PRIOR TO THE DATE OF GENERAL MEETINGS.

As stated, the envelope containing postal votes may be received up to the day prior to the general meeting.

► I.11. EXERCISE OF VOTING RIGHTS BY ELECTRONIC MEANS.

Exercise of voting rights by electronic means is still not possible.

We wish to note that the company has yet to receive any enquiry or expression of interest from shareholders or investors in relation to such a facility.

► I.12. INFORMATION ON THE INTERVENTION BY THE GENERAL MEETING ON MATTERS CONCERNING THE REMUNERATION POLICY OF THE COMPANY AND ASSESSMENT OF THE PERFORMANCE OF MEMBERS OF THE BOARD OF DIRECTORS.

In the financial year of 2007, a remuneration policy statement for company officers, drawn up by the Remuneration Committee, and valid until the end of the current term of office, was submitted by the same committee to the shareholders at the general meeting where it was discussed and approved, in conjunction with the other financial statements and reports..

The document in question is reproduced in part II of this Information on Corporate Governance.

At the annual general meeting this year, the Remuneration Committee will submit for the consideration of shareholders a new remuneration policy statement, not only because the current statement was valid only until the end of the financial year now ended, but also because the statement has to incorporate new legal and regulatory requirements in this area.

► I.13. DEFENSIVE MEASURES DESIGNED TO CAUSE AUTOMATIC AND SERIOUS EROSION IN THE COMPANY'S ASSETS IN THE EVENT OF A CHANGE OF CONTROL OR ALTERATIONS TO MEMBERSHIP OF THE MANAGEMENT BODY.

The company has no defensive measures which automatically cause serious erosion in the company's assets in the event of a change of control or alterations to membership of the management body.

► I.14. SIGNIFICANT AGREEMENTS TO WHICH THE COMPANY IS PARTY AND WHICH TAKE EFFECT, ARE AMENDED OR TERMINATE IN THE EVENT OF A CHANGE IN THE CONTROL OF THE COMPANY, TOGETHER WITH THE RESPECTIVE EFFECTS, UNLESS, DUE TO ITS NATURE, DISCLOSURE OF SUCH AGREEMENTS WOULD BE SERIOUSLY DETRIMENTAL TO THE COMPANY, EXCEPT IF THE COMPANY IS SPECIFICALLY REQUIRED TO DISCLOSE SUCH INFORMATION BY OTHER MANDATORY PROVISION OF LAW.

The company is not party to any significant agreements which take effect, are amended or terminate in the event of a takeover bid.

► I.15. AGREEMENTS BETWEEN THE COMPANY AND DIRECTORS OR MANAGERS, AS DEFINED BY ARTICLE 248-B.3 OF THE SECURITIES CODE, WHICH PROVIDE FOR COMPENSATION IN THE EVENT OF RESIGNATION, DISMISSAL WITHOUT DUE CAUSE OR TERMINATION OF EMPLOYMENT CONTRACT AS A RESULT OF A CHANGE OF CONTROL OF THE COMPANY.

There are also no agreements between the company and the company officers or employees providing for compensation in the event of termination or redundancy as the result of a takeover.

## Chapter II Management and Supervisory Bodies

### ► II.1. COMPANY BODIES AND RESPECTIVE MEMBERSHIP

The following company officers were elected for term running from 2006 to 2009, and remain in office until a fresh election is held:

#### General Meeting

Chairman: Dr. José Pedro Correia de Aguiar-Branco  
Secretary: Dr. Rita Maria Pinheiro Ferreira Soares de Oliveira

#### Audit Board

Chairman: Dr. Duarte Nuno d' Orey da Cunha  
Full members: Dr. Miguel Camargo de Sousa Eiró  
Dr. Gonçalo Nuno Palha Gaio Picão Caldeira  
Alternate member: Dr. Marta Isabel Guardalino da Silva Penetra

#### Official Auditor:

Full: PricewaterhouseCoopers & Associados – SROC, Lda,  
represented by Dr. Abdul Nasser Abdul Sattar (ROC) or Dr.  
Ana Maria Ávila de Oliveira Lopes Bertão (ROC)  
Alternate: Dr. Jorge Manuel Santos Costa (ROC)

#### Board of Directors: (†)

Chairman: Pedro Mendonça de Queiroz Pereira  
Directors: Maria Maude Mendonça de Queiroz Pereira Lagos  
Dr. José Alfredo de Almeida Honório  
Dr. Francisco José Melo e Castro Guedes  
Dr. Carlos Maria Cunha Horta e Costa  
Dr. José Miguel Pereira Gens Paredes  
Dr. Paulo Miguel Garcês Ventura  
Dr. Rita Maria Lagos do Amaral Cabral  
Eng. António da Nóbrega de Sousa da Câmara  
Eng. Joaquim Martins Ferreira do Amaral  
Dr. António Pedro de Carvalho Viana-Baptista

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\* From the start of 2009 through to the present, the following changes have taken place in the board of directors: the director Fernando Maria Costa Duarte Ulrich resigned from office on 06-02-2009, the director Eng. Carlos Eduardo Coelho Alves resigned from office on 20-02-2009, the director Dr. António Paiva de Andrada Reis ceased to hold office on 14-03-2010 due to his death, and on 08-01-2010 the Board of Directors resolved to elect Dr. António Pedro de Carvalho Viana-Baptista by co-option.

► II.2. OTHER COMMITTEES WITH MANAGEMENT AND SUPERVISORY POWERS, AND RESPECTIVE MEMBERS

The company has the following committees with management and supervisory responsibilities:

Executive Board

Pedro Mendonça de Queiroz Pereira, who chairs the committee  
Dr. José Alfredo de Almeida Honório  
Dr. Francisco José Melo e Castro Guedes  
Dr. Carlos Maria Cunha Horta e Costa  
Dr. José Miguel Gens Paredes  
Dr. Paulo Miguel Garcês Ventura.

Internal Control Committee

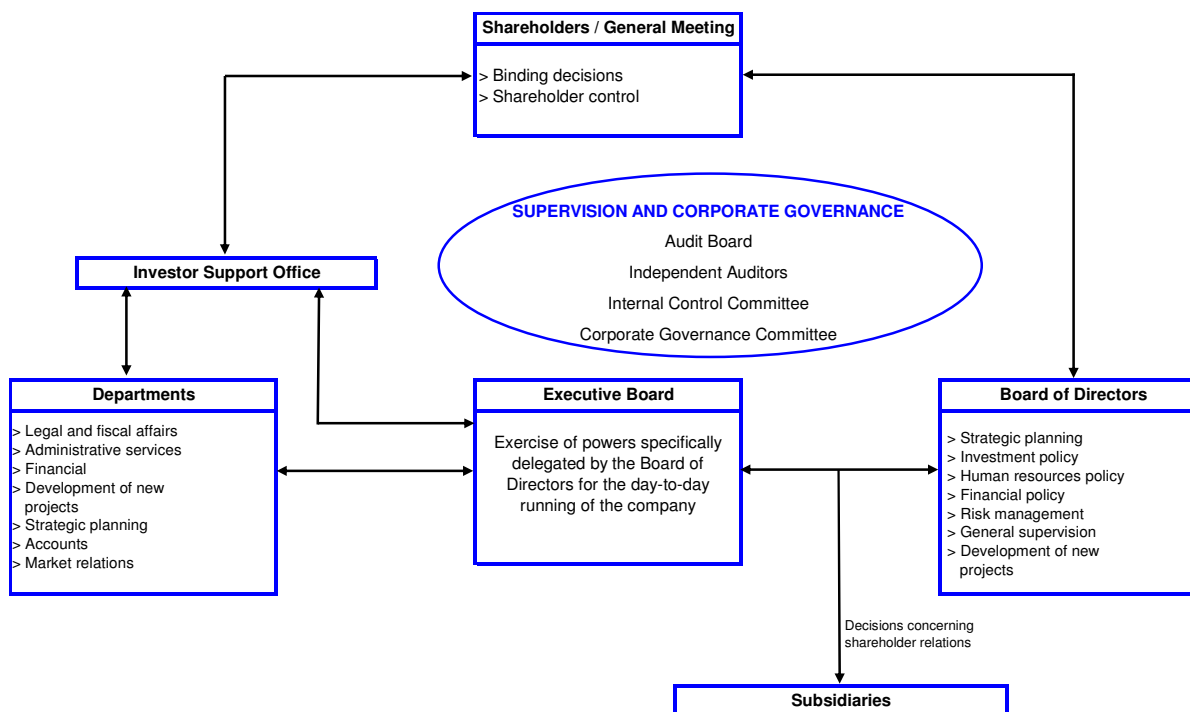
Eng. Joaquim Martins Ferreira do Amaral  
Eng. Jaime Alberto Marques Sennfelt Fernandes Falcão  
Dra. Margarida Isabel Feijão Antunes Rebocho

Corporate Governance Control Committee

Dr. Rita Maria Lagos do Amaral Cabral  
Eng. Gonçalo Allen Serras Pereira  
Eng. Jorge Manuel de Mira Amaral

- II.3. ORGANIZATIONAL CHARTS OR FLOW CHARTS SHOWING THE DIVISION OF RESPONSIBILITIES BETWEEN THE DIFFERENT COMPANY BODIES, COMMITTEES AND/OR DEPARTMENTS, INCLUDING INFORMATION ON POWERS DELEGATED OR SPECIAL RESPONSIBILITIES ASSIGNED TO SPECIFIC DIRECTORS OR MEMBERS OF THE AUDIT BOARD AND A LIST OF MATTERS WHERE POWERS ARE NOT TO BE DELEGATED.

The following chart illustrates the organization of the company and the division of responsibilities between bodies and committees:



Although duties and responsibilities are not rigidly compartmentalized within the Board of Directors, four main areas may be distinguished in the way responsibilities are shared:

- 1 Strategic planning and investment policy, which are the responsibility of the Chairman of the Board of Directors, Pedro Mendonça de Queiroz Pereira.
- 2 Financial policy and risk management, which is the responsibility of the directors Dr. José Alfredo de Almeida Honório and Dr. José Miguel Pereira Gens Paredes.
- 3 Human resources policy and administrative control, which is the responsibility of the directors Dr. Francisco José de Melo e Castro Guedes and Dr. Carlos Maria Cunha Horta e Costa.
- 4 Legal and IT issues, which are the responsibility of the director Dr. Paulo Miguel Garcês Ventura

The Executive Board has been granted wide management powers, largely detailed in the respective act of delegation, and only limited with regard to the matters indicated in article 407/4 of the Companies Code.

The management of the company is centred on the relationship between the Board of Directors and the Executive Board.

The two bodies are co-ordinated and kept in contact by the fact that they have a common chairman, and through regular transmission of all relevant information on the day-to-day management of the company to the non-executive directors, in order to keep them abreast of the company's life at all times. In addition, meetings of the Board of Directors are called for all decisions regarded as especially important, even if they fall within the scope of the powers delegated to the Executive Board.

It is relevant to note in this regard that the members of the Executive Board are available at all times to provide the information requested by the other members of the Board of Directors. It is standard practice for this information to be transmitted immediately when the importance or urgency of the matter so requires.

The Executive Board cannot resolve on the following:

- i) Selection of the chairman of the Board of Directors;
- ii) Co-opting of directors;
- iii) Requests for the call of a general meeting;
- iv) Annual reports and financial statements;
- v) Provision of bonds and personal or real guarantees by the company;
- vi) Change in registered offices and increases in share capital; and
- vii) Plans for merger, break-up or transformation of the company.

No special powers or responsibilities are allocated to individual members of the Audit Board.

In addition to the Audit Board and the Internal Control Committee, as outlined in the following item of this chapter, the company has a Corporate Governance Control Committee (CGCC) which monitors on a continuous basis the company's compliance with the provisions of the law, regulations and articles of association applicable to corporate governance, and is responsible for critical analysis of the company's practices and procedures in the field of corporate governance and for proposing for debate, altering and introducing new procedures designed to improve the structure and governance of the company.

The CGCC meets at intervals appropriate to its duties, and is required to submit a full annual report to the Board of Directors on corporate governance, together with any proposals for changes, as it sees fit.

The Committee comprises three to five members appointed by the Board of Directors, and must include at least one non-executive director and a person without management duties in the company. The Committee members are currently Dr<sup>a</sup> Rita Maria Lagos do Amaral Cabral, a non-executive director of the company, Eng. Gonçalo Allen Serras Pereira, who is a consultant and was an executive director of the company until 2005, and Eng. Jorge Manuel de Mira Amaral, who is a director of controlled/controlling companies who was for several years an officer of Semapa's general meeting.

► II.4. DESCRIPTION OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS WITHIN THE COMPANY, NAMELY AS REGARDS THE FINANCIAL INFORMATION DISCLOSURE SYSTEM

The company's risks are controlled by the Board of Directors, by the Audit Board, by the External Auditors and through an organizational unit with special responsibilities in this area, the Internal Control Committee (ICC).

The Audit Board plays a particularly important role in this field, with all the powers and responsibilities assigned to it directly by law. The ICC's sphere of responsibility is closely connected, and their proceedings are coordinated by their common member, the Chairman of the Audit Board.

The main purpose of the ICC is to detect and control all relevant risks in the company's affairs, in particular financial risks, and the Committee enjoys full powers to pursue this aim, namely:

- (a) To assure compliance by the company with the entire regulatory framework applicable to it, deriving both from law and regulations;
- (b) To monitor the company's business affairs, with integrated and permanent analysis of the risks associated with these affairs;
- (c) To propose and follow through the implementation of specific measures and procedures relating to the control and reduction of the company's business risks, with a view to perfecting the internal risk control and management system, involving at least the following components:
  - Setting strategic aims for the company in terms of risk-taking;
  - Identifying the main risks associated with the specific business carried on and the events which may give rise to risks;
  - Analysis and measurement of the impact and likelihood of the occurrence of each of the potential risks;
  - Risk management with a view to aligning the risks effectively run with the company's strategic options on risk-taking;
  - Procedures for monitoring the execution of risk management measures adopted and their effectiveness;
  - Adoption of internal reporting and notification procedures on the various system components and for risk alerts.
- (d) To check implementation of the adjustments to the internal control and risk management system proposed by the Audit Board;
- (e) To monitor the quality of financial and accounting information, taking steps to ensure that it is reliable; and
- (f) To issue its opinion on the choice of external auditors and to monitor their independence.

Up to July 2006, the ICC no longer supervises the system for notification of irregularities, but with the change in the law introduced by Decree-Law 76-A/2006, of 29 March, which took effect on 30 June 2006, these powers were expressly assigned to the Audit Board.

The committee comprises three to five members appointed by the Board of Directors, which members cannot be executive directors. Its current members are those indicated above.

In addition to the important role played by the Audit Board in this field, internal procedures for risk control are also particularly important in each of the company's main subsidiaries. The nature of the risks and the degree of exposure vary from company to company, and each subsidiary therefore has its own independent system for controlling the risks to which it is subject.

Independent audits of Semapa and the companies it controls are carried out by PriceWaterhouseCoopers.

▶ II.5. POWERS OF THE MANAGEMENT BODY, IN PARTICULAR WITH REGARD TO RESOLUTIONS ON INCREASING THE SHARE CAPITAL

Under the Articles of Association, the Board of Directors does not have powers to resolve on increases in share capital.

It is recognized that permitting the board of directors to resolve on this would offer practical advantages and greater rapidity. However, the need has not yet been felt to propose this to the shareholders.

▶ II.6. INDICATION OF THE EXISTENCE OF RULES OF PROCEDURE FOR CORPORATE BODIES OR ANY INTERNALLY DEFINED RULES ON INCOMPATIBILITY AND THE MAXIMUM NUMBER OF POSITIONS THAT A MEMBER IS ENTITLED TO HOLD AND WHERE THESE RULES MAY BE CONSULTED

The board of directors and the audit board have rules of procedures which are published on the company website ([www.semapa.pt](http://www.semapa.pt)), where they may be consulted.

There are no internal rules on incompatibility or the maximum number of positions that directors may hold on the management bodies of other companies.

▶ II.7. RULES APPLICABLE TO APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

There are no special rules in Semapa on the appointment and replacement of members of the board of directors. The general rules contained in the Companies Code should therefore be applied.

As the code provides a balanced framework, for both the appointment and the replacement of directors, and given that there are no special circumstances in Semapa requiring another solution, the Board of Directors has seen fit to maintain the situation as it stands.

▶ II.8. NUMBER OF MEETINGS IN THE PERIOD OF THE MANAGEMENT AND SUPERVISORY BODIES AND OTHER COMMITTEE WITH MANAGEMENT AND SUPERVISORY POWERS

In the course of 2009 there were 4 meetings of the Board of Directors, 4 meetings of the Audit Board and 32 meetings of the Executive Board.

The Internal Control Committee met twice and the Corporate Governance Control Committee also met twice during the period.



- ▶ II.9. IDENTIFICATION OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER COMMITTEES CREATED WITHIN THE COMPANY, DISTINGUISHING BETWEEN EXECUTIVE AND NON-EXECUTIVE MEMBERS, AND WITH REGARD TO THE LATTER, DETAILING MEMBERS WHO COMPLY WITH THE INCOMPATIBILITY RULES PROVIDED FOR IN ARTICLE 414-A.1, EXCEPT FOR ITEM B), AND THE INDEPENDENCE CRITERION REFERRED TO IN ARTICLE 414.5, BOTH OF THE COMPANIES CODE

### Executive Directors

The executive members of the Board of Directors are those indicated above as members of the Executive Board.

It should be noted that, in the case of Semapa, it is not possible to draw a clear line between directors who are members of the executive board and directors who serve as mere “advisers” to the Board of Directors. Directors who are not members of the Executive Board are sometimes called on to perform duties in the company which go beyond providing advice at board meetings. However, these duties cannot be described in a standardized format, as they vary from person to person, and over time, depending also on the issues involved.

None of the directors who are not members of the executive board can be classified as “executive” directors. Even in the case of Eng. Joaquim Ferreira do Amaral, who is the non-executive directors that keeps the closest contact with management affairs, there is no general and permanent involvement such as would justify such classification. Nor would the close involvement of Ms. Maria Maude Mendonça de Queiroz Pereira Lagos on matters of strategic planning and investment policy justify this classification.

Due to the actual nature of their duties, the executive directors cannot and should not be regarded as “independent” or not “incompatible” under the criteria of Articles 414-A and 414 of the Companies Code.

### Non-executive Directors

Maria Maude Mendonça de Queiroz Pereira Lagos, as director of companies with significant holdings in Semapa, is not independent. She also fails to meet the criteria for incompatibility, insofar as she is related to the Chairman of the Board of Directors, who holds office in companies related to Semapa.

Dr. Rita Maria Lagos do Amaral Cabral is also a director of companies with significant holdings in Semapa, and cannot therefore be classified as independent. However, in her case there are no circumstances which qualify as a factor of “incompatibility”.

Eng. António da Nóbrega de Sousa da Câmara may be classified as independent and there is no factor of incompatibility.

Eng. Joaquim Martins Ferreira do Amaral has ceased to hold office in a controlled company and may therefore qualify as independent, and there is no factor of incompatibility.

Dr. António Pedro de Carvalho Viana-Baptista qualifies as independent under Article 414.5 of the Companies Code. As regards factors of incompatibility, we can only refer to the circumstance envisaged in Article 414-A.1 h) of the Companies Code, in relation to which the Company has the understanding set out above in Chapter 0.4, which does not prevent him from being classified as an independent director.

- ▶ II.10. PROFESSIONAL QUALIFICATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS, INDICATING THEIR PROFESSIONAL ACTIVITIES OVER AT LEAST THE LAST FIVE YEARS, THE NUMBER OF SHARES HELD IN THE COMPANY, THE DATE OF FIRST APPOINTMENT AND OF EXPIRY OF THEIR TERM OF OFFICE.
- ▶ II.11. OFFICE HELD BY MEMBERS OF THE BOARD OF DIRECTORS IN OTHER COMPANIES, INDICATING THAT HELD IN OTHER COMPANIES OF THE SAME GROUP.

Below we detail, for each of the members, their professional qualifications, the number of shares held, the date when first appointed and term of office, office held in other companies inside and outside the Semapa Group, and other professional activities carried on in the last 5 years.

#### Pedro Mendonça de Queiroz Pereira

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: General High School Certificate (Lisbon), studied at the Instituto Superior de Administração
3. Date of first appointment and term of office: 1991 - 2009
4. Office held in other Semapa Group companies:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A .....	Chairman of the Board of Directors
CIMENTOSPAR - Participações Sociais, SGPS, Lda .....	Manager
CIMINPART - Investimentos e Participações, SGPS, S.A.....	Chairman of the Board of Directors
CMP - Cimentos Maceira e Pataias, S.A.....	Chairman of the Board of Directors
PORTUCEL - Empresa Produtora de Pasta e Papel, S.A.....	Chairman of the Board of Directors
SECIL - Companhia Geral de Cal e Cimento, S.A.....	Chairman of the Board of Directors
SECILPAR, S.L.....	Chairman of the Board of Directors
SEINPART - Participações, SGPS, S.A. ....	Chairman of the Board of Directors
SEMINV - Investimentos, SGPS, S.A.....	Chairman of the Board of Directors
SOPORCEL - Sociedade Portuguesa de Papel, S.A.....	Chairman of the Board of Directors

5. Office held in other companies:

CIMIGEST, SGPS, S.A.....	Chairman of the Board of Directors
COSTA DAS PALMEIRAS – Turismo e Imobiliário, S.A.....	Chairman of the Board of Directors
ECOVALUE – Investimentos Imobiliários, L.da .....	Manager
LONGAPAR, SGPS, SA .....	Chairman of the Board of Directors
O E M - Organização de Empresas, SGPS, S.A. ....	Chairman of the Board of Directors
SODIM, SGPS, SA .....	Chairman of the Board of Directors
TEMA PRINCIPAL – SGPS, S.A. ....	Director
TERRAÇOS D'AREIA – SGPS, S.A.....	Chairman of the Board of Directors
VÉRTICE - Gestão de Participações, SGPS, S.A. ....	Chairman of the Board of Directors

6. Other professional activities over the last five years:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.....	Chairman of the Board of Directors
CIMO - Gestão de Participações, SGPS, S.A.....	Chairman of the Board of Directors
CMPARTIN - Inversiones y Participaciones Empresariales S.L. ....	Chairman of the Board of Directors
ECOLUA - Actividades Desportivas, L.da.....	Manager
IMOCIPAR – Imobiliária, S.A.....	Director
PARSECIL, S.L. ....	Chairman of the Board of Directors
PARSEINGES - Gestão de Investimentos, SGPS, S.A .....	Chairman of the Board of Directors
SEMAPA Inversiones, S.L. ....	Chairman of the Board of Directors
Sociedade Agrícola da Quinta da Vialonga, S.A.....	Chairman of the Board of Directors
SOPORCEL – Gestão de Participações Sociais, SGPS, S.A.....	Director

Maria Maude Mendonça de Queiroz Pereira Lagos

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: General High School Certificate (Lisbon).
3. Date of first appointment and term of office: 1994 - 2009
4. Office held in other Semapa Group companies: No office held in other Semapa Group companies
5. Office held in other companies:

CIMIGEST, SGPS, S.A.....	Director
HOTEL VILLA MAGNA, S.L.....	Chairman of the Board of Directors
HOTEL RITZ, SA.....	Chairman of the Board of Directors
YDREAMS - Informática S.A. ....	Director
O E M - Organização de Empresas, SGPS, S.A. ....	Director
SODIM, SGPS, S.A. ....	Director
SONAGI, SGPS, S.A. ....	Director

6. Other professional activities over the last five years:

LONGAVIA - Imobiliária, S.A. ....	Director
VÉRTICE – Gestão de Participações, SGPS, S.A.....	Director

José Alfredo de Almeida Honório

1. Number of shares held in the company: 20,000 shares
2. Professional qualifications: Degree in Economics from the Faculty of Economics, University of Coimbra (1980)
3. Date of first appointment and term of office: 1994 - 2009
4. Office held in other Semapa Group companies:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A.....	Director and Chairman of the Executive Board
ALIANÇA FLORESTAL – Soc. para o Des. Agro-Florestal, S.A.....	Chairman of the Board of Directors
CIMENTOSPAR - Participações Sociais, SGPS, L.da .....	Manager
CIMINPART - Investimentos e Participações, SGPS, S.A.....	Director
CMP - Cimentos Maceira e Pataias, S.A. ....	Director
IMPACTVALUE - SGPS, S.A.....	Chairman of the Board of Directors
PORTUCEL – Empresa Produtora de Pasta e Papel, S.A. ....	Director and Chairman of the Executive Board
PORTUCEL FLORESTAL – Empresa de Desenv. Agro-Florestal, S.A....	Chairman of the Board of Directors
PORTUCELSOPORCEL Energia, SGPS, S.A. ....	Chairman of the Board of Directors
PORTUCELSOPORCEL Floresta, SGPS, S.A (before named SOPORCEL – Gest. de Part. Sociais, SGPS. S.A).....	Chairman of the Board of Directors
PORTUCELSOPORCEL Papel – SGPS, S.A.....	Chairman of the Board of Directors
PORTUCELSOPORCEL Participações, SGPS, S.A. ....	Chairman of the Board of Directors
PORTUCELSOPORCEL N.V. ....	Director
SECIL - Companhia Geral de Cal e Cimento, S.A.....	Director
SEINPART - Participações, SGPS, S.A. ....	Director
SEMINV - Investimentos, SGPS, S.A. ....	Director
SOPORCEL – Sociedade Portuguesa de Papel, S.A.....	Director and Chairman of the Executive Board
TECNIPAPEL – Soc. de Transformação e Distribuição de Papel, L.da....	Chairman of the Management Board
RAIZ – Instituto de Investigação da Floresta e Papel.....	Member of the Management Board

5. Office held in other companies:

IBET – Instituto de Biologia Experimental e Tecnológica .....	Chairman of the Management Board
CELPA – Associação da Indústria Papeleira .....	Chairman of the General Board and Member of the Executive Board
CEPI – Confederation of European Paper Industries .....	Member of the Board of Directors and of the Executive Board

6. Other professional activities over the last five years:

BETOPAL, S.L. ....	Director
CIMIGEST, SGPS, S.A. ....	Director
CIMO - Gestão de Participações, SGPS, S.A. ....	Director
CIMPOR – Cimentos de Portugal, SGPS, S.A. ....	Director
CMPartin - Inversiones y Participaciones Empresariales S.L. ....	Director
FLORIMAR – Gestão e Participações, SGPS, Soc. Unipessoal, L.da. ....	Manager
HEWBOL – SGPS, L.da. ....	Manager
LONGAPAR, SGPS, S.A. ....	Director
PARCIM Investments B.V. ....	Director
PARSECIL, S.L. ....	Director
PARSEINGES - Gestão de Investimentos, SGPS, S.A. ....	Director
SEMAPA Inversiones, S.L. ....	Director

Francisco José Melo e Castro Guedes

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Finance from the Instituto Superior de Ciências Económicas e Financeiras; MBA Insead.
3. Date of first appointment and term of office: 2001 - 2009
4. Office held in other Semapa Group companies:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A. ....	Director
CMP- Cimentos Maceira e Pataias, S.A. ....	Director
CIMENTS DE SIBLINE S.A.L. ....	Director
CIMENTOSPAR – Participações Sociais, SGPS, L.da. ....	Manager
CIMINPART - Investimentos e Participações, SGPS, S.A. ....	Director
FLORIMAR – Gestão e Participações, SGPS, Soc. Unipessoal, L.da. ....	Manager
HEWBOL – SGPS, L.da. ....	Manager
SECIL – Companhia Geral de Cal e Cimento, S.A. ....	Director
SEINPART Participações, SGPS, S.A. ....	Director
SECILPAR S.L. ....	Director
SEMINV – Investimentos, SGPS, S.A. ....	Director
SCG – Sociétés des Ciments de Gabès, S.A. ....	Director
SEMAPA Inversiones, S.L. ....	Chairman of the Board of Directors
SERIFE – Soc. Estudos e Realiz. Indust. Fornec. Equipamentos, L.da. ...	Manager
SILONOR, S.A. ....	Director
So.I.Me Liban S.A.L. ....	Director
SOPORCEL – Sociedade Portuguesa de Papel, S.A. ....	Director
VERDEOCULTO - Investimentos, SGPS, S.A. ....	Chairman of the Board of Directors

5. Office held in other companies:

VIROC PORTUGAL – Indústrias de Madeira e Cimento, S.A. ....	Chairman of the Board of Directors
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6. Other professional activities over the last five years:

ENERSIS - Sociedade Gestora de Participações Sociais, S.A. ....	Director
ENERSIS II – Sociedade Gestora de Participações Sociais, S.A. ....	Director
PARSEINGES - Gestão de Investimentos, SGPS, S.A. ....	Director

### Carlos Maria Cunha Horta e Costa

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Economics from the Instituto Superior de Economia
3. Date of first appointment and term of office: 2006 - 2009
4. Office held in other Semapa Group companies:

GREAT EARTH - Projectos, S.A. .... Director

5. Office held in other companies:

CIMIGEST, SGPS, S.A. .... Director  
CIMIPAR, Sociedade Gestora de Participações Sociais, S.A. .... Chairman of the Board of Directors  
CIMO - Gestão de Participações, SGPS, S.A. .... Director  
GOLIATUR – Sociedade de Investimentos Imobiliários, S.A. .... Director  
LONGAPAR, SGPS, S.A. .... Director  
SONACA, SGPS, S.A. .... Chairman of the Board of Directors

6. Other professional activities over the last five years:

CTT- Correios de Portugal, S.A. .... Chairman of the Board of Directors  
CTT Expresso, S.A. .... Chairman of the Board of Directors  
CTT – Gestão de Serviços e Equipamentos Postais ..... Chairman of the Board of Directors  
Payshop, S.A. .... Chairman of the Board of Directors  
Mailtec – Holding, SGPS, S.A. .... Chairman of the Board of Directors  
Postcontacto, L.da ..... Manager

### José Miguel Pereira Gens Paredes

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Economics
3. Date of first appointment and term of office: 2006 - 2009
4. Office held in other Semapa Group companies:

ABAPOR - Comércio e Indústria de Carnes, S.A. .... Director  
Aprovechamiento Integral de Subprodutos Ibéricos, S.A. .... Director  
BIOLOGICAL - Gestão de Resíduos Industriais, L.da ..... Manager  
CIMENTOSPAR - Participações Sociais, SGPS, L.da ..... Manager  
ETSA - Empresa de Transformação de Subprodutos Animais S.A. .... Director  
GOLIATUR – Sociedade de Investimentos Imobiliários, S.A. .... Director  
I.T.S. - Indústria Transformadora de Subprodutos, S.A. .... Director  
SEBOL - Comércio e Indústria de Sebo, S.A. .... Director  
SEINPART - Participações, SGPS, S.A. .... Director  
SEMINV - Investimentos, SGPS, S.A. .... Director  
VERDEOCULTO - Investimentos, SGPS, S.A. .... Director

5. Office held in other companies:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A. .... Director  
CIMO – Gestão de Participações, SGPS, S.A. .... Director  
LONGAPAR, SGPS, S.A. .... Director  
O E M – Organização de Empresas, SGPS, S.A. .... Director  
SONACA, SGPS, S.A. .... Director

6. Other professional activities over the last five years:

BECIM – Corretora de Seguros, L.da .....	Manager
CIMINPART – Investimentos e Participações, SGPS, S.A. ....	Director
ENERSIS – Sociedade Gestora de Participações Sociais, SGPS, S.A. ....	Director
ENERSIS II – Sociedade Gestora de Participações Sociais, SGPS, S.A. ....	Director
ECH – Exploração de Centrais Hidroeléctricas, S.A. ....	Director
PESL – Parque Eólico da Serra do Larouco, S.A. ....	Director
SILONOR, S.A. ....	Director
SODIM, SGPS, S.A. ....	Member of the Audit Board
SECILPAR Inversiones, S.L. ....	Director
TERCIM – Terminais de Cimento, S.A. ....	Director

Paulo Miguel Garcês Ventura

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Law from Faculty of Law, University of Lisbon. Registered with the Portuguese Bar Association. IEP Insead.
3. Date of first appointment and term of office: 2006 – 2009
4. Other office held in Semapa Group companies:

ABAPOR - Comércio e Indústria de Carnes, S.A. ....	Director
Aprovechamiento Integral de Subprodutos Ibéricos, S.A. ....	Director
BIOLOGICAL - Gestão de Resíduos Industriais, L.da .....	Manager
CIMENTOSPAR – Participações Sociais, SGPS, L.da .....	Manager
ETSA - Empresa de Transformação de Subprodutos Animais S.A. ....	Director
I.T.S. - Indústria Transformadora de Subprodutos, S.A. ....	Director
SEBOL - Comércio e Indústria de Sebo, S.A. ....	Director
SEINPART - Participações, SGPS, S.A. ....	Director
SEMAPA Inversiones, S.L. ....	Director
SEMINV - Investimentos, SGPS, S.A. ....	Director
VERDEOCULTO – Investimentos, SGPS, S.A. ....	Chairman of the General Meeting

5. Office held in other companies:

BEIRA-RIO – Sociedade Construtora de Armazéns, S.A. ....	Chairman of the General Meeting
CIMILONGA – Imobiliária, S.A. ....	Chairman of the General Meeting
CIMIPAR – Sociedade Gestora de Participações Sociais, S.A. ....	Director
CIMO - Gestão de Participações, SGPS, S.A. ....	Director
ESTRADAS DE PORTUGAL, S.A. ....	Vice Chairman of the General Meeting
GALERIAS RITZ – Imobiliária, S.A. ....	Chairman of the General Meeting
GOLIATUR – Sociedade de Investimentos Imobiliários, S.A. ....	Director
HOTEL RITZ, S.A. ....	Chairman of the General Meeting
LONGAPAR, SGPS, S.A. ....	Director
LONGAVIA – Imobiliária, S.A. ....	Chairman of the General Meeting
O E M - Organização de Empresas, SGPS, S.A. ....	Director
PARQUE RITZ – Imobiliária, S.A. ....	Chairman of the General Meeting
REFUNDOS - Sociedade Gest. de Fundos de Invest. Imobiliário, S.A. ....	Chairman of the General Meeting
SODIM, SGPS, S.A. ....	Director
SONAGI – Imobiliária, S.A. ....	Chairman of the General Meeting
VÉRTICE – Gestão de Participações, SGPS, S.A. ....	Chairman of the General Meeting
Sociedade Agrícola da Quinta da Vialonga, S.A. ....	Chairman of the General Meeting

6. Other professional activities over the last five years:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A. ....	Chairman of General Meeting
CIMO - Gestão de Participações, SGPS, S.A. ....	Chairman of General Meeting
IMOCIPAR – Imobiliária, S.A. ....	Chairman of General Meeting
GOLIATUR – Sociedade de Investimentos Imobiliários, S.A. ....	Chairman of General Meeting
LONGAPAR, SGPS, S.A. ....	Chairman of General Meeting

REN – Redes Eléctricas Nacionais, SGPS, S.A. .... Vice-Chairman of General Meeting  
SEINPART - Participações, SGPS, S.A. .... Chairman of General Meeting  
SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A. .... Company Secretary  
SEMINV - Investimentos, SGPS, S.A. .... Chairman of General Meeting  
In legal practice.

#### Rita Maria Lagos do Amaral Cabral

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Law from Faculty of Law, University of Lisbon. Registered with the Portuguese Bar Association.
3. Date of first appointment and term of office: 2006 - 2009
4. Office held in other Semapa Group companies: No office held in other Semapa Group companies
5. Office held in other companies:

Casa Agrícola Amaral Cabral, L.da. .... Manager  
CIMIGEST, SGPS, S.A. .... Director  
Companhia Agrícola da Quinta do Duque ..... Chairman of the General Meeting  
Sociedade Amaral Cabral & Associados – Soc. de Advogados, RL. .... Director  
Sociedade Agrícola do Margarido, L.da ..... Manager  
SODIM, SGPS, S.A. .... Director  
Banco Espírito Santo, S.A. .... Member of the Remuneration Committee

6. Other professional activities over the last five years:

Guest Lecturer at the Faculty of Law, Portuguese Catholic University.  
Member of the National Ethics Council for Life Sciences

#### António da Nóbrega de Sousa da Câmara

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree Civil Engineering (1977), IST; MSc (1979) and PhD (1982) in Environmental Engineering Systems; Professor of the Faculty of Science and Technology, Universidade Nova de Lisboa.
3. Date of first appointment and term of office: 2006 - 2009
4. Office held in other Semapa Group companies: No office held in other Semapa Group companies
5. Office held in other companies:

YDREAMS - Informática S.A. .... Chairman of the Board of Directors

6. Other professional activities over the last five years:

Professor of the Faculty of Science and Technology, Universidade Nova de Lisboa.

#### Joaquim Martins Ferreira do Amaral

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Mechanical Engineering - IST
3. Date of first appointment and term of office: 2006 - 2009

4. Office held in other Semapa Group companies: No office held in other Semapa Group companies.

5. Office held in other companies:

LVT - Lisboa Vista do Tejo..... Chairman of the Board of Directors  
 LUSOPONTE – Concessionária para a Travessia do Tejo S.A..... Chairman of the Board of Directors  
 Transdev – Transportes..... Consultant

6. Other professional activities over the last five years:

GREAT EARTH - Projectos, S.A. .... Chairman of the Board of Directors  
 CIMIANTO - Sociedade Técnica de Hidráulica, S.A. .... Director  
 ENERSIS - Sociedade Gestora de Participações Sociais, S.A..... Director  
 ENERSIS II – Sociedade Gestora de Participações Sociais, SGPS, SA. Director  
 GALP ENERGIA, SGPS, S.A. .... Chairman of the Board of Directors

António Pedro de Carvalho Viana-Baptista

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in Economics from the Portuguese Catholic University (1980); post-graduate studies in European Economics from the Portuguese Catholic University (1981); MBA from INSEAD, Fontainebleau, France (1983).
3. Date of first appointment and term of office: 08 January 2010 (co-opted)
4. Office held in other Semapa Group companies: No office held in other Semapa Group companies
5. Office held in other companies:

IJM Investments, SL ..... Consultant  
 O2 Europe (United Kingdom, Ireland, Germany, Czech Republic) ..... Director  
 RIM – Research In Motion (BlackBerry) (Canada)..... Director  
 TELESP (São Paulo, Brazil) ..... Director  
 Telefonica Moviles Mexico (Mexico) ..... Director  
 NH Hoteles (Madrid, Spain) ..... Director

6. Other professional activities over the last five years:

Telefonica S.A. .... Director  
 Telefonica Moviles, S.A. .... Chairman of the Board of Directors and the Executive Board  
 Telefonica España ..... Chairman of the Board of Directors and the Executive Board  
 Portugal Telecom..... Director

► II.12. IDENTIFICATION OF THE MEMBERS OF THE AUDIT BOARD, INDICATING THE MEMBERS THAT COMPLY WITH THE INCOMPATIBILITY RULES PROVIDED FOR IN ARTICLE 414-A.1 AND THE INDEPENDENCE CRITERION PROVIDED FOR IN ARTICLE 414.5, BOTH OF THE COMPANIES CODE

The composition of the Audit Board is indicated above; there are three full members and one alternate member.

In the financial year of 2009, all members of the Audit Board were independent as defined in Article 414.5 of the Companies Code and complied with the incompatibility rules established in Article 414-A of the same Code.



- ▶ II.13. PROFESSIONAL QUALIFICATIONS OF THE MEMBERS OF THE AUDIT BOARD, PROFESSIONAL ACTIVITIES OVER THE LAST FIVE YEARS OR MORE, THE NUMBER OF SHARES HELD IN THE COMPANY, DATE OF FIRST APPOINTMENT AND EXPIRY OF TERM OF OFFICE
- ▶ II.14. OFFICE HELD BY MEMBERS OF THE AUDIT BOARD IN OTHER COMPANIES, INDICATING THAT HELD IN OTHER COMPANIES OF THE SAME GROUP

Duarte Nuno D'Orey da Cunha

1. Number of shares held in the company: holds 2,907 shares in the company
2. Professional qualifications: Degree in Finance, ISCEF
3. Date of first appointment and term of office: 2004-2009
4. Office held in other Semapa Group companies:

PORTUCEL – Empresa Produtora de Pasta e Papel, S.A .....Chairman of the Audit Board

5. Office held in other companies:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.....Chairman of the General Meeting  
LONGAVIA – Imobiliária, S.A. ....Director  
VÉRTICE – Gestão de Participações, SGPS, S.A.....Director  
Sociedade Agrícola da Quinta da Vialonga, S.A.....Director  
SONACA, SGPS, S.A. ....Chairman of the General Meeting

6. Other professional activities over the last five years:

BEIRA-RIO – Sociedade Construtora de Armazéns, S.A. ....Director  
CIMILONGA – Imobiliária, S.A.....Adviser to the Directors

Miguel Camargo de Sousa Eiró

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in law, University of Lisbon (1971)
3. Date of first appointment and term of office: 2006-2009
4. Office held in other Semapa Group companies:

PORTUCEL – Empresa Produtora de Pasta e Papel, S.A .....Member of the Audit Board

5. Office held in other companies: No office held in other companies.

6. Other professional activities over the last five years:

Legal practice

Gonçalo Nuno Palha Gaio Picão Caldeira

1. Number of shares held in the company: holds no shares in the company
2. Professional qualifications: Degree in law, Portuguese Catholic University, Lisbon (1990);; Post-graduate in Management – Master of Business Administration (MBA), Universidade

Nova de Lisboa (1996); Attended postgraduate course in real estate management and valuation, ISEG (2004)

3. Date of first appointment and term of office: 2006-2009

4. Office held in other Semapa Group companies:

PORTUCEL – Empresa Produtora de Pasta e Papel, S.A .....Member of the Audit Board

5. Office held in other companies:

LOFTMANIA – Gestão Imobiliária, Lda .....Manager

6. Other professional activities over the last five years:

SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.....Consultancy  
Property management and development, on an individual and family basis

► II.18. DESCRIPTION OF THE REMUNERATION POLICY AND THE ALIGNMENT OF THE DIRECTORS' INTERESTS WITH THOSE OF THE COMPANY AND THE PERFORMANCE ASSESSMENT, DISTINGUISHING BETWEEN EXECUTIVE AND NON-EXECUTIVE DIRECTORS, A SUMMARY OF AND THE RATIONALE FOR THE COMPANY'S POLICY ON COMPENSATION GRANTED BY CONTRACT OR SETTLEMENT IN THE EVENT OF DISMISSAL AND OTHER PAYMENTS FOR EARLY TERMINATION

Remuneration policy is not set by the Board of Directors, and aligns the interests of the directors with those of the company, dividing remuneration into a fixed component and a variable component.

The fixed component is determined in line with the usual criteria in directorships, taking special account of responsibilities, the size and capacity of the company, the remuneration paid in the market for equivalent posts and the fact of the director being executive or non-executive. The variable component comprises a share in profits, limited by the articles of association to 5% of the net profits for the directors as a whole.

There are no formal rules on distinguishing between the remuneration of executive and non-executive directors, and this factor is taken into account in a general way when setting the various figures, just as the individual degree of involvement in company affairs and their specific contribution are considered when assessing the remuneration of non-executive directors.

The only body with powers to assess the performance of directors for remuneration purposes is the Remuneration Committee, which conducts the appraisal needed to set the fixed and variable remuneration.

The company has no policy on compensation or other payments on departure from office, other than the retirement benefits approved by the general meeting and detailed below.

We refer on this issue to the declaration from the Remuneration Committee, included in part II of this Information on Corporate Governance.

- II.19. COMPOSITION OF THE REMUNERATION COMMITTEE OR SIMILAR BODY, WHENEVER APPLICABLE, IDENTIFYING THE RELEVANT MEMBERS WHO ARE ALSO MEMBERS OF THE BOARD OF DIRECTORS, AS WELL AS THEIR SPOUSES, RELATIVES AND IN-LAWS IN THE DIRECT LINE, TO THE THIRD DEGREE, INCLUSIVE.

The composition of the Remuneration Committee:

Egon Zehnder, represented by Dr. José Gonçalo Maury  
Eng. Frederico José da Cunha Mendonça e Meneses.  
Paulo Luís Ávila de Abreu

No member of this committee is also a member of the Board of Directors or spouse, relative or in-law, in the direct line, to the third degree, of the respective members, nor is a member of the company's other bodies.

- II.20. INDICATION OF THE INDIVIDUAL AND COLLECTIVE REMUNERATION, UNDERSTOOD IN THE BROAD SENSE SO AS TO INCLUDE PERFORMANCE BONUSES EARNED DURING THE PERIOD BY THE MEMBERS OF THE BOARD OF DIRECTORS.

The total remuneration earned by the company's directors in 2009 is indicated in the following table, which provides a breakdown between executive and non-executive directors, and between fixed and variable components:

	Executive directors	Non-exec. directors	Total
Fixed remuneration	1.801.585, 11 €	820.073,58 €	2.621.658,69 €
Variable remuneration	2.390.905,00 €	903.953,00 €	3.294.858,00 €
Total	4.192.490,11 €	1.724.026,58 €	5.916.516,69 €

As required by Article 3 of Law 28/2009 of 19 June, and paragraphs a) and b) of Article 3 of Regulation 1/2010, the following table shows the remuneration paid to individual directors in 2009:

	Fixed Remuneration	Variable Remuneration
António da Nóbrega de Sousa da Câmara	8.073,14 €	-
António Paiva de Andrada Reis	148.598,91 €	-
Carlos Eduardo Coelho Alves (*)	113.395,63 €	685.443,00 €
Carlos Maria Cunha Horta e Costa	373.683,67 €	-
Fernando Maria Costa Duarte Ulrich (*)	1.586,70 €	-
Francisco José Melo e Castro Guedes	87.071,43 €	53.174,00 €
Joaquim Martins Ferreira do Amaral	225.084,75 €	53.174,00 €
José Alfredo de Almeida Honório	264.172,57 €	366.569,00 €
José Miguel Pereira Gens Paredes	267.700,31 €	212.695,00 €
Maria Maude Mendonça de Queiroz Pereira Lagos	427.105,15 €	744.432,00 €
Paulo Miguel Garcês Ventura	268.456,35 €	212.695,00 €
Pedro Mendonça de Queiroz Pereira	427.105,15 €	860.329,00 €
Rita Maria Lagos do Amaral Cabral	9.624,93 €	106.347,00 €

(\*) The remuneration for these directors relates to the period during which they were in office in 2009.

Provision is made for the foreseeable variable component in the accounts of the financial year to which it relates and this component is subsequently fixed by the Remuneration Committee, in

keeping with the limit established in the Articles of Association, which lay down that: “The remuneration may comprise a fixed component and a variable component, which shall include profit sharing, and such profit sharing shall not exceed, for the directors as a whole, five per cent of the net profits from the preceding period.”

The variable remuneration system is therefore based on results and on the judgment of the Remuneration Committee, as described in detail below in the respective statement included in part II of this Information on Corporate Governance. The appraisal of the duties of each individual, of the company's state of affairs and of compliance with market criteria presupposes an assessment of the company's performance as a whole and that of each individual director.

Payment of the variable component is not deferred; this remuneration is paid in the period in which the respective resolution is adopted.

In addition to these amounts, the company's executive directors also earned remuneration for their management duties in controlled companies totalling 6,681,769.59 €, including fixed and variable remuneration.

The company does not allocate any non-pecuniary benefits or other pecuniary benefits other than the remuneration indicated. There is also no share allocation or share option scheme in operation, and no compensation was paid or due to former executive directors leaving office in the course of the year.

There is a retirement benefits system for directors approved by the general meeting, under which the directors are entitled to a monthly life pension, paid 12 times a year, as from the age of 55, if they have served as directors of the company for a minimum of 8 years, consecutively or non-consecutively. In the event of invalidity, the entitlement is not subject to an age requirement.

The value of the pension is fixed at between 80% and 27.2% of the result of dividing by 12 the fixed annual remuneration earned by the director at the date of leaving office as director of Semapa or any other controlled company. The percentage is determined by the total length of service, in this case including service in Semapa or controlled companies, as director or in another capacity. The percentage of 80% applies to service of 20 years or more, and there is a sliding scale with 27.2% being applied to those with 8 years' service. The General Meeting of 30 March 2005 decided to apply the upper limit to 6 directors.

It is relevant to note that the regulations also allow for half the value of the pension to be transferred to the surviving spouse or underage or incapable children of the director. In addition, any sums earned for services subsequently rendered to Semapa or controlled companies, together with the value of any pensions which the beneficiary is entitled to receive from public social security systems in relation to the same period of service, must be deducted from the pension paid.

The Audit Board is also subject to Article 3 of Law 28/2009 of 19 June, and to paragraphs a) and b) of Article 3 of Regulation 1/2010, and the following table shows that the remuneration for its members consisted only of a fixed component, as follows:

	Remuneration
Duarte Nuno d' Orey da Cunha	19.810,00 €
Miguel Camargo de Sousa Eiró	14.150,00 €
Gonçalo Nuno Palha Gaio Picão Caldeira	14.150,00 €
Total	48.110,00 €

► II.21. INDIVIDUAL INFORMATION ON THE AMOUNTS PAYABLE, OF ANY NATURE, IN THE EVENT OF DEPARTURE FROM OFFICE PRIOR TO EXPIRY OF TERM, WHEN MORE THAN TWICE THE FIXED MONTHLY REMUNERATION

As stated above, the company has no policy on compensation or other severance payments in the event of departure from office, other than the retirement pension plans approved at the general meeting and referred to in above in chapter II.21.

► II.22. INFORMATION ON THE POLICY ADOPTED IN THE COMPANY ON THE REPORTING OF IRREGULARITIES

The company has a set of “Regulations on Notification of Irregularities”, which govern the procedure whereby company employees give notice of irregularities allegedly taking place within the company.

These regulations enshrine the general duty to give notice of alleged irregularities, indicating the Audit Board as the body to be informed, and also providing for an alternative solution in the event of there being a conflict of interests on the part of the Audit Board as regards the irregularity to be reported.

The Audit Board may request the assistance of the Internal Control Committee, and is required to conduct a preliminary investigation of all the facts necessary for assessing the alleged irregularity. This process ends with filing or with a submission to the Board of Directors or the Executive Board, depending on whether a company officer is involved, of a proposal for appropriate measures in the light of the irregularity in question.

The regulations also contain other provisions designed to safeguard the confidentiality of disclosure and non-prejudicial treatment of the employee reporting the irregularity, as well as rules on providing information on the regulations throughout the company.

Access to the “Regulations on Notification of Irregularities” is reserved.

The Company also has a set of “Principles of Professional Conduct”, approved by the Board of Directors. This document establishes ethical principles and rules applicable to company staff and officers.

In particular, this document establishes the duty of diligence, requiring professionalism, zeal and responsibility, the duty of loyalty, which in relation to the principles of honesty and integrity is especially geared to guard against conflict of interest situations, and the duty of confidentiality, in relation to the treatment of relevant information.

The document also establishes duties of corporate social responsibility, namely of environmental conservation and protection of all shareholders, namely minority shareholders, ensuring that information is fairly disclosed, and all shareholders treated equally and fairly.

## Chapter III Information

- III.1. CAPITAL STRUCTURE, INCLUDING INDICATION OF SHARES NOT ADMITTED FOR TRADING, DIFFERENT CATEGORIES OF SHARES, RIGHTS AND DUTIES ATTACHED TO THE SAME, AND THE PERCENTAGE OF THE CAPITAL REPRESENTED BY ANY SUCH CATEGORY

Semapa's share capital comprises solely ordinary shares, with a nominal value of one euro each, with no differences in the rights and duties pertaining to each share.

The share capital is represented by 118,332,445 shares, corresponding to share capital of the same amount in euros; all shares are admitted for trading.

- III.2. QUALIFYING HOLDINGS IN THE ISSUER'S SHARE CAPITAL, CALCULATED IN ACCORDANCE WITH ARTICLE 20 OF THE SECURITIES CODE.

	Entity	No. shares	% capital and voting rights	% non-suspended voting rights	
<b>A -</b>	Cimigest, SGPS, SA	1.097.966	0,93%	0,97%	
	Cimo - Gestão de Participações, SGPS, S.A.	14.106.675	11,92%	12,50%	
	Longapar, SGPS, S.A.	20.769.300	17,55%	18,40%	
	Sonaca, SGPS, S.A.	1.630.590	1,38%	1,44%	
	OEM - Organização de Empresas, SGPS, S.A.	515.000	0,44%	0,46%	
	Sociedade Agrícola da Quinta da Vialonga, S.A.	625.199	0,53%	0,55%	
	Directors of Soc. Agrícola da Q.ta da Vialonga:				
		Duarte Nuno d'Orey da Cunha	2.907	0,00%	0,00%
		Maude da Conceição Santos M. de Queiroz Pereira	145.685	0,12%	0,13%
		Sodim, SGPS, S.A.	18.842.424	15,92%	16,69%
	Sub-total:	57.735.746	48,791%	51,15%	
<b>B -</b>	Banco BPI, S.A.	-	-	-	
	Banco Português de Investimento, S.A. – own portfolio	3.294	0,00%	0,00%	
	BPI Vida - Companhia de Seguros de Vida, S.A.	405.804	0,34%	0,36%	
	Pension funds managed by BPI Pensões - Sociedade Gestora de Fundos de Pensões, S.A.	10.362.388	8,76%	9,18%	
	Investment funds managed by BPI Fundos – Gestão de Fundos de Investimento Mobiliário, S.A.	1.237.518	1,05%	1,10%	
	Sub-total:	12.009.004	10,15%	10,64%	
<b>C -</b>	Banco Espírito Santo, S.A.	-	-	-	
	Fundo de Pensões do BES	3.222.308	2,72%	2,85%	
	Sub-total:	3.222.308	2,72%	2,85%	

	Entity	No. shares	% capital and voting rights	% non-suspended voting rights
<b>D -</b>	Bestinver Gestión, SA, SGIC	-	-	-
	Bestinver Bolsa, F.I.	3.892.368	3,29%	3,45%
	Bestinfond, F.I.	2.384.394	2,01%	2,11%
	Bestinver Mixto, F.I.	696.737	0,59%	0,62%
	Soixa SICAV	453.626	0,38%	0,40%
	Bestinver Bestvalue SICAV	414.359	0,35%	0,37%
	Bestinver Global, FP	407.007	0,34%	0,36%
	Bestinver Ahorro, F.P.	343.616	0,29%	0,30%
	Texrenta Inversiones SICAV	127.855	0,11%	0,11%
	Loupri Inversiones	34.058	0,03%	0,03%
	Divalsa de Inversiones SICAV, SA	22.064	0,02%	0,02%
	Acciones, Cup. y Obli. Segovianas	16.740	0,01%	0,01%
	Linker Inversiones, SICAV, SA	12.442	0,01%	0,01%
	Bestinver Empleo FP	12.059	0,01%	0,01%
Jorick Investment	5.897	0,00%	0,01%	
	Sub-total:	8.823.222	7,46%	7,82%
<b>E -</b>	ESAF - Espírito Santo Fundos de Investimento Mobiliário, S.A.	-	-	-
	Fundo Inv. Mobiliário ES Plano Dinâmico - Fundo Flexível	2.569.232	2,17%	2,28%
	Sub-total:	2.569.232	2,17%	2,28%

Semapa holds 2,720,000 own shares, and the company Seminv - Investimentos, SGPS, S.A., wholly controlled by Semapa, holds 2,727,975 shares in Semapa, meaning that there are 5,447,975 shares, corresponding to 4.6% of the capital, subject to the rules on own treasury stock.

► III.3. IDENTIFICATION OF SHAREHOLDERS WITH SPECIAL RIGHTS, AND DESCRIPTION OF SUCH RIGHTS.

No shareholders or categories of shareholders in Semapa have special rights.

► III.4. ANY RESTRICTIONS ON THE TRANSFERABILITY OF SHARES, SUCH AS CONSENT CLAUSES FOR DISPOSAL, OR LIMITATIONS ON OWNERSHIP OF SHARES

Semapa has no restrictions of any kind on the transferability or ownership of its shares.

► III.5. SHAREHOLDERS' AGREEMENTS KNOWN TO THE COMPANY OR WHICH MIGHT LEAD TO RESTRICTIONS ON THE TRANSFER OF SECURITIES OR VOTING RIGHTS

The company is unaware of any shareholders' agreement on shares in its capital, notwithstanding the open coordination of voting rights by Cimigest, SGPS, S.A. and other entities, on terms which follow from the list of qualifying holdings.

► III.6. RULES APPLICABLE TO AMENDMENT OF THE ARTICLES OF ASSOCIATION

Semapa has no special rules on the amendment of its articles of association. The general rules deriving from the Companies Code therefore apply to these issues.

► III.7. CONTROL MECHANISMS IN AN EMPLOYEE OWNERSHIP SCHEME INSOFAR AS VOTING RIGHTS ARE NOT DIRECTLY EXERCISED BY EMPLOYEES

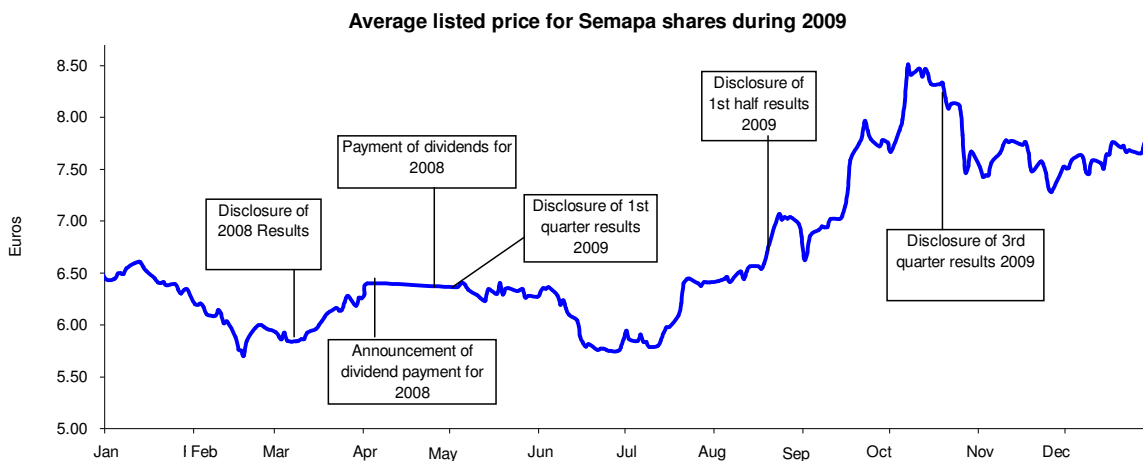
There is no employee ownership scheme in Semapa.

► III.8. DESCRIPTION OF EVOLUTION IN THE ISSUER'S SHARE PRICE.

The downward trend observed in the main share indexes in 2008 continued into early 2009. However, from mid-March onwards, the markets started to rally. Equity markets began to climb back up after the sentiment of panic experienced at the start of the year. From the low point in March to the end of 2009, the world's main share indexes rose by close to 60%.

With significant gains being recorded in the leading indexes, the PSI 20 presented the largest gain of all European exchanges (+ 33%).

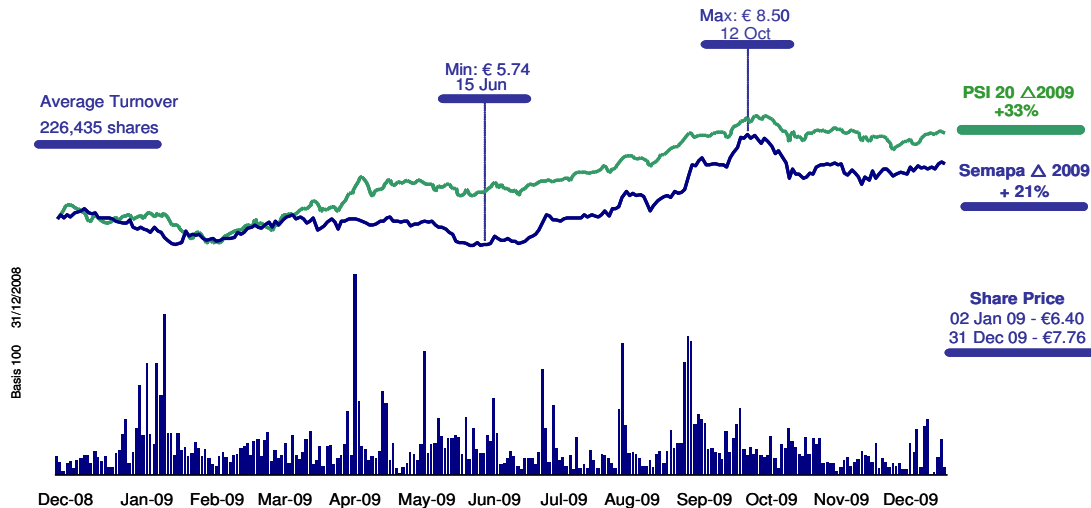
The following graph shows average listed prices over the period, together with the main disclosures made to the market:



In the period immediately following publication of the results for 2008, on 10 March 2009, no significant change was observed in the share price. The payment of dividends for the previous year also had no relevant impact on formation of the share price.



Semapa shares followed the general trend in the Portuguese equity market, although the overall gain was less marked, at 21%:



Note: closing prices

It should be noted that in the previous year Semapa shares had suffered losses much smaller than the PSI20 (27%, as compared to 51%).

The closing price for Semapa shares ranged between a minimum of 5.74 euros and a maximum of 8.50 euros. Average daily trading over the period stood at 226,425 shares.

► III.9. DESCRIPTION OF THE DIVIDEND DISTRIBUTION POLICY ADOPTED BY THE COMPANY, INCLUDING THE DIVIDEND PER SHARE DISTRIBUTED DURING THE LAST THREE PERIODS

The Company has followed a dividend policy of distributing a large amount without resorting to additional borrowing for this purpose and without jeopardising its sound financial position. The aim is to maintain a financial structure compatible with the sustained growth of the company and the different business areas, whilst also maintaining sound solvency indicators.

The pay-out ratio (dividends/net profit) in recent years has been high, reaching a high point of 94% in 1995, and standing at its lowest in 2004, at 7.1%.

Over the last three years, the dividend per share in circulation has been as follows:

- 2007 (in relation to 2006) 0.230€ per share
- 2008 (in relation to 2007) 0.255€ per share
- 2009 (in relation to 2008) 0.255€ per share

- ▶ III.10. A DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE SHARE AND SHARE OPTION PLANS ADOPTED OR VALID FOR THE FINANCIAL YEAR IN QUESTION, THE REASON FOR ADOPTING SAID SCHEME AND DETAILS OF THE CATEGORY AND NUMBER OF PERSONS INCLUDED IN THE SCHEME, SHARE-ASSIGNMENT CONDITIONS, NON-TRANSFER OF SHARE CLAUSES, CRITERIA ON SHARE-PRICING AND THE EXERCISING OPTION PRICE, THE PERIOD DURING WHICH THE OPTIONS MAY BE EXERCISED, THE CHARACTERISTICS OF THE SHARES TO BE DISTRIBUTED, THE EXISTENCE OF INCENTIVES TO PURCHASE AND/OR EXERCISE OPTIONS, AND THE RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR EXECUTING AND/OR CHANGING THE PLAN

As stated above, the company has no share or share option plans.

- ▶ III.11. DESCRIPTION OF THE MAIN TRANSACTIONS AND OPERATIONS CARRIED OUT BETWEEN THE COMPANY AND THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODY, THE OWNERS OF QUALIFYING HOLDINGS OR CONTROLLED, CONTROLLING OR GROUP COMPANIES, WHEN ECONOMICALLY SIGNIFICANT FOR ANY OF THE PARTIES INVOLVED, EXCEPT FOR THOSE TRANSACTIONS OR OPERATIONS THAT ARE CARRIED OUT ON AN ARMS-LENGTH BASIS AND FORM PART OF THE COMPANY'S NORMAL BUSINESS

There are no transactions to record.

- ▶ III.12. REFERENCE TO THE EXISTENCE OF AN INVESTOR SUPPORT OFFICE OR OTHER SIMILAR SERVICE.

The investor support service is provided from an office headed by Dr. José Miguel Gens Paredes, who is also the company's market relations representative. The office is adequately staffed and enjoys swift access to all sectors of the company, in order to ensure an effective response to requests, and also to transmit relevant information to shareholders and investors in good time and without any inequality.

Dr. José Miguel Gens Paredes can be contacted at the email address [jmparedes@semapa.pt](mailto:jmparedes@semapa.pt) or on the company's general telephone numbers. All public information on the company can be accessed by these means. It should be noted, in any case, that the information most frequently requested by investors is available at the company's website at [www.semapa.pt](http://www.semapa.pt).

- ▶ III.13. INDICATION OF ANNUAL REMUNERATION PAID TO THE AUDITOR OR OTHER INDIVIDUALS OR ENTITIES BELONGING TO THE SAME NETWORK SUPPORTED BY THE COMPANY AND/OR BY CONTROLLED, CONTROLLING OR GROUP ENTITIES AND DETAILS OF THE PERCENTAGE RELATING TO SUCH SERVICES

The following costs were incurred in relation to auditors in 2009 by the company and other related companies:

Services – Audit of Accounts	512.386,00 €
Fiscal advisory services	186.279,00 €
Other reliability assurance services	120.457,00 €
Services other than legal auditing	- €
Total:	819.122,00 €

In relation to fiscal consultancy services and services other than legal auditing, our auditors have set strict internal rules to guarantee their independence, and these rules have been adopted in the provision of these services and monitored by the company, in particular by the Audit Board and the Internal Control Committee.

### III. REMUNERATION POLICY STATEMENT

The Securities Market Commission specifically recommends that a statement on the remuneration policy of company officers be submitted for the consideration of the general meeting of shareholders. This was done in 2007 with the submission to the shareholders of the remuneration policy statement drawn up by Semapa's Remuneration Committee. This statement was approved together with the other financial statements, as none of the shareholders requested that a separate vote be held.

As may be seen from a reading of the statement, it sets out the options which the Committee feels should be maintained until the end of the current term of office of the company officers. We reproduce this statement below:

**Remuneration policy statement currently in force,  
drawn up by the Remuneration Committee and approved in March 2007**

*"1. Introduction*

The two most common possibilities for setting the remuneration of company officers are significantly different from each other. On the one hand, the remuneration may be fixed directly by the general meeting, a solution which is not often adopted for various reasons of practicality, whilst on the other hand there is the option of remuneration being set by a committee, which decides in accordance with criteria on which the shareholders have had no say.

We therefore believe in the value of an intermediate solution, whereby a declaration on remunerations policy, to be followed by the committee, is submitted for the consideration of the shareholders. This is what this document seeks to do.

*2. The law and the articles of association*

Any remuneration system must inevitably take into account both the general legal rules and the particular rules established in the articles of association, if any.

The legal rules for the directors are basically established in Article 399 of the Companies Code, from which it follows that:

- Powers to fix the remuneration lie with the general meeting of shareholders of a committee appointed by the same.
- The remuneration is to be fixed in accordance with the duties performed and the company's state of affairs.
- Remuneration may be fixed, or may consist in part of a percentage of the profits for the period, but the maximum percentage to be allocated to the directors must be authorized by a clause in the articles of association, and shall not apply to distribution of reserves or any part of the profits for the period which could not, under the law, be distributed to shareholders.

For the Audit Board and the officers of the General Meeting, the law states that the remuneration shall consist of a fixed amount, determined in the same way by the general meeting, or by a committee appointed by the same, in accordance with the duties performed and the company's state of affairs.

Semapa's articles of association contain a specific clause only for the directors. This is article 17, which also makes provision for retirement pensions, and lays down the following in respect of remuneration:

*"2 – The remuneration of the directors [...] is fixed by a Remuneration Committee comprising an uneven number of members, elected by the General Meeting.*

*3 – The remuneration may consist of a fixed part and a variable part, which shall include a share in profits, which share in profits shall not exceed five per cent of the net profits of the previous period, for the directors as a whole."*

This is the formal framework within which the remuneration policy must be defined.

### *3. Historical background*

Since the incorporation of Semapa and up to 2002, all directors of Semapa received remuneration comprising a fixed component, paid fourteen times a year, and fixed by the Remuneration Committee, then called the *Comissão de Fixação de Vencimentos*.

In 2003, the resolution on the distribution of profits from 2002 included, for the first time, a part of the profits to be directly paid as remuneration to the directors, divided between the directors as decided by the Remuneration Committee.

This procedure was repeated through to 2005, with regard to the profits from 2004.

In 2006, the allocation of profits from 2005 did not provide for any amount for directors' remuneration, which was understandable, given that the profits already reflected a provision for the variable remuneration of the directors, under the new accounting standards applicable. The variable component of the remuneration was fixed in 2006 by the Remuneration Committee, also with reference to the profits, in accordance with the articles of association.

The variable remuneration of the directors has represented a percentage of approximately 5% of profits since variable remuneration was first paid, except for the remuneration paid in 2006, with regard to 2005, when it was approximately 4%.

There is therefore a procedure which has been constant since 2003, whereby the remuneration of the directors comprises a fixed component and another variable component, determined as a percentage of profits.

Since the incorporation of the company, the members of the Audit Board have received fixed monthly remuneration. The officers of the general meeting have only recently received remuneration, calculated in accordance with the number of meetings actually held.

#### 4. General Principles

The general principles to be observed in fixing the remuneration of company officers are essentially those deriving in a very general way from the law: they depend on the duties performed, and on the state of the company's affairs. If we add to these the general market conditions for equivalent positions, we find what we may call the three main general principles:

##### a) Duties performed

It is necessary to consider the duties performed by each company officer, not merely in the formal sense, but also in the broader sense of the work actually undertaken and the associated responsibilities. For instance, not all executive directors are in the same position, nor very often all the members of the audit board. Duties must be assessed in the broadest sense, using criteria as diverse as, for example, responsibility, time devoted to duties, or the value to the company resulting from a given type of work or from institutional representation.

Office held in other controlled companies may also be a factor in this, as it may add to responsibilities whilst also providing other sources of income.

##### b) The state of the company's affairs

This criterion also needs to be understood and interpreted with care. The size of the company and inevitable complexity of the management tasks is clearly one of the relevant aspects of the state of affairs taken in the broadest sense. The implications exist both in the need to remunerate a responsibility which is greater in larger companies, with more complex management models, and in the capacity to remunerate management services appropriately.

##### c) Market criteria

The match between supply and demand is an unavoidable factor in defining any remuneration, and company officers are no exception to this. Only by conforming to market practices is it possible to retain professionals of the calibre appropriate to the complexity of the duties and the responsibility to be accepted, and thereby assure not only the interests of the officers, but essentially those of the company, and consequently of the shareholders.

#### 5. Specific policies

The specific remuneration policies which we are pleased to submit for the consideration of the shareholders are as follows:

1. The remuneration of the executive directors shall comprise a fixed component and a variable component.
2. The remuneration of the non-executive directors, the members of the Audit Board and the officers of the General Meeting shall comprise a fixed component only. Exceptionally, non-executive directors may receive extra remuneration for additional work requested and carried out. In these cases, this remuneration shall be separate from that they earn regularly due to holding office.

3. The fixed component of the remuneration paid to directors shall consist of a monthly amount paid fourteen times a year, or of a pre-set amount for each meeting of the Board of Directors attended.
4. The monthly amount for the fixed component of the directors' remuneration shall be set for all those who sit on the Executive Board and for those who although not members of the Executive Board exercise specific duties or carry out specific work on a recurrent or continuous basis.
5. The pre-set amount for attendance at each meeting shall be fixed for those directors with essentially advisory or supervisory duties.
6. The fixed remuneration paid to all members of the Audit Board shall consist of a fixed monthly amount payable fourteen times a year.
7. The fixed remuneration of the officers of the General Meeting shall consist in all cases of a pre-set amount for each meeting.
8. The process of awarding variable remuneration to the executive directors shall conform to the criteria proposed by the Remuneration Committee, and shall not exceed a total of five per cent of the net consolidated profits, recorded under IFRS rules, without prejudice to other considerations in the event of results of a highly exceptional nature.
9. In setting all remuneration, including the distribution of the total amount for the variable remuneration for the directors, the general principles set out above shall be followed: duties performed, the state of the company's affairs and market criteria.

We consider that these options should be maintained through to the end of the present term of office of the company officers.

The Remuneration Committee

Chairman: Egon Zehnder, represented by José Gonçalo Maury  
Member: António Mota de Sousa Horta Osório  
Member: Frederico José da Cunha Mendonça e Meneses”

#### IV. DISCLOSURES REQUIRED BY ARTICLES 447 AND 448 OF THE COMPANIES CODE

(with reference to the financial year of 2009)

##### **1. Securities issued by the company and held by company officers, in the meaning of article 447/1 and 2 of the Companies Code:**

- José Alfredo de Almeida Honório – 20,000 shares in the company
- Duarte Nuno d'Orey da Cunha – 2,907 shares in the company
- Maria Rita Carvalhosa Mendes de Almeida Queiroz Pereira – 34,091 shares in the company

##### **2. Securities issued by companies controlled by or belonging to the Semapa Group, held by company officers, in the meaning of article 447/1 and 2 of the Companies Code:**

- Duarte Nuno d'Orey da Cunha – 16,000 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.

##### **3. Securities issued by the company and related companies held by companies in which directors and auditors hold corporate office:**

- Cimigest, SGPS, S.A. – 1,097,966 shares in the company and 1,669,253 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.
- Cimo - Gestão de Participações, SGPS, S.A. – 14,106,675 shares in the company and 107.204 shares in Portucel – Empresa Produtora de Pasta e Papel, S.A.
- Longapar, SGPS, S.A. – 20,769,300 shares in the company
- Sodim, SGPS, SA – 18,842,424 shares in the company
- Sociedade Agrícola da Quinta da Vialonga, S.A. – 625,199 shares in the company and 61,696 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.
- Sonagi, SGPS, S.A. – 96,000 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.
- Sonaca, SGPS, SA – 1,630,590 shares in the company.
- OEM - Organização de Empresas, SGPS, SA – 515,000 shares in the company.



**4. Acquisition, disposal, encumbrance or pledge of securities issued by the company or related or group companies by company officers and the companies referred to in 3:**

- Pedro Mendonça de Queiroz Pereira carried out the following transactions with shares in the company:

Date	Quantity	Price per share	Purchase/Sale
24-Set	350.000	7,90 €	Purchase
27-Oct	350.000	7,79 € (*)	Donation

- Maria Rita Carvalhosa Mendes de Almeida de Queiroz Pereira carried out the following transactions with shares in the company:

Date	Quantity	Price per Share	Purchase/Sale
27-Set	350.000	7,79 € (*)	Acquisition by donation
29-Oct	315.909	7,64 € (*)	Disposal by swap

(\*) Determined under the terms and for the purposes of Article 14.2 of Securities Market Commission Regulation 5/2008.

- OEM – Organização de Empresas, SGPS, S.A carried out the following transactions with shares in the company:

Date	Quantity	Price per share	Purchase/Sale
23-Apr	1.000	6,287 €	Purchase
23-Apr	1.000	6,30 €	Purchase
23-Apr	500	6,315€	Purchase
23-Apr	2.881	6,319 €	Purchase
23-Apr	7.755	6,32 €	Purchase
23-Apr	1.864	6,325 €	Purchase

#### IV. ASSESSMENT OF THE GOVERNANCE MODEL ADOPTED AND ACTIVITIES OF THE NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

The Board of Directors has assessed the governance model adopted, with special assistance to this end from the Corporate Governance Control Committee, and maintains its positions as previously expressed, as largely set out in this document.

The assessment of a corporate governance model is a process of reflection which should involve not only the various aspects of the issues considered throughout the Corporate Governance Report, but most importantly the manner in which governance is structured, in terms of boards and committees. The first part of this reflection has been made in the report, dealing in particular with the recommendations adopted and not adopted, and explanation of the associated reasons. The second part is carried out here, by looking at a range of issues, from the structure adopted under the terms of Article 278 of the Companies Code, the committees operating in the company and the supervisory framework chosen through to the activities of non-executive directors and, in the last instance, the characteristics of the persons suitable or not suitable for appointment to particular office in the company.

This assessment involves a perspective which is halfway between the shareholder view and the management view, because whilst it is the directors who experience the system implemented most directly on a daily basis, it is broadly up to the shareholders to decide on the model they wish to apply and the persons they wish to elect to corporate office, in line with the model chosen.

So in addition to describing the activities of the non-executive members of the board of directors, we shall provide merely a brief outline of the sensibilities of the members of the Board of Directors in this regard, considering also that this is a matter where sensibilities are always highly varied.

Starting with the basic framework, it is generally agreed that the structure adopted under Article 278 of the Companies Code is the most appropriate. This conclusion is reached not merely through resistance to change; instead, it is essentially based on a perception that the other two possible structures are less appropriate.

The possible structure consisting of a board of directors which would have an audit committee is generally rejected intuitively, as it goes against the general feeling as to what constitutes a “normal” organizational structure in a company. To have the persons responsible for supervision as members of the Board of Directors, even if this were essentially just a legal fiction, would generate confusion as to roles and positions which would be experienced negatively by most of the directors. This might be the easiest option for companies who look on their non-executive directors as essentially “supervisors”, but this is not the case at Semapa and is consequently the reason for this feeling.

The other possible structure, consisting of an Executive Board of Directors and a General and Supervisory Board, also appears less appropriate than the model currently in place. A General and Supervisory Board would appear to function, in comparison with the model currently in place in Semapa, as a hybrid between the non-executive directors and the Audit Board: on the one hand it has powers of supervision, on the other hand it can act as a second instance for management matters. Here too, the blurring of the line between management duties and supervisory duties is not very attractive, and the option of a General and Supervisory Board without the need to authorize certain management acts would not bring any great advantage in comparison with the structure of a Board of Directors and an Audit Board.

Another factor in favour of the existing system is always the familiarity of the persons involved with the existing structure, allowing them to take better advantage of its potential, and also the inevitable costs of a radical change.

No advantage is therefore seen in proposing to the shareholders any structural change in the company's organization.

As regard the auditing structure, the legislation in these cases leaves no other option to listed companies – Article 413.2 of the CSC.

The decision to set up the committees currently existing in the company, except for the Remuneration Committee, was taken in the exercise of the Board of Directors' own powers.

Special reference should be made to the Executive Board. Although Semapa is a holding company, and therefore has a very simple administrative structure, the delegation of powers to this board is considered to be fully justified. There are many matters which require immediate collegiate attention, and the intervention of the other directors is reserved for matters of greater moment or specific issues. The directors without delegated powers are not only not regarded as mere "supervisors" of the company but are also in some cases more deeply engaged than simply as advisers at board meetings.

The Internal Control Committee and the Corporate Governance Control Committee are justified by reasons already explored in other parts of this Corporate Governance Report. However, as a result of the assessment conducted by the Corporate Governance Control Committee, questions have been raised as to the usefulness of maintaining the Internal Control Committee, which was originally created in response to the rules on whistleblowing, for which responsibility has since been transferred by law to the Audit Board, whilst the simplified administrative structure of Semapa as a holding company and the fact that its subsidiaries have their own systems for internal control means that the need for the internal control committee is less keenly felt. However, the issuing of new Securities Market Commission recommendations on this matter has led to a different solution, with the committee being retained, and some of its powers of control being reinforced.

The actual activities of the non-executive members of the Board of Directors is an important part of the general assessment of the governance model in force in the company. As we have already seen, the activity of the non-executive directors of Semapa does not consist merely of attending and providing advice at meetings of the Board of Directors.

The position, participation and engagement of the non-executive directors is not the same in all cases. Some directors are further removed from daily activities, as is the case of Eng. António Câmara or Senhor Fernando Ulrich, who collaborate as advisers at the formal meetings of the Board of Directors and are heard and asked to contribute to specific discussions on particular issues.

Other directors, such as Dr. Rita Amaral Cabral and Eng. Joaquim Ferreira do Amaral, in addition to taking part in the way described, are also more directly involved in the company's activities, not least by sitting on the committees set up by the Board of Directors. Dr. Amaral Cabral sits on the Corporate Governance Control Committee whilst Eng. Ferreira do Amaral sits on the Internal Control Committee.

There are other specific tasks carried out by non-executive directors which are not related to the specialist committees, such as the participation by the director Ms. Maude Queiroz Pereira Lagos in the corporate representation of the company.

In addition, a non-institutionalized group for strategy discussion has gradually taken shape, and was more clearly defined during the last financial year, functioning on a more regular basis.

These assessments of the current situation and developments in the corporate governance of Semapa have led to the formal creation of the Strategy Committee, whose members are the Chairman of the Board of Directors, Ms. Maria Maude Queiroz Pereira Lagos, Dr. José Alfredo de Almeida Honório, Eng. Joaquim Ferreira do Amaral and Dr. António Pedro Carvalho Viana-Baptista. The other executive directors are able to take part in meetings, depending on the matters under discussion.

As already explained elsewhere in this report, the non-executive directors have access to all information on company affairs, are supported at all times by the executive directors and have reported no constraints experienced in the course of their work.

The essential feature of the activities of non-executive directors is the diversity of their participation and contribution, which is believed to be healthy and positive for the company's interests.

The most important decision to be taken by shareholders with regard to corporate governance and the composition of the company bodies is whether or not to appoint independent directors. The other independence restrictions are mandatory legal requirements. There are no great reasons for wishing independent non-executive directors in the case of Semapa and, as stated above in relation to the clear distinction between those with responsibility for management (with more or less direct or hands-on involvement) and those with responsibility for supervision, this option fits in with the directors' understanding of the role of the different company officers.

It is sincerely believed that the manner in which the company organizes itself and conducts itself within a given form which it has adopted has greater implications in terms of corporate governance than the manner in which the company decided formally to structure itself.

The organization of corporate governance in this company has functioned effectively, without constraints, with respect for the interests of shareholders, employees and officers, and we therefore believe that different arrangements are not currently of interest.