

Information on
Corporate Governance

INTRODUCTION

The new Corporate Governance Code, approved by the Securities Market Commission in January 2010, and Securities Market Commission Regulations no. 1/2010 remain in force and apply to the financial year of 2011.

The content and scope of the recommendations contained in the code are therefore not new and underwent analysis and critical assessment in the report for 2010.

Semapa continues to believe that, in deciding on the adoption of the various practices recommended for the governance of listed companies, consideration should be given in all cases to their relevance and impact on the company's specific situation. Improvements were accordingly only made to the adoption of recommendations whenever in our view the outcome would not be negative for the company.

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;
- II. Remuneration policy statement;
- III. Disclosures required under Articles 447 and 448 of the Companies Code and paragraphs 6 and 7 of Article 14 of Securities Market Commission Regulation 5/2008, and
- IV. Assessment of the corporate governance model adopted and activities of non-executive directors

I. REPORT ON CORPORATE GOVERNANCE STRUCTURE AND PRACTICES, DRAWN UP IN ACCORDANCE WITH SECURITIES MARKET COMMISSION REGULATION NO. 1/2010

**Chapter 0
Declaration of compliance**

► **0.1. CODES ADOPTED**

Semapa has not voluntarily opted to submit to any other corporate governance code and is accordingly subject to the “Corporate Governance Code” approved by the Securities Market Commission in January 2010.

These texts are available online at the website of the Securities Market Commission at www.cmvm.pt.

► **0.2., 0.3 AND 0.4. RECOMMENDATIONS ADOPTED, NOT ADOPTED AND REASONS FOR DIVERGENCE**

The company and its shareholders have made the following options with regard to compliance with the recommendations in the text 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, 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.

ADOPTED

This recommendation is adopted and remuneration earned in 2011 by the Chairman of the General Meeting is stated in chapter I.3 of this report.

I.2 PARTICIPATION AT THE MEETING

I.2.1 THE DEADLINE FOR SUBMITTING PROOF OF THE DEPOSIT OR BLOCKING OF SHARES FOR THE PURPOSES OF ATTENDING GENERAL MEETINGS SHALL BE NO MORE THAN FIVE BUSINESS DAYS PRIOR TO THE DATE OF THE MEETING

NOT APPLICABLE

In the light of the introduction, by Decree-Law 49/2010, of 19 May, of Article 23-C to the Securities Code (establishing rules that listed companies are required to comply with and exempting the blocking of shares), the company considers that this recommendation is no longer applicable. It should be noted that, when it was

applicable, this recommendation was adopted by the company. 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 BLOCKED UNTIL THE MEETING IS RESUMED, WHEN THE NORMAL REQUIREMENT FOR THE FIRST SESSION SHALL AGAIN APPLY.

ADOPTED

The reasoning set out with regard to the preceding recommendation applies also to the present recommendation, and the company considers that the change in the law referred to means this recommendation is no longer applicable. It should be noted that, when it was applicable, this recommendation was also adopted by the company. This issue is further pursued 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 OR, WHENEVER ADOPTED OR ADMISSIBLE, ON ELECTRONIC VOTING.

ADOPTED

The company has adopted this recommendation insofar as its articles of association impose no restriction on exercise of the right to cast postal votes and also permit the Board of Directors to issue rules on the exercise of voting rights using media other than paper. This question is referred to in further detail in chapters I.9 to I.12 of this Report.

- I.3.2 THE DEADLINE ESTABLISHED IN THE ARTICLES OF ASSOCIATION FOR RECEIVING POSTAL BALLOTS SHALL BE NO MORE THAN 3 BUSINESS DAYS PRIOR TO THE DATE OF THE MEETING.

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.11 of this Report.

- I.3.3 COMPANIES SHALL ENSURE THAT VOTING RIGHTS ARE PROPORTIONAL TO SHAREHOLDER'S HOLDINGS, PREFERABLY BY ENSHRINING THE ONE SHARE-ONE VOTE PRINCIPLE IN THE ARTICLES OF ASSOCIATION. COMPANIES ARE DEEMED NOT TO COMPLY WITH THE REQUIREMENT OF PROPORTIONALITY WHEN: I) THEY HAVE NON-VOTING SHARES; II) HAVE SHARES FOR WHICH THE RESPECTIVE VOTING RIGHTS ARE NOT COUNTED IF IN EXCESS OF A GIVEN NUMBER, WHEN CAST BY A SINGLE SHAREHOLDER OR RELATED SHAREHOLDERS.

ADOPTED

The company has adopted this recommendation whose purpose is to assure that voting rights are proportional to holdings.

As we have argued in the past, and as follows from the concerns reflected in the Companies Code, which in Article 384.2 a) allows for the possibility of one vote being assigned for each 1,000 euros of share capital, the right to attend and take part in discussions at General Meetings of persons with negligible holdings in the capital is often prejudicial to the interests of the company and of the shareholders in general. This does not stand in the way of the proportionality principle being respected by the right of shareholders to group together and by the absence of any upper limit on the number of votes which can be cast by each shareholder, either individually or in conjunction. As regards the right to form groups, 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 corresponding to one vote. There are therefore no non-voting shares. This question is also referred to in chapters I.6 and I.7 of this report.

I.4 QUORUM FOR RESOLUTIONS

COMPANIES SHALL NOT SET A QUORUM FOR ADOPTING RESOLUTIONS GREATER THAN THAT ESTABLISHED IN LAW.

ADOPTED

The company's articles of association do not set a quorum for 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.8 of this report.

I.5 MINUTES AND INFORMATION ON RESOLUTIONS PASSED

AN EXTRACT FROM THE MINUTES OF THE GENERAL MEETINGS SHALL BE POSTED OR THEIR CONTENTS OTHERWISE MADE AVAILABLE TO SHAREHOLDERS THROUGH THE COMPANY'S WEBSITE, WITHIN FIVE DAYS OF THE HOLDING OF THE GENERAL MEETING, IRRESPECTIVE OF WHETHER CONSTITUTING PRIVILEGED INFORMATION. THE INFORMATION DISCLOSED SHALL INCLUDE THE RESOLUTIONS ADOPTED, THE SHARE CAPITAL REPRESENTED AND THE RESULTS OF VOTES. THIS INFORMATION SHALL BE KEPT ON THE COMPANY'S WEBSITE FOR NO LESS THAN THREE YEARS.

ADOPTED

The company discloses on its website the information it deems relevant to all shareholders, including those with a holding of less than 1%, and which is sufficient to safeguard their interests. In 2011 the company disclosed on its website an extract from the minutes of the annual general meeting, containing the resolutions adopted, the capital represented and the results of votes, keeping the same information available for the previous three financial years. The recommendation has therefore been adopted.

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. WHEN, IN KEEPING WITH THIS PRINCIPLE, THE ARTICLES OF ASSOCIATION OF A COMPANY SET A LIMIT ON THE NUMBER OF VOTES WHICH MAY BE HELD OR EXERCISED BY A SINGLE SHAREHOLDER, INDIVIDUALLY OR IN CONJUNCTION WITH OTHER SHAREHOLDERS, THEY SHALL ALSO PROVIDE THAT, NO LESS THAN EVERY FIVE YEARS, A MOTION FOR MAINTAINING OR ALTERING THIS PROVISION SHALL BE PUT BEFORE THE GENERAL MEETING (WITHOUT REQUIRING A QUORUM GREATER THAN THAT PROVIDED FOR IN LAW) AND THAT ALL VOTES CAST IN RELATION TO SUCH RESOLUTION SHALL BE COUNTED, WITHOUT OPERATION OF THE RESTRICTION IN QUESTION.

ADOPTED

No measure has been adopted to prevent the success of takeover bids, namely a provision in the articles of association limiting the number of votes which can be exercised by each shareholder. This recommendation is therefore adopted. This issue is also referred to in chapters I.19 and I.21 of this report.

I.6.2 IN CASES SUCH AS CHANGE OF CONTROL OR CHANGES TO THE COMPOSITION OF THE BOARD OF DIRECTORS, DEFENSIVE MEASURES SHALL NOT BE ADOPTED THAT INSTIGATE IMMEDIATE AND SERIOUS EROSION OF THE COMPANY'S ASSETS, THEREBY DISRUPTING THE FREE TRANSFERABILITY OF SHARES AND FREE 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. This issue is also referred to in chapter I.20 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 MODEL ADOPTED IN ITS ANNUAL CORPORATE GOVERNANCE REPORT AND IDENTIFY ANY 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 RISK CONTROL AND MANAGEMENT SYSTEMS IN ORDER TO SAFEGUARD THEIR VALUE AND FOR THE SAKE OF TRANSPARENCY IN THEIR CORPORATE GOVERNANCE, ALLOWING IT TO IDENTIFY AND MANAGE RISK. THESE SYSTEMS SHALL INCLUDE AT LEAST THE FOLLOWING COMPONENTS: I) SETTING OF STRATEGIC COMPANY OBJECTIVES WITH REGARD TO RISK ACCEPTANCE; II) IDENTIFICATION OF THE MAIN RISKS ASSOCIATED WITH THE SPECIFIC BUSINESS CARRIED ON AND OF THE EVENTS WHICH MAY GIVE RISE TO RISKS; III) ANALYSIS AND MEASUREMENT OF THE IMPACT AND PROBABILITY OF THE OCCURRENCE OF EACH OF THE POTENTIAL RISKS; IV) RISK MANAGEMENT WITH A VIEW TO ALIGNING THE RISKS EFFECTIVELY INCURRED WITH THE COMPANY'S STRATEGIC OPTIONS REGARDING RISK ASSESSMENT; V) PROCEDURES FOR MONITORING EXECUTION OF RISK MANAGEMENT MEASURES ADOPTED AND THEIR EFFECTIVENESS; VI) ADOPTION OF INTERNAL REPORTING AND INFORMATION PROCEDURES RELATING TO THE DIFFERENT COMPONENTS OF THE SYSTEM AND RISK ALERTS; VII) PERIODIC ASSESSMENT OF THE SYSTEM IMPLEMENTED AND ADOPTION OF CHANGES AS REQUIRED.

ADOPTED

In addition to the bodies and procedures in place in the company's subsidiaries, the company has its own Internal Control Committee with specific powers in the field of risk control and management, which take in the content of this recommendation, on the terms described in chapter II.6 of this Report. The recommendation has therefore been adopted by the company.

II.1.1.3 THE BOARD OF DIRECTORS SHALL ENSURE THAT INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS ARE SET UP AND FUNCTION. THE SUPERVISORY BOARD SHALL BE RESPONSIBLE FOR ASSESSING THE FUNCTIONING OF THESE SYSTEMS AND PROPOSING ANY CHANGES REQUIRED TO ADJUST THEM TO THE COMPANY'S NEEDS.

ADOPTED

This recommendation has been adopted by the company. In addition to its own direct powers in this area, the Board of Directors resolved in 2006 to set up an Internal Control Committee which, in keeping with its responsibilities as defined by the directors (which have been reviewed and adapted to the company's changing needs), has taken charge of internal control and risk management. At the same time, the Audit Board is responsible for monitoring the effectiveness of the risk management and internal control system, proposing adjustments to the existing system, whenever appropriate, which the Internal Control Committee is required to adopt.

II.1.1.4 IN THEIR ANNUAL CORPORATE GOVERNANCE REPORTS, COMPANIES SHALL:
I) IDENTIFY THE MAIN ECONOMIC, FINANCIAL AND LEGAL RISKS TO WHICH THE COMPANY IS EXPOSED IN CARRYING ON ITS BUSINESS; II) DESCRIBE THE ACTIVITIES AND EFFECTIVENESS OF THE RISK MANAGEMENT SYSTEM.

ADOPTED

The main risks to which the company is exposed have always been described in its Annual Report and are now also detailed in chapter II.9 of this Report. A description of the entire risk management system is contained in chapter II.5 of this Report. This recommendation has accordingly been adopted by the company.

II.1.1.5 THE MANAGEMENT AND AUDIT BOARDS SHALL ESTABLISH INTERNAL REGULATIONS WHICH SHALL BE DISCLOSED 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.7 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 currently comprising six directors. Half of the directors are non-executive 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. This recommendation has accordingly been adopted by the company.

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

This recommendation is adopted on numerical grounds, insofar as 1/3 of the twelve directors sitting on the company's board qualify, under the applicable legal and

regulatory criteria, as independent. This classification is detailed further in respect of each director in chapter II.14 of this Report.

Without prejudice to compliance with the recommendation and recognition 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, the company wishes to reiterate its understanding that the grounds for formal classification as independent and the quantitative assessment adopted may not be 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, namely its independence of character and judgment, and its overall relationship with the company.

II.1.2.3 THE ASSESSMENT BY THE BOARD OF DIRECTORS OF THE INDEPENDENCE OF ITS MEMBERS SHALL TAKE INTO ACCOUNT THE LEGAL AND REGULATORY RULES IN FORCE CONCERNING INDEPENDENCE REQUIREMENTS AND THE RULES ON INCOMPATIBILITY APPLICABLE TO MEMBERS OF OTHER COMPANY BODIES, SO THAT INDEPENDENCE CRITERIA ARE APPLIED SYSTEMATICALLY AND COHERENTLY ACROSS THE ENTIRE COMPANY, INCLUDING OVER TIME. A DIRECTOR SHALL NOT BE DEEMED INDEPENDENT IF, ON ANY OTHER CORPORATE BOARD OF BODY, HE OR SHE WOULD NOT QUALIFY AS INDEPENDENT UNDER THE APPLICABLE RULES.

ADOPTED

The independence of non-executive directors is assessed in accordance with the recommendations, as described in greater detail in chapter II.15.

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.21 of this Report.

II.1.3.2 THE SELECTION PROCESS FOR APPLICANTS FOR NON-EXECUTIVE DIRECTORSHIPS SHALL BE DESIGNED SO AS TO PREVENT INTERFERENCE FROM EXECUTIVE DIRECTORS.

NOT APPLICABLE

The company believes that, as powers to choose the management are assigned by law to the shareholders, there is no formal margin for the company's directors to interfere in the choice of new directors. Even in the exceptional case of the Board of Directors substituting one of its member by cooption, the choice is still subject to the final confirmation of the general meeting, which has powers to ratify such appointment, In the absence of any internal process, or of any grounds for creating one, we believe that this recommendation is not applicable to the way this process is designed. It should be noted that the Securities Market Commission considered that Semapa had not adopted this recommendation.

II.1.4 POLICY ON WHISTLEBLOWING

II.1.4.1 THE COMPANY SHALL ADOPT A POLICY WHEREBY ALLEGED IRREGULARITIES OCCURRING WITHIN THE COMPANY ARE REPORTED, SPECIFYING: 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.35 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.35 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 ALIGN THEIR INTERESTS WITH THE LONG TERM INTERESTS OF THE COMPANY, SHALL BE BASED ON PERFORMANCE ASSESSMENTS AND DISCOURAGE EXCESSIVE RISK TAKING. TO THIS END, REMUNERATION SHALL BE STRUCTURED, NAMELY, AS FOLLOWS: (I) THE REMUNERATION OF DIRECTORS WITH EXECUTIVE DUTIES SHALL INCLUDE A VARIABLE COMPONENT, SET IN ACCORDANCE WITH THE PERFORMANCE ASSESSMENT, CONDUCTED BY THE COMPETENT COMPANY BODIES, IN ACCORDANCE WITH MEASURABLE AND PRE-SET CRITERIA, WHICH CONSIDER THE REAL GROWTH OF THE COMPANY AND THE WEALTH EFFECTIVELY CREATED FOR SHAREHOLDERS, ITS LONG TERM SUSTAINABILITY AND THE RISKS ACCEPTED, AND ALSO COMPLIANCE WITH THE RULES APPLICABLE TO THE COMPANY'S BUSINESS OPERATIONS. (II) THE VARIABLE COMPONENT OF REMUNERATION SHALL BE REASONABLE OVERALL IN RELATION TO THE FIXED REMUNERATION COMPONENT, AND UPPER LIMITS SHALL BE SET FOR ALL COMPONENTS. (III) A SIGNIFICANT PART OF THE VARIABLE REMUNERATION SHALL BE DEFERRED FOR A PERIOD OF NO LESS THAN THREE YEARS, AND PAYMENT OF SUCH PART SHALL DEPEND ON THE CONTINUED POSITIVE PERFORMANCE OF THE COMPANY OVER THIS PERIOD. (IV) MEMBERS OF THE BOARD OF DIRECTORS SHALL NOT ENTER INTO CONTRACTS EITHER WITH THE COMPANY OR WITH THIRD PARTIES WHICH HAVE THE EFFECT OF MITIGATING THE RISK INHERENT IN THE VARIABILITY OF THEIR REMUNERATION AS FIXED BY THE COMPANY. (V) UNTIL THE END OF THEIR TERM OF OFFICE, EXECUTIVE DIRECTORS SHALL MAINTAIN THE SHARES IN THE COMPANY WHICH THEY MAY HAVE RECEIVED UNDER VARIABLE PAY SCHEMES, UP TO A LIMIT OF TWICE THE VALUE OF THEIR TOTAL ANNUAL REMUNERATION, SAVE THOSE WHICH HAVE TO BE DISPOSED OF IN ORDER TO PAY TAXES RESULTING FROM THE EARNINGS OF THESE SHARES. (VI) WHEN THE VARIABLE REMUNERATION INCLUDES THE ALLOCATION OF OPTIONS, THE START OF THE PERIOD FOR EXERCISE SHALL BE DEFERRED FOR A PERIOD OF NO LESS THAN THREE YEARS. (VII) APPROPRIATE LEGAL INSTRUMENTS SHALL BE INSTITUTED SO THAT THE SEVERANCE PAY ESTABLISHED FOR ANY FORM OF DISMISSAL WITHOUT DUE CAUSE OR TERMINATION OF DIRECTORSHIP IS NOT PAID IF THE DISMISSAL OR TERMINATION BY AGREEMENT IS DUE TO FAILINGS IN THE DIRECTOR'S PERFORMANCE. (VIII) THE REMUNERATION OF NON-EXECUTIVE

DIRECTORS SHALL NOT INCLUDE ANY COMPONENT DEPENDENT ON THEIR PERFORMANCE OR THE VALUE OF THE COMPANY.

ADOPTED

In the company's view, the form of structuring remuneration set out in sub-paragraphs (i) to (vii) above can only be regarded as an example. In the first place, the term "namely" suggests precisely this and, at the same time, to limit the different company options which could pursue the same ends and be better suited to the structure of the company in question would undoubtedly go against the spirit of the recommendation.

It is clear that the company has a remuneration policy which makes it possible to align the directors' interests with the long term interests of the company, and which is based on performance assessments, as follows with sufficient clarity from the remuneration policy approved by the shareholders and from the contents of item II.33 below referring to the remuneration system.

In relation to the recommendation that the remuneration policy should discourage excessive risk-taking, we should note that this follows in the first place from the fact that remuneration does not vary in direct proportion to results, but is instead determined by conjugating a range of factors which inevitably includes the level of risk, despite the difficulty involved in making this assessment.

However, in the case of Semapa, where shareholder control is stable, and which has therefore also enjoyed great stability in terms of management, this principle is efficiently assured by the fact its senior officers serve the company on a long term basis, meaning that their future remuneration is dependent on long term policies and the level of risks accepted.

As for the examples of how remuneration is to be structured:

- (i) The remuneration of executive directors includes a variable component which meets the criteria set out in this sub-paragraph. However, we should note that the reference to measurable and preset criteria is not understood as a methodology which can be directly and arithmetically applied to the entire variable component, as certain aspects, such as the actual consideration of the risks accepted, are not inherently compatible with this form of operation. There are therefore preset percentages of the remuneration which are determined by means of value judgments,
- (ii) Despite the difficulty in determining whether the value of the variable component is reasonable in relation to the fixed component, we believe that the proportion currently prevailing in this respect is reasonable. Upper limits exist on variable remuneration, established in the articles of association as detailed below, but not for fixed remuneration, and this limit is set by resolution of the Remuneration Committee.
- (iii) There is no deferral of remuneration components, as explained in detail in chapter III of the remuneration policy approved by the shareholders.
- (iv) The company does not enter into any contracts with directors with the effect of mitigating the risk inherent in the variability of the remuneration set by the company. As regards the conclusion of contracts of this type between directors and third parties, the company is not aware of any, and does nothing to encourage them, but these are transactions in which, due to their very nature, the company is not involved, meaning that it is unable to attest to none such existing.
- (v) This specific measure does not apply to Semapa as the company runs no share-based variable remuneration scheme.
- (vi) The company likewise has no option-based payment plans, meaning that this measure is not applicable.
- (vii) This measure is also not applicable, as the company has no contractual relationships which establish special sets of rules for instances of

departure/removal from office, meaning that the supplementary rules established in law apply.

- (viii) This measure has not been adopted for reasons explained in the final paragraph of sub-paragraph a) of chapter V of the Remuneration policy statement and in item 2 of chapter VII of the same document.

II.1.5.2 THE STATEMENT ON REMUNERATION POLICY FOR MEMBERS OF THE BOARD OF DIRECTORS AND AUDIT BOARD REFERRED TO IN ARTICLE 2 OF LAW 28/2009, OF 19 JULY, SHALL CONTAIN, IN ADDITION TO THE CONTENT REFERRED TO THEREIN, SUFFICIENT INFORMATION: I) ON WHICH CORPORATE GROUPS WERE SELECTED FOR COMPARISON OF REMUNERATION POLICY AND PRACTICES FOR THE PURPOSES OF SETTING REMUNERATION; II) ON SEVERANCE PAYMENTS FOR DIRECTORS.

ADOPTED

The approved remuneration policy statement contains the mandatory content referred to in Law 28/2009, of 19 June, and describes the comparative data considered by the Remuneration Committee in setting remuneration. As regards severance pay paid by Semapa to departing directors, the statement indicates that no agreements exist or have ever been set by the remuneration committee.

The company accordingly complies with the recommendation.

II.1.5.3 THE REMUNERATION POLICY STATEMENT REFERRED TO IN ARTICLE 2 OF LAW 28/2009 SHOULD ALSO ENCOMPASS THE REMUNERATION OF MANAGEMENT PERSONNEL, AS DEFINED IN ARTICLE 248-B.3 OF THE SECURITIES CODE, WHOSE REMUNERATION INCLUDES A SIGNIFICANT VARIABLE COMPONENT. THE STATEMENT SHOULD BE DETAILED AND THE POLICY PRESENTED SHOULD TAKE INTO ACCOUNT THE COMPANY'S LONG TERM PERFORMANCE, COMPLIANCE WITH THE RULES APPLICABLE TO THE COMPANY'S OPERATIONS AND RESTRAINT IN RISK-TAKING.

NOT ADOPTED

The directors consider that employee pay policy, specifically for managerial staff, is a management act for which they have sole responsibility, as follows clearly from a combined interpretation of Articles 373.3 and 405 of the Companies Code. Contrary to the situation in a company by quota shares, in public limited companies shareholder involvement in management is highly exceptional, and should only occur on the initiative of the management body. No grounds are here deemed to exist for an exception, and it is considered that the existence of restraints on the management and setting of the pay policy for the company's senior management could even undermine the directors' accountability to the shareholders. The remuneration policy statement limits itself to acknowledging the position of the Board of Directors, of which it is well aware. The company continues therefore not to comply with this recommendation.

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 VARIATIONS IN SHARE PRICES, TO MEMBERS OF THE MANAGEMENT AND AUDIT BOARDS AND OTHER MANAGEMENT PERSONNEL AS DEFINED IN ARTICLE 248/3/B OF THE SECURITIES CODE. THE PROPOSAL SHALL MENTION ALL THE NECESSARY INFORMATION FOR A CORRECT ASSESSMENT OF ANY SUCH PLAN. 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 MANAGEMENT PERSONNEL, AS DEFINED IN 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.

This issue is further referred to in chapter II.33 o) of this Report.

II.1.5.5 NO LESS THAN ONE REPRESENTATIVE OF THE REMUNERATION COMMITTEE 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 flown from a decision taken freely by the Remuneration Committee itself.

II.1.5.7 THE ANNUAL REPORT ON CORPORATE GOVERNANCE SHALL DISCLOSE THE REMUNERATION RECEIVED, ON AN AGGREGATE AND INDIVIDUAL BASIS, IN OTHER GROUP COMPANIES AND THE PENSION RIGHTS ACQUIRED IN THE PERIOD IN QUESTION.

NOT APPLICABLE

Note 1 to this recommendation in the 2010 Corporate Governance Code that "This recommendation shall remain in place until the reporting duties provided for in Article 3 c) and d) of Securities Market Commission Regulations no. 1/2010 come into effect." Given that these sub-paragraphs, and the reporting duties they provide for, came into effect on 1 January 2011, under Article 7.2 of Securities Market Commission Regulations no. 1/2010, Semapa considers that this recommendation has lapsed and as such is not applicable.

II.2. BOARD OF DIRECTORS

II.2.1. WITHIN THE LIMITS ESTABLISHED BY LAW FOR EACH MANAGEMENT AND SUPERVISORY STRUCTURE, AND EXCEPT ON THE GROUNDS 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 this past, this 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 complied with, 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 shall this should continue to be the procedure in future.

However, the Board of Directors, as stated in the past, 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 PROCEDURES FOR COORDINATING NON-EXECUTIVE MEMBERS THAT ASSURE THAT THESE MAY REACH DECISIONS IN AN INDEPENDENT AND INFORMED MANNER, AND FURTHERMORE SHALL PROVIDE SHAREHOLDERS WITH DETAILS OF THESE PROCEDURES 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.8 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 Corporate Governance Report.

II.2.5. THE COMPANY SHALL SPECIFY ITS POLICY ON ROTATING AREAS OF RESPONSIBILITY WITHIN THE BOARD OF DIRECTORS, AND IN PARTICULAR RESPONSIBILITY FOR FINANCIAL MATTERS, PROVIDING INFORMATION ON THIS IN ITS ANNUAL CORPORATE GOVERNANCE REPORT.

ADOPTED

This recommendation has been adopted insofar as there is a policy whereby the advantages of rotation and periodically considered and assessed, but not in the sense of there being any requirement for rotation, or maximum periods of time without rotation. As regards responsibility for financial matters, it is important to point out that this responsibility is shared in the company by two directors, Dr. José Alfredo Almeida Honório and Dr. José Miguel Pereira Gens Paredes. This matter is further considered in chapters II.3 and II.11.

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 GOOD TIME 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.

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, 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 COMMITTEE, 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 AUDIT 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.

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 Audit Board represents the company in dealings with the External Auditor, not in the sense of being granted formal powers of representation but rather as the prime point of contact, with access and direct knowledge of the work carried out by the External Auditor. The company believes that this direct supervision by the Audit Board is possible, without interference from the Board of Directors, in relation to the work carried on by the External Auditor, provided that this does not undermine the provision of prompt and adequate information on this work to the management body, which has ultimate responsibility for the company's affairs and financial statements. In keeping with this principle, the External Auditor's reports are addressed to the Audit Board and discussed at joint meetings of this board with a member of the Board of Directors, and the Audit Board takes steps to assure that the necessary conditions are in place in the company for the provision of audit services. With regard to the contracting of the External Auditor, the Audit Board proposes its candidate, under the terms of Article 420.2 b) of the Companies Code, and the respective remuneration.

This recommendation has therefore been adopted by the company.

II.4.5. DEPENDING ON THE APPLICABLE MODEL, THE 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 by the company.

II.4.6. THE INTERNAL AUDIT DEPARTMENTS AND THOSE THAT ENSURE COMPLIANCE WITH THE RULES APPLICABLE TO THE COMPANY (COMPLIANCE SERVICES) SHALL REPORT TO THE AUDIT COMMITTEE, THE GENERAL AND SUPERVISORY BOARD OR IN THE CASE OF COMPANIES ADOPTING THE LATIN MODEL, AN INDEPENDENT DIRECTOR OR SUPERVISORY BOARD, REGARDLESS OF THE HIERARCHICAL RELATIONSHIP THAT THESE SERVICES HAVE WITH THE EXECUTIVE MANAGEMENT OF THE COMPANY.

ADOPTED

The company does not have internal departments solely dedicated to audit or compliance and these functions are assigned essentially to the Audit Board and to Semapa's Legal Department. This option is due to Semapa's simplified administrative structure as a holding company, without prejudice to the existence of departments of this type in its subsidiaries.

This recommendation has therefore been adopted by the company.

II.5. SPECIAL COMMITTEES

II.5.1 EXCEPT IN SMALL COMPANIES AND DEPENDING ON THE MODEL ADOPTED, THE BOARD OF DIRECTORS AND THE GENERAL AND SUPERVISORY COMMITTEES SHALL SET UP THE NECESSARY COMMITTEES IN ORDER TO: I) ASSURE 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) REFLECT ON THE GOVERNANCE SYSTEM IN PLACE AND MONITOR ITS EFFECTIVENESS AND PROPOSE TO THE RELEVANT BODIES THE MEASURES REQUIRED TO IMPROVE IT; III) IDENTIFY PROMPTLY POTENTIAL CANDIDATES WITH THE HIGH PROFILE NEEDED TO HOLD THE OFFICE OF DIRECTOR.

NOT ADOPTED

At Semapa, it is not always necessary or appropriate for the Board of Directors to set up committees with specific powers in given areas, in view of the size of the company, and the fact that it is a holding company with no direct operations and a very simple administrative structure.

The company accordingly sees no need for a specific committee to assess the performance of the executive directors, as this function is fully and perfectly assured by the Chairman of the Board of Directors, the Audit Board, the Remuneration Committee and the shareholders. As regards reflection on corporate governance, the company has indeed set up a committee for this purpose, as described in chapter II.3 of this Report.

Finally, on the question of the identifying of potential candidates for directorships, such a function does not exist for the reasons set out above in relation to recommendation II.1.3.2, meaning that in this particular the recommendation is not applicable.

We therefore consider that this recommendation has been adopted, insofar that two of the three requirements have been adopted and one is not applicable.

We therefore consider that Semapa has not adopted this recommendation.

II.5.2 MEMBERS OF THE REMUNERATION COMMITTEE OR THE EQUIVALENT SHALL BE INDEPENDENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND INCLUDE NO LESS THAN ONE MEMBER WITH KNOWLEDGE AND EXPERIENCE IN THE FIELD OF REMUNERATION POLICY.

ADOPTED

As explained more fully below, the company considers that all the members of the Remuneration Committee qualify as independent.

Eng. Frederico da Cunha's connection with Semapa results from the fact that he was a non-executive director of the company until 2005 and currently draws a retirement pension on the strength of his former duties. However, Semapa considers that, because he was a non-executive director, and because of the time that has elapsed and the fact that his pension entitlement is an acquired right over which Semapa has no control, the impartiality of his analysis and decisions is not constrained, meaning that he exercises his duties with independence.

In the case of Dr. José Maury, there are instances in the previous financial year of services rendered by Egon Zehnder, the company he represents, to subsidiaries of Semapa. However the scale of these services is not such as could undermine the independence of this member of the committee. Dr. José Maury has extensive knowledge and experience in the field of remuneration policies.

Finally, Dr. Sofia Frère, appointed at the annual general meeting in 2011, is also independent, there existing no circumstance which could undermine the impartiality of her analysis or decisions. We would clarify however that, although she holds office in a number of companies in the Santander group, Semapa's commercial dealings with Santander do not fall within the scope of her responsibilities.

We may therefore see that the membership is extremely favourable to a correct and independent assessment. In effect, the committee consists one person who is familiar with the internal workings of the company from the time when he was a director, another who is a specialist in matters of remuneration and a third member who has pursued her professional career in the context of major business groups but with no connection to the company. The three members accordingly each bring specific advantages which complement each other.

The company therefore considers that this recommendation has been adopted. Nonetheless, we note that the Securities Market Commission has taken a different view, considering that Eng. Frederico da Cunha cannot be classified as independent given that he was formerly a director of the company.

This issue is further referred to in items II.36 and II.38 of this Report.

II.5.3 NO NATURAL OR LEGAL PERSON WHO PROVIDES, OR HAS PROVIDED IN THE LAST THREE YEARS, SERVICES TO ANYBODY OR ORGANIZATION REPORTING TO THE BOARD OF DIRECTORS OR TO THE COMPANY'S BOARD OF DIRECTORS ITSELF, OR WHO HAS ANY CURRENT RELATIONSHIP WITH THE COMPANY'S CONSULTANTS, SHALL BE CONTRACTED TO SUPPORT THE REMUNERATION COMMITTEE IN THE PERFORMANCE OF ITS DUTIES. THIS RECOMMENDATION ALSO APPLIES TO ANY NATURAL OR LEGAL PERSON CONNECTED WITH SUCH PERSONS BY EMPLOYMENT OR SERVICE CONTRACT.

ADOPTED

The Remuneration Committee has never contracted any person or organization to assist it in its duties. The recommendation has therefore been adopted.

II.5.4 ALL COMMITTEES SHALL DRAW UP MINUTES OF THE MEETINGS HELD.

ADOPTED

This recommendation has been 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.1.1 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.16 of this Report.

III.1.2 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 by the company.

III.1.3 COMPANIES SHALL CHANGE TO A NEW AUDITOR AFTER TWO OR THREE TERMS OF OFFICE, DEPENDING ON WHETHER SUCH TERMS ARE RESPECTIVELY OF THREE OR FOUR YEARS. REAPPOINTMENT AFTER SUCH PERIOD HAS ELAPSED SHALL BE ON THE BASIS OF GROUNDS SET OUT IN A SPECIFIC REPORT FROM THE SUPERVISORY BOARD, EXPRESSLY ASSESSING THE AUDITOR'S INDEPENDENCE AND THE ADVANTAGES AND COSTS OF SUBSTITUTION.

ADOPTED

At the annual general meeting in 2010, the Audit Board submitted to shareholders a proposal for retaining the External Auditor, issuing its opinion in a report in which it argued that the quality of the work performed by PricewaterhouseCoopers and the firm's accrued experience in the sectors in which Semapa invests outweighed the drawbacks of retaining it. It concluded that the External Auditor is independent, a position which is reinforced by the proposal for rotating the partner representing the firm, in line with best international practice. The proposal was approved by the shareholders as it stood, and the External Auditor, now represented by a different partner, was elected for a further four-year period ending on 31 December 2013. The company accordingly complies with the recommendation.

III.1.4 IN THE EXERCISE OF ITS DUTIES, THE EXTERNAL AUDITOR SHALL CHECK THE APPLICATION OF REMUNERATION POLICIES AND SYSTEMS, THE EFFECTIVENESS AND WORKINGS OF INTERNAL CONTROL PROCEDURES AND REPORT ANY SHORTCOMINGS TO THE COMPANY'S SUPERVISORY BOARD.

ADOPTED

The company's External Auditor, PricewaterhouseCoopers, checks the application of remuneration policies and systems, and the effectiveness and workings of procedures through the information and documents provided by the company, and in particular by the Remuneration Committee and the Internal Control Committee. The respective findings are reported by the External Auditor to the Audit Board which then reports the shortcomings detected, if any. This recommendation is accordingly adopted.

III.1.5 THE COMPANY SHALL NOT CONTRACT FROM THE EXTERNAL AUDITOR, OR FROM ANY ENTITIES BELONGING TO THE SAME CORPORATE GROUP OR NETWORK, ANY SERVICES OTHER THAN AUDIT SERVICES. IF THERE ARE REASONS FOR CONTRACTING SUCH SERVICES, WHICH SHALL BE APPROVED BY THE SUPERVISORY BOARD AND DETAILED IN ITS ANNUAL CORPORATE GOVERNANCE REPORT, THEY SHALL NOT ACCOUNT FOR MORE THAN 30% OF THE TOTAL VALUE OF THE SERVICES SUPPLIED TO THE COMPANY.

ADOPTED

In the course of 2011, services other than audit services contracted by the company from the External Auditor, including from entities belonging to the same corporate group or service network, represented 21% of the total services provided to the company, which percentage is below the recommended upper limit of 30%. These services consist essentially of support services to safeguard compliance with fiscal obligations, in Portugal and abroad, and are approved by the Audit Board. The Board of Directors and the Audit Board consider that the contracting of these services is justified by the External Auditor's store of experience in the sectors in which the company operates and by the quality of its work, in addition to the fact that there are sufficient procedures in place to safeguard the independence of the auditors, through careful definition of the services required at the contracting stage. This recommendation has been adopted by the company.

IV. CONFLICTS OF INTERESTS

IV.1 DEALINGS WITH SHAREHOLDERS

IV.1.1 TRANSACTIONS BETWEEN THE COMPANY AND THE OWNERS OF QUALIFYING HOLDING, OR WITH ENTITIES IN ANY WAY RELATED TO SUCH SHAREHOLDERS, AS DEFINED IN ARTICLE 20 OF THE SECURITIES CODE, SHALL BE CARRIED OUT ON AN ARM'S LENGTH BASIS.

ADOPTED

This recommendation is adopted insofar as, in 2011, the company's transactions with the owners of qualifying holdings or with entities in any way related to such shareholders, as defined in Article 20 of the Securities Code, were carried out on an arm's length basis.

IV.1.2 SIGNIFICANT TRANSACTIONS WITH THE OWNERS OF QUALIFYING HOLDINGS, OR WITH ENTITIES IN ANY WAY RELATED TO SUCH SHAREHOLDERS, AS DEFINED IN ARTICLE 20 OF THE SECURITIES CODE, SHALL BE SUBMITTED FOR PRIOR CLEARANCE BY THE SUPERVISORY BOARD. THIS BODY SHALL DETERMINE THE PROCEDURES AND CRITERIA NEEDED FOR ASSESSING WHETHER SUCH TRANSACTIONS ARE SIGNIFICANT AND FOR DECIDING ON ANY STEPS TO BE TAKEN.

ADOPTED

On the basis of a proposal from the Board of Directors, the Audit Board has defined the procedures and criteria for identifying significant transactions which, as such, should be submitted for prior clearance. These criteria are those set out in chapter III.13 of this Report. Application of these criteria shows that in 2011 none of the company's transactions with the owners of qualifying holdings or entities in any way related to such shareholders, as defined in Article 20 of the Securities Code, can be regarded as significant, and consequently none were submitted for clearance by the Audit Board. This recommendation is therefore adopted.

Chapter I General Meeting

► 1.1. IDENTIFICATION OF THE OFFICERS OF THE GENERAL MEETING.

The officers of the General Meeting are:

Chairman - (vacant)
Secretary - Dr.^a Rita Maria Pinheiro Ferreira Soares de Oliveira

► 1.2. STARTING AND ENDING DATES OF TERMS OF OFFICE.

The Secretary of the General Meeting, Dr.^a Rita Maria Pinheiro Ferreira Soares de Oliveira, was elected for the first time on 21 March 2007, and was re-elected at the general meeting of 22 April 2010, to hold office until the end of the term of office which ends on 31 December 2013. The same general meeting also re-elected as Chairman Dr. José Pedro Correia de Aguiar-Branco, who then tendered his resignation on 21 June 2011, leaving this position vacant since such date.

► 1.3. REMUNERATION OF THE CHAIRMAN OF THE GENERAL MEETING.

During the financial year of 2011, the remuneration paid to the Chairman of the General Meeting was 3,000.00 Euros.

► 1.4. TIME DURING WHICH SHARES MUST BE BLOCKED IN ORDER FOR THEIR HOLDERS TO PARTICIPATE IN THE GENERAL MEETING.

Following on from the change to the law made by Decree-Law 49/2010, of 19 May, which, under Article 23-C of the Securities Code, exempted shares from blocking, requiring only that they be held on the 5th trading day prior to the date of the meeting, and setting different rules and time limits for participation in the general meeting, the shareholders approved at the 2011 general meeting a change to the articles of association (a new paragraph ten in Article Nine), incorporating these rules as far as they are applicable to the company due to its nature,

However, the previous rules are maintained, but will not apply as long as mandatory rules exist which take precedence over them. These rules require that shareholders present documentary evidence of ownership of shares and that they have been blocked 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.

► 1.5. RULES APPLICABLE TO THE BLOCKING OF SHARES IN THE EVENT OF ADJOURNMENT OF THE GENERAL MEETING.

Although shares no longer have to be blocked unless shareholders expressly so request, the former chairman of the general meeting considered that this was not necessary 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.

► 1.6. NUMBER OF SHARES THAT CORRESPOND TO ONE VOTE.

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

► 1.7. EXISTENCE OF PROVISION IN THE ARTICLES OF ASSOCIATION FOR NON-VOTING SHARES OR RULES ESTABLISHING THAT VOTES IN EXCESS OF A GIVEN NUMBER ARE NOT COUNTED, WHEN CAST BY A SINGLE SHAREHOLDER OR RELATED SHAREHOLDERS.

There are no rules in the articles of association providing for non-voting shares or establishing that votes in excess of a given number are not included, when cast by a single shareholders or related shareholders.

► 1.8. 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. Except for the legal time limit – the day before the general meeting – for the exercise of postal votes, the legal time limits for attendance of general meeting are not applicable, as stated above and as provided in the articles of association, as long as mandatory legal rules exist which prevail over them as is the case of Article 23-C of the Securities Code.

► 1.9. 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.10. 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.11. 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.12. EXERCISE OF VOTING RIGHTS BY ELECTRONIC MEANS.

Exercise of voting rights by electronic means is still not possible, although the articles of association authorize the Board of Directors to issue regulations on alternative non-paper forms of exercise of voting rights, provided they also assure the authenticity and confidentiality of votes up to the moment of voting.

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.13. SHAREHOLDER ACCESS TO EXTRACTS FROM MINUTES OF GENERAL MEETINGS THROUGH COMPANY WEBSITE WITHIN FIVE DAYS OF THE HOLDING OF THE MEETING.

The company posts extracts from the minutes of its general meetings on its web site within five days of the holding of meetings.

▶ I.14. EXISTENCE OF HISTORICAL ARCHIVES, ON THE COMPANY'S WEBSITE, WITH RESOLUTIONS ADOPTED AT THE COMPANY'S GENERAL MEETINGS, THE SHARE CAPITAL REPRESENTED AND THE RESULTS OF VOTES, FOR THE LAST THREE YEARS.

Extracts from the minutes of general meetings, with the resolutions, share capital represented, and the results of votes, for the last 3 years, are available for consultation at the company's website.

▶ I.15. INFORMATION ON PRESENCE AT GENERAL MEETINGS OF REPRESENTATIVE(S) OF THE REMUNERATION COMMITTEE.

The member of the Remuneration Committee usually present at general meetings, as at the last meeting, is Eng. Frederico José da Cunha Mendonça e Meneses.

▶ I.16. 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 2011, the Remuneration Committee submitted for the approval of the shareholders at the general meeting a remuneration policy statement relating to the the members of the Board of

Directors and the Audit Board for which it is responsible; this document is reproduced in part II of this Corporate Governance Report, and was duly discussed and approved.

In view of the legal requirement, the Remuneration Committee will submit a remuneration policy statement to the general meeting each year, notwithstanding the view, set out in the first declaration, issued prior to the introduction of this requirement, that it would be more appropriate for the policy to remain in force for the duration of the respective term of office.

This remuneration policy statement does not encompass other management personnel, in the light of the company's view that the setting of employee pay policy is a management act for which the Board of Directors has sole powers, which understanding is explained more fully in connection with recommendation II.1.5.3.

The annual general meeting plays no part in assessing the performance of members of the board of the directors for the purpose of remuneration, notwithstanding the annual approval of the remuneration policy statement concerning company officers.

- ▶ I.17. INFORMATION ON THE GENERAL MEETING'S INTERVENTION CONCERNING PROPOSALS FOR SHARE- OR OPTION-BASED PAYMENT SCHEMES OR PAYMENT SCHEMES BASED ON VARIATIONS IN SHARE PRICES FOR MEMBERS OF THE BOARD OF DIRECTORS, AUDIT BOARD OR OTHER MANAGEMENT PERSONNEL, AS DEFINED IN ARTICLE 258-B.3 OF THE SECURITIES CODE, AND ON THE DOCUMENTS MADE AVAILABLE TO THE GENERAL MEETING FOR A CORRECT ASSESSMENT OF THESE SCHEMES.

No such proposal has been presented, as this type of scheme does not exist in the company.

- ▶ I.18. INFORMATION ON THE GENERAL MEETING'S INTERVENTION IN APPROVING THE CENTRAL FEATURES OF THE RETIREMENT BENEFITS SYSTEM FOR MEMBERS OF THE BOARD OF DIRECTORS, AUDIT BOARD OR OTHER MANAGEMENT PERSONNEL, AS DEFINED IN ARTICLE 258-B.3 OF THE SECURITIES CODE.

The retirement system existing in the company, which applies solely to members of the Board of Directors, was duly approved by the shareholders at the general meeting, who also approved the respective rules in full.

- ▶ I.19. EXISTENCE OF PROVISION IN THE ARTICLES OF ASSOCIATION REQUIRING THE GENERAL MEETING TO RESOLVE, NO LESS THAN EVERY FIVE YEARS, ON WHETHER TO MAINTAIN OR ELIMINATE A RULE IN THE ARTICLES LIMITING THE NUMBER OF VOTES WHICH CAN BE HELD OR CAST BY A SINGLE SHAREHOLDER INDIVIDUALLY OR IN CONJUNCTION WITH OTHER SHAREHOLDERS.

No such provision exists as there is also no such limitation on the holding or casting of votes.

- ▶ I.20. 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.

- ▶ 1.21. 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 change in the control of the company.

- ▶ 1.22. 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

Section I – General Matters

► II.1. COMPANY BODIES AND RESPECTIVE MEMBERSHIP

The following company officers were elected for the term running from 2010 to 2013, and remain in office until a fresh election is held:

General Meeting

Chairman: (vacant)
Secretary: Dr.^a Rita Maria Pinheiro Ferreira Soares de Oliveira

Audit Board

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

Official Auditor:

Full: PricewaterhouseCoopers & Associados – SROC, Lda,
represented by Dr. António Alberto Henriques Assis (ROC)
or Dr. César Abel Rodrigues Gonçalves (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.^a 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
Dr. Vitor Manuel Galvão Rocha Novais Gonçalves

Company Secretary:

Dr. Rui Tiago Trindade Ramos Gouveia

► 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
Dr.^a Margarida Isabel Feijão Antunes Rebocho

Corporate Governance Committee

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

The following committees have also been set up without powers of corporate management or supervision:

Strategy Committee

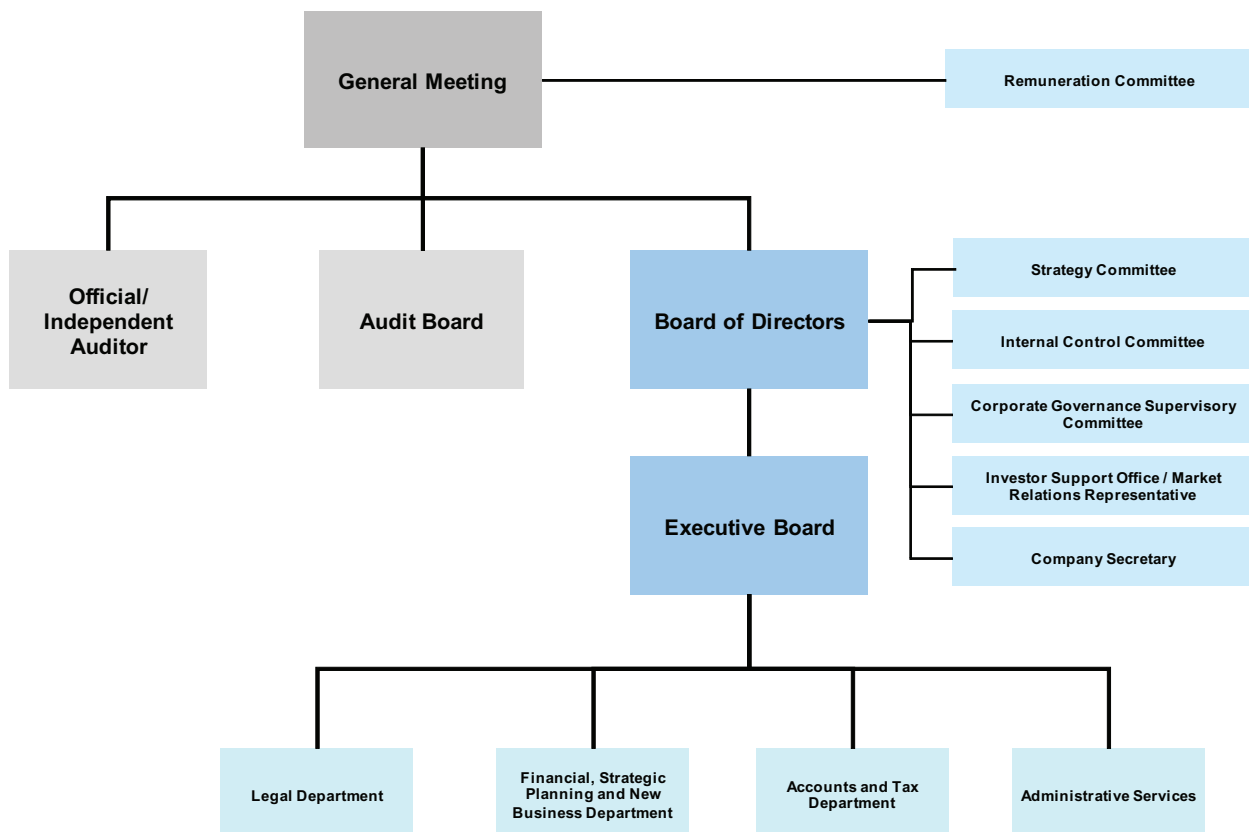
Pedro Mendonça de Queiroz Pereira
Maria Maude Mendonça de Queiroz Pereira Lagos
Dr. José Alfredo de Almeida Honório
Eng. Joaquim Martins Ferreira do Amaral
Dr. António Pedro de Carvalho Viana-Baptista

Remuneration Committee

Dr. José Gonçalo Maury
Eng. Frederico José da Cunha Mendonça e Meneses
Dr.^a Sofia Luísa Corrêa Henriques Cardoso de Menezes Frère

- ▶ II.3. ORGANIZATIONAL CHARTS OR FLOW CHARTS SHOWING THE DIVISION OF RESPONSIBILITIES BETWEEN THE DIFFERENT COMPANY BODIES, COMMITTEES AND/OR DEPARTMENTS, INCLUDING INFORMATION ON SCOPE OF POWERS DELEGATED, IN PARTICULAR CONCERNING DELEGATION OF THE DAY-TO-DAY RUNNING OF THE COMPANY, OR THE DISTRIBUTION OF SPECIAL RESPONSIBILITIES ASSIGNED TO SPECIFIC DIRECTORS OR MEMBERS OF THE AUDIT BOARD AND A LIST OF MATTERS WHERE POWERS CANNOT BE DELEGATED AND POWERS EFFECTIVELY DELEGATED.

The following simplified chart shows the organization of Semapa's different bodies, committees and departments:



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.

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 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, para. 4 of the Companies Code. Powers are specifically delegated for the following:

- a) To negotiate and resolve to enter into any commercial or civil contract, by public or private act, on the terms and conditions it deems most appropriate, and to take all decisions it sees fit in the performance of these contracts;
- b) To resolve to issue, sign, draw, accept, endorse, guarantee, protest or carry out any other act in connection with the use of bills or credit instruments;
- c) To resolve on all routine banking operations, with Portuguese or foreign financial institutions, namely opening, consulting and establishing the form of effecting movements in bank accounts, in all the legally admissible forms;
- d) To negotiate and resolve to contract and amend loan agreements, with financial institutions or other entities, including the provision of the respective guarantees in cases where the law permits such delegation, all on the terms it sees fit;
- e) To resolve to acquire, dispose of and encumber assets of all kinds, on the terms and conditions it sees fit, negotiating and resolving on the conclusion for such purposes, by public or private document, of any contractual instrument, and carrying out any accessory or complementary acts which may be necessary for the performance of these contracts;
- f) To take all decisions and carry out all acts in connection with the exercise by the company of its position as shareholder, namely by appointing its representatives at the general meetings of companies in which it has holdings and adopting unanimous resolutions in writing;
- g) To draft the company reports, balance sheets, financial statements and proposals for allocation of profits;
- h) To take all steps necessary or appropriate in connection with the company's industrial relations with its employees, namely contracting, dismissing, transferring, defining terms of employment and pay, and revising and amending the same;
- i) To resolve on representation of the company before any court or mediation or arbitration body, taking all decisions as may be necessary or appropriate in connection with any proceedings pending before the same or to bring the same, and namely to desist, confess or settle;
- j) To appoint attorneys for the company within the powers delegated to it;
- k) To take all steps necessary or appropriate in connection with existing or planned issues of bonds and commercial paper, including the actual decision to issue, and
- l) In general, to carry out all acts of day-to-day management in the company, save those which cannot be delegated under Article 407.4 of the Companies Code.

The Executive Board is barred from resolving 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.

In the case of the Audit Board, which has the powers established in law, there are no delegated powers or special areas of responsibility for individual members.

Item II.5 in this chapter outlines the workings of the Audit Board and the Internal Control Committee, together with the powers of the latter.

The Strategy Committee has the central mission of following through and assessing the main strategic options of the Executive Board and the Board of Directors, with the following specific responsibilities:

- a) To cooperate in long term strategic planning, including identification and setting of strategic aims for business development and implementation of initiatives for growth;
- b) To advise, by drawing up recommendations, and to discuss the company's strategic options;
- c) To oversee the company's strategic options, proposing, if necessary, the approval of specific measures and procedures for developing, adopting and modifying the strategies adopted;
- d) To analyze and assess the evolution of the impact of external factors, such as changes in the economy, competition and technology, on the group's overall strategy.

The Corporate Governance Supervisory Committee (CGSC) 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 CGSC 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 functions of the Investor Support Office are detailed in chapter III.16 of this report.

The Company Secretary is appointed by the Board of Directors and has the powers defined in law.

The Remuneration Committee draws up an annual statement on remuneration policy for members of the board of directors and audit board, and sets the remuneration of directors and the system for old-age or invalidity retirement pensions, or complementary retirement pensions.

The Legal Department provides the company with legal advice in order to assure compliance with the relevant legislation.

The Financial, Strategic Planning and New Business Division is primarily engaged in financial management and conducting studies and research in order to identify and implement new business opportunities and contribute to the company's strategic planning.

Finally, the Accounts and Tax Department is principally responsible for rendering the company's accounts and complying with its fiscal obligations.

- ▶ II.4. REFERENCE TO THE FACT THAT THE ANNUAL REPORTS ON THE ACTIVITIES OF THE GENERAL AND SUPERVISORY BOARD, THE COMMITTEE FOR FINANCIAL AFFAIRS, THE AUDIT COMMITTEE AND THE AUDIT BOARD INCLUDE A DESCRIPTION OF THE SUPERVISORY ACTIVITIES CARRIED ON, REFERRING TO ANY CONSTRAINTS DETECTED, AND THAT THEY ARE PUBLISHED ON THE COMPANY'S WEBSITE, IN CONJUNCTION WITH THE OTHER REPORTS AND FINANCIAL STATEMENTS.

The annual report on the activities of the Audit Board, including the respective opinion on the company's accounts, is part of the financial statements and is published in full on Semapa's website. This report refers to any constraints encountered in the course of the Audit Board's supervisory activities.

- ▶ II.5. 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 Auditor 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 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 mains 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.

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.

The internal control and risk management systems implemented have been shown to be effective, and no situations have so far arisen which have not been anticipated, duly guarded against or expressly accepted in advance as controlled risks.

- ▶ II.6. RESPONSIBILITY OF THE MANAGEMENT BODY AND SUPERVISORY BODY FOR CREATING AND RUNNING INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IN THE COMPANY, AND FOR ASSESSING THE WORKINGS OF THESE SYSTEMS AND ADJUSTING THEM TO THE COMPANY'S NEEDS.

As follows from the previous item, in addition to its own powers in this field, the Board of Directors created the ICC which, in accordance with the responsibilities defined by the Board of Directors, is responsible for assuring internal control and risk management. The Audit Board is responsible for overseeing the effectiveness of the risk management system and the internal control system, proposing adjustments to the existing system whenever necessary, and the ICC is responsible for implementing these adjustments. Finally, it should be noted that these systems are monitored and overseen at all times by the Board of Directors, which has ultimate responsibility for the company's internal activities.

- ▶ II.7. 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 procedure which are published on the company website, 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.

Section II – Board of Directors

- ▶ II.8. IF THE CHAIRMAN OF THE MANAGEMENT BODY HAS EXECUTIVE POWERS, INFORMATION ON PROCEDURES FOR COORDINATING THE WORK OF NON-EXECUTIVE MEMBERS WHICH ASSURE THAT THEIR DECISIONS ARE INDEPENDENT AND INFORMED

Coordination is assured by regularly transmitting all the relevant information on the day-to-day management of the company to members of the Board of Directors who are not members of the Executive Board in order to keep them permanently abreast of the company life, and by calling meetings of the Board of Directors for all decisions regarded as especially important, even when they fall within the scope of the general powers delegated.

In addition, the independent and informed nature of the decisions of non-executive directors is assured by the fact that their work is not organized by either the Chairman of the Board of Directors or by the executive directors. It should be noted that non-executive directors are not

dependent on the Chairman for accessing information, and have direct access to the Audit Board and other executives, who respond to all requests without any restriction.

The specific position of the Chairman therefore has no impact on the independent and informed character of the decisions of non-executive directors.

► **II.9. IDENTIFICATION OF THE MAIN ECONOMIC, FINANCIAL AND LEGAL RISKS TO WHICH THE COMPANY IS EXPOSED IN THE COURSE OF ITS BUSINESS**

Chapter 2 of the notes to the consolidated financial statements provides a detailed analysis of all financial and operational risks, including foreign exchange risk, interest rate risk, credit risk, liquidity risk, price risk, raw material supplies risk, sales price risk, the risk of product demand, the risk of competition, risk of environmental legislation, human resources risk, energy cost risk and economic and market risks in general.

With regard to legal risks, which are not detailed in the same way in the notes to the financial statements, it is important to point out that they derive essentially from fiscal and regulatory risks which are covered by the analysis of operational risks, specific general liability risks or risks relating to the negotiation and conclusion of contracts. These risks are controlled by legal offices both in Semapa as the holding company and in its subsidiaries, and through recourse to external lawyers whenever warranted by their particular expertise, the amount at stake or other factors in specific cases.

► **II.10. 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.11. INFORMATION ON THE POLICY OF ROTATING AREAS OF INDIVIDUAL RESPONSIBILITY IN THE BOARD OF DIRECTORS, AND IN PARTICULAR RESPONSIBILITY FOR FINANCIAL AFFAIRS, AND ON THE RULES APPLICABLE TO THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES**

The rotation of areas of individual responsibility within the Board of Directors, including responsibility for financial matters, is considered by the Executive Board whenever it organizes itself in view of the delegation of powers, normally subsequent to the general meetings at which elections are held. Rotation was considered in 2010, but it was decided to retain the existing distribution of areas of responsibility. The company believes it is necessary to weigh up the need to provide directors with fresh challenges with the real contribution made by the experience and expertise of directors in specific areas. This is the only way to assure that different areas of responsibility are distributed and exercised by the most suitable persons at any given moment.

It is also relevant to note the existence of various institutions and procedures for supervising the company's activities, starting with the Audit Board, which assures effective oversight in this and other areas of company activities, as described in greater detail in chapter II.4.

There are no special rules in Semapa on the appointment and replacement of members of the board of directors and the audit board, and the general supplementary rules contained in the Companies Code therefore apply here. As this provides a balanced framework, 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.12. NUMBER OF MEETINGS OF THE MANAGEMENT AND SUPERVISORY BODIES, AND REFERENCE TO THE MINUTES OF THESE MEETINGS

In the course of 2011 there were 7 meetings of the Board of Directors and 9 meetings of the Audit Board. Minutes were drawn up of all meetings of the Board of Directors and Audit Board.

▶ II.13. INDICATION OF THE NUMBER OF MEETINGS OF THE EXECUTIVE BOARD OR THE EXECUTIVE BOARD OF DIRECTORS, TOGETHER WITH REFERENCE TO THE TAKING OF MINUTES OF THESE MEETINGS AND THE FORWARDING OF THE SAME, TOGETHER WITH THE NOTICE OF MEETINGS, AS APPLICABLE, TO THE CHAIRMAN OF THE BOARD OF DIRECTORS, THE CHAIRMAN OF THE AUDIT BOARD OR THE AUDIT COMMITTEE, TO THE CHAIRMAN OF THE GENERAL AND SUPERVISORY BOARD AND TO THE CHAIRMAN OF THE FINANCIAL AFFAIRS COMMITTEE.

The Executive Board met 41 times in 2011, with minutes being taken on each occasion. The board's minutes, together with the respective notices of meetings, were sent to all members, who include the Chairman of the Board of Directors, who also chairs the Executive Board, and to the Chairman of the Audit Board.

▶ II.14. INDICATION OF THE EXECUTIVE AND NON-EXECUTIVE MEMBERS AND, WITH REGARD TO THE LATTER, A LIST OF MEMBERS WHO COMPLIED, WHEN APPLICABLE, 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.

In the case of Semapa, a clear line should not however be drawn 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.

Despite this collaboration, none of the directors who are not members of the executive board can be classified as "executive" directors. Not even in cases where these members sit on committees, in particular the Strategy Committee, whose work brings it closer to management, is their involvement so broad and permanent as to justify such a classification.

Due to the actual nature of their duties, the executive directors cannot and should not be regarded as "independent" or not "incompatible" in the light of 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 directorships in companies related to Semapa.

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

With regard to Eng. António da Nóbrega de Sousa da Câmara, Eng. Joaquim Martins Ferreira do Amaral, Dr. António Pedro de Carvalho Viana-Baptista and Dr. Vitor Manuel Galvão Rocha Novais, no factor of incompatibility exists as defined in Article 414-A.1 of the Companies Code, meaning that they may be classified as independent as defined in Article 414.5 of the Companies Code.

► II.15. INDICATION OF THE LEGAL AND REGULATORY RULES AND OTHER CRITERIA FORMING THE BASIS FOR THE MANAGEMENT BODY’S ASSESSMENT OF ITS MEMBERS INDEPENDENCE

The regulatory and legal criteria used by Semapa are those indicated in the title to chapter II.14 of this report.

In addition, Semapa makes only a general assessment as to the existence or otherwise of any circumstances which might constraint the independence of judgement of its officers. In making this assessment, the Board of Directors believes that the personal and professional qualities of each person are generally much more crucial in determining his or her independence of conduct than objective circumstances representing greater or lesser proximity to the company and its interests.

► II.16. INDICATION OF THE PROCEDURAL RULES FOR THE SELECTION OF CANDIDATES FOR NON-EXECUTIVE DIRECTORSHIPS AND HOW THESE RULES PRECLUDE ANY INTERFERENCE IN THE PROCESS BY EXECUTIVE DIRECTORS.

The company has established no rules on selecting candidates for non-executive directorships, as it considers that authority to appoint company officers lies with the general meeting, as explained more fully in connection with recommendation II.1.3.2..

► II.17. REFERENCE TO THE FACT THAT THE COMPANY’S ANNUAL MANAGEMENT REPORT INCLUDES A DESCRIPTION OF THE WORK UNDERTAKEN BY NON-EXECUTIVE DIRECTORS AND ANY CONSTRAINTS DETECTED

The Board of Directors includes this description in chapter IV of this report on the governance model adopted and on the work of the non-executive members of the Board of Directors.

► II.18. 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.19. 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, distinguishing between office held in other companies in the same group as Semapa and in other companies in which Semapa has a direct or indirect holdings, and also 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 end-date of term of office: 1991 - 2013
4. Office held in other companies belonging to same group as Semapa:

CELCIMO, S.L.....Chairman of the Board of Directors
 CIMENTOSPAR - Participações Sociais, SGPS, LdaManager
 SEINPART - Participações, SGPS, S.A.....Chairman of the Board of Directors
 SEMINV - Investimentos, SGPS, S.A.....Chairman of the Board of Directors

5. Office held in other companies in which Semapa has a direct or indirect holding:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.AChairman of the Board of Directors
 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
 SOPORCEL - Sociedade Portuguesa de Papel, S.A.....Chairman of the Board of Directors

6. 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.daManager
 O E M - Organização de Empresas, SGPS, S.A.....Chairman of the Board of Directors
 SODIM, SGPS, SAChairman 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

7. Other office held in the last five years:

CIMO - Gestão de Participações, SGPS, S.A.....Chairman of the Board of Directors
 ECOLUA - Actividades Desportivas, L.da.....Manager
 LONGAPAR, SGPS, S.A.....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
 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
3. Date of first appointment and end-date of term of office: 1994 - 2013
4. Office held in other companies belonging to same group as Semapa: No office held in other companies belonging to the same group as Semapa:

CELCIMO, S.L.Director

5. Office held in other companies in which Semapa has a direct or indirect holding: No office held in other companies in which Semapa has a direct or indirect holding

6. Office held in other companies:

CIMIGEST, SGPS, S.A.Director
HOTEL VILLA MAGNA, S.L.Chairman of the Board of Directors
HOTEL RITZ, SAChairman 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
VIEZNADA, SL.Director

7. Other office held in the last five years: In addition to the positions indicated in the previous item, no other office held in the last five years.

José Alfredo de Almeida Honório

1. Number of shares held in the company: Holds 20.000 shares in the company
2. Professional qualifications: Degree in Economics from the Faculty of Economics, University of Coimbra (1980)
3. Date of first appointment and end-date of term of office: 1994 - 2013
4. Office held in other companies belonging to same group as Semapa:

CELCIMO, S.L.Director
CIMENTOSPAR - Participações Sociais, SGPS, L.daManager
SEINPART - Participações, SGPS, S.A.Director
SEMINV - Investimentos, SGPS, S.A.Director

5. Office held in other companies in which Semapa has a direct or indirect holding:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A.Director and Chairman of the Executive Board
CIMINPART - Investimentos e Participações, SGPS, S.A.Director
CMP - Cimentos Maceira e Pataias, S.A.Director
COUNTRYTARGET, SGPS, S.A.Chairman of the Board of Directors
EUCALIPTUSLAND, S.A.Chairman of the Board of Directors
PORTUCEL – Empresa Produtora de Pasta e Papel, S.A.Director and Chairman of the Executive Board
PORTUCELPAPEL SETÚBAL S.A.Chairman of the Board of Directors
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 FINE PAPER, S.A.Chairman of the Board of Directors
PORTUCELSOPORCEL Floresta, SGPS, S.A (formerly called SOPORCEL – Gest. de Part. Sociais, SGPS, S.A.)Chairman of the Board of Directors
PORTUCELSOPORCEL FLORESTAL, S.A.Chairman of the Board of Directors
PORTUCELSOPORCEL Internacional, SGPS, S.A.Chairman of the Board of Directors
(formerly called IMPACTVALUE - 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 Pulp, SGPS, S.A.	Chairman of the Board of Directors
PORTUCEL SOPORCEL SALES & MARKETING S.A.	Director
PORTUCELSOPORCEL Switzerland Ltd.	Chairman of the Board of Directors
SECIL - Companhia Geral de Cal e Cimento, S.A.	Director
SOPORCEL – Sociedade Portuguesa de Papel, S.A.	Director and Chairman of the Executive Board
SOPORCEL PULP, SA.	Chairman of the Board of Directors

6. Office held in other companies:

CELPA – Associação da Indústria Papeleira.	Chairman of the General Board and Member of the Executive Board
CEPI – Confederation of European Paper Industries.	Director and Member of the Executive Board

7. Other office held in the last five years:

ALIANÇA FLORESTAL – Soc. para o Des. Agro-Florestal, S.A.	Chairman of the Board of Directors
BETOPAL, S.L.	Director
CIMO - Gestão de Participações, SGPS, S.A.	Director
FLORIMAR – Gestão e Participações, SGPS, Soc. Unipessoal, L.da.	Manager
HEWBOL – SGPS, L.da.	Manager
IBET – Instituto de Biologia Experimental e Tecnológica.	Chairman of the Management Board
LONGAPAR, SGPS, S.A.	Director
PARSEINGES - Gestão de Investimentos, SGPS, S.A.	Director
TECNIPAPEL – Soc. de Transformação e Distribuição de Papel, L.da.	Chairman of the Management Board
RAIZ – Instituto de Investigação da Floresta e Papel.	Manager
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 end-date of term of office: 2001 – 2013
4. Office held in other companies belonging to same group as Semapa:

CELCIMO, S.L.	Director
CIMENTOSPAR – Participações Sociais, SGPS, L.da.	Manager
SEINPART Participações, SGPS, S.A.	Director
SEMINV – Investimentos, SGPS, S.A.	Director
SEMAPA Inversiones, S.L.	Chairman of the Board of Directors

5. Office held in other companies in which Semapa has a direct or indirect holding:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A.	Director
CMP- Cimentos Maceira e Pataias, S.A.	Director
CIMENT DE SIBLINE S.A.L.	Director
CIMINPART - Investimentos e Participações, SGPS, S.A.	Director
FLORIMAR – Gestão e Participações, SGPS, Soc. Unipessoal, L.da.	Manager
HEWBOL – SGPS, L.da.	Manager
PORTUCEL – Empresa Produtora de Pasta e Papel, S.A.	Director
SECIL – Companhia Geral de Cal e Cimento, S.A.	Director
SECILPAR S.L.	Director
SCG – Société des Ciments de Gabès, S.A.	Director
SERIFE – Soc. Estudos e Realiz. Indust. Fornec. Equipamentos, L.da.	Manager
SILONOR, S.A.	Director
So.I.Me Liban S.A.L.	Director

SUPREMO CIMENTOS, S.A.Director
 SOPORCEL – Sociedade Portuguesa de Papel, S.A.Director

6. Office held in other companies:

VIROC PORTUGAL – Indústrias de Madeira e Cimento, S.A.Chairman of the Board of Directors

7. Other office held in the last five years:

ETSA Investimentos, SGPS, S.A (formerly called VERDEOCULTO - Investimentos, SGPS, S.A)Chairman of the Board of Directors
 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 end-date of term of office: 2006 – 2013
4. Office held in other companies belonging to same group as Semapa:

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

5. Office held in other companies in which Semapa has a direct or indirect holding: Holds no office in other companies in which Semapa has a direct or indirect holding

6. 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.Chairman of the Board of Directors
 LONGAPAR, SGPS, S.A.Director

7. Other office held in the last five years.

GOLIATUR – Sociedade de Investimentos Imobiliários, S.A.Chairman of the Board of Directors
 SONACA, SGPS, S.A.Chairman of the Board of Directors

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 end-date of term of office: 2006 – 2013
4. Office held in other companies belonging to same group as Semapa:

ABAPOR - Comércio e Indústria de Carnes, S.A.Chairman of the Board of Directors
 Aprovechamiento Integral de Subproductos Ibéricos, S.A.Director
 BIOLOGICAL - Gestão de Resíduos Industriais, L.daManager
 CELCIMO, S.L.Director
 CIMENTOSPAR - Participações Sociais, SGPS, L.daManager
 ETSA Investimentos, SGPS, S.A (formerly called VERDEOCULTO - Investimentos, SGPS, S.A)Chairman of the Board of Directors
 ETSA, SGPS, S.A.Chairman of the Board of Directors
 GREAT EARTH - Projectos, S.A.Director

I.T.S. - Indústria Transformadora de Subprodutos, S.A.	Chairman of the Board of Directors
SEBOL - Comércio e Indústria de Sebo, S.A.	Chairman of the Board of Directors
SEINPART - Participações, SGPS, S.A.	Director
SEMINV - Investimentos, SGPS, S.A.	Director

5. Office held in other companies in which Semapa has a direct or indirect holding:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A.	Director
PORTUCEL – Empresa Produtora de Pasta e Papel, S.A.	Director
SOPORCEL – Sociedade Portuguesa de Papel, S.A.	Director
SUPREMO CIMENTOS, S.A.	Director

6. Office held in other companies:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.	Director
CIMO – Gestão de Participações, SGPS, S.A.	Director
HOTEL RITZ, SA	Director
LONGAPAR, SGPS, S.A.	Director
MOR ON-LINE – Gestão de Plataformas de Negociação de Resíduos On-Line, S.A.	Director
O E M – Organização de Empresas, SGPS, S.A.	Director
SODIM, SGPS, S.A.	Director

7. Other office held in the last five years:

ABAPOR - Comércio e Indústria de Carnes, S.A.	Director
ECH – Exploração de Centrais Hidroeléctricas, S.A.	Director
ETSA - Empresa de Transformação de Subprodutos Animais S.A.	Chairman of the Board of Directors
ETSA, SGPS, 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
SODIM, SGPS, S.A.	Member of Audit Board
SECILPAR Inversiones, S.L.	Director
SONACA, SGPS, S.A.	Director
TERCIM – Terminais de Cimento, S.A.	Director
VERDEOCULTO - Investimentos, SGPS, 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 end-date of term of office: 2006 – 2013
4. Office held in other companies belonging to same group as Semapa:

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
CELCIMO, S.L.	Director
CIMENTOSPAR – Participações Sociais, SGPS, L.da	Manager
ETSA Investimentos, SGPS, S.A (formerly called VERDEOCULTO - Investimentos, SGPS, S.A)	Director
ETSA, SGPS, S.A.	Director
GREAT EARTH - Projectos, 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

5. Office held in other companies in which Semapa has a direct or indirect holding:

ABOUT THE FUTURE – Empresa Produtora de Papel, S.A.....	Director
CIMINPART - Investimentos e Participações, SGPS, S.A.....	Chairman of General Meeting
PORTUCEL – Empresa Produtora de Pasta e Papel, S.A.	Director
SOPORCEL – Sociedade Portuguesa de Papel, S.A.....	Director

6. Office held in other companies:

ANTASOBRAAL - Sociedade Agro-Pecuária, SA.....	Chairman of General Meeting
BEIRA-RIO – Sociedade Construtora de Armazéns, S.A.	Chairman of General Meeting
CIMIGEST, SGPS, S.A.....	Company Secretary
CIMILONGA – Imobiliária, S.A.....	Chairman of 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 General Meeting
GALERIAS RITZ – Imobiliária, S.A.....	Chairman of General Meeting
HOTEL RITZ, S.A.	Chairman of General Meeting
LONGAPAR, SGPS, S.A.	Director
LONGAVIA – Imobiliária, S.A.	Chairman of General Meeting
O E M - Organização de Empresas, SGPS, S.A.	Director
PARQUE RITZ – Imobiliária, S.A.....	Chairman of General Meeting
REFUNDOS - Sociedade Gest. de Fundos de Invest. Imobiliário, S.A.....	Chairman of General Meeting
SODIM, SGPS, S.A.	Director
SONAGI – Imobiliária, S.A.....	Chairman of General Meeting
VÉRTICE – Gestão de Participações, SGPS, S.A.....	Chairman of General Meeting
Sociedade Agrícola da Quinta da Vialonga, S.A.....	Chairman of General Meeting

7. Other office held in 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
ETSA - Empresa de Transformação de Subprodutos Animais S.A.	Director
IMOCIPAR – Imobiliária, S.A.....	Chairman of General Meeting
GOLIATUR – Sociedade de Investimentos Imobiliários, S.A.....	Chairman of General Meeting
GOLIATUR – Sociedade de Investimentos Imobiliários, S.A.....	Director
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
VERDEOCULTO – Investimentos, SGPS, S.A.....	Chairman of General Meeting
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 end-date of term of office: 2006 – 2013
4. Office held in other companies belonging to same group as Semapa:

CELCIMO, S.L.....	Director
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5. Office held in other companies in which Semapa has a direct or indirect holding: Holds no office in other companies in which Semapa has a direct or indirect holding

6. Office held in other companies:

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

7. Other professional activities in the last five years:

Guest lecturer, Faculty of Law, Portuguese Catholic University.
 Member of the National Ethics Council for Life Sciences
 Vice-President of the Institute of Bioethics, Portuguese Catholic University

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 end-date of term of office: 2006-2013
4. Office held in other companies belonging to same group as Semapa: No office held in other companies belonging to the same group as Semapa
5. Office held in other companies in which Semapa has a direct or indirect holding: Holds no office in other companies in which Semapa has a direct or indirect holding

6. Office held in other companies:

YDREAMS - Informática S.A.	Chairman of the Board of Directors
YD YNVISIBLE, S.A.	Director

7. Other office held in 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 end-date of term of office: 2006-2013
4. Office held in other companies belonging to same group as Semapa: No office held in other companies belonging to the same group as Semapa
5. Office held in other companies in which Semapa has a direct or indirect holding: Holds no office in other companies in which Semapa has a direct or indirect holding
6. Office held in other companies:

AEM – Assoc Empresas Emitentes de Valores Cotados em Mercado	Chairman of the General Board
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

7. Other office held in the last five years:

GREAT EARTH - Projectos, S.A.	Chairman of the Board of Directors
CIMIANTO - Sociedade Técnica de Hidráulica, S.A.	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 end-date of term of office: 2010-2013
4. Office held in other companies belonging to same group as Semapa: No office held in other companies belonging to the same group as Semapa
5. Office held in other companies in which Semapa has a direct or indirect holding: Holds no office in other companies in which Semapa has a direct or indirect holding
6. Office held in other companies:

Credit Suisse AG (para Espanha e Portugal)	CEO
JERÓNIMO MARTINS SGPS, S.A.	Manager and Member of Audit Board
RIM – Research In Motion (BlackBerry) (Canadá).....	Director

7. Other office held in the last five years:

O2 Europe (Reino Unido, Irlanda, Alemanha, República Checa)	Director
TELESP (São Paulo, Brasil)	Director
Telefonica Moviles Mexico (México)	Director
NH Hoteles (Madrid, Espanha)	Director
Telefonica S.A.	Director
Telefonica Moviles, S.A.	Chairman of the Board of Directors and of Executive Board
Telefonica España	Chairman of the Board of Directors and of Executive Board
Portugal Telecom.....	Director

Vítor Manuel Galvão Rocha Novais Gonçalves

1. Number of shares held in the company: Holds no shares in the company
2. Professional qualifications: Degree in Business Management ISC-HEC- Brussels – 1984.
3. Date of first appointment and end-date of term of office: 2010-2013
4. Office held in other companies belonging to same group as Semapa: No office held in other companies belonging to the same group as Semapa
5. Office held in other companies in which Semapa has a direct or indirect holding: Holds no office in other companies in which Semapa has a direct or indirect holding
6. Office held in other companies:

ZOOM INVESTMENT, SGPS, S.A.	Director
TCARE - Conhecimento e Saúde, S.A.	Director
WINENERGY – Engenharia e Desenvolvimento, S.A. (formerly called TRC – Tecnologia, Representação e Comércio, S.A.)	Director
MAGALHÃES e GONÇALVES - Consultoria e Gestão, Lda.....	Manager

7. Other office held in the last five years:

SGC COMUNICAÇÕES, SGPS, S.A.....Director
SGC TELECOM, SGPS, S.A.Member of Executive Board
AR Telecom, Acessos e Redes de Telecomunicações, S.A.....Member of Executive Board

Section III – General and Supervisory Board, Committee for Financial Affairs and Audit Board

- ▶ II.21. IDENTIFICATION OF THE MEMBERS OF THE AUDIT BOARD, DECLARING THAT MEMBERS 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 AUDIT BOARD CONDUCTS A SELF-ASSESSMENT FOR THIS PURPOSE.

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

The self-assessment carried out by the Audit Board for the financial year of 2011 shows that:

All the members of the Audit Board comply with the incompatibility requirements in Article 414-A of the Companies Code.

As regards the assessment of independence in accordance with the criteria established in Article 414.5 and taking into account the Opinion of the Securities Market Commission of 12 November 2011, the Audit Board considers that all its members are independent. In the last report, the Audit Board considered that Dr. Duarte Nuno D'Orey da Cunha did not comply with sub-paragraph b) of this article, due to being elected to the board for the third term running, meaning that he was not independent. In the light of the said opinion of the Securities Market Commission, which concluded that only the third re-election of members of the audit board for a fourth term of office causes them not to meet the independence criterion, the Audit Board has altered its self-assessment.

- ▶ II.22. 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.23. OFFICE HELD BY MEMBERS OF THE AUDIT BOARD IN OTHER COMPANIES, INDICATING THAT HELD IN OTHER COMPANIES OF THE SAME GROUP

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: 2006-2013
4. Office held in other companies belonging to same group as Semapa: No office held in other companies belonging to the same group as Semapa
5. Office held in other companies in which Semapa has a direct or indirect holding:

PORTUCEL – Empresa Produtora de Pasta e Papel, S.AChairman of Audit Board

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

7. Other professional activities over the last five years:

Legal practice

PORTUCEL – Empresa Produtora de Pasta e Papel, S.AMember of Audit Board

SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A..... Member of Audit Board

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: 2004-2013
4. Office held in other companies belonging to same group as Semapa: No office held in other companies belonging to the same group as Semapa
5. Office held in other companies in which Semapa has a direct or indirect holding:

PORTUCEL – Empresa Produtora de Pasta e Papel, S.AMember of Audit Board

6. Office held in other companies:

CIMIPAR – Sociedade Gestora de Participações Sociais, S.A.....Chairman of General Meeting

VÉRTICE – Gestão de Participações, SGPS, S.A.....Director

7. Other professional activities over the last five years:

BEIRA-RIO – Sociedade Construtora de Armazéns, S.ADirector

CIMILONGA – Imobiliária, S.A.....Adviser to the Directors

LONGAVIA – Imobiliária, S.ADirector

PORTUCEL – Empresa Produtora de Pasta e Papel, S.AChairman of Audit Board

SEMAPA – Sociedade de Investimento e Gestão, SGPS, S.A.....Chairman of Audit Board

Sociedade Agrícola da Quinta da Vialonga, S.A.....Director

SONACA, SGPS, S.AChairman of General Meeting

SONAGI, SGPS, S.ADirector

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); Concluded professional traineeship at the Lisbon District Council of the Bar Association (1991); 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: 2006-2013
4. Office held in other companies belonging to same group as Semapa: No office held in other companies belonging to the same group as Semapa
5. Office held in other companies in which Semapa has a direct or indirect holding:

PORTUCEL – Empresa Produtora de Pasta e Papel, S.AMember of Audit Board

6. Office held in other companies:

LOFTMANIA – Gestão Imobiliária, L.da.....Manager

LINHA DO HORIZONTE – Investimentos Imobiliários, Lda.....Manager

7. Other professional activities over the last five years: In addition to the positions indicated above, no other office held in the last five years.

- ▶ II.24. REFERENCE TO THE FACT THAT THE AUDIT BOARD CONDUCTS AN ANNUAL ASSESSMENT OF THE EXTERNAL AUDITOR AND TO THE POSSIBILITY OF IT PROPOSING TO THE GENERAL MEETING THE AUDITOR'S DISMISSAL WITH DUE CAUSE

As part of its supervisory work and auditing of the company's accounts, the Audit Board assesses the external auditor each year, and the result of this assessment is included in its Report and Opinion on the annual accounts.

Although the powers of the Audit Board do not expressly include the possibility of proposing dismissal of the auditor to the general meeting, it is fully accepted that these powers derive from its general duties and responsibilities – oversight and notification of irregularities detected to the first general meeting held after such discovery. If the irregularities constitute due cause for dismissal, the Audit Board must inevitably submit a proposal to the shareholders to this effect.

Section IV – Remuneration

- ▶ II.30. DESCRIPTION OF THE REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES AS REFERRED TO IN ARTICLE 2 OF LAW NO. 28/2009, OF 19 JUNE.

We refer in this regard to the statement issued by the Remuneration Committee, included below in part II of this Information on Corporate Governance, which describes in full the remuneration policy for the management and supervisory bodies.

- ▶ II.31. INDICATION OF THE ANNUAL REMUNERATION EARNED INDIVIDUALLY BY MEMBERS OF THE COMPANY'S MANAGEMENT AND SUPERVISORY BODIES, INCLUDING FIXED AND VARIABLE REMUNERATION AND, WITH REGARD TO THE LATTER, INDICATION OF THE DIFFERENT COMPONENT PARTS, THE PORTION WHICH IS DEFERRED AND THE PORTION ALREADY PAID.

The following table indicates the remuneration earned in 2011 by the members of the company's management and supervisory bodies. The table breaks down remuneration into fixed and variable components, but not into the component parts of the variable remuneration, or into the portions deferred and already paid. Variable remuneration is stated as a whole because this is how it is set, taking into consideration the factors described in the Remuneration Policy Statement from the Remuneration Committee, without specifically identifying components, and the portions deferred/paid are not indicated because no portion is deferred.

<i>Values in Euros</i>	Fixed Remuneration	Variable Remuneration
Board of Directors		
António da Nóbrega de Sousa da Câmara	6,535.08	0
António Pedro de Carvalho Viana-Baptista	128,305.13	0
Carlos Maria Cunha Horta e Costa	376,486.36	0.00
Francisco José Melo e Castro Guedes	61,781.31	63,360.00
Joaquim Martins Ferreira do Amaral	226,772.85	63,360.00
José Alfredo de Almeida Honório	266,153.86	831,738.00
José Miguel Pereira Gens Paredes	269,708.06	444,283.00
Maria Maude Mendonça de Queiroz Pereira Lagos	430,308.43	887,042.00
Paulo Miguel Garcês Ventura	270,469.75	443,521.00
Pedro Mendonça de Queiroz Pereira	430,308.43	956,580.00
Rita Maria Lagos do Amaral Cabral	11,436.39	126,720.00
Vítor Manuel Galvão Rocha Novais Gonçalves	128,305.13	0.00
TOTAL	2,606,570.78	3,816,604.00
Audit Board		
Miguel Camargo de Sousa Eiró	19,958.57	0.00
Duarte Nuno d' Orey da Cunha	14,256.13	0.00
Gonçalo Nuno Palha Gaio Picão Caldeira	14,256.13	0.00
TOTAL	48,470.83	0.00

- II.32. INFORMATION ON HOW REMUNERATION IS STRUCTURED IN ORDER TO ALIGN THE INTERESTS OF MEMBERS OF THE MANAGEMENT BODY WITH THE LONG TERM INTERESTS OF THE COMPANY, AND ON HOW IT IS BASED ON PERFORMANCE ASSESSMENT AND DISCOURAGES EXCESSIVE RISK-TAKING

The way in which remuneration is structured and how it is based on the directors' performance follows with sufficient clarity from the Remuneration Policy Statement of the Remuneration Committee, specifically from item 1 of chapter VI, to which we refer, and from the references to performance assessment included in item II.33 above.

As regards the discouragement of excessive risk-taking, we should clarify that there is no separate mechanism in place with this specific aim. Risk is an intrinsic characteristic of any act of management and, as such, it unavoidably and continuously considered in all management decisions. A quantitative or qualitative assessment of risk as good or bad cannot be made in isolation, but only in the light of its results in company performance over time. Nonetheless, the factors considered by the Remuneration Committee also include any excessive risk-taking.

- II.33. IN RELATION TO THE REMUNERATION OF EXECUTIVE DIRECTORS:

- a) REFERENCE TO THE FACT THAT THE REMUNERATION OF EXECUTIVE DIRECTORS INCLUDES A VARIABLE COMPONENT AND INFORMATION ON HOW THIS COMPONENT DEPENDS ON A PERFORMANCE ASSESSMENT

The remuneration of executive directors effectively includes a variable component which depends on a performance assessment, as described in the Remuneration Policy Statement, in particular in item 2 of chapter VI.

- b) INDICATION OF THE COMPANY BODIES EMPOWERED TO ASSESS THE PERFORMANCE OF EXECUTIVE DIRECTORS;

The body empowered to conduct the performance assessment of executive directors is the Remuneration Committee, which uses for this purpose the information at its disposal and other information and documents requested from the Chairman of the Directors, as the main person responsible for the team, and from non-executive directors and members of the Audit Board who are best placed to observe the performance of the executive members of the Board of Directors and have direct access to these members.

However, in view of the actual nature of the situation, this is not a technical/functional assessment in which the assessor is responsible for setting objectives, monitoring progress and discussing performance with the person assessed. Instead, this is a general assessment of performance on the basis of the information and documents referred to.

c) INDICATION OF THE PRE-SET CRITERIA FOR ASSESSING THE PERFORMANCE OF EXECUTIVE DIRECTORS;

There are no pre-set criteria for assessing the performance of executive directors, notwithstanding the criteria defined in item 2 of chapter VI of the Remuneration Policy Statement for setting the variable remuneration component.

As a basic tool for setting variable remuneration, the members of the Remuneration Committee work with a system of KPIs which have evolved and are not publicly disclosed, although remuneration has not been set merely by appraising and applying quantitative elements in direct arithmetic fashion. Certain defined percentages are set in accordance with value judgments.

d) SPECIFICATION OF THE PROPORTION OF DIRECTORS' PAY REPRESENTED BY VARIABLE AND FIXED COMPONENTS, AND INDICATION OF UPPER LIMITS FOR BOTH COMPONENTS;

As stated above, there are no upper limits on remuneration, notwithstanding the limit set by the articles of association on directors' profit sharing.

The relative weight of the fixed and variable components of remuneration has fluctuated, as is inevitable given the variable nature of one of these components. The following table provides a comparison of fixed and variable remuneration earned by executive directors over recent years:

Year	Fixed	Variable	Total
2011	38%	62%	100%
2010	56%	44%	100%
2009	50%	50%	100%
2008	44%	56%	100%

e) INFORMATION ON DEFERRED PAYMENT OF THE VARIABLE COMPONENT OF REMUNERATION, INDICATING THE DEFERRAL PERIOD.

As also explained above, payment of the variable component of remuneration is not deferred.

- f) DETAILS OF HOW PAYMENT OF VARIABLE REMUNERATION IS SUBJECT TO THE COMPANY'S CONTINUED POSITIVE PERFORMANCE OVER THE DEFERRAL PERIOD;

As follows from the previous item, Semapa operates no such mechanism.

- g) SUFFICIENT INFORMATION ON THE CRITERIA APPLIED IN ALLOCATING VARIABLE REMUNERATION IN SHARES AND ON THE CONTINUED HOLDING BY EXECUTIVE DIRECTORS OF THE SHARES IN THE COMPANY ACQUIRED IN THIS MANNER, ON ANY CONTRACTS CONCLUDED WITH REGARD TO THESE SHARES, SPECIFICALLY HEDGING OR TRANSFERRING RISK, THE RESPECTIVE LIMITS AND THE RESPECTIVE PROPORTION REPRESENTED OF TOTAL ANNUAL REMUNERATION;

This information is also not applicable in the case of Semapa as the variable remuneration includes no component paid in shares.

- h) SUFFICIENT INFORMATION ON THE CRITERIA APPLIED IN ALLOCATING VARIABLE REMUNERATION IN OPTIONS AND INDICATION OF THE DEFERRAL PERIOD AND THE PRICE FOR EXERCISING OPTIONS;

The information is also not applicable in this case as Semapa has no scheme for allocating options.

- i) IDENTIFICATION OF THE MAIN PARAMETERS AND GROUNDS FOR ANY ANNUAL BONUS SYSTEM AND ANY OTHER NON-CASH BENEFITS;

The criteria for setting annual bonuses are those relating to the variable remuneration as described in item 2 of chapter VI of the Remuneration Policy Statement, and no other non-cash benefits are allocated.

- j) REMUNERATION PAID IN THE FORM OF PROFIT SHARING AND/OR PAYMENT OF BONUSES, AND THE GROUNDS ON WHICH THESE BONUSES AND/OR PROFIT SHARING WERE GRANTED;

The value of the remuneration paid in the form of profit-sharing and/or payment of bonuses corresponds to the variable remuneration indicated in item II.31 of this report, which amounts were set on the basis of application by the Remuneration Committee (as explained more fully in its report) of the criteria described in item 2 of chapter VI of the Remuneration Policy Statement.

- l) COMPENSATION PAID OR OWING TO FORMER EXECUTIVE DIRECTORS IN RELATION TO TERMINATION OF THEIR DIRECTORSHIPS DURING THE PERIOD;

No compensation was paid or is owing to former directors in respect of termination of their directorships in 2011.

- m) REFERENCE TO CONTRACTUAL LIMITS ON SEVERANCE PAY FOR DIRECTOR, AND THE RESPECTIVE RELATIONSHIP WITH THE VARIABLE REMUNERATION COMPONENT.

Semapa has not contract with directors limiting or otherwise altering the supplementary legal rules on fair or unfair termination.

- n) SUMS PAID ON ANY GROUNDS BY CONTROLLED OR CONTROLLING COMPANIES OR COMPANIES BELONGING TO THE SAME GROUP;

In the financial year of 2011, the directors of Semapa earned no remuneration from companies belonging to the same group. The remuneration earned in the same period by these directors from controlled or controlling companies stood at 5,765,374.12 Euros in aggregate.

- o) DESCRIPTION OF THE MAIN FEATURES OF COMPLEMENTARY OR EARLY RETIREMENT SCHEMES FOR DIRECTORS, INDICATING WHETHER THEY HAVE BEEN ASSESSED BY THE GENERAL MEETING;

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.

We are pleased to clarify that, during the period in question, no directors took retirement and the eight-year period on which pension entitlement depends was not completed in respect of any director, meaning that no pension rights were acquired. Nonetheless, the annual adjustment was made to the respective provisions, with a variation of 170,010.00 Euros, as may be seen in the Notes to the Financial Statements.

- p) ESTIMATED VALUE OF RELEVANT NON-CASH BENEFITS CONSIDERED AS REMUNERATION AND NOT INCLUDED IN THE FOREGOING.

There are no other relevant non-cash benefits considered as remuneration and not included in the above items.

- q) ARRANGEMENTS WHICH PREVENT EXECUTIVE DIRECTORS FROM ENTERING INTO CONTRACTS WHICH UNDERMINE THE RATIONALE OF VARIABLE REMUNERATION.

The company has no arrangements of this kind. However, as explained above, Semapa does not enter into with its directors any agreement of this kind, and is not aware that any director has entered into such a contract with a third party; the company has not encouraged such contracts.

▶ **II.34. REFERENCE TO THE FACT THAT THE REMUNERATION OF NON-EXECUTIVE MEMBERS OF THE MANAGEMENT BODY DOES NOT INCLUDE VARIABLE COMPONENTS**

There is no impediment in the company to variable remuneration being assigned to non-executive directors where justified, as follows from the 2nd option described in chapter VII of the Remuneration Policy Statement.

▶ **II.35. INFORMATION ON THE POLICY ADOPTED IN THE COMPANY ON WHISTLEBLOWING (REPORTING CHANNELS, PERSONS ENTITLED TO RECEIVE REPORTS, REQUIRED TREATMENT OF SUCH REPORTS AND INDICATION OF PERSONS AND BODIES WITH ACCESS TO THE INFORMATION AND THEIR RESPECTIVE INVOLVEMENT IN THE PROCEDURE)**

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.

Section V – Specialist Committees

- ▶ II.36. IDENTIFICATION OF THE MEMBERS OF THE COMMITTEES SET UP TO ASSESS THE INDIVIDUAL AND COLLECTIVE PERFORMANCE OF EXECUTIVE DIRECTORS, TO REFLECT ON THE GOVERNANCE SYSTEM ADOPTED BY THE COMPANY AND TO IDENTIFY POTENTIAL CANDIDATES WITH THE RIGHT PROFILE FOR DIRECTORSHIPS

The performance of executive directors is assessed by the Remuneration Committee as described in item II.33 b) and as detailed in recommendation II.5.1; this committee has the composition described in item II.2 of this Report.

The CGSC has specific responsibility for assessing the governance system adopted; this committee's membership and mission is detailed above in item II.2 of this report.

No committee has responsibility for identifying candidates, as explained in connection with recommendations II.1.3.2 and II.5.1 and item II.16 of this Report.

- ▶ II.37. NUMBER OF MEETINGS OF COMMITTEES WITH MANAGEMENT AND SUPERVISORY RESPONSIBILITIES DURING THE PERIOD IN QUESTION, WITH REFERENCE TO THE TAKING OF MINUTES OF THESE MEETINGS.

During the financial year of 2011, the Internal Control Committee met twice and the Corporate Governance Supervisory Committee met 4 times, with minutes being taken of all meetings held.

- ▶ II.38. REFERENCE TO THE FACT THAT ONE MEMBER OF THE REMUNERATION COMMITTEE HAS KNOWLEDGE AND EXPERIENCE IN THE FIELD OF REMUNERATION POLICY

One of the members of the Remuneration Committee, Dr. José Maury, as stated above, has vast knowledge and experience in the field of remuneration.

- ▶ II.39. REFERENCE TO THE INDEPENDENCE IN RELATION TO THE BOARD OF DIRECTORS OF INDIVIDUALS OR ENTITIES CONTRACTED TO SIT ON THE REMUNERATION COMMITTEE BY EMPLOYMENT OR SERVICE CONTRACT AND, WHEN APPLICABLE TO THE FACT THAT SUCH PERSONS HAVE CURRENT RELATIONSHIPS WITH THE COMPANY'S CONSULTANTS

As stated above in connection with recommendation II.5.3, the Remuneration Committee has never contracted any person or body to assist it. The actual members of this committee are independent, on the terms detailed above in connection with recommendation II.5.2..

Chapter III Information and Auditing

- ▶ 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. (AT 31 DECEMBER)

Holder	Nr shares	% shares and voting rights	% non-suspended voting rights
A - Cimigest, SGPS, SA	100	0.00%	0.00%
Cimo - Gestão de Participações, SGPS, S.A.	16,199,131	13.69%	14.35%
Longapar, SGPS, S.A.	21,505,400	18.17%	19.05%
OEM - Organização de Empresas, SGPS, S.A.	535,000	0.45%	0.47%
Sociedade Agrícola da Quinta da Vialonga, S.A.	625,199	0.53%	0.55%
Soc. Agrícola da Q.ta da Vialonga Directors:			
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%
Subtotal:	57,852,939	48.890%	51.25%
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%
Subtotal:	12,009,004	10.15%	10.64%
C - Banco Espírito Santo, S.A.	-	-	-
BES Pension Funds	3,871,957	3.27%	3.43%
Subtotal:	3,871,957	3.27%	3.43%
D - Bestinver Gestión, SA, SGIC	-	-	-
Bestinver Bolsa, F.I.	3,820,550	3.23%	3.38%
Bestinfond, F.I.	3,432,923	2.90%	3.04%
Bestinver Global, FP	907,128	0.77%	0.80%
Bestinver Hedge Value Fund, FIL	855,353	0.72%	0.76%
Bestinver Mixto, F.I.	639,125	0.54%	0.57%
Soixa, SICAV	603,626	0.51%	0.53%
Bestinver Bestvalue, SICAV	550,645	0.47%	0.49%
Bestinver Ahorro, F.P.	540,058	0.46%	0.48%
Texrenta Inversiones, SICAV	162,753	0.14%	0.14%
Bestinver Value Investor, SICAV	146,200	0.12%	0.13%
Bestinver Renta, F.I.	94,353	0.08%	0.08%
Bestinver Prevision, F.P.	33,828	0.03%	0.03%
Divalsa de Inversiones, SICAV, SA	26,132	0.02%	0.02%
Bestinver Empleo, F.P.	23,517	0.02%	0.02%
Linker Inversiones, SICAV, SA	15,964	0.01%	0.01%
Sumeque Capital, SICAV	10,719	0.01%	0.01%
Bestinver Empleo II, F.P.	1,415	0.00%	0.00%
Bestvalue, F.I.	921	0.00%	0.00%
Soma:	11,865,210	10.03%	10.51%
E - Norges Bank (the Central Bank of Norway)	5,933,463	5.01%	5.26%
Subtotal:	5,933,463	5.01%	5.26%

Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. holds 5,447,975 shares of own shares, corresponding to 4.6% of the share capital

- ▶ 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

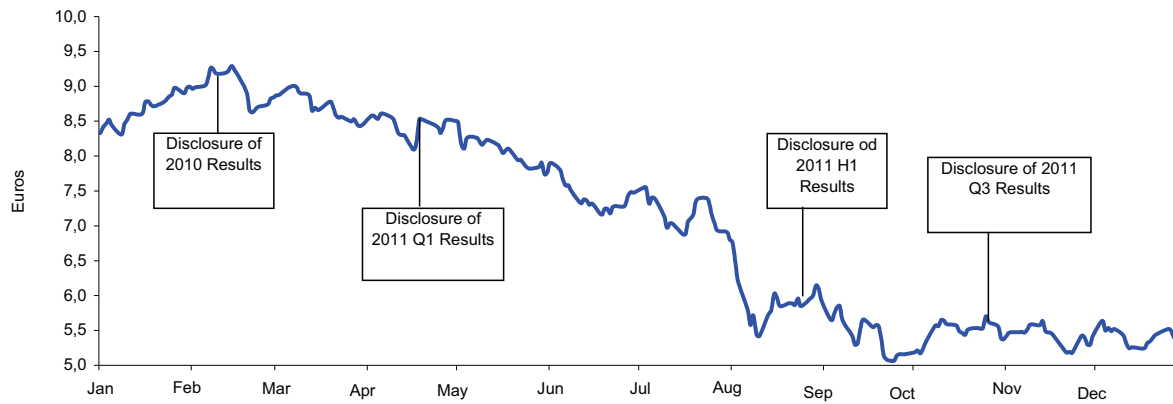
There is no employee ownership scheme in Semapa.

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

The performance of the capital markets over the course of 2011 reflected the serious financial crisis affecting the Euro zone in 2011, causing a high degree of instability on the European stock exchanges. The main European markets ended the year with significant losses, with the Paris, London and Madrid indexes down by 17%, 15.5% and 13.1% respectively.

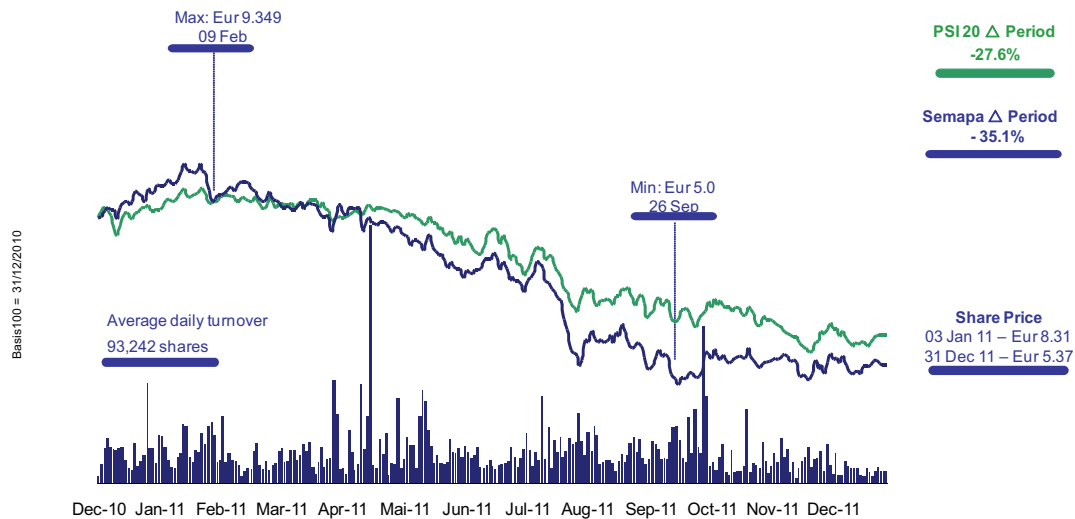
The following graph shows the average listed price of the company over the period, together with the main disclosures made to the market:

Average listed price for Semapa shares during 2011



In the period immediately following publication of the results for 2010, on 8 February 2011, no significant change was observed in the share price.

The Portuguese stock exchange was particularly hard hit by the crisis situation and the PSI20 index finished the year with an accrued loss of 27.6%. Semapa shares were not immune to the downward corrections experienced across the market, recording a drop in value of 35.1% over 2011. We should recall that in 2010 Semapa SGPS was the 5th best performing share in the PSI20 index, gaining 6.7% over the year, in contrast to a loss for the index as a whole of 10.3%.



Note: closing prices

The listed price for Semapa shares ranged between a minimum of 5.37 euros and a maximum of 8.31 euros. Average daily trading over the period stood at 93,242 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:

2008 (in relation to 2007) 0.255€ per share
2009 (in relation to 2008) 0.255€ per share
2010 (in relation to 2009) 0.255€ per share
2010 (in relation to 2010*) 0.255€ per share

* paid on 10 December as an advance on 2010 profits

▶ 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 other than those carried out on an arms-length basis or which form part of the company's normal business.

▶ III.12. OUTLINE ESSENTIAL DETAILS OF TRANSACTIONS AND OPERATIONS CARRIED OUT BETWEEN THE COMPANY AND HOLDERS OF QUALIFYING HOLDINGS OR ANY RELATED ENTITIES, UNDER ARTICLE 20 OF THE SECURITIES CODE, NOT ON AN ARM'S LENGTH BASIS

There are no transactions to record.

▶ III.13. DESCRIPTION OF THE PROCEDURES AND CRITERIA APPLICABLE TO INTERVENTION BY THE SUPERVISORY BODY FOR THE PURPOSES OF PRIOR ASSESSMENT OF TRANSACTIONS TO BE CARRIED

OUT BETWEEN THE COMPANY AND HOLDERS OF QUALIFYING HOLDINGS OR RELATED ENTITIES, UNDER ARTICLE 20 OF THE SECURITIES CODE.

The Board of Directors is required to obtain the Audit Board's clearance for transactions between the company and the owners of qualifying holdings or entities in any way related to these shareholders, as defined in Article 20 of the Securities Code, whenever one of the following criteria is met with regard to each period:

- a) When such transactions have a value greater than or equal to 1% of the company's consolidated turnover in the previous year;
- b) When the accrued value, with regard to the same owner of a qualifying holding, or entity related to the same in any way, as defined in Article 20 of the Securities Code, is greater than or equal to double the amount resulting from application of the criterion referred to in the preceding sub-paragraph.

▶ III.14. DESCRIPTION OF STATISTICAL DATA (NUMBER, AVERAGE AND MAXIMUM VALUES) RELATING TO TRANSACTIONS SUBJECT TO PRIOR INTERVENTION BY THE SUPERVISORY BODY.

There were no transactions in 2011 subject to prior intervention by the Audit Board.

▶ III.15. INDICATION THAT THE ANNUAL REPORTS ISSUED BY THE GENERAL AND SUPERVISORY BOARD, BY THE COMMITTEE FOR FINANCIAL AFFAIRS, BY THE AUDIT COMMITTEE AND BY THE AUDIT BOARD ARE MADE AVAILABLE ON THE COMPANY'S WEBSITE IN CONJUNCTION WITH THE FINANCIAL STATEMENTS, INCLUDING INDICATION OF ANY CONSTRAINTS ENCOUNTERED

The Audit Board's report, covering its activities over the period in question, is published on the company's website in conjunction with the other reports and financial statements.

▶ III.16. REFERENCE TO THE EXISTENCE OF AN INVESTOR SUPPORT OFFICE OR OTHER SIMILAR SERVICE.

The investor support service is provided from an office headed by the director, 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 (imparedes@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.

▶ III.17. INDICATION OF ANNUAL REMUNERATION PAID TO THE AUDITOR OR OTHER INDIVIDUALS OR ENTITIES BELONGING TO THE SAME NETWORK AND BORNE 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 2011 by the company and other related companies:

Account audit services	828,366.00 €	66%
Other reliability assurance services	158,878.00 €	13%
Total audit services:	987,244.00 €	79%
Fiscal consultancy services	266,236.00 €	21 %
Total other services:	266,236.00 €	21%
Total:	1,253,480.00 €	100%

In relation to fiscal consultancy services and services other than 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.18. REFERENCE TO THE PERIOD FOR ROTATING THE EXTERNAL AUDITOR.

The company does not require rotation of its external auditor, but if it is decided to retain the auditor for more than two terms of office, the Audit Board is required to issue a report recommending such continuation. This was the course adopted at the last elections, in 2010, when the audit firm was retained, but not the person in charge of the audit team.

II. REMUNERATION POLICY STATEMENT

Law 28/2009, of 19 June, requires the Remuneration Committee to submit each year for the approval of the general meeting of shareholders a statement on the remuneration policy for members of the management supervisory bodies. A draft document was accordingly submitted to shareholders in 2011, resulting in approval of a remuneration policy statement as transcribed below:

“REMUNERATION POLICY STATEMENT - SEMAPA DIRECTORS AND AUDITORS

I. Introduction

Semapa’s Remuneration Committee drew up a remuneration policy statement for the first time in early 2007, successfully submitting it for approval by the company’s general meeting that year. This statement was drafted in line with a recommendation issued on this matter by the Securities Market Commission (*Comissão de Mercado de Valores Mobiliários*).

The Remunerations Committee declared at this time that it felt that the options set out in the statement should be maintained until the end of the term of office of the company’s officers then underway. This term ran from 2006 to 2009.

The statement was due for review in 2010, not only because a fresh term of office had started, but also because of the entry into force of Law 28/2009, of 19 June, requiring remuneration committees to submit a remuneration policy statement annually for the approval of the general meeting.

This Committee continues to believe that a remuneration policy statement, due to its nature as a set of principles, should be stable during an entire term of office, unless exceptional or unforeseen circumstances require it to be altered.

We have therefore decided to propose for approval a statement with the same content as that currently in force.

There is a significant divide between the two most common systems for setting the remuneration of company officers. The first is for such remuneration to be set by the general meeting; this solution is rarely adopted, being rather impractical for a variety of reasons. The second is for remuneration to be set by a Remuneration Committee, which decides in keeping with criteria on which the shareholders have had not always had the opportunity to pronounce.

The solution now before us amounts to an intermediate system whereby the shareholders can appraise a remuneration policy to be followed by the Committee. This seeks to draw on the best features of both theoretical systems, as we propose to do in this document, reasserting the position we have previously defended whilst also including the contribution from the additional experience and expertise acquired by the company, and complying with the new legal requirements in this field.

II. Legal requirements and recommendations

This statement is issued in the legal framework formed by Law 28/2009, of 19 June (as referred to above), and the recommendations of the Securities Market Commission for 2010.

In addition to requiring annual statements, approved by the general meeting and duly disclosed, the new law requires the statement on remuneration policy to include information on:

- a) *Procedures to permit directors' interests to be aligned with those of the company;*
- b) *The criteria for setting the variable component of remuneration;*
- c) *The existence of share bonus and share option plans for directors and auditors;*
- d) *The possibility of the variable remuneration component, if any, being paid, in full or in part, after the accounts for the periods corresponding to the entire term of office having been drawn up;*
- e) *Procedures for capping variable remuneration, in the event of the results showing a significant deterioration in the company's performance in the last period for which accounts have been reported or when such a deterioration may be expected in the period underway.*

The recommendations from the Securities Market Commission currently in force state that:

II.1.5.2. A statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in Article 2 of Law No. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on: i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration ii) the payments for the dismissal or termination by agreement of the Directors' duties.

II.1.5.3. The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the managers' remunerations which contain an important variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall particularly take the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks into account.

III. Legal requirements and the Articles of Association

Any system for setting remuneration will inevitably have to consider the legal rules, as well as any private rules which may be established in the articles of association.

The legal rules for the board of directors are essentially established in Article 399 of the Companies Code, and may in practice be summarised as follows:

- Remuneration is to be set by the general meeting of shareholders or by a committee appointed at such meeting.

- The remuneration fixed shall take into account the duties performed and the state of the company's affairs.
- The remuneration may be fixed or else consist in part of a percentage of the profits of the period, but the maximum percentage for distribution to directors must be authorized by a clause in the articles of association, and shall not apply to the amounts allocated to reserves or to any portion of the profits not legally available for distribution to the shareholders.

For the members of the Audit Board and the officers of the General Meeting, the law lays down that the remuneration shall consist of a fixed sum, which shall be determined in the same way by the general meeting of shareholders or by a committee appointed by the same, taking into account the duties performed and the state of the company's affairs.

Semapa's articles of association contain a specific clause, number seventeen, dealing only with the directors and governing also retirement provision. We transcribe the relevant passages:

"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 to be observed in defining remuneration policy.

IV. 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.

This is the procedure which has stayed in place through to the present, although since 2007 this has taken place within the terms of a remuneration policy statement approved by the company's General Meeting.

It should be noted that the allocation of a percentage of profits is not applied directly, but rather as an indicator, and also as a limit, in line with the articles of association, on amounts

which are determined in a more involved process, taking into account the factors set out in the remuneration policy statement in force.

The percentage for the directors' variable remuneration has ranged between a maximum of 5% and a minimum of 2.23% of the net profits. In recent years, the percentage has been lower than initially, due essentially to the consideration given to other earnings received by the same directors in companies controlled by Semapa.

There has therefore been a constant procedure since 2003, with the directors' remuneration comprising a fixed component and a variable component.

Since the incorporation of the company, the members of the audit board have received fixed monthly remuneration. Since the officers of the general meeting started to receive remuneration, this has been set in accordance with the number of meetings actually held.

V. *General Principles*

The general principles to be observed when setting the remuneration of the company officers are essentially those which in very general terms derive from the law: on the one hand, the duties performed and on the other the state of the company's affairs. If we add to these the general market terms for similar situations, we find that these appear to be the three main general principles:

a) Duties performed.

It is necessary to consider the duties performed by each company officer not only in the formal sense, but also in the broader sense of the work carried out and the associated responsibilities. Not all the executive directors are in the same position, and the same is also true, for example, of the members of the audit board. Duties have to be assessed in the broadest sense, taking into account criteria as varied as, for example, responsibility, time dedicated, or the added value to the company resulting from a given type of intervention or representation of a given institution.

The fact that time is spent by the officer on duties in other controlled companies also cannot be taken out of the equation, due, on the one hand, to the added responsibility this represents, and, on the other hand, to the existence of another source of income.

It should be noted that Semapa's experience has shown that the directors of this company, contrary to what is often observed in other companies of the same time, cannot be neatly split into executive and non-executive. There are a number of directors with delegated powers and who are generally referred to as executive directors, but some of directors without delegated powers are closely involved in the life of the company in a variety of ways, sometimes on a daily basis. These are essential aspects which must inevitably be considered when setting remuneration.

b) The state of the company's affairs.

This criterion must also be understood and interpreted with care. The size of the company and the inevitable complexity of the associated management responsibilities, is clearly one of the relevant aspects of the state of affairs, understood in the broadest sense. There are

implications here for the need to remunerate a responsibility which is greater in larger companies with complex business models and for the capacity to remunerate management duties appropriately.

d) Market criteria.

It is unavoidably necessary to match supply to demand when setting any level of pay, and the officers of a corporation are no exception. Only respect for market practices makes it possible to keep professionals of a calibre required for the complexity of the duties performed and the responsibilities shouldered, thereby assuring not only their own interests but essentially those of the company, and the generation of value of all its shareholders. In the case of Semapa, in view of its characteristics and size, the market criteria to be considered are those prevailing internationally, as well as those to be observed in Portugal.

VI. Compliance with legal requirements and recommendations

Having described the historical background and the general principles adopted, we shall now consider the issue of compliance by these principles with the relevant legal requirements.

1. Article 2 a) of Law 28/2009. Alignment of interests.

The first requirement that Law 28/2009 regards as essential in terms of the information in this statement is for a description of the procedures which assure that the directors' interests are aligned with those of the company.

We believe that the remuneration system adopted in Semapa is successful in assuring such alignment. Firstly, because the remuneration sets out to be fair and equitable in the light of the principles set out, and secondly because it links the directors to results by means of a variable remuneration component which is set primarily in the light of these results.

2. Article 2 b) of Law 28/2009. Criteria for the variable component.

The second requirement established by the law is for information on the criteria used to determine the variable component.

The company's results are the most important factor in setting the variable remuneration: not the results seen as an absolute value, but as viewed from a critical perspective in the light of what may be expected of a company of this size and characteristics, and in view of the actual market conditions. The importance of the results in setting the variable component derives from the actual articles of association, which expressly provide for the possibility of "profit sharing" and limit this to a percentage of profits.

In setting the variable component, other factors are also considered, resulting in the main from the general principles - market, specific duties, the state of the company's affairs. These factors are often more individual, relating to the specific position and performance of each director.

Another important factor which is taken into overall account when setting the variable component is Semapa's option not to provide any share or option plans..

3. Article 2 c) of Law 28/2009. Share or option plans.

The decision whether or not to provide share or option plans is structural in nature. The existence of such a plan is not a simple add-on to an existing remuneration system, but rather an underlying to change to the existing system, at least in terms of the variable remuneration.

Although a remuneration system of this type is not incompatible with the company's articles of association, we feel that the wording of the relevant provisions in the articles and the historical background to the existing system argue in favour of maintaining a remuneration system without any share or option component.

This is not to say that we see no merits in including a share or option component in directors' remuneration, nor that we would not be receptive to restructuring directors' remuneration to incorporate such a plan. However, such a component is not essential in order to promote the principles we defend and, as we have said, we do not believe that this was the fundamental intention of the company's shareholders.

4. Article 2 d) of Law 28/2009. Date of payment of variable remuneration.

Specialists in this field have drawn attention to significant advantages in deferring payment of the variable component of remuneration to a date when the entire period corresponding to the term of office can in some way be appraised.

We accept this principle as theoretically sound, but it appears to us to offer few advantages in the specific case of Semapa and other similar companies.

One of the main arguments supporting this system is that directors should be committed to achieving sustainable medium-term results, and that the remuneration system should support this, avoiding a situation where remuneration is pegged simply to one financial year, which may not be representative, and which may present higher profits at the cost of worse results in subsequent years.

However, whilst this danger is real and is worth safeguarding against by means of systems such as this in companies where the capital is completely dispersed and the directors may be tempted to take a short term view, maximizing quick results by sacrificing long term potential, this does not correspond to the situation in a company such as Semapa, with a stable shareholder structure and management, where these concerns are inherently less of an issue.

5. Article 2 e) of Law 28/2009. Procedures for capping variable remuneration.

Procedures of this kind are designed to limit variable remuneration in the event of the results showing a significant deterioration in the company's performance in the last reporting period or when such a deterioration may be expected in the period underway.

This type of provision also reflects a concern that good performance in the short term, which may boost directors' remuneration, could be achieved at the cost of future performance.

For obvious reasons, the arguments presented above also apply here. It should also be noted that a system of this kind would have little practical effect if not combined with significant deferral of remuneration, which is not proposed for Semapa.

6. First part of Recommendation II.1.5.2.. Comparative information.

In relation to groups of companies whose remuneration policies and practices have been taken as the baseline for setting remuneration, this Committee took into consideration, to the extent of the information accessible, all Portuguese companies of equivalent size, namely PSI-20 companies, and also companies in international markets with characteristics similar to those of Semapa.

7. Second part of Recommendation II.1.5.2.. Termination agreements.

There are no agreements, and no such provisions have been defined by this Committee, on payments by Semapa relating to dismissal or termination by agreement of Directors' duties.

This fact is the natural result of the particular situations existing in the company, and not a position of principle taken by this Committee against the existence of agreements of this nature.

8. Recommendation II.1.5.3. Inclusion of managers in this statement

The Remuneration Committee has no proposal or statement to make on this issue, as it is the express understanding of the Board of Directors that it has sole powers over this matter and that it is not in the company's interest to comply with this recommendation.

VII. Specific Options

The specific options for the remuneration policy we propose are as follows:

1. The remuneration of executive directors shall comprise a fixed component and a variable component.
2. The remuneration of non-executive directors shall comprise only a fixed component, or else a fixed component and a variable component, as for executive directors, whenever justified by the nature of the duties actually exercised and their degree of responsibility and involvement in the day to day running of the company.
3. The remuneration of the members of the Audit Board and the officers of the General Meeting shall comprise a fixed component only.

4. The fixed component of the remuneration of directors shall consist of a monthly amount payable fourteen times a year or of a pre-set amount for each meeting of the Board of Directors attended.
5. A monthly rate shall be set for the fixed component of the remuneration of directors for all those who are members of the Executive Board and those who, although not members of such Board, perform duties or carry out specific work of a repeated or ongoing nature.
6. The pre-set amount for participation in meetings of the Board of Directors shall be fixed for those who have duties which are essentially advisory and supervisory.
7. The fixed remuneration of the members of the Audit Board shall consist in all cases of a pre-set amount paid fourteen times a year.
8. The fixed remuneration of the officers of the General Meeting shall consist in all cases of a pre-set amount for each meeting, the remuneration for second and subsequent meetings being lower than that for the first general meeting of the year.
9. The procedure for assigning variable remuneration to the executive members of the Board of Directors shall comply with the criteria proposed by the Remuneration Committee, and the total such remuneration shall not exceed five per cent of the consolidated net profits (IFRS format).
10. In setting all remuneration, including in particular the distribution of the total amount allocated to the variable remuneration of the Board of Directors, the general principles established above shall be observed: the duties performed, the state of the company's affairs and market criteria.

The Remuneration Committee

*José Gonçalo Maury
Frederico José da Cunha Mendonça e Meneses”*

III. DISCLOSURES REQUIRED BY ARTICLES 447 AND 448 OF THE COMPANIES CODE AND PARAGRAPHS 6 AND 7 OF ARTICLE 14 OF SECURITIES MARKET COMMISSION REGULATION 5/2008

(with reference to the financial year of 2011)

1. Securities issued by the company and held by company officers, in the sense defined in paragraphs 1 and 2 of Article 447 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 – 16,464 shares in the company

2. Securities issued by companies controlled by or belonging to the same group as Semapa held by company officers, in the sense defined in paragraphs 1 and 2 of Article 447 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 controlled companies held by companies in which directors and auditors hold corporate office:

- Cimigest, SGPS, S.A. – 100 shares in the company
- Cimo - Gestão de Participações, SGPS, S.A. – 16,199,031 shares in the company
- Longapar, SGPS, S.A. – 21,505,400 shares in the company
- Sodim, SGPS, SA – 18,842,424 shares in the company
- Sonagi, SGPS, S.A. – 96,000 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.
- OEM - Organização de Empresas, SGPS, SA – 535,000 shares in the company.
- ZOOM Investment, SGPS, SA – 1,434,761 shares in the company and 12,295,308 shares in Portucel - Empresa Produtora de Pasta e Papel, S.A.

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

- Cimigest SGPS, S.A. carried out the following transactions with shares in the company:

Date	Quantity	Price per share	Nature
18-Mar	138,730	8.617 €	Sale
09-May	959,136	8.284 €	Sale

- Cimo – Gestão de Participações, SGPS, S.A. carried out the following transactions with shares in the company:

Date	Quantity	Price per share	Nature
18-Mar	138,730	8.617 €	Purchase
09-May	323,036	8.284 €	Purchase
28-Dec	1,630,590	5.46 €	Purchase

- Longapar, SGPS, S.A. carried out the following transactions with shares in the company:

Date	Quantity	Price per share	Nature
09-May	636,100	8.284 €	Purchase

- Sonaca, SGPS, S.A. carried out the following transactions with shares in the company:

Date	Quantity	Price per share	Nature
28-Dec	1,630,590	5.46 €	Sale

5. Transactions in own shares:

On 03 March 2011, Semapa purchased from Seminv – Investimentos, SGPS, S.A., 2,727,975 shares corresponding to 2.31% of its share capital, for a price of € 8.889 per share, in an OTC operation; these shares had already been subject to the rules on treasury stock, insofar as Seminv is wholly controlled by Semapa,

Accordingly, as a result of this transaction, Semapa continued with the same number of shares subject to the rules on treasury stock – *5,447,975 shares corresponding to 4.6% of its share capital* - and now holds all these shares directly

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 Supervisory Committee, and continues to believe that this model is that which best suits Semapa, as may be concluded from the positions as previously expressed, to a large extent reproduced below.

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 conducted 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 with its own audit committee is generally rejected intuitively by directors, 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 management model.

As regard the auditing structure, the legislation in these cases leaves no option to listed companies – Article 413.2 of the Companies Code – other than to have an Audit Board and an official Auditor or else an Official Audit Firm, which is not a member of the Audit Board, as in Semapa's case.

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, the Corporate Governance Supervisory Committee and the Strategy Committee are justified by the nature of their responsibilities as explored in other parts of this Corporate Governance Report.

The actual activities of the non-executive members of the Board of Directors constitute an important part of the general assessment of the governance model in force in the company. As we have already seen elsewhere in this Corporate Governance Report, 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 and Dr. Vítor Novais Gonçalves, who have collaborated as advisers at the formal meetings of the Board of Directors and have been 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. The former sits on the Corporate Governance Supervisory Committee whilst the latter is a member of the Internal Control Committee.

We should also point to the fact that the non-executive directors Ms. Maria Maude Queiroz Pereira Lagos, Eng. Joaquim Ferreira do Amaral and Dr. António Pedro Carvalho Viana-Baptista all sit on the Strategy Committee.

In addition to this involvement, there are other specific tasks carried out by non-executive directors which are not related to the company's committees, such as the participation by the director Ms. Maude Queiroz Pereira Lagos in the corporate representation of the company.

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., insofar as the independence restrictions relating to the other company bodies 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. Nonetheless, the company currently has four independent directors.

It is sincerely believed that the manner in which the company organizes 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 may have formally decided 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.