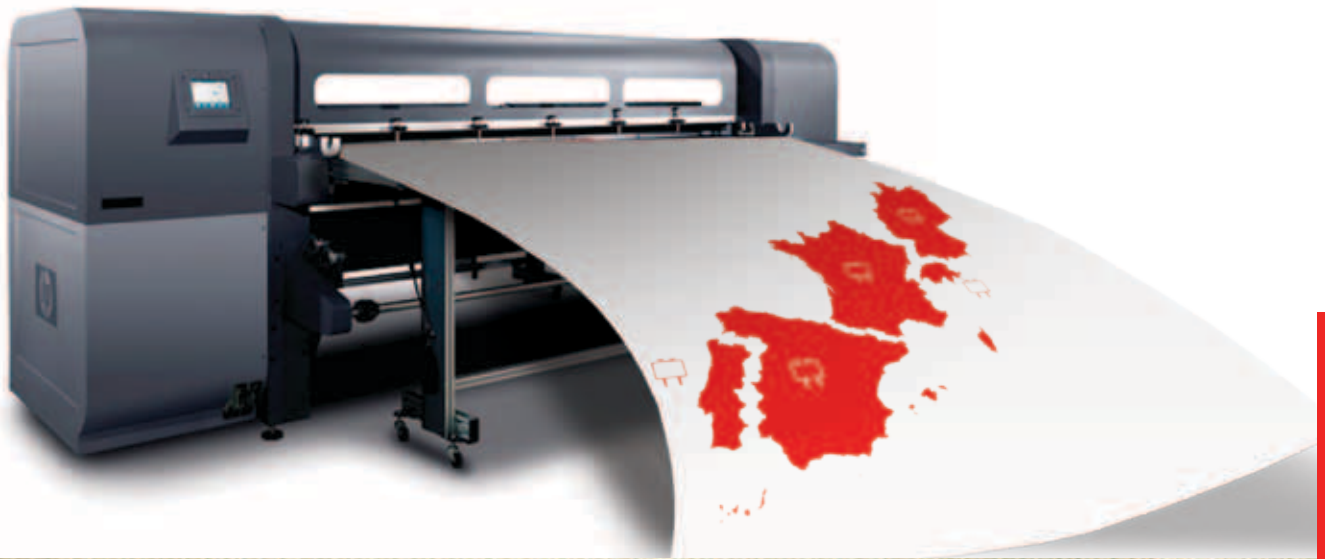


CORPORATE GOVERNANCE **REPORT**



Introduction

This Corporate Governance report was prepared in accordance with the Regulation of CMVM n.º 4/2014 from July 18.

The reports follows the structure of Annex I of the previously mentioned CMVM Regulation.

Compliance Statement

0.1.

The CMVM text of the corporate governance code to which the issuer is subject (CGS CMVM 2013) are transcript in this report.

The text of the governance reports referring to this company are available at:

- The Company's Head Office, in Rua Braamcamp, n.º 40 - 9.º D, in Lisbon - Portugal;
- The company's corporate website: - www.inapa.pt;
- The website of Comissão do Mercado de Valores Mobiliários (CMVM): www.cmvm.pt;

The company hereby informs that this Report will be available for consultation at all of the aforementioned locations and may be obtained separately or as an Addendum to the Annual Report and Accounts of the Company, of which it is an integral part.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
I. VOTING AND CORPORATE CONTROL		
I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.	Yes	12
I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	Yes	14
I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.	Yes	1
I.4. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.	Not applicable (the Company' Bylaws do not provide for any restriction of this nature)	13
I.5. Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.	Yes	1 2 4 5 6 83 84
II. SUPERVISION, MANAGEMENT AND OVERSIGHT		
II.1. SUPERVISION AND MANAGEMENT		
II.1.1. Within the limits established by law, and except for the small size of the company, the board of directors shall delegate the daily management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	Yes	16 21
II.1.2. The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the company, ii) define business structure of the group iii) decisions considered strategic due to the amount, risk and particular characteristics involved.	Yes	21
II.1.3. The General and Supervisory Board, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.	Not applicable (the company does not have a General and Supervisory Board)	15

4. Corporate Governance Report

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
<p>II.1.4. Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to:</p> <p>a) Ensure a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees;</p> <p>b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.</p>	<p>Yes</p> <p>(given the size of the Company, of its Board of Directors, and of the duties performed by its Audit Committee, it was considered that the appointment of any of the indicated committees is not necessary)</p>	<p>27</p>
<p>II.1.5. The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.</p>	<p>Yes</p>	<p>50</p> <p>52</p> <p>53</p> <p>54</p> <p>55</p>
<p>II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.</p>	<p>Yes</p>	<p>18</p>
<p>II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to:</p> <p>a. Having been an employee at the company or at a company holding a controlling or group relationship within the last three years;</p> <p>b. Having, in the past three years, provided services or established commercial relationship with the company or company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal person;</p> <p>c. Being paid by the company or by a company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member;</p> <p>d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings;</p> <p>e. Being a qualifying shareholder or representative of a qualifying shareholder.</p>	<p>Yes</p> <p>(three out of five non-executive Directors are independent)</p>	<p>18</p>
<p>II.1.8. When board members that carry out executive duties are requested by other board members, said shall provide the information requested, in a timely and appropriate manner to the request.</p>	<p>Yes</p>	<p>21</p>
<p>II.1.9. The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairman of the Financial Matters Board, the convening notices and minutes of the relevant meetings.</p>	<p>Yes</p>	<p>21</p>

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
II.1.10. If the chair of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.	Not applicable (The Chairman of the Board of Directors does not have any executive functions)	18
II.2. SUPERVISION		
II.2.1. Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	Yes	18 19 33
II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	Yes	21
II.2.3. The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.	Yes	21
II.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	Yes	21 50
II.2.5. The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.	Yes	21 49 51
II.3. REMUNERATION SETTING		
II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.	Yes	67 68
II.3.2. Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.	Yes	69
II.3.3. A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following:		69 73 74
a. Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies;	Yes	75 76
b. Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable;	Not applicable (variable remuneration is exceptionally suspended)	80 83 84
c. Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.	Yes	

4. Corporate Governance Report

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.	Not applicable	85
II.3.5. Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.	Not applicable	76
III. REMUNERATION		
III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.	Yes	70
III.2. The remuneration of non-executive board members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the company or of its value.	Yes	70
III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.	Not applicable	69 70
III.4. A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the company during that period.	Not applicable	69 70
III.5. Members of the Board of Directors shall not enter into contracts with the company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the company.	Not applicable	69 70
III.6. Executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.	Not applicable (shares held by executive Directors were not attributed by the Company as a result of variable remuneration)	73
III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.	Not applicable	73
III.8. When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.	No	83
IV. AUDITING		
IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the company.	Yes	46 50
The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of services rendered to the company.	Yes	41 46 47

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.	Yes	40 43 44
V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS		
V.1. The company's business with holders of qualifying holdings or entities with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.	Yes	10 89
V.2. The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20/1 of the Portuguese Securities Code - thus significant relevant business is dependent upon prior opinion of that body.	Yes	89
VI. INFORMATION		
VI.1. Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.	Yes	56
VI.2. Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.	Yes	56 58



Part I - Information on Shareholder Structure, Organisation and Corporate Governance

A. Shareholder structure

I. Capital structure

1.

The capital structure (share capital, number of shares, distribution of capital by shareholders, etc.), including an indication of shares that are not admitted to trading, different classes of shares, rights and duties of same and the capital percentage that each class represents (Article 245-A/1/a)).

The share capital of the Company is represented by 150,000,000 ordinary shares with no face value and a €1 emission value and 300,980,441 preferred shares with no voting right, no face value and €0.18 emission value.

All shares are listed in the Euronext Stock Exchange and give their respective owners the same right to participate on the results of the company, being considered that the preferred shares, due to its nature, have a dividend preference corresponding to 5% of their emission value, being the remaining dividend distributed in the proportion of ordinary and preferred shares owners.

All ordinary shares qualify for the same voting rights – 1 vote per share.

The Company has not established any mechanism that has the effect of undermining the free transferability of shares, free appraisal by the shareholders of the performance of members of the governing body or cause mismatch between the right to receive dividends or to subscribe for new securities and the right to vote for each ordinary share.

2.

Restrictions on the transfer of shares, such as clauses on consent for disposal, or limits on the ownership of shares (Article 245-A/1/b)).

There are no restrictions to the free transfer of ownership of the shares other than the ones arising from the applicable law (namely the obligation to launch a public tender offering when the

shareholder ownership exceeds 1/3 or 1/2 of the total voting rights).

3.

Number of own shares, the percentage of share capital that it represents and corresponding percentage of voting rights that corresponded to own shares (Article 245-A/1/a)).

The company does not hold any own share.

4.

Important agreements to which the company is a party and that come into effect, amend or terminated in cases such as a change in the control of the company after a takeover bid, and the respective effects, except where due to their nature, the disclosure thereof would be seriously detrimental to the company; this exception does not apply where the company is specifically required to disclose said information pursuant to other legal requirements (Article 245-A/1/j).

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

It is not included, on what was previously mentioned, any dispositions medium / long term financing established with the banking system, in obedience to certain clauses typified amendment or termination of contracts provisions, whenever a new shareholder structure may not offer the same guarantees the solvency of the company.

5.

A system that is subject to the renewal or withdrawal of counter-measures, particularly those that provide for a restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

The company has not adopted any measure of this nature.

6.

Shareholders' agreements that the company is aware of and that may result in restrictions on the transfer of securities or voting rights (Article 245-A/1/g).

The company is not aware of any agreements signed by its shareholders.

II. Shareholdings and Bonds held

7.

Details of the natural or legal persons who, directly or indirectly, are holders of qualifying holdings (Article 245-A/1/c) & /d) and Article 16) with details of the percentage of capital and votes attributed and the source and causes of the attribution.

The shareholders with qualifying holding on 31 December 2013 were:

	NUMBER OF ORDINARY SHARES	VOTING RIGHTS	PERCENTAGE OF VOTING RIGHTS
Parpública - Participações Públicas SGPS, SA	49,084,738	32.72%	32.72%
Participação imputável ao Millennium BCP (art. 20º do CVM)	27,361,310	18.24%	18.24%
Fundo de Pensões do Grupo BCP	16,491,898	10.99%	10.99%
Banco Comercial Português SA	10,869,412	7.25%	7.25%
Nova Expressão SGPS, SA	9,035,000	6.02%	6.02%
Tiago Moreira Salgado	4,500,000	3.00%	3.00%
Total qualifying holdings	89,981,048	59.99%	59.99%

The shares from "Fundo de Pensões do Grupo BCP" have been allocated to Banco Comercial Português, SA in accordance with article 16 of CVM and the opinion on generic allocation of voting rights to pension Funds from CMVM on May 25, 2006, as stated in the statement of Banco Comercial Português, SA which was the object of a notice issued by the company on February 25, 2008.

8.

A list of the number of shares and bonds held by members of the management and supervisory boards. [NOTE: the information should be provided so that Article 447/5 CCC is complied with]

	NUMBER OF ORDINARY SHARES	NUMBER OF PREFERRED SHARES	NUMBER OF BONDS
Álvaro João Duarte Pinto Correia	0	0	0
José Manuel Félix Morgado	563,631	0	0
Emídio de Jesus Maria	0	0	0
Arndt Jost Michael Klippgen	0	0	0
António José Gomes da Silva Albuquerque	0	0	0
Jorge Manuel Viana de Azevedo Pinto Bravo	0	0	0
João Miguel Pacheco de Sales Luís	0	0	0
Gonçalo Cruz Faria de Carvalho	0	0	0

9.

Special powers of the Board of Directors, especially as regards resolutions on the capital increase (Article 245-A/1/i) with an indication as to the allocation date, time period within which said powers may be carried out, the upper ceiling for the capital increase, the amount already issued pursuant to the allocation of powers and mode of implementing the powers assigned.

By deliberation of the General Meeting of April 6 2011, the Board of Directors is entitled to resolve on a share capital increase up to a maximum of € 225,000,000.00, having changed number 1 article 7 of the company' bylaws, which now states that "The Board of Directors may increase the share capital one or more times, by means of cash payments, up to a maximum of € 225,000,000.00 (two hundred and twenty five million Euros), through preferred shares with no voting right and a priority dividend of 5% of subscription value, with a subscription reserve to current shareholders."

Under this authorization, the share capital of the company has been increased from € 150,000,000.00 to € 204,176,479.38, through the issuance of 300,980,441 shares.

The Board of Directors is entitled to resolve up to the maximum legal term – 5 years from the authorization – on a share capital increase up to € 20,823,520.62, through the emission of preferred shares with no voting right and a priority dividend of 5% of subscription value, with a subscription reserve to current shareholders and realized by means of cash payments.

10.

Information on any significant business relationships between the holders of qualifying holdings and the company.

No business or transactions, out of normal market conditions, were entered into by the Company and owners of qualifying holdings or entity relationships with the former, as envisaged in Article 20 of the CVM (Securities Code).

The transactions with related entities are described on note 35 of the consolidated financial statements.



B. Corporate boards and committees

I. General meeting

a) Composition of the Presiding Board of the General Meeting (throughout the said year).

11.

Details and position of the members of the Presiding Board of the General Meeting and respective term of office (beginning and end).

At present, the Board of the General Meeting of Shareholders is composed by the following members:

- Chairman – João Vieira de Almeida
- Secretary – Sofia Barata

The composition of the Board of the General Meeting of Shareholders remained unchanged with the election of the Governing Bodies in the General Meeting of May 7 2013.

Besides the support of the secretary, the Chairman of the Board of the General Meeting also has the support of the company's secretary as well as its administrative services that are deemed adequate and sufficient for the right performance of his duties.

b) Exercising the right to vote

12.

Any restrictions on the right to vote, such as restrictions on voting rights subject to holding a number or percentage of shares, deadlines for exercising voting rights, or systems whereby the financial rights attaching to securities are separated from the holding of securities (Article 245-A/1/f);

The Company's Articles of Association does not stipulate any restriction to voting rights, namely restrictions after a certain number of shares, bellowing to one shareholder or related shareholders, is reached. (*)

Paragraph 1 of Article 23-C CVM (Securities Exchange Commission) stipulates, as written in Decree-Law 49/2010 of May 19, that "Shareholders may participate and exercise their voting rights at meetings of the General Meeting provided they hold shares, at 0 hours (GMT) of the fifth business day prior to the date of the meeting (registration date), that entitle them, according to the law and the Company's Articles of Associations, to at least one vote".

Statutory regulations on the exercise of voting by post are set out in the provisions of paragraph 2 of Article 13 of the company's by-laws which respectively stipulate that:

"Shareholders may exercise their voting rights by post. To do so, they should address a registered letter with recorded delivery to the Chairman of the Board of the General Meeting at least three working days prior to the date of the session of the General Meeting in question."

The company's bylaws do not contemplate any rules relatively to systems to detach equity rights.

Note (*) – In 2011, the company issued 300,980,441 preferred shares, which due to its nature do not have a voting right.

13.

Details of the maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship as set out in Article 20/1.

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

14.

Details of shareholders' resolutions that, imposed by the articles of association, may only be taken with a qualified majority, in addition to those legally provided, and details of said majority.

The Company's Articles of Association do not impose any qualified majority, in addition to those legally provided:

- The General Meeting shall decide at first call about changes in the Articles of Association, mergers, asset split, dissolution and other issues that require a qualified majority, whenever a number of shareholders or their representatives, whose holdings represent at least 1/3 of share capital are in attendance; on a second call the General Meeting can decide independently of the represented share capital (Article 383, paragraphs 2 and 3 of the Companies Act);
- The resolutions mentioned on the previous paragraph need to be approved by 2/3 of the votes, in first or second call; in the case of second call, if at least half of the share capital is represented, the resolutions can be approved by simple majority.

II. Management and supervision (Board of Directors, Executive Board and the General and Supervisory Board)

a) Composition (throughout the said year)

15.

Details of corporate governance model adopted.

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

In the Board of Directors Meeting of May 14, 2013, it was designated a vice-chairman of the Board of Directors, who can substitute the Chairman in his absence, it was approved the Board of Directors regulation and it was created an Executive Committee, to which the daily management of the company was delegated.

16.

Articles of association rules on the procedural requirements governing the appointment and replacement of members of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable. (Article 245-A/1/h).

In conformity with provision of paragraph 1 of Article 18 of the company's bylaws, the Board of Directors should be composed by 5 to 12 members, elected on the General Meeting.

Paragraph 2 of the same article states that "The shareholders who vote against a motion to elect the Directors have the right to appoint one Director, as long as this minority represents at least 10% of the share capital".

Paragraph 3 of the same article states that the Director designated by the minority will automatically substitute the less voted person, or in case of equal votes, the person on the last position of the same list.

In conformity with the provisions of paragraph 7 of Article 18 of its Bylaws, "If the Board of Directors is composed of fewer members than the maximum set forth in item 1 of this article and it deems it necessary for the management of the company business to increase the number of Directors, it may appoint two new members prior to the next scheduled annual General Meeting...; The first annual General Meeting to be held after such appointment will either confirm or reject the advice of the Board of Directors with regard to the number of Directors. If the instruction is confirmed, the appointment of the new members will be ratified."

Paragraphs 8 and 9 of article 19 establish that "if a Director fails to attend more than two meetings of the Board of Directors in a calendar year without good reason accepted by the latter, this will be considered definitive absence of the Director in question" and "The Board of Directors will elect replacements for any members deemed definitively absent, dismissed under the terms of the law, or who resign their post. Any replacements thus made will remain in force until the end of the term to which the members of the Board of Directors who made the selection were elected, unless the selection is not ratified by the first subsequent General Meeting. Replacements must be submitted to the General Meeting for approval, as stipulated by Article 393(4) of the Company Code."

Lastly paragraph 5 of article 18 of the Bylaws states that "The Board of Directors may delegate the day-to-day management of the company to one or more Directors or an Executive Committee".

17.

Composition of the Board of Directors, the Executive Board and the General and Supervisory Board, where applicable, with details of the articles of association's minimum and maximum number of members, duration of term of office, number of effective members, date when first appointed and end of the term of office of each member.

According to the Bylaws, the Board of Directors is composed by five to twelve members, elected by the General Meeting, for periods of 3 years renewable, being able to delegate the daily management of the company to an Executive Committee.

In the use of this prerogative, the Board of Directors decided on May 14 2013 to delegate the daily management to an Executive Committee, being the composition of the two entities the following:

	BOARD OF DIRECTORS AND FUNCTION	EXECUTIVE COMMITTEE AND FUNCTION	DATE OF FIRST APPOINTMENT	END OF TERM OF OFFICE
Álvaro João Duarte Pinto Correia	Chairman		11.05.2010	31.12.2015
José Manuel Félix Morgado	Vice-Chairman	Chairman	15.02.2007	31.12.2015
Emídio de Jesus Maria	Member		09.04.2008	31.12.2015
Arndt Jost Michael Klippgen	Member		31.05.2007	31.12.2015
António José Gomes da Silva Albuquerque	Member	Member	11.05.2010	31.12.2015
Jorge Manuel Viana de Azevedo Pinto Bravo	Member	Member	11.05.2010	31.12.2015
João Miguel Pacheco de Sales Luís	Member		07.05.2013	31.12.2015
Gonçalo Cruz Faria de Carvalho	Member		07.05.2013	31.12.2015

18.

Distinction to be drawn between executive and non-executive directors and, as regards non-executive members, details of members that may be considered independent, or, where applicable, details of independent members of the General and Supervisory Board.

The independence criteria that served as a basis to the evaluation of the function of the Directors were the provisions set out in the Companies Act – Articles 414.

	NON- EXECUTIVE	INDEPENDENT
Álvaro João Duarte Pinto Correia	Yes	Yes
José Manuel Félix Morgado	No	-
Emídio de Jesus Maria	Yes	Yes
Arndt Jost Michael Klippgen	Yes	No
António José Gomes da Silva Albuquerque	No	-
Jorge Manuel Viana de Azevedo Pinto Bravo	No	-
João Miguel Pacheco de Sales Luís	Yes	No
Gonçalo Cruz Faria de Carvalho	Yes	Yes





19.

Professional qualifications and other relevant curricular information of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable.

Álvaro João Duarte Pinto Correia**Academic qualifications**

- Degree in Engineering by Instituto Superior Técnico (Superior Technical Institute)
- Associate Professor in Instituto Superior Técnico (Superior Technical Institute)
- Professor in Academia Militar (Military Academy)

Professional qualifications

- Chairman of the Board of Directors of Tagusgás – Empresa de Gás do Vale do Tejo, SA (from 06.02.1997 to 30.05.2008)
- Director of SHCB – Sociedade Hidroelétrica de Cabora Bassa (from 27.11.2007 to 12.04.2010)
- Chairman of the Board of Directors of Sofid – Sociedade para o Financiamento do Desenvolvimento – Instituição Financeira de Crédito, SA (from 04.04.2008 to 12.05.2010)
- Chairman of the Supervisory Board of UCCLA – União das Cidades Capitais Luso-Afro-Américo-Asiáticas (since 16.02.1989)
- Chairman of the Supervisory Committee of Instituto de Seguros de Portugal (Portuguese Insurance Institute) (since 19.12.2004)
- Chairman of the Board of Directors of Fundação Cidade de Lisboa (since 01.07.2000)
- Chairman of the General Board of Nersant – Associação Empresarial da Região de Santarém (since 17.07.2000)
- Coordinator of the Business Committee of Angola's Debt Negotiation (since 07.02.2003)
- Coordinator of the Project Team for the follow-up of the study and implementation of the New Lisbon Airport, and coordination with the privatization of ANA, SA (since 12.12.2006)
- Chairman of the Remuneration Committee of PT – Portugal Telecom, SGPS, SA (since 22.06.2007)
- Chairman of the Supervisory Board of CPF – Centro Português de Fundações (since 24.03.2010)
- Member of the Remuneration Committee of Banco Espírito Santo, S.A. (since 22.03.2012)
- Member of the Remuneration Committee of EDP – Energias de Portugal (since 17.04.2012)

**José Manuel Félix Morgado****Academic qualifications**

- Degree in Business Economics and Administration by Universidade Católica Portuguesa
- Specialization in Asset and Liabilities Management with INSEAD

Professional qualifications

- Managing Director of Seguros e Pensões (BCP), Ocidental Vida, Ocidental Seguros, Médis, Império Bonança, Companhia de Seguros de Macau and Pensõesgerere (from 1993 to 2005)
- President of Imperio Vida y Diversos (from 1993 to 2008)
- Managing Director of ONI – SGPS, SA (from 2005 to 2006)
- Vice-Chairman of the Board of Directors (since 17.05.2010) and Chairman of the Executive Committee of Inapa – Investimentos, Participações e Gestão, SA (since 15.02.2007)
- Vice-Chairman of the Board of Directors of Gestmin – SGPS (since 2012)
- Chairman of Eugropa - European Paper Merchants Association (since 2013)
- Chairman of the Board of Directors/Management of the subsidiary companies of Inapa Group:
 - Gestinapa – Sociedade Gestora de Participações Sociais, SA
 - Inapa Portugal Distribuição de Papel, SA
 - Inapa Deutschland, GmbH
 - Papier Union, GmbH
 - Inapa France, SAS
 - Inapa España Distribución de Papel, SA
 - Inapa Suisse, SA
 - Inapa Belgium, SA
 - Inapa Luxemburg, SA
 - Logistipack, SA
 - Inapa Merchants Holding, Ltd
 - Europackaging – SGPS, Lda
 - Inapa Embalagem, Lda
 - Da Hora – Artigos de Embalagem, Lda
 - Tradembaal – Comércio, Indústria, Exportação e Importação de Produtos Sintéticos, SA
 - Korda Kagit Pazarlama Ve Ticaret Anonim Şirketi



4. Corporate Governance Report

Emídio de Jesus Maria

Academic qualifications

- Degree in Business Economics and Administration by Instituto Superior de Economia de Lisboa
- Chartered Accountant (registered in the respective Association)
- Chartered Accountant and Auditor (registered in the respective Association, having voluntarily suspended such duties for the time being)

Professional qualifications

- Member of the Supervisory Board of Santander Totta Seguros – Companhia de Seguros de Vida, SA (from 2009 to 2012)
- Chartered Accountant and Auditor and independent Consultant (from 1990 to 2008)
- Chairman of the Monitoring Committee of the Work Accidents Fund (from 2001 to 2006)
- Member and Chairman of the Audit Committee of the EIB – European Investment Bank – Luxembourg (from 1996 to 2003)
- Inspector of Finance in IGF – technical career and manager until Assistant Inspector-General (from 1980 to 2003)



Arndt Jost Michael Klippgen

Academic qualifications

- Diplom-Kaufmann academic degree from the University of Hamburg

Professional qualifications

- Director of the Foundation Hamburgische Kulturstiftung (since 2012)
- Investment Committee member of the Foundation Bürgerstiftung Hamburg (since 2013)
- General Manager of the following subsidiary companies of Inapa Group (until September 2013):
 - Papier Union, GmbH
 - Inapa Deutschland, GmbH
 - PMF – Print Media Factoring, GmbH
 - Inapa Packaging, GmbH
 - Inapa VisCom, GmbH



António José Gomes da Silva Albuquerque

Academic qualifications

- Degree in Finance Administration from Instituto Superior de Ciências Económicas e Financeiras (current ISEG)

Professional qualifications

- Director of Parpública – Participações Públicas, SGPS, SA (from 2004 to 2010)
- Director and President of Sagesecur, SGPS, SA (from 2004 to 2010)
- Director of Capitalpor, SGPS, SA (from 2008 to 2010)
- General Manager of the following subsidiary companies of Inapa Group:
 - Europackaging – SGPS, Lda
 - Inapa Shared Center, Lda



**Jorge Manuel Viana de Azevedo
Pinto Bravo**

Academic qualifications

- Bachelor's Degree in Engineering from Instituto Superior de Engenharia de Lisboa
- Post-graduation in Management and Marketing with Stockley Park Management Center

Professional qualifications

- Partner-in-charge Risk Advisory Service in KPMG Portugal (1998 to 2005)
- Vice-Chairman of the Board of Directors of Reditus Gestão, SA (from 2009 to 2010)
- Director of the Grupo Tecnidata (from October 2007 to 2010)
- Managing Director of Financial Services Iberia of Logica (ex-Edinfor) (from January 2006 to July 2007)
- General Manager of the following subsidiary companies of Inapa Group:
 - Inapa Portugal Distribuição de Papel, SA
 - Inapa España Distribución de Papel, SA
 - Inapa Suisse, SA
 - Inapa France SAS
 - Crediforma-Papelaria e Equipamento Técnico Lda
 - Korda Kagit Pazarlama Ve Ticaret Anonim Şirketi



João Miguel Pacheco de Sales Luís

Academic qualifications

- PADE (Program for Top Corporate Managers) from AESE (1999/2000)
- MBA in Nova University (1997)
- Chartered Accountant
- Degree in Business Economics and Administration by Universidade Católica Portuguesa (1981)

Professional qualifications

- Chairman of Supervisory Committee of Unicre - Instituição Financeira de Crédito, SA (since 2013)
- Non-executive director of the Foundation FORSDI - Fundação da Obra Social das Religiosas Dominicanas Irlandesas
- Top manager of the retail network of Millennium BCP (2008-2012)
- Commercial manager of the retail network (2003-2008)
- Top manager of the brokerage business of BCPInvestimento (2001-2003)
- Top manager of Private Banking in the South region of BCP (2000-2001)
- Top manager of "Internacional Private Banking" (1998-2000)
- Marketing manager of the Insurance company Seguros Ocidental (1997-1998)
- Commercial manager of Nova Rede (1995-1997)
- General Manager of BCPI (Asset Management company of BCP) (1991-1994)
- Department of Studies and Planning of BCP (1986-1991)
- Department of Planning and Control in Sorefame (Metalworking Industry and Railways) (1986-1991)



Gonçalo Cruz Faria de Carvalho

Academic qualifications

- Degree in Business Economics and Administration by Universidade Católica Portuguesa (1989)

Professional qualifications

- CFO Ongoing Group, vice-chairman of Ongoing Media and CEO of Ongoing Shared Services (since January 2013)
- Director of Económica Group (Ongoing Media) (since 2009)
- Director of Intervoz and Member of the Management Committee of Renascença Group (2002 a 2009)
- Head of Financial and Administrative department of Sojornal (Expresso Group) (1998-2002)
- Controller e financial manager on Renascença Group (1991-1997)



4. Corporate Governance Report

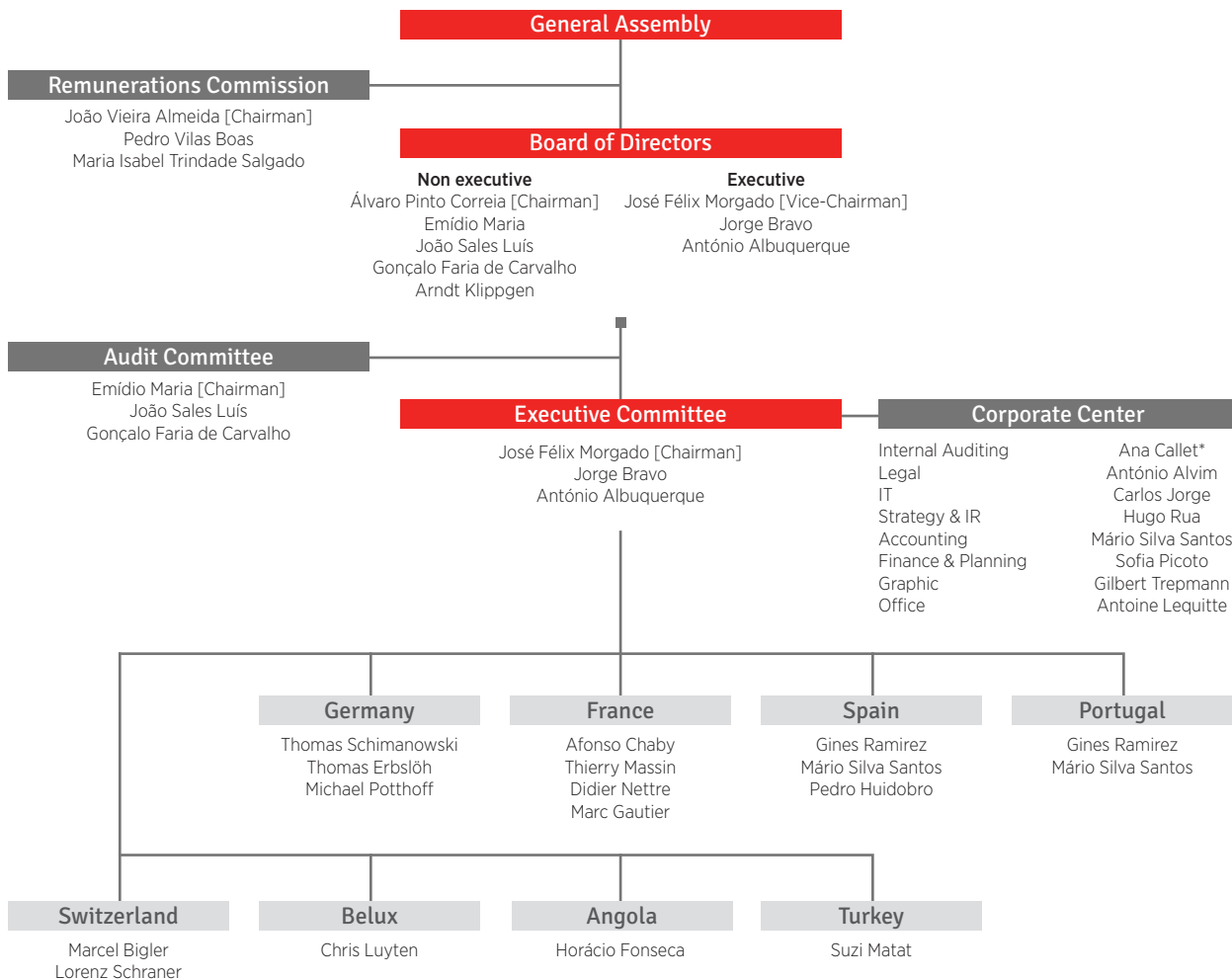
20.

Customary and meaningful family, professional or business relationships of members of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, with shareholders that are assigned qualifying holdings that are greater than 2% of the voting rights.

The Board member João Miguel Pacheco de Sales Luís until 2012 had a leading position as a manager in Millennium BCP.

21.

Organisational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/or departments within the company, including information on delegating powers, particularly as regards the delegation of the company's daily management.



* Also reports to the Audit Committee

In accordance with the resolution of May 14, 2013 of the Board of Directors and the provisions of paragraphs 3 and 4 of Article 407 of the Companies Act, the following powers have been delegated to the Executive Committee, without prejudice to the Board of Directors, in conformance with the provisions of paragraph 8 of the aforementioned Act, of being entitled to pass resolutions on the matters it delegated:

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

- Purchasing, selling or pledging shares in other companies, provided the transactions in question are included in the budget or in approved action plans not exceeding a limit of € 5,000,000.00 per transaction, above which limit prior approval from the Board of Directors shall be required;
- Entering into, amending and terminating employment contracts and exercising powers of discipline over the staff;
- Opening, transacting and closing bank accounts;
- Appointing duly mandated representatives of the Company.

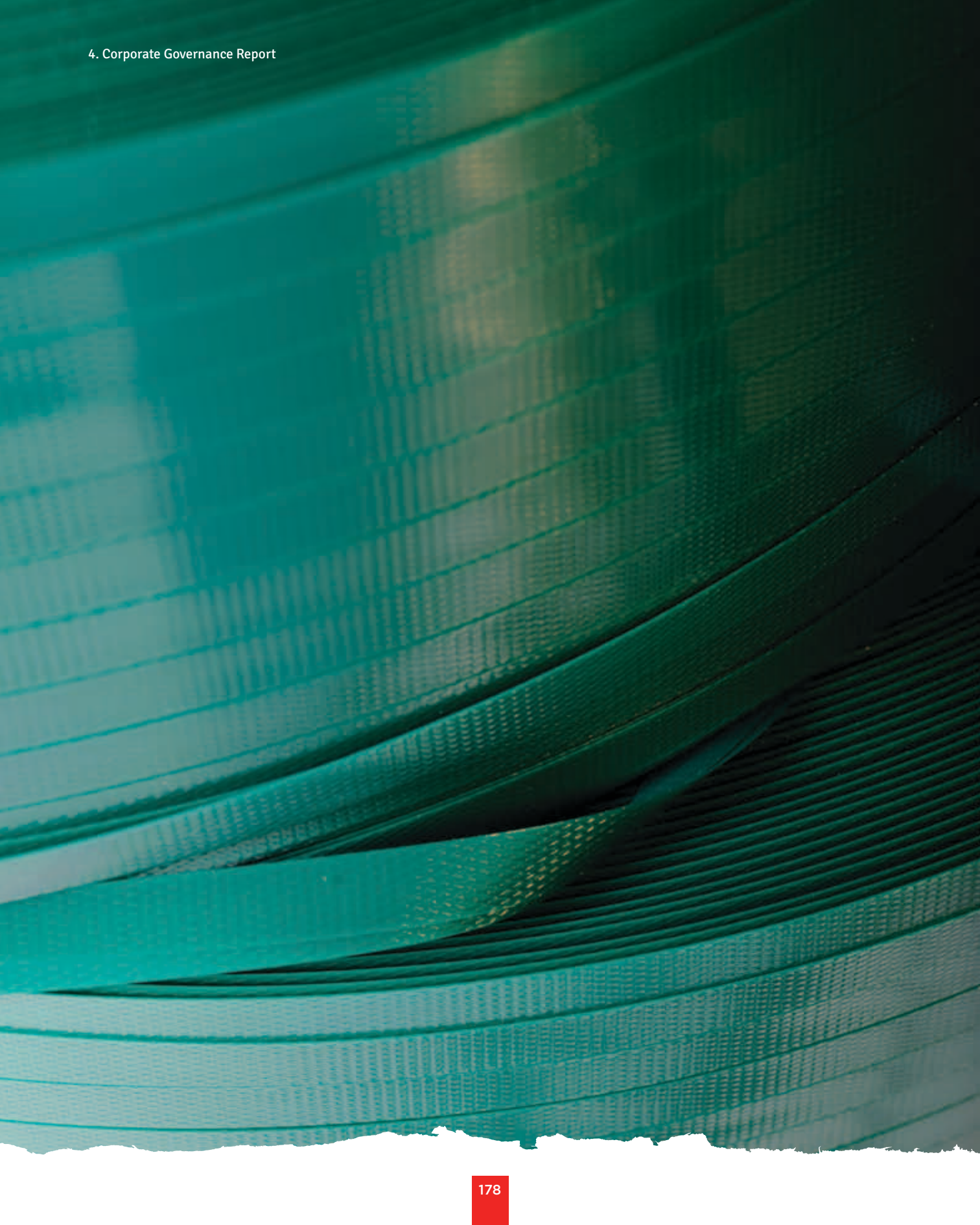
In the aforementioned resolution the Board of Directors expressly barred to the Executive Committee the delegation of the following powers:

- The powers set out in the provisions of sub-paragraphs a) to m) of Article 406 of the Companies Act;
- Resolve, in the terms and limits of the law, on instructions that are binding on subsidiary companies;
- Approval of the Plan and Budget of the Company and subsidiary companies;
- Approval of investment or disinvestment transactions of relevance into and by subsidiary companies;
- Resolve on the purchase and sale of majority or controlling shareholdings or holdings subject to special purchase or selling offers in accordance with the Securities Market Code (CVM);
- Resolutions on splits, mergers or dissolution transactions by subsidiary or associate companies.

On May 14 2013, the Board of Directors has discussed and approved the 2013-2015 strategic plan, where the strategic goals and priorities are described.

It is important to note that in the aforementioned resolution the Board of Directors has granted to the Chairman of the Executive Committee, according to provisions stipulated in paragraph 6 of Article 407 CSC, the following duties:

- Ensure that all relevant information is provided to the other members of the Board of Directors regarding the operations and resolutions of the Executive Committee;
- Ensure the fulfilling of the delegated limits, the company's strategy and the duties to collaborate before the Chairman of the Board of Directors.



The Chairman of the Executive Committee regularly sends the minutes of the Executive Committee to the Chairman of the Board of Directors and Audit Committee.

In conformance with the provisions of applicable legislation and with the aforementioned resolution of the Board of Directors of May 14, 2013, the following powers have specifically been granted to the Audit Committee:

- Supervising the administration of the Company;
- Ensuring due compliance with the law and the provisions of the Bylaws;
- Verifying due compliance of the accounting books, records and supporting documentation;
- Verifying, when and in the form deemed convenient, cash balances and stocks of any type of goods or assets owned by the Company or held in lieu of security or in trust or under any other entitlement;
- Verifying the accuracy of the financial statements;
- Verifying whether the accounting policies and valuation criteria adopted by the Company are conducive to appropriately represent its assets and results;
- Compiling, on an annual basis, an audit report on its audit and supervisory action and issuing an opinion on the annual report and accounts and proposals of the Board of Directors;
- Convening a meeting of the General Meeting of Shareholders, having a duty so to act, should its Chairman fail to do so;
- Auditing the efficacy of the risk management system, the internal control system and the internal audit system;
- Being the recipient of reports on irregularities which shareholders, employees of the Company or other parties may submit;
- Auditing the process of preparation and disclosure of financial statements;
- Recommending to the General Meeting of Shareholders the appointment of a Chartered Accountant and Auditor;
- Supervising the audit to the financial statements of the Company;
- Supervising the Chartered Accountant and Auditor's independence, particularly with regard to provision of additional services;
- Notifying the Office of the Public Prosecutor of any contraventions of the law constituting a public crime of which it may have become aware;

- Contracting for the provision of expert services in order to assist one or more of its members in the performance of their duties.

In the performance of its duties the Audit Committee meets with the external auditor and the chartered accountant - the two functions are assigned to the same entity - and is the first recipient of the reports.

Annually, the Audit Committee makes an assessment of the work performed by the auditor. If its dismissal is deemed appropriate, the replacement is proposed in the General Assembly.

In case it considers adequate the dismissal of the auditor, the Committee proposes its substitution in the General Meeting.

b) Functioning

22.

Availability and place where rules on the functioning of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, may be viewed.

On May 14 2013, the regulations of the following governing bodies were approved: Board of Directors, Executive Committee and Audit Committee.

The above mentioned regulations can be obtained in the company headquarters (Rua Braamcamp 40-9º D - Lisbon, Portugal) or through the website www.inapa.com.

23.

The number of meetings held and the attendance report for each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable.

From January 1 to May 7 2013 (former governing bodies):

- Number of meetings: 1
- Attendance of each member:
 - Álvaro João Duarte Pinto Correia: 100%
 - José Manuel Félix Morgado: 100%
 - Emídio de Jesus Maria: 100%
 - Arndt Jost Michael Klippgen: 100%
 - António José Gomes da Silva Albuquerque: 100%
 - Jorge Manuel Viana de Azevedo Pinto Bravo: 100%
 - Acácio Jaime Liberado Mota Piloto: 100%
 - Eduardo Gonzalo Fernandez Espinar: 0%

From May 8, 2013 to December 31, 2013 (governing bodies elected in the General Meeting of May 7.):

- Number of meetings: 8
- Attendance of each member:
 - Álvaro João Duarte Pinto Correia: 100%
 - José Manuel Félix Morgado: 100%
 - Emídio de Jesus Maria: 100%

4. Corporate Governance Report

- Arndt Jost Michael Klippgen: 100%
- António José Gomes da Silva Albuquerque: 100%
- Jorge Manuel Viana de Azevedo Pinto Bravo: 100%
- João Miguel Pacheco de Sales Luís: 100%
- Gonçalo Cruz Faria de Carvalho: 75%

24.

Details of competent corporate boards undertaking the performance appraisal of executive directors.

The performance assessment of executive directors is done by the General Meeting, the Board of Directors and, within its own competence, the Audit Committee.

For remuneration purposes the performance assessment of the executive directors still lies to the Remuneration Committee.

25.

Predefined criteria for assessing executive directors' performance.

The performance assessment of executive directors is based on the following criteria that are stated in the remunerations policy:

- Improvement of financial results of the year and pluri-annual plan;
- Achievement of the initiatives and strategy outlined in the pluri-annual plan;
- Value creation to the shareholder;
- Group image and concept in the financial markets and all of its stakeholders.

26.

The availability of each member of the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and details of the positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of these boards throughout the financial year.

The 5 non-executive members are in part-time regime relatively to the management of the company.

The functions that each member has inside and outside the company are the following:

Álvaro Pinto Correia

In the Company:

- ◊ Chairman of the Board of Directors

In the Group:

- ◊ None

Outside the Group:

- ◊ Chairman of the Board of Directors of Fundação Cidade de Lisboa (since 01.07.2000)
- ◊ Chairman of the General Board of Nersant – Associação Empresarial da Região de Santarém (since 17.07.2000)
- ◊ Coordinator of the Business Committee of Angola's Debt Negotiation (since 07.02.2003)
- ◊ Coordinator of the Project Team for the follow-up of the study and implementation of the New Lisbon Airport, and coordination with the privatization of ANA, SA (since 12.12.2006)

Emídio de Jesus Maria

In the Company:

- ◊ Member of the Board of Directors
- ◊ Chairman of the Audit Committee

In the Group:

- ◊ None

Outside the Group:

- ◊ None

Arndt Jost Michael Klippgen

In the Company:

- ◊ Member of the Board of Directors

In the Group:

- ◊ None

Outside the Group:

- ◊ None

João Miguel Pacheco de Sales Luís

In the Company:

- ◊ Member of the Board of Directors
- ◊ Member of the Audit Committee

In the Group:

- ◊ None

Outside the Group:

- ◊ Chairman of Supervisory Committee of Unicre – Instituição Financeira de Crédito, SA (since 2013)

Gonçalo Cruz Faria de Carvalho

In the Company:

- ◊ Member of the Board of Directors
- ◊ Member of the Audit Committee

In the Group:

- ◊ None

Outside the Group:

- ◊ CFO Ongoing Group, vice-chairman of Ongoing Media and CEO of Ongoing Shared Services
- ◊ Director Económica Group

The 3 executive members work on a full time basis in the management of the company and its subsidiaries.

The functions that each member has inside and outside the company are the following:

José Manuel Félix Morgado

In the Company:

- ◊ Vice- Presidente do Conselho de Administração
- ◊ Presidente da Comissão Executiva do Conselho de Administração

In the Group:

- ◊ Chairman / General Manager:
- ◊ Gestinapa – Sociedade Gestora de Participações Sociais, SA
- ◊ Inapa Portugal Distribuição de Papel, SA
- ◊ Inapa Deutschland, GmbH
- ◊ Papier Union, GmbH
- ◊ Inapa France, SAS
- ◊ Inapa España Distribución de Papel, SA
- ◊ Inapa Suisse, SA
- ◊ Inapa Belgium, SA
- ◊ Inapa Luxemburg, SA
- ◊ Logistipack, SA
- ◊ Inapa Merchants Holding, Ltd
- ◊ Europackaging – SGPS, Lda
- ◊ Inapa Embalagem, Lda
- ◊ Da Hora – Artigos de Embalagem, Lda
- ◊ Trademal – Comércio, Indústria, Exportação e Importação de Produtos Sintéticos, SA
- ◊ Korda Kagit Pazarlama Ve Ticaret Anonim Şirketi

Outside the Group:

- ◊ Vice-Chairman of Gestmin – SGPS, SA (since 2012)
- ◊ Chairman of Eugropa - European Paper Merchants Association (since 2013)

António José Gomes da Silva Albuquerque

In the Company:

- ◊ Vogal do Conselho de Administração
- ◊ Vogal da Comissão Executiva do Conselho de Administração

In the Group:

- ◊ Director / General Manager:
- ◊ Europackaging – SGPS, Lda
- ◊ Gerente de Inapa Shared Center, Lda

Outside the Group:

- ◊ None

Jorge Manuel Viana de Azevedo Pinto Bravo

In the Company:

- ◊ Vogal do Conselho de Administração
- ◊ Vogal da Comissão Executiva do Conselho de Administração

In the Group:

- ◊ Director / General Manager:
- ◊ Inapa Portugal Distribuição de Papel, SA
- ◊ Inapa España Distribución de Papel, SA
- ◊ Inapa Suisse, SA
- ◊ Inapa France SAS
- ◊ Crediforma-Papelaria e Equipamento Técnico Lda
- ◊ Korda Kagit Pazarlama Ve Ticaret Anonim Şirketi

Outside the Group:

- ◊ None

c) Committees within the Board of Directors or Supervisory Board and Board Delegates

27.

Details of the committees created within the Board of Directors, the General and Supervisory Board and the Executive Board, where applicable, and the place where the rules on the functioning thereof is available.

The Board of Directors has created an Executive Committee, in which it has delegated the daily management of the company.

Given the small size of the company (Bearing in mind the provisions of article 413^o n. 2 of the CSC), the limited number of members of the Board of Directors - 8 -, the functions performed by its Audit Committee, and the number of the Directors that are part of the Executive Committee (3) and the Audit Committee (3), Board deems that the appointment of any of the indicative special committees is not justifiable.

28.

Composition of the Executive Board and/or details of the Board Delegate/s, where applicable.

The Executive Committee has the following composition:

- Chairman: José Manuel Félix Morgado;
- Member: António José Gomes da Silva Albuquerque;
- Member: Jorge Manuel Viana de Azevedo Pinto Bravo.

29.

Description of the powers of each of the committees established and a summary of activities undertaken in exercising said powers.

The competences of the Audit and Executive Committees are detailed on section 21.



III. Supervision (Supervisory Board, the Audit Committee or the General and Supervisory Board)

a) Composition (*throughout the said year)

30.

Details of the Supervisory Body (Supervisory Board, the Audit Committee or the General and Supervisory Board) representing the model adopted.

The company has adopted the model in which the Audit Committee is the Supervisory Body.

31.

Composition of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Financial Matters Committee, where applicable, with details of the articles of association's minimum and maximum number of members, duration of term of office, number of effective members, date of first appointment, date of end of the term of office for each member and reference to the section of the report where said information is already included pursuant to paragraph 18.

Paragraph 4 of article 22 of the company's bylaws states "The Audit Committee of the Board of Directors will comprise of three members who fulfil the applicable legal requirements, one of whom will act as Chairperson, to be appointed by the General Meeting from among the members of the Board of Directors".

The members of the Audit Committee have been elected by the General meeting for a 3 years term.

The Audit Committee has the following Board of Director members:

	FUNCTION	DATE OF FIRST APPOINTMENT	DATE OF END OF THE TERM OF OFFICE
Emídio de Jesus Maria	Chairman	09.04.2008	31.12.2015
João Miguel Pacheco de Sales Luis	Member	07.05.2013	31.12.2015
Gonçalo Cruz Faria de Carvalho	Member	07.05.2013	31.12.2015

32.

Details of the members of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, which are considered to be independent pursuant to Article 414/5 CSC and reference to the section of the report where said information already appears pursuant to paragraph 19.

- Chairman: Emídio de Jesus Maria;
- Member: Gonçalo Faria Carvalho.

33.

Professional qualifications of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, and other important curricular information, and reference to the section of the report where said information already appears pursuant to paragraph 21.

On section 19 of this report, the qualifications of the Audit Committee are further described.

b) Functioning

34.

Availability and place where the rules on the functioning of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, may be viewed, and reference to the section of the report where said information already appears pursuant to paragraph 24.

The regulations of the Audit Committee are accessible to the shareholders and anyone that is interested in the company's website - www.inapa.com - or on its headquarters.

35.

The number of meetings held and the attendance report for each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, and reference to the section of the report where said information already appears pursuant to paragraph 25.

From January 1 until May 7 2013 (former Governing Bodies):

- Number of meetings: 6
- Attendance of each member:
 - Emídio de Jesus Maria: 100%
 - Acácio Jaime Liberado Mota Piloto: 100%
 - Eduardo Gonzalo Fernandez Espinar: 83%

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From May 8, 2013 to December 21, 2013 (Governing Bodies elected on the General Meeting of May 7, 2013):

- Number of meetings: 8
- Attendance of each member:
 - Emídio de Jesus Maria: 100%
 - João Miguel Pacheco de Sales Luís: 100%
 - Gonçalo Cruz Faria de Carvalho: 63%

36.

The availability of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Financial Matters Committee, where applicable, indicating the positions held simultaneously in other companies inside and outside the group, and other relevant activities undertaken by members of these Boards throughout the financial year, and reference to the section of the report where such information already appears pursuant to paragraph 26.

The Audit Committee members are in part-time regime relatively to the management of the company and do not have any functions in the company or the Group, besides the ones relative to their role as members of the Board of Directors.

The function of the Audit Committee members outside the company and the Group are the following:

Emídio de Jesus Maria

- ◊ No activity

João Miguel Pacheco de Sales Luís

- ◊ Chairman of Supervisory Committee of Unicre – Instituição Financeira de Crédito, SA (since 2013)

Gonçalo Cruz Faria de Carvalho

- ◊ CFO Ongoing Group, vice-chairman of Ongoing Media and CEO of Ongoing Shared Services
- ◊ Director of Económica Group (Ongoing Media)

c) Powers and duties

37.

A description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor.

The company has established procedure to hire additional services to the external auditor, which require the previous analysis by the Audit Committee.

During the last term and current, the Audit Committee has give its consent to the proposed additional works given the limited relevance of the corresponding costs and the fact that they did not involve any conflict of interest, thereby safeguarded its independence.

38.

Other duties of the supervisory body and, where appropriate, the Financial Matters Committee.

The Audit Committee has no other duties than the ones described on section 21 of this report.

IV. Statutory Auditor

39.

Details of the statutory auditor and the partner that represents same.

The statutory auditor is the firm PricewaterhouseCoopers & Associados, SROC, Lda represented by José Pereira Alves Appointed Chartered Accountant, and José Manuel Henriques Bernardo Substitute Chartered Accountant.

40.

State the number of years that the statutory auditor consecutively carries out duties with the company and/or group.

The statutory auditor - PricewaterhouseCoopers – auditor is presently serving his third mandate, after being appointed for these duties on May 31, 2007, in substitution of the company Grant Thornton.

41.

Description of other services that the statutory auditor provides to the company

PricewaterhouseCoopers & Associados, SROC, Lda has provided services of annual services review, fiscal consulting and due diligence services, within the acquisition of two relatively small companies.

V. External Auditor

42.

Details of the external auditor appointed in accordance with Article 8 and the partner that represents same in carrying out these duties, and the respective registration number at the CMVM.

The external auditor is the firm PricewaterhouseCoopers & Associados, SROC, Lda represented by José Pereira Alves.

The external auditor has the CMVM registration number 9077.

43.

State the number of years that the external auditor and respective partner that represents same in carrying out these duties consecutively carries out duties with the company and/or group.

The external auditor is presently serving his third mandate, after being appointed for these duties on May 31, 2007, in substitution of the company Grant Thornton.

The partner in charge is serving since 2011.

44.

Rotation policy and schedule of the external auditor and the respective partner that represents said auditor in carrying out such duties.

The company has not establish formal policies and Schedule of rotation regarding the external auditor and respective partner.

45.

Details of the Board responsible for assessing the external auditor and the regular intervals when said assessment is carried out.

In addition to the General Assembly, the Audit Committee evaluates the performance of the external auditor.

The Audit Committee supervises the work performed by the external auditor every six months, particularly during the limited review of the first half accounts and full review of the annual accounts.

46.

Details of services, other than auditing, carried out by the external auditor for the company and/or companies in a control relationship and an indication of the internal procedures for approving the recruitment of such services and a statement on the reasons for said recruitment.

The work performed by the external auditor in addition to the audit, the verification of the implementation of policies and remuneration systems of statutory bodies, the verification of the efficiency and effectiveness of the internal control mechanisms and reporting any deficiencies to the supervisory board of the company, are described in section 41 of this report.

47.

Details of the annual remuneration paid by the company and/or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the following services (For the purposes of this information, the network concept results from the European Commission Recommendation No. C (2002) 1873 of 16 May):

COMPANY*	
Statutory account review services	€ 58,950 (89%)
Audit reliability services	-
Tax consulting services	€ 7,500 (11%)
Other non-statutory auditing services	-
ENTITIES THAT ARE PART OF THE GROUP *	
Statutory account review services	€ 543,194 (97.6%)
Audit reliability services	€ 5,004 (0.9%)
Tax consulting services	€ 7,500 (1.3%)
Other non-statutory auditing services	€ 700 (0.1%)

* Including individual and consolidated accounts



C. Internal Organization

I. Articles of Association

48.

The rules governing amendment to the articles of association (Article 245-A/1/h).

The company bylaws, with the exception of changing the headquarters, in which the Board of Directors has a specific delegation, can also be changed by a resolution of the General Meeting.

The General Meeting shall meet at first call whenever a number of shareholders or their representatives, whose holdings represent at least 1/3 of share capital are in attendance; a second call shall be deemed valid regardless of the number of shareholders in attendance or duly represented and whichever the percentage of share capital their holdings may represent (Article 383, paragraph 2 and 3 of the Bylaws).

General Meeting resolutions require a majority of 2/3 of the issued votes in first and second call; in the case of second call, if at least half of the share capital is represented, the resolutions can be approved by simple majority.

II. Reporting of irregularities

49.

Reporting means and policy on the reporting of irregularities in the company.

The Board of Directors has adopted internal regulations for disclosure of irregular practices, containing the following features:

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

a) To the Chairman of the Executive Committee of the Board of Directors of Inapa – Investimentos, Participações e Gestão, SA should such irregular practices involve the management and staff of the parent company, Directors and the management and staff of its affiliate companies;

b) To the Chairman of the Audit Committee of the Board of Directors should such irregular practices involve the Directors of Inapa – Investimentos, Participações e Gestão, SA or of its supervisory board and/or its staff;

c) To the Chairman of the Board of Directors should such irregular practices involve a member of the Audit Committee of the Board of Directors of the Company.

2. In the situations referred in sub-paragraph a) of paragraph 1 above, the Chairman of the Executive Committee shall submit such allegations, with the urgency deemed necessary, to the Chairman of the Audit Committee of the Board of Directors.

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

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

To be able to act in a swift manner, the company decided that communications should be directed to the executive members. Notwithstanding this communication being performed normally to the CEO, the Audit Committee is informed of all communications that are performed.

III. Internal Control and risk management

50.

Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems.

The Board of Directors approved the systems of internal control and risk management of the company and the group, on its own initiative or the Executive Committee of the Board of Directors.

The internal auditor of the Group is responsible for the implementation and evaluation of internal control systems.

Planning and control of the group are responsible for monitoring the activity of each of the Group companies.

Audit Committee and the External auditor, under the powers which he is legally committed, regularly evaluation the mechanisms and discusses adjustment to the needs of society and the group.

The review of procedures and reporting of information relating to risk management will shortly be the subject of independent validation by an independent third party.

51.

Details, even including organisational structure, of hierarchical and/or functional dependency in relation to other boards or committees of the company.

The organizational structure and hierarchical and functional dependencies are described in section 21.

The internal auditor reports functionally to the Audit Committee and the Executive Committee, also supporting the first one to the good execution of its competences.

52.

Other functional areas responsible for risk control.

In addition to the areas identified above should also be noted as areas with responsibility for risk control, the central IT and information systems department, internal control and accounting department in each of the companies and at the level of the shared services centre.

53.

Details and description of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity.

The Group's main activity is the distribution of paper, and as such, it acts as a link between the upstream paper producers and the downstream intermediate consumers (namely companies and paper manufacturing industries, such as printers, advertisers, media companies, and newspaper and book publishers, among others), modern distributors (large-scale suppliers and specialized retail chains) and end consumers (companies in the office segment and individuals).

Inapa is subject to the inherent risks of the economic sector where it operates and especially to fluctuations in paper price, short-term imbalances between demand and supply, changes in consumption patterns and the performance of the economy in general.

In this context, the most relevant risks to which Inapa is exposed while conducting its business are associated with its capacity to pass changes in the purchase price of paper and in its operating costs on to customers through selling prices, particularly costs related to logistics and transportation.

Additionally, the paper distribution business is sensitive to changes in the behavioural patterns of the demand, mainly in segments such as advertising and media, and to changes in the distribution structure.

Balance between supply and demand depends on a variety of factors, among which we highlight the trends in installed production capacity and the level of overall economic activity.

The Group's ability to pass paper price and/or oil price increases on to its customers through the selling prices of its products, or the fees it charges for the services it provides, is not fully elastic, and so the direct margins of products sold and the net contribution of services rendered may be adversely impacted by such adverse trends, with the result that transport costs associated with its delivery services may increase and consequently adversely impact on the Group's performance, financial situation, and earnings.

Inapa counts with some means of mitigating this risk, among which stand out its systems, which introduce various levels of authority according to the margin generated by the operation in the sales process.

The developments in the productive capacity of the different geographical markets, trends in paper demand in emerging economies such as China and India and its impact on those markets' suppliers, the impact of exchange rate fluctuation on the competitiveness of the various markets, and a number of regulatory issues that affect the world paper trade are all factors which, either in combination or in isolation, may directly or indirectly impact the performance of the Company, its financial situation, and its earnings performance.

Furthermore, the paper distribution business has undergone structural changes in recent years, as a result of mergers among paper merchants, especially in Europe. Competitor moves may directly or indirectly impact the Company's future strategic decisions and, therefore, its positioning in each particular market and, consequently, affect its economic and financial returns and asset allocation.

Given the fact that Inapa conducts its business in seven European countries, and, since 2009 and 2013, in Angola and Turkey, in conjunction with the fact that about 95% of its total turnover is originated in foreign markets, the company is naturally exposed to risks arising as a result of the specific performance of the economies of the countries where it operates, notwithstanding the fact that the very nature of that exposure may equally constitute a risk-mitigating factor as a result of the low probability that exactly the same economic performance pattern will occur at once in every one of those markets.

The exposure to currency risk is limited but real on account of the fact that the Group's aggregate turnover in currencies other than Euro (namely Swiss Franc, US Dollar, Angolan Kwanza and Turkish lira) accounts for approximately 7.5% of the total turnover.

4. Corporate Governance Report

As it is the case with any other company or group of companies, Inapa's performance depends on its ability to retain its customer base.

In addition to serving quite a significant customer base – of over 70,000 customers – that are widely distributed from a geographical perspective and to offering a wide range of competitive, top-quality products and appropriate service levels, Inapa has been developing a customer loyalty program aimed at its traditional clientele through a comprehensive offer of products and services that complement its core business with a view to increasingly assert itself as a global Paper Service Provider.

The impact on local economies of a downturn in the world economy may make it difficult for customers of the Inapa Group to meet their obligations towards the Group.

As a credit risk mitigation factor, Inapa contracted in 2011, a credit insurance policy to cover for credit risk of its operating subsidiaries with a major insurance company in Europe. This insurance covers the five core countries of the Group (Germany, France, Switzerland, Portugal and Spain), thus covering more than 95% of Group sales.

Regardless of the coverage contemplated above, Inapa also manages credit risk by acting as follows: each Group subsidiary has its credit collections committee composed by the CEO, CFO and head of sales and purchases; credit limits are defined and recorded in the information system and inhibit new orders when limit is fully utilized; limits of credit granting are subject to annual review and/or whenever there is relevant information arising from the recommendation of the internal and external monitoring systems; approval of sales above the defined credit limits are subject to Board approval.

A slowdown in economic growth rates or a decrease in consumer and producer confidence indexes may, in turn, lead to a slowdown or fall in the paper demand, namely the demand for writing and printing paper, thereby adversely affecting its operations, sales, earnings, and the overall financial standing of the Inapa Group.

The Group's ability to successfully implement the established strategy is a function of its ability to retain, and if necessary to hire, the most competent and adequately skilled staff to perform each duty.

Although the Group's human resources policy strives to reach these objectives, it is not possible to guarantee that constraints may not arise in that regard.

Inapa awards supplemental retirement and subsistence pension benefits to the personnel of the subsidiaries Inapa France, Logistipack, Semaq, Inapa Switzerland and Papier Union, having duly accounted for the inherent expenses and costs associated with such benefits in accordance with the specifications of International Accounting Standard 19 (IAS 19).

The balance reported in the consolidated accounts under liabilities for pension benefits is based on predefined assumptions on mortality rates, whereas the beneficiaries of the pension fund schemes in question may live longer than what such assumptions accounted for and, as such, may draw benefits from the pension fund in excess of the provisions for such benefits. Therefore, liabilities for pension benefits may have an adverse impact on cash flows.

As regards the consolidation of accounts, Inapa has methods to mitigate internal and external risks.

Internally, the holding company has a team that sets the accounting policies to be used in the Group, validates all the consolidation movements of each company and controls the processing of local accounts under IFRS. Additionally, all companies report their monthly accounts to the Group's holding company (income statements and balance sheets), enabling to monitor regularly the progress of the accounts of each Group company.

Externally, in order to mitigate the risks arising from the classification into different accounting categories, proper accounting and consolidation reports of each company and standardization of criteria, we opted to use a common auditor in the main geographical regions in which Inapa operates, in this case PricewaterhouseCoopers. The work developed by the holding company is also subject to verification by the same external auditor, ensuring the adequacy and transparency of the consolidated accounts.

In the future, Inapa may be a party in litigation arising from the conduct of its business, including legal proceedings which may have been ruled in favour of the Group, fully or partially, or sentences that may be subject to recourse or petition for their annulment by the counterparties in conformance with applicable legal procedure and until that time as such sentences have been upheld in a court of final appeal.

At present, the main legal suit to which Inapa is a party concerns a petition under ordinary procedure filed by Papelaria Fernandes – Indústria e Comércio, SA, in August 01, 2007, which claim has been valued at 24,459,906.14 Euros, relative to events occurring from 1991 to 1994.

In the aforementioned legal suit, and in essence, Papelaria Fernandes is petitioning to be declared null the contracts and transactions entered into during the above mentioned period by the Group and Papelaria Fernandes. Notwithstanding the Group's firm belief that it is right, Inapa cannot guarantee that the court case in question will be ruled in its favour or that any other such legal suits relative to its operations will be ruled in its favour in the future. Unfavourable rulings on legal suits filed against it may have an adverse impact on the operations, financial situation, and earnings performance of the Inapa Group.

Inapa Group's operations require investments. It is Inapa's intention to partly fund those investments with cash resources generated from operations. However, should its operations fail to generate sufficient cash resources, Inapa may be required to partly fund the envisaged investments with funding raised from external sources, including bank finance and bond issues.

In addition, Inapa Group is exposed to a number of other risks, namely liquidity risk, interest rate risk, market risk on the price of raw materials, operating risk, and other risks.

Interest costs on most of the Group's financial indebtedness bears interest at rates linked to variable market rates, on account of which Inapa is exposed to market risk on changes in interest rates.

Considering that Inapa does not hedge its exposure to adverse changes in market interest rates, such changes may, in turn, have an adverse impact on its performance, financial situation, and earnings.

Nevertheless, and in order to manage such risks, the Group's Finance Department strives to manage the impact of changing interest rates by monitoring market developments on an ongoing basis and by being in a position to contract financial instruments to mitigate the impact of interest rate volatility.

In a context of sector consolidation, Inapa may be the target of a public tender offer.

Despite the fact that the Group has been implementing careful risk management methodologies to manage every type of risk to which it is exposed, in the event of exceptionally adverse scenarios materializing, the policies and procedures employed by Inapa to identify, monitor, manage, and mitigate such risks may prove not to be fully effective.

The Company believes that it is sufficiently equipped to effectively control the risks arising from the business conducted by the Company and the companies it controls, and deems that the actions being conducted by the Heads of its Management Control and Finance Departments, who have been specifically charged to manage its risks, particularly Inapa Group's liquidity risk, are effective.

Inapa manages the Group's liquidity risk by acting as follows: striving to structure the Group's financial indebtedness to feature a large percentage of medium and long-term debt, with a maturity that adequately matches its ability to generate cash resources; resorting to credit facilities it may draw on at any time (credit facilities on current accounts); treasury management is done locally in each Group company supervised by the Holding Company; cash flow forecast is regularly updated and monitored to avoid potential deviations.

In the course of conducting Inapa's normal business, and owing to its organizational structure, the Group is subject to certain operational risks, including possible interruptions in the services it renders or delays in providing such services, omissions, errors.

Those risks are monitored by the Company on an ongoing basis by means of the administrative and information systems it implemented for that purpose, having also arranged for insurance policies to cover certain operational risks.

Inapa Group's operations are also dependent on IT processing, which involves the storing and processing of financial reporting records, monitoring and control records from its logistics, warehousing and delivery services, and internal accounting records.

Notwithstanding the ongoing assessment of the condition of its information systems and the fact that our capacity has proven to be reliable, it is not possible to absolutely guarantee a full identification and timely redressing of every single issue concerning the information technology systems or the unqualified success of every single implementation of a technological enhancement to such systems.

In this scenario, there could be significant changes in Inapa's current strategy with implications for the several businesses and markets where it operates.

Inapa Group may be adversely affected by amendments to ruling legislation and to other tax legislation applicable in Portugal, the European Union, and the particular countries where it operates.

The Group's units are subject to risks that are inherent to the conduct of any economic activity, such as accidents, faults, or natural catastrophes that may cause damages to the Group's assets or a temporary interruption of its trading activities.

54.

Description of the procedure for identification, assessment, monitoring, control and risk management.

Risk identification and risk assessment is an ongoing process taking part in the Board of Directors, Executive Committee, Audit Committee, the external auditors and internal audit. Risks and mechanisms that allow its identification and assessment are described in the previous section.

The monitoring, control and risk management is carried out continuously by the Executive Committee. The Audit Committee and External Auditor also conduct audits of the effectiveness of risk management, internal control and internal audit systems.

4. Corporate Governance Report

55.

Core details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information (Article 245-A/1/m).

The elements regarding the internal control and risk management systems are described in section 53.

IV. Investor assistance

56.

Department responsible for investor assistance, composition, functions, the information made available by said department and contact details.

The Company has an Investor Relations Office headed by the responsible for relations with the market.

Role of the Office:

- To provide all investors – corporate or particular – with the most complete and accurate information, in the strict respect for the applicable legislation, concerning the corporate structure of the Company and the Group, on the rights and duties of the shareholders in conformance with the legislation and the Company's Articles of Association, on its financial and economic situation according to the disclosed elements and the indication of the probable calendar of the most relevant events of corporate initiative.
- To provide investors, in due respect for applicable legislation, with any additional or complementary information and clarification they may ask for.

Type of information made available:

- Information published by the company with corporate or economic-financial nature, of at least in the last three years, in Portuguese and English.
- Any relevant fact that can influence the company activity, in Portuguese and English.

Assess means to the office;

By post: Rua Braamcamp, n.º 40 - 9º D, 1250-050 Lisbon - Portugal

By fax: + 351 21 382 30 16

By telephone: + 351 21 382 30 07

By e-mail: hugo.rua@inapa.pt

By website: www.inapa.com

57.

Market Liaison Officer.

The Company's representative for market relations is Mr. Hugo Duarte de Oliveira Rua.

58.

Data on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years.

The requests that were sent to the Office were answered within two business days.

V. Website

59.

Address (es).

The corporate website on the internet is: www.inapa.com.

60.

Place where information on the firm, public company status, headquarters and other details referred to in Article 171 of the Commercial Companies Code is available.

The information can be obtained in the company headquarters, Rua Braamcamp, n.º 40 - 9º D, 1250-050 Lisbon - Portugal. The information is also available in the company's website www.inapa.com.

61.

Place where the articles of association and regulations on the functioning of the boards and/or committees are available.

The information can be obtained in the company headquarters, Rua Braamcamp, n.º 40 - 9º D, 1250-050 Lisbon - Portugal. The information is also available in the company's website www.inapa.com.

62.

Place where information is available on the names of the corporate boards' members, the Market Liaison Officer, the Investor Assistance Office or comparable structure, respective functions and contact details.

The information can be obtained in the company headquarters, Rua Braamcamp, n.º 40 - 9º D, 1250-050 Lisbon - Portugal. The information is also available in the company's website www.inapa.com.

63.

Place where the documents are available and relate to financial accounts reporting, which should be accessible for at least five years and the half-yearly calendar on company events that is published at the beginning of every six months, including, inter alia, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements.

The information can be obtained in the company headquarters, Rua Braamcamp, n.º 40 -9º D, 1250-050 Lisbon - Portugal. The information is also available in the company's website www.inapa.com and the CMVM website www.cmvm.pt.

64.

Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed.

The information can be obtained in the company headquarters, Rua Braamcamp, n.º 40 - 9º D, 1250-050 Lisbon - Portugal. The information is also available in the company's website www.inapa.com and the CMVM website www.cmvm.pt.

65.

Place where the historical archive on the resolutions passed at the company's General Meetings, share capital and voting results relating to the preceding three years are available.

The information can be obtained in the company headquarters, Rua Braamcamp, n.º 40 - 9º D, 1250-050 Lisbon - Portugal. The information is also available in the company's website www.inapa.com and the CMVM website www.cmvm.pt.



D. Remuneration

I. Power to establish

66.

Details of the powers for establishing the remuneration of corporate boards, members of the executive committee or chief executive and directors of the company.

The remuneration of the Governing Bodies is determined by:

- the Remunerations Committee, and;
- the General Meeting.

The company considers its directors, according to paragraph 3 of article 248º B from CVM, exclusively the members of the Board of Directors and Audit Committee.

II. Remuneration Committee

67.

Composition of the remuneration committee, including details of individuals or legal persons recruited to provide services to said committee and a statement on the independence of each member and advisor.

On the General Meeting of May 7, 2013 it was elected the following remunerations committee:

- **Chairman:** João Vieira de Almeida;
- **Member:** Millennium BCP, which nominated Pedro Vilas Boas as its representative;
- **Member:** Maria Isabel Baltazar Moreira da Silva Trindade Salgado.

All members of the Remunerations Committee are independent relatively to the members of the Board of Directors.

68.

Knowledge and experience in remuneration policy issues by members of the Remuneration Committee.

The elected members or entities of the Remunerations Committee have experience in the remunerations policy, as it can be verified by the curricula which was presented in the General Meeting:

João Vieira de Almeida

Academic qualifications

- Bachelor in Law by University Católica
- Member of the Portuguese and Brazilian Bar Association

Professional qualifications

- Managing director of the firm Vieira de Almeida & Associados and partner co-responsible for the Corporate Finance e M&A area
- Lawyer in Vieira de Almeida & Associados (since 1985)

Maria Isabel Baltazar Moreira da Silva Trindade Salgado

Academic qualifications

- Bachelor in philosophy by Faculdade de Letras from Lisbon University
- Post-grad in education/organizational sciences and training assesment by Faculdade de Psicologia from Lisbon University, in collaboration with Université Pierre Mendès –Grenoble, France
- Professional training in general management, human resources, finance, law in public sector, training techniques, IT, modernization, quality and services evaluation, performance assessment and public procurement

Professional qualifications

- Deputy Secretary General of the Ministry of Agriculture, Sea, Environment and Spatial Planning (position currently holds)
- Deputy Secretary General of the Ministry of Agriculture, Rural Development and Fisheries
- General Secretary of the Ministry of Planning
- Part of several committees and working groups in the fields of organic laws, establishing / restructuring of services, streamlining organizations and careers

III. Remuneration structure

69.

Description of the remuneration policy of the Board of Directors and Supervisory Boards as set out in Article 2 of Law No. 28/2009 of 19 June.

The remuneration policy has been the object of a separate assessment by the General Meeting of April 10, 2013.

In such General Meeting, the following description on remuneration policy has been unanimously approved:

1. The remuneration of the members of the Board of Directors comprises exclusively a fixed sum, except in the case of the members of the Executive Committee that shall also have a variable component. Throughout the term ended in 2012, given the state of company, the relevant markets and, more generally, the economic and international context, it was not decided any variable remuneration component.
2. The Remunerations Committee stipulates the amount of the fixed sum in the remuneration of the Governing Bodies has to be included in the Governance Report.
3. The remuneration of the members of the Governing Bodies is determined based on general criteria: alignments of the remuneration with the interests of the Company' Stakeholders, evaluation of the performance and financial conditions of the Group and justice and equilibrium on the evaluation and application.
4. The statutory account auditor will be remunerated in the terms and conditions that will be agreed between him and Inapa, in accordance with the market practices and legal and recommendation framework.
5. Relatively to the term that now starts, the remuneration regime to apply will be defined by the Remuneration Committee to be elected in this General Meeting, considering that the main principles will continue to be the following:
 - a) All remuneration components shall be object of a deliberation of the Remunerations Committee;
 - b) The setting of a variable component of the remuneration of the members of the Executive Committee should be based on the evaluation of their performance, following the criteria that consider the financial results improvement in line with the settled strategy and goals, the value creation for the shareholders and the Group image on the market and its intervenient;

c) In case there is a variable component of the remuneration, it will be compose by two components;

- i) An annual component, based on the annual goals achievement;
- ii) A pluri-annual component, based on mandate goals achievement (or on the years ok work, in case of a complete mandate).

The Remunerations Committee did not hire any individual or company to support it in its role.

70.

Information on how remuneration is structured so as to enable the aligning of the interests of the members of the board of directors with the company's long-term interests and how it is based on the performance assessment and how it discourages excessive risk taking.

The remuneration of non-executive Directors does not establish any variable component.

The remuneration structure of the Executive Committee, described in the previous section has a fix and variable component, being the last one subdivided in an annual and pluri-annual component, in order to assure the alignment of interest of the Directors with the long term interest of the Company and discourage excessive risk taking.

71.

Reference, where applicable, to there being a variable remuneration component and information on any impact of the performance appraisal on this component.

The remuneration of executive directors has a variable component dependent on a performance assessment under the terms previously addressed.

Notwithstanding what has been previously mentioned, the General Meeting has approved that, at exceptional level, no variable component of remuneration shall be distributed to executive Members.

72.

The deferred payment of the remuneration's variable component and specify the relevant deferral period.

Notwithstanding what is referred regarding the suspension of the variable remuneration to the executive Directors, the variable remuneration should include a pluri-annual component, based on mandate goals achievement (or on the years that have been working, in case of an incomplete mandate).

73.

The criteria whereon the allocation of variable remuneration on shares is based, and also on maintaining company shares that the executive directors have had access to, on the possible share contracts, including hedging or risk transfer contracts, the corresponding limit and its relation to the total annual remuneration value.

The remuneration of executive Directors does not establish any component based in shares.

The shares that are hold by directors do not result of any variable remuneration scheme.

74.

The criteria whereon the allocation of variable remuneration on options is based and details of the deferral period and the exercise price.

The remuneration of executive Directors does not establish any component based in options.

75.

The key factors and grounds for any annual bonus scheme and any additional non-financial benefits.

Notwithstanding the suspension of the variable remuneration, the parameters and fundamentals of bonus schemes to executive Directors system are mentioned in section 69.

76.

Key characteristics of the supplementary pensions or early retirement schemes for directors and state date when said schemes were approved at the general meeting, on an individual basis.

Do not exist supplementary pensions or early retirement schemes for Board of Directors and Audit Committee members.

IV. Remuneration disclosure

77.

Details on the amount relating to the annual remuneration paid as a whole and individually to members of the company's board of directors, including fixed and variable remuneration and as regards the latter, reference to the different components that gave rise to same.

	INAPA - IPG		SUBSIDIARIES	
	FIXED REMUNERATION PAID IN 2013	VARIABLE REMUNERATION IN 2013	FIXED REMUNERATION PAID IN 2013	VARIABLE REMUNERATION IN 2013
Álvaro João Duarte Pinto Correia	€ 84,000.00	–	–	–
José Manuel Félix Morgado	€ 399,077.90	–	–	–
Arndt Jost Michael Klippgen	€ 18,525.73	–	€ 195,000.00(*)	€ 220,000.00(*)
António José Gomes da Silva Albuquerque	€ 259,000.00	–	–	–
Jorge Manuel Viana de Azevedo Pinto Bravo	€ 259,000.00	–	–	–
Emídio de Jesus Maria	€ 70,500.00	–	–	–
Acácio Jaime Liberado Mota Piloto**	€ 7,584.15	–	–	–
Eduardo Gonzalo Fernandez Espinar**	€ 7,584.15	–	–	–
João Miguel Pacheco Sales Luís***	€ 10,791.67	–	–	–
Gonçalo Faria de Carvalho***	€ 10,791.67	–	–	–

* Until September 2013, was the CEO of a subsidiary, Papier Union (remuneration scheme defined quite before his appointment for the Board of Directors of Inapa - IPG).

** In functions until the General Meeting of May 7, 2013.

*** Appointed after the General Meeting of May 7, 2013.

78.

Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to a common control.

The amounts paid to Directors by other companies in a group relationship or controlled by the group are the ones referred in section 77 arise from the agreement settled with the beneficiary in question to assume duties as CEO quite before his appointment for the Board of Directors of Inapa – Investimentos, Participações e Gestão, SA.

79.

Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

The remuneration scheme approved in the General Meeting does not establish any profit sharing.

80.

Compensation paid or owed to former executive directors concerning contract termination during the financial year.

No compensation were paid to former executive directors nor are due compensations for the cessation of their duties during the last financial year.

81.

Details of the annual remuneration paid, as a whole and individually, to the members of the company's supervisory board for the purposes of Law No. 28/2009 of 19 June.

The Audit Committee members remunerations described under section 77.

During 2013 the audit Committee member were:

- Emídio de Jesus Maria
- Acácio Jaime Liberado Mota Piloto (until May 7, 2013)
- Eduardo Gonzalo Fernandez Espinar (until May 7, 2013)
- João Miguel Pacheco Sales Luís (after May 7, 2013)
- Gonçalo Faria de Carvalho (after May 7, 2013)

82.

Details of the remuneration in said year of the Chairman of the Presiding Board to the General Meeting.

Pursuant to a resolution of the Remunerations Committee dated May 21, 2008, and confirmed by the approval at the General Meeting of May 11, 2012 of the Declaration on the Remuneration Policy presented by the referred committee, the remuneration of the Chairman of the General Meeting of Shareholders is set at € 5,000.00 (five thousand Euros) payable for every meeting chaired.

During 2013 there were held two General Meeting, for which it was paid as a remuneration € 10,000.00 (ten thousand euros).

V. Agreements with remuneration implications

83.

The envisaged contractual restraints for compensation payable for the unfair dismissal of directors and the relevance thereof to the remunerations' variable component.

No contractual limitations have been establish to pay eventual compensations for the unfair dismissal of directors.

84.

Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the board of directors and managers, pursuant to Article 248-B/3 of the Securities Code that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a takeover bid. (Article 245-A/1/1))

No agreements between the Company and members of the Board of Directors and/or senior management containing provisions on the payment of compensations upon resignation, unfair dismissal or termination of employment following a change in the company's controlling shareholder are in force.

VI. Share-allocation and/or stock option plans

85.

Details of the plan and the number of persons included therein.

The Company does not have any share-allocation or stock option scheme to award shares in the capital of the Company to its governing bodies or personnel.

86.

Characteristics of the plan (allocation 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 or options to be allocated, the existence of incentives to purchase and/or exercise options).

The Company does not have any share-allocation or stock option scheme to award shares in the capital of the Company to its governing bodies or personnel.

87.

Stock option plans for the company employees and staff.

The Company does not have any share-allocation or stock option scheme to award shares in the capital of the Company to its governing bodies or personnel.

88.

Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by said employees (Article 245-A/1/e).

The Company does not have any share-allocation or stock option scheme to award shares in the capital of the Company to its governing bodies or personnel and has no control mechanisms in case of eventual voting rights exercised by employees.



E. Related party transactions

I. Control mechanisms and procedures

89.

Mechanisms implemented by the Company for the purpose of controlling transactions with related parties (For said purpose, reference is made to the concept resulting from IAS 24).

The Board of Directors of Inapa – Investimentos, Participações e Gestão, SA has approved, on proposal of the Audit Committee, regulations related to business deals to be carried out between the Company and entity relationships with the former.

For purposes of the aforementioned regulations, the owners of qualifying holdings or entity relationships as well as the Company board members and/or of its subsidiaries are considered, under the terms of Article 20 of the CVM (Securities Code).

With such regulations it has been defined, as object of specific supervisory duties of the Audit Committee, the deals carried out between those entities and the Company and/or its subsidiary companies establishing three supervisory actions:

- Previous binding recommendation;
- Previous recommendation;
- A posteriori appraisal.

Under the terms of the referred regulations, the deals to be carried out between the Company board members and/or of its subsidiary companies with the Company or subsidiaries, are subjected to previous and binding recommendation of the Audit Committee, with exception of the deals within the scope of the company's business itself, in which no special advantage is granted to the persons in question.

The relevant deals or transactions to be carried out between the Company and/or its subsidiary companies with owners of qualifying holdings or entity relationships with the former are subjected to previous recommendation, in conformance with Article 20 of CVM (Securities Code).

Given the situation of the Company and its subsidiary companies, and following an advice of the External Auditor, the following limits have been fixed, after which the business or transactions are deemed as significantly relevant:

TYPE OF TRANSACTION	LIMIT
Purchasing and selling of goods and services	€ 750,000.00
Financial investments	€ 5,000,000.00
Loans and other type of funding, excluding simple renewals	€ 10,000,000.00
Other transactions	€ 500,000.00

Notwithstanding the aforementioned criteria, the deals or transactions with owners of qualifying holdings or entity relationships with the former that, due to its nature, value or conditions may have particular relevance in terms of transparency and/or conflict of interests, are also subject to a previous recommendation of the Audit Committee.

Finally, it is stated in the referred regulations that all transactions with entities having a relationship with the Company that do not require a previous recommendation of the Audit Committee (either binding or not) are compulsorily submitted to the appraisal by this supervisory body and, for this effect, shall be notified up to the end of the month subsequent to said transactions.

In addition, the regulations stipulate that the Audit Committee shall deem the reasonability and transparency of the business and transactions submitted to its appraisal, namely in what regards to pursuing the interests of the Company and its subsidiary companies, taking into account the normal market conditions where such operations are carried out and that they do not provide, directly or indirectly, a more favourable treatment than the one obtained by third parties under equal circumstances and, in the case of owners of qualifying holdings or entity relationships with the former, an unfair treatment in relation to the other shareholders.

90.

Details of transactions that were subject to control in the referred year.

No transactions were subject to control during 2013.

91.

A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualifying holdings or entity-relationships with the former, as envisaged in Article 20 of the Securities Code.

The procedures and criteria are described in section 89.

II. Data on business deals

92.

Details of the place where the financial statements including information on business dealings with related parties are available, in accordance with IAS 24, or alternatively a copy of said data.

The information about business deals with related parties is described on note 35 to the consolidated financial statements of the company.



2013 ANNUAL REPORT

Inapa - Investimentos, Participações e Gestão, SA

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Public Company - Registered with the Commercial
Registrar of Companies in Lisbon under single tax
number and Company registration number 500 137 994

Share Capital: € 204,176,479.38

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