



04.

CORPORATE
GOVERNANCE
REPORT

CORPORATE GOVERNANCE REPORT

INTRODUCTION

This Corporate Governance Report was compiled in conformance with the provision of Regulation no.1/2007 of CMVM (Portuguese Securities Exchange Commission).

This report follows the structure of Annex I of CMVM Regulation previously mentioned.



CHAPTER 0 COMPLIANCE STATEMENT

0.1.

Location where the public may find the Corporate Governance Codes to which the issuer is subject or those which the issuer voluntarily abides by, if applicable.

The CMVM text of the corporate governance code to which the issuer is subject (CGS CMVM 2010) is written in paragraph 0.2, and the text of the governance reports referring to this company are available at:

- The Company's Head Office, in Rua Castilho, nr 44 – 3rd floor, in Lisbon
- The company's corporate website: - www.inapa.pt;
- The website of Comissão do Mercado de Valores Mobiliários (CMVM): www.cvm.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.

0.2.

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

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
I. GENERAL MEETING		
I.1 GENERAL MEETING		
I.1.1. The Presiding Board of the General Meeting shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration	Yes	I.1.
I.1.2. The remuneration of the Presiding Board of the General Meeting shall be disclosed in the Annual Report on Corporate Governance	Yes	I.3.
I.2. PARTICIPATION AT THE MEETING		
I.2.1. The requirement for the Board to receive statements for share deposit or blocking for participation at the general meeting shall not exceed 5 working days	Yes <small>(with the coming into force of Decree-Law 49/2010, of May 19, the regime is the one stated in Article 23-C CVM, as written in this bylaw)</small>	I.4.
I.2.2. Should the general meeting be suspended, the company shall not compel share blocking during the interim period until the meeting is resumed and shall then prepare itself in advance as required for the first session	Yes <small>(with the coming into force of Decree-Law 49/2010, of May 19, the regime is the one stated in Article 23-C CVM, as written in this bylaw)</small>	I.5.
I.3. VOTING AND EXERCISING VOTING RIGHTS		
I.3.1. Companies shall not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting	Yes <small>(clarifying that the Company did not use electronic voting)</small>	I.9. I.12.
I.3.2. The statutory deadline for receiving early voting ballots by mail may not exceed three working days	Yes	I.11.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
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I. GENERAL MEETING

I.3. VOTING AND EXERCISING VOTING RIGHTS

<p>I.3.3. Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principal. The companies that: i) hold shares that do not confer voting right; ii) establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders related to former, do not comply with the proportionality principle</p>	<p>Yes</p>	<p>I.6.</p>
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I.4. RESOLUTION-FIXING QUORUM

<p>I.4.1. Companies shall not set a resolution-fixing quorum that outnumbers that which is prescribed by law</p>	<p style="text-align: center;">No</p> <p>(Under the Company's Bylaw, meetings at first notice require a number of shareholders representing at least 1/3 of share capital to be in attendance or duly represented not only for purposes of the validity of resolutions taken in conformance with the provisions of paragraph 2 of Article 383 of the CSC (Companies Act), but also for purposes of any resolutions of the General Meeting of Shareholders. Such deviation from this principle is based on an understanding, long held by this Company, that its resolutions shall be based on a minimum number of attending shareholders that is representative, especially with a view to defend the interests of small individual shareholders.)</p>	<p>I.8.</p>
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I.5. MINUTES AND INFORMATION ON RESOLUTIONS PASSED

<p>I.5.1. Extracts from the minutes of the general meetings or documents with corresponding content must be made available to shareholders on the company's website within a five day period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall cover the resolutions passed, the represented capital and the voting results. Said information shall be kept on file on the company's website for no less than a 3 year period</p>	<p>Yes</p>	<p>I.13.</p>
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I. GENERAL MEETING**I.6. MEASURES ON CORPORATE CONTROL****I.6.1.**

Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests. The company's articles of association that by complying with said principal, 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).

I.19.

I.6.2.

In cases such as change of control or changes to the composition of the Board of Directors, defensive measures shall not be adopted that instigate an immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary performance assessment by the shareholders of the members of the Board of Directors

Yes

I.20.

I.21.

I.22.

II – BOARD OF DIRECTORS AND SUPERVISORY BOARD**II.1. GENERAL POINTS****II.1.1. STRUCTURE AND DUTIES****II.1.1.1.**

The Board of Directors shall assess the adopted model in its Annual Report on Corporate Governance and pin-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles

Yes

II.1.

RECOMMENDATION / CHAPTER

COMPLIANCE REMISSION IN THE REPORT

II – BOARD OF DIRECTORS AND SUPERVISORY BOARD

II.1. GENERAL POINTS

II.1.1. STRUCTURE AND DUTIES

II.1.1.2.

Companies shall set up internal control and risk management systems in order to safeguard the company's worth and which will identify and manage the risk. Said systems shall include at least the following components: i) setting of the company's strategic objectives as regards risk assumption; ii) identifying the main risks associated to the company's activity and any events that might generate risks; iii) analyse and determine the extent of the impact and the likelihood that each of said potential risks will occur; iv) risk management aimed at aligning those actual incurred risks with the company's strategic options for risk assumption; v) control mechanisms for executing measures for adopted risk management and its effectiveness; vi) adoption of internal mechanisms for information and communication on several components of the system and of risk-warning ; vii) periodic assessment of the implemented system and the adoption of the amendments that are deemed necessary

Yes
(under the terms referred on item II.5.)

II.5.

II.1.1.3.

The Board of Directors shall ensure the establishment and functioning of the internal control and risk management systems. The Supervisory Board shall be responsible for assessing the functioning of said systems and proposing the relevant adjustment to the company's needs

Yes

II.6.

II.1.1.4.

The companies shall: i) identify the main economic, financial and legal risk that the company is exposed to during the exercise of its activity; ii) describe the performance and efficiency of the risk management system, in its Annual Report on Corporate Governance

Yes

II.9.

II.1.1.5.

The Board of Directors and the Supervisory Board shall establish internal regulations and shall have these disclosed on the company's website

Yes

II.4.

II – BOARD OF DIRECTORS AND SUPERVISORY BOARD

II.1. GENERAL POINTS

II.1.2. GOVERNANCE INCOMPATIBILITY AND INDEPENDENCE

II.1.2.1.

The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity

Yes

II.14.

II.1.2.2.

Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of Board Directors

Yes

II.14.

II.1.2.3.

The independency assessment of its non-executive members carried out by the Board of Directors shall take into account the legal and regulatory rules in force concerning the independency requirements and the incompatibility framework applicable to members of other corporate boards, which ensure orderly and sequential coherence in applying independency criteria to all the company. An independent executive member shall not be considered as such, if in another corporate board and by force of applicable rules, may not be an independent executive member

Yes

II.15.

II.1.3. ELIGIBILITY AND APPOINTMENT CRITERIA

II.1.3.1.

Depending on the applicable model, the Chair of the Supervisory Board and of the Auditing and Financial Matters Committees, shall be independent and adequately competent to carry out his/her duties

Yes

II.15.

II.18.

II.1.3.2.

The selection process of candidates for non-executive members shall be conjured so as prevent interference by executive members

No

II.16.

RECOMMENDATION / CHAPTER **COMPLIANCE** **REMISSION IN THE REPORT**

II – BOARD OF DIRECTORS AND SUPERVISORY BOARD

II.1. GENERAL POINTS

II.1.4. POLICY ON THE REPORTING OF IRREGULARITIES

II.1.4.1.

<p>The company shall adopt a policy whereby irregularities occurring within the company are reported. Such reports shall contain the following information: i) the means by which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should it be required by the reporter</p>	<p>Yes</p>	<p>II.35.</p>
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II.1.4.2.

<p>The general guidelines on this policy shall be disclosed in the Annual Report of Corporate Governance</p>	<p>Yes</p>	<p>II.35.</p>
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II.1.5. REMUNERATION

II.1.5.1.

<p>The remuneration of the Members of the Board of Directors shall be structured so that the formers' interests are capable of being aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage taking on extreme risk. Thus, remunerations shall be structured as follows:</p>		<p>II.22.</p>
		<p>II.30.</p>
		<p>II.32.</p>
		<p>II.33.</p>

<p>(i) The remuneration of the Board of Directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by the company's competent bodies according to pre-established quantifiable criteria. Said criteria shall take into consideration the company's real growth and the actual growth generated for the shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's activity</p>	<p>Not applicable (variable remuneration is suspended for the fiscal years of 2010 and 2011.)</p>	<p>II.34.</p>
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<p>(ii) The variable component of the remuneration shall be reasonable overall as regard the fixed component of the remuneration and maximum limits shall be set for all components</p>	<p>Not applicable</p>	
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<p>(iii) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during said period</p>	<p>Not applicable</p>	
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II – BOARD OF DIRECTORS AND SUPERVISORY BOARD

II.1. GENERAL POINTS

II.1.5. REMUNERATION

II.1.5.1. (CONT.)

(iv) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company

Yes

(v) The Executive Directors shall hold, up to twice the value of the total annual remuneration, the company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares

Not applicable

(vi) When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years

Not applicable

(vii) The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the Director's inadequate performance

No

(viii) The remuneration of Non-Executive Board Members shall not include any component the value of which is subject to the performance or the value of the company

Yes

II.1.5.2.

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

No

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
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II – BOARD OF DIRECTORS AND SUPERVISORY BOARD

II.1. GENERAL POINTS

II.1.5. REMUNERATION

II.1.5.3.

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

Yes

II.30.

II.1.5.4.

A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share prices, to members of the Board of Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall contain the regulation plan or in its absence, the plan's conditions. The main characteristics of the retirement benefit plans established for members of the Board of 8 Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Meeting

Not Applicable
(the Company has no plan for the allotment of shares and/or options to buy shares.)

I.17.

II.1.5.6.

At least one of the Remuneration Committee's representatives shall be present at the Annual General Meeting for Shareholders

No

I.15.

II.1.5.7.

The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the Annual Report on Corporate Governance

Yes

II.31.

II – BOARD OF DIRECTORS AND SUPERVISORY BOARD**II.2. BOARD OF DIRECTORS**

<p>II.2.1. Within the limits established by law for each management and supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties shall be identified in the Annual Corporate Governance Report</p>	Yes	II.3.
<p>II.2.2. The Board of Directors must ensure that the company acts in accordance with its goals, and shall not delegate its duties, namely in what concerns: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved</p>	Yes	II.3.
<p>II.2.3. Should the Chair of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may decide upon, in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the corporate governance report</p>	Not applicable (The Chairman of the Board of Directors does not have any executive functions).	II.8.
<p>II.2.4. The annual management report shall include a description of the activity carried out by the Non-Executive Board Members and shall mention any restraints encountered</p>	Yes	II.17.
<p>II.2.5. The company shall expound its policy of portfolio rotation on the Board of Directors, including the person responsible for the financial portfolio, and report on same in the Annual Corporate Governance Report</p>	No	II.11.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
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II – BOARD OF DIRECTORS AND SUPERVISORY BOARD

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

<p>II.3.1. When Managing Directors that carry out executive duties are requested by other Board Members to supply information, the former must do so in a timely manner and the information supplied must adequately suffice the request made</p>	<p>Yes</p>	<p>II.3.</p>
<p>II.3.2. The Chair of the Executive Committee shall send the convening notices and minutes of the meetings to the Chair of the Board of the Directors and, as applicable, to the Chair of the Supervisory Board or the Auditing Committee, respectively</p>	<p>Yes</p>	<p>II.13.</p>
<p>II.3.3. The Chair of the Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and the Chair of the Financial Matters Committee</p>	<p>Not applicable</p>	<p>II.1.</p>

II.4. GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND SUPERVISORY BOARD

<p>II.4.1. Besides carrying out its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out an on-going assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) the definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved</p>	<p>Not applicable</p>	<p>II.1.</p>
<p>II.4.2. The annual reports and financial information on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Auditing and Supervisory Committee must be disclosed on the company's website</p>	<p>Yes</p>	<p>III.15.</p>

II – BOARD OF DIRECTORS AND SUPERVISORY BOARD

II.4. GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND SUPERVISORY BOARD

II.4.3.

The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Supervisory Board must include a description on the supervisory activity and shall mention any restraints that they may have come up against

Yes

II.4.

II.4.4.

The General and Supervisory Board, the Auditing Committee and the Supervisory Board (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first recipient of the reports

Yes

II.3.

II.4.5.

According to the applicable model, the General and Supervisory Board, Auditing Committee and Supervision Board shall assess the external auditor on an annual basis and advise the General Meeting that he/she be discharged whenever justifiable grounds are present

Yes

II.3.

II.4.6.

The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or in the case of companies adopting the Latin model, an independent director or Supervisory Board, regardless of the hierarchical relationship that these services have with the executive management of the company

Yes

II.3.
II.5.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
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II – BOARD OF DIRECTORS AND SUPERVISORY BOARD

II.5. SPECIAL COMMITTEES

<p>II.5.1. Unless the company is of a reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees, shall set up the necessary Committees in order to: i) ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees; ii) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvements; iii) in due time identify potential candidates with the high profile required for the performance of director's duties</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>II.2.</p>
<p>II.5.2. Members of the Remuneration Committee or alike shall be independent from the Members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy</p>	<p>Yes</p>	<p>II.38. II.39.</p>
<p>II.5.3. Any natural or legal person which provides or has provided, over the past three years, services to any structure subject to the Board of Directors, to the Board of Directors of the company or that has to do with the current consultant to the company shall not be recruited to assist the Remuneration committee. This recommendation also applies to any natural or legal person who has an employment contract or provides services</p>	<p>Yes</p>	<p>II.39.</p>
<p>II.5.4. All the Committees shall draw up minutes of the meetings held</p>	<p>Yes</p>	<p>II.37. II.38.</p>

III. INFORMATION AND AUDITING**III.1. GENERAL DISCLOSURE DUTIES****III.1.1.**

Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit

Yes

III.16.

III.1.2.

The following information that is made available on the company's Internet website shall be disclosed in the English language:

- a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Commercial Companies Code
- b) Articles of Association
- c) Credentials of the Members of the Board of Directors and the Market Liaison Officer
- d) Investor Assistance Unit – its functions and access means
- e) Accounts Reporting documents
- f) Half-Yearly Calendar on Company Events
- g) Proposals sent through for discussion and voting during the General Meeting
- h) Notices convening meetings

Yes

III.16.

III.1.3.

Companies shall advocate the rotation of auditors after two or three terms in accordance with four or three years respectively. Their continuance beyond this period must be based on a specific opinion for the Supervisory Board to formally consider the conditions of auditor independence and the benefits and costs of replacement

Yes

III.18.

III.1.4.

The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company's Supervisory Board

Yes

II.6.

RECOMMENDATION / CHAPTER	COMPLIANCE	REMISSION IN THE REPORT
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III. INFORMATION AND AUDITING

III.1. GENERAL DISCLOSURE DUTIES

<p>III.1.5. The company shall not recruit the external auditor for services other than audit services, nor any entities with which same takes part or incorporates the same network. Where recruiting such services is called for, said services should not be greater than 30% of the total value of services rendered to the company. The hiring of these services must be approved by the Supervisory Board and must be expounded in the Annual Corporate Governance Report</p>	<p>Yes</p>	<p>III.17.</p>
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IV. CONFLICTS OF INTEREST

IV.1. SHAREHOLDER RELATIONSHIP

<p>IV.1.1. Where deals are concluded between the company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions</p>	<p>Yes</p>	<p>III.12.</p>
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<p>IV.1.2. Where deals of significant importance are undertaken with holders of qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the Supervisory Board. The procedures and criteria required to define the relevant level of significance of these deals and other conditions shall be established by the Supervisory Board</p>	<p>Yes</p>	<p>III.12. III.13.</p>
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0.3.

The Company analysed in detail its compliance to the recommendations of CMVM on corporate governance matters.

0.4.

The structure and corporate governance practices do not diverge from CMVM recommendations, except on the signaled on the table above.



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1.1.

MEMBERS OF THE PRESIDING BOARD OF THE GENERAL MEETING

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

CHAIRMAN – João Vieira de Almeida

SECRETARY – Sofia Barata

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.

1.2.

INDICATION OF THE START AND END DATES OF MANDATES

The members of the Board of the General Meeting of Shareholders are currently serving a three year term running from 2010 to 2012 and were appointed by resolution of the shareholders at their meeting of May 11, 2010.

1.3.

DETAILS OF THE REMUNERATION OF THE CHAIRMAN OF THE BOARD OF THE GENERAL MEETING

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

1.4.

INDICATION OF THE PRIOR NOTICE REQUIRED FOR THE BLOCKING OF SHARES FOR PARTICIPATION IN THE GENERAL MEETING

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 (TMG) 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".

1.5.

INDICATION OF THE RULES FOR BLOCKING SHARES IN THE EVENT OF THE GENERAL MEETING BEING SUSPENDED

In paragraph 2 of Article 23-C CVM it is stipulated that "the exercising of rights (to participate, discuss and vote in the general meeting) shall not be harmed by the allotment of shares in a period after the registration date, and is not dependent on the blocking of shares between that date and the date of the general meeting".

1.6.

NUMBER OF SHARES CORRESPONDING TO ONE VOTE

Paragraph 5 of Article 13 of Inapa's Bilaws stipulates that "every share registered or deposited in conformance with the provisions of paragraph 1 of this Article shall be entitled to one vote".

1.7.

INDICATION OF STATUTORY REGULATIONS WHICH ENVISAGE THE EXISTENCE OF SHARES THAT DO NOT CONFER VOTING RIGHTS OR WHICH ENABLE VOTING RIGHTS OVER A CERTAIN NUMBER NOT TO BE COUNTED, WHEN ISSUED BY A SINGLE SHAREHOLDER OR SHAREHOLDERS RELATED THERETO

The only statutory provision that foresees the existence of shares that do not confer voting rights is set out in paragraph 3 of its Article 8 which stipulates that the Company may issue preference shares carrying no voting rights. The company during the course of 2011, has issued 300 980 441 preferred shares with no voting right, increasing the company's share capital from € 150 000 000.00 to € 204 176 479.38.

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

1.8.

THE EXISTENCE OF ARTICLES OF ASSOCIATION RULES ON THE EXERCISE OF VOTING RIGHTS, INCLUDING CONSTITUTIVE AND DECISION-MAKING QUORUMS OR SYSTEMS FOR EQUITY RIGHTS

The statutory provisions on this matter are set out in paragraphs 2 and 3 of Article 17 which respectively stipulate that:

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

The Company' Bylaws do not contain provisions on any systems based on special rights having to do with equity.

1.9.

THE EXISTENCE OF ARTICLES OF ASSOCIATION RULES ON THE EXERCISE OF VOTING BY POST

Statutory regulations on the exercise of voting by post are set out in the provisions of paragraphs 2, 3 and 4 of Article 13 of the company's bylaws 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.”

“Postal votes count towards forming the quorum for the General Meeting. The Chairperson of the Board of the General Meeting is responsible for checking the authenticity and regularity of these votes, as well as ensuring their confidentiality until the time of the vote. Postal votes are considered revoked if the shareholder or their representative attends the General Meeting.”

“Postal votes for motions tabled after these votes have been issued count as 'no' votes.”

1.10.

PROVIDING A FORM FOR THE RIGHT TO VOTE BY POST

The Company provides its shareholders with a registration form

specifically designed for purposes of voting by post, which is always forwarded upon request and which is also available on its corporate website: www.inapa.pt, under Investor Relations in the chapter “General Meeting of Shareholders”.

1.11.

A DEADLINE REQUIREMENT FOR THE RECEIPT OF THE POSTAL BALLOTS AND THE DATE ON WHICH THE GENERAL MEETING IS HELD

The statutory provisions ruling this matter are stipulated in paragraph 2 of Article 13 of Inapa's Articles of Association, as follows:

“Shareholders may exercise their voting rights by post, for which purpose they shall notify the Chairman of the Board of the General Meeting of their intention, in writing with acknowledgement of receipt, in the three business days prior to the date of the meeting of the General Meeting of Shareholders to which such intention relates.”

1.12.

THE EXERCISE OF VOTING RIGHTS BY ELECTRONIC MEANS

To date, it has not been possible to reconcile Inapa's concerns that meetings of its General Meeting of Shareholders are to be convened in a venue providing adequate and satisfactory facilities with the technical requirements to provide systems for voting by electronic means, but it is important to note that, up till now, the Company has not received from its shareholders any indication showing their possible interest in exercising their voting rights via such means.

1.13.

POSSIBILITY OF SHAREHOLDERS GAINING ACCESS TO EXCERPTS FROM THE MINUTES OF THE GENERAL MEETINGS IN THE COMPANY'S WEBSITE WITHIN FIVE DAYS AFTER THE GENERAL MEETING WAS HELD

A summary of the resolutions adopted in the General Meeting shall be provided to shareholders on the Company's website immediately after the general meeting is held.

1.14.

EXISTENCE OF A HISTORICAL RECORD ON THE COMPANY'S WEBSITE WITH THE RESOLUTIONS PASSED AT THE COMPANY'S GENERAL MEETINGS, SHARE CAPITAL AND VOTING RESULTS REFERRING TO THE PREVIOUS THREE YEARS

The Company keeps a historical record on its website with the resolutions passed at the company's General Meetings including copies of the Minutes and presence lists, referring to the previous three years, specifically organized under the terms of the law.

1.15.

INDICATION OF THE REPRESENTATIVE(S) FROM THE REMUNERATION COMMITTEE PRESENT AT GENERAL MEETINGS

In the General Assembly realized on April 6, 2011, none of the Remuneration Committee members was present.

1.16.

INFORMATION OF THE INTERVENTION BY THE GENERAL MEETING ON MATTERS CONCERNING THE COMPANY'S REMUNERATION POLICY AND THE ASSESSMENT OF THE PERFORMANCE OF MEMBERS OF THE BOARD OF DIRECTORS AND OTHER DIRECTORS

The settlement of the remuneration and benefits to the members of the Board of Directors is governed by a committee comprising three members especially appointed by the General Meeting for a term of service of three years for which service they may be appointed one or more times.

The General Meeting of Shareholders assesses both the performance of the members of the Board of Directors of the Company and the annual accounts, on an annual basis.

The assessment of the performance of the members of the Board of Directors at the General Meeting of Shareholders is conducted by means of its approval "by a vote of confidence in all or some of its administration and supervisory boards and their members or the dismissal of one or more of those members."

Pursuant to Act nr. 28/2009, of July 19, coming into force and to its subsequent adoption of specific regulations issued by CMVM, concerning the Corporate Governance Code of listed companies approved by Regulation nr. 1/2010, Inapa shall submit to its shareholders at their general meetings a declaration on the remuneration policies applicable to members of its statutory bodies with the information stipulated in paragraph 3 of Article 2 of the mentioned legal bylaw.

1.17.

INFORMATION OF THE INTERVENTION BY THE GENERAL MEETING ON MATTERS CONCERNING THE PROPOSAL ON THE SHARE ALLOCATION PLAN,

AND/OR STOCK OPTION PLANS, OR BASED ON SHARE PRICE FLUCTUATIONS, THE MEMBERS OF THE BOARD OF DIRECTORS, SUPERVISORY BOARD AND OTHER DIRECTORS, WITHIN THE MEANING OF ARTICLE 248-B/3 OF THE SECURITIES CODE TOGETHER WITH THE DETAILS PROVIDED TO THE GENERAL MEETING FOR THE PURPOSES OF CORRECTLY ASSESSING SAID PLANS

The Company has not implemented any plans to allocate shares and/or options to buy shares or schemes based on share price fluctuations to members of management and supervisory boards and senior management as defined in accordance with paragraph 3 of Article 248-B of the CVM.

1.18.

INFORMATION OF THE INTERVENTION BY THE GENERAL MEETING ON MATTERS CONCERNING THE APPROVAL OF THE MAIN FEATURES OF THE RETIREMENT BENEFIT SYSTEM AS ENJOYED BY THE MEMBERS OF THE BOARD OF DIRECTORS, SUPERVISORY BOARD AND OTHER DIRECTORS, WITHIN THE MEANING OF ARTICLE 248-B/3 OF THE SECURITIES CODE

The Company has not implemented any retirement benefit plans for members of the management and supervisory boards as well as for senior management as defined in accordance with paragraph 3 of Article 248-B of the CVM.

1.19.

EXISTENCE OF STATUTORY PROVISION THAT ENVISAGES FOR A DUTY TO BE SUBJECT, AT LEAST EVERY FIVE YEARS, TO A RESOLUTION BY THE GENERAL MEETING, FOR THE MAINTENANCE OR WITHDRAWAL OF THE STATUTORY PROVISION PROVIDING FOR THE LIMITATION OF THE NUMBER OF VOTES CAPABLE OF BEING HELD OR EXERCISED BY A SINGLE SHAREHOLDER INDIVIDUALLY OR TOGETHER WITH OTHER SHAREHOLDERS

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

1.20.

INDICATION OF THE DEFENSIVE MEASURES THAT HAVE THE EFFECT OF AUTOMATICALLY CAUSING A SERIOUS ASSET EROSION OF COMPANY ASSETS IN CASE OF TRANSFER OF CONTROL OR CHANGES TO

THE COMPOSITION OF THE BOARD OF DIRECTORS

The Company has not adopted any measures of that nature.

1.21.

IMPORTANT AGREEMENTS TO WHICH THE COMPANY IS A PARTY AND THAT COME INTO FORCE, ARE CHANGED OR TERMINATED IN CASES SUCH AS A CHANGE IN COMPANY CONTROL, AND ALSO RELATED OUTCOME, UNLESS THE DISCLOSURE OF SAME, DUE TO ITS NATURE, IS HIGHLY DAMAGING TO THE COMPANY AND EXCEPT WHEN THE COMPANY IS SPECIFICALLY OBLIGED TO DISCLOSE SAID INFORMATION BY VIRTUE OF OTHER LEGAL REQUIREMENTS

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, provided such a change does not interfere with the Company's ability to honour its commitments.

The previous paragraph does not include the existence of change of control standard provisions in contractual clauses of medium or long-term finance contracts entered into by the Company and certain financial institutions provided that the new shareholding structure is not in a position to offer a guarantee of identical solvency.

1.22.

AGREEMENTS BETWEEN THE COMPANY AND THE BOARD OF DIRECTORS, WITHIN THE MEANING OF ARTICLE 248-B/3 OF THE SECURITIES CODE, THAT PROVIDE FOR COMPENSATION IN CASES OF DISMISSAL, UNFAIR DISMISSAL OR TERMINATION OF EMPLOYMENT FOLLOWING A CHANGE IN COMPANY CONTROL

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.





CHAPTER II

BOARD OF DIRECTORS AND SUPERVISORY BOARD

SECTION I – GENERAL ISSUES

11.1. IDENTIFICATION AND COMPOSITION OF CORPORATE BOARDS

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.

The composition of the aforementioned statutory bodies is as follows:

BOARD OF DIRECTORS

Álvaro João Duarte Pinto Correia	CHAIRMAN
José Manuel Félix Morgado	VICE-CHAIRMAN
Arndt Jost Michael Klippgen	
Emídio de Jesus Maria	
António José Gomes da Silva Albuquerque	
Jorge Manuel Viana de Azevedo Pinto Bravo	
Acácio Jaime Liberado Mota Piloto	
Eduardo Gonzalo Fernandez Espinar	

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

José Manuel Félix Morgado	CHAIRMAN (CEO)
Arndt Jost Michael Klippgen	PURCHASE AND MARKETING
António José Gomes da Silva Albuquerque	CFO
Jorge Manuel Viana de Azevedo Pinto Bravo	COO

AUDITING COMMITTEE

Emídio de Jesus Maria	CHAIRMAN
Acácio Jaime Liberado Mota Piloto	
Eduardo Gonzalo Fernandez Espinar	

CHARTERED ACCOUNTANTS AND EXTERNAL AUDITOR

PricewaterhouseCoopers & Associados, SROC, Lda represented by José Pereira Alves – Appointed Chartered Accountant
José Manuel Henriques Bernardo - Substitute Chartered Accountant

The Board of Directors believes that the corporate governance model has fully met the requirements of the Company and the Group it controls, both in terms of its management and in terms of the monitoring and control of its operations by its supervisory bodies.

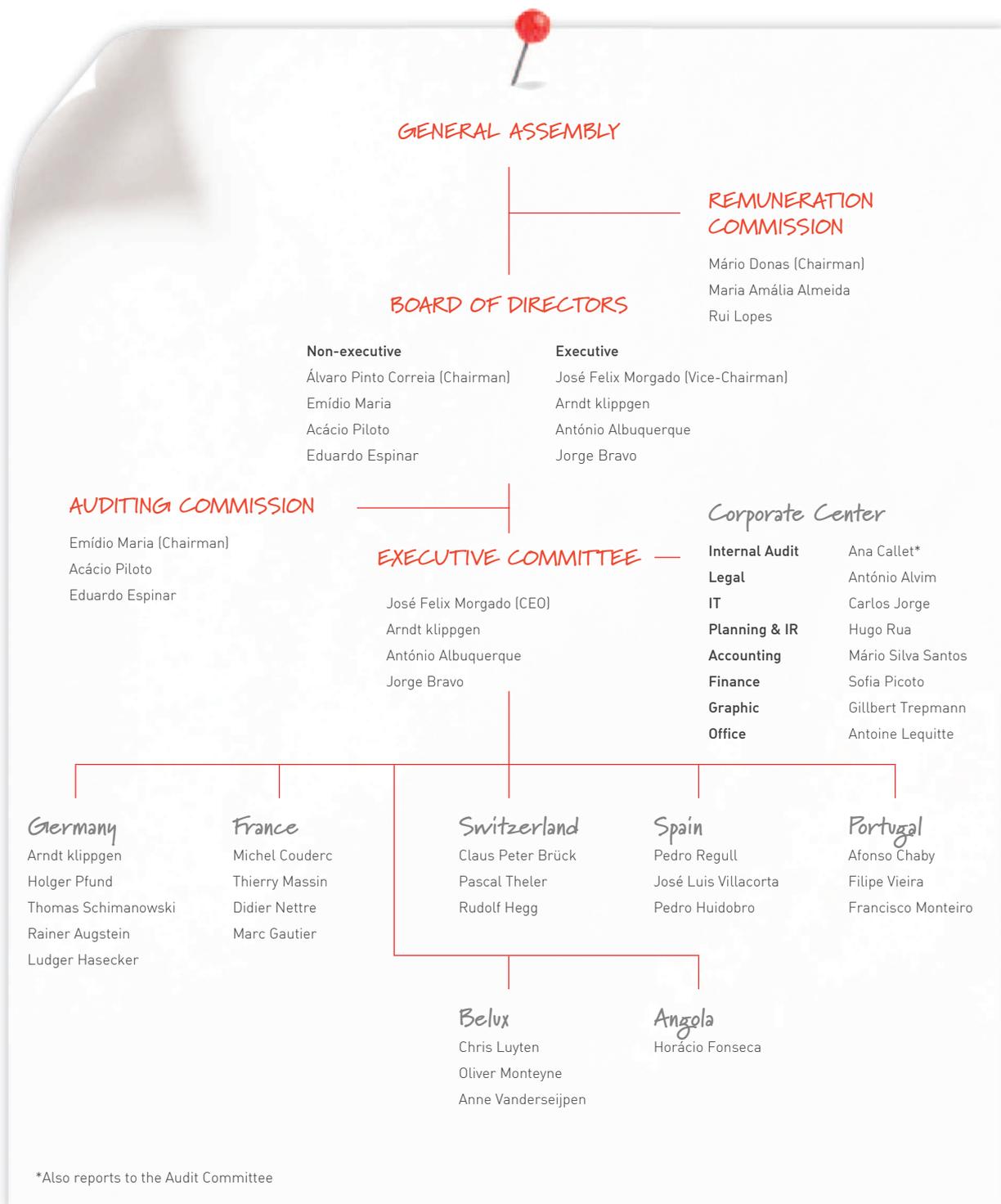
To date, no constraints arising from its application that may advise the adoption of measures to correct the adopted model have been identified.

11.2. IDENTIFICATION AND COMPOSITION OF SPECIAL COMMITTEES ESTABLISHED WITH RESPONSIBILITIES FOR THE MANAGEMENT OR THE SUPERVISION OF THE COMPANY

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

11.3.

ORGANISATIONAL STRUCTURE AND FUNCTIONAL CHART RELATING TO THE DIVISION OF POWERS AMONG THE VARIOUS BOARDS, COMMITTEES AND/OR DEPARTMENTS WITHIN THE COMPANY, INCLUDING INFORMATION ON THE SCOPE OF THE DELEGATION OF POWERS, PARTICULARLY WITH REGARD TO THE DELEGATION OF DAY-TO-DAY MANAGEMENT OF THE COMPANY, OR DISTRIBUTION OF FUNCTIONS AMONG THE MEMBERS OF THE BOARD OF DIRECTORS OR SUPERVISORY BOARD, AND A LIST OF NON-DELEGABLE MATTERS AND POWERS ACTUALLY DELEGATED



In accordance with the resolution of May 17, 2010 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;

It is important to note that in the aforementioned resolution the Board of Directors has granted to the Chairman of the Executive Committee the power/duty to recommend to this Board the names of the Directors to be elected for the Executive Committee and, according to provisions stipulated in paragraph 6 of Article 407 CSC, has specially granted him the following powers:

- 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.

In conformance with the provisions of applicable legislation and with the aforementioned resolution of the Board of Directors of May 17, 2010, 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 in-

dependence, 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.

11.4.

REFERENCE TO THE ANNUAL REPORTS ON THE ACTIVITIES UNDERTAKEN BY THE GENERAL AND SUPERVISORY BOARD, THE FINANCIAL BOARD, THE AUDIT BOARD AND THE SUPERVISORY BOARD INCLUDING THE DESCRIPTION OF THE SUPERVISORY ACTIVITY AND INDICATING ANY RESTRAINTS FOUND, AND BEING SUBJECT TO DISCLOSURE ON THE WEBSITE OF THE COMPANY, TOGETHER WITH THE FINANCIAL STATEMENTS

In its annual report on the Company's commercial activities, the Audit Committee of the General and Supervisory Board describes its supervisory activity during the fiscal year and refers specifically to the constraints it may have faced or, being the case, to their absence.

The annual report on the activities undertaken by the Audit Committee of the General and Supervisory Board is subject to disclosure on the company's website together with the financial statements of the fiscal year concerned.

11.5.

DESCRIPTION OF THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS, PARTICULARLY WITH REGARD TO FINANCIAL REPORTING AND THE FUNCTIONING AND EFFECTIVENESS THEREOF

Given the fact that the Group's commercial activities are operationally carried out by several affiliate companies of Inapa, it is the responsibility of the Company to ensure its economic and financial control and the management of its risks.

For this purpose, the Company has put in place a functional structure as described in paragraph 11.3 above and considers that such structure has proven adequate in achieving internal control and risk management objectives.

In its efforts to ensure effective internal control of Inapa's business and adequate management of the risks inherent in the conduct of its business, as described above, Inapa Group companies

submit monthly reports, compiled in accordance with preset procedures and parameters, containing information on their sales performance and variances in stocks, receivables, liabilities and treasury related to the period in question.

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

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

The activities of the aforementioned departments are, in turn, permanently controlled by the Executive Committee of the Board and are subject to regular scrutiny by the Board of Directors, the Audit Committee and the Chartered Accountant and Auditor in the performance of the duties attributed to them by the Law or the Company's Articles of Association.

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

Notwithstanding what was previously referred, the Executive Committee of the Board of Directors, supported by the internal audit, has a timely ongoing program for the revision/implementation of procedures and standard analysis and information reports in terms of risk management, for a global implementation in all Group companies.

The aforementioned revision/implementation of the procedures and information report has been implemented, at first, at the level of the portuguese subsidiary – Inapa Portugal Distribuição de Papel, SA – and is now being implemented in all the other Group companies.

Finally, it should be noted that the financial information will only be disclosed by the Company after scrutiny by the services of the corporate center, the Executive Committee, the Audit Committee, the Board of Directors and, whenever required by law, by the Chartered Accountant and External Auditor.

11.6. RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD IN ESTABLISHING AND OPERATING THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS, AND ALSO IN ASSESSING SAID SYSTEM'S FUNCTIONING AND ADAPTATION TO THE COMPANY'S REQUIREMENTS

It is the responsibility of the Audit Committee of the Board of Directors, on its own initiative or by suggestion of the Board of Directors, to settle the internal control and risks management systems of the Company and the Group, for approval by the Board of Directors.

The assessment of the conduct of the Company's and the Group's operations and adjustment to its needs are monitored on an ongoing basis by the Audit Committee and, within the scope of its own duties, by the External Auditor.

We restate, as has been said in the previous paragraph, that the aforementioned revision of the procedures and information report, as far as risk management is concerned, will be validated in due time by an external autonomous entity.

11.7. INDICATION OF THE EXISTENCE OF REGULATIONS ON THE FUNCTIONING OF THE CORPORATE BOARDS OR OTHER INTERNALLY DEFINED RULES ON INCOMPATIBILITY AND THE MAXIMUM NUMBER OF POSITIONS THAT A MEMBER IS ENTITLED TO HOLD AND THE PLACE WHERE SAID RULES MAY BE CONSULTED

The Company has approved, by a resolution of the Board of Directors dated May 17, 2010, the following regulations governing the operations of its statutory bodies:

- Board of Directors;
- Audit Committee;
- Executive Committee of the Board of Directors.

Rules concerning incompatibility are exclusively the ones arising from the Law and are not specifically regulated by the Company.



Regulations on the functioning of the Board of Directors, the Audit Committee and the Executive Committee are made available to the shareholders and other interested parties in the Company's corporate website – www.inapa.pt.

SECTION II – BOARD OF DIRECTORS

11.8.

IN THE EVENT OF THE BOARD OF DIRECTORS' CHAIRMAN CARRYING OUT AN EXECUTIVE ROLE, AN INDICATION OF THE MECHANISMS COORDINATING THE TASKS OF NON-EXECUTIVE MEMBERS IN ORDER TO ENSURE INDEPENDENCE AND NOTIFICATION OF DECISIONS

The Chairman of Inapa's Board of Directors does not serve in an executive role, and so there is no need to implement effective mechanisms to coordinate the initiatives of its non-executive members namely for purposes of ensuring that those members can act in an independent and informed capacity.

11.9.

IDENTIFICATION OF THE MAJOR ECONOMIC, FINANCIAL AND LEGAL RISKS TO WHICH THE COMPANY IS EXPOSED IN PURSUING ITS BUSINESS ACTIVITY

Paper merchanting is the core business of the Inapa Group and, as such, the Group acts as a conduit between upstream paper producers and downstream intermediate paper consumers (namely companies and paper manufacturing industries, such as printers, advertisers, media companies, and newspaper and book publishers, inter alia), modern distributors (large-scale suppliers and specialized retail chains), and end consumers (companies in the office segment and individuals).

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

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

Moreover, the paper merchanting business is sensitive to changes in the behavioral patterns of the demand for paper, mainly in

segments such as advertising and media, and to changes in the structure of paper distribution.

Balance between supply and demand is a function of a number of factors, among which trends in installed production capacity and the level of overall economic activity are worth mentioning.

Inapa Group's ability to pass paper price and/or oil price increases on to its customers via the selling prices of its products or the fees it charges for the services it provides is not fully elastic, and straight margins on 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 has at its disposal some means of mitigating this risk, among which stands out its systems, which in the sales process, introduce various levels of authority according to the margin generated by the operation.

Developments in the productive capacity of various geographical markets, trends in the demand for paper in emerging economies such as China and India and its impact on suppliers to those markets, 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 merchanting 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 economic and financial returns and asset allocation.

Given the fact that Inapa conducts its business in seven European countries, and, since 2009, in Angola as well, in conjunction with the fact that about 94% of its total turnover is sourced 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.

Its currency risk exposure is limited but real on account of the fact that its aggregate turnover in currencies other than Euro (namely Swiss Franc, US Dollar and Angolan Kwanza) accounts

for approximately 7.2% of the Group's total turnover.

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 client 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 since 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 major countries of the Group (Germany, France, Switzerland, Portugal and Spain), thus covering about 90% of Group sales.

Regardless of the coverage contemplated above, Inapa also manages credit risk by acting as follows: each Group subsidiary has its credit committee composed by the CEO, CFO and head of sales and purchases; credit limits are defined and recorded in the computer system and inhibit new orders when the limit is fully utilized; limits of credit granting are subject to annual review and/or whenever there is some 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 falling 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 Inapa Group's ability to successfully implement the strategy it devised 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 Inapa 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 pen-

sion benefits to the personnel of its subsidiaries Inapa France, Logistipack, 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 preset 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 movements of consolidation 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 criteria, we chose to use a common auditor in the main geographical regions in which Inapa operates, in this case PricewaterhouseCoopers. The work done 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, until the time 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, 1997, which claim has been valued at € 24,459,906.14, 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 of its cause, 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, the 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 expense on most of Inapa 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, Inapa Group's Finance Department strives to manage the impact of changing interest rates on the Group by monitoring market developments on an ongoing basis and by contracting the type of financial instruments employed to mitigate the impact of interest rate volatility.

In a context of sector consolidation, Inapa may be the target of a public tender offer. Under such a scenario, significant changes to Inapa's current strategy may occur with consequent repercussions for its various businesses and the markets it serves.

Despite the fact that the Group has been implementing stringent 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 these risks, particularly Inapa Group's liquidity risk, are effective.

Inapa manages the Group's liquidity risk by following a twofold

approach: striving to structure the Group's financial indebtedness to feature a large percentage of medium and long-term debt of a maturity that adequately matches its ability to generate cash resources; and 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, the cash flow forecast is regularly updated and monitored to avoid potential deviations.

In the course of conducting Inapa's normal business, and due 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 operations are also dependent on IT processing. IT processing 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 IT systems condition and the fact that their capacity has proven to be reliable, it is not possible to absolutely guarantee a full identification and timely redressing of every single issue concerning 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 the current strategy of Inapa 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.

Inapa Group 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.

11.10. POWERS OF THE BOARD OF DIRECTORS, PARTICULARLY REGARDING RESOLUTIONS CONCERNING CAPITAL INCREASE

In accordance with the provisions of Article 20 of the Articles of Association, the Board of Directors shall be entitled to exercise,

in general, full powers in managing the affairs of the Company and shall represent it in court and out of court, either as plaintiff or as defendant, as well as conduct all necessary acts in the pursuit of the business purposes of the Company, namely the following:

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

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 statutory authorization, the share capital of the company has been increased from € 150 000 000.00 to € 204 176 479.38.

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.

11.11.

THE INFORMATION ON THE ROTATION POLICY OF THE BOARD OF DIRECTORS' FUNCTIONS, NAMELY AS TO THE FINANCIAL RESPONSIBILITY DIVISION AND THE RULES APPLICABLE TO THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE BOARD OF DIRECTORS AND OF THE SUPERVISORY BOARD

Without prejudice of what is stated in the paragraphs that follow, the Board of Directors is constituted by five to twelve members, to be appointed by the shareholders attending the General Meeting responsible for the appointment. Among the appointees, the shareholders will designate the Chairman.

In conformity with the provisions of paragraphs 2 and 3 of Article 18 of its Bylaws, "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; In order to enact the provision in the item above, the election will take place by a vote of the aforementioned minority at the same meeting, and the Director thus elected will automatically substitute the least voted person on the winning list, or, in case of a tie, the person in last place on that 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."

In conformity with the provisions of paragraph 9 of Article 18 of its Bylaws, "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..."

The Company has not implemented in its Bylaws or internal

regulations a policy for the rotation of the members in charge, namely the member of the Board of Directors in charge of Finance and Administration.

However, it is important to note in this respect that the member of the Board of Directors presently in charge of Finance and Administration has only been appointed on May 31, 2010, and that as far as the other members of the Executive Committee are concerned, the ones that have the longest permanence in their duties are only serving their second term of office as Directors of the Company.

11.12.

THE NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD AS WELL AS REFERENCE TO THE MINUTES OF SAID MEETINGS

During the course of 2011, the Board of Directors held 7 (seven) meetings.

Also during the course of 2011 the Audit Committee held 11 (eleven) meetings.

Minutes of all those meetings of the two Boards were drawn up and are duly written in a special book organized to the effect.

11.13.

THE NUMBER OF MEETINGS HELD BY THE EXECUTIVE COMMITTEE OR BY THE EXECUTIVE BOARD OF DIRECTORS, AS WELL AS REFERENCE TO THE DRAWING UP OF THE MINUTES OF THOSE MEETINGS AND WHENEVER APPLICABLE, THE SUBMIS-

SION OF SAME WITH THE CONVENING NOTICES TO THE CHAIR OF THE BOARD OF DIRECTORS, THE CHAIR OF THE SUPERVISORY BOARD OR OF THE AUDIT COMMITTEE, THE CHAIR OF THE GENERAL AND SUPERVISORY BOARD AND TO THE CHAIR OF THE FINANCIAL MATTERS COMMITTEE

During the course of 2011, the Executive Committee of the Board of Directors held 19 (nineteen) formal meetings and minutes were drawn up of those meetings.

A copy of these minutes has been sent by the Chairman of the Executive Committee to the Chairmans of the Board of Directors and of the Audit Committee.

11.14.

DISTINCTION BETWEEN EXECUTIVE AND NON-EXECUTIVE MEMBERS AND AMONG THESE, DIFFERENTIATING THOSE MEMBERS THAT WOULD COMPLY IF THE INCOMPATIBILITY RULES WERE TO BE APPLIED (ARTICLE 414-A/1 OF THE COMMERCIAL COMPANIES CODE, EXCEPT FOR ITEM /B AND THE INDEPENDENCY CRITERIA PROVIDED FOR IN ARTICLE 414/5, BOTH OF THE COMMERCIAL COMPANIES CODE).

11.14.1.

EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

José Manuel Félix MorgadoChairman (CEO)
 Arndt Jost Michael KlippgenPurchase and Marketing
 António José Gomes da Silva AlbuquerqueFinance (CFO)
 Jorge Manuel Viana de Azevedo Pinto Bravo ... Operations (COO)



11.14.2.

NON- EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS AND INCOMPATIBILITY RULES SET BY PARAGRAPH 1 OF ARTICLE 414-A OF THE COMPANIES ACT AND INDEPENDENCE CRITERIA SET OUT IN PARAGRAPH 5 OF ARTICLE 414-A OF THE COMPANIES ACT

NAME	FUNCTION	INCOMPATIBILITIES	INDEPENDENCE
Álvaro João Duarte Pinto Correia	Chairman	No	Yes
Emídio de Jesus Maria	Director	No	Yes
Acácio Jaime Liberado Mota Piloto	Director	No	No
Eduardo Gonzalo Fernandez Espinar	Director	No	Yes

11.15.

A DESCRIPTION OF THE LEGAL AND REGULATORY RULES AND OTHER CRITERIA THAT HAVE BEEN USED AS A BASIS FOR ASSESSING THE INDEPENDENCY OF ITS MEMBERS CARRIED OUT BY THE BOARD OF DIRECTORS

The incompatibility and 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 and 414-A.

11.16.

A DESCRIPTION OF THE SELECTION RULES FOR CANDIDATES FOR NON-EXECUTIVE MEMBER POSITIONS AND THE WAY IN WHICH EXECUTIVE MEMBERS REFRAIN FROM INTERFERING IN THE SELECTION PROCESS

The Company has not established formal rules for the selection of candidates to the position of non-executive Directors.

11.17.

REFERENCE TO THE FACT THAT THE COMPANY'S ANNUAL MANAGEMENT REPORT INCLUDES A DESCRIPTION ON THE ACTIVITY CARRIED OUT BY NON-EXECUTIVE MEMBERS AND POSSIBLE OBSTACLES THAT MAY BE DETECTED

In the Company's annual management report, Chapter 1, a short summary of the activities developed by non-executive Directors is written, referring eventual constraints arising from the exercise of their duties.

11.18.

THE PROFESSIONAL QUALIFICATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS, THE PROFESSIONAL ACTIVITIES CARRIED OUT BY SAME

DURING THE LAST FIVE YEARS AT LEAST, THE NUMBER OF COMPANY SHARES THEY HOLD, THE DATE OF THE FIRST APPOINTMENT AND THE DATE OF THE END OF MANDATE

11.18.1.

QUALIFICATIONS OF THE MEMBERS OF THE BOARD OF DIRECTORS AND PROFESSIONAL ACTIVITIES CARRIED OUT BY SAME DURING THE LAST FIVE YEARS AT LEAST

11.18.1.1. ÁLVARO JOÃO DUARTE PINTO CORREIA

11.18.1.1.1. Academic qualifications

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

11.18.1.1.2. 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 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)

II.18.1.2. JOSÉ MANUEL FÉLIX MORGADO

II.18.1.2.1. Academic qualifications

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

II.18.1.2.2. Professional qualifications

- Manager of Poresin – Investimentos Mobiliários e Imobiliários, Lda
- Managing Director of ONI – SGPS, SA (from 2005 to 2006)
- Vice-President of the Board of Directors and Chairman of the Executive Committee of Inapa– Investimentos, Participações e Gestão, SA (since 15.02.2007)
- Director and Chairman of the Audit Committee of Gestmin – SGPS (since 2010)
- Director of REN, SGPS, S.A. (since 15.09.2011)
- 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
 - Inapa France, SAS
 - Inapa España Distribución de Papel, SA
 - Inapa Suisse, SA
 - Inapa Belgium, SA
 - Inapa Luxembourg, SA
 - Logistipack, SAS
 - Inapa Merchants Holding, Ltd

II.18.1.3. EMÍDIO DE JESUS MARIA

II.18.1.3.1. 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)

II.18.1.3.2. Professional qualifications

- Member of the Supervisory Board of Santander Totta Seguros – Companhia de Seguros de Vida, SA (since 2009)
- 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 – Luxemburg (from 1996 to 2003)
- Inspector of Finance in IGF – technical career and manager until Assistant Inspector-General (from 1980 to 2003)

II.18.1.4. ARNDT JOST MICHAEL KLIPPGIEN

II.18.1.4.1. Academic qualifications

- Diplom-Kaufmann academic degree from the University of Hamburg

II.18.1.4.2. Professional qualifications

- General Manager of the following subsidiary companies of Inapa Group:
 - Papier Union, GmbH
 - Inapa Deutschland, GmbH
 - PMF – Print Media Factoring, GmbH
 - Inapa Packaging, GmbH
 - Inapa VisCom, GmbH

II.18.1.5. ANTÓNIO JOSÉ GOMES DA SILVA ALBUQUERQUE

II.18.1.5.1. Academic qualifications

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

II.18.1.5.2. Professional qualifications

- Director of Parpública – Participações Públicas, SGPS, SA (from 2004 to 2010)
- Director and President of Sage secur, SGPS, SA (from 2004 to 2010)
- Director of Capitalpor, SGPS, SA (from 2008 to 2010)

II.18.1.6. JORGIE MANUEL VIANA DE AZEVEDO PINTO BRAVO

II.18.1.6.1. 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

II.18.1.6.2. Professional qualifications

- 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

II.18.1.7. ACÁCIO JAIME LIBERADO MOTA PILOTO

II.18.1.7.1. Academic qualifications

- Degree in Law from Faculdade de Direito de Lisboa
- Scholarship from Foundation Hans Seidel, Munique
- Post-graduation in Community Law with University Ludwig Maximilian, Munich
- Post-graduation in Competition Community Law with Max Planck Institut, Munich
- Intern in European Patent Institut, Munich
- Insead – Executive Programme

II.18.1.7.2. Professional qualifications

- Director of Bank Millennium BCP Investimento, SA (from 2000 to 2009)
- General Manager of Bank Millennium BCP, SA (since 2000)
- Director of Elos – Ligações de Alta Velocidade, SA
- Director of TIIC – Transport Infrastructure Investment Company
- Member of the General Board of Asterion, ACE
- Director of Millennium BCP Gestão de Activos, SGFI, SA
- President of the Board of Directors of Millennium SICAV, Luxembourg

II.18.1.8. EDUARDO GONZALO FERNANDEZ ESPINAR

II.18.1.8.1. Academic qualifications

- B.S. in Business Administration from Universidade Católica de Santiago do Chile
- MBA with Wharton School of Pennsylvania University

II.18.1.8.2. Professional qualifications

- Director of Emergence Capital Partner, SA (Madrid) (since January 2006)
- Director of Akoleo, SA (Geneva) (since January 2006)
- Director of Patris Capital, SA (since January 2006)
- Director of Ongoing TMT, SA (since February 2011)

II.18.2.

NUMBER OF COMPANY SHARES THEY HOLD, THE DATE OF THE FIRST APPOINTMENT AND THE DATE OF THE END OF MANDATE

	NUMBER OF ORDINARY SHARES	NUMBER OF PREFERRED SHARES	DESIGNATION DATE	TERMINATION OF TERM SERVICE
Álvaro João Duarte Pinto Correia	0	0	11.05.2010	31.12.2012
José Manuel Félix Morgado	563 631	0	15.02.2007	31.12.2012
Emídio de Jesus Maria	0	0	09.04.2008	31.12.2012
Arndt Jost Michael Klippgen	0	0	31.05.2007	31.12.2012
António José Gomes da Silva Albuquerque	0	0	11.05.2010	31.12.2012
Jorge Manuel Viana de Azevedo Pinto Bravo	0	0	11.05.2010	31.12.2012
Acácio Jaime Liberado Mota Piloto	0	0	11.05.2010	31.12.2012
Eduardo Gonzalo Fernandez Espinar	200 000	0	11.05.2010	31.12.2012

II.19.

DUTIES THAT THE MEMBERS OF THE BOARD OF DIRECTORS CARRY OUT IN OTHER COMPANIES AND A DESCRIPTION OF DUTIES CARRIED OUT IN OTHER COMPANIES OF THE SAME HOLDING

II.19.1.

ÁLVARO JOÃO DUARTE PINTO CORREIA

II.19.1.1. Activities in other companies outside Inapa Group

- Chairman of the Board of Directors of Sofid – Sociedade para o Financiamento do Desenvolvimento – Instituição Financeira de Crédito, SA

II.19.1.2. Activities in other companies of Inapa Group

II.19.2.

JOSÉ MANUEL FÉLIX MORGADO

II.19.2.1. Activities in other companies outside Inapa Group

- Manager of Poresin – Investimentos Mobiliários e Imobiliários, SA
- Director and Chairman of the Audit Committee of Gestmin – SGPS
- Director of REN, SGPS, SA

II.19.2.2. Activities in other companies of Inapa Group

- Chairman of the Board of Directors of Gestinapa – Sociedade Gestora de Participações Sociais, SA
- Chairman of the Board of Directors of Inapa Portugal

Distribuição de Papel, SA

- Chairman of the Management Board of Inapa Deutschland, GmbH
- Chairman of Inapa France, SAS
- Chairman of the Board of Directors of Inapa España Distribución de Papel, SA
- Chairman of the Board of Directors of Inapa Suisse, SA
- Chairman of the Board of Directors of Inapa Belgium, SA
- Chairman of the Board of Directors of Inapa Luxembourg, SA
- Chairman of the Board of Directors of Logistipack, SA

II.19.3.

EMÍDIO DE JESUS MARIA

II.19.3.1. Activities in other companies outside Inapa Group

- Member of the Supervisory Board of Santander Totta Seguros – Companhia de Seguros de Vida, SA (since 2009)

II.19.3.2. Activities in other companies of Inapa Group

II.19.4.

ARNDT JOST MICHAEL KLIPPGEN

II.19.4.1. Activities in other companies outside Inapa Group

II.19.4.2. Activities in other companies of Inapa Group

- Manager of Papier Union, GmbH

- Manager of Inapa Deutschland, GmbH
- Manager of PMF – Print Media Factoring, GmbH
- Manager of Inapa Packaging, GmbH
- Manager of Inapa VisCom, GmbH

II.19.5.

ANTÓNIO JOSÉ GOMES DA SILVA ALBUQUERQUE

II.19.5.1. Activities in other companies outside Inapa Group

II.19.5.2. Activities in other companies of Inapa Group

II.19.6.

JORGIE MANUEL VIANA DE AZEVEDO PINTO BRAVO

II.19.6.1. Activities in other companies outside Inapa Group

II.19.5.2. Activities in other companies of Inapa Group

- Director of Inapa Portugal Distribuição de Papel, SA
- Director of Inapa España Distribución de Papel, SA
- Director of Inapa Suisse, SA

II.19.7.

ACÁCIO JAIME LIBERADO MOTA PILOTO

II.19.7.1. Activities in other companies outside Inapa Group

- General Manager of Bank Millennium BCP, SA
- Director of Millennium BCP Gestão de Activos, SGFI, SA
- Director of Elos – Ligações de Alta Velocidade, SA
- Director of TIIC – Transport Infrastructure Investment Company
- Member of the General Board of Asterion, ACE
- President of the Board of Directors of Millennium SICAV, Luxembourg

II.19.5.2. Activities in other companies of Inapa Group

II.19.8.

EDUARDO GONZALO FERNANDEZ ESPINAR

II.19.7.1. Activities in other companies outside Inapa Group

- Director of Emergence Capital Partner, SA (Madrid)
- Director of Akoleo, SA (Geneva)

- Director of Patris Capital, SA
- Director of Ongoing TMT, SA

II.19.5.2. Activities in other companies of Inapa Group

SECTION III – GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE AND SUPERVISORY BOARD

II.21. TO II. 29.

Not applicable

The Company adopted the governance model set out in the provisions of sub-paragraph b) of paragraph 1 of Article 278 of the Companies Act as its statutory administration and supervisory structure, comprising a Board of Directors, and Audit Committee and a Chartered Accountant and Auditor.



SECTION IV – REMUNERATION

11.30.

DESCRIPTION OF THE REMUNERATION POLICY OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD, AS PROVIDED FOR IN ARTICLE 2 OF LAW 28/2009 OF 19 JUNE

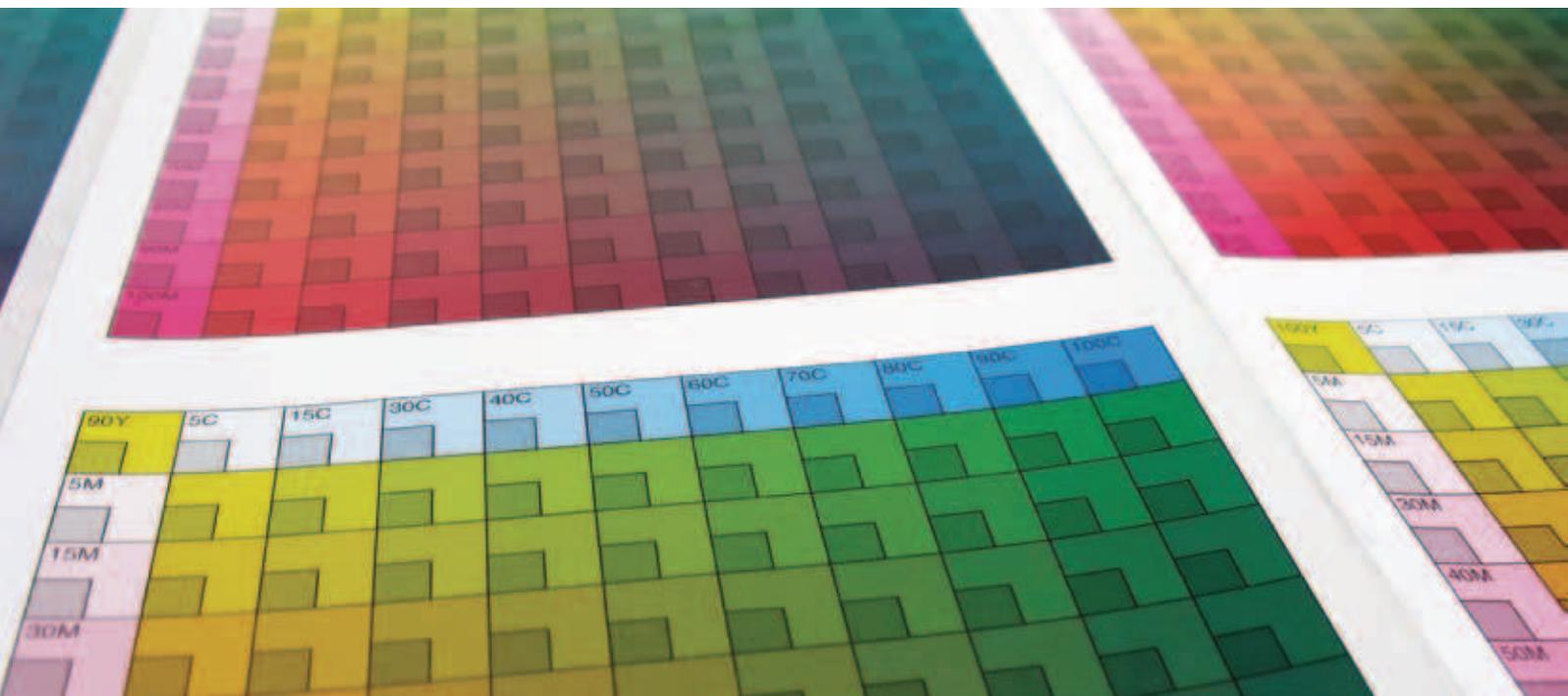
The remuneration policy has been the object of a separate assessment by the General Meeting of April 6, 2011.

In such Meeting, the following description on remuneration policy has been approved by a majority of 96.37% of votes:

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.
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 recommendational framework.

5. For 2011 it was established to maintain the fixed remuneration of the Governing Bodies, notwithstanding the provisions on mandatory legal standards may state the reverse.
6. 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 interventions.
7. In case there is a variable component of the remuneration, it will be composed by two components:
 - a) An annual component, based on the annual goals achievement;
 - b) A pluri-annual component, based on mandate goals achievement (or on the years ok work, in case of an incomplete mandate).
8. Exceptional restrictions to the variable component of the remuneration:

Taking into account the prohibition of a variable component on the remuneration based on performance, as stated in the Order 5696-A/2010 and in article 29 of law 55-A/2010, it is not foreseen the attribution of any variable remuneration or management premiums regarding the years of 2010 and 2011.



11.31.

INDICATION ON THE AMOUNT CONCERNING THE ANNUAL REMUNERATION PAID INDIVIDUALLY TO MEMBERS OF THE BOARD OF DIRECTORS AND OF THE SUPERVISORY BOARD OF THE COMPANY, INCLUDING FIXED AND VARIABLE REMUNERATION AND AS TO THE LATTER, MENTIONING THE DIFFERENT COMPONENTS THAT GAVE RISE TO SAME, THE PARTS THAT HAVE BEEN DEFERRED AND PAID

NAME	INAPA - IPG		SUBSIDIARIES	
	FIXED	VARIABLE	FIXED	VARIABLE
	REMUNERATION PAID IN 2011	REMUNERATION IN 2011	REMUNERATION PAID IN 2011	REMUNERATION IN 2011
Álvaro João Duarte Pinto Correia	€ 84 000.00	–	–	–
José Manuel Félix Morgado	€ 399 000.00	–	–	–
Arndt Jost Michael Klippgen	€ 35 000.00	–	€ 260 000.00	€ 192 000.00(*)
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	€ 16 500.00	–	–	–
Eduardo Gonzalo Fernandez Espinar	€ 16 500.00	–	–	–

(*) see 11.33.12.

11.32.

INFORMATION ON THE WAY THE REMUNERATION IS STRUCTURED SO AS TO ALLOW ALIGNING THE INTERESTS OF THE MEMBERS OF THE BOARD OF DIRECTORS WITH THE LONG-TERM INTERESTS OF THE COMPANY AS WELL AS HOW IT IS BASED ON THE PERFORMANCE ASSESSMENT AND HOW IT DISCOURAGES EXCESSIVE RISK ASSUMPTION

1. The remuneration of the members of the Board of Directors, as it was approved in the General Meeting, is determined based on three general criteria: (i) alignments of the remuneration with the interests of the Company's Stakeholders, (ii) evaluation of the performance and financial conditions of the Group and (iii) justice and equilibrium on the evaluation and application.
2. 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.
3. The Remunerations Committee stipulates the amount of the fixed sum in the remuneration of the Governing Bodies, that has to be included in the Governance Report.
4. 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 considers the financial results improvement in line with the setted strategy and goals, the value creation for the shareholders and the Group image on the market and its intervenients.

5. In case there is a variable component of the remuneration, it will be composed by two components:
 - a. An annual component, based on the annual goals achievement;
 - b. A pluri-annual component, based on mandate goals achievement (or on the years that have been working, in case of an imcomplete mandate).
6. For 2011 it was established that there will be no variable component on the remuneration, maintaining the fixed remuneration of 2010.

11.33.

AS REGARDS THE REMUNERATION OF THE EXECUTIVE MEMBERS:

11.33.1.

REFERENCE TO THE FACT THAT THE EXECUTIVE MEMBERS' REMUNERATION INCLUDES A VARIABLE COMPO-

NENT AND INFORMATION ON THE WAY SAID COMPONENT RELIES OF THE ASSESSMENT PERFORMANCE;

The remuneration of Directors with executive duties shall comprise a variable component dependent on regular assessments of their performance to be determined under previously stated terms.

Notwithstanding what has been previously mentioned, the General Meeting has approved that, at exceptional level, in the years of 2010 and 2011 no variable component of remuneration shall be distributed to executive Members.

11.33.2.

THE CORPORATE BODIES RESPONSIBLE FOR ASSESSING THE PERFORMANCE OF EXECUTIVE MEMBERS;

The performance assessment of the executive Members for purposes of remuneration is the responsibility of:

- The Remunerations Committee;
- The General Meeting.

11.33.3.

THE PRE-ESTABLISHED CRITERIA FOR ASSESSING THE PERFORMANCE OF EXECUTIVE MEMBERS;

There are no pre-established criteria for assessing the performance of executive Members besides the principles mentioned in 11.32..

11.33.4.

THE RELATIVE IMPORTANCE OF THE VARIABLE AND FIXED COMPONENTS OF THE MEMBERS' REMUNERATION, AS WELL AS THE MAXIMUM LIMITS FOR EACH COMPONENT;

Notwithstanding what regards to the financial years of 2010 and 2011, in which the General Meeting established the principle of non-distribution of a variable component of remuneration, maximum limits for this component have not been established.

11.33.5.

THE DEFERRED PAYMENT OF THE REMUNERATION'S VARIABLE COMPONENT AND THE RELEVANT DEFERRAL PERIOD

Notwithstanding what is referred in relation to the financial years of 2010 and 2011, when there is a variable component of the remuneration, it will have two components:

- a. An annual component, based on the annual goals achievement;
- b. A pluri-annual component, based on mandate goals achievement (or on the years that have been working, in case of an incomplete mandate).

11.33.6.

AN ACCOUNT OF THE WAY WHEREBY THE PAYMENT OF THE VARIABLE REMUNERATION IS SUBJECT TO THE COMPANY'S CONTINUAL POSITIVE PERFORMANCE DURING THE DEFERRAL PERIOD;

Having the General Meeting approved, for the years of 2010 and 2011, the principle of non-distribution of variable component of remunerations to Directors with executive duties, it is no longer a subject the fact that it should be dependent on the company's long-term positive performance.

11.33.7.

SUFFICIENT INFORMATION ON THE CRITERIA WHEREON THE ALLOCATION OF VARIABLE REMUNERATION ON SHARES IS BASED, AS WELL AS ON MAINTAINING COMPANY SHARES THAT THE EXECUTIVE MEMBERS HAVE HAD ACCESS TO, ON THE POSSIBLE SHARE CONTRACTS, NAMELY HEDGING CONTRACTS OR RISK TRANSFER, THE RELEVANT LIMIT AND ITS RELATION APROPOS THE VALUE OF THE TOTAL ANNUAL REMUNERATION;

Notwithstanding what is referred in relation to the financial years of 2010 and 2011, it should be noted that the remuneration policy of executive members does not foresee the allocation of shares.

11.33.8.

SUFFICIENT INFORMATION ON THE CRITERIA WHEREON THE ALLOCATION OF VARIABLE REMUNERATION ON OPTIONS IS BASED AS WELL AS ITS DEFERRAL PERIOD AND EXERCISING PRICE;

Notwithstanding what is referred in relation to the financial years of 2010 and 2011, it should be noted that the remuneration policy of executive members does not foresee the option to buy shares.

11.33.9.1.

THE MAIN FACTORS AND REASONS FOR ANY ANNUAL BONUS SCHEME AND ANY OTHER NON-FINANCIAL BENEFITS

Notwithstanding what is referred in relation to the financial years of 2010 and 2011, the parameters and basis of the bonus payments made to executive members are the ones mentioned in 11.32..

11.33.9.2.

REMUNERATION PAID IN THE FORM OF A SHARE IN THE PROFITS AND/OR THE PAYMENT OF BONUSES AND THE RATIONALE BEHIND THE ACT OF AWARDED SUCH BONUSES AND/OR SHARE IN PROFITS

The remuneration policy approved in General Meeting does not

include any share in profits.

11.33.10.

COMPENSATION PAID OR OWED TO FORMER EXECUTIVE DIRECTORS IN RELATION TO EARLY CONTRACT TERMINATION

During the course of the financial year under analysis, no compensation was paid or is due to former Executive Directors.

11.33.11.

REFERENCE TO THE ENVISAGED CONTRACTUAL RESTRAINTS FOR COMPENSATION OWED FOR UNDUE DISMISSAL OF EXECUTIVE DIRECTORS AND ITS RELATION APPOFOS THE REMUNERATIONS' VARIABLE COMPONENT

There are no contractual restraints for compensations owed for undue dismissal of executive Directors.

11.33.12.

AMOUNTS PAID ON ANY BASIS BY OTHER COMPANIES IN A GROUP RELATIONSHIP OR EXERCISING CONTROL OVER THE COMPANY

The amounts paid to Directors by other companies in a group relationship or controlled by the group are the ones referred to in 11.31. and 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.

11.33.13.

A DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE SUPPLEMENTARY PENSIONS OR EARLY RETIREMENT SCHEMES SET UP FOR EXECUTIVE DIRECTORS AND WHETHER SAID SCHEMES WERE SUBJECT OR NOT TO THE APPROVAL OF THE GENERAL MEETING

At present, the Company does not provide complementary retirement benefit plans for members of the management and supervisory boards and senior management.

11.33.14.

AN ESTIMATE OF THE NON-FINANCIAL BENEFITS CONSIDERED AS REMUNERATION WHICH DO NOT FALL UNDER THE CATEGORIES LISTED ABOVE

The Directors do not receive non-financial benefits that may be deemed to constitute remuneration which do not fall under the categories listed above.

11.33.15.

MECHANISMS FOR PREVENT EXECUTIVE DIRECTORS FROM HAVING EMPLOYMENT CONTRACTS THAT QUES-

TIONS THE GROUNDS OF THE VARIABLE REMUNERATION

If, on one hand, there are no specific mechanisms to prevent executive Directors from questioning the variable component of their remuneration, on the other hand there is no contract or other form of agreement signed by them that can produce the same effect as a remuneration through share or options attributed.

11.34.

REFERENCE TO THE FACT THAT REMUNERATION OF NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS IS NOT INCLUDED IN THE VARIABLE COMPONENT

The remuneration of non-executive members of the Board of Directors does not include a variable component.

11.35.

INFORMATION ON THE REPORTING OF IRREGULARITIES ADOPTED BY THE COMPANY (REPORTING MEANS, PERSONS ENTITLED TO RECEIVE SAID REPORTS, HOW THE REPORTS ARE TO BE HANDLED AND THE NAMES OF THE PERSONS OR BODIES THAT HAVE ACCESS TO THE INFORMATION AND THE RELEVANT INVOLVEMENT IN THE PROCEDURE)

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.



SECTION V – SPECIAL COMMITTEES

11.36.

IDENTIFICATION OF MEMBERS OF THOSE COMMITTEES THAT HAVE BEEN CONSTITUTED FOR THE PURPOSES OF INDIVIDUAL AND OVERALL PERFORMANCE ASSESSMENT OF THE EXECUTIVE MEMBERS, CONSIDERATION ON THE GOVERNANCE SYSTEM THAT HAS BEEN ADOPTED BY THE COMPANY AND THE IDENTIFICATION OF POTENTIAL CANDIDATES WITH THE PROFESSIONAL PROFILE FITTING THE MEMBER POSITION

To date, the Company has not appointed any special committee to assess the individual and global performance of executive Directors, ponder on the adopted governance model and identify potential candidates with a professional profile for the position of Director.

11.37.

NUMBER OF MEETINGS HELD BY THE COMMITTEES THAT HAVE BEEN CONSTITUTED FOR MANAGEMENT AND SUPERVISION DURING THE PERIOD CONCERNED, AS WELL AS REFERENCE TO THE MINUTES OF SAID MEETINGS THAT HAVE BEEN HELD

During the course of 2011, the Executive Committee of the Board of Directors held 19 meetings.

During the course of 2011, the Audit Committee of the Board of Directors held 11 meetings.

Minutes of all those meetings of the referred committees were drawn up and are duly written in a special book organized to the effect.

11.38.

REFERENCE TO THE FACT THAT ONE MEMBER OF THE REMUNERATION COMMITTEE HAS KNOWLEDGE AND EXPERIENCE IN REMUNERATION POLICY ISSUES

The Remunerations Committee is a statutory body for which, either in the mandate terminated on May 11, 2010 (mandate from 2007 to 2009) or in the mandate of 2010 to 2012, individuals or entities with experience in remunerations policy have been appointed.

For the present mandate, the following appointments were made to constitute this Committee: as Chairman, Mário Alberto Duarte Donas and two members to be appointed by corporate shareholders Parpública – Participações Públicas SGPS, SA and Millennium BCP which have indicated to the effect the names of Maria Amália Freire de Almeida and Rui Manuel Alexandre Lopes, respectively.

The resolutions of the Remunerations Committee are reasoned and written in a special book.

11.39.

REFERENCE TO THE INDEPENDENCY OF NATURAL OR LEGAL PERSONS WITH AN EMPLOYMENT CONTRACT OR PROVIDING SERVICES TO THE REMUNERATION COMMITTEE, AS REGARDS THE BOARD OF DIRECTORS AS WELL AS, WHEN APPLICABLE, TO THE FACT THAT THESE PERSONS HAVE AN EXISTING RELATION WITH THE COMPANY CONSULTANT

None of the members of the Remunerations Committee has an employment contract or services to the Company and do not have an existing relation with the company consultant.

Moreover, the Remunerations Committee did not hire a person or entity to support it within the scope of its duties that rendered services over the last three years to any structure depending on the Board of Directors, the Board of Directors itself or that may have a current relation with the company consultant.





III.1.

THE EQUITY STRUCTURE INCLUDING THOSE SHARES THAT ARE NOT ADMITTED TO TRADING, THE DIFFERENT CATEGORY OF SHARES, RIGHTS AND DUTIES OF THESE SHARES AND THE EQUITY PERCENTAGE THAT EACH CATEGORY REPRESENTS

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.

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

III.2.

QUALIFYING HOLDINGS IN THE ISSUER'S EQUITY CALCULATED AS PER ARTICLE 20 OF THE SECURITIES CODE

	NUMBER OF ORDINARY SHARES	VOTING RIGHTS	PERCENTAGE OF VOTING RIGHTS
Parública	49 084 738	49 084 738	32,72%
Millennium Bcp	27 361 310	27 361 310	18,24%
Nova Expressão SGPS, SA	3 000 000	3 000 000	2,0%

III.3.

IDENTIFICATION OF THE SHAREHOLDERS THAT HOLD SPECIAL RIGHTS AND A DESCRIPTION OF THOSE RIGHTS

No shareholders are entitled to special rights.

III.4.

POSSIBLE RESTRICTIONS ON SHARE-TRANSFER I.E. CONSENT CLAUSES FOR THEIR DISPOSAL OR RESTRICTIONS ON SHARE-OWNERSHIP

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).

III.5.

SHAREHOLDER AGREEMENTS THAT THE COMPANY MAY BE AWARE OF AND THAT MAY RESTRICT THE TRANSFER OF SECURITIES OR VOTING RIGHTS

The Company is not aware of any shareholder agreements that may restrict the free transfer of securities or voting rights.

III.6.

RULES APPLICABLE TO THE AMENDMENT OF THE ARTICLES OF ASSOCIATION

The amendment of the articles of association is exclusively ruled by the provisions of the Companies Act, as follows:

- In terms of quorum:
 - 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 (Article 383, paragraph 2 of the Bylaws);
 - Resolutions passed at a meeting held at second call shall be deemed valid regardless of the number of shareholders in attendance or duly represented and whichever the percentage of share capital their holdings may represent (Article 383, paragraph 3 of the Bylaws).
 - In terms of resolution majorities:
 - At a first call, resolutions require a majority of 2/3 of the issued votes (Article 386, paragraph 3 of the Bylaws);
 - At second call, the resolutions on statutory changes require approval, as follows:
 - A majority of 2/3 of the issued votes (Article 386, paragraph 3);
- or,

- A simple majority of the votes provided that the resolutions are based on a minimum number of attending shareholders or duly represented in the General Meeting that hold, at least half of the share capital (Article 386, paragraph 4 of the Bylaws).

III.7.

CONTROL MECHANISMS FOR A POSSIBLE EMPLOYEE-SHAREHOLDER SYSTEM IN AS MUCH AS THE VOTING RIGHTS ARE NOT DIRECTLY EXERCISED BY THEM

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

III.8.

DESCRIPTION CONCERNING THE EVOLUTION OF THE ISSUER'S SHARE PRICE AND TAKING THE FOLLOWING INTO ACCOUNT:

III.8.1.

THE ISSUANCE OF SHARES OR OTHER SECURITIES THAT ENTITLE THE SUBSCRIPTION OR ACQUISITION OF SHARES

The Company in October of 2011 has issued 300,980,441 preferred shares with no voting right, no face value and an emission value of €0.18 each.

III.8.2.

THE OUTCOME ANNOUNCEMENT

In the transaction periods that followed to the announcement of the Company's outcome there were slight movements on its earnings performance. In the total year, the shares traded registered a fall of 63%.

III.8.3.

THE DIVIDEND PAYMENT FOR EACH SHARE CATEGORY INCLUDING THE NET VALUE PER SHARE

The Company did not distribute dividends to its shareholders.

III.9.

DESCRIPTION OF THE DIVIDEND DISTRIBUTION POLICY ADOPTED BY THE COMPANY, INCLUDING THE DIVIDEND VALUE PER SHARE DISTRIBUTED DURING THE LAST THREE PERIODS

Over the last three financial years, the Company paid no dividends to shareholders.

III.10.

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

The Company has not approved any scheme to allocate shares or options to buy shares for the financial year in question.

III.10.1.

THE NUMBER OF SHARES REQUIRED FOR THE SHARE ALLOTMENT AND THE NUMBER OF SHARES REQUIRED FOR THE EXERCISE OF THE EXERCISABLE OPTIONS AT THE START AND END OF THE YEAR IN QUESTION

Not applicable, according to what is stated in III.10.

III.10.2.

THE NUMBER OF ALLOTTED, EXERCISABLE AND EXTINGUISHED SHARES DURING THE YEAR

Not applicable, according to what is stated in III.10.

III.10.3.

THE GENERAL MEETINGS' APPRAISAL OF THE PLANS ADOPTED OR IN FORCE DURING THE PERIOD IN QUESTION

Not applicable, according to what is stated in III.10.

III.11.

A DESCRIPTION OF THE MAIN DATA ON BUSINESS DEALS AND TRANSACTIONS CARRIED OUT BETWEEN THE COMPANY AND BETWEEN THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARD OR COMPANIES IN A CONTROL OR GROUP RELATIONSHIP, PROVIDED THE AMOUNT IS ECONOMICALLY SIGNIFICANT FOR ANY OF THE PARTIES INVOLVED, EXCEPT FOR THOSE BUSINESS DEALS OR TRANSACTIONS THAT ARE CUMULATIVELY CONSIDERED WITHIN THE BOUNDS OF NORMAL MARKET CONDITIONS FOR SIMILAR

TRANSACTIONS AND ARE PART OF THE COMPANY'S CURRENT BUSINESS

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

III.12.

A DESCRIPTION OF THE VITAL DATA ON BUSINESS DEALS AND TRANSACTIONS CARRIED OUT IN THE ABSENCE OF NORMAL MARKET CONDITIONS BETWEEN COMPANIES AND OWNERS OF QUALIFYING HOLDINGS OR ENTITY-RELATIONSHIPS WITH THE FORMER, AS ENVISAGED IN ARTICLE 20 OF THE SECURITIES CODE

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).

III.13.

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 OWNERS OF QUALIFYING HOLDINGS OR ENTITY-RELATIONSHIPS WITH THE FORMER, AS ENVISAGED IN ARTICLE 20 OF THE SECURITIES CODE

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 advise 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.

III.14.

A DESCRIPTION OF THE STATISTICAL DATA (NUMBER, AVERAGE AND MAXIMUM VALUES) ON THE BUSINESS DEALS SUBJECT TO PRELIMINARY OPINION BY THE SUPERVISORY BOARD

During the course of the financial year under analysis, there were no deals or transactions carried out between the Company and/or companies related with its board members.

During the course of the financial year under analysis, there were no deals or transactions between the Company and/or its subsidiary companies and owners of qualifying holdings and/or entity relationships with the former that, for its nature and value, fit the limits mentioned in the previous paragraph or that, by its nature, value or conditions may have particular relevance in terms of transparency and/or conflict of interests.

III.15.

INDICATION OF THE AVAILABILITY ON THE COMPANY'S WEBSITE, OF ANNUAL ACTIVITY REPORTS DRAWN UP BY THE GENERAL AND SUPERVISORY BOARD, BY THE FINANCIAL MATTERS COMMITTEE, THE AUDIT COMMITTEE AND THE SUPERVISORY BOARD, INCLUDING CONSTRAINTS THAT MIGHT BE ENCOUNTERED, AS WELL AS FINANCIAL INFORMATION DOCUMENTS

The annual reports on the activities developed by the Audit Committee, including a reference to any constraints they may have faced, are available to the interested parties at the company's website: www.inapa.pt, together with the Annual Report and Accounts.

III.16.

REFERENCE TO AN INVESTOR ASSISTANCE UNIT OR A SIMILAR SERVICE, DESCRIBING

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

III.16.1.

THE ROLE OF SAID 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.

III.16.2.

TYPE OF INFORMATION MADE AVAILABLE

The Office provides interested parties with a wide range of information divulged by the Company on corporate and financial and economic nature on the course of, at least, the three previous years.

III.16.3.

ACCESS MEANS TO SAID OFFICE

By post to: Rua Castilho, n.º 44 -3 .º, 1250-071 Lisboa

By fax: + 351 21 382 30 16

By telephone: + 351 21 382 30 07

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

III.16.4.

THE COMPANY'S WEBSITE

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

III.16.5.

THE MARKET LIAISON OFFICER'S CREDENTIALS

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

III.17.

INDICATION OF THE ANNUAL COMPENSATION PAID TO THE AUDITOR AND TO OTHER INDIVIDUALS OR GROUPS THAT BELONG TO THE SAME NETWORK SUPPORTED BY THE COMPANY AND/OR BY ANY GROUP THAT BEARS WITH IT A CONTROL OR GROUP RELATIONSHIP AND THE PERCENTAGE OF THE TOTAL AMOUNT PAID FOR THE FOLLOWING SERVICES

III.17.1.

STATUTORY ACCOUNT REVIEW SERVICES

The fees paid during the financial year of 2011 to the external auditor (and to other individual or corporate entities belonging to the same network) supported by the company or companies that bear with it a control or group relationship amounted to 555,502 Euros.

III.17.2.

OTHER AUDIT RELIABILITY SERVICES

The fees to be supported by the company or companies that bear with it a control or group relationship amounted to 11,233 Euros.

The object of the services rendered was essentially related with the support on the elaboration of the subsidiaries annual reports and the process of refinancing the securitization.

III.17.3.

TAX CONSULTING SERVICES

The external auditors (and/or individual or corporate entities belonging to the same network) rendered tax consultancy services, in 2011, in the amount of 11,100 Euros.

The services consisted in the specific revision of the annual corporate income tax declaration and tax support.

The possible conflict between providing these services and the independence of the external auditor has been duly considered, and the Company concluded that his independence would not be affected for the following reasons:

- The very limited remuneration considering the total amount due for the auditing services provided;
- The attribution of these services to a work team not only independent in relation to the team performing the auditing services but also being part of an autonomous sector that does not depend on the audit department of this entity.

III.17.4.

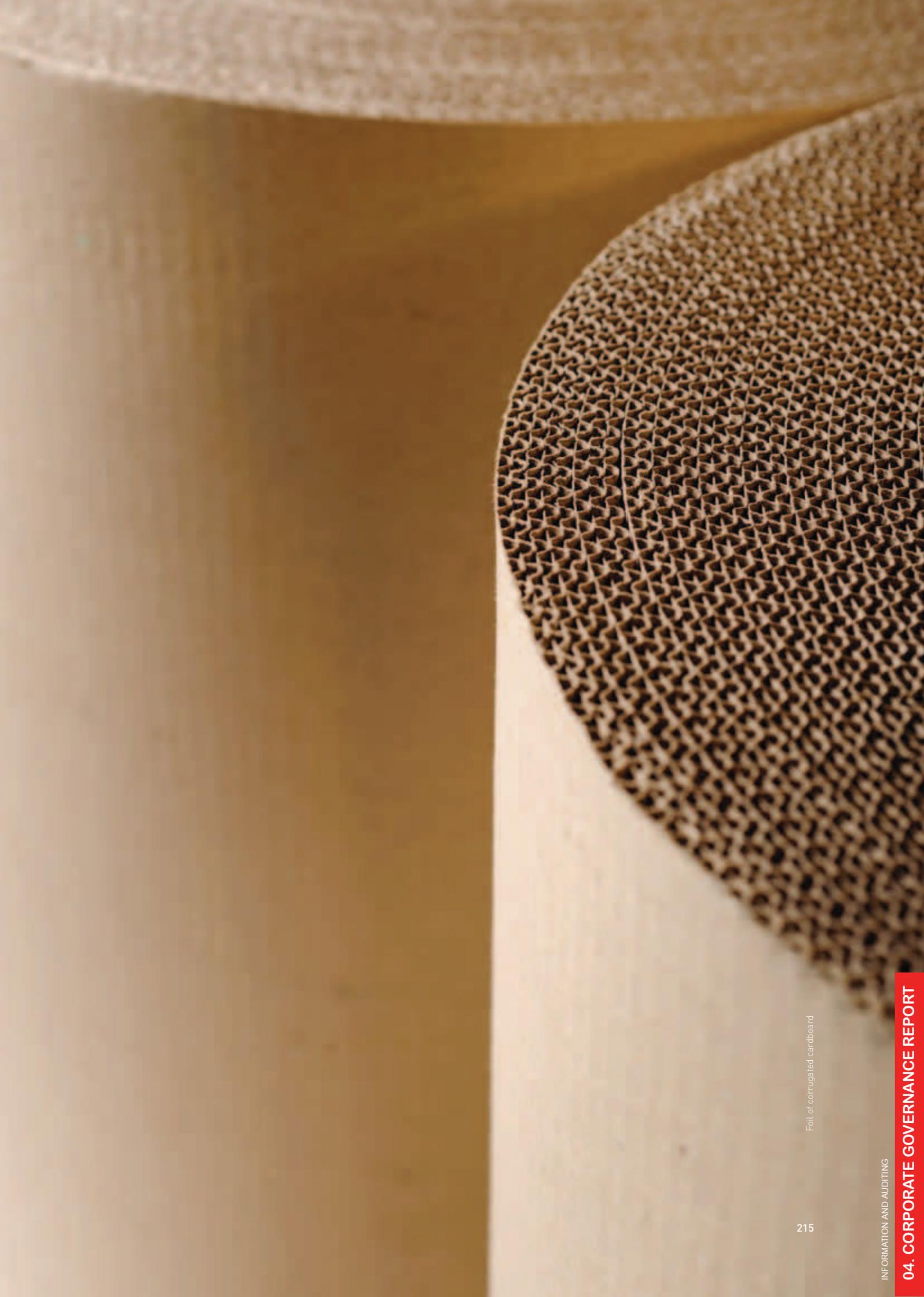
OTHER NON-STATUTORY AUDITING SERVICES

In addition to the services mentioned in the previous paragraph, no other services were rendered by the external auditor (and individual or corporate entities belonging to the same network) to the Company or to companies it controls.

III.18.

REFERENCE TO THE EXTERNAL AUDITOR'S ROTATION PERIOD

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

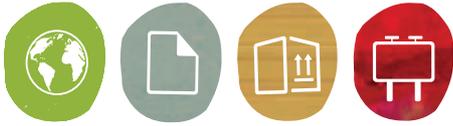


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www.inapa.pt

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inapa