

PORTUCEL S.A. PUBLIC LIMITED COMPANY



GRUPO PORTUCEL CORPORATE GOVERNANCE REPORT 2014

HEADQUARTERS: MITRENA, APARTADO 55, 2901-861 SETÚBAL
CORPORATE ENTITY 503 025 798- SHARE CAPITAL € 767 500 00
REGISTRATED AT THE COMMERCIAL REGISTER OF SETÚBAL

CORPORATE GOVERNANCE REPORT

PART I - INFORMATION ON CAPITAL STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Capital Structure

1. Capital structure, including indication of shares not admitted for trading, different categories of shares, rights and duties attached to the same, and the percentage of the capital represented by any such category.

Portucel's share capital is represented solely by ordinary shares, with a nominal value of 1 euro each, the same rights and duties being attached to all shares.

The capital is represented by a total of 767,500,000 ordinary shares, and all shares are currently listed for trading.

2. Restrictions on the transferability of shares, such as consent clauses for disposal, or limitations on ownership of shares.

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

3. Number of own shares, corresponding percentage of share capital and percentage of voting rights which would correspond to own shares.

At 31/12/2014, Portucel held 50,489,973 own shares, corresponding to 6.58% of its share capital and 50,489 votes at the general meeting.

4. Significant agreements to which the company is party and which take effect, are amended or terminate in the event of a change in the control of the company as a result of a takeover bid, together with the respective effects, unless, due to its nature, disclosure of such agreements would be seriously detrimental to the company, except if the company is specifically required to disclose such information by other mandatory provision of law.

All the Company's borrowing, except for one contract, provides for early repayment in the event of a change in shareholder control. The early repayment terms are summarised in the following table:

Loan	Early Repayment Terms
BEI - Environment A BEI - Environment B BEI - Energy	(...) (a) any change in the ownership structure of the Borrower with the consequence that Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. ceases to hold, directly or indirectly, no less than a majority - 50% (fifty per cent) plus one share - of the voting stock in the Borrower; or, (b) any occurrence or event which has the consequence that Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. ceases to hold, directly or indirectly, no less than half the voting rights in the Borrower. [...]
Portucel Bonds 2010-2015 2 nd Emission	(...) if Semapa - Sociedade de Investimento e Gestão, SGPS, S.A. ceases to hold, directly or indirectly, no less than 51% (fifty one per cent) of the share capital of the Issuer; [...]
Portucel Bonds 2010-2015	(...) if, during the lifetime of the contract, any change occurs to the ownership structure which causes SEMAPA - Sociedade de Investimento e Gestão, SGPS, S.A. to lose control of the company, understood in terms of its holding in the capital, voting rights and dominant influence on the company's management, including, without limitation, the possibility of appointing and removing a majority of the directors; [...]
Commercial Paper Programme 125M	(...) if SEMAPA ceases to hold, directly or indirectly, a majority of the share capital and voting rights in the ISSUER; [...]
Portucel Senior Notes 5.375% 2020	(...) In the event of change of control, as defined in the chapter "Description of Notes", page 129, of the issue prospectus. [...]

These clauses do not therefore amount to defensive measures, guarantees or shields designed to cause a serious erosion in the Company's assets in the event of a change of control or alteration in the composition of the Board of Directors, undermining the free transferability of shares.

5. Rules applicable to the renewal or revocation of defensive measures, in particular those providing for limits on the number of votes which can be held or cast by a single shareholder individually or in a concerted manner with other shareholders.

No defensive measures exist in the company providing for limits on the number of votes which can be held or cast by a single shareholder individually or in a concerted manner with other shareholders.

6. Shareholders' Agreements known to the company or which might lead to restrictions on the transfer of securities or voting rights.

The company is not aware of the existence of any shareholders' agreement which might lead to restrictions on the transfer of securities or voting rights.

II. Holdings of shares and bonds

7. Identification of persons and organizations who, directly or indirectly, own qualifying holdings, detailing the percentage of the share capital and votes imputable and the respective grounds.

At 31/12/2014, the holders of qualifying holdings in the company were as follows:

Shareholder Semapa-Soc. de Investimento e Gestão, SGPS, S.A.	No. of shares	% of capital	% of non-suspended voting rights
Directly	340,572,392	44.37%	47.50%
Indirectly:			
Through Seinpar Investments B.V. (controlled by the shareholder Semapa)	241,583,015	31.48%	33.69%
Through Semin - Investimentos, SGPS, S.A. (controlled by the shareholder Semapa)	1,000	0.00%	0.00%
Through the officer of Portucel, Duarte Nuno d'Orey da Cunha	16,000	0.00%	0.00%
Total attributable	582,172,407	75.85%	81.19%

8. Indication of the number of shares and bonds held by members of the management and supervisory bodies.

Members of the management and supervisory bodies who hold shares in the company:

António José Pereira Redondo:	6,000 shares
Adriano Augusto da Silva Silveira:	2,000 shares
Duarte Nuno d'Orey da Cunha:	16,000 shares

Members of the management and supervisory bodies who hold bonds in the company:

José Fernando Morais Carreira de Araújo:	1 bond
José Miguel Pereira Gens Paredes:	1 bond
Duarte Nuno d'Orey da Cunha:	1 bond

9. Special powers of the management board, in particular concerning resolutions to increase capital, indicating, with regard to these, the date on which they were granted, the period during which such powers may be exercised, the upper limit for the increase in share capital, shares already issued under the powers granted and the form taken by these powers.

Portucel's articles of association do not authorize the Board of Directors to resolve on increases in share capital.

10. Information on the existence of significant dealings of a commercial nature between qualifying shareholders and the company.

Any significantly relevant transactions such as those referred to above must first be submitted for clearance to the Audit Board, on the basis of the relevance criteria adopted by the Company for the purposes of prior assessment and intervention.

The Audit Board is therefore required to conduct a prior assessment of any transactions or operations between, on the one hand, the company or other Portucel Group companies and, on the other hand, the holders of qualifying holdings or other entities related in any way to the same, which (i) have a value equal to or greater than 1.5 million euros, or (ii) irrespective of their value, may, due to their nature, undermine transparency or the best interests of the company. The Audit Board also receives periodic reports from the external auditor in which, in the course of its duties, the auditor checks the effectiveness and workings of internal control arrangements, reporting any shortcomings detected.

To this end, a service agreement was concluded on 01/02/2013 between SEMAPA – Sociedade de Investimentos e Gestão, SGPS, S.A. and Portucel, S.A. under the terms of Article 4 of Decree-Law 495/88 of 30 December, which was cleared by the Audit Board, after prior assessment of possible contingencies.

This contract establishes a remuneration system based on equitable criteria which do not create a bureaucratic burden for the parties in their ongoing relationship of collaboration and assistance, assuring maximum objectivity in the setting of remuneration and abiding by the rules applicable to commercial dealings between companies in the same Group. In 2014, the value of services provided under this contract was 9,044,392 Euros.

In addition, in the course of 2014, Portucel subscribed a commercial paper issued by Semapa, at a rate of 1.75%. This programme commenced on 28/04/2014 and was subscribed and repaid in successive tranches. The maximum amount stood at 200.9 million euros and it was repaid in full on 01/08/2014.

The Board of Directors approved subscription of its programme on the grounds that: i) Semapa presented sound guarantees of solvency; ii) the proposed rate was higher than the average rate of deposits from which the Company disinvested for this purpose (0.60%), and foreseeably higher than average alternative deposit rates in the banking system, in keeping with risk criteria approved by the Group; iii) the short term nature of the operations and iv) the guarantee given by Semapa that it had at all times bank credit facilities for amounts and terms equivalent to the amount

borrowed. The Audit Board also approved subscription of this commercial paper, which has since been repaid.

B. CORPORATE BOARDS AND COMMITTEES

I. GENERAL MEETING

a. Composition of the General Meeting

11. Officers of the General Meeting and their term of office (starting and ending dates):

The Chairman of the General Meeting is Dr. Francisco Xavier Zea Manteiro, and the office of secretary to the General Meeting is held by Dra. Rita Maria Pinheiro Ferreira.

The officers of the General Meeting were elected for a term of office starting on 01/01/2010 and ending on 31/12/2014, except for the Chairman of the General meeting, elected on 10/04/2012, for a term of office ending on 31/12/2014.

b. Exercise of voting rights

12. Any restrictions on voting rights, such as limitations on the exercise of voting rights based on the ownership of a given number or percentage of shares, time limits for exercising voting rights, or systems for detaching voting rights from ownership rights:

The Company considers that there are no limits, in the company, to the exercise of voting rights by the respective shareholders.

The Company has no procedures in place which result in mismatching between the right to receive dividends or to subscribe new securities and the right attached to each ordinary share.

In order to exercise voting rights at general meetings, shareholders are required to hold, individually or in groups formed in accordance with the law, no less than one thousand shares, with one vote corresponding to a thousand shares. The Company considers that the principle of proportionality between voting rights and shareholder investment is respected. In addition, the Articles of Association make no provision for votes not to be counted above a given limit, and there are no categories of non-voting shares.

The Company also permits postal and online voting, and all the necessary procedures for this are explained in the notice of general meetings.

Postal or online votes are only considered if the shareholders casting them provide evidence of the ownership of their shares, in accordance with the general rules. Votes are only considered when received by the day prior to the meeting, inclusive.

Forms for postal or online voting are available for shareholders on the website (www.portucelsoporcel.com).

In order to attend general meetings shareholders are required to provide proof of their status and voting rights by the registration date, corresponding to 0 hours (GMT) on the 5th (fifth) trading day prior to the date of the General Meeting (the Registration Date).

Shareholders wishing to attend the Company's General Meeting are required to make a declaration, by notice addressed, respectively, to the Chairman of the General Meeting and to the Financial Intermediary where they have their individual registration account, no later than the day prior to the registration date, in other words by the day prior to the 5th (fifth) trading day prior to the General Meeting.

By the end of the 5th (fifth) trading day prior to the General Meeting, the Financial Intermediary is required to send to the Chairman of the General Meeting information on the number of shares registered in the name of the shareholder who has stated the intention to attend the General Meeting, indicating also, indicating also the registration date of these shares; this notice may also be provided by email to the address indicated on the notice of meeting.

In addition, shareholders who, on a professional basis, hold shares in their own name but on behalf of clients and who wish to cast conflicting votes are required to submit to the Chairman of the General Meeting within the time limit indicated in the preceding paragraph, in addition to the declaration of their intention to attend the General Meeting and the sending, by the respective Financial Intermediary of the information on the number of shares registered in their client's name, the following information: (i) identification of each client and the number of shares with voting rights to be exercised on their behalf, and also (ii) the specific voting instructions issued by each client for each item on the order of business.

Shareholders may also appoint a proxy to represent them at the General Meeting, and to this end may download a proxy form from the company's website (www.portucelsoporcel.com) or obtain a form on request from the head office.

Without prejudice to the rule on the unity of votes established in Article 385 of the Companies Code, any shareholder may appoint different proxies for shares it holds in different securities accounts.

Proxy forms for both individual and corporate shareholders must be delivered to the Chairman of the General Meeting, so as to be received by five days prior to the date of the General Meeting, and may also be sent by email.

There are no further restrictions on the exercise of voting rights, insofar as attendance of General Meetings and exercise of voting rights are not prejudiced by the transfer of shares subsequent to the Registration Date, and do not require the shares to be blocked from the Registration Date to the date of the General Meeting.

Considering the arrangements described above for attendance and voting at General Meetings, the Company complies in full with Recommendation I.1 of the CMVM Corporate Governance Code, by providing for shareholder participation through online, postal and proxy voting, in accordance with the law and articles of association, and by setting a threshold of one thousand shares for this purpose, a level which, whilst not excessively high, allows the General Meeting to function efficiently.

13. Indication of the maximum percentage of the voting rights which can be exercised by a single shareholder or by shareholders connected in any of the forms envisaged in Article 20.1.

There are no provisions to this effect in the Articles of Association.

14. Identification of shareholder resolutions which, under the Articles of Association, can only be adopted with a qualified majority, in addition to those provided for in law, and details of the majorities required.

The Company's Articles of Association contain no specific rules on a quorum for adoption of resolutions by the General meeting, meaning that the legal rules established in the Companies Code apply in full.

II. MANAGEMENT AND SUPERVISION

a. Composition

15. Identification of the governance model adopted.

The Company's Articles of Association provide for a single-tier management model, with a Board of Directors comprising executive and non-executive members and an Audit Board, in accordance with Article 278.1 a) of the Companies Code.

16. Rules in the Articles of Association on procedural and material requirements applicable to the appointment and substitution of members, as the case may be, of the Board of Directors, the Executive Board of Directors and the General and Supervisory Board.

In accordance with the Articles of Association, the company's bodies comprise the General Meeting, the Board of Directors, the Audit Board and a Statutory Auditor or Statutory Audit Firm. The General Meeting has powers to elect the directors, the members of the Audit Board and the statutory auditor or statutory audit firm.

The Board of Directors comprises three to seventeen members, elected by the general meeting of shareholders. Under the law and the Articles of Association, the directors are elected on the terms set out in the motion approved by the General Meeting.

The General Meeting which elects the board of directors also designates its chairman, and may elect alternate directors up to the limit established in law. If the number of directors is not expressly fixed by the General Meeting, such number is deemed to correspond to the number of directors effectively elected.

However, the Articles of Association establish that a director may be elected individually if there are proposals subscribed and tabled by groups of shareholders, provided none of these groups holds shares representing more than twenty per cent and less than ten per cent of the share capital. No shareholder shall sign the proposal form for more than one list. Each proposal shall identify no less than electable persons. If there are several proposals subscribed by different shareholders or groups of shareholders, the lists shall be put jointly to the vote.

The articles of association also lay down that the Board of Directors may delegate the day-to-day management of the company to a single director or an Executive Board comprising three to nine members.

In the event of the temporary or definitive absence or impediment of the chairman of the board of directors, the board shall appoint another of its members to take his place.

However, in the event of the definitive absence, for any reason whatsoever, of a Director elected as Chairman with a profile appropriate to exercise of such duties, in accordance with the rule described above, the General Meeting is required hold a fresh election to appoint the Chairman of the Board of Directors.

The company's supervisory body is the Audit Board, comprising three full members and two alternate members, and a statutory auditor or firm of statutory auditors.

17. Composition, as the case may be, of the Board of Directors, the Executive Board of Directors and the General and Supervisory Board, detailing the provisions of the Articles of Association concerning the minimum and maximum number of directors, duration of term of office, number of full members, and the date when first appointed and the end of their terms of office for each member.

Portucel has a Board of Directors comprising eleven members – one Chairman, two Deputy Chairmen and eight other Directors. Five of the members are executive directors and form an Executive Board, which was elected and whose powers are delegated by the Board of Directors, and the other four members are non-executive.

As stated above, the minimum number of directors is three and the maximum number is seventeen.

Identification of the members of the Board of Directors, indicating the date of first appointment and the end of their term of office:

- **Chairman of the Board of Directors:**
Pedro Mendonça de Queiroz Pereira (2004-2014)
- **Deputy Chairman of the Board of Directors:**
Diogo António Rodrigues da Silveira (2014-2014)
- **Deputy Chairman of the Board of Directors:**
Luís Alberto Caldeira Deslandes (2004 -2014)
- **Member of the Board of Directors:**
Manuel Soares Ferreira Regalado (2004-2014)
- **Member of the Board of Directors:**
Adriano Augusto da Silva Silveira (2007-2014)
- **Member of the Board of Directors:**
António José Pereira Redondo (2007- 2014)
- **Member of the Board of Directors:**
José Fernando Morais Carreira de Araújo (2007 -2014)
- **Member of the Board of Directors:**
Manuel Maria Pimenta Gil Mata (2004-2014)
- **Member of the Board of Directors:**
Francisco José Melo e Castro Guedes (2009-2014)
- **Member of the Board of Directors:**
José Miguel Pereira Gens Paredes (2011- 2014)
- **Member of the Board of Directors:**
Paulo Miguel Garcês Ventura (2011-2014)

18. Distinction between executive and non-executive members of the Board of Directors and, in relation to non-executive directors, identification of those who can be regarded as independent or, if applicable, identification of the independent members of the General and Supervisory Board.

The Board of Directors comprises an appropriate number of non-executive members who are effectively able to oversee, supervise, monitor and assess the activities of the executive directors, taking into account, in particular, the ownership structure and dispersal of the Company's share capital.

At 31st December 2014 and at the date of this report, 6 of the 11 members of the Company's Board of Directors are non-executive directors, as detailed below:

- Pedro Mendonça de Queiroz Pereira (non-executive)
- Diogo António Rodrigues da Silveira (executive)
- Luís Alberto Caldeira Deslandes (non-executive)
- Manuel Soares Ferreira Regalado (executive)
- Adriano Augusto da Silva Silveira (executive)
- António José Pereira Redondo (executive)
- José Fernando Morais Carreira de Araújo (executive)
- Manuel Maria Pimenta Gil Mata (non-executive)
- Francisco José Melo e Castro Guedes (non-executive)
- José Miguel Pereira Gens Paredes (non-executive)
- Paulo Miguel Garcês Ventura (non-executive)

As described in item 18.1 below, it is disclosed that the non-executive directors of the Board of Directors identified above cannot be regarded as independent.

18.1. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed in accordance with the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to:

a. Having been an employee at the company or at a related or group company in the past three years;

b. Having, in the past three years, provided services or established a significant commercial relationship with the company or a controlled or controlling company;

c. Being the beneficiary of remuneration paid by the company or by a related or group company, other than the remuneration deriving from a directorship;

d. Living with a life partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings;

e. Being a qualifying shareholder or representative of a qualifying shareholder.

In accordance with the independence criteria indicated above, the non-executive members of the Portucel's Board of Directors cannot be considered independent, as two of them were re-elected for more than two terms of office and four of them act on behalf of shareholders owning more than 2% of the share capital.

However, the non-executive directors, although not independent in accordance with the criteria set out above, offer the necessary good repute and proven professional experience and expertise to conduct effective oversight and to ensure there are no conflicts of interests between the shareholders and the Company, and to ensure the proper functioning of the model adopted, which has proven to be appropriate and sufficient.

19. Professional qualifications and other relevant biographical details of each of the members, as the case may be, of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors.

Professional qualifications and biographical details of the members of the company's Board of Directors:

Pedro Mendonça de Queiroz Pereira

Qualifications: Completed secondary education in Lisbon and attended Instituto Superior de Administração.

Management office held in companies:

Companies in the Portucel Group:

- Chairman of the Board of Directors of About the Future – Empresa Produtora de Papel, S.A.
- Chairman of the Board of Directors of Portucel, S.A.
- Member of the Board of Directors of Portucel Soporcel Switzerland, LTD.
- Chairman of the Board of Directors of Soporcel – Sociedade Portuguesa de Papel, S.A.

Other Companies / Entities:

- Chairman of the Board of Directors of Aboutbalance, SGPS, S.A.
- Chairman of the Board of Directors of Celcimo, S.L.
- Chairman of the Board of Directors of Cimigest, SGPS, S.A.
- Chairman of the Board of Directors of Ciminpart - Investimentos e Participações, SGPS, S.A.
- Chairman of the Board of Directors of Cimo – Gestão de Participações Sociais, S.A.
- Chairman of the Board of Directors of Costa das Palmeiras – Turismo e Imobiliário, S.A.
- Chairman of the Board of Directors of CMP - Cimentos Maceira e Pataias, S.A.
- Manager of Ecovalue – Investimentos Imobiliários, Lda.
- Chairman of the Board of Directors of Great Earth - Projectos, S.A.
- Chairman of the Board of Directors of Hotel Ritz, S.A.
- Chairman of the Board of Directors of Inspiredplace, S.A.
- Chairman of the Board of Directors of OEM - Organização de Empresas, SGPS, S.A.
- Chairman of the Board of Directors of Secil - Companhia Geral de Cal e Cimento, S.A.
- Chairman of the Board of Directors of Secilpar, S.L.
- Chairman of the Board of Directors of Seinpart - Participações, SGPS, S.A.
- Chairman of the Board of Directors and Chairman of the Executive Board of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.
- Chairman of the Board of Directors of Seminv - Investimentos, SGPS, S.A.
- Chairman of the Board of Directors of Sodim, SGPS, S.A.
- Sole director of Tema Principal – SGPS, S.A.
- Chairman of the Board of Directors of Terraços d'Areia – SGPS, S.A.
- Chairman of the Board of Directors of Vieznada S.L.
- Chairman of the Board of Directors of Villa Magna S.L.

Other office held in the last five years:

- Chairman of the Board of Directors of Cimentospar – Participações Sociais, SGPS, S.A.
- Chairman of the Board of Directors of Longapar, SGPS, S.A.
- Member of the Board of Directors of Soporcel – Gestão de Participações Sociais, SGPS, S.A.
- Chairman of the Board of Directors of Vértice – Gestão de Participações, SGPS, S.A.

¹Office held up to 12th February 2014.

²Office held up to 9th December 2014.

³Office held up to 28th June 2014.

Diogo António Rodrigues da Silveira

Qualifications: Diplôme d'Ingénieur. Ecole Centrale de Lille, France (1984); Research Scholar at Berkeley UC. USA, (1984); MBA INSEAD, France (1989).

Management office held in companies:

Companies in the Portucel Group:

- Chairman of the Executive Board and Member of the Board of Directors of About the Future – Empresa Produtora de Papel, S.A.
- Chairman of the Board of Directors of Celcacia – Celulose de Cacia, S.A.
- Chairman of the Board of Directors of Celset- Celulose de Setúbal S.A.
- Chairman of the Board of Directors of Colombo Energy, Inc.
- Chairman of the Board of Directors of Eucaliptusland - Sociedade de Gestão de Património Florestal, S.A.
- Chairman of the Executive Board and Deputy Chairman of the Board of Directors of Portucel, S.A.
- Chairman of the Board of Directors of Portucel Papel Setúbal S.A.
- Chairman of the Board of Directors of PortucelSoporcel Energia, SGPS, S.A.
- Chairman of the Board of Directors of PortucelSoporcel Fine Paper, S.A.
- Chairman of the Board of Directors of PortucelSoporcel Floresta SGPS, S.A.
- Chairman of the Board of Directors of Portucel Florestal – Sociedade de Desenvolvimento Agro-Florestal, S.A.
- Chairman of the Board of Directors of PortucelSoporcel Internacional – SGPS, S.A.
- Chairman of the Board of Directors of PortucelSoporcel Papel, SGPS, S.A.
- Chairman of the Board of Directors of PortucelSoporcel Parques Industriais, S.A.
- Chairman of the Board of Directors of PortucelSoporcel Participações, SGPS, S.A.
- Chairman of the Board of Directors of PortucelSoporcel Pulp, SGPS, S.A.
- Chairman of the Board of Directors of Portucel Soporcel Sales & Marketing, S.A.
- Member of the Board of Directors of Portucel Soporcel Switzerland Ltd.
- Chief Executive Officer of Soporcel-Sociedade Portuguesa de Papel, S.A.
- Chairman of the Board of Directors of Soporcel Pulp, Sociedade Portuguesa de Celulose, S.A.

Other office held in the last five years:

- Chief Executive Officer of Companhia de Seguros Açoreana, S.A.
- Non-executive director of BANIF - Banco Internacional do Funchal S.A.

Luís Alberto Caldeira Deslandes

Qualifications: Chemical Engineer - Instituto Superior Técnico de Lisboa; Brewery Engineer – Inst. Superieur D'Agronomie de Louvain.

Directorships:

Companies in the Portucel Group:

- Member of the Board of Directors of About the Future – Empresa Produtora de Papel, S.A.
- Deputy Chairman of the Board of Directors of Portucel, S.A.
- Member of the Board of Directors of Soporcel, Sociedade Portuguesa de Papel, S.A.

Other Companies / Entities:

- Honorary member of ACFPI (FAO) – Advisory Committee on Sustainable Forest-based Industries

Other office held in the last five years:

- Chairman of the Board of Directors of Celcacia, Celulose de Cacia, S.A.
- Chairman of the Board of Directors of Colombo Energy, INC.
- Chief Executive Officer of Portucel S.A.
- Member of the Executive Board of Portucel- Empresa Produtora de Pasta e Papel, S.A.
- Chairman of the Board of Directors of Portucel Papel Setúbal S.A.
- Chairman of the Board of Directors of PortucelSoporcel Fine Paper, S.A.
- Chairman of the Board of Directors of PortucelSoporcel Floresta SGPS, S.A.
- Chairman of the Board of Directors of PortucelSoporcel International, SGPS, S.A.
- Chairman of the Board of Directors of PortucelSoporcel Papel, SGPS, S.A.
- Chairman of the Board of Directors of PortucelSoporcel Parques Industriais, S.A.
- Chairman of the Board of Directors of PortucelSoporcel Participações, SGPS, S.A.
- Chairman of the Board of Directors of PortucelSoporcel Pulp, SGPS, S.A.
- Member of the Board of Directors of Portucel Soporcel Switzerland Ltd.
- Chairman of the Board of Directors of Soporcel – Sociedade Portuguesa de Papel, S.A.
- Chairman of the Board of Directors of Soporcel Austria GmbH
- Chairman of the Board of Directors of Soporcel Deutschland GmbH
- Chairman of the Board of Directors of Soporcel France EURL
- Chairman of the Board of Directors of Soporcel International BV
- Chairman of the Board of Directors of Soporcel Italia SRL
- Chairman of the Board of Directors of Soporcel North America Inc.
- Chairman of the Board of Directors of Soporcel Pulp, Sociedade Portuguesa de Celulose, S.A.
- Chairman of the Board of Directors of Soporcel UK LTD.

Manuel Soares Ferreira Regalado

Qualifications: Degree in Financial Affairs, from the Instituto Superior de Ciências Económicas e Financeiras, Lisbon (ISEG), 1972; Senior Executive Programme (SEP), London Business School (1997):

Management office held in companies:

Companies in the Portucel Group:

- Member of the Executive Board and Board of Directors of About the Future – Empresa Produtora de Papel, S.A.
- Chairman of the Board of Directors of Atlantic Forests – Comércio de Madeiras, S.A.
- Chairman of the Board of Directors of Bosques do Atlântico, SL
- Member of the Board of Directors of Celcacia – Celulose de Cacia, S.A.
- Chairman of the Board of Directors of Empremédia – Corretores de Seguros, S.A.
- Member of the Board of Directors of Colombo Energy, Inc.
- Chairman of the Board of Directors of Enerforest – Empresa de Biomassa para Energia, S.A.
- Member of the Executive Board of Eucaliptusland, S.A.
- Member of the Executive Board and of the Board of Directors of Portucel, S.A.

- Chairman of the Board of Directors of Portucel Finance spółka z ograniczoną odpowiedzialnością
- Manager of Portucel Moçambique, Lda.
- Member of the Board of Directors of Portucel Papel Setúbal S.A.
- Member of the Management Board of PortucelSoporcel Abastecimento de Madeira, ACE
- Member of the Board of Directors of PortucelSoporcel Energia, SGPS, S.A..
- Member of the Board of Directors of PortucelSoporcel Fine Paper S.A.
- Member of the Board of Directors of PortucelSoporcel Floresta, SGPS, S.A.
- Member of the Board of Directors of Portucel Florestal – Empresa de Desenvolvimento Agro-Florestal, S.A.
- Member of the Board of Directors of PortucelSoporcel Internacional, SGPS, S.A.
- Member of the Board of Directors of Portucel Soporcel Internacional, Ltd.
- Member of the Board of Directors of PortucelSoporcel Papel, SGPS, S.A.
- Member of the Board of Directors of Portucel Soporcel Parques Industriais, S.A.
- Member of the Board of Directors of PortucelSoporcel Participações SGPS, S.A.
- Member of the Board of Directors of PortucelSoporcel Pulp, SGPS, S.A.
- Member of the Board of Directors of Portucel Soporcel Sales & Marketing, S.A.
- Member of the Board of Directors of Portucel Soporcel Switzerland, Ltd.
- Chairman of the Board of Directors of Sociedade de Vinhos de Espirra – Produção e Comercialização de Vinhos, S.A.
- Member of the Executive Board and Board of Directors of Soporcel – Sociedade Portuguesa de Papel, S.A.
- Member of the Board of Directors of Soporcel Pulp, S.A.
- Chairman of the Board of Directors of Viveiros Aliança – Empresa Produtora de Plantas, S.A.

Other Companies / Entities:

- Member of the General Board of CELPA - Associação da Indústria Papeleira

Other office held in the last five years:

- Chairman of the Board of Directors of Aflomec – Empresa de Exploração Florestal, S.A.
- Chairman of the Board of Directors Cofotrans – Empresa de Exploração Florestal, S.A.
- Chairman of the Board of Directors of Portucel Florestal, S.A.
- Member of the Board of Directors of PortucelSoporcel Floresta, SGPS, S.A.
- Member of the Management Board of RAIZ - Instituto de Investigação da Floresta e Papel
- Member of the Management Board of Tecnipapel, - Sociedade de Transformação e Distribuição de Papel, Lda.

Adriano Augusto da Silva Silveira

Qualifications: Degree in Chemical Engineering from the University of Porto, 1975.

Management office held in companies:

Companies in the Portucel Group:

- Member of the Executive Board and Board of Directors of About The Future – Empresa Produtora de Papel, S.A.
- Member of the Board of Directors of Celcacia – Celulose de Cacia, S.A.

- Member of the Board of Directors of Colombo Energy, Inc.
- Chairman of the Board of Directors of EMA 21, S.A.
- Chairman of the Board of Directors of Enerpulp – Co-geração Energética de Pasta, S.A.
- Member of the Board of Directors of Eucaliptusland, S.A.
- Member of the Executive Board and of the Board of Directors of Portucel, S.A.
- Member of the Board of Directors of Portucel Finance spółka z ograniczoną odpowiedzialnością
- Member of the Board of Directors of Portucel Papel Setúbal S.A.
- Member of the Management Board of PortucelSoporcel Abastecimento de Madeira, ACE
- Member of the Board of Directors of PortucelSoporcel Energia, SGPS, S.A.
- Member of the Board of Directors of PortucelSoporcel Internacional, SGPS, S.A.
- Member of the Board of Directors of PortucelSoporcel Fine Paper S.A.
- Member of the Board of Directors of PortucelSoporcel Floresta, SGPS, S.A.
- Member of the Board of Directors of Portucel Soporcel Internacional Ltd.
- Member of the Board of Directors of PortucelSoporcel Papel, SGPS, S.A.
- Member of the Board of Directors of Portucel Soporcel Parques Industriais, S.A.
- Member of the Board of Directors of PortucelSoporcel Participações, SGPS, S.A.
- Member of the Board of Directors of PortucelSoporcel Pulp, SGPS, S.A.
- Member of the Board of Directors of Portucel Soporcel Sales & Marketing, S.A.
- Member of the Board of Directors of Portucel Soporcel Switzerland, Ltd.
- Member of the Executive Board and Board of Directors of Soporcel – Sociedade Portuguesa de Papel, S.A.
- Member of the Board of Directors of Soporcel Pulp, Sociedade Portuguesa de Celulose, S.A.
- Chairman of the Board of Directors of SPCG – Sociedade Portuguesa de Co-geração, S.A.

Other office held in the last five years:

- Chairman of the Board of Directors of PortucelSoporcel Energia, SGPS, S.A.
- Member of the Board of Directors of PortucelSoporcel Floresta, SGPS, S.A.
- Member of the Management Board of RAIZ – Instituto de Investigação da Floresta e Papel
- Member of the Board of Directors of Soporgen, S.A.
- Member of the Management Board of Tecnipapel, - Sociedade de Transformação e Distribuição de Papel, Lda.

António José Pereira Redondo

Qualifications: Degree in Chemical Engineering, University of Coimbra (1987); attended 4th year in Business Management at Universidade Internacional; MBA specialising in marketing, from the Portuguese Catholic University (1998).

Management office held in companies:

Companies in the Portucel Group:

- Member of the Executive Board and Board of Directors of About the Future – Empresa Produtora de Papel, S.A.
- Member of the Board of Directors of Celcacia – Celulose de Cacia, S.A.
- Member of the Board of Directors of Colombo Energy, Inc.
- Member of the Board of Directors of Eucaliptusland, S.A.

- Member of the Executive Board and of the Board of Directors of Portucel, S.A.
- Member of the Board of Directors of Portucel Finance spółka z ograniczoną odpowiedzialnością
- Member of the Board of Directors of Portucel Papel Setúbal S.A.
- Manager of Portucel Soporcel Afrique du Nord, S.A
- Member of the Board of Directors of Portucel Soporcel Austria GMBH
- Member of the Board of Directors of Portucel Soporcel Deutschland, GmbH
- Member of the Board of Directors of PortucelSoporcel Energia, SGPS, S.A.
- Member of the Board of Directors of PortucelSoporcel Fine Paper S.A.
- Member of the Board of Directors of PortucelSoporcel Floresta, SGPS, S.A.
- Member of the Board of Directors of Portucel Soporcel International, Ltd.
- Member of the Board of Directors of PortucelSoporcel Internacional, SGPS, S.A.
- Chairman of the Board of Directors of Portucel Soporcel Netherlands BV
- Member of the Board of Directors of PortucelSoporcel Papel, SGPS, S.A.
- Member of the Board of Directors of Portucel Soporcel Parques Industriais, S.A.
- Member of the Board of Directors of PortucelSoporcel Participações, SGPS, S.A.
- Member of the Board of Directors of PortucelSoporcel Pulp, SGPS, S.A.
- Member of the Board of Directors of Portucel Soporcel Sales & Marketing, S.A.
- Member of the Board of Directors of Portucel Soporcel Switzerland, Ltd.
- Member of the Executive Board and Board of Directors of Soporcel – Sociedade Portuguesa de Papel, S.A.
- Manager of Portucel Soporcel Poland SP Z.O.O.
- Member of the Board of Directors of Soporcel Pulp, Sociedade Portuguesa de Celulose, S.A.

Other office held in the last five years:

- Chairman of the Board of Directors of Portucel Soporcel España S.A.
- Member of the Board of Directors of PortucelSoporcel Floresta, SGPS, S.A.
- Member of the Board of Directors of Portucel Soporcel France EURL
- Chairman of the Board of Directors of Portucel Soporcel Itália, SRL
- Member of the Board of Directors of Portucel Soporcel North America, INC
- Chairman of the Board of Directors of Portucel Soporcel UK, Lda.
- Member of the Management Board of Tecnipapel, Lda.

José Fernando Morais Carreira de Araújo

Qualifications: Degree in Accountancy and Administration from Instituto Superior de Contabilidade e Administração do Porto (ISCAP - 1986); Higher Studies in Financial Control, Instituto Superior de Contabilidade e Administração do Porto (ISCAP - 1992); Official Auditor since 1995; Degree in law, Universidade Lusíada do Porto (2000); MA in accountancy, Instituto Superior de Ciências do Trabalho e da Empresa, Lisbon (ISCTE); Postgraduate studies in Advanced Financial Accounting; Postgraduate studies in fiscal law (Lisbon Faculty of Law - 2002/2003); Postgraduate studies in Corporate Governance, Instituto Superior de Economia e Gestão, Lisbon (ISEG - 2006/2007).

Directorships:

Companies in the Portucel Group:

- Member of the Executive Board and Board of Directors of About The Future – Empresa Produtora de Papel, S.A.

- Member of the Board of Directors of Bosques do Atlântico, S.L.
- Member of the Board of Directors of Celcacia – Celulose de Cacia, S.A.
- Member of the Board of Directors of Eucaliptusland, S.A.
- Member of the Executive Board and of the Board of Directors of Portucel, S.A.
- Member of the Board of Directors of Portucel Finance spółka z ograniczoną odpowiedzialnością
- Manager of Portucel Moçambique, Lda.
- Member of the Board of Directors of Portucel Papel Setúbal S.A.
- Chairman of the Board of Directors of PortucelServiços Partilhados, S.A.
- Manager of Portucel Soporcel Afrique du Nord, S.A.
- Member of the Board of Directors of Portucel Soporcel Austria, GmbH
- Chairman of PortucelSoporcel Cogeração de Energia, S.A.
- Member of the Board of Directors of Portucel Soporcel Deutschland, GmbH
- Member of the Board of Directors of PortucelSoporcel Energia, SGPS, S.A.
- Director of Portucel Soporcel Eurasia Kağıt Ve Kağıt Ürünleri Sanayi Ve Ticaret Anonim Şirket
- Member of the Board of Directors of Portucel Soporcel International, Ltd.
- Member of the Board of Directors of PortucelSoporcel Internacional, SGPS, S.A.
- Member of the Board of Directors of PortucelSoporcel Fine Paper S.A.
- Member of the Board of Directors of PortucelSoporcel Floresta, SGPS, S.A.
- Member of the Board of Directors of Portucel Soporcel Netherlands BV
- Member of the Board of Directors of PortucelSoporcel Papel, SGPS, S.A.
- Member of the Board of Directors of Portucel Soporcel Parques Industriais, S.A
- Member of the Board of Directors of PortucelSoporcel Participações, SGPS, S.A.
- Manager of Portucel Soporcel Poland SP.Z.O.O.
- Member of the Board of Directors of PortucelSoporcel Pulp, SGPS, S.A.
- Member of the Board of Directors of Portucel Soporcel Sales & Marketing, S.A.
- Member of the Board of Directors of Portucel Soporcel Switzerland, Ltd.
- Member of the Executive Board and Board of Directors of Soporcel – Sociedade Portuguesa de Papel, S.A.
- Member of the Board of Directors of Soporcel Pulp, Sociedade Portuguesa de Celulose, S.A.

Other office held in the last five years:

- Member of the Board of Directors of Portucel Soporcel España, S.A.
- Member of the Board of Directors of Portucel Soporcel France, EURL
- Member of the Board of Directors of Portucel Soporcel Itália, SRL
- Member of the Board of Directors of Portucel Soporcel North America, Inc.
- Member of the Management Board of PortucelSoporcel Logística do Papel, ACE
- Member of the Board of Directors of Portucel Soporcel UK, Ltd.
- Chairman of the Board of Directors of Setipel – Serviços Técnicos para a Indústria Papeleira, S.A.
- Member of the Management Board of Tecnipapel, Lda.

Manuel Maria Pimenta Gil Mata

Qualifications: Degree in chemical engineering from the Faculty of Engineering, Porto, 1986; International Course in Senior Management in the Paper and Pulp Industry, Swedish Paper Industry Federation, Markaryd (1987).

Directorships:

Companies in the Portucel Group:

- Member of the Board of Directors of About the Future – Empresa Produtora de Papel, S.A.
- Member of the Board of Directors of Portucel, S.A.
- Member of the Board of Directors of Soporcel, Sociedade Portuguesa de Papel, S.A.

Other office held in the last five years:

- Associate Guest Professor of the Department of Chemical Engineering, University of Coimbra

Francisco José Melo e Castro Guedes

Qualifications: Degree in Finance from Instituto Superior de Ciências Económicas e Financeiras – Lisboa (1971); MBA from INSEAD – Fontainebleau, France (1976)

Management office held in companies:

Companies in the Portucel Group:

- Member of the Board of Directors of About the Future – Empresa Produtora de Papel, S.A.
- Member of the Board of Directors of Portucel, S.A.
- Member of the Board of Directors of Soporcel – Sociedade Portuguesa de Papel, S.A.

Other Companies / Entities:

- Member of the Board of Directors of Aboutbalance SGPS, S.A.
- Member of the Board of Directors of Celcimo, S.L.
- Member of the Board of Directors of Cimigest, SGPS, S.A.
- Member of the Board of Directors of Ciment de Sibline, SGPS, S.A.L.
- Member of the Board of Directors of Ciminpart - Investimentos e Participações, SGPS, S.A.
- Member of the Board of Directors of Cimo – Gestão de Participações Sociais, S.A.
- Member of the Board of Directors of Great Earth - Projectos, S.A.
- Member of the Board of Directors of Inspiredplace, S.A.
- Chairman of the Board of Directors of Longapar, SGPS, S.A.
- Member of the Board of Directors of CMP- Cimentos Maceira e Pataias, S.A.
- Chairman of the Board of Directors of Margem – Companhia de Mineração, S.A.
- Member of the Board of Directors of Secil – Companhia Geral de Cal e Cimento, S.A.
- Chairman of the Board of Directors of Semapa Inversiones, SL
- Member of the Board of Directors of Semapa – Sociedade de Investimento e Gestão, SGPS, SA.
- Member of the Board of Directors of Seinpart Participações, SGPS, S.A.⁴
- Member of the Board of Directors of Seminv Investimentos, SGPS, S.A.⁵
- Chairman of the Board of Directors of Supremo Cimentos, S.A.
- Member of the Board of Directors of Sodim, SGPS, S.A.
- Member of the Board of Directors of Uniconcreto – Betão Pronto, S.A.⁶

Other office held in the last five years:

- Member of the Board of Directors of Cimentospar – Participações Sociais, SGPS, S.A.
- Chairman of the Board of Directors of ETSA Investimentos, SGPS, S.A.
- Manager of Florimar – Gestão e Participações, SGPS, Soc. Unipessoal, Lda.
- Manager of Hewbol – SGPS, Lda.
- Member of the Board of Directors of Parcim Investments, BV
- Member of the Board of Directors of Secil – Betões e Inertes, SGPS, S.A.

- Member of the Board of Directors of Secil Martingança – Aglom. e Novos Mat. para Const., S.A.
- Member of the Board of Directors of Secil Prebetão – Prefabricados de Betão, S.A.
- Manager of Secil Unicom, SGPS, Lda.
- Member of the Board of Directors of Secilpar, SL.
- Manager of Serife – Sociedade de Estudos e Realizações Industriais e de Fornecimento de Equipamentos, Lda.
- Member of the Board of Directors of SCG – Société des Ciments de Gabès, S.A.
- Member of the Board of Directors of Silonor, S.A.
- Member of the Board of Directors of So.I.Me Liban S.A.L.
- Chairman of the Board of Directors of Viroc Portugal – Indústrias de Madeira e Cimento, S.A.
- Chairman of the Board of Directors of Verdeoculto - Investimentos, SGPS, S.A.

José Miguel Pereira Gens Paredes

Qualifications: Degree in Economics, Portuguese Catholic University (1984).

Management office held in companies:

Companies in the Portucel Group:

- Member of the Board of Directors of About the Future – Empresa Produtora de Papel, S.A.
- Member of the Board of Directors of Portucel, S.A.
- Member of the Board of Directors of Soporcel – Sociedade Portuguesa de Papel, S.A.

Other Companies / Entities:

- Chairman of the Board of Directors of Abapor - Comércio e Indústria de Carnes, S.A.
- Member of the Board of Directors of Aboutbalance SGPS, S.A.⁷
- Member of the Board of Directors of Aprovechamiento Integral de Subproductos Ibéricos, S.A.
- Member of the Board of Directors of Celcimo, SL.
- Chairman of the Board of Directors of Cimo- Gestão de Participações, SGPS, S.A.
- Member of the Board of Directors of Cimigest, SGPS, S.A.
- Member of the Board of Directors of Ciminpart – Sociedade Gestora de Participações Sociais, S.A.
- Member of the Board of Directors of Ciminpart – Investimento e Participações, SGPS, S.A.
- Chairman of the Board of Directors of ETSA Investimentos, SGPS, S.A.
- Chairman of the Board of Directors of ETSA LOG, S.A.
- Member of the Board of Directors of Great Earth - Projectos, S.A.
- Member of the Board of Directors of Hotel Ritz, S.A.
- Manager of Biological - Gestão de Resíduos Industriais, Lda.
- Member of the Board of Directors of Inspiredplace, S.A.
- Chairman of the Board of Directors of I.T.S. - Indústria Transformadora de Subprodutos, S.A.
- Chairman of the Board of Directors of Longapar, SGPS, S.A.
- Member of the Board of Directors of MOR ON-LINE – Gestão de Plataformas de Negociação de Resíduos On-Line, S.A.
- Member of the Board of Directors of OEM - Organização de Empresas, SGPS, S.A.
- Chairman of the Board of Directors of Sebol - Comércio e Indústria de Sebo, S.A.
- Member of the Board of Directors of Secil – Companhia Geral de Cal e Cimento, S.A.
- Member of the Board of Directors of Seinpart - Participações, SGPS, S.A.
- Member of the Board of Directors of Seminv - Investimentos, SGPS, S.A.
- Member of the Board of Directors of Sodim, SGPS, S.A.

⁴Office held up to 20th June 2014.

⁵Office held up to 20th June 2014.

⁶Office held up to 30th June 2014..

⁷Office held up to 12th February 2015.

- Member of the Board of Directors of Villa Magna SL

Other office held in the last five years:

- Member of the Board of Directors of ABAPOR - Comércio e Indústria de Carnes, S.A.
- Member of the Board of Directors of Cimentospar – Participações Sociais, SGPS, S.A.
- Member of the Board of Directors of Cimo – Gestão de Participações, SGPS, S.A.
- Chairman of the Board of Directors of ETSA – Empresa de Transformação de Subprodutos Animais S.A.
- Member of the Board of Directors of ETSA, SGPS, S.A.
- Member of the Board of Directors of GOLIATUR – Sociedade de Investimentos Imobiliários, S.A.
- Member of the Board of Directors of Longapar, SGPS, S.A.
- Member of the Board of Directors of Margem – Companhia de Mineração, S.A.
- Member of the Board of Directors of SONACA, SGPS, S.A.
- Member of the Board of Directors of Supremo Cimentos, S.A.
- Member of the Board of Directors of VERDEOCULTO - Investimentos, SGPS, S.A.

Paulo Miguel Garcês Ventura

Qualifications: Degree in law from the Faculty of Law, University of Lisbon (1994). Registered with the Portuguese Bar Association. IEP at Insead (2008)

Directorships:

Companies in the Portucel Group:

- Member of the Board of Directors of About the Future – Empresa Produtora de Papel, S.A.

Other Companies / Entities:

- Member of the Board of Directors of ABAPOR - Comércio e Indústria de Carnes, S.A.
- Member of the Board of Directors of Aboutbalance SGPS, S.A.
- Chairman of the General Meeting of Antasobral- Sociedade Agropecuária, S.A.
- Member of the Board of Directors of Aprovechamiento Integral de Subprodutos Ibéricos, S.A.
- Chairman of the General Meeting of Beira Rio-Sociedade Construtora de Armazéns, S.A
- Manager of Biological - Gestão de Resíduos Industriais, Lda.
- Member of the Board of Directors of Celcimo, SL
- Chairman of the General Meeting of Cimilonga- imobiliária, S.A.
- Chairman of the Board of Directors of Cimipar – Sociedade Gestora de Participações Sociais, S.A.
- Member of the Board of Directors of Ciminpart – Investimento e Participações, SGPS, S.A.
- Member of the Board of Directors of Cimigest, SGPS, S.A.
- Member of the Board of Directors of Cimo – Gestão de Participações, SGPS, S.A.
- Deputy Chairman of the General Meeting of Estradas de Portugal, S.A.
- Member of the Board of Directors of ETSA Investimentos, SGPS, S.A.
- Member of the Board of Directors of ETSA LOG, S.A.
- Chairman of the General Meeting of Galerias Ritz- Imobiliária, S.A.
- Member of the Board of Directors of Great Earth - Projectos, S.A.
- Member of the Board of Directors of Hotel Ritz, S.A.
- Member of the Board of Directors of Inspiredplace, S.A.
- Member of the Board of Directors of I.T.S. - Indústria Transformadora de Subprodutos, S.A.
- Member of the Board of Directors of Longapar, SGPS, S.A
- Chairman of the General Meeting of Longavia- Imobiliária, S.A.

- Member of the Board of Directors of OEM - Organização de Empresas, SGPS, S.A.
- Chairman of the General Meeting of Parque Ritz- Imobiliária, S.A.
- Member of the Board of Directors of Portucel, S.A.
- Chairman of the General Meeting of Refundos- Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.
- Member of the Board of Directors of SEBOL - Comércio e Indústria de Sebo, S.A.
- Member of the Board of Directors of SEINPART - Participações, SGPS, S.A.
- Member of the Board of Directors of SEMAPA Inversiones, S.L.
- Member of the Board of Directors of SEMINV - Investimentos, SGPS, S.A.
- Member of the Board of Directors of Secil – Companhia Geral de Cal e Cimento, S.A.
- Chairman of the General Meeting of Sociedade Agrícola da Quinta da Vialonga, S.A.
- Member of the Board of Directors of Sodim, SGPS, S.A.
- Chairman of the General Meeting of Sonagi- Imobiliária, S.A.
- Member of the Board of Directors of Soporcel – Sociedade Portuguesa de Papel, S.A.
- Chairman of the General Meeting of Valuelegend- SGPS, S.A.
- Chairman of the General Meeting of Vértice- Gestão de Participações, SGPS, S.A.
- Member of the Board of Directors of Villa Magna SL

Other office held in the last five years:

- Member of the Board of Directors of CIMENTOSPAR – Participações Sociais, SGPS, S.A.
- Member of the Ethics Committee of Portucel, S.A.
- Member of the Board of Directors of ETSA – Empresa de Transformação de Subprodutos Animais S.A.
- Member of the Board of Directors of Goliatur – Sociedade de Investimentos Imobiliários, S.A.

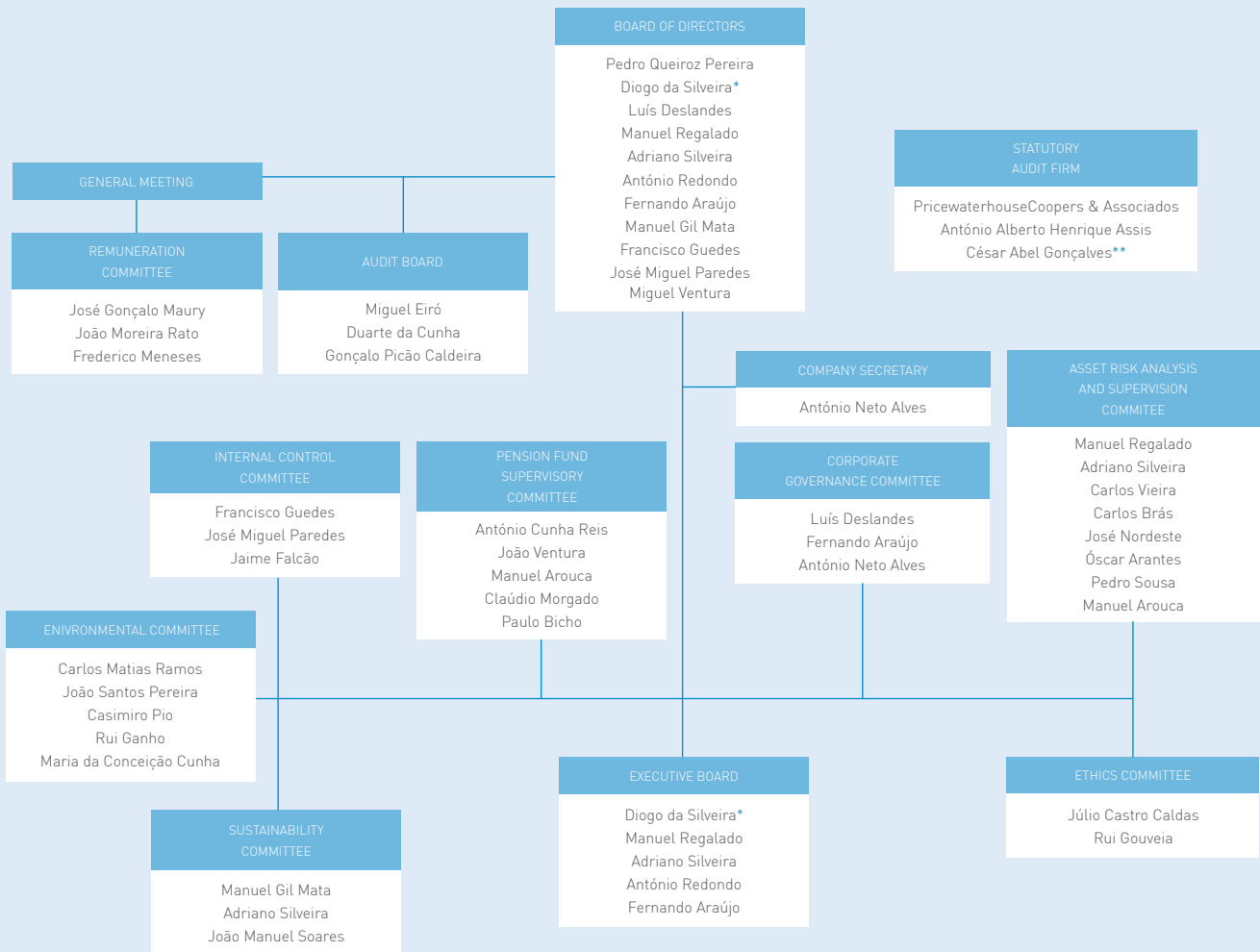
20. Habitual and significant family, professional or business ties between members, as the case may be, of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors with shareholders to whom a qualifying holding greater than 2% of the voting rights may be imputed.

The Company's directors include four non-executive directors who act on behalf of the owners of holdings greater than 2% of the company's share capital. These are: Pedro Mendonça de Queiroz Pereira, Francisco José Melo e Castro Guedes, José Miguel Pereira Gens Paredes and Paulo Miguel Garcês Ventura.

21. Organizational or functional charts showing the division of powers between the different corporate boards, committees and/or company departments, including information on delegated powers, in particular with regard to delegation of the management of the company.

We present below the organizational and functional charts showing the division of responsibilities between the different company bodies, committees and departments.

ORGANIZATIONAL CHARTS: COMPANY BOARDS AND COMMITTEES



* Following the resignation by Dr. José Alfredo de Almeida Honório from the Board of Directors of Portucel S.A., by letter dated 31st January 2014, Eng. Diogo António Rodrigues da Silveira was coopted as an executive director at the meeting of the Board of Directors of 25th March 2014, under Article 393.3 b) of the Companies Code, for the term of office currently under way (2011/2014). This appointment was ratified at the General Meeting held on 21st May 2014.

** As from February 2014, the firm of PricewaterhouseCoopers & Associados, SROC, Lda. has been represented by António Alberto Henrique Assis or José Pereira Alves.

COMPANY DIVISIONS AND DEPARTMENTS



* Following the resignation by Dr. José Alfredo de Almeida Honório from the Board of Directors of Portucel S.A., by letter dated 31st January 2014, Eng. Diogo António Rodrigues da Silveira was coopted as an executive director at the meeting of the Board of Directors of 25th March 2014, under Article 393.3 b) of the Companies Code, for the term of office currently under way (2011/2014). This appointment was ratified at the General Meeting held on 21st May 2014.

As stated above, the Executive Board comprises five members, with responsibilities divided between its members as follows:

• **Diogo António Rodrigues da Silveira**

- Internal Auditing

• **Manuel Soares Ferreira Regalado:**

- Forestry Activities
- Finance
- Human Resources, Organization and Secretarial Services
- Procurement
- Investor Relations

• **Adriano Augusto da Silva Silveira:**

- Industrial Operations, Pulp, Energy and Paper
- Maintenance and Engineering
- Environment, Quality and Safety
- Innovation

• **António José Pereira Redondo:**

- Pulp and Paper Sales
- Marketing
- Communication
- Product Development

• **José Fernando Morais Carreira de Araújo:**

- Accounts and Taxation
- Management Control
- Legal Affairs
- Information Systems

The following powers are delegated to the Executive Board:

- To propose the company's policies, aims and strategies to the Board of Directors;
- To propose to the Board of Directors operating budgets and medium and long term investment and development plans, and to implement the same once approved;
- To approve budget alterations during the year, including transfers between cost centres not exceeding twenty million euros each year;
- To approve contracts for the acquisition of goods and services of a value each year no greater than twenty million euros;
- To approve financing contracts, to apply for bank guarantees, or to accept any other liabilities which represent increased indebtedness, totalling no more than twenty million euros each year;
- To acquire, dispose of or encumber the company's fixed assets of a value, in each individual case, of up to five per cent of the paid up share capital;
- To lease or let any immovable property;
- To represent the Company in or out of court, as claimant or respondent, and to bring or follow up any judicial or arbitral actions, confess or desist, settle or agree to arbitration;
- To acquire, dispose of or encumber holdings in other companies, of a value of no more than twenty million euros each year;

- To resolve on executing acquisition and disposal of own shares, when this has been resolved on by the general meeting, in keeping with the terms of such resolution;
- To manage holdings in other companies, in conjunction with the Chairman of the Board of Directors, namely by designating, with the latter's agreement, the representatives to sit on the respective company boards, and setting guidelines for the acts of these representatives;
- To enter into, amend and terminate employment contracts;
- To open, transact and close bank accounts;
- To appoint Company attorneys;
- In general, all powers which may lawfully be delegated, with any limitations deriving from the provisions of the preceding paragraphs.

In conjunction with the Chairman of the Board of Directors, the Executive Board may also resolve on the matters indicated in sub-paragraphs c), d), e) and i) above when the respective values, calculated on the terms set out therein, are greater than twenty million euros but no greater than fifty million euros.

The Chairman of the Board of Directors has the powers assigned to him by Law and the Articles of Association. The Executive Board may discuss all matters within the sphere of competence of the Board of Directors, notwithstanding that it may only resolve on matters delegated to it. All matters dealt with by the Executive Board, even when they fall within the scope of its delegated powers, are to be reported to the non-executive directors, who have access to the respective minutes and supporting documents. The Board of Directors is informed on a permanent basis of all resolutions of the Executive Board through the minutes of the respective meetings, which are systematically drawn up and sent, in writing, to the Board of Directors. In addition, the Chairman of the Executive Board sends notices and minutes of the respective meetings to the Chairman of the Board of the Directors and the Chairman of the Audit Board.

The powers to alter any terms of contracts previously concluded and covered by the provisions of c), d), e) and i) lie with the body or bodies who would have powers to enter into them.

All decisions relating to definition of company strategy, and to the company's general policies and the corporate structure of the group, shall be the sole province of the Board of Directors, and the Executive Board has no delegated powers to this effect.

b. Functioning

22. Existence of the rules of procedure of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, as the case may be, and place where these may be consulted.

The company's management bodies have internal rules of procedure, which are published on the company's website, in the investor relations / Corporate Governance area, and are therefore freely available for consultation at <http://www.portucelsoporcel.com/Investidores/Governo-da-Sociedade>.

23. Number of meetings held and attendance record of each member of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, as the case may be.

The Board of Directors held eight meetings, minutes of which were duly drawn up. Attendance of the eight meetings by Mr. Pedro Mendonça de Queiroz Pereira (Chairman), Dr. Manuel Soares Ferreira Regalado (Member), Eng. Adriano Augusto da Silva Silveira (Member), Dr. José Fernando Morais Carreira de Araújo (Member), Eng. Luís Alberto Caldeira Deslandes (Member) and Eng. Manuel Maria Pimenta Gil Mata (Member) was 100%.

Eng. António José Pereira Redondo (Member) and Dr. Paulo Miguel Garcês Ventura (Member), were absent from one of the meetings, for which due grounds were submitted, resulting in attendance of 87.5%. At one of the meetings, Dr. Francisco José Melo e Castro Guedes (Member) was represented by Mr. Pedro Mendonça de Queiroz Pereira, resulting in an attendance rate for this member of 87.5%.

The Executive Board held 41 meetings, minutes of which were duly drawn up. The current Chief Executive Officer, Eng. Diogo António Rodrigues da Silveira, attended 29 meetings, as he only took office on 25th March 2014; this corresponded to an attendance rate of 100%.

Dr. Manuel Soares Ferreira Regalado (Member) was absent from two meetings, which corresponded to an attendance rate of 95%.

Eng. Adriano Augusto da Silva Silveira (Member) was absent at one of the meetings, which corresponded to an attendance rate of 97.5%.

Eng. António José Pereira Redondo (Member), was absent at 3 meetings, which corresponded to an attendance rate of 92.7%.

Dr. José Fernando Morais Carreira de Araújo (Member), was absent at 5 of the meetings, which corresponded to an attendance rate of 87.8%.

24. Indication of the company bodies empowered to assess the performance of executive directors.

The overall performance of the executive directors is assessed by the non-executive members of the Board of Directors, and the individual assessments are subject to an appraisal by the Remuneration Committee. The selection of suitable candidates for directorships is regarded as the sole province of the shareholders.

25. Pre-set criteria for assessing the performance of executive directors.

The Remuneration Committee assesses the performance of executive directors on the basis of the information at its disposal and other information and documents requested from the Chairman of the Directors, as the main person responsible for the team, and from non-executive directors who are best placed to observe the performance of the executive members of the Board of Directors and have direct access to these members. However, in view of the actual nature of the situation, this is not a technical/functional assessment in which the assessor is responsible for setting objectives, monitoring progress and discussing performance with the person assessed. Instead, this is a general assessment of performance on the basis of the information and documents referred to.

The basic criteria for appraising the performance of executive directors are those set out in Annex II to this report, in the Remuneration Policy Statement. The appraisal criteria for setting the variable remuneration component take the form of a system of KPIs which look at quantitative and qualitative components, at individual and collegiate level. The quantitative elements considered are EBITDA, pre-tax profits and cash flow.

26. Availability of each of the members of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, as the case may be, indicating office held simultaneously in other companies, inside and outside the group, and other relevant activities carried on by the members of these bodies during the period.

This information is available in item 19 above, relating to the professional qualifications and biographical information on each member of the above company bodies.

c. Committees belonging to the management or supervisory bodies and managing directors

27. Identification of committees set up by the Board of Directors, the General and Supervisory Board and the Executive Board of Directors, as the case may be, and place where the rules of procedure may be consulted.

In addition to the Environmental Board, the following committees also report to the company's Board of Directors:

- Internal Control Committee
- Corporate Governance Control Committee
- Sustainability Committee
- Pension Fund Supervisory Board
- Property Risks Analysis and Monitoring Committee
- Ethics Committee
- Environmental Board (instituted by the Articles of Association)
- Remuneration Committee

All these specialist committees draw up minutes of their meetings during the year, which minutes are available from the Company Secretary.

The rules of procedure for these bodies may be consulted at the company's website, at the following link: <http://www.portucelsoporcel.com/pt/investors/governance.php>.

28. Composition, if applicable, of the executive board and/or identification of the managing director(s).

At 31st December 2014, the Executive Board comprised the following directors:

Chairman:

- Diogo António Rodrigues da Silveira*

Members:

- Manuel Soares Ferreira Regalado
- Adriano Augusto da Silva Silveira
- António José Pereira Redondo
- José Fernando Morais Carreira de Araújo

* Up to 28th February 2014 the Chief Executive Officer was Dr. José Alfredo de Almeida Honório.

29. Indication of the powers of each of the committees created and summary of the activities carried on in the exercise of these responsibilities.

Internal Control Committee

The Internal Control Committee has the following responsibilities:

- a. To assess the procedures for the control of financial information (accounts and reports) disclosed, and the reporting calendar, and shall, specifically, review the Group's annual, half-yearly and quarterly accounts for publication and report on the same to the Board of Directors prior to the latter approving and signing such accounts;
- b. To discuss and examine the annual reports with the External Auditor, advising the Board of Directors on any measures to be taken.

In the course of its duties, the Internal Control Committee shall take heed of facts such as changes in accounting policies and practices, significant adjustments due to the auditor's intervention, progress in the relevant financial ratios and any changes in the Group's formal or informal rating, significant exposures in financial management (such as currency, interest rate or derivatives risks) and illegal or irregular procedures.

The Internal Control Committee held two meetings in the course of 2014, at which it examined the company's activities in 2014, dealing with the following topics: monitoring of the group's financial and business information, oversight and control of any activities which involve financial, property and environmental risks, assessment of the work of the Internal Audit and Risk Analysis Department, monitoring of the contractual relationship with the Statutory Auditor and External Auditor, their work and the objective basis on which they may be regarded as independent, monitoring of whistleblowing and dealings with other company committees, in particular with regard to the work of the various company officers. It was concluded that no irregularity took place, and in particular no breach was discovered of ethical duties or rules of conduct.

Corporate Governance Control Committee

The Corporate Governance Control Committee oversees application of the Company's corporate governance rules and the Code of Ethics, with the following particular responsibilities:

- i. To assist the Board of Directors when so required by the same, assessing and submitting to it proposals for strategic guidelines in the field of corporate responsibility;
- ii. To monitor and oversee, on a permanent basis, matters relating to corporate governance and social, environmental and ethical responsibility, the sustainability of the Portucel Group's business, the Internal Codes of Ethics, the systems for assessment and resolution of conflicts of interests, notably with regard to relations between the company and its shareholders or other stakeholders.

In the exercise of its responsibilities, the Corporate Governance Control Committee is required in particular:

- a. To submit to the Board of Directors the corporate governance policy to be adopted by the Company;
- b. To monitor, review and assess the adequacy of the Company's governance model and its consistency with national and international recommendations, standards and best practice in the field of corporate governance, addressing to the Board of Directors the recommendations it sees fit to this end;

- c. To propose and submit to the Board of Directors changes to the Company's corporate governance model, including to the organizational structure, workings, responsibilities and rules of procedure of the Board of Directors;
- d. To monitor the Company's corporate links with the organizational structure of the other companies in the Group;
- e. To oversee compliance with and the correct application of the principles and rules relating to corporate governance contained in law, regulations and the articles of association, in coordination with the activities of the Board of Directors, the Executive Board, the Official Auditor and the External Auditor, sharing and requesting the exchange of information necessary for this purpose;
- f. To define the parameters of the Company's governance report to be included in its annual Report and Accounts;
- g. To monitor the work of the Ethics Committee and the activities of the departments of Group companies relating to matters within the scope of its responsibilities;
- h. To monitor on an ongoing basis, assess and supervise internal procedures relating to conflict of interests issues, and also the effectiveness of the systems for assessment and resolution of conflicts of interests;
- i. To pronounce on transactions between the Company and its Directors, and also between the Company and its shareholders, whenever materially relevant;
- j. Whenever so requested by the Board of Directors, to issue opinions on the application to the Company's officers of the rules on incompatibility and independence;
- k. To further and strengthen the operation of the Company as a sustainable undertaking, gaining it recognition for this, both internally and externally;
- l. To ensure compliance, by the members of the Board of Directors and other persons concerned, of the securities market rules applicable to their conduct;
- m. To develop a transversal strategy of corporate sustainability, integrated into and consistent with the Company's strategy;
- n. To promote, develop and supervise the internal measures required for the Company to achieve sustained growth, as regards the business, environmental and social aspects of its operations;
- o. To prepare and follow through decision-making by company bodies and committees on matters relating to corporate governance and sustainability or which give rise to conflicts of interests between the Company, shareholders and the company officers;
- p. To follow through inspections conducted by the Securities Market Commission (CMVM) in relation to corporate governance issues.

The Corporate Governance Committee met twice in the course of 2014. At its first meeting, it examined the memorandum on the CMVM's assessment of the 2013 Corporate Governance Report and the internal audit and risk management model, designed by Deloitte. At its second meeting, the committee considered the report commissioned by the AEM from Católica Lisbon on the degree of compliance by Portucel, S.A. with the recommendations of the corporate governance code, and assessed progress on the Corporate Governance Code to be adopted for the financial year of 2014 (CMVM Code).

Sustainability Committee

The Sustainability Committee is responsible for formulating corporate and strategic policy on issues of social and environmental responsibility, and is responsible for drawing up a bi-annual sustainability report.

The Sustainability Committee met on six occasions in the course of 2014, dealing with a range of topics: progress on the environmental situation at the Group's plants, with reference to changing EU environmental requirements and their impact on the group's mills; analysis of the European Union's New Energy and Climate Package, raising important issues for the Group; presentation of the Development Project for the European Paper Industry up to 2050, Confederation of European Paper Industries; discussion of "Forest Fire Issues and Group strategy", a matter of acute relevance to the sector.

In the course of its work, the Committee also completed a questionnaire sent out by BCSD Portugal, through its Business Sustainability Observatory, in partnership with the Higher Technical Institute, for the purposes of the 2014 Business Sustainability Index. The Sustainability Committee also addressed specific industrial issues, including "Energy Optimisation in the Group" and "Environmental Advantages of Recent Investments".

The Committee also looked into a number of issues relating to the 2014/2015 Sustainability Report, which is being prepared and is due for issue in 2016.

Pension Fund Supervisory Board

The Pension Fund Supervisory Committee was set up during 2009 in order to monitor compliance with the pension plan and the management of the respective pension fund. The committee consists of three representatives of the company and two representatives of the fund's beneficiaries, designated by the Workers' Committee. The committee's responsibilities include checking compliance with the rules applicable to the pension plan and to management of the respective pension fund, pronouncing on proposals for transferring management and other significant changes in the contractual arrangements for the fund and its management, and on the winding up of the fund or a section of the fund.

In 2014, the Pension Fund Supervisory Board held one meeting. At this meeting the Board assessed the current situation with regard to the Company's pension fund, concluding that, despite the difficult economic and financial situation in general, the fund had been successfully managed in all respects.

Property Risks Analysis and Monitoring Committee

The company has a Property Risks Analysis and Monitoring Committee which is coordinated by the director responsible for this area and comprises the Plant managers, the Financial Director and the Internal Audit

Director. The committee meets as and when required, and its main task is to pronounce on the systems in place in the company for safeguarding against property risks, in particular measures taken to comply with recommendations issued in the light of inspections by reinsurers, and on the adequacy of the insurance taken out by the Group, in terms of scope, type and value of cover.

The Property Risks Analysis and Monitoring Committee met once in the course of the year, assessing progress on implementation of the recommendations made to each Industrial Complex, in view of the respective risk levels and the information on execution provided by management. The committee also analysed the accident rate, identifying all accidents in the past 10 years, and assessed the need to increase insurance in 2015, in view of the new capital projects implemented in 2014 or due for implementation in 2015, together with the need to review the compensation limits currently in force, in line with the calculations of the Maximum Probable Loss for 2015.

Ethics Committee

Following on from the drafting and approval of the Ethics Code by the Executive Board in the course of 2010, an Ethics Committee has been established, to issue an annual report on compliance with the provisions of the new code. This report will detail all irregularities which the Committee has detected, and the findings and follow-up proposals emerging from the various cases examined. This report is included in Annex V to this Corporate Governance Report.

The Ethics Committee is required to monitor, impartially and independently, the conduct of the Company's bodies and officers as regards disclosure and compliance with the Code of Ethics in all companies in the Portucel group. In the course of its duties, the Ethics Committee has the following particular responsibilities:

- a. To ensure that an adequate system exists for monitoring internally compliance with the Code of Ethics, and specifically to assess the recommendations resulting from these monitoring activities;
- b. To assess issues submitted to it by the Board of Directors, the Executive Committee and the Audit Board in connection with compliance with the Portucel Group's Code of Ethics, and also to consider, in abstract terms, issues raised by any member of staff, customer or business partner ("Stakeholders");
- c. To appraise and assess any situation which arises in relation to compliance with the requirements of the Code of Ethics involving any company officer;
- d. To submit to the Corporate Governance Committee the adoption of any measures it deems fit in this connection, including the review of internal procedures, together with proposals for amendment of the Code of Ethics;
- e. To draw up an annual report, concerning compliance with the requirements of the Code of Ethics, detailing any irregularities of which it is aware, together with the conclusions and proposals adopted in the cases considered. The Ethics Committee also functions as an advisory body to the Board of Directors in respect of matters concerning the application and interpretation of the Code of Ethics.

In 2014, the Ethics Committee met on two occasions on which business ethics instruments, policies, aims and targets were presented and discussed, for subsequent submittal to the Corporate Governance Committee.

Environmental Board

In view of the specific nature of the Group's business and the environmental risk involved, the Board of Directors decided in 2008 to set up an Environmental Board, to monitor and make recommendations on environmental aspects of the Company's main undertakings, paying special attention to legal requirements, licensing rules and the Group's policy in this area. The Environmental Board currently comprises five members, all of them independent academics with an established technical and scientific reputation, whose areas of expertise coincide with central environmental concerns relating to the Group's operations as they exist today.

The Environmental Board deals directly with the Group's business divisions, through meetings at industrial sites, in the main forestry plantations and at the Group's research institute, RAIZ.

The Environmental Board met on three occasions in 2014 and dealt with the following topics: analysis of the Group's results and the trend for growth in its main markets, a summary of the main indicators of environmental performance at the Group's plants in 2014, with special attention being paid to improved performance at the Cacia mill, assessment of the prospects and needs relating to the FSC (Forest Stewardship Council) and the importance of plantations as a means of safeguarding remaining natural forests and of generating benefits, and the Group's special focus on small landowners.

The Board also assessed power generation and sales in 2013, in comparison with 2012, as well as working on the 2012/2013 Sustainability Report, drawn up in conjunction with the Sustainability Committee. Work on the 2014/2015 report is now due to commence.

Remuneration Committee

The Remuneration Committee is responsible for setting remuneration and submitting the annual statement on remuneration policy for company officers. The remuneration committee also takes an active part in the performance appraisal process, in particular for the purpose of setting the variable remuneration of executive directors.

In the course of 2014, the Remuneration Committee held three meetings dealing with the following issues within its sphere of responsibility: review of the remuneration of members of the Audit Board, and of one of the members of the Board of Directors; setting the remuneration of the Chief Executive Officer, Diogo António Rodrigues da Silveira, appointed on 25 March by the Board of Directors; award of a performance bonus to Dr. José Honório, for his contribution and huge positive impact on the success enjoyed by Portucel.

III. AUDITING

(Audit Board, Audit Committee or General Supervisory Board)

a. Composition

30. Identification of the supervisory body (Audit Board, Audit Committee or General Supervisory Board) corresponding to the model adopted.

Under the single-tier management model adopted, the company's supervisory body is the Audit Board.

31. Composition, as applicable, of the Audit Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, indicating the minimum and maximum numbers of members and duration of their term of office, as established in the Articles of Association, number of full members, date of date of first appointment and end date of the term of office of each member; reference may be made to the item in the report where this information is contained in accordance with paragraph 18.

The company's Audit Board has the following members:

Chairman:

Miguel Camargo de Sousa Eiró

Full members:

Duarte Nuno d'Orey da Cunha

Gonçalo Nuno Palha Gaio Picão Caldeira

Alternate member:

Marta Isabel Guardalino da Silva Penetra

Under the Articles of Association, the company's audit body comprises three full members, one of whom is Chairman, and one alternate member, elected by the General Meeting for a four-year term.

The members of the Audit Board were appointed on the same date, taking office as from the start of the 2007-2010 term of office, and were re-elected for the term of office currently under way, corresponding to 2011-2014.

32. Identification, as applicable, of the members of the Audit Board, the Audit Committee or the General and Supervisory Board or the Committee for Financial Affairs who are deemed independent, in accordance with Article 414.5 of the Companies Code; reference may be made to the item in the report where this information is contained in accordance with paragraph 19.

The company considers that all members of the Audit Board may be considered independent.

33. Professional qualifications, as applicable, of each of the members of the Audit Board, the Audit Committee or the General and Supervisory Board or the Committee for Financial Affairs and other relevant biographical details; reference may be made to the item in the report where this information is contained in accordance with paragraph 21.

Miguel Camargo de Sousa Eiró

Qualifications: Degree in law from the University of Lisbon (1971); Registered with the Portuguese Bar Association since 28th June 1973.

Holds no office in other Portucel Group companies.

Management office held in other companies:

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

- Chairman of the Board of Directors of Secil – Companhia Geral de Cal e Cimento, S.A.

Other professional activities in the last 5 years:

- Member of the Audit Board of Portucel, S.A.
- Member of the Audit Board of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.
- Legal practice

Duarte Nuno d’Orey da Cunha

Qualifications: Degree in financial affairs, ISCEF (1965).

Holds no office in other Portucel Group companies.

Management office held in other companies:

- Member of the Audit Board of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.
- Member of the Board of Directors of Vértice – Gestão de Participações, SGPS, S.A.
- Member of the Audit Board of Secil – Companhia Geral de Cal e Cimento, S.A.

Other professional activities in the last 5 years:

- Advisor to the Board of Directors of Cimilonga – Imobiliária S.A.
- Member of the Board of Directors of Longavia – Imobiliária, S.A.
- Member of the Board of Directors of Sonagi, SGPS, S.A.
- Chairman of the Audit Board of Semapa – Sociedade de Investimento e Gestão, SGPS, S.A.
- Chairman of the Audit Board of Portucel - Empresa Produtora de Pasta e Papel, S.A.
- Member of the Board of Directors of Sociedade Agrícola da Quinta da Vialonga, S.A.
- Chairman of the General Meeting of Sonaca, SGPS, S.A.
- Chairman of the General Meeting of Cimipar, Sociedade Gestora de Participações Sociais, S.A.

Gonçalo Nuno Palha Gaió Picão Caldeira

Qualifications: Degree in law, Portuguese Catholic University, Lisbon (1990); Concluded professional traineeship at the Lisbon District Council of the Bar Association (1991); Master of Business Administration (MBA), Universidade Nova de Lisboa (1996); Attended postgraduate course in real estate management and valuation, ISEG (2004).

Holds no office in other Portucel Group companies.

Management office held in other companies:

- Full Member of the Audit Board of Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.
- Member of the Audit Board of Secil – Companhia Geral de Cal e Cimento, S.A.
- Manager of Loftmania – Gestão Imobiliária, Lda.
- Manager of LINHA DO HORIZONTE – Investimentos Imobiliários, Lda.

In addition to the positions indicated in the preceding item, no other office held in the last 5 years.

b. Functioning

34. Existence and place where the rules of procedure may be consulted for the Audit Board, the Audit Committee or the General and Supervisory Board and the Committee for Financial Affairs, as the case may be, and other relevant biographical information; reference may be made to the item in the report where this information is contained in accordance with paragraph 22.

The company’s supervisory bodies have internal rules of procedure, which are published on the company’s website, in the investor relations / Corporate Governance area, and are therefore freely available for consultation.

The annual report issued by the Audit Board on its work during the year is published in conjunction with the Report & Accounts, and is available at the Group’s website.

35. Number of meetings held and rate of attendance at meetings of the Audit Board, the Audit Committee or the General and Supervisory Board and the Committee for Financial Affairs, as the case may be; reference may be made to the item in the report where this information is contained in accordance with paragraph 25.

There were 8 meetings of the Audit Board in 2014, for which the respective orders of business and minutes were forwarded to the Chairman of the Board of Directors; the minutes are also at the disposal of the Internal Control Committee.

All members of the board attended the 8 meetings: the Chairman, Dr. Miguel Camargo de Sousa Eiró, and the members, Dr. Duarte Nuno d’Orey da Cunha and Dr. Gonçalo Nuno Palha Gaió Picão Caldeira. This accordingly corresponded to an attendance rate of 100%.

36. Availability of each of the members of the Audit Board, the Audit Committee or the General and Supervisory Board and the Committee for Financial Affairs, as the case may be, indicating office held simultaneously in other companies, inside and outside the group, and other relevant activities carried on by the members of these bodies during the period; reference may be made to the item in the report where this information is contained in accordance with paragraph 26.

This information is available in item 33 above, relating to the professional qualifications and biographical information on each member of the above company bodies.

c. Powers and responsibilities

37. Description of the procedures and criteria applicable to the work of the supervisory body for the purposes of contracting additional services from the external auditor.

The choice of external auditor and the remuneration fixed for its services are validated in advance by the Audit Board.

In addition to aspects relating to the choice and remuneration of the external auditor, it should be noted that the Audit Board held joint meetings with the external auditor over the course of the year, and the two bodies are in constant and direct contact, the Audit Board being the principal point of contact with the external auditor and the recipient of the relevant reports.

In the exercise of its supervisory duties, the Audit Board can also assess the work of the external auditor, and it has the possibility of proposing its dismissal with due cause to the General Meeting.

38. Other duties of the supervisory bodies and, if applicable, of the Committee for Financial Affairs.

In addition to the powers assigned to it by law, the Audit Board has the following responsibilities:

- To oversee the process of drafting and disclosure of financial information;
- To check the effectiveness of the internal control, internal audit and risk management system, having recourse to this end to cooperation from the Internal Control Committee, which will report to it regularly its findings, drawing attention to situations which need to be examined by the Audit Board;
- To approve activity plans in the field of risk management and to oversee their execution, and also to assess the recommendations resulting from audits and reviews of procedures;
- To ensure that an appropriate system is in place for internal control of risk management in the companies in which the Company owns shares or other holdings, monitoring whether their aims are effectively achieved;
- To approve internal audit programmes;
- To select the provider of internal audit services;
- To oversee the work of the statutory auditor;
- To assess and verify the independence of the statutory auditor, in particular when it renders additional services to the Company.

In the exercise of these duties, the Audit Board may also request and assess any management reports as it sees fit from time to time, and shall also have full access to the documentation produced by the company's auditors, with the possibility of requesting from them any information they deem necessary and ensuring appropriate arrangements within the company for the provision of audit services.

IV. STATUTORY AUDITOR

39. Identification of the statutory audit firm and the partner and statutory auditor representing the same.

The company's Statutory Auditor is PricewaterhouseCoopers & Associados – SROC, Lda. represented by António Alberto Henrique Assis or by César Abel Rodrigues Gonçalves, and the alternate statutory auditor is José Manuel Henriques Bernardo (ROC).

40. Indication of the consecutive number of years for which the statutory audit firm has held office in the company and/or group.

The Statutory Auditor indicated in item 39 above has held office in the company for 10 years.

In addition, the audit firm, in this case PriceWaterhouseCoopers, rotated the external auditor (the partner responsible for the auditing the Company's affairs) with effect as from 2010, and the previous auditor complied with the maximum period established in Recommendation IV.3.

41. Description of other services provided by the statutory auditor to the company.

In addition to the legal audit services provided in the Company and its subsidiaries, the statutory auditor also provide fiscal consultancy services and other reliability assurance services.

Amounts paid for these services in 2014 are detailed in items 46 and 47 below.

V. EXTERNAL AUDITOR

42. Identification of the external auditor appointed for the purposes of Article 8 and the partner and statutory auditor representing such firm in the discharge of these duties, together with their respective registration number with the Securities Market Commission.

The legal accounts certificate and the audit report on the annual financial statements contained in the same is drawn up by PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda, registered at the Securities Market Commission under no. 9077 and represented by António Alberto Henriques Assis, Statutory Auditor no. 815.

43. Indication of the consecutive number of years for which the external auditor and the respective partner and statutory auditor representing the same in the discharge of these duties has held office in the company and/or group.

The Company's current External Auditor was appointed as Sole Auditor in mid-April 2006 to complete the three-year term 2004-2006 and accordingly, on completing the audit work on the 2005 annual accounts it completed the term of office for which it had been appointed as alternate auditor. During this three-year term, the firm was represented by Ana Maria Ávila de Oliveira Lopes Bertão and Abdul Nasser Abdul Sattar.

However, in March 2007, it was appointed as the Company's statutory auditor for a 4-year term, starting in 2007 and ending in 2010, during which period it was represented by the same statutory auditors referred to above.

In May 2011, the General Meeting appointed the firm for a further four-year term currently underway, from 2011 to 2014, during which time the firm was represented by António Alberto Henriques Assis, Statutory Auditor.

In this context, and considering that the term of office has not yet ended, PriceWaterhouseCoopers has served as external auditor to Portucel and the other Group companies for ten years.

44. Policy on rotation of the external auditor and the respective partner and statutory auditor representing the same in the discharge of these duties, and the respective frequency of rotation.

The company's current External Auditor (PriceWaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda) was first appointed to this position in 2007 for the term of office from 2007 to 2010, which appointment was renewed in 2011 for the term of office currently under way, also of four years, meaning that it has yet to reach the upper limit for holding office of two successive four-year terms of the company officers.

In the course of its duties, the Audit Board conducts each year an overall assessment of the external auditor's performance, and of its independence and the professional relationship between the external auditor and the Company, and has the possibility of proposing the dismissal of the external auditor with due cause at duly convened General Meetings competent to adopt such a decision.

It is therefore the Company's view that the policy of rotation of the external auditor has been correctly applied with the proper frequency, as the quality of the work performed by the current audit firm and its store of experience in the company's affairs outweigh any drawbacks in retaining it.

In addition, in line with best international practice, rotation of the partner

representing the external auditor was proposed and approved.

45. Indication of the body responsible for assessing the external auditor and the intervals at which this assessment is conducted.

Responsibility for assessing and monitoring the audit activities of the external auditor lies with the Audit Board. To this end, the Audit Board holds regular meetings with the statutory auditor and external auditor to assess all the accounting and financial information it deems necessary from time to time, and may request from them any information it deems necessary in order to monitor their work.

In addition, in the exercise of its duties, the Audit Board conducts an annual appraisal of the performance of the external auditor, which includes verifying its independence, by obtaining written confirmation of the independence of the auditor as provided for in Article 62-B of the Legal Statute of the Association of Statutory Auditors, confirmation of compliance with requirements for rotation of the partner responsible and identifying threats to independence and safeguards adopted to mitigate these threats.

The Audit Board therefore has unrestricted access to the documentation produced by the company's auditors, and can ask them to provide any information it deems necessary; it is also the first body to receive the final reports drawn up by the external auditors.

Under the provisions of Article 420.2 b) of the Companies Code, it falls to the Audit Board to nominate the company's Statutory Auditor.

46. Identification of work, other than audit work, carried out by the external auditor for the company and/or companies in a controlling relationship with it, and indication of the internal procedures for approval of the contracting of these services and indication of the reasons for contracting them.

As described in items 41 and 47, the external auditor carried out other work in addition to audit services; the most significant such work is included under "other reliability assurance services".

These services relate to the issuing of opinions on requests for reimburse-

ment of expenses under investment or research support programmes and on compliance with financial ratios, which opinions the Company is required to obtain under contracts it has signed, and not to services requested for any other purpose. These financial ratios are detailed in the notes to the financial statements in the Annual Report & Accounts, in no. 2.2.1. The amount paid for these services in 2014 totalled 89,542 euros in the Company and 91,042 euros in Group entities.

The Statutory Auditor also provided "fiscal consultancy" services, which in 2014 totalled 55,026 euros in Portugal and consisted essentially of supporting services to assure compliance with fiscal obligations, and also surveys of situations in relation to operational business processes, which resulted in no consultancy on the redesign of existing practices, procedures or controls. Work other than audit services performed by the external auditor, in Group entities, including the Company itself, totalled 146,068 euros, representing approximately 28% of total services provided.

The Board of Directors considers that there are sufficient procedures to safeguard the independence of auditors through the analysis conducted by the Audit Board and the Internal Control Committee of the proposed work and the careful specification of this work when the auditors are contracted. As evidence of this, article 2 of the Rules of Procedure of the Audit Board requires the board: to check the effectiveness of the internal control, internal audit and risk management system, having recourse to this end to cooperation from the Internal Control Committee, which will report to it regularly on its findings, drawing attention to situations which need to be examined by the Audit Board (sub-para. b)), to approve activity plans in the field of risk management and to oversee their execution, and also to assess the recommendations resulting from audits and reviews of procedures (sub-para. c)), to approve internal audit programmes (sub-para. e)), to select the provider of internal audit services (sub-para. f)), to oversee the work of the statutory auditor (sub-para. g)), and to assess and verify the independence of the statutory auditor, in particular when it renders additional services to the Company (sub-para. h)).

47. Indication of the annual remuneration paid by the company and/

or controlled, controlling or group entities to the auditor and other individuals or organizations belonging to the same network, specifying the percentage relating to the following services:

Audit Services	By the Company		By Group Entities (Including the Company)	
	Value	%	Value	%
Value of legal audit of accounts	285,425	66.38%	382,153	72.35%
Value of tax consultancy	55,026	12.80%	55,026	10.42%
Value of other reliability assurance services	89,542	20.82%	91,042	17.24%
Value of services other than legal audit of accounts	-		-	
Total	429,993	100.00%	528,221	100.00%

C. INTERNAL ORGANIZATION

I. ARTICLES OF ASSOCIATION

48. Rules applicable to amendment of the articles of association (Article 245-A.1 h)).

The General Meeting has powers to resolve on any proposed amendments to the Articles of Association.

Proposed amendments to the Articles of Association must be tabled by the company's shareholders to be voted on at a General Meeting at which shareholders holding shares corresponding to no less than one third of the share capital must be present or represented.

A proposed amendment to the Articles of Association can only be approved by two thirds of the votes cast, at either the first or second call of the General Meeting.

II. NOTIFICATION OF IRREGULARITIES (WHISTLEBLOWING)

49. Whistleblowing - procedures and policy.

The Company has "Whistleblowing Regulations" designed to provide a procedure and rules for communication by any stakeholders, be they employees, clients, suppliers, partners or any other organisations or individuals which have dealings with Portucel or its subsidiaries, of any irregularities allegedly occurring in the Group.

Under these regulations, an irregularity is deemed to be any alleged breach of requirements established in law, regulation and/or the articles of associations, occurring in the Portucel Group. Irregularities are also deemed to include non-compliance with the duties and ethical principles set out in the company's Code of Ethics.

These regulations establish a general duty to communicate alleged irregularities, instituting a multidisciplinary team responsible for handling all reports received.

This team, comprising the Legal Office and the Internal Audit Department, is required to investigate all the facts as necessary to assess the alleged irregularity. This process ends with the report being filed or else submission to the Board of Directors or the Executive Board, depending on whether a company officer is implicated or not, of a proposal for application of the measures most appropriate in the light of the irregularity in question. The Audit Board and the Internal Control Committee must also be informed of all reports received.

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

In the course of 2014, 3 irregularities were reported, all of which were duly investigated.

III. INTERNAL CONTROL AND RISK MANAGEMENT

Insofar as it regards risk management as crucial to its business, the Group conducted an in-depth review in 2014 of the organisation of its internal control system, in terms of both processes and the organisational units involved.

As part of these efforts, a permanent system has been set up to monitor risk management in the group, involving all organisational units, DAER and the Audit Board.

This system is based on a systematic and explicit assessment of business risks by all organisational departments in the group and identification of the main controls in place in all business processes. This platform will allow the company to assess on an ongoing basis the extent to which its internal control system is appropriate to the risks regarded as most critical from time to time.

As part of this periodic assessment, an annual internal audit programme has been instituted, to be implemented by DAER in conjunction with each department involved, to monitor the appropriacy of the internal control system to the perceived risks and to help the organisation to implement programmes to improve this system.

This risk governance system is headed by the Audit Board and the Board of Directors, as detailed below.

50. People, bodies or committees responsible for internal audits and/or implementation of internal control systems.

BOARD OF DIRECTORS

The Board of Directors has the following responsibilities:

- To review and approve the risk policy defined for the Group, including risk appetite and tolerance;
- To approve the risk governance model adopted by the Group;
- To oversee application of the risk policy in the Group;
- To approve strategies for dealing with risks, especially very high risks;
- To promote a risk culture within the Group.

AUDIT BOARD

The Audit Board has the following responsibilities:

- To monitor the effectiveness of risk management and the respective governance model;
- To assess and propose improvement to the risk management model, processes and procedures;
- To oversee execution of the activities plans in connection with risk management;
- To review the risk management monitoring reports issued by the Internal Audit and Risk Analysis Department.

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer has the following responsibilities:

- To define the Group's risk policy, including its risk appetite;
- To take the risk policy into account when setting the Group's strategic objectives;
- To provide the means and resources to assure that risk management is effective and efficient;
- To approve the risk management model, processes and procedures;
- To define the risk management governance model to be adopted by the Group, including the division of responsibilities;
- To approve activities plans in the field of risk management;
- To ensure that the main risks to which the Group is exposed are identified and reduced to acceptable levels, in line with the risk appetite and tolerance defined;
- To discuss and approve options for handling risks where the residual risk level is in excess of the risk tolerance levels;
- To oversee and review the work of the Internal Audit and Risk Analysis

- Department in the field of risk management;
- To report on results to the Board of Directors.

INTERNAL AUDIT AND RISK ANALYSIS DEPARTMENT

The Internal Audit and Risk Analysis Department has the following responsibilities:

- To define the risk management model, processes and procedures;
- To draw up activities plans in the field of risk management;
- To identify and implement the means and resources (human, procedural and technological) to facilitate risk identification, analysis and management;
- To warn of potential risks when strategic and operational objectives are being defined;
- To help define risk appetite and risk tolerance;
- To help decide on the division of responsibilities in the field of risk management;
- To help identify and characterise risks;
- To monitor risk indicators;
- To help design risk mitigation measures;
- To assess the effectiveness of risk mitigation measures;
- To assess compliance with risk tolerance;
- To ensure compliance with action plans for mitigating risks;
- To draw up risk management monitoring reports.

BUSINESS AREAS / DIVISIONS

Business areas /divisions have the following responsibilities:

- To define risk tolerance;
- To identify and characterise risks;
- To define and monitor risk indicators;
- To define, implement and execute risk mitigation measures, in keeping with the risk mitigation action plans;
- To conduct risk assessments and controls.

51. Description of the lines of command in this area in relation to other bodies or committees; an organizational chart may be used to provide this information.

This information is provided in item 21 above, containing the organizational and functional charts showing the division of powers between the different corporate bodies.

It should be noted that the Internal Audit Division (Internal Audit and Risk Analysis Division) reports to the Chief Executive Officer, providing him with the support he needs to perform his duties correctly. The model being implemented also proposes simplifying the bodies involved, and possibly closing down the Internal Control Committee, with closer working relations between the Internal Audit Division and the Audit Board.

52. Existence of other departments with responsibilities in the field of risk control.

There are committees which complement the work of the Audit Board and the Chief Executive Officer with regard to control and monitoring of specific risks:

- Property Risks Analysis and Monitoring Committee** – pronounces on property risk prevention systems, dealing fundamentally with insurable risks, the respective cover and deductibles;
- Control and Corporate Governance Committee** – oversees application of the Group's corporate governance rules, and also the Code of Ethics, as well as supervising internal procedures relating to conflicts of interests, in particular with regard to relations between the Group and its shareholders or other stakeholders;
- Sustainability Committee** – implements corporate and strategic policy on questions of social and environmental responsibility, and prevention of potential risks in these areas;
- Ethics Committee** – oversees compliance with the requirements of the Code of Ethics and identifies situations which constrain compliance with this code.

53. Identification of the main risks (economic, financial and legal) to which the company is exposed in the course of its business.

In the course of its business, the Group is exposed to a variety of business, financial and legal risks. As part of the process described above for review of the risk management system, the list of the main risks to which the group is subject was revised. Risks classified as medium to very high are listed below:

Risks	Description
Industrial accidents at work	Risk of the occurrence of accidents at work potentially resulting in injuries, incapacity or fatalities.
Paper pulp price	Risk associated with pulp price fluctuations, which may result in losses for the Group.
Energy prices	Risks associated with changes in the purchase and sale price of energy, resulting in additional costs and lost revenues.
Paper price	Risk associated with fluctuations in the market paper price, resulting in particular from the pressure of competition, potentially causing a drop in sales and reduction in market share.
Demand for raw material (wood)	Risk associated with an increase in demand for raw material (wood) due to competitors expanding their capacity, triggering an increase in wood prices and a consequent increase in production costs.
International expansion	Risk of failures in implementing the Group's international expansion plan, which may result in financial losses.
Processes in Mozambique	Risk of inefficiency in the business processes implemented in Mozambique, which may result in a significant increase in costs.
Reduction in paper demand due to technological substitution	Risk associated with a reduction in demand for the products marketed by the Group, resulting from the appearance of alternative products and technologies, which may result in a significant reduction in sales.
Pulp and paper transport costs	Risk of increase in pulp and paper transport costs, which may result in a reduction in sales margins or the need to increase prices charged to customers.
Geographical concentration	Risk of geographical concentration of industrial infrastructures, which may result in larger costs.
Customer credit	Risk of credit granted to customers, which may result in uncollectable debts and a consequent increase in costs.
Staff motivation	Risk of current staff becoming demotivated or failing to adapt to change with an impact on the organisational climate, productivity and employee retention. Demotivation of the workforce may also damage the Group's image as an employer, with direct consequences for the selection and recruitment of human resources with the skills, expertise and experience needed by the organisation.
Forest damage	Risk of forest damage resulting from natural or man-made causes, which may jeopardise the quantity of raw material needed for the Group's activities and consequently lead to increased costs or loss of revenues.
Supplier relocation	Risk of logistical issues resulting from supplier relocation, which may result in additional inventory and transport costs.
Property assets	Risk associated with formalities relating to purchases or leases of land for forestation, which may result in costs relating to fines and to incorrect valuation of the Group's assets.

Many of the risk factors identified are beyond the Portucel Group's control, especially in the case of market factors which can have a fundamental and negative effect on the market price of the issuer's shares, irrespective of the Group's operational and financial performance.

54. Description of the process of identification, assessment, monitoring, control and management of risks.

The Group regards risk management as an essential decision-making tool, involving permanent monitoring of the risks to which it is exposed, raising awareness throughout the Group of a risk culture which seeks to avoid risks but also includes a positive approach to risk-taking.

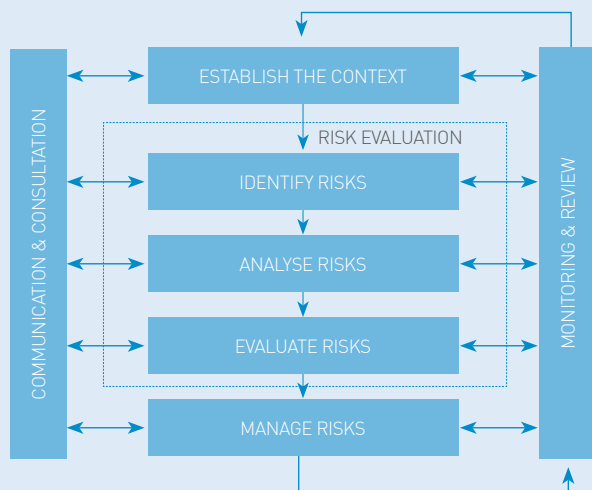
At the same time, the different divisions/departments benefit from risk management insofar as it allows them to anticipate situations of uncertainty, mitigating the risks of adverse consequences and making the

most of risks which offer opportunities. Risk management also provides the Group with greater and more sustained decision-making capability with regard to risk events, allowing it to respond in a coordinated and integrated manner to risks with causes, impacts or vulnerabilities which extend across more than one area.

Lastly, risk management is especially important for internal auditing and the control environment, as it offers the possibility of ongoing assessment of the Group's risk profile and a higher level of internal control. Risk management also makes an important contribution to Internal Auditing, pointing it to areas/processes where business risks and concerns are greater - "Risk-based Internal Audit". As an immediate result of this approach, it will be possible to plan and execute audits which take into consideration the risks most relevant to the Group, by using an audit planning methodology.

The Group's risk management process is in line with internationally accepted best practices, models and frameworks for risk management, including "COSO II - Integrated framework for Enterprise Risk Management", "Risk Management Standard AS/NZS 4360" and ISO 31000.

In designing its risk management process the Group complied with ISO 31000 with regard to the main phases of the process, and COSO II in classifying and structuring risks. This process comprises a series of seven inter-related phases, which together comprise a process of ongoing improvement. This takes the form of a process of communication and consultation, and a process of monitoring and review. The diagram below illustrates the workflow for the risk management process.



The entire process is supported by software widely distributed throughout the Company.

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

The internal control and risk management model implemented allowed the Company in 2014 to identify its risks and risk factors in real time, and contributed effectively to risk prevention.

55. Main elements of the internal control and risk management systems implemented in the company with regard to the process of disclosure of financial information [Article 245-A.1 m)].

The Company has an internal control system for the preparation and disclosure of financial information, operated and monitored by the Internal Control Committee, in conjunction with other Departments/Business Areas in the Company, in particular the Internal Audit and Risk Analysis Department, the Accounts and Fiscal Affairs Department and the Investor Relations Office. The Internal Control Committee held meetings with members of the Executive Board, with the Statutory Auditor and external auditor, and with the managers responsible for accounts and management planning and control, in order to monitor the processes under way.

The component parts of the internal control and risk management system are described in item 53.

IV. INVESTOR SUPPORT

56. Office responsible for investor support, composition, functions, information provided and contact details.

Portucel has had an Investor Relations Support Office since November 1995, set up with a view to handling contact, on a permanent and appropriate basis, with the financial community – investors, shareholders, analysts and regulatory authorities – and to publish the company's financial reports and any other information of relevance to its stock market performance, in keeping with principles of coherence, regularity, fairness, credibility and opportunity. The Investor Relations Support Office comprises a single person, who also acts as market relations officer and whose contact details are provided in the following item.

All mandatory disclosures, such as information on the company name, its status as a public company, registered offices and other detailed required by Article 171 of the Companies Code, are available on the Group's website, at www.portucelsoporcel.com. Also available in the investors' section of the Portucel website, in Portuguese and English, are disclosures of quarterly results, half-yearly and annual reports and accounts, together with the respective press releases, list of company officers, the financial calendar, the articles of association, notices of general meetings, and all motions tabled for discussion and vote at general meetings, resolutions approved and statistics relating to attendance, together with relevant developments.

57. Market relations officer

Portucel's Market Relations Officer is Joana de Avelar Pedrosa Rosa Lã Appleton who may be contacted by telephone (265 700 566) or by email (joana.la@portucelsoporcel.com); these contact details are supplied on Portucel's website, in the investors' section.

58. Information on the number of enquiries received in the period or pending from previous periods, and enquiry response times.

Most enquiries received by the Investor Relations Support Office are made by email, although some are by telephone. All enquiries are answered or redirected to the appropriate departments with an estimated average response time of less than three days.

V. WEBSITE

59. Address

Portucel's website is at: www.portucelsoporcel.com.

60. Address where information is provided on the company name, public company status, registered office and other data required by Article 171 of the Companies Code.

The information in question is available on Portucel's website, in the investors' area, under Shareholders and Investor Relations, at <http://www.portucelsoporcel.com/Investidores/Perfil>.

61. Address where the articles of association and rules of procedures of company boards and/or committees can be consulted:

The information in question is available on Portucel's website, in the investors' area, under Corporate Governance, at <http://www.portucel-soporcel.com/Investidores/Governo-da-Sociedade>.

62. Address where information is provided on the identity of company officers, market relations officer, the Investor Support Office or equivalent structure, respective powers and responsibilities and contact details.

The information in question is available on Portucel's website, in the investors' area, under Corporate Governance, and in the section entitled "Profile" at <http://www.portucel-soporcel.com/Investidores/Governo-da-Sociedade> and <http://www.portucel-soporcel.com/Investidores/Contacts>.

63. Address for consultation of financial statements and reports, which must be accessible for no less than five years, together with the six-monthly corporate diary, disclosed at the start of each semester, including, amongst other things, general meetings, disclosure of annual, half-yearly and, if applicable, quarterly accounts.

Portucel's quarterly, six-monthly and annual results, published since 2008, are available in the investors' area, under "Financial Reports", at <http://www.portucel-soporcel.com/Investidores/Informacao-Financeira>.

There is a specific tab in the investors' area for the corporate diary for the current year, under "Calendar", at <http://www.portucel-soporcel.com/Investidores/Calendario>.

64. Address where notice of general meetings is posted, together with all preparatory information and subsequent information related to meetings.

Notices of general meetings and all the related preparatory and subsequent information is available in the investors' area, under the specific tab "General Meetings", at <http://www.portucel-soporcel.com/Investidores/Assembleias-Gerais>.

65. Address for consultation of historical archives, with resolutions adopted at the company's general meetings, the share capital represented and the results of votes, for the past three years.

This information is available in the same area as the information on general meetings, in other words, in the investors' area, under the specific "General Meetings" tab, at <http://www.portucel-soporcel.com/Investidores/Assembleias-Gerais>.

D. REMUNERATION

I. POWERS TO DETERMINE REMUNERATION

66. Indication of powers to set the remuneration of company officers, members of the executive board or managing director and the company managers.

The remuneration policy for company officers is the responsibility of the Remuneration Committee, which submits its proposals for the approval of the General Meeting, which is attended by at least one member of the Remuneration Committee. The remuneration policy to be submitted to the General Meeting in 2014 is set out in item 70 of this report.

II. REMUNERATION COMMITTEE

67. Composition of the remuneration committee, including identification of individuals or organizations contracted to provide support, and declaration regarding the independence of each member and adviser.

The Remuneration Committee comprises the following members only:

Chairman:

José Gonçalves Maury

Members:

João Rodrigo Appleton Moreira Rato

Frederico José da Cunha Mendonça e Meneses

The company considers that all members of this committee may be considered independent, and has one remark to make in this regard:

Portucel considers that Eng. Frederico da Cunha performs his duties as a member of the Remuneration Committee on an independent basis. His connection with Portucel stems from the fact that he was a non-executive director of Semapa until 2005 and currently draws a retirement pension on the strength of his former duties. However, Portucel considers that, because he was a non-executive director, and because of the time that has elapsed and the fact that his pension entitlement is an acquired right over which Semapa's directors have no control, the impartiality of his analysis and decisions is not constrained. In addition, from June 2013 to May 2014 he served as a director of Sodim, the company to which 54.86% of non-suspended voting rights in Semapa are assigned, a fact which the company deems not to affect his impartiality to analyse and decide on the issues put to the committee.

The fact that a member of the Remuneration Committee was formerly a director of a shareholder in the Company or a director of a shareholder in a qualifying shareholder in the Company does not necessarily mean that this member is irretrievably connected to the Company's director, at least to the point of undermining his independence and impartiality.

The relationship between the Company's executive directors and the directors of its indirect shareholders is not typically one in which, at least automatically, the former are superior to or exercise influence over the latter, so as to jeopardise the independence required.

68. Expertise and experience of the members of the remuneration committee in the field of remuneration policy.

All the members of the Remuneration Committee have wide experience and knowledge concerning matters relating to the remuneration of company officers, in view of the offices held in the course of their professional careers. Special attention is drawn to the fact that the Chairman of the committee is the representative of a multinational specializing in human resources, and especially senior management recruitment.

III. REMUNERATION STRUCTURE

69. Description of the remuneration policy for members of the management and supervisory bodies as referred to in Article 2 of Law no. 28/2009, of 19th June.

The remuneration policy for members of the company's management and supervisory bodies is set out in the Remuneration Policy Statement issued by the Remuneration Committee and contained in Annex II to this Report, as described in the following item.

70. Information on how remuneration is structured in order to align the interests of members of the management body with the long term interests of the company, and on how it is based on performance assessment and discourages excessive risk-taking.

Portucel's remuneration policy seeks to align the interests of the directors, the other company officers and its management staff with those of the Company, in particular in creating value for the shareholder and achieving real growth of the company, with priority assigned to a long-term perspective.

Under the policy approved at the Ordinary General Meeting last year, the remuneration of the executive directors comprises a fixed component and a variable component. The fixed remuneration is subject to an upper limit, for each executive director, of 1 500 000 euros, the same limit applying to the variable remuneration, for each director. In other words, the fixed component of the directors' pay cannot exceed 100% (one hundred per cent) of the variable component.

The fixed and variable remuneration together are intended to provide remuneration which is competitive on the market, in order to discourage excessive risk-taking by directors, and the total remuneration functions as an incentive for excellent individual and collective performance, in order to allow the company to achieve significant, but also sustained, growth.

The principles applied by the Committee in setting remuneration are as follows:

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

- b. Alignment of the interests of members of the management body with those of the company:** Consideration is given to the performance appraisal for directors in conjunction with the results, as the main factor in assigning variable remuneration.
- c. The state of the company's affairs:** The size of the company and the inevitable complexity of the associated management responsibilities, is clearly one of the relevant aspects of the state of affairs, understood in the broadest sense. There are implications here for the need to remunerate a responsibility which is greater in larger companies with complex business models and for the capacity to remunerate management duties appropriately.
- d. Market criteria:** It is unavoidably necessary to match supply to demand when setting any level of pay, and the officers of a corporation are no exception. Only respect for market practices makes it possible to keep professionals of a calibre required for the complexity of the duties performed and the responsibilities shouldered, thereby assuring not only their own interests but essentially those of the company, and the generation of value of all its shareholders. In the case of Portucel, in view of its characteristics and size, the market criteria to be considered are those prevailing internationally, as well as those to be observed in Portugal.

The general remuneration policy guidelines applied by the Remuneration Committee in 2014 were those set out in the Remuneration Policy Statement, approved by resolution of the Company's General Meeting of 21st May 2014, contained in Annex II to this Report.

71. Reference, if applicable to the existence of a variable remuneration component and information on any impact on this from performance assessments.

As described more fully in the preceding item, the remuneration of executive directors comprises a fixed component, as well as a variable component set each year, on the basis of pre-determined criteria, which include a set of performance indicators for the Company and for the performance of the directors (KPIs), in terms of business and financial parameters and creation of added value for the Company. As already stated, the variable remuneration is dependent on pre-set criteria, as well as other factors such as the economic circumstances of the Company (its size and the inevitable complexity of managing it), market criteria, alignment of the directors' interests with those of the company, and also the results recorded by the company; all these factors are set out in the general principles which are adopted for determining the variable remuneration.

The Remuneration Committee accordingly conducts an annual individual appraisal of the executive directors and of their performance, taking into account the factors indicated above and the contribution that executive directors are expected to make to the Company's results.

72. Deferred payment of the variable component of remuneration, indicating the deferral period.

Payment of the variable component of remuneration is not deferred. The Company considers that given the stability of both the shareholder structure and the board of directors, it would not be possible to make opportunistic use of the directors' performance in the light of the profits for the period, as may be seen from the profits recorded over recent years and the close connection between these profits and directors' pay. Moreover, this deferral would only be effective for the next three years, given the stability of the company's profits, which have presented an annual variation since 2010 of less than 10%.

73. Criteria applied in allocating variable remuneration in shares and on the continued holding by executive directors of these shares, on any contracts concluded with regard to these shares, specifically hedging or transferring risk, the respective limits and the respective proportion represented of total annual remuneration.

Not applicable, given that variable remuneration does not take the form of stocks.

There are no rights to shares or share options, and the criteria underlying the variable components of directors' pay are those set out in the remuneration policy described above. The Company operates no share or option scheme, or any other share-based incentive scheme.

74. Criteria applied in allocating variable remuneration in options and indication of the deferral period.

Not applicable, given that variable remuneration does not take the form of options.

75. Main parameters and grounds for any annual bonus system and any other non-cash benefits.

The main parameters for allocating annual bonuses are based on the profits recorded by the Company for the period.

The company's results are a relevant factor in setting the variable remuneration: not the results seen as an absolute value, but as viewed from a critical perspective in the light of what may be expected of a company of this size and characteristics, and in view of the actual market conditions.

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

These weightings are based on a system of KPIs in which the main quantitative factors are EBITDA, pre-tax profits and cash flow.

No non-monetary benefits are assigned to directors, with the exception duly detailed in item 77.

76. Main features of complementary or early retirement schemes for directors, and the date of approval by the general meeting for each individual.

There are no early retirement arrangements for directors.

Under the Portucel Pension Plan Regulations currently in force, Portucel's directors who are remunerated as such and who have served no less than one full term of office in accordance with the articles of association are entitled, on retirement or in the event of disability, if this occurs during their term of office, are entitled to a complementary monthly retirement or disability pension.

If the directors become disabled after the end of their term of office, they will only be entitled to the complementary disability pension if they qualify for the corresponding disability pension from the social security scheme in which they are registered and if they apply to the Company for the complementary pension.

This complementary pension is set on the basis of a formula which considers gross monthly remuneration and length of service; no less than 10 years' service is required and no more than 30 years' service will be considered.

Under the Soporcel Pension Plan in force in 2014, the directors benefiting from this plan are entitled to an old-age retirement pension as from the date they retire, in other words, when they reach the retirement age of 65 years; early retirement may be requested from the age of 60 onwards, provided the director has no less than 5 years' length of service.

A disability retirement pension equal to the national minimum wage at the date of retirement on grounds of disability will be granted to directors with length of service of no less than two and a half years and less than five years.

The old age retirement pension granted under this pension plan is calculated on the basis of a formula which considers primarily the length of service and pensionable salary, which is deemed to be the last gross remuneration paid in cash on a permanent basis 14 times a year.

Because of the specific characteristics of the Portucel Group pension plan, the General Meeting has not, to date, intervened in approving the main features concerning the specific rules applicable to the retirement of directors.

It should be noted here that Portucel was a state-owned company until 1991, with its business and procedures regulated by the special legislation applicable to this type of company, and during this period specific rules were approved on the retirement pensions of the directors.

Moreover, the complementary retirement pension schemes in force in the company are of course described in no. 27 of the Notes to the Consolidated Financial Statements, which are part of the Report and Accounts subject to approval by the General Meeting. At 31st December 2014, the value of liabilities allocated to post-employment benefits plans for two directors of the Portucel Group stood at 1,429,279 euros (at 31st December 2013: 1,340,168 euros for four directors). In individual terms, these figures break down as follows:

Beneficiary	Liabilities at 31-12-2014	Liabilities at 31-12-2013
(Figures in Euros)		
Manuel Maria		
Pimenta Gil Mata	568,378	561,309
Manuel Soares		
Ferreira Regalado	855,901	778,859
Total	1,424,279	1,340,168

IV. DISCLOSURE OF REMUNERATION

77. Indication of the annual remuneration earned from the company, on an aggregate and individual basis, by the members of the company's management bodies, including fixed and variable remuneration and, in relation to the latter, reference to the different components.

Remuneration paid in 2014 was as follows:

(Figures in Euros)	Remuneration		
	Fixed	Variable	Total
Pedro Queiroz Pereira	822,682	0	822,682
Portucel	0		0
Subsidiaries	822,682		822,682
Diogo da Silveira	381,339	0	381,339
Portucel	381,339		381,339
Subsidiaries	0		0
Manuel Regalado	353,276	0	353,276
Portucel	272,146		272,146
Subsidiaries	81,130		81,130
Adriano Silveira	306,768	0	306,768
Portucel	0		0
Subsidiaries	306,768		306,768
António Redondo	306,768	0	306,768
Portucel	0		0
Subsidiaries	306,768		306,768
Fernando Araújo	306,782	0	306,782
Portucel	0		0
Subsidiaries	306,782		306,782
Luís Deslandes	156,590	0	156,590
Portucel	156,590		156,590
Subsidiaries	0		0
Manuel Gil Mata	128,954	0	128,954
Portucel	128,954		128,954
Subsidiaries	0		0
Francisco Nobre Guedes	75,805	0	75,805
Portucel	26,305		26,305
Subsidiaries	49,500		49,500
José Honório	325,993	567,052	893,045
Portucel	84,392		84,392
Subsidiaries	241,600	567,052	808,653
Total	3,164,957	567,052	3,732,010
Portucel	1,049,726	0	1,049,726
Subsidiaries	2,115,231	567,052	2,682,284

As stated in the 2013 Corporate Governance Report, the variable remuneration of company officers paid in that year included the remuneration for the financial years of 2012 and 2013; in 2014, no variable remuneration was paid, except in the case of Mr. José Honório. The amount stated for the variable remuneration paid to Mr. José Honório includes a sum of 67,052 euros paid in kind.

78. Amounts paid on any basis by other controlled, controlling or group companies or companies under common control.

It should be clarified that the amounts referred to in this item relate only to companies not controlled by Portucel. They also include amounts over which Portucel and its officers have no control, as they are the concern of its shareholders, the shareholders of shareholders and other companies controlled by shareholders, where a controlling relationship is involved. The following members of the board, Francisco José de Melo e Castro Guedes, José Alfredo de Almeida Honório, who in the meantime resigned, and Pedro Mendonça de Queiroz Pereira, earned the amounts of 245,738 €, 648,736 € and 1,639,193 €, respectively, in controlled or group companies or companies under common control.

79. Remuneration paid in the form of profit sharing and/or payment of bonuses, and the grounds on which these bonuses and/or profit sharing were granted.

There was no remuneration in the Company in the form of profit sharing during the period in question. The remuneration policy establishes the criteria in force to assigning variable remuneration, and annual bonuses are assigned on the basis of the Company's results in each period, in conjunction with the merit and performance assessment of each specific director.

80. Compensation paid or owing to former executive directors in relation to termination of their directorships during the period.

No compensation was paid or owing to former executive directors for termination of their directorships.

81. Indication of the annual remuneration earned, on an aggregate and individual basis, by the members of the company's supervisory bodies, for the purposes of Law 28/2009, of 19th June.

AUDIT BOARD

(Figures in Euros)	Remuneration Fixed	Remuneration Variable	Total
Miguel Eiró	20,622	0	20,622
Duarte da Cunha	14,574	0	14,574
Gonçalo Caldeira	14,574	0	14,574
Total	49,770		49,770

82. Indication of remuneration earned in the reporting period by the chairman of the general meeting.

The chairman of the general meeting was paid remuneration of 3,000 € during the financial year of 2014.

V. AGREEMENTS WITH IMPLICATIONS FOR REMUNERATION

83. Contractual limits on severance pay for directors, and the respective relationship with the variable remuneration component.

As stated in Annex II to this Report, no agreements exist or have ever been established by the Remuneration Committee on severance pay for Portucel's directors.

84. Reference to the existence and description of agreements between the company and directors or managers, as defined by Article 248-B.3 of the Securities Code, which provide for compensation in the event of resignation, dismissal without due cause or termination of employment contract as a result of a change of control of the company, indicating the amounts involved. (Article 245-A.1 I) .

There are no agreements between the company and directors or managers, as defined by Article 248-B.3 of the Securities Code, which provide for compensation in the event of resignation, dismissal without due cause or termination of employment contract as a result of a change of control of the company.

VI. STOCK OR STOCK OPTION PLANS

85. Identification of plan and beneficiaries.

Not applicable as no remuneration is paid through stock or stock option plans.

86. Description of plan (terms of allocation, non-transfer of share clauses, criteria on the price of shares and the price of exercising options, the period during which the options may be exercised, the characteristics of the shares to be distributed, the existence of incentives to purchase shares and/or exercise options).

Not applicable as no remuneration is paid through stock or option plans.

87. Stock option rights allocated to company employees and staff.

Not applicable as no remuneration is paid through stock or stock option plans.

88. Control mechanisms in an employee ownership scheme insofar as voting rights are not directly exercised by employees (Article 245-A.1, e)).

Not applicable as no remuneration is paid through stock or stock option plans.

E. RELATED PARTY TRANSACTIONS

I. CONTROL PROCEDURES

89. Procedures implemented by the company for controlling related party transactions (reference is made for this purpose to the concept deriving from IAS 24).

The Company has implemented the procedures and criteria described in item 10 below and item 91 above in order to monitor transactions with qualifying shareholders.

90. Indication of transactions subject to control during reporting period.

In 2014, in addition to the situation referred to in item 10 above, there were no other transactions subject to control given that, in accordance with the criteria referred to in item 91 below, none of the Company's transactions with qualifying shareholders or any other related entities, under Article 20 of the Securities Code, were subject to prior clearance by the Audit Board. There were no transactions between the company and qualifying shareholders not on an arm's length basis.

91. Description of the procedures and criteria applicable to intervention by the supervisory body for the purposes of prior clearance of transactions to be carried out between the company and qualifying shareholders or related entities, under Article 20 of the Securities Code.

In the event of transactions between the Company and qualifying shareholders or related entities, under Article 20 of the Securities Code, the Board of Directors is required to submit them for clearance by the Audit Board, when any of the following criteria are met, with regard to each financial year: if they have a value greater than or equal to 1.5 million euros or if, irrespective of their value, they may undermine the values of transparency and the Company's best interests.

II. DETAILS OF TRANSACTIONS

92. Indication of the place in the financial reports and account where information is available on related party transactions, in accordance with IAS 24, or, alternatively, reproduction of this information.

The information available on related party transactions is included in the Company's Report and Accounts, in no. 32 of the Notes to the Consolidated Financial Statements.

PART II – ASSESSMENT OF CORPORATE GOVERNANCE

1. IDENTIFICATION OF THE CORPORATE GOVERNANCE CODE ADOPTED

The Company has adopted by the Corporate Governance Code published by the Securities Market Commission (CMVM) in January 2013, available at: <http://www.cmvm.pt/CMVM/Recomendacao/Recomendacoes/Documents/C%C3%B3digo%20de%20Governo%20das%20Sociedades%202013.pdf>

It is considered that the content of the mandatory information required by this code assures effective compliance with the recommendations, which can in turn contribute to strengthening the model adopted and assure the conformity of governance principles, and to improved performance and coordination of the duties of Portucel's company officers; this content is deemed appropriate to the Company's particular characteristics, without imposing any constraints on the workings of its governance structure.

2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE ADOPTED

Article 245-A.1 o) of the Securities Code requires a declaration on the adoption of the corporate governance code to which the company subscribes, specifying any divergence from the provisions of this code, and the respective reasons.

The information to be presented should include, for each recommendation:

- a. Information enabling the reader to assess whether the recommendation is complied with, or reference to the item in the report where this issue is dealt with in detail (chapter, title, item, page);
- b. Grounds for any instance of non-compliance or partial compliance;

- c. In the event of non-compliance or partial compliance, identification of any alternative arrangements adopted by the company to achieve the same objective as the recommendation.

Over the course of 2014, the Company continued to work at consolidating the Company's governance principles and practices, in line with the main regulatory developments in 2013, in particular the changes to the corporate governance rules resulting from the entry into force of CMVM Regulation 4/2013 and the CMVM Recommendations included in the 2013 CMVM Corporate Governance Code.

In its overall assessment of the degree of adoption of the recommendations, the Company has established that this degree is fairly high, whilst still acknowledging that a number of differences exist in relation to particular recommendations.

The company's current corporate governance model and principles accordingly comply with the binding legal rules on the single-tier governance model established in Article 278.1 a) of the Companies Code, and the CMVM Corporate Governance Recommendations quoted, in the version which took effect in January 2014, except for Recommendations II.1.7, II.2.5 and III.4, which are not complied with or are partially adopted for the reasons set out below.

The Company accordingly considers its degree of compliance to be fairly high, and significant progress has been made on the degree of adoption of the CMVM recommendations over recent periods. In 2014 the Company adopted one more recommendation in relation to the previous year, as the company was permitted to comply partially with recommendations which were previously not adopted.

The table below shows the items in this Corporate Governance Report which describe the measures adopted by the Company to comply with the said CMVM Recommendations.

RECOMMENDATIONS	COMPLIANCE	REMARKS
I. VOTING AND CORPORATE CONTROL		
I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement to one vote, and implement the means necessary to exercise the right to vote by mail and electronically.	Adopted	Part I, item 12.
I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	Adopted	Part I, item 14.
I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the right of each ordinary share, unless duly justified in terms of the long-term interest of shareholders.	Adopted	Part I, item 12.

RECOMMENDATIONS	COMPLIANCE	REMARKS
I.4. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a single shareholder, either individually or in concert with other shareholders, shall also provide for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without increased quorum requirements in addition to those required by law – and that in said resolution, all votes issued be counted, without applying said restriction.	Adopted	Part I, item 13.
I.5. Measures shall not be adopted that require payment or acceptance of charges by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members.	Not adopted	Explanation of Recommendations not adopted below
II. SUPERVISION, MANAGEMENT AND OVERSIGHT		
II.1. SUPERVISION AND MANAGEMENT		
II.1.1. Within the limits established by law, and except due to the small size of the company, the board of directors shall delegate the day-to-day management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	Adopted	Part I, item 21.
II.1.2 The Board of Directors shall ensure that the company acts in accordance with its objects, and shall not delegate its responsibilities with regard to: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions that should be considered as strategic due to the amounts, risk and particular characteristics involved.	Adopted	Part I, item 21.
II.1.3 The General and Supervisory Board, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, and a requirement shall therefore be enshrined, in the articles of association or by equivalent means, that this body shall pronounce on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that are to be considered strategic due to the amounts or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.	Not applicable	Part I, items 27, 28 and 29.
II.1.4 Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to:	Not applicable	Explanation of Recommendations not adopted below
a. Ensure competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees;		
b. Reflect on the governance system, structure and practices adopted, verify their effectiveness and propose to the competent bodies, measures to be implemented with a view to their improvement.	Adopted	Part I, items 21, 27, 28 and 29.
II.1.5 The Board of Directors or the General and Supervisory Board, depending on the applicable model, shall set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.	Adopted	Part I, items 50 to 55.
II.1.6 The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the other members of the board.	Adopted	Part I, items 15 and 18.

RECOMMENDATIONS	COMPLIANCE	REMARKS
<p>II.1.7 Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float.</p> <p>The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed in accordance with the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to:</p> <p>a. Having been an employee at the company or at a related or group company in the past three years;</p> <p>b. Having, in the past three years, provided services or established a significant commercial relationship with the company or a related or group company, either directly or as a partner, board member, manager or director of a legal person;</p> <p>c. Being the beneficiary of remuneration paid by the company or by a related or group company, other than the remuneration deriving from a directorship;</p> <p>d. Living with a life partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are directly and indirectly qualifying shareholders;</p> <p>e. Being a qualifying shareholder or representative of a qualifying shareholder.</p>	Not adopted	Explanation of Recommendations not adopted below
II.1.8 Directors who exercise executive duties shall respond to enquiries from other company officers by providing the information requested in a timely and appropriate manner.	Adopted	Part I, item 21.
II.1.9 The Chairman of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Financial Matters Board, the convening notices and minutes of the relevant meetings.	Adopted	Part I, item 21.
II.1.10. "If the chairman of the board of directors exercises executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that these can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination."	Not applicable	Part I, item 18.
II.2. AUDITING		
II.2.1. Depending on the applicable model, the Chairman of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	Adopted	Part I, item 32.
II.2.2. The supervisory body shall be the principal point of contact with the external auditor and the first recipient of the relevant reports, and is responsible, in particular, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	Adopted	Part I, items 37 and 38.
II.2.3. The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract for provision of their services when there is a valid basis for such dismissal.	Adopted	Part I, item 37.
II.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	Adopted	Part I, items 50 and 54.

RECOMMENDATIONS	COMPLIANCE	REMARKS
<p>II.2.5. The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and shall be recipients of reports made by these services at least when they concern matters related to financial reporting, identification or resolution of conflicts of interest and detection of potential illegalities.</p>	Adopted	Part I, items 50 and 54.
II.3. SETTING OF REMUNERATION		
<p>II.3.1 All members of the Remuneration Committee or equivalent shall be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.</p>	Adopted	Part I, items 67 and 68.
<p>II.3.2. No natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person connected with such persons by employment or service contract.</p>	Adopted	Part I, item 67.
<p>II.3.3. The statement on the remuneration policy for the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following:</p> <p>a) Identification and details of the criteria for determining the remuneration paid to the company officers;</p> <p>b) Information regarding the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances in which these maximum amounts may be payable;</p> <p>d) Information on whether payments are due for the dismissal or termination of appointment of board members.</p>	Adopted	Annex II to the Corporate Governance Report
<p>II.3.4 Approval of stock and/or option plans or plans based on share price variation for company officers shall be submitted to the General Meeting. The proposal shall mention all the necessary information for a correct assessment of any such plan.</p>	Not applicable	Part I Section VI
<p>II.3.5 Approval of any retirement benefit scheme established for company officers shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.</p>	Not applicable	Part I, item 76.
III. REMUNERATION		
<p>III.1. The remuneration of the executive directors shall be based on actual performance and shall discourage excessive risk-taking.</p>	Adoptada	Part I, items 69 and 70.
<p>III.2. The remuneration of non-executive directors and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the company or of its value.</p>	Adoptada	Part I, items 69 and 71.
<p>III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and upper limits shall be set for all components.</p>	Adoptada	Item VII of Annex II to the Corporate Governance Report
<p>III.4. A significant part of the variable remuneration should be deferred for a period of not less than three years, and the right to payment shall depend on the continued positive performance of the company during that period.</p>	Not adopted	Explicação das recomendações não adoptadas infra

RECOMMENDATIONS	COMPLIANCE	REMARKS
III.5. Members of the board of directors shall not enter into contracts either with the company or with third parties which have the effect of mitigating the risk inherent in the variability of their remuneration as fixed by the company.	Adopted	Part I, items 70 and 71.
III.6. Until the end of their term of office, executive directors shall maintain the shares in the company which they may have received under variable pay schemes, up to a limit of twice the value of their total annual remuneration, save those which have to be disposed of in order to pay taxes resulting from the earnings of these shares.	Not applicable	Part I Section VI
III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period of no less than three years.	Not applicable	Part I Section VI
III.8. When the removal of a director is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is even so attributable to inadequate performance, the company shall be endowed with the adequate and necessary legal instruments to ensure that no damages or compensation, beyond those legally due, are payable.	Adopted	Part I, item 83.

IV. AUDITING

IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems for company officers as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the company.	Adopted	Part I, item 54.
IV.2 The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that belongs to the same network, for services other than audit services. If there are reasons for contracting such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - these services shall not account for more than 30% of the total value of services rendered to the company.	Adopted	Part I, items 46 and 47.
IV.3 Companies shall rotate auditors after two or three terms, depending on whether the terms are four or three years, respectively. Retention of the auditor beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.	Adopted	Part I, item 44.

V. CONFLICTS OF INTERESTS AND RELATED PARTY TRANSACTIONS

V.1 The company's transactions with qualifying shareholders, or entities with which they are in any type of relationship pursuant to article 20 of the Securities Code, shall be conducted on an arm's length basis.	Adopted	Part I, items 89 to 91.
V.2 The supervisory or audit board shall establish the procedures and criteria necessary to define the relevant level of significance of transactions with qualifying shareholders - or entities with which they are in any of the relationships described in Article 20.1 of the Securities Code -, and the execution of transactions of significant relevance requires clearance from such body.	Adopted	Part I, items 10 and 91.

VI. INFORMATION

VI.1 Companies shall provide, via their websites in both the Portuguese and English languages, access to information on the course of their affairs, as regards economic, financial and governance issues.	Adopted	Part I, items 59 to 65.
VI.2 Companies shall ensure the existence of an investor support and market relations office, which responds to enquiries from investors in a timely fashion and records shall be kept of the submittal and handling of enquiries.	Adopted	Part I, items 56.57 and 58.

EXPLANATION OF RECOMMENDATIONS NOT ADOPTED

Under Article 245-A of the Securities Code, and in keeping with the comply-or-explain principle underlying application of the Corporate Governance Code, the Company does not comply in full with the CMVM Recommendations in force at the date of issue (because of certain peculiarities and the structure adopted), and the Portucel Group has made the following judgement on substantially equivalent terms assessing the reasons for non-compliance:

Recommendation I.5

As stated in item 4 of the Report, the Company has taken out loans which include early repayment clauses in the event of a change in the ownership structure, in particular loss of control by its majority shareholder, Semapa SGPS, and a list is provided detailing these terms.

These early repayment clauses are customary in the type of borrowing contracted, and are today standard market practice, required by a majority of the national and international institutions with which the Group has had dealings. Insofar as developments in the financial markets over recent years have resulted in stricter requirements in terms of risk acceptance, by both banking institutions and by companies, the possibility of negotiating contracts of this type without these clauses on competitive market terms is practically nil.

It should be noted that the Company feels comfortable with the limits imposed in these contracts, insofar as the early repayment clauses are only triggered if Semapa loses control of Portucel (in accordance with the circumstances defined in each case), which would mean a very substantial reduction in its current holding of 75.85%.

The said clauses do not therefore amount to defensive measures, guarantees or shields designed to cause a serious erosion in the Company's assets in the event of a change of control or alteration in the composition of the Board of Directors, undermining the free transferability of shares.

Recommendation II.1.4

As in previous years, the Chairman of the Board of Directors and the other non-executive directors have been called on to assess the performance of the executive directors and the various committees.

Although the Board of Directors has not formally set up a committee to appraise the performance of directors, these duties are performed by other company bodies with powers to assess the directors' performance, in particular the Remuneration Committee which, as described more fully above, in items 70 and 71, conducts an annual individual assessment of the executive directors and of their performance, on the basis of pre-set criteria.

The pre-set criteria for assessing executive directors are those established in the Remuneration Policy contained in Annex II, in items V and VI of the Statement of Remuneration Policy for Members of the Board of Directors and Audit Board of Portucel.

In addition, the Corporate Governance Supervisory Committee has also been instructed by the Board of Directors to collaborate with it on implementing procedures for appraisal and resolution of conflicts of interests, and also to oversee application of the Group's corporate governance rules and the Code of Ethics, which also extend to the Executive Directors.

The Corporate Governance Supervisory Committee therefore works in conjunction with the Board of Directors, assessing and submitting to it proposals for strategic guidelines in the field of Corporate Responsibility, as well as monitoring and overseeing on a permanent basis matters relating to: i. corporate governance, social, environmental and ethical responsibility; ii. sustainability of Group business; iii. internal codes of ethics and conduct; and iv. the systems for assessing and resolving conflicts of interests, in particular with regard to dealings between the Company and its shareholders or other stakeholders.

Recommendation II.1.7

The Company does not comply in full with the independence criterion for non-executive directors insofar as a situation of incompatibility exists in relation to some of its directors, two of whom have been re-elected for more than two terms of office and four of whom act on behalf of shareholders owning more than 2% of the company's capital. However, it considers that the non-executive directors meet the necessary standards of good standing, experience and proven professional expertise which can effectively assure that there are no conflicts of interests between the interest and position of the shareholder and the Company. In addition, with regard to the composition of the Board of Directors, the single-tier governance model adopted by the Company does not require the inclusion of non-executive members who act with duties of oversight, in addition to their duties of management, which in turn means there is no legal requirement/independence criterion based on an appropriate proportion of independent members on the Board of Directors.

Recommendation III.4

Although the remuneration system defined in the company's Remuneration Policy does not provide for deferral of the variable remuneration component, the Company considers that directors' pay is structured in an appropriate way which makes it possible to align their interests with the long term interests of the Company and the shareholders, in order to allow the Company to achieve sustainable growth in keeping with the performance of the members of the board of directors.

PART III - OTHER DISCLOSURES

There are no other disclosures or additional information which would be relevant to an understanding of the governance model and practices adopted.

ANNEX I

NOTE ON THE ACTIVITIES OF PORTUCEL'S NON-EXECUTIVE DIRECTORS IN 2014

All the non-executive directors took part in all the meetings of the Board of Directors, except for a number of duly justified absences, and were copied on all relevant information. Whenever requested from the Executive Board they received diligent and satisfactory explanations or complementary information concerning the company's day-to-day affairs. The non-executive directors frequently requested detailed information on decisions taken by the Executive Board, in order to assess the performance of the Company's executive management in the light of annual and longer terms plans and the budgets approved from time to time by the Board of Directors.

On the Chairman's request, they took part in various meetings of the Executive Board, particularly in those dealing with strategic questions, namely plans for the Group's expansion and future development.

Executive management decisions were also closely scrutinised at the quarterly meetings, and the non-executive directors were provided with information which enabled them to assess the performance of the Executive Board.

In addition to monitoring day-to-day operating matters, the non-executive directors paid special attention to following through the major capital expenditure projects implemented in recent years.

In his capacity as Chairman of the Board of Directors, Mr. Pedro Queiroz Pereira called and coordinated all the meetings of the board during the financial year of 2014. In the course of his duties he has coordinated, in cooperation with the other directors, the development and strategic options of the Company and the Group to which it belongs.

Also in connection with his capacity as Chairman of the Board of Directors, he held regular meetings with the Chairman of the Executive Board in order to obtain information and appropriate documentation, to keep him informed on the evolving affairs of the company and its subsidiaries.

He was informed in advance of the order of business for each meeting of the Executive Board, and of the resolutions adopted over the course of the year, accompanied by the respective supporting documents. During the year he held a series of informal meetings with the other non-executive directors, in order to assess the performance of the Executive Board.

As a non-executive member of Portucel's Board of Directors, Eng. Manuel Maria Gil Mata attended all board meetings in 2014 and, on the Chairman's invitation, he also took part in several meetings of the Executive Board. In addition to monitoring normal operational affairs, he paid special attention to progress on the Group's latest and most important industrial investment projects.

As Chairman of the Sustainability Committee, he presided at meetings and led the preparatory work on the drafting of the Group's Sustainability Report, including the project for improving sustainability reporting, the handbook on sustainability indicators and sustainability information management.

He continued to make a significant contribution to the work of the Environmental Council, which held its three regular meetings planned for 2014 at the Group's three industrial sites.

Representing the Group's directors he took part in a range of sustainability activities, sat on the General Board of ISQ, of which he was elected deputy chairman, chaired the general meeting of PRODEQ (Association for the Furtherance of Chemical Engineering), and continued to serve as a member of the Advisory Committee of CIEPQPF, the Centre for Chemical and Forestry Products Engineering, of the University of Coimbra.

In addition to monitoring day-to-day operational activities, Eng. Luís Alberto Caldeira Deslandes continued to pay particular attention to progress on the Major Investment Projects at the consolidation phase, and in particular the Setúbal Paper Mill. As Chairman of Portucel's Corporate Governance Committee he called and chaired several working meetings held by the committee in the course of 2014, following through developments related to corporate governance issues over the year, and in particular with regard to the drafting of the Corporate Governance Report and dealings with the regulatory authority, as well as analysing the various reports published by the CMVM and monitoring the work of the Association of Securities Issuers (AEM) and that of the Portuguese Institute of Corporate Governance. In particular, he paid special attention to the new Corporate Governance Code published by the Securities Market Commission, and to the proposal on the same matter made by the Portuguese Corporate Governance Institute.

Dr. Francisco José Melo e Castro Guedes focussed his activities primarily on monitoring the work of the Executive Board, in order to obtain the necessary information on all aspects of Company and Group affairs, and over the course of the year provided his contribution to the executive directors in his specialist fields, in particular with regard to the company's plans for international expansion, given his wide experience in this field.

The directors Dr. José Miguel Pereira Gens Paredes and Dr. Paulo Miguel Garcês Ventura concentrated essentially on monitoring the work of the Executive Board, in order to obtain the necessary information on the affairs of the Company and the Group in all areas, assisting the executive directors over the course of the year on matters in which they have expertise, both at board meetings and informally. These directors followed certain specific areas more closely, and Dr. José Miguel Pereira Gens Paredes has worked primarily on financial matters whilst Dr. Paulo Miguel Garcês Ventura has concentrated on legal issues, where his experience allows him to make the greatest contribution.

ANNEX II

STATEMENT ON THE REMUNERATION POLICY FOR THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES OF PORTUCEL SUBMITTED TO THE GENERAL MEETING OF SHAREHOLDERS OF 21ST MAY 2014

I. INTRODUCTION

Portucel's Remuneration Committee drew up a remuneration policy statement for the first time in 2008, successfully submitting it for approval by the company's general meeting that year. This statement was drafted at that time in line with a recommendation issued on this matter by the Securities Market Commission (Comissão de Mercado de Valores Mobiliários).

The Remuneration Committee declared at this time that it felt that the options set out in the statement should be maintained until the end of the term of office of the company's officers then underway. This term ran from 2007 to 2010.

It was then necessary to review the statement in 2010 in the light of the provisions of Law 28/2009, of 19th June, requiring the Remuneration Committee to submit a remuneration policy statement each year to the General Meeting.

This Committee has maintained the view that, as a set of principles, the remuneration policy statement should be kept stable throughout the term of office of the company officers, unless exceptional or unforeseen circumstances require a change. Moreover, given that the Remuneration Committee has been re-elected for another term of office, running until 2014, it continues to make sense that this stability be maintained, except in the possible case of the circumstances mentioned, which have not so far occurred. It has therefore been decided to approve a statement with the same content as that currently in force, despite the fact that, in view of the changes in the recommendations applicable, as a result of publication by the Securities Market Commission (CMVM) of the 2013 Corporate Governance Code, which has been adapted by the Company, the Remuneration Committee has adapted this Statement to the new recommendations.

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

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

II. LEGAL REQUIREMENTS AND RECOMMENDATIONS

This statement is issued in the legal framework formed by Law 28/2009, of 19th June (as referred to above), and the recommendations of the Securities Market Commission set out in the Corporate Governance Code issued by the Commission.

In addition to rules on the frequency with which the statement must be issued and approved and on disclosure of its content, this law also stipulates that this content should include information on:

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

The current recommendations of the Securities Market Commission make the following requirements:

III.3.3. The statement on the remuneration policy for the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19th June, shall also contain the following:

- a. *Identification and details of the criteria for determining the remuneration paid to the company officers;*
- b. *Information regarding the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances in which these maximum amounts may be payable;*
- c. *Information on whether payments are due for the dismissal or termination of appointment of board members.*

III. RULES DERIVING FROM LAW AND THE ARTICLES OF ASSOCIATION

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

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

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

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

A specific clause in Portucel's articles of association (article no. 21) provides that the remuneration of directors may be differentiated. The second paragraph of this clause lays down that the General Meeting may issue rules on pension plans and complementary pension schemes for directors.

This is the formal framework to be observed in defining remuneration policy.

IV. HISTORICAL BACKGROUND

From the company's transformation into a sociedade anónima in 1991 and through to 2004, the remuneration of all of Portucel's directors consisted of a fixed component, payable fourteen times a year, and set by a Remuneration Committee, and of a variable component, determined annually, depending on the specific circumstances, by decision of the State, as shareholder.

After the first phase of privatization in 2004, the formal principle was first instituted of remuneration being divided into fixed and variable components, the latter being based on the company's results and the specific performance of each director.

This procedure has been repeated annually since 2004, with directors receiving fixed remuneration and also a variable component.

Since the incorporation of the company, members of the Audit Board have received fixed monthly remuneration. In the case of the officers of the General Meeting, since remuneration for these officers was first instituted it has been set on the basis of the number of meetings actually held.

V. GENERAL PRINCIPLES

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

a. Duties performed

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

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

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

b. The state of the company's affairs

This criterion must also be understood and interpreted with care. The size of the company and the inevitable complexity of the associated management responsibilities, is clearly one of the relevant aspects of the state of affairs, understood in the broadest sense. There are implications here for the need to remunerate a responsibility which is greater in larger companies with complex business models and for the capacity to remunerate management duties appropriately.

c. Market criteria

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

VI. COMPLIANCE WITH LEGAL REQUIREMENTS AND RECOMMENDATIONS

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

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

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

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

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

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

The company's results are the most important factor in setting the variable remuneration: not the results seen as an absolute value, but as viewed from a critical perspective in the light of what may be expected of a company of this size and characteristics, and in view of the actual market conditions.

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

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

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

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

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

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

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

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

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

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

5. Article 2 e) of Law 28/2009. Procedure limiting variable remuneration.

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

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

6. Recommendation II.3.3. a) Criteria for setting remuneration.

The criteria for setting the remuneration for the company officers are those deriving from the principles set out in chapter V above and, in relation to the variable component of directors' remuneration, those described in item 2 of chapter VI above.

In addition to these criteria, there are no other pre-determined mandatory criteria at Portucel for setting remuneration, although the executive directors undergo a performance appraisal, based on a system of KPIs, for the purpose of awarding their variable remuneration.

7. Recommendation II.3.3. b). Potential maximum value of remuneration, on an individual and aggregate basis.

The Committee set the limits indicated in item 1 of chapter VII below, which are sufficient to ensure remuneration is reasonable and appropriate.

8. Recommendation II.3.3. c). Severance or termination pay.

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

VII. SPECIFIC OPTIONS

The specific options for the remuneration policy we propose may therefore be summarized as follows:

1. The remuneration of executive directors shall comprise a fixed component and a variable component. The fixed remuneration is subject to an upper limit, for each executive director, of 1,500,000 euros, the same limit applying to the variable remuneration, for each director.
2. The remuneration of non-executive directors shall comprise only a fixed component, or else a fixed component and a variable component, as for executive directors, whenever justified by the nature of the duties actually exercised and their degree of responsibility and involvement in the day to day running of the company.
3. The remuneration of the members of the Audit Board and the officers of the General Meeting shall comprise a fixed component only.
4. The fixed component of the remuneration of directors shall consist of a monthly amount payable fourteen times a year or of a pre-set amount for each meeting of the Board of Directors attended.
5. A monthly rate shall be set for the fixed component of the remuneration of directors for all those who are members of the Executive Board and those who, although not members of such Board, perform duties or carry out specific work of a repeated or ongoing nature.
6. The pre-set amount for participation in meetings of the Board of Directors shall be fixed for those who have duties which are essentially advisory and supervisory.
7. The fixed remuneration of the members of the Audit Board shall consist in all cases of a pre-set amount paid fourteen times a year.
8. The fixed remuneration of the officers of the General Meeting shall consist in all cases of a pre-set amount for each meeting, the remuneration for second and subsequent meetings being lower than that for the first general meeting of the year.
9. In setting all remuneration, including in particular the distribution of the total amount allocated to the variable remuneration of the Board of Directors, the general principles established above shall be observed: the duties performed, the state of the company's affairs and market criteria.

THE REMUNERATION COMMITTEE

Chairman:

José Gonalo Maury

Member:

Frederico Jos  da Cunha Mendona e Meneses

Jo o Rodrigo Appleton Moreira Rato

ANNEX III CODE OF ETHICS

1. GENERAL AIMS AND VALUES

1.1. The Code of Ethics as foundation of the Portucel group's culture

The pursuit of the aims set out in this Code of Ethics, respect for its values and compliance with its rules of conduct together form the professional ethos of the Group business universe. The Code shall be distributed to investors, customers, suppliers, regulatory authorities, competitors and representatives of the communities with which the group deals, and shall govern the professional conduct of all those working in the Group's companies and other organizations.

The Code of Ethics is to be viewed as setting standards of conduct, which the Group and all those working and interacting with it should follow and respect. It should accordingly be interpreted as a benchmark for behaviour, applying beyond the specific reach of its clauses.

The Group will assure that the Code of Ethics is made available to all its staff and arrange for specific training in this field, at all levels, in order to assure that the Code is disseminated, generally understood and mandatorily put into practice. It will also make permanent arrangements for direct and confidential communication, through the Board of Directors, allowing any member of Group staff to clarify the interpretation of the Code, to resolve any queries and make good any lacunae which may arise in its application.

An Ethics Committee is also set up, comprising three independent members of good standing, appointed for this purpose by the Board of Directors.

The Ethics Committee is the body responsible for appraising and assessing any situation which may arise in relation to compliance with the rules established in this Code involving any company officer, and shall also advise the Board of Directors on matters relating to application and interpretation of this Code.

1.2. Fundamental aims

The fundamental aims pursued by the Group are based on creating value and an appropriate level of return for investors, by offering the highest standards of quality in the supply of goods and services to customers, through the recruitment, motivation and development of the most able and highly skilled professionals, within a meritocratic culture permitting its employees to enjoy personal and professional development and the Group to position itself at the forefront of the markets in which it operates, maintaining a policy of sustainable management of natural resources, mitigation of environmental impacts and fostering of social development in the areas in which it carries on its business operations.

1.3. Values

The principles and rules of conduct of the Code of Ethics derive from values regarded as fundamental for the Group, which should be pursued on an ongoing basis in the course of its business, and in particular:

- In protecting the interests and rights of shareholders and safeguarding and increasing the value of assets belonging to the Group;
- In the good governance of Group companies;
- In scrupulous compliance with the requirements of the law, the articles of association and regulations applicable to the Group's operations and companies;
- In the observance of duties of loyalty and confidentiality, and in assuring the principle of the professional accountability of the staff in the exercise of their respective duties;
- In the resolution of conflicts of interests and the application to staff of scrupulous and transparent rules in situations involving business transactions;
- In observance by institutions and individuals of the highest standards of integrity, loyalty and honesty, both in dealings with investors, suppliers, customers and regulators, and in interpersonal relations between members of Group staff;
- In good faith in business dealings and scrupulous compliance with contractual obligations to customers and suppliers;
- In strict compliance with the legislation in force on competition practices;
- In recognizing equality of opportunity, individual merit and the need to respect and advance human dignity in professional relationships and business activities;
- In guaranteeing safety and well-being at the workplace;
- In the adoption of social responsibility principles and practices;
- In the genuine and careful pursuit of sustainable development;
- In promoting a permanent stance of dialogue with all stakeholders and respect for their principles and values.

2. SCOPE OF APPLICATION

The Code of Ethics applies to all officers and staff of the Group, notwithstanding other applicable legal or regulatory requirements.

For the purposes of this Code of Ethics, the following definitions shall apply:

- **Staff** – all persons who work or render services, on a permanent or casual basis, to Group companies, including, namely, employees, service providers, agents and auditors;
- **Clients** - individuals or organizations to which Group companies supply products or services;
- **Suppliers** - individuals or organizations which supply products or services to Group companies;
- **Stakeholders** - individuals or organizations with which Group companies deal in their business, institutional or social activities, including shareholders, officers, staff, suppliers, business partners or members of the community with whom the Group interacts.

The Code of Ethics accordingly describes the ethical and professional conduct expected by the Group in connection with the pursuit of its business activities and dealings with third parties, and is of instrumental importance to the business policy and culture followed and fostered by the Group.

The Directors, and in particular the Executive Directors, who in their daily conduct should set an example of ethical behaviour for the whole Group, are required to exercise special diligence in adopting, implementing and enforcing the rules contained in the Code.

The Ethics Committee has authority to oversee the conduct of company officers, in relation to matters concerning application of the Code of Ethics.

3. RULES OF CONDUCT

3.1. Legality

3.1.1. All the Groups activities shall be guided by strict compliance with the applicable rules deriving from law, the articles of association and regulations.

3.1.2. In its conduct the Group shall cooperate at all times with the public authorities, and specifically with regulatory bodies, complying with requests made to it and adopting forms of behaviour which permit these authorities to exercise their powers.

3.2. Diligence and courtesy

3.2.1. The Group shall strive to ensure that all customers are treated with professionalism, diligence and care, with Group staff responding in full to all enquiries and making every effort to support customers in reaching their decisions.

3.2.2. Group staff shall behave courteously and politely at all times and display due care and professionalism in their dealings with customers, suppliers and other stakeholders or any other person or organization, with any kind of dealings with the Group.

3.2.3 All of the Group's relationships shall be based on values of truth and transparency, and all staff shall conduct themselves in keeping with high standards of honesty and integrity.

3.3. Integrity

Bribery and other corrupt practices are prohibited, in all active and passive forms, through act or omission, or by creating or maintaining situations of favouritism or other irregularities, together with conduct such as may create expectations of favouritism in dealings with the Group:

3.3.1. The Group and its staff shall decline any gifts which may be considered or interpreted as attempts to influence the company or the member of staff. In the event of doubt, staff shall give written notice of these situations to their hierarchical superior or the Board of Directors.

3.3.2. If staff are approached with an attempt at corruption, they shall notify their hierarchical superior or the Board of Directors in writing, describing how they were approached and supplying all details regarded as essential for the relevant Group bodies, namely the respective Internal Audit service, to assess the situation and take action.

3.3.3. The Board of Directors shall notify the Ethics Committee in writing of all facts of which it learns under the terms of the preceding paragraph.

3.4. Secrecy

3.4.1. Members of staff shall assure the confidentiality of all information belonging to the Group, other staff, clients, suppliers or stakeholders, of which they may learn in the course of their duties, and shall only use this information in the interest of the Group.

3.4.2. The Group and its staff shall guarantee strict confidentiality in relation to all personal data belonging to staff, customers, suppliers, stakeholders or third parties, of which they learn solely through their work and business. This data is deemed to include information of a strategic nature concerning production methods, product and brand characteristics, IT data concerning customers, suppliers and of a personal nature, together with technical documentation relating to any project carried out or underway.

3.4.3 Staff shall maintain confidentiality, on the terms set out in the preceding paragraphs, even after cessation of their employment contracts with Group companies and irrespective of the cause of cessation, for a period of three years thereafter. The information subject to the duty of confidentiality shall not be used in order to prejudice Group companies and may only be disclosed to third parties when so required by law, provided the Board of Directors is notified in advance of such disclosure, in writing.

3.5. Accounting practices

3.5.1. The Group shall observe and comply strictly with generally accepted accounting principles and criteria.

3.5.2. The Group shall arrange for auditing and other procedures to be conducted by independent bodies, to which it shall make available information detailing its economic, financial, social and environmental risks, and undertaking to apply the most appropriate measures to eliminate or mitigate the risks involved.

4. RULES ON CONDUCT IN THE WORKPLACE

4.1. Working atmosphere

4.1.1 The Group shall actively promote courtesy, loyalty, civility and assertiveness in relations between staff members, fostering group feeling, with strict respect for individual rights and freedoms.

4.1.2 The Group shall promote team spirit, the sharing of common goals and mutual help between staff.

4.1.3 Staff shall not seek to obtain personal advantages at their co-workers' expense, and their conduct shall be guided by compliance with legal and contractual obligations and respect for their hierarchical superiors and other Group staff, behaving in a cordial and respectful manner, and avoiding any type of conduct which might undermine the image and reputation of other members of staff.

4.1.4 The health, safety and well-being of its staff is a priority for the Group, and accordingly all staff shall seek to familiarize themselves and comply with the legislation in force and with internal rules and recommendations. Immediate notice must be given of any accident or hazard to health and safety in the workplace, in accordance with the said rules, and the necessary or advisable preventative measures shall be adopted.

4.2. Professional specialization and development

4.2.1 The Group will advance the personal and professional development and specialization of its staff, promoting appropriate training activities.

4.2.2 The Group will make every effort to assure its staff high levels of job satisfaction and self-realization, operating a fair and appropriate pay policy, and providing opportunities for personal and professional development over the course of careers, in keeping with criteria of merit and prevailing market conditions for equivalent situations, in accordance with the Performance Assessment System in place.

4.2.3 For their part, Group staff shall make efforts to update their skills and to undergo training on an ongoing basis, in order to develop their knowledge and technical expertise and to improve the services rendered to the Group, customers and other stakeholders

4.3. Equality of opportunities

4.3.1. The Group recognizes that all citizens are equal, and guarantees compliance with conventions, treaties and other legislation protecting the universal and fundamental rights of citizens, operating within the framework of reference of the Portuguese Constitution, the United Nations Universal Declaration of Human Rights and the International Labour Organization.

4.3.2 The Group shall assure equality of opportunities in recruitment, hiring and professional development, attaching value only to professional aspects and adopting the measures it sees fit to combat and prevent any form of discrimination or differentiated treatment on the basis of ethnic or social origin, religious beliefs, nationality, gender, marital status, sexual orientation or physical disability.

4.3.3 The Group shall protect its staff against any type of insulting or other discriminatory behaviour, encouraging respect for human dignity as one of the underlying principles of the Group's culture and policies.

4.3.4 The Group will never employ child or forced labour, nor will it ever collude with such practices, adopting the measures deemed appropriate to combat such situations, namely by public denunciation whenever they come to its attention.

4.4. Transparency, honesty and integrity

4.4.1. Group staff will comply with the responsibilities assigned to them, even in adverse circumstances, in a professional and responsible manner, namely within the limits of risk tolerance defined for the Group and in keeping with the budgetary targets for the areas in which they work.

4.4.2. Group staff shall conduct themselves at all times so as to pursue the interests of the Group, and shall immediately notify their hierarchical superior of any situation which might give rise to a conflict of interests, namely if, in the course of their duties, they are called on to intervene in processes or decisions which directly or indirectly involve organizations, entities or persons with which they work or have worked, or to which they are connected by ties of kinship or friendship. In the event of any doubt as to their impartiality, they shall notify their hierarchical superior.

4.4.3. Group staff undertake not to carry on any outside work, paid or unpaid, which might directly prejudice their professional performance or the Group's business or interests.

4.4.4. Group staff shall immediately inform their superiors on learning of any conduct which might undermine compliance with the Code of Ethics and which is clearly contrary to the values championed herein.

4.4.5. Group staff shall make sensible and reasonable use of the working resources at their disposal, avoiding waste and undue use.

4.4.6. Group staff shall care for the Group's property, and not behave wilfully or negligently in any manner which might undermine its state of repair.

5. DEALINGS WITH STAKEHOLDERS AND OTHER ENTITIES

5.1. Dealings with shareholders

5.1.1. The primary aim of the Group is an ongoing quest to create value for shareholders, supported by a commitment to standards of excellence in professional and business performance, in the exercise of social responsibility and the pursuit of sustainable development.

5.1.2. Shareholders shall be treated in strict compliance with the legal rules applicable to their relations with each other and with their companies, namely those contained in the Companies Code.

5.2. Dealings with clients, suppliers, service providers and third parties

5.2.1. The Group shall assure that all the terms for sale of its products to clients are clearly defined, and Group companies and their staff shall assure scrupulous compliance with these terms.

5.2.2. The suppliers and providers of services to the Group shall be selected on the basis of objective criteria, taking into consideration the terms proposed, guarantees effectively provided and overall optimization of advantages for the Group. One of the selection criteria shall be compliance, by these service providers and suppliers, with rules of conduct consistent with the principles laid down in this Code.

5.2.3. The Group and its staff shall negotiate at all times in keeping with the principles of good faith and full compliance with all their obligations.

5.2.4. The Group undertakes to monitor the ethical conduct of its suppliers and to adopt immediate and strict measures in cases where such conduct is questionable.

5.3. Relationship with competitors

The competition practices of Group companies shall comply strictly with the legislation in force, in keeping with market rules and criteria, and with a view to assuring fair competition.

5.4. Dealings with political movements and parties

Dealings between the Group and its staff, on the one hand, and political movements or parties, on the other, shall be conducted in compliance with the legal rules in force, and in the course of these dealings staff members shall not invoke their relationship with the Group.

6. SECURITIES TRADING

Group staff who are in possession of relevant information, not yet made public, which might potentially influence the listed prices of shares in Group companies, shall not, during the period prior to disclosure of such information, trade securities issued by Group companies, strategic partners or companies involved in transactions or dealings with the Group, not disclose this information to third parties. In particular, estimates of results, decisions on significant acquisitions or partnerships and the winning or loss of important contracts constitute forms of privileged information.

7. PRESS RELEASES AND ADVERTISING

7.1. The information released by the Group to the media and those intended for advertising purposes shall:

- Be issued solely by the units or offices authorized to do so;
- Comply with the principles of legality, rigour, opportunity, objectivity, veracity and clarity;
- Safeguard secrecy and confidentiality so as to protect the Group's interests;
- Respect the cultural and ethical norms of the community and human dignity;
- Contribute to an image of consistency which adds to the value and dignity of the Group, promoting its good name in society.

8. SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

8.1. The Group accepts its social responsibility to the communities in which it carries on its business activities, as a means of contributing to their advancement and well-being.

8.2. The sustainable development of Group companies is regarded as the business contribution to their present and future development through pro-active management of the environmental, social and economic impacts of their respective activities, through a permanent commitment to application of best practices.

8.3. Group companies shall participate and encourage its staff to participate actively in initiatives relating to environmental protection, energy efficiency and efficient resource management, assigning preference to the use of materials produced in accordance with sustainability principles.

8.4. The Group will seek to encourage its staff to take part in socio-cultural activities and to perform voluntary work.

8.5. The staff of Group companies shall seek to ensure that, in the course of their business, no harm or damage is caused directly or indirectly to the community's heritage, caring for its external image by showing respect for archaeological, architectural and environmental heritage and improving the quality of life enjoyed by citizens.

8.6. The Group regards sustainable development as a strategic aim for assuring economic growth and contributing to a more developed society, preserving the environment and non-regenerating resources for future generations.

9. BREACH

9.1. Failure to comply with the general and mandatory rules of conduct established in this Code of Ethics shall constitute serious misconduct, subject to disciplinary proceedings, notwithstanding any possible civil or criminal liability.

9.2. The Board of Directors shall be notified immediately in writing of any instance of non-compliance which come to light, and shall pronounce on the facts within 30 days of being informed.

9.3. If it is found, initially or whilst the proceedings are pending, that a company officer may be involved, the Board of Directors shall forward the file to the Ethics Committee which shall then proceed accordingly and may, if justified, inform any relevant judicial authority of the facts.

9.4. The personnel assessment system shall include a mandatory reference on the individual appraisal sheet for each staff member of any failure to comply with rules deriving from this Code of Ethics.

9.5. The Ethics Committee shall draw up an annual report on compliance with the rules established in this Code of Ethics, detailing all irregularities of which it is aware, and setting out the conclusions and follow-up proposals adopted in the different cases examined.

9.6. For the purposes envisaged in the preceding paragraph, the Board of Directors shall notify the Ethics Committee of all relevant facts which come to its attention.

9.7. The Ethics Committee's Report shall be annexed to the Corporate Governance Report.

ANNEX IV

ANNUAL REPORT OF THE ETHICS COMMITTEE FOR THE YEAR ENDED 31ST DECEMBER 2014

No matter relating to its sphere of competence or requiring its appraisal was referred to the Committee for its scrutiny during the course of the year, and no corporate governance body, or any employee, client or stakeholder addressed any enquiry to the Committee or consulted its opinion.

The Committee is pleased to report that the company's governance bodies have functioned correctly and issues this report under the terms and for the purposes of the provisions of Article 2 a) of the Ethics Committee Rules of Procedure.

Lisbon, 21st February 2015

The Chairman of the Ethics Committee

Júlio de Lemos de Castro Caldas

Member

Rui Tiago Trindade Ramos Gouveia

ANNEX V

REPORT AND OPINION OF THE AUDIT BOARD

CONSOLIDATED ACCOUNTS FINANCIAL YEAR OF 2014

Shareholders,

1. In accordance with the law, the articles of association and the terms of our mandate, we are pleased to submit the report on our supervisory activities in 2014 and to issue our opinion on the Consolidated Management Report and Consolidated Financial Statements presented by the Board of Directors of Portucel, S.A., for the financial year ended 31 December 2014.
2. Over the course of the year we monitored the affairs of the company and its most significant affiliates and associates, with the regularity and to the extent we deemed appropriate, through periodic meetings with the company's directors and senior management. We checked that the accounts were kept correctly and duly documented, and verified the effectiveness of the risk management, internal control and internal audit systems. We also monitored compliance with the law and the articles of association. We encountered no constraints in the course of our supervisory activities.
3. We met several times with the official auditor and external auditor, PricewaterhouseCoopers & Associados, SROC, Lda., monitoring its auditing activities and checking its independence. We assessed the Legal Accounts Certificate and the Audit Report, and are in agreement with the Legal Accounts Certificate presented.
4. In the course of our work we found that:
 - a. The Consolidated Income Statement, the Consolidated Statement of Financial Position, the Consolidated Statement of Recognized Income and Expense, the Statement of Changes in Consolidated Equity and the Consolidated Statement of Cash Flows and the corresponding Notes provide an adequate picture of the state of the company's affairs and its profits, changes in its equity and cash flows;
 - b. The accounting policies and valuation criteria adopted comply with the International Financial Reporting Standards (IFRS) as adopted in the European Union and suitably assure that such criteria lead to a correct valuation of the company's assets and profits, taking due account of the analyses and recommendations of the external auditor;
 - c. The Consolidated Management Report provides a sufficient description of the business affairs of the company and its affiliates included in the consolidated accounts, offering a clear account of the most significant developments during the year.
 - d. The Corporate Governance Report includes the information required by Article 245-A of the Securities Code.
5. Accordingly, taking into consideration the information received from the Board of Directors and the company departments, and also the conclusions of the Legal Accounts Certificate and the Audit Report, we recommend that:
 - a. The Consolidated Management Report be approved;
 - b. The Consolidated Financial Statements be approved;
6. Finally, the members of the Audit Board wish to acknowledge and express their thanks for the assistance received from the Board of Directors, the senior managers of the company and other staff.

Lisbon, 24th March 2015

The Chairman of the Audit Board

Miguel Camargo de Sousa Eiró

Member

Duarte Nuno d'Orey da Cunha

Member

Gonçalo Nuno Palha Gaio Picão Caldeira

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ACKNOWLEDGEMENTS

We would like to thank our Employees for having taken part in the photographs that illustrate the company's Annual Report.

PUBLISHED AND COORDINATED

Corporate Communications Office

PHOTOGRAPHY

The Portucel Group's Image Bank
Paulo Oliveira

TRANSLATION

PricewaterhouseCoopers
Clive Thoms

DESIGN

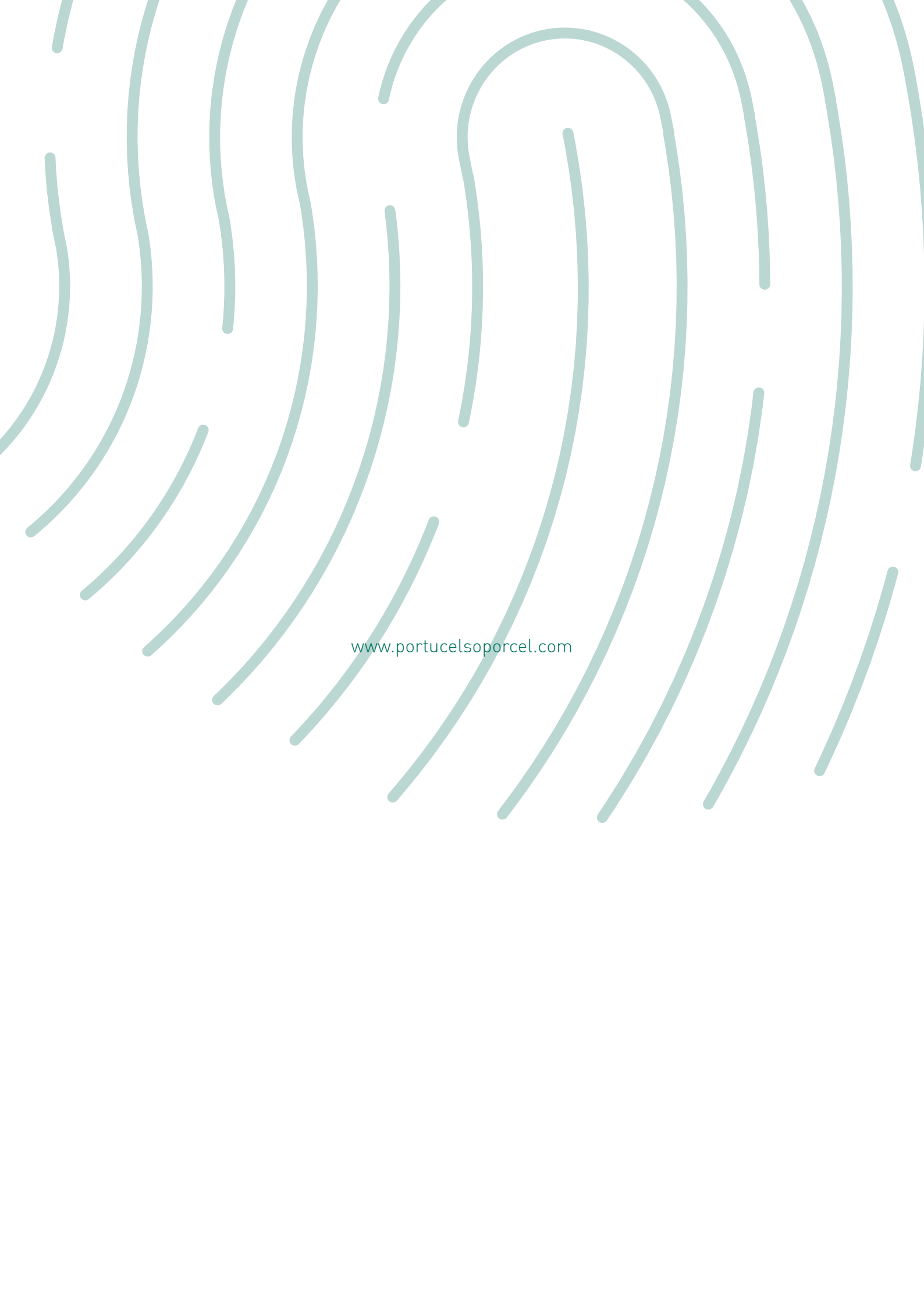
Bestweb

PRINT

Lidergraf – Artes Gráficas, SA

NUMERO DEPÓSITO LEGAL

389760/15



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