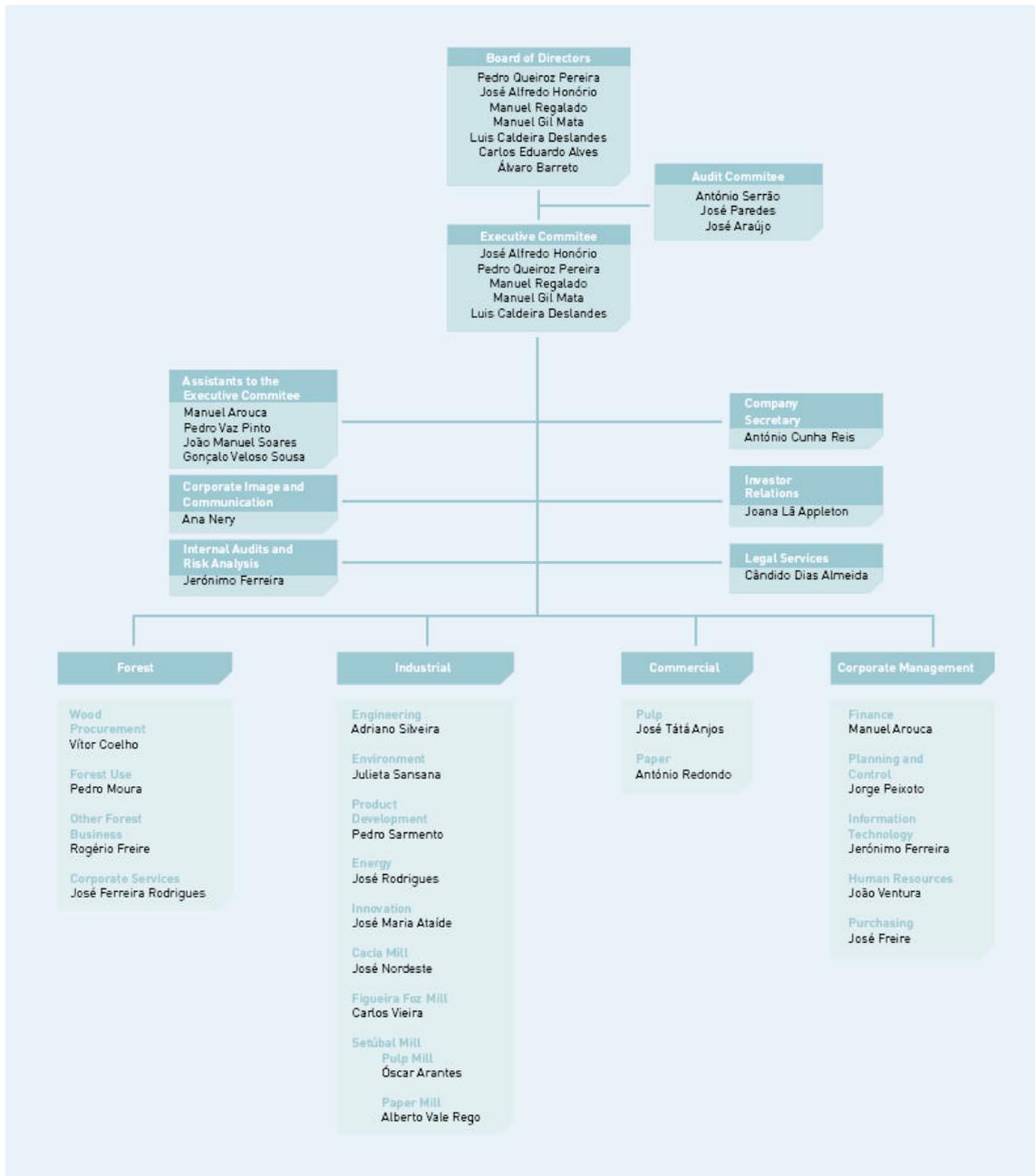


IX – CORPORATE GOVERNANCE REPORT (CMVM Regulation no. 11/2003)

CHAPTER I – Disclosure of Information

Company Organisation Chart

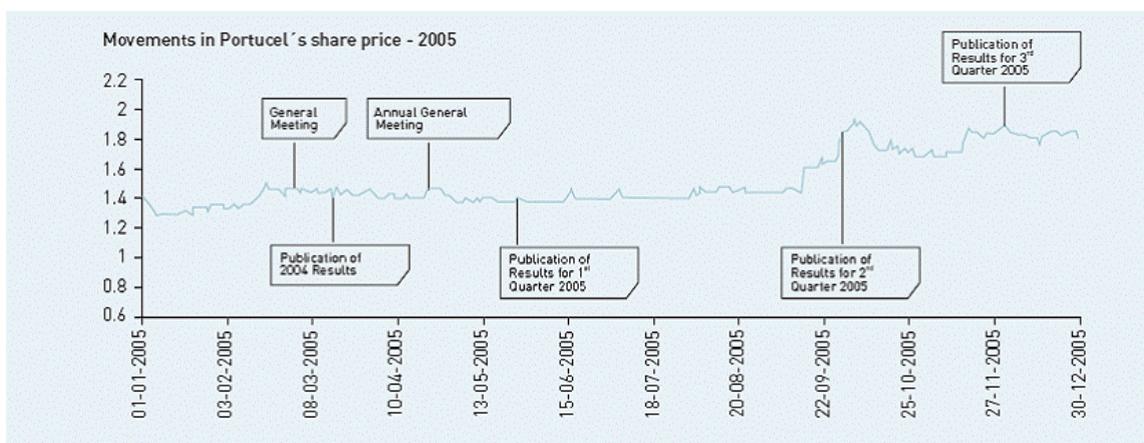


The Company does not have any specific committees – namely an Ethics Committee or a Corporate Structure and Governance Assessment Committee.

Portucel's share price performance

Portucel's shares ended 2005 up 17.5% on their price at 31 December 2004, at 1.68 €/share (30 December 2005). Over the course of the year they traded between a minimum of 1.33 €/share on January 5th and 6th and a maximum of 1.79 €/share on October 4th.

The figure below shows the movements in the Company's share price over the year and the main events that were communicated to the market.



Dividend policy

The proposal for dividend distribution is determined by the Board of Directors and is subject to current legislation and the Company's articles of association. In accordance with the latter a minimum amount equivalent to twenty per cent of the distributable profit is to be paid to the shareholders in the form of dividends each year.

Dividend per share paid in the last three financial years:

2003 (in relation to the 2002 financial year) € 0.0315 per share

2004 (in relation to the 2003 financial year) € 0.0315 per share

2005 (in relation to the 2004 financial year) € 0.0371 per share

Share distribution and stock option plans

No share distribution or stock option plans are currently in effect.

Description of the main elements of the transactions and operations undertaken by the Company

No relevant information exists in this respect.

Investor Relations Office

Portucel has had an Investor Relations Office since November 1995. It was created with the aim of providing a permanent and appropriate point of contact with the financial community – investors, shareholders, analysts and regulatory bodies – and promoting the disclosure of the Company's financial information and any other significant information that is relevant to Portucel's performance on the capital market, all in accordance with the principles of consistency, regularity, fairness, credibility and timeliness. The Office publishes the Company's quarterly, half-yearly and annual results and any other relevant information available on Portucel's website at www.portucelsoporcel.com

Portucel's Market Relations Officer is Joana de Avelar Pedrosa Rosa Lã Appleton, who can be contacted by telephone (+351 265 700 504) or e-mail (joana.la@portucelsoporcel.com).

Remuneration Committee

The Directors' remuneration is set by a Remuneration Committee, which decides the amount of their basic pay and – where appropriate – awards them a variable amount depending on the objectives attained.

The Remuneration Committee that was appointed at the General Meeting on June 15th 2004 was comprised of the following members: João Morais Leitão, Pedro Mendonça de Queiroz Pereira and Carlos Eduardo Coelho Alves. At present João Morais Leitão's death has left a vacancy on the Committee, the filling of which is on the agenda of the Company's next General Meeting.

Auditors' remuneration

In 2005 the Group paid 393,968 euros to the auditors of the various Group companies. This amount was broken down as follows:

- a) 45.5% for statutory auditing services
- b) 34.3% for assistance with fiscal matters
- c) 20.2% for other services

Our auditors have introduced stringent internal rules designed to safeguard their independence.

CHAPTER II – Exercise of voting rights and shareholder representation

Portucel has always pursued a policy of encouraging its shareholders to take part in General Meetings, first and foremost by periodically disclosing reports on its business and its economic and financial results, with the aim of going beyond mere compliance with the applicable legislation.

Shareholders who wish to attend Portucel's General Meeting must supply proof of ownership of shares, which must have been registered in their name at least eight days before the date scheduled for the Meeting in question, and must remain so registered until the Meeting is closed. The Articles of Association permit all shareholders to participate in General Meetings, regardless of the number of shares they hold. However, there are rules limiting voting rights.

Without prejudice to the right to vote as a group, one vote shall be counted for every 1,000 shares. Unless otherwise provided by law, votes that represent more than twenty-five per cent of the Company's share capital, when the same are issued with reference to ordinary shares, are not counted if they are exercised by a single shareholder, either on his/her own behalf, or on that of someone else

In order to ensure that shareholders are properly informed in a brief and simple manner, notices of Portucel's General Meetings customarily make provision for voting by post or by proxy, including all the details of the rules on the subject. At present Portucel does not envisage the possibility of exercising voting rights electronically

During the period running up to the General Meeting the Market Relations Officer is available for any queries shareholders may have and to provide all the information needed to fully resolve them.

CHAPTER III – Company Rules

Portucel is governed by the general laws applicable to public companies and by its Articles of Association. Its business activity is not subject to any specific legislation.

Following the reprivatisation of part of Portucel's share capital in 2004, the Company held a General Meeting on June 15th 2004 at which the new governing bodies were appointed for the three-year period from 2004 to 2006. The number of members of the Board of Directors remained seven, five of whom have executive functions and thus comprise an Executive Committee, while two are non-executive directors. The Meeting also approved new Internal Regulations, which lay down the Executive Committee's powers and duties and the matters that are reserved for approval by the full Board of Directors. They also set out the rules governing the internal functioning of the Board of Directors.

In terms of its internal control procedures Portucel has an internal Audit and Risk Analysis Department that acts at every level throughout the Company. There is also the Sole Auditor and the external auditors, who fulfil the roles which the Law lays down in relation to this type of company.

In addition to the Risk Analysis Department, which has the primary responsibility for the risk management function, the Planning and Control Department, the Finance Department, the Legal Services Office, and the Investor Relations Office (IRO) are also tasked with a number of duties in this field. The IRO is responsible for monitoring movements in Portucel's share price.

The managements of the manufacturing mills draws up reports on their operations. Among other things, these reports specifically address any issues that require urgent attention, equipment management, and inventories.

The Company's Marketing Department produces periodic reports on pulp and paper sales, market trends and future prospects, and existing inventories.

We are not aware of the existence of any shareholder agreements between the Company's shareholders, and the only restrictions on the exercise of voting rights are those imposed by the Articles of Association, as described above.

CHAPTER IV – The Board of Directors

Portucel has a Board of Directors composed of seven members – a Chairman and six Directors. Five of the members have executive functions and form an Executive Committee, which was appointed and whose powers were delegated by the Board of Directors. The other two members of the Board of Directors are non-executive directors.

The Chairman of the Board of Directors is Pedro Mendonça de Queiroz Pereira.

The Board members comprising the Executive Committee are:

José Alfredo de Almeida Honório (Chairman)
Pedro Mendonça de Queiroz Pereira (Member)
Manuel Soares Ferreira Regalado (Member)
Manuel Maria Pimenta Gil Mata (Member)
Luís Alberto Caldeira Deslandes (Member)

The Non-Executive Directors are:

Carlos Eduardo Coelho Alves
Álvaro Roque de Pinho Bissaia Barreto (Member)

Pedro Mendonça de Queiroz Pereira (Chairman), José Alfredo de Almeida Honório and Carlos Eduardo Coelho Alves are not considered to be 'Independent Directors' for the purposes of Article 1(2) of CMVM Regulation no. 11/2003, as they are on the Board of Directors of the shareholder Semapa – Sociedade de Investimento e Gestão, SGPS, S.A..

It is our understanding that none of the remaining Directors are covered by any of the criteria referred to in the Article referred to in the previous paragraph, unless it is understood that, because they are also Directors of Soporcel - Sociedade Portuguesa de Papel, S.A., they are covered by paragraph c) of the said legal provision.

The Executive Committee has delegated powers to:

- a) Submit to the Board of Directors proposals on corporate policy, objectives and strategies;
- b) Propose operating budgets and medium and long-term investment and development plans to the Board of Directors, and to implement them once approved;
- c) Approve budget changes for the financial year, including transfers between cost centres, provided that the combined value thereof does not exceed twenty million euros in any one year;
- d) Approve contracts for the acquisition of goods or services, provided that the combined value thereof does not exceed twenty million euros in any one year;
- e) Approve loan contracts and requests for bank guarantees and assume any other liabilities that represent an increase in indebtedness, provided that the combined value thereof does not exceed twenty million euros in any one year;
- f) Acquire, dispose of or encumber the Company fixed assets, up to the individual asset value of five per cent of the paid-up share capital;
- g) Take and grant leases of any real estate property;
- h) Represent the Company in legal proceedings and otherwise, actively or passively, and to commence and prosecute any proceedings, to make admissions therein, to discontinue, settle proceedings, and to enter into arbitration agreements;
- i) Acquire, dispose of or encumber shares in other companies, subject to a maximum amount of twenty million euros in any one year;
- j) Decide how and when to proceed with the acquisition or disposal of the Company's own shares, when the General Meeting has resolved to so acquire them or dispose thereof and subject to the terms of the said resolution;
- k) Manage holdings in other companies in conjunction with the Chairman of the Board of Directors, particularly the appointment with the agreement with the said

Chairman of the Company's representatives on such companies' governing bodies and by laying down guidelines on how those representatives should act;

- l) Enter into, amend and terminate employment contracts;
- m) Open, operate and close bank accounts;
- n) Appoint agents of the Company.
- o) In general, all such powers as may be delegated by Law, save such restrictions as may result from the provisions of the preceding paragraphs.

The Chairman of the Board of Directors has the duties and powers with which he is charged by Law and the Articles of Association.

The Executive Committee may discuss the matters for which the Board of Directors is responsible, without prejudice to the fact that it may only take decisions on such matters as are delegated to it. Every matter addressed by the Executive Committee – even those which are included within the duties and powers that are delegated to it – shall be made known to the Non-Executive Directors, who shall be given access to the respective minutes and supporting documents.

Acting in conjunction with the Chairman of the Board of Directors, the Executive Committee may also take decisions on the matters provided for in paragraphs c), d), e) and i) above, when the amounts involved, as calculated under the terms set out therein, are between twenty million and fifty million euros.

Any alterations to the terms and conditions of contracts that have already been entered into and that fall under paragraphs c), d), e) and i) shall be dealt with by the body or bodies that have the power to effect them.

Within the Executive Committee the individual Executive Directors have particular responsibility for the following areas:

- Pedro Queiroz Pereira:
– Institutional Affairs

- José Honório:
 - Assets and Forests
 - Resource Management
 - Wood Procurement
 - R&D Forest Projects
 - Internal Auditing

- Luís Deslandes:
 - Paper Sales
 - Pulp Sales
 - Marketing
 - Communication and Image

- Gil Mata:
 - Pulp and paper manufacturing plants operations (Cacia, Figueira da Foz and Setúbal)
 - Maintenance, Conservation and Technical Engineering
 - Project Units
 - Environment, Quality and Development
 - General Secretarial Services

- Manuel Regalado:
 - Finance
 - Accounts
 - Fiscal Affairs
 - Planning and Management Control
 - Information Systems
 - Legal Services
 - Purchasing

- Investor Relations
- Human Resources
- Organisation

By decision of the Board of Directors the Company has an Audit Committee, the members of which are:

António Duarte Serrão (Chairman)

José Miguel Gens Paredes (Member)

José Fernando Morais Carreira de Araújo (Member)

The powers and duties of the Audit Committee are those set out hereunder together with those explicitly assigned to it by the Board of Directors.

Its general powers and duties are as follows:

1. The Audit Committee shall have no powers other than those granted to it by these regulations or assigned to it explicitly by the Board of Directors.
2. The Audit Committee is responsible for evaluating the procedures designed to control disclosed financial information (accounts and reports) and the time-limits of such disclosures. In particular it is tasked with reviewing the Group's draft annual, bi-annual and quarterly accounts and providing the Board of Directors with a report on them before it approves and signs them.
3. The Audit Committee shall advise the Board of Directors on its choice of External Auditor and on the scope of the Internal Auditor's work.
4. The Audit Committee shall discuss the External Auditor's annual reports with him, and shall advise the Board of Directors on any measures to be taken.
5. In the performance of its duties the Audit Committee shall consider the following:
 - (i) Alterations to accounting policies and practises.
 - (ii) Significant adjustments required as a result of audits.
 - (iii) Variations in important financial ratios and any alterations in the Group's formal or informal ratings.

- (iv) Significant financial exposure (such as exchange rate and interest rate risks and the risks posed by derivative operations).
- (v) Illegal or irregular procedures.

6. Without prejudice to its normal duties and powers, the Board of Directors delegates its supervisory and audit powers to the Audit Committee. The latter is particularly responsible for inspecting all the accounting records of the Company and its associate companies, and obtaining accounting and financial information from the Group's staff, to the extent that the said measures are necessary in order to fulfil its responsibilities.

During the 2005 financial year the Board of Directors met 9 times and the Executive Committee 48 times.

In 2005 the remuneration paid to members of the Board of Directors totalled 2,651,885.86 euros, of which 2,350,379.11 were paid to executive directors and 301,506.75 to non-executive directors. Of the overall total, 2,045,311.94 euros were paid by Soporcel, S.A., 237,375.00 by Portucel, S.A. and 369,198.92 by Semapa. No variable remunerations were paid in 2005.

All the members of the Board of Directors are also on the boards of other companies, as listed below (companies belonging to the Portucel Soporcel Group are marked "GPS" in brackets):

Pedro Mendonça de Queiroz Pereira

- Chairman of the Board of Directors and Member of the Executive Committee of Portucel - Empresa Produtora de Pasta e Papel, S.A. (GPS)
- Chairman of the Board of Directors and Member of the Executive Committee of Soporcel – Sociedade Portuguesa de Papel, S.A. (GPS)
- Chairman of the Board of Directors of Cimianto - Gestão de Participações, S.A.
- Chairman of the Board of Directors of Cimipart - Investimentos e Participações, SGPS, S.A.
- Chairman of the Board of Directors of Cimo - Gestão de Participações, SGPS, S.A.
- Chairman of the Board of Directors of CMPartin - Inversiones y Participaciones Empresariales SL

- Chairman of the Board of Directors of CMP - Cimentos Maceira e Pataias, SA
- Chairman of the Board of Directors of Longapar, SGPS, S.A.
- Chairman of the Board of Directors of O E M - Organização de Empresas, SGPS, S.A.
- Chairman of the Board of Directors of Parsecil, SL
- Chairman of the Board of Directors of Parseinges - Gestão de Investimentos, 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, SL
- Chairman of the Board of Directors of Seinpart Participações, SGPS, S.A.
- Chairman of the Board of Directors of Semapa Inversiones, SL
- Chairman of the Board of Directors 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 Sociedade Agrícola da Quinta da Vialonga, S.A.
- Chairman of the Board of Directors of Sodim SGPS, S.A.
- Chairman of the Board of Directors of Vertice – Gestão de Participações, SGPS, S.A.
- Manager of Cimentospar – Participações Sociais, SGPS, Lda.
- Manager of Ecolua – Actividades Desportivas, Lda

José Alfredo de Almeida Honório

- Chairman of the Executive Committee and Member of the Board of Directors of Portucel- Empresa Produtora de Pasta e Papel, S.A. (GPS)
- Chairman of the Executive Committee and Vice-Chairman of the Board of Directors of Soporcel – Sociedade Portuguesa de Papel, S.A. (GPS)
- Chairman of the Board of Directors of Soporcel – Gestão de Participações Sociais, SGPS,S.A. (GPS)
- Chairman of the Board of Directors of Portucel Florestal – Empresa de Desenvolvimento Agro-Florestal, S.A. (GPS)
- Chairman of the Board of Directors of Aliança Florestal – Sociedade para o Desenvolvimento Agro-Florestal, S.A. (GPS)
- Member of the Board of Seminv – Investimentos, SGPS, S.A.
- Member of the Board of CMPartin-Inversiones y Participaciones Empresariales SL
- Member of the Board of Parsecil, SL
- Member of the Board of Semapa Inversiones, SL
- Manager of Cimentospar – Participações Sociais, Lda.
- Manager of Florimar – Gestão e Participações, SGPS, Sociedade Unipessoal, Lda.

- Member of the Board of Betopal, SL
- Member of the Board of Longapar, SGPS, S.A.
- Member of the Board of Cimimpart – Investimentos e Participações, SGPS, S.A.
- Member of the Board of Parseinges - Gestão de Investimentos, SGPS, S.A.
- Member of the Board of Seinpart Participações, SGPS.,S.A.
- Member of the Board of Cimo-Gestão de Participações, SGPS., S.A.
- Member of the Board and Member of the Executive Committee of CMP – Cimentos Maceira e Pataias, S.A.
- Member of the Board and Member of the Executive Committee of Secil - Companhia Geral de Cal e Cimento, S.A.
- Member of the Board and Member of the Executive Committee of Semapa – Sociedade Investimento e Gestão, SGPS, S.A.

Manuel Soares Ferreira Regalado

- Member of the Board and Member of the Executive Committee of Portucel–Empresa Produtora de Pasta e Papel, S.A. (GPS)
- Member of the Board and Member of the Executive Committee of Soporcel – Sociedade Portuguesa de Papel, S.A. (GPS)
- Member of the Board of Soporcel – Gestão de Participações Sociais, SGPS, S.A. (GPS)

Manuel Maria Pimenta Gil Mata

- Member of the Board and Member of the Executive Committee of Portucel – Empresa Produtora de Pasta e Papel, S.A. (GPS)
- Member of the Board and Member of the Executive Committee of Soporcel – Sociedade Portuguesa de Papel, S.A. (GPS)
- Member of the Board of Soporcel – Gestão de Participações Sociais,SGPS, S.A. (GPS)
- Chairman of the Board of Directors of Enerpulp – Cogeração Energética de Pasta, S.A. (GPS)
- Chairman of the Board of Directors of Socortel – Sociedade de Corte de Papel, S.A. (GPS)
- Chairman of the Board of Management of Setipel –Serviços Técnicos da Indústria Papeleira, S.A. (GPS)
- Chairman of the Board of Management of SPCG – Sociedade Portuguesa de Cogeração, S.A. (GPS)

Luís Alberto Caldeira Deslandes

- Member of the Board and Member of the Executive Committee of Portucel – Empresa Produtora de Pasta e Papel, S.A. (GPS)
- Member of the Board and Member of the Executive Committee of Soporcel – Sociedade Portuguesa de Papel, S.A. (GPS)
- Member of the Board of Soporcel – Gestão de Participações Sociais, SGPS, S.A. (GPS)
- Chairman of Portucel Soporcel (Papel) – Sales e Marketing, ACE (GPS)
- Chairman of the Board of Directors of Portucel Soporcel's associate companies:
 - Portucel Pasta y Papel S.A.
 - Soporcel España SA
 - Soporcel Italy SRL
 - Soporcel France EURL
 - Soporcel UK Ltd
 - Soporcel International BV
 - Soporcel North America INC
 - Soporcel 2000
 - Soporcel Deutschland GmbH
 - Soporcel Austria GmbH

Carlos Eduardo Coelho Alves

- Member of the Board of Portucel - Empresa Produtora de Pasta e Papel, S.A. (GPS)
- Member of the Board of Soporcel – Sociedade Portuguesa de Papel, S.A. (GPS)
- Member of the Board of Sonaca – Sociedade Nacional de Canalizações, S.A.
- Member of the Board of Sodim, SGPS, S.A.
- Member of the Board and Chairman of the Executive Committee of Secil – Companhia Geral de Cal e Cimento, S.A.
- Member of the Board and Chairman of the Executive Committee of CMP – Cimentos Maceira e Pataias, S.A.
- Member of the Board and Chairman of the Executive Committee of Semapa – Sociedade Investimento e Gestão, SGPS,S.A
- Member of the Board of Cimo - Gestão de Participações, SGPS.,S.A.
- Chairman of the Board of Directors of SCG – Société des Ciments de Gabès, SA
- Member of the Board of Secilpar, SL
- Member of the Board of Cimimpart – Investimentos e Participações, SGPS, S.A.
- Member of the Board of Parcim Investment B.V.

- Member of the Board of Parseinges - Gestão de Investimentos, SGPS,S.A.
- Member of the Board of Seinpart Participações, SGPS.,S.A.
- Member of the Board of Longapar, SGPS, S.A.
- Member of the Board of Betopal, SL
- Chairman of the General Meeting of Enersis, SGPS, SA
- Member of the Board of CMPartin – Inversiones y Participaciones Empresariales SL
- Member of the Board of Parsecil, SL
- Member of the Board of Semapa Inversiones, SL
- Manager of Florimar – Gestão e Participações, SGPS, Sociedade Unipessoal, Lda.
- Manager of Cimentospar Participações Sociais, Lda.
- Member of the Board of Seminv Investimentos, SGPS, SA (Secil – Investimentos' new name)

Álvaro Roque de Pinho Bissaia Barreto

- Non-Executive Director of Portucel – Empresa Produtora de Pasta e Papel, S.A. (GPS)
- Non-Executive Director of Soporcel– Sociedade Portuguesa de Papel, S.A. (GPS)
- Chairman of the Board of Directors of Tejo Energia, S.A. (GPS)
- Non-Executive Director of Nutrinveste - Soc. Gestora de Part. Sociais, S.A. (GPS)
- Non-Executive Director of Mello– Soc. Gestora de Participações Sociais, S.A. (GPS)
- Chairman of the General Meeting of Portugália - Comp. Portuguesa de Transp. Aéreos, S.A.
- Chairman of the General Meeting of PRIME DRINKS, S.A.

There are no incompatibilities specifically defined by the Board of Directors nor is there a maximum figure established for the positions that may be held by the Directors on boards of other companies.

All the current members of the Board of Directors have been on the Boards of Directors of the above companies for the last five years.

Declaration of compliance

As can be seen, Portucel, S.A. has already adopted virtually all the recommendations on corporate governance. However, the following five items have not been entirely implemented:

1. Article 10(3) of the Articles of Association require shares to be frozen at least eight days prior to the scheduled date of a General Assembly. This obligatorily means that shares should be frozen for six working days and not the five that are recommended. The Articles of Association established this rule before the CMVM recommendation was issued, and would therefore have to be altered if the recommendation is to be complied with in full.
2. The Remuneration Committee includes two members of Portucel, S.A. Board of Directors – its Chairman, Pedro Mendonça de Queiroz Pereira, and the Non-Executive Director, Carlos Eduardo Coelho Alves. This option is explained by their ties to the Company's main shareholder.
3. The recommendation to disclose the individual remuneration of members of the Board of Directors has not been adopted. This is due to the fact that having weighed up all the interests at stake, the Board feels that quite apart from the other potentially negative effects this disclosure would have, the gains that might result from it would not be greater than the importance of each board member's right to privacy.
4. No committee has been created with the specific responsibility of evaluating the Company's corporate structure and governance, inasmuch as it is felt that the Board of Directors is already performing this task effectively.
5. No rules have been laid down in relation to the communication of irregularities that may allegedly occur at the Company.

In all else the recommendations on corporate governance are being complied with in full.