



**IBERSOL – SGPS, SA**

**Publicly Listed Company**

Registered office: Praça do Bom Sucesso 105/159, 9º andar, Porto

**Sahre Capital: Euro 20.000.000**

Commercial Registry : Oporto under the number 501669477

**Fiscal Number: 501 669 477**

**CORPORATE GOVERNANCE REPORT 2008**

### Corporate Governance Report

This annex contains a brief description of the IBERSOL SGPS, SA, Corporate Governance practices and was drawn up to comply with the provisions of Securities Market Commission [CMVM – *Comissão do Mercado de Valores Mobiliários*] Regulation no. 1/2007, with the modifications introduced by Regulation no. 5/2008 and the CMVM Recommendation of September 2007 on the Governance of Listed Companies.

#### Chapter 0.

#### Statement of Compliance

##### 0.1 Location where the public may find the Corporate Governance Codes to which the issuer is subject to or those which the issuer voluntarily abides by;

The Company follows the CMVM Code of Governance for Listed Companies, namely through the application of CMVM Regulation no. 1/2007, which modified CMVM Regulation no. 7/2001. These regulations are available for consultation on the CMVM website, at [www.cmvm.pt](http://www.cmvm.pt).

##### 0.2 Detailed description of the recommendations contained in the Corporate Governance Code that have or have not been adopted.

Recommendations that are not fully met are understood to be non-implemented.

RECOMENDATIONS (Corp. Gov. Code)	COMPLIANCE	
<b>I. General Meeting</b>		
<b>I.1 General Meeting Board</b>		
I.1.1 The chairman of the General Meeting Board shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration.	Complied with	See Chap.I. Point I.1
I.1.2 The remuneration of the Chairman of the General Meeting Board shall be disclosed in the annual report on corporate governance.	Not complied with	See Chap. 0. Point 03, I.1.2
<b>I.2 Participation at the Meeting</b>		
I.2.1 The obligation to deposit or block shares before the General Meeting, contained in the articles of association, shall not exceed 5 working days.	Not complied with	See Chapter 0 Point 03, I.2.1

<p>I.2.2 Should the General Meeting be suspended, the company shall not compel share blocking during that period until the meeting is resumed and shall then follow the standard requirement of the first session.</p>	<p>Not complied with</p>	<p>See Chapter 0 Point 03, I.2.2.</p>
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**I.3 Voting and Exercising Voting Rights**

<p>I.3.1 Companies may not impose any statutory restriction on postal voting.</p>	<p>Not complied with</p>	<p>See Chapter 0 Point 0.3, I.3.1</p>
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<p>I.3.2 The statutory deadline for receiving early voting ballots by mail shall not exceed 3 working days.</p>	<p>Complied with</p>	<p>See Chapter 1 Point I.10</p>
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<p>I.3.3 The company's articles of association shall provide for the one share-one vote principle.</p>	<p>Not complied with</p>	<p>See Chapter 0 Point 03, I.3.3</p>
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**I.4 QUORUM AND RESOLUTIONS**

<p>I.4.1 Companies shall not set a constitutive or deliberating quorum that outnumberes the one which is prescribed by Law.</p>	<p>Not complied with</p>	<p>See Chapter 0 Point 03, I.4.1</p>
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**I.5 MINUTES AND INFORMATION ON ADOPTED RESOLUTIONS**

<p>I.5.1 The minutes of the General Meeting shall be made available to shareholders on the company's website within a 5 day period, irrespective of the fact that such information may not be legally classified as privileged information. The list of attendees, agenda items and resolutions passed during such meetings shall be kept on file on the company's website for a 3 year period.</p>	<p>Complied with</p>	<p>See Chapter 1 Point I.9</p>
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**I.6 MEASURES ON CORPORATE CONTROL**

<p>I.6.1 Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests.</p>	<p>Complied with</p>	<p>See Chapter 1 Point I.13</p>
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<p>I.6.2 In observance to the principle of the previous sub-paragraph, the company's articles of association that restrict/limit the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Meeting, (5 year intervals, at least) on whether that statutory provision is to prevail – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.</p>	<p>Not applicable</p>	
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I.6.3 In cases such as change of control or changes to the composition of the Board of Directors, defensive measures should not be adopted that instigate an immediate and serious asset erosion in the company, and further disturb the free transmission of shares and the free appreciation of the Board of Directors performance, by the shareholders.

Complied with

See Chapter I, Point I.13.

**II. MANAGEMENT AND SUPERVISORY BODIES**

**II.1. GENERAL POINTS**

**II.1.1. STRUCTURE AND COMPETENCIES**

II.1.1.1 The Board of Directors shall evaluate the adopted model in its governance report, pointing possible constraints to its functioning and shall propose measures that it deems fit for surpassing such obstacles.

Complied with

See Chapter II Point II.3

II.1.1.2 Companies shall set up internal control systems in order to efficiently detect any risk to the company's activity by protecting its assets and keeping its corporate governance transparent.

Complied with

See Chapter II Point II.4

II.1.1.3 The Management and Supervisory Bodies shall establish internal regulations and shall have these disclosed on its website.

Not complied with

See Chapter 0 Point 0.3, II.1.1.3

**II.1.2 INCOMPATIBILITIES AND INDEPENDENCE**

II.1.2.1 The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and evaluation of the executive members' activity.

Complied with

See Chapter II Point II. 1 and II.9

II.1.2.2 Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of the Board of Directors.

Complied with

See Chapter II Point II.9

**II.1.3 ELIGIBILITY CRITERIA AND APPOINTMENT**

II.1.3.1 Depending on the applicable model, the Chairman of the Audit Board, the Audit Committee or the Financial Matters Committees shall be independent and be adequately capable to carry out his duties.

Complied with

See Chapter II Point II.12

**II.1.4 POLICY ON THE REPORTING OF IRREGULARITIES**

II.1.4.1 The company shall adopt a policy whereby irregularities occurring within the company are reported. Such reports should contain the following information: i) the means through which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should it be required by the reporter.

Complied with

See Chapter II  
Point II.22

II.1.4.2 The general guidelines on this policy should be disclosed in the corporate governance report.

Not complied with

See Chapter 0  
Point 03, II.1.4.2

#### **II.1.5 REMUNERATION**

II.1.5.1 The remuneration of the members of the Board of Directors shall be structured so as to align their interests with the interests of the company. Thus:

i) The remuneration of Board of Directors members carrying out executive duties should be based on performance and a performance assessment shall be carried out periodically by the competent body or committee; ii) the variable assessment shall be consistent with the maximization of the long term performance of the company, and shall be dependent on sustainability of the levels of the adopted performance; iii) when the remuneration of non-executive members of the Board of Directors is not legally imposed, an exclusively fixed amount should be set.

Not complied with

See Chapter 0  
Point 03, II.1.5.1

II.1.5.2 The Remuneration Committee and the Board of Directors shall submit a statement on the remuneration policy to be presented at the Annual Shareholders General Meeting on the Management and Supervisory bodies and other directors as provided for in Article 248-B n°3 of the Securities Code. The shareholders shall be informed on the proposed criteria and main factors to be used in the assessment of the performance for determining the variable assessment (share bonuses; option on share acquisition, annual bonuses or other components).

Not complied with

See Chapter 0  
Point 03, II.1.5.2

II.1.5.3 At least one of the Remuneration Committee's representatives shall be present at the Annual Shareholders' General Meeting.

Not complied with

See Chapter 0  
Point 03, II.1.5.3

II.1.5.4 A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share prices, to members of the Management and Supervisory Boards and other Directors within the context of Article 248-B n° 3 of the Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall contain the regulation plan or in its absence, the plan's general conditions. The main characteristics of the retirement benefit plans for members of the Management and Supervisory Boards and other Directors within the context of Article 248-B n°3 of the Securities Code, shall also be approved at the General Meeting.

Not applicable

II.1.5.5 The remuneration of the members of the Management and Supervisory Boards shall be individually and annually disclosed and, information on fixed and variable remuneration must be discriminated as well as any other remuneration received from other companies within the group or in companies controlled by shareholders of qualifying holdings.

Not complied with

See Chapter 0  
Point 03,II.1.5.5

**II.2.Board of DIRECTORS**

II.2.1 Within the limits established by Law for each Management and Supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties should be identified in the Annual Report on Corporate Governance.

Complied with

See Chapter II  
Point II.3

II.2.2 The Board of Directors shall ensure that the company acts in accordance with its goals, and should not delegate its duties, namely in what concerns: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.

Complied with

See Chapter II  
Point II.3

II.2.3 Should the Chairman of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may decide upon, in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the corporate governance report.

Complied with

See Chapter II  
Point II.3 and II.9

<p>II.2.4 The annual management report shall include a description of the activity carried out by the non-executive Board Members and shall mention any restraints encountered.</p>	<p>Complied with</p>	<p>See Chapter II Point II.6</p>
<p>II.2.5 The management body should promote member replacement for financial matters at least after every two mandates.</p>	<p>Not applicable</p>	
<p><b>II.3 CHIEF EXECUTIVE OFFICER (CEO), EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS</b></p>		
<p>II.3.1 When Board of Directors that carry out executive duties are requested by other Board Members to supply information, the former shall do so in a timely manner and the information supplied must adequately suffice the request made.</p>	<p>Complied with</p>	<p>See Chapter II Point II.3</p>
<p>II.3.2 The Chairman of the Executive Committee shall send the notices of meeting and the respective minutes of the meetings to the Chairman of the Board of Directors and, when applicable, to the Chairman of the Supervisory Board or the Auditing Committee.</p>	<p>Complied with</p>	<p>See Chapter II Point II.3</p>
<p>II.3.3 The Chairman of the Executive Board of Directors shall send the notices of meeting and the respective minutes of the meetings to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee.</p>	<p>Not applicable</p>	
<p><b>II.4. GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND STATUTORY AUDIT COMMITTEE</b></p>		
<p>II.4.1 Besides fulfilling its supervisory duties, the General and Supervisory Board shall advise, follow up and carry out on an ongoing basis, the assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.</p>	<p>Not applicable</p>	
<p>II.4.2 The annual reports on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Audit Committee and the Statutory Audit Committee shall be disclosed on the company's website together with the financial statements.</p>	<p>Complied with</p>	<p>See Chapter II Point II.12</p>

<p>II.4.3 The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Committee shall include a description on the supervisory activity and shall mention any restraints that they may have come up against.</p>	<p>Complied with</p>	<p>See Chapter II Point II.12</p>
<p>II.4.4 The Financial Matters Committee, the Audit Committee and the Statutory Audit Committee (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose this services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first receiver of the reports.</p>	<p>Complied with</p>	<p>See Chapter II Point II.12</p>
<p>II.4.5 According to the applicable model, the Committees for Financial Matters, Audit Committee and the Statutory Audit Committee, shall evaluate the external auditor on an annual basis and propose the General Meeting that he/she should be discharged whenever justifiable grounds are present.</p>	<p>Complied with</p>	<p>See Chapter II Point II.12</p>
<p><b>II.5. Specialized Committees</b></p>		
<p>II.5.1 Unless the company is of a reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees shall set up the necessary Committees in order to: i) ensure that a competent and independent evaluation of the Executive Directors' performance is carried out, as well as of its own overall performance and further yet, the performance of all existing Committees; ii) study the adopted governance system and verify its efficiency and propose to the competent bodies measures to be carried out with a view to its improvement.</p>	<p>Not applicable</p>	
<p>II.5.2 Members of the Remuneration Committee or alike, shall be independent from the Members of the Board of Directors.</p>	<p>Complied with</p>	<p>See Chapter II Point II.19</p>
<p>II.5.3 All the Committees shall draw up minutes of the meetings held.</p>	<p>Complied with</p>	<p>See Chapter II Point II.3</p>

**III. INFORMATION AND AUDITING**

**III.1 GENERAL DISCLOSURE DUTIES**



<p>III.1.2 Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit.</p>	<p>Complied with</p>	<p>See Chapter III Point III.12</p>
<p>III.1.3 The following information that is made available on the company's Internet website, shall be disclosed in the English language:</p>		
<p>a) The company's name, the public listed company status, headquarters and remaining data provided for in Article 171 of the Commercial Companies Code;</p>	<p>Complied with</p>	<p>See Chapter III Point III. 12</p>
<p>b) Articles of Association;</p>	<p>Not complied with</p>	<p>See Chapter 0 Point 03, III.1.3</p>
<p>c) Identity of the members of the Board of Directors and the Market Liaison Officer;</p>	<p>Not complied with</p>	<p>See Chapter 0 Point 03, III.1.3</p>
<p>d) Investor Assistance Unit – its functions and access tools;</p>	<p>Not complied with</p>	<p>See Chapter 0 Point 03, III.1.3</p>
<p>e) Accounts Reporting documents;</p>	<p>Not complied with</p>	<p>See Chapter 0 Point 03, III.1.3</p>
<p>f) Half-Yearly Calendar on Company Events;</p>	<p>Not complied with</p>	<p>See Chapter 0 Point 03, III.1.3</p>
<p>g) Proposals sent through for discussion and voting during the General Meeting;</p>	<p>Not complied with</p>	<p>See Chapter 0 Point 03, III.1.3</p>
<p>h) Notices convening General Meetings.</p>	<p>Complied with</p>	<p>See Chapter III Point III. 12</p>

**0.3. When the structure or the corporate governance practices deviate from the CMVM's Recommendations or from other Corporate Governance Codes that the company is subject to or had voluntarily applied to, the company shall explain which parts of each code have not been complied with and the reasons therefore.**

*1.1.2 The remuneration of the Chairman of the General Meeting Board shall be disclosed in the annual report on corporate governance.*

The company discloses the overall value of the remunerations obtained by the members of the General Assembly Board, as indicated in Chap. I, point I.3.

*1.2.1 The obligation to deposit or block shares before the General Meeting, contained in the articles of association, shall not exceed 5 working days.*

By statutory provision (art. 20, sections 1 and 2), the company envisages a period of eight days to deposit or block shares; a proposal is to be submitted to the 2009 annual G.Meeting pretending to adjust that period to a period of not more than 5 working days.

I.2.2 Should the General Meeting be suspended, the company shall not compel share blocking during that period until the meeting is resumed and shall then follow the standard requirement of the first session.

As the company's articles of association are silent about this point, the company will submit a proposal to the 2009 G.Meeting intending to adjust that period to a deadline of not more than 5 working days.

I.3.1 Companies may not impose any statutory restriction on postal voting.

The company complies with the provisions of art. 22 section 2 of the CVM, in so far as this provision statutorily allows postal voting to be limited to statutory modifications and the elections of members of the governing bodies. It will nevertheless submit a proposal to the 2009 annual General Assembly intending not to impose any limits on postal voting.

I.3.3 The company's articles of association shall provide for the one share-one vote principle.

The statutes envisage to date in their art. 21 that each group of 1.000 shares corresponds to one vote, which we consider to be a sufficiently broad premise and stimulating for shareholder participation, although it is certain that there is no statutory provision that prevents shareholders holding a capital fraction of less than one thousand euros from grouping together (see art. 379 sections 1, 2 and 5 and 384 section 2 par. 1) of the CSC). The company will nevertheless submit a proposal to the 2009 annual GMeeting with a view to make the recommended one share-one vote principle conform statutorily.

I.4.1 Companies shall not set a constitutive or deliberating quorum that outnumbers the one which is prescribed by Law.

The company's statutes envisage in their article 23 that the General Assembly can meet and deliberate on first meeting as long as shareholders holding shares comprising more than fifty percent of the share capital are present or represented. Given that art. 383 section 1 of the CSC allows the contract to set a constitutive quorum, the company legitimately uses that faculty. But as the said legal provision is less restrictive than the statutes, this recommendation is not complied with.

II.1.1.3 The Management and Supervisory Bodies shall establish internal regulations and shall have these disclosed on its website.

The Regulations of the Statutory Audit Committee are posted on the company's website. The company also has internal Regulations for its Board of Directors which are also due to be published soon.

II.1.4.2 The general guidelines on this policy should be disclosed in the corporate governance report.

This policy has been neither formalized nor systemized in formal communication channels, as indicated above.

II.1.5.1 The remuneration of the members of the Board of Directors shall be structured so as to align their interests with the interests of the company. Thus:

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i) The remuneration of Directors carrying out executive duties should be based on performance and a performance assessment shall be carried out periodically by the competent body or committee; ii) the level of remuneration shall be consistent with the maximization of the long term performance of the company, and shall be dependent on sustainability of the levels of the adopted performance; iii) when the remuneration of non-executive members of the Board of Directors is not legally imposed, an exclusively fixed amount should be set.

This Recommendation is not complied with. The remuneration of the corporate bodies' members is set by a Salary Committee elected in General Meeting. The directors do not obtain any remuneration from the company or from the Group companies. The shareholding company IES-Indústria, Engenharia e Serviços, SGPS, SA., provided management services to the Group for an amount of €719.603.

II.1.5.2. The Remuneration Committee and the Board of Directors shall submit a statement on the remuneration policy to be presented at the Annual Shareholders General Meeting on the Management and Supervisory bodies and other directors as provided for in Article 248-B, n° 3 of the Securities Code. The shareholders shall be informed on the proposed criteria and main factors to be used in the assessment of the performance for determining the variable assessment level (share bonuses; option on share acquisition, annual bonuses or other awards).

The policy for remunerating directors is the responsibility of the Salary Committee, per which same will submit to the 2009 annual G.Meeting a statement about the remunerations policy for the Management and Fiscal bodies and other directors, in accordance with section 3 of article 248-B of the CVM ( Securities Code ).

II.1.5.3 At least one of the Remuneration Committee's representatives shall be present at the Annual Shareholders' General Meeting.

The company will comply with this Recommendation at the next annual G.Meeting in 2009.

II.1.5.5 The remuneration of the members of the Management and Supervisory Boards shall be individually and annually disclosed and, information on fixed and variable remuneration must be discriminated as well as any other remuneration received from other companies within the group of companies or companies controlled by shareholders of qualifying holdings.

Not complied with for members of the company's Board of Directors. The remunerations of the members of the Statutory Audit Committee and the Chartered Accountant will be disclosed in overall terms in the 2008 Annual Report and Accounts.

III.1.3 The following information that is made available on the company's Internet website, shall be disclosed in the English language:

This recommendation is only not complied with in paragraphs b), c), d), e), f) and g). The recommendation is to be fully complied with in the year 2009, but it is not possible to consider it formally complied with vis-à-vis financial year 2008.

**0.4. The corporate body or the committee shall at all times, assess the independency of each of its members and shall inform the shareholders, via a statement included in the corporate governance report, on its assessment both at the time of the appointment and following the loss of independency.**

No circumstance causing a loss of independence by the independent non-executive member of the Board of Directors, the Fiscal Council members, and the members of the General Assembly Board were verified to occur during the course of 2008.

## **Chapter I**

### **General Assembly**

#### **I.1. Identification of the members of the General Meeting Board**

**Chairwoman:** Alice de Assunção Castanho Amado;

**Vice Chairwoman:** Anabela Nogueira de Matos

**Secretary:** Maria Helena Moreira Araújo

The Company provides the Chairwoman of the General Assembly Board with sufficient human and logistical resources to meet her needs by means of support services from the Company Secretary and the Legal Office, comprising three staff members; this support is considered appropriate given the size and economic situation of the Company.

The Investor Relations Office also provides support when General Meetings are held, responding to shareholder information requests and organizing accreditation for participation in the General Assemblies, in liaison with the Company Secretary and the General Assembly Board.

#### **I.2. Indication of the commencement and end of the mandates: 2005 - 2008**

#### **I.3. Indication of the remuneration of the Chairman of the General Meeting Board.**

In 2008 the remuneration obtained by the members of the General Assembly Board was €2,335.

#### **I.4. Indication of the prior notice for deposit of shares or share-blocking for participation at the General Meeting.**

The company statutes at present require in their art. 20 sections 1 and 2 that shareholders prove to the company their ownership and deposit of shares up to eight days before the date the annual General Assembly is held.

#### **I.5. Indication of the applicable rules for share-blocking should the General Meeting be suspended.**

As the company statutes are silent on this point, it is currently the General Assembly Board Chairwoman's understanding that if the meeting is suspended, the Company should not oblige the actions to be blocked during the entire period until the session is resumed; the ordinary prior notice required upon first summons should be sufficient.

#### **I.6. Number of shares that correspond to one vote.**

Each 1.000 shares of the company correspond to one vote.

**I.7. The existence of statutory rules on the exercise of voting rights, including constitutive or deliberating quorums or systems for equity rights.**

According to article 23 of the Company Statutes, for the General Assembly to be able to meet and deliberate upon first summons it is indispensable that shareholders holding shares comprising more than fifty percent of the share capital be present or represented.

**I.8. Existence of statutory rules on the exercise of voting rights via postal voting.**

Statutory rules exist about exercising the postal voting right in art. 22 sections 3 to 10; postal voting is limited to matters involving a modification of the company's articles of association and election of the governing bodies; the General Notice of Meeting indicates the necessary procedures for exercising this right.

**I.9. Availability of a model format for exercising the right to vote via postal means.**

The company will provide a format for exercising the postal voting right. This form will be posted on the company's website, [www.ibersol.pt](http://www.ibersol.pt).

The minutes of General meetings, as well as a simple statistic on the number of attendees and resolutions at the previous 5 years' meetings will also be available for shareholders on the company's website.

**I.10. A deadline requirement for the receipt of the postal ballots and the date on which the General Meeting is held.**

Correspondence votes can be received up to three days before the General Assembly is held.

**I.11. The exercise of voting rights by electronic means.**

The exercise of voting rights by electronic means is still not available. Note that up till now the company has not received any solicitation or expression of interest by shareholders or investors with the purpose of providing such a function.

**I.12. Information upon the intervention of the General Meeting on matters concerning the remuneration policy of the company and the performance evaluation of the members of the Board of Directors.**

The remunerations policy for the governing bodies is the responsibility of the Salary Committee, which in 2009 will submit that policy at the Shareholders General Meeting approval.

The working agenda of the Annual General Meeting has included a point addressed to an overall evaluation of the company's administration and supervision, in compliance with the provisions of art. 376 section 1 al. c) of the CSC ( commercial companies code ).

**I.13. Indication of the defensive measures that are intended to immediately instigate asset erosion in cases such as changes in the control or to the composition of the Board of Directors.**

There are no defensive measures in the Company whose effect would be to automatically cause a serious erosion of the Company's assets in case of change of control or change of composition of the Board of Directors.

**I.14. Main agreements to which the company is a part of and that come into force, are changed or end in cases such as change in company control, as well as related outcome, unless the disclosure of same, due to its nature, is highly damaging to the company, except the company is specifically obliged to disclose such information by force of legal imperatives.**

Franchise Contracts exist in the Company concerning concession of the operation, under licence, of international foodservice brands in which Ibersol, SGPS, SA., figures as an accessory party guaranteeing the respective compliance, and in which the companies it has a stake in are the main parties of those same contracts. They set some limits on the change of control in holdings of Ibersol, SGPS, SA., as well as in companies with a dominant position in Ibersol, SGPS, SA. Such limits, subject to the necessary conditions of reasonability and contractual balance, basically consist of the duty of prior notice and/or approval by those franchisors, as well as the prevention of competition in the operational branch of the said foodservice brands.

**I.15. Agreements between the company and the Board of Directors, within the meaning of article 248-B nº3 of the Securities Code, that provide for compensation if they resign or are discharged without a valid cause or if their employment ceases following a change in company control.**

There are no agreements between the Company and the Board of Directors, per section 3 of article 248-B of the Securities Code, which envisage compensation should they resign, be discharged without a valid cause, or if their employment ceases following a change in company control.

## **Chapter II**

### **Management and Supervisory Bodies**

#### **II.1. Identification and composition of the corporate bodies:**

##### **Board of Directors:**

Chairman – António Alberto Guerra Leal Teixeira;

Vice Chairman – António Carlos Vaz Pinto de Sousa;

Member – Juan Carlos Vázquez-Dodero;

##### **Executive Committee:**

Chairman – António Alberto Guerra Leal Teixeira;

Vice Chairman – António Carlos Vaz Pinto de Sousa;

**Statutory Audit Committee:**

Chairwoman – Luzia Leonor Borges e Gomes Ferreira;  
Vice Chairman – Joaquim Alexandre de Oliveira e Silva;  
Effective Member – António Maria de Borda Cardoso;  
Alternate Member – Dr. Eduardo Moutinho dos Santos;

**Chartered Accounting Firm:**

Pricewaterhousecoopers & Associados – SROC, LDA.;  
Represented by José Pereira Alves (Roc);

**Company Secretary:**

Effective Secretary – José Carlos Vasconcelos Novais de Queirós;  
Alternate Secretary – Maria Helena Moreira de Araújo.

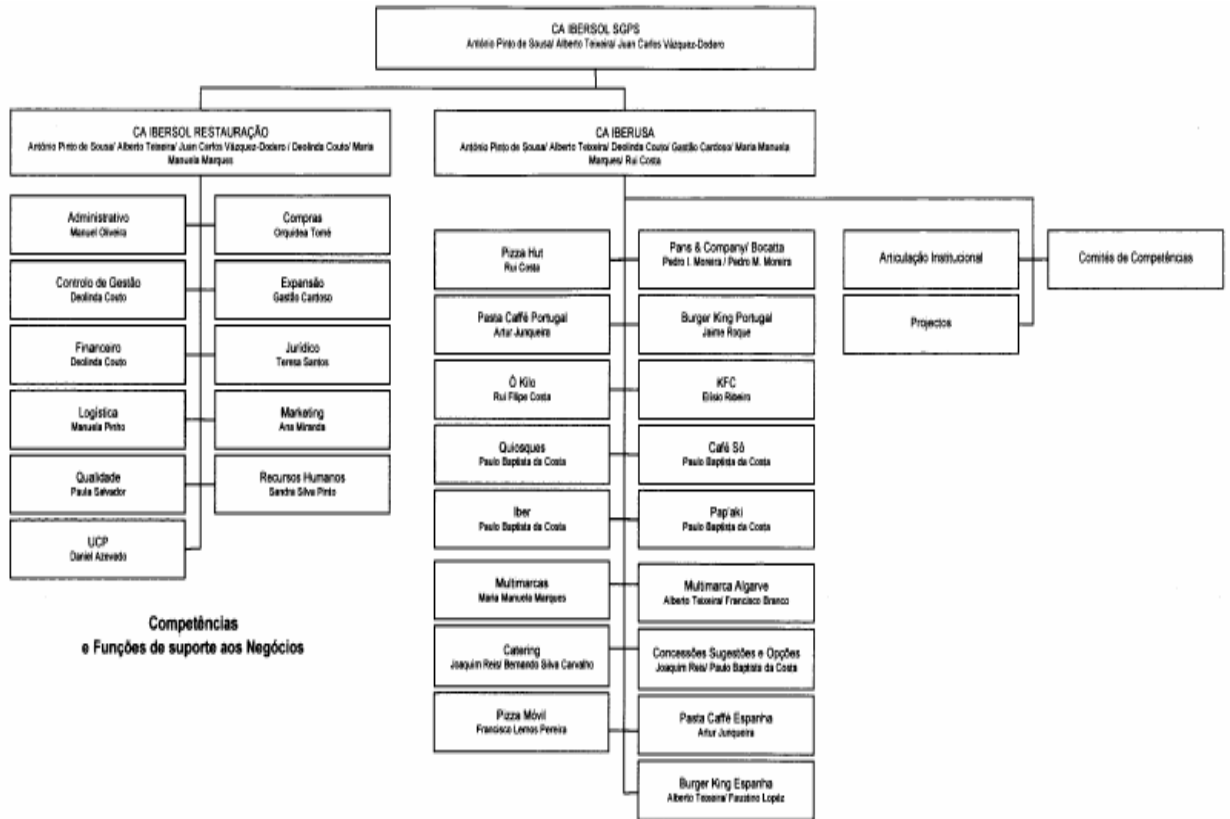
**II.2. Identification and composition of other committees created with responsibilities for the management or the supervision of the company.**

**Salary Committee:**

Vítor Pratas Sevilhano;  
Amândio Mendonça da Fonseca;  
Alfonso Munk Pacin;

**II.3. Organisational structure or functional chart concerning the delegation of responsibilities among the various corporate bodies, committees and/or departments within the company, including information on the scope of delegating responsibilities or distributing duties among the members of the Management or Supervisory bodies, as well as a list of non-delegable subject matters.**

**Company Organization Chart**





### **Management Body**

Ibersol, SGPS, SA., has a Board of Directors composed of three members: one Chairman, one Vice Chairman and one Member.

Two of its members exercise executive functions and form an Executive Committee, which was elected and whose powers were delegated by the Board of Directors per the terms of art. 8 section 4 of the Company Association Articles, and one other Director who exercises non-executive functions.

The Executive Committee operationally coordinates the functional directions and different businesses mentioned above, meeting periodically with the respective directors. The decisions made by the Functional and Business Directors, which must respect the overall guidelines, emanate from the delegation of powers granted by the Executive Committee and are coordinated in the aforementioned meetings.

The powers delegated to the Executive Committee are namely the following:

- a) full powers for decision-making, management and strategic accompaniment of corporate activity, within the legal limits set by art. 407 section 4 of the CSC;
- b) to develop, plan and programme the action lines of the management body, internally and externally for the accounting year, fully pursuing the social goals per the Company's ends, with a special aim to assist the Board of Directors properly verifying the instruments for supervising the economic/financial situation and carry out the controlling function of the companies that are part of the Ibersol Group.
- c) it is incumbent upon to help the Board of Directors to update its assessment and functional support structures, as well as the procedures of companies integrated in the Ibersol Group, with consistent adjustment to changing business needs, acting to determine the profiles and characteristics of its strategic partners, clients, workers, collaborators and other players, and in development of the behaviour standard for the company's relations with the outside world, and may specifically proceed to acquire, dispose of and encumber moveable goods, establishing or ceasing cooperation with other companies.

### **Evaluation of the Management Body regarding the adopted governance model**

The Board of Directors declares that the adopted Corporate Governance model has shown itself to be adequate for the good internal and external functioning of the Company. The Board of Directors has a two-member Executive Committee that meets weekly and considers diverse matters associated to the company's management, besides holding regular meetings with the non-executive member, circulating detailed information about relevant Company aspects between the executive members and the non-executive member of the Board.

The Board of Directors does not have special support committees.

No type of constraint or objection regarding how the Corporate Governance model works has been indicated on behalf of any governing body, given the rigour and frequency with which information is provided.

Minutes are drawn up for the Executive Committee and the Salary Committee.

#### **II.4. Description of the internal control and risk management systems within the company, namely as regards the financial information disclosure system.**

Risk management is a component of the company's culture and is present in all processes; it is the responsibility of all managers and collaborators at the different levels of the organization.

Risk management is undertaken with the aim of creating value through the management and control of uncertainties and threats that can affect Group companies from a standpoint of operational continuity, with a view to taking advantage of business opportunities.

In the context of strategic planning, risks to the portfolio of existing businesses are identified and evaluated; new businesses and more relevant projects are also developed and strategies to manage those risks determined.

At operational level, management risks are identified and evaluated regarding the objectives of each business and actions to manage those risks are planned; they are included and monitored in the scope of the business plans and the functional units.

Regarding risk to the security of tangible assets and persons, policies and standards are determined and self-control of compliance with same is undertaken; external audits are carried out on all units and actions to prevent and correct identified risks implemented.

In order to guarantee conformity of the established procedures the group's main internal control systems are periodically evaluated.

Internal control and accompaniment of the internal control systems is carried out by the Executive Committee. For specific business aspects there are risk areas whose management has been assigned to functional departments, of which the following stand out:

#### ***Food Quality and Safety***

In the foodservice business the risk associated to hygiene and food safety is of paramount importance.

Management of this risk area is coordinated by the Quality Division. Its main concerns imply responsible and proactive action, following the principles of prevention, training, monitoring of

indicators and the search for continual improvement in order to minimize food-related risks that impact consumers' health.

This risk area's main management aspects:

- Qualification and Selection of Suppliers and Products in the food quality/safety area and the Periodic Control Programme for Suppliers/Products and Services;
- guaranteed effectiveness of the implemented Tracing System;
- control of the units' Productive Process by means of HACCP Systems;
- System to Develop Food Safety Skills;
- Maintenance and Monitoring of measurement devices;
- Food Crisis Management System, which allows existing food warning systems to be monitored at all times and ensures immediate action when necessary;
- System for Continual Improvement, supported among other instruments by the External Audits Programme in all Group units; programme for micro-biological analyses of end products carried out per sample by the accredited external entity; Complaint Handling System, Mystery Customer Programme and Internal Audits Programme with respect to the indicators associated to Food Safety;
- Live Well Programme, by which the Group informs consumers about its Food Safety system and the opportunity to have healthy food habits, providing them transparently with the information needed to make the most correct choices.

### ***Workplace Safety and Hygiene***

Coordination of this risk area's management process is the responsibility of the Human Resources Division, which coordinates the Training Plans and monitors application of the standards and procedures set out in the WSH Manual in effect at Ibersol.

### ***Financial***

Risk management in the financial area is carried out by the Financial Division and centres on monitoring the volatility of financial markets, especially interest rates. The main sources of risk exposure are:

- a) Interest rate risk
-

As the group does not have remunerated assets with significant interests, the profit and cash flows from financing activity are largely independent of any changes in the market interest rate.

The Group's interest rate risk comes from liabilities, specifically long term loans. Loans issued with variable rates expose the Group to cash flow risks linked to interest rates. Loans issued with fixed rates expose the Group to risk from the fair value associated to the interest rate. With the current interest rate levels, the group's policy, for financing with longer maturity, is to ensure the total or partial fixing of interest rates.

In recent years only a small part of the Group's financing has considered the possibility of risk coverage by interest rate variation. It has a swap operation involving 9 million euros in Spain and the medium and long term loan in which it set the interest rate expired in September 2008. The remaining remunerated debt consequently incurs interest at a variable rate.

### b) Credit risk

The Group's main activity is carried out with sales paid in cash or debit/credit card; the Group therefore has no relevant credit risk concentrations. The Group has policies to ensure that sales on credit are made to customers with a suitable credit history. The Group has policies that limit the amount of credit to which clients can have access.

### c) Liquidity risk

The management of treasury needs is done based on annual planning revised quarterly and adjusted daily. Per the underlying business dynamics, the Group's Treasury has been flexibly managing commercial paper and the negotiation of credit lines available at all times.

### d) Capital risk

The company seeks to maintain a level of equity capital that suits the characteristics of its main business (cash sales and supplier credit) and to ensure continued expansion. The capital structure's equilibrium is monitored based on the financial leverage ratio (defined as: net remunerated debt / (net remunerated debt+own capital)) with the goal of situating it in the 35%-70% bracket.

## **Environmental**

Management of this risk area is coordinated by the Quality Division. Its main focus is on implementing the policy deriving from the Ibersol Sustainability Principles, so that the processes and procedures across all hierarchic levels can be applied to the environment.

The procedures dealt with in the Ibersol Standards Manual concerning this area mainly focus on rational electricity usage and recycling used oils.

### **Contingency**

The unpredictable evolution of the financial markets may lead to increased financing costs and credit access problems, although we believe the company will be able to overcome such difficulties.

On the other hand, operations in the foodservice area can be affected by eventual epidemics or raw material market distortions or eventual changes in consumption standards, which may significantly impact the financial statements.

### **II.5. Powers of the Management Body, particularly regarding resolutions on capital increase.**

The management body's powers are those attributed by the Commercial Companies Code [CSC – Código das Sociedades Comerciais] and those contained in articles 4 section 2, 8, 11 and 12 of the Company Association Articles.

Concerning resolutions over increasing capital, the company association articles in its art. 4 section 2 authorizes the Board of Directors to consider capital increases up to the limit of one hundred million euros.

### **II.6. Indication on the existence of regulations on the functioning of the corporate bodies or any internally defined rules on incompatibility and the maximum number of positions that a member is entitled to hold and the place where these rules may be consulted at.**

As indicated in chapter 0, concerning non-compliance with recommendation II.1.1.3, the Fiscal Council's Regulations are posted on the Company's website. The latter has internal Regulations for its Board of Directors which it will likewise publish.

A list of incompatibilities has not been determined, nor has the maximum number of positions directors may accumulate in management bodies of other companies, in so far as the company's directors, except for the non-executive director, only exercise executive functions in the companies comprising the Group.

The non-executive member provides special support to the Management Control function and to the development of personnel in that Department.

### **II.7. Rules applicable to the appointment and replacement of members of the Management and Supervisory Body.**

The applicable rules for designating and replacing members of the management and supervisory body are those envisaged in the Commercial Company Code; there are no specific statutory provisions on this subject in the Company.

**II.8. Number of meetings held by the Management and Supervisory Body and other created Committees that are responsible for managing and supervising during the financial year in question.**

Also in accordance with the Company articles of association, the Board of Directors normally meets once each quarter and, besides that, any time the Chairman or two of its members summon it; the resulting resolutions should be contained in the respective minutes. The Board of Directors can only deliberate if a majority of its members are present or represented and resolutions will be decided by majority of the votes issued. The Board of Directors met nine times and the Statutory Audit Committee four times over the course of financial year 2008.

**II.9. Identification of the members of the Board of Directors and other Committees created within the company and their distinction between executive and non-executive Members and from among the latter, which members comply with the incompatibility rules provided for in article 414-A/1, except for item b/ and the independence criterion mentioned in article 414/5, both from the Commercial Companies Code.**

The Company's management body is composed of three directors and includes one member, Juan Carlos Vázquez-Dodero, who is an independent non-executive member not associated to specific interest groups from either the Company or its reference shareholders, nor does he have relevant interests likely to collide or interfere with the free exercise of his mandate, furthermore noting that no internal control committee has been constituted. The said member is a board of director of affiliated companies, in which he does not exercise executive functions. He does not carry out any activities or business with the company, as per the provisions of articles 397 and 398 of the CSC, fulfilling the other independence requirements of art. 414 section 5 of the CSC. Regarding verification of the incompatibility requirements, the same non-executive director does not comply with such rules, except for paragraph c) of section 1 of art. 414 of the CSC.

In conclusion, and although the Company's administrative structure is not governed by an audit committee included in its Board of Directors ( hence the legal requirement contained in article 423-B of the CSC, namely its sections 4 and 5, is not imposed on the latter), in our understanding the requirement of point II.1.2.2 of the Corporate Governance Code is fulfilled.

Regarding the mechanisms for coordinating the work of the non-executive member of the Board of Directors with the Chairman of the Board of Directors with executive functions, same comprise permanent and direct means of information; there are no constraints whatsoever that might prevent independent and informed decisions.

**II.10. Professional qualifications of the members of the Board of Directors, the professional activities carried out by them at least during the last five years, the number**

of company shares they hold and the date of the commencement and end of the first mandate;

and

**II.11. Duties that the members of the Board of Directors carry out in other companies as well as those carried out in companies of the same holding.**

All members of the Board of Directors exercise functions in management bodies of other companies, as specified below:

**António Alberto Guerra Leal Teixeira**

**Academic background**

- Degree in Economics – Faculty of Economics at the Universidade do Porto

**Professional activity**

- Chairman of the Board of Directors of Ibersol, SGPS, SA
- Director of other companies in which Ibersol, SGPS, SA, has a stake

**Date of commencement and end of mandate**– 1997 / 2008;

**Duties carried out in management bodies of other Ibersol Group companies:**

ASUREBI - Sociedade Gestora de Participações Sociais, SA

EGGON – SGPS, SA

ANATIR – SGPS, SA

CHARLOTTE DEVELOPS, SL

FIRMOVEN - Restauração, SA

IBERAKI - Restauração, SA

IBERGOURMET - Produtos Alimentares, SA

IBERKING - Restauração, SA

IBERSANDE - Restauração, SA

IBERSOL - Hotelaria e Turismo, SA

IBERSOL - Restauração, SA

IBERSOL MADEIRA - Restauração, SA

IBERUSA - Hotelaria e Restauração, SA

IBERUSA - Central de Compras para a Restauração, ACE

INVERPENINSULAR, SL

MAESTRO - Serviços de Gestão Hoteleira, SA

PASTA CAFFE, SLU

VIDISCO, Pasta Caffé Union Temporal de Empresas

VIDISCO, SL

LURCA, SA

IBR – Imobiliária, SA

QRM – Projectos Turísticos, SA

RESTOH – Restauração e Catering, SA

**MANAGER**

FERRO & FERRO, Lda.

PIZZALITOS Restaurantes, Lda.

RESTMON (Portugal) – Gestão e Exploração de Franquias, Lda.

BILCAS – Actividades Hoteleiras, Lda

**Duties carried out in management bodies of companies outside the Ibersol Group:**

ATPS - Sociedade Gestora de Participações Sociais, SA

I.E.S. - Indústria, Engenharia e Serviços, SGPS, SA

MATEIXA Soc. Imobiliária, SA

**Number of directly or indirectly held shares in Ibersol, SGPS, SA:**

1,400 (one thousand, four hundred) representative shares of the capital of Ibersol SGPS, SA

5,676 (five thousand, six hundred and seventy-six) representative shares of the capital of ATPS, SGPS, SA (50% of the share capital)

On 31/12/2008 ATPS, SGPS, SA, held 425,182 (four hundred and twenty-five thousand, one hundred and eighty-two) representative shares of the capital of Ibersol, SGPS, SA, and 2,455,000 (two million, four hundred and fifty-five thousand) representative shares of the capital of I.E.S. – Indústria Engenharia e Serviços, SGPS, SA, represented by 2,455,000 shares.

On 31/12/2008 IES – Indústria, Engenharia e Serviços, SGPS, SA, held 9,998,000 (nine million, nine hundred and ninety-eight thousand) representative shares of the capital of Ibersol, SGPS, SA.

**António Carlos Vaz Pinto de Sousa**

**Academic background**

- Degree in Law – Faculty of Law at the Universidade de Coimbra
- CEOG – Management Course – Universidade Católica do Porto

**Professional activity**

- Member of the Board of Directors of Ibersol, SGPS, SA
- Director of other companies in which Ibersol, SGPS, SA, has a stake

**Date of commencement and end of mandate**– 1991 / 2008;

**Duties carried out in management bodies of other Ibersol Group companies:**

ASUREBI - Sociedade Gestora de Participações Sociais, SA

EGGON – SGPS, SA



ANATIR – SGPS, SA  
CHARLOTTE DEVELOPS, SL  
FIRMOVEN - Restauração, SA  
IBERAKI - Restauração, SA  
IBERGOURMET - Produtos Alimentares, SA  
IBERKING - Restauração, SA  
IBERSANDE - Restauração, SA  
IBERSOL - Hotelaria e Turismo, SA  
IBERSOL - Restauração, SA  
IBERSOL MADEIRA, RESTAURAÇÃO, SA  
IBERUSA - Hotelaria e Restauração, SA  
IBERUSA - Central de Compras para a Restauração, ACE  
INVERPENINSULAR, SL  
MAESTRO - Serviços de Gestão Hoteleira, SA  
PASTA CAFFE, SLU  
VIDISCO, Pasta Caffé Union Temporal de Empresas  
VIDISCO, SL  
LURCA, SA  
IBR – Imobiliária, SA  
QRM – Projectos Turísticos, SA  
RESTOH – Restauração e Catering, SA  
JOSÉ SILVA CARVALHO – Catering, SA

**MANAGER**

FERRO & FERRO, Lda.  
PIZZALITOS Restaurantes, Lda.  
RESTMON (Portugal) - Gestão e Exploração de Franquias, Lda.  
BILCAS – Actividades Hoteleiras, Lda

**Duties carried out in management bodies of companies outside the Ibersol Group:**

ATPS - Sociedade Gestora de Participações Sociais, SA  
I.E.S. - Indústria, Engenharia e Serviços, SGPS, SA  
POLIATLANTICA, SA

**Number of directly or indirectly held shares in Ibersol, SGPS, SA :**

1,400 (one thousand, four hundred) representative shares of the capital of Ibersol SGPS, SA

5,676 (five thousand, six hundred and seventy-six) representative shares of the capital of ATPS, SGPS, SA (50% of the share capital).

On 31/12/2008 ATPS, SGPS, SA, held 425,182 (four hundred and twenty-five thousand, one hundred and eighty-two) representative shares of the capital of Ibersol, SGPS, SA, and 2,455,000 (two million, four hundred and fifty-five thousand) representative shares of the capital of I.E.S. – Indústria Engenharia e Serviços, SGPS, SA, represented by 2,455,000 shares.

On 31/12/2008 IES – Indústria, Engenharia e Serviços, SGPS, SA, held 9,998,000 (nine million, nine hundred and ninety-eight thousand) representative shares of the capital of Ibersol, SGPS, SA.

**Juan Carlos Vázquez-Dodero**

**Academic background**

- Degree in Law – Universidad Complutense de Madrid
- Degree in Entrepreneurial Sciences – I.C.A.D.E. Madrid
- Master’s in Economics and Business Administration – I.E.S.E. Universidade de Navarra
- Doctorate in Business and Administration - I.E.S.E. Universidade de Navarra
- “Managing Corporate Control and Planning” and “Strategic Cost Management” programmes – Harvard University

**Professional activity**

- Ordinary Professor at the IESE
- Advisor and consultant to various European and American companies
- Member of the Board of Directors of Ibersol, SGPS, SA
- Director of other companies in Ibersol, SGPS, SA, has a stake

**Date of commencement and end of mandate:** 1999 / 2008

**Duties carried out in management bodies of other Ibersol Group companies:**

ASUREBI - Sociedade Gestora de Participações Sociais, SA

IBERUSA - Hotelaria e Restauração, SA

IBERSANDE - Restauração, SA

IBERSOL - Restauração, SA

**Duties carried out in management bodies of companies outside the Ibersol Group:**

ATPS - Sociedade Gestora de Participações Sociais, SA

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I.E.S. - Indústria, Engenharia e Serviços, SGPS, SA

EMAGISTER, SL. (Internet portal)

**Number of directly or indirectly held shares in Ibersol, SGPS, SA :**

Holds no shares of the company.

**II.12. The identification of the members of the Supervisory Board by listing those members that comply with the incompatibility rules provided for in article 414/A/1 and the independency criterion provided for in article 414/5, both from the Commercial Company Code.**

**Fiscal Council:**

Chairwoman – Luzia Leonor Borges e Gomes Ferreira;

Vice Chairman – Joaquim Alexandre de Oliveira e Silva;

Effective Member – António Maria de Borda Cardoso;

Alternate Member – Eduardo Moutinho dos Santos;

All members of the Fiscal Council fulfil the requirements for independence set out in art. 414 section 5 of the CSC and for non-existence of incompatibilities envisaged in art. 414-A section 1 of the CSC.

The annual report on the activity carried out by the Fiscal Council is subject to disclosure together with the financial statements on the company's internet website.

**II.13. The professional qualifications of the members of the Supervisory Board, the professional activities carried out by them, at least during the last five years, the number of company shares they hold and the commencement and end date of the first mandate; and**

**II.14. The duties that the members of the Supervisory Board carry out in other companies as well as those carried out in companies of the same holding.**

**Chairwoman – Luzia Leonor Borges e Gomes Ferreira:**

**Academic background**

- Degree in Law from the Faculty of Law at the Universidade de Coimbra;
- Post-graduate degree in European Studies from the Faculty of Law at the UN de Coimbra;
- Finances course for non-Financial by the EGP;

**Professional activity during the last five years:**

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- Director of Legal Counselling of “Sonae – SGPS, SA.”;

**Date of commencement and end of mandate:** 2007 / 2008.

**Duties carried out in governing bodies of other Ibersol Group companies:** carries out no duties in other Ibersol Group companies.

**Number of directly or indirectly held shares in Ibersol, SGPS, SA:**

Holds no shares of the company.

**Vice Chairman – Joaquim Alexandre de Oliveira e Silva:**

**Academic background**

- Degree in Economics from the Faculdade de Economia do Porto (1970);

**Professional activity in the last five years:**

- University teaching;

- Fiscal consultancy;

**Date of commencement and end of mandate:** 2008 / 2008.

**Duties carried out in governing bodies of other Ibersol Group companies:** carries out no duties in other Ibersol Group companies.

**Number of directly or indirectly held shares in Ibersol, SGPS, SA:**

Holds no shares of the company.

**Effective Member – António Maria de Borda Cardoso:**

**Academic background**

- Degree in Economics from the Faculdade de Economia do Porto (1966);

**Professional activity in the last five years:**

- “Sonae Indústria – PCDM, SA.” as Director;

- Pensioner since 25/10/2005;

- Director of “Laminar – Indústria de Madeiras e Derivados, SA.” since 29/11/2002;

- Partner (not managing) at 50% of the limited company “Borda Cardoso – Assessoria de Negócios, Lda.” since 2/12/2005;

**Date of commencement and end of mandate:** 2007 / 2008.

**Duties carried out in governing bodies of other Ibersol Group companies:** carries out no duties in other Ibersol Group companies.

**Number of directly or indirectly held shares in Ibersol, SGPS, SA:**

Holds no shares of the company.

**Alternate Member – Eduardo Moutinho dos Santos:**

**Academic background**

- Degree in Law from the Faculty of Law of the UN de Coimbra (1978);

**Professional activity in the last five years:**

- Practices law privately in the County of Porto;

**Date of commencement and end of mandate:** 2007 / 2008.

**Duties carried out in governing bodies of other Ibersol Group companies:** carries out no duties in other Ibersol Group companies.

**Number of directly or indirectly held shares in Ibersol, SGPS, SA:**

Holds no shares of the company.

**II.15. The identification of the members of the General and Supervisory Board and other Committees created within the company, by listing those members that comply with the incompatibility rules provided for in article 414-A/1 including item f/ and the independency criterion provided for in article 414/5, both from the Commercial Company Code.**

- Not applicable

**II.16. The professional qualifications of the members of the General and Supervisory Board and other Committees created within the company, the professional activities carried out by them at least during the last five years, the number of company shares they hold and the date of the commencement and end of the first mandate.**

- Not applicable

**II.17. The duties that members of the General and Supervisory Board, as well as other Committees established within the company, carry out in other companies, as well as those carried out in companies of the same holding.**

- Not applicable

**II.18. A description of the remuneration policy and the alignment of the Board of Directors' interests with those of the company and the performance assessment, distinguishing executive from non-executive Directors, a summary and reasoning behind the company's policy on compensations negotiated on contracts or via transactions for cases of impeachment or severance pay.**

The remunerations policy for Directors is the responsibility of the Salary Committee, which will submit same for approval by the Company's shareholders at the 2009 General Meeting.

The general principles of the remunerations policy for the Supervisory Bodies and the Board of the General Meeting are the following:

**a) Duties performed.**

Regarding the duties performed by each office-holder in the aforementioned governing bodies, and bearing in mind the nature and activity effectively exercised, as well as the incumbent

responsibilities. In the organic/functional sense they will not be in the same position and equal for all members of the Statutory Audit Committee or the General Meeting Board, as well as the Chartered Accountants. The weighting of these functions should obey diverse criteria such as, for example, the responsibility, time spent or the value resulting from a given sort of intervention or institutional representation.

b) Company's economic situation.

This criterion will also be a source of interpretation. The size of the company and the degree of functional complexity, in relative terms, will be one of the significant aspects.

**II.19. Indication of the composition of the Remuneration Committee or similar body, whenever applicable, identifying the relevant members that are likewise members of the Board of Directors, as well as their spouses, next of kin up to and including third-degree lineage.**

The composition of the **Remuneration Committee** is as follows:

Vítor Pratas Sevilhano;

Amândio Mendonça da Fonseca;

Alfonso Munk Pacin;

No member of this Committee is a member of the Company's management body, nor any of their spouses, relatives and kin up to and including third-degree lineage.

**II.20. Indication of the individual and collective remuneration that apply includes performance pay bonuses earned by the members of the Board of Directors during the financial year in question. The following information shall also be made available:**

**a) Explanation on the amount concerning the variable and fixed components of the board of directors' remuneration, as well as the possible instalment payment of the variable component;**

- Not applicable.

**b) The distinction between the amounts owing to the executive board of directors and to the non-executive board of directors;**

- Not applicable.

**c) Sufficient information on the criteria on which any right to shares, share options or the variable component of the remuneration are based to;**

- Not applicable.

**d) Sufficient information on the relation between remuneration and performance;**

- Not applicable.

**e) The main factors and reasons for any such annual bonus scheme or any other non-financial benefits;**

- Not applicable.

**f) The allotment of shares and/or rights to acquire share options and/or any other incentive system involving shares;**

- Not applicable.

**g) Remuneration paid in the form of a share in the profits and/or the payment of bonuses and the reason behind the act of awarding such bonuses and/or share in profits;**

- Not applicable.

**h) Compensation paid or owed to former executive board of directors in relation to early contract termination;**

No compensation was paid or are owed to former executive board of directors regarding the termination of functions during the financial year.

**i) Amounts paid on any basis by other companies in a group relationship or exercising control over the company;**

No other amounts of any kind paid by other companies in a group relationship or exercising control over the company.

**j) A description of the main characteristics of the supplementary pension or retirement schemes set up for board of directors;**

- Not applicable.

**l) An estimate of the non-financial benefits considered as remuneration which do not fall under the categories listed above.**

There are no non-financial benefits that can be considered as remuneration attributed to any of the board of directors.

**II.21. Individual information on the amounts payable, regardless of its nature, should the duties cease during the respective mandate, whenever they surpass the monthly salary by twofold.**

No compensation whatsoever has been established or fixed should the current directors cease their functions during their mandates.

**II.22. Information on the irregularities disclosure policy adopted by the company.**

As per the Statutory Audit Committee Regulations posted on the company's website, this body "records in writing the reports of irregularities addressed to the Committee, taking as appropriate the necessary action vis-à-vis the administration and the auditor and draws up its report about them".

### **Chapter III**

#### **Information**

**III.1. The equity structure including those shares that are not admitted to trading, the different category of shares, rights and duties of these shares and the equity percentage that each category represents.**

The share capital of Ibersol, SGPS, SA., is represented by 20.000.000 common shares, each with a face value of 1 euro; the rights and duties inherent to all the shares are equal.

The capital is composed of a total of 20.000.000 shares, in the form of scriptural representation, corresponding to equal total face value in euros; all are negotiable on Euronext Lisbon with the code PTIBS0AE0008.

**III.2. Qualifying holdings in the issuer's equity calculated as per article 20 of the Securities Code.**

The qualified holdings as at 31/12/2008 are presented in the table below.



## Corporate Governance Report

Shareholder	no. of shares	% share capital	% capital with non-suspended rights
<b>ATPS - SGPS, S.A.</b>			
Directamente	425,182	2.13%	2.36%
I.E.S.-Indústria, Engenharia e Serviços, SGPS,S.A.	9,998,000	49.99%	55.54%
António Alberto Guerra Leal Teixeira	1,400	0.01%	0.01%
António Carlos Vaz Pinto Sousa	1,400	0.01%	0.01%
<b>Total stake held/imputable</b>	<b>10,425,982</b>	<b>52.13%</b>	<b>57.92%</b>
<b>Banco BPI, S.A.</b>			
Fundo Pensões Banco BPI	400,000	2.00%	2.22%
BPI Gestão Activos - Soc. Gestora Fundos Investimento Mobiliário, S.A	405,649	2.03%	2.25%
<b>Total stake held/imputable</b>	<b>805,649</b>	<b>4.03%</b>	<b>4.48%</b>
<b>Fundos Investimento Millennium BCP</b>			
Millennium Ações Portugal	369,678	1.85%	2.05%
Millennium PPA	268,113	1.34%	1.49%
Millennium Poupança PPR	54,000	0.27%	0.30%
Millennium Aforro PPR	20,000	0.10%	0.11%
Millennium Investimento PPR Ações	18,000	0.09%	0.10%
<b>Total stake held/imputable</b>	<b>729,791</b>	<b>3.65%</b>	<b>4.05%</b>
<b>Santander Asset Management SGFIM, SA</b>			
Santander Ações Portugal	490,748	2.45%	2.73%
Santander PPA	107,159	0.54%	0.60%
<b>Total stake held/imputable</b>	<b>597,907</b>	<b>2.99%</b>	<b>3.32%</b>
<b>Kabouter Management LLC</b>			
Kabouter Fund II	370,000	1.85%	2.06%
Talon International	32,000	0.16%	0.18%
<b>Total stake held/imputable</b>	<b>402,000</b>	<b>2.01%</b>	<b>2.23%</b>
<b>Bestinver Geston</b>			
BESTINVER BOLSA, F.I.	998,289	4.99%	5.55%
BESTINFOND F.I.	503,417	2.52%	2.80%
BESTINVER HEDGE VALUE FUND FIL	333,864	1.67%	1.85%
BESTINVER MIXTO, F.I.	220,533	1.10%	1.23%
SOIXA SICAV	125,520	0.63%	0.70%
BESTINVER RENTA, F.I.	101,178	0.51%	0.56%
BESTINVER BESTVALUE SICAV	82,254	0.41%	0.46%
TEXRENTA INVERSIONES SICAV	25,008	0.13%	0.14%
LOUPRI INVERSIONES	6,589	0.03%	0.04%
DIVALSA DE INVERSIONES SICAV, SA	4,308	0.02%	0.02%
ACCIONES,CUP.Y OBLI.SEGOVIANAS	3,296	0.02%	0.02%
LINKER INVERSIONES, SICAV, SA	2,426	0.01%	0.01%
JORICK INVESTMENT	1,156	0.01%	0.01%
<b>Total stake held/imputable</b>	<b>2,407,838</b>	<b>12.04%</b>	<b>13.38%</b>

On 31/12/2008 Ibersol, SGPS, SA., held 2000.000 own shares, corresponding to 10% of the share capital.

During the financial year the company acquired 5.657 shares by means of the following transactions:

Date	no. of shares	value (€)	Average price (€)	Reason
19-03-2008	2358	14148	6.00	Portfolio reinforcement
01-09-2008	400	2948	7.37	Portfolio reinforcement
30-09-2008	1750	10645	6.08	Portfolio reinforcement
10-10-2008	1119	5091	4.55	Portfolio reinforcement

### III.3. Identification of the shareholders that detain special rights and a description of those rights.

At Ibersol, SGPS, SA, there are no shareholders or shareholder categories that hold special rights.

**III.4. Possible restrictions on share-transfer, i.e. consent clauses for their disposal or restrictions on share-ownership.**

At Ibersol, SGPS, SA., there are no restrictions of any kind on share transfer or ownership.

**III.5. Shareholder agreements which the company may be aware of and that may restrict the transfer of securities or voting rights.**

The company is unaware of the existence of any shareholder agreement that may lead to restrictions in the matter of transfer of securities or voting rights.

**III.6. Rules applicable to the amendment of the articles of association;**

At Ibersol, SGPS, SA., there are no special rules concerning the amendment of its statutes. The general system resulting from the Commercial Companies Code shall be applicable.

**III.7. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by them.**

At Ibersol, SGPS, SA., there are no mechanisms for employee participation in its capital.

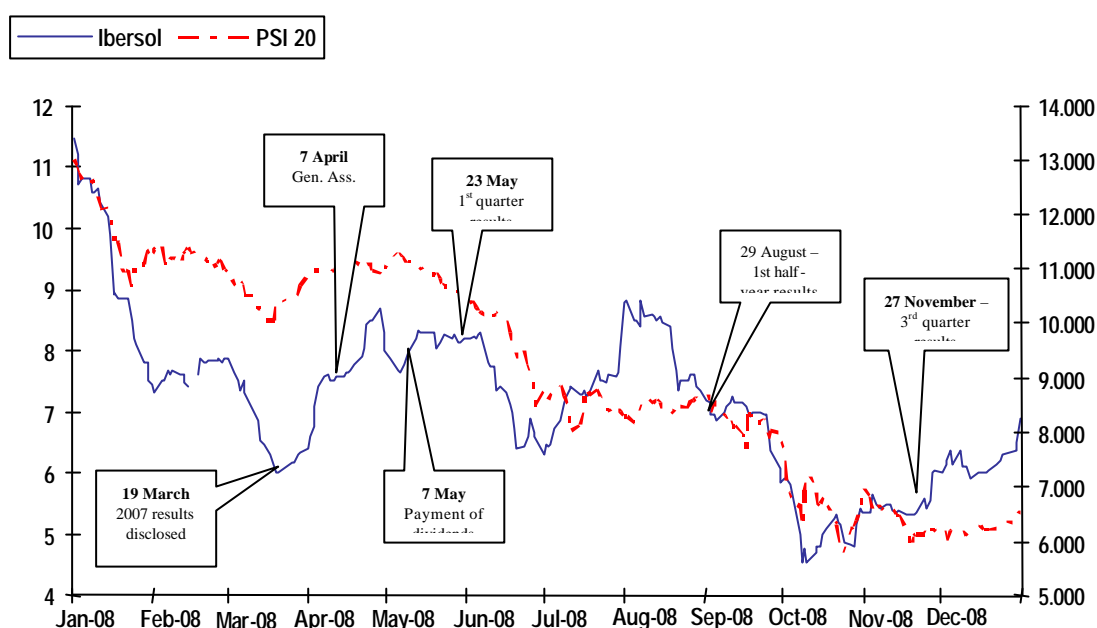
**III.8. Description concerning the evolution of the issuer's share price and taking the following into account:**

- a) The issuance of shares or other securities that entitle the subscription or acquisition of shares;
- b) The outcome announcement;
- c) The dividend payment for each share category including the net value per share.

The shares of Ibersol, SGPS, SA., registered a devaluation of -39.7% in the year 2008, compared to a PS120 drop of more than 50%. The maximum value of €11.45 per share was attained on 2 January; the minimum value of €4.13 was attained on 10 October. The highest number of shares traded in one session was on 20 June, when 382.840 shares were negotiated.

5.9 million Ibersol shares were traded during the year, corresponding to a value of 4.2 million euros. The average volume was 23.320 shares per day and the average price was €7.07 per share. The stock market capitalization on 31 December 2008 was 138 million euros.

The below graph indicates the evolution of the company's share quotation, identifying the most relevant occurrences during the year:



During the year 2008 there was no emission of shares or of other securities.

The dividends for financial year 2007 were paid as from 7 May. A gross value of €0.055 per share was paid, which in net terms represented a value of €0.044 per share.

**III.9. Description of the dividend distribution policy adopted by the company, including the dividend value per share distributed during the last three periods.**

The dividends policy is the responsibility of the Board of Directors and depends on various factors, including the Ibersol results, investment plans, financing needs and business evolution prospects. If no abnormal circumstances occur the policy of previous years will be maintained.

The dividend history for the past three years is set out below:

YEAR of distribution	2006	2007	2008
Dividend per share (euros)	0.055	0.055	0.055
Dividends distributed (thousands of euros)	1013.63	1003.10	990.18
Dividend Yield (%)	0.7%	0.5%	0.8%
Payout ratio	11.1%	9.2%	9.6%

**III.10. A description of the main characteristics of the share and stock option plans adopted or valid for the financial year in question, the reason for adopting said scheme and details of the category and number of persons included in the scheme, share-**

assignment conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares to be distributed, the existence of incentives to purchase and/or exercise options, and the responsibilities of the Board of Directors for executing and/or changing the plan.

Details shall also include the following:

- a) The number of shares required for the share allotment and the number of shares required for the exercise of the exercisable options at the start and end of the year in question;
- b) The number of allotted, exercisable and extinct shares during the year;
- c) The general meetings' appraisal of the plans adopted or in force during the period in question.

No plans to attribute shares and stock acquisition options are in effect.

**III.11. A description of the main business data and transactions carried out between the company and the members of the Management and Supervisory Bodies, the owners of qualified holdings or parent companies, affiliates or group companies in an amount that is economically significant for any of the parties involved, except for those businesses or transactions that are cumulatively considered within the bounds of normal market conditions for similar transactions and are part of the company's current business.**

There are no business dealings or operations that are significant in economic terms for any of the intervening parties.

**III.12. Reference to an Investor Assistance Unit or a similar service, describing:**

- a) the role of said office;
- b) type of information made available;
- c) access means to said Office;
- d) the company's website;
- e) the market liaison officer's credentials.

In the strict observance of the legal and regulatory provisions, the company as a rule to immediately inform its shareholders and the capital markets in general of relevant facts of its activity, with the purpose to avoid time lapses between the occurrence and disclosure of those facts; this commitment with the market has been reiterated over the course of time and its persistent practice over the years confirmed.

This disclosure is achieved by publication on the Securities Commission's website ([www.cmvm.pt](http://www.cmvm.pt)), on the company's website ([www.ibersol.pt](http://www.ibersol.pt)) and additionally by means of electronic information disclosure by the market management body.

The company's website contains the communiqués issued, the institutional presentation, the annual reports and accounts, and the communication of results. The information on annual reports and accounts and results is updated quarterly.

In order to enable more interaction between shareholders and investors the page also includes a chapter devoted to investors, which contains:

- Identification of the person in charge of investor relations and the address to contact same;
- Annual, Half-yearly and Quarterly Reports and Consolidated Accounts, for the last two years;
- The summons for the Annual General Meeting;
- The proposals to present in the Annual General Meeting.

Contact with the Office is through the capital market representative, António Carlos Vaz Pinto de Sousa (Telephone: +351 22 6089708; Fax: +351 22 6089757; Email: [psousa@ibersol.pt](mailto:psousa@ibersol.pt), Address: Praça do Bom Sucesso, 105/159 – 9<sup>th</sup> floor, 4150–146 Porto.

Ibersol SGPS maintains permanent relations with analysts and investors, supplying them with up-to-date information. It also provides explanations about relevant occurrences in company life, disclosed by same in the format imposed by law, whenever so requested.

The documents on the annual, half-yearly and quarterly accounts statements, as well as the half-yearly updates of the institutional presentations, are sent by email to all shareholders, investors, analysts, financial bodies and journalists who, with proper credentials, have requested same or are on the mailing list.

The company considers that it thus assures a permanent contact with the market, respecting the principle of shareholder equality and preventing asymmetries in investors' access to information.

Regarding the information conveyed to the market, the following communiqués were published during the year 2008:

### **Privileged Information**

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19 March 2008	Presentation of results of financial year 2007
8 April 2008	Information on GA approval of accounts
14 April 2008	2008 financial calendar
20 May 2008	1 <sup>st</sup> quarter 2008 results
17 November 2008	3 <sup>rd</sup> quarter 2008 results

### **Rendering of Accounts**

20 March 2008	Report and Individual and Consolidated Accounts to approve in GA
17 April 2008	Extract of GA minutes and approval of 2007 Report and Accounts
23 May 2008	Quarterly information – 1 <sup>st</sup> quarter 2008
29 August 2008	Report and Individual and Consolidated Accounts - 1 <sup>st</sup> half-year 2008
27 November 2008	Quarterly information – 3 <sup>rd</sup> quarter 2008

### **Information on Corporate Governance**

24 March 2008	Corporate Governance Report – financial year 2007
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### **Officers of Governing Bodies**

17 April 2008	Election of Vice Chair of the Fiscal Council
14 July 2008	Change of Chartered Accountant's representative

### **Dividends**

14 April 2008	Payment of year 2007 dividends
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### **Qualifying Holdings**

10 January 2008	Reduction of stake of Banco BPI and acquisition of stake of BPI Pension Fund
19 March 2008	Reduction of CaixaGest stake
20 June 2008	Reduction of Santander stake
4 June 2008	Increase of Bestinver stake
29 July 2008	Caixagest qualifying holding
25 August 2008	Kabouter qualifying holding
3 October 2008	Loss of Caixagest qualifying holding
2 December 2008	Increase of Millennium stake
3 December 2008	Increase of Millennium stake
5 December 2008	Reduction of Millennium stake
24 December 2008	Reduction of Millennium stake

### **Transaction of Own Shares**

17 April 2008	GA deliberation to authorize acquisition of own shares
10 October 2008	Acquisition of own shares and limit of 10%

### **Summons**

7 March 2008	Annual General Assembly
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### **Annual Summary of Disclosed Information**

8 April 2008	2007 Information Summary
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**III.13. Indication of the annual compensation paid to the auditor and to other individuals or groups that belong to the same network supported by the company and/or by any group that bears with it a control or group relationship and the percentage of the total amount paid for the following services:**

- a) Statutory account review services;**
- b) Other audit reliability services;**

**c) Tax consulting services;**

**c) Other non-statutory auditing services.**

**A description of the auditor's independency safeguarding measures is required, should the auditor provide any of the services described in sub-paragraphs c) and d).**

The company's auditor is PriceWaterhouseCoopers, which in 2008 invoiced the company and its subsidiaries and associates included in the consolidation perimeter the total value of 253.959 euros, for:

Auditing and legal certification services	168.946 €	(66%)
Consultancy and accounting area training services	50.013 €	(20%)
Fiscal area consultancy services	35.000 €	(14%)

The fiscal consultancy services are provided by personnel different from those involved in the auditing process; we thus consider the auditor's independence to be assured.

Regarding compliance with the independence rules established with respect to the External Auditor, the Statutory Audit Committee monitored the rendering of non-auditing services with the purpose to ensure that no conflict of interest situations existed.

Porto, 9 March 2009

#### **The Board of Directors**

\_\_\_\_\_  
António Alberto Guerra Leal Teixeira

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António Carlos Vaz Pinto de Sousa

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Juan Carlos Vázquez-Dodero