

SONAE INDÚSTRIA, SGPS, SA

Registered Office: Lugar do Espido, Via Norte, Maia, Portugal

Registered at the Commercial Registry of Maia

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Share Capital: € 700 000 000

Publicly Traded Company

Corporate Governance Report

2008

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CORPORATE GOVERNANCE REPORT

0. Compliance with CMVM Recommendations

Sonae Indústria is committed to developing and implementing good corporate governance practices going beyond mere compliance with regulatory obligations. Sonae Indústria firmly believes that good governance reduces risk and creates shareholder value. Good governance should include responsible management practices and a broad-based concern about environmental, social and ethical issues.

Sonae Indústria is subject to the Corporate Governance Code published by CMVM (the Portuguese Securities Market Commission) in September 2007, which is posted at www.cmvm.pt.

Sonae Indústria has analysed all the recommendations of the Corporate Governance Code of September 2007 and concluded that in some cases Sonae Indústria has not adopted some recommendations for the reasons which are described below.

Recommendation		Degree of Compliance	Corporate Governance Report
I.	SHAREHOLDER'S GENERAL MEETING		
I.1.	BOARD OF THE SHAREHOLDER'S GENERAL MEETING		
I.1.1	The Chairman of the Board of the Shareholders' General Meeting shall be given adequate human and logistical resources, taking the financial position of the company into consideration.	comply	1.1
I.1.2	The remuneration of the Chairman of the Board of the Shareholders' General Meeting shall be disclosed in the annual corporate governance report.	comply	1.2.
I.2.	PARTICIPATION AT THE MEETING		
I.2.1	The requirement to deposit or block shares before the General Meeting, contained in the Articles of Association, shall not exceed 5 working days.	comply	1.3.
I.2.2	Should the General Meeting be suspended, the Company shall not require share blocking during the full period until the meeting is resumed, but shall apply the same period as for the first session.	comply	1.3.
I.3.	VOTING AND EXERCISING VOTING RIGHTS		
I.3.1	Companies should not impose any statutory restriction on postal voting.	comply	1.3.
I.3.2	The statutory advance deadline for receiving voting ballots by post shall not exceed 3 working days.	comply	1.3.
I.3.3	The Company's Articles of Association shall respect the one share-one vote principle.	comply	1.3.

Recommendation		Degree of Compliance	Corporate Governance Report
I.4.	QUORUM AND RESOLUTIONS		
I.4.1	Companies shall not set a constitutive or deliberative quorum that exceeds the minimum required by Portuguese Company Law.	non-comply	Under Portuguese Company Law, at the first convening, there is no minimum quorum for a Shareholders' General Meeting, unless the agenda includes a deliberation that requires a qualified majority vote of two thirds. In this case, a quorum of one third of the voting power is required. For example, a qualified majority vote is required to alter company by-laws or approve mergers, de-mergers, transformations, or dissolutions. At a second convening there is no minimum quorum in either case. Sonae Indústria's Articles of Association require a quorum of over 50% of the voting power at the first convening, but there is no minimum quorum at a second convening. This requirement is aimed to increase shareholder participation. As a second convening has no minimum quorum, there is little risk of deliberations being blocked or delayed due to low participation levels.
I.5.	ATTENDANCE LISTS, MINUTES AND INFORMATION ON RESOLUTIONS ADOPTED		
I.5.1	The minutes of the Shareholders' General Meetings 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 material information. The lists of attendees, agendas items and resolutions adopted shall be kept in a historic file on the Company's website covering meeting held for at least the last 3 years.	non-comply	Sonae Indústria informs the market in relation to the content of the proposals presented and deliberations taken at Shareholders' General Meetings. Sonae Indústria does not disclose the content of the minutes of this meeting, as we do not see any material benefit from doing so.
I.6.	MEASURES RELATING TO CHANGES IN CONTROL		
I.6.3	Defensive measures should not be adopted that automatically lead to a serious erosion in the value of the Company's assets, when there has been a change in control or a change in the Company's management, as this prevents the free transmission of shares and the ability of shareholders to evaluate those responsible for managing the Company.	comply	1.3.
II.	MANAGEMENT AND AUDIT BOARDS		
II.1.	GENERAL POINTS		
II.1.1.	STRUCTURE AND DUTIES		
II.1.1.1	The Board of Directors shall assess the model it has adopted in its corporate governance report, by identifying any restrictions that are holding back performance and proposing actions to be taken that are judged to be appropriate to resolve them.	comply	2.1.
II.1.1.2	Companies shall set up internal control systems in order to efficiently detect risks relating to the Company's activity, in order to protect its assets and keep its corporate governance transparent.	comply	2.4.
II.1.1.3	The Board of Directors and Statutory Audit Board shall establish internal regulations, which shall be disclosed on the Company's website.	comply	2.6.

Recommendation		Degree of Compliance	Corporate Governance Report
II.1.2.	INCOMPATIBILITY AND INDEPENDENCE		
II.1.2.1	The Board of Directors shall include a sufficient number of non-executive members to ensure that there is the capacity to effectively supervise, audit and assess the activity of the executive members.	comply	2.1.1. 2.2.3. and 2.9.
II.1.2.2	Non-executive members shall include an adequate number of independent members, taking into account the size of the Company and its shareholder structure, but this shall never be less than one quarter of the total number of Board members.	comply	2.9.
II.1.3.	ELIGIBILITY CRITERIA FOR APPOINTMENT		
II.1.3.1	Depending on the governance model adopted, the Chairman of the Statutory Audit Board, or of the Board Audit Committee or of the Financial Matters Committee shall be independent and possess the necessary skills to perform their duties.	comply	2.12.
II.1.4.	POLICY ON THE REPORTING OF IRREGULARITIES		
II.1.4.1	The Company shall adopt a policy of reporting irregularities that allegedly occurred, which includes 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 this be requested by the reporter.	comply	2.17.
II.1.4.2	General guidelines from this policy should be disclosed in the Corporate Governance Report	comply	2.17.
II.1.5.	REMUNERATION		
II.1.5.1	The remuneration of the members of the Board of Directors shall be structured to be aligned with the interests of the shareholders. In this sense: i) The remuneration of Directors carrying out executive duties should include a variable component based on performance linked to a performance assessment that shall be carried out periodically by the governance body or committee appointed for this purpose; ii) the variable component shall be consistent with the maximization of the long term performance of the Company, and shall be dependent on sustainability of the variables adopted to measure performance; iii) non-executive members of the Board of Directors shall only receive fixed remuneration, unless the legal requirements dictate otherwise.	comply	2.15.
II.1.5.2	The Shareholders' Remuneration Committee and the Board of Directors shall present to the Shareholders' Annual General Meeting a statement of the remuneration policy applied to Statutory Governing Bodies (including the Board of Directors and Statutory Audit Board), as well as to other senior management who have regular access to privileged information and are involved in taking strategic decisions at the Company (Strategic Decision Makers - "Dirigentes") as defined in Article 248º-B, Clause 3 of the Portuguese Securities Code. The information to shareholders shall include the criteria and main indicators proposed to be used in assessing of performance and determining the variable component, independently of whether this in the form of bonuses paid in shares, share options, annual bonuses or other awards.	comply	2.15.
II.1.5.3	At least one representative of the Shareholders' Remuneration Committee shall be present at the Shareholders' Annual General Meeting.	non-comply	The 2008 Shareholders' Annual General Meeting was held on 21st April. Neither of the two Shareholders' Remuneration Committee members was able to be present.

Recommendation		Degree of Compliance	Corporate Governance Report
II.1.5.5	The remuneration of the members of the Statutory Governing Bodies (including the Board of Director and Statutory Audit Board) shall be individually and disclosed on an annual basis. Fixed and variable components must be disclosed separately, when applicable, as well as any other remuneration received from other companies within the same Group or from companies controlled by shareholders with qualifying share holdings.	comply	2.15. - Sonae Indústria does not disclose the individual remuneration of all Board and Supervisory Board members. However, the recommendation is considered as complied since Sonae Indústria discloses the individual remuneration of the Board of Directors Chairman, the CEO and Supervisory Board Chairman as well as the aggregate remuneration of the Executive and Non-Executive Directors and the other Supervisory Board members. Since the difference between these is lower, the amounts disclosed by the company are considered to be sufficient to permit the separate evaluation of all remuneration levels.
II.2.	BOARD OF DIRECTORS		
II.2.1	Within the limits established by Portuguese Company Law for each management and audit governance structure, and unless the Company is restricted by its size, the Board of Directors shall delegate the day-to-day running of the Company and the powers and terms of the delegation should be set out in the Corporate Governance Report.	comply	2.5.
II.2.2	The Board of Directors shall ensure that the Company acts in accordance with its objectives, and should not delegate its own responsibilities, including: i) definition of the Company's strategy and general policies; ii) definition of the corporate structure of the Group; iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.	comply	2.5.
II.2.4	The Annual Management Report shall include a description of the activity carried out by the non-executive Board Members and shall, in particular, report any restrictions that they encountered.	comply	2.1.1.
II.2.5.	The governing body responsible for management (Board of Directors) should promote the rotation of the Board member responsible for financial matters (CFO) at least at the end of every two mandates.	non-comply	The current CFO has not yet served two Board mandates in this position. However, Sonae Indústria does not agree with this recommendation, which to our knowledge does not exist in any other Corporate Governance Code or Best Practice Guidelines issued by institutional investors. We believe that there is no benefit to shareholders and the Company in rotating a competent and successful CFO.
II.3.	CHIEF EXECUTIVE OFFICER (CEO), EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS		
II.3.1	When Directors, who carry out executive duties are requested by other Board Members to supply information, they shall provide answers in a timely manner with information that adequately responds to the request made.	comply	2.5.
II.3.2	The Chairman of the Executive Committee shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the Board of the Directors and, when applicable, to the Chairman of the Statutory Audit Board or the Audit Committee.	non-comply	Non-Executive Directors receive minutes of all Executive Committee meetings. Although the President of the Executive Committee does not send these minutes to the Statutory Audit Board, he ensures that the Statutory Audit Board receives all information requested, including the consultation of the minutes book from the Executive Committee meetings.
II.4.	GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND AUDIT BOARD		
II.4.2	The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall be disclosed on the Company's website together with the financial statements.	comply	2.12.

Recommendation		Degree of Compliance	Corporate Governance Report
II.4.3	The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall include a description of the supervisory and verification work completed and shall, in particular, report any restrictions that they encountered.	comply	2.12.
II.4.4	The Financial Matters Committee, the Audit Committee or the Statutory Audit Board (depending on the governance model adopted) shall represent the Company, for all purposes, in the relationship with the external auditor. This shall include proposing who will provide this service, their respective remuneration, and ensuring that the Company provides adequate conditions to allow them to deliver their service, as well as acting as the point of contact with the Company and being the first recipient of their reports.	comply	2.12.
II.4.5	The Financial Matters Committee, the Audit Committee or the Statutory Audit Board (depending on the governance model adopted), shall assess the external auditor on an annual basis and propose to the Shareholders' General Meeting that the external auditor should be discharged, should justifiable grounds exist.	comply	2.12.
II.5.	SPECIAL COMMITTEES		
II.5.1	Unless the Company is restricted by its size, the Board of Directors and the General and Supervisory Committee, depending on the governance model adopted, shall set up the necessary Committees in order to: i) ensure that a robust and independent assessment of the performance of the Executive Directors is carried out, as well as of its own overall performance and including the performance of all existing Committees; ii) consider the governance system adopted and assess its efficiency and propose to the respective bodies, measures to be implemented to achieve improvements.	comply	2.1.1. e 2.2.3.
II.5.2	Members of the Shareholders' Remuneration Committee or alike, shall be independent from the Members of the Board of Directors.	comply	1.3 e 2.1.6.
II.5.3	All Committees shall draw up minutes of the meetings they hold.	comply	2.2.1.; 2.2.2.; 2.2.3.
III.	INFORMATION AND AUDITING		
III.1.	GENERAL DISCLOSURE REQUIREMENTS		
III.1.2	Companies shall ensure that permanent contact is maintained with the market, upholding the principle of equal treatment for all shareholders and avoiding any asymmetry in the access to information by investors. To achieve this, the Company shall set up an Investor Relations Office.	comply	3.12.
III.1.3	The following information disclosed on the Company's Internet website, shall be available in English: a) The Company, its listed company status, the registered office and the remaining information set out in Article 171 of Portuguese Company Law; b) Articles of Association; c) Identification of the members of the Statutory Governing Bodies and of the Representative for Relations with the Market; d) Investor Relations Office – its functions and contact details; e) Financial Statements; f) Half-Yearly Calendar of Company Events; g) Proposals presented to Shareholders' General Meetings; h) Notices convening Shareholders' General Meetings.	comply	3.12.

CMVM recommendations I.6.1., I.6.2., II.1.5.4., II.2.3., II.3.3. and II.4.1. have not been included here as they do not apply to Sonae Indústria.

To at all times ensure the independence of members of the Statutory Audit Board and Board of the Shareholders' General Meeting, both, prior to their appointment, issued statements attesting not to engage in any of the disqualifications provided in Article 414^o-A of the Company Law. Additionally, they stated that they are not in any situation that affects their independence in accordance with paragraph 5 of Article 414^o of the same law and committed themselves to immediately notify the company of anything that may lead to their loss of independence or to any incompatibility during their mandate. Furthermore, they were also requested to complete questionnaires designed in the same terms as those used by CMVM.

With regard to non-executive and independent members of the Board of Directors, the company is aware that they have not been re-elected for more than two mandates and they have also been asked to complete a questionnaire to determine any situation of loss of independence.

1. Shareholders' General Meeting

1.1. Shareholders' General Meeting: composition and duration of the mandate

The Board of the Shareholders' General Meeting was elected at the Shareholder's Annual General Meeting of Sonae Indústria held on 31st May 2007, for the current mandate (2006-2008) and is composed of:

- João Augusto Esmeriz Vieira de Castro (Chairman)
- António Agostinho Cardoso da Conceição Guedes (Secretary)

The company makes human resources and logistical support available to members of Board of the Shareholders' General Meeting which is appropriate for their requirements.

1.2. Remuneration of the Board of the Shareholders' General Meeting

The remuneration of members of the company's Board of the Shareholders' General Meeting consists of a fixed fee, determined considering the company situation and market practices.

The remuneration of the Chairman of the Board of the Shareholders' General Meeting in 2008 amounted to 5000 euros.

1.3. Voting Rights and Shareholder Representations

Under the terms of Sonae Indústria's Articles of Association, the Shareholders' General Meeting is composed only of shareholders with voting rights and holding shares or subscription bonds who, until five business days before the meeting taking place, provide evidence of their ownership, according to the terms established by company law. Considering that the Chairman of the Board of the Shareholders' General Meeting agrees to participate in the Shareholders General Meeting of shareholders whose evidence came to the company by fax or e-mail on the last day of that period, Sonae Indústria meets **recommendation I.2.2.** CMVM.

Individual shareholders may be represented at Shareholders' General Meetings as long as they have notified the Chairman of the Shareholders' General Meeting in writing, identifying the representative and his or her residence and date of the meeting. Corporate shareholders may be represented by a person duly appointed for that

purpose by letter, the authenticity of which is scrutinised by the Chairman of the Shareholders' General Meeting.

Given that the Sonae Indústria Articles of Association do not have rules on share blocking in the event of suspension of the general meeting, the Chairman of the Shareholders' General Meeting has been consulted. He considers that, if the suspension period for the Shareholders' General Meeting does not exceed 5 working days, the share blocking required for the first session will be maintained because it is impossible to meet again before the time required for the first session. In the case of the suspension period exceeding 5 working days, the Chairman of the Shareholders' General Meeting will only require the shares blocking prior to that ordinarily required for the first session.

Each share corresponds to one vote

Shareholders' General Meetings can convene at the first session, as long as shareholders representing over fifty percent of the Company's share capital are present or represented.

All decisions at Shareholder's General Meetings are taken by simple majority except in those situations in which a higher percentage is required by law.

While Sonae Indústria is regarded as a listed and "publicly traded company", shareholders are allowed to vote by post in relation to all items on the agenda of the Shareholders' General Meeting, following the rules for the exercise of voting by mail. Sonae Indústria's Articles of Association establish that votes can only be considered when sent to the headquarters of the Company by registered post with notification of receipt addressed to the Chairman of the Shareholders' General Meeting. These votes should be received at least three days before the date of the Meeting and are subject to the normal rules regarding evidence of share ownership. Postal votes are considered negative votes in relation to any proposals presented after the date on which they were issued.

A standard form for postal voting is available from Sonae Indústria's corporate website www.sonaeindustria.com and its head offices.

Sonae Indústria does not have any process for electronic voting.

Proposals to be submitted by the Board of Directors to the Shareholders' General Meeting are made available to shareholders, as required by law, (one month or fifteen days notice ahead of the meeting, depending on whether there is a proposal to alter the Company's Articles of Association) at the Company's registered office, together with all relevant reports, documents and other legally mandatory information.

As stated in the Sonae Indústria Articles of Association, the Shareholders' General Meeting is responsible for fixing the remuneration of members of the governing bodies or electing a committee for this purpose. The Sonae Indústria Shareholders' General Meeting elected the Shareholders' Remuneration Committee (described in 2.16. of this report).

At the Annual General Meeting held in 2007, the Shareholders' Remuneration Committee submitted to the shareholders a proposal on the remuneration policy for members of the governing bodies and the 2008 Annual General Meeting submitted a proposal to amend this policy. Both proposals were approved by majority vote of those shareholders present.

Regarding the performance of members of the Board of Directors, all Annual General meetings include by law, a point on the agenda regarding the general assessment of

the administration and supervision of the company where, if they so wish, shareholders discuss the performance of members of the administration.

The Company has not adopted any measures that would hinder the success of a public tender offer for the purchase of the Company's shares nor the company's articles of association which limits the number of votes that may be held or exercised by a sole shareholder. Additionally, it has not entered into any relevant kind of agreement that would be subject to change or termination in the event of transfer of control resulting from a public tender offer. Furthermore, it does not envisage defensive measures that instigate an immediate, serious asset erosion in the company and further disturb the free transmission of shares and voluntary assessment of the performance of the Board of Directors by the shareholders.

No agreements exist relating to compensation or payments made to directors or other employees because of contract termination due to a change in company control.

2. Corporate Governing and Auditing Bodies

2.1. Corporate Governing Bodies

The Sonae Indústria Articles of Association define a corporate governance model of the company known as the "Reinforced Latin Model", which implies that the company has a Board of Directors, Statutory Audit Board and Statutory External Auditor.

The Corporate Governance Officer examines the advantages and possible disadvantages of adopting this model at this company annually and reports his conclusions to the Board of Directors.

The Board of Directors believes that the model favours the interests of the company and its shareholders, is effective and has not faced any constraints to its operation.

2.1.1 Board of Directors

Based on the Articles of Association, the Board of Directors may be composed of an even or odd number of members, ranging from a minimum of three and maximum of thirteen, elected at a Shareholders' General Meeting.

Sonae Indústria's Board of Directors was composed of 10 members before the resignation of José António Comesaña Portela in December 2008.

The Chairman of the Board of Directors, who is elected by the Board, has a casting vote. As the Board of Directors was composed of an even number of members, in order to comply with Article 395º Point 4 of Portuguese Company Law, the Board of Directors conferred a casting vote to Duarte Paulo Teixeira de Azevedo, in the event of the absence or incapacity of the Chairman.

The Board of Directors at the date of this report (and considering the resignation of José António Comesaña Portela in December 2008) is composed of:

- Belmiro Mendes de Azevedo - Chairman (Non Executive)
- Álvaro Cuervo García (Non Executive and Independent)
- Duarte Paulo Teixeira de Azevedo (Non Executive)
- Per Otto Knuts (Non Executive and Independent)
- Knut Thomas Alarik Nystén (Non Executive and Independent)
- Carlos Francisco de Miranda Guedes Bianchi de Aguiar (Executive)

- Rui Manuel Gonçalves Correia (Executive)
- Christophe Chambonnet (Executive)
- Louis Maurice Brassard (Executive)

The Board mandate is three years with the possibility of re-election. The current mandate covers the period 2006 to 2008 and under the terms of law, will maintain its functions until the next Shareholders' Annual General Meeting. All members of the Board of Directors were appointed with effect from 15th December 2005. This marked the registration date for the merger of the "old" Sonae Indústria – SGPS, SA, into Sonae 3P – Panels, Pulp and Paper, SA and the renaming of the latter to Sonae Indústria SGPS, SA, with the exception of Rui Manuel Gonçalves Correia, who was initially appointed to the Board of Sonae 3P on 22nd July 2002 and Christophe Chambonnet, who was co-opted by the Board of Directors in the meeting dated 20th December 2007. The Shareholders' Annual General Meeting held in 2008 ratified this cooption.

As stipulated by the Company's Articles of Association, Sonae Indústria's Board of Directors meets once a quarter and additionally whenever the Chairman or two of its members call a meeting. All decisions taken are recorded in the respective minutes. According to the Articles of Association, when a Board member misses two meetings without a justification, which is accepted by the Board of Directors, this will be considered a definitive absence.

Six Board meetings were held in 2008. The Board of Directors can only deliberate if the majority of its members are present or represented by proxy, and decisions are taken by a majority of the votes of the Board members present or represented and of those who vote by post.

According to Corporate Governance best practices, the Board undertook a formal self-assessment in 2005 with the help of an external consultant, having repeated such assessment in 2008. This assessment was designed to review how the Board and the Board Committees function, to evaluate Corporate Governance at Board level and to propose measures for further improvements. The main measures identified in the 2005 self-assessment have already been implemented whereas the ones identified in 2008 are being implemented. Through this process each director has the opportunity to assess his / her colleagues, express his / her views on a number of items related to their performance, having the opportunity to comment the analysis performed. This entire process is conducted with the assistance of an external consultant.

The Board of Directors has included a description of the activities undertaken by non-executive Board Members in its Management Report.

2.1.2 Executive Committee

The Executive Committee is appointed by the Board of Directors and was composed of the CEO, CFO and COOs from Iberia, France and Canada. The Company's Articles of Association permit the Board to delegate ordinary company business, duties and responsibilities to an Executive Committee.

On 29th December 2008, José António Comesaña Portela, the COO responsible for Iberia, resigned as member of the Executive Committee of the company.

Responsibilities are currently divided among the Executive Committee members as follows:

EXECUTIVE COMMITTEE

Carlos Bianchi de Aguiar

President of the Executive Committee and CEO

Rui Correia

CFO

Christophe Chambonnet

COO France

Louis Brassard

COO Canada

2.1.3 Statutory Audit Board

In accordance with the company's Articles of Association, the Statutory Audit Board may be composed of an even or odd number of members, with a minimum of three and a maximum of five with one or two substitutes appointed, depending on the number of members being either three or more, respectively.

The Statutory Audit Board as of has currently the following composition:

- Óscar José Alçada da Quinta (Chairman)
- Armando Luís Vieira de Magalhães (Member)
- Jorge Manuel Felizes Morgado (Member)

João Manuel Gonçalves Bastos was elected at the 2008 Shareholder's General Meeting as Chairman of the Statutory Audit Board until the end of the current mandate (2006 - 2008). He resigned on 16th September 2008 and was replaced by the substitute member of this Board, Óscar José Alçada da Quinta, who took over the position and was nominated Chairman by deliberation at the Statutory Audit Board Meeting, held on 7th November 2008.

2.1.4 Statutory External Auditor

PriceWaterHouseCoopers & Associados, SROC, Lda. represented by António Joaquim Brochado Correia or José Pereira Alves was elected as the Company's Statutory External Auditor.

2.1.5 Company Secretary

The Company secretary and his/her substitute are elected by the Board of Directors and have a 3-year mandate, in accordance with that practiced at other corporate governing bodies. The Company secretary shall perform those duties established by law.

The Company secretary and her substitute are:

Permanent: Júlia Maria Moreira da Silva Santos
Substitute: Patrícia Isabel Chemega dos Santos

2.2. Board Committees

To improve the operational efficiency of the Board of Directors and meet best practice in Corporate Governance, the Board of Directors has created 3 Board Committees and the role of the Board and Corporate Governance Officer and one Ethics Committee:



2.2.1 Board Audit and Finance Committee (“BAFC”)

The BAFC is composed of the following Non-Executive Directors:

- Álvaro Cuervo García (Chairman; independent)
- Paulo Azevedo
- Per Knuts (Independent)

The BAFC normally meets at least 5 times yearly and is responsible for:

- reviewing the financial statements and earnings announcements to be disclosed to the market and to report its findings to the Board;
- analysing risk management, internally control, businesses and processes;
- reviewing the results of internal and external audits;
- following the trends in the main financial ratios and changes in formal and informal ratings of the Company, including reports from rating agencies;
- analysing and advising on any changes in accounting policies and practices;
- reviewing compliance with accounting standards;
- verifying compliance with legal and statutory obligations, in particular within the financial domain.

Over the course of 2008, the BAFC held 5 meetings, having been draft the respective minutes.

Responsibilities attributed to BAFC as a specialised committee of the Board of Directors, are developed in terms of company management and do not override the functions of the Statutory Audit Board, as a supervisory Board.

The BAFC is a Committee, within the Board of Directors and according to its empowerment is responsible for an in-depth analysis of the financial statements, risk management processes, the performance of the key financial ratios and among other areas, issues recommendations for final deliberation in the Board of Directors council, thereby improving its operational functioning.

2.2.2 Social Responsibility and Environment Committee (“SREC”)

The SREC is composed of the following Directors:

- Belmiro de Azevedo (Chairman)
- Per Knuts (Independent)
- Thomas Nystén (Independent)

The SREC met twice in 2008, which have been registered in minutes, with its main function being to analyse corporate governance and the impact of the economic, environmental and social dimensions of sustainability, on the management of the Company’s businesses.

2.2.3 Board Nomination and Remuneration Committee (“BNRC”)

The BNRC is composed of the following Non-Executive Members:

- Belmiro de Azevedo (Chairman)
- Álvaro Cuervo García (Independent)
- Paulo Azevedo
- Thomas Nystén (Independent)

At the beginning of 2008 Carlos Bianchi de Aguiar (CEO) left the Board Nomination and Remuneration Committee.

This Committee meetings are held normally at least twice a year, the BNRC’s main functions main tasks are to review and submit proposals and recommendations on behalf of the Board to the Shareholders’ Remuneration Committee in relation to the remuneration and other compensation of members of the Board and to analyse and approve proposals and recommendations on behalf of the Board in relation to the remuneration and other compensation for other senior executives of the Sonae Indústria Group, depending on the activity performed by them.

The BNRC liaises with the Sonae Indústria Shareholders’ Remuneration Committee (“Comissão de Vencimentos”), since this is the only means through which to guarantee that the Shareholders’ Remuneration Committee has the necessary knowledge on the performance of every director throughout the year. This is particularly important in the case of the Executive Directors, given that the Shareholders’ Remuneration Committee does not closely shadow the performance of every Director and therefore does not have the necessary knowledge that enables them to perform their functions in the best way.

The BNRC may also be assisted by external entities provided absolute confidentiality is ensured in relation to the information obtained arising from that cooperation.

Over the course of 2008, the BNRC met on two occasions, having been draft the respective minutes.

2.2.4 Board and Corporate Governance Officer

The Board and Corporate Governance Officer (“BCGO”) is David Graham Shenton Bain, who reports to the Board of Sonae Indústria as a whole, through the Chairman.

Principal duties of the BCGO encompass:

- supporting the Board in defining its role, objectives and operating procedures in order to optimise Board performance;
- taking a leading role in organising Board evaluations and assessments;

- maintaining under close review all legislative, regulatory and corporate governance developments;
- supporting and challenging the Board to achieve the highest standards in corporate governance;
- supporting the Board in ensuring that the concept of stakeholders and the need to protect minority interests are in the Board's mind when important business decisions are being taken.

The BCGO also acts as the secretary of the BAFC and BNRC.

2.2.5 Ethics Committee

An Ethics Committee was created in 2008 to guarantee that the highest standards of business practices are upheld in the Sonae Indústria Group and to monitor the implementation of the new code of conduct. This Committee is also responsible for updating the Code whenever necessary.

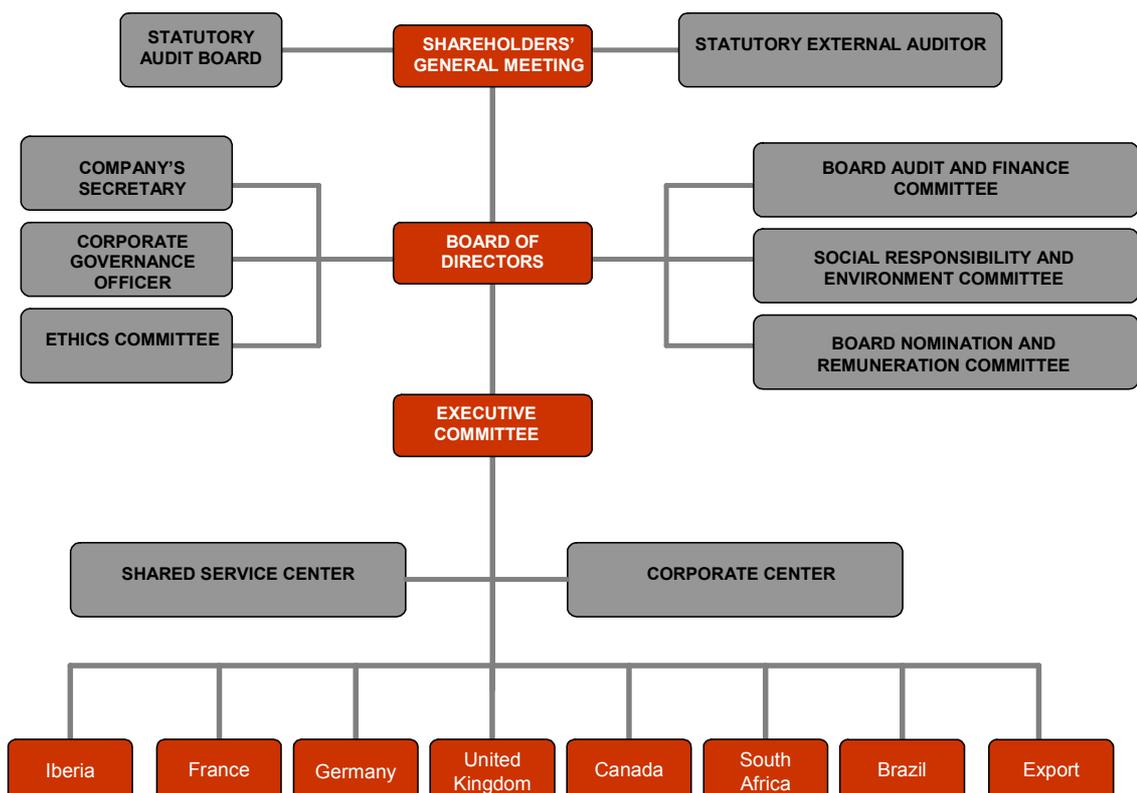
A detailed description of this Code of Conduct is included in our 2008 Sustainability Report.

The Ethics Committee is chaired by an Independent Non-Executive Board Member elected by the Board of Directors while the Corporate Governance Officer and Internal Auditor are the other Committee members. The Ethics Committee reports at least once a year to the Board of Directors and when appropriate, also to the Statutory Audit Board of the related country, on issues related to corporate governance and business ethics.

The current members of the Ethics Committee are:

- Thomas Nystén (Chairman)
- David Bain (Board and Corporate Governance Officer)
- Rogério Ribeiro (Internal Auditor)

2.3. Governing Bodies, Constitution, Organisation and Board Committees



2.4. Internal Control and Risk Management

2.4.1. Internal Control Environment

Sonae Indústria is based on integrity and ethical values that emanate from the top down with the example then being set by management. The commitment to competence is well illustrated through the fact that compensation is tied to appropriate performance.

The different governing bodies have been born from a management philosophy and operating style based on a strong organizational structure with adequate assignment of authority and responsibilities. Sound Human Resource policies and procedures together with a very recent Code of Conduct are enshrined in the framework.

Sonae Indústria faces a variety of risks from external and internal sources which must be assessed and we have instilled in our company a culture of prevention and early detection. As you will see subsequently, an Enterprise-Wide Risk Management Framework was developed and is continually updated.

Policies and procedures have been developed that help ensure management directives are carried out. Sonae Indústria has a dedicated team in Business Process & Organization which, through working with local operations and central departments, acts as a Centre of Excellence in accomplishing key objectives such as: prioritising, developing and implementing processes (including control activities); maintaining a Process Library (knowledge and documentation); establishing process best practices; and, evaluating process performance. Sonae Indústria has a huge range of activities in place as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties.

Pertinent information is identified, captured and communicated within a form and timeframe which enables people to fulfil their responsibilities. Sonae Indústria has a strong Planning and Management Control department which supported by robust information systems, produces reports containing operational, financial and compliance-related information. The centralised accounting back-office helps to guarantee alignment and effectiveness in procedures and controls.

Sonae Indústria also believes that it has established an effective communication with external parties such as customers, suppliers, regulators and shareholders through a series of publications including the Reports and Accounts, Sustainability Reports, etc.

Internal control systems are monitored. Ongoing monitoring activities exist, namely regular management and supervisory activities. Separate evaluations are followed whose scope and frequency depends primarily on an assessment of the risks and effectiveness of ongoing monitoring procedures. For instance, the Internal Audit department has elaborated an annual plan to monitor compliance with procedures and policies and a specific department (Planning and Management Controlling) is responsible for producing management information and raising questions at the unit levels.

Internal control deficiencies are reported upstream, with serious matters reported to top management and the Board. Monthly reports are sent to the executive committee and quarterly meetings are scheduled with the audit committee, BAFC.

Sonae Indústria has a reasonable level of confidence in the internal control framework which is in place. The formal validation and communication of the Vision, Values and Principles throughout the organization (to take place in early 2009) will reinforce the tone in terms of ethical behaviour. Further developments through the implementation of

the Code of Conduct and the Whistleblower tool (already approved), will enhance the control culture of the organisation

2.4.2. Risk Management

Sonae Indústria has a Risk Management Department which is responsible for promoting and monitoring the development of structured and systematic processes and activities to manage business risks.

Risk Management is a key concern within the Sonae Indústria culture and is present in all management processes, forming part of the delegated responsibility of managers and employees at all levels within the Sonae Indústria Group.

Risk Management comprises the process of identifying potential risks, analysing their possible impact on the organisation's strategic goals and seeking ways to minimise the probability of their materialisation, in order to determine the best procedures to manage exposure to them.

A global approach is in place to assure a suitable and balanced coverage of the operational risk through its transfer to our reinsurance panel. Property damage and business interruption risks are covered by a global policy, developed and implemented locally. Sonae Indústria adopts this global policy as a support to its processes of risk management and is committed to improving plant protection and prevention levels to reinforce this partnership.

Risk Management Organisation

In addition to the active involvement of all Sonae Indústria Group managers and employees, risk management activity is performed and supported by the Risk Management Department, together with the Corporate Planning and Management Control Department.

The Risk Management Department consists of a central team with 2 full time members. There is a formally coordinated network of Country Risk Officers in each of the countries where Sonae Indústria has industrial operations and at each of the sites there is a Plant Risk Officer.

The Corporate Planning and Management Control Department is composed of 8 people, organised into three teams to better address the challenges and changes the businesses face: the Corporate Reporting Team, which is also responsible for business analysis, the Investment Analysis and big projects Team and the Strategic Planning and special projects Team.

Process of Integrated Risk Management

At Sonae Indústria, Risk Management is based on a standard and integrated methodology, denominated Enterprise-Wide Risk Management ("EWRM").

In 2006, the systematisation process initiated in 2004, was consolidated, fully integrated and aligned with strategic business goals, aimed at prioritizing relevant business risks and identifying procedures to mitigate their impact. The process covers the whole organisation, encompassing all countries and corporate functions.

The Risk Model, which was built in 2004 and reviewed in 2006, aggregates business risks into three categories (Business Environment Risks, Business Process Risks and Information for Decision-Making Risks) and contains the quantification of the Significance (impact on the EBITDA and operational efficiency) as well as Probability (the frequency of occurrence of the event or scenario) of the critical risks for Sonae Indústria.

The Risk Model has been undergoing continuous updates and in 2008 a new risk was introduced, entitled *Community Concern*. This risk evaluates the influence – negative or positive - that Sonae Indústria could exert in the local community where its activities are developed.

In 2009, the level of development and implementation of actions identified to manage the key triggers of the drivers associated with the critical risks will be checked. Additionally, verifying those actions which were completed will help to evaluate the impact of those actions on the risk exposure and risk management.

During the updating process for 2009, we expect to see an increasing relevance of other risks in light of the current economic environment such as Economic influences, Financial markets, Capital availability and Liquidity.

In addition, financial risk management is included in Business Process Risk and is complemented and monitored within the scope of the financial function.

Operational Risk Management

The manufacture of wood-based panels is an industrial activity with very significant operational fire and explosion risks. As a world leader, it would be unacceptable for Sonae Indústria to fail to recover from a catastrophic event on a “world class” scale. Thus, loss prevention and protection of core assets is a constant concern for our Group.

As a structured response to this “risk exposure”, an ambitious Loss Prevention Programme was set up in 2003. In the last quarter of 2007, a project to develop an analytical version of these standards was launched with the support of recognized external consultants and with one of the key insurance market representatives, who is currently involved with Sonae Indústria. With this project Sonae Indústria aims to facilitate the understanding and implementation of these standards in all its units. This project was concluded in 2008 and is being communicated and incorporated in all processes and activities where it exerts an effect

This programme is the corner stone of the property damage and loss prevention strategy in all plants.

Corporate Operational Risk Standards

This project was developed as Sonae Indústria wishes to ensure that the Corporate Operational Risk Standards are an even more effective tool in terms of improving operational risk management, with little or no room for uncertainty.

An analytical version was developed that includes technical protection themes, management programs and standardised samples of checklists, reports, impairments, etc. Each and every part of CRS¹ was developed with reference to international standards as NFPA² and/or FM³ data sheets, considering the best practices of the wood industry and the good fire protection engineering practices at Sonae Indústria.

Since Sonae Indústria does not have the internal expertise to develop an analytical version of the Standards, the Corporate Risk Management team engaged a joint team with MDS, our insurance broker, XL GAPS, the external consulting entity recognised by

¹ Corporate Risk Standards

² National Fire Protection Association

³ Factory Mutual

the entire insurance panel and AIG, the insurance panel leader. This guaranteed the validation of the output.

The involvement of internal departments of Industrial Best Practices and Health & Safety as active partners in the entire process guaranteed a wide scope of the project and the consideration of transversal implications.

The Corporate Risk Standards are divided into three areas:

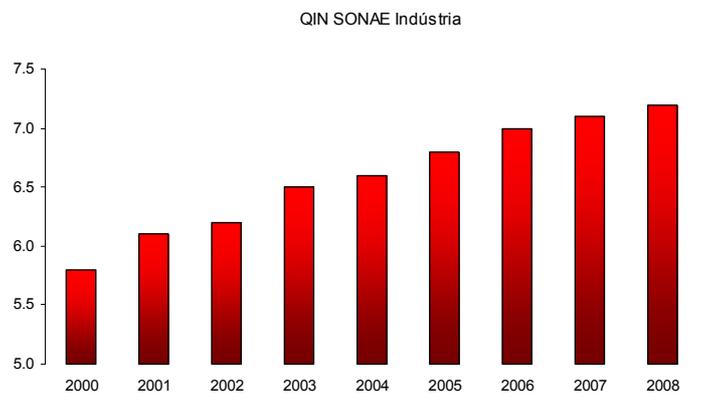
1. Management Programs and Procedures:
 - Best Industry Practices in Loss Prevention involving the Human Element:
 - Preparation for emergencies;
 - Management of Programs (maintenance, equipment inspections, training, contractors, housekeeping).
2. Fire Protection Systems:
 - Reference to international recognised standards, mainly NFPA;
 - General requirements in detection and protection of industrial premises, fire water supply specifications and building materials characteristics;
 - Integration of component for Surveillance practices (hardware).
3. Special Hazards:
 - World class developed knowledge in fire detection and protection inherent to the wood based panels industry: wet and dry particle handling and transport, dryers, hot presses...;
 - Specific issues such as thermal and hydraulic oil installations, electrical cabinets and rooms, transformers.

A process was developed to guarantee an adequate internal communication process. A live broadcast with all Country Industrial Directors and Country Risk Co-ordinators was performed in November and a CD with the Corporate Operational Risk Standards was sent to all Plant Managers and Local Risk Officers

In 2009, Sonae Indústria will consolidate this information and training program through regional Workshops with local teams and consequently roll out and implement the Standards. The Self Inspection Form is being reformulated and will incorporate a compliance verification during risk surveys and business planning: Risk Plan, Industrial Master Plan, Annual Planning and investments validation.

External Risk Inspections

Supported by the Corporate Operational Risk Standards, the XL GAPS conducts external risk inspections at all sites every two years; a report is issued with a set of recommendations for each of the plants visited and a rating of the risk quality (QIN – Quality Index Number) is allocated for each plant. Since 2000, the overall QIN of Sonae Indústria has improved from 5.8 in 2000 to 7.2 in 2008 (on a scale from 0 to 10).



In addition, AIG Europe actively participates in the Risk Engineering program in collaboration with XL GAPS and the risk management services of the insurance broker - MDS. In 2008, 10 external risk surveys were conducted by XL GAPS and AIG Europe in close cooperation with each plant and with the support of the Risk Management Department.

Internal Risk Inspections

An internal visit is made to each plant every 18 months to review the status of the previous internal and external recommendations as well as compliance with Corporate Risk Standards. In 2008, 6 internal surveys were carried out.

Self Inspection Form

A Quarterly Control self-assessment procedure using a Self Inspection Form has been carried out by each plant since 2000.

In 2008, the Self Inspection Form was reformulated to accommodate the new version of the Standards and will be implemented within this new framework for the first time in the first quarter of 2009.

This evaluates 70 items grouped into 5 categories (Assets, Management/Leadership, People, Process and Third Parties).

All non-conformities detected automatically generate a corrective action, and there is an automatic quarterly follow-up of outstanding corrective actions.

2008-2013 Risk Plan

Each individual plant plan (which is updated annually) defines a set of measures to be taken towards achieving full compliance with the Corporate Operational Risk Standards by 2013. The main objectives encompass:

- Improving Sonae Indústria's Installations Risk Standard with a view to increasing employee and asset safety, and avoiding eventual periods of business interruption;
- Obtaining a payback reflected in the insurance premium (demonstration of real and tangible commitment to loss prevention);
- Forming the basis for preparation of the annual budget for investment in Loss Prevention measures and establishing priorities based on the impact on Loss Prevention.

The 2008-2013 Risk Plan forms an integral part of the Industrial Master Plan of Sonae Indústria, which consists of the investment planning of each plant for the next 5 years.

Insurance Premium Distribution

Sonae Indústria's global insurance premium is charged to each plant with 50% being allocated according to local insurance market prices and 50% being based on the plant's measured risk quality. The former is calculated in line with "stand alone" local market insurance premium levels and the latter according to the QIN of each plant, so that the "worst" performers pay their fair share of insurance costs.

2.5. Responsibilities of the Board of Directors and Executive Committee

The Board of Directors is empowered to ensure the management of the Company in accordance with the objects established in the Company's Articles of Association.

Currently, the Board of Directors may deliberate on increases in the Company's share capital of up to two billion euros, on one more occasions, in accordance with the law.

The Board of Directors has delegated powers to the Executive Committee to manage day-to-day operations of the Company except:

- a) appointing the Chairman of the Board;
- b) co-opting a substitute for a member of the Board;
- c) convening Shareholders' General Meetings;
- d) approving the Annual Report and Accounts;
- e) granting any pledge, guarantee or charge over the Company's assets;
- f) deciding to change the Company's headquarters or to approve any share capital increases;
- g) deciding on mergers, de-mergers and modifications to the corporate structure of the Company;
- h) approving the Company's Business Plan and Annual Budget;
- i) deciding key features of personnel policies including stock incentive plans and variable remuneration plans applicable to Executives and Senior Managers (Management Levels G4 and above), in areas that do not require resolutions from the Shareholders' Remuneration Committee or deliberations at Shareholders' General Meetings, together with decisions on individual compensation for Executives of Management Levels G3 and above, which competence is delegated to the Board Nomination and Remuneration Committee and, when these Executives are Officers of the Company, also require decisions from the Shareholders' Remuneration Committee or deliberations at Shareholders' General Meetings;
- j) defining or changing major accounting policies of any company included in the consolidation perimeter of Sonae Indústria Group;
- k) approving quarterly and half-yearly reports and accounts;
- l) selling, acquiring directly or by long-term lease or transacting in any other way, investments classified as tangible fixed assets where the individual transaction value is in excess of 5,000,000 euros, unless covered by the Annual Budget or the Business Plan, duly approved by the Board;
- m) purchasing or subscribing new shares in the share capital of any subsidiary company where the accumulated amount exceeds 20,000,000 euros in any financial year, unless covered by the Annual Budget or the Business Plan, duly approved by the Board;
- n) investing in any other company or in other financial assets when the accumulated value is in excess of 10,000,000 euros in any financial year, unless covered by the Annual Budget or the Business Plan, duly approved by the Board;
- o) making any other financial investment which exceeds the accumulated amount of 10,000,000 euros in any financial year, unless covered by the Annual Budget or the Business Plan, duly approved by the Board;
- p) disposing of assets or other divestments, if such a transaction has a significant effect on the operating results of the Company (defined as equal or greater than 5%) or affects the jobs of more than 100 employees, unless covered by the Annual Budget or the Business Plan, duly approved by the Board;

It is also the exclusive responsibility of the Board of Directors to define the Sonae Indústria and Sonae Indústria Group strategy and general policies as well as define the corporate structure of the Sonae Indústria Group.

The Executive Committee normally meets at least once every month and additionally whenever the President of the Executive Committee (CEO) or a majority of its members call a meeting in writing, at least 3 days before the appointed date. Meetings

can only take place if at least four of the members are present (either physically or by videoconference). The CEO presides over the meeting as Chairman. Over the course of 2008, 15 meetings of the Executive Committee were held.

Decisions made by the Executive Committee are taken by a qualified majority of four votes in favour. In the absence of this qualified majority, the Executive Committee must submit the matter under consideration to the Board of Directors for deliberation. With the objective of maintaining the Board of Directors permanently informed on decisions taken by the Executive Committee, all Board members are sent the minutes arising from the Executive Committee meetings.

Members of the Executive Committee provide all information required by other members of the governing bodies both on time and in sufficient detail.

2.6. Regulations of the Governing Bodies

In 2008, the Board of Directors approved the regulations of the Board of Directors and Executive Committee. The Statutory Audit Board has approved its own regulation.

These regulations can be found at the site www.sonaeindustria.com.

No rules have been set for any inconsistencies or cumulative number of positions, being applicable the provisions of law.

2.7. Appointment and replacement of members of the corporate governing and auditing bodies

Members of the Board of Directors are elected by the Shareholders' General Meeting. Groups of shareholders representing between 10% and 20% of the Company's share capital, may submit a stand-alone proposal to nominate a Director in advance of the Shareholders' General Meeting. Each shareholder cannot support more than one list of Directors and each list must identify at least two eligible people to fill each position on the Board. If lists are submitted by more than one group of shareholders, the voting will be based on these lists.

In the event of death, resignation or temporary or permanent inability of any of the Directors, the Board of Directors is responsible for his or her replacement. If the Director in question was nominated by minority shareholders, a new separate election must be held.

Members of the Supervisory Audit Board are also elected by the Shareholders' General Meeting. Supervisory Board members who are temporary unable to exercise functions or whose functions have ceased are replaced by substitute members, who will subsequently continue functions until the first Shareholders Annual General Meeting. This meeting will then proceed to fill the respective vacancies.

In the absence of the alternate positions, vacancies are filled by a new election.

The Statutory External Auditor is elected by the Shareholders' General Meeting following a proposal from the Statutory Audit Board.

In the absence of the elected Statutory External Auditor, it is the responsibility of the Board of Shareholders General Meeting to appoint his substitute, subject to ratification by the following Shareholders General Meeting. In the absence of designation within 30

days, the company governing bodies shall notify the Association of External Auditors who is entitled to appoint the external auditor.

2.8. Board, Board Committees and Statutory Audit Board Meetings and attendance in 2008

During 2008, the number of meetings and attendance record for the Board of Directors, Board Committees and Statutory Audit Board were as follows:

	Number of Meetings	Attendance
Board of Directors	6	97%
Executive Committee	15	97%
Board Audit and finance Committee	5	87%
Social Responsibility and Environment Committee	2	100%
Board Nomination and Remuneration Committee	2	88%
Statutory Audit Board	6	100%

2.9. Independence of the members of the Board of Directors

The Board of Directors of Sonae Indústria is currently composed of 9 members (as referred above José António Comesaña resigned in December 2008), 4 Executive and 6 Non-executive.

Of the Non-Executive Directors, 3 (three) are Independent, in that they are not associated with any interests group within the company, do not hold qualified shareholding nor do they act on behalf of shareholders with qualified shareholdings of 2% or more of the company's share capital. Additionally, they have not been re-elected for more than two mandates.

All Independent Board Members, with the exception of Per Knuts and Thomas Nystén, comply with the applicable rules of conflicts and determined in art. 414-A of the Company Law. Regarding these two members, both perform the same functions in the Supervisory Board of Glunz, AG, a company subsidiary of Sonae Indústria, but this does not imply a loss of independence.

These independent Directors exercise an important influence over the decision-making process and the development of company strategy and policy.

2.10. Professional qualification of the members of the Board of Directors in the last 5 years and shares held

<p>Belmiro de Azevedo (Chairman Sonae Indústria): obtained a degree in Industrial Chemical Engineering at the University of Oporto, a PMD from Harvard Business School, participated in the Financial Management Programme from Stanford University and has occupied a diverse number of positions in the Efanor/Sonae Group from an early stage. Mr Belmiro de Azevedo is today Chairman of the Board of Sonae Group</p>
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and Chairman of the Board and CEO of Sonae Capital, SGPS S.A., a member of the European Union Hong Kong Business Cooperation Committee, of the International Advisory Board of Allianz AG and of the Harvard Business School International Advisory Board. He has been decorated on a number of occasions, some of the most prominent being the “Encomienda de Numero de la Ordem del Mérito Civil” from His Majesty D.Juan Carlos, King of Spain, the “Order of the Cruzeiro do Sul” from the President of the Brazilian Federal Republic, the “Grã Cruz da Ordem do Infante D. Henrique” from the President of the Portuguese Republic, nomination as “Honorary Fellow” of the London Business School and member of the “Order of Outstanding Contributors to Sustainable Development” from the World Business Council for Sustainable Development.

Álvaro Cuervo Garcia (Independent): holds a post graduate degree in Statistics and Psychology and a PhD in Economics from the University of Madrid (Spain). Mr Cuervo is a professor of Business Economics and was Head of the Business department at the Complutense University in Madrid, Head of Business Economics at Valladolid and Oviedo University (Spain) and CIDE (Mexico) and visiting professor at New York University and California Berkeley University (USA). As a member of the Spanish government’s consultative committee for privatizations and Chairman of the Economic and Business Scientific Association (Spain), he holds a number of other directorship roles.

Paulo Azevedo: holds a degree in Chemical Industrial Engineering from the Lausanne Polytechnic School (Switzerland) and a post-graduate degree in Business studies from the Oporto Institute of Business Studies. Having been CEO of Optimus – Telecomunicações S.A. between 1998 and 2000. Today Mr. Paulo de Azevedo is CEO of Sonae SGPS and holds a number of managerial and directorship roles in the Efanor/Sonae Group. Paulo Azevedo is Belmiro de Azevedo’s son.

Per Knuts (Independent): holds a degree in Chemical Engineering from the Royal Institute of Technology (Sweden) and was Chairman for the Global Council of Stora Feldmuhle AG Companies and FPB Holding AG (Dusseldorf – Germany) between 1998 and 2004.

Thomas Nystén (Independent): obtained a Master of Arts degree (Political Economy) at the University of St Andrews (Scotland) in 1963 and completed an AMP at the Harvard Business School in 1984. Previously held the positions of Executive Director of the Myllykoski Corporation in Helsinki and CEO of MD Lang Papier in Germany (1994-2004).

Carlos Bianchi de Aguiar (President of the Executive Committee and CEO Sonae Indústria): graduated with a degree in economics from the University of Oporto. Having worked for Sonae Indústria since 1986, he has occupied a number of managerial and directorship roles in various geographies, namely the UK (’90-’95), Spain (’96-’97) and Germany (’00-’01). He returned to Portugal in 2002 to become Group CFO and was appointed CEO in 2005.

Rui Correia (CFO): holds a degree in Economics from the University of Oporto and a post graduate degree in Business Management from the Oporto Institute of Business Studies. Having exercised functions in the Efanor/Sonae Group since 1994, he was head of the Finance Department of Sonae SGPS from 2000 and was appointed as Sonae Indústria CFO in 2005. Since 2001, he has also held a number of directorship roles in the Efanor/Sonae Group.

Christophe Chambonnet (COO France): obtained a degree in engineering from ISAB (France), a MS in Applied Economics and an MBA from the University of Purdue, USA. Between 1998 and 2000 he has occupied a number of managerial and directorship roles in the Marketing area, namely in companies based in USA, Canada, France and Belgium. Between 2000 and 2005 he was a Board member of Tafisa Canada, a subsidiary of Sonae Indústria. Between April 2005 and June 2006, he was vice president of Tembec Avebene SAS, a French company. As from July 2006, he was appointed COO of Isoroy SAS.

Louis Brassard (COO Canada): obtained a degree in Industrial Engineering from the Montreal Polytechnic School (Quebec Canada) and an MBA in Finance and Marketing from Montreal University. He has been with Sonae Indústria since 1994 and has held a number of managerial and directorship roles.

Sonae Indústria Directors have the following Sonae Indústria Shares attributed to them:

Number of Shares		Number of Shares	
Belmiro Mendes de Azevedo Efanor Investimentos, SGPS, SA (1) Sonae Indústria, SGPS, SA	49.999.997	(1) Efanor Investimentos, SGPS, SA Sonae Indústria, SGPS, SA	44.680.000
	1.010	Pareuro, BV (2) Sonae Capital, SGPS, SA (3)	2.000.000 88.859.200
Carlos Bianchi de Aguiar Sonae Indústria, SGPS, SA	720	(2) Pareuro, BV Sonae Capital, SGPS, SA (3) Sonae Indústria, SGPS, SA	50.000.000 27.118.645
Rui Manuel Gonçalves Correia Sonae Indústria, SGPS, SA	12.500	(3) Sonae Capital, SGPS, SA SC, SGPS, SA (4) Sonae Financial Participations, B.V (5)	391.046.000 500
Duarte Paulo Teixeira de Azevedo Efanor Investimentos, SGPS, SA (1) Migracom, SGPS, SA (6) Sonae Indústria, SGPS, SA	1	(4) SC, SGPS, SA Sonae Indústria, SGPS, SA	9.521.815
	1.969.996	(5) Sonae Financial Participations, B.V Sonae Indústria, SGPS, SA	1.462.349
	223	(6) Migracom, SGPS, SA Sonae Indústria, SGPS, SA Sonae Capital, SGPS, SA (3) Imparfin, SPS, SA (7)	90.000 161.250 150.000
		(7) Imparfin, SPS, SA Sonae Indústria, SGPS, SA Sonae Capital, SGPS, SA (3)	278.324 513.160

Members of the Board of Directors are currently also members of the Boards of other companies, which are listed in Point 2.11 of this report.

During the past five years, Belmiro de Azevedo, Carlos Bianchi de Aguiar, Rui Correia, Christophe Chambonnet and Paulo Azevedo have also been Directors at various other Efanor Group companies.

Within the same period, the following Directors also held directorships at the following companies outside to the Efanor Group:

José Álvaro Cuervo García:

- BA Vidrio, S.A.

Per Otto Knuts:

- Stora Feldmühle AG

- FPB Holding AG

Knut Thomas Alarik Nystén:

- MD Lang Papier GmbH
- Myllykoski Corporation

2.11. Other positions held by Sonae Indústria Directors as of 31 December 2008

In companies belonging to Efanor Group

Board of Directors Member:

Belmiro Mendes de Azevedo:

- BA – Business Angels SGPS, S.A.
- Casa Agrícola de Ambrões, S.A. (Chairman)
- Efanor Investimentos, SGPS, S.A. (Chairman)
- SC – SGPS, S.A. (Chairman)
- Selfrio, SGPS, S.A. (Chairman)
- Sonae – SGPS, S.A. (Chairman)
- Sonae Capital, SGPS, S.A. (Chairman)
- Sonae Turismo – SGPS, S.A. (Chairman)
- Spred, SGPS, S.A. (Chairman)

José Alvaro Cuervo Garcia:

- Sonae – SGPS, S.A.

Duarte Paulo Teixeira de Azevedo:

- Efanor Investimentos, SGPS, S.A.
- Sonae - SGPS, S.A. (President of Executive Committee - CEO)
- Sonae Distribuição – SGPS, S.A. (Chairman)
- Sonae Sierra, SGPS, S.A. (Chairman)
- Sonaecom, SGPS, S.A. (Chairman)

Carlos Francisco de Miranda Guedes Bianchi de Aguiar:

- 173509 Canada, Inc. (Chairman)
- Agloma – Sociedade Industrial de Madeira Aglomerada, S.A.
- Agloma Investimentos, SGPS, S.A.
- Aserraderos de Cuellar, S.A.
- Darbo, SAS
- Ecociclo – Energia e Ambiente, S.A.
- Ecociclo II – Energias, S.A.
- Euro Decorative Boards, Ltd.
- Euromegantic Ltée. (Chairman)
- Euroresinas - Industrias Quimicas, S.A.
- GHP GmbH
- Glunz AG (Chairman)
- Glunz Service GmbH
- Glunz UK Holdings, Ltd. (Chairman)
- Imoplamac – Gestão de Imóveis, S.A.
- Isoroy SAS (Chairman)
- LaminatePark GmbH & Co. Kg (Chairman)
- Maiequipa – Gestão Florestal, S.A.

- Movelpartes – Componentes para a Indústria do Mobiliário, S.A.
- Poliface North America Inc.
- Racionalización y Manufacturas Forestales, S.A.
- Rochester Real Estate, Ltd.
- SIAF - Imobiliária, S.A.
- SIND – Shared Services Centre, S.A.
- Société Industrielle et Financière Isoroy, SAS (Chairman)
- Somit - Imobiliária, S.A.
- Sonae – Indústria de Revestimentos, S.A.
- Sonae Indústria – Produção e Comercialização de Derivados de Madeira, S.A.
- Sonae International, Ltd.
- Sonae Novobord (PTY) Ltd. (Chairman)
- Sonae Tafibra International, B.V.
- Sonae Tafibra UK, Ltd. (Chairman)
- Sonae UK, Ltd. (Chairman)
- Spanboard Products, Ltd. (Chairman)
- Tableros de Fibras, S.A. (Chairman)
- Tableros Tradema, SL
- Tafiber – Tableros de Fibras Ibéricos, SL
- Tafibra South Africa (PTY) Ltd. (Chairman)
- Tafisa Brasil S.A. (Chairman)
- Tafisa Canada & Company Limited Partnership (Chairman)
- Tafisa France S.A. (Chairman)
- Tafisa UK, Ltd. (Chairman)
- Taiber – Tableros Aglomerados Ibéricos, SL
- Tarkett Agepan Laminate Flooring, SCS (Chairman)
- Tecnologias del Medio Ambiente, S.A.

Rui Manuel Gonçalves Correia:

- 173509 Canada, Inc.
- Agloma – Sociedade Industrial de Madeira Aglomerada, S.A.
- Agloma Investimentos, SGPS, S.A.
- Aserraderos de Cuellar, S.A.
- Ecociclo – Energia e Ambiente, S.A.
- Ecociclo II – Energias, S.A.
- Euromegantic Ltée.
- Euroresinas - Industrias Quimicas, S.A.
- GHP GmbH
- Glunz AG
- Glunz UK Holdings, Ltd.
- Imoplamac – Gestão de Imóveis, S.A.
- Isoroy SAS
- LaminatePark GmbH & Co. Kg
- Maiequipa – Gestão Florestal, S.A.
- Megantic, B.V.
- Movelpartes – Componentes para a Indústria do Mobiliário, S.A.
- Poliface North America Inc.
- Racionalización y Manufacturas Forestales, S.A.
- SCS, BV
- SIAF - Imobiliária, S.A.
- SIND – Shared Services Centre, SA
- Sociedade de Iniciativa e Aproveitamentos Florestais – Energia, S.A.
- Somit - Imobiliária, S.A.
- Sonae – Indústria de Revestimentos, S.A.

- Sonae Indústria – Produção e Comercialização de Derivados de Madeira, S.A.
- Sonae Novobord (PTY) Ltd.
- Tableros de Fibras, S.A.
- Tafiber, Tableros de Fibras Ibéricos, SL
- Tafibra South Africa (PTY) Ltd.
- Tafisa Brasil, SA
- Tafisa Canada & Company Limited Partnership
- Tafisa France S.A.
- Tafisa UK, Ltd.
- Taiber, Tableros Aglomerados Ibéricos, SL
- Tarkett Agepan Laminate Flooring, SCS
- Tecnologias del Medio Ambiente, S.A.

Christophe Chambonnet:

- Glunz AG
- Isoroy, SAS
- LaminatePark GmbH & Co. Kg
- Société des Essences Fines Isoroy, SAS
- Société des Tranchage Isoroy, SAS
- Tafisa France, SAS
- Tarkett Agepan Laminate Flooring, SCS
- Tavapan, SA (Chairman)

Louis Maurice Brassard:

- 173509 Canada, Inc
- Euromegantic Ltée
- Isoroy, SAS
- Sonae Novobord (PTY) Ltd
- Tafibra South Africa (PTY) Ltd
- Tafisa Canada & Company Limited Partnership
- Tafisa France, SAS

Statutory Audit Board Member:

Per Otto Knuts:

- Glunz AG (Supervisory Board – “Aufsichtsrat”)

Knut Thomas Alarik Nystén:

- Glunz AG (Supervisory Board Chairman – “Aufsichtsrat”)

In companies not belonging to Efanor Group:

Board of Directors Member:

Belmiro Mendes de Azevedo:

- Praça Foz – Sociedade Imobiliária, S.A. (Chairman)
- Setimanale – SGPS, S.A. (Chairman)

Duarte Paulo Teixeira de Azevedo:

- Imparfin, SGPS, S.A.
- Migracom – SGPS, S.A. (Chairman)

José Álvaro Cuervo Garcia:

- ACS – Actividades de Construccion Y Servicios, S.A.
- Bolsas Y Mercados Españoles (BME)

2.12. Independence of the Statutory Audit Board members

All members of the Statutory Audit Board comply with the rules of conflicts referred to paragraph 1 of art. Article 414-A and the criteria of independence set out in paragraph 5 of art. 414, both relating to Company Law.

The current members of the Statutory Audit Board were elected at the Shareholders' Annual General Meeting held on 31st May 2007 until the end of the current mandate (2006-2008). The current chairman, Óscar José Alçada da Quinta was elected as a substitute at the same meeting, as explained above, assuming the functions of effective member following the resignation of João Manuel Gonçalves Bastos, elected by the Shareholders' Annual General on 21st April 2008, who resigned in September 2008.

The Annual Report of the Statutory Audit Board includes a description of the supervisory performed and is published on the company's website together with other accountability documents.

The Statutory Audit Board proposed the election of the Statutory External Auditor at the Shareholders' Annual General Meeting held in 2007, who is also the external auditor of the company. The proposed remuneration policy approved at the 2008 Shareholders' Annual General Meeting states that the Statutory External Auditor of the company should be paid according to the normal levels of fees for similar services by reference to market information, as negotiated annually under the supervision of the Statutory Audit Board and monitoring of the Board Audit and Finance Committee.

The Statutory Audit Board meets the Statutory External Auditor whenever it deems fit and monitors their activities and conclusions of their work through the final audit reports.

The remuneration of the Supervisory Board members of the company consists of a fixed fee, determined taking into account the situation of society and the practices of the market and includes one annual allowance insurance. The remuneration of the Chairman amounts to 16,682 euros and of the other two members amounts to 25,766.5 euros.

2.13. Professional qualification of the members of the Statutory Audit Board in the last 5 years and shares held

ÓSCAR ALÇADA DA QUINTA (Chairman of the Statutory Audit Board):
 Degree in Economics (University of Porto). Mr. Quinta has held various functions in both the administrative and financial departments of different companies (1982-1986) and since 1986 has provided services within the external audit of the Official Statutory Auditors Association. Through this activity in 1990 he was included in the List of Official External Auditors, a function which he works on exclusivity, initially on a stand-alone basis but subsequently as partner of Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC.

ARMANDO LUÍS VIEIRA DE MAGALHÃES (Statutory Audit Board Member):
Bachelor of Accounting (former-ICP and current ESCAP), Degree in Economics (University of Porto), Executive-MBA European Management (IESF / IFG. Mr. Magalhães performed various functions in a credit institution (1964-1989) and since 1989 has practiced as an external auditor, first on a stand-alone basis but subsequently as partner of Santos Carvalho & Associados, SROC.

JORGE MANUEL FELIZES MORGADO (Statutory Audit Board Member):
Management Degree (ISEG, Technical University of Lisbon), MBA in Finance-IEDE Madrid, MBA in Management and Information Systems (Catholic University), Official External Auditor. Mr. Morgado held various roles as auditor in Coopers & Lybrand (1980-1989), responsible for Management Control and Internal Audit of the Coelima Group (1989-1991) before becoming a partner of Deloitte (1991-2004). From 2004 he has been an Official Statutory Auditor and Partner of Econotopia-Consultoria e Gestão, SA.

None of the members of the Statutory Audit Board hold Sonae Indústria shares.

2.14. Other positions held by Sonae Indústria Directors as of 31 December 2008

In companies belonging to Efanor Group

Óscar Alçada da Quinta

Sonaecom - SGPS, S.A. (Supervisory Audit Board)
Sonae Distribuição, SGPS, SA (Supervisory Audit Board)

Armando Luís Vieira de Magalhães

Sonaecom - SGPS, S.A. (Supervisory Audit Board)
Sonae Capital, SGPS, SA (Supervisory Audit Board)

Jorge Manuel Felizes Morgado

Sonae, SGPS, SA (Supervisory Audit Board)
Sonae Capital, SGPS, SA (Supervisory Audit Board)
Sonae Sierra, SGPS, SA (Supervisory Audit Board)

In other companies not belonging to Efanor Group

Óscar Alçada da Quinta

BA GLASS I – Serviços de Gestão e Investimentos, SA. (Supervisory Audit Board)
Lisgráfica-Impressão e Artes Gráficas, SA (Supervisory Audit Board)
Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC (Board of Directors)

Armando Luís Vieira de Magalhães

Futebol Clube do Porto - Futebol S.A.D (Supervisory Audit Board)

2.15. Directors' Remuneration and Other Compensation

The Shareholders' Annual General Meeting held in 2007 approved a proposal made by Sonae Indústria Shareholders' Remuneration Committee ("Comissão de Vencimentos") setting out the remuneration policy to be followed during the current mandate (2006 – 2008).

In the 2008 Shareholders' Annual General Meeting, the Salaries Shareholders' Remuneration Committee deliberated on making certain amendments to the remuneration policy adopted by the 2007 Shareholders' Annual General Meeting, and presented a new remuneration policy.

This remuneration and compensation policy is based on the presumption that initiative, effort and commitment are the essential foundation stones for good performance. For these reasons, individual activity, performance and contributions to the company's success should be evaluated annually, which will thereby influence the attribution of variable remuneration and other compensations to each person.

In relation to Directors' remuneration and other compensation, the approved policy establishes the following:

Executive Directors

Remuneration and compensation of the Executive Directors (ED) includes: (i) a fixed component, which includes an Annual Salary paid in reference to one year period (salaries are paid 12 months), an Annual Responsibility Allowance and a package of benefits linked to market practices, (ii) a variable "Annual Performance Bonus", which is paid during the first quarter of the following year, and (iii) a discretionary variable third component, attributable on the first quarter of the following year, as a deferred performance bonus under the Medium Term Incentive Plan, which vests on the second anniversary of the attribution date.

Individual compensation packages will be defined as a function of the level of responsibility of each ED and will be reviewed annually. Each ED is attributed a Sonae Indústria Management Level named "Grupo Funcional" ("GF" or "G"). Sonae Indústria's EDs are normally "Senior Executive" (G2), being attributed to the CEO the level "Group Senior Executive" (G1). Sonae Indústria Management Levels are applied in a similar way across all Efanor Group and are related to Hay's international model for the classification of corporate functions, thereby facilitating market comparisons, as well as helping to promote internal equity. The compensation packages to be awarded to EDs will be benchmarked using market surveys of the compensation of Portuguese and European top executives, with the aim of setting fixed remuneration close to the median and total compensation close to the third quartile in comparable circumstances;

The purpose of the Annual Performance Bonus is to reward the achievement of several objectives annually defined, related to "Key Performance Indicators of Business Activity" (Business KPIs) and "Personal Key Performance Indicators" (Personal KPIs).

The Bonus target to be attributed will be based on a percentage of the fixed component, which will vary between 40% and 60%. Business KPIs, which include economic and financial indicators, will be based on approved budgets; individual performance of the business unit and group performance will account for 70% of the Annual Performance Bonus and constitute objective indicators. The remaining 30% will derive from Personal KPIs, based on subjective indicators and amounts paid will be based on real performance achieved and may vary between 0% and 120% of the target bonus attributed;

The Medium-term Incentive Plan will be aimed at enhancing ED's loyalty, aligning them with shareholders and increasing their awareness of their importance on the overall

success of our organisation. Currently, the objective values are defined as a percentage of the Annual Performance Bonus. For the Executive Directors, such amounts represent between 50% and 100% of the target Annual Performance Bonus. Amounts attributed derive from one or more KPIs, aligned with value creation to shareholders and are similar for all EDs.

Non-Executive Directors

Remuneration of Non-Executive Directors (NEDs) is based on market comparables and is structured as follows: (i) a fixed remuneration (of which approx. 15% depends on attendance at meetings); (ii) an Annual Responsibility Allowance. No other variable remuneration of any kind is payable to NEDs. The Fixed Remuneration is increased by up to 6% for NEDs serving as Chairmanship of any Board Committee.

2008	Total Fixed Annual Remuneration		Total Short Term Performance Bonus		Total Deferred Medium Term Performance Bonus		Total 2007	
	2007	2008	2007 (a)	2008 (b)	2007 (c)	2008 (d)	2007	2008
Chairman of the Board of Directors	142,333	184,000					142,333	184,000
CEO	257,465	256,600	103,035	43,200	114,000		474,500	299,800
Executive Directors (remaining)	852,161	874,944	293,079	161,423	143,087		1,288,328	1,036,367
Non-executive Directors (remaining)	149,020	143,600					149,020	143,600
Total of Board of Directors	1,400,980	1,459,144	396,114	204,623	257,087		2,054,181	1,663,767

(a) relative to 2007, achievement approved in 2008

(b) relative to 2008, achievement approved in 2009

(c) relative to 2007 and to be paid in 2010

(d) relative to 2008 and to be paid in 2011

Given that Sonae Indústria does not have “*dirigentes*” within the meaning of paragraph 3 of Article 248-B of the Securities Code, its Board of Directors has not submitted any remuneration policy to the Shareholders’ Annual General Meeting.

No special agreements exist regarding compensation or payments to be made to either Company Directors or employees in the event of termination of service resulting from a tender offer.

In 2009 a compensation for a Executive Board Member amounted to 1,012,100 euros

The company does not have plans for the allotment of shares and/or options for share purchases

2.16. Shareholders’ Remuneration Committee

Sonae Indústria’s Shareholders’ Remuneration Committee is appointed by the Shareholders’ General Meeting for a three-year term and is currently composed of Efanor Investimentos - SGPS, SA, represented by José Manuel Neves Adelino and Imparfin -SGPS, SA, represented by Bruno Walter Lehmann, and is therefore independent in relation to the Board of Directors.

2.17. Policy of Communication Irregularities

During 2008 and with the formalization of the Code of Conduct of Sonae Indústria, the procedure of reporting irregularities was defined. This is available on our website www.sonaeindustria.com.

Employees and service providers may report, on a confidential basis, concerns about any behaviour or decision that in its opinion, does not respect the ethics and the Code of Conduct.

The possible case of irregularity should be sent via e-mail or post to one of the following addresses:

E-mail: corporate.governance.officer@sonaeindustria.com
Post: Sonae Industria SGPS, S.A.
Corporate Governance Officer
Lugar do Espido, Via Norte
Apartado 1096
4470-177 Maia Codex
Portugal

A meeting to clarify the alleged irregularity can then be arranged with the Corporate Governance Officer, when required

Each irregularity report will be received by the Corporate Governance Officer, who is responsible for initiating and supervising the investigation into all reports.

Once the research is concluded and if the irregularity reported corresponds to wrongful conduct, the Ethics Committee shall notify the situation to the superior of the employee or the Service Provider's Company in order to apply corrective actions and / or initiate disciplinary proceedings to be initiated.

As the Company wishes to encourage good faith reporting of any alleged irregularity while avoiding damage to the reputation of innocent persons initially indicated as allegedly suspected of wrongful misconduct, anonymous reports are not accepted.

The investigation will be conducted in a confidential manner and the Company ensures that there will be no discriminatory or retaliatory action against any employee or service provider who reports an alleged irregularity in good faith based on his/her personal knowledge. If any employee or service provider believes that he or she has been retaliated against for reporting or participating in an investigation, he/she should immediately report such perceived retaliation to the Corporate Governance Officer.

The company provides a means by which to report irregularities on its internet.

The company maintains a record of all complaints and cases investigated as well as their findings which will be available for consultation by the governing bodies and external auditor.

3. Information

3.1. Capital Structure

Sonae Indústria's share capital amounts to 700 million euros and is represented by 140 million ordinary shares with a nominal value of 5 euros per share. All shares are listed on Euronext Lisbon. No limitations or restrictions are in place regarding the transfer of control or sale of shares.

In the 2008 Shareholders' Annual General Meeting, the conversion of the book-entry bearer shares of the Company to book-entry registered shares was approved. Consequently the wording of paragraph 1 in article 6 of the Company's Articles of Association was amended to the following wording " ARTICLE SIX One - The shares shall be nominal and may be titled or registered."

On 30th May 2008 the shares were converted into book-entry registered shares.

3.2. Qualified Shareholding under Article 20 of the Portuguese Securities Code

Shareholder	Number of shares	% Share Capital	% Voting Rights
Efanor Investimentos, SGPS, S.A			
Directly	44.780.000	31,9857%	31,9857%
By Pareuro, BV (controlled by Efanor)	27.118.645	19,3705%	19,3705%
By SC, SGPS, SA (indirectly controlled by Efanor)	9.521.815	6,8013%	6,8013%
By Sonae Financial Participations B.V (indirectly controlled by Efanor)	1.462.349	1,0445%	1,0445%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor)	1.010	0,0007%	0,0007%
By Nuno Miguel Teixeira de Azevedo (Director of Efanor and held by descendent)	711	0,0005%	0,0005%
By Duarte Paulo Teixeira de Azevedo (Director of Efanor and held by descendent)	223	0,0002%	0,0002%
By Migracom, SGPS, SA (company controlled by Efanor's Director, Paulo Azevedo)	90.000	0,0643%	0,0643%
By Linhacom, SGPS, SA (company controlled by Efanor's Director, Cláudia Azevedo)	23.186	0,0166%	0,0166%
	82.997.939	59,2842%	59,2842%

3.3. Identification of the shareholders that detain special rights and a description of those rights.

There are no Shareholders with special rights.

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

There are no restrictions to the transfer of company shares.

3.5. Shareholder agreements which the company may be aware of and which may restrict the transfer of securities or voting rights.

The company is unaware of the existence of a shareholders agreement and which may restrict the transfer of securities or voting rights.

3.6. Rules applicable to the amendment of the articles of association

The rules applicable to amendments of the articles of association are established by law. It is the task of the Shareholders' General Meeting to decide on the amendment of the articles of association. However, the Board of Directors can decide to change the registered office within the national territory, as well as deliberate on increases in the Company's share capital by new cash entries up to two billion euros, on one or more occasions.

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

Control mechanisms for a possible employee-shareholder system, inasmuch as the voting rights are not directly exercised by them, are nor planned.

3.8. Share Price performance in 2008

2008 was marked by a global drop in equity markets, resulting from the deepening crisis of confidence prevailing within capital markets, due to problems related to subprime mortgages. The Sonae Indústria share price was particularly affected as the

company acts in a highly cyclical sector, depends on the construction industry and is exposed to those economies most affected by the real estate crisis: Spain and North America.



MAIN EVENTS IN 2008

- **15th Jan. 2008:** Masisa, S.A. acquired from Brascan Brasil 45.68% of the capital of Tafibras Participações, S.A.
- **05th March 2008:** FY 2008 consolidated results announced.
- **26th March 2008:** repaid in advance, the entire 15 000 000 issued bonds
- **28th April /2008:** Dividend paid related to FY 2007, liquid amount of 0.224 euros per share.
- **7th April 2008:** 1Q 2008 consolidated results announced
- **20th April 2008:** conversion of all shares from bearer registered shares to nominal registered shares
- **1st July 2008:** Masisa, S.A. exercises its put option over the shares representing around 45.68% of the share capital of Tafibrás Participações, SA (Tafibrás)
- **31st July 2008:** 1H 2008 consolidated results announced
- **10th Sept. 2008:** Start-up of the new melamine production line in White River, South Africa and the start-up of the new Hot Gas Generator in Oliveira do Hospital, Portugal
- **17th Sept. 2008:** Change in the composition of the Statutory Audit Board
- **6th Nov. 2008:** 9M 2008 consolidated results announced
- **07th Nov.2008:** New chairman of the Statutory Audit Board elected
- **29th Dec. 2008:** Resignation of a member of the Board of Directors

3.9. Dividend policy.

Every year, the actual pay-out ratio is proposed by the Board of Directors, considering the target pay-out ratio of 50% and the existing investment opportunities. In relation to 2007, the Board of Directors proposed to the Shareholders' General Meeting a dividend payment of 50% of the 2007 Consolidated Net Profits Attributable to its Equity Holders. This proposal which amounted to 39.2 million euros was subsequently approved.

In the two previous years, Sonae Indústria did not distribute dividends as it opted to instead strengthen its balance sheet following the significant deterioration in shareholders' funds as a result of past accumulated losses.

3.10. Share and Share Options Schemes

Sonae Indústria does not currently award any remuneration or other compensation involving or linked to shares or share options.

3.11. Transactions with Related Parties

Sonae Indústria did not carry out any transactions with members of the Board of Directors nor with the Statutory Audit Board members.

All transactions with holding or other related companies represent normal operational activity and were made under "open market" conditions and at prices that comply with transfer pricing regulations.

3.12. Investor Relations

Sonae Indústria has its own Investor Relations' Department, responsible for managing the relationship between the Company and shareholders, investors, analysts and market authorities including the CMVM (the Portuguese Securities Exchange Regulator).

Each quarter, the Investor Relations' Department is responsible for coordinating the preparation of an earnings announcement to be issued to the market and also provides statements whenever necessary to disclose or clarify any relevant fact or event that could affect the share price. The Investor Relations' Department is available at all times to respond to any general questions posed by the market. The Company is available to meet with investors, either in roadshows or in one-to-one meetings upon request, or by participating at conferences.

Sonae Indústria's Investor Relations Department may be contacted by email at investor.relations@sonaeindustria.com or by telephone: 00 351 22 010 0638. The investor relations director is Patrícia Vieira Pinto.

In addition, Sonae Indústria has an institutional website (www.sonaeindustria.com) that posts all earnings announcements, statements, reports and accounts together with any other public documents, press releases or general news items on a wide range of themes relating to the Company and Group.

Sonae Indústria's legal representative relations with equity market ("Representante para as Relações com o Mercado de capitais") is Rui Correia, who can be contacted

via the Investor Relations' Department or alternatively, directly by email: rmcorreia@sonaeindustria.com.

The Company's website contains several information in English, including the company's name, the quality of publicly traded company, the headquarters and other elements mentioned in Article 171 of the Companies Code, the Articles of Association, the identity of the governing bodies and the representative relations with equity market, the Investor Relations Department, their duties and ways of access, documents of accountability, corporate events calendar, proposals for discussion and vote at Shareholders' Annual General Meeting and notice to convene the same meeting.

3.13. Remuneration of the Statutory External Auditors

In 2008, the statutory external auditor PriceWaterhouseCoopers invoiced Sonae Indústria and its affiliated companies a total amount of 782,334 euros. Of this total, 92% related to the audit and legal certification of the accounts and 6% to other reliability services while 2% related to services other than legal certification of the accounts.

To safeguard external auditor independence, we required that tax consultancy and other services are provided by different teams from those involved in the audit process.