I

CORPORATE GOVERNANCE
CIMPOR has always been committed to dealing appropriately with issues related to corporate governance as well as with the periodic disclosure of the positions and solutions the Group adopts in this area to its stakeholders, the wider financial community, the authorities and the market in general.

As in previous years, the Board of Directors presents the more significant aspects of Corporate Governance and the Group in this chapter of its annual report. The publication of this information ensures compliance with the information disclosure duties established by the Portuguese Securities' Code and the Regulations of the Portuguese Securities' Market Commission (Comissão do Mercado de Valores Mobiliários - CMVM Regulation 7/2001), as amended by CMVM Regulations 11/2003, 10/2005 and 3/2006.

0. Declaration of Compliance

CIMPOR has always attached special importance to the adoption of the best organizational models and the most appropriate practices and guidelines in terms of Corporate Governance. In doing so, it strives to follow the main international trends and encourage within the company critical reflection in this context.

CIMPOR is currently, given the importance it has ascribed to these matters, among the companies listed on Euronext Lisbon, one of those that most closely complies with these Recommendations. Therefore, in relation to the new set of Recommendations published by the CMVM, following the period of public consultation commenced in 2005, CIMPOR fulfils, in full, all the recommendations on:

1. Disclosure of Information;
2. Absence of restrictions on voting rights and shareholder representation;
3. Existence of an internal control system;
4. Absence of defensive measures designed to prevent the success of takeover bids;
5. Composition of the board of directors;
5-A. Existence of enough non-executive members of the Board;
6. Existence of enough independent non-executive members of the Board;
7. Existence of an internal audit committee with powers to assess the corporate structure and governance;
10. Approval of plans to allot shares and/or options to purchase shares to members of the Board and/or other employees;
10-A. Adoption of a reporting irregularities policy.

The provision of Recommendation no. 8 referring to the structuring of the remuneration of members of the Board is complied with in full, enabling the interests of the Board members to be aligned with those of the Company. However, this is not so in regards to the annual disclosure of such remuneration on an individual basis.

The final part of Recommendation no. 8 has not been adopted. This is mostly because it is understood that the shareholders, by opting, pursuant to Article 399(1) of the Portuguese Companies Code (Código das Sociedades Comerciais) and Article 16(2) of the Articles of Association, to appoint a committee to set the remuneration of Board members, rather than such remunerations being established by the shareholders’ general meeting, did so founded on an intention that inherently implies a certain degree of reservation, not compatible with the public disclosure of individual remunerations. Furthermore, since Portuguese law establishes that shareholders are sovereign in this matter, they can always decide otherwise if they deem that not enough information is
being made available, and apply the provisions of Chapter IV item 5 of the Appendix to CMVM Regulation 7/2001.

The understanding that the shareholders, by entrusting the task of defining the remuneration policy for company bodies to a duly empowered Remuneration Committee, will have given it full autonomy in this matter also explains the non-submission of a statement on this policy for appraisal by the Annual General Meeting, and the resulting non-compliance with Recommendation no. 8-A.

Finally, in relation to Recommendation no. 9, where all members of the Remuneration Committee should be independent from the members of the Board of Directors, this has not been fully complied with because, in accordance with item 9 in Chapter I of the Appendix to CMVM Regulation 7/2001, one member of that Committee is held to not be independent from one of the Board members. But it is understood that any conflict of interests that might arise is adequately safeguarded since this person is in a minority on that Committee.
1. Disclosure of Information

1.1. Organizational Structure

1.1.1. CIMPOR Group

The CIMPOR Group is organized into business areas which correspond to the countries where the Group operates. These business areas are in turn grouped in major regions, viz.: (i) the Iberian Peninsula; (ii) the Mediterranean Basin; (iii) Latin America; (iv) Southern Africa; and (v) Asia. The various activities in each Business Area are grouped by product, with the core business being the production and sale of cement.

CIMPOR - Cimentos de Portugal, SGPS, S.A. as the holding company for the Group is responsible for the Group’s strategic development – particularly in relation to the entire internationalization process – and for the overall management of the different business areas, ensuring the coordination of financial, technical, human and other resources in harmony with the criteria and guidelines set out in the five-year strategic plan, which is revised and approved by the Board of Directors on an annual basis in accordance with the Group’s main goals.

More thorough monitoring of the management of the different business areas is ensured by CIMPOR Portugal, SGPS, S.A. for business in Portugal, and by CIMPOR Inversiones, S.A., a sub-holding based in Spain, in all other cases. This company was set up in 2002 to be the Group’s launch-pad for expansion abroad.

Each of the abovementioned regions has a “zone manager”, except for the Iberian Peninsula where, because of the size and diversity of its operations, such a role does not exist. This manager sits on the Board of Directors of the companies in the respective business areas and reports directly to the Board of Directors of CIMPOR Inversiones, S.A..

The Board of Directors of CIMPOR Inversiones, S.A is made up of three of the five members of the Executive Committee of the Board of Directors of the holding company - Jorge Manuel Tavares Salavessa Moura, Luís Filipe Sequeira Martins and Manuel Luís Barata de Faria Blanc - who are also on the boards of the sub-holding companies responsible for coordinating the Group’s activities in Portugal and Spain - CIMPOR Portugal, SGPS, S.A., and Corporación Noroeste, S.A., respectively.

These three members of the board also have special responsibilities, without prejudice to the collective performance of the tasks delegated to said Executive Committee, concerning the monitoring of the Group’s different Functional Areas:

- External Relations and Communication, Legal Matters, Human Resources and Internal Auditing - Jorge Salavessa Moura, replaced when necessary by Luís Filipe Sequeira Martins;
- Engineering and Technical Support Services to the Group - Luís Filipe Sequeira Martins, replaced when necessary by Jorge Salavessa Moura;
- Corporate Centre, Accounting, Consolidation and Tax, and Planning, Control and Information Systems - Manuel de Faria Blanc, replaced when necessary by Jorge Salavessa Moura.
The corporate organisation model for each business area is that considered to be best suited for each context, given the business' characteristics and conditions and the country's legal system. The aim is to take advantage of possible synergies and benefit from more favourable financial and tax frameworks.

Each business area is autonomously managed, particularly in day-to-day and operational management matters, according to a planning and control system steered by the holding company. This system's strategic guidelines, business and investment plans and targets and annual budgets are defined through participation and interaction, and are subject to periodic review and control. The policy concerning the management composition for each business area is that both local nationals and other Group personnel are appointed, so as to provide multicultural management.

In companies that are directly or indirectly dependent on CIMPOR - Cimentos de Portugal, SGPS, S.A., the most important decisions - e.g. those that exceed specific values or that have greater impact on profits or on the Group's strategic development - must be approved or ratified by the board of the holding company. This also applies to decisions or actions that, when dealt with at Group level, enable significant synergies to be generated.

1.1.2. CIMPOR Holding

In order to perform its role properly, CIMPOR - Cimentos de Portugal, SGPS, S.A. has functional structures supporting the Group's management and in each business area, as shown in the following diagram.

The main functions of the Corporate Centre are: (i) to contribute to the achievement of the Group's international development strategy, guaranteeing the procedures leading to the acquisition of companies in the different markets to which the group intends to expand its operations; (ii) to ensure, through the Investor Relations Office, regular communication with players in the capital market, namely shareholders, regulators and
other public authorities, financial analysts and fund managers and other collective investment bodies; and (iii) in the Financial Operations area, to ensure access under the best conditions to the financial resources necessary for the Group’s expansion and its day-to-day operation.

The External Relations and Communication Department ensures implementation of the Group's communication and image policies.

The Internal Audit Department is responsible for conducting and coordinating financial, asset and operational audits throughout the Group by examining and assessing the adequacy and effectiveness of the internal control systems and the quality of their performance.

Set up once occupational health and safety became one of the CIMPOR Group's critical business values and one of the priority targets of its operational strategy, the mission of the Health and Safety Advisory Office embraces: (i) proposing guidelines for the policy to follow, the goals to be achieved and the management system to be used; (ii) galvanizing their implementation; (iii) coordinating the activities in question in functional terms, throughout the Group; and (iv) supervising their implementation and assessing the results.

1.1.3. Shared Services

The harmonization and standardization of processes and practices which enable Group culture to be enhanced and the quality, flow and reliability of decision-making information to be improved have long been an important pillar in the overall policy of the CIMPOR Group.

At the start of 2004, after the “Shared Services” company - “CIMPOR - Serviços de Apoio à Gestão de Empresas, S.A. (CIMPOR Serviços) - was founded, a series of non-core business processes/functions that had been scattered throughout the Group holding company, the CIMPOR Portugal sub-holding and the operating companies themselves were transferred to it.

CIMPOR Serviços provides management, consultancy and advisory services to all Group companies, particularly those with head offices in Portugal. Its current organizational structure is shown in the diagram below.

The Planning, Control and Information Systems Department coordinates and executes the entire process of preparing and controlling the plans and budgets of the different business areas and companies with head offices in Portugal, as well as the management and development of the Group's information systems and technology.

The Accounting, Consolidation and Tax Department is responsible for: (i) promoting and carrying out the entire financial consolidation process; (ii) defining the Group's accounting principles and policies, and coordinating and supporting their implementation; (iii) preparing and undertaking the accounting functions of the companies with head offices in Portugal; and (iv) carrying out the Group's tax planning and ensuring that these companies fully comply with their tax obligations.

The Personnel Department, besides providing human resource policy implementation support to the Group's different business areas, implements the human resources policy in Portugal, striving to ensure the best use for the available skills and development of these resources to a degree that maximizes employee performance and contributes to
employees’ personal and professional accomplishment. This department is also responsible for managing personnel matters in Group companies with head offices in Portugal, on the basis of service provision contracts entered into with such companies.

Group companies can also enter into such contracts with the Financial Department to provide services regarding their receivables, payables and treasury processes and the monitoring and control of their financial management.

The Logistics Department manages the physical spaces of companies belonging to the Group with head offices in Lisbon (Rua Alexandre Herculano and Prior Velho), and also provides them with administrative support services in the purchasing and stationery, travel and accommodation, communications and filing fields. It also offers advisory services on organizational development and administrative support to vehicle management and in contracting industrial accident insurance to the set of companies included in the Portugal business area. It further manages and controls the Group’s asset risks, guaranteeing that such risks are duly covered by insurance contracts that are appropriate to the underlying risks of the Group’s business.

The mission of the Customer Support Department is to ensure liaison between the various elements of the Shared Services Centre and the companies served - fostering continued improvement in the quality of the services rendered and raised company-customer satisfaction levels. It is also responsible for providing any support required by the respective governing bodies, particularly in legal matters.

1.1.4. CIMPOR TEC

The need to strengthen the Group’s technical and technological culture led to the Board of Directors deciding, at the end of 2004, to transfer the Technical and Industrial Development Centre of the holding company and the Central Laboratory of CIMPOR - Indústria de Cimentos, S.A., to a new company, CIMPOR TEC - Engenharia e Serviços Técnicos de Apoio ao Grupo, S.A., which was founded on 1 January 2005, with the following mission:

- Provide technical and technological assistance to the different Group companies, especially those in the cement sector, with a view to improving their operating performance, governed by principles of Sustainable Development;
- Ensure the technical and financial excellence of the Group’s industrial investments
in that sector;

- Promote new initiatives common to all Group companies, especially staff training initiatives, with the underlying aim of achieving technical progress in cement production and sales;
- Provide technical advice in assessing the financial aspects of any opportunities to acquire cement production assets and in defining the targets to be achieved;
- Ensure that all the Group's companies are aware of, and use, the know-how that is available in each company or which may be accessed externally.

The Company’s organization is broken down into three major segments of activity, as shown in the diagram below:

- CIMPOR Performance Program - developing and implementing performance management tools in the operational, process engineering, environmental, geological and raw material fields;
- Investments, Engineering, Equipment and Safety - covering investment and project management, automation and control, equipment and maintenance management and occupational health and safety;
- Products & Quality / Technical Training - which, in addition to acting in the areas mentioned in its designation, includes the Central Laboratory and R&D.

1.2. Board of Directors' In-house Corporate Governance and Social Responsibility Advisory Committee

In response to international corporate governance best practices, an Internal Consultative Committee was formed within the Board of Directors at the start of 2002. The mission of this commission is to study, draft reports and advise the Board on in-house standards and procedures covering the development and improvement of principles and practices of corporate conduct and governance, including aspects related to the internal functioning and relationship of the Board itself, the prevention of conflicts of interest and information discipline.

The Board of Directors decided in 2005 to extend the scope of those matters to include issues concerning the social responsibility of the Group, and the committee's name was changed to the “Board of Directors’ In-house Corporate Governance and Social Responsibility Advisory Committee”.
The Committee is composed of at least three directors (the majority non-executive and independent) and its current members are:

- Ricardo Manuel Simões Bayão Horta
- Luís Eduardo da Silva Barbosa
- Jorge Manuel Tavares Salavessa Moura.

The first two of these are independent, non-executive directors (pursuant to Article 1(2) of CMVM Regulation 7/2001).

The Committee meets whenever necessary and, in principle, at least once every half year. It can call on external consultants in different areas of expertise, at the company’s expense, whenever it deems necessary.

The Committee met five times in 2007. It analysed the implications for CIMPOR of the amendments made to the Portuguese Companies’ Code (Código das Sociedades Comerciais) in regard to corporate governance and any situations of, in view of the new legislation, of a lack of “independence” and/or the possible “incompatibility” of any member of the company bodies. The Committee also analysed the CMVM’s draft regulation on the Governance of Listed Companies. It expressed its disagreement with the proposed recommendation on the rotation of the director responsible for financial matters, viewing it to be hardly feasible and even awkward, especially for a company of the industrial sector, like CIMPOR.

1.3. Risk Control System

Risk management in the CIMPOR Group begins with the main operating companies, which identify, measure and analyse the different risks to which they are subject. Particular emphasis is given to operating and market risks (business-volume risk), with estimates being made of the probability of occurrence of the various factors underlying the risks and their potential impact on the Company's business or on the activity in question.

The operating managers are responsible for designing and implementing the most suitable risk control mechanisms. The efficiency of such mechanisms is periodically evaluated by the holding company, through the Internal Audit Office under an annual plan for auditing financial areas and information systems, and verifying processes and conformity with approved procedures.

The main goal of the holding company is to obtain an overall picture of the risks faced by the Group in each of its different activities and business areas and to ensure that the resulting risk profile is consistent with the Group’s global strategy, in particular, vis-à-vis a level of risk deemed to be acceptable, given the Group’s capital structure. In other words, in harmony with the policy defined by the Board of Directors: to combine the constant search for business opportunities that can make a positive contribution to the value creation process with a level of risk that, in terms of CIMPOR’s long-term rating, does not jeopardize its current investment grade score.

The Directors’ Report includes a chapter describing the financial and asset risk management policies, which are assured by the Corporate Centre at the holding level and by the Logistics Department at the CIMPOR Serviços level (see Chapter II, section 7.2. of this Report, as well as the attached notes to the consolidated financial statements). The Group’s policy in regard to financial risks of a more general nature and not subject to specific coverage is steered towards the geographical diversification of its
expansion-generating investments, so as to balance CIMPOR’s presence in mature and emerging markets and foster business operations at different levels of development. In this sense, potential acquisition targets are not only defined taking into account the need to maintain a balanced and geographically diverse business portfolio, but also the assets to be acquired are assessed on a case-by-case basis, incorporating risk premiums that are appropriate to the specific situation of each deal and each country.

1.4. CIMPOR in the Stock Market

1.4.1. Capital and Shareholder Structure

The capital of CIMPOR – Cimentos de Portugal, SGPS, S.A., currently stands at 672 million euros, and is fully paid up. The (registered) shares total 672 million (each with a par value of one euro) and are traded on the Lisbon Euronext market.

<table>
<thead>
<tr>
<th>Characteristics of CIMPOR Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name:</strong> CIMPOR – Cimentos de Portugal, SGPS, S.A.</td>
</tr>
<tr>
<td><strong>Share Trading:</strong> Euronext Lisbon</td>
</tr>
<tr>
<td><strong>Futures trading:</strong> Euronext Lisbon</td>
</tr>
<tr>
<td><strong>Codes:</strong></td>
</tr>
<tr>
<td>LISBON TRADING: CPR</td>
</tr>
<tr>
<td>REUTERS: CMPR.IN</td>
</tr>
<tr>
<td>BLOOMBERG: CIMP PL</td>
</tr>
<tr>
<td><strong>Number of shares (with a par value of 1 euro):</strong></td>
</tr>
<tr>
<td>Total – 672,000,000</td>
</tr>
<tr>
<td>Listed for trading – 672,000,000</td>
</tr>
</tbody>
</table>

According to the communications of Qualified Holdings received by the Company on or before 31 December 2007, and in compliance with the rules of imputation defined by the CMVM, the holders of these shareholdings as at that date were as follows (the full list is included in the Appendix to this Report):

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of Shares</th>
<th>% of capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teixeira Duarte, SGPS, S.A.</td>
<td>137,943,645</td>
<td>20.53%</td>
</tr>
<tr>
<td>Manuel Fino, SGPS, S.A.</td>
<td>136,141,580</td>
<td>20.26%</td>
</tr>
<tr>
<td>Grupo Lafarge</td>
<td>115,989,135</td>
<td>17.26%</td>
</tr>
<tr>
<td>Banco Comercial Português, S.A.</td>
<td>67,474,186</td>
<td>10.04%</td>
</tr>
<tr>
<td>Bipadosa, S.A.</td>
<td>31,870,986</td>
<td>4.74%</td>
</tr>
</tbody>
</table>

(1) Including pension fund
1.4.2. Share Performance on the Stock Exchange

The correction and subsequent recovery of the Chinese stock exchange at the start of the year and the impact of the US sub-prime credit market in particular, associated to the threat of the US economy going into recession, caused extreme volatility in international financial markets. Emerging markets once again topped the table for gains in a global context. The MSCI Emerging Markets index grew by around 30%, while the main US and European markets only recorded slight increases.

In 2007, the Lisbon stock exchange benefited from the impact of significant takeover bids and the listing of new companies for trading, despite the weakness of the Portuguese economy. The Lisbon stock exchange (PSI20 index) grew by 16.3% in 2007, thus recording two-digit growth for the fifth consecutive year. This growth was far superior to the 3.4% recorded by Europe’s main reference index (Euronext 100). Market liquidity reached record levels, close to 100 billion euros, which is more or less double the figure recorded in 2006.

This increase in liquidity was likewise apparent in relation to CIMPOR shares. Around 429 million CIMPOR shares were traded (more than double the previous year’s amount) for a total value close on 2.8 billion euros (almost three times the value of shares traded in 2006). Even so, and despite the increase in market share recorded by CIMPOR - growing from 1.9% in 2006 to 2.8% in 2007, the company’s shares remained in eighth position in the ranking of this Euronext Lisbon indicator.

CIMPOR shares recorded their highest ever price on 3 August 2007 – 7.72 euros – after which the share price followed the market’s downward trend to its minimum price for the year - 5.58 euros. The share price then benefited from a slight recovery in the market, closing the year at 6.00 euros, 4.6% below the closing price at the end of 2006.
The dividends for 2007 were paid on 8 June. The gross value of dividends paid was 0.215 euros/share (0.172 euros in net terms), equivalent to an increase of 13.2% on the dividend awarded the previous year and to gross earnings per share of around 2.9% as at the dividend payment date.

Taking into account the share price increase and the total dividends paid since the shares were first listed, in 1994, the average annual return on CIMPOR shares reached close to 13.6% at the end of 2007.

Corporate Highlights in 2007

- 11 February - The takeover bid launched by Cimpor Inversiones, S.A. for all the share capital of the Egyptian cement company Misr Cement Co, S.A.E. is approved by the Egyptian Financial Markets Authority.
- 27 February - Conclusion of the acquisition of a set of direct and indirect shareholdings corresponding to 99.68% of the share capital of the Turkish cement company Yibitas Lafarge Orta Anadolu Cimento Sanayi ve Ticaret A.S. and the announcement of the launch of two compulsory takeover bids for the remaining share capital of the Yibitas Holding, A.S. and Yibitas Yozgat, A.S. companies.
- 5 March – Communication of the failure of the takeover bid launched for all the share capital of the Egyptian cement company Misr Cement Co, S.A.E..
- 9 March - Information that notice of the initiation of administrative proceedings to investigate possible financial infringements by various cement companies in the ready-mix concrete markets had been published in the Official Bulletin of the Federal Union of the
Brazil. Such investigations were triggered by the examination of documents seized in the course of a preliminary inquiry. To the best of CIMPOR’s knowledge, no infringements have occurred in the matters concerning this information.

- 14 March – Publication of the results for 2006.
- 14 March – Sale, via the implementation of CIMPOR’s Stock Purchase and Stock Option Plans, of shares amounting to 0.11% of its share capital.
- 13 April – Announcement of the sale of CIMPOR shares under the 2007 Employee Stock Purchase Plan.
- 11 May – Annual General Meeting, with the approval of all the submitted motions, namely the proposed appropriation of the profits for 2006, the election of a new Chairman of the General Meeting and the proposed amendment of the articles of association, following the approval of which new members of the Audit Board and a new Chartered Accountant were appointed.
- 16 May – Publication of 1st quarter results.
- 18 April – Announcement of the results of the sale of CIMPOR shares under the 2007 Employee Stock Purchase Plan, comprising the sale, as at 17 May, of own shares amounting to 0.02% of the share capital.
- 25 May – Sale, via the implementation of CIMPOR’s Stock Purchase and Stock Option Plans, of shares amounting to 0.04% of its share capital.
- 30 May – Conclusion of the acquisition of 60% of the share capital of the Chinese cement company Shandong Liuyuan Cement Company, Limited through Cimpor Chengtong Cement Corporation, Ltd.
- 6 June – Acquisition of a 33.37% shareholding in Betão Liz, S.A., and 25% shareholding in Cimentaçor – Cimentos dos Açores, Lda, signifying that the CIMPOR Group’s shareholdings in both companies increased to 100%. Sale of the 42.86% shareholding in Cimentos Madeira, Lda.
- 8 June – Payment of dividends relative to 2006.
- 24 August – Publication of results for 1st half of the year.
- 13 September – Communication of the acquisition of own shares amounting to 0.06% of the share capital.
- 17 September – Communication of the acquisition of own shares amounting to 0.07% of the share capital.
- 9 November – A cooperation contract between the Government of Shanting (China) and Shandong Liuyuan New Type Cement Development Co., Ltd., a company in which the CIMPOR Group holds a majority shareholding, is signed. This contract establishes the construction, in two phases, of a combined clinker (total production of 10,000 tonnes/day) and cement plant.
- 14 November – Publication of 3rd quarter results.
- 20/21 November – Acquisition of an 80% stake in the Peruvian Cementos Otorongo, S.A.C. company through a capital uplift operation of that company, which holds a project to construct a combined clinker and cement plant (650,000 tonnes/year).
- 4 December – A binding contract for the acquisition of a 53.64% shareholding in the Indian cement producer Shree Digvijay Cement Company, Limited is signed. This company owns a cement plant with a production capacity of 1.1 million tonnes/year, and the announcement of a compulsory takeover bid for an additional 20% of the referred to company.
- 7 December – Announcement of the construction of a new combined clinker and cement plant (0.7 million tonnes/year) at Ain Jemaâ (Morocco) and the acquisition of one aggregate producing plant in the Benslimane region (Morocco).

1.4.3. Own Shares

As at 31 December 2007, CIMPOR - Cimentos de Portugal, SGPS, S.A., held 2,766,810 own shares in portfolio. During the first six months of 2007 it sold 1,104,700 shares to its employees at an average price of approximately 3.97 euros, under the stock purchase and stock option plans referred to in section 1.6. below.
A total of 2,340,099 shares were acquired during 2007 at an average unit price of 6.14 euros, with the intention of securing the ongoing nature of the Group's incentive policy and to meet commitments under the referred to stock purchase and option plans.

<table>
<thead>
<tr>
<th>Date</th>
<th>No. Shares</th>
<th>Price (EUR)</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 March</td>
<td>249,500</td>
<td>3.20</td>
<td>(1)</td>
</tr>
<tr>
<td>14 March</td>
<td>272,970</td>
<td>3.30</td>
<td>(1)</td>
</tr>
<tr>
<td>14 March</td>
<td>214,830</td>
<td>4.05</td>
<td>(1)</td>
</tr>
<tr>
<td>17 May</td>
<td>128,650</td>
<td>5.03</td>
<td>(2)</td>
</tr>
<tr>
<td>25 May</td>
<td>238,750</td>
<td>4.90</td>
<td>(3)</td>
</tr>
</tbody>
</table>

(1) Stock Option Plans (2004, 2005 and 2006)
(2) Stock Purchase Plan (2007)
(3) Stock Option Plan (2007)
As a result, the number of own shares held in portfolio at the end of 2007 was 4,002,209, which is equivalent to 0.6% of the Company's share capital.

1.5. Dividend Distribution Policy

The Board of Directors of CIMPOR – Cimentos de Portugal, SGPS, S.A., intends to maintain a divided distribution policy that takes into account:

- the desirable stability of the payout ratio;
- the competitiveness of the dividend yield in the context of the Portuguese market and the international cement market;
- the Group's future investment prospects, analyzed from the perspective of financing needs through equity and the capacity of the varied business operations to generate cash flow.

### Gross Dividend / Share (euros)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend Per Share (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>0.170</td>
</tr>
<tr>
<td>2004</td>
<td>0.180</td>
</tr>
<tr>
<td>2005</td>
<td>0.190</td>
</tr>
<tr>
<td>2006</td>
<td>0.215</td>
</tr>
<tr>
<td>2007</td>
<td>0.230</td>
</tr>
</tbody>
</table>

(1) In accordance with the proposal to be submitted to the General Meeting

The proposed allocation of the profits declared in the management report and relating to the individual activity of CIMPOR follows the policy guidelines set forth above, and the proposed dividend of 0.23 euros amounts to around 50.8% of the Group’s net profit.

1.6. Stock Purchase and Stock Option Plans

The Annual General meeting of CIMPOR - Cimentos de Portugal, SGPS, S.A. held on 11 May 2007 decided, in the ambit of the Group's employee remuneration and incentive policy, and with a view to better alignment of employees' interests with the underlying goal of creating shareholder value, as in previous years and as proposed by the Board of Directors, to give employees the opportunity to invest in the company under advantageous terms. Such investment is likely to assist employees to better integrate the long-term goals of the Company and its shareholders.
Therefore, the sale of own shares to employees and board members of the company and subsidiaries was approved, under a new Employee Stock Purchase Plan and under the “2007 Series” of the Stock Option Plan for the Group's directors and personnel, the regulations for which were established in 2002 (with minor changes introduced in March 2004) by the Remuneration Committee.

As in previous years, this approval by the General Meeting made explicit reference to the grounds for adopting the plans, contained a summary of the essential characteristics of the approved plans, including the prerequisites for attributing the options, the criteria for setting the price of the shares or for exercising the options, to be determined in relation to the listed share price at specific times, the periods in which the options may be exercised, and the granting of powers to the Board to execute or modify the plans.

**EMPLOYEE STOCK PURCHASE PLAN FOR 2007**

This Plan is aimed at the directors and personnel with a stable labour relationship with CIMPOR - Cimentos de Portugal, SGPS, S.A., or with companies with head offices in the Iberian Peninsula directly or indirectly controlled by CIMPOR - Cimentos de Portugal, SGPS, S.A., the directors and managers of the other Group companies (proposed by managers of the respective areas for that purpose) and other personnel (indicated for that purpose by the Executive Committee), contracted by companies in which the holding company or any company controlled by it has a shareholding. The Employee Stock Purchase Plan (2007) consisted of awarding each beneficiary - as decided by the Remuneration Committee with regard to the Directors of the holding company, and as decided by the Executive Committee in all other cases - the right to acquire a specific number of CIMPOR shares at 75% of the closing stock market price (rounded up) on the transaction date, and defined as follows:

\[
\text{Maximum number of shares to be acquired} = \frac{\text{Gross base monthly salary}}{2} \times 0.75 \text{ of the closing market price on the transaction date}
\]

rounded down to the nearest multiple of five or ten shares, depending on whether the above formula results in fewer or more than 100 shares, respectively.

Of the 2,281 employees eligible to purchase CIMPOR shares according to this rule, 446 employees responded affirmatively (397 in Portugal and 49 in Spain) within the given timeframe (16 to 27 April). A total of 128,650 shares at a price of 5.03 euros per share were acquired.

**CIMPOR STOCK OPTION PLAN FOR THE GROUP’S DIRECTORS AND PERSONNEL – 2007 SERIES**

The Stock Option Plan - 2007 Series applied to the Directors of the holding company who the Remuneration Committee decided to name as beneficiaries and the members of the Boards of Directors of subsidiaries and other Group personnel designated to that end by the Executive Committee.

As mentioned in the decision of the Annual General Meeting of 11 May 2007, the essential features of this plan (with the amendments made by the Remuneration Committee in March 2004) are as follows:
Every year each beneficiary is granted the right to acquire a specific number of CIMPOR shares (initial options) at a price determined by the Remuneration Committee (within thirty days of the Annual General Meeting having approved the accounts), the price being no less than seventy-five percent of the average closing price of the shares on the sixty stock market sessions immediately prior to that date;

For each share acquired through the exercise of an initial option, the beneficiary is granted the option to acquire a new share (derivative option) for the same unit price in each of the subsequent three years. The shares acquired by exercising the initial options and the corresponding derivative options comprise a “series”;

The number of initial options assigned to each beneficiary is determined by the Remuneration Committee for members of the Board of Directors of the holding company and by the Executive Committee in the other cases;

The number of derivative options each beneficiary can exercise each year cannot exceed in total the number of shares held by the beneficiary on 28 February of that year, regardless of whether or not they were acquired under this Plan;

The period during which the initial options can be exercised is determined by the Executive Committee, while derivative options are always exercised in March of each year;

The shares thus acquired are not subject to any clause restricting their sale, contrary to the options, which cannot be transferred through a transaction between living persons (should the beneficiary die, only the right to pay the respective options in full is transferred to the heirs, which effectively means entitlement to receive the difference in value between the price of exercising the option and the market price of the shares on the date of death);

The plan and respective regulations may be revoked or changed at any time, by decision of the Remuneration Committee, without loss of the options already acquired.

250,000 initial options were granted to 194 Group Directors and personnel in 2007 under this plan, during an exercise period running from 15 to 17 May. 174 of these exercised part or all of their options, at the price of 4.90 euros per share, acquiring a total of 238,750 shares.

Thus, in 2008 to 2010 inclusive, a maximum of 716,250 derivative options of this series may be exercised at the same price per share.

**OPTIONS GRANTED, EXERCISED AND EXTINGUISHED**

Under the 2004, 2005 and 2006 series, a total of 737,300 options were exercised of the 797,450 derivative options total for 2007. The remaining 60,150 options (including 10,700 options of two employees that had, in the meantime, rescinded their employment contracts with Cimpor by their own initiative) were extinguished. Furthermore, all of the options of the 2005 and 2006 series (falling due in 2008 and 2009) held by these same employees, totalling 10,600, were also extinguished for the same reasons.
The following table presents a summary of the situation for 2007:

<table>
<thead>
<tr>
<th>Options Awarded</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exercise Price (euros)</td>
<td>3.20</td>
<td>3.30</td>
<td>4.05</td>
<td>4.90</td>
<td>-</td>
</tr>
<tr>
<td>Options Awarded</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial Options</td>
<td>250,000</td>
<td>250,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative Options</td>
<td>750,000</td>
<td>750,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exercisable Options</td>
<td>262,000</td>
<td>285,300</td>
<td>250,150</td>
<td>250,000</td>
<td>1,047,450</td>
</tr>
<tr>
<td>Exercised Options</td>
<td>249,500</td>
<td>272,970</td>
<td>214,830</td>
<td>238,750</td>
<td>976,050</td>
</tr>
</tbody>
</table>

Extinguished Options

<table>
<thead>
<tr>
<th>Exercisable in 2007</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to non-exercise of Initial Opt.</td>
<td>11,250</td>
<td>11,250</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to on-exercise of Derivative Opt.</td>
<td>8,730</td>
<td>31,820</td>
<td>49,450</td>
<td></td>
</tr>
<tr>
<td>Other reasons</td>
<td>3,600</td>
<td>3,500</td>
<td>10,700</td>
<td>11,700</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exercisable from 2008 to 2010</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to non-exercise of Initial Opt.</td>
<td>33,750</td>
<td>33,750</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other reasons</td>
<td>3,600</td>
<td>7,000</td>
<td>10,600</td>
<td>21,200</td>
</tr>
<tr>
<td>Total</td>
<td>15,930</td>
<td>42,320</td>
<td>45,000</td>
<td>115,750</td>
</tr>
</tbody>
</table>

Therefore, while the number of shares needed at the beginning of the year to meet the exercise of options granted up to 2006, inclusive, rose to 1,583,050, the number of shares needed at the end of the year to meet the exercise of all the options granted in the meantime was 1,491,250, broken down as follows:

<table>
<thead>
<tr>
<th>Options Exercisable in:</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>281,700</td>
<td>---</td>
<td>---</td>
<td>281,700</td>
</tr>
<tr>
<td>2006</td>
<td>246,650</td>
<td>246,650</td>
<td>---</td>
<td>493,300</td>
</tr>
<tr>
<td>2007</td>
<td>238,750</td>
<td>238,750</td>
<td>238,750</td>
<td>716,250</td>
</tr>
<tr>
<td>Total</td>
<td>767,100</td>
<td>485,400</td>
<td>238,750</td>
<td>1,491,250</td>
</tr>
</tbody>
</table>

1.7. Business and Operations between the Company and Members of its Governing and Auditing Bodies, Holders of Qualified Holdings or Controlled or Group Companies

At the end of 2006, CIMPOR – Cimentos de Portugal, SGPS, S.A., signed a binding contract with a group of shareholders (direct and indirect) of the Turkish cement company Yibitas Lafarge Orta Anadolu Çimento Sanayi ve Ticaret A.S. (YLOAÇ), which included in their number some companies of the Lafarge Group (which has a qualifying shareholding in CIMPOR). The purpose of this contract was to acquire around 99.7% of that company’s share capital.

This operation, which was undertaken through a process of offer for sale to all interested parties, was concluded in 2007 with the acquisition of, among others, the 50% direct shareholding of the Lafarge Group in YLOAÇ for about 266.5 million euros.
In South Africa, NPC-Cimpor (Pty) Limited entered into a joint venture with Lafarge South Africa, in equal shares. This joint venture is called ECO2, and its object is to collect, screen, pre-treat and distribute industrial waste liable for use as a raw material and/or recovered as an alternative fuel in the plants of those two companies. Another joint-venture with the exact same objective was set up in Morocco by companies of the CIMPOR, Lafarge and Italcementi groups.

As Cimpor Chengtong Cement Corporation, Limited (CCCC) publicly announced in advance at the time that a binding contract for the acquisition of a 60% shareholding in the Chinese cement company Shandong Liuyuan Cement Company, Limited was signed, Cimpor Inversiones, S.A. (which had an 80% shareholding in CCCC at that time - October 2006) transferred its shareholding in CCCC to a new company in 2007 - Sociedade de Investimento Cimpor Macau, S.A.. This new company had been founded in the interim by Cimpor Inversiones, S.A., a Chinese venture capital firm with headquarters in Macao (Sociedade de Investimento Predial Estrela Nova, Limitada) and C+PA – Cimento e Produtos Associados, S.A., in which Tedal – SGPS, S.A. (a company of the Teixeira Duarte Group, holder of a qualified shareholding in CIMPOR) holds a controlling stake. CIMPOR Inversiones will hold 50% of the share capital of this new company (ensuring control of its management) and the other two partners will each have a 25% stake.

Lastly, the contract entered into by C+PA – Cimento e Produtos Associados, S.A. and Cimpor – Indústria de Cimentos, S.A. at the end of the year was significant. In this contract, C+PA – Cimento e Produtos Associados, S.A. pledged to sell all the shares of the share capital of the Teporset – Terminal Portuário de Setúbal, S.A. company to Cimpor – Indústria de Cimentos, S.A., which pledged to purchase these shares or nominate another entity to do so, for the respective par value (500 000 euros), that company holds the rights to private use of a plot of State-owned land in the public domain in Setúbal port. The CIMPOR Group’s requirements for importing solid fuel and exporting its production surplus provide sufficient reason in their own right for the Group’s interest in this transaction. It should be noted that around one-third of CIMPOR’s movements through Portuguese ports occurs at Setúbal port, through a different terminal at which the licence to use expires in 2010.

Apart from these transactions - the sale of own shares under the stock purchase and stock option plans referred to in section 1.6 above and section 4.4 below, neither CIMPOR – Cimentos de Portugal SGPS, S.A., nor any of the companies it controls has undertaken any business or operation with any members of its management and auditing bodies, holders of qualified shareholdings or companies that are in a group or control relationship with these, with the exception of some transactions of no financial significance to any of the parties involved, and which were conducted under normal market conditions for similar operations and executed as part of the Group’s regular activity.

1.8. Investor Relations Office

CIMPOR, striving to maintain close relations with financial markets, has had an Investor Relations Office since it was first listed in 1994. This office is responsible for informing the financial community about the evolution of the Group’s business and for providing support to current and potential shareholders in CIMPOR – Cimentos de Portugal, SGPS, S.A., in their relations with the Company.
In addition to information which might influence the price of shares, available on the CMVM site (www.cmvm.pt), the contact this office maintains with private and institutional investors, fund managers and other collective investment bodies, analysts and other stock market operators occur through presentations, meetings and replies to requests for information by telephone, e-mail or regular post.

![Investor Relations Office contacts:](#)

In addition, material information and other information of interest related to the Group’s business, notifications convening general meetings and on how to take part in them, annual reports and accounts, a brief description of the shareholder structure and the evolution of CIMPOR’s share price are also posted on the www.cimpor.pt site.

The site also contains, in addition to the above-stated items and information as required under Article 3-A of CMVM Regulation 7/2001, the following:

- A detailed report on corporate governance structure and practices;
- The Group's Code of Ethics;
- CIMPOR's Sustainability Report;
- Information on the Group’s environmental and R&D policies.

The site also enables any interested party to immediately receive information disclosed by CIMPOR, via a mailing list that is especially created for this purpose.

Filipa Saraiva Mendes has served as the representative for relations with the stock market and the CMVM, pursuant to and for the purposes of the Securities Market Code, since 1 October 2004.

1.9. Remuneration Committee

The General Meeting held on 27 April 2005 unanimously appointed the following as members of the Remuneration Committee for the four-year term from 2005 to 2008, pursuant to Article 16 of the Articles of Association:

- Pedro Pereira Coutinho Teixeira Duarte
- Banco Comercial Português, S.A., represented by its Director, Filipe de Jesus Pinhal
- António Carlos Calainho de Azevedo Teixeira Duarte
Only the first of these is deemed to not be independent under the provisions of item 9, Chapter I of the Annex to CMVM Regulation 7/2001, as he is directly related to the director, Pedro Maria Calainho Teixeira Duarte.

The Company provides this committee with access to outside consultants specialised in diverse fields, at its expense, whenever required.

1.10. Auditor’s Fees

The total cost of the services rendered to the CIMPOR Group by its external auditors (Deloitte & Touche) in 2007, including all the natural and legal persons belonging to its network, amounted to 1,460,881.74 euros, which is allotted as follows:

<table>
<thead>
<tr>
<th>Services</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) legal certification of accounts</td>
<td>88.81 %</td>
</tr>
<tr>
<td>b) other assurance services</td>
<td>0.00 %</td>
</tr>
<tr>
<td>c) tax consultancy services</td>
<td>6.05 %</td>
</tr>
<tr>
<td>e) services other than legal certification of accounts</td>
<td>5.15 %</td>
</tr>
</tbody>
</table>

To safeguard the independence of these entities, the acquisition of any type of service from them that might jeopardize such independence is expressly forbidden, specifically:

- Accounting and administrative services, such as book-keeping, the preparation of financial statements and financial reports, the processing of salaries and the preparation of tax returns;
- The conception, design and implementation of management information systems;
- The assessment of assets and liabilities likely to be included in the Group’s financial statements;
- Internal auditing services;
- Legal consultancy services requiring the entities in question to represent any of the Group’s companies in litigation and disputes with third parties;
- Recruitment services and the selection of senior staff.

In addition, the acquisition of services from the external auditor or entities belonging to its network, both in Portugal and in the countries where the Group operates, is subject to a number of rules established at the level of the holding company and transmitted to all the Group’s companies. Thus, besides the prohibition on contracting the aforementioned services, the following is also to be highlighted:

- The relevant entities must always demonstrate the qualifications, credentials, resources and comparative advantages over third parties in relation to the provision of the services in question;
- Proposals submitted by those entities for the provision of services are analyzed and assessed, and, whenever possible, gauged against the market, by the person in charge of the area (or company) requesting the service, and subsequently, depending on the proposal value, the director of the board responsible for that area or the Executive Committee shall decide on the award of the contract.
1.11. Audit Bodies and the General Meeting

The Annual General Meeting held on 11 May 2007 decided, as a result of the amendments made to the Portuguese Companies’ Code by Decree Law no. 76-A/2006, of 29 March, to amend some of the provisions of the articles of association, in particular Article 6(1) and Article 17, the wording of which was amended as follows:

Article 6

One - The company bodies shall consist of the General Meeting, a Board of Directors, and Audit Committee and a Chartered Accountant or Firm of Chartered Accountants;

Article 17

One - The company shall be audited by an Audit Committee and by a Chartered Accountant or a Firm of Chartered Accountants;
Two - The Audit Committee shall be composed of three members in office and an alternate member;
Three - The members of the Audit Committee in office and the alternate member thereto, as well as the Chartered Accountant or Firm of Chartered Accountants, shall be appointed by the General Meeting, in compliance with independence requirements and the incompatibilities scheme established in law.

In view of the resulting need to substitute the Audit Committee, all of the members of said Committee expressed their readiness to resign from the posts to which they had been appointed. The General Meeting accepted the resignations and appointed the following as new members to this company body, to perform said duties unto the end of the mandate underway (2005-2008):

Chairman (reappointed): Ricardo José Minotti da Cruz Filipe
Members: - Luis Black Freire d’Andrade
- João Norton dos Reis
Alternate - Jaime de Macedo Santos Bastos

Furthermore, completing the new composition of audit bodies, “Deloitte & Associados, SROC, S.A.”, represented by Carlos Manuel Pereira Freire, was appointed to the position of Chartered Accountant, until the term of the mandate currently underway.

In the meantime, however, the death of Carlos Manuel Pereira Freire and the resignation of João Norton dos Reis for personal reasons, led to that Firm of Chartered Accountants being represented by João Luís Falua da Costa Silva and the alternate member of the Audit Committee – Jaime de Macedo Santos Bastos – being appointed to the position of member of said Committee.

In addition, the amendments to the Portuguese Companies’ Code obliged the substitution of the Vice-Chairman of the General Meeting, José António Cobra Ferreira, by Luís Manuel de Faria Neiva dos Santos, who was appointed for the respective financial year at the General Meeting of 11 May 2007, until the term of the mandate underway (2005-2008).
2. Exercise of Voting Rights and Shareholder Representation

CIMPOR has implemented an ongoing policy of motivating shareholders to exercise their voting rights by reducing the number of shares required to attend (and vote) at General Meetings as well as facilitating postal voting.

Accordingly, at the Annual General Meeting of 11 May 2007 it was decided to include in the amendments to the articles of association [Article 7(2) and (3)] the principle of “one share, one vote”.

CIMPOR, in regard to postal voting, has made a draft ballot form available on the internet for voting purposes, although it will accept any ballot form that clearly and unmistakably expresses the shareholder's wishes. The procedures to be followed and the deadlines to comply with, which are usually included in the notification to convene General Meetings, were also established in the articles of association [Article 7(6)] on 11 May 2007.

The notifications convening General Meetings also set out the rules under law and the articles of association relative to participation and the exercise of voting rights, in order to motivate shareholder participation in such Meetings. These rules being, considering the amendments to the articles of association approved at the General Meeting on 11 May 2007:

- Shareholders may be represented by third parties, and, to that end, they must ensure delivery of the necessary instruments of representation to the Chairman of the General Meeting by 5:00 pm of the third working day prior to the respective General Meeting date.

- Shareholders holding at least one share registered in their name no later than five working days prior to the date set for the General Meeting and which remain so until the Meeting is closed may take part in the general meeting and vote by post. Shareholders must, for this purpose, send to the Chairman of the General Meeting, at least three working days before the date of the Meeting, a declaration stating the registration of said shares, issued by the respective financial intermediary.

The establishment of the “one share, one vote” principle means that compliance with the above-stated deadlines is the only limitation established by the articles of association to the exercise of the right to vote.

In the fifteen days prior to the General Meeting, shareholders may consult the information indicated in Article 289 of the Companies Code at the Company’s registered office during business hours. This fact has likewise been mentioned in the notification convening the meeting.

Given the current concentration of CIMPOR’s shareholder structure, the use of electronic voting means at General Meetings has not proven to be necessary, other than those mechanisms provided by the Internet.
3. Corporate Rules

3.1. Codes of Conduct of the Corporate Bodies

In addition to the legal provisions applicable to companies, to corporations open to investment by the public and to the stock markets, the Company's culture and practice stresses the rules of good conduct in the event of a conflict of interest arising between members of the governing bodies and the Company, and the principal obligations resulting from the duties of diligence, loyalty and confidentiality of the members of the governing body, with special reference to the improper use of Company property and business opportunities.

Even though the Board of Directors has always taken care to apply these principles in all of the Group's companies, it was deemed useful to set out a set of rules on these and other matters that are especially relevant to the Group's business. A Code of Ethics was therefore approved and published internally (also available on www.cimpor.pt) in order to specifically regulate these matters and formalize the observance by all the Group’s employees of high standards of conduct in their respective functions.

The Company’s Code of Ethics fully complies with the Portuguese standard (NP 4460-1/2007) recently published on ethics in organisations.

3.2. Risk Control in the Company's Business

At holding company level, in addition to the Corporate Centre – whose responsibilities include financial risk management (as described in section 7.2 of Chapter II herein) – the Group also possesses an Internal Audit Department which supervises the adequacy and effectiveness of the internal control systems in all the Group’s areas, and ensures the good performance of those systems.

The functions of this Department are:

- To carry out financial, administrative and asset audits,
  - verifying the results in relation to the established strategy and goals;
  - examining and ensuring compliance with established policies and plans and the applicable procedures, laws and regulations;
  - verifying the powers and responsibilities established within the Group and their level of formalization;
  - monitoring the development of or changes in operations, programmes, systems and controls; and
  - verifying the custody, physical existence and valuation criteria of assets;

- To carry out operational audit tasks (particularly in the sales, production, investment, conservation and personnel areas),
  - evaluating the level of the respective management control;
  - recommending any corrective measures deemed necessary;
  - ascertaining whether previously reported deficiencies have been duly corrected;
To audit the computer system,
  • assessing the reliability and integrity of the information and the various means used to identify, process and disclose data;
  • analyzing the existing information systems in terms of their security, basic programmed controls and contemporariness of the user manuals.

3.3. Measures Liable to Interfere in the Success of Takeover Bids

There are no measures whatsoever, in the Articles of Association or elsewhere, likely to interfere with the success of a takeover bid. Specifically: no shareholder holds any special right; all CIMPOR's shares can be freely traded on the stock exchange; and no extra-company agreements are known.

Nor are there any agreements between the Company and the members of its governing body, or employees that envisage the payment of compensation in the event of notice of resignation, dismissal without fair cause or severance of labour contracts in the wake of a takeover bid. Nor is there any agreement to which the Company is party that, in the event of control of the Company changing hands after a takeover, would come into force, be amended or cease to be in effect.

3.4. Amendments to the Articles of Association

The articles of association can be amended pursuant to the provisions established in law and according to the rules defined in the articles of association (Article 8).

• So that the General Meeting may take a decision to amend the articles of association on its first notice to convene, the shareholders attending or represented at the Meeting must hold at least one-third of the share capital.

• Decisions to amend the articles of association have to be approved by a minimum of two-thirds of the votes cast, irrespective of whether the General Meeting is convened at the first call or the second call, unless, in the latter case, the shareholders attending or represented at the Meeting must hold at least half of the share capital, in which event such decisions may be approved by simple majority of the votes cast.
4. Governing Body

4.1. Characterization of the Governing Body

The Board of Directors pursuant to the articles of the association is composed of five to fifteen members, one of whom is chairman and the others are members. The Board of Directors is elected by the General Meeting, which also appoints the chairman. As with the other company bodies, the Board of Directors is appointed for a four-year mandate and it may be re-elected.

The Board of Directors is elected by lists (the vote is solely for the lists). One of the members of the Board may be elected from persons proposed in lists (containing the names of at least two eligible persons for the position) endorsed and submitted by groups of shareholders (provided that these groups represent at least 10% and no more than 20% of the share capital; and the same shareholder may not endorse more than one list). Should there be such a proposal, the director in question is elected separately and prior to the election of the others. If more than one group submits a list, they will be voted on jointly.

There are no specific rules regarding the replacement of members of the Board of Directors. The Company’s Articles of Association only envisage, during a period of office, the alteration to the number of members (within statutory limits). If an interim partial election is held, the period of office of the member(s) thus elected shall coincide with that of the other directors.

The current Board of Directors, unanimously elected at the General Meeting on 27 April 2005, for the 2005-2008 four-year period, is composed of the following individuals:

- Ricardo Manuel Simões Bayão Horta – Chairman
- Luís Eduardo da Silva Barbosa
- Jacques Lefèvre
- Jean Carlos Angulo
- Jorge Manuel Tavares Salavessa Moura
- Luís Filipe Sequeira Martins
- Manuel Luís Barata de Faria Blanc
- Pedro Maria Calainho Teixeira Duarte
- Vicente Árias Mosquera
- José Manuel Baptista Fino
- José Enrique Freire Arteta

As recommended by modern international corporate governance guidelines, the majority of the current members of the Board of Directors (six out of a total of eleven), including the Chairman, are non-executive directors. These are:

- Ricardo Manuel Simões Bayão Horta – Chairman
- Luís Eduardo da Silva Barbosa
- Jacques Lefèvre
- Vicente Árias Mosquera
- José Manuel Baptista Fino
- José Enrique Freire Arteta

In accordance with the provisions of Article 1(2) of CMVM Regulation 7/2001, amended by CMVM Regulation 10/2005, although the directors Jacques Lefève and José Manuel
Baptista Fino were proposed and elected in the General Meeting on an individual basis and they do not exercise their administrative duties in representation of any particular shareholder, they are not considered to be “independent non-executive directors” since they both have administrative positions in companies with shareholdings exceeding 10% in CIMPOR (Lafarge and Investifino - Investimentos e Participações, SGPS, S.A., respectively).

All the other non-executive directors - Ricardo Manuel Simões Bayão Horta, Luís Eduardo da Silva Barbosa, Vicente Árias Mosquera and José Enrique Freire Arteta - are independent by any criterion. Therefore, there is a clear majority of the independents among the six non-executive members.

### Members of the Board of Directors

**(Term of mandate: 2008)**

**Ricardo Manuel Simões Bayão Horta**  
Chairman of the Board of Directors (since August 2001)

Born in Lisbon, Portugal, on 19 November 1936. Graduated in Industrial Chemical Engineering from the Instituto Superior Técnico - IST (1959), Master of Science (1966) and Doctor of Philosophy (1968), from Birmingham University, Ph.D. in Engineering (1973) from IST and Professor (1979) at IST.

Professional activities in the last 5 years:
- Member of the Senior Board of Banco Comercial Português, S.A.
- Vice-Chairman of the General and Supervisory Board of Banco Comercial Português, S.A.
- Chairman of the Audit Committee of Banco Comercial Português, S.A.
- Those listed below

Positions in other companies, as at 31 December 2007:
- Chairman of the Audit Committee of Banco Millennium BCP Investimento, S.A.
- Chairman of the Board of Directors
  - Companhia Industrial de Resinas Sintéticas (CIRES), S.A.
  - Atlansider, SGPS, S.A.

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 104,360

**Luís Eduardo da Silva Barbosa**  
Member of the Board of Directors (since August 2001)

Born in Lisbon, Portugal, on 7 July 1933. Graduated in Finance from the Instituto Superior de Ciências Económicas e Financeiras.

Professional activities in the last 5 years:
- Director of APA – Associação Parque Atlântico
- General Agent for the Portuguese branch of Aviva Vie – Société Anonyme d’Assurances Vie et Capitalisation
- Those listed below

Positions in other companies, as at 31 December 2007:
- Chairman of the General Meeting
  - Bayer Portugal, S.A.
  - APA – Associação Parque Atlântico
- Chairman of the Board of Directors
  - Eurovida – Companhia de Seguros de Vida, S.A.
  - ADI – Administração de Investimentos, S.A.
  - Popular-Seguros, Companhia de Seguros, S.A.
• President of Instituto Humanismo e Desenvolvimento
• National President of the Portuguese Red Cross
• Director
  • Oliveira Martins Foundation
  • Portugal-África Foundation
• Manager of Silva & Barbosa – Consultores Internacionais de Gestão, Lda.
• Director of the Amélia da Silva de Mello Foundation
• Consultant to the Somelos – Indústrias Têxteis Group
• Member of the Advisory Committee of the Portuguese Insurance Authority
• Shareholders’ representative in Banco Português de Investimentos
• Chairman of the Remuneration Committee of Montepio Geral

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 3,440

Jacques Lefèvre
Member of the Board of Directors (since August 2001)


Professional activities in the last 5 years:
• Chairman of Lafarge Ciments
• Chairman of the Supervisory Board of Consolis (France)
• Non-executive Vice-Chairman of Lafarge Group
• Director
  • Lafarge North Amérique (USA)
  • Cementia Holding, A.G. (Switzerland)
  • Lafarge Asland S.A. (Spain)
  • Cementos Molins, S.A. (Spain)
  • Petrokazakhstan Inc. (Canada)
• Those listed below

Positions in other companies, as at 31 December 2007:
• Chairman of the Supervisory Board of Compagnie de Fives-Lille (France)
• Co-Chairman
  • France – Philippines Business Council
  • France – Morocco Business Council
• Director
  • Lafarge Group
  • Société Nationale d’Investissements (Maroc)

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 2,940

Jean Carlos Angulo
Member of the Board of Directors and of the Executive Committee (since August 2001)

Born in Bayonne, France, on 13 April 1949. Graduated from the School of Civil Engineering - Mining (Nancy). INSEAD International Executive Program (Fontainebleau).

Professional activities in the last 5 years:
• Various management and board positions of the Lafarge group, in companies with head offices in France, England, Spain, Italy and Morocco
• Director of CEMBUREAU – European Cement Association

Positions in other companies, as at 31 December 2007:
• Executive Vice President of the Lafarge Group
• Chairman of the Lafarge Technical Centre (TCEA)
• Vice-Chairman of Lafarge Maroc (Morocco)
Jorge Manuel Tavares Salavessa Moura
Member of the Board of Directors and of the Executive Committee (since August 2001)

Born in Lisbon, Portugal, on 4 December 1950. Graduated in Civil Engineering from the Instituto Superior Técnico of the Universidade Técnica de Lisboa [Lisbon Technical University].

Professional activities in the last 5 years:
- Executive Director of CIMPOR and member of the Board of Directors of several Group Companies, in Portugal and abroad
- Chairman of the Executive Committee of ATIC – Associação Técnica da Indústria do Cimento

Positions in other companies, as at 31 December 2007:
- Chairman of the Board of Directors
  - Cimpor Portugal, SGPS, S.A. (Portugal)
  - Cimpor Inversiones, S.A. (Spain)
  - Cimpor Internacional, SGPS, S.A. (Portugal)
  - Cimpor Investimentos, SGPS, S.A. (Portugal)
  - Cimpor – Indústria de Cimentos, S.A. (Portugal)
  - Cimpor – Serviços de Apoio à Gestão de Empresas, S.A. (Portugal)
  - Cimship – Transportes Marítimos, S.A. (Portugal)
  - Geofer – Produção e Comercialização de Bens e Equipamentos, S.A. (Portugal)
  - Cimpor Imobiliária, S.A. (Portugal)
  - Establecimientos Scial do Norte, S.A. (Portugal)
  - Sacopor – Sociedade de Embalagens de Sacos de Papel, S.A. (Portugal)
  - Prediana – Sociedade de Pré-Esforçados, S.A. (Portugal)
  - CTA – Comércio Internacional, S.A. (Portugal)
  - Scanang Trading Activities - España, S.A. (Spain)
  - Asment de Témara, S.A. (Morocco)
  - Asment du Centre, S.A. (Morocco)
  - Yibitas Holding, A.S. (Turkey)
  - Cimpor Yibitas Çimento Sanayi ve Ticaret, A.S. (Turkey)
  - Yibitas Yozgat Isçi Birliği Insaat Malzemeleri Ticaret ve Sanayi, A.S. (Turkey)
  - Sociedade de Investimento Cimpor Macau, S.A. (China)
  - Cimpor Chengtong Cement Corporation, Limited (China)
- Director
  - Corporación Noroeste, S.A. (Spain)
  - CJO – Société Les Ciments de Jbel Oust, S.A. (Tunisia)
  - Cimpor Egypt for Cement Company, S.A.E. (Egypt)
  - Amreyah Cement Company, S.A.E. (Egypt)
  - Amreyah Cimpor Cement Company, S.A.E. (Egypt)
  - Amreyah Dekheila Terminal Company, S.A.E. (Egypt)
  - Cement Services Company, S.A.E. (Egypt)
  - Cimpor Sacs Manufacture Company, S.A.E. (Egypt)
  - Natal Portland Cement Company (Pty) Limited (South Africa)
  - NPC – Cimpor (Pty) Limited (South Africa)
- Manager
  - Kandmad, SGPS, Lda. (Portugal)
  - Mecan – Manufactura de Elementos de Casas de Construção Normalizada, Lda. (Portugal)
  - Scanang, SGPS, Unipessoal, Lda. (Portugal)
  - Nordicave Trading Industrial, Sociedade Unipessoal, Lda. (Cape Verde)

All the above companies belong to the CIMPOR Group

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 156,780
Luís Filipe Sequeira Martins
Member of the Board of Directors and the Executive Committee (since January 1997). Between February 1987 and January 1987 he was also director of the companies which, after a series of transformations, resulted in the present CIMPOR – Cimentos de Portugal, SGPS, S.A.

Born in Lisbon, Portugal, on 4 June 1947. Graduated in Chemical Engineering from the Instituto Superior Técnico of the Universidade Técnica de Lisboa [Lisbon Technical University].

Professional activities in the last 5 years:
• Executive Director of CIMPOR and member of the Board of Directors of several Group Companies, in Portugal and abroad
• Vice-Chairman of the Liaison Committee of CEMBUREAU – European Cement Association

Positions in other companies, as at 31 December 2007:
• Chairman of the Board of Directors
  • Cimpor Betão, SGPS, S.A. (Portugal)
  • Cimpor Tec – Engenharia e Serviços Técnicos de Apoio ao Grupo, S.A. (Portugal)
  • Cimpor Egypt for Cement Company, S.A.E. (Egypt)
  • Amreyah Cement Company, S.A.E. (Egypt)
  • Amreyah Cimpor Cement Company, S.A.E. (Egypt)
  • Amreyah Dekheila Terminal Company, S.A.E. (Egypt)
  • Cement Services Company, S.A.E. (Egypt)
  • Cimpor Yibitas Muhendislik Makina Sanayi ve Ticaret, A.S. (Turkey)
• Vice-Chairman of the Board of Directors of Cimpor Inversiones, S.A. (Spain)
• Director and Chairman of the Executive Committee of Corporación Noroeste, S.A. (Spain)
• Director
  • Cimpor Portugal, SGPS, S.A. (Portugal)
  • Cimpor Internacional, SGPS, S.A. (Portugal)
  • Cimpor Investimentos, SGPS, S.A. (Portugal)
  • Cimpor – Indústria de Cimentos, S.A. (Portugal)
  • Asment de Témara, S.A. (Morocco)
  • Asment du Centre, S.A. (Morocco)
  • CJO – Société Les Ciments de Jbel Oust, S.A. (Tunisia)
  • Natal Portland Cement Company (Pty) Limited (South Africa)
  • NPC – Cimpor (Pty) Limited (South Africa)
  • Yibitas Holding, A.S. (Turkey)
• Manager
  • Kandmad, SGPS, Lda. (Portugal)
  • Scanang, SGPS, Unipessoal, Lda. (Portugal)
  • Nordicave Trading Industrial, Sociedade Unipessoal, Lda. (Cape Verde)

All the above companies belong to the CIMPOR Group.
• Chairman of the Liaison Committee of CEMBUREAU – European Cement Association
• Member of the Advisory Committee of the Luso Carbon Fund
• Member of the Management Board of BSCD Portugal
• Member of the Executive Committee of ATIC – Associação Técnica da Indústria do Cimento

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 80,000

Manuel Luís Barata de Faria Blanc
Member of the Board of Directors and of the Executive Committee (since August 2001)

Born in Lisbon, Portugal, on 24 February 1955. Graduated in Business Administration from the Universidade Católica Portuguesa [Portuguese Catholic University].

Professional activities in the last 5 years:
• Executive Director of CIMPOR and member of the Board of Directors of various companies in the Group, in Portugal and abroad.
Positions in other companies, as at 31 December 2007:

- Chairman of the Board of Directors
  - CJJO – Société Les Ciments de Jbel Oust, S.A. (Tunisia)
  - Imopar – Imobiliária de Moçambique, S.A.R.L. (Mozambique)
  - Natal Portland Cement Company (Pty) Limited (South Africa)
  - NPC – Cimpor (Pty) Limited (South Africa)
  - Cimpor Reinsurance, S.A. (Luxembourg)
- Vice-Chairman of the Board of Directors of Cimpor Inversiones, S.A. (Spain)
- Director
  - Cimpor Portugal, SGPS, S.A. (Portugal)
  - Cimpor Internacional, SGPS, S.A. (Portugal)
  - Cimpor Investimentos, SGPS, S.A. (Portugal)
  - Cimpor – Serviços de Apoio à Gestão de Empresas, S.A. (Portugal)
  - Corporación Noroeste, S.A. (Spain)
  - Asment de Témara, S.A. (Morocco)
  - Asment du Centre, S.A. (Morocco)
  - Cimpor Egypt for Cement Company, S.A.E. (Egypt)
  - Amreyah Cement Company, S.A.E. (Egypt)
  - Amreyah Cimpor Cement Company, S.A.E. (Egypt)
  - Amreyah Dekheila Terminal Company, S.A.E. (Egypt)
  - Cement Services Company, S.A.E. (Egypt)
  - Cimpor Sacs Manufacture Company, S.A.E. (Egypt)
  - Yibitas Holding, A.S. (Turkey)
  - Cimpor Yibitas Çimento Sanayi ve Ticaret, A.S. (Turkey)
  - Cimpor Finance, Ltd. (Ireland)
- Manager
  - Kandmad, SGPS, Lda. (Portugal)
  - Scanang, SGPS, Unipessoal, Lda. (Portugal)
  - Nordicave Trading Industrial, Sociedade Unipessoal, Lda. (Cape Verde)

All the above companies belong to the CIMPOR Group.

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 330,600

Pedro Maria Calainho Teixeira Duarte
Member of the Board of Directors and Chairman of the Executive Committee (since August 2001)

Born in Lisbon, Portugal, on 6 May 1954. Graduated in Business Administration from the Universidade Católica Portuguesa [Portuguese Catholic University].

Professional activities in the last 5 years:

- Member of the Board of Directors and Management in various family companies and companies of the Teixeira Duarte Group
- Member of the General Board of EIA – Ensino, Investigação e Administração, S.A.
- Those listed below

Positions in other companies, as at 31 December 2007:

- Vice-Chairman of the Senior Board of Banco Comercial Português, S.A.
- Member of the Remuneration and Pension Board of Banco Comercial Português, S.A.
- Member of the Supervisory Board of Millennium Bank, S.A. (Poland)
- Chairman of the Board of Directors of PASIM – Sociedade Imobiliária, S.A.
- Director of Teixeira Duarte – Engenharia e Construções, S.A.

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 554,970

Vicente Árias Mosquera
Member of the Board of Directors (since August 2003)

Born in Santiago de Compostela, Spain, on 11 February 1947. Graduated in Law from the University of
José Manuel Baptista Fino
Member of the Board of Directors (since April 2005)

Born in Portalegre, on 10 January 1954. Supplementary High School Course (1971) and North East London Polytechnic (Business Studies), in London (1972-74).

Professional activities in the last 5 years:
• Non-executive director of CIMPOR – Cimentos de Portugal, SGPS, S.A.
• Those listed below

Positions in other companies, as at 31 December 2007:
• Chairman of the Board of Directors
  • Área Infinitas – Design de Interiores, S.A.
  • SGFI – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A.
  • J.M. Fino, S.A.
  • Ramada Holdings, SGPS, S.A.
• Director
  • Speciality Minerals Portugal – Especialidades Minerais, S.A.
  • Manuel Fino, SGPS, S.A.
  • Investifino – Investimento e Participações, SGPS, S.A.
  • Carfino, SGPS, S.A.
  • Ethnica, SGPS, S.A.
  • Block – Imobiliária, S.A.
  • Manager of Dorfino – Imobiliário, Lda.

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 670

José Enrique Freire Arteta
Member of the Board of Directors (since April 2005)

Born in La Coruña, Spain, on 17 July 1948. Graduated in Economic Sciences from the Faculty of Barcelona.

Professional activities in the last 5 years:
• Executive Chairman of the Megasa Group (Bipadosa), with operations in the metallurgy (Portugal and Spain), real estate, transport and electricity sectors.
• Member of the Board of Directors and Management of various companies of the Megasa Group

Positions in other companies, as at 31 December 2007:
• Chairman of the Board of Directors
  • Bipadosa, S.A. (Spain)
  • Metalúrgica Galaica, S.A. (Spain)
  • Gestión Proinmega, S.L.
  • LAF 98, S.L. (Spain)
  • Siderurgia Nacional, Empresa de Produtos Longos, S.A. (Portugal)
  • Inver Seixal Industrial, S.A. (Portugal)
• Managing Director
  • Atlansider, SGPS, S.A.
  • Transportes Almacenes Transitarios, S.A. (Spain)
  • Multimodal de Transportes Agrupados, S.L. (Spain)
• Director
  • Freire Hermanos, S.A. (Spain)
  • Freire, Productos Siderúrgicos, S.A. (Spain)
  • Bipadosa Distribución y Transformación, S.L. (Spain)
  • Megaço, Productos Siderúrgicos, S.A. (Spain)
  • Feragueda, Productos Siderúrgicos, S.A. (Spain)
  • Comercial Galaica de Metales, S.L. (Spain)
  • LAF 2000, S.L. (Spain)
• Manager of Megasa, Comércio de Produtos Siderúrgicos, Lda. (Portugal)
• Secretary of Lesir, S.A. (Spain)

Number of shares held in CIMPOR – Cimentos de Portugal, SGPS, S.A., as at 31 December 2007: 750

4.2. Executive Committee

At its meeting on 27 April 2005, the newly elected Board of Directors decided, as in previous mandates and as provided for in Article 13(1) of the Articles of Association, to form an Executive Committee composed of five of its members. The powers of the Company's day-to-day management were to be delegated to this Committee, with the exception of decisions that cannot legally be delegated, as set forth in paragraph 4.3. below.

The Executive Committee has the same members as in the previous mandate, viz.:

- Pedro Maria Calainho Teixeira Duarte
- Jean Carlos Angulo
- Jorge Manuel Tavares Salavessa Moura
- Luís Filipe Sequeira Martins
- Manuel Luís Barata de Faria Blanc.

The decisions of the Executive Committee, which is chaired by Pedro Teixeira Duarte who, when necessary, is replaced by Jorge Salavessa Moura, are taken by a majority of those present or represented. Decisions cannot be taken without a majority of members being present or represented. The Executive Committee met 44 times in 2007.

Without prejudice to the collective exercise of duties delegated to the Executive Committee, each of its members has been entrusted with the responsibility of supervising certain Functional Areas, as indicated in paragraph 1.1.1. above. The following distribution for liaison with external entities was established:
• Technical Cement Industry Association (ATIC) and other Sectoral Associations – Jorge Salavessa Moura, replaced when necessary, by Luís Filipe Sequeira Martins;

• CEMBUREAU, “World Business Council for Sustainable Development” (WBCSD) and the Portuguese Association of Ready-mix Concrete Companies (APEB) – Luís Filipe Sequeira Martins, replaced when necessary by Jorge Salavessa Moura;

• Securities and Exchange Commission (CMVM), Euronext Lisbon and the Audit Committee – Manuel de Faria Blanc, replaced when necessary by Jorge Salavessa Moura.

4.3. Modus Operandi of the Governing Body

The Board of Directors must meet at least once every quarter, notwithstanding other interim meetings which may be deemed necessary. No decision can be taken unless a majority of its members is present or represented, and each director may only represent one other member of the board of directors. The board met 8 times in 2007.

The General Meeting of 11 May 2007 approved the amendment of Article 11 of the articles of association, paragraph no. 6 of which was amended to establish that should any board member be absent from three successive meetings or be absent five times in general over the course of a mandate, without justification accepted by the Board proper, then the definitive absence of that director shall be verified, which should be declared by that body.

The powers of the Board of Directors are those conferred by the Companies Code (Código das Sociedade Comerciais), plus the following powers, pursuant to Articles 4 and 5 of the articles of association: to increase the share capital via cash contributions up to the limit of one billion euros; to issue autonomous warrants on its own securities (which may grant the right to subscribe or acquire shares in the Company, up to the aforementioned limit of one billion euros); and to issue bonds or other debt securities of any kind or form permitted by law.

As mentioned above, the Board of Directors has delegated all its powers for the day-to-day running of the Company to an Executive Committee composed of five of its members, which is not permitted to decide on matters legally established by law as non-delegable. These are, pursuant to Article 407(4) of the Companies Code:

• The selection of the chairman of the board of directors, when applicable;
• Directors’ co-optation;
• Requests to convene General Meetings;
• Annual reports and accounts;
• The provision of bonds and personal or secured guarantees by the Company;
• Change of head office and share capital uplifts;
• Company merger, split and transformation operations.

In addition to these matters, the Executive Committee decided on its own initiative at the start of its mandate, to reserve final decisions for the Board of Directors on any business, commitments, contracts, agreements and conventions to be signed with shareholders holding 2% or more of the share capital of CIMPOR, whenever these issues are regarded as being of special relevance due to their nature or monetary value.
The following procedures have been created to ensure that all members of the Board of Directors are aware of decisions taken by the Executive Committee:

- The minutes of Executive Committee meetings are distributed to members of the Board of Directors;
- At meetings of the Board of Directors, the Executive Committee shall regularly summarize significant actions taken since its previous meeting and shall provide the directors with any additional clarification and information that is requested;
- There are also regulations governing the possibility of directors requesting the Executive Committee to provide information outside the Board's meetings.

4.4. Remuneration

Remuneration of the members of the Company’s board of directors, and its form and mode of payment as well as its respective supplementary retirement or disability pension scheme, are determined by the Remuneration Committee, which consists of shareholders elected by the General Meeting. Such remuneration may include a variable component based on the year’s profit, but this may not, pursuant to Article 16(6), in total exceed 5% of the profit.

The fixed annual remuneration of the members of the Board of Directors is established by the Committee on the basis of the following principles:

a) Adequacy of the remuneration in relation to market demands;

b) The value of the services rendered, the level of responsibility undertaken and the degree of dedication expected;

c) Award of a supplementary pension scheme (PPR) to directors with executive duties, to which monthly contributions of 12.5% of their respective fixed remuneration are made.

In addition, all the directors benefit from the “Employee Stock Purchase Plan” (see section 1.6. above), in accordance with the decision of the Remuneration Committee.

The variable remuneration (including the granting of share options) is limited to members of the Executive Committee, and is determined annually on an individual basis by the Remuneration Committee in accordance with the Group’s results (complying with the statutory limits mentioned above), with the extent to which the defined strategic goals were met and the appraisal of each director’s performance in their specific area of operation.

Share options are granted in accordance with the rules of the overall programme, as set forth in section 1.6. above. In relation to the executive directors, the number of options granted, exercised and extinguished in 2007 was:
In accordance with Article 16(3) of the articles of association a lifetime pension may also be granted to retiring directors, provided the following prerequisites are met:

a) They have been executive directors for more than ten years, continuously or with interruptions;

b) They have maintained labour relations with or performed administrative duties in the Company or dependent companies for over twenty-five years, continuously or with interruptions.

The amount of the pension is determined on the basis of the time and the relevance of the services rendered and the beneficiary’s circumstances, and it may be reviewed annually. This amount, set in accordance with these criteria, may never exceed the highest value of the remuneration set at any time for the directors in office, is established by and may be subject to additional terms and conditions (which may be set down in contract) determined by the General Meeting or the Remuneration Committee, if one exist.

As at 31 December 2007 the total value of remunerations, contributions to the supplementary retirement or disability pensions scheme and other incentives earned by members of the Company’s board of directors (including the difference between the purchase price of the shares acquired under the “Stock Purchase Plan” and the “Stock Option Plan” and their price on the date of purchase) was as follows:

<table>
<thead>
<tr>
<th></th>
<th>(in euros)</th>
<th>Fixed Remuneration</th>
<th>Variable Remuneration</th>
<th>Remuneration Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Directors</td>
<td>1,319,043.27</td>
<td>3,188,600.00</td>
<td>4,507,643.27</td>
<td></td>
</tr>
<tr>
<td>Non-executive Directors</td>
<td>536,770.60</td>
<td>-</td>
<td>536,770.60</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,855,813.87</td>
<td>3,188,600.00</td>
<td>5,044,413.87</td>
<td></td>
</tr>
</tbody>
</table>
4.5. Policy on the Reporting of Irregularities

In 2006, the Board of Directors approved and published a set of in-house rules and procedures on how communications of alleged irregularities occurring within CIMPOR Group companies are to be received, recorded and dealt with. These rules and procedures respect the legal and regulatory provisions, the recommendations that apply at any given time and the principles and rules of the Code of Ethics adopted by the Group.

The new Regulations have established a system for such reporting which is designed to be effective, quick and capable of detecting, investigating and resolving situations, while respecting the highest ethical principles – in particular the principles of integrity and responsibility – as well as the rules of confidentiality and non-retaliation, thereby safeguarding relations with the persons involved.

Pursuant to and for the purposes of these Regulations, irregularity is deemed to be, in accordance with Article 2(2) “any fraudulent or negligent act or omission, contrary to legal or regulatory provisions, the articles of association or the rules or ethical principles of the Group”, which can be imputed to any member of the company bodies or any other employee of the CIMPOR Group.

The means by which reports are made, the persons to whom they should be addressed and the manner in which they are handled are duly set forth in the Regulations, and the Internal Audit Department of the holding company shall, without prejudice to the powers of the Board of Directors’ In-house Corporate Governance and Social Responsibility Advisory Committee, oversee and monitor the entire system, with special reference to levels of adequacy and effectiveness.

Attention is drawn to the explicit guarantee in the Regulations that each and every communication made by an employee under the terms and conditions set forth therein shall be treated confidentially and anonymously, particularly in relation to the identity of the person reporting the irregularity (unless the latter expressly and unequivocally requests otherwise). It is also guaranteed that the reporting person, provided that he/she is acting in good faith, will not be subject to any kind of prejudicial treatment, retaliation, discrimination, threat or sanction by CIMPOR. But if the conduct of the person reporting fails to respect these principles, he/she may be held to have committed an offence which may be subject to disciplinary action that is appropriate and proportional to the offence, notwithstanding any civil and/or criminal liability which may arise from his/her conduct.