

SONAE FINANCIAL REPORT '15

CORPORATE  
GOVERNANCE REPORT



IMPROVING LIFE



## INDEX

### PART I

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## PART II

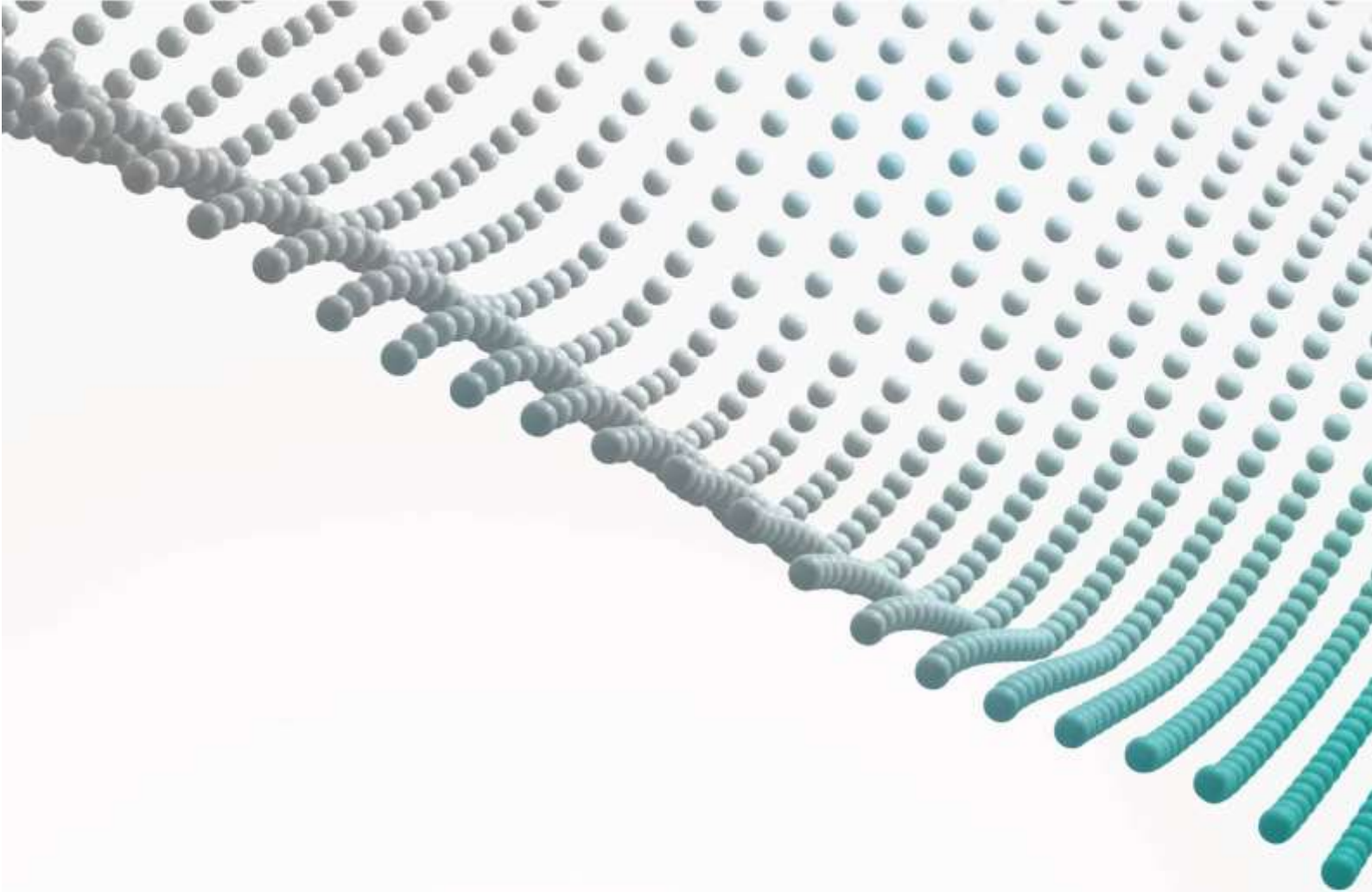
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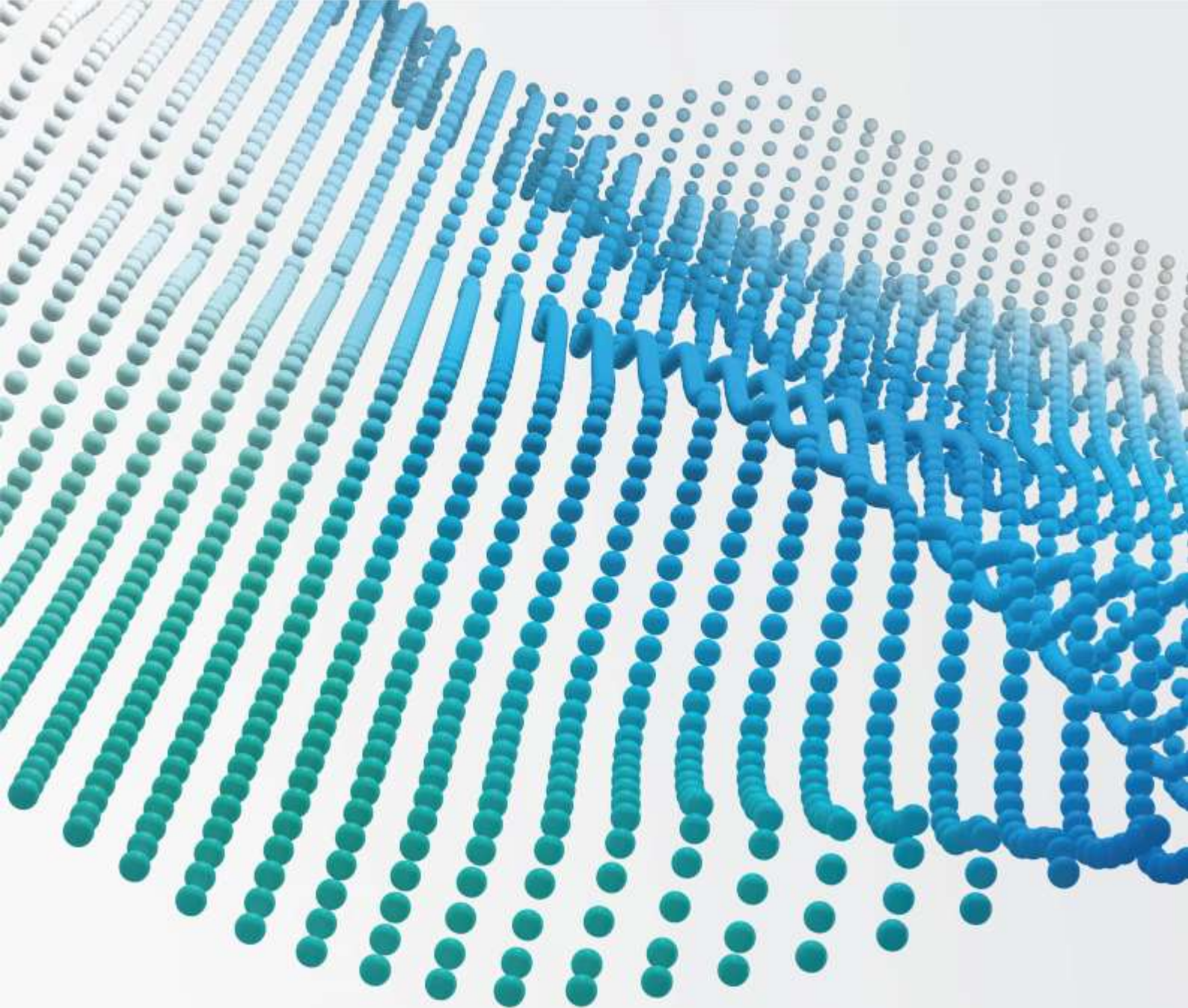
PART I

# MANDATORY INFORMATION ON SHARE CAPITAL STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE



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## A. Shareholder Structure

### I - Share Capital Structure

#### 1. Share Capital Structure

The Company's share capital is 2,000,000,000 euro, fully subscribed and paid up, divided into 2,000,000,000 nominative ordinary shares, each with a nominal value of one euro.

The distribution of share capital and respective voting rights among the owners of qualified shareholdings is, to the best of the Company's knowledge, listed below in section II.7.

All the shares representing the Company's share capital are admitted to trading on the Euronext Lisbon regulated market.

#### 2. Restrictions on the transfer and ownership of shares

There are no restrictions on the ownership or transfer of Company's shares.

#### 3. Own Shares – number, percentage of share capital they represent and percentage of voting rights that would correspond to own shares

On 31<sup>st</sup> December 2015, the Company indirectly held, through a subsidiary, 137,859 own shares, representing 0.0069% of the Company's share capital, which would correspond to the same percentage of voting rights.

#### 4. Significant agreements with ownership clauses

There are no agreements executed by the Company incorporating clauses with the aim of setting up defensive measures to a change in its shareholder control or that cease in case of a change of the Company's control following a takeover bid.

The majority of the share capital of the Company is attributable to a single shareholder.

The shareholders' agreement executed between the Company and Grosvenor Group Limited ("Grosvenor"), relating to Sonae Sierra, SGPS, SA, gives Grosvenor the power to terminate the agreement in the case of a change of control of the Company, but only in the particular and exclusive situation of the Company ceasing to be directly or indirectly controlled by its present reference shareholder or any of his relatives.

This clause applies in the same way should a change of control occur in Grosvenor.



The effects of terminating the agreement include the exercise of a call option, the sharing of assets or sale of the company Sonae Sierra, SGPS, SA.

## **5. Defensive measures in case of change of control**

No defensive measures were adopted by the Company.

## **6. Shareholders' Agreements**

The Board of Directors has no knowledge of any joint venture agreements involving the Company.

## **II - Shareholdings and holdings of bonds**

### **7. Qualified shareholdings**

On 31<sup>st</sup> December 2015, relying on the notices received by the Company pursuant to article 16 of the Portuguese Securities Code, the owners of qualified shareholdings, the respective attributable share capital and voting rights percentage, as well as the source and grounds for such attribution, were the following:

#### **Qualified shareholdings**

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Shares held and voting rights, attributable to shareholders owning 2% or more of the share capital of Sonae - SGPS, SA, calculated in accordance with article 20 of the Portuguese Securities Code, as required by article 8, paragraph 1, subparagraph b), of the Portuguese Securities Market Commission (CMVM) Regulation no. 05/2008:

Shareholder	Nr. of shares	Nr. of shares and voting rights*	% of exercisable voting rights**
<b>Efanor Investimentos, SGPS, SA (I)</b>			
Directly	200,100,000	10.0050%	10.0057%
By Pareuro, BV (controlled by Efanor Investimentos, SGPS, SA)	849,533,095	42.4767%	42.4796%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor Investimentos, SGPS, SA)	14,901	0.0007%	0.0007%
By Maria Cláudia Teixeira de Azevedo (Director of Investimentos, SGPS, SA)	204,678	0.0102%	0.0102%
By Migracom, SA (company controlled by Efanor Investimentos, SGPS, SA's Director Duarte Paulo Teixeira de Azevedo)	2,464,337	0.1232%	0.1232%
By Linhacom, SGPS, SA (company controlled by Efanor Investimentos, SGPS, SA's Director Maria Cláudia Teixeira de Azevedo)	439,314	0.0220%	0.0220%
<b>Total attributable to Efanor Investimentos, SGPS, SA</b>	<b>1,052,756,325</b>	<b>52.6377%</b>	<b>52.6415%</b>
<b>Banco BPI, SA</b>			
Banco Português de Investimento, SA	365,199	0.0183%	0.0183%
Fundos de Pensões do Banco BPI	40,071,372	2.0036%	2.0037%
BPI Vida - Companhia de Seguros de Vida, SA	4,751,416	0.2376%	0.2376%
<b>Total attributable to Banco BPI, SA (II)</b>	<b>178,039,855</b>	<b>8.9020%</b>	<b>8.9026%</b>
<b>Fundação Berardo, Instituição Particular de Solidariedade Social</b>			
	49,849,514	2.4925%	2.4926%
<b>Total attributable to Fundação Berardo, Instituição Particular de Solidariedade Social</b>	<b>49,849,514</b>	<b>2.4925%</b>	<b>2.4926%</b>

Source: communications received by the Company regarding qualified shareholdings up to 31st December 2015.

\* Voting rights calculated based on the Company's share capital with voting rights, as per subparagraph b) of paragraph 3 of article 16 of the Portuguese Securities Code.

\*\* Voting rights calculated based on the Company's share capital with voting rights that are not subject to suspension of exercise.

(I) Belmiro Mendes de Azevedo is, according to subparagraph b) of paragraph 1 of article 20 and paragraph 1 of article 21, both of the Portuguese Securities Code, the "ultimate beneficial owner", as he is the controlling shareholder of Efanor Investimentos, SGPS, SA and the latter wholly owns Pareuro BV.

(II) total number of voting rights attributed to Banco BPI, SA as per article 20 of the Portuguese Securities Code.

This information is disclosed in an Appendix to the Management Report.

Updated information regarding qualified shareholdings is available at the Company's website, <http://www.sonae.pt/en/investors/shareholder-structure/>.

## 8. Number of shares and bonds held by the members of the statutory governing bodies, submitted pursuant to paragraph 5 of Article 447 of the Portuguese Companies Act

This information is disclosed in an Appendix to the Management Report, as follows:

[Article 447 of the Portuguese Companies Act and Article 14, paragraph 7, of the Portuguese Securities Commission \(CMVM\) Regulation no. 05/2008](#)

Disclosure of the number of held shares and other securities issued by the Company and of the transactions executed over such securities, during the financial year in analysis, by the members of the statutory



governing and auditing bodies and by people discharging managerial responsibilities ("dirigentes"), as well as by people closely connected with them pursuant to article 248 B of the Portuguese Securities Code:

	Additions		Reductions		Position at	Balance as of
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
<b>Duarte Paulo Teixeira de Azevedo (*) (**)</b>						
<b>(***)</b>						
Efanor Investimentos, SGPS, SA (1)					Minority	
Migracom, SA (4)					Dominant	
Sonae, SGPS, SA (3)						0
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	19/05/2015	862,399	0.064			
Sale	17/12/2015			1,000,000	1.071	
Sale	28/12/2015			790,053	1.060	
Closely connected person						530 (a)
<b>Ângelo Gabriel Ribeirinho dos Santos</b>						
<b>Paupério (*)</b>						
Sonae, SGPS, SA (3)						0
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	18/05/2015	751,429	0.064			
Sale	23/12/2015			1,521,855	1.077	
Enxomil - SGPS, SA (10)					Dominant	
Continente Bonds - 7 % - 2015						0 (b)
Reimbursement at maturity	25/07/2015			150,000	1.000	
<b>Belmiro Mendes de Azevedo (**)</b>						
Efanor Investimentos, SGPS, SA (1)					Dominant	
Continente Bonds - 7 % - 2015						0
Sale	09/01/2015			300,000	1.025	
Reimbursement at maturity	25/07/2015			576,990	1.000	
<b>Maria Margarida Carvalhais Teixeira de Azevedo (**)</b>						
Efanor Investimentos, SGPS, SA (1)					Minority	
Sonae, SGPS, SA (3)						14,901
<b>Maria Cláudia Teixeira de Azevedo (**)</b>						
<b>(***)</b>						
Efanor Investimentos, SGPS, SA (1)					Minority	
Sonae, SGPS, SA (3)						204,678
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	18/05/2015	195,183	0.064			
Sale	18/05/2015			195,000	1.260	
Sale	19/05/2015			183	1.260	
Linhacom, SGPS, SA (6)					Dominant	

	Additions			Reductions		Position at 31.12.2015	Balance as of 31.12.2015
	Date	Quantity	Aver. Price. €	Quantity	Aver. Price. €		
(1) Efanor Investimentos, SGPS, SA							
Sonae, SGPS, SA (3)							200,100,000
Pareuro, BV (2)						Dominant	
(2) Pareuro, BV							
Sonae, SGPS, SA (3)							849,533,095
(3)Sonae, SGPS, SA							
Sonae, SGPS, SA (own shares)							0
Purchase	30/01/2015	118,820	1.173				
Sale	08/05/2015			112,270	1.262		
Sale	15/05/2015			4,704,897	1.278		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	19/05/2015			862,399	0.064		
Sonae Investments, BV (7)						Dominant	
Sontel, BV (8)						Dominant	
Sonaecom, SGPS, SA (9)						Dominant	
(4) Migracom, SA							
Sonae, SGPS, SA (3)							2,464,337
Sale	19/05/2015			247,362	1.264		
Sale	20/05/2015			300,037	1.254		
Sale	21/05/2015			315,000	1.251		
Purchase	17/12/2015	1,000,000	1.071				
Purchase	28/12/2015	790,053	1.060				
Imparfin - Investimentos e Participações Financeiras, SA (5)						Minority	
(5) Imparfin - Investimentos e Participações Financeiras, SA							
Sonae, SGPS, SA (3)							4,105,280
Continente Bonds - 7 % - 2015							0
Reimbursement at maturity	25/07/2015			100,000	1.000		
(6) Linhacom, SGPS, SA							
Sonae, SGPS, SA (3)							439,314
Imparfin - Investimentos e Participações Financeiras, SA (5)						Minority	
(7) Sonae Investments BV							
Sontel BV (8)						Dominant	
(8) Sontel BV							
Sonaecom, SGPS, SA (9)						Dominant	
(9) Sonaecom SGPS, SA							
Sonae, SGPS, SA (own shares)							137,859
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	20/03/2015			323,039	1.395		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	18/05/2015			946,612	1.278		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	18/05/2015			837,438	1.277		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	22/07/2015			5,007	1.284		
(10) Enxomil - SGPS, SA							
Sonae, SGPS, SA (3)							2,021,855
Purchase	23/12/2015	1,521,855	1.077				
Continente Bonds - 7 % - 2015							0
Reimbursement at maturity	25/07/2015			400,000	1.000		

(\*) Member of the Board of Directors of Sonae, SGPS, SA

(\*\*) Member of the Board of Directors of Efanor Investimentos SGPS, SA (directly and indirectly dominant company) (1)

(\*\*\* ) Member of the Board of Directors of Imparfin - Investimentos e Participações Financeiras, SA (5)

(a) article 248 B, paragraph 4), subparagraph a), Securities Code - family member who resides with the person discharging managerial responsibilities for more than a year

(b) held by spouse



## 9. Powers of the Board of Directors on share capital increases

The powers given by the Articles of Association for the Board of Directors to increase the Company's share capital were withdrawn in April 2011. As from that date, these powers are held exclusively by the Shareholders' General Meeting.

## 10. Relevant business relationship between owners of qualified shareholdings and the Company

There are no existing relevant business relationships between the Company and owners of notified qualified shareholdings.

Without prejudice to the aforementioned, Bank BPI, SA maintains a business relationship with the Company within the scope of the Company's corporate purpose, under market conditions and alongside with other national and international financial institutions.

## B. Governing Bodies and Committees

### I - Shareholders' General Meeting

#### a) Composition of the Board of the Shareholders' General Meeting

## 11. Board of the Shareholders' General Meeting: members and mandate

The Shareholders' General Meetings are directed by a Board elected by the shareholders for a four-year mandate which begins and ends within the same calendar mandate as that of the other statutory governing bodies.

The members of the Board of the Shareholders' General Meeting elected for the 2011-2014 mandate – corresponding to their second term in office, as the first mandate in office ran from 2007 to 2010 - were re-elected for the second time, following a resolution taken at the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015, for the present four-year term 2015-2018.

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#### Board of the Shareholders' General Meeting

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Manuel Cavaleiro Brandão, Chairman

Maria da Conceição Cabaços, Secretary

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**b) Exercising voting rights****12. Restrictions on voting rights****12.1 Restrictions on voting rights depending on the number or percentage of shares ownership**

The Company's share capital is entirely made up of a single class of common shares, in which one share equals one vote, and where there are no statutory limitations on the exercise of the voting rights by any shareholder. Share blocking is not required in order to attend the Shareholders' General Meeting. In compliance with the applicable legal rules, the "Registry date" is the key moment in time for the proof of the shareholder's legal entitlement to exercise attendance and voting rights at the Shareholders' General Meeting. The "Registry Date" is also the decisive time reference regarding the application of the voting and attendance rule for professional shareholders who own shares in their own name but on behalf of their respective clients.

**12.2 Representation**

The right to vote by proxy and the way in which this right is exercised is described in the respective notices convening Shareholders' General Meetings, in accordance with the law and the Company's Articles of Association.

Shareholders can be represented at Shareholders' General Meetings by presenting a written representation document before the meeting begins, addressed and delivered to the Chairman of the Board of the Shareholders' General Meeting, stating the name and address of the proxy and the date of the meeting. The abovementioned information may be sent by using an electronic email address provided by the Company.

A shareholder can nominate different proxies for each group of shares held in different securities accounts, without prejudice to the principle of one share one vote, in accordance with article 385 of the Portuguese Companies Act. Shareholders who professionally own shares in their own name but on behalf of their respective clients can vote in different ways.

The Company provides appropriate information on its website, at <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders/> to enable shareholders, who wish to be represented, to give their voting instructions to their respective proxies. Such information, which includes the proposals to be submitted to the Shareholders' General Meeting and a template of a representation letter, is disclosed on the website, within the legally established time limits.

**12.3 Vote in writing**

Shareholders can vote in writing in relation to all items on the agenda of the Shareholders' General Meeting. Without prejudice to prior obligation of proving shareholding legal entitlement, written votes will only be taken into account when received at the Company's head office by registered post, with acknowledgement of receipt addressed to the Chairman of the Board of the Shareholders' General Meeting or by electronic means, at least three business days prior to the General Meeting. The voting ballot, if sent by registered post,

## 12.4 Voting by electronic means

**13. Maximum percentage of voting rights that may be exercised by a single shareholder or by a group of shareholders that are related to the latter as set forth in paragraph 1 of Article 20 of the Portuguese Securities Code**

## 14. Deliberative Quorum

If that quorum is not met and the meeting is reconvened, resolutions may be adopted by the Shareholders' General Meeting regardless of the number of shareholders present or represented and of the percentage of share capital held.

## II - Management and Supervision

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## 15. Identification of the adopted governance model

The Company follows a one-tier governance model, where the management structure lies with the Board of Directors, and the supervisory structure includes a Statutory Audit Board and a Statutory External Auditor.

The Board of Directors is responsible for ensuring the management of the Company's business, exercising all management acts pertaining to the Company's corporate purpose, setting strategic guidelines and appointing and generally supervising the activity of the Executive Committee and of its specialised committees.

The Board of Directors' assessment is that the adopted corporate governance model is adequate to the performance of the governing bodies' duties, ensuring, in a well-balanced manner, their respective functional independence and interaction. Additionally, the specialised committees assigned to matters of particular relevance, maximise the quality of the Board of Directors' performance, ensuring the effectiveness of its decision-making process.

## 16. Rules for nominating and replacing Board Members

The members of the Board of Directors, under the terms of the Portuguese law and the Company's Articles of Association, are elected to the Board of Directors, in accordance with the proposal approved at the Shareholders' General Meeting.

Under the terms set forth in the Company's Articles of Association it is allowed for one director to be individually elected if there are proposals submitted by shareholders who, either by themselves or together with other shareholders, hold shares representing between ten and twenty percent of the share capital. The same shareholder cannot undersign more than one list. Each proposal should identify at least two eligible persons. If there are several proposals submitted by different shareholders or groups of shareholders, voting will take place on all lists.

The Company's Articles of Association establish, in accordance with the applicable law, that the Board of Directors may co-opt a substitute in case of the death, resignation, temporary or permanent incapacity, or lack of availability of any member, as long as the vacating Board member has not being elected under the above described minority rule (in which case a new election shall take place). Such appointment is, nonetheless, subject to ratification by the shareholders at the next Shareholders' General Meeting.

As part of the Board of Directors' power to co-opt, the Board Nomination and Remuneration Committee is responsible for proposing potential candidates with the suitable profile for Board roles.

The definitive absence, for whatever reason, of a replacement director individually elected according to the abovementioned special minority rules, determines that a new election must take place at the Shareholders' General Meeting.

The Board of Directors is responsible for the election of its Chairman.



The Proposal for the Selection and Assessment Policy for Membership of the Statutory Governing Bodies was approved at the Shareholders' Extraordinary General Meeting held on 16<sup>th</sup> December 2015, in compliance with Articles 30 to 32 of the General Regime of Credit Institutions and Financial Companies ("Regime Geral das Instituições de Crédito e Sociedades Financeiras" - RGICSF). Such policy shall remain in force for as long as the Company remains within the scope of the RGICSF, as it indirectly holds the majority of the voting rights of the financial entity Sonaegest-Sociedade Gestora de Fundos de Investimento, SA.

The abovementioned policy is available at the Company's website, <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders/>, referred as Proposal number two of the Shareholders' Extraordinary General Meeting held on 16<sup>th</sup> December 2015.

## 17. Composition of the Board of Directors

Under the terms of the Company's Articles of Association, the Board of Directors can be composed of an odd or even number of members, between three and eleven, elected by the shareholders at the Shareholders' General Meeting, having the Chairman of the Board of Directors a casting vote.

During 2015, the composition of the Board of Directors was subject to the following changes:

### Board of Directors

#### A – Members appointed to the Board of Directors for the mandate of 2011-2014 and who left office at the Shareholders' Annual General Meeting, held on 30<sup>th</sup> April 2015

Belmiro Mendes de Azevedo

Álvaro Carmona e Costa Portela

Álvaro Cuervo Garcia

Michel Marie Bon

Bernd Hubert Joachim Bothe

#### B – Members appointed to the Board of Directors for the present mandate of 2015-2018, elected at the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015:

Duarte Paulo Teixeira de Azevedo\*

Ângelo Gabriel Ribeirinho dos Santos Paupério\*

José Manuel Neves Adelino\*

Andrew Eustace Clavering Campbell\*\*

Christine Cross\*

Tsega Gebreyes\*\*

Marcelo Faria de Lima\*\*

Dag Johan Skattum\*\*\*

Margaret Lorraine Trainer\*\*\*

\* members who held office during the mandate of 2011-2014, being re-elected by resolution taken at the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015.

\*\* members elected for the mandate of 2015-2018, by resolution taken at the Shareholders' Annual General Meeting, held on 30<sup>th</sup> April 2015.

\*\*\*members elected to complete the current 2015-2018 mandate, by resolution taken at the Shareholders' Extraordinary General Meeting held on 16<sup>th</sup> December 2015.

The members of the Board of Directors were initially appointed as follows:

Appointment to the Board of Directors	First appointment	End of mandate
Duarte Paulo Teixeira de Azevedo	2000	2018
Ângelo Gabriel Ribeirinho dos Santos Paupério	2000	2018
José Manuel Neves Adelino	2007	2018
Andrew Eustace Clavering Campbell*	2015*	2018
Christine Cross	2009	2018
Tsega Gebreyes*	2015*	2018
Marcelo Faria de Lima*	2015*	2018
Dag Johan Skattum**	2015**	2018
Margaret Lorraine Trainer**	2015**	2018

\* elected at the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015.

\*\* elected at the Shareholders' Extraordinary General Meeting held on 16<sup>th</sup> December 2015.

## 18. Distinction between executive and non-executive members of the Board of Directors

### Board of Directors

Duarte Paulo Teixeira de Azevedo	Chairman of the Board of Directors and Co-Chairman of the Executive Committee
Ângelo Gabriel Ribeirinho dos Santos Paupério	Co-Chairman of the Executive Committee
José Manuel Neves Adelino	Senior Independent Non-Executive Director
Andrew Eustace Clavering Campbell	Independent Non-Executive Director
Christine Cross	Independent Non-Executive Director
Tsega Gebreyes	Independent Non-Executive Director
Marcelo Faria de Lima	Independent Non-Executive Director
Dag Johan Skattum	Independent Non-Executive Director
Margaret Lorraine Trainer	Independent Non-Executive Director

In the composition of the Board of Directors, a balance is maintained between the number of Executive Directors and the number of Non-Executive Directors. All of the present seven Non-Executive Board Members are independent, in accordance with the independence criteria set out in paragraph 18.1 of Appendix I to the CMVM Regulation no. 4/2013 and CMVM Recommendation II.1.7 (2013).

Considering that the Chairman of the Board of Directors also carries out executive duties, under the provisions of paragraph 2 of Article 1 and Article 13 of the Internal Regulation of the Board of Directors (available at the Company's website <http://www.sonae.pt/en/investors/corporate-governance/>), the director José Manuel Neves Adelino was appointed as Senior Independent Non-Executive Director, upon resolution of the Board taken in the meeting held on 4<sup>th</sup> May 2015. In that capacity, this Director has to carry out the following duties:

- coordinate, in accordance with Corporate Governance best practices, the effective performance of the Non-Executive Directors' duties, whether within the Board of Directors or within the Board's specialised committees, in order to guarantee strengthened conditions for the independent and informed exercise of such directors' duties;



- ensure the existence of a continuous flow of information, necessary for the fulfilment of the legal and statutory duties inherent to the Non-Executive Directors' activities, through the adoption and timely compliance of transparent information-sharing procedures by the Executive Committee;
- supervise compliance of an information disclosure process which ensures a time-efficient access of the remaining governing bodies and committees to the necessary information for the execution of their legal and statutory duties, with the particular disclosure of all the convening notices, minutes and documentation supporting the decision-making;
- ensure the execution of scope and mission of the Ethics Committee, since the Senior Independent Non-Executive Director also chairs this Committee.

## **19. Professional qualifications and curricular references of the members of the Board of Directors**

The *curricula* of the members of the Board of Directors are disclosed in Appendix I of this Report.

## **20. Usual and significant family, business and commercial relationships between members of the Board of Directors and shareholders with attributed qualified shareholdings**

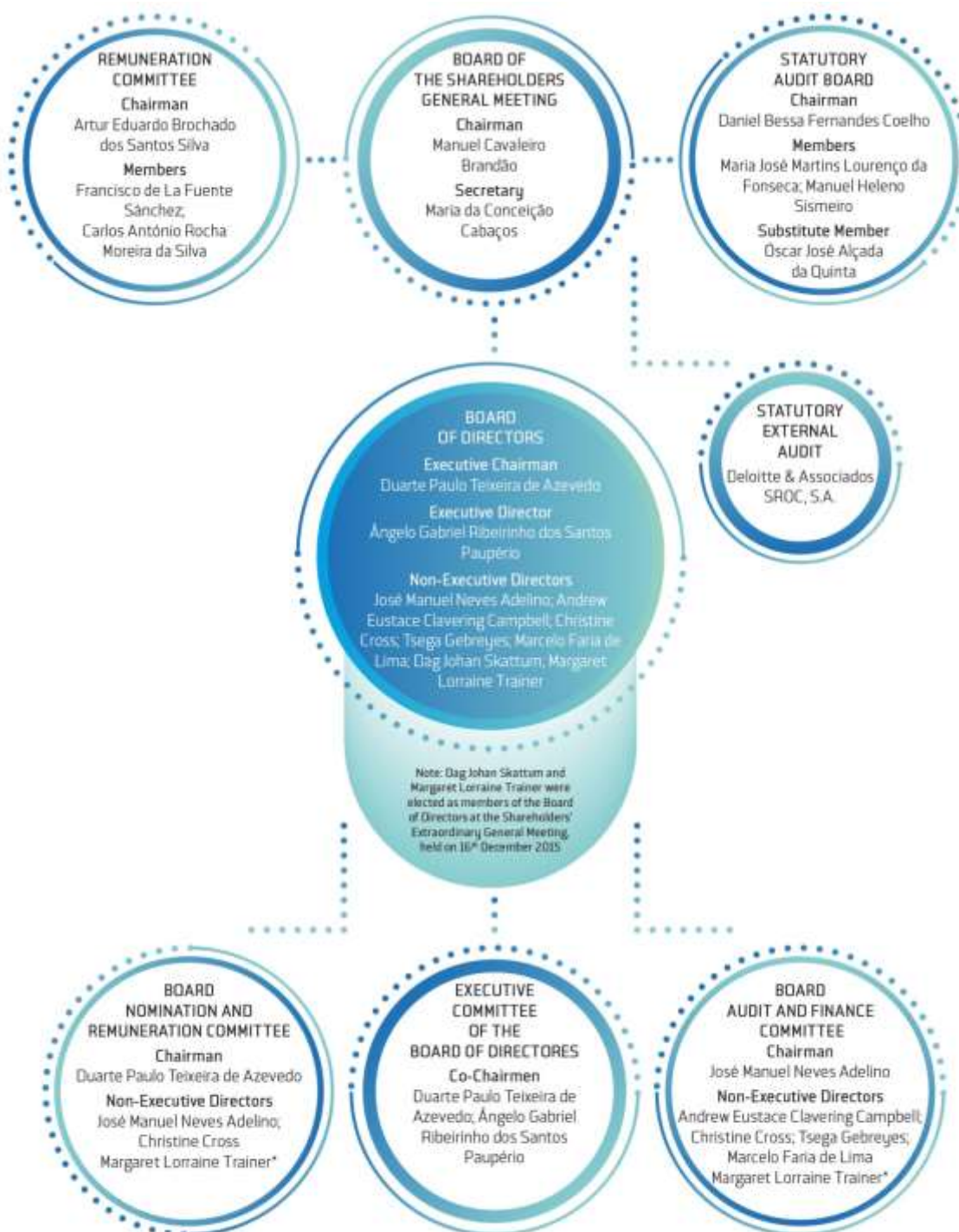
The Chairman of the Board of Directors and Co-Chairman of the Executive Committee, Duarte Paulo Teixeira de Azevedo, is a shareholder and member of the Board of Directors of Efanor Investimentos, SGPS, SA, legal entity holding the majority of the voting rights of the Company. He is the son of Belmiro Mendes de Azevedo, to whom is indirectly attributed the control of the share capital and voting rights of Efanor Investimentos, SGPS, SA.

To the best of the Company's knowledge, there are no other significant or usual family, business and commercial relationships between shareholders with attributed qualified shareholdings higher than 2% of the voting rights, and the members of the Board of Directors.

## **21. Division of powers between the different boards, committees and/or departments within the Company, including the delegation of powers, particularly with regards to the delegation of the Company's daily management**

Competencies are divided among the various statutory governing bodies, in accordance with the following terms:

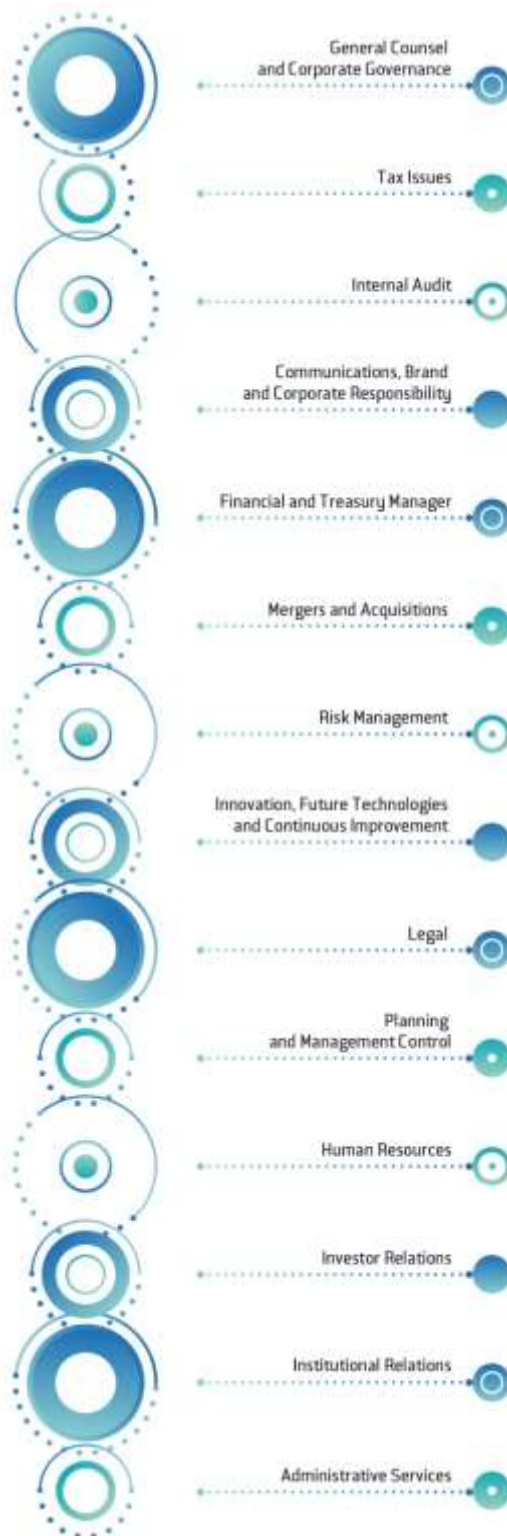




\*Note: Margaret Lorraine Trainer is a member of this Committee since 19th January 2016 following a deliberation of the Board of Directors.

\*Note: Margaret Lorraine Trainer is a member of this Committee since 19th January 2016 following a deliberation of the Board of Directors.

The corporate structure is supported by the following functional structures:



**General Counsel and Corporate Governance Department**

Main responsibilities:

- (i) Provide legal advice to Sonae's business activity;
- (ii) Manage the relations with Euronext Lisbon, the Portuguese Securities Market Commission (CMVM) and with the shareholders in relation to legal matters;
- (iii) Manage the legal aspects of Corporate Governance and monitor the best corporate governance practice compliance;
- (iv) Coordinate and share legal knowledge in order to align the Company's position with that of other Sonae companies.

**Tax Issues Department**

Main responsibilities:

- (i) Develop, provide training for and share the tax skills within Sonae's business units;
- (ii) Take part in defining tax strategy and objectives, in particular by giving support to the international expansion of the businesses;
- (iii) Provide tax support to the Mergers and Acquisitions activity as well as to restructuring operations;
- (iv) Manage Institutional Relations, namely the proactive management of tax matters relating to Sonae business units;
- (v) Optimise Sonae's tax efficiency, namely by:
  - a. Controlling and monitoring tax procedures among all of Sonae's business units;
  - b. Ensuring compliance with all tax requirements by all companies;
  - c. Controlling all group Companies' fiscal consolidation within Sonae.
- (vi) Manage Sonae's price transfer dossier;
- (vii) Monitor all open litigation with the tax authorities;
- (viii) Provide tax consultancy to the businesses by analysing several tax matters.



## **Internal Audit Department**

Main responsibilities:

- (i) Perform internal audits (compliance, processes, food safety and information systems) of Sonae's corporate centre and core businesses;
- (ii) Provide operational support to Sonae's Audit Committee.

## **Communications, Brand and Corporate Responsibility Department**

Main responsibilities:

- (i) Manage the institutional image of Sonae and its brand;
- (ii) Manage Sonae's External Communications, namely the Company's online presence and relationship with the media – coordinate messages and lines of communication;
- (iii) Manage Sonae's Internal Communications;
- (iv) Manage the Corporate Responsibility Department, including data compilation, sustainability initiatives and volunteering actions.

## **Financial and Treasury Manager Department**

Main responsibilities:

- (i) Optimise the finance function of the Company and of its retail business units, proposing and implementing appropriate financial management policies;
- (ii) Conduct all financing operations for Sonae and the retail businesses, and provide advice and support on other financing operations of Sonae (with the exception of Sonae Sierra, NOS, SGPS, SA and Sonaecom) on request, in coordination with those members of the Board Directors with responsibility for the financing of Sonae businesses;
- (iii) Negotiate and contract financing operations and banking products and services for the Company and for its retail business units;
- (iv) Manage the treasury of the Company and its retail businesses;
- (v) Manage the financing risk of the Company and its retail businesses;
- (vi) Support the different functional areas to allocate capital and manage financial risks;
- (vii) Provide support on Merger, Acquisition and Demerger operations;
- (viii) Provide support to Sonae's businesses on money market, interest rate or exchange rate transactions;



- (ix) Support the work of Sonae's Finance Committee.

### **Mergers and Acquisitions Department**

Main responsibilities:

- (i) Core businesses and corporate M&A planning and execution across the Sonae Group;
- (ii) Identification, assessment, due diligence, negotiations and closing of acquisitions, divestitures and joint ventures across the Sonae Group;
- (iii) Reinforcing Sonae's business networking with industry players and key M&A players.

### **Risk Management Department**

Main responsibilities:


- (i) Promote a culture of risk awareness throughout the organisation;
- (ii) Develop the risk management policy and keep it up to date;
- (iii) Develop, implement, review and maintain risk management processes and methodologies;
- (iv) Coordinate risk management activities and report its results;
- (v) Identifying critical risks and monitoring the development and implementation of risk indicators and risk reduction measures;
- (vi) Developing procedures for assessing risks, particularly contingency and business succession planning;
- (vii) Support Sonae's Risk Management Consultation Group.

### **Innovation, Future Technologies and Continuous Improvement Department**

Main responsibilities:

To enhance business performances, and provide world-class purchasing and consumer experiences in Sonae's retail companies, by means of:

- (i) Innovation – to facilitate, amplify and accelerate the flow of innovation through the active and extensive participation of employees and through close and open cooperation with partners;
- (ii) Future Technologies – to identify, assess and experiment emerging technologies and their corresponding "case studies" in the scope of our retail activities, in order to issue recommendations regarding their implementation;

- 
- (iii) Continuous Improvement – to implement and foster the culture and practice of continuous improvement, under the framework of our IOW (Improving our Work) model, within the Corporate Centre and Sonae RP.

## **Legal Department**

### **Main responsibilities:**

- (i) Monitor, control and ensure the legality of retail and wholesale business activities, including the health, restaurant, franchising and real estate asset areas;
- (ii) Prepare and/or analyse contracts that maximise safety and reduce legal risks and potential costs;
- (iii) Corrective and preventive management of all issues relating to intellectual property used by the different businesses such as patents, models/industrial designs, brands, logotypes, marketing slogans, software and domains management;
- (iv) Provide legal support, on a daily basis, to stores/shopping centres, namely when they are subject to inspections and visits carried out by government and other official entities (such as the ASAE, Municipalities, Infarmed, among others), as well as to resolve conflicts with customers;
- (v) Coordinate and provide legal support related to supervisory procedures, regulation and auditing processes carried out by the Portuguese Competition Authority, regarding the retail and wholesale businesses activities;
- (vi) Drafting all minutes and/or execute all necessary public deeds registry and notary acts required by the businesses, as well as its translation and legalisation, whether of a commercial, real estate, corporate or civil nature;
- (vii) Manage all legal actions and corporate retail processes in pre-litigation and litigation phases;
- (viii) Rendering assistance regarding the various licenses/permits/authorisations required by the businesses;
- (ix) Supervising the privacy policies, personal data protection issues and supervising the compliance of the several databases with the applicable law and regulatory procedures, whether personal data is collected within sales conducted in retail stores or online;
- (x) Follow up on Portuguese and European legislative developments, relevant to the retail, wholesale and real estate businesses;
- (xi) Legal monitoring of the management of retail customer complaints both in retail stores and shopping centres of retail real estate operations;

- (xii) Provide legal advice to domestic and international retail and to retail real estate operations, as well as analysing new national and international operations, particularly in the latter the legal environment of the countries analysed, through interaction with the local lawyers;
- (xiii) Mergers, spin-offs, acquisitions, dissolutions and liquidations.

### **Planning and Management Control Department**


Main responsibilities:

- (i) Support the development of the corporate and business units strategy;
- (ii) Promote, lead and execute the annual, strategic planning cycle;
- (iii) Lead and monitor the execution of the annual budgeting process, as well as providing reporting on achievement of the budget;
- (iv) Challenge the businesses and corporate areas on their objectives in order to constantly improve and optimise Sonae's business efficiency, performance and results;
- (v) Prepare and analyse management information about the individual businesses, as well as at a consolidated level on a monthly, quarterly and annual basis, analysing variances to budget and proposing correctives measures;
- (vi) Provide support to decisions about the allocation of capital to existing businesses and to new business opportunities: responsible for the calculation and analysis of capital invested and the return on capital invested;
- (vii) Guarantee the sharing of the latest trends, best practices and information between the different businesses and corporate areas;
- (viii) Monitor, interpret and share relevant macroeconomic insight and forecasts with the several businesses.

### **Human Resources Department**

Main responsibilities:

- (i) Manage Sonae's top management human resources: Chairman of Sonae's Human Resources Consultative Group; support the top management human resources of the Executive Committee;
- (ii) Supervise Sonae's human resources management department, the main duties of which are to:
  - a. Define and implement human resources strategy, planning and talent management;
  - b. Support Sonae's top management to define human resources policies at various levels;

- 
- c. Ensure the working of processes concerning recruitment, selection, training, performance/development management, people administration management, Sonae's employees salary processing and Sonae's Human Resources budgeting and reporting;
  - d. Manage the areas of Medicine, Hygiene and Safety at Work;
  - e. Provide the procedural and legal labour law framework for the businesses;
  - f. Provide support to projects, offices and international businesses;
  - g. Represent the Company in contacts with official entities and associations connected with this area;
  - h. Provide HR services to other Sonae's business units.

### **Investor Relations Department**

Main responsibilities:

- (i) Manage the relationship between Sonae and the financial community through the continuous preparation and disclosure of relevant and up to date information about the Company;
- (ii) Support the Executive Committee and the Board Directors, providing them with relevant information about the capital market;
- (iii) Support External Communication, contributing towards providing a consistent corporate message to the capital markets.

### **Institutional Relations Department**

Main Responsibilities:

- (i) Support the management of Sonae's institutional relations with the government, European institutions, public entities and non-governmental entities;
- (ii) Represent Sonae in Associations, Forums and events (in Portugal and abroad) and manage requests for information from these institutions.

### **Administrative Services Department**

Main responsibilities:

- (i) Efficiently manage all administrative processes of the Company's and its businesses units;
- (ii) Ensure the effective control of the processes, transactions, reliability and timely reporting of financial, tax and management information;
- (iii) Effectively manage the administrative procedures relating to Accounts Payable, Accounts Receivable, Cash and Banks, Inventory and Tangible Assets;



- (iv) Book all accounting transactions and prepare the individual and consolidated financial statements of Sonae companies.

There Company is also composed of the following knowledge sharing specialised committees:

#### **Finance Committee**

Sonae's Finance Committee is chaired by Ângelo Paupério (Co-CEO), being composed of the directors responsible for corporate finance from each of Sonae's businesses, as well as the managers of the Company's corporate centre, who are relevant to the subjects on each meeting's agenda. The Committee meets monthly to review and coordinate financial risk management policies, banking relationships and other matters related to corporate finance.

#### **Audit committee**


Sonae's Audit Committee assists the Executive Committee in defining policies, reviewing and coordinating the activities of Internal and External Audit, and reviewing the internal control processes and systems. This committee, which meets quarterly, is chaired by Ângelo Paupério (Co-CEO), and includes Board members and Internal Audit Managers responsible for this audit role in the Company and in its businesses, the Group Corporate Governance Officer, the Group Chief Risk Officer, Sonae MC's CFO and Sonae SR's CFO.

#### **Sonae's Risk Management Consultation Group**

Sonae's Risk Management Consultation Group assists the Executive Committee in defining risk management policies, having the duty to propose methodologies, standards and tools, aligned with best practice and international standards, to follow up and coordinate risk management activities, and to promote risk management expertise and knowledge sharing amongst Sonae companies. This Group, which meets quarterly, is chaired by Luis Filipe Reis (advisor to the Executive Committee) and includes the Board members responsible for corporate finance and the Risk Managers responsible for this role in the Company and in its businesses, the Group Corporate Governance Officer, the Group Chief Internal Auditor and the Group Insurance Manager.

Other than Sonae's Risk Management Consultation Group, there are also the following theme specific advisory groups, with competencies in the following areas:

- **FINOV**, a forum dedicated to innovation, with the purpose of stimulating and supporting an innovation driven culture at Sonae, capable of sustaining high levels of value creation;
- **Sustainability Forum**, with the purpose of sharing sustainability knowledge and best practices, increasing awareness across Sonae and identifying relevant common issues to encourage synergies and cohesion in the management of the various challenges in this area;
- **Planning and Control Methodologies Forum**, with the purpose of promoting and discussing the implementation of best control methodologies across the Company;

- 
- **Legal Forum**, with the purpose of sharing experience and knowledge among legal teams, promoting the wide discussion of essential legal topics and a common approach to legal interpretations and procedures;
  - **Human Resources Forum**, with the purpose of promoting and discussing the implementation of best human resources policies across the Company;
  - **Marketing and Communication Forum**, with the purpose of coordinating negotiations with Media companies, as well as promoting the sharing of best practices in Marketing at specific seminars;
  - **Engineering, Construction and Safety Forum**, with the purpose of promoting and discussing the implementation of best practices in engineering and construction activities across the Company, with a special focus on matters and issues related to health and safety;
  - **Negotiation Forum**, with the purpose of presenting, analysing and discussing negotiation strategies, identifying opportunities for joint negotiations and sharing experiences and knowledge.

Each of these informal bodies meets several times during the year and often organises seminars, workshops and internal training courses.

#### **b) Functioning**

### **22. Internal Regulation of the Board of Directors**

The Internal Regulation of the Board of Directors is available for consultation at the Company's website - <http://www.sonae.pt/en/investors/corporate-governance/>.

### **23. Number of meetings held and attendance level of each member of the Board of Directors**

The Board of Directors meets at least four times a year, as required by the Company's Articles of Association and its Internal Regulation, and whenever the Chairman or two Board members call a meeting. The quorum for any Board meeting requires that the majority of the Board Members are present or represented by proxy.

Decisions are taken by a majority of the votes cast. When the Board of Directors is composed of an even number of members and there is a tied vote, the Chairman has a casting vote.

The Board of Directors receives information about the items on the agenda for the meeting at least seven days beforehand, and receives supporting documents for any given meeting with at least two days in advance.

Minutes are recorded in a minute book.

During 2015, 7 (seven) Board meetings were held, and the overall attendance rate was of 100%.

### **24. Competent Bodies of the Company to appraise the performance of Executive Directors**

The Shareholders' Remuneration Committee, appointed at the Shareholders' General Meeting, is the committee responsible for approving the remuneration of the Board members and of other statutory governing bodies, on behalf of the shareholders, under the terms specified in the remuneration policy approved by the shareholders at the Shareholders' General Meeting.

The Board Nomination and Remuneration Committee (BNRC) supports the Shareholders' Remuneration Committee in carrying out its duties regarding the remuneration of the statutory governing bodies of the Company. In the execution of this duty, the BNRC and the Shareholders' Remuneration Committee may also be supported by international consultants of recognised competency. The independence of such consultants is ensured by the fact that they are not bound in any way to the Board of Directors, to the Company and to the Group, as well as by their broad experience and market recognition.

## **25. Predetermined criteria for evaluating the performance of Executive Directors**

The performance evaluation of Executive Directors is based on predetermined criteria, consisting of objective performance indicators established for each period and aligned with the Group strategy of growth and the business performance with a medium and long-term perspective.

Such indicators consist in business, economic and financial KPIs (Key Performance Indicators) and are divided into company, department and individual KPIs.

The business KPIs include economic and financial indicators based on the budget, on the performance of each business unit, as well as on the consolidated performance of Sonae.

In turn, the department business KPIs are similar in nature to the previous ones, assessing the performance of the Executive Director in the business.

The personal KPIs, which may include subjective and objective indicators, are determined by the compliance of individual obligations and commitments assumed by the Executive Director.


## **26. Availability of the members of the Board of Directors**

Information on other positions simultaneous held by members of the Board of Directors in other entities, whether or not in Sonae Group, as well as information on other relevant activities exercised during 2015, is disclosed in Appendix I to the present Report.

### **c) Committees within the Board of Directors**

## **27. Identification of Committees created by the Board of Directors**

The Board of Directors has created three Committees: the Executive Committee, the Audit and Finance Committee and the Board Nomination and Remuneration Committee.



Its Internal Regulation is available for consultation at the Company's website - <http://www.sonae.pt/en/investors/corporate-governance/>.

Furthermore, the Board of Directors has, since the previous mandate, appointed the Ethics Committee with specific competencies in promoting the Code of Ethics and Conduct, which is available for consultation at the Company's website <http://www.sonae.pt/en/investors/corporate-governance/>.

### **27.1 Role and Duties of the Executive Committee**

The Executive Committee has all the necessary powers to manage the Company on a day-to-day basis, as per the terms of the delegation of powers and competencies granted by the Board of Directors.

The following matters were excluded from the terms of delegation by the Board of Directors and are considered to be matters exclusively subject to the Board of Directors' resolution:

- (i) to appoint the Chairman of the Board of Directors;
- (ii) to co-opt a substitute for a member of the Board of Directors;
- (iii) to request the convening of the Shareholders' General Meetings;
- (iv) to approve, under the terms set forth by the applicable law, the Annual Report and Financial Statements;
- (v) to grant any personal or asset secured guarantees;
- (vi) to decide on any change to the Company's registered office or to approve any share capital increases;
- (vii) to decide on mergers, de-mergers or modifications to the corporate structure of the Company;
- (viii) to approve the management strategy of the business portfolio;
- (ix) to approve the annual budget of the Company as well as the financial plan and any significant changes thereto.

### **28. Composition of the Executive Committee**

The Executive Committee is composed of members from the Board of Directors, as follows:

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#### **Management Team**

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Duarte Paulo Teixeira de Azevedo, Co-Chairman

Ângelo Gabriel Ribeirinho dos Santos Paupério, Co-Chairman



## 28.1 Operating Rules of the Executive Committee

The Executive Committee meets at least once every month and additionally whenever any of its members convenes a meeting by writing, with the minimum antecedence of three days prior to the date of the meeting. The quorum for any Executive Committee meeting requires that all of its members are present or represented by proxy. The Executive Committee receives information about items on the agenda for the meeting at least 7 days in advance of the meeting, and receives supporting documents for any given meeting at least 2 days in advance.

The Executive Committee presents a summary in Portuguese and English of the main topics it has discussed and the decisions taken, which is included among the documents distributed to Board members at each Board of Directors meeting.

The Executive Committee can set up internal committees, which will operate dependently to the Executive Committee, to monitor particular matters.

Whenever deemed convenient, the Executive Committee may submit to the consideration of the Board of Directors any matter within its competencies.

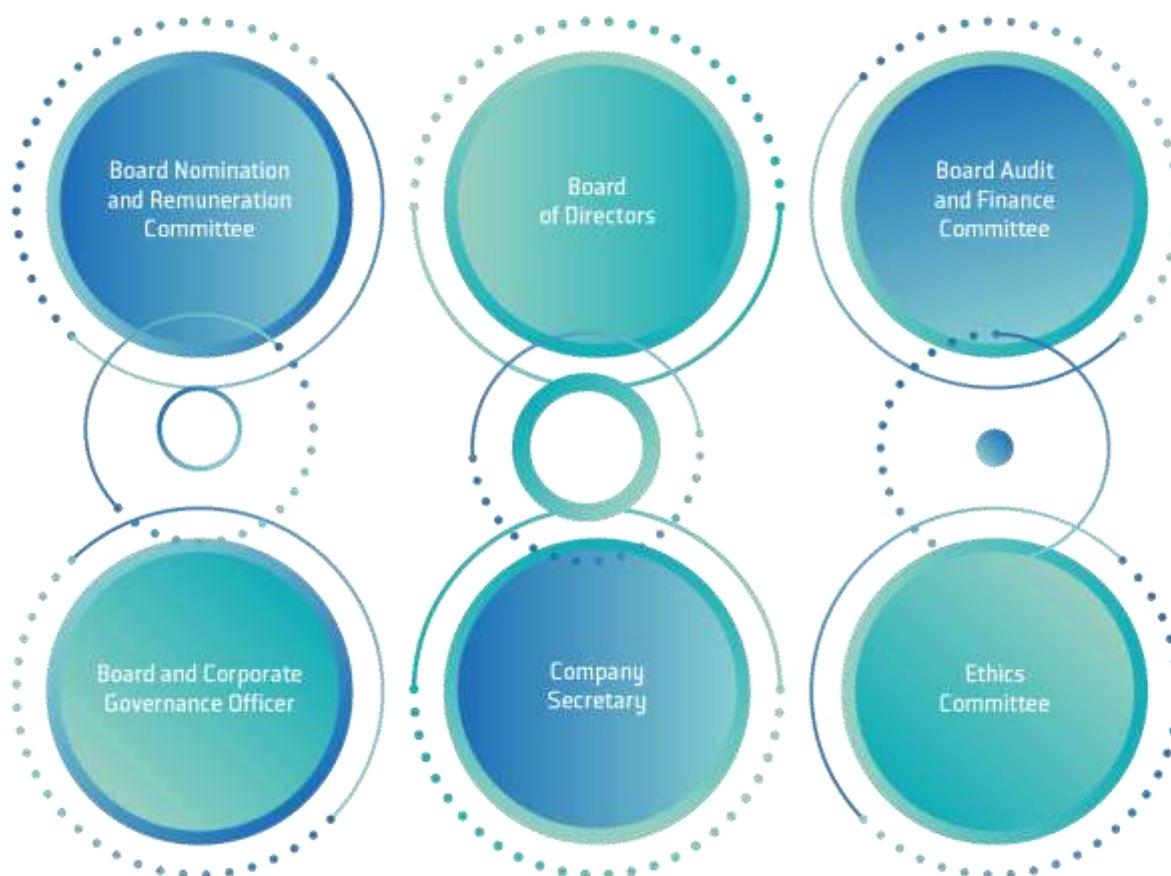
The decisions taken by the Executive Committee, and the announcement of the meetings to be held, are communicated to the remaining members of the Statutory Governing Bodies, including the Senior Independent Non-Executive Director and to the Chairman of the Statutory Audit Board.

Whilst carrying out its general duty of ensuring access to fully adequate information regarding the correct assessment of its own overall performance, the Executive Committee must deliver periodic reports on its activity to the remaining members of the Statutory Governing Bodies. The Committee must provide answers to their inquiries, in a timely and thoroughly manner, as well as implementing procedures aimed at facilitating the exercise of legal and statutory competencies attributed to such statutory governing bodies.

The members of the Executive Committee must consult the Board of Directors before accepting executive duties in Companies that are not part of Sonae Group, with the exception granted to those that are authorised by the Shareholders' General Meeting, in compliance with the principles adopted by the Company regarding the prevention of conflicts of interest.

Minutes are recorded in the respective minutes book.

## 29. Internal Committees and Advisory Groups of the Board of Directors



### Board Audit and Finance Committee (“BAFC”)

#### Role

The BAFC is an internal committee appointed by the Board of Directors, composed of Independent Non-Executive Directors, and its terms of reference are set out in procedures approved by the Board of Directors.

The BAFC is responsible for providing support to the Board of Directors and monitoring and evaluating the activity of the Executive Committee in carrying out its management responsibilities, not overstepping the Statutory Audit Board’s duties and responsibilities as an auditing body.

The BAFC regularly reports to the Board of Directors about its work, the conclusions that it has reached and proposes plans of action with the goal of proactively ensuring internal control and the functioning of the Company’s risk management system.

The duties of the BAFC, as an internal committee of the Board of Directors, are to:

- (i) Review the Company's annual and interim financial statements and earnings announcements to the market, and report its findings to the Board of Directors, giving the necessary support to the financial statements approval process;
- (ii) Advise the Board on its reports to shareholders and financial markets to be included in the Company's Annual and Half-year Financial Statements, as well as in the preparation of the quarterly earnings announcements;
- (iii) Advise the Board - including the evaluation of suggestions made by the Statutory Audit Board - on the adequacy and quality of information provided by the Executive Committee, and the systems and standards of internal business control applied by the Company;
- (iv) Monitor Internal Audit activity, in conjunction with plans validated by the Statutory Audit Board, reach conclusions and put these forward for consideration to the Board of Directors;
- (v) Assess operational procedures in order to ensure that internal control, effective management of risks, the timely distribution of information and the reliability of the process of preparing and disclosing financial information are monitored;
- (vi) Ensure the smooth flow of information with the Statutory Audit Board and process any requests made by it to the Board of Directors;
- (vii) Ensure that the Corporate Governance policies adopted by the Company are complied with, and that financial reporting standards and practices are adhered to;
- (viii) Monitor formal and informal key financial indicators reported about the Company, including reports published by rating agencies;
- (ix) Give its opinion about significantly relevant transactions made by the Company with related parties.

### Composition

The BAFC is composed of six members appointed by the Board of Directors. All members are Independent Non-Executive Directors. The composition of the Board Audit and Finance Committee during 2015 was as follows:

## Board Audit and Finance Committee

### A – Members of the Board Audit and Finance Committee during the mandate of 2011-2014 and who left office at the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015:

Michel Marie Bon

Álvaro Cuervo Garcia

Bernd Hubert Joachim Bothe

### B – Members of the Board Audit and Finance Committee for the present mandate of 2015-2018:

José Manuel Neves Adelino	Chairman – Non-Executive Independent
Andrew Eustace Clavering Campbell	Non-Executive Independent
Christine Cross	Non-Executive Independent
Tsega Gebreyes	Non-Executive Independent
Marcelo Faria de Lima	Non-Executive Independent
Margaret Lorraine Trainer*	Non-Executive Independent

*\*member elected for this Committee following a resolution of the Board of Directors approved on 19<sup>th</sup> January 2016.*

## Operating Rules

The BAFC meets at least five times a year and additionally whenever its Chairman, the Board of Directors or the Executive Committee deem necessary.

Minutes of all BAFC meetings are prepared and distributed to other Board members.

## Board Nomination and Remuneration Committee (“BNRC”)

### Role

The BNRC operates according to the Internal Regulation of the Board of Directors, and is responsible for:

- (i) Identifying potential candidates for appointment to the Board of Directors (in particular when the Board decides to co-opt a Board member) and provide oversight of succession planning, contingency planning and talent management in general for Board members and other senior management positions;
- (ii) Giving feedback, to the Board of Directors, on the proposed remuneration and compensation policy prepared by the Executive Committee and to be subsequently submitted to the Board of Directors for review, before the Board submits a final proposal to the Shareholders' Remuneration Committee for their approval and subsequent inclusion in the agenda of the Shareholders' Annual General Meeting to obtain the approval of shareholders;
- (iii) Analysing, when required by the approved internal processes, proposals for the remuneration of the Board of Directors, to be present and approved by the Shareholders' Remuneration Committee. All

proposals must be in line with the Company's Remuneration and Compensation Policy approved at the Shareholders' General Meeting;

- (iv) Supervising the remuneration resolutions taken by the Executive Committee for the group senior executives and senior executives who report directly to the Executive Committee;
- (v) Advising the Board on advance disclosures made by members of the Board of Directors in relation to accepting Outside Directorships and Other Significant Roles or Activities, as required by the Company's approved Conflicts of Interest Policy.

The BNRC shares with the Shareholders' Remuneration Committee access to specialist third party services from suitable entities recognised in the market as being competent and independent.

### Composition

The BNRC is composed of the Chairman of the Board of Directors, and three Independent Non-Executive Directors, also appointed from among the Board of Directors, having, during the year of 2015, its composition been as follows:

#### Board Nomination and Remunerations Committee

##### **A – Members of the Board Nomination and Remunerations Committee during the mandate of 2011-2014 and who left office at the Shareholders' Annual General Meeting, held on 30<sup>th</sup> April 2015:**

Belmiro Mendes de Azevedo

Michel Marie Bom

##### **B – Members representing the Board Nomination and Remunerations Committee for the present mandate of 2015-2018:**

Duarte Paulo Teixeira de Azevedo	Chairman – Executive Non-Independent
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José Manuel Neves Adelino	Non-Executive Independent
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Christine Cross	Non-Executive Independent
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Margaret Lorraine Trainer*	Non-Executive Independent
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\* member elected for this Committee following a resolution of the Board of Directors approved on 19<sup>th</sup> January 2016.

### Operating Rules

The BNRC meets at least once a year and additionally whenever its Chairman or the Board of Directors deem necessary. In addition to the formal meetings, BNRC members keep in touch through various forms of long distance communication. Minutes are kept of all meetings of this Committee.

### Ethics Committee

Following the approval of the Code of Ethics and Conduct in 2013, Sonae's Board of Directors appointed an Ethics Committee with the following main tasks:

- To promote and disseminate the Code of Ethics and Conduct to its main target audience;



- Consider and answer questions sent by the members of the Statutory Governing Bodies of the Group's companies, as well as those sent by employees, partners or third parties which fall within its scope, making recommendations it deems appropriate to the nature of each case;
- Check the existence of internal mechanisms to report irregularities and practices that violate the Company's Code of Ethics and Conduct, ensuring their compliance with the law, particularly in terms of confidentiality, the handling of information and the non-existence of reprisals for participants;
- Propose to the Board of Directors, after consulting the Company's Executive Committee, the approval of changes to the Code of Ethics and Conduct, whenever considered appropriate;
- Issue clarifications regarding the interpretation of provisions in the Code of Ethics and Conduct, on its own initiative, or after being requested to do so, by members of the Statutory Governing Bodies or employees;
- Receive, evaluate and forward reports of irregularities, received on a non-anonymous basis, to the respective responsible Statutory Governing Body, whenever the Ethics Committee considers such irregularities as violations of the Code of Ethics and Conduct;
- Regulate its operation and regularly report its activities to the Board of Directors, and the entities it is legally bound to report to, according to legislation or the Corporate Governance model adopted.

Sonae's Code of Ethics and Conduct is available at the Company's website <http://www.sonae.pt/en/investors/corporate-governance/>.

## Composition

### Ethics Committee

José Manuel Neves Adelino Chairman	Non-Executive Independent Director
José Côte-Real	Head of Human Resources Department
José Luís Amorim	Ombudsman
Luzia Gomes Ferreira	Head of General Counsel and Corporate Governance Department
David Graham Shenton Bain Secretary	Board and Corporate Governance Officer

## Operating Rules

The Ethics Committee meets at least twice every year and whenever its Chairman or two of its members convene a meeting. In addition to formal meetings, and if deemed necessary, the Ethics Committee's members keep in touch through various forms of long distance communication. Minutes are kept of all the Committee's meetings.

**Board and Corporate Governance Officer (“BCGO”)**

Main duties of the BCGO:

- (i) Ensure the smooth running of the Board of Directors and Board Committees;
- (ii) Participate in Board Meetings and relevant Board Committee Meetings and, when appointed, serve as a member;
- (iii) Facilitate the acquisition of information by all Board and Committee members;
- (iv) Support the Board in defining its role, objectives and operating procedures;
- (v) Take a leading role in organising Board evaluations and assessments;
- (vi) Keep under close review all Legislative, Regulatory and Corporate Governance issues;
- (vii) Support and challenge the Board of Directors to achieve the highest standards in Corporate Governance;
- (viii) Support the proceedings adopted by the Board of Directors to ensure that the stakeholders and the minority shareholders’ interests are taken into account by the Board when important business decisions are being taken;
- (ix) Support the procedure to nominate and appoint Directors and assist in the induction of new Directors;
- (x) Act as a primary point of contact and source of advice and guidance for, particularly, Non-Executive Directors regarding the Company and its activities;
- (xi) Facilitate and support the independent Non-Executive Directors to assert their independence;
- (xii) Ensure compliance with the CMVM Recommendations for Portuguese listed companies;
- (xiii) Participate in making arrangements for and managing the whole process of Shareholders’ General Meetings;
- (xiv) Participate in the arrangement of insurance cover for members of the statutory governing bodies;
- (xv) Participate, on behalf of the Company, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.

BCGO reports to the Board of Directors through its Chairman as well as, when appropriate, through the Senior Independent Non-Executive Director.



## Company Secretary

The Company Secretary is responsible for:

- (i) Keeping the formal minute books and attendance lists at the Shareholders' General Meetings;
- (ii) Forwarding the legal documentation to convene the Shareholders' General Meetings;
- (iii) Supervising the preparation of supporting documentation for the Shareholders' General Meetings and the meetings of the Board of Directors and preparing the respective formal minutes;
- (iv) Providing feedback, pursuant to the applicable legal provisions, to Shareholders' requests for information;
- (v) Legally registry any act or resolutions of the Company's Statutory Governing Bodies.

### 29.1 Activity developed by the Committees created by the Board of Directors

Non-Executive Directors bring an independent position to the continuous monitoring of the Executive Committee, with an important influence in the decision-making process and in the development of strategy and policy, both within the Board of Directors, as well as in the specialised committees of the Board of which they are a part (BAFC and BNRC).

During 2015, the Executive Committee managed the Company on a day-to-day basis, monitoring the business activity and enhancing strategic decision-making in accordance with the Board of Directors' competencies and within the framework of its respective power delegation.

The Executive Committee reports to the Board of Directors and remaining governing bodies on the work performed during the financial year, providing information on the adopted resolutions and the main actions implemented for the fulfilment of its competencies and duties.

The Ethics Committee has carried out its duties and continued to pursue its mission of disseminating the Code of Ethics and Conduct, issuing recommendations as to answer questions sent by members of the Governing Bodies, and reporting its activity to the Board of Directors.

### III - Audit

#### a) Composition during 2015 financial year

##### Statutory Audit Board

##### A – Members of the Statutory Audit Board during the mandate of 2011-2014 and who left office at the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015

Arlindo Dias Duarte da Silva

Jorge Manuel Felizes Morgado

##### B- Members elected for the mandate of 2015-2018:

Daniel Bessa Fernandes Coelho  
Chairman\*

Maria José Martins Lourenço da Fonseca\*\*

Manuel Heleno Sismeiro\*\*

Óscar José Alçada da Quinta\*  
Substitute

\* members who held office during the mandate of 2011-2014, being re-elected by resolution approved at the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015.

\*\* members elected for the mandate of 2015-2018, following a resolution approved at the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015.

### 30. Identification of the Supervisory Bodies

The Statutory Audit Board and the Statutory External Auditor are, in the currently adopted governance model, the Auditing bodies of the Company.

### 31. Composition

In accordance with the Company's Articles of Association, the Statutory Audit Board shall be composed of an odd or even number of members, with a minimum number of three members and a maximum number of five members, elected for a four-year mandate. One or two substitutes may be appointed if the Board is made up of three or more members, respectively.

The Statutory Audit Board members are elected at the Shareholders' General Meeting.

If the Shareholders' General Meeting fails to elect the members of the Statutory Audit Board, the Board of Directors must, and any shareholder may, petition the courts for the appointment thereof.

If the Shareholders' General Meeting does not designate the Chairman of the Statutory Audit Board, the Chairman shall be appointed by the members of the Statutory Audit Board.

If the Chairman leaves office prior to the end of the mandate for which he was elected, the other members must choose a substitute to exercise these duties until the end of its mandate.



The members of the Statutory Audit Board who are temporarily unavailable or whose duties have terminated shall be replaced by the substitute.

Substitutes who replace members whose duties have terminated, shall remain in office until the first Shareholders' Annual General Meeting, at which time the vacant positions shall be filled in.

In the event of not being possible to fill in a vacancy left by a member, due to a lack of elected substitutes, the vacant positions, both of members and of substitutes, shall be filled by means of a new election.

The Chairman and the substitute member of the Statutory Audit Board were first elected on 3<sup>rd</sup> May 2007 and later re-elected at the Company's Shareholders' Annual General Meeting, held on 27<sup>th</sup> April 2011, having concluded their mandate in 2014.

At the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015, the Chairman and the substitute member of the Statutory Audit Board were re-elected for a third mandate within the present four-year term of 2015-2018.

The remaining members of the Statutory Audit Board were elected at the Shareholders' Annual General Meeting held on the 30<sup>th</sup> April 2015, for a first four-year mandate of 2015-2018.

## **32. Independence**

All members are independent as required by article 414 paragraph 5 and are not in breach of any of the criteria for incompatibility as set out in article 414 A, paragraph 1, both of the Portuguese Companies Act. The Statutory Audit Board has carried out an assessment of the independence of its members, by obtaining an update on the written information previously provided on an individual basis.

## **33. Professional qualifications and curricular references of the members of the Statutory Audit Board**

The qualifications, experience and responsibilities of the members of the Statutory Audit Board are disclosed in Appendix I of the present Report.

### **b) Functioning**

## **34. Internal Regulation of the Statutory Audit Board**

The Internal Regulation of the Statutory Audit Board is available at the Company's website, <http://www.sonae.pt/en/investors/corporate-governance/>.



### **35. Statutory Audit Board Meetings**

Decisions are taken by simple majority, having the Chairman a casting vote if the Statutory Audit Board is composed of an even number of members.

The Statutory Audit Board meets at least four times a year and every time the Chairman or two of its members convene a meeting. In addition to the formal meetings, and if necessary, the members of the Statutory Audit Board maintain contact through long distance communications.

During 2015, 5 meetings were held, with an overall attendance rate of 100%. Minutes of all meetings of the Statutory Audit Board were recorded.

### **36. Availability of the Statutory Audit Board members**

Information on other positions simultaneously held by members of the Statutory Audit Board in other entities, whether or not in Sonae's group, as well as information on other relevant activities exercised during the present mandate, are disclosed in Appendix I to the present Report.

#### **c) Duties and Competencies**

### **37. Role of the Statutory Audit Board in the hiring of additional services from the External Auditor**


The Statutory Audit Board is responsible for the approval of additional audit services from the Statutory External Auditor.

To that effect and in compliance with the previously adopted policy, the Statutory Audit Board establishes, in the first meeting of each year, a work plan and timetable, comprising among other subjects, the coordination of tasks with the Statutory External Auditor including:

- Approval of the annual work plan of the Statutory External Auditor;
- Follow-up of work performed and review of conclusions of the audit work and of interim and annual statutory audits;
- Overseeing the independence of the Statutory External Auditor;
- Decision on the approval of the provision of services other than those related to audit, in compliance with 2013 CMVM Recommendation IV.2;
- Statutory External Auditor's annual activity assessment in compliance with 2013 CMVM Recommendation II.2.3.

In the assessment of criteria that supports the hiring of additional work from the Statutory External Auditor, the Statutory Audit Board confirms the existence of the following safeguards:

- the hiring of additional services does not affect the independence of the External Auditor;

- 
- the other additional services, other than the audit and the compliance and assurance services should not have a greater value than 30% of the total value of services provided;
  - the tax advisory services and other services are provided with high quality, autonomy and independence from the executed under the audit process;
  - the fulfilment of necessary assurances to guarantee independence and impartiality;
  - as from the 1<sup>st</sup> January 2016, the services provided are in strict compliance with the terms established by Law no. 140/2015, of 7<sup>th</sup> September, which approves the new Statute of the Portuguese Institute of the Statutory Auditors.


### **38. Other duties carried out by the Statutory Supervising Bodies**

#### **38.1 Statutory Audit Board**

The Statutory Audit Board is the Company's supervisory body and its duties include, amongst others:

- (i) Supervising the management of the Company;
- (ii) Ensuring that the law, the Company's Articles of Association and internal procedures are observed;
- (iii) Verifying the regularity of all books, accounting registers and supporting documents;
- (iv) Verifying, whenever deems convenient, and in the manner deemed appropriated, the extension of cash and of stock of any kind of goods or other values that belong to the Company or that were received by the Company as a guarantee, deposit or otherwise;
- (v) Verifying the accuracy of the financial statements, monitoring the process of preparation and disclosure of financial information and presenting recommendations aimed at insuring their integrity;
- (vi) Verifying of the accounting policies and valuation criteria adopted by the Company are conducive to a correct evaluation of its assets and results;
- (vii) Drawing up an annual report for shareholders on the supervision of the Company, including a description of audit work carried out, possible restrictions encountered in the course of that work, and issuing a statement of opinion on the annual report, accounts and proposals presented by the management;
- (viii) Convening the Shareholders' General Meeting, whenever the Chairman of the Board of the Shareholders' General Meeting fails to do this in circumstances when it was necessary;
- (ix) Supervising the efficiency of the risk management system, the internal control system and the internal audit function;

- (x) Receiving notification of irregularities presented by shareholders, Company's employees or others;
- (xi) Appointing and hire services from experts to help one or more of its members in the exercise of their duties. The hiring and fees of these experts should take in consideration the importance of the subjects appointed and the financial situation of the Company;
- (xii) Acting as the primary interface of the Company with the External Auditor, and proposing his appointment or replacement, as well as his remuneration to the Shareholders' General Meeting, as well as the review of his performance, while ensuring that the right conditions exist within the Company for the External Auditor to appropriately carry out his work, being the first point of contact with the auditor and the first to receive audit reports, without prejudice of the duties and competencies of the Board of Directors on this subject;
- (xiii) Supervising the auditing of the Company's financial statements;
- (xiv) Supervising the existence and maintenance of the Statutory External Auditors' independence;
- (xv) Approving any audit or non-audit services to be provided by the External Auditor and approve its remuneration. The provision of such services, as from 1<sup>st</sup> January 2016, shall be in strict compliance with the rules applying to the provision of such services, in accordance with the established by Law no. 140/2015, of 7<sup>th</sup> September;
- (xvi) Issuing a specific report if the auditors have not been replaced at the end of two mandates, giving due consideration to the degree of independence of the auditor under these circumstances and the advantages and costs of replacing them;
- (xvii) Supervising the activity carried out by the internal audit;
- (xviii) Giving a prior opinion about transactions involving significant business conducted between the Company and shareholders holding qualified shareholdings, or entities with which these are related, in the terms set forth in article 20 of the Portuguese Securities Code, and according to procedures and criteria to be defined by the Board;
- (xix) As from the 1<sup>st</sup> January 2016, the supervisory governing body is subject to compliance with the competencies and duties established by Law no. 148/2015, of 9<sup>th</sup> September, which approves the Legal Framework of Auditing Supervision, transposing into national law the Directive 2014/56/EC of the European Parliament and of the Council, of 16<sup>th</sup> April 2014, amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, ensuring the execution into national law of Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16<sup>th</sup> April 2014, on specific requirements regarding statutory audit of public interest entities, namely those under article 3 of the preamble decree and article 24 of the Regime;

- 
- (xx) Comply with any other attributions defined by the applicable law or the Company's Articles of Association.

In order to carry out its duties, the Statutory Audit Board has a meeting at the beginning of each financial year to plan out the year's work. This plan includes:

**A - Monitoring the business activity of the Company and the interaction with the Executive Committee and the Board of Directors through the Board Audit and Finance Committee, in particular:**

- Assessing how the internal control and risk management systems are working;
- Assessing the financial statements and the disclosure of financial information;
- Issuing opinions and recommendations.

**B - Supervising the activity of Internal Audit and Risk Management, covering:**

- Annual activity plan;
- Receiving periodic reports on their activity;
- Evaluating results and conclusions reached;
- Checking and evaluating the existence of possible irregularities that have been forwarded to them;
- Issuing guidelines, as and when deemed appropriate.

**C- Information on irregularities (whistleblowing):**

Follow up on the work of the Ombudsman, on a half yearly basis, approving procedures for the receiving and handling of complaints and/or communication of irregularities and critically evaluating the manner in which complaints are managed and resolved.

The Statutory Audit Board is also responsible for receiving irregularities in strict accordance with article 420, paragraph 1, subparagraph j), of the Portuguese Companies Act, whether directly addressed to it, or reported to the Ethics Committee or another governing body.

### **38.2 Statutory External Auditor**

The Statutory External Auditor is the statutory supervisory body responsible for legally certifying the Company's financial statements. His main responsibilities are:

- (i) Verifying the accuracy of all books of account, accounting transactions and supporting documents;
- (ii) Whenever it deems convenient and by the means that it considers to be appropriate, verifying the accuracy of cash and stocks of any kind, of the assets or securities belonging to the Company or received by it by way of guarantee, deposit or other purpose;
- (iii) Verifying the accuracy of the financial statements, and expressing an opinion on them in the Accounts Legal Certification and in the Statutory Auditor Board's Report;

- (iv) Verifying whether the accounting policies and valuation criteria used lead to a fair valuation of the assets and results of the Company;
- (v) Carrying out any examinations and checks necessary to the audit and legal certification of the accounts and carry out all procedures required by law;
- (vi) Verifying the application of remuneration policies and systems, and the effectiveness and working of internal control procedures, reporting any weaknesses to the Statutory Audit Board in accordance with, and within the limits of his legal and procedural duties;
- (vii) Attesting if the Company's Governance Report includes the information referred to in article 245 of the Portuguese Securities Code.

As from the 1<sup>st</sup> January 2016, the duties and services provided by the Statutory External Auditor are in strict compliance with the new Statute of the Portuguese Institute of the Statutory Auditors, under the terms established by Law no. 140/2015, of 7th September.

## IV - Statutory external auditor

### 39. Identification

The Company's Statutory External Auditor is Deloitte & Associados, SROC, S. A., and is represented by António Marques Dias.

### 40. Permanence in Functions

The Statutory External Auditor has completed its third four-year mandate in 2014, and was re-elected for a new mandate, based on a proposal by the Statutory Audit Board, presented to and approved by the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015.

The proposal for the re-election of Deloitte & Associados, SROC, SA for a new mandate, which was presented by the Statutory Audit Board to the Shareholders' General Meeting, was, in accordance with the terms recommended, supported by its analysis made in relation to the preservation of the independence status of the auditor and the disadvantages of replacing it.

Follows the transcription of the proposal presented by the Statutory Audit Board at the Shareholders' Annual General Meeting, held on 30<sup>th</sup> April 2015, available for consultation at the Company's website <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders/>:

*"Aiming at the exercise of its responsibility towards the proposal for the nomination of the Statutory External Auditor to the Shareholders' General Meeting, the Statutory Audit Board performed a detailed analysis, having concluded that the competence, reputation, and experience of the actual Statutory External Auditor, and the independency with which it has been exercising its attributions, support the option of its continuation, seeing that continuation in office does not affect its independency, nor does it generate costs of*





*replacement arising from the loss of its historical record of knowledge and from its importance for the efficiency of the audit and review, as long as the independence and impartiality of action is assured, as it is the case.*

*Additionally, the representing partner of the Statutory External Auditor Company in exercising, took up his assignment in the year of 2011, under a policy of rotation, which becomes effective according with the best practices of compliance, assumed by this Statutory Audit Board, namely the implementation of the Recommendation IV.3 of the Portuguese Securities Commission (CMVM) Corporate Governance Code.*

*In preparing this proposal, the Statutory Internal Auditor considered the publication of the EU Regulation no. 537/2014, which determines a limit of 10 ten years regarding the duration of the Statutory External Auditor mandate, having the Member States the possibility to reduce such period, and additionally establishes a transitorily regime that, in the Company's case, makes the rotation of the External Auditor mandatory, only, in the year of 2023.*

*Considering all the factors in equation, it was unanimously deliberated by the Statutory Audit Board, to propose to the Board of Directors the re-election, towards a new mandate, of the current Statutory External Auditor, being the Statutory Audit Board convinced that its permanence exercising its attributions does not eliminate or condition the integrity and independency with which it has been exercising them."*

The above described permanence period in functions also applies to wholly owned subsidiaries of the Company.

#### **41. Other services provided to the Company**

Deloitte & Associados, SROC, S.A is the Company's External Auditor and provides, under the supervision of the Statutory Audit Board, among other services, assurance and tax consulting services.

### **V - External auditor**

#### **42. Identification**

The Company's External Auditor is, in compliance with the article 8 of the Portuguese Securities Code, Deloitte & Associados, SROC, SA, registered with no. 231 at the Securities Market Commission, and represented by António Marques Dias.

#### **43. Permanence in Functions**

The External Auditor has completed its third four-year mandate in 2014, and was re-elected for a new mandate in 2015, based on a proposal presented by the Statutory Audit Board. The representing partner was replaced in 2011.

The Statutory Audit Board has grounded its decision of proposing the renewal of the External Auditor's mandate, on the motivation previously exposed in paragraph 40, which is set forth herein.

The above described permanence period in functions also applies to Sonae Group companies.

#### **44. Policy and frequency of rotation of the External Auditor**

The Statutory Audit Board has adopted the principle of not replacing the External Auditor after the end of two four-year mandates if, after careful assessment, it has concluded that the supervisory of its activity after that said period does not interfere with the independence of the External Auditor, and the advantages and costs of renewing the mandate outweigh its replacement.

Without prejudice to the abovementioned assessment made by the Statutory Audit Board regarding the re-election of the External Auditor Deloitte & Associados, SROC, SA, compliance was ensured in 2011 as to the obligation to rotate the representing partner of Deloitte with responsibility for the direct execution of the accounts revision, having such representing partner kept such position with the re-election of Deloitte as the Company's External Auditor at the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015.

As from the 1<sup>st</sup> January 2016, the term of the mandate is subject to the rules established by Law no. 140/2015, of 7<sup>th</sup> September, which approves the new Statute of the Portuguese Institute of the Statutory Auditors, namely its article 54, without prejudice to the maintenance of duties carried out until the end of the current mandate and the appointed time in accordance with article 3, paragraph 5 of the abovementioned law.

#### **45. Statutory Governing Body responsible for the External Auditor's assessment**

The Statutory Audit Board oversees the performance of the External Auditor and the work developed during each exercise, considers and approves the additional work to be provided and, annually, prepares an overall appraisal of the External Auditor, which includes an assessment of their independence.

#### **46. Additional work, other than audit services, performed by the External Auditor and respective hiring process**

Additional auditing services were provided by the External Auditor to the Company, and to Sonae Group companies, in accordance with the previously defined policy, specifically approved by the Statutory Audit Board, which recognised that the hiring of additional services did not affect the independence of the External Auditor, and were in the general interests of the Company, given the expertise of the service provider, the quality of the services provided in the areas concerned and the provider's knowledge of the Company and the Group.

As an additional safeguard, the following measures were taken:

- The additional Compliance and Assurance Services did not expressively make up more than 30% of the total value of services provided;
- Tax consultancy services and other services were provided by different teams from those involved in the audit work;
- Total annual fees paid in Portugal by Sonae to the Deloitte Group in 2015 represented less than 1% of their overall fees in Portugal;
- The quality system used by Deloitte (internal control), according to the information provided by the Company, monitors the potential risks of a loss of independence and possible conflicts of interest with Sonae, while also ensuring that the quality of the services provided are in compliance with the rules of ethics and independence.

The Statutory External Auditor sent to the Statutory Audit Board, under the provisions of paragraph 6 of Article 24 of Law no. 148/2015, of 9<sup>th</sup> September, which approves the Legal Framework of Auditing Supervision, a statement of independence, in which the services rendered by him or by other entities and the precautionary measures taken are described. These measures are duly considered by the Statutory Audit Board, whose responsibility it is to give an opinion on their adequacy.

#### 47. Remuneration of the External Auditor

The remuneration paid to the Statutory External Auditor and to the External Auditor, Deloitte & Associados, SROC, SA, by proposal of the Statutory Audit Board, and to other individuals and entities of the same company network, supported by the Company and/or by corporate entities in a control relation with the latter, are as follows, analysed by type of service:

Remuneration paid by the Company	2014*		2015*	
Statutory Audit and Accounts Certification	29,503	100%	29,641	100%
Total	29,503	100%	29,641	100%

\*Amounts in euros.

Remuneration paid by the Group's Companies	2014*		2015*	
Statutory Audit and Accounts Certification	1,044,174	66%	1,249,563	59%
Other Compliance and Assurance Services	233,435	14%	657,879	30%
Tax Consultancy Services	0	0%	118,717	0%
Other services	313,093	19%	99,655	19%
Total	1,590,702	100%	2,125,814	100%

\*Amounts in euros.

## C. Internal Organisation

### I - Articles of Association

#### 48. Rules applicable in the case of amendments to the Company's Articles of Association

Amendments to the Company's Articles of Association follow the terms set out in the Portuguese Companies Act, requiring a majority of two thirds of the votes cast for such a resolution to be approved at a Shareholders' General Meeting.

For a Shareholders' General Meeting to be held, in the first occasion it is convened, the Company's Articles of Association require that a minimum of 50% of the issued share capital should be present or represented at the meeting.

### II - Reporting irregularities (whistleblowing)

#### 49. Policy on reporting Irregularities

Sonae's values and principles are widely spread and deeply rooted in its business culture, and form the basis of its actions. These are founded upon principles of awareness and absolute respect for the rules of good conduct in the management of conflicts of interest and duties of diligence and confidentiality in dealings with third parties. The Company's values and principles can be consulted at - <http://www.sonae.pt/en/investors/corporate-governance/>.

#### Reporting to the Statutory Audit Board

All reports of irregularities can be directly addressed, in writing, to the Statutory Audit Board to the following address: Lugar do Espido, Via Norte, 4470-157 Maia, as provided at the Company's website – <http://www.sonae.pt/en/contacts/>.

#### Code of Ethics and Conduct

The Board of Directors approved a new version of the Sonae Code of Ethics and Conduct, which was published in December 2013. In accordance with Sonae's principles and values, the Code of Ethics and Conduct establishes rules of conduct as well as the ethical and moral principles and conventions to be complied with by the Board of Directors, other Statutory Governing Bodies and employees, while carrying out their duties in all Group business units, and extends to their relationship with clients, suppliers and other stakeholders. It also applies to third-party entities, contracted by or acting on behalf of Sonae, whenever the Company may be held accountable for their actions.

The Sonae Code of Ethics and Conduct is available at:

<http://www.sonae.pt/en/investors/corporate-governance/>.



The Code of Ethics and Conduct was created with the fundamental objectives of:

- (a) Establishing principles that guide the activities of the Sonae Group of companies, and setting rules of ethical and moral nature that are expected to guide the behaviour of all of its employees and Statutory Governing Bodies. It includes promoting the adoption of ethical and moral principles and conventions by our partners;
- (b) Promoting and encouraging the adoption of the guiding principles and rules of conduct defined in the Code of Ethics and Conduct, which reflect the Company's values regarding the relationships between employees, Governing Bodies, Sonae and its remaining stakeholders;
- (c) Consolidating Sonae's institutional image, which is characterised by determination, dynamism, enthusiasm, creativity and openness.

In addition to the Code of Ethics and Conduct, Internal regulations covering conflicts of interest and related party transactions also remains in force.

Employees are also made aware internally of the Code of Ethics and Conduct, which appears in periodic communications within the Sonae companies. During 2015, as in the previous years, the Company promoted e-learning internal training courses concerning business ethics, covering whistleblowing policies and procedures, clarifying staff responsibilities as well as the company's management bodies, and presenting practical examples of situations involving: conflicts of interest, privacy, information confidentiality and integrity, staff relationships and those with suppliers and business partners. During 2015, the referred e-learning training courses were made available to Sonae Group companies' employees and members of the Statutory Governing Bodies.

The Ethics Committee has the responsibility of receiving and forwarding reports involving members of the Governing bodies, the Ombudsman, Investors in a broad sense, and any other matter considered to be worthy of investigation.

The Ethics Committee forwards to the Statutory Audit Board any reports that might indicate alleged irregularities, under the terms established in Article 420, paragraph 1, subparagraph j) of the Portuguese Companies Act.

Any report of irregularities must be sent, on a non-anonymous basis, to the email address of the Ethics Committee: [comissaoetica@sonae.pt](mailto:comissaoetica@sonae.pt).

The Ombudsman has the responsibility of receiving and assessing reports of irregularities namely related with the Company' standards, provision of services to clients/suppliers, involving employees, clients or suppliers and other service providers to the relevant bodies.

The Ombudsman delivers a six-monthly summary to the Statutory Audit Board, disclosing the irregularities reported and actions taken.

Reports addressed to the Ombudsman can be sent to his email address: [provedoria@sonae.pt](mailto:provedoria@sonae.pt).



### III - Internal Control and Risk Management

#### 50. Individuals, bodies or committees responsible for internal audit and / or implementation of internal control systems

Risk Management is deeply rooted in Sonae's culture and is one of its key Corporate Governance practices. It forms part of all management processes and is the responsibility of all employees of Sonae, at all levels of the organisation.

The main goal of Risk Management is to create value by managing and controlling opportunities and threats that can affect business objectives and the going concern of Sonae's businesses. Risk Management, alongside with Environmental Management and Social Responsibility, are pillars of sustainable development in the sense that better understanding and more effective management of risks contribute to the sustainable development of businesses.

Risk Management is the responsibility of all Sonae's managers and employees, and is supported by the Risk Management, Internal Audit and Planning and Management Control Departments, at all levels of the organisation, and through specialised teams, which report directly to their respective Boards of Directors.

The Risk Management department's mission is to help companies reach their objectives via a systematic and structured approach in identifying and managing risks and opportunities.

The Internal Audit department identifies and evaluates the effectiveness and efficiency of management and control of business processes and information systems. The Internal Audit department is supervised by the Statutory Audit Board.

The Management Planning and Control department promotes and supports the integration of risk management into the management and planning control processes of the Company's businesses.

Financial and accounting information reliability and integrity risks are also evaluated and reported upon by the External Audit activity.

#### 51. Hierarchy/or functional relationships with other Company's Bodies

The Statutory Audit Board monitors the internal control and risk management systems, supervises its activity plan, receives periodic reports on the work performed, assesses the results and conclusions drawn and gives guidelines as it deems necessary.

The External Auditor verifies the effectiveness and functioning of internal control procedures in accordance with the work plan appointed by the Statutory Audit Board, to which it reports the conclusions drawn.

The Board of Directors, through the Board Audit and Finance Committee, monitors the Internal Audit and Risk Management activities.



## 52. Other Functional Areas with Risk Control Competencies

Each one of the Group's functional structures takes responsibility in controlling and monitoring risks related with their duties, namely the Planning and Management Control, Board Audit and Finance Committee, Legal Advisory and Corporate Governance, Finance, Tax, Legal, Human Resources, Communication, Brand and Corporate Responsibility, Institutional Relations, Investor Relations, Administrative and Innovation, Future Technology and Continuous Improvement departments.

## 53. Identification and Classification of Main Risks

### Economic Risks

#### Macro-economic Influences:

The current global adverse economic environment, and in particular the economic downturn in Portugal, with significant reductions in levels of private and public consumption, impacts Sonae's businesses. Several initiatives have been launched to mitigate this risk, which include inter alia internationalization of main businesses, stricter cost control measures, launching of innovative and alternative offers, and adapting to the adverse economic context by launching promotions and products tailored to the changing consumer needs.

#### Competition:

The main competition risks are the entrance of new competitors, mergers and acquisitions opportunities, the repositioning of current competitors or the actions they might take to reposition themselves to win new markets and gain market share (price conditions, promotional activity, new businesses, innovation). The inability to be competitive in areas such as pricing, product range, quality and service can have a negative impact on the financial results of the Group. In order to minimize this risk, Sonae constantly benchmarks competitor's actions and invests in improved or new formats, businesses and products/services in order to always offer its customers innovative proposals.

#### Customers:

One of the fundamental risk factors is the possibility of changes in consumer behaviour, especially as a consequence of economic and social factors. Customers frequently change their expectations and preferences, which imply a continuous adaptation and optimization of business concepts and offers.

In order to anticipate consumer needs and market trends, Group companies analyse information about consumer behaviour on a regular basis with more than 100,000 customers interviewed per year. The introduction of new products, concepts and technologies is always tested using pilot schemes before being implemented globally. The Group also invests in the refurbishment of stores and of shopping centres and in launching IT services (including transactional sites) to ensure that they retain their attractiveness for customers and cope with the pace of technological innovation challenges.

#### Brand:

The risks associated with brands come from the negative impacts arising from extraordinary events affecting image and reputation. The Group periodically monitors brand image value, their attributes and their reputation through customer opinion surveys, research by specialist entities and market studies. The Group also performs continuous follow-up of brand reputation, namely through press analysis, opinion articles issued by the media and in blogs. Sonae's brands are regularly granted national and international awards, which recognize excellence in specific products/services, business processes and innovation achievements.

In 2015, preventive and safety audits were conducted in different locations of the business units. In the main business units, tests and simulations were made to emergency and preventive systems and plans, usually in the presence of civil protection services, security forces and fire brigades. The development and implementation of security standards, and related monitoring and self-assessment procedures (Control Risk Self-Assessment) also continued.

Sonae considers Safety and Health as an essential part of the sustainable development of its businesses. It motivates its staff and is a differentiating driver of our success. Aware of the importance that the preservation of lives and assets has as a fundamental pillar of sustainability and business growth, Sonae developed Social Responsibility actions through a strong commitment in the prevention of work accidents, eliminating and/or minimizing their causes and promoting permanent attention to Safety and Health.

Evaluating risks and designing, together with business units, actions to minimize them is a continuous process, particularly through training programs, close ties with staff in their working environment, performance of safety walks, audits and drills.

Aware of the importance that the preservation of lives and assets has as a fundamental pillar of sustainability and business growth, Sonae developed Social Responsibility actions through a strong commitment in the prevention of work accidents, eliminating and/or minimizing their causes and promoting permanent attention to Safety and Health.

Top management of retail businesses believe that Health and Safety at work are of corporate and strategic value, inspiring and guiding business decisions on a daily basis, clearly reinforcing Sonae's culture of health and security.

The Health and Safety department of Sonae Retail Business Units, is a strategic business partnership, whose activity is focused not only in the prevention of accidents and occupational illnesses, but also in the improvement of working conditions to ensure the staff well-being and, consequently, enhancing their performance and productivity level.



As a consequence of the evaluation in 2014 of Safety Management at Sonae MC, performed by DuPont, internationally renowned partner in the area of Health and Safety, a project was launched in 2015 to develop and implement actions that were identified in that evaluation.

The above-mentioned project, named S20 – Health and Safety in the operations, has the main purpose of promoting an internal Group culture of health and safety at work, allowing Sonae MC to be recognised as a benchmark for health and safety at work standards in the retail sector.

One of the initiatives developed was the approval by Sonae MC's top management, of a Vision and a Health and Safety Policy, from which we highlight: "The health and safety of our employees, customers and partners is non-negotiable in our company".

Additionally to the Vision and Policy, several other initiatives were undertaken: training of all top management at Sonae MC, including directors as well as managers in Health and Safety leadership; implementation of a Safety Preventive Observations program aiming at observing and correcting unsafe behaviour through feedback and monitoring in the field of employees; and the definition of clearer and more robust safety procedures.

The abovementioned actions and the subsequent integration of Health and Safety at Work in daily operations, have generated outstanding results in 2015, with a decrease of 9.78% in the frequency index and of 11.36% in Sonae MC's work accident severity index, compared with 2014.

Safety and Health management at Sonae Sierra aims to prevent and anticipate accidents, thus protecting its employees and all relevant stakeholders (including visitors, tenants and suppliers).

"Zero accidents" is the objective to which Sonae Sierra aspires through the implementation of its corporate Safety, Health and Environment Management System.

The set-up of Sonae Sierra's Safety and Health culture began with the PERSONÆ Project in 2004, whose final output was a cross-organizational Safety and Health culture within Sonae Sierra. This required implementing processes and actions, strictly aligned with the corporate Safety and Health policy and objectives, aimed at minimizing and controlling all people related risks that arise from Sonae Sierra activities in all Shopping Centres in operation and in all Development Projects. In total, within the PERSONÆ project, 5 million euros were invested and the project involved more than 70,000 people among Sonae Sierra employees and tenants in Portugal, Spain, Italy, Germany, Greece and Brazil. This project, concluded in 2008, has evolved into Sonae Sierra's Safety, Health and Environment Management System, which continues to hail the same high standards and commitment levels to minimize people related risks.

This effort was recognised through Sonae Sierra's corporate OHSAS 18001 certification in 2008, which was the first ever awarded in Europe to a Shopping Centre company. OHSAS 18001 certifications were additionally attained for all new development projects since 2009 and the 34 Shopping Centres currently in operation are individually certified with OHSAS 18001.

Regarding additional external recognition, in 2011 Sonae Sierra was a Dupont Safety Awards finalist, for its exemplary performance and dedication to build safer Shopping Centres for children. Sonae Sierra was also distinguished in that year at the “European Risk Management Awards” in the “Most Innovative Use of IT or other Technology” category, for its Inspections System in the Safety and Health area. In 2009, Sonae Sierra has also been granted the European Risk Management Award for “Best Training Program” and, in 2007, the Dupont Safety Award for Visible Management Commitment.

In 2015, Sonae Sierra has reduced the number of its workforce work accidents (per million hours worked) by 43%, due to a significant commitment to the prevention of *in itinere* incidents, which represent the most frequent form of accident. The severity of this type of incident has also reduced significantly to 63%. Regarding Sonae Sierra construction sites, although there is a record of 3 occupational accidents with construction contractors, we consider 2015 to be a well-performing year in terms of Safety and Health. We further noted a slight decrease in the number of accidents with medical care amongst our Shopping Centres visitors, mainly resulting from falls in the pavements. This has been identified as a priority issue to be addressed during 2016.

Sonae signed the World Safety Declaration at the end of 2005, making a worldwide commitment by its businesses towards safety at work. Sonae was one of the founder members together with major worldwide corporations.

#### **Business continuity management:**

In Sonae Core businesses, projects and programmes continued to be developed in order to guarantee the continuity of operations and information systems, through defining, revising and implementing procedures and processes to prepare for crisis and catastrophic scenarios, particularly through developing emergency, contingency and recovery plans for business and information systems.

#### **Environmental risks:**

In the area of environmental risks, several environmental certifications have been obtained, audits were performed and improvement actions were implemented as part of Environmental Management Systems processes in the Group’s sub-holdings.

Sonae Investimentos has been awarded certification for its corporate Environmental Management System in 2007 according to the ISO 14001 standard by Lloyds Register Quality Assurance. Since then, the EMS has been annually audited and its certification maintained. In 2010, the EMS was adapted to the new Sonae Retail organization, and again has been certified. This program, among others factors, enables day-to-day environmental risks of the company’s business to be managed.

In addition, and during 2015, Sonae Retail has continued its program of environmental certification of operational units, adding 12 new Continente Hypermarkets and 2 Worten units. At the end of 2015, Sonae Retail holds, in Portugal, 52 certifications (26 Continente, 8 Continente Modelo, 2 Continente Bom Dia, 9 Worten and 6 Warehouses, plus the Meat Processing Centre), as well as 3 Worten units in Spain. These certified operational units act as environmental flagships for all other units.





Sonae Sierra's Safety, Health and Environment Management System covers these risks for all Sonae Sierra's activities, including procurement, construction and the operation of Shopping Centres.

In 2015, 91% of Sonae Sierra Shopping Centres were individually granted ISO 14001 certification, setting the grounds for the following corporate achievements, in the period 2002 to 2015:

- Electricity consumption fell 43%;
- Recycling rates increased from 21% to 61% of total waste generated;
- Water efficiency improved 20%.

During the development phase of Shopping Centres, 26 of Sonae Sierra's construction projects were granted individual ISO 14001 certification for their outstanding environmental practices during construction.

As a significant highlight of 2015 performance, the Global Real Estate Sustainability Benchmark (GRESB) Foundation granted, once again, Sonae Sierra with the Green Star label. Based on GRESB evaluation criteria, Sonae Sierra was granted the 2<sup>nd</sup> place, regarding its European peer group, and the 7<sup>th</sup> place, regarding retail sector entities. This internationally recognised ranking awarded Sonae Sierra's sustainable strategy, with a vision that encompasses environmental and social measures, as well as economic profitability.

#### **Change Project Risks:**

Risks associated with critical business processes and major change projects, especially the introduction of new processes and major changes to information systems, were assessed and monitored, both as part of Risk Management work as well as Internal Audit activity.

#### **Insurable risks:**

In relation to the transfer of insurable risks (technical and operational), the objective of rationalizing the financial transfer of these types of risk continued, either by searching to establish a tailored insurance capital structure for the capital sums at risk, based on the constant changes in the businesses involved, or by reaching even greater critical mass for the kinds of risks involved. Insurance coverage and retention levels have also been optimised in accordance with the needs of each business, ensuring internally effective insurance management worldwide, using Brokers Link, Sonae's worldwide insurance brokerage network, coordinated by MDS, Sonae's insurance consultants.

#### **Food safety risks:**

In Sonae MC, a programme of food safety audits was implemented and consolidated in stores, cafeterias, warehouses and production centres, leading to reporting of main conclusions and recommendations for corrective actions.

This audit programme has the goal of checking systematically compliance with food safety regulations and internal procedures.

In 2015, 1150 food safety audits were performed.

## Information, Information Systems and Communication Risks

Sonae's businesses Information Systems are characterised as being broad ranging, distributed and heterogeneous. From the information security point of view, several risk reduction actions have been developed to ensure confidentiality, availability and integrity of information, including: implementing high availability systems and network infrastructure redundancy; controlling the quality of flows between applications; managing accesses and profiles; and strengthening mechanisms for data network perimeter protection.

During 2015, several information systems security awareness-training sessions were undertaken, with the presence of staff at all levels and of all functions. Towards the end of 2012, Sonae adhered to the World Economic Forum Partnering for Cyber Resilience initiative, pledging to follow its principles and guidelines.

During 2015, information systems audits were carried out, in several domains that support main business processes with the objective of identifying and correcting potential vulnerabilities that can have a negative impact in the business and in the protection of information. In addition, information systems management and governance audits were also undertaken, using *framework Cobit V5* as a reference.

## Financial Risks

Sonae's businesses are exposed to a variety of financial risks related to its business activities, including interest rate risk, foreign currency risks, liquidity risk, credit risk and counterparty risk. These risks are detailed further in the notes to the Sonae consolidated financial statements. Due to the varied nature of the different Sonae businesses, exposure to these risks may vary from business to business, and thus there is no Group level risk management policy covering all activities of the Group. Instead, the Group prefers to develop individual risk policies adapted to each business. The Group is also exposed to debt and equity markets fluctuations. During 2015, and in order to minimize potential adverse effects of the volatility of financial markets, in addition to individual policies to manage each identified financial risk and control mechanisms to identify and quantify such exposures, Sonae's businesses may also use derivative instruments to hedge certain exposures related to their operating business or, particularly in the case of credit risk, transfer such risk to third parties, through credit insurance, bank guarantees or standby letters of credit, amongst other similar instruments. Each Board at business level approves financial risk policies and each business's Financial & Treasury Department identify and monitor exposures. Exposures are also monitored by the Finance Committee, at which a consolidated exposure analysis is reviewed and reported on a monthly basis, and guidelines for risk management policies are defined and regularly reviewed.

The system implemented thus ensures that at any moment the appropriate policies for managing financial risk are adopted so that there is no adverse impact on Sonae Group's strategic objectives.

Sonae Group's position in relation to financial risks is conservative and cautious, and when derivative instruments are used to hedge certain exposures related to its normal operating business, the Group follows a policy of not entering into derivatives or other financial instrument arrangements that are unrelated to its operating business and have speculative purposes.



## **Legal, Tax and Regulatory Risks**

Sonae and its businesses have the support of legal and tax departments permanently dedicated to the respective activities and under management's supervision, and exercising their competencies in interaction with other functions and departments, in order to pre-emptively ensure the protection of Sonae's and its businesses interests in compliance with their legal obligations and best corporate governance practices.

The teams in these departments have specialised training and participate in in-house and external training courses to update their knowledge.

Legal and tax advice is also provided, nationally and internationally, by outsourced resources selected from firms with established reputations and which have the highest standards of competency, ethics and experience.

The Company's more relevant pending litigation is identified in the notes to the Sonae consolidated financial statements.

Sonae and its businesses are obliged to comply with national and international laws and regulations for each market in which they operate, aiming to ensure: consumer safety and protection, employees' rights, environmental protection and compliance with local and country planning regulations, compliance with sector regulations and the maintenance of open and competitive markets. Due to this fact, Sonae is naturally exposed to the risk of changes in law and regulations that may impact business as usual and consequently affect or impede the achievement of its strategic objectives.

The Sonae Group acts in constant collaboration with the authorities in order to comply with laws and regulations. Such collaboration takes in some cases the form of comments on public consultation launched by national or international authorities. Moreover, the growing international presence of Sonae's companies involves specific risks related to the different nature of local legal frameworks.

## **54. Description of risk management processes: identification, assessment, monitoring, control and management**

Risk Management is integrated into Sonae's entire planning process, as a structured and disciplined approach that aligns strategy, processes, people, technologies and knowledge. Its goal is to identify, evaluate and manage uncertainties and threats that Sonae's business units face in the pursuit of their business objectives and value creation.

Sonae's management and monitoring of its main risks are achieved through different approaches, including:

- (i) As part of strategic planning, risks of the existing business portfolio, as well as those of new businesses and of relevant projects, are identified and evaluated, and strategies to manage those risks are defined;

- (ii) At the operational level business risks, and planned actions to manage those risks, are identified and evaluated, and are included and monitored in business unit and functional unit parts;
- (iii) For risks that cross business unit boundaries, such as large-scale organisational changes and contingency and business continuity plans, structural risk management programmes are developed involving all those responsible for the relevant units and functions;
- (iv) As far as risks to tangible assets and people are concerned, audits are carried out at the main business units. Preventive and corrective actions are implemented for the risks identified. The financial cover of insurable risks is reassessed on a regular basis;
- (v) Financial risk management is carried out and monitored as part of the activity of the Company's and its businesses. Their work is reported to, coordinated with and reviewed by the Finance Committee and the Audit and Finance Committee of the Board of Directors;
- (vi) Management of legal risks is carried out and monitored by the legal and tax departments.

The risk management process is supported by a consistent and systematic methodology, based on international standards, including the following:

- (i) Defining and grouping risks (risk dictionary, definition, business risk matrix and a common language);
- (ii) Systematically identifying the risks that can potentially affect the organisation (risk sources);
- (iii) Evaluating the level of importance and managing the prioritisation of risks as a function of their impact on the objectives of the business, and the likelihood of the risks occurring;
- (iv) Identifying the causes for the most important risks;
- (v) Evaluating strategic risk management options (e.g. accept, avoid, treat, and transfer);
- (vi) Developing and implementing a risk management action plan to be integrated into the management and planning procedures of the units and functions of Sonae's businesses;
- (vii) Monitoring how risks evolve and report on progress made in the implementation of action plans.

## Internal audit and risk management training and development

With regard to the Internal Audit function, in 2015 Sonae continued to support employee training for those who voluntarily put themselves forward for international certification programmes promoted by the IIA (The Institute of Internal Auditors) - Certified Internal Auditor (CIA) and Certification in Control Self-Assessment (CCSA). At the end of 2015, 37 certifications existed as follows:



- |   |             |                                                                                                                |    |                |                                                   |
|---|-------------|----------------------------------------------------------------------------------------------------------------|----|----------------|---------------------------------------------------|
| 1 | <b>CIA</b>  | Certified Internal Auditor (IIA - The Institute of Internal Auditors);                                         | 6  | <b>CRMA</b>    | Certification in Risk Management Assurance        |
| 2 | <b>CCSA</b> | Certification in Control Self-Assessment (IIA - The Institute of Internal Auditors);                           | 7  | <b>CRISC</b>   | Certified in Risk and Information Systems Control |
| 3 | <b>CISA</b> | Certified Information Systems Auditor (ISACA - Information System Audit and Control Association);              | 8  | <b>CEH</b>     | Certified Ethical Hacker                          |
| 4 | <b>ISMS</b> | Certification in Information Security Management System BS ISO/IEC 27001:2005 (British Standards Institution); | 9  | <b>SNCP</b>    | Security Certified Network Professional           |
| 5 | <b>CISM</b> | Certified Information Security Management (ISACA - Information System Audit and Control Association);          | 10 | <b>Cobit 5</b> | Assesor                                           |

Additionally, one of our food safety auditors detains the EN ISO 22000:2005 and NP EN ISO 19011:2012 Certifications.

2. The importance of continuous training, and the existence within the Group of people with knowledge and skills to train others (some of whom teach regularly outside the Group) were the basis for the establishment of the Internal Audit Academy, which has the following guidelines: definition of functional job descriptions; listing of core skills required for each function (technical and behavioural) and the training strategy for each function. Between 2013 and 2015, 22 training sessions were carried out, involving multidisciplinary teams and a total of 2,674 hours.

3. With regard to the development of the Risk Management function, in 2015 Sonae continued to support employee training for those who voluntarily put themselves forward for international certification programmes. Currently, Sonae Group staff also have the following professional certifications: Certified Risk Management Assurance (CRMA), promoted by the IIA (The Institute of Internal Auditors), Certification in Risk Management by IRM (Institute of Risk Management) and BS 25999 Business Continuity Management, by the British Standards Institute.

Sonae is one of the organisations with the most certified employees in internal audit and risk management in Portugal. In 2016, Sonae will continue to support this important training programme, and the international



development and qualification of its internal audit and risk management staff, in line with international best practices.

#### **Actions undertaken in 2015**

In 2015, the annual Enterprise Wide Risk Management activities focused mostly on monitoring the implementation of action plans and the assessment of their impact in risk perception.

This process, across the entire Group, is supported by an internally developed application tool, which is based on the COSO International Standard.

Information system processes risk assessment was launched, using the Cobit V5 international framework.

The Risk Management Department continued to support management of risks in main organizational projects, as well as in the design of crisis management and business continuity plans. For this purpose, a crisis management application was developed to support the crisis management process.

Physical safety, customer safety and security audit programmes were also implemented and fire prevention training events were held.


#### **55. Description of the main features of Sonae's risk management and internal control systems in relation to the preparation and disclosure of financial information**

The existence of an effective internal control environment, particularly with regard to financial reporting, is a commitment of the Sonae Board of Directors; identifying and improving the critical processes in terms of preparing and reporting financial information, keeping in mind the objectives of transparency, consistency, simplicity, reliability and materiality. The objective of the internal control system is to obtain reasonable assurance relating to the preparation of financial statements, complying with accounting principles and adopted policies, and warranting the quality of financial reporting.

The accuracy of financial information is ensured by the clear segregation of duties between the preparers and its users, and the execution of several control procedures during the process of preparing and disclosing financial information.

The internal control system for the accounting department and the preparation of financial statements includes several key controls, namely:

- The process of reporting financial information is documented, the risks and key controls are identified. The criteria used in the process of preparing and reporting financial information are established and periodically reviewed;
- There are three types of control: High-level controls (entity level controls), information system controls and process controls. Those include a group of procedures related to the execution, supervision, and monitoring and improvement of processes, with the main objective of preparing the financial reporting of the Company;

- 
- Accounting principles used are disclosed in the notes to the financial statements and are fundamental bases of the internal control system;
  - The business plans and budgets, and procedures and records of Group companies allow a reasonable assurance that the transactions executed are properly approved by management, and recorded in compliance with accounting principles, also ensuring that the Company maintains proper record of its assets with their existence reconciled with the accounting records;
  - Financial information is reviewed regularly by the management of each business unit and by the persons in charge of the profit centres, ensuring continuous monitoring and related budget control;
  - During the process of preparing and reviewing financial information, detailed schedules are established and shared with the areas involved, and all documents are reviewed in detail, including the review of principles used, verifying the accuracy of the information and its consistence with principles and policies defined and followed in previous periods;
  - With regard to the separate entities, accounting records and financial statements are prepared by the different functions of administrative and accounting services, which warrant the recording of business processes transactions and the recording of balances of assets, liabilities and equity captions. Financial statements are prepared by certified accountants of each company and reviewed by the Planning and Control and Tax departments;
  - Consolidated financial statements are prepared quarterly by the departments of the administrative services (consolidation team) of each sub-holding and holding corporate centre. This process represents an additional control of the reliability of financial information, as regards the consistent application of accounting principles, cut-off procedures and control of related parties transactions and balances;
  - The Management Report is prepared by the Investors Relations department and contributed to, and reviewed by, several business and support departments. The Corporate Governance Report is prepared by the General Counsel and Corporate Governance department;
  - The Group financial statements are prepared under the supervision of the Executive Committee. The documents that constitute the Annual Report and Accounts are sent for review and approval by the Sonae Board of Directors. Once approved, the documents are sent to the External Auditor who issues the accounts legal certification and its report;
  - The process of preparing separate and consolidated financial information and the Management Report is also supervised by the Statutory Audit Board and by the Board Finance and Audit Committee of the Board of Directors. These bodies meet quarterly to review the individual and consolidated financial statements and the management report. The Statutory External Auditor presents the main conclusions of the work carried out regarding the yearly financial information, directly to the Statutory Audit Board and to the Board Finance and Audit Committee;
  - All the persons involved in analysis of company financial information are included in the list of persons with access to inside information, and are informed about the nature of their obligations, as well as possible sanctions resulting from the inappropriate use of such information;
  - Internal rules applicable to the disclosure of financial information aim to warrant that information is disclosed to the market in a timely manner, in order to prevent information asymmetry.

- Among the risks that may materially affect the financial and accounting report, the following are worth highlighting:
  - Accounting estimates – major accounting estimates are described in the Appendix to the financial statements. Estimates are based on information available during the preparation of the financial statements and in the best knowledge and experience of past and present events;
  - Balances and transactions with related parties – balances and transactions with related parties are disclosed in the notes to the financial statements. These transactions are related mainly to the operational activities of the Group, and to the granting and obtaining of loans under arm's length conditions;
- In the Appendix to the financial statements additional information is disclosed regarding the abovementioned risks among others, as well as how they were mitigated.
- Sonae adopts several principles related to continuous improvement of the system of internal control of financial risks, including:
  - Improvement in the documentation of controls – following action taken in previous years, Sonae continued to improve the documentation and systematization of risks and internal control system related to the preparation of financial information in 2015. This includes the identification of risk causes (inherent risk), the identification of processes of higher material importance, the documentation of controls, and the analysis of residual risk after the execution and implementation of the potential control improvements;
  - Compliance analysis – the Legal department and the Corporate Governance Officer, working together with the Administrative Services, Investor Relations, Internal Audit and Risk Management departments, and, if necessary, other departments, coordinate the periodic analysis of compliance with legal requirements and regulations regarding governance processes and corresponding financial information that are reported on the Management Report and on the Corporate Governance Report.

## IV - Investor relations

### 56. Investor Relations Department

The Investor Relations department is responsible for managing Sonae's relationship with the financial community – current and potential investors, analysts and market authorities – with the goal of enhancing their knowledge and understanding of Sonae by providing relevant, timely and reliable information.

In strict compliance with law and regulations, the Company keeps its shareholders and the market informed on all relevant facts concerning its activities, minimising delays between their occurrence and disclosure. The Company has fulfilled this commitment to the market over the years.

The department regularly prepares presentations to the financial community. Communications covering the quarterly, half year and annual results, as well as important announcements disclosing or clarifying any



relevant event that could influence the share price, are issued to the market. On request, it provides clarification about the Company's activities, by answering questions sent by email or by taking phone calls.

In addition to the existence of the Investors Relations Department, all information is made publicly available on the Internet at the Portuguese Securities Market Commission site ([www.cmvm.pt](http://www.cmvm.pt)) and on the Company's own website (<http://www.sonae.pt/en/investors/releases-to-the-market/>). Additionally, at the website <http://www.sonae.pt/en/investors> it is provided general information about Sonae, as stipulated in article 3 of the CMVM Regulation no. 4/2013, but also other relevant information, including:

- Institutional and other presentations of Sonae to the financial community;
- Quarterly, half yearly and annual results for the last five years;
- Sustainability Report;
- Corporate Governance Report;
- Names of managers of the investor relations department, as well as their contact details;
- The Company's share performance on the Portuguese Stock Exchange;
- Notice of Shareholders' Annual General Meetings;
- Annual financial calendar, including Shareholders' General Meetings and the dates of disclosure of annual, half-yearly and quarterly results.

To further enhance effective communication with the capital market and guarantee the quality of information provided, the Investor Relations department organises road shows covering the most important financial centres of Europe and United States, and participates in a number of conferences. A large number of investors and analysts also have the opportunity to talk to senior management in one-on-one meetings or conference calls.

Any interested party may contact the Investor Relations department via the following means:

Patrícia Vieira Pinto

Investor Relations Manager

Tel: (+351) 22 010 47 94

Fax: (+351) 22 948 77 22

Email: [investor.relations@sonae.pt](mailto:investor.relations@sonae.pt) / [pavpinto@sonae.pt](mailto:pavpinto@sonae.pt)

Address: Lugar do Espido Via Norte 4471-909 Maia Portugal

Site: [www.sonae.pt](http://www.sonae.pt)

The Company believes that the procedures described above ensure continuous contact with the market, respecting the principles of equal treatment of all shareholders and equal access to information for investors.

## **57. Legal representative for Capital Market Relations**

The legal representative for Capital Market Relations is Luzia Leonor Borges e Gomes Ferreira, with the following contacts:

Tel: +351 220104706

Fax: +351 229487722

Email: [investor.relations@sonae.pt](mailto:investor.relations@sonae.pt)

Address: Lugar do Espido, Via Norte, 4471-909 Maia Portugal

## 58. Information Requests

During 2015, the Investor Relations Department received 714 information requests, as opposed to the 440 received during 2014.

The average response time, is of 2 working days. Notwithstanding, the complexity of the matter may determine an extended response time.

## V - Website

### 59. Address

Company's website: <http://www.sonae.pt/en/>

### 60. Location of the information mentioned in Article 171 of the Portuguese Companies Act

Website: <http://www.sonae.pt/en/investors/corporate-governance/>.

### 61. Location for the provision of the Articles of Association, Bodies and Committees' Regulations

Website: <http://www.sonae.pt/en/investors/corporate-governance/>.

### 62. Location for the provision of information about the identity of the Statutory Governing Bodies, the representative for market relations, the Investor Relations Department, functions and means of contact

Website: <http://www.sonae.pt/en/investors/corporate-governance/> and <http://www.sonae.pt/en/contacts> .

### 63. Location for the provision of accounting documents and calendar of corporate events

Accounting Documents - <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders> and <http://www.sonae.pt/en/investors/financial-data/>.

Calendar of corporate events- <http://www.sonae.pt/en/investors/financial-calendar/>.





**64. Location for the provision of the notices for Shareholders' General Meetings and all related information**

Website: <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders>.

**65. Location where the historical archives are available with resolutions adopted at the Shareholders' General Meeting, the represented share capital and the voting results, with reference to the previous 3 years**

Website: <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders>.

## **D. Remuneration**

### **I - Competency**

**66. Competency for determining the remuneration of Statutory Governing Bodies, Executive Directors and the Company's persons discharging managerial responsibilities ("dirigentes")**

The Shareholders' Remuneration Committee is responsible for approving the remuneration of Board members and of other Statutory Governing Bodies and persons discharging managerial responsibilities, on behalf of shareholders, under the terms specified in the compensation policy approved by the shareholders at the Shareholders' General Meeting.

The Board Nomination and Remuneration Committee, previously identified in sections 15 to 29, supports the Shareholders' Remuneration Committee to carry out its duties.

### **II - Remuneration Committee**

**67. Composition of the Remuneration Committee, identification of other individuals and entities hired to provide support and advisors' statement of independence**

The Shareholders' Remuneration Committee is composed of three members, elected at the Shareholders' General Meeting for a four-year mandate from 2015 to 2018. During 2015, the Shareholders' Remuneration Committee composition varied as follows:

## Shareholders' Remuneration Committee

### A – Members representing the Shareholders' Remuneration Committee during the mandate of 2011-2014 and who left office at the Shareholders' Annual General Meeting, held on 30<sup>th</sup> April 2015

Belmiro Mendes de Azevedo

### B- Members elected for the current mandate of 2015-2018:

Artur Eduardo Brochado dos Santos Silva\*

Francisco de La Fuente Sánchez\*

Carlos António Rocha Moreira da Silva\*\*

*\* members who held office during the mandate of 2011-2014, being re-elected following a resolution approved at the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015.*

*\*\* member elected for the mandate of 2015-2018, following a resolution approved at the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015.*

The members of the Remuneration Committee are independent from the Board of Directors or any other interests group.

The Shareholders' Remuneration Committee resorts to benchmark studies on remuneration practices annually disclosed by the internationally renowned consultants Hay Group and Mercer, in order to ensure that the statutory governing bodies' remuneration policy, to be submitted to the approval of the Shareholders' Annual General Meeting, fulfils comparable market standards. During 2015, the Remuneration Committee did not hire any third party consultants.

## 68. Knowledge and experience of the members of the Shareholders' Remuneration Committee

The experience and professional qualifications of the members of the Shareholders' Remuneration Committee allows them to carry out their duties in a rigorous and competent manner, each of them having the appropriate skills to carry out their duties. Said qualifications are available for consultation at <http://www.sonae.pt/en/investors/corporate-governance/>.


## III - Remuneration Structure

### 69. Description of the remuneration policy of the board of directors and the supervisory board, as provided for in article 2 of Law 28/2009, of 19<sup>th</sup> June

#### 69.1 Principles

Sonae's remuneration policy is structured in order to find a balance between the performance of Executive Directors in relation to goals established for them, and the Company's positioning in the market and comparable situations. Proposals for the remuneration of members of the statutory governing bodies are prepared taking into account:

- Overall market comparisons;
- Practices of comparable companies, including other segments of Sonae that are in comparable situations;

- 
- Each Executive Director's responsibilities and assessments made of their performance.

Remuneration policy constitutes therefore a formal means of aligning the interests of the Company's management with those of the shareholders, such that, among the various component parts of the remuneration package, the variable component, the value of which depends on the individual's and the Sonae's performance, is given high importance. A management approach focusing on the long-term interests of the Company in which business risks are carefully considered, is thus encouraged.

The remuneration policy includes control mechanisms, which consider the link between individual and group performance, in such a manner as to avoid behaviours which are likely to involve excessive risk. This goal is also achieved by limiting the maximum value of each Key Performance Indicator (KPI).

The remuneration policy applicable to Sonae's Statutory Governing Bodies is approved in advance by the shareholders at the Shareholders' General Meeting. The body responsible for presenting the Remuneration proposal and approving the remuneration of both executive and non-executive members of the Board of Directors and of the other Statutory Governing Bodies of the Company, is the Shareholders' Remuneration Committee, fully composed of independent members. The Committee's members are elected and remuneration decided upon also at the Shareholders' General Meeting.

The Board Nomination and Remuneration Committee gives support to the Shareholders' Remuneration Committee in the determination of the Executive Directors' remuneration, by presenting remuneration proposals based upon the relevant data requested by the Shareholders' Remuneration Committee.

As part of the Company's principles of corporate governance, guidelines have been established for remuneration policy.

The Remuneration and Compensation Policy currently in operation was approved at the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015, and is based on the following principles, consistent with the principles previously adopted.

#### **Remuneration Policy Features:**

##### **Competitiveness:**

- In determining the Remuneration and Compensation Policy of the Statutory Governing Bodies of the Company, the main goal is to attract talent with high level of performance that represents a valuable and material contribute to the sustainability of the Company's business. The Policy is defined by benchmarking against the global market and with the practices of comparable companies, being this information furnished by the main surveys performed for Portugal and other European markets, in particular those prepared by Mercer and Hay Group.
- Accordingly, the remuneration parameters for members of the Statutory Governing Bodies are determined and periodically revised in line with the remuneration practices of national and internationally comparable companies, with the aim of aligning with the market practice the

potential maximum amount of remuneration, both individually as well as in aggregated terms, to be paid to the members of the statutory governing bodies. When making such analysis, the remuneration of the members of the statutory governing bodies shall consider, namely, alongside other factors, the profile and the background of the member, the nature and the description of the role and the competencies of the statutory governing body and the member itself, as well as the degree of direct correlation between the individual performance and the business performance. The Policy is defined by benchmark with the global market and the practices of comparable companies, being this information furnished by the main surveys performed for Portugal and other European markets, in particular those prepared by Mercer and Hay Group.

- For the assessment of the market practice reference values, it is considered the average compensation for Europe's top tier executives. The companies that are considered to be comparable companies are those with securities traded at Euronext Lisbon regulated market.

#### **Orientation for performance:**

- The Policy establishes the attribution of bonus calculated considering the level of success of the Company. The variable component of the remuneration is structured in a way to establish a connection between the bonus attributed and the level of performance either individual, either collective. In the case the predefined objectives, measured by business and individual KPIs are not accomplished, the amount of short and medium incentives, will be totally or partially reduced.

#### **Alignment with the interests of shareholders:**


- Part of the variable bonus of the Executive Directors is composed of a period of four years, which includes the relevant year and a three-year deferral period, being the amount conditioned by the evolution of the price of shares and by the level of achievement of the medium-term objectives during the deferring period. This way, it is ensured an alignment of the director with the shareholder's interests and with the medium-term performance, aiming the sustainability of the business.

#### **Transparency:**

- Every aspects of the remuneration structure are clear and openly published, either internal as well as externally, through the publicity of the documentation in the Company's website. This communication process contributes to promote equity and independency.

#### **Reasonableness:**

- The Policy intends to ensure a balance between Sonae's interests, the market position, the members of the governing bodies' expectations and motivations, as well as focusing on talent retention.
- The Remuneration and Compensation Policy of the Statutory Governing Bodies and of other persons discharging managerial responsibilities adheres to European Community directives, to Portuguese national law and to the recommendations of the Portuguese Securities Market Commission (CMVM).

- 
- The Remuneration and Compensation Policy currently in operation was approved at the Shareholders' Annual General Meeting that took place on 30th April 2015, continuing the policy consistently followed previously, and is based on the following principles:
    - No compensation payments to board directors or members of statutory governing bodies related to the cessation of their duties, whether their resignation occurs according to their original mandate or whether it is anticipated for whatever reason, without prejudice to the obligation of the Company to comply with any relevant legislation in force in this area;
    - Non-existence of any specific system of benefits, in particular relating to retirement, in favour of members of the Board of Directors, supervisory bodies and other persons discharging managerial responsibilities;
    - When applying the Remuneration and Compensation Policy, consideration is given to roles and responsibilities performed in affiliated companies.

## **69.2 Competitiveness of the Remuneration Policy**

The remuneration package applicable to Executive Directors is based on comparisons with the market, using market studies on top managers' remuneration packages in Portugal and across Europe, seeking, regarding comparable market situations, to ensure that fixed remuneration is equal to the median market value and the total remuneration is close to the market third quartile.

### **Who are our benchmark/peer group companies?**

- At Sonae, remuneration policy is determined by comparison with the overall market and the practices of comparable companies. This information is obtained from the main remuneration surveys carried out independently for Portugal and the principal European markets. Currently, the market surveys conducted by Mercer and the Hay Group are used as references.
- The average value for top managers in Europe is used to determine the figures for the overall market. The companies that make up the pool of comparable companies are those included in the Portuguese stock market index, the PSI-20.

## **69.3 Risk Control in relation to remunerations**

Sonae reviews its remuneration policy annually as part of its risk management process in order to ensure that it is entirely consistent with its desired risk profile. During 2015, no problems relating to payment practice were found that posed significant risks to Sonae.

In designing remuneration policy, care has been taken not to encourage excessive risk-taking behaviour, attributing significant importance, but at the same time a balanced approach, to the variable component, thus closely linking individual remuneration to group performance.

Sonae has in place internal control procedures concerning remuneration policy, which target the identification of potential risks.



Firstly, the remuneration structure is designed in such a way as to discourage excessive risk-taking behaviour to the extent that remuneration is linked to the evaluation of performance. The existence of objective KPI constitutes an efficient control mechanism.

Secondly, Sonae does not allow contracts to be signed that would minimise the importance of the MTPB plan. This policy includes forbidding any transaction that might eliminate or mitigate the risk of share price variations.

#### 69.4 Remuneration Policy Approval Process

The Board Nomination and Remuneration Committee submits remuneration proposals for the members of the Board of Directors to the Shareholders' Remuneration Committee, in accordance with the approved internal procedure.

Month	Remuneration Cycle
January	Reception of market surveys and benchmarking of remuneration trends and expectations using external benchmarking studies.
March	<p>Board Nominations and Remuneration Committee (BNRC) Meeting in mid-March:</p> <p>Closing of prior year and preparation for the current year, reviewing:</p> <ul style="list-style-type: none"> <li>-Annual Appraisal Process;</li> <li>-Remuneration Policy Proposal;</li> <li>-Proposals for the award of variable remuneration for 2014, including the deferred component;</li> <li>-Proposals for fixed remuneration for 2015;</li> <li>-Proposals for variable remuneration target values for performance in 2015.</li> </ul> <p>Shareholders' Remuneration Committee (SRC) Meeting later in March, after the BNRC has met:</p> <p>Closing prior year and preparing current year, <u>approving or deciding</u> the following:</p> <ul style="list-style-type: none"> <li>-Proposals for the award of variable remuneration for 2014, including the deferred component;</li> <li>-Proposals for fixed remuneration for 2015;</li> <li>- Proposals for variable remuneration target values for performance in 2015.</li> </ul>
April	Shareholders' Annual General Meeting in late April: Shareholders vote on Remuneration Policy proposed by the SRC.
May	<p>SRC Meeting in early May:</p> <p>Only if Board membership or responsibility changed at the Shareholders' Annual General Meeting.</p>
June to October	<p>BNRC Reporting: Update on current year KPIs (if necessary).</p> <p>SRC Meeting: Only if there are any Board membership or responsibility changes.</p>
November	<p>BNRC Meeting:</p> <ul style="list-style-type: none"> <li>-Progress on current year KPIs (if required);</li> <li>-Review status of Medium Term Variable Remuneration plans and shares retained;</li> <li>-Review of Talent Management, and Contingency and Succession Planning;</li> <li>-Review Nomination Process (if required);</li> <li>-Review BNRC Terms of Reference and Annual Plan for next year;</li> <li>-Review Compensation Policy, including MTIP.</li> </ul> <p>SRC Meeting:</p> <p>Only if there are any Board membership or responsibility changes.</p>
December	<p>BNRC Reporting: Update on current year KPIs (if required);</p> <p>SRC Meeting:</p> <p>Only if there are any Board membership changes.</p>

## 70. Remuneration of the members of the Board of Directors

### 70.1 Executive Directors

The remuneration of Executive Directors is determined according to the level of responsibility of the member of the Board of Directors involved and is subject to annual review.

Above and beyond the fixed remuneration, Executive Directors are also entitled to a variable remuneration, in accordance with Sonae's Remuneration Policy.

Variable remuneration is awarded in the first quarter following the year to which it relates and linked to performance in the prior year, and aims to guide and compensate Executive Board Directors for achieving predefined objectives. It is divided into two equal parts:

- a) Short term variable Performance Bonus (STPB) paid in cash in the first half of the year following the year to which it relates. It may, however, upon the decision of the Shareholders Remuneration Committee, be paid, within the same deadline, in shares, subject to the terms and conditions set forth below for the Medium Term Performance Bonus – see section 71 for further details;
- b) Medium term variable Performance Bonus (MTPB), paid after a deferral period of 3 years and on the year that follows - see sections 71, 72 and 73 for further details.

The various components of the annual remuneration – fixed and variable - are summarised in the following table:

	Components	Description	Objective	Market Positioning
Fixed	Base salary	Annual salary (in Portugal the annual fixed salary is paid in 14 monthly amounts);	Appropriate to the hierarchical level and responsibility of the director.	Median
Variable	Short Term Performance Bonus (STPB)	Performance bonus paid in the first quarter of the following year, after calculation of the financial results for the financial year.	Aims to ensure the competitiveness of the remuneration package and link remuneration to Company objective.	Third Quartile
	Medium Term Performance Bonus (MTPB)	Compensation deferred for three years, the amount awarded linked to market share price.	Aims to link remuneration to long-term performance and provide alignment with shareholders.	Third Quartile

The payment in cash of the bonus incentive may be executed by any way of fulfilling the obligation as permitted by law and by the Company's articles of association.

Currently, no scheme involves the award of share purchase options.

## 70.2 Non-Executive Directors

The remuneration of Non-Executive members of the Board of Directors is exclusively composed of fixed values determined by reference to market values, accordingly with the following principles: (i) attribution of a Fixed Remuneration depending on the presence in the meetings of the Board of Directors, the Remuneration and Nomination Committee and the Audit and Finance Committee; (ii) attribution of an annual responsibility allowance. No variable bonus of any kind is paid to Non-Executive Directors.

This remuneration is paid quarterly.

## 71. Variable Remuneration of the Executive Directors

Variable remuneration is of a discretionary nature and, in view of the fact that it is dependent on the achievement of objectives, payment is not guaranteed. Variable remuneration is determined annually with the value based on a predefined goal of between 30% and 60% of total annual remuneration (fixed remuneration plus variable remuneration target values).

The variable component is determined by evaluating a number of performance indicators concerning the different businesses, namely economic and finance indicators – “Key Performance Indicators of Business Activity” (Business KPIs). The KPIs and their specific importance in determining the effective remuneration ensure the alignment of the Executive Directors with the strategic objectives defined and the fulfilment of the legal requirements applied to the activity of the Company.

The amount of each bonus has a minimum of 0% and a maximum limit of 140% of the predefined bonus objective.

## 72. Deferred payment of the remuneration’s variable component

The payment of at least 50% (fifty percent) of the remuneration’s variable component is deferred after a 3 (three) year period, in a total of 4 years, under the terms described in the previous section 70.1 (Medium Term Performance Bonus).

## 73. Criteria that underlies the allocation of variable remuneration in shares and their maintenance

### 1. Main features of the Medium Term Performance Bonus (MTPB)

MTPB is one of the components of Sonae’s remuneration policy. This component distinguishes itself from the remaining since it is restrict and voluntary, and its attribution is subject to the eligibility criteria hereby described.

MTPB allows the beneficiaries to share with shareholders the value generated through their involvement in the strategy and management of Sonae's businesses in the just measure of the results of their annual assessment of performance.

## 2. MTPB Scheme

MTPB aligns the interest of Executive Directors with the organisation's objectives, reinforcing their compromise and strengthening their view over the importance of their performance for Sonae, and expressed in Sonae share market capitalisation.

## 3. Eligibility

Sonae and Sonae affiliate companies' Executive Directors are eligible for attribution of MTPB. Under the terms of the remuneration policy approved by the Board of Directors, employees, to whom this policy applies, may also be eligible for the MTPB.

Eligible Members	Reference value for medium term bonus plan (% total objective variable remuneration)
Sonae Executive Directors	At least 50%
Sonae Business Units Executive Directors	At least 50%
Employees	To be defined by each Company's Board of Directors

## 4. Duration of the MTPB plan

The MTPB plan contemplates a four-year period, which includes the relevant year and a three-year deferral period. As from the third consecutive plan, it will occur in each moment the overlapping of three three-year plans.

## 5. Valuation of the of MTPB plan

The MTPB is based on the attributed value, and is subject to the following variation factors: (i) the representative share price, (ii) dividend corrective action or share capital variation, and (iii) the degree of achievement of medium term KPIs.

The share price of the Company on the Portuguese stock exchange is used to establish the value of MTPB, using as a benchmark the most favourable price, equal to the closing price on the first business day after the Shareholders' General Meeting, or the average price (using for this average the closing price for the 30 days prior to the date of the Shareholders' General Meeting).

If, subsequently to being awarded the right to this kind of remuneration and before exercising this right, dividends are distributed, changes are made to the nominal value of shares, the Company's share capital is changed or any other change is made to the Company's capital structure, then the number of MTPB shares will be adjusted to an equivalent number, taking into account the impact of these changes.

During the deferral period, the amount of the bonus, converted into shares, may additionally be adjusted to match the success degree in achieving medium terms KPIs, in order to ensure the continued alignment with the business medium terms sustainability objectives.

In line with the policy for enhancing the alignment of Executive Directors with the company's medium term interests, the Shareholders' Remuneration Commission may, in its absolute discretion, graduate the discount percentage to be granted to the Executive Directors for the acquisition of company's shares, by determining that Executive Directors contribute to the acquisition in an amount corresponding, at the maximum, to 5% of the share market price at the transfer date. The remaining employees to whom such right has been conferred, may acquire shares under the terms defined by each Company's Board of Directors.

## **6. Delivery by the Company**

At the moment of the exercise of the share acquisition right under MTPB, the Company reserves itself the right of delivering, in substitution of the shares, the cash equivalent amount to the share market value at the date of the exercise of the right.

## **7. MTPB plan vesting**

The MTPB plan contemplates a four-year period, which includes the relevant year and a three-year deferral period.

## **8. Termination of the MTPB plan**

The right to acquire shares attributed under the MTPB plan expires when the beneficiary no longer works with Sonae before the end of the vesting period, without prejudice to the provisions set forth in the following paragraphs.

The right to receive payment may however remain in case of permanent disability or decease, with the due amount being paid to the member of the Board of Directors or to his/her heirs at the normal time for payment at the vesting period.

If the beneficiary retires, any right to awards can be exercised on the due date of payment.

In order to ensure the effectiveness and transparency of the objectives of the Remuneration and Compensation Policy, it was determined that the Executive Directors:

- shall not sign contracts with the Company or with third parties that would have the effect of mitigating the risks inherent in the variable nature of the remuneration that the Company has established for them;
- shall not dispose of, during the period of their mandate, nor will dispose of during any new mandate, shares in the Company, which they have acquired the right through the award of variable remuneration up to a maximum of two times the value of their total annual remuneration, with the exception of those that have to be disposed of to pay any taxes resulting from profits made on these same shares.





#### **74. Criteria that underlies the allocation of variable remuneration in options**

The Company did not establish any variable remuneration in options.

#### **75. Main parameters and reasoning concerning annual bonuses and any other non-cash benefits**

Main parameters and reasoning about variable remuneration are detailed in the above paragraph 71.

#### **76. Main characteristics of complementary pension or early retirement schemes for the Directors approved at the Shareholders' General Meeting**

The Company does not have any complementary pension or early retirement schemes for Directors, nor does it attribute any relevant non-pecuniary benefit.

### **IV - Disclosure of remuneration**

#### **77. Indication of the annual remuneration earned, in aggregate and individual amount, by the Company's members of the Board of Directors**

Directors' remuneration, awarded by the Company during the year 2014 and 2015, is summarised in the charts below:

INDIVIDUAL DETAIL	2014*				2015*			
	FIXED REMUNERATION	STPB	MTPB	TOTAL	FIXED REMUNERATION	STPB	MTPB	TOTAL
<b>EXECUTIVE DIRECTORS</b>								
DUARTE PAULO TEIXEIRA DE AZEVEDO (1)	493,800	389,400	389,400	1,272,600	357,300	264,600	264,600	886,500
ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO (2)	251,082	188,800	188,800	628,682	276,800	190,500	190,500	657,800
<b>SUB-TOTAL</b>	<b>744,882</b>	<b>578,200</b>	<b>578,200</b>	<b>1,901,282</b>	<b>634,100</b>	<b>455,100</b>	<b>455,100</b>	<b>1,544,300</b>
<b>NON-EXECUTIVE DIRECTORS</b>								
BELMIRO MENDES DE AZEVEDO (3)	435,900			435,900	144,977			144,977
ÁLVARO CARMONA E COSTA PORTELA (3)	33,950			33,950	10,993			10,993
ÁLVARO CUERVO GARCIA (3)	37,050			37,050	12,273			12,273
MICHEL MARIE BON (3)	39,160			39,160	13,207			13,207
JOSÉ MANUEL NEVES ADELINO	37,150			37,150	58,030			58,030
BERND HUBERT JOACHIM BOTHE (3)	36,750			36,750	12,273			12,273
CHRISTINE CROSS	37,530			37,530	45,807			45,807
ANDREW EUSTACE CLAVERING CAMPBELL (4)	-			-	31,900			31,900
TSEGA GEBREYES (4)	-			-	35,233			35,233
MARCELO FARIA DE LIMA (4)	-			-	35,133			35,133
DAG JOHAN SKATTUM (5)	-			-	-			-
MARGARET LORRAINE TRAINER (5)	-			-	-			-
<b>SUB-TOTAL</b>	<b>657,490</b>			<b>657,490</b>	<b>399,826</b>			<b>399,826</b>
<b>TOTAL</b>	<b>1,402,372</b>	<b>578,200</b>	<b>578,200</b>	<b>2,558,772</b>	<b>1,033,926</b>	<b>455,100</b>	<b>455,100</b>	<b>1,944,126</b>

\* Amounts in Euros.

(1) Remuneration for 2015 was reduced proportionally to reflect anticipated time commitment at Sonae during the year.

(2) Also received remuneration from subsidiaries of the Company, as reflected in section 78.

(3) Left office following the Shareholders' Annual General Meeting held on 30th April 2015, having been remunerated until such date.

(4) Member appointed at the Shareholders' Annual General Meeting held on 30th April 2015, being remunerated since 1st May 2015.

(5) Member appointed at the Shareholders' Extraordinary General Meeting held on 16th December 2015, being remunerated since 1st January 2016.

Open MTPB plans attributed to the Executive Directors:

EXECUTIVE DIRECTORS	PLAN (PERFORMANCE YEAR)	AWARD DATE	VESTING DATE	AMOUNT VESTED IN 2015*	OPEN PLANS VALUE AT AWARD DATE* **	OPEN PLANS VALUE AT 31 DECEMBER 2015* **
Duarte Paulo Teixeira de Azevedo	2011	March 12	March 15	1,047,039		
	2012	March 13	March 16		325,900	624,905
	2013	March 14	March 17		496,100	423,664
	2014	March 15	March 18		389,400	333,753
	Total			1,047,039	1,211,400	1,382,322
Ângelo Gabriel Ribeirinho dos Santos Paupério	2011	March 12	March 15	912,310		
	2012	March 13	March 16		303,700	521,486
	2013	March 14	March 17		408,800	350,488
	2014	March 15	March 18		313,900	271,287
	Total			912,310	1,026,400	1,143,261
TOTAL				1,959,349***	2,237,800	2,525,583

\* Amounts in Euros.

\*\* Calculated considering the share market closing price of 2015 last trading day.

\*\*\* All open plans were paid off for a total of 1,959,349 Euros.

## 78. Any amounts paid by other controlled or group companies, or those under shared control

Directors' remuneration, awarded by the Company during the year 2014 and 2015, is summarised in the chart below:

INDIVIDUAL DETAIL	2014*				2015*			
	FIXED REMUNERATION	STPB	MTPB	TOTAL	FIXED REMUNERATION	STPB	MTPB	TOTAL
EXECUTIVE DIRECTORS								
DUARTE PAULO TEIXEIRA DE AZEVEDO								
ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO	162,018	125,100	125,100	412,218	183,900	142,600	142,600	469,100
SUB-TOTAL	162,018	125,100	125,100	412,218	183,900	142,600	142,600	469,100
NON-EXECUTIVE DIRECTORS								
BELMIRO MENDES DE AZEVEDO (1)								
ÁLVARO CARMONA E COSTA PORTELA (1)								

ÁLVARO CUERVO GARCIA (1)									
MICHEL MARIE BON (1)									
JOSÉ MANUEL NEVES-ADELINO									
BERND HUBERT JOACHIM BOTHE (1)									
CHRISTINE CROSS									
ANDREW EUSTACE CLAVERING CAMPBELL (2)									
TSEGA GEBREYES (2)									
MARCELO FARIA DE LIMA (2)									
DAG JOHAN SKATTUM (3)									
MARGARET LORRAINE TRAINER (3)									
<b>SUB-TOTAL</b>									
<b>TOTAL</b>	<b>162,018</b>	<b>125,100</b>	<b>125,100</b>	<b>412,218</b>	<b>183,900</b>	<b>142,600</b>	<b>142,600</b>	<b>469,100</b>	

\* Amounts in Euros.

(1) Member that left office at the Shareholders' Annual General Meeting, held on 30<sup>th</sup> April 2015.

(2) Member appointed at the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015.

(3) Member appointed at the Shareholders' Extraordinary General Meeting held on 16<sup>th</sup> December 2015.

## 79. Remuneration paid in the form of profit sharing and/or bonus payments

The Short Term Performance Bonus (STPB) awarded to the Executive Directors is disclosed in the remuneration chart, presented above in paragraph 77. No remuneration was paid in the form of profit sharing.

## 80. Compensation paid or owed to former Executive Directors following loss of office

During 2015, no compensation was paid or owed to former Executive Directors in relation to early loss of office.

## 81. Remuneration of the Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is made up of fixed annual fees, based on the Company's financial situation and market practice, and does not include any variable remuneration. The amount of fixed annual remuneration for members of this body in 2015 was as follows:

Member of the Statutory Audit Board	2014*	2015*
<b>A- Members representing the Statutory Audit Board during the mandate of 2011-2014 and who left office at the Shareholders' Annual General Meeting, held on 30<sup>th</sup> April 2015:</b>		
Arlindo Dias Duarte Silva**	7,900	2,000
Jorge Manuel Felizes Morgado**	7,900	2,000
<b>B- Members representing the Statutory Audit Board for the present mandate of 2015-2018, elected at the Shareholders' Annual General Meeting, held on 30<sup>th</sup> April 2015:</b>		

Daniel Bessa Fernandes Coelho***	9,900	12,567
Manuel Heleno Sismeiro****		8,400
Maria José Martins Lourenço da Fonseca****		8,400
Óscar José Alçada da Quinta***		
<b>Total</b>	<b>25,700</b>	<b>33,367</b>

\* Amounts in euros

\*\* members who left office after the Shareholders' Annual General Meeting, held on 30th April 2015, having been remunerated until such date.

\*\*\*members who held office during the mandate of 2011-2014, being re-elected by resolution approved at the Shareholders' Annual General Meeting, held on 30th April 2015.

\*\*\*\* members elected for the mandate of 2015-2018, by resolution approved at the Shareholders' Annual General Meeting, held on 30th April 2015, being remunerated since that date.

## 82. Remuneration of the Chairman of the Board of the Shareholders' General Meeting

The remuneration of the members of the Board of the Shareholders' General Meeting is made up of a fixed fee, as follows:

Board of the Shareholders' General Meeting	2014*	2015*
Manuel Eugénio Pimentel Cavaleiro Brandão	7,500	7,500
Maria Conceição Henriques Fernandes Cabaços	2,500	2,500
<b>Total</b>	<b>10,000</b>	<b>10,000</b>

\* Amounts in euros.

## V - Agreements with remuneration implications

### 83. Contractual limitations on compensations to be paid upon the director's dismissal without due cause and its relation with the variable component of the remuneration

There are no agreements in place with members of the Board of Directors and/or persons discharging managerial responsibilities, that establish amounts to be paid in case of dismissal without due cause, without prejudice to the applicable legal provisions.

### 84. Reference to the existence and description, stating the sums involved, of the agreements between the Company and members of the Board of Directors, providing for compensation in case of dismissal without due cause or termination of the employment relationship, following a change of control of the Company

There are no agreements made between the company and members of the Board of Directors, that provide for compensation in cases of dismissal, unfair dismissal or termination of employment following a change in Company control.



## VI - Share Attribution Plans or Stock Options

### 85. Identification of the plan and recipients

The share attribution plan includes the medium-term variable remuneration and their main recipients are the Executive Directors, in terms detailed above in paragraph 73, as well as employees of group companies, in accordance to terms and conditions to be defined by the respective Boards of Directors.

### 86. Plan Features

A thorough description of the share attribution plan is detailed above in paragraphs 71, 72 and 73.

The remuneration policy for the statutory governing bodies as well as the current share attribution plan, were approved at the Company's Shareholders' Annual General Meeting, held on 30th April 2015, as per the terms of the proposal presented by the Shareholders' Remuneration Committee, in compliance with article 2, Law no. 29/2009 of 19 June and 2013 CMVM Recommendation II.3.4.

The remuneration policy under proposal of the Shareholders' Remuneration Committee, approved the non-transfer of shares accessed by the Company's Executive Directors via MTPB, in accordance with the 2013 CMVM Recommendation III.6.

Information on resolutions taken at the Shareholders' Annual General Meeting can be found in <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders>.

The MTPB plans of Sonae's Executive Board directors, in progress in 2015, can be summarised as follows:

	Aggregated number of plans	Total	
		Number of Shares	Euros
<b>Outstanding at 31.12.2014:</b>	5	2,054,146	2,103,446
<b>Movements in the year:</b>	<b>1</b>	<b>-360,496</b>	<b>-328,501</b>
Awarded	2	452,426	578,200
Vested	-1	-862,399	-1,047,039
Cancelled/Lapsed/Adjustments(1)	0	49,477	140,337
<b>Outstanding at 31.12.2015:</b>	6	1,693,650	1,774,945

(1) Changes in the number of shares due to dividend payments and changes in the value due to shares price changes

Sonae SGPS Share Plan Outstanding during 2015	Vesting Period			At 31 December de 2015	
	Share Price at Award Date	Award Date	Vesting Date	Aggregate number of participants	Number of Shares
2012 Plan	0.401	March 2012	March 2015	20	0
2013 Plan	0.701	March 2013	March 2016	20	3,042,225
2014 Plan	1.343	March 2014	March 2017	19	1,875,827
2015 Plan	1.278	March 2015	March 2018	19	1,390,265

*The present chart does not include information regarding the directors of Sonaecom and Sonae Sierra*

## 87. Option rights granted to acquire shares (“stock options”) where the beneficiaries are company employees

No option rights to acquire shares were granted.

## 88. Control mechanisms in any system of employee participation in the share capital

There are no control mechanisms established to control employee participation in the Company’s capital.

## E. Relevant Transactions with Related Parties

### I - Mechanism of control procedures

## 89. Mechanisms for monitoring transactions with related parties

Sonae endeavours to carry out transactions with related parties based on principles of rigour and transparency, and in strict observance of the rules of market competition. Such transactions are subject to specific internal procedures based on mandatory standards, in particular transfer pricing rules, or on voluntarily adopted internal systems of checks and balances – for example, formal validation or reporting processes, depending on the value of the transaction in question.

In this regard, the Company has adopted specific procedures in order to prevent conflicts of interest, promoting communication between the Board Finance and Audit Committee of the Board of Directors, the Statutory Audit Board and the Executive Committee, which provides the necessary clarifications to assure that transactions are concluded under normal market conditions.

## **90. Transactions subjected to control during 2015**

As stated in section 10 above, there were not, during 2015, any significant relations, of a commercial nature or otherwise, between qualified shareholders and the Company. The executed transactions, without any significant relevance, fall within the Company's scope of activity, were executed on arm's length conditions and side-by-side with other equivalent transactions executed with national and international parties, as described in the Appendix to the Consolidated Financial Statements' according to the information provided in section 92. The Company did not execute any transaction with any member of the management or audit bodies during 2015.

## **91. Description of the procedures and criteria for intervention of the Statutory Audit Board, for the purpose of preliminary assessment of the business carried out between the Company and holders of qualified shareholdings or entities that are in a relation with them, under the terms of article 20 of the Portuguese Securities Code**

Transactions of a value exceeding 100 million euros with owners of qualified shares or with entities related in any way with them, under the terms of article 20 of the Portuguese Securities Code, are subject to a formal prior opinion by the Board Finance and Audit Committee and the Statutory Audit Board.

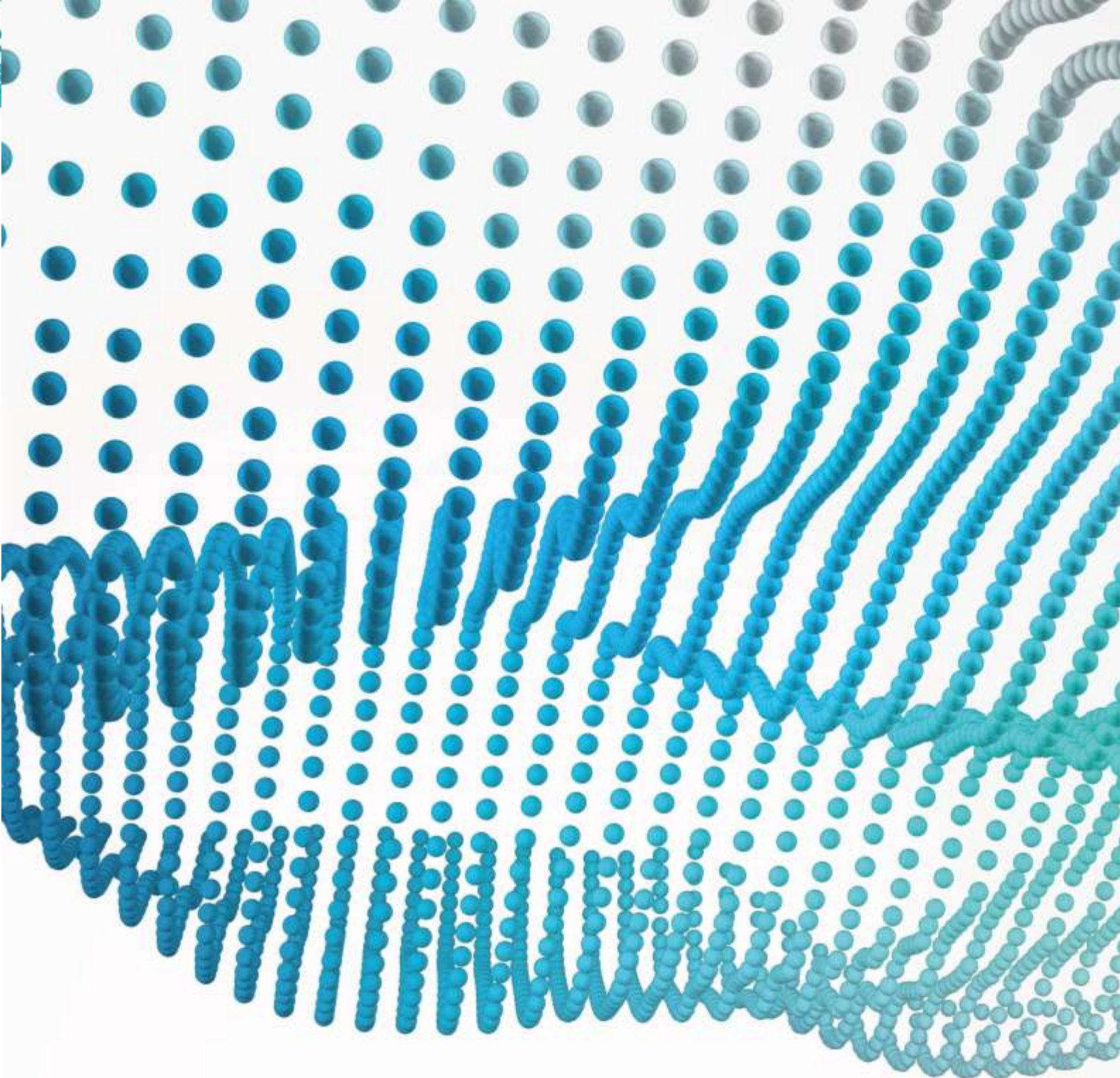
In addition, all transactions with related parties in excess of 10 million euros, are also reported to these two entities every six months by the secretary of the Executive Committee.

## **II - Elements related to transactions**

### **92. Information on transactions with related parties**

Information on transactions with related parties, in accordance with IAS 24, can be found in note 43 of the 2015 Consolidated Financial Statements' Appendix.





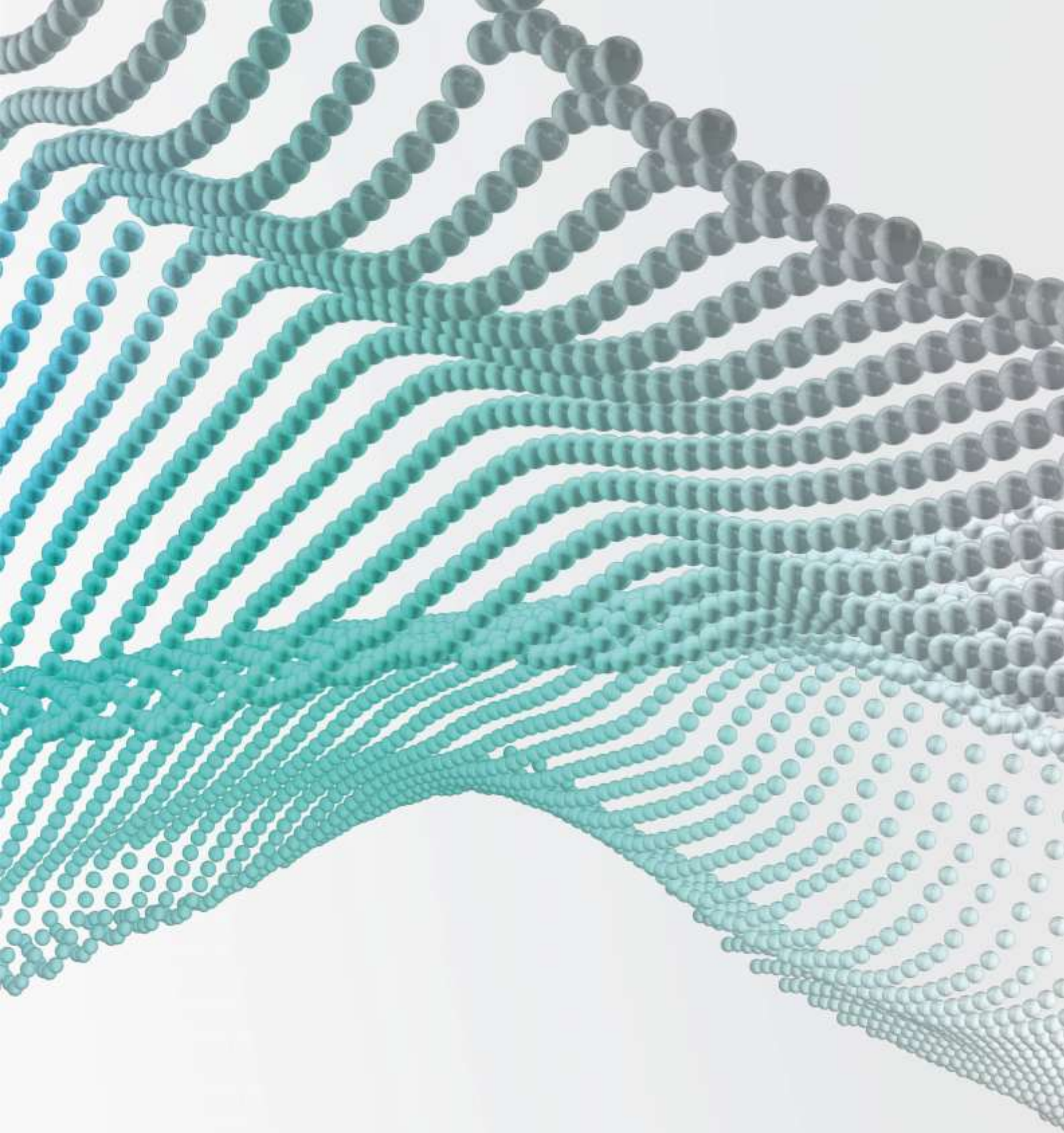
PART II

# STATEMENT OF COMPLIANCE



IMPROVING LIFE









## 1. Identification of the adopted Corporate Governance Code

The Corporate Governance Report provides a description of the Corporate Governance structure and practices followed by the Company under the terms of article 245-A of the Portuguese Securities Code and information duties required by the Portuguese Securities Commissions (CMVM) Regulation no. 4/2013, of 1<sup>st</sup> August. The Report additionally discloses, in light of the principle of comply or explain, the terms of compliance by the Company with the CMVM Recommendations contained in the CMVM Corporate Governance Code (2013).

The Report should be read as an integral part of the Annual Management Report and the Individual and Consolidated Financial Statements for the financial year of 2015.

The requirements for the provision of information as per article 3 of Law no. 28/2009, of 19<sup>th</sup> June, articles 447 and 448 of the Portuguese Companies Act, article 245-A of the Portuguese Securities Code and of CMVM Regulation no. 5/2008, have also been fulfilled.

Per the duration of the financial year to which this Report relates, the Company continued to adopt and apply CMVM Recommendations on Corporate Governance as disclosed in July 2013.

All of the rules and regulations mentioned in this Report are publicly available at [www.cmvm.pt](http://www.cmvm.pt)

Unless otherwise expressly stated, all remissions to be read as being made to the Report itself.

## 2. Analysis of compliance with the adopted Corporate Governance Code

### I - Voting and corporate control

*I.1 Companies shall encourage shareholders to attend and vote at general meetings, namely by not setting an excessively large number of shares required for having the right to one vote, and by implementing the means necessary to exercise the voting right by post and electronically.*

#### RECOMMENDATION FULLY ADOPTED

The Company encourages its shareholders to participate in General Meetings, in particular by assigning to each share one vote, not limiting the number of votes that may be held or exercised by each shareholder and by making available to shareholders the means necessary to exercise written voting or voting by electronic means.

Additionally, the Company publishes on its website, from the date of notice for convening each Shareholders' General Meeting, standard documentation for attending the Shareholders' General Meeting, thereby facilitating the shareholders' compliance with the applicable legal attendance requirements. To this effect, the Company also makes available a specific email address to answer shareholders' enquiries. The Company allocates, as well, a work team especially dedicated to providing assistance to the Chairman of the Shareholders' General Meeting and to shareholders overall.

*I.2 Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including setting a resolution-fixing quorum greater than that required by law.*

#### **RECOMMENDATION FULLY ADOPTED**

The Company's Articles of Association do not set a resolution-fixing quorum that exceeds that fixed by law.

*I.3 Companies shall not establish mechanisms that might cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly substantiated in terms of long term interests of shareholders.*

#### **RECOMMENDATION FULLY ADOPTED**

No such mechanisms have been adopted or established.

*I.4 The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in agreement with other shareholders, shall also foresee that, at least every five years, the maintenance of such bylaw provision shall be subject to a resolution at the General Meeting – with no requirements for an aggravated quorum as compared to the legal one – and that in said resolution, all votes issued be counted, without applying said restriction.*

#### **RECOMMENDATION NOT APPLICABLE**

The Company's Articles of Association do not establish any limitation on the number of votes that may be issued by a shareholder.

*I.5 Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board of Directors and are able to impair the free transfer of shares and the free assessment by shareholders of the performance of Board members, shall not be adopted.*

#### **RECOMMENDATION FULLY ADOPTED**

The Company does not unilaterally adopt policies that have the effect provided in any of the restrictions listed in this recommendation. The contracts concluded by the Company reflect the defence of its social interest in order to achieve long terms business sustainability considering market conditions.

## **II – Supervision, management and audit**

### **II.1 SUPERVISION AND MANAGEMENT**

*II.1.1 Within the limits established by law, and unless the company is of a reduced size, the board of directors shall delegate the daily management of the company, and the delegated duties should be identified in the Annual Report on Corporate Governance.*



## RECOMMENDATION FULLY ADOPTED

The Board of Directors has delegated the daily management of the Company to the Executive Committee, the role and competencies of which are described in the present Corporate Governance Report (please refer to sections 27 and 28).

**II.1.2** *The Board of Directors shall ensure that the company acts in accordance with its goals and should not delegate its duties, as regards the following: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions considered to be strategic due to the amount, risk and particular characteristics involved.*

## RECOMMENDATION FULLY ADOPTED

The powers not delegated by the Board of Directors are described in the present Report and comply with the rules contained in this recommendation (please refer to section 27.1).

**II.1.3** *In addition to its supervisory duties, the General and Supervisory Board shall take full responsibility at corporate governance level, whereby, either through the statutory provision, or equivalent, it must be established, as a mandatory requirement, that this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of the company's key policies.*

## RECOMMENDATION NOT APPLICABLE

The adopted governance model does not include a General and Supervisory Board.

**II.1.4** *Unless the company is of a reduced size, and depending on the adopted model, the Board of Directors and the General and Supervisory Board shall create the necessary committees in order to:*

- a) Ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as of its own overall performance. And further yet, the performance of all existing Committees;*
- b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies measures to be implemented with a view to their improvement.*

## RECOMMENDATION FULLY ADOPTED

The Board of Directors has set up two specialised committees, as to ensure the effectiveness and the quality of the work performed. The committees currently in existence are the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee and their respective competencies are detailed in this Report (please refer to section 29).

**II.1.5** *Depending on the applicable model, the Board of Directors or the General and Supervisory Board should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.*

**RECOMMENDATION FULLY ADOPTED**

The Board of Directors has established internal risk control systems with appropriate components (please refer to sections 50-55).

**II.1.6** *The Board of Directors shall include a sufficient number of non-executive members, whose role is to ensure effective monitoring, supervision and assessment of the activity of the remaining members of the board.*

**RECOMMENDATION FULLY ADOPTED**

The Board of Directors has a total number of nine members, seven of which are non-executive members (please refer to section 18).

**II.1.7** *The non-executive members of the management body shall include a number of independent members as appropriate, taking into account the adopted corporate governance model, the size of the company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and the members of the Audit Committee shall be assessed under the terms of the legislation in force. The other members of the Board of Directors are considered independent, if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, namely due to:*

- a. Having been an employee of the company or of a company holding a controlling or group relationship with the latter, within the last three years;*
- b. Having, in the past three years, provided services or established a commercial relationship with the company or company which is in a control or group relationship with the latter, either directly, or as a partner, board member, manager or director of a legal person;*
- c. Being paid by the company or by a company with the latter in a control or group relationship, other than the remuneration paid for the exercise of Board member functions;*
- d. Living with a partner or being spouse, relative or any next of kin relative, either direct or up to and including the third degree of collateral affinity, of board members or natural persons that are direct and indirectly holders of qualifying holdings;*
- e. Being a qualifying shareholder or representative of a qualifying shareholder.*

**RECOMMENDATION FULLY ADOPTED**

The Board of Directors is composed of seven independent Non-Executive Directors who meet the independence criteria set out in this recommendation (please refer to section 18).

The maintenance of the independence degree is periodically assessed, and independent directors are requested to promptly report any event that might compromise the loss of said quality.



**II.1.8** *When executive directors are requested by other Board members to supply information, the former shall do so in a timely and appropriate manner.*

#### **RECOMMENDATION FULLY ADOPTED**

The Executive Committee periodically makes available to the Board of Directors the content of all resolutions taken, during the year. The Executive Directors provide all the clarifications necessary to the exercise of the duties of the Non-Executive Directors, as well as to the members of the others statutory governing bodies, when required to do so, or by its own initiative.

**II.1.9** *The Chairman of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Financial Matters Committee, the convening notices and minutes of the relevant meetings.*

#### **RECOMMENDATION FULLY ADOPTED**

All information regarding the meetings held is provided to all the members of the Board of Directors and to the Chairman of the Statutory Audit Board.

Furthermore, considering that the Chairman of the Board is also Co-Chairman of the Executive Committee, the Board of Directors has appointed a Senior Independent Non-Executive Director who, under the terms of the Board of Directors' Internal Regulation and in accordance with the Corporate Governance best practices, ensures, in a timely and suitable manner, the proper flow of information for the exercise of the legal and statutory role of all the remaining governing bodies and committees, facilitating, in a non-restrictive way, the necessary resources for the access to all the convening notices, minutes and documentation of the relevant decision-making process.

**II.1.10** *Should the Chairman of the Board of Directors carry out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination and the conditions of other non-executive members' work, so that said non-executive members can make independent and informed decisions or set up an equivalent mechanism to ensure such coordination.*

#### **RECOMMENDATION FULLY ADOPTED**

The Chairman of the Board of Directors performs an executive role as the Co-CEO. To reinforce the existence of conditions for an independent and informed performance of the Non-Executive Directors' role and upon resolution of the Board of Directors taken in the meeting held on 4<sup>th</sup> May 2015, the director José Manuel Neves Adelino was appointed Senior Independent Non-Executive Director. Under the provisions of paragraph 2 of Article 1 and Article 13 of the Internal Regulation of the Board of Directors (available for consultation at the Company's website <http://www.sonae.pt/en/investors/corporate-governance/>), the Senior Independent Non-Executive Director has the responsibility to coordinate the work of the Non-Executive Directors', both at Board level as well at Board's specialised committees, in order to guarantee the existence of the necessary conditions to underpin an independent and informed performance of their non-executive role, and also to ensure the continuous flow of information for the proper fulfilment of their legal and statutory duties.



## II.2 Audit

**II.2.1** *Depending on the applicable model, the Chairman of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the appropriate skills to carry out its duties.*

### RECOMMENDATION FULLY ADOPTED

The Chairman of the Statutory Audit Board, as well as all the members of this body, are independent under the terms set forth in article 414, paragraph 5, of the Portuguese Companies Act, and possess the necessary skills and experience to carry out their relevant duties.

The assessment of independence terms, in accordance with legal criteria, is carried out at the time of the election and, subsequently, internally reassessed on an annual basis. Each member of the Statutory Audit Board is also requested to promptly inform the Company when a supervening circumstance determines the loss of independence.

**II.2.2** *The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.*

### RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board is responsible for proposing the appointment and dismissal of the Statutory External Auditor and of the External Auditor, approving the remuneration, and overseeing the work performed and verifying their independence. The Statutory Audit Board is also primordially responsible for receiving the Statutory External Auditor and the External Auditor's reports and for direct interaction, pursuant to Statutory Audit Board's competencies and its respective Regulation, available at the Company's website, <http://www.sonae.pt/en/investors/corporate-governance/>.

**II.2.3** *The supervisory board shall assess annually the external auditor and propose to the competent body its dismissal or termination of the contract as to the provision of their services, whenever justifiable grounds are present.*

### RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board's annual report and opinion include an assessment of the work performed by the Statutory External Auditor.

**II.2.4** *The supervisory board shall assess the functioning of the internal control systems and risk management, proposing adjustments if deemed necessary.*

### RECOMMENDATION FULLY ADOPTED

The Board of Directors proactively ensures the working of the internal control and risk management systems. The Statutory Audit Board evaluates the effectiveness of these systems, proposing measures to optimise their performance, as deemed necessary, and giving its opinion on these systems in its annual report and



opinion, as attached to the Company's Annual Management Report and accounts. Details are available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/>.

*II.2.5 The Audit Committee, the General and Supervisory Board and the Supervisory Board should decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential irregularities.*

#### **RECOMMENDATION FULLY ADOPTED**

The Statutory Audit Board establishes, together with the internal audit department, a plan of action, supervises its activities, receives periodic reports on the work performed, assesses the results and conclusions drawn, checks for possible irregularities, and gives guidelines as it deems necessary (please refer to section 38).

#### **II.3 REMUNERATION APPROVAL**

*II.3.1 All members of the Remuneration Committee or equivalent shall be independent from the executive members of the board and shall include at least one member with knowledge and experience in remuneration policy.*

#### **RECOMMENDATION FULLY ADOPTED**

The three appointed members of the Shareholders' Remuneration Committee are independent and act in that capacity, thus fulfilling the necessary conditions for the body's independent performance and decision-making process of that body. All the members of the Shareholders' Remuneration Committee have relevant and sufficient knowledge and experience in the field of remuneration policies.

*II.3.2 Any natural or legal person that provides or has provided services in the last three years to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related to them through an employment or provisions of services contract.*

#### **RECOMMENDATION FULLY ADOPTED**

It is the Shareholders' Remuneration Committee policy to hire internationally recognised consultants to provide support in the carrying out of its duties. The independence of such consultants is ensured by the fact that they are not in any way related to the Board of Directors, to the Company or to the Group, and by their self-evident broad experience and recognised market (please refer to section 67).

*II.3.3 The statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law No. 28/2009 of 19<sup>th</sup> June, shall contain, in addition to the content therein stated, adequate information on:*

- a) Identification and explanation of the criteria for determining the remuneration granted to the members of the governing bodies;*
- b) Information regarding the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate terms, to be paid to the members of the corporate bodies, and also the identification of the circumstances whereby these maximum amounts may be payable;*
- d) (sic) Information regarding the enforceability or unenforceability of payments for board members dismissal or termination of appointment.*

#### **RECOMMENDATION FULLY ADOPTED**

The statement on the Company's remuneration policy was presented to the Shareholders' Annual General Meeting of 30<sup>th</sup> April 2015 and includes the information referred to in this recommendation. Payments for the dismissal or termination of appointment of directors are not, subject to the applicable legal provisions, enforceable.

The statement on the remuneration policy is available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders/>.

*II.3.4 A proposal for approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the information necessary for a proper appraisal of the plan.*

#### **RECOMMENDATION FULLY ADOPTED**

The medium term variable remuneration plan, including its implementation, was approved at the Shareholders' Annual General Meeting, held on 30<sup>th</sup> April 2015 and is available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/>.

*II.3.5 Approval of any retirement benefit scheme established for members of the statutory governing bodies must be submitted to the General Meeting's approval. The proposal shall contain all the information necessary for the correct assessment of the system.*

#### **RECOMMENDATION NOT APPLICABLE**

The approved remuneration policy does not establish any system of retirement benefits.

### **III - Remuneration**

*III.1 The remuneration of the executive members of the board shall be based on actual performance and shall discourage excessive risk taking.*

#### **RECOMMENDATION FULLY ADOPTED**



The remuneration of the members of the Board of Directors who perform executive duties is based on the performance of those directors, measured according to pre-established criteria and is built to align their activities with the Company's sustainability and shareholder interests. Excessive risk taking is discouraged.

The Company's Remuneration Policy, approved at the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015, is available on the Company's website at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> and is further described in sections 69-76 of this Report.

**III.2** *The remuneration of the non-executive Board members and the members of the supervisory board, shall not include any component whose value depends on the performance of the company or of its value.*

#### **RECOMMENDATION FULLY ADOPTED**

The remuneration of non-executive members of the Board of Directors consists solely of a fixed amount, without any connection with the Company performance or its value.

The Company's remuneration policy was approved at the Shareholders' Annual General Meeting, held on 30<sup>th</sup> April 2015, and is available on the Company's website at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> and is further described in sections 69-76 of this Report.

**III.3** *The variable remuneration component shall be overall reasonable in relation to the fixed component of the remuneration and maximum limits should be set for all components.*

#### **RECOMMENDATION FULLY ADOPTED**

The remuneration components are disclosed in the Company's remuneration policy, which was approved at the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015, and is available on the Company's website at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> and is further described in sections 69-76 of this Report.

The remuneration policy provides a solid relationship between the fixed and variable component of the remuneration which is suitable to the Company and group profile, as annually approved and confirmed at the Shareholders General Meeting.

**III.4** *A significant part of the variable remuneration should be deferred for a period of no less than three years and its payment should depend on the continued positive performance of the company during said period.*

#### **RECOMMENDATION FULLY ADOPTED**

The remuneration policy, proposed by the Shareholders' Remuneration Committee and approved at the Shareholders' Annual General Meeting, held on 30<sup>th</sup> April 2015 (available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/>), respects the deferral period contained in this recommendation and its vesting value is dependent on the Company's performance during said period, as detailed in sections 69-76 of this Report.

**III.5** *Members of the Board of Directors shall not enter into contracts with the company or third parties which intend to mitigate the risk inherent to remuneration variability set by the company.*

#### **RECOMMENDATION FULLY ADOPTED**

The remuneration policy, proposed by the Shareholders' Remuneration Committee, and approved at the Shareholders' General Meeting held on 30<sup>th</sup> April 2015, as in previous years, addresses the principle defined in this recommendation (please refer to sections 69-76 of this Report). It is available for consultation on the Company's website: <http://www.sonae.pt/en/investors/shareholders-general-meetings/>.

**III.6** *Until the end of their mandate, executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the overall annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares.*

#### **RECOMMENDATION FULLY ADOPTED**

The remuneration policy approved at the Shareholders' General Meeting held on 30<sup>th</sup> April 2015 enshrined the principle set forth in this recommendation (please refer to sections 69-76 of this Report and <http://www.sonae.pt/en/investors/shareholders-general-meetings/>).

**III.7** *If the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.*

#### **RECOMMENDATION NOT APPLICABLE**

The approved remuneration policy does not include the allocations of options.

**III.8** *When the removal of the board member is not due to a serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due to inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.*

#### **RECOMMENDATION FULLY ADOPTED**

The Company fully complies with this recommendation in its policy (please refer to sections 69-76 of this Report).

### **IV - Auditing**

**IV.1** *The external auditor shall, within the framework of its duties, verify the implementation of remuneration policies and systems of the corporate bodies, as well as the efficiency and effectiveness of the internal control mechanisms, reporting any deficiencies to the company's supervisory body.*

#### **RECOMMENDATION FULLY ADOPTED**

The Statutory External Auditor discloses the activities carried out during 2015 financial year in its annual audit report, which is subject to approval at the Shareholders' Annual General Meeting, and is available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/>.





**IV.2** *The company or any other entities with the latter in a control relationship, shall not engage the external auditor or any entity with the latter in a group relationship or which is part of the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance – said value should not exceed more than 30% of the total value of services rendered to the company.*

#### **RECOMMENDATION FULLY ADOPTED**

The services provided by the Statutory External Auditor were approved by the Statutory Audit Board safeguarding the guarantee of the independence of the Statutory External Auditor (please refer to section 47).

**IV.3** *Companies shall support auditor rotation at the end of two or three terms of office, depending on whether they last for four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.*

#### **RECOMMENDATION FULLY ADOPTED**

The Statutory External Auditor was re-elected at the Shareholders' Annual General Meeting held on 30<sup>th</sup> April 2015, based on a proposal by the Statutory Audit Board which was grounded on the recommended principles. Said proposal is available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> and on section 40 of this Report.

### **V - Conflicts of interests and transactions with related parties**

**V.1** *In relation to business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with article 20 of the Securities Code, such business should be conducted on an arm's length basis.*

#### **RECOMMENDATION FULLY ADOPTED**

Sonae endeavours to carry out transactions with related parties based on principles of rigour and transparency, and in strict observance of the rules of market competition. Such transactions are subject to specific internal procedures based on mandatory standards, in particular transfer pricing rules, or on voluntarily adopted internal systems of checks and balances – for example, formal validation or reporting processes, depending on the value of the transaction in question.

**V.2** *Significant business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with paragraph 1 of article 20 of the Securities Code, should be subject to prior comment and opinion by the audit board. This entity must establish the necessary criteria to define the relevant level of significance of the business involved and the scope of its involvement.*

#### **RECOMMENDATION FULLY ADOPTED**

Sonae has approved, and has in place, a formal internal procedure that involves obtaining an opinion from the Statutory Audit Board and from the Board Audit and Finance Committee prior to the Executive Committee doing business with qualified shareholders or with entities with which they are related to, according to the terms of article 20 of the Portuguese Securities Code, in cases where the transaction involved is greater than 100 million euros. In addition, for all transactions with the abovementioned parties in excess of 10 million euros, reports are submitted to these two entities every six months.

## VI - Information

**VI.1** *Companies shall provide, via their websites in both Portuguese and English version, access to information on their progress as regards the economic, financial and governance standing.*

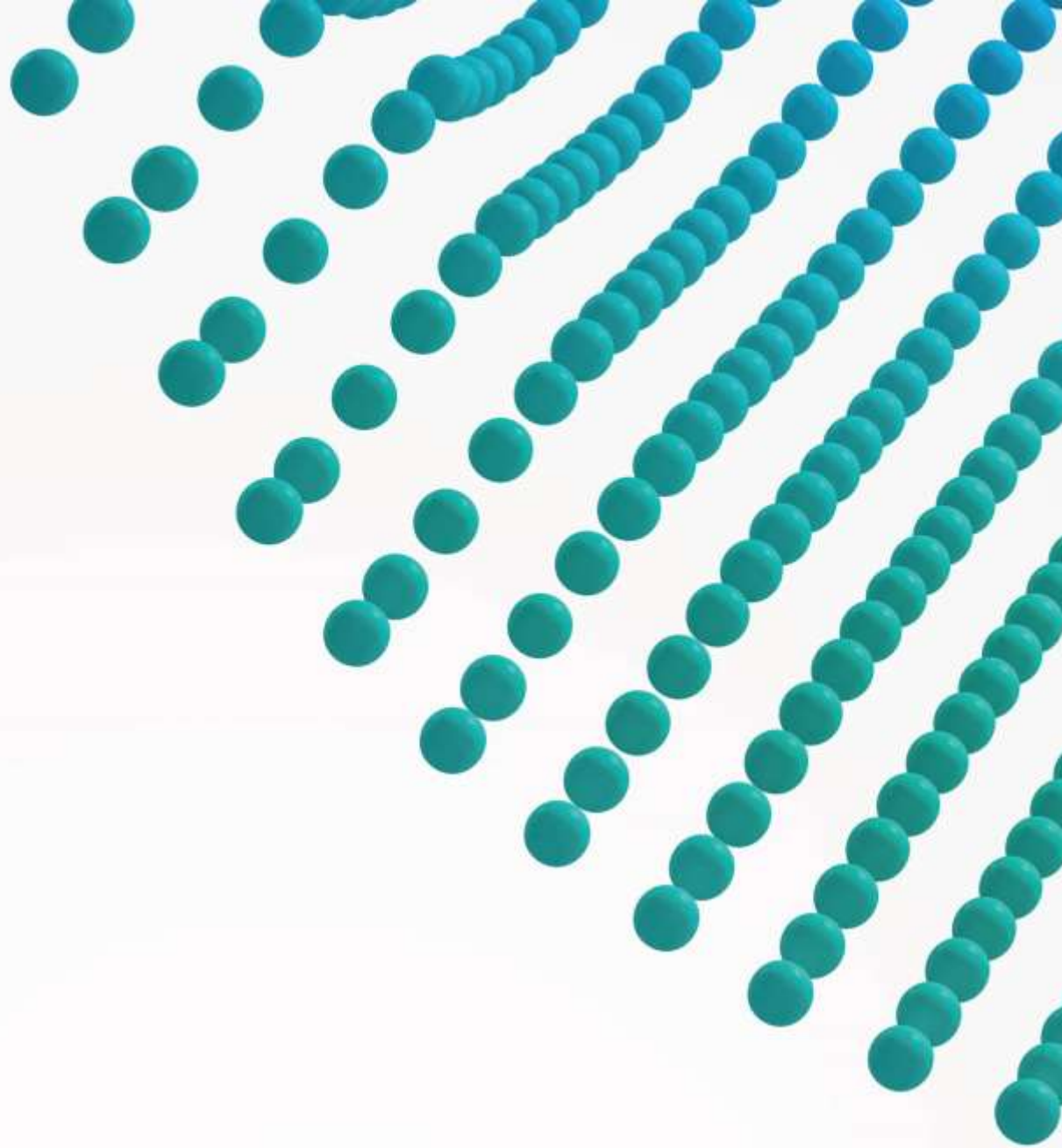
### RECOMMENDATION FULLY ADOPTED

All of the information indicated above is available both in the English and the Portuguese version at the Company's website - <http://www.sonae.pt/en/investors/>

**VI.2** *Companies shall ensure the existence of an investor support and market liaison office, capable of responding to investors' requests in a timely manner. A record of the submitted requests and their processing shall be kept.*

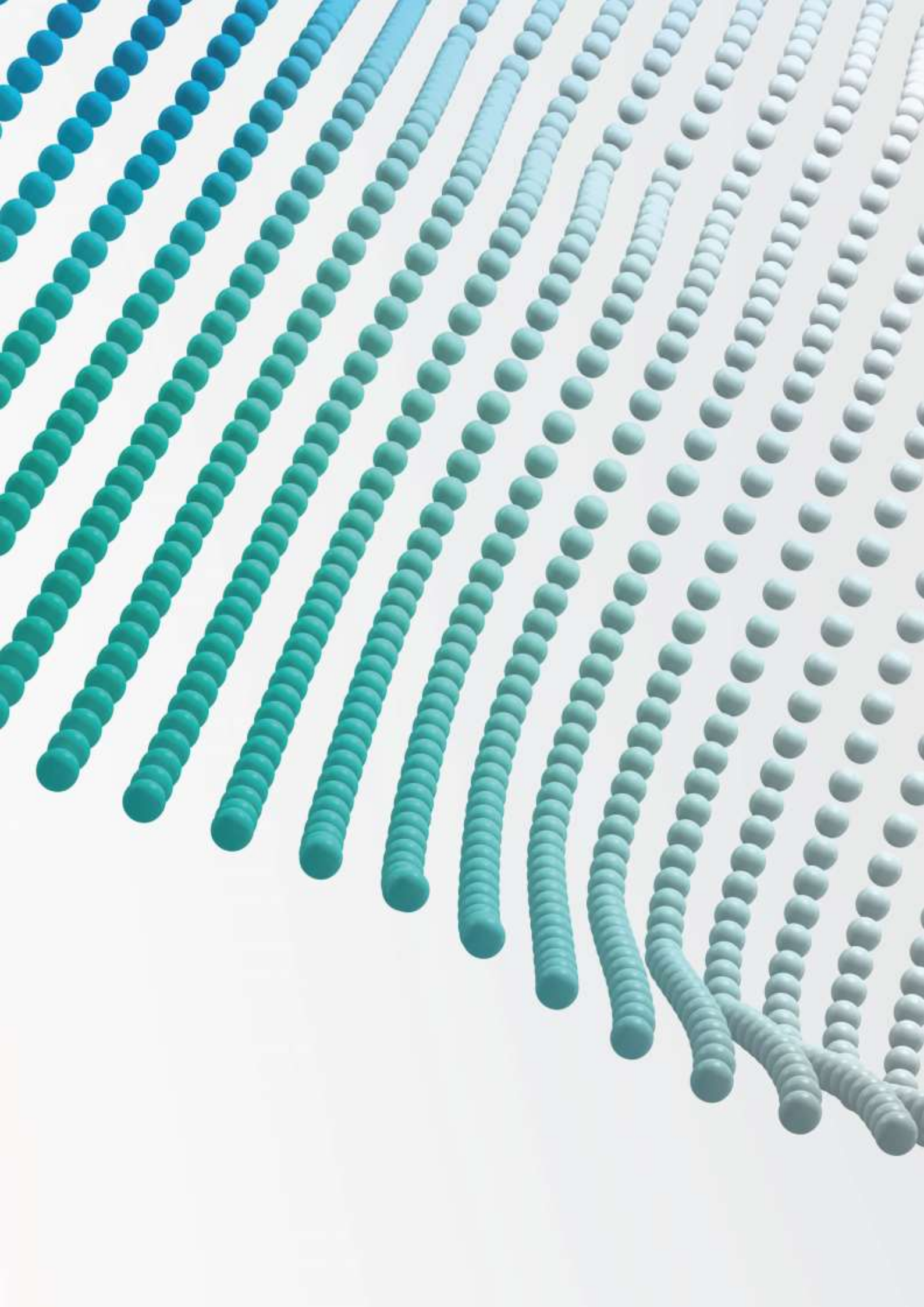
### RECOMMENDATION FULLY ADOPTED

The Company has an Investor Relations Department that provides regular and relevant information to the investors and financial community, and keeps an updated record of all relevant interactions which might optimise the quality of its performance.



.....● APPENDIX I





## 1 - Board of Directors

### 1.1 Professional qualifications and curricular references

#### DUARTE PAULO TEIXEIRA DE AZEVEDO

##### Date of Birth

31<sup>st</sup> December 1965

##### Education

1986	Degree in Chemical Engineering – Federal Polytechnic School of Lausanne
1989	Master in Business Administration – Porto Business School

##### Executive Education

1994	Executive Retailing Program – Babson College
1996	Strategic Uses of Information Technology Program – Stanford Business School
2002	Breakthrough Program for Senior Executives – Lausanne - IMD
2008	Proteus Programme – London Business School
2012	Corporate Level Strategy – Harvard Business School

##### Professional Experience

###### Group Sonae

1988-1990	Analyst and Project manager of new investments at Sonae Tecnologias de Informação
1990-1993	Organisational Development Project Manager and New businesses Commercial Manager for Portugal at Sonae Indústria (Wood Based Panels)
1993-1996	Head of Strategic Planning and Control and Organisational Development of Sonae Investimentos – SGPS, SA (currently Sonae - SGPS, SA)
1996-1998	Executive Board Director of Modelo Continente Hipermercados (Merchandising, IT and Marketing Retail)
1998-2000	CEO of Optimus - Telecomunicações, SA (Mobile Operator)
1998-Abril 2007	Executive Director of Sonae - SGPS, SA
2000-2007	CEO of Sonaecom, SGPS, SA
2002-2007	Chairman of the Supervisory Board of Público Comunicação Social, SA
2003-2007	Chairman of the Supervisory Board of Glunz, AG
2004-2007	Chairman of the Board of Directors of Tableros de Fibras, SA (Tafisa)
2007-2014	Chairman of the Board of Directors of Sonaecom, SGPS, SA
2007-April 2015	CEO of Sonae – SGPS, SA
2007 – March 2015	Member of the Board of Directors of Sonae Industria, SGPS, SA
2008-2014	Chairman of the Board of Directors of MDS, SGPS, SA
2009-2013	Chairman of the Board of Directors of Sonaegest – Sociedade Gestora de Fundos de Investimento, SA
2010-2013	Chairman of the Board of Directors of Sonae RP – Retail Properties, SA
Since April 2015	Chairman of the Board of Directors and Co-CEO of Sonae - SGPS, SA

###### Other Entities

1989-1990	Member of the Executive Committee of APGEI (Portuguese Association of Industrial Engineering and
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	Management)
2001-2002	Chairman of Apritel – Associação dos Operadores de Telecomunicações (Association of Electronic Telecommunication Companies)
2001-2008	Member of the Supervisory Board of Porto Business School
2003	Co-author of the book “Reformar Portugal “ (Reforming Portugal)
2004-2009	Member of the Advisory Board “Compromisso Portugal”, movimento independente para implementação da reforma política
2004-2011	Member of the Supervisory Board of IPCG – Instituto Português do Corporate Governance
2006-2013	Member of the Founding Members Board of Casa da Música
2008-2009	Member of the Supervisory Board of AEP – Portuguese Entrepreneurship Association
2009-2014	Member of the Board of Curators of AEP - Portuguese Entrepreneurship Association
2009-2015	Chairman of the Board of Curators of Oporto University
2012-2015	Director of Cotec
Since 2008	Member of the European Round Table of Industrialists (ERT)
Since 2013	Member of International Advisory Board of Allianz SE
Since 2015	Member of Consejo Iberoamericano para la Productividad y la Competitividad

## ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO

### Date of Birth

14<sup>th</sup> September 1959

### Education

1982	Graduate in Civil Engineering - FEUP
1988-1989	Master in Business Administration- MBA (Porto Business School)

### Professional Experience

1982-1984	Structural Design Project Manager at Tecnopor (Civil Engineering)
1984-1989	Manager at EDP (Energy)
1989-1991	Leader of the Television Project Team at Sonae Tecnologias de Informação
1991-1994	Head of Planning and Control at Sonae Investimentos - SGPS, SA (currently Sonae - SGPS, SA)
1994-1996	Director of several businesses within Sonae Distribuição SGPS, SA (currently Sonae Investimentos - SGPS, SA) (Retail)
1996-2007	CFO of Sonae Distribuição SGPS, SA (currently Sonae Investimentos - SGPS, SA) and Director of Modelo Continente, SGPS, SA and several of its affiliates (Retail)
1996-2007	Executive Vice Chairman and CFO of Sonae - SGPS, SA, Executive Director of Sonae Capital, SGPS, SA and Chairman of the Finance Committee of Sonae - SGPS, SA
2004-2009	Director of MDS – Corretor de Seguros, SA
2007-April 2015	Vice-CEO of Sonae – SGPS, SA
2011-2015	Board of Governors of Porto Business School
Since 2007	Member of the Board of Directors of MDS, SGPS, SA (Chairman of the Board of Directors since October 2014)
Since 2007	Executive Chairman of the Board of Directors of Sonaecom, SGPS, SA
Since 2007	Member of the Board of Directors of Sonae Sierra, SGPS, SA
Since 2007	Member of the Board of Directors of Sonae Investimentos, SGPS, SA

Since April 2015 Co-CEO of Sonae - SGPS, SA

## JOSÉ MANUEL NEVES ADELINO

### Date of Birth

19<sup>th</sup> March 1954

### Education

1976	Degree in Finance, Universidade Técnica de Lisboa
1981	DBA, Finance, Kent State University

### Professional Experience

1978-1981	Teaching Fellow, Kent State University
1981-1986	Member of the Directive Council, Faculty of Economics, Universidade Nova de Lisboa
1981-2012	Professor, Faculty of Economics, Universidade Nova de Lisboa
1986-1989	Assistant Professor, Portuguese Catholic University
1987-1989	Assistant Professor, Bentley College
1988	Assistant Professor, ISEE
1990-1996	Dean, MBA Program and Executive Program, Faculty of Economics, Universidade Nova de Lisboa
1992-1994	Member of the Board of Directors, BPA
1994-2002	Member of the Management Board of the Deposit Guarantee Fund
1999-2002	Dean, Faculty of Economics, Universidade Nova de Lisboa
1999-2004	Member of the Global Advisory Board of Sonae - SGPS, SA
2003-2006	Member of the Board, Chairman of the Audit Committee of EDP
2003-2006	Strategy Advisory Board of PT
2003-2007	Member of the Remuneration Committee of Sonae - SGPS, SA
2003-2010	Member of the Investment Committee of Fundo Caravela
2008-2014	Member of the Statutory Audit Board at Banco BPI
2010-2014	Member of the Board of Directors of Cimpor
2012-2014	Finance and Investment Director - Calouste Gulbenkian Foundation

## ANDREW EUSTACE CLAVERING CAMPBELL

### Date of Birth

3rd August 1950

### Education

1969-1973	Edinburgh University – MA in Economics
1976-1978	Harvard Business School - MBA

**Professional Experience**

1978-1984	Mckinsey & Co, Consultant
1984-1987	Professor at the London Business School
Since 1987	Director of Ashridge Strategic Management Centre Part of Ashridge Business School
Since 2014	Director of Campbell Associates Consulting Ltd

**CHRISTINE CROSS****Date of Birth**13<sup>th</sup> June 1951**Education**

1973	B.Ed. (Distinction), Food Science and Nutrition, Newcastle University
1983	MSc in Food Science (Distinction), University of Reading
1990	Open University (OU) - Degree in Management Studies

**Professional Experience**

1975-1978	Edinburgh University - Lecturer in Food and Nutrition
1979-1985	Bath SPA University College – Senior Lecturer
1985-1989	Bath SPA University College – Principal Lecturer and Dean of BSc (Hons) Programme
1989-2003	Tesco PLC
1989-1990	Head of Consumer Services
1990-1994	Divisional Director, Technical Services
1994-1997	Commercial Director
1998-2002	World Non Food Retail Procurement Director
2002-2003	Group Business Development Director
1997-2003	Visiting Professor, University of Ulster, Consumer Studies
2002-2005	Non-Executive Director George Wimpey, plc
2003-2011	Non-Executive Director (Member of the Nomination and Remuneration Committee) of Sobeys Inc, Canada
2005-2006	Non-Executive Director Fairmont Hotels Inc
2005-2014	Non-Executive Director (Member of the Audit, Remuneration and Nomination Committee) Next plc
2006-2013	Retail Advisor of Apax Private Equity
2006-2014	Retail Advisor of Warburg Pincus Private Equity
2007-2009	Visiting Professor, University of Hull Business School
2008-2009	Non-Executive Director of Premier Foods plc
2010-2013	Chief Retail Advisor, PwC
2012-2015	Non-Executive Director (PPC Chair), Woolworths (Australia) plc
2014-2015	Board Advisor of Javelin ecommerce
Since 2003	Director of Christine Cross Ltd (retail independent consultancy firm)
Since 2009	Non-Executive Director of Plantasjen (Apax PE)
Since December	Non-Executive Directors of Kathmandu (New Zealand) plc

2012	
Since August 2013	Consultant at MHJL
Since January 2014	Non-Executive Director at Brambles (Australia) plc
Since October 2014	Non-Executive Director at Fenwick (UK)
Since May 2015	Consultant at River Island
Since March 2016	Non-Executive Director at Hilton Food Group

## TSEGA GEBREYES

### Date of Birth

14th December 1969

### Education

1986-1990	<p>Rhodes College</p> <p>Awarded Dual-Degree</p> <p>Received highest honors distinction for major in economics and cum laude for major in International Studies</p> <p>Received Summa Cum Laude distinction for a senior thesis</p> <p>Elected president of Economics Honor Society and member of International Studies Honor Society</p> <p>Appointed Editor of Economics Journal and elected President of Investment Group, a student managed fund</p> <p>Received Sophomore Woman of the Year award and the Ralph C. Hon Leadership award.</p> <p>Elected member of two leadership honor societies</p> <p>Appointed member of college's Board of Trustees</p> <p>Elected Student Government class representative and appointed President of New York area Alumni Club</p>
1994-1996	<p>Harvard University Graduate School of Business Administration</p> <p>Candidate for Master in Business Administration degree, June 1996</p> <p>Project team leader for Volunteer Consulting Organization, client: National Foundation for Teaching Entrepreneurship. Elected section student Career Representative</p> <p>Project team member for European Business Conference</p> <p>Member of Finance Club and Venture Capital Club</p>

### Professional Experience

1990-1994	<p>Citicorp Securites, INC</p> <p>Capital Markets: Associate</p> <p>Received special appointment to core team of six professionals who structured investment grade, tradable securities from a \$1 billion fund of non-investment grade, airline industry related, financial assets</p> <p>Co-designed and built extensive financial models to value each class of cash flow. Analysed alternatives and developed a method for measuring return volatility and correlation with other financial instruments. Persuaded rating agency to assign investment grade rating to a large portion of the fund</p> <p>Jointly marketed non-investment grade portion of the fund to principal and hedge funds. Identified investor concerns, developed alternative solutions, selected best alternative and convinced investors and project team members of its merit</p> <p>Researched, analysed and integrated legal, tax, accounting and investor restrictions across several country jurisdictions to develop an optimal fund structure. Jointly-persuaded senior management to underwrite \$1B of assets</p>
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	Executed due diligence and independently valued debt and equity instruments purchased for inclusion in the fund
1995-1996	<p>Mckinsey &amp; Company, INC. Business Strategy Associate</p> <p>Member of team that explored diversification strategy for a major English food retail chain. Designed economic analysis of proposition and estimated market potential. Authored and presented findings to senior client managers.</p> <p>Evaluated product/market fit for major U.K. clothing retail chain. Performed market research, analysed store operations and identified drivers of success</p>
1996-2000	<p>New Africa Opportunity Fund, LLP (re-named Zeypher Opportunity Fund, LLP) Partner</p> <p>OPIC-backed private equity fund focused on making investments in SADC region in Africa</p> <p>Founding partner</p> <p>Responsible for identifying, analyzing and selecting investments within the Northern SADC countries</p> <p>Reviewed and selected investments in wide range of industries with primary focus on telecommunication, media, financial institutions, services and fast moving consumer goods sectors</p> <p>Jointly marketed the Fund to investors to close \$120 million fund from US investors; raised \$40 million in equity to underpin the OPIC guarantee of \$80 million</p> <p>Established a regional office in Kenya to support activities</p> <p>Provided support to the various portfolio companies as a Board director and through managing fundraising activities, identifying strategic partners and recruiting talent</p>
2000-2007 2001	<p>Celtel International BV/Zain Director Mobile Commerce and New Product Development</p> <p>Developed mobile commerce business strategy and manage business operations and service deployment</p> <p>Deployed payment processing business with 30% enterprise value increase on organization</p> <p>Managed private equity placement efforts during 2000-1Q 2001</p> <p>Implemented first African mobile payment operation for Celtel</p> <p>Worked on design of global roll out plan for Pan-African expansion</p>
2003	<p>Chief Business Development and Mergers &amp; Acquisitions Officer</p> <p>Member of executive management team reporting to Board</p> <p>Participated in setting strategy and reviewing overall performance as a member of executive management team</p> <p>Served on Boards of subsidiary companies to support general corporate governance</p> <p>Responsible for identifying and acquiring businesses in new countries</p> <p>Responsible for identifying new lines of business and areas of new growth within existing countries</p> <p>Lead negotiations, analysis and relationship development to create entry into new area of expansion</p>
2005	<p>Chief Strategy and Development officer</p> <p>Member of executive management team reporting to Board</p> <p>Continued previous responsibilities in addition to taking oversight for strategy and communications</p> <p>Completed a number of acquisitions and investments in mobile companies across Africa, including \$1.2 billion in Nigeria; \$ 100 million in Madagascar; \$250 million in Kenya; \$40 million in Tanzania</p> <p>Led M&amp;A sale of Celtel to MTC which resulted in \$3.4 billion to shareholders</p>
2007	<p>Senior Group Advisor</p> <p>Provided business development support and advice. Sat on various boards representing companies, including:</p> <p>Celtel Kenya Board Member, Chair, Audit Committee</p> <p>Celtel Ghana advisor</p> <p>Celtel Nigeria Board Member, Audit Committee</p>
2007-Present	<p>Satya Capital</p> <p>Founding Director, Managing Partner</p> <p>Investment Group focused on private equity opportunities in Africa</p> <p>Established business with responsibility for full range of activities ranging from legal &amp; office set-up to recruitment of other partners and Investment Professionals</p> <p>Defined investment strategy, recruited Board and sector advisors and Investors</p> <p>Raised \$200 million seed funding and planning to raise additional \$400-600 million</p>



## MARCELO FARIA DE LIMA

### Date of Birth

1st December 1961

### Education

1981-1985 Pontifical Catholic University of Rio de Janeiro, Rio de Janeiro, Brazil, Degree in Economics

### Professional Experience

1988-1989	Professor, Pontifical Catholic University of Rio de Janeiro, Rio de Janeiro, Brazil
1989-1996	Commercial Banker of ABN AMRO Bank, São Paulo, Brazil/ Chicago, United States
1996-1998	Vice-Chairman of Banco Garantia, São Paulo, Brazil Investments Bank
1998-2000	Manager of Donaldson, Lufkin & Jenrette, São Paulo, Brazil Investments Bank
2000	Co-founder and CEO of Areartil, São Paulo, Brazil Internet gateway for property business
2000-2003	Co-founder and CEO of EugênioWG, São Paulo, Brazil Advertising Agency
2002-2005	Member of the Board of Directors of Neovia Telecomunicações SA, São Paulo, Brazil Wi-Fi Company/ WiMax at São Paulo State
Since February 2003	Shareholder and Co-founder of Artesia Gestão de Recursos SA, São Paulo, Brazil Company authorised by CVM – Securities and Exchange Commission of Brazil for the professional exercise of the Management of the Securities Investors Portfolio
Since January 2004	Chairman of the Board of Directors of Metalfrio Solutions SA, São Paulo, Brazil Public company, with shares negotiated in BM&FBovespa under the ticker FRI03, it is a Brazilian multinational company, and one of the world's largest manufacturers of commercial refrigeration equipment Plug-In type, operating in Brazil, United States of America, Mexico, Denmark, Turkey, Russia, Ukraine, Indonesia and India, with annual income of over R\$ 800 million
Since July 2007	Vice-Chairman of the Board of Directors of Produquímica Indústria e Comércio SA, São Paulo, Brazil Leadership company in the solutions production in micronutrient, for agriculture and animal food, which also produces ingredients for the treatment of water for industrial processes, with annual income of over R\$ 800 million
Since January 2008	Vice-Chairman of the Board of Directors of Restoque Comércio e Confecções de Roupas SA, São Paulo, Brazil Public company, with shares negotiated at BM&FBovespa under the ticker LLIS3, it is one of the largest retail companies in the high pattern apparel and accessories sector, cosmetics and decoration articles, in Brazil, with annual income of over R\$ 1.000 million
Since March 2008	Chairman of the Board of Directors of Klimasan Klima Sanayi ve Ticaret A.Ş. Izmir, Turkey Public company, duly registered in Turkey's Capital Markets Board, being its shares negotiated at Istanbul Stock Exchange under the ticker KLMSN. Company controlled by Metalfrio Solutions SA, Klimasan operates in the commercial refrigeration sector, Plug-In type
Since Dezember 2009	Member of the Board of Directors of C1 Financial Inc., Saint Petersburg, Florida, United States Public company, duly registered in the Securities and Exchange Commission of the United States, being its shares negotiated at NYSE under the ticker BNK. Commercial Bank acting in Florida, United States, with total assets in an amount higher than US\$ 1.500 million
Since November 2013	Member of the Board of Directors of TRX Investimentos Imobiliários S.A., São Paulo, Brazil Company that invests, develops, finances, and manages, owned or third parties', property assets, with assets under management with a total amount of approximately R\$ 4.000 million

## DAG JOHAN SKATTUM

### Date of Birth

19th April 1961

### Education

1980	Gjovik, Norway, High School, Science
1984	Allegheny College, Meadville, PA (USA), Bachelor of Arts
1986	Simon School of Business, University of Rochester, Rochester, NY (USA), MBA

### Professional Experience

1986-2007	J.P.Morgan Various roles, including head of North American M&A and European M&A
2007-2013	Partner London office of TPG
2013-2014	Consulting business of Abingdon Partners LLC
2013-2014	Managing Director of One Thousand & Voices
2000 - Present	Allegheny College Trusted advisor to prior and current President of the college Co-chair capital campaign
2011 - Present	Right to Play Member of the Board of Directors (Toronto, Canada HQ) Member of the board of Directors at the UK and the US Chairman of the Human Resources Committee Chair of CEO succession committee (office not held until the term of the mandate) and Chairman of the CEO's Integration Committee Trusted advisor to CEO and Founder (on going)
2012 - Present	Myelona Institute, Little Tock, Arkansas Vice Chairman of the Board of Directors Co-chaired CEO succession committee of the board Trusted advisor to prior and current director of cancer institute (on going)
2014 - Present	Nabors Industries Member of the Board of Directors recruited for expertise in corporate finance and strategy (on going)
January 2015 Present	Vice-Chairman of J.P.Morgan Limited

## MARGARET LORRAINE TRAINER

### Date of Birth

13th March 1952

### Education

1970-1971	Diplome Superieur, Sorbonne Paris
1971-1975	M.A.(2i) French, St Andrews University

## Professional Experience

1975-1990	Citibank NA
1975-1986	H.R. roles of both specialist and generalist natures
1986-1988	Chief of Staff to Head of UK Treasury A non-HR role including assignments in capital hedging, risk assessment, speech writing, and foreign exchange and funding limits management
1988-1989	Head of HR UK and N. Europe, London
1989-1990	Head of HR for EMEA based in Frankfurt
1990-1994	London Stock Exchange Head of Human Resources and member of the Executive Board, responsible for formulating strategy and leading the Exchange from being a trade association to an organisation using current commercial practices
1994-2000	Coutts Natwest Group Head of Human Resources and Organisation Development responsible for all HR activities in International Private Banking
2001-2006	De Beers LV Ltd Member of the start up team for this joint venture created in 2001 between LVMH and De Beers to launch a global retail diamond jewellery business, advising on organisation and people strategy
2005-2013	Aegis PLC Non Executive Director and Chairman of Remuneration Committee (since 2010)
2006-2008	Manchester Square Partners Working with the founding partners to support them in developing a search-based business mentoring practice at and around board level
2008-2015	Sonae - SGPS, SA Advice to Chairman Providing board level succession planning services, and director development
2013-2015	Colt SA Non-Executive Director and from 2014 chair of Remuneration Committee. Member of Nomination committee. Fidelity purchased all the independent shareholdings and independent directors stood down
2010-Present	Jupiter Fund Management PLC Non-Executive Director and member of the Audit Committee and the Nomination committee. Senior Independent Director and Chairman of Remuneration Committee
2013-Present	Essentra PLC Non-executive Director and, from 2014, Chairman of the Remuneration Committee. Member of the Audit Committee and the Nomination Committee

## 1.2 Positions held in other entities

### DUARTE PAULO TEIXEIRA DE AZEVEDO

#### Offices held in other companies within Sonae:

Chairman of the Board of Directors of Sonae Sonae Investimentos, SGPS, SA
Chairman of the Board of Directors of Sonae MC – Modelo Continente, SGPS, SA
Chairman of the Board of Directors of Sonae – Specialised Retail, SGPS, SA
Chairman of the Board of Directors of Sonae Center Serviços II, SA
Chairman of the Board of Directors of Sonae Sierra, SGPS, SA

#### Offices held in other entities outside Sonae:

Chairman of the Board of Directors of Sonae Indústria, SGPS, SA
Chairman of the Board of Directors of Sonae Capital, SGPS, SA

Chairman of the Board of Directors of Migracom, SGPS, SA
Member of the Board of Directors of Efanor Investimentos, SGPS, SA
Member of the Board of Directors of Imparfin, SGPS, SA
Member of the European Round Table of Industrialists (ERT)
Member of International Advisory Board of Allianz SE
Member of Consejo Iberoamericano para la Productividad y la Competitividad

## ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO

### Offices held in other companies within Sonae:

Chairman of the Board of Directors and Executive Director of Sonaecom, SGPS, SA
Chairman of the Board of Directors of Sonae Investment Management – Software and Technology, SA (previously Sonaecom – Sistemas de Informação, SGPS, SA)
Chairman of the Board of Directors of Sonaecom - Serviços Partilhados, SA
Chairman of the Board of Directors of Público - Comunicação Social, SA
Member of the Board of Directors of ZOPT, SGPS, SA
Member of the Board of Directors of NOS, SGPS, SA
Chairman of the Board of Directors of Sonaegest - Sociedade Gestora de Fundos de Investimento, SA
Chairman of the Board of Directors of Sonaerp - Retail Properties, SA
Chairman of the Board of Directors of Sonae Financial Services, SA
Vice-Chairman of the Board of Directors of Sonae - Specialised Retail, SGPS, SA
Vice-Chairman of the Board of Directors of Sonae MC - Modelo Continente, SGPS, SA
Member of the Board of Directors of Sonae Investimentos, SGPS, SA
Member of the Board of Directors of Sonae Center Serviços II, SA
Executive Director of Sonae Investments, BV
Executive Director of Sontel BV
Chairman of the Board of Directors of MDS, SGPS, SA
Chairman of the Board of Directors of MDS AUTO, Mediação de Seguros, SA
Chairman of the Board of Directors of Sonae RE, SA
Member of the Board of Directors of Sonae Sierra, SGPS, SA

### Offices held in other entities outside Sonae:

Member of the Board of Governors of Universidade Católica Portuguesa
Chairman of the Board of Directors of APGEI (Portuguese Association of Engineering and Management)
Member of the Board of Directors of Love Letters – Galeria de Arte, SA
Sole Director of Enxomil, SGPS, SA
Sole Director of Enxomil, Sociedade Imobiliária, SA
Sole Director of STTR – Construção e Imóveis, SA



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## JOSÉ MANUEL NEVES ADELINO

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### Offices held in other companies within Sonae:

None

### Offices held in other entities outside Sonae:

Member of the Board of Directors of the Calouste Gulbenkian Foundation

#### *Academic Offices held:*

Professor of Finance, Faculty of Economics, Universidade Nova de Lisboa (retired)

Visiting Professor, Bentley College

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## ANDREW EUSTACE CLAVERING CAMPBELL

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### Offices held in other companies within Sonae:

None

### Offices held in other entities outside Sonae:

Director of Ashridge Strategic Management Centre Part of Ashridge Business School

Director of Campbell Associates Consulting Ltd

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## CHRISTINE CROSS

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### Offices held in other companies within Sonae:

None

### Offices held in other entities outside Sonae:

Director of Christine Cross Ltd

Non Executive Director of Plantasjen (Apax PE)

Non Executive Director Kathmandu (New Zealand) plc

Advisor Board of MHJL

Non Executive Director Brambles (Australia) plc

Non Executive Director Fenwick (UK)

Advisor Board of River Island

Non-Executive Director of Hilton Food Group

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## TSEGA GEBREYES

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### Offices held in other companies within Sonae:

None



**Offices held in other entities outside Sonae:**

Founding Director, Managing Partner of Satya Capital

**MARCELO FARIA DE LIMA****Offices held in other companies within Sonae:**

None

**Offices held in other entities outside Sonae:**

Shareholder and Co-founder of Artesia Gestão de Recursos SA

Chairman of the Board of Directors of Metalfrio Solutions SA

Vice-Chairman of the Board of Directors of Produquímica Indústria e Comércio SA

Vice-Chairman of the Board of Directors of Restoque Comércio e Confecções de Roupas SA

Chairman of the Board of Directors of Klimasan Klima Sanayi ve Ticaret AŞ

Member of the Board of Directors of C1 Financial Inc.

Member of the Board of Directors of TRX Investimentos Imobiliários SA

**DAG JOHAN SKATTUM****Offices held in other companies within Sonae:**

None

**Offices held in other entities outside Sonae:**

Allegheny College

Trusted advisor to prior and current President of the college

Right to Play

Member of the Board of Directors (Toronto, Canada HQ)

Member of the Board of Directors at the UK and the US

Chairman of the Human Resources committee

Chair of CEO succession committee (not completed) and Chairman of the CEO's Integration Committee

Trusted advisor to CEO and Founder (on going)

Myelona Institute, Little Tock, Arkansas

Vice Chairman of the Board of Directors

Co-chaired CEO succession committee of the board

Trusted advisor to prior and current director of cancer institute (on going)

Member of the Board of Directors of Nabors Industries

Vice-Chairman of J.P. Morgan Limited

**MARGARET LORRAINE TRAINER****Offices held in other companies within Sonae:**

None

#### Offices held in other entities outside Sonae:

Non-Executive Director and member of Audit Committee and Nomination Committee, as well as Senior Independent Director and Chairman of Remuneration Committee of Jupiter Fund Management PLC

Non-executive Director, Chair of Remuneration Committee and Member of Audit and Nomination Committees of Essentra PLC

## 2 - Statutory Audit Board

### 2.1 Professional qualifications and curricular references

#### DANIEL BESSA FERNANDES COELHO

##### Date of Birth

6 May 1948

##### Education

1970	Degree in Economics – University of Oporto
1986	Phd in Economics – Universidade Técnica de Lisboa

##### Professional Experience

1970-2009	Lecturer at the University of Oporto:
1970-1999	- Faculty of Economics
1988-2000	- ISEE (Institute for Entrepreneurship Studies)
1989-2002	- Faculty of Engineering
2000-2008	- EGP (currently Porto Business School)
2008-2009	- EGP – University of Porto Business School (currently Porto Business School)
2009	- Faculty of Economics
1978-1979	Dean of the Faculty of Economics of the University of Oporto
1983-2015	Economists - Liberal professional
1989-1990	Chairman of the Founding Committee of the School of Technology and Management of the Polytechnic Institute of Viana do Castelo
1990-1995	Vice-Dean for the Financial Management Guidance of the University of Oporto
1995-1996	Minister of Economy of the Portuguese Government
1996-2006	Non-Executive Director of CELBI - Celulose Beira Industrial
1997-1999	Non-Executive Director of INPARSA – Indústrias e Participações, SGPS, SA
1997-2007	Chairman of the Statutory Audit Board of SPGM - Investment Company
1997-2008	Director of Finibanco, SA
1999-2002	Chairman of the Board of the Shareholder's General Meeting of APDL –Management of Douro and Leixões Ports
2000-2012	Chairman of the Advisory Board of IGFCSS – Portuguese Institute for Welfare Funds Management
2001-2003	Advisory member of the Consulting council of Electric and Telephone Conductors Industries F. Cunha Barros, SA
2001-2011	Director of Finibanco Holding, SGPS, SA
2003-2015	Member of the Board of Directors of Bial Foundation
2004-2013	Non-Executive Director of Efacec Capital, SGPS, SA
2007-2010	Member of the Advisory Board of Microprocessador, SA
2007-2011	Member of the Board of Directors of the Agency for Investment and External Commerce of Portugal

	- AICEP, E.P.E.
2008-2015	Member of the Investment Committee Member of PVCI – Portuguese Venture Capital Initiative, entity created by FEI – European Investment Fund
2009-2015	Managing Director of COTEC Portugal, Business Association for Innovation
2011-2012	Member of the Supervisory Board of Banco Comercial Português, SA

## MARIA JOSÉ MARTINS LOURENÇO DA FONSECA

### Date of Birth

4 September 1957

### Education

1984	Degree in Economics at Faculty of Economics of University of Porto, having received the award Doutor António José Sarmiento attributed to the best student in Accounting Theory
1987	Post graduate Program in European Studies at European Studies Center, Catholic University of Portugal – Oporto
1992	Participation in Young Managers Programme at INSEAD – European Institute of Business Administration, Fontainebleau
2002	Master in Business Science at Faculty of Economics of University of Porto, with specialisation in Accounting and Management Control Dissertation with the theme “Enquadramento Contabilístico de elementos intangíveis de natureza ativa” Orientation: Professor José Rodrigues Jesus
2015	PhD candidate in the Business Science PhD Program at Faculty of Economics of University of Porto, with specialisation in Accounting and Management Control Dissertation with the theme: “Carbon Financial Accounting: Evaluating the “Disciplinarian effect” of standards and markets on disclosure practices of EU-15 listed firms” Orientation: Professor Patrícia Teixeira Lopes

### Professional Experience

1984-1985	Assistant Professor at Faculty of Economics of University of Porto, having lectured the Microeconomic subject
1985-1996	Enter in BPI – Banco Português de Investimentos, S.A., as Technician in Economic Studies and Planning Consultant (1985/90) having subsequently exercised the role of Senior Analyst in Banca de Empresas field (1990/92) and being vice-manager in Banca de Empresas field (1992/96)
1991-1999	Assistant Professor at Faculty of Economics of University of Porto, having lectured multiple subjects in the Accounting area
1996-2006	Cooperation with the Portuguese Institute of Statutory Auditors, as trainer for the External Auditor Preparatory Course
1996/...	Professor at School of Economics and Management, Catholic University of Portugal – CRP, in Accounting area Currently, teaches the “Financial Accounting” subject, in the degrees of Economics and Management, and is responsible for the subject “International Accounting”, in the Auditing and Taxation Master Program Exercises teaching activity at Católica Porto Business School, in the Accounting area Responsible for the “Financial Accounting” subject in multiple post-graduation Programs and advance training programs (GP in Management for lawyers, GP in Health Care Units Management, GP in Organization and Event Management, Executive Master Business Information, General Degree in Management), at EGE – Atlantic Business School (Business Management School founded by Catholic University of Portugal – CRP, by Universidade de Aveiro and by the Portuguese Entrepreneurial Association)
2002-2008	Cooperation with the Certified Public Accountant Association (OTOC), in the field of professional formation, having ministered, during this period, multiple formation actions in Accounting (SNC –

	Project: O Novo Normativo Contabilístico Nacional – Enquadramento e 1ª Aplicação das NCRF, 2008; Contabilidade Orçamental, 2006; Demonstrações dos Fluxos de Caixa, 2005; Elaboração das Demonstrações Financeiras, 2004; NIC 37 – Provisões, Passivos e Ativos Contingentes, 2004; A Contabilização de Existências, 2004; Constituição, Dissolução, Liquidação e Transformação de Sociedades, 2004; Impostos Diferidos, 2003; Análise das Demonstrações Financeiras, 2002; Os Aspetos Contabilísticos e Fiscais do Imobilizado, 2002)
2008-2009	Cooperation with the Portuguese Institute of Statutory Auditors, in the field of professional formation, having ministered, during this period, continuous formation about the International Finance Reporting Standards (New Standards from IASB and Change of the Previous ones – Annual Improvements to IFRSs)
2008/...	Exercise of consulting activity through the Research Centre in Management Applied Economics (CEGEA) at Catholic University of Portugal – CRP
2015	Member of the Selection Board for the Oral Tests for External Auditor (ROC) Trainer in Preparation Course ROC

## MANUEL HELENO SISMEIRO

### Date of Birth

5 January 1945

### Education

1964	Accountant, ICL, Lisbon
1971	Graduation in Finance, ISCEF, Lisbon

### Professional Experience

1965-1966	Industrial and Commercial School of Leiria: Accounting and Commercial Calculus teacher in the general Commerce course
1970-1971	Banc of Agriculture: performed functions at the Organization and Methods division
1971-1981	Instituto Superior de Economia, Lisboa: assistant of Mathematics, Statistics, Econometry and Operational Investigation
1974-1975	Arthur Young & Co: already qualified and registered as Statutory Auditor and audit assistant
1974-1976	University Catholic of Lisbon: assistant (first year) and regent (second year) of Accountancy in the Business Administration course
1980-2008	Banco Borges & Irmão: performed functions at the Economic Studies Department and at the Control Department of associated companies
1977-1980	CTT – Correios e Telecomunicações de Portugal: Responsible for the Warehouse Management and Control division. Responsible for stock management of central warehouses and of a project aimed at implementing a computer tool for stock management and control
1980-2008	Partner of Coopers & Lybrand and of Bernardes, Sismeiro & Associados, since 1998 PricewaterhouseCoopers - auditors and statutory auditors. Responsible for the audit and statutory audit in several industries. More important companies: Sonae (group); Amorim (group); Unicer (group); Sogrape (group); Barros (group); TMG (group); Lactogal (group); Aveleda (group); RAR (group); Cires; Ford; REN Responsible for the management of the Oporto office of the mentioned companies - 1982 at 2008 Manager of the Audit department in the period 1998-2002 and member of the management board of PricewaterhouseCoopers, in the same period
2014	Chairman of the Statutory Audit Board of Sonae Investimentos, SGPS, SA
Since July 2008	Consultant, namely or internal audit and internal control
Since 2014	Chairman of the Statutory Audit Board of OCP Portugal – Produtos Farmacêuticos, SA
Since 2015	Chairman of the Statutory Audit Board of Sonae Indústria, SGPS, SA

Since 2015	Chairman of the Statutory Audit Board of Sonae Capital, SGPS, SA
Since 2015	Chairman of the Statutory Audit Board of BBI - Banif Banco de Investimento, SA
Since 2015	Chairman of the Shareholder's General Meeting Segafredo Zanetti (Portugal) – Comercialização e Distribuição de Café, SA

## 2.2 Positions held in other entities

### DANIEL BESSA FERNANDES COELHO

#### Offices held in other companies within Sonae:

None

#### Offices held in other entities outside Sonae:

Chairman of Statutory Audit Board at Galp Energia, SGPS, SA

Chairman of Statutory Audit Board at Bial – Portela e Companhia, SA

### MARIA JOSÉ MARTINS LOURENÇO DA FONSECA

#### Offices held in other companies within Sonae:

None

#### Offices held in other entities outside Sonae:

Professor at the Faculty of Economics and Management, Catholic University of Portugal – Oporto Regional Center

### MANUEL HELENO SISMEIRO

#### Offices held in other companies within Sonae:

None

#### Offices held in other entities outside Sonae:

Chairman of the Statutory Audit Board of Sonae Indústria, SGPS, SA

Chairman of the Statutory Audit Board of Sonae Capital, SGPS, SA

Chairman of the Statutory Audit Board of OCP Portugal – Produtos Farmacêuticos, SA

Chairman of the Statutory Audit Board of BBI - Banif Banco de Investimento, SA

Chairman of the Shareholder's General Meeting Segafredo Zanetti (Portugal) – Comercialização e Distribuição de Café, SA