



**SONAE**  
**CORPORATE GOVERNANCE REPORT 2008**

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## Introduction

### Corporate Governance Structure and Practices

Sonae SGPS, SA, (hereinafter referred to as “Sonae Holding”) has been consistently committed to and has actively participated in the public discussions launched by the CMVM (Portuguese Securities Market Commission) regarding recommendations on corporate governance practices, thereby sharing our view and experience.

Sonae Holding has decided to implement CMVM Regulations and Recommendations on corporate governance as explained below.

This Corporate Governance Report provides a description of the Corporate Governance structure and practices followed by Sonae Holding, under the terms of article 245-A of Portuguese Securities Code, and was prepared to comply with CMVM Regulation nr. 1/2007, of 21 November, as amended by CMVM Regulation nr. 5/2008, of 15 October, and has the structure required by the appendix to that CMVM Regulation.

It also includes the information required by articles 447 and 448 of the Portuguese Commercial Company Law and by CMVM Regulation nr. 5/2008.

This section should be read together with and as a complement to the Management Report and Annual Accounts.

## 0. Statement of compliance

### 0.1. Public availability

This report was prepared to comply with CMVM Regulation nr. 1/2007, of 21 November, as amended by CMVM Regulation nr. 5/2008, of 15 October, and with the 2007 CMVM Recommendations, issued in September 2007, all publicly available at [www.cmvm.pt](http://www.cmvm.pt).

### 0.2. CMVM Recommendations on Corporate Governance that are Fully Adopted

CMVM recommendations I.3.1, I.4.1 e II.5.2 are not fully adopted by Sonae Holding, for the reasons explained in 0.3 below.

## I - 1 SHAREHOLDERS' GENERAL MEETINGS

### I.1 BOARD OF THE SHAREHOLDERS' GENERAL MEETING

I.1.1 The Chairman of the Board of the Shareholders' General Meeting shall be given adequate human and logistical resources, taking the financial position of the company into consideration.

#### RECOMMENDATION FULLY ADOPTED

The Chairman of the Board of the Shareholders' General Meeting is given the support of the legal and administrative Company's teams in the preparation of each General Meeting. Specific logistical support is given for the public disclosure of the convening notice for the Shareholders' General Meeting, as well as for the reception of the documents for the General Meeting sent to Sonae Holding by shareholders and addressed to the Chairman. Sonae Holding also facilitates the logistics of the contact between the Chairman and the shareholders, for the collection of all preparatory documents necessary for participation in General Meetings, thereby actively promoting attendance by shareholders.

I.1.2 The remuneration of the Chairman of the Board of the Shareholders' General Meeting shall be disclosed in the annual corporate governance report.

#### RECOMMENDATION FULLY ADOPTED

Sonae Holding discloses the remuneration of both the Chairman of the Board of the Shareholders' General Meeting, as well as its Secretary, in section 1.3 below.

### I.2 PARTICIPATION AT THE MEETING

I.2.1 The requirement to deposit or block shares before the General Meeting, contained in the Articles of Association, shall not exceed 5 working days.

#### RECOMMENDATION FULLY ADOPTED

The Articles of Association only require that proof of shareholding should be received at Sonae Holding's head office 5 working days before the Shareholders' General Meeting. Hence, the blocking period does not exceed 5 working days. The Chairman of the Board of the Shareholders' General Meeting accepts that proof of shareholding may be sent by email or by fax, as long as the original documents are received at Sonae Holding's head office at least three days before the date of the General Meeting.

I.2.2 Should the General Meeting be suspended, the Company shall not require share blocking during the full period until the meeting is resumed, but shall apply the same period as for the first session.

RECOMMENDATION FULLY ADOPTED

The Articles of Association establish, in paragraph 1 of article 21, that share blocking will only be required for the five working days before the date of the Shareholders' General Meeting. Thus, and according to the interpretation of the Chairman of the Board of the Shareholders' General Meeting, in the event of suspension of a General Meeting, the maximum period of blocking required to attend the General Meeting in the subsequent session will never be more than five working days.

### I.3 VOTING AND EXERCISING VOTING RIGHTS

I.3.2 The statutory advance deadline for receiving voting ballots by post should not exceed 3 working days.

RECOMMENDATION FULLY ADOPTED

It is expressly established in Sonae Holding's Articles of Association that the deadline for reception of postal votes is three days.

I.3.3 The Company's Articles of Association shall respect the one share-one vote principle.

RECOMMENDATION FULLY ADOPTED

Since 2007 Shareholders' General Meeting, held on 3 May, the Company's Articles of Association have included this principle in paragraph 1 of article 22.

### I.5 MINUTES AND INFORMATION ON RESOLUTIONS ADOPTED

I.5.1 The minutes of Shareholders' General Meetings shall be made available to shareholders on Sonae Holding's website within a 5 day period, irrespective of the fact that such information may not be legally classified as material information. The lists of attendees, agendas items and resolutions adopted shall be kept in a historic file on Sonae Holding's website, covering meetings held for at least the last 3 years.

RECOMMENDATION FULLY ADOPTED

Sonae Holding's website – [www.sonae.pt](http://www.sonae.pt) – has information on the list of attendees, agendas items and resolutions adopted in the last 3 years. The resolutions adopted at the 2008 Shareholders' General Meeting were made available at Sonae Holding's website within a 5 day period, and the respective minutes are also available.

### I.6 MEASURES RELATING TO CHANGES IN CONTROL

I.6.1 Measures aimed at preventing the success of takeover bids, shall respect the interests of both the Company and its shareholders.

RECOMMENDATION FULLY ADOPTED

Sonae Holding has not implemented any measures to prevent the success of takeover bids, nor is it aware of the existence of any such measures between the shareholders.

I.6.2 In accordance with the principle established in the previous sub-paragraph, any Company that has Articles of Association with clauses that restrict or limit the number of votes that may be held or exercised by a single shareholder, either individually or acting in concert with other shareholders, shall also require that, at least once every five years, the subsistence of such clauses must be ratified at a Shareholders' General Meeting, at which the quorum shall not exceed the legal minimum and all votes cast shall count, without applying any restriction.

RECOMMENDATION FULLY ADOPTED

Sonae Holding's Articles of Association do not contain any clauses which restrict or limit the number of votes that may be held or exercised by a single shareholder.

I.6.3 Defensive measures should not be adopted that automatically lead to a serious erosion in the value of Sonae Holding's assets, when there has been a change in control or a change in Sonae Holding's management, as this

prevents the free transmission of shares and the ability of shareholders to evaluate those responsible for managing the Company.

RECOMMENDATION FULLY ADOPTED  
No such measures have been adopted.

## **II. MANAGEMENT AND AUDIT BOARDS**

### **II.1. GENERAL POINTS**

#### **II.1.1. STRUCTURE AND DUTIES**

II.1.1.1 The Board of Directors shall, in its corporate governance report, assess the governance model adopted by the Company, by identifying any restrictions that are holding back performance and proposing actions to be taken that are judged to be appropriate to resolve them.

RECOMMENDATION FULLY ADOPTED  
The Board of Directors has assessed the impact of the corporate governance model adopted and has not encountered any restrictions that might affect the overall performance, as described in paragraph 2.1 below.

II.1.1.2 Companies shall set up internal control systems in order to efficiently detect risks relating to Sonae Holding's activity, in order to protect its assets and keep its corporate governance transparent.

RECOMMENDATION FULLY ADOPTED  
Sonae Holding has established internal risk control systems as described below in paragraph 2.4.

II.1.1.3 The management and audit boards shall establish internal regulations, which shall be disclosed on Sonae Holding's website.

RECOMMENDATION FULLY ADOPTED  
The management and audit boards have established their regulations which are currently available on our website – [www.sonae.pt](http://www.sonae.pt).

#### **II.1.2 Incompatibility and Independence**

II.1.2.1 The Board of Directors shall include a sufficient number of non-executive members to ensure that there is the capacity to effectively supervise, audit and assess the activity of the executive members.

RECOMMENDATION FULLY ADOPTED  
The Board of Directors has a total number of eight members, of which four are Non-Executive members (please refer to paragraph 2.9 for more detail on the composition of the Board), thereby representing 50% of the total number of Board members.

II.1.2.2 Non-executive members shall include an adequate number of independent members, taking into account the size of the Company and its shareholder structure, but this shall never be less than one quarter of the total number of Board members.

RECOMMENDATION FULLY ADOPTED  
The Board of Directors has three independent non-executive members, of a total of eight Board members (please refer to paragraph 2.9 for more detail on the composition of the Board), thereby representing 37.5% of the total number of Board members.

#### **II.1.3 ELIGIBILITY CRITERIA FOR APPOINTMENT**

II.1.3.1 Depending on the governance model adopted, the Chairman of the Statutory Audit Board, or of the Board Audit Committee or of the Financial Matters Committee shall be independent and possess the necessary skills to perform their duties.

RECOMMENDATION FULLY ADOPTED  
The Chairman of the Statutory Audit Board, as well as the other members of this body, are independent under the terms of paragraph 5 of article 414.º of the Portuguese Commercial Company Law (please refer below to paragraph 2.12). Their respective CVs are disclosed in paragraph 2.13 below.

#### **II.1.4 POLICY ON REPORTING IRREGULARITIES**

II.1.4.1 The Company shall adopt a policy of reporting irregularities that allegedly occurred, which includes the following information: i) the means through which such irregularities may be reported internally, including the persons that are

entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should this be requested by the person who has filled the report.

**RECOMMENDATION FULLY ADOPTED**

Sonae Holding has a long established policy covering the reporting of irregularities that may have occurred in order to be able to uphold its principles and values which are available on Sonae Holding's website – [www.sonae.pt](http://www.sonae.pt). For this purpose, Sonae Holding has centralized the reception of any communication on Sonae's Ombudsman who has the role and functions described in paragraph 2.20 below.

II.1.4.2 General guidelines of this policy should be disclosed in the Corporate Governance Report.

**RECOMMENDATION FULLY ADOPTED**

A description of Sonae Holding's policy on reporting irregularities can be found in paragraph 2.20 below.

## **II.1.5 REMUNERATION**

II.1.5.1 The remuneration of the members of the Board of Directors shall be structured to be aligned with the interests of the shareholders. In this sense: i) The remuneration of Directors carrying out executive duties should include a variable component based on performance linked to a performance assessment that shall be carried out periodically by the governance body or committee appointed for this purpose; ii) the variable component shall be consistent with the maximization of the long term performance of the Company, and shall be dependent on sustainability of the variables adopted to measure performance; iii) non-executive members of the Board of Directors shall only receive fixed remuneration, unless the legal requirements dictate otherwise.

**RECOMMENDATION FULLY ADOPTED**

Specific details of the compensation policy that apply to members of the Board of Directors can be found in paragraph 2.16 below, which is based on the proposal of the Shareholders' Remuneration Committee approved at the Shareholders' General Meetings, held on 3 May 2007, and confirmed at the General Meeting held on 21 April 2008, being applicable for duration of the current mandate from 2007 to 2010. The remuneration of Executive Members includes an annual and a medium term performance bonus, both of which are based on the assessment of real performance. This performance is assessed by the Shareholders' Remuneration Committee, liaising with the Board Nomination and Remuneration Committee. Non-Executive Members of the Board receive a fixed remuneration only.

II.1.5.2 The Shareholders' Remuneration Committee and the Board of Directors shall present to the Shareholders' Annual General Meeting a statement of the remuneration policy applied to management and audit boards, as well as to other strategic decision makers ("dirigentes") as defined in Article 248 B, sub-paragraph 3 of the Portuguese Securities Code. The information to shareholders shall include the criteria and main indicators proposed to be used in assessing of performance and determining the variable component, independently of whether this is in the form of bonuses paid in shares, share options, annual bonuses or other awards.

**RECOMMENDATION FULLY ADOPTED**

The remuneration policy of the statutory governing bodies was approved at the Shareholders' General Meeting, held on 3 May 2007, and was updated at the Shareholders' General Meeting on 21 April 2008, to include the remuneration policy for people discharging managerial responsibilities ("dirigentes" - under the terms of article 248 B, paragraph 3, of the Portuguese Securities Code). In both situations, the policy was approved by proposal of the Shareholders' Remuneration Committee and is applicable for the mandate starting in 2007 and ending in 2010. The proposal includes the criteria and the indicators used to determine the variable component of the remuneration received by the Executive Members of the Board.

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

**RECOMMENDATION FULLY ADOPTED**

Belmiro Mendes de Azevedo, who is a member of the Shareholders' Remuneration Committee, has been present at the Shareholders' Annual General Meeting.

II.1.5.4 A proposal shall be submitted to the Shareholders' General Meeting to approve plans to grant shares and/or share options or award compensation based on variations in share prices, to members of the management and audit boards, as well as to other senior management ("dirigentes") as defined in Article 248 B, sub-paragraph 3 of the Portuguese Securities Code. The proposal shall include all information necessary for a comprehensive assessment of the plan. The proposal shall be presented together with regulation that governs the plan or if this has not yet been prepared, the general conditions that will be applied. In the same way, the main characteristics of any retirement benefit plan that benefits the management and audit boards, as well as other senior management ("dirigentes") as defined in

Article 248 B, sub-paragraph 3 of the Portuguese Securities Code, shall also be approved at a Shareholders' General Meeting.

**RECOMMENDATION FULLY ADOPTED**

A proposal to approve a Deferred Performance Bonus Plan ("Plan") was submitted and approved at the Shareholders' Annual General Meeting held on 21 April 2008 (please refer to proposal nr. 8 for that General Meeting available on Sonae Holding's website at [www.sonae.pt](http://www.sonae.pt)). The specific terms of this Plan are described in paragraph 3.10 below, and were also presented at the same General Meeting under proposal nr. 9 (please refer to Sonae Holding's website – [www.sonae.pt](http://www.sonae.pt)). There is no retirement benefit plan.

II.1.5.5 The remuneration of the members of the management and audit boards shall be individually disclosed on an annual basis. Fixed and variable components must be disclosed separately, when applicable, as well as any other remuneration received from other companies within the same Group or from companies controlled by shareholders with qualifying shareholdings.

**RECOMMENDATION FULLY ADOPTED**

This recommendation is considered to be fully adopted, as the information set out below in paragraph 2.18, is in line with CMVM's assessment of compliance in its 2008 annual report on Portuguese Listed Companies - Corporate Governance.

## **II.2. BOARD OF DIRECTORS**

II.2.1 Within the limits established by Portuguese Company Law for each management and audit governance structure, and unless the Company is restricted by its size, the Board of Directors shall delegate the day-to-day running of the Company and the powers and terms of the delegation should be set out in the Corporate Governance Report.

**RECOMMENDATION FULLY ADOPTED**

The delegation of powers by the Board of Director to the Executive Committee is described in paragraph 2.3.1 below.

II.2.2 The Board of Directors shall ensure that the Company acts in accordance with its objectives, and should not delegate its own responsibilities, including: i) definition of Sonae Holding's strategy and general policies; ii) definition of the corporate structure of the Group; iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.

**RECOMMENDATION FULLY ADOPTED**

A list of the non-delegated matters and powers is described in paragraph 2.3.1. below.

II.2.3 Should the Chairman of the Board of Directors have an executive role, the Board of Directors shall set up efficient mechanisms to co-ordinate the work of the non-executive members, to ensure that they may take decisions in an independent and informed manner, and shall also explain these mechanisms to the shareholders in the Corporate Governance Report.

**RECOMMENDATION NOT APPLICABLE**

The Chairman of the Board of Directors does not have any executive role (please refer to paragraphs 2.2, 2.3, 2.9 and 2.17, below).

II.2.4 The Annual Management Report shall include a description of the activity carried out by the non-executive Board Members and shall, in particular, report any restrictions that they encountered.

**RECOMMENDATION FULLY ADOPTED**

A description is included in section 3 of the Annual Management Report.

II.2.5. The governing body responsible for management (Board of Directors) should promote the rotation of the Board member responsible for financial matters (CFO) at least at the end of every two mandates.

**RECOMMENDATION NOT APPLICABLE**

The Board of Directors has not appointed a CFO, as the Chief Executive Officer (CEO) accumulates this role and currently covers the areas of financial responsibility.

## **II.3 CHIEF EXECUTIVE OFFICER (CEO), EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS**

II.3.1 When Directors, who carry out executive duties are requested by other Board Members to supply information, they shall provide answers in a timely manner with information that adequately responds to the request made.



## RECOMMENDATION FULLY ADOPTED

The Executive Committee discloses their decisions to the Board of Directors on a regular and timely basis. The Executive Members provide clarifications, by their own initiative, as well in response to requests from the Non-Executive members of the Board, so that the latter have the necessary information to fulfill their roles.

II.3.2 The Chairman of the Executive Committee shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the Board of the Directors and, when applicable, to the Chairman of the Statutory Audit Board or the Audit Committee.

## RECOMMENDATION FULLY ADOPTED

The CEO has made available to the Chairman of the Board of Directors and to the Chairman of the Statutory Audit Board all relevant information from the meetings held.

II.3.3 The Chairman of the Executive Board of Directors shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee.

## RECOMMENDATION NOT APPLICABLE

Sonae Holding has not adopted this governance model.

**II.4. GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND STATUTORY AUDIT BOARD**

II.4.1 In addition to fulfilling its supervisory and verification roles, the General and Supervisory Board shall perform a role of advisor, as well as monitor and continually assess the management of the Company by the Executive Board of Directors. Amongst the other matters on which the General and Supervisory Board should opine are the following: i) definition of the strategy and general policies of the Company; ii) the corporate structure of the Group; and iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.

## RECOMMENDATION NOT APPLICABLE

Sonae Holding has not adopted this governance model.

II.4.2 The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall be disclosed on Sonae Holding's website together with the financial statements.

## RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board's annual report is available on Sonae Holding's website – [www.sonae.pt](http://www.sonae.pt) - together with the financial statements.

II.4.3 The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall include a description of the supervisory and verification work completed and shall, in particular, report any restrictions that they encountered.

## RECOMMENDATION FULLY ADOPTED

Please refer to the Statutory Audit Board's annual report issued for 2008.

II.4.4 The Financial Matters Committee, the Audit Committee or the Statutory Audit Board (depending on the governance model adopted) shall represent the Company, for all purposes, in the relationship with the external auditor. This shall include proposing who will provide this service, their respective remuneration, and ensuring that the Company provides adequate conditions to allow them to deliver their service, as well as acting as the point of contact with the Company and being the first recipient of their reports.

## RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board is the body at Sonae Holding responsible for overseeing the work performed by the Statutory External Auditor, including independence. The Statutory Audit Board interacts with the Statutory External Auditor in the exercise of its functions, as determined by this Board's Rules and Regulations, available on Sonae Holding's website - [www.sonae.pt](http://www.sonae.pt). The Statutory External Auditor was appointed at the Shareholders' Annual General Meeting held on 3 May 2007 by proposal of the Statutory Audit Board.

II.4.5 The Financial Matters Committee, the Audit Committee or the Statutory Audit Board (depending on the governance model adopted), shall assess the external auditor on an annual basis and propose to the Shareholders' General Meeting that the external auditor should be discharged, should justifiable grounds exist.

## RECOMMENDATION FULLY ADOPTED

Please refer to the Statutory Audit Board's annual report, which includes the assessment of the work performed by the Statutory External Auditor in the last financial year.

## **II.5. SPECIAL PURPOSE OR SPECIALIZED COMMITTEES**

II.5.1 Unless Sonae Holding is restricted by its size, the Board of Directors and the General and Supervisory Board, depending on the governance model adopted, shall set up the necessary Committees in order to: i) ensure that a robust and independent assessment of the performance of the Executive Directors is carried out, as well as of its own overall performance and including the performance of all existing Committees; ii) consider the governance system adopted and assess its efficiency and propose to the respective bodies, measures to be implemented to achieve improvements.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has established two specialised working committees to ensure the effectiveness of the work performed by the Non-Executive Directors and of the main Board meetings. Those committees currently created are the Board Audit and Finance Committee (BAFC) and the Board Nomination and Remuneration Committee (BNRC). Their respective role and functions are described in section 2.3.2. below.

II.5.3 All Committees shall draw up minutes of the meetings they hold.

RECOMMENDATION FULLY ADOPTED

The committees meetings have minutes drawn up under the terms of article 8 of the Board of Directors' Rules and Regulations (which is available on Sonae Holding's website – [www.sonae.pt](http://www.sonae.pt)).

## **III. INFORMATION AND AUDITING**

### **III.1 GENERAL DISCLOSURE REQUIREMENTS**

III.1.2 Companies shall ensure that permanent contact is maintained with the market, upholding the principle of equal treatment for all shareholders and avoiding any asymmetry in the access to information by investors. To achieve this, Sonae Holding shall set up an Investor Relations Office.

RECOMMENDATION FULLY ADOPTED

Sonae Holding's has an active Investor Relations Office that provides shareholders and financial community at large, with regular, comprehensive and transparent information (please refer to section 3.12 below for more detail).

III.1.3 The following information disclosed on Sonae Holding's Internet website, shall be available in English:

- a) Sonae Holding, its listed company status, the registered office and the remaining information set out in Article 171 of Portuguese Company Law;
- b) Articles of Association;
- c) Identification of the members of the Statutory Governing Bodies and of the Representative for Relations with the Market;
- d) Investor Relations Office — its functions and contact details;
- e) Financial Statements;
- f) Half-Yearly Calendar of Company Events;
- g) Proposals presented to Shareholders' General Meetings;
- h) Notices convening Shareholders' General Meetings.

RECOMMENDATION FULLY ADOPTED

All of the information above mentioned is presently available on Sonae Holding's website - [www.sonae.pt](http://www.sonae.pt).

## **0.3. Partially adopted CMVM recommendations on Corporate Governance**

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

RECOMMENDATION PARTIALLY ADOPTED

The Articles of Association currently only allow shareholders to vote by post in relation to changes to the Articles of Association and to the election of the Statutory Governing Bodies, subjects that under Portuguese Company Law cannot be excluded from postal voting. An amendment of the articles will be proposed to the 2009 Shareholders' Annual General Meeting in order to adopt this CMVM recommendation.

I.4.1 Companies shall not set a constitutive or deliberative quorum that exceeds the minimum required by Portuguese Company Law.

#### RECOMMENDATION PARTIALLY ADOPTED

Sonae Holding believes that a minimum quorum should be required for the Shareholders' General Meeting to guarantee an adequate representation and participation of shareholders in the adoption of resolutions.

II.5.2 Members of the Shareholders' Remuneration Committee or alike, shall be independent from the Members of the Board of Directors.

#### RECOMMENDATION NOT ADOPTED

Belmiro Mendes de Azevedo, the Chairman and Non-Executive Member of Sonae Holding's Board of Directors, is a member of the Shareholders' Remuneration Committee. Nevertheless, he was elected to the Shareholders' Remuneration Committee by Sonae Holding's major shareholder, Efanor Investimentos, SGPS, S.A, and is acting in representation of the interests of this major shareholder and not in his role as Chairman of the Board of Directors. Furthermore, to ensure the independence of the two roles, he does not take part in any discussion or resolution where there is or could exist a conflict of interest, including decisions in relation to his own remuneration as member of the Board of Directors.

### 0.4. Board of Directors' Assessment of Independence

The Board of Directors did not identify any fact or circumstance that could have caused the loss of their independence by any of the Independent Non-Executive members during the period to which this report refers. This was also confirmed in writing by the Independent members at the request of the Board.

## 1. Shareholders' General Meeting

### 1.1. Members of the Board of the Shareholders' General Meeting

The Board of the Shareholders' General Meeting is composed as follows:

| Board of the Shareholders' General Meeting |           |
|--------------------------------------------|-----------|
| Manuel Cavaleiro Brandão .....             | Chairman  |
| Maria da Conceição Cabaços .....           | Secretary |

### 1.2. Mandate

Sonae Holding's Shareholders' General Meetings are conducted by a Board elected by shareholders for a four-year mandate. The current mandate is from 2007 to 2010.

### 1.3. Remuneration 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 amount which is based on Sonae Holding's economic and financial dimension and market comparables.

| Remuneration of the Board of the Shareholders' General Meeting |                                                    |                                     |
|----------------------------------------------------------------|----------------------------------------------------|-------------------------------------|
| Million euros                                                  | 2007 <sup>(1)</sup><br>Total Fixed<br>Remuneration | 2008<br>Total Fixed<br>Remuneration |
| <b>Individual breakdown</b>                                    |                                                    |                                     |
| Chairman                                                       | 0,005                                              | 0,008                               |
| Secretary                                                      | 0,002                                              | 0,003                               |
| <b>Total</b>                                                   | <b>0,007</b>                                       | <b>0,011</b>                        |

(1) Eight months of remuneration for 2007.

### 1.4. Deadline for depositing or blocking shares

The Shareholders' General Meetings may only be attended by shareholders with the right to vote based on shares they own or equivalent subscription rights, which, in the five working days prior to the General Meeting, have provided confirmation of ownership to Sonae Holding, as required by the Portuguese Company Law. This proof of title must be issued by a financial

institution where records of title are kept, which must also reach Sonae Holding's Head Office within the same deadline of five working days. The Chairman of the Shareholders' General Meeting has accepted that the confirmation of ownership is delivered by fax or email, as long as the original documents are received at Sonae Holding's head office within the deadline established by him.

#### 1.5. Rules for the blocking of shares upon a suspension of the General Meeting

In case of suspension of the Shareholders' General Meeting the Articles of Association does not enforce the blocking of the shares over the period until the meeting is reconvened, it is sufficient for the shareholders to attend the meeting to block their shares in the five working days prior to the reconvening date.

#### 1.6. Number of shares corresponding to one vote

One share corresponds to one vote.

#### 1.7. Statutory rules on exercising the right to vote

The Shareholders' General Meetings may only be attended by shareholders who respect the deadline for blocking shares as in 1.4 above.

#### **Convening Shareholders' General Meetings**

Shareholders' General Meetings are conducted by the Chairman or, in his absence, by the Chairman of the Statutory Audit Board or, in his absence, by the shareholder present at the General Meeting representing the largest shareholding position. Shareholders' General Meetings are held in two possible circumstances: (i) in ordinary session, at a date set by law for the Shareholders' Annual General Meeting; (ii) in extraordinary session, whenever the Board of Directors or the Statutory Audit Board deem necessary or at the request of shareholders, representing the legally required minimum percentage of Sonae Holding's share capital (currently 5%).

During 2008, a Shareholders' General Meeting was held in an ordinary session on 21 April, with 57,02% of share capital represented. At this meeting, there were 119 shareholders present, all of which were corporate shareholders.

The proposals for discussion and decision at Sonae's Shareholders' General Meetings, as well as other supporting information, are made available to shareholders at Sonae Holding's Head Office, and are posted on Sonae Holding's website - [www.sonae.pt](http://www.sonae.pt) - at least 15 calendar days before the respective meeting or at the time the meeting is convened, for proposals in relation to changes in the Articles of Association.

#### **Shareholders' representation**

The right to vote by appointing a representative and the way in which this right is exercised are in accordance with the law and the Sonae Holding's Articles of Association, under the terms set down in the respective notices convening Shareholders' General Meetings.

Shareholders who are private individuals can be represented at Shareholders' General Meetings by any representative, by sending a letter to the Chairman of the Board of the Shareholders' General Meeting, stating the name and address of the representative and the date of the meeting. Corporate entities may be represented by a person nominated by them by written letter, whose authenticity will be verified by the Chairman of the Board of the Shareholders' General Meeting.

Sonae Holding provides appropriate information to enable shareholders, wishing to be represented, to give voting instructions by making available the proposals to be submitted at the General Meeting and a template of the representation letter, within the legally established time limits on Sonae Holding's website.

#### **Quorums**

Under the terms of Sonae Holding's Articles of Association, the Shareholders' General Meeting may only adopt resolutions the first time it is convened if there are shareholders present or represented holding more than 50% of Sonae Holding's share capital.

If that quorum is not reached 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 they hold, as required by the Portuguese Company Law.

The deliberative quorum for resolutions taken by the Shareholders' General Meeting is as established by the Portuguese Company Law.

#### 1.8. Postal voting

Shareholders can vote by post, but only in relation to changes to the Articles of Association and to elections of the Statutory Governing Bodies. Postal votes will only be taken into account when received at Sonae Holding's head office by registered post, with acknowledgement of receipt addressed to the Chairman of the Board of the Shareholders' General Meeting. The voting ballots should be signed by the holder of the shares or by his legal representative. In the case of an individual, it should be accompanied by an authenticated copy of identity card. In the case of a corporate entity, the signature should be authenticated certifying that the signatory is duly authorized and mandated for that purpose. It is the responsibility of the Chairman of the Board of the Shareholders' General Meeting, or the person replacing him, to verify compliance with postal voting requirements. Postal votes are not accepted and are treated as null and void, should the postal vote not fulfil such requirements.

#### 1.9. Template used for Postal Voting

Sonae Holding makes available a template of the ballot for postal voting on its website.

#### 1.10. Deadline for receiving postal votes

Postal voting ballots must be received at least three days before the Shareholders' General Meeting at Sonae Holding's head office by means of registered mail and must be addressed to the Chairman of the Board of the Shareholders' General Meeting.

#### 1.11. Electronic voting

The right to vote electronically is not yet available.

#### 1.12. Remuneration Policy

The Shareholders' General Meeting approves the compensation policy of the members of the statutory governing bodies and of the people discharging managerial responsibilities ("dirigentes" – under the terms of article 248 B, paragraph 3, of the Portuguese Securities Code), including setting out the qualitative components and the criteria for its quantitative elements.

The Shareholders' Remuneration Committee, elected by the Shareholders' General Meeting, establishes individual remuneration, under the compensation policy in force.

The compensation of the Shareholders' Remuneration Committee members is determined directly by Shareholders' General Meeting.

#### 1.13. Change of control defensive measures

There are no defensive measures in place.

#### 1.14. Agreements with ownership clauses

There are no agreements entered into by Sonae Holding, which contain ownership clauses with the purpose of creating defensive measures to Sonae Holding's change of control.

The majority of the share capital of Sonae Holding is attributable to one sole shareholder.

The shareholders' agreement between Sonae and Grosvenor Group Limited (Grosvenor), regarding Sonae Sierra, SGPS, SA, confers on Grosvenor the possibility of terminating the agreement, in the case of a change of control of Sonae Holding, but only in the specific and

exclusive sense of the control of Sonae Holding ceasing to be directly or indirectly attributable to its present major shareholder or any other family members.  
This clause has identical terms of application in the case of a change of control in Grosvenor.

### 1.15. Termination agreements

There are no agreements in place establishing any compensation for the benefit of the Board members' or of people discharging managerial responsibilities ("dirigentes" - under the terms of article 248 B, paragraph 3, of the Portuguese Securities Code) upon termination of their functions.

## 2. Management and auditing bodies

### 2.1. Identification and Composition

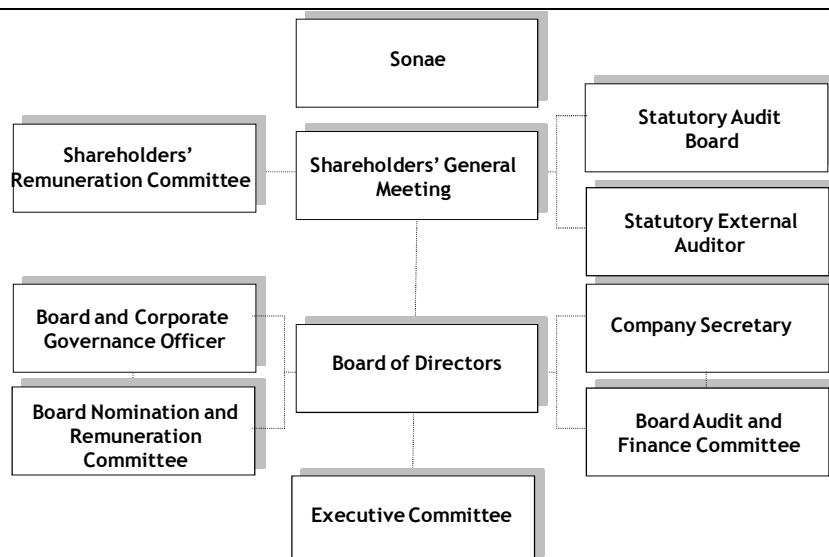
On 3 May 2007, the Shareholders' General Meeting approved, under the amended terms of the Portuguese Company Law, a new corporate governance structure with a management body (the Board of Directors) and two statutory auditing bodies: the Statutory Audit Board and the Statutory External Auditor.

This new corporate governance structure has not been considered to restrict the normal functioning of the management and auditing bodies. The Statutory Audit Board exercised its supervisory powers, having received all the support required from the Board, through its Board and Audit Finance Committee, to allow it to draw up its annual report on the supervision of Sonae Holding and to issue an opinion on Sonae Holding's annual report, accounts and the proposals presented by management.

The Statutory Audit Board also exercised its powers and duties in relation to the Statutory External Auditor, having proposed their appointment at the abovementioned Shareholders' General Meeting.

Sonae Holding's corporate governance structure clearly sets out the roles, duties and responsibilities of its different Statutory and Non-Statutory Governing Bodies.

Sonae Holding's Governing Bodies



### Board of Directors

#### Composition

Under Sonae Holding's Articles of Association, the Board of Directors may be composed of an odd or even number of members with a minimum of 3 and a maximum of 11, elected at a Shareholders' General Meeting. The Board of Directors shall elect its Chairman.



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**Board of Directors**


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|                                                    |                           |
|----------------------------------------------------|---------------------------|
| Belmiro Mendes de Azevedo.....                     | Chairman – Non-Executive  |
| Álvaro Cuervo Garcia.....                          | Independent Non-Executive |
| Michel Marie Bon.....                              | Independent Non-Executive |
| José Neves Adelino.....                            | Independent Non-Executive |
| Duarte Paulo Teixeira de Azevedo.....              | Executive – CEO           |
| Álvaro Carmona e Costa Portela.....                | Executive                 |
| Ángelo Gabriel Ribeirinho dos Santos Paupério..... | Executive                 |
| Nuno Manuel Moniz Trigo Jordão.....                | Executive                 |

**Note:**

On 3 March 2008, Luíz Felipe Palmeira Lampreia resigned as Non-executive Director of Sonae Holding (with effect from 30 April 2008).

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The qualifications, experience and responsibilities of the members of the Board of Directors are disclosed in section 2.10 of the Corporate Governance Report, and shares held by them, either directly or through connected persons in Sonae Group (hereinafter also referred to as Sonae) companies are disclosed in an Appendix to this Report, as required by article 447 of the Portuguese Company Law.

**Statutory Audit Board**
Composition

Under Sonae Holding's Articles of Association, the Statutory Audit Board may consist of an odd or even number of members, with a minimum of 3 and a maximum of 5 elected by the Shareholders' General Meeting. The Statutory Audit Board additionally includes 1 substitute member, should the Board be composed of 3 members, or 2 substitute members, should the Board be composed of more than 3 members. All members are independent. Decisions are taken by simple majority and the Chairman has a casting vote.

The Statutory Audit Board members were elected at Sonae Holding's 2007 Annual Shareholders' General Meeting and its current mandate covers the period 2007 to 2010.

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**Statutory Audit Board**


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|                                    |            |
|------------------------------------|------------|
| Daniel Bessa Fernandes Coelho..... | Chairman   |
| Arlindo Dias Duarte Silva          |            |
| Jorge Manuel Felizes Morgado       |            |
| Óscar José Alçada da Quinta.....   | Substitute |

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**Statutory External Auditor**
Composition

The Statutory External Auditor is Deloitte & Associados, SROC, S. A.

The Statutory External Auditor was elected by the Shareholders' General Meeting on the basis of a proposal from the Statutory Audit Board.

**Shareholders' Remuneration Committee**
Composition

The Shareholders' Remuneration Committee is composed of 3 members appointed by the Shareholders' General Meeting, under a four year mandate, currently from 2007 to 2010.

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**Shareholders' Remuneration Committee**


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|                                         |
|-----------------------------------------|
| Belmiro Mendes de Azevedo               |
| Artur Eduardo Brochado dos Santos Silva |
| Bruno Walter Lehmann                    |

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**Company Secretary**
Composition

The Company Secretary is Luzia Gomes Ferreira, who may be substituted in her absence by Anabela Nogueira de Matos.

## 2.2. Other committees with management and supervision roles

### Executive Committee

#### Composition

The Executive Committee is selected from the members of the Board of Directors. Sonae's CEO and the CEO's of the Group's main business units are members of the Executive Committee. The current membership is as follows:

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#### Executive Committee

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|                                          |                        |
|------------------------------------------|------------------------|
| Duarte Paulo Teixeira de Azevedo.....    | Sonae's CEO            |
| Álvaro Carmona e Costa Portela .....     | CEO Sonae Sierra       |
| Ángelo Gabriel dos Santos Paupério ..... | CEO Sonaecom           |
| Nuno Manuel Moniz Trigos Jordão .....    | CEO Sonae Distribuição |

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### Board Audit and Finance Committee (BAFC)

#### Composition

BAFC consists of three members who are appointed by and from among the members of the Board. All of them are independent Non-Executive Directors.

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#### Board Audit and Finance Committee

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|                                |                                               |
|--------------------------------|-----------------------------------------------|
| Michel Marie Bon .....         | Chairman - Independent Non-Executive Director |
| Álvaro Cuervo Garcia .....     | Independent Non-Executive Director            |
| José Manuel Neves Adelino..... | Independent Non-Executive Director            |

#### Note:

On 3 March 2008, Luiz Felipe Palmeira Lampreia resigned as a member of this committee.

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### Board Nomination and Remuneration Committee (BNRC)

#### Composition

BNRC includes the Chairman of the Board of Directors, and one Independent Non-Executive Director, also appointed from among the members of the Board, as follows:

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#### Board Nomination and Remuneration Committee

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|                                |                                                  |
|--------------------------------|--------------------------------------------------|
| Belmiro Mendes de Azevedo..... | Chairman of the Board of Directors-Non-Executive |
| Michel Marie Bon .....         | Independent Non-Executive                        |

#### Note:

On 3 March 2008, Luiz Felipe Palmeira Lampreia resigned as a member of this committee.

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### Board and Corporate Governance Officer

#### Composition

The Board and Corporate Governance Officer is David Graham Shenton Bain.

## 2.3. Corporate Structure Organisation – Roles and Competencies

### 2.3.1. Statutory Governing Bodies

#### Board of Directors

##### Role

The Board of Directors is responsible for ensuring the management of Sonae Holding's business, monitoring risks, managing conflicts of interests and developing the organization's goals and strategy. Sonae Holding's Articles of Association permit the Board to delegate day to day company business, duties and responsibilities, as considered appropriate, to an Executive Committee.

#### Executive Committee

##### Role

The Executive Committee may deliberate on matters that relate to general management and not on matters that are exclusively of the competence of the Board of Directors. The Executive Committee is conferred the powers and responsibility to manage and execute day to day operations except:

- (i) to appoint the Chairman of the Board;
- (ii) to co-opt a substitute for a member of the Board;



- (iii) to convene Shareholders' General Meetings;
- (iv) to approve the Annual Report and Accounts;
- (v) to grant any pledges, guarantees or charges over the assets of Sonae Holding;
- (vi) to decide to change Sonae Holding's registered office or to approve any share capital increases;
- (vii) to decide on mergers, de-mergers or modifications to the corporate structure of Sonae Holding;
- (viii) to approve the annual portfolio configuration strategy;
- (ix) to approve the annual financial plan and any significant changes thereto.

To ensure that the Board of Directors is kept well informed by the Executive Committee, all significant decisions taken by the Executive Committee are systematically extracted from the minutes of their meetings and are reported, in writing, to the Board of Directors. The Executive Committee supplies, in a timely manner, all the information requested by other Board members. Their minutes are also made available to the Chairman of the Board of Directors and the Chairman of the Statutory Audit Board.

The Executive Committee team meets once every month and additionally whenever the CEO or a majority of its members convenes a meeting.

### **Statutory Audit Board**

#### Role

The Statutory Audit Board is responsible for, among others:

- a) Supervising the management of Sonae Holding;
- b) Ensuring that the law and the Articles of Association are observed;
- c) Verifying the regularity of all books, accounting registers and supporting documents;
- d) Verifying the exactitude of the financial statements;
- e) Drawing up an annual report on the supervision of Sonae Holding and issuing a statement of opinion on the annual report, accounts and proposals presented by management;
- f) Supervising the efficiency of the risk management system, the internal control system and the internal audit function, if one exists;
- g) Receiving notification of irregularities presented by shareholders, Company's employees or others;
- h) Proposing the appointment of the Statutory External Auditor to the Shareholders' General Meeting;
- i) Supervising the auditing of Sonae Holding's financial statements;
- j) Supervising the independence of the Statutory External Auditor, in particular with regard to the provision of additional non-audit services.

### **Statutory External Auditor**

#### Role

- a) Verifying the regularity of all books, accounting registers and supporting documents;
- b) Whenever it deems necessary and by the means that it considers appropriate, verifying the existence of cash and stock of any kind of the assets or securities belonging to Sonae Holding or received by way of guarantee, deposit or other purpose;
- c) Verifying the exactitude of the financial statements;
- d) Verifying whether the accounting policies and valuation criteria adopted by Sonae Holding lead to a fair valuation of the assets and the results;
- e) Carry out any examinations and checks necessary to the auditing and legal certification of the accounts and carry out all procedures determined by law.

## **2.3.2. Non-statutory Governing Bodies**

### **Board Audit and Finance Committee (BAFC)**

#### Role

BAFC operates under Terms of Reference approved by the Board of Directors and is responsible for monitoring and supervising financial reporting processes, reviewing accounting policies and for monitoring audit and risk management activities on behalf of the Board, and additionally for overseeing corporate governance within Sonae Holding. The BAFC also liaises with the Statutory Audit Board and is available to support them, if required, in completing their work. The BAFC meets directly with the Statutory External Auditor and the Internal Audit Team. In particular, the duties of the BAFC are:

- (i) to review Sonae Holding's annual and interim financial statements and reports to the market, and to report its findings to the Board, before these documents are approved or signed by the Board;
- (ii) to advise the Board on its reports to shareholders and financial markets to be included in Sonae Holding's Annual and Half-year Accounts and in the Quarterly Earnings Announcements;
- (iii) to advise the Board on the adequacy and appropriateness of internal information provided by the Executive Committee, including systems and standards on internal business controls applied by the Executive Committee;
- (iv) to review the scope of the Internal Audit Function and discuss with the Statutory External Auditor and Internal Auditor Manager their intermediate and year-end reports, as well as their reports on internal control, and advise the Board thereon.

BAFC reports to the Board of Directors in relation to the work carried out, results obtained and issues identified, and minutes of all BAFC meetings are drawn up and distributed to other Board Members, thus ensuring the effectiveness of the committee.

### **Board Nomination and Remuneration Committee (BNRC)**

#### **Role**

BNRC operates under Terms of Reference approved by the Board of Directors, and is responsible for identifying candidates for appointment to the Board of Directors or Senior Management positions within Sonae and for supervising the preparation of proposals on remuneration and other compensation on behalf of the Board of Directors. The BNRC reports in writing to the Board, whenever necessary, and liaises with Sonae's Shareholders' Remuneration Committee to obtain their approval, on behalf of shareholders, for the remuneration and other compensation of the Board of Directors and other Statutory Governing Bodies. The BNRC may receive assistance from external entities, which are required to ensure absolute confidentiality in relation to all the information obtained.

### **Board and Corporate Governance Officer (BCGO)**

#### **Role**

BCGO reports to the Board of Directors as a whole, through the Chairman, and also, when appropriate, through the senior independent Non-Executive Director.

The main duties of the BCGO are:

- (i) Ensuring the smooth running of the Board and Board Committees;
- (ii) Participating in Board Meetings and relevant Board Committee Meetings and, when appointed, serving as a member;
- (iii) Facilitating the acquisition of information by all Board and Committee members;
- (iv) Supporting the Board in defining its role, objectives and operating procedures;
- (v) Taking a leading role in organising Board evaluations and assessments;
- (vi) Keeping under close review all Legislative, Regulatory and Corporate Governance issues;
- (vii) Supporting and challenging the Board to achieve the highest standards in Corporate Governance;
- (viii) Ensuring that the concept of stakeholders and the need to protect minority interests are in the Board's mind when important business decisions are being taken;
- (ix) Helping to ensure that the procedure to nominate and appoint Directors is properly carried out and assist in the induction of new Directors;
- (x) Acting as a primary point of contact and source of advice and guidance for, particularly, Non-Executive Directors as regards Sonae Holding and its activities;
- (xi) Facilitating and supporting the Independent Non-Executive Directors in the assertion of their independence;
- (xii) Helping to ensure compliance with the continuing obligations of the Portuguese Listing Rules;
- (xiii) Participating in making arrangements for and managing the whole process of Shareholders' General Meetings;
- (xiv) Participating in the arrangement of insurance cover for Directors and Officers;
- (xv) Participating, on behalf of Sonae Holding, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.

### **Company Secretary**

#### **Role**

Sonae Holding's Company Secretary is responsible for, among others:

- (i) Keeping the formal minute books and attendance lists at Shareholders' General Meetings;
- (ii) Forwarding the legal documentation to convene Shareholders' General Meetings;
- (iii) Supervising the preparation of supporting documentation for Shareholders' General Meetings and the meetings of the Board of Directors and preparing the respective formal minutes;
- (iv) Responding to Shareholder requests for information within the scope of Portuguese Company Law;
- (v) Legal registration of any act or resolution of Sonae Holding's Statutory Governing Bodies.

## **2.3.3. Organisation of the corporate centre**

### **2.3.3.1. General Structure**

The current organisation of Sonae Holding's corporate centre is designed to adapt its role and competencies to complement the various businesses in the best manner possible and, ultimately, create value. Also, it aims to optimise the efficiency of the Group, through promoting the sharing of relevant skills, know-how, resources and functions among the sub-holdings.

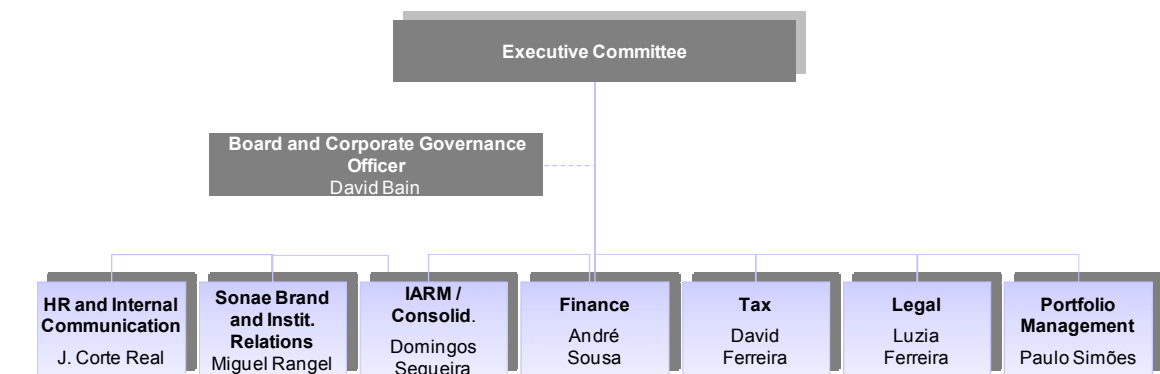
Its value proposal rests upon the following main activities: (i) collaborating with the sub-holdings in their definition of strategy and strategic goals; (ii) allocating capital between current businesses and to new business opportunities; (iii) leveraging the Group's global size and set of competencies; (iv) managing top human resources; (v) managing the Sonae values and

institutional brand; (vi) managing institutional relations proactively to influence the Sonae's business environment. The corporate centre is also responsible for providing services to its various sub-holdings, which are centralised for reasons of efficiency and effectiveness, such as Tax and Financing. There are other tasks that directly relate to the holding company, for example compliance with capital market requirements, legal, financial and fiscal obligations, as well as decision making as a shareholder in Sonae Group sub-holdings and various instrumental companies.

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**Corporate Centre – Organisation and Functions**


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**Board and Corporate governance officer**

A description of this Officer's role and responsibilities is covered in the previous section.

**Human resources and internal communication manager**
Main responsibilities:

- (i) Manage Sonae's top human resources: Chairman of the Human Resources Advisory Group; support the Executive Committee's top human resources management activities;
- (ii) Internally promote the Group's values and culture;
- (iii) Support the External Communication function in managing the image of the Sonae as a major employer;
- (iv) Support the Institutional Relations Department in achieving best practice in the management of human resources;
- (v) Manage Sonae Holding's human resources.

**Sonae brand and institutional relations manager**
Main responsibilities:

- (i) Define and implement the corporate marketing strategy;
- (ii) Manage Sonae's public image and that of its Executive Committee, including proactive management of relations with the Media;
- (iii) Manage Sonae's image and reputation risk management in direct coordination with the Risk Management area;
- (iv) Proactive support to manage Sonae's relationship with Government, public entities, NGOs, opinion makers;
- (v) Represent Sonae at associations, forums and events (national and international) and manage information requests from those institutions;
- (vi) Coordinate messages and lines of communication with the External Communication function at the corporate centre and with the Public Relations departments of the sub-holdings, for all contacts with the Media.

**Internal audit, risk management, accounts consolidation and administrative manager**
Main responsibilities:

- (i) Lead portfolio and corporate centre risk management activities;
- (ii) Lead internal audit of the corporate centre;
- (iii) Operational support to the Audit Committee and the Risk Management Advisory Group;
- (iv) Manage the relationship with the Statutory External Auditor;
- (v) Lead Sonae's individual and consolidated accounting teams;

- (vi) Supervise the administrative processes and controls for the corporate centre and manage the service agreements covering the administrative processes outsourced to the service centre of Sonae Distribuição.

**Finance manager**Main responsibilities:

- (i) Lead all of Sonae's financing operations (except Sonae Sierra) in liaison with CFOs of the sub-holdings; support the sub-holdings in executing dealing transactions;
- (ii) Support corporate planning in determining the capital employed in each business area; support corporate development and M&A;
- (iii) Treasury management for Sonae;
- (iv) Financial risk management for Sonae Group.

**Tax manager**Main responsibilities:

- (i) Develop the tax competencies of the sub-holdings; share competences among sub-holdings;
- (ii) Collaborate in the definition of tax strategies and goals: Support the internationalisation of the sub-holdings;
- (iii) Support corporate M&A on tax issues;
- (iv) Institutional Relations: proactively manage the Group's tax environment.
- (v) Optimize the tax efficiency of the Group.

**Legal manager**Main responsibilities:

- (i) Legal support to Sonae Holding's activities;
- (ii) Manage relations with Euronext Lisbon, the Portuguese Securities Market Commission ("CMVM") and with shareholders in relation to legal matters;
- (iii) Manage Sonae Holding's corporate governance legal policies;
- (iv) Manage the legal environment of the Group;

**Portfolio manager**Main responsibilities:

- (i) Coordinate the corporate planning and reporting area;
- (ii) Support decisions regarding the allocation of capital to current businesses and to new business opportunities: responsible for the analysis of capital invested, return on capital invested and support the development of corporate strategy; responsible for corporate M&A and new business opportunities;
- (iii) Leverage the Group's global size and set of competencies;
- (iv) Coordinate the Investor Relations area and represent management in selected meetings with analysts and investors;
- (v) Support the coordination of the activity of the corporate centre.

### 2.3.3.2. Knowledge Sharing Corporate Committees

**Audit committee**

The Audit Committee was formed in 2000, to assist the Executive Committee in defining policies, reviewing and co-ordinating the activities of Risk Management, Internal Audit, and to establish internal control processes and systems. The Audit Committee, which meets quarterly, is chaired by Paulo Azevedo (CEO of Sonae), and includes the Sonae Holding's portfolio manager and the CFOs and internal audit managers of the Sonae's sub-holdings.

Supporting this Committee is a Risk Management Consultation Group, which ensures, on a regular basis, consistency between the objectives by the Audit Committee and their implementation.

The Risk Management Consultation Group meets quarterly and is chaired by Ângelo Paupério (member of the Executive Committee), including Sonae Holding's portfolio manager, the Board

members and the Risk Managers responsible for this role at the holding company and at each of the Sonae sub-holdings.

#### **Finance committee**

The Finance Committee is chaired by Paulo Azevedo (CEO of Sonae), and includes the CFOs and the directors responsible for corporate finance from each of Sonae's sub-holding as well as the functional managers of Sonae, who are relevant to the subjects on each meeting's agenda. The committee meets monthly to review and co-ordinate financial risk management policies, banking relationships and other matters related to corporate finance.

### **2.4. Risk control**

#### **Risk management objectives**

Risk Management is embedded on Sonae's culture and is one of its Corporate Governance practices, being present in all management processes and a responsibility of all employees of Sonae, at all levels of the organisation.

The objective of risk management is the creation of value by managing and controlling uncertainties and threats that can affect the business objectives and the going concern of Sonae's businesses. Risk Management, together 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 processes**

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 the uncertainties and threats that Sonae's sub-holdings face in the pursuit of their business objectives and value creation.

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

- (i) As part of strategic planning, the risks of the existing business portfolio, as well as new businesses and relevant projects, are identified and evaluated, while strategies to manage those risks are also 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 plans;
- (iii) For risks that cross business unit boundaries, such as large scale organisational changes, contingency and business recovery plans, structural risk management programmes are developed with the participation of those responsible for the units and functions involved;
- (iv) As far as tangible asset and people safety risks are concerned, policies and standards are defined, their implementation is self-monitored, audits are carried out at the main units, and when risks are identified, preventive and corrective actions are implemented. On a regular basis, the financial cover of insurable risks is reassessed.
- (v) Financial risk management is carried out and monitored as part of the activity of holding and sub-holding companies' financial departments, whose work is reported to, co-ordinated and reviewed by the Finance Committee and the Board Audit and Finance Committee.

The risk management process is supported by a consistent and systematic methodology, based on the international standard<sup>1</sup> that includes the following:

- (i) Identifying systematically the risks that affect the organisation (common language); defining and grouping risks (dictionary and matrix of risks);

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<sup>1</sup> Enterprise Risk Management – Integrated Framework issued by COSO (Committee of Sponsoring Organizations of the Treadway Commission).

- (ii) Evaluating and attributing the level of criticality and management priority of risks as a function of their impact on the objectives of the business and the probability of the risks occurring;
- (iii) Identifying the causes of the most important risks;
- (iv) Evaluating strategic risk management options;
- (v) Developing a risk management action plan and integrating it into the management and planning procedures of the units and functions of Sonae's sub-holdings;
- (vi) Monitoring and reporting on progress made to implement the action plans.

**Risk management organization**

Risk Management is the responsibility of all managers and employees of Sonae Group companies, at all levels of the organisation, and is supported by the Internal Audit and Risk Management departments both in the holding and sub-holdings, through especially dedicated teams, which report directly to their respective Boards of Directors.

The Internal Audit and Risk Management department's mission is to help companies reach their objectives via a systematic and structured approach to developing and evaluating the effectiveness of management and control of business processes and information systems risks, namely:

- (i) The Internal Audit department identifies and evaluates the effectiveness and efficiency of management and control of business processes and information systems risks, as well as risks arising from non compliance with legislation, contracts and company policies and procedures. The internal audit annual plan includes critical business process audits, compliance audits, financial audits and information systems audits;
- (ii) The Risk Management department promotes, co-ordinates, facilitates and supports the development of risk management processes.

The Management Planning and Control department promotes and supports the integration of risk management into the management and planning control process of companies.

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

By end December 2008, the Internal Audit and Risk Management functions had 41 full time employees, carrying out their work in all countries where the Sonae Group operates.

The Board of Directors has appointed a Board Audit and Finance Committee, comprised of three Non-Executive and Independent Directors, to monitor Audit and Risk Management activities.

**Internal audit and risk management training and development**

As far as development of the Risk Management and Internal Audit function is concerned, in 2008, 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) – and other certifications, such as Certified Information System Auditor (CISA), Certified Information System Security Professional (CISSP), BS ISO/IEC 27001: 2005 Information Security Management (ISMS), Certified Information Security Management (CISM), Associated Business Continuity Professional (ABCP), BS 25999 Business Continuity Management (BCM) and Project Management Professional (PMP).

There are twenty four members of the Internal Audit and Risk Management teams of Sonae who have certifications, six of whom are CIA accredited, seven CCSA, four CISA, two ISMS and one CISM, CISSP, ABCP, BCM, and PMP. Sonae is one of the organisations with more certified employees in internal audit and risk management in Portugal. In 2009, 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 2008**

In accordance with methodologies defined and implemented in previous years, risk management procedures were integrated into business management planning and control procedures from the strategic review phase right through to operational planning, so that risk management actions were included in functional and business unit plans and monitored throughout the year.

#### Tangible assets risks

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. In relation to terrorism risks, preventive and emergency programs were launched and specialist training sessions were given to security managers and staff.

#### People safety risks

Turning to people safety risks (staff, subcontractors, customers and visitors), work continued on the PERSONÆ Project of Sonae Sierra and the projects and Health & Safety functions of other sub-holdings, to develop integrated actions and attitudes towards safety, with special emphasis on changing individual behaviour.

In relation to the PERSONÆ Project, following the preparatory and diagnostic phases completed in 2003, implementation of this project began at Sonae Sierra in 2004, in partnership with a leading international consulting firm in this field, part of a group recognized as being one of the most safety conscious and socially responsible in the world. The programme combines the implementation of best management practices in Health, Safety and Social Responsibility with the development of internal capabilities through training and knowledge sharing. An essential part of the methodology is to integrate responsible attitudes and behaviour into the culture of Sonae Holding. The programme involves all operations world wide and all businesses of Sonae Sierra from project development through to the management of shopping and leisure centres, including investment and construction. The project lasted for four years, and represents, in consulting and training alone, an investment of 5 million euro. Having ended in September 2008, the project has involved more than 70,000 people according to our estimation and the aim is to care for the safety of millions of visitors, as per the figure of more than four hundred million visits per year to Sonae Sierra's shopping centres. The results and key performance indicators of the project have had a very positive trend: from June 2005 to October 2008, the total number of hours performed per month on safety preventive observations had increased from 56 to 1.059 and the number of non conformities per hour of observation had decreased 68%. Staff days of absenteeism due to work accidents have decreased 98% since 2005. The PERSONÆ Project has won two international awards: the Eco Prize 2006 in Brazil for Enterprise Social Responsibility Practices and the 2007 DuPont Safety Award in the category of Visible Management Commitment. The project's progress had been monitored by the other sub-holdings of the Group with a view to taking advantage of synergies and adapting the management model to other Group companies. Subsequently to the PERSONÆ Project, Sonae Sierra has achieved the certification by TÜV Rheinland of its Safety and Health Corporate Management System (covering all its activities) according to OHSAS 18001.

In Retail, it was developed a project to define customer physical safety standards, as a basis for action plans to prevent and mitigate customer safety risks.

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 relevant businesses, projects and programmes continued in order to guarantee continuity of operations, through defining, revising and implementing procedures and processes to prepare

for crisis and catastrophic scenarios, particularly through developing emergency, contingency and recovery plans.

A specific project was developed and continued in 2008, regarding risks that are common to the different businesses of Sonae. This project was promoted at the Holding level and at each of its main businesses, with the objective of preparing and testing emergency and contingency plans to respond to the threat of a pandemic flu. Actions were developed to identify critical processes and people in each business, assess the impacts of the pandemic flu and define action plans. Contacts were made with Government health divisions and other health authorities, to share information and knowledge regarding national contingency plans and other cooperation actions. In order to support and access protocols, procedures and other relevant information and knowledge, specialised consultancy work was contracted from an international health and medical services company.

In Telecommunications, based on business impact analysis and risk assessment of telco business (mobile and wireline), a business continuity focus was set, and strategies were developed to set the risk at the levels defined by management. A detailed impact analysis model considering system and network platforms was developed to estimate value at risk in main technical sites.

#### Environmental risks

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

Sonae Sierra's Environmental Management System (EMS) covers these risks in all activities of Sonae Holding, including procurement, construction and operation of Shopping Centres. In 2008, besides having had the corporate EMS re-certified according to ISO 14001 by *Lloyds Register Quality Assurance*, 39 shopping centres (from a total of 50) have individually already achieved the same certification (18 of which in 2008) and 17 construction works (6 in 2008) have achieved individual ISO 14001 certification for the construction phase.

#### Risks of "change projects" and new investment projects

Risks associated with critical business processes and major change projects, especially new investments and information system changes, were analysed and monitored as part of Risk Management work as well as Internal Audit activity.

#### Insurable risks

As far insurable risks are concerned, the objective of rationalising the financial transfer of these types of risk continued, either by searching to establish a sound insurance capital structure for the value at risk, based on the constant changes in the businesses involved, or by reaching greater critical mass to take on more risk internally. 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, the Group's insurance brokerage network, and Sonae Re the Group's captive re-insurer.

#### Food safety risks

In Retail, and as a result of the project and organisational actions begun in previous years, a programme of food safety audits was implemented and consolidated in stores, e-commerce, warehouses and production centres. This audit programme has the goal of monitoring food safety risks in a systematic way, and also complying with legal regulations and the internal control system for food safety. Since the program was launched in 2003, the average number of findings per audit has decreased 42%, and, more importantly, the average number of critical findings has decreased 72%.

#### Financial risks

Sonae is exposed to a variety of financial risks including interest rate risk, transaction and translation foreign currency exchange rate risk, liquidity risk, counterparty and credit risk related with its operating business. Due to the diverse nature of the different Sonae's businesses, exposure to those risks may vary from business to business, and thus for some risks there are no Sonae's wide risk management policies, but rather, when appropriate, individual and adapted risk policies for each sub-holding. Sonae is also exposed to debt and equity markets fluctuations. During 2008, and in order to minimize potential adverse effects of the volatility of



financial markets, besides individual policies to manage each identified financial risk and controls mechanisms to identify and quantify such exposures, Sonae sub-holdings have also used derivative instruments to hedge certain exposures related to their operating business. Financial risk policies are approved by each Board at business level and exposures are identified and monitored by each sub-holding Financial & Treasury Department. Exposures are also monitored by the Finance Committee activity (see above 2.3.3.2), where a consolidated exposure analysis is reviewed and reported on a monthly basis and guidelines for risk management policies are defined and regularly reviewed. Sonae's attitude to financial risks is conservative and cautious, and when derivative instruments are used to hedge certain exposures related to its 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.

#### **Financial information disclosure**

The people involved in the financial analysis process are included in the internal list of insiders and particularly aware of their obligations, as well as of the penalties arising from the misuse of inside information.

The internal rules applicable to the disclosure of financial information aim to assure its broad immediate disclosure and prevent the market's asymmetric access to the information.

#### **2.5. Powers of the Board of Directors for share capital increases**

The Articles of Association provide (article 6, paragraph 3) that the share capital can be increased through new entries in cash up to five thousand million Euro, in one or more stages, by resolution of the Boards of Directors, which will determine, in accordance with the law, the conditions of subscription and the categories of shares to be issued, based on those already existing at the time.

This power, according to Portuguese Company Law, terminates at the end of a five year period starting from the shareholders' resolution taken at the Shareholders' General Meeting held on 6 April 2006.

#### **2.6. Rules and Regulations of the Statutory Governing Bodies**

Sonae Holding is committed to comply with best practices in Corporate Governance. To that end, it has developed a clearly defined set of rules, duties and responsibilities for its different governing bodies and for their respective decision making processes. This has led to increased transparency and improved internal control.

The Terms of Reference of the Board of Directors and Statutory Audit Board are available on Sonae Holding's website [www.sonae.pt](http://www.sonae.pt).

#### **2.7. Nomination and substitution rules for the management and audit bodies**

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

The members of the Board of Directors are elected for each four-year mandate by shareholders' proposal according to Sonae Holding's Articles of Association and in compliance with the Law, at the Shareholder's General Meeting.

The election of one member of the Board of Directors will take place individually among persons listed in proposals subscribed by groups of shareholders, provided that such groups of shareholders hold shares that represent more than twenty and less than ten percent of the share capital.

The same shareholder cannot subscribe to more than one proposal, and each proposal must contain the identification of at least two persons eligible for each of the positions to be filled. If proposals are presented by more than one group of shareholders, voting will be based on all of these proposals.

Sonae Holding's Articles of Association also establish that the Board of Directors may co-opt a substitute in case of death, resignation or temporary or permanent incapacity or unavailability of any member, subject to ratification by the shareholders at the next Shareholders' General Meeting.

Additionally, if a Director does not participate in any two meetings without providing a justification for these absences, which is accepted by the Board of Directors, such a Director shall then be deemed permanently unavailable.

A Director, who has been elected according to rules abovementioned in the second paragraph of this section, is deemed permanently unavailable, a substitute will be elected to the Board of Directors by shareholders at a Shareholders' General Meeting.

#### **Statutory Audit Board**

The members of the Statutory Audit Board shall be elected by the Shareholders' General Meeting, for a four-year mandate.

If the Shareholders' General Meeting does not designate who of the members shall be the Chairman, the latter will 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 designated or elected, the other members must choose one of them to exercise the functions until the end of the respective mandate.

The members of the Statutory Audit Board who are temporarily unavailable or have ceased functions shall be replaced by the substitute.

Substitutes who replace members whose functions have ceased shall remain in office until the first Annual General Meeting, when the vacancies shall be filled.

If it is not possible to fill 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.

If the Shareholders' General Meeting should fail to elect the members of the Statutory Audit Board, the management of Sonae Holding must do so and any shareholder may petition the courts for the appointment to be made.

#### **Statutory External Auditor**

The Statutory External Auditor is elected by the shareholders at a Shareholders' General Meeting by proposal of the Statutory Audit Board.

Failure of the competent corporate body to appoint the Statutory External Auditor within the period fixed by law must be brought to the attention of the Portuguese Institute of Statutory Auditors within 15 days, by any shareholder or member of the corporate bodies. Within 15 days of that communication, the Order of Statutory Auditors must officially appoint a statutory auditor to Sonae Holding. At the next Shareholders' General Meeting this appointment shall be ratified or another statutory auditor to complete the respective term of office should be elected.

### **2.8. Number of meetings held**

#### **Board of Directors**

The Board of Directors meets at least four times a year, as required by Sonae Holding's Articles of Association, and whenever the Chairman or two Board members call a meeting. During 2008 there were 5 Board meetings. The quorum for any Board Meeting requires that the majority of Board Members are present or represented by proxy and decisions are taken by a majority of votes cast. During 2008, the attendance rate at Board meetings was 100%. Minutes are recorded in the respective minutes book. The Board of Directors normally receives information on subjects on the agenda of meetings at least 7 days beforehand, and receives supporting documents for meetings at least 2 working days in advance.

#### **Executive Committee**

The Executive Committee currently meets at least once every month and, whenever the CEO or a majority of its members calls a meeting. There were 15 meetings of the Executive Committee in 2008 and the attendance rate was 100%. The quorum for the Executive Committee meeting requires that a majority of members are present or represented by proxy. Decisions are approved by simple majority, the CEO having a casting vote.

#### **Board Audit and Finance Committee (BAFC)**

BAFC meets at least five times a year and whenever the Chairman, the Board of Directors, the Executive Committee or, exceptionally, the Statutory External Auditor believe a meeting is necessary. Between meetings and since 4Q07, the follow up and monitoring of projects has periodically been carried out by conference call. During 2008, the Committee met 5 times with an attendance rate of 100%.

### Board Nomination and Remuneration Committee (BNRC)

BNRC meets at least once a year and, whenever the Chairman or the Board of Directors deem necessary. There was one formal BNRC meeting during 2008 and the attendance record was 100%. Between formal meetings, the BNRC members keep in touch by electronic means.

### Statutory Audit Board

Statutory Audit Board meets at least 4 times a year. During 2008, the Board met 5 times with an attendance rate of 100%.

### Shareholders' Remuneration Committee

This Committee meets at least once a year. There was 1 meeting during 2008 and the attendance record was 100%.

## 2.9. Members of the Board of Directors and other committees

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#### Sonae Holding's Board of Directors

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|                                                    |                           |
|----------------------------------------------------|---------------------------|
| Belmiro Mendes de Azevedo.....                     | Chairman – Non-Executive  |
| Álvaro Cuervo Garcia.....                          | Independent Non-Executive |
| Michel Marie Bon.....                              | Independent Non-Executive |
| José Neves Adelino.....                            | Independent Non-Executive |
| Duarte Paulo Teixeira de Azevedo.....              | Executive – CEO           |
| Álvaro Carmona e Costa Portela.....                | Executive                 |
| Ângelo Gabriel Ribeirinho dos Santos Paupério..... | Executive                 |
| Nuno Manuel Moniz Trigoso Jordão.....              | Executive                 |

Note:

On 3 March 2008, Luíz Felipe Palmeira Lampreia resigned as Non-executive Director of Sonae Holding (with effect from 30 April 2008).

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#### Executive Committee

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|                                                     |                        |
|-----------------------------------------------------|------------------------|
| Duarte Paulo Teixeira de Azevedo.....               | CEO Sonae              |
| Álvaro Carmona e Costa Portela .....                | CEO Sonae Sierra       |
| Ângelo Gabriel Ribeirinho dos Santos Paupério ..... | CEO Sonaecom           |
| Nuno Manuel Moniz Trigoso Jordão .....              | CEO Sonae Distribuição |

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#### Board Audit and Finance Committee

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|                                |                                      |
|--------------------------------|--------------------------------------|
| Michel Marie Bon .....         | Chairman – Independent Non-Executive |
| Alvaro Cuervo Garcia .....     | Independent Non-Executive            |
| José Manuel Neves Adelino..... | Independent Non-Executive            |

Note:

On 3 March 2008, Luíz Felipe Palmeira Lampreia resigned as member of this committee.

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#### Board Nomination and Remuneration Committee

---

|                                |                           |
|--------------------------------|---------------------------|
| Belmiro Mendes de Azevedo..... | Chairman -Non-Executive   |
| Michel Marie Bon .....         | Independent Non-Executive |

Note:

On 3 March 2008, Luíz Felipe Palmeira Lampreia resigned as member of this committee.

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The Board of Directors has a clear balance between the number of Executive Directors and the number of Non-Executive Directors. Currently, the Board of Directors is composed of eight members, including Executive and Non-Executive members. Out of the four Non-Executive Directors, three are considered independent, in accordance with the independence criteria established by article 414, nr. 5 of the Portuguese Company Law as referred to in CMVM Regulation nr. 1/2007 for Corporate Governance. The three Independent Non-Executive Directors also meet the requirements for assessing that no incompatibility exists under the terms of article 414-A, nr. 1, of the Portuguese Company Law, as required by the abovementioned CMVM Regulation, with the sole exception of Michel Marie Bon, who exercises management and auditing roles in more than five companies. Nevertheless, this fact does not affect his overall independence.

## 2.10. Qualifications, experience and responsibilities of the Board of Directors

The Board mandates are for four years, with the possibility of re-election. The current Board mandate covers the period 2007 to 2010. Current members of the Board of Directors have been appointed as follows:

| Appointment to the Board of Directors |                                 |                |
|---------------------------------------|---------------------------------|----------------|
|                                       | Appointed for the first time on | End of mandate |
| Belmiro Mendes Azevedo                | 1989                            | 2010           |
| José Neves Adelino                    | 2007                            | 2010           |
| Álvaro Cuervo Garcia                  | 2004                            | 2010           |
| Michel Marie Bon                      | 2004                            | 2010           |
| Duarte Paulo Teixeira de Azevedo      | 2000                            | 2010           |
| Álvaro Carmona e Costa Portela        | 1999                            | 2010           |
| Ángelo Gabriel Ribeirinho Paupério    | 2000                            | 2010           |
| Nuno Manuel Moniz Trigo               | 1999                            | 2010           |

### **Belmiro Mendes de Azevedo**

#### **Date of Birth**

17 February 1938

#### **Education**

|      |                                                                      |
|------|----------------------------------------------------------------------|
| 1963 | Graduate in Chemical Engineering - Universidade do Porto             |
| 1973 | PMD (Programme for Management Development) - Harvard Business School |
| 1985 | Financial Management Programme - Stanford University                 |
| 1987 | Strategic Management - Wharton University                            |

#### **Professional Experience**

|           |                                                                       |
|-----------|-----------------------------------------------------------------------|
| 1963-1964 | Technical Career in textile chemical industries                       |
| 1965-1967 | Managing Director of Sonae                                            |
| 1967-1984 | President of Sonae Group of companies                                 |
| 1985-1988 | CEO of Sonae Indústria e Investimentos, SA                            |
| 1989-1999 | Chairman and CEO of Sonae Investimentos, SGPS, SA                     |
| 1997      | Member of the European Union Hong-Kong Business Cooperation Committee |
| 1999-2007 | Chairman and CEO of Sonae SGPS, SA                                    |
| 2000      | Member of the International Advisory Board of Allianz AG              |
| 2002      | Member of the Management Board of Cotec – Portugal                    |
| 2005      | Member of the Harvard Business School European Advisory Board         |
| 2005      | Chairman of Manufacture Portugal Forum                                |
| 2008      | Chairman of EGP – University of Oporto Business School                |

### **José Manuel Neves Adelino**

#### **Date of Birth**

19 March 1954

#### **Education**

|      |                                                              |
|------|--------------------------------------------------------------|
| 1976 | Graduate in Finance, Universidade Técnica de Lisboa          |
| 1981 | DBA, Finance, Kent State University                          |
| 1995 | Agregado, Faculdade de Economia, Universidade Nova de Lisboa |

#### **Professional Experience**

|           |                                                                                        |
|-----------|----------------------------------------------------------------------------------------|
| 1978-1981 | Teaching Fellow, Kent State University                                                 |
| 1981-1986 | Member of the Directive Council, Faculdade de Economia, Universidade Nova de Lisboa    |
| 1981-1986 | Member of the Board, BPA                                                               |
| 1981-1995 | Professor, Faculdade de Economia, Universidade Nova de Lisboa                          |
| 1986-1989 | Visiting Professor, Universidade Católica Portuguesa                                   |
| 1987-1989 | Visiting Professor, Bentley College                                                    |
| 1988      | Visiting Professor, ISEE                                                               |
| 1990-1996 | Dean, MBA Program and Executive Education, Faculdade de Economia, Universidade Nova de |

|           |                                                                 |
|-----------|-----------------------------------------------------------------|
|           | Lisboa                                                          |
| 1994-2002 | Member of the Directive Board of Fundo de Garantia de Depósitos |
| 1999-2002 | Dean, Faculdade de Economia, 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 | Chairman of the Shareholders' Meeting of PT PRO                 |
| 2003-2007 | Member of the Remuneration Committee of Sonae SGPS, SA          |
| 2004-2007 | Member of the Investment Committee of PT Previsão               |

### **Álvaro Cuervo García**

#### **Date of Birth**

30 May 1942

#### **Education**

|      |                                                   |
|------|---------------------------------------------------|
| 1971 | PhD in Economics - Madrid University              |
| 1973 | M.S. in Statistics - Madrid University            |
| 1975 | M.S. in Industrial Psychology - Madrid University |

#### **Professional Experience**

|            |                                                                                         |
|------------|-----------------------------------------------------------------------------------------|
| 1975       | Professor of Business Economics at Universidad Complutense Madrid                       |
| 1997-2006  | Member of the Academic Council of the Real Colegio Complutense at Harvard University    |
| Since 1997 | Member of the Board of Directors of ACS, SA                                             |
| Since 2003 | Member of the Board of Directors of Sonae Indústria, SGPS, SA                           |
| 2004       | Editor in Chief of Universia Business Review                                            |
| 2006       | Member of the Board of Directors of Bolsas y Mercados Españoles                         |
| 2007       | Associate Editor Globalization, Competitiveness and Governability                       |
|            | Member of the scientific and advisory committee of several journals                     |
|            | Author of several books and numerous articles published in Spanish and foreign journals |

### **Michel Marie Bon**

#### **Date of Birth**

5 July 1943

#### **Education**

|      |                                                  |
|------|--------------------------------------------------|
| 1966 | Graduate in Business Administration - ESSEC      |
| 1971 | Graduate at École Nationale d'Administration     |
| 1986 | Stanford Executive Program – Stanford University |

#### **Professional Experience**

|            |                                                                                          |
|------------|------------------------------------------------------------------------------------------|
| 1971-1975  | Inspecteur des Finances at the French Ministry of Finance and Budget                     |
| 1975-1985  | Chief Credit Officer, and later Deputy CEO of Caisse Nationale de Crédit Agricole (Bank) |
| 1985-1992  | Deputy CEO, later CEO and Chairman of Carrefour (Retail)                                 |
| 1993-1995  | Head of the Agence Nationale Pour l'Emploi (French State agency for employment)          |
| 1995-2002  | Chairman and CEO of France Telecom                                                       |
| 2003-2005  | Chairman of Institut Pasteur                                                             |
| 1971-1975  | Director of Esmertec (High Technologies)                                                 |
| 1975-1985  | Senior Advisor to Permira (Investment Fund)                                              |
| 1985-1992  | Senior Advisor to Roland Berger (Strategy Consulting)                                    |
| 1998-2002  | Co-chairman of the French American Business Council                                      |
| Since 1984 | Director of Institut Pierre Mendès France                                                |
| Since 1988 | Director of the French American Foundation                                               |
| Since 1994 | Founder and Director of Transparency International (France)                              |
| Since 2003 | Director of International Dominican Foundation                                           |
| Since 2004 | Director of Esmertec                                                                     |

|            |                                                                                           |
|------------|-------------------------------------------------------------------------------------------|
| Since 2004 | Senior Advisor to Permira                                                                 |
| Since 2006 | Senior Advisor to Roland Berger                                                           |
| Since 2008 | Chairman of Fondation Nationale pour l'Enseignement de la Gestion des Entreprises (FNEGE) |

### **Duarte Paulo Teixeira de Azevedo**

#### **Date of Birth**

31 December 1965

#### **Education**

|      |                                                                                                              |
|------|--------------------------------------------------------------------------------------------------------------|
| 1986 | Graduate in Chemical Engineering – École Polytechnique Fédérale de Lausanne                                  |
| 1989 | Master of Business Administration – EGP (before designed by ISSE – Business School da Universidade do Porto) |
| 1994 | Executive Retailing Program – Babson College                                                                 |
| 1996 | Strategic Uses of Information Technology Program – Stanford Business School                                  |
| 2002 | IMD – Breakthrough Program for Senior Executives - Lausanne                                                  |

#### **Professional Experience**

|            |                                                                                                                        |
|------------|------------------------------------------------------------------------------------------------------------------------|
| 1988-1990  | Analyst and Project manager of new investments at Sonae Tecnologias de Informação                                      |
| 1990-1993  | Organizational Development project manager and New business Commercial Director at Sonae Indústria (Wood Based Panels) |
| 1993-1996  | Director of Strategic Planning and Control and Project Leader – Group restructuring at Sonae Investimentos, SGPS, SA   |
| 1996-1998  | Executive Board Director of Merchandising, IT and Marketing of Modelo Continente Hipermercados (Retail)                |
| 1998-2000  | CEO of Optimus (Mobile Operator).                                                                                      |
| 2000-2007  | CEO of Sonaecom, SGPS, SA                                                                                              |
| 2001-2002  | President of Apritel - Association of Telecommunication Operators                                                      |
| 2002-2007  | Chairman of the Statutory Audit Board at Público, SA                                                                   |
| 2003       | Co-author of the book “Reformar Portugal”                                                                              |
| 2003-2007  | Chairman of the Statutory Audit Board at Glunz, AG                                                                     |
| 2004-2007  | Chairman of the Board of Tafisa, SA                                                                                    |
| Since 2007 | CEO of Sonae, SGPS, SA                                                                                                 |

### **Álvaro Carmona e Costa Portela**

#### **Date of Birth**

4 July 1951

#### **Education**

|      |                                                                       |
|------|-----------------------------------------------------------------------|
| 1974 | Graduate in Mechanical Engineering - Universidade do Porto            |
| 1983 | Master of Business Administration - MBA (Universidade Nova de Lisboa) |
| 1997 | AMP / ISMP - Harvard Business School                                  |

#### **Professional Experience**

|           |                                                                                                                                                      |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1972-1976 | Director at Laboratórios BIAL (Pharmaceutical Industry)                                                                                              |
| 1974-1977 | Lecturer at Department of Mechanics - Universidade do Porto                                                                                          |
| 1976-1979 | Chairman and CEO of Laboratórios BIAL (Pharmaceutical Industry)                                                                                      |
| 1979-1985 | Executive Director of Finance, Planning, Exports at COPAM - Companhia Portuguesa de Amidos, SA (Maize derivatives industry) and affiliated companies |
| 1985-1986 | Deputy Managing Director and later Managing Director of Módis (Logistics and Retail Procurement at Sonae Distribuição)                               |
| 1986-1991 | Managing Director, later CEO and later Chairman and CEO of Sonae Distribuição, SGPS, SA                                                              |
| 1996-2001 | Member at ICSC Europe Jury Award                                                                                                                     |
| 1999-2002 | Co-founder and Non Executive Director of EPRA- European Public Real Estate Association                                                               |
| 2005-2008 | Trustee of the International Council of Shopping Centres                                                                                             |

### **Ângelo Gabriel Ribeirinho dos Santos Paupério**

#### **Date of Birth**

14 September 1959

**Education**

|           |                                   |
|-----------|-----------------------------------|
| 1982      | Graduate in Civil Engineering     |
| 1988/1989 | Master of Business Administration |

**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  | Director of Strategic Planning and Control at Sonae Investimentos, SGPS, SA                                                                  |
| 1994-1996  | Director in several of Sonae Distribuição, SGPS, SA's affiliates (Retail)                                                                    |
| 1996-2007  | CFO of Sonae Distribuição, SGPS, SA and Director in Modelo Continente, SGPS, SA and several of its affiliates (Retail)                       |
| 1996-2007  | Executive Vice President and CFO of Sonae, SGPS, SA, SA, CEO of Sonae Capital, SGPS, SA and Chairman of Sonae, SGPS, SA's Finance Committee  |
| Since 2007 | CEO of Sonaecom SGPS, SA, Executive Director of Sonae, SGPS, SA, Director of Sonae Sierra, SGPS, SA, Director of Sonae Distribuição SGPS, SA |

**Nuno Manuel Moniz Trigoso Jordão**
**Date of Birth**

27 April 1956

**Education**

|      |                                                      |
|------|------------------------------------------------------|
| 1978 | Graduate in Economics ISCTE (Universidade de Lisboa) |
|------|------------------------------------------------------|

**Professional Experience**

|            |                                                           |
|------------|-----------------------------------------------------------|
| 1980-1986  | Pingo Doce Supermercados, SA – Career in Store Operations |
| 1986- 1987 | Hipermercados Continente, SA - Hypermarket Manager        |
| 1988-1989  | Hipermercados Continente, SA - General Manager            |
| Since 1990 | Executive Board Member of Sonae Distribuição, SGPS, SA    |
| Since 1991 | CEO of Sonae Distribuição, SGPS, SA                       |
| Since 1999 | Executive Director of Sonae, SGPS, SA                     |

Shares held by the members of the Board of Directors are disclosed in an Appendix to the Management Report, as required by article 447 of the Portuguese Company Law. The Appendix also includes the relevant information in relation to transactions performed in the last semester of 2008, as per the terms of article 14, paragraph 6, of CMVM Regulation nr. 5/2008.

**2.11. Offices held by the members of the Board of Directors**
**Belmiro Mendes de Azevedo**
**Offices held in other companies within Sonae:**

None

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

Chairman of Sonae Indústria SGPS, SA  
 Chairman and CEO of Sonae Capital, SGPS, SA  
 Chairman and CEO of Efanor Investimentos, SGPS, SA  
 Sole Director of BA – Business Angels, SA  
 Chairman and CEO of Casa Agrícola de Ambrães, SA  
 Chairman and CEO of Praça Foz – Soc. Imobiliária, SA  
 Chairman and CEO of Setimanale, SGPS, SA

**José Neves Adelino**
**Offices held in other companies within Sonae:**

None

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

Full time Professor of Finance, Faculdade de Economia, Universidade Nova de Lisboa  
 Visiting Professor, Bentley College



Member of the Statutory Audit Board at Banco BPI

Member of Investment Committee of Portugal VC Initiative (EIF)

### **Álvaro Cuervo Garcia**

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

None

#### **Offices held in other companies outside Sonae:**

Member of the Board of Directors of Sonae Indústria SGPS, SA

Member of the Board of Directors of ACS, SA

Editor in Chief of Universia Business Review

Member of the Board of Directors of Bolsas y Mercados Españoles

Associate Editor Globalization, Competitiveness and Governability

Member of the scientific and advisory committee of several journals

Author of several books and numerous articles published in Spanish and foreign journals

### **Michel Marie Bon**

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

None

#### **Offices held in other companies outside Sonae:**

Presidente do Conselho de Administração da Les Pélicans

Director of Provimi

Director of Compagnie Européenne de Téléphonie

Director of Institut Catholique de Paris

Director of Lafarge (Cement)

Director of Sonepar (Electrical supply retail)

Chairman of the Supervisory Board of Editions du Cerf (Book Publisher)

Director of Esmertec (High Technologies)

Senior Advisor to Close Brothers

Senior Advisor to Permira (Investment Fund)

Senior Advisor to Roland Berger (Strategy Consulting)

Chairman of the Supervisory Board of Devoteam (Information Technologies)

Non-voting Director of Asterop

Director of Institut Pierre Mendès France

Director of the French American Foundation

Founder and Director of Transparency International (France)

Director of International Dominican Foundation

Chairman of Fondation Nationale pour l'Enseignement de la Gestion des Entreprises (FNEGE)

### **Duarte Paulo Teixeira de Azevedo**

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

Chairman of Sonae Distribuição, SGPS, S.A.

Chairman of Sonaecom, SGPS, S.A.

Chairman of Sonae Sierra, SGPS, S.A.

Chairman of MDS, SGPS, SA

#### **Offices held in other companies outside Sonae:**

Executive Director of Efanor Investimentos, SGPS, S.A.

Executive Director of Imparfin, SGPS, S.A.

Executive Director of Migracom, SGPS, S.A.

Vice-Chairman of Sonae Indústria, SGPS, SA

Member of APGEI (Business/University Association of Engineering and Management)

Founding member of EGP – Porto Business School

Member of the Advisory Board "Compromisso Portugal"



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Member of the European Round Table of Industrialists

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### **Álvaro Carmona e Costa Portela**

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

CEO of Sonae Sierra, SGPS, SA

Non Executive Director of Sonae Distribuição, SGPS, S.A.

Chairman of the Board of Directors of companies owned by Sonae Sierra, SGPS, SA (these companies are listed in the Notes to the Consolidated Financial Statements).

#### **Offices held in other companies outside Sonae:**

Trustee of European Shopping Centre Trust

Member of Eurohypo International Advisory Board

Director of CADE – Companhia Agrícola de Desenvolvimento SA

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### **Ângelo Gabriel Ribeirinho dos Santos Paupério**

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

CEO of Sonaecom, SGPS, SA

Chairman of BE ARTIS – Conceção, Construção e Gestão de Redes de Comunicações, SA

Non Executive Director of Cooper Gay (Holdings) Limited

Director of MDS – Corretor de Seguros, SA

Director of Optimus Artis- Conceção, Construção e Gestão de Redes de Comunicações, SA

Chairman of Público - Comunicação Social, SA

Director of MDS SGPS, SA

Non-executive Director of Sonae Distribuição, SGPS, SA

Executive Director of Sonae Investments, BV

Non-executive Director of Sonae Sierra, SGPS, SA

Chairman of Sonae Telecom, SGPS, SA

Chairman of Sonaecom - Serviços de Comunicações, SA

Executive Director of Sonaecom - Sistemas de Informação, SGPS, SA

Executive Director of Sontel BV

Chairman of WeDo Consulting - Sistemas de Informação, SA

#### **Offices held in other companies outside Sonae:**

Board member of APGEI (Business/University Association of Engineering and Management)

Director of Sonae Financial Participations BV

Executive Director of Lapidar, SGPS, SA

Lecturer of Corporate Governance (EGP - Porto University)

Sole Director of Enxomil, SGPS, SA

Sole Director of Enxomil, Sociedade Imobiliária, SA

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### **Nuno Manuel Moniz Trigo Jordão**

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

CEO of Sonae Distribuição, SGPS, SA

Chairman of the Board of Directors of most companies controlled by or majority owned by Sonae Distribuição, SGPS, SA (these companies are listed in the Notes to the Consolidated Financial Statements).

#### **Offices held in other companies outside Sonae:**

None

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## **2.12. Identification of the members of the Statutory Audit Board**

The Statutory Audit Board members were elected at the Shareholders' Annual General Meeting held in 2007 and their current mandate covers the period 2007 to 2010.

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**Statutory Audit Board**


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Daniel Bessa Fernandes Coelho.....Chairman  
Arlindo Dias Duarte Silva  
Jorge Manuel Felizes Morgado  
Óscar José Alçada da Quinta.....Substitute

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All of the members of the Statutory Audit Board are independent under the terms of articles 414, paragraph 5, and article 414-A, paragraph 1, both of the Portuguese Company Law.

## 2.13. Qualifications and experience of the members of the Statutory Audit Board

### **Daniel Bessa Fernandes Coelho**

#### **Date of Birth**

6 May 1948

#### **Education**

|      |                                                   |
|------|---------------------------------------------------|
| 1970 | Graduate in Economics – University of Porto       |
| 1986 | Phd in Economics – Universidade Técnica de Lisboa |

#### **Professional Experience**

|            |                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Since 1970 | Teacher at the University of Porto                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 1970-1999  | Teacher at Faculty of Economics                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 1978-1979  | Chairman of The Board of Faculty of Economics of University of Porto                                                                                                                                                                                                                                                                                                                                                                               |
| Since 1983 | Freelance Economist                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Since 1988 | Author of "Processo Inflacionário Português 1945-1980", and of numerous articles published in several magazines such as <i>Análise Social</i> , <i>Cadernos de Ciências Sociais</i> , <i>Cadernos de Economia</i> , <i>Estudos de Economia</i> , <i>Indústria</i> , <i>Revista de Empresários e Negócios</i> , <i>Pensamento Iberoamericano</i> – <i>Revista de Economia Política</i> , <i>Praxis</i> e <i>Revista Crítica de Ciências Sociais</i> |
| 1988-2000  | Teacher at ISEE – Instituto Superior de Estudos Empresariais                                                                                                                                                                                                                                                                                                                                                                                       |
| 1989-1990  | Chairman of Comissão Instaladora of Escola Superior de Tecnologia e Gestão do Instituto Politécnico de Viana do Castelo                                                                                                                                                                                                                                                                                                                            |
| 1989-1992  | Teacher at Faculty of Engineering                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 1990-1995  | Vice-Dean at the University of Porto                                                                                                                                                                                                                                                                                                                                                                                                               |
| 1992-1995  | Spokesman of the Socialist Party for the economic and financial issues                                                                                                                                                                                                                                                                                                                                                                             |
| 1995       | Elected Deputy at the National Assembly                                                                                                                                                                                                                                                                                                                                                                                                            |
| 1995-1996  | Minister of Economy in the Portuguese Government                                                                                                                                                                                                                                                                                                                                                                                                   |
| 1996-2000  | Executive Director at AURN – Associação das Universidades da Região Norte                                                                                                                                                                                                                                                                                                                                                                          |
| 1996-2006  | Non-Executive Director at CELBI – Celulose Beira Industrial                                                                                                                                                                                                                                                                                                                                                                                        |
| 1997-1999  | Non-Executive Director at INPARSA – Indústrias e Participações, SGPS, SA                                                                                                                                                                                                                                                                                                                                                                           |
| 1997-2000  | Executive Director of Finibanco, SA                                                                                                                                                                                                                                                                                                                                                                                                                |
| 1997-2007  | Chairman of the Statutory Audit Board at SPGM – Investment Company                                                                                                                                                                                                                                                                                                                                                                                 |
| 1999-2002  | Chairman of the Shareholder's General Meeting at APDL – Management of Douro and Leixões Ports                                                                                                                                                                                                                                                                                                                                                      |
| Since 2000 | Teacher at the EGP – Escola de Gestão do Porto (School of Administration of Porto)                                                                                                                                                                                                                                                                                                                                                                 |
| 2000-2008  | Dean of the EGP – Escola de Gestão do Porto                                                                                                                                                                                                                                                                                                                                                                                                        |
| 2001-2003  | Advisory member of the Consulting council of Electric and Telephone Conductors Industries F. Cunha Barros, SA                                                                                                                                                                                                                                                                                                                                      |
| 2003-2004  | Coordinator of the technical preparation of the Program next to the Ministries of Economy and of the Social Security and of Work of the Portuguese Government for Recovery of Depressed Areas and Sectors                                                                                                                                                                                                                                          |
| 2008-2009  | Dean of the EGP – University of Porto Business School                                                                                                                                                                                                                                                                                                                                                                                              |

### **Arlindo Neves**

#### **Date of Birth**

27 October 1936

#### **Education**

|      |                                               |
|------|-----------------------------------------------|
| 1963 | Graduate in Economics - Universidade do Porto |
|------|-----------------------------------------------|

#### **Professional Experience**

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|            |                                                                                                                                                                                                                                                                                                       |
|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1960-1963  | Teacher at the Commerce and Industry School                                                                                                                                                                                                                                                           |
| 1968-1971  | Military Service at Angola (interruption of the banking professional activity)                                                                                                                                                                                                                        |
| 1976-1979  | Vice-Director of BPA Bank in the Commercial Department of Branches                                                                                                                                                                                                                                    |
| Since 1979 | Statutory Auditor certified by the Portuguese Institute of Statutory Auditors, having exercised his activity both individually as well as a member of statutory audit firms                                                                                                                           |
| Since 1979 | Statutory External Auditor, member of the Supervisory Board and Sole Auditor in several companies such as Banco Universo, União Portuguesa de Bancos, Orbitur – Intercâmbio de Turismo, ATPS – SGPS, SA, MDS – Corretor de Seguros, SA, Imoarea – Sociedade Imobiliária, SA, and Contacto – SGPS, SA. |
| 1989-1992  | Member of the General Council of the Portuguese Institute of Statutory Auditors                                                                                                                                                                                                                       |
| 1992-1995  | Member of the Governing Council of the Portuguese Institute of Statutory Auditors                                                                                                                                                                                                                     |
| 1995-1997  | Vice-President of the Governing Council of the Portuguese Institute of Statutory Auditors                                                                                                                                                                                                             |

### **Jorge Manuel Felizes Morgado**

#### **Date of Birth**

6 June 1955

#### **Education**

Graduate in Management – ISEG – Universidade Técnica de Lisboa

MBA in Finance – IEDE Madrid

MBA in Management and Information Systems – Faculdade de Economia e Gestão – Universidade Católica

Certified Statutory Auditor nr. 775

#### **Professional Experience**

1980-1989 Assistant and Manager at Coopers & Lybrand

1989-1991 Responsible for Internal Audit and Management Control at Coelima Group

1991-2004 Partner at Deloitte – member of the Statutory Audit Board and External Auditor of several companies; responsible for consultancy in the northern Portuguese region and for corporate finance in Portugal, since 2001

Since 2004 External Auditor of several national and international companies, and partner of Horwarth Parsus – Consultoria e Gestão, Lda

Teacher of the MBA course at the European University

Consultant to several companies such as Bolsa de Valores, Grupo Somelos, Hedva (Czech Republic), BAI (Angola, Vaz Pinheiro Group, Siemens, Corticeira Amorim

## **2.14. Offices held by the members of the Statutory Audit Board**

### **Daniel Bessa Fernandes Coelho**

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

None

#### **Offices held in other companies outside Sonae:**

Executive Director of Finibanco Holding, SGPS, SA

Non-Executive Director of Efacec Capital, SGPS, SA

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

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

Executive Director of Foundation Bial

Chairman of Statutory Audit Board of IGFCSS – Instituto de Gestão de Fundos de Capitalização da Segurança Social

President of Gabinete de Estudos da Câmara dos Técnicos Oficiais de Contas

Non-Executive Director of AICEP – Agência para o Investimento e Comércio Externo de Portugal, E.P.E.

### **Arlindo Dias Duarte Silva**

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

Member of the Statutory Audit Board at Sonaecom – SGPS, SA

Member of the Statutory Audit Board at Sonae Distribuição – SGPS, SA

#### **Offices held in other companies outside Sonae:**

|                                                                                                      |
|------------------------------------------------------------------------------------------------------|
| External auditor at DMJB – Consultoria de Gestão, SA                                                 |
| External auditor at Orbirio – Imobiliário e Empreendimentos Turísticos, SA                           |
| External auditor at Loisir – Equipamentos de Diversão e Ocupação de Tempos Livres, SA                |
| External auditor at Sintigraf II – Tintas Gráficas, SA                                               |
| Member of the Statutory Audit Board at Rochinvest – Investimentos Imobiliários e Turísticos, SA      |
| Member of the Statutory Audit Board at ALADI – Associação Lavrense de Apoio ao Diminuído Intelectual |
| Member of the Statutory Audit Board at Centro Social e Paroquial Padre Ângelo Ferreira Pinto         |
| Member of the Statutory Audit Board at Associação de Apoio Social de Perafita                        |
| Member of the Statutory Audit Board at Associação Cultural do Senhor do Padrão                       |
| Member of the Statutory Audit Board at Liga dos Amigos do Hospital Pedro Hispano                     |

### **Jorge Manuel Felizes Morgado**

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

|                                                               |
|---------------------------------------------------------------|
| Member of the Statutory Audit Board at Sonae Sierra, SGPS, SA |
|---------------------------------------------------------------|

#### **Offices held in other companies outside Sonae:**

|                                                                                                 |
|-------------------------------------------------------------------------------------------------|
| Member of the Statutory Audit Board at Sonae Indústria, SGPS,SA                                 |
| Member of the Statutory Audit Board at Sonae Capital, SGPS,SA                                   |
| External Auditor at Vadeca Equipamentos, S.A.                                                   |
| External auditor at GRIN - Gestão de Resíduos Urb.e Ind., S.A.                                  |
| External auditor at Vadeca Imobiliária, S.A.                                                    |
| External auditor at Sucitesa Portugal, S.A.                                                     |
| External auditor at Vadeca Org. e Gestão, S.A.                                                  |
| External auditor at Vadeca Serviços - Limpeza Industrial, S.A.                                  |
| External auditor at Vadeca Jardins, S.A.                                                        |
| External auditor at Vadeca Ambiente-Preservação e Controlo, S.A.                                |
| External auditor at Vadeca Química - Higiene Profissional, S.A.                                 |
| External auditor at Vadeca Manutenção - Serviços integrados, S.A.                               |
| External auditor at Protessegurança, S.A.                                                       |
| External auditor at Fénix Security Group, S.A.                                                  |
| External auditor at J.R.Costa - Gestão Global Negócios, S.A.                                    |
| External auditor at Vinidecanter - Distribuição de Produtos Alimentares, S.A.                   |
| External auditor at Vinhos & Coisas, Holding, S.G.P.S., S.A.                                    |
| External auditor at E3C - Comunicação e Eventos, S.A.                                           |
| External auditor at Timeloft, S.A.                                                              |
| External auditor at ValorInveste - Soc. Invest. Imob., S.A.                                     |
| External auditor at Jofabo - Construção e Imobiliária, S.A.                                     |
| External auditor at Polibrás - Polimentos e Abrasivos, S.A.                                     |
| External auditor at Know it - Soluções Formação Tecnologia, S.A.                                |
| External auditor at J. Medeiros, S.G.P.S., S.A.                                                 |
| External auditor at Tratobem - Administ., CMP, VND, IMOV., S.A.                                 |
| External auditor at Hidroelétrica S.Pedro, S.A.                                                 |
| External auditor at Hidroelétrica S. Nicolau, S.A.                                              |
| External auditor at JIZ - Arquitectura de Interiores e Pub., S.A.                               |
| External auditor at Cortwoo - Marketing, SA                                                     |
| External auditor at Mindegames - Sociedade de Comunicação, Produções Audiovisuais e Futebol, SA |
| External auditor at FeedWater - Tubos, SA                                                       |
| External auditor at SkyWorld, SA                                                                |
| External auditor at Vincos Válvulas, SA                                                         |
| External auditor at Blue Share, S.A.                                                            |
| External auditor at VNG - Gestão, Consultoria e Gestão, S.A.                                    |
| External auditor at PM. IQS - Projecto, Gestão e Supervisão, S.A.                               |
| External auditor at Mendiguren Y Zarraua, Lda ( Ex-Destam)                                      |
| External auditor at Imoguedes - Imobiliária e Engenharia, S.A.                                  |
| External auditor at Indivest - Investimentos, S.G.P.S., S.A.                                    |
| External auditor at Construções Fernando Guedes II, S.A.                                        |
| External auditor at Silvii, S.A.                                                                |
| External auditor at Silvii, S.G.P.S., S.A.                                                      |
| External auditor at Praianorte - Hotelaria e Turismo, S.A.                                      |
| External auditor at Companhia das Pastas - Empreendimentos e Investimentos Hoteleiros,, S.A.    |
| External auditor at PREC - Projectos de Engenharia e Construções, S.A.                          |
| External auditor at PlanoPharma - Gestão de Farmacias, S.A.                                     |

## 2.15. Remuneration of the Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is made up of a fixed amount based on Sonae Holding's economic and financial dimension and market comparables.

| Remuneration of the Statutory Audit Board |                                         |                                     |
|-------------------------------------------|-----------------------------------------|-------------------------------------|
| Million euros                             | 2007 (1)<br>Total Fixed<br>Remuneration | 2008<br>Total Fixed<br>Remuneration |
| <b>Individual breakdown</b>               |                                         |                                     |
| Chairman                                  | 0,012                                   | 0,013                               |
| Average of the remaining 2 members        | 0,011                                   | 0,011                               |
| <b>Total</b>                              | <b>0,033</b>                            | <b>0,034</b>                        |

(1) Eight months of remuneration for 2007.

## 2.16. Remuneration Policy

Sonae's remuneration policy aims to accurately assess each individual's activity, performance and contribution to the organization's success, and to align Executive Directors' and employees' interests with those of shareholders.

### Description of components

The remuneration policy for all Executive Directors and employees includes two basic components:

- (i) Fixed remuneration, which is granted on an annual basis but paid as Monthly Salary (salaries are paid 14 times per annum in Portugal);
- (ii) An annual performance bonus, which is paid in the first quarter of the following year.

In addition, a discretionary third component may be awarded to Executive Directors and senior managers, in April of the following year, in the form of deferred compensation, as a Medium Term Performance Bonus under Sonae's Deferred Performance Bonus Plan.

### Fixed remuneration

Annual remuneration and other elements of the compensation package are defined as a function of each Executive Director's and employee's level of responsibility and are reviewed annually. Each Executive Director and employee is classified under a "Group Level" grid, with 9 Management Levels, designed using Hay's international model for classification of job functions to allow easier market comparisons as well as to promote internal equity.

### Annual performance bonus

The annual performance bonus is aimed at rewarding the achievement of certain pre-defined annual objectives, which are linked to both Business and Personal Key Performance Indicators ("KPIs").

The target annual performance bonus amount is based on a percentage of the Executive Director's and employee's fixed remuneration, which ranges between 33% and 75%, depending on their Management Level. Business KPIs (which include economic and financial indicators based on approved budgets, share price performance, individual business unit performance as well as the performance of the Group as a whole) drive 70% of the annual performance bonus and are normally objective indicators. The remaining 30% of the annual performance bonus is based on fulfilment of Personal KPIs, which are a mix of objective and subjective indicators.

Annual performance bonus paid is based on the actual performance achieved or assessed and can represent anything from 0% to 160% of the target performance bonus for Business KPIs and 0% to 120% of the target performance bonus for Personal KPIs. Combining both components, the broadest range that can be paid to any individual is therefore 0% to 148% of their target annual performance bonus.

**Board of Directors**

The compensation policy for the Board of Directors was approved at the Shareholders' General Meeting held on 3 May 2007 and reconfirmed at the Shareholders' General Meeting held on 21 April 2008, and it is aimed at remunerating them in a fair, effective and competitive manner, taking into consideration the individual responsibilities and performance of each Director, both at Company level and at subsidiary company level, when applicable.

Sonae Holding's Shareholders' Remuneration Committee is responsible for the approval of the remuneration and other compensation of the Board of Directors, including both Executive and Non-Executive Directors. The composition and functioning of the Shareholders' Remuneration Committee is described in the next section of this Corporate Governance Report.

Remuneration and other compensation proposals for Sonae Holding's Executive Directors are based on:

- (i) Market comparables;
- (ii) Other Sonae comparables;
- (iii) Individual appraisals of each Executive Director.

The Executive Directors' remuneration and other compensation include Fixed Remuneration and an Annual Performance Bonus, and they also benefit from compensation under Sonae Holding's Deferred Performance Bonus Plan. The Annual Performance Bonus is indexed to a group of financial indicators that best align the interests of Executive Directors with those of Sonae Holding and its shareholders. The Medium Term Performance Bonus Plan is an equity-based plan that vests on the third anniversary of the award date, which increases or decreases during the vesting period depending on share price performance, dividends paid and changes in Sonae Holding's share capital. A detailed description of these remuneration and other compensation components, which follow the same policy and methodology as for other Sonae's senior management, can be found in section 3.10 below.

The Chairman of the Board of Directors only receives fixed remuneration and this is decided exclusively by the independent members of the Shareholders' Remuneration Committee (See explanation in section 0.3, with reference to CMVM Recommendation II.5.2).

For each Non-Executive Director, fixed remuneration assumes an agreed commitment of time, including preparation and attendance of at least five Board Meetings each year (approximately 15% of the remuneration is paid as meeting attendance fees). Meeting attendance fees are payable for each meeting actually attended by each Non-Executive Director as follows: Board meetings: 930 euros, BAFC meetings: 640 euros and BNRC meeting: 390 euros. The Chairman of the Board only receives attendance fees for Board meetings.

Additionally, an annual responsibility allowance is payable to all Directors, ranging from between 1900 euros and 3000 euros.

**2.17. Shareholders' Remuneration Committee****Composition**

Sonae Holding's Shareholders' Remuneration Committee is composed of 3 members appointed by the Shareholders' General Meeting, under a four year mandate, currently from 2007 to 2010:

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**Shareholders' Remuneration Committee**

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Belmiro Mendes de Azevedo  
Artur Eduardo Brochado dos Santos Silva  
Bruno Walter Lehmann

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**Role**

The Committee is responsible for approving the remuneration and other compensation of members of Sonae Holding's Board of Directors and other Statutory Governing Bodies, on behalf of the shareholders, following the remuneration policy approved by the Shareholders' General Meeting.

The members serving on the Shareholders' Remuneration Committee have the necessary professional qualifications and experience to carry out their responsibilities effectively and rigorously. Belmiro Mendes de Azevedo abstains from discussing and deciding his own remuneration, to avoid the potential conflict of interest (see 0.3 above, with reference to CMVM Recommendation II.5.2).

Belmiro Mendes de Azevedo is related by bloodline to Sonae Holding's CEO, Paulo Azevedo.

## 2.18. Remuneration of the Board of Directors

For an overall understanding of the remuneration criteria being applied, this section should be read together with 2.16 e 3.10.

### Fixed Remuneration and Performance Bonuses

During 2007 and 2008, members of the Board of Directors were paid or attributed the following remuneration, including fixed remuneration and performance bonuses, by Sonae Holding or by its sub-holdings:

| Directors' Remuneration – Fixed Remuneration and Performance Bonuses |                    |                          |                               |             |                    |                          |                               |             |
|----------------------------------------------------------------------|--------------------|--------------------------|-------------------------------|-------------|--------------------|--------------------------|-------------------------------|-------------|
| Million euros                                                        | 2007               |                          |                               |             | 2008               |                          |                               |             |
|                                                                      | Fixed Remuneration | Annual Performance Bonus | Medium Term Performance Bonus | Total       | Fixed Remuneration | Annual Performance Bonus | Medium Term Performance Bonus | Total       |
| <b>Individual breakdown</b>                                          |                    |                          |                               |             |                    |                          |                               |             |
| Chairman                                                             | 0,43               |                          |                               | 0,43        | 0,44               |                          |                               | 0,44        |
| CEO                                                                  | 0,43               | 0,37                     | 0,37                          | 1,17        | 0,47               | 0,30                     | 0,29                          | 1,06        |
| Average of the remaining 3 Executive Directors <sup>(1)</sup>        | 0,37               | 0,30                     | 0,31                          | 0,98        | 0,41               | 0,24                     | 0,23                          | 0,88        |
| Average of the remaining 4 Non-Executive Directors <sup>(2)</sup>    | 0,04               |                          |                               | 0,04        | 0,04               |                          |                               | 0,04        |
| <b>Aggregate</b>                                                     |                    |                          |                               |             |                    |                          |                               |             |
| Executive Directors                                                  | 1,54               | 1,28                     | 1,31                          | 4,13        | 1,70               | 1,01                     | 0,98                          | 3,69        |
| Non-Executive Directors                                              | 0,60               |                          |                               | 0,60        | 0,56               |                          |                               | 0,56        |
| <b>Total</b>                                                         | <b>2,14</b>        | <b>1,28</b>              | <b>1,31</b>                   | <b>4,73</b> | <b>2,26</b>        | <b>1,01</b>              | <b>0,98</b>                   | <b>4,25</b> |

**IMPORTANT NOTES:**

Fixed remuneration = fixed remuneration effectively paid

Performance bonuses = attributed remuneration for the year, in line with business KPIs (including annual and medium term performance bonuses)

(1) Maximum individual remuneration in 2008 represented 115,6% of Average and Minimum 76,8% of Average; (2) 3 Non-Executive Directors since 3rd March 2008; Maximum Individual Remuneration in 2008 represented 103% of Average and Minimum 96% of Average.

The table above includes the fixed remuneration paid and the annual and medium term performance bonuses attributed. The annual performance bonus is paid in the year following its attribution. The medium term performance bonus will be adjusted according to share price performance, changes in Sonae Holding's share capital and dividends paid, and it will be paid in the third year after the award date.

In 2008, the total bonuses effectively paid to the Executive Directors were 1,98 million euros and the average was 0,5 million euros (in 2007, 3,11 million euros and 0,78 million euros, respectively, including anticipated payments from the Deferred Performance Bonus Plans to the CEO of 1,08 million euros and to one Executive Director of 1,24 million euros, which relate the changes in their executive roles within Sonae, as from 3 May 2007 and are non-recurrent). Due to the anticipated payments of medium term performance bonuses in 2007, there was no such bonus payments to the CEO and one Executive Director in 2008.

It should be noted that a part of the remuneration and other compensation shown above is also disclosed in the Reports on Corporate Governance of affiliated companies when Sonae Holding's Board members are also members of the Board of Directors of those companies. The remuneration of the Executive Directors, excluding the CEO, by sub-holdings represents 94,7% of their total of remuneration.

No compensation has been awarded to resigning Board members. Sonae Holding does not have any pension or early retirement schemes for Board members and there are not relevant non-monetary benefits.



### Director's participation in the Deferred Performance Bonus Plan (Plan)

Sonae Holding's Executive Directors have been awarded compensation under the Plan. Sonae Holding's Non-Executive Directors do not participate in the Plan.

There are no performance conditions attaching to the Plan's awards other than future share price performance, as these awards are based upon an individual's Annual Performance Bonus for which KPIs have already been satisfied.

The shares awarded to Executive Directors as part of the Plan that vested, were exercised or remain unvested during 2008, are summarised below.

#### Executive Directors Deferred Performance Bonus Plans

##### Plans outstanding during 2008:

|           | Vesting period |            | At 31 December 2008    |               |
|-----------|----------------|------------|------------------------|---------------|
|           | From           | To         | Number of participants | Million Euros |
| 2004 Plan | March 2005     | March 2008 | 2                      | 0,38          |
| 2005 Plan | March 2006     | March 2009 | 2                      | 0,35          |
| 2006 Plan | March 2007     | March 2010 | 4                      | 0,60          |
| 2007 Plan | March 2008     | March 2011 |                        |               |

##### Movements during 2008:

|                                   | Aggregated number of plans | Million Euros |
|-----------------------------------|----------------------------|---------------|
| <b>Outstanding at 31.12.2007:</b> | 6                          | 2,52          |
| <b>Movements in the year:</b>     |                            |               |
| Awarded                           | 4                          | 1,27          |
| Vested                            | (2)                        | (0,85)        |
| Adjustments (1)                   |                            | (1,62)        |
| <b>Outstanding at 31.12.2008:</b> | 8                          | 1,33          |

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

Details of Sonae Holding's liabilities arising from the Deferred Performance Bonus Plan, are also given in note 30 to the Consolidated Financial Statements.

### 2.19. Board member compensation for loss of office

In case of loss of office during a Board mandate, it is Sonae's policy to pay whatever compensation is legally required, or to negotiate, in each situation, a value considered to be fair and appropriate by the parties involved.

### 2.20. Whistle blowing procedures

Sonae's values and principles are widely spread and deeply rooted in its culture, and form the basis of its actions respecting the principles of absolute respect and awareness for the rules of good conduct in the management of conflict of interests and duties of diligence and confidentiality in our dealings with third parties. The Sonae Holding's values and principles can be consulted on our website - [www.sonae.pt](http://www.sonae.pt).

### Code of Conduct

The Board of Directors approved in 2009, a Code of Conduct which, in accordance with Sonae's principles and values, establishes rules of conduct to be complied with, by our Directors and employees in the exercise of their functions.

The Code of Conduct is available on Sonae Holding's website – [www.sonae.pt](http://www.sonae.pt).

The Board has also approved internal regulations covering conflicts of interest, business gifts and related party transactions.



### Whistle blowing policy

Sonae Holding has a policy and process for communicating internal irregularities, which sets out procedures to efficiently and fairly respond to alleged irregularities reported, including:

- (i) Anyone wishing to communicate any irregularity believed or known to have been committed by any of Sonae Holding's members of staff, must address a letter or an e-mail containing a summary description of the facts to the Ombudsman. The identity of the whistle blower will be kept anonymous, if explicitly requested;
- (ii) The letter will be analysed by the Ombudsman and, if grounds for the irregularity reported are found, measures will be taken, as deemed appropriate.
- (iii) The Ombudsman reports quarterly, to the Board of Directors, a summary of all the irregularities, with information also being addressed to the Executive Committee and to the Statutory Audit Board.

Any irregularities reported directly to the Statutory Audit Board are analysed by its Chairman.

Sonae Holding's whistle blowing policy is available on its website - [www.sonae.pt](http://www.sonae.pt).

### Ombudsman

Sonae Holding has available, through its website ([www.sonae.pt](http://www.sonae.pt)), to employees and to the general public, direct access to its Ombudsman, who reports directly to the Chairman of the Board of Directors. This has proven to be an effective means of facilitating the reporting of complaints, to make sure that independence and freedom of opinion are guaranteed and that all issues are treated equally and fairly.

The Ombudsman received throughout 2008, 3,425 complaints, mostly from customers (99% of total complaints received), compared to 1,821 complaints in 2007. Average response time was 21 days, compared to 13 days in 2007.

## 3. Information

### 3.1. Share capital structure

Sonae Holding's share capital is of two thousand million euros, fully subscribed and paid up, divided into two thousand million ordinary shares, each with a nominal value of one euro.

### 3.2. Qualified shareholdings

At end 2008, and based on notifications made, shares held by companies owning more than 2% of the share capital of Sonae Holding, were the following:

#### Qualified shareholdings

| Shareholder                     | Number of shares | % Share capital |
|---------------------------------|------------------|-----------------|
| Efanor Investimentos            | 1 061 514 990    | 53.08%          |
| Banco BPI <sup>(1)</sup>        | 178 039 855      | 8.90%           |
| Fundação Berardo <sup>(2)</sup> | 49 849 514       | 2.49%           |

(1) Shareholding owned according to the announcement made to the market on 16 November 2007; (2) Shareholding owned according to the announcement made to the market on 14 February 2006.

### 3.3. Shareholders holding special rights

Sonae does not have any shareholders holding any special rights.

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

Sonae Holding's shares do not have any restrictions on the transfer of shares or in the ownership of shares.

### 3.5. Shareholders' agreements known to Sonae Holding

The Board of Directors has no knowledge of any special rights or agreements in which shareholders of Sonae Holding are involved.

### 3.6. Rules applicable to the amendment of Company's articles of association

The amendment of Sonae Holding's articles of association follows the terms of the Portuguese Company Law, requiring a majority of two thirds of the issued votes for such resolution to be approved.

For the General Meeting to function, Sonae Holding's articles of association require a minimum of 50% of the issued share capital to be present or represented at the meeting.

### 3.7. Control mechanisms for employees participating in the share capital

Sonae does not have any control mechanism for employees participating in the share capital.

### 3.8. Share price performance

Sonae Holding's shares are primarily quoted on the Portuguese stock exchange, Euronext Lisbon, and have been listed in several indexes, including the PSI 20, in which it has a weighting of 1.8%, and Euronext 150, with a weighting of 0.74%. The table below shows the key indicators of Sonae Holding's share performance.

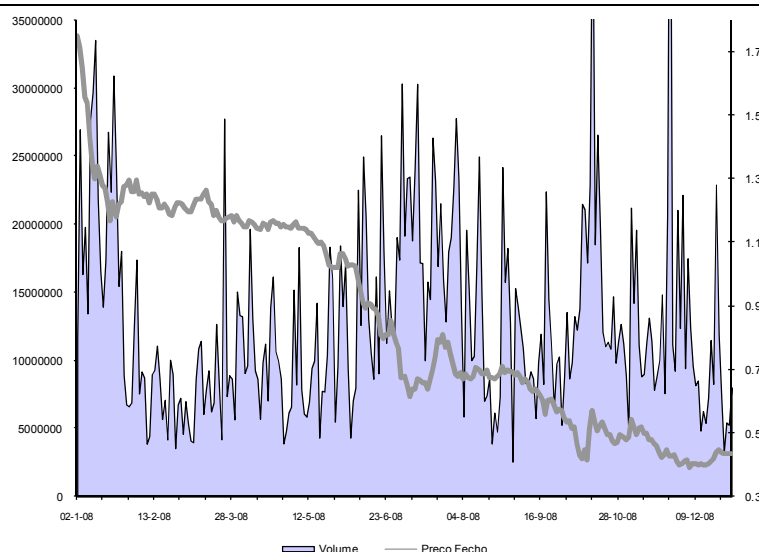
Sonae Holding's shares reference information

|                                                   | 2005          | 2006          | 2007          |
|---------------------------------------------------|---------------|---------------|---------------|
| ISIN code                                         | PTSON0AM0001  |               |               |
| Bloomberg code                                    | SON PL        |               |               |
| Reuters code                                      | SONP.IN       |               |               |
| Share Capital                                     | 2,000,000,000 | 2,000,000,000 | 2,000,000,000 |
| Number of shares outstanding                      | 1,866,581,428 | 2,000,000,000 | 2,000,000,000 |
| Closing price last trading day                    |               |               |               |
| of year                                           | 1.510         | 1.980         | 0.437         |
| year high                                         | 1.520         | 2.170         | 1.750         |
| year low                                          | 1.11          | 1.5           | 0.39          |
| Annual trading volume (number of shares)          | 1,976,490,725 | 3,781,046,099 | 3,320,632,327 |
| Average trading volume per day (number of shares) | 7,812,216     | 15,004,151    | 12,971,220    |
| Market Capitalization 31 December                 | 3,020,000,000 | 3,960,000,000 | 874,000,000   |

Sonae Holding's shares ended the year quoted at 0.44 euros, reflecting a nominal loss of 75.4% during the year, which compares with a general stock market loss of 48.7%, as measured by the Portuguese Stock Market index PSI 20.

The year was marked by deteriorating macro-economic conditions, with the negative impacts of the financial crisis denting consumer and business confidence in Portugal, and by sharp contractions of the global credit and real estate markets, leading to failures in the international financial system and to significant losses in the equity markets.

The following graph highlights the trend of the share price during 2008.

**Sonae's share price and trading volume**


During the year, events with an impact on Sonae Holding's share price were the following:

- (i) 17 March: Sonae announced full year 2007 results, broadly above market expectations;
- (ii) 16 May: Sonae shares started trading ex-dividend relating to the year ending 31 December 2007;
- (iii) 21 May: Sonae paid total ordinary dividends of 3 eurocents per share based on 2007 earnings;
- (iv) 27 May: Sonae announced first quarter results, broadly in line with market expectations;
- (v) 26 August: Sonae announced the acquisition of Boulanger's Spanish stores. The market reflected the new information in their valuation models of Sonae;
- (vi) 28 August: Sonae announced its half-year results, broadly above market expectations;
- (vii) 13 November: Sonae announced third quarter results, ahead of market consensus estimates, mainly driven by Sonae Distribuição and Sonae Sierra businesses.
- (viii) 30 December: Sonae announced the acquisition of Asset backed securities; the underlying asset being the future receivables to be generated under a portfolio of existing corporate customer contracts of Sonaecom.

### 3.9. Dividend distribution policy

Following approval by shareholders at Annual General Meetings, the dividends distributed by Sonae for the past three financial years are as shown in the table below.

| Company's dividend distribution       |                     |                     |                     |
|---------------------------------------|---------------------|---------------------|---------------------|
|                                       | 2005 <sup>(1)</sup> | 2006 <sup>(1)</sup> | 2007 <sup>(1)</sup> |
| Gross dividend per share (euros)      | 0.025               | 0.03                | 0.03                |
| Dividend distributed (thousand euros) | 46,651              | 55,997              | 60,000              |
| Dividend yield (%) <sup>(2)</sup>     | 2,1%                | 2,0%                | 1,5%                |
| Payout ratio (%) <sup>(3)</sup>       | 9,1%                | 23,1%               | 21,1%               |

<sup>(1)</sup> Year when the dividend is distributed; <sup>(2)</sup> Dividend yield = Dividend distributed / closing price as at 31 December;

<sup>(3)</sup> Payout ratio = Dividend distributed / consolidated net profits attributable to the equity holders of Sonae.

In view of the net results for the financial year 2008, the Board of Directors will propose to the Shareholders' Annual General Meeting a gross dividend of 0.03 euro per share. This dividend is

equal to a *dividend yield* of 6.9% on the closing price as at 31 December, and to a payout ratio of 75% of consolidated net profits attributable to equity holders of Sonae.

For future years, and in accordance with growth and performance expectations, Sonae Holding plans to gradually increase the dividend per share to be distributed, despite the increased investment plan for growth over the coming years.

### 3.10. Deferred Performance Bonus Plan ("Plan")

The Shareholders' Remuneration Committee has approved a Deferred Performance Bonus Plan, a discretionary deferred compensation plan, which is equity based, and has a three year deferral period between the award date and the vesting date. This plan is aimed at enhancing loyalty and increasing Executive Directors' and employees' awareness of the importance of their performance to the overall success of Sonae, as reflected by changes in Sonae Holding's share price.

The decision to award a Deferred Performance Bonus under the Deferred Performance Bonus Plan for any performance year is taken by the Board Nomination and Remuneration Committee and the Shareholders' Remuneration Committee for the Executive Directors and by the Executive Committee for the remaining participants. The values awarded are derived from the Annual performance bonuses actually paid for the same "performance year".

All Executive Directors and senior managers are eligible to participate in the Deferred Performance Bonus Plan, provided that their entry date is before 31 December of the performance year. Deferred Performance Bonuses are awarded in April each year, in respect of performance during the previous financial year.

The number of shares to be attributed under the Plan, is calculated by dividing the value of the Deferred Performance Bonus awarded by a share price calculated at the award date. The share price used is based on the lower of the average of the daily closing share prices of the last 30 trading sessions before the Annual General Meeting and the closing share price on the first trading session after this meeting. The number of shares initially attributed is adjusted during the 3 year deferral period of the Plan to take account of changes in Sonae Holding's share capital and of dividends paid to align the Plan with Total Shareholder Return. Each Plan vests on the third anniversary of its award date. Sonae Holding retains the right to pay the equivalent value in cash at the vesting date rather than transfer actual shares at no cost.

The right to any deferred compensation ceases, should the participant leave Sonae. On retirement, any deferred compensation plans not yet vested are maintained until they actually vest. In the case of death or permanent injury of the participant, deferred compensation plans are marked to market and paid to the rightful heirs or to the participant.

The value awarded is determined by applying the following percentages to the Annual performance bonuses paid in respect of the last financial year, according to Sonae's Management Levels:

| Sonae management levels and annual performance bonus |                                        |
|------------------------------------------------------|----------------------------------------|
| Company's Management Levels ('Grupos Funcionais')(1) | Percentage of Annual performance bonus |
| GF3                                                  | Up to 100%                             |
| GF2                                                  | Up to 100%                             |
| GF1                                                  | Up to 100%                             |

(1) Sonae's Management Levels ('Grupos Funcionais' or 'GF') are attributed according to Hay's international model for the classification of corporate functions. Sonae has defined internally that Managers with levels equal to or higher than GF3 may be Executive Committee members of Sonae companies.

### 3.11. Relevant transactions with related parties

Sonae Holding did not have business dealings with any member of the Board of Directors or of the other Statutory Governing Bodies. The only transactions with the Statutory External Auditor

were those related to their official duties and fees were paid as described in paragraph 3.13 below.

Transactions with companies which are controlled, including wholly-owned, or which control Sonae Holding, or with shareholders with qualified shareholdings, as well as with entities directly or indirectly controlled by the latter, were made on an arms' length basis and related to normal business activity of the respective companies, and as such do not need further disclosure.

### 3.12. Investor relations

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, Sonae Holding informs expeditiously its shareholders and the market of all relevant facts about its activities, avoiding delays between their occurrence and disclosure. Sonae Holding has fulfilled this commitment to the market over the years.

The department regularly prepares presentations to the financial community and communications covering quarterly, half year and annual results, as well as issues announcements to the market whenever necessary, to disclose or clarify any relevant event that could influence the share price. In addition, on request, it provides clarification about Sonae Holding's activities, by answering questions sent by email or by taking phone calls.

Information is made publicly available on the Internet at the Portuguese Securities Market Commission site ([www.cmvm.pt](http://www.cmvm.pt)) and on Sonae Holding's own website ([www.sonae.pt](http://www.sonae.pt)). The site provides not only the required information, as stipulated in article 4 of the CMVM nr. 1/2007, but also general information about Sonae, in addition to other information considered relevant, including:

- Announcements to the market on privileged information;
- Institutional presentation and other presentations of Sonae to the financial community;
- Quarterly, half yearly and annual results for the last two years;
- Environmental Report;
- Corporate Governance Report;
- Names of managers responsible for investor relations as well as their contact details;
- Sonae Holding's share performance trends on the Portuguese Stock Exchange;
- Notice of Shareholders' Annual General Meetings;
- Proposals to the 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 the effective communication with the capital market and guarantee the quality of information provided, the Investor Relations department organizes road shows covering the most important financial centres of Europe and United States, and participates in various conferences. Also, a wide variety of investors and analysts have the opportunity to talk to senior management in one-on-one meetings or conference calls.

Any interested party may access the Investor Relations department through the following contacts:

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

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

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Sonae Holding believes that the procedures described above ensure permanent contact with the market and respect the principles of equal treatment of all shareholders and equal access to information for investors.

### 3.13. Fees of the Statutory External Auditor

Sonae Holding's Statutory External Audit firm is Deloitte and the amount of fees invoiced to Sonae Holding, including joint ventures, affiliated and associated companies for 2008 and 2007 was as follows:

| Statutory External Auditor Fees                                                                |             |             |             |             |
|------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| Million euros                                                                                  | 2007        |             | 2008        |             |
| Statutory Audit                                                                                | 1,39        | 33%         | 1,54        | 38%         |
| Other Compliance & Assurance Services                                                          | 1,08        | 26%         | 0,74        | 18%         |
| Tax Consultancy Services                                                                       | 0,51        | 12%         | 0,34        | 8%          |
| Other Services <sup>(1)</sup>                                                                  | 1,21        | 29%         | 1,43        | 36%         |
| <b>Total</b>                                                                                   | <b>4,19</b> | <b>100%</b> | <b>4,05</b> | <b>100%</b> |
| (1) Other services = other consultancy fees<br>of which Billed to Foreign Affiliated companies | 1,71        | 41%         | 1,29        | 32%         |

The details above exclude fees invoiced to companies which were sold during the respective year and, in 2007, includes 9 months of fees invoiced to the Sonae Capital Group of companies.

Audit fees increased by 10.8% in 2008, essentially as a result of business expansion. Compliance & Assurance Service fees and Tax Consultancy Services fees decreased during the year due to less due diligence work. Other Service fees included, in 2008, general consultancy services provided to several subsidiaries of Sonae Distribuição (13.8% of total fees) and Sonae Sierra (3.9% of total fees), tax incentive project fees (2.2% of total fees), human capital consultancy fees (2.7% of total fees) sustainability consultation fees (1.6% of total fees), fixed assets inventory and labelling fees (2.5% of total fees) and training regarding internal control and closing of the books process (3.6% of total fees). This category of fees increased in 2008 as, given their extensive knowledge of the Sonae and their competitive cost quotes, Deloitte was considered to be the best option to support major one-off projects. In 2009 general consultancy fees charged by Deloitte will decrease significantly in relation to 2008 levels.

Tax consultancy services and other services are provided by different teams from those who are involved in audit work, thereby reducing the risk to auditor independence. Furthermore, Sonae's Risk Management Policy monitors the non-audit services requested from the Statutory External Auditor and their respective network of companies, in order to ensure that auditor independence is not compromised. Total annual fees paid in Portugal by the Sonae to the Deloitte Group in 2008 represented approximately 2% of their total global fees in Portugal.

Deloitte's quality system controls and monitors potential conflicts of interest with Sonae as well as risks to auditor independence. In addition, an 'Independence Letter' is obtained from Deloitte in 2008, confirming that they meet international guidelines on auditor independence, in accordance with the IFAC (International Federation of Accountants) rules.

## **SAFE HARBOUR**

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that are not historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, the industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes," "expects," "anticipates," "projects," "intends," "should," "seeks," "estimates," "future" or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors and analysts are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

Report available in Sonae's institutional website  
[www.sonae.pt](http://www.sonae.pt)

### **Media and Investor Contacts**

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Sonae is listed on the Euronext Stock Exchange.  
Information may be accessed on Reuters under the symbol  
SONP.IN and on Bloomberg under the symbol SONPL.

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