



SONAE/

# CORPORATE GOVERNANCE REPORT 2009/

SONAE

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## 0 Statement of compliance

### 0.1. Rules Adopted

The Corporate Governance Report provides a description of the Corporate Governance structure and practices followed by the Company under the terms of article 245-A of the Portuguese Securities Code, and was prepared to comply with the information disclosure requirements of the Portuguese Securities Market Commission (CMVM) Regulation no. 1/2007, of 21 November, as amended by CMVM Regulation no. 5/2008, of 15 October (Appendix II to this Report contains a table of references to the Appendix to CMVM Regulation no.1/2007, setting out the structure of the corporate governance report). The Report additionally contains the information required by CMVM Regulation no. 1/2010, of 1 February, considered to be complementary to CMVM Regulation no. 1/2007.

The information requirements of article 2 of Law no. 28/2009, of 18 June, articles 447 and 448 of the Portuguese Companies Act and CMVM Regulation no. 5/2008 have also been complied with.

The Company has adopted the CMVM Recommendations on Corporate Governance dated September 2007.

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

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

All references given relate to the Corporate Governance Report, unless stated otherwise.

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

#### 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 Company's legal and administrative teams to prepare each General Meeting. Specific logistical support is also given to publicly give notice of the Shareholders' General Meeting, as well as to distribute all preparatory documents necessary for the shareholders to participate in the General Meeting. The Company uses its resources to facilitate contact between the Chairman and the shareholders and promote an increase in the overall attendance rate at the meeting.

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

The Company discloses the remuneration of the Chairman of the Board of the Shareholders' General Meeting, as well of its Secretary, in section 6.5.

##### I.2 PARTICIPATION AT THE MEETING

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

RECOMMENDATION FULLY ADOPTED

The Articles of Association allow for the attendance at the Shareholders' General Meeting of shareholders who provide evidence of their shareholdings in Company's shares up to the third business day prior to each relevant session of the General Meeting. Proof is furnished by providing a certificate issued by a financial intermediary confirming the shareholder's ownership and the blocking of shares, by the fifth business day prior to that session.

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 require that shareholders have their shares registered in their name by the fifth business day prior to each session of the General Meeting.

### I.3 VOTING AND EXERCISING VOTING RIGHTS

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

RECOMMENDATION FULLY ADOPTED

The Articles of Association, as amended by resolution taken at the Shareholders' Annual General Meeting held on 20 April 2009, allow shareholders to vote by post in relation to any item on the meeting's agenda.

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

RECOMMENDATION FULLY ADOPTED

A deadline of three calendar days is expressly stated in the Company's Articles of Association for receipt of postal votes.

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

RECOMMENDATION FULLY ADOPTED

This principle is expressed in paragraph 1 of article 22 of the Company's Articles of Association.

### I.4 QUORUM AND RESOLUTIONS

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

*New wording in the CMVM Recommendations 2010*

*I.4.1 Companies shall not set a deliberative quorum that exceeds the minimum required by Portuguese law.*

RECOMMENDATION FULLY ADOPTED

With the new wording introduced in the CMVM Recommendations, in force from 2010 onwards, the Company fully complies with this recommendation.

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

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

RECOMMENDATION FULLY ADOPTED

On the Company's website – [www.sonae.pt](http://www.sonae.pt) (tab Investors, General Meetings section) - the list of attendees, agendas items and resolutions adopted over the last three years are publicly available. The minutes of the 2009 Shareholders' Annual and Extraordinary General Meetings were both made available on the Company's website within a five day period.

### 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

The Company has not implemented any measures to prevent the success of takeover bids, nor is it aware of any such measure having been taken by 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 continuation 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

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

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

## **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 model adopted by the Company, identifying any restrictions on its operation 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 susceptible of affecting the overall performance, as described in section 0.5.

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

RECOMMENDATION FULLY ADOPTED

The Company has established internal risk control systems as described below in section 0.

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

RECOMMENDATION FULLY ADOPTED

The Board of Directors and the Statutory Audit Board have established their Terms of Reference, currently available at [www.sonae.pt](http://www.sonae.pt) (tab Investors, Corporate Governance section).

#### **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 effective supervision, auditing and assessment of the activities of the members of the executive board.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has a total number of ten members, six of which are non-executive members (please refer to section 2.1.2 of this Report for more detail on the composition of the Board).

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 five independent non-executive 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 his/her 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 of the Portuguese Companies Act (please refer to section 4.1.2) and possess the necessary skills and experience to perform their duties (please refer to Appendix I for their *curriculum vitae*).

### II.1.4 POLICY ON REPORTING IRREGULARITIES

II.1.4.1 The Company shall adopt a policy on reporting irregularities that allegedly occurred, which includes the following information: i) the means through which such irregularities may be reported internally, including the persons who are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should this be requested by the reporter.

RECOMMENDATION FULLY ADOPTED

Sonae has a long established policy for reporting irregularities according to rules and procedures specified in the Company's Code of Conduct, available at [www.sonae.pt](http://www.sonae.pt) (tab Investors, Corporate Governance section). To that end, Sonae has assigned the role of receiving reports on irregularities concerning employees or services providers to the Sonae Ombudsman, and the role of receiving any such reports concerning members of the Company's statutory governing bodies to the Corporate Governance Officer.

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

RECOMMENDATION FULLY ADOPTED

A description of the Company's policy on reporting irregularities is included in section 8.

### II.1.5 REMUNERATION

II.1.5.1 The remuneration of the members of the Board of Directors shall be structured to align their interests with those of the shareholders. For this purpose: 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 the sustainability of the variables adopted to measure performance; iii) non-executive members of the Board of Directors shall only receive fixed remuneration, unless legal requirements dictate otherwise.

RECOMMENDATION FULLY ADOPTED

Specific details of the compensation policy of the members of the Board of Directors can be found in section 6. Executive members' remuneration includes short term and medium term variable remuneration, both of which are based on real performance, assessed by the Shareholders' Remuneration Committee, liaising with the Board Nomination and Remuneration Committee. Non-executive members of the Board have a fixed remuneration.

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 which is applicable to management and audit boards, as well as to other persons discharging managerial responsibilities ("dirigentes") as defined in Article 248 B, paragraph 3 of the Portuguese Securities Code. The information to shareholders shall include the proposed criteria and main indicators to be used to assess their performance and to determine the variable component, independently of whether this 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 and strategic decision makers ("*dirigentes* – as per the terms of article 248 B, paragraph 3 of the Portuguese Securities Code) was approved at the Shareholders' General Meeting, held on 3 May 2007, and confirmed at the Shareholders' General Meeting held on 21 April 2008. In both cases, the policy was approved on the basis of a proposal made by the Shareholders'

Remuneration Committee and is applicable to the current mandate starting in 2007 and ending in 2010. This policy describes 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 Remuneration Committee must be present at the Shareholders' Annual General Meeting.

RECOMMENDATION FULLY ADOPTED

A member of the Shareholders' Remuneration Committee has always been present at the Shareholders' Annual General Meetings.

II.1.5.4 A proposal must 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 persons discharging managerial responsibilities ("dirigentes") as defined in Article 248 B, 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 the 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 persons discharging managerial responsibilities ("dirigentes") as defined in Article 248 B, sub-paragraph 3 of the Portuguese Securities Code, shall also be approved at the Shareholders' General Meeting.

RECOMMENDATION FULLY ADOPTED

A proposal to approve a medium term variable remuneration plan, as well as to execute such a plan, was submitted and approved at the Shareholders' Annual General Meeting held on 21 April 2008 (please refer to proposals no. 8 and no. 9 available at [www.sonae.pt](http://www.sonae.pt) (tab Investors, Shareholders' General Meetings section). The specific terms of this plan are described below in section 6.2.3. No retirement benefit plan has been adopted.

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 have been fully met. Please see section 6.2.4 of this report.

## II.2. BOARD OF DIRECTORS

II.2.1 Within the limits established by the Portuguese Companies Act 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 day-to-day management of the Company is delegated by the Board of Directors to an Executive Committee (please refer to section 2.2).

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

RECOMMENDATION FULLY ADOPTED

A list of the non-delegated responsibilities is described in section 2.2.1.

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 non-executive members, to ensure that they 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.



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

RECOMMENDATION FULLY ADOPTED

Such description is included in section 3.3 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. The Chief Executive Officer (CEO) accumulates this role and currently covers the areas of financial responsibility. The CEO is serving his first Board mandate.

### **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

Throughout the year, the Executive Committee discloses its decisions to the Board of Directors on a timely basis. The executive members provide additional information and clarification at their own initiative, as well as in response to the requests of non-executive members of the Board, so that the latter have the necessary support to fulfil their duties.

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 all information regarding the meetings held to the Chairman of the Board of Directors and to the Chairman of the Statutory Audit Board.

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

The Company 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 audit role, the General and Supervisory Board shall perform an advisory role, as well as monitor and continually assess the management of the Company by the Executive Board of Directors. Among the other matters on which the General and Supervisory Board should give their opinion, 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

The Company 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 the Company's website together with the financial statements.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board annual reports are available at [www.sonae.pt](http://www.sonae.pt) (tab Investors, Shareholders' General Meetings section), together with the respective 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 the financial year 2009 available at [www.sonae.pt](http://www.sonae.pt) (tab Investors, Shareholders' General Meetings section), together with the year's financial statements to be submitted for approval at the Shareholders' Annual General Meeting.

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 dealings with the external auditor. This shall include proposing who will provide this service, their respective remuneration, ensuring that the Company provides adequate conditions to allow them to provide their services, 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 responsible for overseeing the work performed by the Statutory External Auditor and assessing its independence, as set out in its Terms of Reference available at [www.sonae.pt](http://www.sonae.pt) (tab Investors, Corporate Governance section). The Statutory External Auditor was appointed at the Shareholders' Annual General Meeting held on 3 May 2007 as proposed by 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

The Statutory Audit Board's annual report for 2009 includes an assessment of the work performed by the Statutory External Auditor.

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

II.5.1 Unless the Company 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 make improvements.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has set up two specialized committees, made up of non-executive Board members, to ensure the effectiveness and the quality of the work performed. The committees currently in existence are the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee. Their respective roles and functions are described in sections 2.3.1 and 2.3.2.

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

RECOMMENDATION FULLY ADOPTED

All committee meetings are minuted as set out in the Board of Directors' Terms of Reference (available at [www.sonae.pt](http://www.sonae.pt) - tab Investors, Corporate Governance section).

## **III. INFORMATION AND AUDITING**

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

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

RECOMMENDATION FULLY ADOPTED

The Company has an active Investor Relations Office that provides shareholders and the financial community at large, with regular and comprehensive information (please refer to section 9.13 for more detail).

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

- |  |
|--|
| <ul style="list-style-type: none"><li>a) The Company's name, its listed company status, the registered office and the remaining information set out in Article 171 of Portuguese Companies Act;</li><li>b) Articles of Association;</li><li>c) Identification of the members of the Statutory Governing Bodies and of the Representative for Relations with the Market;</li><li>d) Investor Relations Office — its functions and contact details;</li><li>e) Financial Statements;</li><li>f) Half-Yearly Calendar of Company Events;</li><li>g) Proposals presented to Shareholders' General Meetings;</li><li>h) Notices convening Shareholders' General Meetings.</li></ul> |
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RECOMMENDATION FULLY ADOPTED

All of the information indicated above is available in English at [www.sonae.pt](http://www.sonae.pt).

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

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

Belmiro Mendes de Azevedo, the Chairman and a non-executive member of the Company's Board of Directors, is a member of the Shareholders' Remuneration Committee. Nevertheless, he was elected to the Shareholders' Remuneration Committee by the Company's major shareholder, Efanor Investimentos, SGPS, S.A, and is thereby acting in the interests of this major shareholder and not 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 a conflict of interest, namely when discussing his own remuneration as a member of the Board of Directors.

### **0.4. Assessment of Independence of the Members of the Board of Directors**

The Board of Directors did not identify any fact or circumstance that would have caused any loss of independence by any of its independent non-executive members during the term to which this report refers. This conclusion was confirmed by written statements issued by each of this independent members at the request of the Board.

### **0.5. Declaration of the Board of Directors on its assessment of the governance model adopted (issued for the purpose of CMVM Recommendation II.1.1.1)**

The Company's governance model and practices were not found to be subject to any constraints to the normal functioning of the Board of Directors or of its specialized committees, nor has the Board of Directors been aware of the existence of any such constraints on the functioning of any other governing bodies.

The Statutory Audit Board has exercised its supervisory powers, having received all the required support of the Board to that effect, through its Board and Audit Finance Committee, namely for the drawing up of its annual report on the supervision of the Company and issuance of a statement of opinion on the Company's annual report, accounts and proposals presented by the management.

The Statutory External Auditor has analysed the Company's activity and has conducted the exams and verifications deemed necessary to the proper audit and legal certification of the accounts, in interaction with the Statutory Audit Board, and with the full cooperation of the Board of Directors.

The Board of Directors, through its Board Audit and Finance Committee, has been carrying out its duties and cooperating with the Statutory Audit Board and the Statutory External Auditor in a transparent and rigorous manner and in compliance with its Terms of Reference and best corporate governance practices.

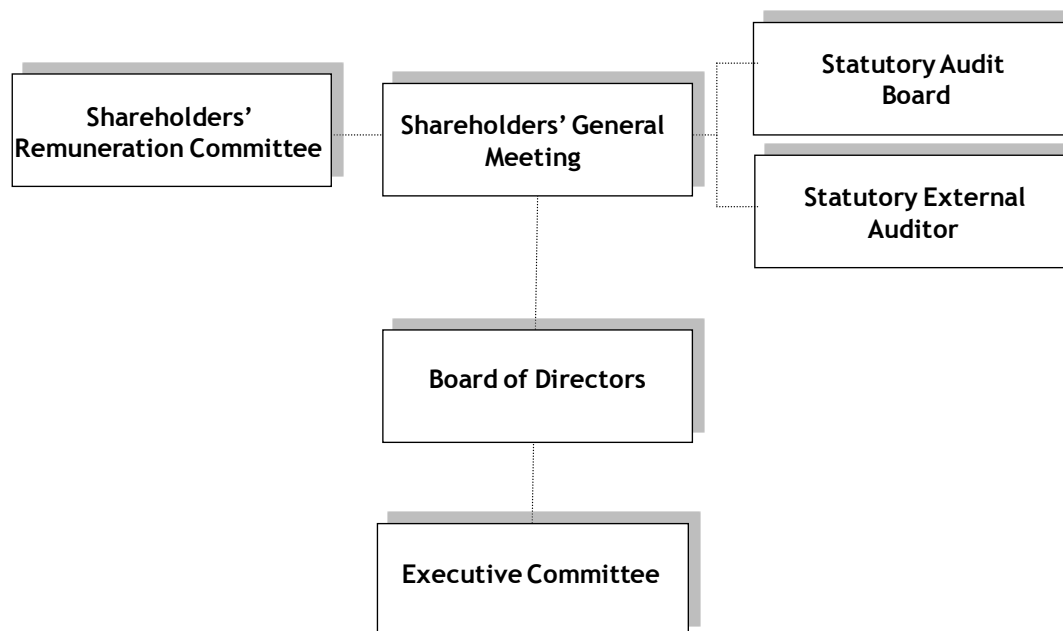
## 1 Governance Model

The Company's corporate governance structure is made up of the Board of Directors, the Statutory Audit Board and the Statutory External Auditor, all of them elected at the Shareholders' General Meeting.

The Board of Directors has delegated the day-to-day management of the Company to an Executive Committee.

The members of the Statutory Governing Bodies, of the Board of the Shareholders' General Meeting and of the Shareholders' Remuneration Committee are elected for a four-year mandate, subject to re-election.

The Shareholder's General Meeting approved the compensation policy of the statutory governing bodies and persons discharging managerial responsibilities ("dirigentes"), and delegated the determination of the specific values of remuneration to a Shareholders' Remuneration Committee. The Shareholders' General Meeting also approved the remuneration of the Shareholders' Remuneration Committee.



## 2 Management

### 2.1. Board of Directors

#### 2.1.1. Role

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

#### 2.1.2. Composition

For the current mandate starting 2007 and ending 2010, the composition of the Board of Directors is as follows:

Board of Directors	
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
Bernd Hubert Joachim Bothe.....	Independent Non-Executive
Christine Cross.....	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:**

Bernd Hubert Joachim Bothe was co-opted to the Board of Directors on 17 March 2009. The Shareholders' General Meeting ratified the co- option on 20 April 2009. Christine Cross was elected, for the remainder of the current mandate, at the Shareholders' Extraordinary General Meeting held on 9 November 2009.

The members of the Board of Directors were appointed for the first time as follows:

Appointment to the Board of Directors		
	Appointed for the first time in	End of mandate
Belmiro Mendes Azevedo	1989	2010
José Neves Adelino	2007	2010
Álvaro Cuervo Garcia	2004	2010
Michel Marie Bon	2004	2010
Bernd Hubert Joachim Bothe	2009	2010
Christine Cross	2009	2010
Duarte Paulo Teixeira de Azevedo	2000	2010
Álvaro Carmona e Costa Portela	1999	2010
Ângelo Gabriel Ribeirinho dos Santos Paupério	2000	2010
Nuno Manuel Moniz Trigoso Jordão	1999	2010

The Board of Directors has a clear balance between the number of executive directors and the number of non-executive directors. Out of the six non-executive directors, five are considered to be independent, in accordance with the independence criteria set out in article 414, paragraph 5 of the Portuguese Companies Act. The five above mentioned independent non-executive directors also meet the requirements for assessing



their compatibility under the terms of article 414-A, paragraph 1, of the Portuguese Companies Act, the only exception being Michel Marie Bon, who exercises management and supervisory functions in more than five companies. Nevertheless, this situation does not affect his overall independence.

The qualifications, experience and responsibilities of the members of the Board of Directors are disclosed in Appendix I of this Report. The number of shares directly or indirectly held by them in companies controlled or in a group relationship with the Company is disclosed in the appendices to the Management Report, as required by article 447 of the Portuguese Companies Act and paragraph 6 of article 14 of CMVM Regulation no. 5/2008.

### **2.1.3. Nomination and substitution rules**

Under the terms of the Company's Articles of Association, the Board of Directors can be made up of an odd or even number of members, between three and eleven, elected based on proposals submitted by shareholders at the Shareholders' General Meeting.

The directors are elected to the Board of Directors, in accordance with the composition indicated in the winning proposal.

However, the Articles of Association allow for one director to be individually elected if there are proposals submitted by shareholders who, either by themselves or together with other shareholders, hold shares representing between ten and twenty percent of the share capital. The same shareholder cannot put forward more than one proposal. Each proposal should contain the identification of at least two eligible persons. If there are several proposals submitted by different shareholders or groups of shareholders, voting will be taken place on all lists.

The Company'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. The Board Nomination and Remuneration Committee, exclusively made up of non-executive directors, is the specialized committee of the Board responsible for proposing to the latter potential candidates for executive and non-executive directors positions.

Additionally, if a director fails to attend any two meetings, whether consecutive or not, without providing a justification for such absence which is accepted by the Board of Directors, such director shall then be deemed to be permanently unavailable.

However, the definitive absence, by any motive whatsoever, of a replacement director individually elected according to the above mentioned rules must necessarily be elected to the Board of Directors by the Shareholders' General Meeting.

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

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

The Articles of Association provide that the Company's 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 terminates five years after the respective shareholders resolution which was taken at the Shareholders' General Meeting held on 6 April 2006.

### 2.1.5. Operating Rules

The Board of Directors meets at least four times a year, as required by the Company's Articles of Association and the respective Terms of Reference, and whenever the Chairman or two Board members call a meeting. 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. If the Board of Directors is made up of an even number of members, the Chairman will have a casting vote.

The Board of Directors normally receives information about items on the agenda for the meeting at least 7 days beforehand, and receives supporting documents for meetings at least 2 working days in advance.

Minutes are recorded in the respective minute book.

During 2009, there were 5 Board meetings, and the overall attendance rate was 98%.

### 2.1.6. Terms of Reference

The Terms of Reference of the Board of Directors are available at [www.sonae.pt](http://www.sonae.pt) (tab Investors, Corporate Governance section).

## 2.2. Executive Committee

### 2.2.1. Role

The Executive Committee has all day to day company management powers, as delegated by the Board of Directors.

The following matters were excluded from the terms of the delegation and considered to be of the exclusive competence of the Board:

- (i) to appoint the Chairman of the Board;
- (ii) to co-opt a substitute for a member of the Board;
- (iii) to request the convening of Shareholders' General Meetings;
- (iv) to approve the Annual Report and Accounts;
- (v) to grant any pledges, guarantees or charges over the assets;
- (vi) to decide to change the Company's registered office or to approve any share capital increases;
- (vii) to decide on mergers, de-mergers or modifications to the corporate structure of the Company;
- (viii) to approve the management strategy of the business portfolio;
- (ix) to approve the annual financial plan and any significant changes thereto.

Under the Terms of Reference of the Executive Committee as approved by the Board of Directors, the Executive Committee must present a summary in Portuguese and in English of the main resolutions taken, together with supporting documentation to be provided to the Board at each of its meetings.

These resolutions are also made available to the Chairman of the Board of Directors and the Chairman of the Statutory Audit Board.

The Executive Committee provides, on a timely basis, all information requested by other members of the Board of Directors.

## 2.2.2. Composition

The Executive Committee is made up of members appointed from and among the Board of Directors. In 2009 this Committee had the following members:

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### Executive Committee

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Duarte Paulo Teixeira de Azevedo - CEO  
 Álvaro Carmona e Costa Portela  
 Ângelo Gabriel Ribeirinho dos Santos Paupério  
 Nuno Manuel Moniz Trigo Jordão

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## 2.2.3. Operating Rules

The Executive Committee meets at least once every month and additionally whenever the CEO or a majority of its members convenes a meeting. The quorum for any Executive Committee meeting requires that a majority of members are present or represented by proxy. Decisions are approved by simple majority, with the CEO having a casting vote whenever the Executive Committee is made up of an even number of members.

The Executive Committee normally receives information about items on the agenda for the meeting at least 7 days in advance, and receives supporting documents for meetings at least 2 working days in advance.

Minutes are recorded in the respective minute book.

During 2009, there were 12 meetings and the overall attendance rate at Executive Committee meetings was 100%.

## 2.3. Non-statutory governing bodies appointed by the Board



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

#### Role

The BAFC operates under Terms of Reference approved by the Board of Directors and is responsible for monitoring and supervising the 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 the Company. The BAFC liaises with the Statutory Audit Board, the Statutory External Auditor and the Internal Audit and Risk Management Team in carrying out its duties.

Duties of the BAFC:

- (i) Review the Company's annual and interim financial statements and reports to the market, and report its findings to the Board, before these documents are approved and signed by the Board;
- (ii) Advise the Board on its reports to shareholders and financial markets to be included in the Company's Annual and Half-year Accounts and in the Quarterly Earnings Announcements;
- (iii) 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) 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.

### Composition

The BAFC consists of five members who are appointed by and from among the members of the Board. All members 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
Bernd Hubert Joachim Bothe.....	Independent Non-Executive Director
Christine Cross.....	Independent Non-Executive Director

Note:

Bernd Hubert Joachim Bothe and Christine Cross began exercising their role as members of this committee respectively as from 17 September and 12 November 2009.

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### Operating Rules

The BAFC reports to the Board of Directors concerning the work accomplished, results obtained and concerns identified, and minutes of all BAFC meetings are written up and distributed to other Board Members, thus ensuring the effectiveness of the committee.

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

During 2009, the Committee met 5 times with an overall attendance rate of 94%.

## **2.3.2. Board Nomination and Remuneration Committee (“BNRC”)**

### Role

The BNRC operates under Terms of Reference approved by the Board of Directors, and is responsible for identifying candidates for the appointment to the Board of Directors when the Board decides to exercise its right to co-opt.

This Committee is also responsible for centralizing, in coordination with the Shareholders' Remuneration Committee, the information about the assessment of the performance of Board Directors.

It is also within the scope of the BNRC's competencies to propose candidates to senior management positions in Sonae and assess their respective performance.

### Composition

The BNRC includes the Chairman of the Board of Directors, and one independent non-executive director, also appointed from among the Board of Directors, as follows:

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#### Board Nomination and Remuneration Committee

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

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### Operating Rules

The BNRC submits to the Shareholders' Remuneration Committee proposals for the remuneration of the members of the Board of Directors. Its proposals take into consideration the Chairman of the Board of Directors' assessment of the performance of the non-executive directors and of the CEO's performance, and the joint assessment made by the Chairman and by the CEO of the performance of the remaining executive directors.

In carrying out its duties, the BNRC has at its disposal the possibility of assistance from specialist external entities.

The BNRC meets at least once a year and additionally whenever the Chairman or the Board of Directors deems necessary. Between formal meetings, BNRC members keep in touch by means of distance communication.

There were two formal BNRC meetings during 2009 and the overall attendance record was 100%.

### **2.3.3. Board and Corporate Governance Officer ("BCGO")**

Main duties of BCGO:

- (i) Ensure the smooth running of the Board and Board Committees;
- (ii) Participate in Board Meetings and relevant Board Committee Meetings and, when appointed, serve as a member;
- (iii) Facilitate the acquisition of information by all Board and Committee members;
- (iv) Support the Board in defining its role, objectives and operating procedures;
- (v) Take a leading role in organising Board evaluations and assessments;
- (vi) Keep under close review all Legislative, Regulatory and Corporate Governance issues;
- (vii) Support and challenge the Board to achieve the highest standards in Corporate Governance;
- (viii) Ensure 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) Help to ensure that the procedure to nominate and appoint Directors is properly carried out and assist in the induction of new Directors;
- (x) Act as a primary point of contact and source of advice and guidance for, particularly, non-executive directors about the Company and its activities;
- (xi) Facilitate and support the independent non-executive directors to assert their independence;
- (xii) Ensure compliance with the on-going obligations of the Portuguese Listing Rules;
- (xiii) Participate in making arrangements for and managing the whole process of Shareholders' General Meetings;
- (xiv) Participate in the arrangement of insurance cover for directors and officers;
- (xv) Participate, on behalf of the Company, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.

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

BCGO reports to the Board of Directors as a whole, through the Chairman, and also, when appropriate, through the senior independent non-executive director.

### **2.3.4. Company Secretary**

The Company Secretary is responsible for:

- (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 the Portuguese Companies Act;
- (v) Legal registration of any act or resolutions of the Company's Statutory Governing Bodies.



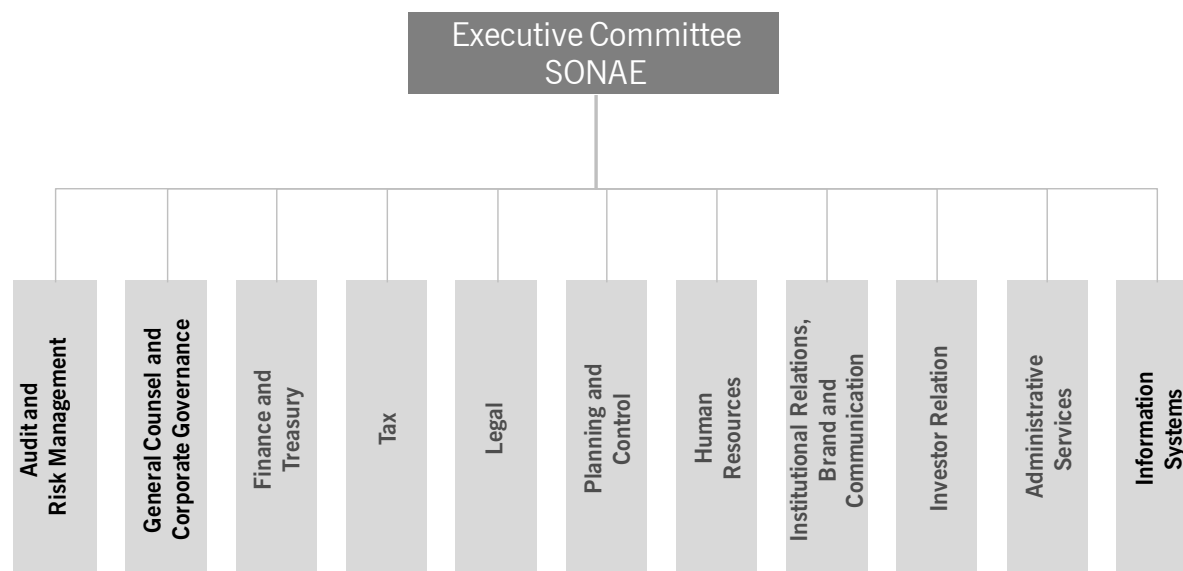
The Secretary is Luzia Gomes Ferreira, who may be substituted in her absence by Anabela Nogueira de Matos.

## 3 Organisation of the Corporate Centre – Duties and Competencies

### 3.1. Corporate Centre organisation

During 2009, it was decided to merge the Corporate Centre of Sonae with that of the retail business to create a single corporate structure, which would create synergies and allow resources to be freed up for new challenges, without increasing the number of Sonae's employees. The objective of this change was to sharpen the focus on retail activities, on related business areas and on the competencies and assets which Sonae believes to have the greatest potential to sustain the development of new businesses and to create value for its shareholders.

The value proposal of the new corporate centre is based on the range of services that it provides, primarily for retail companies but also other Sonae's business units, enabling these functions to be centralised, efficiency to be increased and consequently advantage to be taken of synergies and the avoidance of redundant services in the various business units of Sonae.



#### Manager of Audit and Risk Management

Main responsibilities:

- (i) Lead internal audit (Compliance, Processes, Food Safety and Information Systems) of the Sonae's corporate centre and core businesses;
- (ii) Develop and implement risk management methodologies and processes;
- (iii) Operational support to Sonae's Audit Committee and the Risk Management Consultation Group;

#### General Counsel and Corporate Governance Manager

Main responsibilities:

- (i) Provide legal advice to Sonae as a listed company;
- (ii) Manage the relationship with Euronext Lisbon, the Portuguese Securities Regulator (CMVM) and shareholders in relation to legal matters;

- (iii) Manage the legal aspects of Corporate Governance and monitor compliance with best practice in the area;
- (iv) Manage Sonae's legal procedural framework;
- (v) Provide legal support to the corporate centre in relation to business transactions and other similar operations;
- (vi) Coordinate the sharing of legal knowledge in order to align the Company's position with those of other Sonae companies.

### **Financial and Treasury Manager**

Main responsibilities:

- (i) Optimize the finance function of the Company and of its retail business units, proposing and implementing appropriate financial management policies;
- (ii) Negotiate and contract financing operations and banking products and services for the Company and for its retail business units;
- (iii) Manage the Company's and its retail business units treasury;
- (iv) Manage the Company's and its retail business units financing risk;
- (v) Support to the different functional areas in the allocation of capital;
- (vi) Support to the area of Corporate Development and Mergers and Acquisitions;
- (vii) Conduct all financing operations for Sonae (with the exception of Sonae Sierra) in coordination with those Board Directors with responsibility for the financing of Sonae companies;
- (viii) Support to the execution of Sonae's business units transactions.
- (ix) Support to the work of Sonae's Finance Committee.

### **Tax Department Manager**

Main responsibilities:

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

### **Legal Department Manager**

Main responsibilities:

- (i) Monitor, control and ensure the legality of business activities;
- (ii) Prepare contracts that maximise safety and reduce legal risks and potential costs;
- (iii) Manage all issues relating to intellectual and industrial property used by the different businesses such as brands, names, patents, marketing slogans etc.;
- (iv) Provide legal support to stores, namely when they are subject to external audits carried out by government and official entities (such as ASAE), as well as to resolve conflicts with customers;
- (v) Execute all necessary legal documents and registers for the businesses, of whatever nature (commercial, real estate, minutes etc.);
- (vi) Manage all corporate legal actions and processes in pre-litigation and litigation phases;
- (vii) Provide support to commercial, real estate and other licensing;
- (viii) Follow up on legislative developments that are relevant to the businesses;
- (ix) Manage customer complaints;

- (x) Provide support to international retail operations, as well as analysing new international operations, in particular the legal environment of the countries analysed.

#### **Planning and Management Control Manager**

Main responsibilities:

- (i) Support the development of a corporate strategy and promote, lead and implement the annual, strategic planning cycle;
- (ii) Lead and monitor the Sonae annual budgeting process, as well as providing reporting concerning its execution;
- (iii) Challenge the businesses and corporate areas about the objectives proposed in order to constantly improve and optimise the Sonae's efficiency, performance and results;
- (iv) Prepare and analyse management information about the individual businesses as well as at a consolidated level on a monthly, quarterly and annual basis, analysing variances to the budget and proposing correctives measures;
- (v) Provide support to decisions about the allocation of capital to existing businesses and new business opportunities: responsible for the analysis of capital invested and the return on capital invested;
- (vi) Build business plans in conjunction with business management teams;
- (vii) Carry out technical analysis and benchmarking of existing businesses and of Sonae in order to evaluate performance in comparison with the competition and other market players.

#### **Human Resources Manager**

Main responsibilities:

- (i) Manage Sonae's top management human resources: Chairman of Sonae's Human Resources Consultative Group; support the top management human resources management of the Executive Committee;
- (ii) Supervise Sonae's human resources management department, the main duties of which are to:
  - a. Support Sonae top management to define human resources policies at various levels;
  - b. Ensure the working of processes concerning recruitment, selection, training, performance/development management, people administration management and employee salary processing;
  - c. Manage the areas of Medicine, Hygiene and Safety at Work;
  - d. Provide the procedural and legal labour law framework for the businesses;
  - e. Provide support to international projects, offices and businesses;
  - f. Represent the company in contacts with official entities and associations connected with this area;
  - g. Provide HR services to other Sonae's business units.
- (iii) Support the Institutional Relations department to manage issues relating to good human resources practices.

#### **Institutional relations, Sonae brand and communications Manager**

Main responsibilities:

- (i) Manage the institutional image of Sonae and its Executive Committee;
- (ii) Proactively manage relationships with the media;
- (iii) Proactively support Sonae's relationships with the Government, public entities and NGOs;
- (iv) Represent Sonae in Associations, Forums and events (national and international) and manage information requests from these institutions;
- (iv) Coordinate communications with the External Communications and Public Relations departments in all contacts with the media;
- (v) Promote internally Sonae's values and culture;
- (vi) Support the External Communications function to manage Sonae's image as a major employer.

#### **Investor Relations Manager**

Main responsibilities:

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

#### **Administrative Services Manager**

Main responsibilities:

- (i) Efficiently manage all administrative processes of the Company and Sonae's businesses units, ensuring the maximum reliability and timely reporting of financial, tax and management information;
- (ii) Manage the Accounts Payable, Accounts Receivable and Inventory areas;
- (iii) Manage fixed assets, namely their booking, transfer and stocktaking;
- (iv) Has responsibility for the accounting of retail and services business units, including international offices, and the booking and controlling of all accounting transactions and movements;
- (v) Consolidating the Sonae's business units accounts;
- (vi) Provide administrative and accounting support to other Sonae's business units.

#### **Information Systems Manager**

Main responsibilities:

- (i) Maintain and support existing information systems and infrastructure;
- (ii) Develop new solutions which enable the operational and commercial efficiency of the businesses to be improved;
- (iii) Promote innovation in relation to Sonae's information systems.

## **3.2. Knowledge Sharing Corporate Committees**

#### **Audit committee**

Sonae's 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 Sonae's directors as well as its internal audit managers. This committee is supported by Sonae's Risk Management Consultation Group which provides guidance for the exercise of the risk management role and for risk management procedures implementation. This Group meets quarterly and is chaired by Ângelo Paupério (member of the Executive Committee), including the Board members and the Risk Managers responsible for this role in the Company and in its businesses.

#### **Finance committee**

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

Besides the above mentioned Risk Management Consultation Group, there are also two other Sonae advisory groups which also continuously review and propose changes to Sonae's policies in the following areas:

- (i) HR
- (ii) information & communication technologies

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

## 4 Audit

### 4.1. Statutory Audit Board

#### 4.1.1. Role

The Statutory Audit Board is responsible for:

- (i) Supervising the management of the Company;
- (ii) Ensuring that the law and the Articles of Association are observed;
- (iii) Verifying the regularity of all books, accounting registers and supporting documents;
- (iv) Verifying the fairness of the financial statements;
- (v) Drawing up an annual report on the supervision of the Company and issuing a statement of opinion on the annual report, accounts and proposals presented by the management;
- (vi) Supervising the efficiency of the risk management system, the internal control system and the internal audit function;
- (vii) Receiving notification of irregularities presented by shareholders, Company's employees or others;
- (viii) Proposing the appointment, as well as the replacement, of the Statutory External Auditor to the Shareholders' General Meeting;
- (ix) Supervising the auditing of the Company's financial statements;
- (x) Supervising the independence of the Statutory External Auditor, in particular with regard to the provision of additional services.

#### 4.1.2. Composition

Under the Company's Articles of Association, the Statutory Audit Board may be made up of an odd or even number of members, with a minimum of three and a maximum of five members. The Statutory Audit Board additionally includes one substitute member, should the Board be composed of three members, or two substitute members, should the Board be composed of more than three members.

The Statutory Audit Board members were elected at the Company's Annual Shareholders' General Meeting held in 2007, for the current mandate, which 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 members are independent as required by article 414 paragraph 4 and are not in breach of any of the criteria for incompatibility as set out in article 414 A paragraph 1, both of the Portuguese Companies Act.

#### 4.1.3. Nomination and substitution rules

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

If the Shareholders' General Meeting should fail to elect the members of the Statutory Audit Board, the management of the Company must do this and any shareholder may petition the courts for the appointment thereof.

If the Shareholders' General Meeting does not designate which 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 elected, the other members must choose one among them to exercise these duties until the end of its mandate.



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

Substitutes who replace members whose functions have ceased shall remain in office until the first annual general meeting at which the vacancies shall be filled.

In the event of it not being 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.

#### **4.1.4. Operating Rules**

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

The Statutory Audit Board meets at least four times a year. During 2009, the Board met five times with an overall attendance rate of 93%.

#### **4.1.5. Terms of Reference**

The Terms of Reference of the Statutory Audit Board are available at [www.sonae.pt](http://www.sonae.pt) (tab Investors, Corporate Governance section).

### **4.2. Statutory External Auditor**

#### **4.2.1. Role**

The Statutory External Auditor is responsible for:

- a) Verifying the regularity of all books, accounting registers and supporting documents;
- b) Whenever it deems such action convenient and by means it considers appropriate, verifying the accuracy of cash and stock of any kind, of the assets or securities belonging to the Company or received by it by way of guarantee, deposit or other purpose;
- c) Verifying the fairness of the financial statements;
- d) Verifying whether the accounting policies and valuing criteria adopted by the Company lead to the fair evaluation 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.

#### **4.2.2. Composition**

The Statutory External Auditor is Deloitte & Associados, SROC, S. A., presently in its second four-year mandate, ending in 2010.

#### **4.2.3. Nomination and substitution rules**

The Statutory External Auditor is elected by the shareholders at the Shareholders' General Meeting by proposal of the Statutory Audit Board. The renewal of the Statutory External Auditor's mandate is always subject to the Statutory Audit Board's advice.

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 fifteen days, by any shareholder or member of the statutory governing bodies. Within fifteen days of the communication referred to above, the Institute of Statutory Auditors must officially appoint a statutory auditor to the Company, and the general meeting may confirm the appointment or elect another statutory auditor to complete the respective mandate.

## 5 Shareholders

### 5.1. Statutory Governing Bodies

#### 5.1.1. Shareholders' General Meeting

Shareholders' General Meetings are conducted by its 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 The Company's share capital (currently 5%). During 2009, two Shareholders' Meetings were held in ordinary session on 20 April and in extraordinary session on 9 November.

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

The deliberative quorum for resolutions taken by the Shareholders' General Meeting complies with the Portuguese Companies Act.

At the Annual Shareholders' General Meeting held on 20 April 2009, 55.5% of the share capital held by 20 corporate or institutional shareholders was represented. On 9 November 2009, an Extraordinary Shareholders' General Meeting was held at which 16 corporate or institutional shareholders were present, representing 53.67% of the share capital.

The proposals for discussion and decision at Sonae's Shareholders' General Meetings, as well as other supporting information, are made available to shareholders at the Company's registered head office, and are posted on the Company's website - [www.sonae.pt](http://www.sonae.pt) - at least 15 calendar days before the respective meeting. However, if the agenda items include amendments to the Company's articles of association, the respective proposals must be disclosed together with the notice of meeting.

#### 5.1.2. The Board of the Shareholders' General Meeting

The Shareholders' General Meetings are conducted by a Board elected for a four-year mandate. The present mandate began in 2007 and will end in 2010.

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

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Board of the Shareholders' General Meeting

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Manuel Cavaleiro Brandão .....Chairman  
 Maria da Conceição Cabaços .....Secretary

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### 5.1.3. Shareholders' Remuneration Committee

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

The remuneration committee is made up of three members, elected by the Shareholders' General Meeting for a mandate of four years from 2007 to 2010.

The members of the Remuneration Committee are:

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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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The members of the Shareholders' Remuneration Committee have the necessary professional qualifications and experience to carry out their responsibilities effectively and rigorously, safeguarding the interest of the organization.

Belmiro de Azevedo abstains from discussing and deciding on his own remuneration in order to ensure adequate impartiality and the necessary transparency of the Committee's procedures, as further explained in section 0.3 in compliance with CMVM Recommendation II.5.2.

This member is related by bloodline to the Chairman of the Executive Committee, Paulo Azevedo.

The Shareholders' Remuneration Committee meets at least once every year. During 2009, there were three meetings, with an overall attendance rate of 100%.

## 5.2. Shareholders' participation

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

Shareholders' General Meetings may only be attended by shareholders who have shares registered in their name and who respect the rules for providing proof of ownership.

### 5.2.2. Deadline for blocking shares

The Company's Articles of Association allow the attendance at the Shareholders' General Meeting of shareholders holding shares who, up to the third business day prior to the General Meeting, by reference to any of its sessions, have provided confirmation of ownership to the Company. Proof of ownership is provided by a certificate issued by a financial institution where records of title are kept, certifying ownership and share blocking executed five business days prior to the General Meeting.

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

In case of suspension of the Shareholders' General Meeting, the Articles of Association do not enforce the blocking of the shares during the period until such meeting is resumed. In order for shareholders to attend the meeting, it is enough to block their shares on the fifth business day prior to the resuming date.

#### **5.2.4. Number of shares corresponding to one vote**

One share corresponds to one vote.

#### **5.2.5. Shareholders' representation**

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

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 in writing, whose authenticity will be verified by the Chairman of the Board of the Shareholders' General Meeting.

The Company provides appropriate information to enable shareholders, wishing to be represented, to give voting instructions by making available the proposals to be submitted to the General Meeting and a template of a representation letter at [www.sonae.pt](http://www.sonae.pt) (tab Investors, Shareholders' General Meetings section), within the legally established time limits.

#### **5.2.6. Postal voting**

Shareholders, who can prove their ownership of shares, can vote by post in relation to all items on the agenda of the Shareholder's General Meeting. Postal votes will only be taken into account when received at the Company's head office by registered post, with acknowledgement of receipt addressed to the Chairman of the Board of the Shareholders' General Meeting or by electronic means, at least three business days prior to the General Meeting. The voting ballot, if sent by registered post, 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 his/her identity card. In the case of a corporate entity, the signature should be authenticated by certifying that the signatory is duly authorized and mandated for that purpose. If the ballot is sent by electronic means it must respect the requirements and procedures established by the Chairman of the Board of the Shareholders' General Meeting as set out in the notice of the meeting, in order to ensure an equivalent level of security and authenticity.

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, and those postal votes which do not fulfil such requirements will not be accepted and will be treated as null and void.

#### **5.2.7. Template used for Postal Voting**

The Company makes available at [www.sonae.pt](http://www.sonae.pt) (tab Investors, Shareholders' General Meetings section) a template of the ballot for postal voting.

#### **5.2.8. Electronic voting**

The right to vote electronically has been available since the Shareholders' Extraordinary General Meeting held on 9 November 2009. The manner by which this right can be exercised is set out in the notice of meeting for each meeting. A template to request the technical information necessary for exercising the shareholders' right to vote by electronic means is also available at [www.sonae.pt](http://www.sonae.pt) (tab Investors, Shareholders' General Meetings section).

## 6 Remuneration

### 6.1. Remuneration policy for members of the statutory governing bodies

The remuneration policy adopted for Sonae's statutory governing bodies is approved in advance by the Shareholders' General Meeting.

The body responsible for approval of the remuneration of members of the Board of Directors and the other statutory governing bodies of the Company is the Shareholders' Remuneration Committee, in accordance with the remuneration policy approved by shareholders.

In the case of members of the Board of Directors, the Board Nomination and Remuneration Committee is involved in preparing proposals before final decisions are taken by the Shareholders' Remuneration Committee.

### 6.2. Board of Directors

The compensation policy for the Board of Directors was approved at the Shareholders' General Meeting held on 3 May 2007 and confirmed at the Shareholders' General Meeting held on 21 April 2008. The policy's objective is to remunerate Directors in a fair, effective and competitive manner taking into consideration their individual responsibilities and performance.

The annual remuneration and other elements of the remuneration package are based on different criteria for executive and non-executive directors.

#### 6.2.1. Non Executive Directors

The remuneration of non-executive directors is paid on a fixed quarterly basis. The amount agreed is based on the market value paid in comparable companies.

There are no kinds of variable remuneration for non-executive directors.

The Chairman of the Board of Directors receives only a fixed remuneration, which is determined exclusively by the Remuneration Committee.

For each non-executive director, the fixed remuneration includes attendance fees during 2009, including presence at and preparation for at least five Board of Directors meetings each year (approximately 15% of remuneration is paid as attendance fees). Non-executive directors' attendance fees are paid as follows: Board of Directors' meetings €930; Audit and Finance Committee meetings €640; and Nomination and Remuneration Committee meetings €390. The Chairman of the Board of Directors only receives attendance fees for Board of Directors' meetings.

Fixed remuneration can increase by up to 6% for non-executive directors who chair a Board Committee.

In addition, an annual responsibility allowance is paid which may vary between €1,900 and €3,000.

#### 6.2.2. Executive Directors

The remuneration policy for executive members of the Board of Directors aims at compensating fairly and appropriately the performance and contribution of each executive director to the success of the organisation, aligning the interests of executive Board members with those of shareholders and of the Company.

Proposals for the remuneration of executive directors are made, taking into account:

- Overall market comparisons;



- Practices of comparable companies;
- The individual responsibilities and assessments made of the performance of each executive director.

The remuneration is made up of a fixed and a variable component, as follows:

- (i) Fixed remuneration, agreed on an annual basis with payment made in 14 monthly instalments;
- (ii) Variable remuneration,
  - a) Short term,
  - b) Medium term,

Variable remuneration can be paid in cash, in shares or in combination cash and shares. Currently, no scheme involves the award of share purchase options.

Sonae has no complementary or early retirement pension scheme for directors and there are no other significant benefits in kind.

### 6.2.3. Description of the remuneration components

#### (i) Fixed remuneration

The remuneration and other elements of the remuneration package of executive directors are defined in accordance with the level of responsibility of the Board member and subject to review each year.

Each director is classified into a “functional group” based on the Hay international model, which facilitates market comparisons.

#### (ii) Variable remuneration

Variable remuneration aims to guide and compensate board directors for achieving pre-defined objectives. It is divided into two equal parts, one short and the other medium term. Variable remuneration is of a discretionary nature and, in view of the fact that it is dependent on the achievement of objectives, payment is not guaranteed.

- a) The goal of short term variable remuneration is to provide an incentive and to compensate directors for achieving annual objectives that are part of the Company's annual plan, and which are fixed in advance and linked to key performance indicators.

Short term variable remuneration is determined annually, defined as a percentage of fixed base remuneration, and varies between 33% and 75%.

Of this amount, around 70% is based on business KPIs: these are objective indicators, such as those of an economic and financial nature based on the annual budget for the performance of each business unit and for the consolidated performance of the Company. The amount awarded for remuneration associated with these KPIs can vary between 0% and 160 % of the pre-defined bonus objective.

The remaining 30% are determined based on the achievement of personal KPIs, which include both objective and subjective indicators. The evaluation of the remuneration associated with these KPIs can vary between 0% and 120 % of the pre-defined objective.

Combining both components, the value of the bonus has a minimum of 0% and a maximum of 148% of the pre-defined bonus objective.

The overall assessment of board directors is approved by the Shareholders' Remuneration Committee, in collaboration with the Board Nomination and Remuneration Committee as described in section 6.1.

- b) The goal of medium term variable remuneration is to align directors' interests with the strategic objectives of the organisation, encourage their loyalty and strengthen the perception that their performance is important for the success of Sonae, measured by stock market capitalisation. Board directors elected up to the 31<sup>st</sup> of December of the previous year are eligible for payment of medium term variable remuneration.

This component of variable remuneration is also awarded annually and relates to performance during the previous year. Payment is deferred for a period of three years, and is made in the month of March or April.

Amounts are calculated in accordance with the performance of the company, measured according to specific indicators and influenced by the price of shares, dividend distributions and changes to the company's share capital. The amount of medium term variable remuneration due is calculated by the quotient between the amount awarded, under the previous described criteria, and the average share price in the month prior to the award being made.

Payment of this component of variable remuneration is dependent on the director continuing to work with the company for a period of three years after its award. Thus, medium term variable remuneration ceases with the departure of the director from Sonae. However, the right to receive payment continues in case of death or permanent disability, with the amount due being paid to the director or to his/her heirs at the normal time for payment.

## 6.2.4. Summary tables

### Paid and Attributed Remuneration

The following remuneration was awarded to members of the Board of Directors (including fixed remuneration, short and medium term variable remuneration) by the Company and Group companies:

	2008				2009			
		Short Term	Medium Term			Short Term	Medium Term	
	Fixed	Variable	Variable		Fixed	Variable	Variable	
<i>Amounts in euros</i>	Remuneration	Remuneration	Remuneration	Total	Remuneration	Remuneration	Remuneration	Total
<i>Individual breakdown</i>								
<b>Executive Directors</b>								
Duarte Paulo Teixeira Azevedo (CEO)	476,020	297,100	288,100	1,061,220	479,320	328,700	313,200	1,121,220
Nuno Manuel Moniz Trigoso Jordão	414,560	273,900	333,000	1,021,460	411,560	270,800	290,200	972,560
Ángelo Gabriel Ribeirinho dos Santos Paupério	414,000	266,700	266,700	947,400	409,300	287,900	287,900	985,100
Álvaro Carmona e Costa Portela	406,780	173,800	93,100	673,680	406,780	231,900	175,200	813,880
	1,711,360	1,011,500	980,900	3,703,760	1,706,960	1,119,300	1,066,500	3,892,760
<b>Non-Executive Directors</b>								
Belmiro Mendes de Azevedo (Chairman)	435,900	–	–	435,900	435,900	–	–	435,900
Michel Marie Bon	39,170	–	–	39,170	39,560	–	–	39,560
Jose Alvaro Cuervo Garcia	37,150	–	–	37,150	37,150	–	–	37,150
José Manuel Trindade Neves Adelino	39,750	–	–	39,750	37,150	–	–	37,150
Bernd Hubert Joachim Bothe (8 Months in 2009 only)	–	–	–	–	25,677	–	–	25,677
Christine Cross (2 Months in 2009 only)	–	–	–	–	5,967	–	–	5,967
	551,970	0	0	551,970	581,403			581,403
<b>Total</b>	2,263,330	1,011,500	980,900	4,255,730	2,288,363	1,119,300	1,066,500	4,474,163

\* Amounts in Euros

Part of the remuneration detailed above is also disclosed in the Governance Reports of companies controlled by the Company, whenever the Company's Board members are also members of the Board Directors of these companies.

No sums were paid to former board directors relating to the termination of their duties.

#### Open medium term variable remuneration plans awarded to Executive Directors

Medium term variable remuneration plans awarded to executive directors and which have not yet vested are summarised in the following table:

Executive Director	Plan (Performance Year)	Award Date	Vesting Date	Value Vested in 2009	Open Plans Value at Award Date	Open Plans Value at 31 December 2009
<b>Duarte Paulo Teixeira Azevedo</b> <i>(Footnote 1)</i>	2007	March 2008	March 2011		369,400	296,535
	2008	March 2009	March 2012		288,100	496,125
	Total			0	657,500	792,660
<b>Nuno Manuel Moniz Trigo Jordão</b>	2005	March 2006	March 2009	144,054		
	2006	March 2007	March 2010		259,700	167,014
	2007	March 2008	March 2011		331,700	265,200
	2008	March 2009	March 2012		333,000	573,354
	Total			144,054	924,400	1,005,568
<b>Ângelo Gabriel Ribeirinho dos Santos Paupério</b> <i>(Footnote 1)</i>	2007	March 2008	March 2011		273,600	217,487
	2008	March 2009	March 2012		266,700	460,485
	Total			0	540,300	677,972
<b>Álvaro Carmona e Costa Portela</b>	2005	March 2006	March 2009	236,695		
	2006	March 2007	March 2010		318,202	264,650
	2007	March 2008	March 2011		330,500	224,354
	2008	March 2009	March 2012		93,100	127,495
	Total			236,695	741,802	616,499
<b>TOTAL</b>				380,749	2,864,002	3,092,699

**Footnote 1: The vesting dates of the 2005 and 2006 plans of these executive directors were anticipated and cash equivalents were paid on 31 December 2007, as result of their transfer to new roles within Sonae.**

\* Amounts in Euros

**Movements during 2009:**

	Aggregated number of plans	Euros
<b>Outstanding at 31.12.2008:</b>	8	1,325,244
<b>Movements in the year:</b>		
Awarded	4	980,900
Vested	(2)	(380,749)
Adjustments (1)		405,806
<b>Outstanding at 31.12.2009:</b>	10	3.092.699

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

### 6.2.5. Compensation payable for loss of office

No agreements exist which specify any compensation payments for loss of office to member of the Board of Directors or other persons discharging managerial responsibilities (“dirigentes” - as set out in article 248 B, paragraph 3, of the Portuguese Securities Code) if their mandates or contracts are not renewed.

### 6.2.6. Other Board directors and managers of Sonae’s businesses

The short and medium term variable remuneration components also apply to Board directors of affiliate companies of the Company, as well as to managers of these companies whose responsibilities are considered by their respective Boards of Directors to have a relevant impact on the business risk profile and on its results.

## 6.3. Remuneration of the Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is made up of fixed annual fees, based on the company’s situation and market practice.

The amount of fixed annual remuneration for members of this entity was as follows:

Member of the Statutory Audit Board	2008*	2009*
Daniel Bessa Fernandes Coelho	12,500	9,900
Arlindo Dias Duarte Silva	10,500	7,900
Jorge Manuel Felizes Morgado	10,500	7,900
Total	33,500	25,700

\* Amounts in Euros

## 6.4. Remuneration of the Statutory External Auditor

The Company's Statutory External Auditor and audit firm is Deloitte, currently in its second mandate. The amount of fees invoiced to Sonae (including affiliated companies) for 2008 and 2009 was as follows:

	2008*		2009*	
Statutory Audit	1,535,355	38%	1,713,135	46%
Other Compliance and Assurance Services	736,993	18%	461,726	12%
Tax Consultancy Services	339,507	8%	359,555	10%
Other Services	1,430,857	35%	1,185,060	32%
Total	4,042,712	100%	3,719,475	100%

\* Amounts in Euros

Audit fees increased by 8.1% in 2009.

Fees for other services include:

- General consultancy services provided to several subsidiaries of Sonae (13,7% of total fees),
- Tax incentive project fees (4,9% of total fees),
- Human resources consultancy fees (3,5% of total fees)
- Sustainability consultancy fees (2% of total fees),
- Fixed assets inventory and labelling fees (1,5% of total fees)
- Training in relation to accounting rules in Portugal, Spain and Brazil (1.2% of total fees).

"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.

Total annual fees paid in Portugal by Sonae to the Deloitte Group in 2009 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' was obtained from Deloitte covering 2009, confirming that they meet international guidelines on auditor independence, in accordance with the IFAC (International Federation of Accountants) rules.

## 6.5. 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 fixed annual fees, as follows:

Board of the Shareholders' General Meeting	2008*	2009*
Chairman	7,500	7,500
Secretary	2,500	2,500
Total	10,000	10,000

\* Amounts in Euros

## 7 Risk control

## 7.1. Risk management objectives

Risk Management is embedded in Sonae's culture and is one of its key Corporate Governance practices, part of all management processes and a responsibility of all employees of Sonae, at all levels of the organization. The objective of risk management is to create 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.

## 7.2. 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 business units face in the pursuit of their business objectives and value creation.

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

- (i) As part of strategic planning, 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 organizational 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, audits are carried out at the main units, and for the risks 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 the Company and Sonae companies' financial departments, whose work is reported to, coordinated and reviewed by the Finance Committee and the Board Audit and Finance Committee;
- (vi) Legal risks management is carried out and monitored by legal and tax departments.

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) Defining and grouping risks (dictionary and matrix of risks);
- (ii) Systematically identifying the risks that affect the organization (common language); definition and risks grouping (risks definition and matrix);
- (iii) 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;

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



- (iv) Identifying the causes of the most important risks;
- (v) Evaluating strategic risk management options;
- (vi) Developing a risk management action plan and integrating it into the management and planning procedures of the units and functions of Sonae's businesses;
- (vii) Monitoring and reporting on progress made to implement the action plans.

### **7.3. Risk management organization**

Risk Management is the responsibility of all managers and employees of Sonae's business units, at all levels of the organization, and is supported by the Internal Audit and Risk Management departments both in Sonae and business units, 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:

- 1) 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. Internal Audit acts as an independent internal advisory entity.
- 2) The Risk Management department promotes, coordinates, 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.

As at the end of December 2009, the Internal Audit and Risk Management functions had 40 full time employees, carrying out their work in all countries where Sonae operates.

The Board of Directors through its Board of Audit and Finance Committee monitors Audit and Risk Management activities.

### **7.4. Internal audit and risk management training and development**

As far as development of the Risk Management and Internal Audit function is concerned, in 2009, 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 Security Manager (CISM); Certified Information System Security Professional (CISSP), ISO/IEC 27001: 2005; Associated Business Continuity Professional (ABCP), Certified by Business Continuity Institute (CBCI); Certified Continuity Manager; BS 25999 Business Continuity Management and Project Management Professional (PMP).

There are 38 certifications in the Internal Audit and Risk Management teams of Sonae, thirteen CIA; seven CCSA; five CISA; three CISM; three ISO27001; one CISSP; one ABCP; one CBCI; two CCM; one BS25999 and one PMP. Sonae is one of the organizations with the most certified employees in internal audit and risk management in Portugal. In 2010, 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.

## 7.5. Actions undertaken in 2009

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.

## 7.6. Risks

### 7.6.1. Business Environment Risks

#### Legal and Regulatory

Sonae is obliged to comply with national and international laws and regulations for each market in which it operates that aim to ensure: consumer safety and protection, employees' rights, environmental protection and compliance with town and country planning regulations, and the maintenance of an open and competitive market. Due to this fact, Sonae is naturally exposed to the risk of changes in law and regulations that may impact business as usual and consequently affect or impede the achievement of its strategic objectives. Sonae acts in constant collaboration with the authorities in order to comply with laws and regulations.

#### Competition

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

#### Customers

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

In order to anticipate consumer needs and market trends, Sonae analyzes information about consumer behaviour on a regular basis with more than 100.000 customers interviewed per year. The introduction of new products and concepts is always tested using pilot schemes before being implemented globally. The Company also invests in the refurbishment of stores and shopping centres to ensure that they retain their attractiveness for customers.

#### Brand

Sonae owns several high value brands, and they are one of its main assets.

The risks associated with brands come from the negative impacts arising from extraordinary events affecting image reputation and awareness. The Company periodically monitors brand image value, their attributes and their awareness through customer opinion surveys, research by specialist entities and market studies. Sonae

also performs continuous follow-up of brand reputation, namely through press analysis, opinion articles issued by the media and in blogs.

### 7.6.2. 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.

### 7.6.3. People safety risks

In relation to people safety risks (staff, subcontractors, customers and visitors), work continued on the implementation of the Safety Management System of Sonae Sierra, which began with the PERSONÆ Project, and on Health and Safety projects in other Sonae businesses, with the goal of developing integrated actions.

One of the main actions taken by Sonae Sierra in this area was the PERSONÆ Project, the main goal of which was to develop a culture of Safety and Health across the company and in its Shopping Centres, implementing measures consistent with the policies and objectives defined to minimize and control risks arising from its activities. .

The PERSONÆ Project was awarded the European Risk Management Award 2009 for best training programme, the DuPont Safety Award for Visible Management Commitment in 2007 and the Eco Prize 2006 from the Brazilian Chamber of Commerce. In total, it involved an investment of 5 million euros and involved Sonae Sierra shopping centres in Portugal, Spain, Italy, Germany, Greece, Romania and Brazil, and was carried out over four years in three separate phases (from 2004 to 2008). In these three phases, more than 70,000 people took part, among employees, suppliers and tenants of Sonae Sierra. .

The PERSONÆ Project was the basis for the current Health and Safety Management system installed in Sonae Sierra. The system was certified by TUV at the end of 2008, in accordance with the requirements of the OHSAS 18001 standard. Also in 2008, 3 Sonae Sierra centres won certification for their health and safety management systems (Colombo Centre in Portugal, the Parque Dom Pedro and the Shopping Penha in Brazil).

In 2009, another 5 centres in Portugal, 4 in Spain, 1 in Italy and 1 centre in Brazil also saw their health and safety systems certified according to the OHSAS 18001 standard.

More recently, Sonae Sierra became the first company in Europe to win Safety and Health Management certification for the construction of a shopping centre (Leiria Shopping).

Health and Safety management at Sonae Sierra aims to prevent and anticipate accidents, in order to protect its employees and all those who have contact with the company (service providers, tenants and visitors). "Zero accidents" is the goal to which Sonae Sierra aspires through a set of common values adopted across the organization.

The results and key indicators of health and safety have progressed very positively: the number of non conformance situations per observation hour fell by 33% between 2008 and 2009, and has fallen by more than 70% since 2005.

Employee absenteeism due to accidents at work fell by 26% in 2009 compared to 2008, and lost time accidents involving construction service providers fell more than 40% in the same period.

In the retail business unit, a project was carried out to define rules for customer physical safety, 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.

#### 7.6.4. Business continuity management

In relevant businesses, projects and programmes continued to be developed in order to guarantee the 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. The Telecommunications business continued the development of the business continuity plans, namely the evaluation of additional resilience strategies for the network platforms and development of plans for the evolution of the disaster recovery solution for information systems. Core functions were identified that might be single points of failure and resilience and contingency procedures were implemented in order to mitigate these risks. The development of sustainable maintenance for business continuity procedures was begun in the different business functions.

#### 7.6.5. Pandemic Flue Risk (H1N1)

In 2008, in all Sonae companies and businesses, a project was begun with the objective of preparing and testing business continuity plans to deal with the pandemic flue threat.

In April 2009, as a consequence of an intense outbreak of the new virus H1N1 that reached the highest level on the WHO pandemic scale, the different businesses project teams were reactivated with a view to adapting existing business continuity plans to the new pandemic reality and to prepare the activation of response plans.

In each business, the response plans were adapted to the different phases of the pandemic, and actions were developed in 3 key areas:

- Employees protection;
- Communication/Media;
- Business Continuity.

Several protocols were established with local health authorities and other public entities to share information and experiences.

Examples of actions that were implemented by the different business units were the development of a remote access solution that allows key employees to work at their homes and the activation of Health and Safety measures, such as travel procedures, the strengthening of hygiene and cleanliness measures and the promotion of good personal preventive practices.

#### 7.6.6. Environmental risks

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

Sonae Sierra's Environmental Management System (EMS) covers these risks for all company activities, including procurement, construction and the operation of Shopping Centres.

In 2009, in addition to having had the corporate EMS re-certified in accordance with the ISO 14001 standard by *Lloyds Register Quality Assurance*, 39 shopping centres (out of a total of 51) have individually already won the same certification (4 of which in 2009). In the development phase, 17 construction projects won individual ISO 14001 certification. At Sonae Sierra, the Environmental Management System has enabled performance of Shopping Centres to be improved over the last few years.

Sonae Distribuição won certification for its corporate Environmental Management System in 2007 according to the ISO 14001 standard through *Lloyds Register Quality Assurance*. This program, among others factors, enables day to day environmental risks of the company's business to be managed.. In addition and during

2009, Sonae has continued its programme of environmental certification of its operational units, closing the year with 14 premises certified (3 Continente, 7 Modelo, 1 Worten and 3 Warehouses).

### **7.6.7. Change Project Risks**

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

### **7.6.8. Insurable risks**

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

### **7.6.9. Food safety risks**

In Retail, and as a result of the actions from the reorganization project begun in previous years, a programme of food safety audits was implemented and consolidated in stores, e-commerce, warehouses and production centres, the main result of which was to arrive at and report the main conclusions for the company and identify corrective actions. 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 45%, and, what is more important, the average number of critical findings has fallen by 60%.

### **7.6.10. Information Systems Risks**

Sonae's Information Systems are characterized as being broad ranging, distributed and heterogeneous. From the information security point of view, several risk reduction actions have been developed to ensure the availability and integrity of information, including: the development of Business Continuity Plans; carrying out back-ups offsite; implementing high availability systems and network infrastructure redundancy, verifying and controlling the quality of flows between applications; managing accesses and profiles, and implementing anti-virus software.

### **7.6.11. Financial risks**

Sonae is exposed to a variety of financial risks related to its business activities, including interest rate risk, foreign currency risks, liquidity risk, and credit risks (described and analyzed in detail in the Appendix to Sonae's Annual Management Report and Consolidated Accounts). Due to the varied nature of the different Sonae businesses, exposure to these risks may vary from business to business, and thus there is no single risk management policy covering all activities of the company. Instead, when appropriate, individual risk policies are developed for each sub-holding. Sonae is also exposed to debt and equity markets fluctuations. During 2009, and in order to minimize potential adverse effects of the volatility of financial markets, in addition to individual policies to manage each identified financial risk and control mechanisms to identify and quantify such exposures, Sonae's 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's Financial & Treasury Department. Exposures



are also monitored by the Finance Committee, at which a consolidated exposure analysis is reviewed and reported on a monthly basis, and guidelines for risk management policies are defined and regularly reviewed. The system implemented thus ensures that at any moment the appropriate policies for managing financial risk are adopted so that there is no adverse impact on Sonae's strategic objectives.

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

### 7.6.12. Legal Risks

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

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

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

The Company's more relevant pending litigation is identified in the Appendix to Sonae's Annual Management Report and Consolidated Accounts.

## 7.7. Disclosure of Financial Information

All those involved in the financial analysis of the Company are part of the list of people with access to privileged information, and are 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 ensure its timely disclosure and prevent asymmetric access to information by the market.

## 8 Whistle blowing procedures

Sonae's values and principles are widely spread and rooted in its culture, and form the basis of its actions founded upon principles of absolute respect and awareness for the rules of good conduct in the management of conflicts of interest and duties of diligence and confidentiality in dealings with third parties. The Company's values and principles can be consulted at - [www.sonae.pt](http://www.sonae.pt) (tab Sonae, Values and Mission section).

### Code of Conduct

The Board of Directors approved a Code of Conduct in 2009, which, in accordance with Sonae's principles and values, establishes rules of conduct to be complied with by its directors and employees in carrying out their duties.

The Code of Conduct is available at [www.sonae.pt](http://www.sonae.pt) (tab Investors, Corporate Governance section).

Internal regulations covering conflicts of interest, business gifts and related party transactions have also been approved.

### Whistle blowing policy



The Company 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 the Company'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 he/she finds grounds for the irregularity reported, measures will be taken, as deemed appropriate.
- (iii) The Ombudsman gives a summary of all irregularities to the Board of Directors each quarter. This information is also sent to the Executive Committee and to the Statutory Audit Board.

All the irregularities reported directly to the Statutory Audit Board are immediately passed on to its Chairman.

The Company's whistle blowing policy is described in Sonae's Code of Conduct available at [www.sonae.pt](http://www.sonae.pt) (tab Investors, Corporate Governance section).

#### **Ombudsman**

The Company provides, through its website ([www.sonae.pt](http://www.sonae.pt) – Contacts section), employees and the general public with direct access to its Ombudsman, who reports directly to the Chairman of the Board of Directors. This has proved to be an effective means of facilitating the report of complaints, to make sure that independence and freedom of opinion are guaranteed and that all issues are treated equally and fairly.

In 2009, the Ombudsman received 2,712 complaints, mainly from customers (97% of total complaints received), compared to 3,425 complaints in 2008. The average response time was 13 days, compared to 21 days in 2008.

## **9 Information**

### **9.1. Share capital structure**

The Company's share capital is of €2.000.000.000, fully subscribed and paid up, divided into 2.000.000.000 ordinary shares, each with a nominal value of one euro.

### **9.2. Qualified shareholdings**

As at the end of 2009, and based on notifications received, shares held by companies owning more than 2% of Sonae's share capital were as follows:

<b>SHAREHOLDER</b>	<b># SHARES</b>	<b>% SHARE CAPITAL</b>
Efanor Investimentos	1,061,515	53.0%
Banco BPI	178,040	8.9%
Fundação Berardo	49,850	2.5%
BestInver	41,200	2.1%

### **9.3. Shareholders special rights**

The Company does not have any shareholders holding any special rights.

## **9.4. Restrictions on the transfer and ownership of shares**

The Company's shares do not have any restrictions on the transfer or ownership of shares.

## **9.5. Shareholders' agreements**

The Board of Directors has no knowledge of any special rights or agreements involving the Company's shareholders.

## **9.6. Defensive measures in case of change of shareholder control**

There are no defensive measures in place.

## **9.7. Agreements with ownership clauses**

No agreements made by the Company exist, which contain clauses with the purpose of setting up defensive measures against changes in shareholder control.

The majority of the share capital of the Company is owned by one shareholder.

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

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

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

## **9.8. Rules applicable in the case of changes to the Company's Articles of Association**

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

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

## **9.9. Control mechanisms for employee share ownership**

Sonae does not have any control mechanism for employee ownership of Sonae shares.

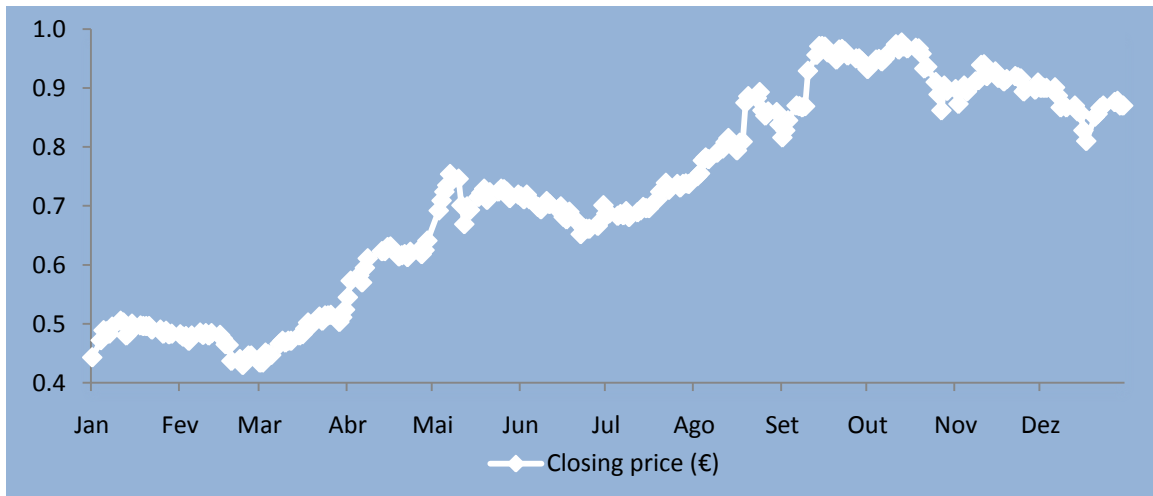
## **9.10. Share price performance**

Sonae shares are quoted on the Portuguese stock exchange, Euronext Lisbon, and are included in several indices, including the PSI 20, with a weighting of 2.7% and the Euronext 150, with a weighting of 1.0%, as at the end of December 2009. The table below shows the key indicators of Sonae's share performance.

	2007	2008	2009
<b>ISIN CODE</b>		PTSONOAM0001	
<b>BLOOMERG CODE</b>		SON PL	
<b>REUTERS CODE</b>		SONP.IN	
<b>SHARE CAPITAL</b>	2,000,000,000	2,000,000,000	2,000,000,000
<b>CLOSING PRICE LAST TRADING DAY (EUROS)</b>			
<b>OF YEAR</b>	1.98	0.44	0.87
<b>YEAR HIGH</b>	2.17	1.75	0.98
<b>YEAR LOW</b>	1.5	0.39	0.43
<b>AVERAGE TRADING VOLUME PER DAY (SHARES)</b>	15,004,151	12,971,220	7,861,992
<b>AVERAGE TRADING VOLUME PER DAY (EUROS)</b>	28,666,669	10,965,297	5,644,343
<b>MARKET CAPITALIZATION 31 DECEMBER (EUROS)</b>	3,960,000,000	880,000,000	1,740,000,000

Sonae shares ended the year quoted at 0.87 euros, reflecting a nominal gain of 98% during the year, which compares with a general stock market gain of 34%, as measured by the Portuguese Stock Market PSI 20 Index.

The following graph highlights the share price performance during 2009.



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

- (i) 18 March: Sonae disclosed its strategic objectives, changes in the management team and the reorganization of its business units;
- (ii) 18 March: Sonae announced full year 2008 results;
- (iii) 15 May: Sonae shares started trading ex-dividend relating to the year ending 31 December 2008;

- (iv) 20 May: Sonae paid a total ordinary dividend of 3 cents per share on 2008 earnings;
- (v) 20 May: Sonae announced first quarter results;
- (vi) 20 July: Sonae's investment management unit signed a strategic partnership agreement for its insurance brokerage area, with the Feffer family;
- (vii) 21 July: Sonae's retail division completed the refinancing of its medium and long term debt facilities, by contracting new medium and long term credit facilities;
- (viii) 25 August: Sonae announced its half-year results;
- (ix) 12 November: Sonae announced its third quarter results.

## 9.11. Dividend distribution policy

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

	2007 <sup>(1)</sup>	2008 <sup>(1)</sup>	2009 <sup>(1)</sup>
<b>GROSS DIVIDEND PER SHARE (EUROS)</b>	0.0300	0.0300	0.0315
<b>DIVIDEND DISTRIBUTED (THOUSAND EUROS)</b>	60,000	60,000	63,000
<b>DIVIDEND YIELD (%)<sup>(2)</sup></b>	1.5%	6.9%	3.6%
<b>PAYOUT RATIO (%)<sup>(3)</sup></b>	30.2%	37.7%	36.9%

<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 direct net profits attributable to the equity holders of Sonae.

In view of the net results for the financial year 2009, the Board of Directors will propose to the Shareholders' Annual General Meeting a gross dividend of 0.0315 euro per share. This dividend is equal to a dividend yield of 3.6% on the closing price as at 31 December, and to a payout ratio of 37% of consolidated direct net profits (excluding value created on investment properties) attributable to equity holders of Sonae.

## 9.12. Relevant transactions with related parties

Transactions with companies which are controlled, including wholly-owned, or with companies which control the Company, or with shareholders with qualified shareholdings, or with entities directly or indirectly controlled by the latter, or with the members of the Board of Directors, were made on an arms' length basis and are related to Sonae's normal business activity.

The Company did not have business dealings with any member of the Statutory Audit Board. The only transactions with the Statutory External Auditor were those related to their official duties as described in section 6.4.

## 9.13. Investor Relations Department

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

In strict compliance with law and regulations, the Company informs expeditiously its shareholders and the market of all relevant facts about its activities, avoiding delays between their occurrence and disclosure. The Company has fulfilled this commitment to the market over the years.

The department regularly prepares presentations to the financial community and communications covering the 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 the Company'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 the Company's own website ([www.sonae.pt](http://www.sonae.pt) – tab Investors, Announcements section). The site provides not only the required information, as stipulated in article 4 of the CMVM Regulation no. 1/2007 (article 5 under new CMVM Regulation no. 1/2010), 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;
- Sustainability Report;
- Corporate Governance Report;
- Names of managers responsible for investor relations as well as their contact details;
- The Company's share performance trends on the Portuguese Stock Exchange;
- Notice of Shareholders' Annual General Meetings;
- Proposals to the Shareholders' General Meetings;
- Annual financial calendar, including Shareholders' General Meetings and the dates of disclosure of annual, half yearly and quarterly results;

To further enhance effective communication with the capital market and guarantee the quality of information provided, the Investor Relations department 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 contact the Investor Relations department:

Patrícia Mendes Pinheiro  
Investor Relations Manager  
Tel: (+351) 22 010 4794  
Fax: (+351) 22 948 77 22  
Email: [patricia.mendes@sonae.pt](mailto:patricia.mendes@sonae.pt) / [investor.relations@sonae.pt](mailto:investor.relations@sonae.pt)  
Address: Lugar do Espido Via Norte 4471-909 Maia Portugal  
Site: [www.sonae.pt](http://www.sonae.pt)

Luzia Leonor Borges e Gomes Ferreira  
Legal Representative for Relations with Capital Markets  
Tel: (+351) 22 010 4794  
Fax: (+351) 22 948 77 22  
Email: [investor.relations@sonae.pt](mailto:investor.relations@sonae.pt)  
Address: Lugar do Espido Via Norte 4471-909 Maia Portugal

The Company 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.



## Appendix I

**1. Board of Directors****1.1 Qualifications, experience and responsibilities****Belmiro Mendes de Azevedo****Date of Birth**

17 February 1938

**Education**

1963	Degree in in Chemical Engineering – Faculty of Engineering, University of Oporto
1965-1968	Teaching Assistant at the Oporto Faculty of Engineering in the following subjects: - “Industries” (Industrial Project) - “Industrial Organic Chemistry”
1973	PMD (Programme for Management Development) - Harvard Business School
1985	Financial Management Programme - Stanford University
1987	Strategic Management - Wharton University
1995	Global Strategy – University of California (Los Angeles)

**Professional Experience**

1963-1964	Technician in the textile industry, Empresa Fabril do Norte (EFANOR)
1965-1967	Research and Development Manager of Sonae
1967-1984	General Manager and Chief Executive of Sonae
1985-1988	CEO of Sonae Indústria e Investimentos, SA
1989	Founding member of the Institute for Business Studies (ISEE) - currently EGP-UPBS (University of Oporto Business School)
1989-1999	Chairman of Sonae Distribuição, SGPS, SA (currently Sonae Investimentos SGPS, SA)
1995	Member of WBCSD – Order of Outstanding Contributors to Sustainable Development
1997	Member of the European Union Hong-Kong Business Cooperation Committee
1998	Member and current Chairman of INSEAD Portuguese Council
1999-2007	Chairman and CEO of Sonae SGPS, SA
Since 2000	Member of the International Advisory Board of Allianz AG
2001-2005	Member of Regional Advisory Board of London Business School
Since 2002	Member of the Management Board of Cotec Portugal
Since 2004	Member of European Roundtable of Industrialists
Since 2005	Member of European Advisory Board of Harvard Business School
Since 2005	Founding Member and Chairman of the Board of the Founders Council of the Manufacture Portugal Forum
Since 2007	Chairman of Sonae – SGPS, SA
Since 2008	Chairman of the General Council of EGP – University of Oporto Business School

**José Manuel Neves Adelino****Date of Birth**

19 March 1954

**Education**

1976	Degree in Finance, Technical University of Lisbon
1981	DBA, Finance, Kent State University
1995	Member of staff Aggregation, Faculty of Economics, New University of Lisbon

**Professional Experience**

1978-1981	Teaching Fellow, Kent State University
1981-1986	Member of the Directive Council, Faculty of Economics, New University of Lisbon
1981-1995	Professor, Faculty of Economics, New University of Lisbon
1986-1989	Visiting Professor, Portuguese Catholic University
1987-1989	Visiting Professor, Bentley College
1988	Visiting Professor, ISEE
1990-1996	Dean, MBA Program and Executive Program, Faculty of Economics, New University of Lisbon
1992-1994	Member of the Board of Directors, BPA
1994-2002	Member of the Management Board of the Deposit Guarantee Fund
1999-2002	Dean, Faculty of Economics, New University of Lisbon
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 Board of Shareholders' Meeting of PT PRO
2004-2007	Member of the Investment Committee of PT Previsão
2003-2007	Member of the Remuneration Committee of Sonae SGPS, SA

**Álvaro Cuervo Garcia****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 Madrid Complutense University
1997-2006	Member of the Academic Council of the Real Colegio Complutense of Harvard University
Since 1997	Member of the Board of Directors of ACS, SA
Since 2004	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 of Globalization, Competitiveness and Governability Member of the scientific and advisory committee of several newspapers Author of several books and numerous articles published in Spanish and foreign newspapers

**Michel Marie Bon****Date of Birth**

5 July 1943

**Education**

1966	University Degree in Business Administration - ESSEC
1971	Graduation from the École Nationale d'Administration
1986	Stanford Executive Program – Stanford University

**Professional Experience**

1971-1975	Tax Inspector 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 the Board of Directors of Carrefour (Retail)
1993-1995	Chairman of the Agence Nationale Pour l'Emploi (French State agency for employment)
1995-2002	Chairman and CEO of France Telecom
1998-2002	Co-chairman of the French American Business Council
2003-2005	Chairman of Institut Pasteur
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 1998	Chairman of the Supervisory Board of Les Editions du Cerf
Since 2006	Chairman of the Supervisory Board of Devoteam
Since 2006	Senior Advisor to Roland Berger
Since 2008	Chairman of Fondation Nationale pour l'Enseignement de la Gestion des Entreprises (FNEGE)

### **Bernd Hubert Joachim Bothe**

#### **Date of Birth**

20 May 1944

#### **Education**

1966-1968	Business Management – Trade and Industry Faculty, Cologne, Germany
1968	Diploma – Betriebswirt with distinction

#### **Professional Experience**

1963-1966	Bank Für Gemeinwirtschaft Ag, Germany
1963-1965	Apprenticeship period, Cologne
1965-1966	Commercial Bank Clerk, Cologne
1968-1970	Pintsch Bamag Ag (Thyssen--Bornemisza-Group), GERMANY Deputy Manager Staff member Corporate Planning
1970-1973	MDS – Deutschland Gmbh, Germany (American multinational company in IT)
1970	Assistant Controller and Deputy Manager Finance, Accounting and Administration, Cologne
1971-1973	Controller and Treasurer, Cologne
1973-1988	Kienbaum Consulting Group, Germany
1973-1974	Controller and Senior Executive Manager
1974-1975	Deputy Member of the Management Board, Düsseldorf
1975-1979	Member of the Management Board – Head of the Personnel Department, Consulting, Düsseldorf
1979-1980	Member of the Management Board – Management Consulting Department, Düsseldorf
1980-1983	Deputy Chairman of the Management Board – Managing Partner
1983-1988	Chairman of the Management Board Deputy Chairman of the Management Board of the Central Management Board (Holding)
1988-1992	Kaufhof Holding Ag, Germany
1988-1989	Member of the Executive Board of Directors, Cologne
1989-1992	Deputy Member of the Executive Board of Directors, Cologne
1992	Member of the Executive Board of Directors, Cologne In charge of the Mail Order Division, responsible for IT, Logistics, HR
1992-2002	Metro Ag, Germany
1992-1993	Member of the Management Board, Metro International Management AG, Baar, Switzerland Operations Manager
1993-1997	President of the Management Board, Metro International Management AG, Baar, Switzerland

1997-1998	Chairman of the Executive Board of Directors, Metro International Management AG, Germany
1998-2002	Chairman of the Executive Board of Directors Chief Operating Officer for Central Europe Metro Cash & Carry GmbH In charge of the Cash & Carry Division, Marketing Corporate Planning, Merchandising, Operations, Public Relations, Construction & Fixtures/Fittings, Internal Audit
2002-2007	Member Supervisory Board Gardena, AG, Ulm
2004-2007	Member Supervisory Board Lekkerland-Tobacco Land GmbH & Co. KG, Frechen (A leading convenience store company)
2002-2008	Droege & Comp.GmbH, Germany International Consultant Managing Director, Düsseldorf Head of Competence Center Consumer Goods & Retail Head of Competence Center Eastern Europe, Düsseldorf
2002-2009	President Verwaltungsrat Charles Vögele Holding AG, Pfäffikon SZ, Switzerland (A fashion retailer)

**Christine Cross****Date of Birth**

13 June 1951

**Education**

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

**Professional Experience**

1975-1978	Edinburgh University - Lecturer in Food and Nutrition
1979-1985	Bath SPA University College – Senior Lecturer
1985-1989	Bath SPA University College – Principal Lecturer and Director of BSc (Hons) Programme
1989-2003	Tesco PLC
1989-1990	Head of Consumer Services
1990-1994	Divisional Director, Technical Services
1994-1997	Commercial Director
1998-2002	World Non Food Retail Procurement Director
2002-2003	Group Business Development Director
1997-2003	Visiting Professor, University of Ulster, Consumer Studies
2002-2005	Non Executive Director George Wimpey, plc
2005-2006	Non Executive Director Fairmont Hotels Inc
2006-2007	Retail Consultant PWC Transaction Services

**Duarte Paulo Teixeira de Azevedo****Date of Birth**

31 December 1965

**Education**

1986	Degree in Chemical Engineering – Federal Polytechnic School of Lausanne
1989	Master in Business Administration – EGP-UPBS

**Executive Education**

1994	Executive Retailing Program – Babson College
1996	Strategic Uses of Information Technology Program – Stanford Business School

2002	IMD – Breakthrough Program for Senior Executives - Lausanne
2008	Proteus Programme – London Business School
<b>Professional Experience</b>	
1988-1990	Analyst and Project manager of new investments at Sonae Tecnologias de Informação
1990-1993	Organizational Development project manager and New businesses Commercial Manager for Portugal at Sonae Indústria (Wood Based Panels)
1993-1996	Head of Strategic Planning and Control and Organizational Development of Sonae Distribuição, SGPS, SA (currently 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)
1998-2007	Executive Director of Sonae – SGPS, SA
2000-2007	CEO of Sonaecom, SGPS, SA
2001-2002	Chairman of Apritel - Association of Electronic Telecommunication Companies
2001-2008	Member of the Supervisory Board of EGP - UPBS
2002-2008	Chairman of the Supervisory Board of Público Comunicação Social, SA
2003	Co-author of the book “Reforming Portugal”(Reformar Portugal)
2003-2007	Chairman of the Supervisory Board of Glunz, AG
2004-2007	Chairman of the Board of Directors of Tafisa, SA

**Álvaro Carmona e Costa Portela****Date of Birth**

4 July 1951

**Education**

1974	University Degree in Mechanical Engineering – Faculty of Engineering of Oporto University
1983	Master in Business Administration – MBA (New University of Lisbon)
1997	AMP / ISMP - Harvard Business School

**Professional Experience**

1972-1979	Director and later Chairman of Laboratórios BIAL (Pharmaceutical Industry)
1974-1977	Lecturer, Department of Mechanics – Oporto University
1979-1985	Executive Director of Finance, Planning, and Exports at COPAM - Companhia Portuguesa de Amidos, SA (Maize derivatives industry)
1985-1986	Deputy Manager and later General Manager of Módis (Logistics and Retail Procurement at Sonae Distribuição, SGPS, SA (currently Sonae Investimentos SGPS, SA))
1986-1991 e 2006	Managing Director, later CEO and later Chairman and since 2006, Non-Executive Director of Sonae Distribuição, SGPS, SA (currently Sonae Investimentos SGPS, SA)
1990	CEO of Sonae Sierra, SGPS, SA
1992	Member of the Board of Chairmen and later of the Sonae Group's Coordination Council and since 1999 Executive Director and Vice-Chairman of Sonae SGPS
1996-2001	Member of ICSC Europe Awards Jury
1999-2002	Co-founder and Director of EPRA- European Public Real Estate Association
2004-2009	Member of International Advisory Board of Eurohypo
2005-2008	Trustee of the International Council of Shopping Centres
2008	Fellow of the Royal Institute of Chartered Surveyors

**Ângelo Gabriel Ribeirinho dos Santos Paupério****Date of Birth**

14 September 1959

**Education**

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

**Professional Experience**

1982-1984	Structural Design Project Manager at Tecnopor (Civil Engineering)
1984-1989	Manager at EDP (Energy)
1989-1991	Leader of the Television Project Team at Sonae Tecnologias de Informação
1991-1994	Head of Planning and Control at Sonae Distribuição SGPS, SA (currently Sonae Investimentos SGPS, SA)
1994-1996	Director of several of Sonae Distribuição SGPS, SA (currently Sonae Investimentos SGPS, SA)'s affiliates (Retail)
1996-2007	CFO of Sonae Distribuição SGPS, SA (currently Sonae Investimentos SGPS, SA) and Director of Modelo Continente, SGPS, SA and several of its affiliates (Retail)
1996-2007	Executive Vice President and CFO of Sonae - SGPS, SA, Executive Director of Sonae Capital, SGPS, SA and Chairman of the Finance Committee of Sonae - SGPS, SA
2004-2009	Director and later Chairman of the Board of Directors of MDS – Corretor de Seguros, SA
2009	Chairman of the Board of Directors of MDS Consulting, SA

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

27 April 1956

**Education**

1978	Graduate in Economics ISCTE (New University of Lisbon)
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**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 (currently Sonae Investimentos – SGPS, SA)
Since 1991	CEO of Sonae Distribuição, SGPS, SA (currently Sonae Investimentos – SGPS, SA)
Since 1999	Executive Director of Sonae, SGPS, SA

**1.2 Offices held in other companies****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 of SC - SGPS, SA

Chairman of SPRED - SGPS, SA

Chairman and CEO of Efanor Investimentos, SGPS, SA

Sole Director of BA – Business Angels, SGPS, SA

Chairman of Casa Agrícola de Ambrães, SA

Chairman of Praça Foz – Soc. Imobiliária, SA



Chairman of Setimanale, SGPS, SA

**José Manuel 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 the Investment Committee of the Caravela Fund

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:**

Editor in Chief of Universia Business Review

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

Member of the Board of Directors of ACS, SA

Member of the Board of Directors of Bolsas y Mercados Españoles

**Michel Marie Bon**

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

None

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

Member of the Board of Directors of Provimi

Member of the Board of Directors of Compagnie Européenne de Téléphonie

Member of the Board of Directors of Lafarge (Cements)

Member of the Board of Directors of Sonepar (Electrical supply retail)

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

Member of the Board of Directors of Myriad (High Technologies)

Senior Advisor to Vermeer (Investment Fund)

Senior Advisor to Roland Berger (Strategy Consulting)

Chairman of the Supervisory Board of Devoteam (Information Technologies)

**Bernd Hubert Joachim Bothe**

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

None

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

**Horn & Company GmbH, GERMANY**

International Management Consultants

Head of Competence Center Consumer Good & Retail

Partner, Düsseldorf

Senior Advisory IK Investment Partners (former Industri Kapital) Stockholm Schweden (A Swedish private equity company)

Member of the Supervisory Board Spar Österreichische Warenhandelsgesellschaft AG, Salzburg AU (A dominant supermarket chain in Austria, also owning shopping centers)

Vice Chairman of the Supervisory Board H & E Reinert Group, Versmold (A Germany food company)

Member of the Supervisory Board of Basler Fashion Holding GmbH, Goldbach D (A German based fashion and retail company)

**Christine Cross**

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

None

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

Non Executive Director (Nominations and Remunerations Committee Member) of Sobeys Inc, Canada

Advisor to the Board of DCS Europe

Non Executive Director (Audit, Nominations and Remunerations Committee member) Next plc

Retail Advisor Apax Private Equity

Retail Advisor Warburg Pincus Private Equity

Chief Retail Advisor, PWC

CHRISTINE CROSS LTD - Independent advisor in retail management

**Duarte Paulo Teixeira de Azevedo**

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

Chairman of Sonae Distribuição, SGPS, S.A. (presently Sonae Investimentos SGPS, SA)

Chairman of Sonaegest, Investment Funds Management Company, SA

Member of the Board of Directors of companies owned by Sonae Investimentos - SGPS, SA (these companies are listed in the Notes to the Consolidated Financial Statements)

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:**

Chairman of Migracom, SGPS, S.A.

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

Executive Director of Imparfin, SGPS, S.A.

Non-Executive Director of Sonae Indústria, SGPS, SA

Member of APGEI (Portuguese Association of Industrial Engineering and Management)

Member of the Supervisory Board of AEP – Portuguese Entrepreneurship Association

Member of the Advisory Board “Commitment Portugal” (Compromisso Portugal)

Member of the European Round Table of Industrialists (ERT)

**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. (presently Sonae Investimentos SGPS, SA)

Chairman of the Board of Directors or director 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:**

Fellow, Royal Institute of Chartered Surveyors

Non-Executive Director of CADE – Companhia Agrícola de Desenvolvimento, SA

Non-Executive Director of SOVICAR – Investimentos Agro-Turísticos, SA

Director of Portela & Portela, Lda

**Ângelo Gabriel Ribeirinho dos Santos Paupério****Offices held in other companies within Sonae:**

CEO of Sonaecom, SGPS, SA

Chairman of Sonaecom - Serviços de Comunicações, SA

Chairman of Sonaecom - Sistemas de Informação, SGPS, SA

Chairman of Sonae Telecom, SGPS, SA

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

Chairman of WeDo Consulting - Sistemas de Informação, SA

Chairman of Público - Comunicação Social, SA

Non-executive Director of Cooper Gay (Holdings) Limited

Director of Sonae Investments, BV

Director of Sontel BV

Director of MDS SGPS, SA

Non-executive Director of Sonae Distribuição SGPS, SA (presently Sonae Investimentos SGPS, SA)

Non-executive Director of Sonae Sierra, SGPS, SA

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

Board member of APGEI (Portuguese Association of Engineering and Management)

Executive Director of Lapidar, SGPS, SA

Executive Director of Love Letters – Galeria de Arte, SA

Sole Director of Enxomil, SGPS, SA

Sole Director of Enxomil, Sociedade Imobiliária, SA

**Nuno Manuel Moniz Trigo Jordão****Offices held in other companies within Sonae:**

CEO of Sonae Distribuição, SGPS, SA (currently Sonae Investimentos – SGPS, SA)

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

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

None

**2. Statutory Audit Board****2.1 Qualifications and experience of the members****Daniel Bessa Fernandes Coelho****Date of Birth**

6 May 1948

**Education**

1970 Degree in Economics – University of Oporto

1986 Phd in Economics – Lisbon Technical University

**Professional Experience**

Since 1970 Teacher at the University of Oporto

1970-1999 Teacher at the University of Oporto

1970-1999 - Faculty of Economics

1988-2000 - ISEE (Institute for Entrepreneurship Studies)

1989-2002 - Faculty of Engineering

2000-2008 - EGP – Oporto Management School

2008-2009 2009	- EGP – University of Oporto Business School - Faculty of Economics
1978-1979	Dean of the Faculty of Economics of the University of Oporto
1989-1990	Chairman of the Founding Committee of the Technology and Management School of the Viana do Castelo Polytechnic Institute
1990-1995	Vice-Dean for the Financial Management Guidance of the University of Oporto
1996-2000	Executive Director at AURN – Northern Universities Association
2000-2008	Dean of EGP – Oporto Management School
2008-2009	Dean of EGP – University of Oporto Business School
1992-1995	Spokesman of the Socialist Party for economic and financial issues
1995	Elected Deputy for the National Assembly
1995-1996	Economics Minister of the Portuguese Government
2003-2004	Coordinator of the technical preparation of the Program of the Ministries of Economy, Social Welfare and Labour of the Portuguese Government for the Recovery of Underdeveloped Areas and Sectors
2008-2009	Dean of EGP – University of Oporto Business School
1996-2006	Non-Executive Director of CELBI – Celulose Beira Industrial
1997-1999	Non-Executive Director of INPARSA – Indústrias e Participações, SGPS, SA
1997-2000	Executive Director of Finibanco, SA
1997-2007	Chairman of the Statutory Audit Board of SPGM – Investment Company
1999-2002	Chairman of the Board of the Shareholder's General Meeting of APDL –Management of Douro and Leixões Ports
2007-2010	Member of the Board of Directors of the Agency for Investment and External Commerce of Portugal - AICEP, E.P.E.
2000-2010	Chairman of the Advisory Board of IGFCSS – Portuguese Institute for Welfare Funds Management
2001-2003	Advisory member of the Consulting council of Electric and Telephone Conductors Industries F. Cunha Barros, SA
2003-2010	Member of the Board of Directors of Bial Foundation
2005-2010	Chairman of the Studies Office of OTC – Association of Official Account Auditors (former CTOC – Chamber of Official Account Auditors)
2009-2010	General manager of COTEC Portugal – Portuguese Industry Association for Innovation
1983-2010	Freelance Economist
1988-2010	Author of "Portugues Inflation Process 1945-1980" (Processo Inflacionário Português 1945-1980), and of numerous articles published in several magazines such as Análise Social, Cadernos de Ciências Sociais, Cadernos de Economia, Estudos de Economia, Indústria. Revista de Empresários e Negócios, Pensamiento Iberoamericano – Revista de Economia Política, Praxis e Revista Crítica de Ciências Sociais

### **Arlindo Dias Duarte Silva**

#### **Date of Birth**

27 October 1936

#### **Education**

1963 Graduate in Economics – University of Oporto

#### **Professional Experience**

1960-1963 Teacher at the Commerce and Industry School

1963-1968 Career in banking

1968-1971 Mandatory Military Service including in Angola (interruption of banking career)

1976-1979 Restarted banking career – Assistant Manager of BPA Bank since 1976

Since 1979 External Auditor certified by the Portuguese Association of Auditors, carrying out this work both as a partner of the Statutory Auditors Company, or freelance

Since 1979 Statutory External Auditor, member of the Audit 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 Association of Auditors
1992-1995	Member of the Managing Board of the Portuguese Association of Auditors
1995-1997	Vice-President of the Managing Board of the Portuguese Association of 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 – Management and Economics Faculty – Universidade Católica

Certified External Auditor no. 775

#### **Professional Experience**

1980-1989 Assistant and Audit Manager at Coopers & Lybrand

1989-1991 Responsible for the 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

MBA Teacher 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

## **2.2 Offices held in other companies**

### **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

### **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 Investimentos SGPS SA (formerly known as 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

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

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Member of the Statutory Audit Board at Centro Social e Paroquial Padre Ângelo Ferreira Pinto

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Member of the Statutory Audit Board at Associação de Apoio Social de Perafita

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Member of the Statutory Audit Board at Associação Cultural do Senhor do Padrão

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Member of the Statutory Audit Board at Liga dos Amigos do Hospital Pedro Hispano

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### **Jorge Manuel Felizes Morgado**

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

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

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

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Member of the Statutory Audit Board at Sonae Indústria, SGPS, SA

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Member of the Statutory Audit Board at Sonae Capital, SGPS, SA

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External Auditor at Vadeca Equipamentos, SA

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External Auditor at GRIN – Gestão de Resíduos Urb. e Ind., SA

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External Auditor at Vadeca Imobiliária, SA

---

External Auditor at Sucitesa Portugal, SA

---

External Auditor at Vadeca Org. e Gestão, SA

---

External Auditor at Vadeca Serviços – Limpeza Industrial, SA

---

External Auditor at Vadeca Jardins, SA

---

External Auditor at Vadeca Ambiente – Preservação e Controlo, SA

---

External Auditor at Vadeca Química – Higiene Profissional, SA

---

External Auditor at Vadeca Manutenção – Serviços Integrados, SA

---

External Auditor at E3C – Comunicação e Eventos, SA

---

External Auditor at Timeloft, SA

---

External Auditor at Valorinveste – Soc. Invest. Imob., SA

---

External Auditor at Jofabo – Construção e Imobiliária, SA

---

External Auditor at Polibrás – Polimentos e Abrasivos, SA

---

External Auditor at Know it – Soluções Formação Tecnologia, SA

---

External Auditor at J. Medeiros, SGPS, SA

---

External Auditor at Tratobem – Administ., CMP, VND, IMOV., SA

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External Auditor at Hidroeléctrica S. Pedro, SA

---

External Auditor at Hidroeléctrica S. Nicolau, SA

---

External Auditor at JIZ – Arquitectura de Interiores e Pub., SA

---

External Auditor at Cortwoo - Marqueting, SA

---

External Auditor at Mindegames–Sociedade de Comunicação, Produções Audiovisuais e Futebol, SA

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External Auditor at FeedWater - Tubos, SA

---

External Auditor at SkyWorld, SA

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External Auditor at Vincos Válvulas, SA

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External Auditor at Blue Share, SA

---

External Auditor at VNG – Gestão, Consultoria e Gestão, SA

---

External Auditor at PM. IQS – Projecto, Gestão e Supervisão, SA

---

External Auditor at Imoguedes – Imobiliária e Engenharia, SA

---

External Auditor at Indinvest – Investimentos, SGPS, SA

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External Auditor at Construções Fernando Guedes II, SA

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External Auditor at Silvil, SA

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External Auditor at Sivil, SGPS, SA

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External Auditor at Praianorte – Hotelaria e Turismo, SA

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External Auditor at Companhia das Pastas – Empreendimentos e Investimentos Hoteleiros, SA

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External Auditor at PREC – Projectos de Engenharia e Construções, SA

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External Auditor at PlanoPharma - Gestão de Farmacias, SA

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<b>CMVM Regulation no. 1/2007</b>	<b>Report Reference</b>
<b>Chapter 0 Compliance Statement</b>	
0.1. Location where the public may find the Corporate Governance Codes to which the issuer is subject or those which the issuer voluntarily abides by, if applicable.	0.1
0.2. A detailed list of recommendations that have or have not been adopted, which are set out in the CMVM Corporate Governance Code. For these purposes, recommendations that are not comprehensively followed are deemed not to be adopted.	0.2 and 0.3
0.3. When the corporate governance structure or practices differ from the CMVM's Recommendations or other Corporate Governance Codes to which the company is subject or has voluntarily acceded, the company shall explain which parts of each Code that have not been complied with.	0.3
0.4. The statutory governing body of the relevant commission should assess the independence of each of its members and justify to the shareholders, through statement included in the company's corporate governance report, its assessment, either at the member's appointment or when a supervening circumstance determines the loss of independence.	0.4
<b>Chapter I General Meeting</b>	
I.1. Details of the members of the Presiding Board to the General Meeting.	5.1.2
I.2. Indication of the start and end dates of mandates.	5.1.2
I.3. Details of the remuneration of the Chairman of the Presiding Board to the General Meeting.	6.5
I.4. Indication of the prior notice required for the deposit or blocking of shares for participation in the General Meeting.	5.2.2
I.5. Indication of the rules for blocking shares in the event of the General Meeting being suspended.	5.2.3
I.6. Number of shares corresponding to one vote.	5.2.4
I.7. The existence of articles of association rules on the exercise of voting rights, including constitutive and decision-making quorums or systems for equity rights.	5.1.1, 5.2.1 and 5.2.5
I.8. The existence of articles of association rules on the exercise of voting rights via postal voting.	5.2.6
I.9. Providing a model for the right to vote via postal voting.	5.2.7
I.10. A deadline requirement for the receipt of the postal ballots and the date on which the General Meeting is held.	5.2.6
I.11. The exercise of voting rights by electronic means.	5.2.8
I.12. Information of the intervention by the General Meeting on matters concerning the company's remuneration policy and the assessment of the performance of members of the Board of Directors.	6.1
I.13. Indication of the defensive measures that have the effect of automatically causing a serious asset erosion of company assets in case of transfer of control or changes to the composition of the Board of Directors.	9.6
I.14. Important agreements to which the company is a party and that come into force, are changed or terminated in cases such as a change in company control, and also related outcome, unless the disclosure of same, due to its nature, is highly damaging to the company and except when the company is specifically obliged to disclose said information by virtue of other legal requirements.	9.7
I.15. Agreements between the company and the Board of Directors, within the meaning of Article 248-B/3 of the Securities Code, that provide for compensation in cases of dismissal, unfair dismissal or termination of employment following a change in company control.	6.2.5
<b>Chapter II Management and Auditing Bodies</b>	
II.1. Identification and composition of the statutory governing bodies.	1.1, 2.1, 2.2, 4.1, and 4.2
II.2. Identification and composition of other committees established with responsibilities for the management or the auditing of the company.	1.2 and 2.3
II.3. Organizational structure and functional chart relating to the division of powers among the various boards, committees and/or departments within the company, including information on the scope of the delegation of powers, or distribution of functions among the members of the management or of the auditing bodies, and a list of non-delegable matters.	2.1, 2.2, 2.3 e 3
II.4. Description of the company's internal control and risk management systems, in particular with regard to financial reporting.	0
II.5. Powers of the management bodies, particularly with regard to resolutions concerning capital increase.	2.1.4
II.6. Indication of the existence of regulations on the functioning of the corporate boards or other internally defined rules on incompatibility and the maximum number of positions that a member is entitled to hold and the place where said rules may be consulted.	2.1.6 and 4.1.5
II.7. Rules applicable to the designation and substitution of members of the management and auditing bodies.	2.1.3, 4.1.3 and 4.2.3

II.8. Number of meetings held by the management and auditing bodies and by other committees with management and auditing functions for that financial year.	2.1.5, 2.2.3, 2.3.2 and 4.1.4
II.9. Identification of the members of the board of directors and of other board committees, distinguishing between executive and non-executive members and among these, differentiating those members that comply with the incompatibility criteria set forth in article 414-A/1 of the Portuguese Companies Act, except for item /b and the independency criteria provided for in article 414/5, both of the Portuguese Companies Act.	0.4, 2.1.2, 2.2, 2.3, and 2.3.1
II.10. The professional qualifications of the members of the board of directors, the professional activities carried out by same during the last five years at least, the number of company shares they hold, the date of the first appointment and the date of the end of mandate.	Appendix I and 2.1.2
II.11. Duties that the members of the board of directors carry out in other companies and a description of duties carried out in other companies of the same holding.	Appendix I
Whenever applicable:	
II.12. Identification of the members of the statutory audit board, indicating if the same comply with the incompatibility rules provided for in article 414-A/1, and whether they comply with the independency criteria in article 414/5, both of the Portuguese Companies Act.	4.1.2
II.13. The professional qualifications of the members of the board of directors, the professional activities carried out by same during the last five years at least, the number of company shares they hold, the date of the first appointment and the date of the end of mandate.	Appendix I and 4.1.2
II.14. Duties that the members of the supervisory board carry out in other companies and describing those which are carried out in other companies of the same holding.	Appendix I
Or,	
II.15 Identification of the members of the general and supervisory board and of its committees indicating if the same comply with the incompatibility rules provided for in article 414-A/1, and whether they comply with the independency criteria in article 414/5, both of the Portuguese Companies Act.	N/A
II.16. The professional qualifications of the members of the general and supervisory board, the professional activities carried out by same during the last five years at least, the number of company shares they hold, the date of the first appointment and the date of the end of mandate.	N/A
II.17. Duties that the members of the members of the general and supervisory board carry out in other companies and describing those which are carried out in other companies of the same holding.	N/A
II.18. Description of the remuneration policy namely including the measures used to align the directors' interest with the interest of the company and the assessment of performance indicating that of the non-executive directors, and a summary and examination of the company's policy as to the term of compensations negotiated by contract or by transaction in case of destitution, as well as other payments related with the anticipated termination of contracts	6
II.19. Composition of the remuneration committee or equivalent body, when existent, identifying its members who are also members of the management body, as well as its spouses, relatives by marriage or by bloodline up to, and including the third degree.	5.1.3
II.20. Indication of the individual and aggregate, as broadly perceived, in order to namely included, performance bonuses, received at the relevant financial year by the board of directors. This indication should include the following: a) Explicit indication of the amount referred to variable and fixed components of the directors' remuneration, as well as the indication of the eventual deferred payment of the variable component; b) Distinction between the amount due to executive directors and to non-executive directors; c) Sufficient information on the criteria upon which is based any right to shares, shares' options or variable components of the remuneration; d) Sufficient information on the connection between remuneration and performance; e) Identification of the principal parameters and grounds for any annual bonuses systems and any other non-monetary benefits; f) Shares attribution and/or rights to acquire shares and/or rights to acquire options over shares and/or any other shares' scheme incentive; g) Remuneration paid in the form of a share in the profits and/or the payment of bonuses and the rationale behind the act of awarding such bonuses and/or share in profits; h) Compensation paid or owed to former executive directors in relation to early contract termination; i) Amounts paid on any basis by other companies in a group relationship or exercising control over the company; j) description of the main characteristics of the supplementary pensions or early retirement schemes set up for executive directors and whether said schemes were subject or not to the approval of the general meeting; l) An estimate of the non-financial benefits considered as remuneration which do not fall under the categories listed above;	6

II.21. Indication of the amounts whose payment is foreseen, in individual terms, irrespective of its nature, in case of early termination of contract, when it twice exceeds the monthly fixed remuneration	6.2.5
II.22. Information on the whistle blowing procedures adopted by the Company.	8
<b>Chapter III Information</b>	
III.1 The equity structure including those shares that are not admitted to trading, the different category of shares, rights and duties of these shares and the equity percentage that each category represents.	9.1
III.2. Qualifying holdings in the issuer's equity calculated as per article 20 of the Securities Code.	9.2
III.3. Identification of the shareholders that hold special rights and a description of those rights.	9.3
III.4. Possible restrictions on share-transfer i.e. consent clauses for their disposal or restrictions on share-ownership.	9.4
III.5. Shareholder agreements that the company may be aware of and that may restrict the transfer of securities or voting rights.	9.5
III.6. Rules applicable to the amendment of the articles of association.	9.8
III.7. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by them.	9.9
III.8 Description concerning the evolution of the issuer's share price and taking the following into account: a) The issuance of shares or other securities that entitle the subscription or acquisition of shares; b) The outcome announcement; c) The dividend payment for each share category including the net value per share.	9.10
III.9. Description of the dividend distribution policy adopted by the company, including the dividend value per share distributed during the last three periods.	9.11
III.10. A description of the main characteristics of the share and stock-option plans adopted or valid for the financial year in question, the reason for adopting said scheme and details of the category and number of persons included in the scheme, share-assignment conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares to be allocated, the existence of incentives to purchase and/or exercise options, and the responsibilities of the Board of Directors for executing and/or changing the plan. Details shall also include the following: a) The number of shares required for the share allotment and the number of shares required for the exercise of the exercisable options at the start and end of the year in question; b) The number of allotted, exercisable and extinct shares during the year; c) The general meetings' appraisal of the plans adopted or in force during the period in question.	6.2.2 and 6.2.3
III.11. A description of the main data on business deals and transactions carried out between the company and between the members of the management and auditing bodies, qualified shareholders, or companies in a control or group relationship, provided the amount is economically significant for any of the parties involved, except for those business deals or transactions that are cumulatively considered within the bounds of normal market conditions for similar transactions and are part of the company's current business.	9.12
III.12 Reference to an Investor Relations or a similar service, describing: a) The role of said office; b) Type of information made available; c) Access means to said Office; d) The company's website; e) The market liaison officer's credentials.	9.13
III.13. Indication of the annual compensation paid to the auditor and to other individuals or groups that belong to the same network supported by the company and/or by any group that bears with it a control or group relationship and the percentage of the total amount paid for the following services: a) Statutory account review services; b) Other audit reliability services; c) Tax consulting services; d) Other non-statutory auditing services. A description of the auditor's independency safeguarding measures is required, should the auditor provide any of the services described in items c/ and d/. For the purposes of this text, the 'network' concept derives from the EC Recommendation No. C (2002) 1873 of 16 May.	6.4

## 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, 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 at Sonae's institutional website  
[www.sonae.pt](http://www.sonae.pt)

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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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