



SONAE/
CORPORATE
GOVERNANCE
REPORT
2010

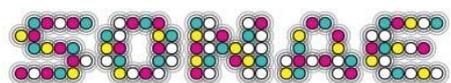


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o Statement of compliance

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. 1/2010, of 1 February.

Appendix II to this Report contains a table comparing how the text in this report compares to the model set out in Appendix I of CMVM Regulation no. 1/2010.

The information requirements of article 3 of Law no. 28/2009, of 19 June, articles 447 and 448 of the Portuguese Companies Act and of CMVM Regulation no. 5/2008 have also been complied with.

The Company has adopted the CMVM Recommendations on Corporate Governance dated December 2010.

All of the rules and regulations mentioned above are publicly available at www.cmvm.pt.

This section should be read together with and as a complement to the Annual Management Report and Financial Statements. All references given relate to the Corporate Governance Report, unless stated otherwise.

0.2. Fully Adopted CMVM Recommendations on Corporate Governance

I - 1 GENERAL MEETINGS

I.1 GENERAL MEETING BOARD

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

Sonae discloses the remuneration of the Chairman of the Board of the Shareholders' General Meeting, as well of its Secretary, in section 6.6 of this Report.

I.2 PARTICIPATION AT THE MEETING

I.2.1 The time period required for share deposit or blocking declarations for attendance at the general meeting to be received by the board of the shareholders' general meeting shall not exceed 5 working days.

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

Changes were made to the Portuguese Securities Code as set out in Decree Law no. 49/2010, of 19 May, making substantial modifications to the way in which shareholders can take part in shareholders' general meetings of listed companies, one of which is to waive the need to block shares during a period prior to the General Meeting.

I.3 VOTING AND EXERCISING VOTING RIGHTS

I.3.1 Companies shall not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting.

RECOMMENDATION FULLY ADOPTED

The Articles of Association allow shareholders to vote by post or electronically in relation to any item on the meeting's agenda, in accordance with the change made to the statutes approved by the Shareholders' General Meeting on April 20 2009. Electronic voting has been in force since the Extraordinary Shareholders' General Meeting that took place on 9 November 2009.

More detailed information can be found in sections 5.2.4 and 5.2.6 of this Report.

I.3.2 The statutory advance deadline for receiving voting ballots by post may 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 votes, sent by post or by electronic means.

I.3.3 Companies shall ensure that voting rights and shareholder's attendance are proportional, ideally through the statutory provision that obliges the one share-one vote principal. Companies that: i) hold shares that do not confer voting rights; ii) establish that voting rights will not be taken into account above a certain number, when issued by a single shareholder or by shareholders related to him/her, do not comply with the proportionality principle.

RECOMMENDATION FULLY ADOPTED

Only one class of shareholder with equal rights exists in the Company, in which one share is equal to one vote.

I.4 RESOLUTION FIXING QUORUM

I.4.1 Companies shall not set a resolution-fixing quorum that is greater than that required by law.

RECOMMENDATION FULLY ADOPTED

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

I.5 MINUTES AND INFORMATION ON RESOLUTIONS ADOPTED

I.5.1 Extracts from the minutes of the general meetings or documents with an equivalent content must be made available to shareholders on the company's website within a five day period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall include the resolutions passed, the capital represented and the results of voting. Said information shall be kept on file on the company's website for no less than a 3 year period.

RECOMMENDATION FULLY ADOPTED

Information about decisions taken at Shareholders' General Meetings for the last five years, as well as the share capital represented and voting results are publicly available on the Company's website – www.sonae.pt (tab Investors, General Meetings section).

I.6 MEASURES RELATING TO CHANGES IN COMPANY CONTROL

I.6.1 Measures aimed at preventing the success of takeover bids, shall respect the interests of both the company and its shareholders. In accordance with this principle, 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 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. No statutory limitations exist to the number of votes that can be held or exercised by any shareholder.

I.6.2. 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 composition of the Board management, should not be adopted, as this prevents the free transmission of shares and the ability of shareholders to freely assess the performance of 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 annual 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 its overall performance, as described in section 0 of this Report.

II.1.1.2 The company shall set up internal control and risk management systems to protect its assets and maintain the transparency of its corporate governance, which will allow risks to be identified and managed. These systems should include as a minimum the following: i) establishment of the company's strategic objectives relating to risk taking; ii) identification of the main risks related to its business and events that may be the source of risks; iii) the analysis and measurement of the impact and probability of the occurrence of each of the potential risks; iv) risk management, the goal of which is to align risks incurred with the company's strategic choice of direction in dealing with these risks; v) mechanisms for controlling the execution of the risk management measures taken and their effectiveness; vi) implementing internal mechanisms to provide information about the various components of the system and give warning of risks; vii) periodic assessment of the system implemented and the necessary changes introduced.

RECOMMENDATION FULLY ADOPTED

The internal risk control systems implemented by the Board of Directors of the Company are described below in section 7 of this Report.

II.1.1.3 The board of directors shall ensure the set up and proper functioning of the internal control and risk management systems. The supervisory board shall be responsible for assessing the functioning of said systems and proposing any relevant changes in accordance with the company's requirements.

RECOMMENDATION FULLY ADOPTED

The internal control and risk management system of the Company is described in section 7 of this Report. The Board Finance and Audit Committee is the management's specialized appointed committee with the role of proactively ensuring the internal control and risk management of the Company. The Statutory Audit Board audits the effectiveness of the risk management system, the internal control and internal audit system, proposing measures to optimise their performance as it deems fit, and giving its analysis of these systems in their annual report and opinion, available at www.sonae.pt (tab Investors, Shareholders General Meeting section), together with the Company's financial statements.

II.1.1.4 The companies shall: i) identify the main economic, financial and legal risk that the company is exposed to during the exercise of its activity; ii) describe the performance and efficiency of the risk management system, in its annual report on corporate governance.

RECOMMENDATION FULLY ADOPTED

Information disclosed in section 7 of this Report.

II.1.1.5 The board of directors and the supervisory board shall have internal operating regulations which must be disclosed on the company's website.

RECOMMENDATION FULLY ADOPTED

The Board of Directors and the Statutory Audit Board have approved their respective regulations, which are available on the Company's website at: 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.

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.1.2.3 The assessment carried out by the board of directors of the independence of non-executive members shall take into account the legal and regulatory rules in force concerning independence requirements and the system of dealing with conflicts of interest applicable to members of other statutory entities, in order to ensure timely and consistent application of independence criteria across the entire company. An independent executive member shall not be considered as such, if, on another statutory entity and because of the rules applying to it, he/she is not considered to be independent.

RECOMMENDATION FULLY ADOPTED

The Board of Directors carries out annually an assessment of the independence of its non-executive members, requesting the update of the information previously provided to qualify the independence status. The Board of Directors assessment for the 2010 financial year can be found in section 0.4 of this Report.

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 all the 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 of this Report for further details) and possess the necessary skills and experience to perform their duties (please refer to Appendix I for their *curricula vitae*).

II.1.3.2 The process for selecting candidates as non-executive members shall be designed to prevent interference by executive members.

RECOMMENDATION FULLY ADOPTED

Candidates for Board non-executive positions appointed by co-option are selected by the Nominations and Remunerations Committee of the Board of Directors, which is made up entirely of non-executive members of the Board, and supported by international consultants with expertise in selecting and recruiting top executives.

II.1.4 POLICY ON REPORTING IRREGULARITIES (WHISTLE BLOWING)

II.1.4.1 The company shall adopt a policy on reporting irregularities that allegedly occurred within the company, which includes the following: 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

The Company's whistle blowing policy follows the rules and procedures specified in the Company's Code of Conduct, available at www.sonae.pt (tab Investors, Corporate Governance section). Reports of irregularities concerning employees are sent to Sonae's Ombudsman, while those concerning members of the Company's statutory governing bodies are sent 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 o of this Report.

II.1.5 REMUNERATION

II.1.5.1 The remuneration of the members of the board of directors shall be structured so that their interests can be aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage excessive risk taking. Remuneration should thus be structured as follows:

- i) The remuneration of the board of directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by competent bodies of the company, according to pre-established and quantifiable criteria. These criteria shall take into consideration the company's real growth and the actual return generated for shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's business.
- ii) The variable component of the remuneration shall be reasonable overall in relation to the fixed remuneration component and maximum limits shall be set for all components.
- iii) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's continued positive performance during said period.
- (iv) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company.
- (v) Until the end of their mandates, executive directors shall hold company shares that have been allotted to them by virtue of variable remuneration schemes up to a maximum value of twice their total annual remuneration, with the exception of those shares that are required to be sold for the payment of taxes on the gains made on said shares;
- (vi) When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years;
- (vii) The appropriate legal framework shall be established so that in the event of a director's dismissal without due cause, the established compensation shall not be paid out, if the dismissal or termination by agreement is due to his/hers unsatisfactory performance;
- (viii) The remuneration of non-executive board members shall not include any component the value of which depends on the performance or the value of the company.

RECOMMENDATION FULLY ADOPTED

The compensation policy for the Board of Directors is described below in section 6 and was discussed and agreed upon at Shareholders' General Meetings that took place on 3 May 2007 and 21 April 2008, based on proposals put forward by the Shareholders' Remuneration Committee. The policy was approved for the mandate starting in 2007 and ending in 2010, and was ratified at the General Meeting held on 27 April 2010. Executive members' remuneration includes fixed remuneration as well as variable incentive plans, both of which are based on an assessment of actual performance. Non-executive members of the Board have a fixed remuneration.

If a Board Director ceases to exercise his duties, irrespective of motive, he/her shall not be entitled to any form of compensation payment, without prejudice to any applicable legislation.

II.1.5.2 A statement on the remuneration policy of the board of directors and supervisory board referred to in article 2 of law no. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on: i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration ii) the payments for the dismissal or termination of directors by mutual agreement.

RECOMMENDATION FULLY ADOPTED

This information is given in the proposal put forward by the Shareholders' Remuneration Committee, concerning the Company's remuneration policy, available at www.sonae.pt (tab Investors, Shareholders' General Meeting section, 2010 General Meeting, proposal no.8).

II.1.5.3 The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the remuneration of directors, which contains a significant variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall in particular take into account the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks.

RECOMMENDATION FULLY ADOPTED

The statement concerning the Company's remuneration policy approved by the Annual Shareholders' General Meeting of 27 April is available at www.sonae.pt (tab Investors, Shareholders' General Meeting section).

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 rules that govern the plan or if these have not yet been prepared, the general conditions that will be applied. In the same way, the main features of any retirement benefit plan that benefits the board of directors and supervisory board, 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 (tab Investors, Shareholders' General Meetings section)), and was subsequently approved at the Shareholders' General Meetings of 20 April 2009 and 27 April 2010, ratifying the terms of the plan and its execution (proposal no.8 of each of the Meetings, available in the same section). The specific terms of this plan are described below in section 6.3.2. No retirement benefit plan has been adopted.

II.1.5.6 At least one representative of the shareholders' remuneration committee must be present at the shareholders' annual general meeting.

RECOMMENDATION FULLY ADOPTED

A member of the Shareholders' Remuneration Committee was present at the Shareholders' Annual General Meetings.

II.1.5.7 The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the Annual Report on Corporate Governance

RECOMMENDATION FULLY ADOPTED

This recommendation is considered to have been fully met. Please see section 6.3.5 of this Report.

II.2. BOARD OF DIRECTORS

II.2.1 In accordance with the limits established by the Portuguese Companies Act for each board and supervisory entity, and unless the company is of sufficiently small size, the board of directors shall delegate the day-to-day running of the company, and the delegated powers and terms of this 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, as described in section 2.2.

II.2.2 The board of directors shall ensure that the company acts in accordance with its stated 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 coordinate 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 the section "Governance Structure" of the Annual Management Report.

II.2.5. The company should explain its policy of portfolio rotation on the board of directors, in particular the person responsible for financial matters, and report on same in the annual corporate governance report.

RECOMMENDATION NOT APPLICABLE

The Board of Directors has not appointed a CFO, this function currently being carried out in addition to his other duties by the Chief Executive Officer (CEO), who is currently serving his first Board mandate, as President.

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 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 provided 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 adopted governance model does not include an Executive Board of Directors.

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

II.4.2 The annual reports on the activity of the general and supervisory board, the financial matters committee, the audit committee and the statutory audit board shall be disclosed on the company's website together with the financial statements.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board annual reports are available at www.sonae.pt (tab Investors, Shareholders' General Meetings section), together with the financial statements.

II.4.3 The annual reports on the activity of the general and supervisory board, the financial matters committee, the audit committee and the statutory audit board shall include a description of the supervisory and audit 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 2010 available at 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 general and supervisory board, 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 (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 general and supervisory board, 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 2010 includes an assessment of the work performed by the Statutory External Auditor.

II.4.6 The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) should functionally report to the audit committee, the general and supervisory board or in the case of companies adopting the latin model, to an independent director or to the supervisory board, regardless of the hierarchical relationship that these services have with the executive management of the company.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board determines a plan of action to be worked on with the internal audit department, supervises its activities, receives periodic reports on the work performed, assesses the results and conclusions drawn, checks for possible irregularities and gives guidelines as it deems necessary.

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; iii) and identify in a timely manner potential candidates with the high level profile necessary to carry out the duties of a board director.

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. Any person or company which provides or has provided over the last three years services to any organization reporting to the board of directors, to the board of directors itself or which has a relationship currently existing with the consultant to the company, shall not be recruited to assist the remuneration committee. This recommendation also applies to any person or company who is connected to the company through an employment contract or as a provider of services.

RECOMMENDATION FULLY ADOPTED

The Board Nomination and Remuneration Committee, made up of independent non executive directors, supports the Compensation Committee to carry out its duties. It is supported by international consultants of

recognised competence, whose independence is assured by the fact that they are not bound in any way to the Board of Directors and through their broad experience and recognised status in the market place.

II.5.4 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 (tab Investors, Corporate Governance section)).

III. INFORMATION AND AUDITING

III.1 GENERAL DISCLOSURE REQUIREMENTS

III.1.1 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 0 for more detail).

III.1.2 The following information disclosed on the company's internet website, shall be available in English:

- 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;
- b) articles of association;
- c) identification of the members of the statutory governing bodies and of the representative for relations with the market;
- d) investor relations office — its functions and contact details;
- e) financial statements;
- f) half-yearly calendar of company events;
- g) proposals presented to shareholders' general meetings;
- h) notices convening shareholders' general meetings.

RECOMMENDATION FULLY ADOPTED

All of the information indicated above is available in English at www.sonae.pt.

III.1.3. Companies shall rotate auditors after two or three mandates of four or three years respectively. If they are to continue beyond this period, the reasoning behind this decision should be written in a specific report prepared by the company's supervisory board in which is expressly considered the degree of independence of the auditors and the advantages and costs of replacing them.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board's proposal for nominating the Statutory Auditor is available at www.sonae.pt (tab Investors, Shareholders' General Meeting section).

III.1.4. The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company's Supervisory Board.

RECOMMENDATION FULLY ADOPTED

The Statutory Auditor gives his opinion about his work during 2010 in the annual audit report, which is subject to approval at the Shareholders' General Meeting, and available at www.sonae.pt (tab Investors, Shareholders' General Meeting section).

III.1.5. The company shall not recruit the external auditor, nor any related company or other entity that is part of the same network, for services other than audit services. Where recruiting such services is called for, the services involved should not be greater than 30% of the total value of services rendered to the company. The hiring of these services must be approved by the Supervisory Board and must be explained in the annual Corporate Governance Report.

RECOMMENDATION FULLY ADOPTED

The services provided by the company's external auditor are detailed in section 6.5 of this Report, and were approved according to the terms stated in the report and opinion of the Statutory Audit Board, together with the other financial statements, available at www.sonae.pt (tab Investors, Shareholders' General Meeting section).

IV. CONFLICTS OF INTEREST**IV.1. SHAREHOLDER RELATIONS**

IV.1.1 In relation to business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with Article 20 of the Securities Code, such business should be conducted on an arm's length basis.

RECOMMENDATION FULLY ADOPTED

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

IV.1.2 Significant business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with Article 20 of the Securities Code, should be subject to prior comment and opinion by the audit board. This entity must establish the necessary criteria to define the relevant level of significance of the business involved and the scope of its involvement.

RECOMMENDATION FULLY ADOPTED

Sonae has approved and implemented a formal internal procedure that involves obtaining an opinion from the Statutory Audit Board and Finance and Audit Committee prior to the Executive Committee doing business with qualified shareholders or with entities with which they are related, according to the terms of article 20 of the Securities Code, in cases where the transaction involved is greater than 100 million euros. In addition, half yearly reports are written and sent to these two entities by the secretary of the Executive Committee for all transactions with the above mentioned entities in excess of 10 million euros.

0.3. Partially adopted CMVM Recommendation on Corporate Governance

II.5.2 Members of the shareholders' remuneration committee or equivalent, shall be independent from the members of the board of directors.

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 based on written statements issued by each of the 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)

Sonae's governance model has enabled the Board of Directors and its specialized committees to function normally, and none of the other statutory bodies have reported the existence of any constraints to their normal functioning.

The Statutory Audit Board has exercised its supervisory powers, having received all the required support of the Board to that effect, through information provided on a regular basis by the Board and Audit Finance Committee.

The Statutory External Auditor has analysed the Company's activity and has conducted the examinations and verifications deemed necessary to the proper audit and legal certification of the accounts, in conjunction 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 and Executive Committee, has been carrying out its duties and cooperating with the Statutory Audit Board and the Statutory External Auditor, when so requested, in a transparent and rigorous manner and in compliance with its Terms of Reference and best corporate governance practices.

In order to provide a cumulative record of how the Board of Directors and the supervisory entities have functioned and interacted under the current governance model during the course of the Board's current mandate, an internal document has been prepared by the bodies involved detailing the procedures as to how the Statutory Audit Board, the Board of Directors, the Executive Committee and the Board Audit and Finance Committee interact.

These procedures, developed during the Board's mandate, facilitate:

- the manner in which the Statutory Audit Board carries out its duties, formalizing the exchange and flow of information to and from the Board of Directors, with the active involvement of the Board Finance and Audit Committee and Executive Committee in reporting information concerning risk management procedures, the Company's internal audit activities as well as the preparation and disclosure of financial information;
- the involvement of the Statutory Audit Board through opinions and recommendations given to the Board of Directors and Executive Committee, concerning namely the functioning of internal control and risk management systems and, if relevant, transactions with related parties.

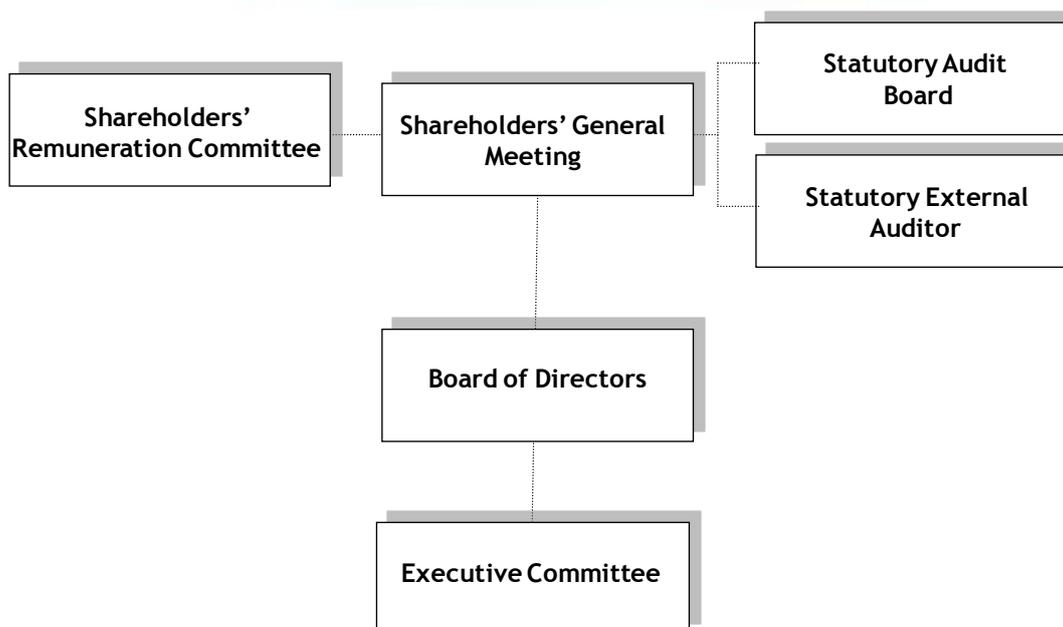
1 Governance Model

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 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 its specialized committees. The activities of the non-executive directors in carrying out their duties are described in the section "Governance Structure" of the Annual Management Report.

2.1.2. Composition

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

Board of Directors	
Belmiro Mendes de Azevedo.....	Chairman – Non-Executive
Álvaro Carmona e Costa Portela.....	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
Ángelo Gabriel Ribeirinho dos Santos Paupério.....	Executive
Nuno Manuel Moniz Trígoso 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-optation 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.

Álvaro Carmona e Costa Portela ceased his duties as an executive director on 1 April 2010.

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	End of Mandate
Belmiro Mendes de Azevedo	1989	2010
Álvaro Carmona e Costa Portela	1999	2010
Álvaro Cuervo Garcia	2004	2010
Michel Marie Bon	2004	2010
José Neves Adelino	2007	2010
Bernd Hubert Joachim Bothe	2009	2010
Christine Cross	2009	2010
Duarte Paulo Teixeira de Azevedo	2000	2010
Ângelo Gabriel Ribeirinho dos Santos	2000	2010
Nuno Manuel Moniz Trigo 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 seven 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, as the exercise of management and supervisory functions did not, in the opinion of the Board of Directors, affect the independence of its directors.

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. Policy for Rotating Board Members - Nomination and substitution rules

Sonae does not currently have a policy for rotating members of the Board of Directors. The CEO, who is currently in his first mandate, holds responsibility for financial matters.

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, under the terms of Portuguese law and the Company's articles of association, are elected to the Board of Directors, in accordance with the proposal approved.

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 identify at least two eligible persons. If there are several proposals submitted by different shareholders or groups of shareholders, voting will be take 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 the temporary or permanent incapacity or lack of availability 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 directors positions with the suitable profile for the exercise of such role.

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 absent.

However, the definitive absence, for whatever reason, of a replacement director individually elected according to the above mentioned rules must necessarily be elected to the Board of Directors at 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, hence the renewal of this power shall be subject to the decision of the Shareholders' General Meeting in 2011.

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 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 2010, there were 5 Board meetings, and the overall attendance rate was 94%.

2.1.6. Terms of Reference

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

2.2. Executive Committee

2.2.1. Role

The Executive Committee has all the necessary powers to manage the Company on a day to day basis, as delegated to it 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. As from 1 April 2010, this Committee had the following members:

Executive Committee

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

Note: Alvaro Carmona e Costa Portela ceased his duties as an executive director on 1 April 2010

2.2.3. Operating Rules

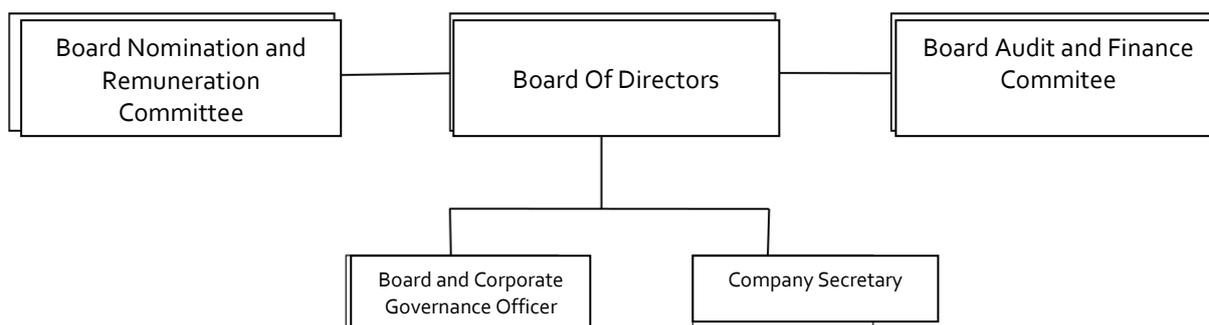
The Executive Committee meets at least once every month and additionally whenever the CEO or a majority of its members convenes a meeting. The quorum for any Executive Committee meeting requires that a majority of members are present or represented by proxy. Decisions are approved by simple majority,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

The Executive Committee 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 2010, there were 15 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.

The BAFC regularly reports to the Board of Directors about its work, results achieved and any concerns identified with the goal of proactively achieving internal control and managing the risks of the Company.

Duties of the BAFC:

- (i) Review the Company's annual and interim financial statements and earnings announcements to the market, and report its findings to the Board, giving the necessary support to the financial statements approval process;
- (ii) Advise the Board on its reports to shareholders and financial markets to be included in the Company's Annual and Half-year 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;
- (v) Assess operational procedures in order to ensure that internal control, effective management of risks, the timely distribution of information and the reliability of the process of preparing and disclosing financial information are monitored.

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.

Board Audit and Finance Committee

Michel Marie Bon	Chairman - Independent Non-Executive Director
Álvaro Cuervo García	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 commenced their duties as members of this committee on 17 September and 12 November 2009 respectively.

Operating Rules

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

Minutes of all BAFC meetings are prepared and distributed to other Board Members, thus ensuring the effectiveness of the committee's work.

During 2010, the Committee met 5 times with an overall attendance rate of 92%.

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 potential candidates for appointment to the Board of Directors (when the Board decides to exercise its right to co-opt), for preparing information about the performance of directors and for presenting proposals to the Shareholders' Remuneration Committee concerning the remuneration of executive directors. The BNRC works together with the Shareholders' Remuneration Committee to prepare proposals concerning the policy for the Board Directors' compensation and remuneration and that of other statutory governing bodies for submission to the Shareholders' General meeting for approval.

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

Composition

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

Board Nomination and Remuneration Committee	
Belmiro Mendes de Azevedo	Chairman - Non-Independent Non-Executive
Michel Marie Bon	Independent Non-Executive
Christine Cross	Independent Non-Executive

Operating Rules

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 through various forms of communication such as by telephone and video conferencing. Minutes are kept of all meetings of this committee. There were two formal BNRC meetings during 2010 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) Support the proceedings adopted by the Board of Directors to ensure that the stakeholders and the minority shareholders' interests are taken into account by the Board when important business decisions are being taken;
- (ix) Support the procedure to nominate and appoint Directors and assist in the induction of new Directors;
- (x) Act as a primary point of contact and source of advice and guidance for, particularly, non-executive directors about the Company and its activities;
- (xi) Facilitate and support the independent non-executive directors to assert their independence;
- (xii) Ensure compliance with the CMVM Recommendations for listed companies;
- (xiii) Participate in making arrangements for and managing the whole process of Shareholders' General Meetings;
- (xiv) Participate in the arrangement of insurance cover for members of the statutory governing bodies;
- (xv) Participate, on behalf of the Company, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.

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

The BCGO reports to the Board of Directors through its 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.

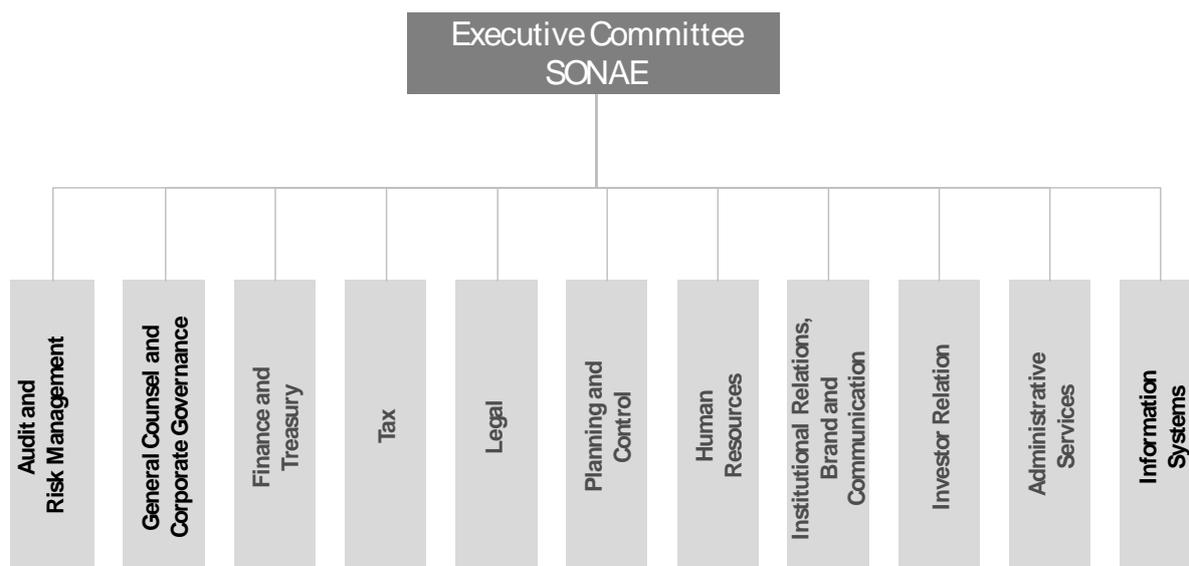
The Secretary is Luzia Gomes Ferreira, who may be substituted in her absence by Anabela Nogueira de Matos.

3 Organisation of the Corporate Centre – Duties and Competencies

3.1. Corporate Centre organisation

During the year of 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) Provide 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 Market Commission (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) 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;
- (iii) Negotiate and contract financing operations and banking products and services for the Company and for its retail business units;
- (iv) Manage the Company's and its retail business units treasury;
- (v) Manage the Company's and its retail business units financing risk;
- (vi) Support to the different functional areas in the allocation of capital;
- (vii) Support to the area of Mergers, Acquisitions and Demergers;
- (viii) Support to the execution of Sonae's business units transactions.
- (ix) Support to the work of Sonae's Finance and Audit 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 and Sonae's business units 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. Define and implement human resources strategy, planning and talent management;
 - b. Support Sonae's top management to define human resources policies at various levels;
 - c. Ensure the working of processes concerning recruitment, selection, training, performance/development management, people administration management and employee salary processing;
 - d. Manage the areas of Medicine, Hygiene and Safety at Work;
 - e. Provide the procedural and legal labour law framework for the businesses;
 - f. Provide support to international projects, offices and businesses;
 - g. Represent the Company in contacts with official entities and associations connected with this area;
 - h. Provide HR services to other Sonae's business units

Institutional relations, Sonae brand and communications Manager

Main responsibilities:

- (i) Manage the institutional image of Sonae and its brand;
- (ii) Manage relationships with the media – coordination of communication messages and statements;
- (iii) Manage Sonae's Internal Communication;
- (iv) Support Sonae's institutional relationships with the Government, public entities and NGOs
- (v) Represent Sonae in Associations, Forums and events (national and international) and manage information requests from these institutions.

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
- (ii) Ensure the effective control of the processes, transactions, reliability and timely reporting of financial, tax and management information;
- (iii) Effectively manage the administrative procedures relating to Accounts Payable, Accounts Receivable, Cash and Banks, Inventory and Tangible Assets;
- (iv) Book all accounting transactions and prepare the individual and consolidated financial statements of Sonae companies.

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 Ângelo Gabriel Ribeirinho dos Santos Paupério and made up of 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) Human Resources
- (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, the Company's Articles of Association and internal procedures are observed;
- (iii) Verifying the regularity of all books, accounting registers and supporting documents;
- (iv) Verifying the fairness of the financial statements;
- (v) Drawing up an annual report on the supervision of the Company, including a description of audit work carried out and referring to possible restrictions encountered in the course of that work, and issuing a statement of opinion on the annual report, accounts and proposals presented by the management;
- (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 Auditors to the Shareholders' General Meeting, and assessing annually their performance;
- (ix) Supervising the auditing of the Company's financial statements;
- (x) Supervising the independence of the Statutory External Auditors, in particular with regard to the provision of additional services, and issue a report if the auditors have not been replaced at the end of two mandates, giving due consideration to the degree of independence of the auditor under these circumstances and the advantages and costs of replacing them;
- (xi) Give a prior opinion about transactions involving significant business conducted between the Company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with Article 20 of the Securities Code, and according to procedures and criteria to be defined by the Board.

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.

Statutory Audit Board

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

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. The Statutory Audit Board has carried out an assessment of the independence of its members, through the update of the information previously provided to qualify their independence status.

The qualifications, experience and responsibilities of the members of the Statutory Audit Board 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.

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 2010, the Board met five times with an overall attendance rate of 100%. Minutes were written up for all meetings of the Board.

4.1.5. Terms of Reference and Annual Activity Report

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

The annual report and opinion of the Statutory Audit Board are published each year together with the Board of Directors' financial statement documents, and can be consulted on the Company's website at www.sonae.pt (tab Investors, Shareholders' General Meeting section).

4.2. Statutory External Auditor

4.2.1. Role

The Statutory External Auditor is the governing body responsible for legally certifying the Company's financial statements, and is responsible for:

- a) Verifying the accuracy of all books of account, accounting transactions and supporting documents;
- b) Whenever it deems convenient and by the means that it considers to be 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 valuation criteria used lead to a fair valuation of the assets and results of the Company;
- e) Carry out any examinations and checks necessary to the audit and legal certification of the accounts and carry out all procedures required 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 company adopted the present model of Corporate Governance under which the Statutory External Auditor is not included in the Statutory Audit Board. In accordance with the adopted Corporate Governance structure, the Statutory External Auditor is elected by the shareholders at the Shareholders' General Meeting based on a proposal made by the Statutory Audit Board. Additionally, the Statutory Audit Board annually assesses the work performed by the Statutory External Auditor, also supervising the compliance with article 54^o of the Decree-law 487/99 of November 15 (updated by Decree-law 224/2008 of November 20), in what concerns the rotation of the audit engagement partner.

Any proposal by the Board to elect the auditors for a third mandate must be accompanied by an assessment of the degree of their independence as well as the advantages and costs of replacing them.

It is the responsibility of the Statutory Audit Board to propose the dismissal of the Statutory External Auditors.

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 under 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 2010, one Shareholders' Meeting was held in ordinary session on 27 April.

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 27 April 2010, 56.43% of the share capital held by 15 corporate or institutional shareholders was represented.

In addition to the notice of the meeting, proposals by the Board of Directors for discussion and decision at the Shareholders' General Meeting will be provided, as well as forms for correspondence voting, which can also be obtained by shareholders at Sonae's head office and on the Internet at www.sonae.pt. In the five days following Shareholders' General Meetings, information concerning the decisions taken at the meeting, the

share capital represented and the results of voting should be provided on the Company's internet site. The Company's internet site constitutes a historical repository of this information for the Shareholders' General Meeting for the three prior years.

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:

Board of the Shareholders' General Meeting

Manuel Cavaleiro BrandãoChairman
 Maria da Conceição CabaçosSecretary

5.1.3. Shareholders' Remuneration Committee

Role

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 the Shareholders' General Meeting.

Composition

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:

Shareholders' Remuneration Committee

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

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

Bruno Walter Lehmann has recognised experience and skilled knowledge of remuneration policies.

Independence

Belmiro de Azevedo does not take part and is not present in the meeting when his remuneration is discussed and decided upon. This procedure is designed 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.

Belmiro de Azevedo was present at the Shareholders' Annual General Meeting which took place on 27 April 2010, as representative of the Shareholders' Remuneration Committee.

To carry out its duties, the Shareholders' Remuneration Committee can, in coordination with the Board Nomination and Remuneration Committee, use the services of independent international consultants of recognised competence.

Meetings

The Shareholders' Remuneration Committee meets at least once every year. During 2010, there was one meeting, which all members attended.

5.2. Shareholders' participation

5.2.1. Rules for attending the Shareholders' General Meeting

Decree Law no. 49/2010 of the 19th of May, which transposes into Portuguese law the European Parliament and Council Directive no. 2007/36/CE dated 11 July, radically changes the rules for the attendance of shareholders at Shareholders' General Meetings for listed companies. Among the changes introduced, the most noteworthy are: elimination of the need to block shares as a condition for attending the General Meeting; the introduction of the "Registry Date" as a key moment in time for the shareholder to prove his identity as such and thus to exercise his attendance and voting rights at the General Meeting; and the rules for the voting and attendance of shareholders who hold shares in their own name but on behalf of clients.

The Decree Law entered into force on the 24th of May 2010, and the rules contained therein are applicable in relation to the Company's next Shareholders' General Meeting.

Consequently, a proposal will be discussed at the Shareholders' Annual General Meeting to alter the Company's statutes to adapt the Articles of Association to the new legal framework.

5.2.2. Voting Rights

The Company's share capital is entirely made up of a single class of shares, in which one share equals one vote, and where there are no statutory limitations on the number of votes that can be held or exercised by any shareholder.

5.2.3. 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 can be represented at Shareholders' General Meetings by presenting a written representation document before the meeting begins, addressed and delivered to the Chairman of the Board of the Shareholders' General Meeting, stating the name and address of the representative and the date of the meeting, using for this purpose the electronic mail address provided by the Company.

A shareholder can nominate different representatives for the shares held in different share accounts, without prejudice to the principle of one share one vote, in accordance with article 385 of the Portuguese Companies Act.

The Company provides appropriate information to enable shareholders wishing to be represented to give their voting instructions by posting the proposals to be submitted to the General Meeting and a template of a representation letter on the Company's website at www.sonae.pt (tab Investors, Shareholders' General Meetings section) within the legally established time limits.

5.2.4. Vote in writing

Shareholders, who can prove their ownership of shares, can vote in writing in relation to all items on the agenda of the Shareholder's General Meeting. Written votes will only be taken into account when received at the Company's head office by registered post, with acknowledgement of receipt addressed to the Chairman of the Board of the Shareholders' General Meeting or by electronic means, at least three business days prior to the General Meeting. The voting ballot, if sent by registered post, 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 (see below 5.2.6) 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 written voting requirements, and those written votes which do not fulfil such requirements will not be accepted and will be treated as null and void.

5.2.5. Template used for Written Votes

The Company provides a template of the ballot for written votes on its website at www.sonae.pt (tab Investors, Shareholders' General Meetings section).

5.2.6. Vote in writing by electronic means

Shareholders have had the right to vote electronically since this method was approved at 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 sent out for each meeting, while a template for requesting the information necessary for exercising the shareholders' right to vote by electronic means is also available at www.sonae.pt (tab Investors, Shareholders' General Meetings section).

6 Remuneration

6.1. Remuneration policy for members of the statutory governing bodies

Sonae's remuneration policy is structured in order to find a balance between the performance of executive directors in relation to goals set and the Company's positioning in comparison to remunerations in similar companies in the market. Proposals for the remuneration of members of the statutory governing bodies are prepared taking into account:

- Overall market comparisons;
- Practices of comparable companies, including other Sonae business units which have comparable situations;
- Each executive director responsibilities and respective assessments of performance.

Remuneration policy therefore constitutes a formal mean of aligning the interests of the management team with those of shareholders, to the extent that, among the various component parts of the remuneration package, the variable component, the value of which depends on the individual's and the Sonae's performance, is given high importance. A management approach is thus encouraged which focuses on the long term interests of the Company and in which business risks are given careful consideration.

The remuneration policy has been designed in such a way as to incorporate control mechanisms, which consider the link between individual and group performance, avoiding behaviour which is likely to involve excessive risk. This goal is also achieved by the fact that each Key Performance Indicator (KPI) is limited to a maximum value.

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 both executive and non-executive members of the Board of Directors and the other statutory governing bodies of the Company is the Shareholders' Remuneration Committee.

In the case of the remuneration of members of the Board of Directors, the Board Nomination and Remuneration Committee works with the Shareholders' Remuneration Committee by presenting proposals before final decisions are taken. As part of the Company's principles of corporate governance, guidelines in relation to remuneration policy have been defined.

Principles of the remuneration policy

The remuneration awarded to members of Sonae's statutory governing bodies is competitive, allowing talent to be attracted effectively and efficiently, linked to performance, aligned with the interests of shareholders and sustained by a process which is transparent.

Sonae has no complementary or early retirement pension scheme for any member of the statutory governing bodies.

6.2. Competitiveness of the Remuneration Policy

Our remuneration policy aims to be:
<p>Competitive:</p> <ul style="list-style-type: none"> • <i>Sonae aims to have a remuneration policy which is competitive compared to other similar companies, in order to be able to attract high quality talent in all business units of the Company. To achieve this goal, Sonae bases its remuneration policy on comparisons of values paid by similar companies.</i>
<p>Linked to performance:</p> <ul style="list-style-type: none"> • <i>A significant part of the remuneration of Sonae's executive directors is determined by the success of the Company. The variable component of remuneration is structured in such a way as to establish a link between the sums awarded and the level of performance, both at individual and group level. If predefined objectives are not achieved, measured through KPIs applicable to the business and to the individual performance, the total or some part of the value of short and medium term incentives will be reduced.</i>
<p>Aligned with the interests of shareholders:</p> <ul style="list-style-type: none"> • <i>Part of the variable remuneration of executive directors is paid in the form of shares and deferred for a period of 3 years. Given that there is a link between Sonae's share prices and its performance, the remuneration paid will be impacted by the manner in which the executive director has contributed towards this result. Hence, the interests of directors are aligned with those of shareholders and with medium term performance.</i>
<p>Transparent:</p> <ul style="list-style-type: none"> • <i>All aspects of the remuneration process are clear and openly disclosed internally and externally through documentation published on the Company's internet site. This communication process contributes towards promoting equal treatment and independence.</i>
<p>Reasonable:</p> <ul style="list-style-type: none"> • <i>The aim is for the remuneration of executive directors to be reasonable, ensuring a balance between the interests of Sonae, market positioning, the expectations and motivations of managers and the need to retain talent.</i>

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

Who are our benchmark/peer group companies?
<ul style="list-style-type: none"> • <i>At Sonae, remuneration policy is determined by comparison with the overall market and the practices of comparable companies. This information is obtained from the main surveys carried out for Portugal and the principal European markets. Currently, the market surveys conducted by Mercer and the Hay Group are used as reference.</i> • <i>The average value for top managers in Europe is used to determine the figures for the overall market. The companies that make up the pool of comparable companies are those which make up the Portuguese stock market index, the PSI-20.</i>

6.3. Remuneration of the 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 Meetings held on 21 April 2008 and 27 April 2010.

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.

6.3.1. Remuneration of the Executive Directors

Sonae's remuneration policy is made up of two main parts:

- (i) Fixed annual remuneration;
- (ii) Variable remuneration, awarded in the first quarter following the year to which it relates and tied to performance in the prior year, divided into two parts:
 - a) Short term variable remuneration (STVR) paid immediately after being awarded;
 - b) Medium term variable remuneration (MTVR), paid after a deferred period of 3 years (explained in more detail in section 6.3.2).

i) Fixed remuneration

The remuneration of executive directors is determined according to the level of responsibility of the director involved and is subject to annual review.

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, and is awarded after the accounts of the Company have been prepared and performance evaluations have been completed for the year in question. Variable remuneration is of a discretionary nature and, in view of the fact that it is dependent on the achievement of objectives, payment is not guaranteed. Variable remuneration is determined annually with the value based on a predefined goal of between 33% and 75% of total annual remuneration (fixed remuneration plus a goal value for variable remuneration).

Of this amount, around 70% is based on business, economic and financial KPIs. These indicators are objectives, which are divided into group and departmental KPIs. Group business KPIs are economic and financial indicators based on budgets for the performance of each business unit, as well on the overall consolidated performance of Sonae. Departmental business KPIs are of a similar nature to Group KPIs in that they are directly influenced by the performance of the executive director concerned. The remaining 30% are determined based on the achievement of personal KPIs, which include both objective and subjective indicators. The result of departmental business KPIs and individual KPIs can vary between 0% and 120 % of the pre-defined goal. Combining all component parts, the value of the bonus has a minimum of 0% and a maximum limit of 140% of the pre-defined bonus objective.

KPIs	Examples	Relative Weight
<i>Business</i>	<i>Turnover, Recurrent EBITDA, net profits, share price performance</i>	<i>70%</i>
<i>Personal</i>	<i>An aggregate set of objective and subjective indicators</i>	<i>30%</i>

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

The various components of remuneration can be explained in the following table:

	Components	Description	Objective	Market Positioning
Fixed	<i>Base salary</i>	<i>Annual salary (in Portugal the annual fixed salary is paid in 14 monthly amounts)</i>	<i>Appropriate to the hierarchical level and responsibility of the director</i>	<i>Median</i>
Variable	<i>Short Term Variable Remuneration</i>	<i>Performance bonus paid in the first quarter of the following year, after calculation of the financial results for the financial year</i>	<i>Aims to ensure the competitiveness of the remuneration package and link remuneration to Company objectives</i>	<i>Third quartile</i>
	<i>Medium Term Variable Remuneration</i>	<i>Compensation deferred for three years, being the amount linked to market share price</i>	<i>Aims in providing remuneration linkage to long-term performance and provide alignment with shareholders</i>	<i>Third quartile</i>

Variable remuneration can be paid in cash, shares or a combination of 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.

6.3.2. Medium Term Variable Remuneration (MTVR)

1. Main features of MTVR

MTVR is one of the components of Sonae's remuneration policy, being one part of variable remuneration, the payment of which is deferred. It allows the beneficiary to share with shareholders the value generated through his involvement in the strategy and management of Sonae's businesses.

2. How the MTVR scheme works

Variable remuneration is awarded annually, according to the results of the previous year, and is then integrated into the MTVR plan. Payment is deferred for a period of three years and made in the months of March or April.

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, without prejudice to the content of paragraph 8 below.

3. Eligibility criterion

Board directors elected up to the 31st of December of the previous year are eligible for payment of MTVR.

<i>Legal engagement</i>	<i>Weighting of MTVR in variable remuneration</i>
<i>Sonae Board Directors</i>	<i>At least 50%</i>
<i>Other senior directors of group companies</i>	<i>At least 50%</i>

4. Duration of the MTRV plan

The MTRV plan is established annually, based on the variable remuneration awarded, and each plan has a duration of three years.

5. Valuation of the MTRV plan

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

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

6. Approval of the MTRV plan

Purchasing own shares with the goal of awarding them to directors as part of MTRV plans requires the approval of shareholders at the Shareholders' General Meeting. Full information is provided to shareholders for them to appropriately assess the share award plan.

7. Payment of the MTRV plan

On the payment date of MTRV plans, Sonae reserves the right to make payment in cash of an amount equal to the value of the shares.

8. Termination of the MTRV plan

A director's rights relating to the MTRV plan expires when he/she no longer works with Sonae. However, the right to receive payment continues in case of permanent disability or decease, with the due amount being paid to the director or to his/her heirs at the normal time for payment. If the director retires, any rights to awards can be exercised on the due date for payment.

The MTRV plans of executive Board directors in progress in 2010 can be summarised as follows:

Movements during 2010:

	Aggregate number of plans	Euros
Open as at 31.12.2009:	10	2,667,896
Movements during the year 2010:		
Awarded	4	893,560
Paid	5	-956,858
Adjustments ⁽¹⁾	0	-84,767
Open as at 31.12.2010:	9	2,519,831

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

The MTRV plans of senior Board directors of Sonae, including companies owned by it, in progress during 2010 can be summarised as follows:

Sonae SGPS Share Plans in progress in 2010	Payment period		31 December 2010	
	Award date	Payment date	Aggregate number of participants	Aggregate number of shares
2007 Plan	March 2007	March 2010	-	-
2008 Plan	March 2008	March 2011	21	1.916.496
2009 Plan	March 2009	March 2012	21	3.930.890
2010 Plan	March 2010	March 2013	21	2.429.906

The chart above does not include Sonaecom directors' information.

6.3.3. Risks in relation to remunerations

Sonae revises annually its remuneration policy as part of its risk management process in order to ensure that it is entirely consistent with its desired risk profile. In the year 2010, no problems relating to payment practice were found that pose significant risks to Sonae.

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

Internal control procedures concerning remuneration policy, which aim at identifying potential risks, exist at Sonae. Firstly, the remuneration structure is designed in such a way as to discourage excessive risk taking behaviour to the extent that remuneration is linked to the evaluation of performance. The existence of KPI goals means that this method acts as an efficient control mechanism.

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

6.3.4. Non-executive Board Members

The remuneration of non-executive directors is exclusively composed of a fixed value determined by reference to market values.

This remuneration is paid quarterly.

The Chairman of the Board of Directors receives only a fixed remuneration.

For each non-executive director, the fixed remuneration includes attendance fees during 2010, 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 €2,000 and €4,200.

6.3.5. Summary remuneration tables

The Director's remuneration, awarded by the Company and Group Companies for 2009 and 2010, is below described in the following charts:

	2009				2010			
		STVR	MTVR			STVR	MTVR	
	Fixed	Variable	Variable		Fixed	Variable	Variable	
<i>Amounts in euros</i>	Remuneration	Remuneration	Remuneration	Total	Remuneration	Remuneration	Remuneration	Total
<i>Individual Detail</i>								
Executive Directors								
Duarte Paulo Teixeira Azevedo (CEO)	479,320	328,700	313,200	1,121,220	427,871	350,000	345,000	1,122,871
Ángelo Gabriel Ribeiro dos Santos Paupério	409,300	287,900	287,900	985,100	415,400	297,700	297,700	1,010,800
Nuno Manuel Moniz Trigo Jordão *	411,560	270,800	290,200	972,560	338,658	-	-	338,658
Álvaro Carmona e Costa Portela *	406,780	231,900	175,200	813,880	176,246	-	-	176,246
	1,706,960	1,119,300	1,066,500	3,892,760	1,358,175	647,700	642,700	2,648,575
Non-Executive Directors								
Belmiro Mendes de Azevedo (Chairman)	435,900	-	-	435,900	436,000	-	-	436,000
Álvaro Carmona e Costa Portela *	-	-	-	-	48,477	-	-	48,477
Jose Alvaro Cuervo Garcia	37,150	-	-	37,150	35,680	-	-	35,680
Michel Marie Bon	39,560	-	-	39,560	39,860	-	-	39,860
José Manuel Trindade Neves Adelino	37,150	-	-	37,150	37,250	-	-	37,250
Bernd Hubert Joachim Bothe (8 Months in 2009 only)	25,677	-	-	25,677	35,880	-	-	35,880
Christine Cross (2 Months in 2009 only)	5,967	-	-	5,967	38,230	-	-	38,230
	581,404	-	-	581,404	671,377	-	-	671,377
Total	2,288,364	1,119,300	1,066,500	4,474,164	2,029,552	647,700	642,700	3,319,952

* Ceased to be an executive director of Sonae SGPS, SA as from 1 May 2010, becoming a non executive director on the same date.

Open MTVR plans attributed to executive directors:

Executive Director	Plan (Performance year)	Attribution date	Payment date	Amount paid in 2010	Value of plan on the date of attribution	Value of plan as at 31 December 2010
Duarte Paulo Teixeira Azevedo	2007	March 2008	March 2011		369,400	276,980
	2008	March 2009	March 2012		288,100	463,410
	2009	March 2010	March 2013		313,200	321,020
	Total				970,700	1,061,410
Ângelo Gabriel Ribeirinho dos Santos Paupério	2007	March 2008	March 2011		273,600	217,487
	2008	March 2009	March 2012		266,700	460,485
	2009	March 2010	March 2013		287,900	275,558
	Total				828,200	953,530
Nuno Manuel Moniz Trigos Jordão	2006	March 2007	March 2010	165,286	-	-
	2007	March 2008	March 2011		331,700	248,780
	2008	March 2009	March 2012		333,000	535,546
	2008	March 2009	March 2012		290,200	297,445
	Total			165,286	954,900	1,081,771
Álvaro Carmona e Costa Portela*	2006	March 2007	March 2010	264,650	-	-
	2007	March 2008	March 2010	224,355	-	-
	2008	March 2009	March 2010	127,495	-	-
	2009	March 2010	March 2010	175,072	-	-
	Total			791,572	-	-
TOTAL				956,858	2,753,800	3,096,711

*All open plans were paid off for a total of 791,572

6.3.6. Compensation payable for loss of office

No agreements exist with members of the Board of Directors which specify any compensation payments for loss of office nor has any compensation policy been approved for these circumstances, regardless of the reasons for the loss of office.

6.4. 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, and does not include any variable remuneration.

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

Member of the Statutory Audit Board	2009*	2010*
Daniel Bessa Fernandes Coelho	9,900	10,000
Arlindo Dias Duarte Silva	7,900	8,000
Jorge Manuel Felizes Morgado	7,900	8,000
Total	25,700	26,000

* Amounts in euros

6.5. 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 2009 and 2010 was as follows:

	2009*		2010*	
Statutory Audit	1,713,135	46%	1,834,806	53%
Other Compliance and Assurance Services	461,726	12%	582,397	17%
Tax Consultancy Services	359,555	10%	145,180	4%
Other Services	1,185,060	32%	915,527	26%
Total	3,719,475	100%	3,477,910	100%

* Amounts in Euros

The percentage of audit fees and audit related fees increased 12 p.p in 2010, representing 70% of total fees billed. Other services represent 30% of total fees billed and were reviewed by the Statutory Audit Board.

Fees for other services in 2010 include:

- General consultancy services provided to several subsidiaries of Sonae Investimentos (5% of total fees) and of Sonae Sierra (8,1% of total fees);
- Tax incentive project fees (10,6% of total fees),

"Tax Consultancy Services" and "Other Services" are provided by different teams from those who are involved in audit work, thereby strengthening the independence of the auditor.

Total annual fees paid in Portugal by Sonae to the Deloitte Group in 2010 represented less than 2% of their total global fees in Portugal.

The external auditor's quality system controls and monitors potential conflicts of interest with Sonae as well as risks to the auditor's independence.

Under the provisions of article 62ºB of Decree-Law 487/99 of November 16 (updated by Decree-Law 224/2008 of November 20), the Statutory Audit Board annually receives an independence statement of the Statutory External Auditor, in which the services rendered by the auditor or related companies, fees billed, threats to its independence and safeguard measures implemented are described. All the threats to auditor independence identified are assessed and discussed with the Statutory Audit Board as well as respective safeguards measures.

6.6. 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	2009*	2010*
Chairman	7,500	7,500
Secretary	2,500	2,500
Total	10,000	10,000

* Amounts in Euros

6.7. Remuneration Policy approval process

The Board Nomination and Remuneration Committee submits to the analysis of the Shareholder's Remuneration Committee proposals for non-executive directors and the CEO's remuneration prepared by the Chairman, and jointly by the CEO and the Chairman for the executive directors.

Month	Remuneration Cycle
January	Obtain market surveys and benchmarking of remuneration tendencies and expectations
March	<p>BNRC Meeting in mid March: Closing prior year and preparing current year, reviewing:</p> <ul style="list-style-type: none"> Annual Appraisal Process Remuneration Policy Proposal Annual Short Term Performance Bonus 2010 Proposals (Real) Deferred Medium Term Performance Bonus or MTIP 2010 Proposals (Real) Fixed Remuneration 2011 Proposals (Real) Annual Short Term Performance Bonus 2011 Proposals (Target) Deferred Medium Term Performance Bonus or MTIP 2011 Proposals (Target) <p>SRC Meeting later in March, after the BNRC has met: Closing prior year and preparing current year, approving or deciding:</p> <ul style="list-style-type: none"> Remuneration Policy Proposal to go to AGM Annual Short Term Performance Bonus 2010 (Real) Deferred Medium Term Performance Bonus or MTIP 2010 (Real) Fixed Remuneration 2011 (Real) Annual Short Term Performance Bonus 2011 (Target) Deferred Medium Term Performance Bonus or MTIP 2011 (Target)
April	AGM in late April: Shareholders vote on Remuneration Policy proposed by SRC
May	SRC Meeting in early May: Only if Board membership changed at the AGM
June to October	<p>BNRC Reporting: Update on current year KPIs (If useful)</p> <p>SRC Meeting: Only if there are any Board changes</p>
November	<p>BNRC Meeting:</p> <ul style="list-style-type: none"> Progress on current year KPIs (if useful) Review MTIP pipeline and shares retained Contingency and Succession Planning Review Nomination Process Review BNRC Terms of Reference and Annual Plan for next year Review Compensation Policy, including MTIP <p>SRC Meeting: Only if there are any Board changes</p>
December	<p>BNRC Reporting: Update on current year KPIs (If useful)</p> <p>SRC Meeting: Only if there are any Board changes</p>

7 Risk control

7.1. Risk management objectives

Risk Management is deeply rooted 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 two cornerstones 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 Company's financial departments and by the businesses, 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 standard¹ that includes the following:

- (i) Defining and grouping risks;
- (ii) Systematically identifying the risks that affect the organization (common language); definition and grouping of risks (risks definition and matrix);
- (iii) Evaluating and attributing the level of criticality and management priority to give to risks depending on their impact on the objectives of the business and the probability of the risks occurring;
- (iv) Identifying the causes of the most important risks;
- (v) Evaluating strategic risk management options;

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

- (vi) Developing a risk management action plan and integrating it into the management and planning procedures of the business units and functional departments 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 Internal Audit and Risk Management departments both at a corporate level and in 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 2010, the Internal Audit and Risk Management functions had 41 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 2010, 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; ISO 27001 Lead Implementer; Certified Fraud Examiner (CFE); Management of Risk Foundation & Practitioner (MoR); Associated Business Continuity Professional (ABCP), Certified by the Business Continuity Institute (BCI); Certified Continuity Manager (CCM); BS 25999 Business Continuity Management and Project Management Professional (PMP) and Security Certified Network Professional (SCNP).

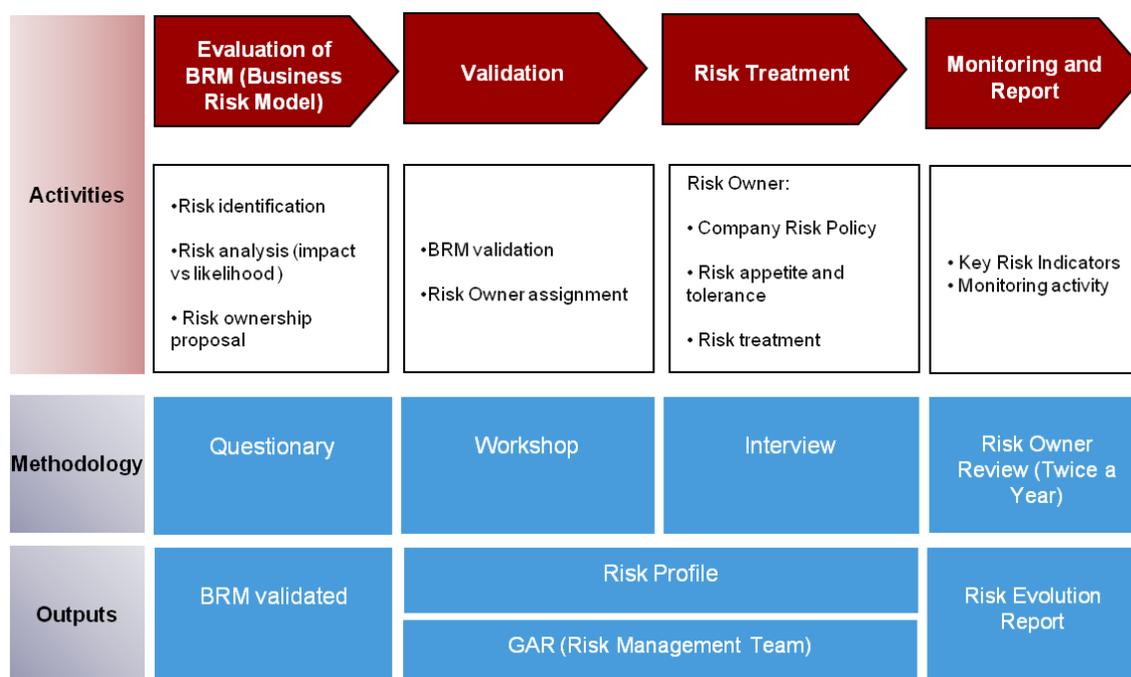
At the end of 2010, there were 39 certifications in the Internal Audit and Risk Management teams of Sonae, ten CIA; seven CCSA; five CISA; three CISM; three ISO27001; one CISSP; one ABCP; one BCI; two CCM; one BS25999 and one PMP. Sonae is one of the organizations with the most certified employees in internal audit and risk management in Portugal. In 2011, 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 2010

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.

In 2010, Risk Monitoring Groups (RMGs) were formed by members of the Executive Committees, while the annual process of Enterprise Risk Management was followed up on, which is based on the activities described below:



In addition and in order to support this process across the entire Company, a start was made on developing internally an application tool based on the COSO international standard, which will be concluded in the first half of 2011.

7.6. Risks

7.3.1 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 continually works closely with the central and local 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.). Lack of competitiveness 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 the business offer and concepts. 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, concepts and technologies is always tested using pilot schemes before being implemented globally. The Company also invests in the refurbishment of stores, shopping centres and telecommunications networks to ensure that they retain their attractiveness for customers.

Brand

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

The risks associated with brands come from 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.

7.3.2 Tangible assets risks

In 2010, 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.

7.3.3 People safety risks

Aware of the importance of safeguarding lives and property as a cornerstone of sustainability and growth, Sonae has carried out true social responsibility actions through a palpable commitment to prevent work accidents, minimising or eliminating their causes and promoting a culture of Occupational Health and Well Being.

Continuous improvement of programmes and actions in the Safety, Hygiene and Health at Work area has enabled Sonae to reach the targeted levels of excellence of the "Zero Accidents Project".

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 the carrying out actions in an integrated manner.

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 euro 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).

Between 2009 and 2010, another 9 centres in Portugal, 7 in Spain, 2 in Italy, 1 centre in Germany and 2 centres in Brazil also saw their health and safety systems certified according to the OHSAS 18001 standard.

In 2009, Sonae Sierra became the first company in Europe to win Health and Safety certification for the management of the construction of a shopping centre, LeiriaShopping. Also in 2010, the Health and Safety management system for the Torre Ocidente construction project won OHSAS 18001 certification.

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.

In 2010, the trend of the key health and safety indicators was unfortunately not as good as in previous years, in which it had been very positive.

There was no significant change in the number of non conformities per observation hour between 2009 and 2010, although it should be pointed out that the figure nonetheless has fallen by more than 70% since 2005.

5 work accidents involving Sonae Sierra employees were recorded in 2010, while absenteeism due to work accidents increased by 3% over 2009. There was also an increase of around 70% in accidents involving lost time by construction service providers compared to the previous year.

Despite this negative trend between 2009 and 2010, it should be noted that there was a fall in 64% in absenteeism by employees due to work accidents, and a fall of 34% in accidents involving lost time by construction service providers, compared to 2007.

7.3.4 Business continuity management

In the most significant 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.

Sonaecom continued the development of its business continuity plans, the highlight being improvements in the Optimus Crisis Management Plan, in the areas of crisis organisation charts, criteria for assessing and scheduling, rules for notification and crisis communication procedures, backed up with an internal web tool which facilitates documentation and maintenance of the Plan. Simulation sessions and training were carried out for around 200 employees with roles in crisis management. At the same time, implementation of additional measures continued to strengthen some network platforms and the existing solution for information systems disaster recovery. Meanwhile, coordination with official entities was improved, including working with them to revise Civil Protection plans and involvement in a survey on the safety and strength of communications in Portugal that was promoted by the sector regulator.

7.3.5 Environmental risks

In the area of environmental risks, several environmental certifications have been obtained, audits continued and improvement actions 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 2010, in addition to having maintained corporate ISO 14001 certification for the Company Environmental Management System through *Lloyds Register Quality Assurance*, the Münster Arkaden shopping centre and the Dusseldorf office also won Environmental certification, making a total of 43 shopping centres (out of a total of 51) and 2 offices, which have already won individually the same certification. In the development phase, 20 construction projects have won individual ISO 14001 certification. At Sonae Sierra, the Environmental Management System has enabled the performance of Shopping Centres to be improved over the last few years, allowing water and electricity consumption to be reduced between 2002 and 2010 by 14% e 30% respectively, and the recycling rate to be increased from 19% in 2002 to 51% in 2010. For the second year running, Sonae Sierra won a prize at the European Management Awards, winning in 2010 in the category "Best Environmental Risk Control".

Sonae Investimentos (former Sonae Distribuição) won certification for its corporate Environmental Management System in 2007 according to the ISO 14001 standard through Lloyds Register Quality Assurance. In 2010, the environmental management system certification programme was adapted to the new Sonae Retail organisation and certification was won once again. This program, among others factors, enables the day to day environmental risks of the Company's business to be managed.

In addition, it has continued its programme of environmental certification of operational units, closing 2010 with 15 premises certified (3 Continente, 7 Modelo, 2 Worten and 3 Warehouses) and an additional 2 which are awaiting certification to be awarded by the certification entity APCER (1 Modelo Bonjour store and the Meat Processing Centre).

Sonaecom believes environmental management to be a strategic factor in terms of competitiveness and value creation. Its Environmental Management System has been certified according to the NP EN ISO 14001 standard since 2003. It has undertaken a number of actions in the area of energy savings and carbon emissions, in particular for telecommunications antennae, in Switch Centers e Data Centers with the goal of improving energy efficiency, and in the area of resources and waste, by eliminating resource consumption in various processes, through analysis of the life cycle of packaging and by putting on sale products with fewer environmental impacts.

7.3.6 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.

7.3.7 Insurable risks

In relation to the transfer of insurable risks (technical and operational), the objective of rationalizing 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 consultant.

At Sonaecom, where the majority of services are based on information technology, steps were taken to improve the existing third party liability insurance with more extensive coverage and better adapted to the particular circumstances of the technology, media and telecommunications businesses, in order to mitigate the impact and responsibilities to customers due to possible service failures.

7.3.8 Food safety risks

In Retail, and as a result of the actions taken as part of the reorganization project begun in previous years, a programme of food safety audits was implemented and consolidated in stores, warehouses, coffee shops and

production centres, the main result of which was to reach and report on the main conclusions for the Company in this area and identify corrective actions. The goal of this audit programme is to monitor food safety risks in a systematic way, and also comply with legal regulations and the internal control system for food safety. In 2010, the average number of findings fell by 5%.

7.3.9 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 carried out 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.

During 2010 at SONAE, information system audits were carried out in various areas (applications, servers and networks), with the aim of identifying and correcting potential vulnerabilities, which could have a negative impact on the business, as well as ensuring the protection of the confidentiality, availability and integrity of the information.

In view of the fact that Sonaecom group companies make intensive use of information and technology, which normally are subject to integrity, availability and confidentiality risks, Sonaecom decided in 2010 to focus more on managing these risks by setting up an Information Security Committee, which has representatives from all relevant business areas. An awareness campaign aimed at strengthening the security culture among employees and business partners, including articles in internal publications and the launch of an internal website especially for information security, is one of the activities in the committee's work plan. In addition, in the telecommunications business, actions continue to be taken in the areas of fraud management and information security, such as, for example, posting on the Sonaecom and Optimus websites a Customer Educational and Awareness Programme with the goal of increasing awareness among customers about the common risks involved in using telecommunications services and giving information about best security practices and the fight against fraud.

7.3.10 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 the entire group. Instead, Sonae prefers an individual approach adapted to the needs of each business. Sonae is also exposed to debt and equity market fluctuations. As part of the Company's risk management policy, during 2010, and in order to minimize potential adverse effects of the volatility of financial markets, Sonae continued to use tools already implemented to identify and quantify risks, sometimes using derivative instruments to cover them.

Financial risk management policies are approved by each Board of Directors and the risks are identified and monitored by each of the businesses Financial & Treasury Departments.

Exposures are also monitored by the Finance Committee, where risk analysis is reviewed and reported upon monthly, 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 any adverse impact on Sonae's strategic objectives is minimised.

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.

7.3.11 Legal Risks

Sonae and its subsidiaries have the support of full time legal and tax departments for each business, reporting to the management involved, and carry out their work in conjunction with outside legal counsel and other 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 undergo 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 most relevant pending litigation is identified in the Appendix to Sonae's Annual Management Report and Consolidated Accounts.

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

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

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

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

- The process of reporting financial information is documented, the risks and key controls are identified. The criteria used in the process of preparing and reporting financial information are established and periodically reviewed;
- There are three kind of controls: High level controls (entity level controls), information system controls and process controls. Those include a group of procedures related with the execution, supervision, monitoring and improvement of processes, with the main objective of preparing the financial reporting of the Company;
- The use of the accounting principles used disclosed in the notes to the financial statements (Note 2) are fundamental grounds of the internal control system;
- The plans, procedures and records of the Group allow a reasonable assurance that the transactions executed are properly approved by the management, and recorded in compliance with accounting principles, also assuring, that the Company maintains proper record of its assets and their existence reconciled with the accounting records;
- The financial information is reviewed regularly by each business unit management and by the persons in charge of the profit centers, assuring the permanent monitoring and related budget control;
- During the process of preparing and reviewing the financial information, detailed schedules are established and shared with the areas involved, and all documents are reviewed in detail, including the review of principles used, verifying the accuracy of the information produced and its consistence with principles and policies defined and used in previous periods;
- In what concerns the separate entities, the accounting records and the financial statements are prepared by the different functions of administrative and accounting services, who warrant the recording of business processes transactions and the recording of balances of assets, liabilities and equity captions. The financial statements are prepared by chartered accountants of each company and reviewed by the Planning and Control and Tax departments;

- The consolidated financial statements are prepared quarterly by the consolidation departments of the administrative services of each sub-holding and holding corporate centres. This process represents an additional control of the reliability of the financial information, namely in what concerns the consistent application of accounting principles, cut-off procedures and control of related parties transactions and balances;
- The Report of the Board of Directors is prepared by the Investors Relations department with the contribution and review of several business and support departments. The Corporate Governance Report is prepared by the Legal department;
- The Group financial statements are prepared under the supervision of the Executive Committee. The documents that constitute the Annual Report and Accounts are sent for review and approval by the Sonae Board of Directors. After the approval the documents are sent to the External Auditor that issues its report;
- The process of preparing separate and consolidated financial information and the Report of the Board of Directors is also supervised by the Statutory Audit Board and by the Board Finance and Audit Committee of the Board of Directors. Quarterly these bodies meet and review the individual and consolidated financial statements. Half yearly the statutory auditor presents directly to the Statutory Audit Board and to the Board Finance and Audit Committee the main conclusions of the work performed;
- All the persons involved in analysis of the company financial information are include in the list of persons with access to material information, being informed about the nature of their obligation as well as on the possible sanctions resulting from the inappropriate use of such information;
- The internal rules applicable to the disclosure of financial information aim to warrant that the information is timely disclosed to the market in order to prevent information asymmetry.

Among the risks that may materially affect the financial and accounting report, we highlight the following:

- Accounting estimates – the major accounting estimates are described in the notes to the financial statements (Note 2.20 and following). The estimates are based on the available information during the preparation of the financial statements and in the best knowledge and experience of past and present events.
- Balances and transactions with related parties – The balances and transactions with related parties are disclosed in the notes to the financial statements. This transactions are related mainly with the operational activities of the Group as well with granting and obtaining loans under arms' length conditions.

In the notes to the financial statements there is available additional information regarding the above mentioned risks among others, as well as how they were mitigated.

Sonae adopts several actions related with continuous improvement of the system of internal control of financial risks, including:

- Improvement in the documentation of controls – following the 2010 actions, during 2011 Sonae will continue improving the documentation and systematization of risks and internal control system related with the preparation of financial information. These actions include the identification of risk causes, the identification of processes with higher materiality, the documentation of controls and the analysis of residual risk after the execution and implementation of the potential control improvements;
- Compliance analysis – the Legal department working together with the Administrative Services, Investor Relations and Internal Audit and Risk Management departments, and, if necessary, with other departments, coordinates the periodical analysis of the compliance with legal requirements and regulations regarding governance processes and corresponding financial information that are reported on the Report of the Board of Directors and on the Report of Corporate Governance.

8 Whistle blowing procedures

Sonae's values and principles are widely spread and rooted in its culture, and form the basis of its actions, which are based on principles of absolute respect and awareness for the rules of good conduct in the management of conflicts of interest and for the duty to be diligent and respect confidentiality in dealings with third parties. The Company's values and principles can be consulted at - 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, employees and service providers.

The Code of Conduct can be consulted at www.sonae.pt (tab Investors, Corporate Governance section).

In addition to the Code of Conduct, internal regulations, covering conflicts of interest, accepting and offering business gifts and other payments, as well as transactions with related parties, have also been approved.

Whistle blowing policy

The Company has the following procedures in place:

- (i) Any employee of Sonae wishing to communicate any irregularity should do so by post or e-mail with a summary description of the facts to the Company's Ombudsman. The identity of the whistle blower will be kept anonymous, if explicitly requested;
- (ii) The letter or e mail will be analysed by the Ombudsman and, if grounds exist supporting the irregularity reported, measures will be taken by him, as deemed appropriate;
- (iii) The Ombudsman prepares a quarterly report summarising all irregularities received to the Chairman of the Board of Directors, with copies sent to the Executive Committee and to the Statutory Audit Board;
- (iv) Any communications which concern members of the statutory bodies should be sent to the Corporate Governance officer, who should send them on to the Chairman of the Statutory Audit Board and the Chairman of the Board Audit and Finance Committee.

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

Ombudsman

The Company provides employees and the general public, through its website (www.sonae.pt – Contacts section), with direct access to its Ombudsman, who reports directly to the Chairman of the Board of Directors.

In 2010, the Ombudsman received 2,483 complaints, mainly from customers (96% of total complaints received), compared to 2,712 complaints in 2009, equal to a fall of 229 complaints or 8.4%. The average response time was 14 days.

9 Information

9.1. Share capital structure

The Company's share capital is of 2,000,000,000 Euro, 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 2010 and based on notifications received, shares held by companies owning more than 2% of Sonae's share capital were as follows:

SHAREHOLDER	# SHARES	% SHARE CAPITAL
Efanor Investimentos	1,061,532,575	53.1%
Banco BPI	178,039,855	8.9%
Fundação Berardo	49,849,514	2.5%
Bestinvest	41,236,665	2.1%
Norges Bank	40,100,985	2.0%

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, which contain clauses with the purpose of setting up defensive measures against changes in shareholder control, exist.

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, at the first instance, 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 0.7%, as at the end of December 2010.

The table below shows the key indicators of Sonae's share performance:

	2008	2009	2010
ISIN CODE		PTSONoAM0001	
BLOOMBERG CODE		SON PL	
REUTERS CODE		SONP.IN	
SHARE CAPITAL	2,000,000,000	2,000,000,000	2,000,000,000
CLOSING PRICE LAST TRADING DAY			
OF YEAR	0.44	0.87	0.78
YEAR HIGH	1.75	0.98	0.95
YEAR LOW	0.39	0.43	0.68
AVERAGE TRADING VOLUME PER DAY (SHARES)	12,971,220	7,861,992	4,525,057
AVERAGE TRADING VOLUME PER DAY (EUROS)	10,965,297	5,644,343	3,751,604
MARKET CAPITALIZATION 31 DECEMBER (EUROS)	880,000,000	1,740,000,000	1,560,000,000

Sonae shares ended the year quoted at 0.78 euro, reflecting a nominal fall of 10% during the year, which was the same as that which occurred during the year 2010 in the value of the reference index of the Portuguese Stock Market – the PSI 20.

During the year, events with a possible impact on Sonae's share price were as follows:

- (i) 16 March: communication of results for the year 2009;
- (ii) 20 May: communication of results for the first quarter;
- (iii) 20 May: Sonae informs about the conclusion of a sale and leaseback transaction for the Azambuja warehouse;
- (iv) 24 May: Sonae shares started trading ex-dividend for dividends relating to the year ending 31 December 2009;
- (v) 27 Maio: Sonae paid a total ordinary dividend of 3.15 cents per share on 2009 earnings;
- (vi) 1 July: Sonae informs about the opening of new stores in the Middle East;
- (vii) 4 July: Sonae informs about the opening of new stores in the Canary Islands;
- (viii) 26 August: communication of results for the first half of the year;

- (ix) 19 October: Sonae informs about the renewal of the Cash Settled Equity Swap;
- (x) 12 November: communication of results for the first nine months of the year;
- (xi) 18 November: Sonae informs about the conclusion of six sale and leaseback transactions.

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.

	2008 ⁽¹⁾	2009 ⁽¹⁾	2010 ⁽¹⁾
GROSS DIVIDEND PER SHARE (EUROS)	0.0300	0.0315	0.0331
DIVIDEND DISTRIBUTED (THOUSAND EUROS)	60,000	63,000	66,200
DIVIDEND YIELD (%)⁽²⁾	6.9%	3.6%	4.2%
PAYOUT RATIO (%)⁽³⁾	37.7%	36.9%	35%

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

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

Sonae Holding had net profits totalling 386,432,293.21 euro. The Board of Directors will propose to the Shareholders' Annual General Meeting that these profits be applied as follows:

Legal reserves	19,321,614,66 euro
Dividends	66,200,000.00 euro
Free reserves	300,910,678.55 euro

- In view of the net results for the financial year 2010, the Board of Directors will propose to the Shareholders' Annual General Meeting a gross dividend of 0.0331 euro per share, 5% higher compared to the previous year. This dividend is equal to a dividend yield of 4.2% on the closing price as at 31 December, and to a payout ratio of 35% of consolidated direct net income (excluding value created on investment properties) attributable to equity holders of Sonae.

9.12. Relevant transactions with related parties

Transactions of a value exceeding 100 million euro with owners of qualified shares or with entities related in any way with them, under the terms of article 20 of the Portuguese Securities Code, are subject to a formal prior opinion by the Board Finance and Audit Committee and the Statutory Audit Board. All transactions with related parties in excess of 10 million euro are also reported to these two entities every six months by the secretary of the Executive Committee.

Sonae did not have business dealings with either of the above mentioned entities nor with any Board member or Supervisory entity during the year 2010.

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 issuing 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) and on the Company's own website (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

Investor Relations Manager

Tel: (+351) 22 010 4794

Fax: (+351) 22 948 77 22

Email: patricia.mendes@sonae.pt/ investor.relations@sonae.pt

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

Site: 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

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 Investimentos, SGPS, SA (currently Sonae SGPS, SA)

1995 Member of WBCSD – Order of Outstanding Contributors to Sustainable Development

1997 Member of the European Union Hong-Kong Business Cooperation Committee

1998-2009 Member 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

2002-2009 Member of the Management Board of Cotec Portugal

2004-2008 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

Professional Experience

1978-1981 Teaching Fellow, Kent State University

1981-Present 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
1981-1986	Member of the Directive Council, Faculty of Economics, New University of Lisbon
1990-1996	Dean, MBA Program and Executive Program, Faculty of Economics, New University of Lisbon
1999-2002	Dean, 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
1999-2004	Member of the Global Advisory Board of Sonae - SGPS, SA
2003-2006	Member of the Board, Chairman of the Audit Committee of EDP
2003-2010	Member of the Investment Committee of Fundo Caravela
2003-2006	Strategy Advisory Board of PT
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 1997	Member of the Privatization Advisory Committee of the Spanish Government
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 journals Author of several books and numerous articles published in Spanish and foreign journals
Since 2008	Dean of the Financial Studies School (CUNEF) at Madrid University

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 and Chief Executive Officer, Metro International Management AG, Germany
1998-2002	Chairman of the Executive Board of Directors and Chief Executive Officer 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
2002-2008	Droege & Comp.GmbH, Germany

	International Consultant Managing Partner, Düsseldorf Head of Competence Centre, Consumer Goods & Retail Head of Competence Centre for Eastern Europe, Düsseldorf
Since 2009	Horn & Company GmbH, Germany Partner, Düsseldorf Head of Competence Center Consumer Goods & Retail

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
Since 2003	Director Christine Cross Ltd (a retail consultancy firm)
Since 2003	Non Executive Director (Nomination and Remuneration Committee Member) of Sobeys Inc, Canada
2002-2005	Non Executive Director George Wimpey, plc
2005-2006	Non Executive Director Fairmont Hotels Inc
Since 2006	Advisor to Apax Warburg Pincus Private Equity
2006-2007	Retail Consultant PwC Transaction Services
Since 2010	Chief Retail & Consumer Services Advisor, PwC

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	Breakthrough Program for Senior Executives – Lausanne - IMD
2008	Proteus Programme – London Business School

Professional Experience

	Group Sonae
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 Investimentos – SGPS, SA (currently Sonae - SGPS, SA)
1996-1998	Executive Board Director of Merchandising, IT and Marketing of Modelo Continente Hipermercados (Retail)
1998-2000	CEO of Optimus – Telecomunicações, SA (Mobile Operator)
1998-Abril 2007	Executive Director of Sonae – SGPS, SA
2000-2007	CEO of Sonaecom, SGPS, SA
2002-2007	Chairman of the Supervisory Board of Público Comunicação Social, SA
2003-2007	Chairman of the Supervisory Board of Glunz, AG
2004-2007	Chairman of the Board of Directors of Tableros de Fibras, SA (Tafisa)
Since May 2007	Chairman Executive Director of Sonae – SGPS, SA

Other Entities

2001-2002	Chairman of Aritel – Associação dos Operadores de Telecomunicações (Association of Electronic Telecommunication Companies)
2001-2008	Member of the Supervisory Board of EGP - UPBS
2003	Co-author of the book "Reformar Portugal " (Reforming Portugal)
2008-2009	Member of the Supervisory Board of AEP – Portuguese Entrepreneurship Association
Since 1988	Member of APGEI (Portuguese Association of Industrial Engineering and Management)
Since 2009	Member of the Board of Curators of AEP - Portuguese Entrepreneurship Association
Since 2009	President of the Board of Curators of Oporto University
Since 2008	Member of the European Round Table of Industrialists (ERT)
Since 2006	Member of the Founding Members Board of Casa da Música

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 Modis (Logistics and Retail Procurement at Sonae Distribuição, SGPS, SA (currently Sonae Investimentos - SGPS, SA))
1986-1991 e 2006-2010	Managing Director, later CEO and later Chairman and since 2006, Non-Executive Director of Sonae Distribuição, SGPS, SA (currently Sonae Investimentos - SGPS, SA)
1990-2010	CEO of Sonae Sierra, SGPS, SA
1992	Member of the Board of Chairman and later of the Sonae Group's Coordination Council and since 1999 Executive Director and Vice-Chairman of Sonae – SGPS, SA and since 2010 Non Executive Director of Sonae – SGPS, SA
1996-2001	Member of ICSC Europe Awards Jury
1999-2002	Co-founder and Director of EPRA- European Public Real Estate Association
2005-2008	Trustee of the International Council of Shopping Centres
2004-2009	Member of International Advisory Board of Eurohypo
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 Investimentos - SGPS, SA (currently Sonae - SGPS, SA)

1994-1996 Director of several of Sonae Distribuição SGPS, SA (currently Sonae Investimentos - SGPS, SA) (Retail)

1996-2007 CFO of Sonae Distribuição SGPS, SA (currently Sonae Investimentos - SGPS, SA) and Director of Modelo Continente, SGPS, SA and several of its affiliates (Retail)

1996-2007 Executive Vice 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 of MDS – Corretor de Seguros, SA

Since 2007 CEO of the Board of Directors of Sonaecom, SGPS, SA, Executive Director of Sonae – SGPS, SA, Director of Sonae Sierra, SGPS, SA, Director of Sonae Investimentos – SGPS, SA

2009 Chairman of MDS Consulting, SA

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

27 April 1956

Education

1978 Graduate in Economics ISCTE (University of Lisbon)

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)

1991-2010 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 entities outside Sonae:

Since 2007 - 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 of Selfrio - SGPS, SA

Chairman of Sonae Turismo SGPS, SA

Chairman of Efanor Investimentos, SGPS, SA

Chairman of Águas Furtadas – Sociedade Agrícola, SA

Chairman of Alpêssego – Sociedade Agrícola, SA

Chairman of Prosa – Produtos e Serviços Agrícolas, SA

Chairman of Casa Agrícola de Ambrães, SA

Chairman of Praça Foz – Soc. Imobiliária, SA

Chairman of Setimanale, SGPS, SA

Sole Director of BA – Business Angels, SGPS, SA

José Manuel Neves Adelino

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Member of the Statutory Audit Board at Banco BPI

Member of Investment Committee of Portugal VC Initiative (EIF)

Member of the Board of Directors of Cimpor

Academic Offices held:

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

Visiting Professor, Bentley College

Álvaro Cuervo Garcia

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

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

Editor in Chief of Universia Business Review

Michel Marie Bon

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

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 entities outside Sonae:

Horn & Company GmbH, GERMANY
Partner, Düsseldorf

Head of Competence Center, Consumer Good & Retail

Senior Advisory IK Investment Partners (former Industri Kapital) Stockholm Schweden (A Swedish private equity company) Global advisor for the retail industry

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)

Member of the Supervisory Board of Lekkerland AG & Co. KG, Frechen D (A German based convenience retail company and logistic service provider)

Member of the Supervisory Board of Tomra Systems ASA, Asker Norway (Norwegian based market leader in the recycling industry)

Christine Cross

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

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

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 Sonae Investimentos - SGPS, SA

Chairman of Sonaegest, Sociedade Gestora de Fundos de Investimentos, SA (Investment Funds Management Company)

Chairman of Sonae MC – Modelo Continente, SGPS, SA

Chairman of Sonaerp- Retail Properties, SA

Chairman of Sonae – Specialized Retail, SGPS, SA

Chairman of Sonaecom, SGPS, S.A.

Chairman of Sonae Sierra, SGPS, S.A.

Chairman of MDS, SGPS, SA

Offices held in other entities 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 Board of Curators of AEP – Portuguese Entrepreneurship Association

Member of the Board of Curators of Oporto University

Member of the European Round Table of Industrialists (ERT)

Member of the Founding Members Board of Casa da Música

Álvaro Carmona e Costa Portela

Offices held in other companies within Sonae:

Non-Executive Director of Sonaerp – Retail Properties, SA

Offices held in other entities outside Sonae:

Chairman of the Board of Representatives of Economics Faculty of the University of Oporto

Chairman of MAF Properties, Dubai, EAU

Non-Executive Director of Casa Agrícola HMR, SA

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

Non-Executive Director of COPAM – Companhia Portuguesa de Amidos, SA

Director of Portela & Portela, Lda

Member of Investment Committee of ECE European Prime Shopping Centre Fund, Hamburgo, Alemanha

Investment Advisory Committee of PanEuropean Property Limited Partnership, Londres, RU

Trustee of ULI – Urban Land Institute, Washington DC, EUA

Ângelo Gabriel Ribeirinho dos Santos Paupério

Offices held in other companies within Sonae:

CEO of Sonaecom, SGPS, SA

Chairman of Sonaecom - Sistemas de Informação, SGPS, SA

Chairman of Sonae Telecom, SGPS, SA

Chairman of Optimus – Comunicações, SA

Chairman of WeDo Consulting - Sistemas de Informação, SA

Chairman of Público - Comunicação Social, SA

Vice-Chairman of Sonaerp- Retail Properties, SA

Vice- Chairman of Sonae – Specialized Retail, SGPS, SA

Vice-Chairman of Sonae MC – Modelo Continente, SGPS, SA

Director of Sonae Investments, BV

Director of Sontel BV

Member of the Board of Directors of MDS, SGPS, SA

Member of the Board of Directors of Sonae Investimentos – SGPS, SA

Member of the Board of Directors of Sonaecom BV

Member of the Board of Directors of Sonae Center Serviços II, SA

Non-Executive Director of Cooper Gay (Holdings) Limited

Non-Executive Director of Sonae Sierra, SGPS, SA

Offices held in other entities 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:

Member of the Board of Directors of Sonae Investimentos – SGPS, SA

Member of the Board of Directors of Sonaerp – Retail Properties, SA

Member of the Board of Directors of Modelo – Distribuição de Materiais de Construção, SA

Member of the Board of Directors of Sonaecom – SGPS, SA

Offices held in other entities 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

1970-2009	Lecturer at the University of Oporto
1970-1999	- Faculty of Economics
1988-2000	- ISEE (Institute for Entrepreneurship Studies)
1989-2002	- Faculty of Engineering
2000-2008	- EGP – Oporto Management School
2008-2009	- EGP – University of Porto Business School
2009	- Faculty of Economics
1978-1979	Dean of the Faculty of Economics of the University of Oporto
1983-2010	Economists - Liberal professional
1990-1995	Vice-Dean for the Financial Management Guidance of the University of Oporto
1995-1996	Economics Minister of the Portuguese Government
1996-2006	Non-Executive Director of CELBI – Celulose Beira Industrial
1997-1999	Non-Executive Director of INPARSA – Indústrias e Participações, SGPS, SA
1997-2000	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
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 OTOC – Association of Official Account Auditors (former CTOC – Chamber of Official Account Auditors)
2007-2010	Member of the Board of Directors of the Agency for Investment and External Commerce of Portugal - AICEP, E.P.E.
2007-2010	Member of the Advisory Board of Microprocessador, SA
2008-2010	Member of the Investment Committee Member of PVCI – Portuguese Venture Capital Initiative, entity created by FEI – European Investment Fund

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
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, Imoareia – 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 entities 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

Chairman of the Shareholders General Meeting of Nanium, 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

Offices held in other entities outside Sonae:

External auditor at DMJB – Consultoria de Gestão, SA

Member of the Statutory Audit Board at Rochinvest – Investimentos Imobiliários e Turísticos, SA

Member of the Statutory Audit Board at ALADI – Associação Lavrense de Apoio ao Diminuído Intelectual

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

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

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

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

Jorge Manuel Felizes Morgado

Offices held in other companies within Sonae:

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

Offices held in other entities outside Sonae:

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

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

External Auditor at Vadeca Equipamentos, SA

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

External Auditor at Sucitesa Portugal, SA

External Auditor at Vadeca Imobiliária, SA

External Auditor at Vadeca Org. e Gestão, SA

External Auditor at Vadeca SGPS, 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 Hidroelétrica S. Pedro, SA

External Auditor at Hidroelétrica 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

External Auditor at FeedWater - Tubos, SA

External Auditor at SkyWorld, SA

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 Praianorte – Hotelaria e Turismo, SA

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

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

External Auditor at AD Venture S.G.P.S., SA

External Auditor at Delvepe – Projectos e Construção, SA

External Auditor at ERPA II – Emp., Recup., Pat., Arqitet., SA

External Auditor at House Demand, SA

External Auditor at IberiaPremium, Oil & Gas, SA

External Auditor at Listradema – Gestão de Parques Empresarias

External Auditor at Luso-Insular, Projectos e Invest., SA

External Auditor at PMVA - Imobiliária, SA



CORPORATE GOVERNANCE

External Auditor at Sivil – Construções Silva Lopes, SA

External Auditor at Sivil – SGPS, SA

External Auditor at Write UP, SA

External Auditor at Strong Management, SA

External Auditor at Fundação Universidade do Porto

Appendix II

CMVM Regulation no. 1/2010	Report Reference
Chapter o Compliance Statement	
o.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
o.2. A detailed list of recommendations that have or have not been adopted, which are set out in the CMVM Corporate Governance Code or another Code that the company has decided to adopt, in accordance with this Regulation of which this Appendix is an integral part. For these purposes, recommendations that are not comprehensively followed are deemed not to be adopted.	0.2 and 0.3
o.3. Notwithstanding the preceding paragraph, the company may also make an overall assessment, provided that it is based on the degree of adoption of recommendation groups related to each other by topics.	N/A
o.4. 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 agreed to, the company shall explain which parts of each Code that have not been complied with or that the company considers not to be applicable, the reasons and other relevant remarks thereto and also a clear indication where a description of these circumstances may be found in the Report.	0.3
Chapter I General Meeting	
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.	6.6.
I.4. Indication of the prior notice required for the deposit or blocking of shares for participation in the General Meeting.	5.2.1
I.5. Indication of the rules for blocking shares in the event of the General Meeting being suspended.	5.2.1
I.6. Number of shares corresponding to one vote.	5.2.2
I.7. Indication of the articles of association rules which envisage the existence of actions that do not confer voting rights or which enable voting rights over a certain number not to be counted, when issued by a single shareholder or shareholders related thereto.	5.2.2
I.8. 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
I.9. The existence of articles of association rules on the exercise of voting rights via postal voting.	5.2.4
I.10. Availability of a template for the right to vote via postal voting.	5.2.5
I.11. A deadline requirement for the receipt of the postal ballots and the date on which the General Meeting is held.	5.2.4
I.12. The exercise of voting rights by electronic means.	5.2.6
I.13. Possibility of shareholders gaining access to excerpts from the Minutes of the General Meetings in the company's website within five days after the general meeting was held.	5.1.1
I.14. Existence of a historical record on the company's website with the resolutions passed at the company's General Meetings, share capital and voting results relating to the previous three years.	5.1.1
I.15. Indication of the representative(s) from the Remuneration Committee present at General Meetings.	5.1.3
I.16. 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 and other Directors.	5.1.3, 6.1, 6.3 and 6.7
I.17. Information of the intervention by the General Meeting on matters concerning the proposal on the share allocation plans, and/or stock option plans, or based on share price fluctuations, for members of the Board of Directors, Supervisory Board and other Directors, within the meaning of Article 248-B/3 of the Securities Code together with the details provided to the General Meeting for the purposes of correctly assessing said plans.	6.1 and 6.3.2
I.18. Information of the intervention by the General Meeting on matters concerning the approval of the main features of the retirement benefit system as enjoyed by the members of the Board of Directors, Supervisory Board and other Directors, within the meaning of Article 248-B/3 of the Securities Code.	6.1
I.19. Existence of a statutory provision that envisages the duty to be subject, at least every five years, to a resolution by the General Meeting, for the maintenance or withdrawal of the statutory provision providing for the limitation of the number of votes capable of being held or exercised by a single shareholder individually or together with other shareholders.	N/A
I.20. Indication of 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.21. 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.22. 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.	6.3.6
Chapter II Management and Auditing Bodies	
Section 1 – General Issues	
II.1. Identification and composition of the statutory governing bodies.	1, 2, 4 and 5.1
II.2. Identification and composition of other committees established with responsibilities for the management or the auditing of the company.	2.2 and 2.3
II.3. Organisational 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, particularly with regard to the delegation of day-to-day management of the company, or distribution of functions among the members of the Board of Directors or Supervisory Board, and a list of non-delegable matters and powers actually delegated.	2, 3 and 4
II.4. Reference to the annual reports on the activities undertaken by the General and Supervisory Board, the Financial Board, the Audit Board and the Supervisory Board including the description of the supervisory activity and indicating any restraints found, and being subject to disclosure on the website of the company, together with the financial statements.	4.1.5
II.5. Description of the company's internal control and risk management systems, in particular with regard to financial reporting and the functioning and effectiveness thereof	7.1, 7.2, 7.3, 7.4, 7.5 and 7.7
II.6. Responsibility of the Board of Directors and the Supervisory Board for establishing and operating the company's internal control and risk management systems, and also for assessing said system's functioning and adaptation to the company's requirements.	4.1.1 and 7.3
II.7. Indication of the existence of regulations on the functioning of the corporate boards or other internally defined rules on conflicts of interest 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
Section II - Board of Directors	
II.8. In the event of the Board of Directors' Chairman carrying out an executive role, an indication of the mechanisms coordinating the tasks of non-executive members in order to ensure independence and notification of decisions.	N/A
II.9. Identification of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity.	7.6
II.10. Powers of the Board of Directors, particularly with regard to resolutions concerning capital increases.	2.1.4
II.11. The information on the rotation policy of the Board of Directors' functions, in particular as to how financial responsibilities are divided, and the rules applicable to the appointment and replacement of members of the board of directors and of the supervisory board.	2.1.3
II.12. The number of meetings held by the board of directors and the supervisory board as well as reference to the minutes of said meetings.	2.1.5, 2.2.3, and 4.1.4
I.13. The number of meetings held by the Executive Committee or by the Executive Board of Directors, as well as reference to the drawing up of the minutes of those meetings and whenever applicable, the submission of same with the convening notices to the Chair of the Board of Directors, the Chair of the Supervisory Board or of the Audit Committee, the Chair of the General and Supervisory Board and to the Chair of the Financial Matters Committee.	2.1.5, 2.2.1 and 2.2.3
II.14. Distinction between executive and non-executive members and among these, differentiating those members that would comply if the conflict of interest rules were to be applied (Article 414-A/1 of the Commercial Companies Code, except for item /b and the independency criteria provided for in article 414/5, both of the Commercial Companies Code).	0.4 and 2.1.2
II.15. A description of the legal and regulatory rules and other criteria that have been used as a basis for assessing the independency of its members carried out by the board of directors.	0.4
II.16. A description of the selection rules for candidates for non-executive board members and the way in which executive members refrain from interfering in the selection process.	2.3.2
II.17 Reference to the fact that the company's annual management report includes a description on the activity carried out by non-executive members and possible hindrances to their work detected.	2.1.1
II.18. 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.19. 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
Section III – General and Supervisory Board, Financial Matters Committee, Statutory Audit Board Committee	

Whenever applicable:	
II.21. Identification of the members of the supervisory board and statement indicating that same comply with the conflict of interest rules provided for in article 414-A/1, and whether they comply with the independency criteria in article 414/5, both of the Commercial Companies Code. For said purpose, the audit board carries out the relevant self-assessment.	4.1.2
II.22. 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.23. 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
II.24. Reference to the fact that the supervisory board assesses the external auditor on an annual basis and the possibility of proposing to the general meeting that the auditor be discharged whenever justifiable grounds are present.	4.1.1
Or,	
II.25. Identification of the members of the general and supervisory board and other committees created within the company for the purposes of assessing the individual and overall performance of the executive members, consideration on the governance system that has been adopted by the company and the identification of potential candidates with the professional profile fitting the member position.	N/A
II.26. Statement indicating that members comply with the conflict of interest rules provided for in article 414-A/1 including item f) and the independency criteria provided for in article 414/5, both of the Commercial Companies Code. For said purpose, the general and supervisory board carries out the relevant self-assessment.	N/A
II.27. The professional qualifications of the members of the general and supervisory board and of other committees created within the company, 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.28. The duties that the members of the general and supervisory board, as well as other committees established within the company, carry out in other companies, as well as those carried out in companies of the same holding.	N/A
II.29. Description of the remuneration policy including that of the managers within the concept of article 248-B/3 of the Securities Code and of the other workers whose professional activity might have a relevant impact on the risk profile of the company and whose remuneration contains an important variable component.	6
Section IV - Remuneration	
II.30. Description of the remuneration policy of the board of directors and the supervisory board, as provided for in article 2 of Law 28/2009 of 19 June.	6
II.31. Indication on the amount of annual remuneration paid individually to members of the board of directors and to the supervisory board of the company, including fixed and variable remuneration and as to the latter, mentioning the different components that gave rise to same, the parts that has been deferred and paid.	6.3.5, 6.4, 6.5 and 6.6
II.32. Information on the way the remuneration is structured so as to allow the interests of the members of the board of directors and the long-term interests of the company to be aligned, as well as how it is linked to performance assessment and how it discourages the taking of excessive risk.	6.3.1, 6.3.2, 6.3.3 and 6.3.4
II.33. As regards the remuneration of the executive members: a) Reference to the fact that the executive members' remuneration includes a variable component and information on the way said component relies on the assessment of performance; b) The statutory bodies responsible for assessing the performance of executive members; c) The pre-established criteria for assessing the performance of executive members; d) The relative importance of the variable and fixed components of the members' remuneration, as well as the maximum limits for each component; e) The deferred payment of the remuneration's variable component and the relevant deferral period; f) An explanation of the manner in which payment of variable remuneration is linked to the company's continued positive performance during the deferral period; g) Sufficient information on the criteria on which the allocation of variable remuneration on shares is based, as well as on maintaining company shares that the executive members have had access to, on the possible share contracts, namely hedging contracts or risk transfer, the relevant limit and its relation apropos the value of the total annual remuneration; h) Sufficient information on the criteria whereon the allocation of variable remuneration on options is based as well as its deferral period and exercising price; i) The main factors and reasons for any annual bonus scheme and any other non-financial benefits; j) 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; l) Compensation paid or owed to former executive directors in relation to early contract termination; m) Reference to the envisaged contractual restraints for compensation owed for undue dismissal of executive directors and its relation apropos the remunerations' variable component; n) Amounts paid on any basis by other companies in a group relationship or exercising control over the company; o) A 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; p) An estimate of the non-financial benefits considered as remuneration which do not fall under the categories listed above;	6.3

q) Mechanisms for preventing executive directors from having employment contracts that question the grounds of the variable remuneration.	
II.34. Reference to the fact that remuneration of non-executive members of the Board of Directors is not included in the variable component.	6.3.4
II.35. Information on the whistle blowing policy adopted by the company (reporting means, persons entitled to receive said reports, how the reports are to be handled and the names of the persons or bodies that have access to the information and their involvement in the procedure).	8
Section V – Special Committees	
II.36. Identification of members of those committees that have been constituted for the purposes of individual and overall performance assessment of the executive members, consideration on the governance system that has been adopted by the company and the identification of potential candidates with the professional profile fitting the member position.	2.3.1 and 2.3.2
II.37. Number of meetings held by the committees that have been constituted for management and supervision during the period concerned, as well as reference to the minutes of said meetings that have been held.	2.2.3, 2.3.1 and 2.3.2
II.38. Reference to the fact that one member of the remuneration committee has knowledge and experience of remuneration policy issues.	5.1.3
II.39. Reference to the independence of private individuals or corporate entities with an employment contract or providing services to the remuneration committee, as regards the Board of Directors as well as, when applicable, to the fact that these persons have an existing relation with the company consultant.	5.1.3
Chapter III - Information and Auditing	
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 trend 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.	6.3.2 and 6.3.5
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. A description of the vital data on business deals and transactions carried out in the absence of normal market conditions between companies and owners of qualifying holdings or entity-relationships with the former, as envisaged in article 20 of the Securities Code.	9.12

III.13. A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the owners of qualifying holdings or entity-relationships with the former, as envisaged in article 20 of the Securities Code.	4.1.1 and 9.12
III.14. A description of the statistical data (number, average and maximum values) on the business deals subject to preliminary opinion by the supervisory board.	9.12
III.15. Indication of the availability on the company's website, of annual activity reports drawn up by the general and supervisory board, by the financial matters committee, the audit committee and the supervisory board, including constraints that might be encountered, as well as financial information documents.	4.1.5
III.16 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.17. 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.	6.5
III.18. Reference to the external auditor's rotation period.	4.2.3