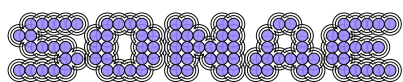


CORPORATE
GOVERNANCE
REPORT



IMPROVING LIFE

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0 Statement of compliance

0.1. Rules Adopted

The Corporate Governance Report provides a description of the Corporate Governance structure, policies and practices followed by the Company and complies with the terms of article 245-A of the Portuguese Securities Code, and with the information disclosure requirements of the Portuguese Securities Market Commission (CMVM) Regulation no. 1/2010, of 1 February. It also describes how the Company complies with CMVM recommendations in force on the date that this Report was issued, in the light of the principle of “comply or explain”.

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

All cross references refer to this Report unless otherwise indicated.

The Report should be read as an integral part of the Annual Management Report and the Individual and Consolidated Financial Statements for the year ending 31 December 2011.

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 in the Report are publicly available at www.cmvm.pt.

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

SECTIONS

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, in relation to the required information for attending General Meetings, thereby promoting an increase in the overall attendance rate at the meeting.

5.1.2.

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, as described in this Report.

6.6.

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 business 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.

RECOMMENDATIONS 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.

5.2.1.

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 amendment to the Articles of Association approved by the Shareholders' General Meeting on 20 April 2009. Electronic voting has been in force since the Extraordinary Shareholders' General Meeting that took place on 9 November 2009.

5.2.4. to
5.2.6.

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 written votes may not exceed 3 business days.

RECOMMENDATION FULLY ADOPTED

A deadline of three business days is expressly stated in the Company's Articles of Association for receipt of votes, sent by post or by electronic means.

5.2.4.

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 principle. Companies, which: 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 shareholders with equal rights exists in the Company, in which one share is equal to one vote.

5.2.2.

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.

5.1.

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. This 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).

5.1.1.

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 NOT APPLICABLE

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 as to the number of votes that can be held or exercised by any shareholder.

5.2.2.,
9.3. and
9.4.

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 these prevent 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.

9.6.

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 0.5 of this Report.

0.5.

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 Board of Directors has implemented appropriate internal risk control systems.

7.

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

2.3.1.,
3.1., 4.1.1.
and 4.2.1.

II.1.1.4 The companies shall, in their annual report on corporate governance: i) identify the main economic, financial and legal risks to which the company is exposed while carrying out its activities; ii) describe the performance and efficiency of the risk management system.

RECOMMENDATION FULLY ADOPTED

Information disclosed in this Report.

6.3.3.
and 7.

II.1.1.5 The management and audit bodies 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 internal regulations, which are available on the Company's website at www.sonae.pt (tab Investors, Corporate Governance section).

2.1.6. and
4.1.5.

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, seven of which are non-executive members.

0.4., 2.1.1.
and 2.1.2.

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.

0.4. and
2.1.2.

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 compatibility restrictions 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 an annual assessment of the independence of its non-executive independent members, by the analysis of specific information individually provided by each member.

0.4. and
2.1.2.

II.1.3 ELIGIBILITY CRITERIA AND APPOINTMENT

II.1.3.1 Depending on the governance model adopted, the chairman of the statutory audit board, or of the 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 and possess the necessary skills and experience to perform their duties.

4.1.2. and
Appendix I

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.

2.1.3. and
2.3.2.

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 whistleblower.

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.

8.

II.1.4.2 General guidelines for this policy should be disclosed in the corporate governance report.

RECOMMENDATION FULLY ADOPTED

An outline of the Company's policy on reporting irregularities is included in this Report.

8.

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 of not less than three years and its payment shall depend on the company's continued positive performance during that 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/her 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 was discussed and agreed upon at the Shareholders' General Meeting that took place on 27 April 2011, based on proposals put forward by the Shareholders' Remuneration Committee and complies with the rules of this recommendation.

6.

II.1.5.2 A statement on the remuneration policy of management and audit bodies 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 loss of office by mutual agreement.

RECOMMENDATION FULLY ADOPTED

The declaration concerning the Company's remuneration policy, which was approved at the Annual Shareholders' General Meeting of 27 April 2011 (proposal number 8 on the agenda), can be seen on the Company's website at www.sonae.pt (tab Investors, Shareholders' General Meeting section).

II.1.5.3 The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the remuneration of the persons discharging managerial responsibilities ("dirigentes"), within the meaning of Article 248 B, paragraph 3, of the Portuguese Securities Code, which contains a significant variable component. 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 (proposal number 8 on the agenda) 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 management and audit bodies, as well as other persons discharging managerial responsibilities (“dirigentes”), as defined in Article 248 B, paragraph 3 of the Portuguese Securities Code, shall also be approved at the shareholders’ general meeting.

RECOMMENDATION FULLY ADOPTED

The medium term variable remuneration plan, including its execution terms, was approved at the Shareholders’ Annual General Meeting held on 27 April 2011. No retirement benefits plan has been adopted - proposal no. 8 on the agenda, available at www.sonae.pt (tab Investors, Shareholders’ General Meetings section).

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 of 27 April 2011.

5.1.3.

II.2. BOARD OF DIRECTORS

II.2.1 In accordance with the limits established by the Portuguese Companies Act, for each management and audit board, and unless the company is small sized, 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 annual 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.

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, namely the: 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 responsibilities delegated to the Executive Committee is described in this Report and complies with the rules of this recommendation.

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 procedures to co-ordinate the work of non-executive members, to ensure that they take decisions in an independent and informed manner, and shall also explain these to the shareholders in the corporate governance report.

RECOMMENDATION NOT APPLICABLE

The Chairman of the Board of Directors does not have any executive role.

2.1.2.

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 in doing so.

RECOMMENDATION FULLY ADOPTED

Such a 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 this in the annual corporate governance report.

RECOMMENDATION FULLY ADOPTED

The policy for rotating portfolios on the Board of Directors is explained in this Report.

2.2.1.

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 the members of other statutory governing bodies 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 as well of members of other statutory governing bodies, so that the latter have the necessary support to fulfill their duties.

0.4. and
2.2.3.

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.

0.4. and
2.2.3.

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 committee responsible for financial matters.

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 its 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

The Statutory Audit Board's annual report and opinion, issued for the 2011 financial year is 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, its respective remuneration, ensuring that the company provides adequate conditions to allow it to provide its services, acting as the point of contact with the company and being the first recipient of its 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 Internal Regulation, available at www.sonae.pt (tab Investors, Corporate Governance section). The Statutory External Auditor was appointed at the Shareholders' Annual General Meeting held on 27 April 2011, as proposed by the Statutory Audit Board.

4. and 5.

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 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 and standards 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 statutory audit 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.

0.5., 4.1.1. and 7.3.

II.5 SPECIALISED 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 effectiveness 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 profiles necessary to carry out the duties of a board director.

RECOMMENDATION FULLY ADOPTED

The Board of Directors has set up two specialised 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.

2.3.1. and
2.3.2.

II.5.3 Any person or legal entity which provides or has provided over the last three years services to any organizational structure 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 shareholders' 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 non-executive directors, supports the Shareholders' Remuneration 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, to the Company and to the Group, and through their broad experience and recognised status in the market place.

5.1.3.

II.5.4 All Committees shall draw up minutes of the meetings held.

RECOMMENDATION FULLY ADOPTED

Minutes are prepared of all committee meetings, as set out in the Board of Directors' Internal Regulation (available at www.sonae.pt (tab Investors, Corporate Governance section)).

2.3.1 and
2.3.2.

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.

9.1.3.

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 audit 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 third mandate of the Company's Statutory External Auditor began in 2011, by proposal of the Statutory Audit Board.

4.2.2. and
4.2.3.

III.1.4 The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the effectiveness and functioning of internal control procedures and report any shortcomings to the company's audit board.

RECOMMENDATION FULLY ADOPTED

The Statutory External Auditor gives his opinion about his work during 2011 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).

4.2.1.

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 such services are required, the services involved should not be greater than 30% of the total value of services rendered

to the company, and the hiring of these services must be approved by the audit board and must be explained in its annual report on the company's Corporate Governance.

RECOMMENDATION FULLY ADOPTED

The services provided by the Company's External Auditor were approved by the Statutory Audit Board, according to the principles recommended.

4.1.1. and
6.5.

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 voluntarily adopted internal systems of checks and balances, namely formal validation or reporting processes, depending on the value of the transaction in question.

9.12.

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 has in place a formal internal procedure that involves obtaining an opinion from the Statutory Audit Board and from the Board Audit and Finance Committee prior to the Executive Committee doing business with qualified shareholders or with entities with which they are related, 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, reports are written and sent every six months to these two entities for all transactions with the above mentioned parties in excess of 10 million Euros.

9.12.

0.3. Partially adopted CMVM Recommendation on Corporate Governance

II.5.2 Members of the shareholders' remuneration committee or its 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, or there may be, a conflict of interest.

0.4. Assessment of Independence of the Non Executive Members of the Board of Directors

The Board of Directors has not identified any fact or circumstance that affects or interferes with the independence of its non executive members qualified as independent, and based this conclusion on written statements provided by each of the independent members in accordance with CMVM Recommendation II 1.2.3.

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 specialised committees to function normally, and none of the other statutory governing 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 from the Board to that effect, through information provided on a regular basis by the Board of Directors and the Executive Committee.

The Statutory External Auditor has followed the Company's business activity, it had free access to all necessary information and has conducted the examinations and verifications deemed necessary or useful by him and by the Statutory Audit Board to ensure strict compliance with the Company's legal obligations and recommendations. When carrying out its role, the Statutory External Auditor acted in interaction and under the supervision of the Statutory Audit Board, to whom it presented in the first instance its reports, in compliance with its duties and responsibilities.

The statutory audit bodies were fully supported by the Internal Audit department, to whom they made requests for information in the course of their work and from whom they received timely, professional and impartial support.

The Board of Directors and the Executive Committee reported appropriately and in a transparent and rigorous manner on their activities to the Statutory Audit Board throughout the financial year, in compliance with legal requirements and the recommendations of the Governance Code adopted.

The rules and procedures adopted by the management and auditing bodies in the previous mandate have been renewed in order to ensure continuity and to further increase the cumulative experience gained.

Such rules and procedures are intended to:

-facilitate the carrying out of the duties of the management and audit entities, ensuring a consistent flow of information and meaningful interaction between them: the Board of Directors (actively supported by the Audit and Finance Committee as the specialised committee of the Board) and the Executive Committee, as the entities responsible for the Company's management, on the one hand; and, on the other, the Statutory Audit Board, as the audit body;

-ensure the excellence and effectiveness of internal control and risk management systems, set up by the Board and evaluated by the audit body with a view to adapting them to the Company's specificities and needs;

-ensure that significant transactions with related parties are previously reviewed before the event by audit body, under the recommended terms;

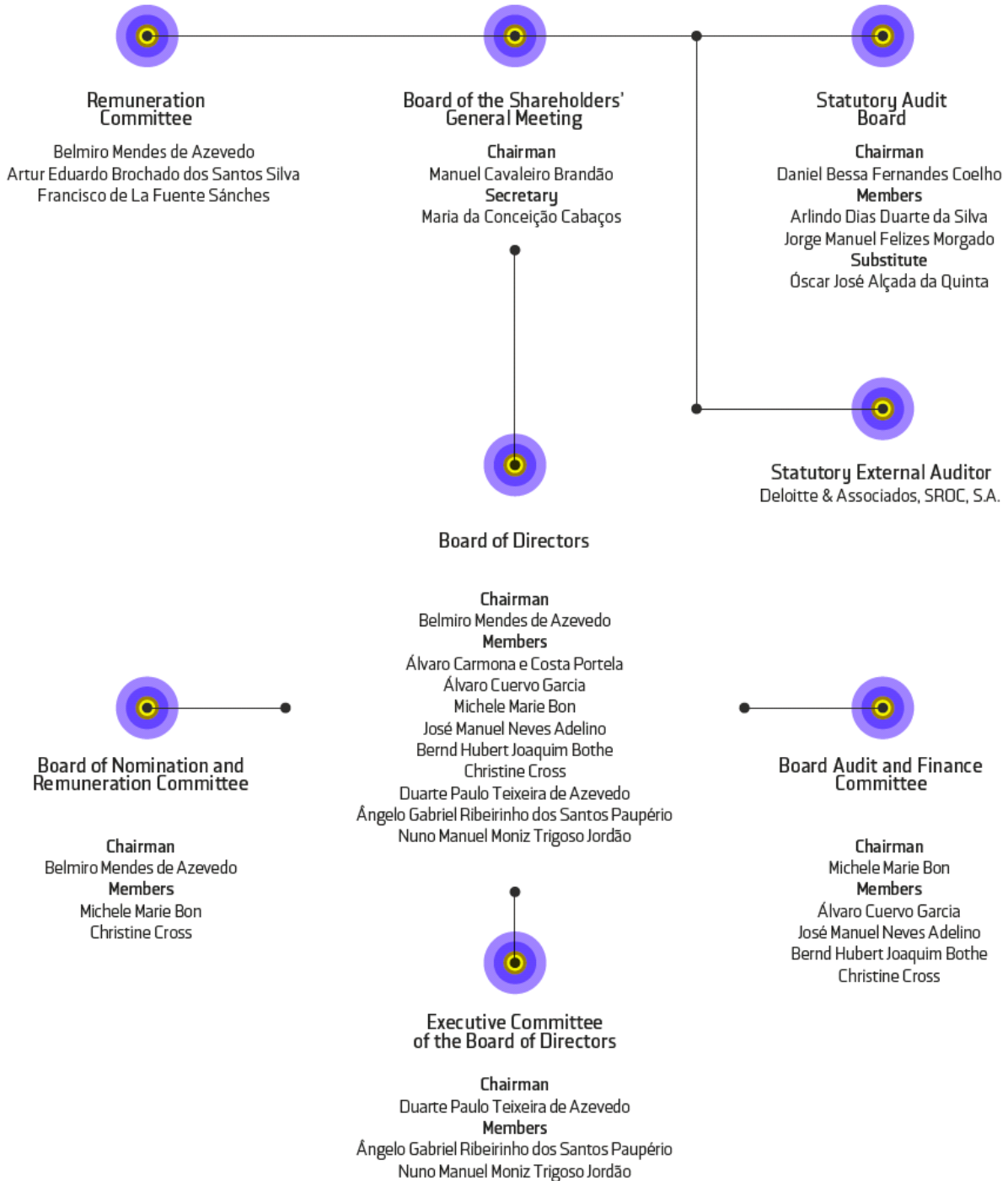
-provide a framework for the process of reviewing and disclosing financial information.

1 Governing Bodies

The Company's governing bodies are the following: the Shareholders' General Meeting, the Board of Directors, the Statutory Audit Board and the Statutory External Auditor. The members of each are elected by the Shareholders' General Meeting, who also elects its own Board and the members of the Shareholders' Remuneration Committee.

The Board of Directors, under terms authorised in the Company's Articles of Association, 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, and can be re-elected.



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 specialised 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, which began in 2011 and ends in 2014, 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 Bom	Independent Non-Executive
José Manuel Neves Adelino	Independent Non-Executive
Bernd Hubert Joachim Bothe	Independent Non-Executive
Christine Cross	Independent Non-Executive
Duarte Paulo Teixeira de Azevedo	Executive - CEO
Ângelo Gabriel Ribeirinho dos Santos Paupério	Executive
Nuno Manuel Moniz Trigos Jordão	Executive

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

Appointment to the Board of Directors		
	First Appointment	End of Mandate
Belmiro Mendes de Azevedo	1989	2014
Álvaro Carmona e Costa Portela	1999	2014
Álvaro Cuervo Garcia	2004	2014
Michel Marie Bon	2004	2014
José Manuel Neves Adelino	2007	2014
Bernd Hubert Joachim Bothe	2009	2014
Christine Cross	2009	2014
Duarte Paulo Teixeira de Azevedo	2000	2014
Ângelo Gabriel Ribeirinho dos Santos Paupério	2000	2014
Nuno Manuel Moniz Trigos Jordão	1999	2014

In the composition of the Board of Directors, a balance is maintained between the number of executive directors and the number of non-executive directors. Out of the current 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 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 audit duties in more than five companies does not, in the opinion of the Board of Directors, affect the independence of the directors concerned.

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 the Company, and/or in companies controlled or in a group relationship with the Company, is disclosed in the appendices to the Annual 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. Rules for nominating and replacing Board Members

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 by the Shareholders' General Meeting.

The Articles of Association allow, however, 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 the death, resignation, temporary or permanent incapacity, or lack of availability of any member, who was not elected a member under the minority rule, but such an appointment is subject to ratification by the shareholders at the next Shareholders' General Meeting.

As part of this power of co-option of the Board of Directors, the Board Nomination and Remuneration Committee, exclusively made up of non-executive directors, is responsible for proposing potential candidates as Board members with the suitable profile for the exercising of such a role.

However, the definitive absence, for whatever reason, of a replacement director individually elected according to the above mentioned special rules, means that a new election must be made 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 powers given by the Articles of Association for the Board of Directors to increase the Company's share capital were withdrawn in April 2011. As from that date, these powers are held exclusively by the Shareholders' General Meeting.

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 its Internal Regulation, and whenever the Chairman or two Board members call a meeting. The quorum for any Board meeting requires that the majority of Board Members are present or represented by proxy.

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

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

Minutes are recorded in a minute book.

During 2011, there were 7 Board meetings, and the overall attendance rate was 100%.

2.1.6. Internal Regulation

The Internal Regulation of the Board of Directors is available at www.sonae.pt (tab Investors, Corporate Governance section).

No rules concerning situations, involving Board director incompatibility and the maximum number of positions that a Director can cumulatively hold, have been established internally.

2.2. Executive Committee

2.2.1. Role and duties

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

The following matters were excluded from the terms of delegation from the Board of Directors and are considered to be matters exclusively for Board deliberation:

- (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 Financial Statements;
- (v) to grant any personal or asset secured guarantees;
- (vi) to decide on any change to the Company's registered office or to approve any share capital increases;
- (vii) to decide on mergers, de-mergers or modifications to the corporate structure of the Company;
- (viii) to approve the management strategy of the business portfolio;
- (ix) to approve the annual financial plan and any significant changes thereto.

According to the policy established, all members of the Executive Committee, including the CEO, share responsibilities for more than one area, these being allocated based on the profile and experience of each member. Periodically, these responsibilities areas can be switched between members, if, under the circumstances, this is considered necessary or convenient for the appropriate execution of managerial responsibilities. Such switch of areas of responsibilities shall not, in any case, be mandatory.

2.2.2. Composition

The Executive Committee is made up of members from the Board of Directors, and, since the Shareholders' General Meeting of the 27 April 2011, is made up as follows:

Management Team

Duarte Paulo Teixeira de Azevedo

CEO

Ângelo Gabriel Ribeirinho dos Santos Paupério

Nuno Manuel Moniz Trigos Jordão

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 of the meeting, and receives supporting documents for any given meeting at least 2 days in advance.

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

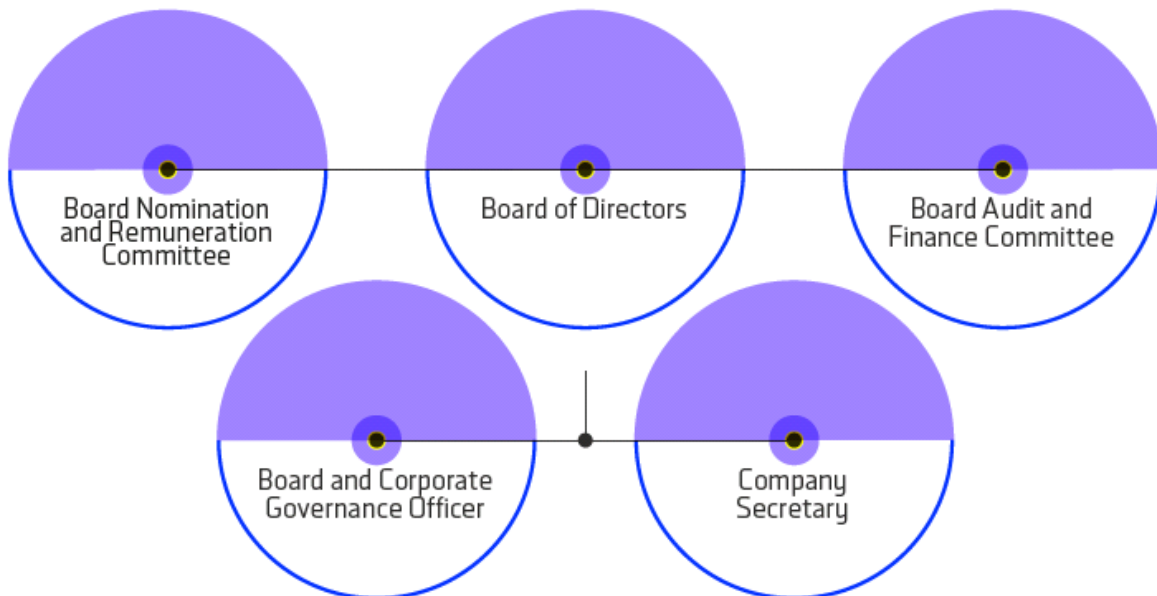
These decisions and the announcement of meetings to be held are communicated to the Chairman of the Board of Directors and the Chairman of the Statutory Audit Board.

The Executive Committee also provides in a timely fashion all information requested by other members of the Board of Directors, by the Statutory Audit Board and by the Statutory External Auditor.

Minutes are recorded in the respective minute book.

Over and above the regular contact among members of the Executive Committee between formal meetings, 17 meetings of the Executive Committee took place in 2011 with an overall attendance rate of 98%.

2.3. Internal Committees of the Board of Directors and support functions



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

Role

The BAFC is an internal committee appointed by the Board of Directors, made up of independent non-executive directors, and its terms of reference are set out in the Internal Regulation of the Board of Directors.

The BAFC is responsible for providing support to the Board of Directors and monitoring the activity of the Executive Committee in carrying out its management responsibilities, in co-ordination with the Statutory Audit Board in order not to overstep the Audit Board's duties and responsibilities as an auditing body.

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

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

- (i) Review the Company's annual and interim financial statements and earnings announcements to the market, and report its findings to the Board, 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 Sonae's Annual and Half-year Financial Statements and in the Quarterly Earnings Announcements;
- (iii) Advise the Board, including the evaluation of suggestions made by the Statutory Audit Board, on the adequacy and quality of information provided by the Executive Committee, and the systems and standards of internal business controls applied by the Company;
- (iv) Monitor Internal Audit activity, in conjunction with plans validated by the Statutory Audit Board, reach conclusions and put these forward for consideration by the Board of Directors;
- (v) Assess operational procedures in order to ensure that internal control, effective management of risks, the timely distribution of information and the reliability of the process of preparing and disclosing financial information are monitored;
- (vi) Ensure the smooth flow of information to and from the Statutory Audit Board and process any requests made by it to the Board of Directors;
- (vii) Ensure that the Corporate Governance policies adopted by the Company are followed.

Composition

The BAFC consists of five members who are appointed by the Board of Directors. All members are independent non-executive directors.

Board Audit and Finance Committee

Michel Marie Bon

Chairman

Álvaro Cuervo Garcia

José Manuel Neves Adelino

Bernd Hubert Joachim Bothe

Christine Cross

Independent Non-Executive

Independent Non-Executive

Independent Non-Executive

Independent Non-Executive

Independent Non-Executive

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.

During 2011, the BAFC regularly exercised its competences, having met 5 times in all with an attendance rate of 100%.

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

Role

The BNRC operates according to the Internal Regulation of 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 two independent non-executive directors, 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. In addition to formal meetings, BNRC members keep in touch through various forms of long distance communication. Minutes are kept of all meetings of this Committee.

During 2011, BNRC regularly exercised its competences, having being held 2 formal BNRC meetings 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 Raquel de Sousa Rocha.

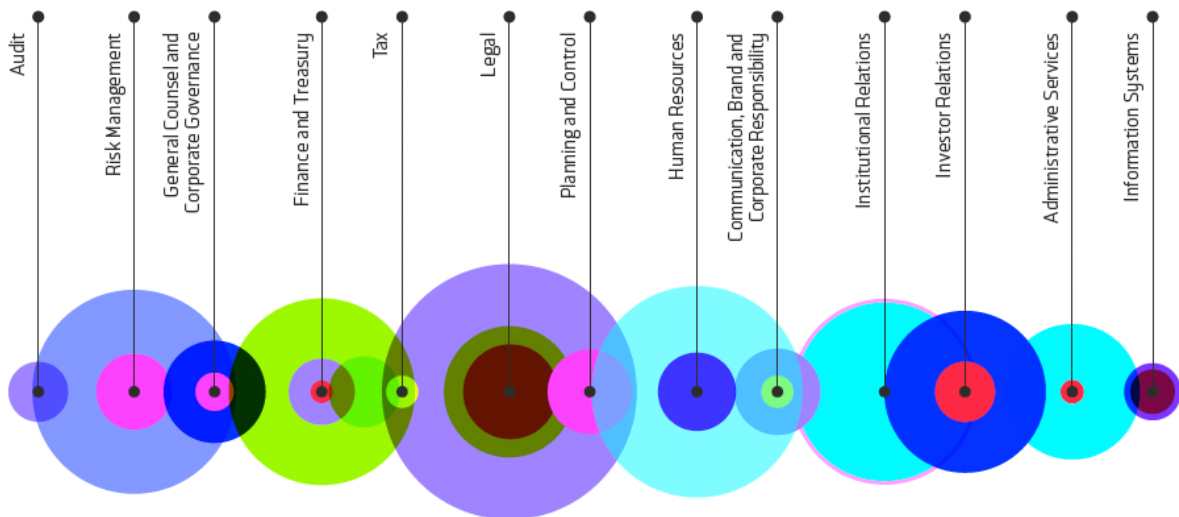
3 Organisation of the Corporate Centre – Duties and Competencies

3.1. Corporate Centre organisation

In 2009, the Corporate Centre of Sonae was merged with that of the retail business to create a single corporate structure, which creates synergies and allows 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 was based on the range of services it provides, primarily for retail companies but also for other of 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.

Executive Committee Sonae



Risk Management Department

Main responsibilities:

- (i) Promote a culture of risk awareness throughout the organisation;
- (ii) Develop, implement, review and maintain risk management processes and analysis methodologies;
- (iii) Provide operational support to Sonae’s Risk Management Consultation Group.

Internal Audit Department

Main responsibilities:

- (i) Carry out internal audits (Compliance, Processes, Food Safety and Information Systems) of Sonae’s corporate centre and core businesses;

- (ii) Provide operational support to Sonae's Audit Committee.

Legal Counsel and Corporate Governance Department

Main responsibilities:

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

Financial and Treasury Manager Department

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 and the retail businesses, and provide advice and support on other financing operations of Sonae (with the exception of Sonae Sierra) on request, in coordination with those Board Directors with responsibility for the financing of Sonae businesses;
- (iii) Negotiate and contract financing operations and banking products and services for the Company and for its retail business units;
- (iv) Manage the treasury of the Company and its retail businesses;
- (v) Manage the financing risk of the Company and its retail businesses;
- (vi) Support the different functional areas to allocate capital;
- (vii) Provide support on Merger, Acquisition and Demerger operations;
- (viii) Provide support to Sonae's businesses on money market, interest rate or exchange rate transactions;
- (ix) Support the work of Sonae's Finance and Audit Committee.

Tax Department

Main responsibilities:

- (i) Develop, provide training for and share the tax skills of Sonae's business units;
- (ii) Take part in defining tax strategy and objectives, in particular by giving support to the international expansion of the businesses;
- (iii) Provide tax support to the Mergers and Acquisitions activity as well as to restructuring operations;
- (iv) Manage Institutional Relations, namely the proactive management of tax matters relating to Sonae business units;
- (v) Optimise Sonae's tax efficiency, namely by:

- a. Controlling and monitoring tax procedures among all of Sonae's business units;
 - b. Ensuring compliance with all tax requirements by all companies;
 - c. Controlling all Company fiscal consolidation groupings that exist within Sonae;
- (vi) Manage Sonae's price transfer dossier;
- (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 matters.

Legal Department

Main responsibilities:

- (i) Monitor, control and ensure the legality of retail business activities, including the health and real estate asset areas;
- (ii) Prepare and/or analyse 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, domains etc.;
- (iv) Provide day to day legal support to stores, namely when they are subject to inspections and visits carried out by government and official entities (such as the ASAE, the competition authority), 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, governance 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, relevant to the retail businesses;
- (ix) Legal monitoring of the management of retail customer complaints;
- (x) Provide support to Portuguese and international retail operations, as well as analysing new Portuguese and international operations, particularly in the latter the legal environment of the countries analysed.

Planning and Management Control Department

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 on achievement of the budget;
- (iii) Challenge the businesses and corporate areas about the objectives proposed in order to constantly improve and optimise Sonae's business 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 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 Department

Main responsibilities:

- (i) Manage Sonae's top management human resources: Chairman of Sonae's Human Resources Consultative Group; support the top management human resources 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

Communications, Brand and Corporate Responsibility Department

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 Communications.

Institutional Relations Department

Main Responsibilities:

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

Investor Relations Department

Main responsibilities:

- (i) Manage the relationship between Sonae and the financial community through the continuous preparation and disclosure of relevant and up to date information about the Company;
- (ii) Support the Executive Committee and 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 Department

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 Department

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 Specialist Committees

Audit committee

Sonae's Audit Committee was set up 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. This Committee, which meets quarterly, is chaired by Ângelo Paupério (member of Sonae's Executive Committee), and includes Sonae directors with responsibility for this area, as well as internal audit managers of the Company and businesses. In order to carry out its duties, it is supported by Sonae's Risk Management Consultation Group, as the advisory entity of this function and Risk Management processes.

The Risk Management Consultation Group meets quarterly and is chaired by Ângelo Paupério (member of the Executive Committee), and is made up of Board members of the businesses with responsibility for this area, of Risk Managers responsible for this role in the Company and in each of its businesses, and of Sonae's Insurance manager.

Finance committee

Sonae's Finance Committee is chaired by Ângelo Paupério (member of the Executive Committee) 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 other Sonae advisory groups which review Sonae's policies:

- FINOV, a forum dedicated to innovation, with the purpose of stimulating and supporting an innovation driven culture at Sonae, capable of sustaining high levels of value creation;
- Sustainability Forum, with the purpose of sharing sustainability knowledge and best practices, increasing awareness across Sonae and identifying relevant common issues to encourage synergies and cohesion in dealing with the various challenges in this area;
- Planning and Control Methodologies Forum, with the purpose of promoting and discussing the implementation of best control methodologies across the Company;
- Legal Forum, with the purpose of sharing experience and knowledge among legal teams, promoting the wide discussion of essential legal topics and a common approach to legal interpretations and procedures;
- Human Resources Forum, with the purpose of promoting and discussing the implementation of best human resources policies across the Company;
- Marketing and Communication Forum, with the purpose of coordinating negotiations with Media companies, as well as promoting the sharing of best practices in Marketing at specific seminars;
- Engineering, Construction and Safety Forum, with the purpose of promoting and discussing the implementation of best practices in engineering and construction activities across the Company, with a special focus on matters and issues related to health and safety;
- Negotiation Forum, with the purpose of presenting, analyzing and discussing negotiation strategies, identifying opportunities for joint negotiations and sharing experiences and knowledge.

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

4 Auditing Bodies

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 for shareholders on the supervision of the Company, including a description of audit work carried out, possible restrictions encountered in the course of that

- work, and issuing a statement of opinion on the annual report, accounts and proposals presented by the management;
- (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) Acting as the primary interface of the Company with the External Auditor, and proposing his appointment or replacement, as well as the review of his performance, while ensuring that the right conditions exist within the Company for the Auditor to appropriately carry out his work, being the first point of contact with the auditor and the first to receive audit reports;
 - (ix) Supervising the auditing of the Company's financial statements;
 - (x) Supervising the independence of the Statutory External Auditors;
 - (xi) Approving any services by the external auditor in addition to those related to auditing;
 - (xii) Issuing a specific report if the auditors have not been replaced at the end of two mandates, giving due consideration to the degree of independence of the auditor under these circumstances and the advantages and costs of replacing them;
 - (xiii) Supervising the internal audit function;
 - (xiv) Giving 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.

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

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

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

B- Supervising the work of the External Auditor, in particular:

- The external auditor's annual work plan;
- The monitoring of audit work, changes to the financial statements and discussing related conclusions;
- Checking the independence of the External Auditor;
- The provision of services other than those related to audit in compliance with CMVM recommendation III.1.5.

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

- Annual activity plan;
- Receiving reports from time to time on their activity;
- Evaluating results and conclusions reached;
- Checking for the existence of possible irregularities;

- Issuing guidelines, as and when deemed appropriate.

D- Information on irregularities (whistle blowing):

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

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 on 27 April 2011 and its current mandate ends in 2014.

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, by obtaining an update on the written information previously provided on an individual basis.

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 Board of Directors 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 themselves to exercise these duties until the end of its mandate.

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

Substitutes, who replace members whose duties have terminated, shall remain in office until the first 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 fresh election.

4.1.4. Operating Rules

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

The Statutory Audit Board meets at least four times a year. During 2011, the Board met 5 times with an overall attendance rate of 100%. Minutes were written up for all meetings of the Board.

4.1.5. Internal Regulation and Annual Activity Report

The Internal Regulation of the Statutory Audit Board is 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).

No rules concerning situations, involving incompatibility and the maximum number of duties that a Director can cumulatively be responsible for, have been established internally, over and above those stipulated by law.

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. His main responsibilities are:

- (i) Verifying the accuracy of all books of account, accounting transactions and supporting documents;
- (ii) Whenever it deems convenient and by the means that it considers to be appropriate, verifying the accuracy of cash and stocks of any kind, of the assets or securities belonging to the Company or received by it by way of guarantee, deposit or other purpose;
- (iii) Verifying the accuracy of the financial statements, and expressing an opinion on them in the Accounts Legal Certification and in the Statutory Auditor's Report;
- (iv) Verifying whether the accounting policies and valuation criteria used lead to a fair valuation of the assets and results of the Company;
- (v) Carrying out any examinations and checks necessary to the audit and legal certification of the accounts and carry out all procedures required by law;
- (vi) Verifying the application of remuneration policies and systems, and the effectiveness and working of internal control procedures, reporting any weaknesses to the Statutory Audit Board in accordance with, and within the limits of his legal and procedural duties;
- (vii) Attesting to the fact that the Company's Governance Report includes the information referred to in Article 245 of the Portuguese Securities Code.

During 2011, the External Auditor regularly carried out his duties.

4.2.2. Composition

The Statutory External Auditor is Deloitte & Associados, SROC, S. A., which completed its second four-year mandate in 2010, and was re-elected for a new mandate, based on a proposal by the Statutory Audit Board, put forward to and approved by the Shareholders' General Meeting held on 27 April 2011.

This proposal for the re-election of Deloitte & Associados, SROC, S.A for a new mandate, which was presented by the Statutory Audit Board to the Shareholders' General Meeting, was, in accordance with the terms recommended, supported by the following opinion in which are duly considered the independent status of the auditors and the disadvantages of replacing them:

"In order to make this recommendation, the Statutory Audit Board oversaw during 2010 a broad ranging selection process in which a number of auditing companies with well established reputations both in Portugal and abroad were invited to participate.

To this end, a number of selection criteria for the candidates were first identified which included their prior experience and knowledge of the business sectors in which Sonae operates, the competence, availability and breadth of experience of the auditing team proposed, the auditing methodologies practised, as well as the costs involved for the Company.

Taking into account all the above factors, the Statutory Audit Board decided to propose to the Shareholders' General Meeting the re-election of the current Statutory Auditor for a new mandate, since we believe that doing so does not compromise or impact negatively on their continued independence or suitability for the job." (Extract from the Proposal made by the Statutory Audit Board in agenda item 6 to the Annual Shareholders' General Meeting on 27/4/2011).

In addition, and as stated in the proposal presented to and approved by the Shareholders' General Meeting, in accordance with the principle of rotation, a new entity was appointed for the provision of external auditing services, resulting in the election of Deloitte & Associados, SROC, S.A to replace the previous member who previously had this responsibility.

4.2.3. Nomination and substitution rules

In accordance with the Company's governance model, the nomination or substitution of the Statutory Auditor/External Auditor is decided upon by shareholders in the Shareholders' General Meeting, based on a recommendation put forward by the Statutory Audit Board.

Additionally, the Statutory Audit Board supervises and annually assesses the work performed by the External Auditor, checking compliance with article 54^o of the Decree-law 487/99 of November 16 (updated by Decree-law 224/2008, of 20 November), which requires the rotation of the entity in charge of supervising or executing the statutory audit work after a period of 7 years, in order to guarantee their independence.

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 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 2%). During 2011, 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, on the first occasion that it is convened, if shareholders holding more than 50% of the Company's share capital are present or represented.

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.

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 is provided at the Company's website. Information concerning the Shareholders' General Meeting for prior three years including decisions taken, the share capital represented, and the results of voting at the meetings, are held at the Company's website.

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, which coincides with that of the other statutory entities. The present mandate began in 2011 and will end in 2014.

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

Board of the Shareholders' General Meeting

Manuel Cavaleiro Brandão

Chairman

Maria da Conceição Cabaços

Secretary

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 2011 to 2014.

The members of the Remuneration Committee are:

Shareholders' Remuneration Committee

Belmiro Mendes de Azevedo
Artur Eduardo Brochado dos Santos Silva
Francisco de La Fuente Sánchez

The members of the Shareholders' Remuneration Committee have the necessary professional qualifications and experience to carry out their responsibilities competently and rigorously, each of them having the appropriate skills to carry out their duties.

Independence

The members of the Remuneration Committee are independent from the Board of Directors as explained in the following paragraph.

Belmiro de Azevedo, Chairman of the Board of Directors and a non-executive member, is a member of the Remunerations Committee, and was elected to this post by the Shareholders' General Meeting and the Shareholders, on the recommendation of the majority shareholder, Efanor Investimentos SGPS, SA. As a member of the Remunerations Committee, he acts in the interests of this shareholder, and not in those of his role as Chairman of the Board of Directors. In order to ensure his independence in carrying out his duties on this committee, he takes no part in any discussion or decision taken, in which a possible conflict of interest exists or might arise.

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

The Remuneration Committee was represented at the Annual Shareholders' General Meeting that took place on 27 April 2011 by one of its members.

Meetings

The Shareholders' Remuneration Committee meets at least once every year. During 2011, there were 2 meetings, which all members attended.

5.2. Shareholders' participation

5.2.1. Rules for attending the Shareholders' General Meeting

Decree Law no. 49/2010, of 19 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.

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, and to voting in a different ways, which is permitted for shareholders acting as financial intermediaries for various clients.

The Company provides appropriate information to enable shareholders, wishing to be represented, to give their voting instructions to their respective representatives, by disclosing on the Company's website at www.sonae.pt (tab Investors, Shareholders' General Meetings section), the proposals to be submitted to the General Meeting and a template of a representation letter, 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, given that 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 the General 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 established for them, and the Company's positioning in comparison to remuneration in comparable 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 are in similar situations;
- Each executive director's responsibilities and assessments made of their performance.

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

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

The remuneration policy applicable to Sonae's statutory governing bodies is approved in advance by the Shareholders' 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, whose members are elected and remuneration decided upon also at the Shareholders' General Meeting.

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

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

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.

The Remuneration and Compensation Policy currently in operation was approved at the Shareholders' General Meeting that took place on the 27 April 2011, and is based on the following principles:

- No compensation payments to board directors or members of statutory governing bodies related to the cessation of their duties, whether their resignation occurs according to their original mandate or whether it is anticipated for whatever reason, without prejudice to the obligation of the Company to comply with any relevant legislation in force in this area;
- Non existence of any system of benefits, in particular relating to retirement, in favour of members of the Board of Directors, auditing bodies and other executives;
- Verification, in order to ensure the effectiveness and transparency of the objectives of the Remuneration and Compensation Policy, that executive directors:

- have not signed nor will sign contracts with the Company or with third parties that would have the effect of mitigating the risks inherent in the variable nature of the remuneration that the Company has established for them;

- have not disposed of, during the period of their mandate, nor will dispose of during any new mandate, shares in the Company, to which they have acquired the right through the award of variable remuneration up to a maximum of two and a half times the value of their total annual remuneration, with the exception of those that have to be disposed of to pay any taxes resulting from profits made on these same shares.

Our remuneration policy aims to be:

Competitive:

- *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 remuneration paid by similar companies.*

Linked to performance:

- *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.*

Aligned with the interests of shareholders:

- *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.*

Transparent:

- *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.*

Reasonable:

- *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.*

6.2. Competitiveness of the Remuneration Policy

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

Who are our benchmark/peer group companies?

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

6.3. Remuneration of the Board of 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 linked to performance in the prior year, divided into two parts:
 - a) Short term variable Performance Bonus (STPB) paid immediately after being awarded;
 - b) Medium term variable Performance Bonus (MTPB), paid after a deferral 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 executive 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 60% of total annual remuneration (fixed remuneration plus variable remuneration target values).

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
Business	Turnover, Recurrent EBITDA, net profits, share price performance	70%
Personal	An aggregate set of objective and subjective indicators	30%

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 are summarized 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 Performance Bonus (STPB)</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 Performance Bonus (MTPB)</i>	<i>Compensation deferred for three years, the amount awarded linked to market share price</i>	<i>Aims to link remuneration 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 Performance Bonus (MTPB)

1. Main features of MTPB

MTPB 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 of MTPB scheme works

Variable remuneration is awarded annually, according to the results of the previous year, and is then integrated into the MTPB 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 MTPB.

Legal engagement	Weighting of MTPB in variable remuneration
<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 of MTPB plan

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

5. Valuation of the of MTPB plan

The share price of the Company on the Portuguese stock exchange is used to establish the value of MTPB, using as a benchmark the most favourable price, equal to the closing price on the first 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 of MTPB plan

Purchasing own shares with the goal of awarding them to directors as part of MTPB 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. Vesting of the of MTPB plan

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

8. Termination of the MTPB plan

A director's rights in relation to the MTPB 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 MTPB plans of executive Board directors in progress in 2011 can be summarised as follows:

	Total		
	Aggregated number of plans	Number of Shares	Euros
Outstanding at 31.12.2010:	9	3,230,552	2,519,831
Movements in the year:			
Awarded	3	572,232	464,080
Vested	-3	-779,284	-632,048
Cancelled/Lapsed/Adjustments(1)	0	162,881	-889,314
Outstanding at 31.12.2011:	9	3,186,381	1,462,549
<i>(1) Changes in the number of shares due to dividend payments and changes in the value due to shares price changes.</i>			

The MTPB plans of Sonae and Sonae companies' senior executives, in progress during 2011, can be summarised as follows:

Sonae SGPS Share Plan Outstanding during 2011	Vesting Period			At 31 December 2011	
	Share Price at award date	Award Date	Vesting Date	Aggregate number of participants	Number of shares
2008 Plan	1.160	Mar-08	Mar-11	-	-
2009 Plan	0.526	Mar-09	Mar-12	20	3,967,728
2010 Plan	0.761	Mar-10	Mar-13	19	2,536,408
2011 Plan	0.811	Mar-11	Mar-14	18	2,232,305

The chart above does not include Sonaecom and Sonae Sierra directors' information.

6.3.3. Risks in relation to remunerations

Sonae reviews its remuneration policy annually as part of its risk management process in order to ensure that it is entirely consistent with its desired risk profile. During 2011, 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 MTPB 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 fixed values determined by reference to market values.

This remuneration is paid quarterly.

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

For each non-executive director, the fixed remuneration includes attendance fees during the year 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 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 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 is normally €2,100 or €2,200.

6.3.5. Summary remuneration tables

Director's remuneration, awarded by the Company and Group Companies for 2010 and 2011, is shown as per the charts below:

Individual Detail	2010*				2011*			
	Fixed Remuneration	STPB	MTPB	TOTAL	Fixed Remuneration	STPB	MTPB	TOTAL
EXECUTIVE DIRECTORS								
Duarte Paulo Teixeira Azevedo (CEO)	427,871 (LFL year 478.120)**	350,000	345,000	1,122,871	478,520	329,100	335,400	1,143,020
Ângelo Gabriel Ribeirinho dos Santos Paupério	415,400	297,700	297,700	1,010,800	415,800	308,800	308,800	1,033,400
Álvaro Carmona e Costa Portela***	176,246			176,246				
Nuno Manuel Moniz Trigos Jordão	338,658			338,658	305,510			305,510
<i>Sub-total</i>	<i>1,358,175</i>	<i>647,700</i>	<i>642,700</i>	<i>2,648,575</i>	<i>1,199,830</i>	<i>637,900</i>	<i>644,200</i>	<i>2,481,930</i>
NON-EXECUTIVE DIRECTORS								
Belmiro Mendes de Azevedo (Chairman)	436,000			436,000	436,100			436,100
Álvaro Carmona e Costa Portela ***	48,477			48,477	66,200			66,200
Álvaro Cuervo Garcia	35,680			35,680	37,350			37,350
Michel Marie Bon	39,860			39,860	39,860			39,860
José Manuel Neves Adelino	37,250			37,250	37,350			37,350
Bernd Hubert Joachim Bothe	35,880			35,880	37,450			37,450
Christine Cross	38,230			38,230	38,230			38,230
<i>Sub-Total</i>	<i>671,377</i>			<i>671,377</i>	<i>692,540</i>			<i>692,540</i>
TOTAL	2,029,552			3,319,952	1,892,370			3,174,470
<p>* Amounts in Euros. **Amount paid in 2010, limited to 10 months of fixed remuneration. ***Ceased to be an executive director of Sonae SGPS, SA, as from 1 May 2010, becoming a non-executive director on the same date.</p>								

Open MTPB plans attributed to executive directors:

Executive Directors	Plan (Performance Year)	Award Date	Vesting Date	Amount Vested in 2011*	Open Plans Value at Award Date*	Open Plans Value at 31 December 2011***
Duarte Paulo Teixeira Azevedo	2007	March 2008	March 2011	289,862		
	2008	March 2009	March 2012		288,100	284,271
	2009	March 2010	March 2013		313,200	205,162
	2010	March 2011	March 2014		345,000	203,545
	Total				289,862	946,300
Nuno Manuel Moniz Trigo Jordão	2007	March 2008	March 2011	255,158		
	2008	March 2009	March 2012		333,000	328,522
	2009	March 2010	March 2013		290,200	190,096
	2010	March 2011	March 2014		0	0
	Total				255,158	623,200
Ângelo Gabriel Ribeiro dos Santos Paupério	2007	March 2008	March 2011	185,980		
	2008	March 2009	March 2012		266,700	285,063
	2009	March 2010	March 2013		287,900	204,101
	2010	March 2011	March 2014		297,700	230,499
	Total				185,980	852,300
TOTAL				731,000**	2,421,800	1,931,259

*Amounts in Euros.
** All open plans were paid off for a total of 731,000 Euros.
***Calculated considering the share market closing price of 2011 last trading day.

6.3.6. Compensation 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 whatever the reasons for the loss of office.

Sonae uses the appropriate judicial means available under Portuguese law in order to comply with Recommendation II.1.5.1 (vii).

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 financial situation and market practice, and does not include any variable remuneration.

The amount of fixed annual remuneration for members of this body in 2011 was as follows:

Member of the Statutory Audit Board	2010*	2011*
Daniel Bessa Fernandes Coelho	10,000	10,100
Arlindo Dias Duarte Silva	8,000	8,100
Jorge Manuel Felizes Morgado	8,000	8,100
Total	26,000	26,300

* Amounts in Euros.

6.5. Remuneration of the Statutory External Auditor

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

	2010*		2011*	
	Amount	Percentage	Amount	Percentage
Statutory Audit	1,834,806	53%	1,064,414	57%
Other Compliance and Assurance Services	582,397	17%	552,295	30%
Tax Consultancy Services	145,180	4%	89,996	5%
Other Services	915,527	26%	155,355	8%
Total	3,477,910	100%	1,862,060	100%

* Amounts in Euros.

The percentage of audit fees and audit related fees increased 15% in 2011, representing 85% of total fees billed. Other services represent 15% of total fees billed.

Fees for other services in 2011 included:

- General consultancy services provided to several subsidiaries of Sonae Investimentos (6% of total fees) and of Sonae Sierra (2% of total fees).

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

As an additional safeguard, the following measures were taken:

- The additional services did not make up more than 30% of the total value of services provided;
- Tax consultancy services and other services were provided by different teams from those involved in the audit work;
- Total annual fees paid in Portugal by Sonae to the Deloitte Group in 2011 represented less than 1% of their total global fees in Portugal.
- The quality system used by Deloitte (internal control), according to the information provided by the Company, monitors the potential risks of a loss of independence and possible conflicts

of interest with Sonae, while also ensuring that the quality of the services provided are in compliance with the rules of ethics and independence.

The Statutory External Auditor sent to the Statutory Audit Board, under the provisions of article 62^oB of Decree-Law 487/99 of November 16 (updated by Decree-Law 224/2008 of November 20), a statement of independence, in which the services rendered by him or by other entities, and the precautionary measures taken, are described. These measures are duly considered by the Statutory Audit Board, whose responsibility it is to give an opinion on their adequacy.

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	2010*	2011*
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 remuneration proposals for directors to the Shareholders' Remuneration Committee. In the case of non-executive directors, these proposals are based on a recommendation by the Chairman, and in the case of executive directors, on a joint recommendation by the Chairman of the Board and the CEO.

Month	Remuneration Cycle
January	Obtain market surveys and benchmarking of remuneration trends and expectations
March	<p>BNRC (Board Nominations and Remuneration Committee) Meeting in mid March: Closing of prior year and preparation for the current year, reviewing:</p> <ul style="list-style-type: none"> • Annual Appraisal Process • Remuneration Policy Proposal • Proposals for the award of variable remuneration for 2011, including the deferred component • Proposals for fixed remuneration for 2012 • Proposals for variable remuneration target values for performance in 2012 <p>SRC (Shareholders' Remuneration Committee) Meeting later in March, after the BNRC has met: Closing prior year and preparing current year, approving or deciding the following:</p> <ul style="list-style-type: none"> • Remuneration policy proposal to present to the AGM • Proposals for the award of variable remuneration for 2011, including the deferred component • Proposals for fixed remuneration for 2012 • Proposals for variable remuneration target values for 2012 performance
April	AGM in late April: Shareholders vote on Remuneration Policy proposed by the SRC
May	SRC Meeting in early May: Only if Board membership or responsibility changed at the AGM
June	BNRC Reporting: Update on current year KPIs (If useful)

to October	SRC Meeting: Only if there are any Board membership or responsibility changes
November	<p>BNRC Meeting:</p> <ul style="list-style-type: none"> • Progress on current year KPIs (if useful) • Review status of Medium Term Variable Remuneration plans and shares retained • Contingency and Succession Planning • Review Nomination Process (if required) • 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 membership or responsibility changes</p>
December	<p>BNRC Reporting: Update on current year KPIs (If useful)</p> <p>SRC Meeting: Only if there are any Board membership or responsibility 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 Sonae’s businesses as going concerns. Risk Management, together with Environmental Management and Social Responsibility, is crucial to sustainable development, in the sense that a better understanding and more effective management of risks contributes 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 involvement of those responsible for the units and functions concerned;
- (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 the legal and tax departments.

The operational risk management process is supported by a consistent and systematic methodology, based on international standards¹ that include the following:

- (i) Defining and grouping risks (risks dictionary, business risk definition and matrix);
- (ii) Systematically identifying the risks that affect the organization (common language);
- (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 risk management strategies (e.g. accept, avoid, mitigate, transfer);
- (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, Risk Management and Planning and Management Control departments, both at a corporate level and in business units, through especially dedicated teams, which report hierarchically to their respective Boards of Directors.

The Risk Management department's mission is to support group companies reach their business objectives via a systematic and structured approach towards identifying and managing risks and opportunities, while the mission of the Internal Audit function is to identify and evaluate the effectiveness and efficiency of management and control of business processes and information systems risks, reporting functionally to the Statutory Audit Board.

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 function.

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

As at the end of May 2011, the Internal Audit and Risk Management departments of the Corporate Centre were separated, with the aim of strengthening each in their respective processes to better meet the needs of Sonae's businesses in all countries in which the Sonae Group currently operates.

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

7.4. Internal audit and risk management training and development

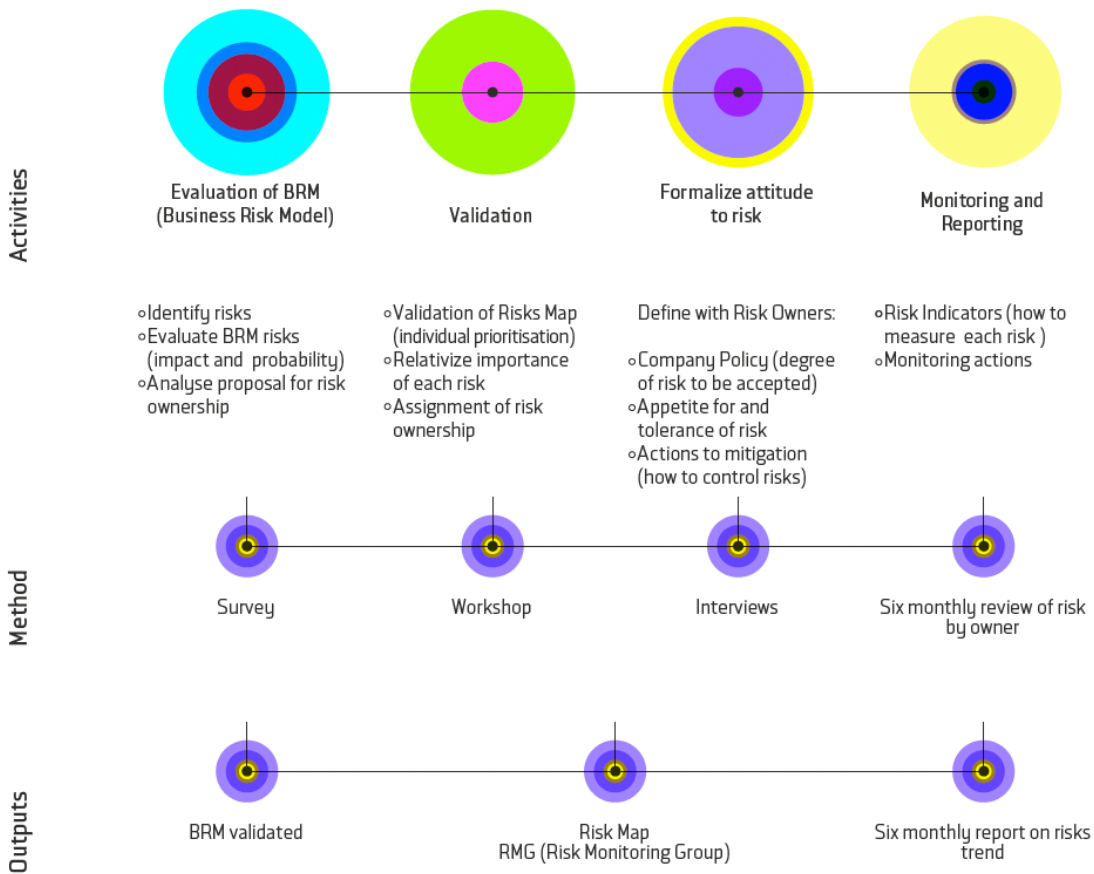
As far as development of the Risk Management and Internal Audit function is concerned, in 2011, Sonae continued to support employee training for those who voluntarily put themselves forward for international certification programmes promoted by the IIA (The Institute of Internal Auditors) - Certified Internal Auditor (CIA) and Certification in Control Self Assessment (CCSA) – and other certifications in Internal Auditing, 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); CFE (Certified Fraud Examiner); CEH (Certified Ethical Hacker) and CRISC – Certification in Risk and Information Systems Control.

Sonae is one of the organizations with the most certified employees in internal audit and risk management in Portugal. In 2012, 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.

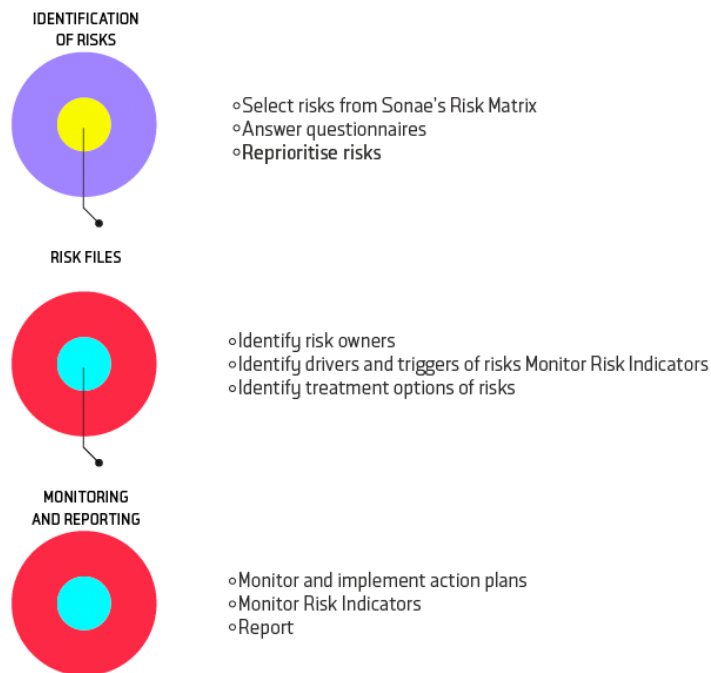
7.5. Actions undertaken in 2011

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 resource plans of business units and functional departments, and monitored throughout the year.

In 2011, 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 order to support this process across the entire Company, an application tool, based on the COSO international standard, was developed internally, which includes the following phases:



7.6. Risks

7.6.1. Economic Risks

Legal and Regulatory

Sonae is obliged to comply with national and international laws and regulations in each of its markets. These aim to ensure: consumer safety and protection, employees' rights, environmental protection and compliance with town and country planning regulations in those business sectors in which Sonae operates, 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's approach is to always work closely with the central and local government authorities in order to comply with laws and regulations. In some cases, this collaboration takes the form of comments to public consultations launched by the Portuguese and international governments. The growing international presence of Sonae's businesses is impacted by specific risks that arise from the differing nature of legal frameworks that exist in each country.

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/services or the improvement of existing ones, in order to always provide its customers with innovative offers.

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 surveyed per year. The introduction of new products, concepts and technologies is always tested using pilot schemes before being implemented globally. The Company also invests significantly each year in the refurbishment of stores, shopping centres, telecommunications networks and information systems, to ensure that they retain their attractiveness for customers, and keep pace with the challenges of technological innovation.

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,

attributes and 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. Sonae's brands regularly win prizes in Portugal and internationally that recognise the excellence of its products and services, its business processes and innovations.

Tangible asset risks

In 2011, preventive and safety audits were conducted in different locations of the business units. In the main business units, tests and simulations were made to emergency and preventive systems and plans, usually in the presence of civil protection services, security forces and fire brigades. The development and implementation of security standards, and related monitoring and self-assessment procedures (Control Risk Self Assessment) also continued.

Sonae's critical infrastructure, in particular its data processing and commutation centres, are regularly evaluated through security audits. Over the years, Sonae's data processing centres have been considered to be among the very best in Europe and in various categories, demonstrating its ability to mitigate physical risks and to maintain the resilience of its processing centres.

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 visible 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".

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

Sonae Sierra has a "Zero Accidents" policy, underpinned by the implementation of its Corporate Safety, Health and Environmental Management System.

Establishing a Health and Safety culture at Sonae Sierra began in 2004 with the PERSONÆ project, the ultimate aim of which was to disseminate a culture of Health and Safety across the Company. To achieve this, processes and actions had to be implemented that were strictly aligned with the Company's corporate Health and Safety objectives, in order to minimise and control all risks relating to people arising from the activities of Sonae Sierra, both in shopping centres in operation as well as on construction projects in progress. In total, some 5 million Euros were invested and around 70,000 people involved, among employees and tenants of Sonae Sierra in Portugal, Spain, Italy, Germany and Brazil.

The project was completed in 2008 and was the catalyst for the implementation of Sonae Sierra's Safety, Health and Environmental System, which continues to strive towards the same high standards and levels of commitment to minimise people related risks.

These efforts were recognised by Sonae Sierra winning: OHSAS 180101 certification in 2008, the first awarded in Europe to a company in the shopping centre sector; OHS18001 certification for all construction projects begun since 2009; and OHS18001 certification for each of the 29 shopping centres in operation since 2008.

External recognition of Sonae Sierra's efforts was evidenced by the company being a finalist for the *DuPont Safety Award* in 2011, due to the exemplary performance and dedication in building shopping centres that are safer for children. Sonae Sierra was also awarded the European Risk Management Award prize in the category *Most Innovative Use of IT or other Technology* for its inspection system in the Health and Safety area. In recent years, Sonae Sierra has won the *European Risk Management Award 2009 for best training program* and the *DuPont Safety Award for Visible Management Commitment* in 2007.

In 2011, Sonae Sierra reduced the number and severity of work related accidents (per million of hours worked), as well as the work accident frequency rate of its suppliers in shopping centres in operation.

The work accident absenteeism rate (per million hours worked) increased in shopping centres under construction, mainly due to an increase of activity in Brazil. The severity of the accidents was, in general, less than in prior years.

In Sonae's retail business, a project to define the physical safety standards of customers was completed, as a means of implementing action plans to anticipate and mitigate the safety risks relating to customers.

At the end of 2005, Sonae signed up to the *World Safety Declaration*, which committed its businesses to promoting safety at work worldwide. Sonae was one of the founder members, alongside some of the biggest companies in the world.

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 programme, in particular in its Telecommunications unit, in which the Crisis Management Plan was periodically updated and improved with the inclusion of additional procedures with the goal of managing its crisis communications with customers. At the same time, work continued on the implementation of additional measures to strengthen some network platforms, on the improvement of the existing solution for information systems disaster recovery, and on the introduction of improvements in the resilience of the technical support platform in customer service centres. Meanwhile, coordination with official entities continued, including the update and revision of Civil Protection plans, on disaster and accident simulations, as well as involvement in sending comments concerning regulation

proposals for safety and the resilience of communications, issued by sector regulators in Portugal and Europe.

Environmental risks

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

Sonae Sierra's Environmental, Health and Safety Management System covers these risks for all activities of the company, including the phases of selection, development and management of Shopping Centres.

In 2011, 44 of the 49 shopping centres of Sonae Sierra won ISO 14000 certification, thus enabling it to achieve the following corporate objectives for the period 2002 to 2011:

- Reduction in electricity consumption of 30%
- Increase in the percentage of waste recycled from 19 to 53%
- Improvement in efficiency in the use of water by 12%

For the development phase of shopping centres, 22 ISO14001 certifications were won for construction projects, due to the high quality of environmental procedures followed during construction.

As a result of its superior performance in 2011, Sonae Sierra was considered to be most sustainable private investment fund in Europe and the third most sustainable in the world by the Global Real Estate Sustainability Benchmark Foundation. This internationally recognised ranking rewards the sustainability strategy of Sonae Sierra, and its vision, reflected in the actions taken in the social and environmental areas, as well by as its profitability.

Sonae Investimentos (now Sonae Distribuição) won certification for its corporate Environmental Management System in 2007 according to the ISO 14001 standard through Lloyds Register Quality Assurance. Since then, the environmental management system has been audited each year and it has maintained its certification status. 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 all of the Company's business activities to be appropriately managed.

In addition, Sonae Retail has continued its programme of environmental certification of operational units, closing 2011 with 4 additional premises certified (1 Continente, 1 Modelo BomDia and 2 Worten). At the end of 2011, Sonae Retail had 21 premises certified (3 Continente, 8 Continente Modelo, 2 Continente BomDia, 4 Worten and 3 Warehouses, in addition to the Meat Processing Centre – the first industrial unit to be certified). These certified units serve as an example to all other units.

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. Over the years, it has undertaken a number of actions in the area of energy consumption and carbon emissions, in particular for telecommunications antennae in commutation centres, and in data processing centres, with the goal of improving energy efficiency.

Change Project Risks

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

Insurable risks

In relation to the transfer of insurable risks (technical and operational), the objective of rationalizing 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, and with the introduction of specific insurance policies for certain locations across the world in order to mitigate the impact and responsibilities to customers due to possible service failures. Sonaecom also proceeded to revise the conditions of its asset insurance programme, achieving a better coverage for catastrophic risks, physical damage and theft from their telecommunications stores.

Food safety risks

At Sonae MC, a programme of food safety audits was implemented and consolidated in stores, warehouses, cafeterias and production centres, the main result of which was to arrive at and report on the main conclusions for the Company in this area and identify corrective actions.

The objective of this auditing programme is to verify systematically compliance with food safety legal standards and internal rules and procedures.

In 2011, around 300 food safety audits were carried out.

Information, Information Systems and Communication 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 2011, audits were carried out on information systems, which support Sonae's critical processes, with the aim of identifying and correcting potential vulnerabilities, which could have a negative impact on the business in terms of information security.

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, made up of representatives in the most relevant business areas from security and information management. Among the most important items in the activity plan prepared for the telecommunications business were: a strengthening of the security rules in the SLDC (Systems Development Life Cycle); the re-engineering of the management process of identities and accesses to software applications (using for this the IAM software application); and the implementation of a monthly reporting dashboard featuring key indicators related to information security risks.

Increasing awareness is a key success factor in strengthening the culture of information security among employees, partners and major stakeholders. In previous years, Sonaecom has launched various initiatives to increase awareness and responsibility, which continued in 2011, including an annual security communication plan (designed using interactive and multimedia resources), a staff induction and welcome programme (which includes topics concerning information security) and the inclusion of clauses about the protection and confidentiality of personal information in employee and partner contracts.

In addition, in the telecommunications business, actions continue to be taken in the areas of fraud management and information security, such as, for example, working with the Portuguese banking system to take actions to increase security and prevent fraud on payments made using home banking, and posting on the Sonaecom and Optimus websites a Customer Educational and Awareness Programme, both 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.

7.6.2. 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. Financial risks are described in greater detail in Note 3 to the Financial Statements.

In view of 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.

The Group is also exposed to debt and equity market fluctuations.

During 2011, and in order to minimize potential adverse effects of the volatility of financial markets, the Sonae businesses sometimes use derivative instruments to cover these kinds of risk, in

addition to policies to manage each of the risks, and the implementation of control mechanisms to identify and determine 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.

Risk 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 they do not affect Sonae's ability to achieve its strategic objectives.

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

7.6.3. 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 specialised training and participate in in-house and external training courses to update their knowledge.

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

Sonae's Board of Directors commits to ensuring that an effective internal control environment, particularly as far as financial reporting is concerned, exists, and seeks to identify and improve critical processes to prepare and report financial information, in order to provide transparency, consistency, simplicity and materiality. The objective of the internal control system is to obtain reasonable assurance that financial statements are prepared in compliance with the accounting principles and policies used, and to the necessary standards of quality.

The accuracy of financial information is assured by both the clear segregation of duties between those who prepare and those who use it, and by carrying out a number of 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 the following key controls:

- The process of reporting financial information is documented, and the risks and related controls are identified. The criteria used in the process of preparing and reporting financial information are established and periodically reviewed;
- There are three main kinds of controls: High level controls (entity level controls), information system controls and process controls. These include a number of procedures related to the execution, supervision, monitoring and improvement of processes, with the goal of preparing the Company's financial reporting;
- The use of the accounting principles described in the notes to the financial statements (Note 2) is one of the cornerstones of the internal control system;
- The plans, procedures and book keeping of the Group allow a reasonable assurance that the transactions are executed based on the general or specific authorization of management, and that they are recorded so as to ensure that the financial statements are in compliance with generally accepted accounting principles. These also ensure that the Company maintains a proper record of its assets and that the asset record is checked against a physical inventory of these assets, with appropriate measures taken to resolve any discrepancies between the two;
- The financial information is reviewed regularly and systematically by the management of each business unit and by those responsible for profit centers, ensuring continuous monitoring and budgetary control;
- During the process of preparing and reviewing financial information, a detailed timetable is established beforehand and shared with the different areas involved, and all documents are reviewed in detail. This includes a review of the principles used, checking the accuracy of the information produced and its consistency with principles and policies defined and used in previous periods;
- As far as individual companies are concerned, the accounting records and the financial statements are prepared by their administrative and accounting service departments, which ensure control over the recording of transactions by business processes and of assets, liability and equity accounts. The financial statements are prepared by qualified accountants in each company and reviewed by the Management 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 constitutes an additional control on the reliability of the financial information, in particular by ensuring that accounting principles, cut off procedures and controls over intercompany transactions and balances are applied consistently;
- The Management Report of the Board of Directors is prepared by the Investors Relations department but receives contributions from and is reviewed by various business and support departments. The Corporate Governance Report is prepared by the Corporate Governance and Legal department;
- The Group financial statements are prepared under the supervision of the Group's Executive

Committee. The set of documents making up the Annual Management Report and Accounts are sent for review and approval by Sonae's Board of Directors. After approval, the documents are sent to the External Auditor who issues the Statutory Audit Report;

- The process of preparing individual Company and consolidated financial information, and the Report of the Board of Directors, is supervised by the Statutory Audit Board and by the Board Finance and Audit Committee of the Board of Directors. Every quarter, these bodies meet and review the individual and consolidated financial statements, and the Board of Directors' Report. The statutory auditor presents directly to the Statutory Audit Board and to the Board Finance and Audit Committee a summary of the main conclusions of the work performed;
- All those who are involved in the process of analysing the Company's financial information are part of a group of people with access to confidential information, and special attention is taken to inform them about their duties and responsibilities in this respect, as well as on possible penalties that may result from unauthorised or inappropriate use of such information;
- The goal of the internal rules applicable to the disclosure of financial information is to ensure that this information is disclosed in a timely manner and prevent information asymmetry in the financial markets.

Among the risks that may materially affect the financial and accounts reporting, we highlight the following:

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

More specific information is available in the notes to the financial statements as to how the above and other risks were mitigated.

Sonae takes a range of actions to continuously improve the system of internal control of financial risks, which include:

- Improvement in the documentation of controls – following actions taken in 2011, Sonae will continue, during 2012, to improve the documentation and systematization of risks and internal control systems related to the preparation of financial information. These actions include the identification of the causes of risk and materially significant processes, the documentation of controls and the analysis of residual risk after the execution and implementation of the potential control improvements;
- Compliance analysis – the Legal and Corporate Governance department working with the Administrative, Investor Relations and Internal Audit and Risk Management departments, and, when necessary, with other departments, coordinate the periodic analysis of compliance with legal requirements and regulations in relation to governance processes and financial information that are reported upon in the Report of the Board of Directors and the Corporate Governance Report.

8 Whistle blowing procedures

Sonae's values and principles are widely spread and rooted in its employee culture, and 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 of diligence and confidentiality in dealings with third parties. The Company's values and principles can be consulted on the Sonae Holding page at - www.sonae.pt

Code of Conduct

In 2009, the Board of Directors approved a Code of Conduct (available on the Company's website at www.sonae.pt), which, in accordance with Sonae's principles and values, establishes rules of conduct to be complied with by its directors and employees when carrying out their duties across the various business units of the Company.

The Code Conduct is under a revision process to be concluded in 2012.

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 a policy and procedures for internal whistle blowing in order to efficiently and fairly deal with alleged irregularities reported, including:

- (i) The communication of any alleged irregularity by any employee of Sonae should be done 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.

Irregularities reported directly to the Statutory Audit Board are sent to its Chairman.

Sonae's whistle blowing policy is part of its Code of Conduct which can be found on Sonae's Internet site at www.sonae.pt

Ombudsman

The Company provides employees, customers 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 2011, the Ombudsman received 3,444 complaints (2,483 in 2010), mainly from customers (93% of total complaints received). The average response time was 13 (14 in 2010) 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 2011 and based on notifications received, shares held by entities with qualified shareholdings (in excess of 2% of the share capital) made up more than 70% of Sonae's share capital, as shown in the following table (which also includes the shareholdings attributable under the terms set forth in article 20 of the Portuguese Securities Code):

SHAREHOLDER	Date of the last notification	# SHARES	% SHARE CAPITAL
Efanor Investimentos	19.12.2011	1,061,532,575	53.1%
Banco BPI	16.11.2007	178,039,855	8.9%
Bestinver	26.08.2011	100,022,798	5.0%
Fundação Berardo	14.02.2006	49,849,514	2.5%
Norges Bank	19.10.2010	40,100,985	2.0%

Sonae has a diverse shareholder structure. It is estimated that there are over 32,000 holders of the Company's shares, according to the most recent information available from Interbolsa.

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 occur in Grosvenor.

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

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, NYSE, Euronext Lisbon, and are included in several indices, including the PSI 20, with a weighting of around 2.1% and the Next 150, with a weighting of around 0.6%, as at the end of December 2011.

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

	2009	2010	2011
ISIN CODE	PTSON0AM0001		
BLOOMBERG CODE	SON PL		
REUTERS CODE	SONP.IN		
SHARE CAPITAL	2,000,000,000	2,000,000,000	2,000,000,000
PRICES			
YEAR CLOSE	0.87	0.78	0.46
YEAR HIGH	0.98	0.95	0.85
YEAR LOW	0.43	0.68	0.42
AVERAGE TRADING VOLUME PER DAY (SHARES)	7,861,992	4,525,057	2,258,026
AVERAGE TRADING VOLUME PER DAY (EUROS)	5,644,343	3,751,604	1,533,960
MARKET CAP. AS AT 31-DEC (MILLION EUROS)	1,740	1,560	918

Sonae shares ended the year quoted at 0.459 euro, reflecting a nominal fall of 41% during the year, compared to an approximate 28% fall in the reference index of the Portuguese Stock Market – the PSI 20. There was also a fall in the number of transactions that took place on stock exchanges, with the volume of Sonae share transactions falling to an average of around 2.3 million shares per day.

During the year 2011, the main events with a possible impact on Sonae's share price were as follows:

- (i) 26 January: communication of preliminary retail business sales for the year 2010;
- (ii) 15 March: communication of sale and leaseback transaction for 2 stores in the Centro Vasco de Gama;
- (iii) 16 March: communication of results for the year 2010;
- (iv) 15 April: announcement of partnership agreement for the set up of a retail operation in Angola;
- (v) 27 April: information concerning decisions taken at the Annual Shareholders' General Meeting, including the approval of a dividend payment of 0.0331 Euros per share as a net dividend relating to 2010 earnings;
- (vi) 24 May: communication of results for the first quarter of 2011;
- (vii) 20 June: announcement concerning Sonae's entry into the Turkish market with the opening of the first Zippy store in the country;
- (viii) 23 August: communication of results for the first half of the year;
- (ix) 22 November: communication of results for the first nine months of the year 2011;
- (x) 19 December: announcement of an agreement concerning international financing by Sonae Investimentos of 75 million Euros.

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.

	2009 ⁽¹⁾	2010 ⁽¹⁾	2011 ⁽¹⁾
GROSS DIVIDEND PER SHARE (EUROS)	0.0300	0.0315	0.0331
DIVIDEND DISTRIBUTED (MILLION EUROS)	60	63	66
DIVIDEND YIELD (%)⁽²⁾	6.9%	3.6%	4.2%
PAYOUT RATIO (%)⁽³⁾	37.7%	36.9%	34.4%

⁽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.

In 2011, the Company registered negative results in the amount of 63,517,228.97 Euros.

Taking into account the defined dividend policy, the financial position of the Sonae Group and the large margin of distributable reserves which guarantee compliance with article 32 of the Portuguese Companies Act, the Board of Directors will propose to the Shareholders' General Meeting a gross dividend per share of 0.0331 Euro, an amount equivalent to the dividend paid out in the previous financial year. This dividend corresponds to a dividend yield of 7.2% on the closing price as at 31 December 2011 and to a payout ratio of 51% of the consolidated direct net income 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.

The transactions performed with either of the above mentioned entities, were executed in normal market conditions and were evaluated by the Statutory Audit Board. The Company did not execute any transaction with any member of the management or audit bodies, during 2011.

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.

In addition to the existence of the Investors Relations Department, all information is made publicly available on the Internet at the Portuguese Securities Market Commission site (www.cmvm.pt) 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 of the investor relations department, as well as their contact details;
- The Company's share performance on the Portuguese Stock Exchange;
- Notice of Shareholders' Annual General Meetings;
- 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:

António Castro

Investor Relations Manager

Tel: (+351) 22 010 4794

Fax: (+351) 22 948 77 22

Email: investor.relations@sonae.pt / antonio.gcastro@sonae.pt

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

Site: www.sonae.pt

The Legal Representative for Relations with the Capital Markets is Luzia Leonor Borges e Gomes Ferreira, who can be contacted at:

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 Sonae (Sonae – Sociedade Nacional de Estratificados, S.A.R.L.)

1967-1983 General Manager and Chief Executive of Sonae (Sonae – Sociedade Nacional de Estratificados, S.A.R.L.)

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

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

2008-2011 Chairman of the General Council of EGP - University of Oporto Business School

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 July 2011 Chairman of EGP-UPBS

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

2004-2009 Member of International Advisory Board of Eurohypo

2005-2008 Trustee of the International Council of Shopping Centres

2008 Fellow of the Royal Institute of Chartered Surveyors

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

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 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

Since 2004	Editor in Chief of Univesia Business Review
Since 2006	Member of the Board of Directors of Bolsas y Mercados Españoles
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)

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
1981-1986	Member of the Directive Council, Faculty of Economics, New University of Lisbon
1986-1989	Visiting Professor, Portuguese Catholic University
1987-1989	Visiting Professor, Bentley College
1988	Visiting Professor, ISEE
1990-1996	Dean, MBA Program and Executive Program, Faculty of Economics, New University of Lisbon
1992-1994	Member of the Board of Directors, BPA



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1994-2002	Member of the Management Board of the Deposit Guarantee Fund
1999-2002	Dean, Faculty of Economics, New University of Lisbon
1999-2004	Member of the Global Advisory Board of Sonae - SGPS, SA
2003-2006	Member of the Board, Chairman of the Audit Committee of EDP
2003-2006	Strategy Advisory Board of PT
2003-2007	Member of the Remuneration Committee of Sonae SGPS, SA
2003-2010	Member of the Investment Committee of Fundo Caravela
1981-Present	Professor, Faculty of Economics, New University of Lisbon

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

Corporate Governance Report

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
2002-2005	Non Executive Director George Wimpey, plc
2003-2011	Non Executive Director (Nomination and Remuneration Committee Member) of Sobeys Inc, Canada
2005-2006	Non Executive Director Fairmont Hotels Inc
2006-2007	Retail Consultant PwC Transaction Services
Since 2003	Director of Christine Cross Ltd (retail independent consultancy firm)
Since 2005	Non Executive Director (Audit, Nominations and Remunerations Committee member) Next plc

Corporate Governance Report

Since 2006	Retail Advisor to Apax Private Equity
Since 2006	Retail Advisor to Warburg Pincus Private Equity
Since 2010	Chief Retail 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-April 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 2006	Member of the Founding Members Board of Casa da Música
Since 2008	Member of the European Round Table of Industrialists (ERT)
Since 2009	Member of the Board of Curators of AEP - Portuguese Entrepreneurship Association

Since 2009 Chairman of the Board of Curators of Oporto University

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, Sonae Investimentos, SGPS, SA and MDS, SGPS, 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

Since 2008 Non-Executive Director of Sonaecom, 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:



Corporate Governance Report

Since 2005 - 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 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

Member of the International Advisory Board of Allianz AG

Member of European Advisory Board of Harvard Business School

Founding Member and Chairman of the Board of the Founders Council of the Manufacture Portugal Forum

Chairman of EGP-UPBS

Álvaro Carmona e Costa Portela

Offices held in other companies within Sonae:

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

Offices held in other entities outside Sonae:

Member of de Board of Directors of Sonae Turismo, SGPS, SA

Executive Director of Sonae Capital, SGPS, SA

Member of de Board of Directors of SC, SGPS, SA

Member of de Board of Directors of Spred, SGPS, SA

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 COPAM – Companhia Portuguesa de Amidos, SA

Director of Portela & Portela, Lda

Member of Investment Committee of ECE European Prime Shopping Centre Fund, Hamburg, Germany

Investment Advisory Committee of PanEuropean Property Limited Partnership, London, UK

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

Álvaro Cuervo García

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 Privatization Advisory Committee of the Spanish Government

Editor in Chief of Universia Business Review

Member of the Board of Directors of Bolsas y Mercados Españoles

Dean of the Financial Studies School (CUNEF) at Madrid University

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 Lafarge

Member of the Board of Directors of Sonepar

Senior Advisor to Vermeer (Investment Fund)

Director of Institut Pierre Mendès France

Director of the French American Foundation

Director of Transparency International (France)

Chairman of the Supervisory Board of Editions du Cerf

Chairman of the Supervisory Board of Devoteam

Senior Advisor to Roland Berger

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

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 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

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

Member of the Supervisory Board Spar Österreichische Warenhandelsgesellschaft AG, Salzburg AU

Vice Chairman of the Supervisory Board H & E Reinert Group, Versmold

Member of the Supervisory Board of Basler Fashion Holding GmbH, Goldbach D

Member of the Supervisory Board of Tomra Systems ASA, Asker Norway

Christine Cross

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

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

Director of Christine Cross Ltd – Independent Advisory Retail

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

Chairman of Sonae MC – Modelo Continente, SGPS, SA

Chairman of Sonaerp - Retail Properties, SA

Chairman of Sonae - Specialised Retail, SGPS, SA

Chairman of Sonaecom, SGPS, SA

Chairman of Sonae Sierra, SGPS, SA

Chairman of MDS, SGPS, SA

Offices held in other entities outside Sonae:

Chairman of Migracom, SGPS, SA

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

Executive Director of Imparfin, SGPS, S.A.

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

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

Member of the Founding Members Board of Casa da Música

Member of the European Round Table of Industrialists (ERT)

Member of the Board of Curators of AEP – Portuguese Entrepreneurship Association

Chairman of the Board of Curators of Oporto University

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 Sonaecom – Serviços Partilhados, 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

Chairman of PCJ – Público, Comunicação e Jornalismo, SA



Corporate Governance Report

Chairman of Sontária – Empreendimentos Imobiliários, SA

Vice-Chairman of Sonaerp- Retail Properties,SA

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

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

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

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

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

Member of the Board of Directors of Sonae Investments, BV

Member of the Board of Directors of Sontel BV

Member of the Board of Directors of Sonaecom BV

Non-Executive Director of Sonae Sierra, SGPS, SA

Non-Executive Director of Cooper Gay (Holdings) Limited

Offices held in other entities outside Sonae:

Chairman of the Board of the Shareholders' General Meeting of APGEI (Portuguese Association of Industrial 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

Non Executive Director 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

Corporate Governance Report

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
1997-2008	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
Since 2000	Chairman of the Advisory Board of IGFCSS – Portuguese Institute for Welfare Funds Management
2001-2003	Advisory member of the Consulting council of Electric and Telephone Conductors Industries F. Cunha Barros, SA
2001-2011	Executive Director of Finibanco Holding, SGPS, SA
Since 2003	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)
2007-2011	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
2011-2012	Member of the Supervisory Board of Banco Comercial Português, SA

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

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

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

Since 1979 Statutory External Auditor, member of the Audit Board and Sole Auditor in several companies such as Banco Universo, União Portuguesa de Bancos, Orbitur – Intercâmbio de Turismo, ATPS – SGPS, SA, MDS – Corretor de Seguros, SA, Imoarea – Sociedade Imobiliária, SA, and Contacto – SGPS, SA.

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 Partner of Horwarth Parsus – Consultoria e Gestão, Lda

Since 2004 External Auditor at several national and international companies and consultant to several companies

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:

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

Member of the Supervisory Board of do BCP – Banco Comercial Português, SA (until February 2012)

Chairman of the Consultive Committee of IGFCCS – Portuguese Institute for Welfare Funds Management

Director of Bial Foundation

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 Associação Cultural do Senhor do Padrão

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 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 Hidroeléctrica S. Pedro, SA

External Auditor at Hidroeléctrica S. Nicolau, 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

External Auditor at Euroviga – Préfabricados, SA

External Auditor at Write UP, SA

External Auditor at Strong Management, SA

External Auditor at Fundação Universidade do Porto

Partner da Horwath Parsus – Consultoria e Gestão, Lda

Appendix II

CMVM Regulation no. 1/2010	Report References
Chapter 0 Compliance Statement	
0.1. Location where the public may find the Corporate Governance Codes to which the issuer is subject or those which the issuer voluntarily abides by, if applicable.	0.1
0.2. A detailed list of recommendations that have or have not been adopted, which are set out in the CMVM Corporate Governance Code 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
0.3. 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
0.4. 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	6

have a relevant impact on the risk profile of the company and whose remuneration contains an important variable component.	
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; q) Mechanisms for preventing executive directors from having employment contracts that question the grounds of the variable remuneration.	6.3
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	2.3.1 and 2.3.2

candidates with the professional profile fitting the member position.	
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
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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	4.1.1 and 9.12

of the Securities Code.	
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.	4.2.2. and 4.2.3