

SONAE 2012 CORPORATE GOVERNANCE REPORT



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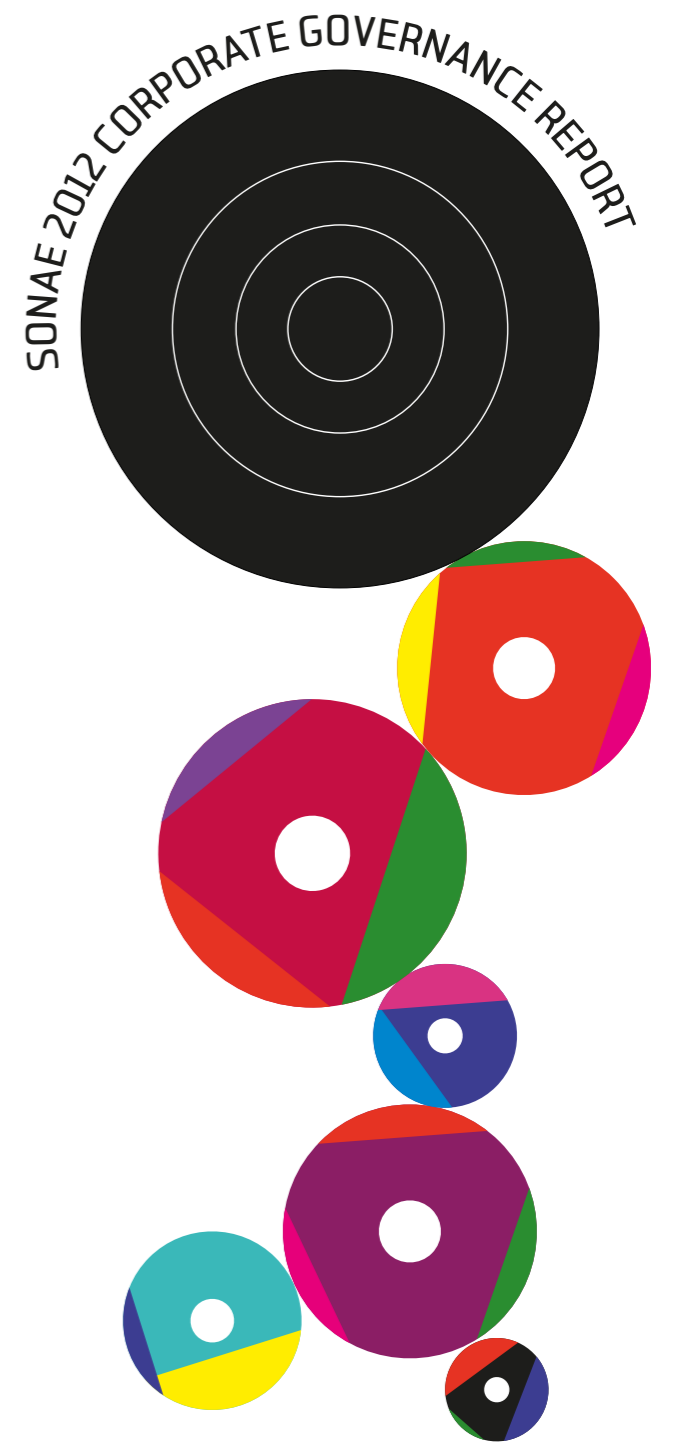
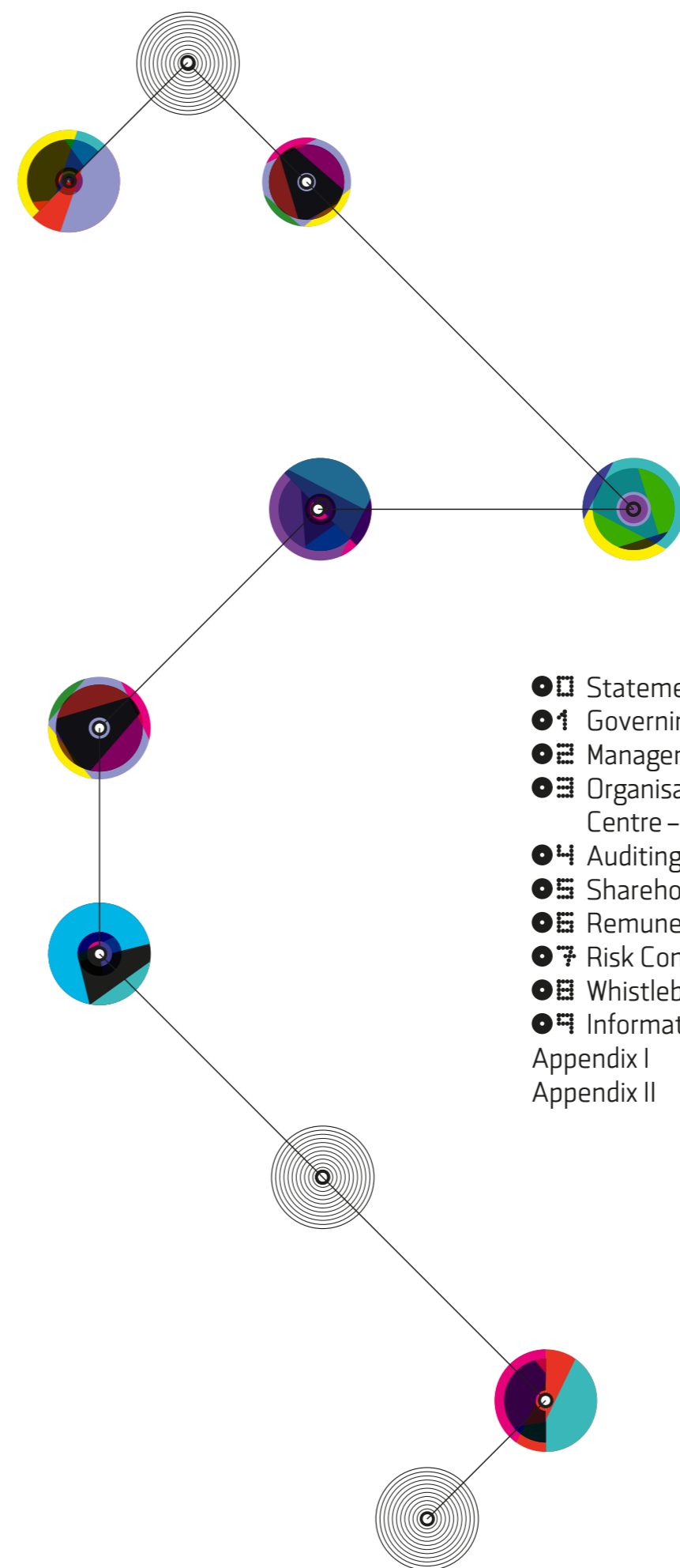
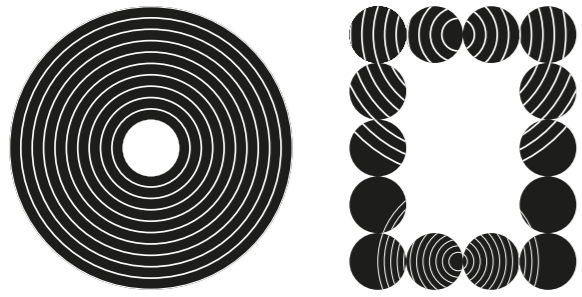


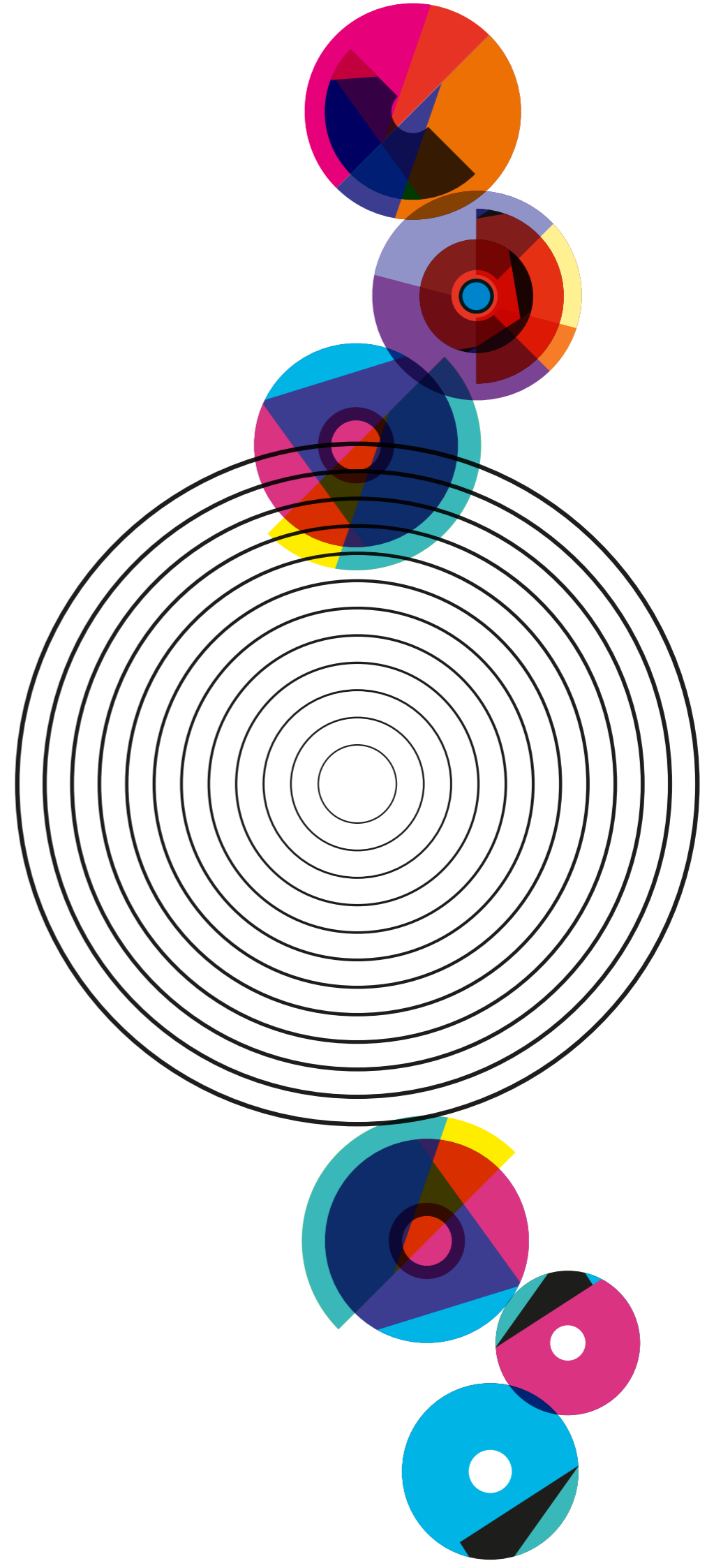
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STATEMENT OF COMPLIANCE





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. The Report complies with the terms of Article 245-A of the Portuguese Securities Code and with the disclosure requirements of Regulation no. 1/2010, 1 February, of the Portuguese Securities Market Commission (CMVM). It also describes Company compliance with current CMVM recommendations in force, in the light of the principle of “comply or explain”.

The table in Appendix II to this Report compares the text in this Report to the guidelines set out in Appendix I to CMVM Regulation no. 1/2010.

All cross references refer to this Report, unless otherwise stated.

The Report forms an integral part of the Annual Management Report and the Individual and Consolidated Financial Statements for the year ending 31 December 2012.

The requirements for provision of information as per 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 fulfilled.

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

All of the rules and regulations referred to in the Report are publicly available at www.cmvm.pt.

0.2. Fully Adopted or Not Applicable CMVM Recommendations on Corporate Governance

I GENERAL MEETING

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

Section 5.1.2.

The Chairman of the Board of the Shareholders' General Meeting is given the support of the Company's legal and administrative teams to prepare for each General Meeting. This includes giving notice of the Shareholders' General Meeting, as well as preparing essential documents for the shareholders participating in the General Meeting. The Company also maintains communication between the Chairman and the shareholders in as regards the presentation of information required for attending General Meetings, in the interest of maximizing overall attendance at the meeting.

I.1.2 The remuneration of the chairman of the board of the shareholders' general meeting shall be disclosed in the annual corporate governance report.

RECOMMENDATION FULLY ADOPTED

Section 6.6.

The remuneration of the Chairman of the Board of the Shareholders' General Meeting and that of the Secretary of the same Board is disclosed in this Report.

I.2 | Participation at the Meeting

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

RECOMMENDATIONS FULLY ADOPTED

Section 5.2.1.

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

I.3 | Voting and Exercising Voting Rights

I.3.1 Companies shall not impose any statutory restriction on vote in writing by post, and whenever adopted or admissible, vote in writing by electronic means.

RECOMMENDATION FULLY ADOPTED

Sections 5.2.4. to 5.2.6.

The Articles of Association allow shareholders to vote by post or by electronic means in relation to any item on the meeting's agenda, in accordance with the 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.

I.3.2 The statutory advance deadline for receiving written votes may not exceed 3 business days.

RECOMMENDATION FULLY ADOPTED

Section 5.2.4.

A time limit of three business days is clearly stated in the Company's Articles of Association for receipt of votes, submitted by post or by electronic means.

I.3.3 Companies shall ensure that voting rights and shareholder's attendance are proportional, ideally through the statutory provision that obliges the one share-one vote 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 such shareholder, do not comply with the proportionality principle.

RECOMMENDATION FULLY ADOPTED

Section 5.2.2.

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

I.4 | Resolution-Fixing Quorum

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

RECOMMENDATION FULLY ADOPTED

Section 5.1.

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



I.5 | Minutes and Information on Resolutions Adopted

I.5.1 Extracts from the minutes of the general meetings or documents with an equivalent content must be made available to shareholders on the company's website within a five day period after the general meeting has been held, irrespective of the fact that such information may not be classified as inside 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

Section 5.1.1.

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, Shareholders' General Meetings section).

I.6 | Measures Relating to Changes in Company Control

I.6.1 Measures aimed at preventing the success of takeover bids, shall respect the interests of both the company and its shareholders. In accordance with this principle, any company that has articles of association with clauses that restrict or limit the number of votes that may be held or exercised by a single shareholder, either individually or acting in concert with other shareholders, shall also require that, at least once every five years, the continuation of such clauses must be ratified at a shareholders' general meeting, at which the quorum shall not exceed the legal minimum and all votes cast shall count, without applying any restriction.

RECOMMENDATION FULLY ADOPTED

Sections 5.2.2., 9.3. and 9.4.

The Company has not implemented any measures to prevent successful takeover bids, nor is it aware of any such measure having been taken by shareholders. No statutory limitations exist with regard to the number of votes that can be held or exercised by any shareholder. Consequently, this recommendation has been satisfied.

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

Section 9.6.

No such measures have been adopted or established.

II. MANAGEMENT AND AUDIT BOARDS

II.1. | General

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

Section 0.5.

The Board of Directors has assessed the impact of the model for corporate governance that the Company has adopted and has not encountered any restrictions likely to affect its overall performance.

II.1.1.2 The companies 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

Section 7.

The Board of Directors has implemented appropriate internal risk control systems.

II.1.1.3 The management body 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

Sections 2.3.1., 3.1., 4.1.1. and 4.2.1.

The Board of Directors proactively ensures the working of the internal control and risk management systems. The Statutory Audit Board evaluates the effectiveness of these systems, proposing measures to optimise their performance as deemed necessary, and giving its opinion on these systems in its annual report and opinion, as attached to the Company's annual management report and accounts. Details are available at www.sonae.pt (tab Investors, Shareholders' General Meetings section).

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

Sections 6.3.3. and 7.

The information is disclosed in this Report.

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

Sections 2.1.6. e 4.1.5.

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).

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

Sections 0.4., 2.1.1. and 2.1.2.

The Board of Directors has a total number of ten members, seven of which are Non-Executive members.

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

RECOMMENDATION FULLY ADOPTED

Sections 0.4., 2.1.2. and 2.3.3.

The Board of Directors has five independent Non-Executive members.

II.1.2.3 The assessment carried out by the board of directors of the independence of non-executive members shall take into account the legal and regulatory rules in force concerning independence requirements and 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

Sections 0.4. and 2.1.2.

The Board of Directors carries out an annual assessment of the independence of its independent Non-Executive members, through the analysis of specific information provided by each member.



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

Sections 4.1.2. and Appendix I

The Chairman of the Statutory Audit Board, as well as all the members of this body, are independent under the terms of Article 414, paragraph 5, of the Portuguese Companies Act, and possess the necessary skills and experience to perform their duties.

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

Sections 2.1.3. and 2.3.2.

Co-opted candidates for Non-Executive positions on the Board, are selected by the Board Nomination and Remuneration Committee, made up entirely of Non-Executive Board members, and supported by international consultants with expertise in selecting and recruiting top executives.

II.1.4 | Policy on Reporting Irregularities (Whistleblowing)

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

Section 8.

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

concerning members of the Company's statutory governing bodies are sent to the Corporate Governance Officer.

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

RECOMMENDATION FULLY ADOPTED

Section 8.

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

II.1.5 | Remuneration

II.1.5.1 The remuneration of the members of the management body 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 directors carrying out executive duties shall include a variable component which is determined by a performance assessment carried out by the 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 as compared 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 management body shall not enter into contracts with the company or with 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 arising from the benefit of receiving said shares.

(vi) When the variable remuneration includes stock options, the period for exercising such options 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

Section 6.

The compensation policy for the members of the Board of Directors was approved at the Shareholders' Ordinary General Meeting that took place on the 30 of April 2012, as proposed by the Shareholders' Remuneration Committee, and complies with the rules of this recommendation.

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' remuneration policy and practices were taken as a baseline for setting the remuneration; ii) the payments due to directors' dismissal or loss of office by mutual agreement.

RECOMMENDATION FULLY ADOPTED

The statement of the Company's remuneration policy, which was approved at the Shareholders' Annual General Meeting on the 30 of April 2012 (proposal number 4 on the agenda), is available on the Company's website at www.sonae.pt (tab Investors, Shareholders' General Meetings 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 of the Company's remuneration policy, approved by the Shareholders' Annual General Meeting on the 30 of April 2012 (proposal number 4 on the agenda), is available on the Company's website at www.sonae.pt (tab Investors, Shareholders' General Meetings 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 performance bonus plan, including its terms of implementation, was approved at the Shareholders' Annual General Meeting held on the 30 of April 2012 (proposal number 4 on the agenda), is available on the Company's website at www.sonae.pt (tab Investors, Shareholders' General Meetings section). No retirement benefits plan has been adopted.



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

RECOMMENDATION FULLY ADOPTED

Section 5.1.3.

A member of the Shareholders' Remuneration Committee was present at the Shareholders' Annual General Meeting on 30 April 2012.

II.2 | Board of Directors

II.2.1 In accordance with the limits established by law for each management and audit board structure, 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

Section 2.2.

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

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

Section 2.2.1.

A list of the responsibilities delegated to the Executive Committee is described in this Report and complies with the rules of this recommendation.

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 FULLY ADOPTED

Section 2.1.2.

The Chairman of the Board of Directors does not have an Executive role.

II.2.4 The annual management report shall include a description of the activities carried out by non-executive board members and shall, in particular, report any restrictions that they have encountered in doing so.

RECOMMENDATION FULLY ADOPTED

Section 2.3.3.

Such a description is included in this Report, as an annex to 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

Section 2.2.1.

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

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

Sections 0.4. and 2.2.3.

Throughout the year, the Executive Committee discloses its decisions to the Board of Directors on a regular basis. The Executive members provide, on their own initiative or in response to the requests of Non-Executive members of the Board, as well as those of members of other statutory governing bodies, the necessary information and further clarification for the exercise of their respective duties.

II.3.2 The chairman of the executive committee shall send notices convening meetings and minutes of the respective meetings to the chairman of the board of the directors and, when applicable, to the chairman of the statutory audit board or of the audit committee.

RECOMMENDATION FULLY ADOPTED

Sections 0.4. and 2.2.3.

The CEO has provided all information regarding the meetings held to the Chairman of the Board of Directors and to the Chairman of the Statutory Audit Board.

II.3.3 The chairman of the executive board of directors shall send the notices convening meetings and minutes of the respective meetings to the chairman of the general and supervisory board and to the chairman of the 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), as attached to the Company's annual management report and accounts.

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 have encountered.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board's annual report and opinion, issued for the 2012 financial year is available at www.sonae.pt (tab Investors, Shareholders' General Meetings section), as attached to the Company's annual management report and accounts.



II.4.4 The general and supervisory board, the audit committee and the statutory audit board (depending on the governance model adopted) shall represent the company, for all purposes, when interacting 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

Sections 4. and 5.

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.

II.4.5 The general and supervisory board, the audit committee and 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 the discharge of the external auditor, should justifiable grounds exist.

RECOMMENDATION FULLY ADOPTED

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

II.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

Sections 0.5., 4.1.1. and 7.3.

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

II.5 | Specialised Committees

II.5.1 Other than due to the reduced size of the company, 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, 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) 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

Sections 2.3.1. and 2.3.2.

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.

II.5.3 Any individual or legal entity which provides or has provided over the last three years services to any organisational structure reporting to the board of directors, to the board of directors itself or which has a currently existing relationship with the consultant to the company, shall not be recruited to assist the shareholders' remuneration committee. This recommendation also applies to any individual or legal entity who is connected to the company through an employment contract or as a provider of services..

RECOMMENDATION FULLY ADOPTED

Section 5.1.3.

The Board Nomination and Remuneration Committee, made up of Non-Executive directors, supports the Shareholders' Remuneration Committee to carry out its duties. It relies on internationally recognised consultants, whose independence is assured by the fact that they are not in any way related to the Board of Directors, to the Company or to the Group, and through their broad experience and recognised status in the market place.

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

RECOMMENDATION FULLY ADOPTED

Sections 2.3.1. and 2.3.2.

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

III. INFORMATION AND AUDITING

III.1 | General Disclosure Requirements

III.1.1 Companies shall ensure that permanent contact is maintained with the market, upholding the principle of equal treatment for all shareholders and avoiding any asymmetry in the access to information by investors. To achieve this, the company shall set up an investor relations office.

RECOMMENDATION FULLY ADOPTED

Section 9.1.3.

The Company has an active Investor Relations Office that provides shareholders and the financial community at large with regular and comprehensive information.

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 the 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 it is expressly considered the degree of independence of the auditors and the advantages and costs of replacing them.

RECOMMENDATION FULLY ADOPTED

Sections 4.2.2. and 4.2.3.

The third mandate of the Company's Statutory External Auditor, elected by the Shareholders' General Meeting on recommendation by the Statutory Audit Board, commenced in 2011.

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

Section 4.2.1.

The Statutory External Auditor's 2012 annual audit report, which is subject to approval at the Shareholders' General Meeting, is available at www.sonae.pt (tab Investors, Shareholders' General Meetings section).



III.1.5 The company shall not recruit the external auditor, nor any related entity, through equity holding, or 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

Sections **4.1.1** and **6.5**.

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

IV. CONFLICTS OF INTEREST

IV.1 | Shareholders' 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

Section **9.12**.

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

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

Section **9.12**.

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, for all transactions with the above mentioned parties in excess of 10 million Euros, reports are submitted to these two entities every six months.

0.3. CMVM Recommendation adopted in accordance with the justification shown below

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

Belmiro Mendes de Azevedo, Chairman and a Non-Executive member of the Company's Board of Directors, is a member of the Shareholders' Remuneration Committee. However, 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. To ensure the independence of the two roles, he does not take part in any discussion or resolution where there is, or may be, a conflict of interest.

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

Based on written statements provided by each of the independent members in accordance with CMVM Recommendation II.1.2.3, the Board of Directors has not identified any fact or circumstance that affects or interferes with the independence of its Non-Executive members.

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)

This Company has adopted a one-tier corporate governance model, whose management structure is centralised in the Board of Directors. The audit structure includes a Statutory Audit Board and a Statutory External Auditor. Throughout 2012, this governance model enabled the Board of Directors and its specialised committees to function normally, and none of the other statutory governing bodies have reported any constraints to their normal functioning.

The **Statutory Audit Board**, with support from the Board, has exercised its supervisory powers, 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, with free access to all necessary information and has conducted the examinations and verifications deemed, by it and by the Statutory Audit Board, as necessary or useful to ensure strict compliance with the Company's legal obligations and recommendations. In carrying out its role, the Statutory External Auditor has interacted with, been under the supervision of, and provided reports to the Statutory Audit Board to whom it has primarily presented its reports, in compliance with its duties and responsibilities.

In the course of the exercise of their role the statutory audit bodies were fully supported by the **Internal Audit** department, from whom they received timely, professional and impartial information and support, as requested.

Throughout the financial year the **Board of Directors** and the **Executive Committee** reported on their activities to the Statutory Audit Board, in an appropriate, transparent and rigorous manner in compliance with legal requirements and in accordance with the recommendations of the Corporate Governance Code.

The rules and procedures adopted by the management and audit bodies have been maintained and executed to ensure continuity and to further increase the cumulative experience, in order to:

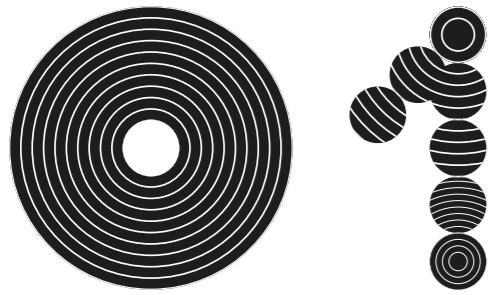
- Facilitate the carrying out of the duties of the management and audit entities, ensuring a consistent flow of information and meaningful interaction between: on one hand, the Board of Directors (actively supported by the Audit and Finance Committee as the specialised committee of the Board, fully composed of independent Non-Executive board members) and the Executive Committee, as the entities responsible for the Company's management; and, on the other, the Statutory Audit Board, as the Company's 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 specific requirements;

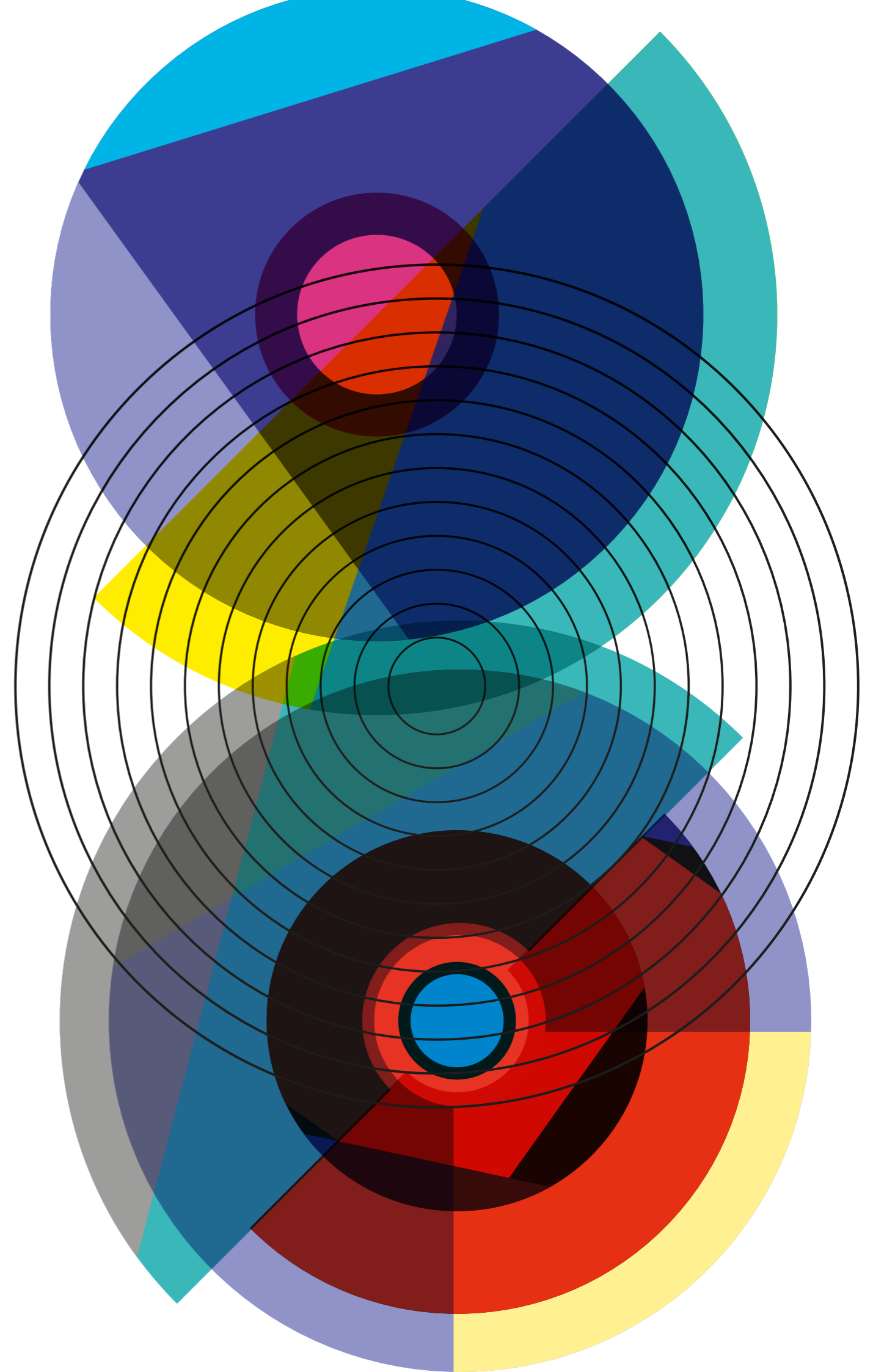
- Ensure that significant transactions with related parties are reviewed and approved by the audit body prior to execution, under the recommended terms;

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

Hence, the Board of Directors perceives the presently adopted corporate governance model as adequate to fulfil its principles of rigor and transparency in the management of this Company, while maintaining a critical stance regarding the need to continually update its rules and processes in alignment with the direction taken by the evolution of the market's best European and other international standards for corporate governance.



GOVERNING BODIES

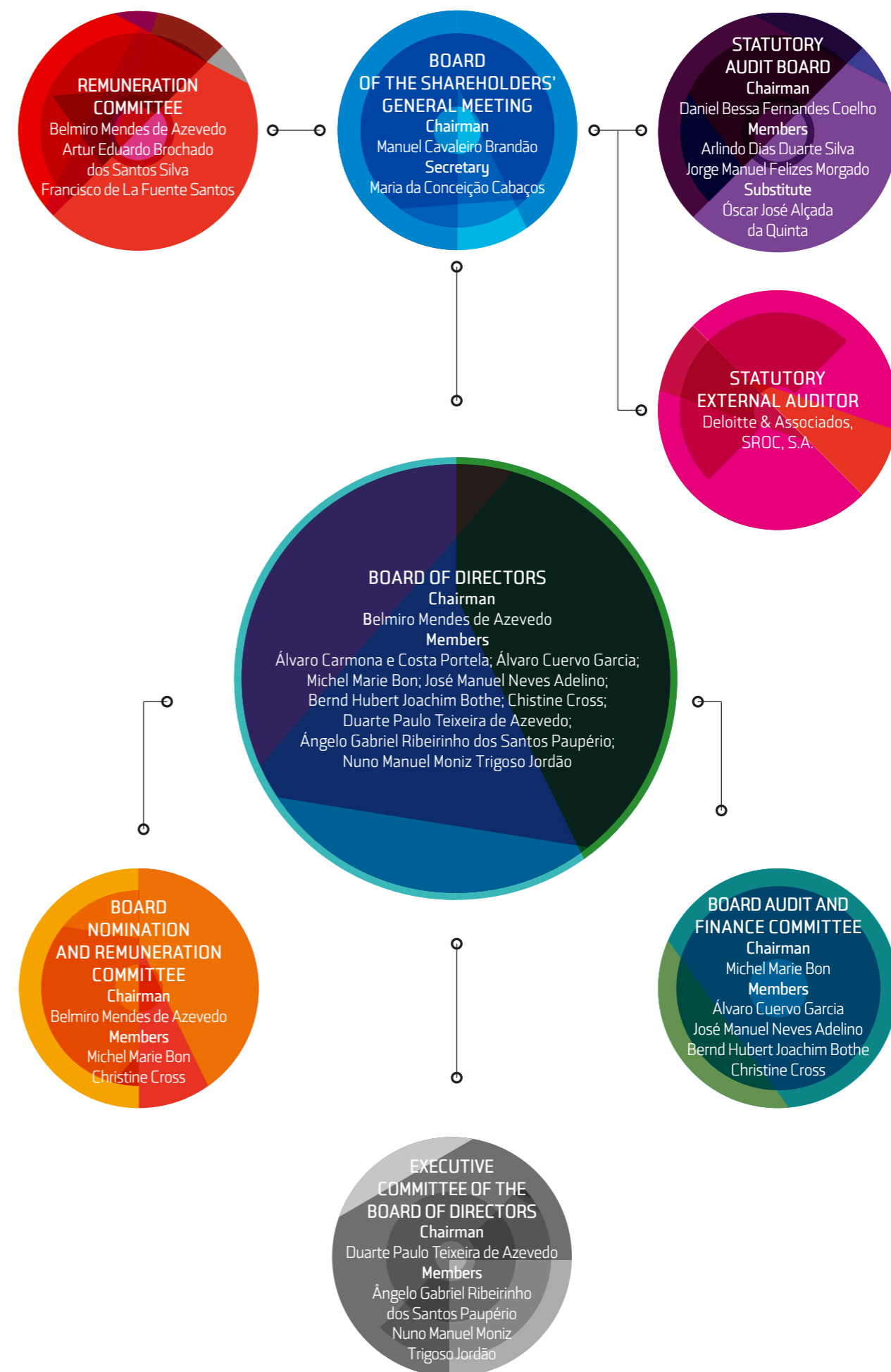


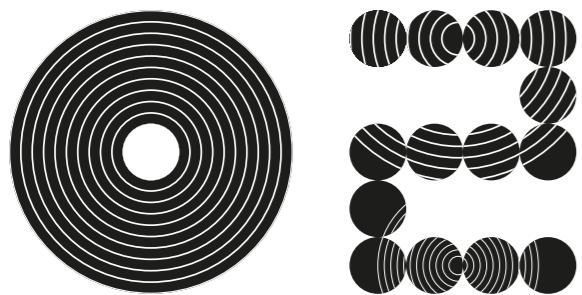
GOVERNING BODIES

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 body are elected by the Shareholders' General Meeting, which also elects its own Board, and the members of the Shareholders' Remuneration Committee.

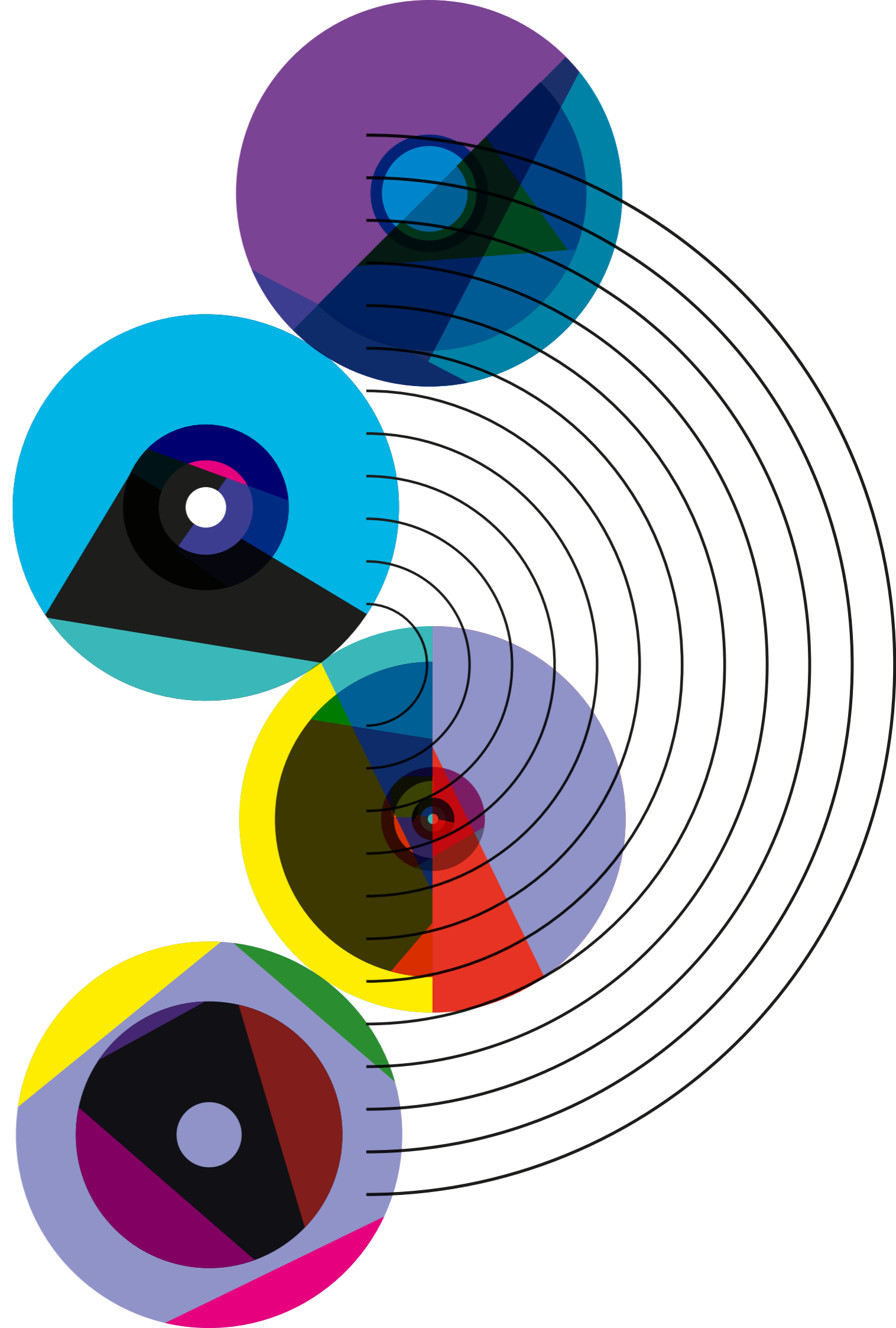
The Board of Directors, under the terms of the Company's Articles of Association, has delegated the day-to-day management of the Company to an Executive Committee.

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.





MANAGEMENT





MANAGEMENT



Michel Marie Bon, Bernd Bothe, Nuno Jordão, José Manuel Neves Adelino, Paulo Azevedo, Álvaro Cuervo Garcia, Belmiro de Azevedo, Álvaro Portela, Christine Cross and Ângelo Paupério

2.1. Board of Directors

2.1.1. Role

The Board of Directors is responsible for the management of the Company's business, by 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.

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 Bon	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 Trigo 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 Trigo Jordão	1999	2014

A balance is maintained on the Board of Directors, 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, as per 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 of Article 414-A, paragraph 1 (compatibility assessment), of the Portuguese Companies Act, as the carrying out of management or 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 in the Company, and/or in companies in a control or group relationship with the Company, directly or indirectly, through connected persons, held by the Directors of 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 between three and eleven members, an odd or even number, elected 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.

However, the Articles of Association allow for one director to be individually elected if there are proposals submitted by shareholders who, either by themselves or jointly 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 take place on all lists of candidates.

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 carrying out such a role.

However, the definitive absence, for whatever reason, of a replacement director individually elected according to the above mentioned specific rules, means that a new election must be held 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 of 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 voting results in a tied vote, the Chairman has the casting vote.

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

Minutes are recorded in a Minute Book.

During 2012, there were six Board meetings, and the overall attendance rate was 99.67%.

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 related to incompatibility issues, or the maximum number of positions that a director can hold, have been established internally.

2.2. Executive Committee

2.2.1. Role and duties

The Executive Committee has the authority 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) Appointment of the Chairman of the Board;
- (ii) Co-option of a substitute for a member of the Board;
- (iii) Request for the convening of Shareholders' General Meetings;
- (iv) Approval of the Annual Report and Financial Statements;
- (v) Granting any personal or asset secured guarantees;
- (vi) Decision on any change to the Company's registered office or to approve any share capital increases;
- (vii) Decision on mergers, demergers or modifications to the corporate structure of the Company;
- (viii) Approval of the management strategy relating to the business portfolio;
- (ix) Approval of the annual financial plan, and any significant changes thereto.

According to the policy established of non-mandatory rotation of responsibilities, all members of the Executive Committee, including the CEO, share responsibilities for more than one area, allocated based on the profile and experience of each member. The periodic switch of these responsibilities areas between members is not, mandatory as a policy, but may occur if considered necessary or convenient for the appropriate execution of managerial responsibilities.

2.2.2. Composition

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

Management Team



Duarte Paulo Teixeira de Azevedo
CEO

Ángelo Gabriel Ribeirinho dos Santos Paupério

Nuno Manuel Moniz Trigo Jordão



Nuno Jordão, Paulo Azevedo and Ángelo Paupério

2.2.3. Operating Rules

The Executive Committee meets at least once every month, and also 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 when 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 seven days in advance of the meeting, and receives supporting documents for any given meeting at least two 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 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 to the Chairman of the Statutory Audit Board.

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

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 2012 with an overall attendance rate of 100%.

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 in monitoring the activity of the Executive Committee in carrying out its management responsibilities, not overstepping the Statutory Audit Board's duties and responsibilities as an auditing body.

The BAFC regularly reports on its work to the Board of Directors and based on its conclusions, proposes plans of action, with the goal of proactively overseeing 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 the Company'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, monitoring the internal control systems, effective management of risks, the timely distribution of information and the reliability of the process of preparing and disclosing financial information;
- (vi) Ensure the smooth flow of information to and from the Statutory Audit Board and follow up any requests made by it with the Board of Directors;
- (vii) Ensure that the Corporate Governance policies adopted by the Company are followed, and that financial reporting standards and practices are adhered to;

- (viii) Monitor formal and informal key financial indicators relating to the Company, including reports published by rating agencies;
- (ix) Give its opinion about significantly relevant transactions made by the Company with related parties.

Composition

The BAFC 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	Independent Non-Executive
Álvaro Cuervo Garcia	Independent Non-Executive
José Manuel Neves Adelino	Independent Non-Executive
Bernd Hubert Joachim Bothe	Independent Non-Executive
Christine Cross	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.

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 relating to 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 regarding 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 its Chairman or the Board of Directors deem 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.

2.3.3. Activity developed by Non-Executive directors

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

During 2012, BAFC held five meetings with an overall attendance rate of 100%, having carried out the role described in section 2.3.1.

BNRC held two meetings in 2012, also with a 100% overall attendance rate. The role carried out is described in section 2.3.2, and reflected the remuneration policy approval process included in section 6.7.

In the exercise of their competencies, the Non-Executive directors did not encounter any restraints in the execution of their functions.

2.3.4. 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 Committees 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 all legislative, regulatory and Corporate Governance issues under close review;
- (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, in particular, 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.

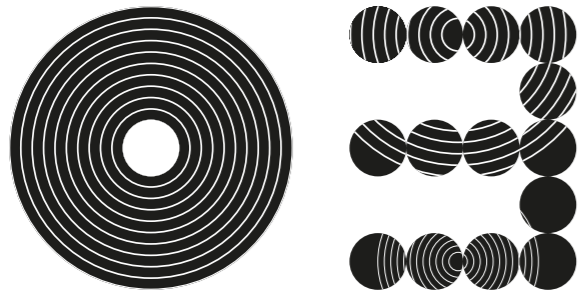
The BCGO reports to the Board of Directors through its Chairman, and also, when appropriate, through the senior independent Non-Executive director.

2.3.5. Company Secretary

The Company Secretary is responsible for:

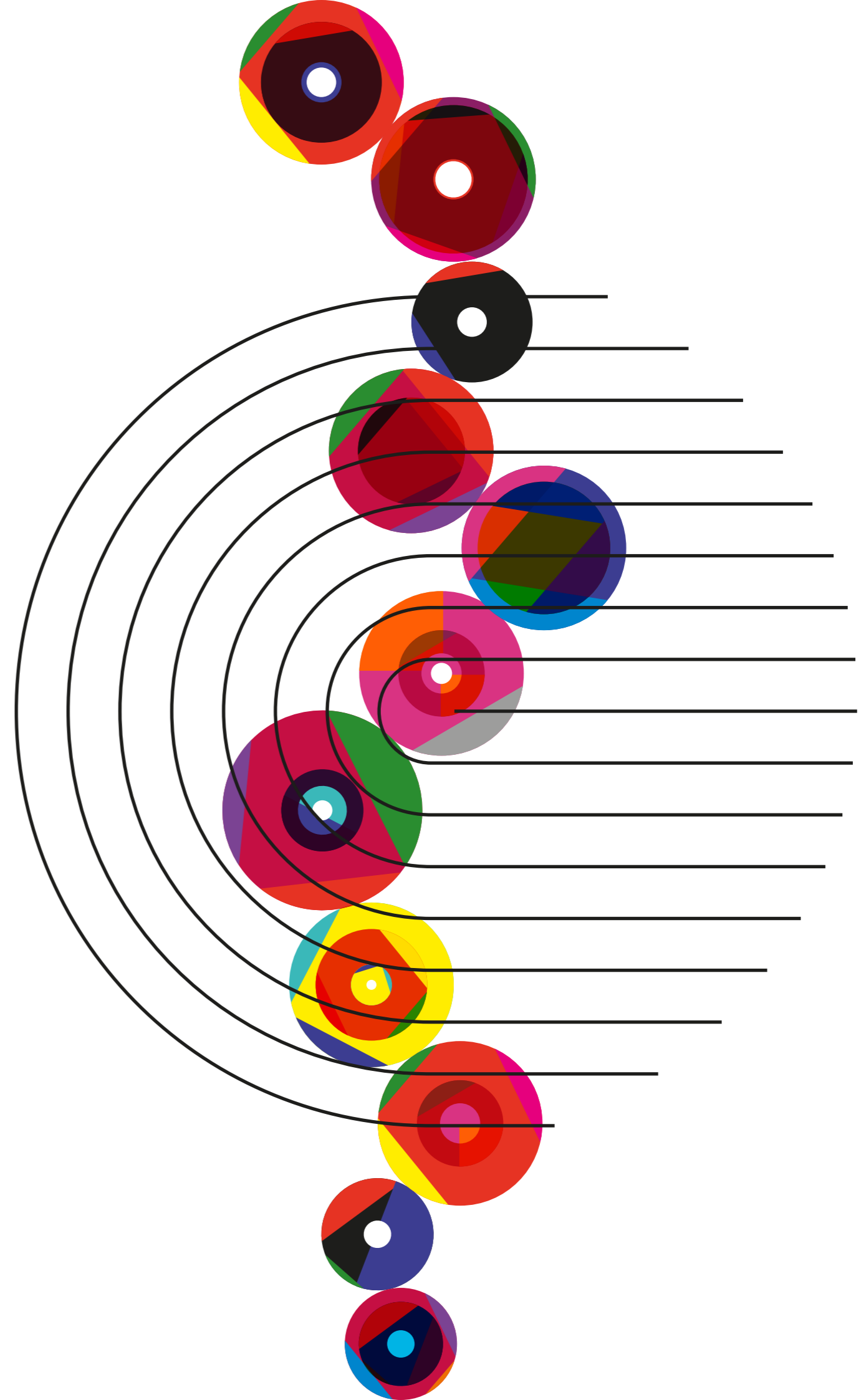
- (i) Keeping the formal Minute Books and attendance lists at Shareholders’ General Meetings;
- (ii) Forwarding the legal documentation necessary to convene Shareholders’ General Meetings;
- (iii) Supervising the preparation of supporting documentation for Shareholders’ General Meetings and the meetings 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.



ORGANISATION OF THE CORPORATE CENTRE

- DUTIES AND COMPETENCIES



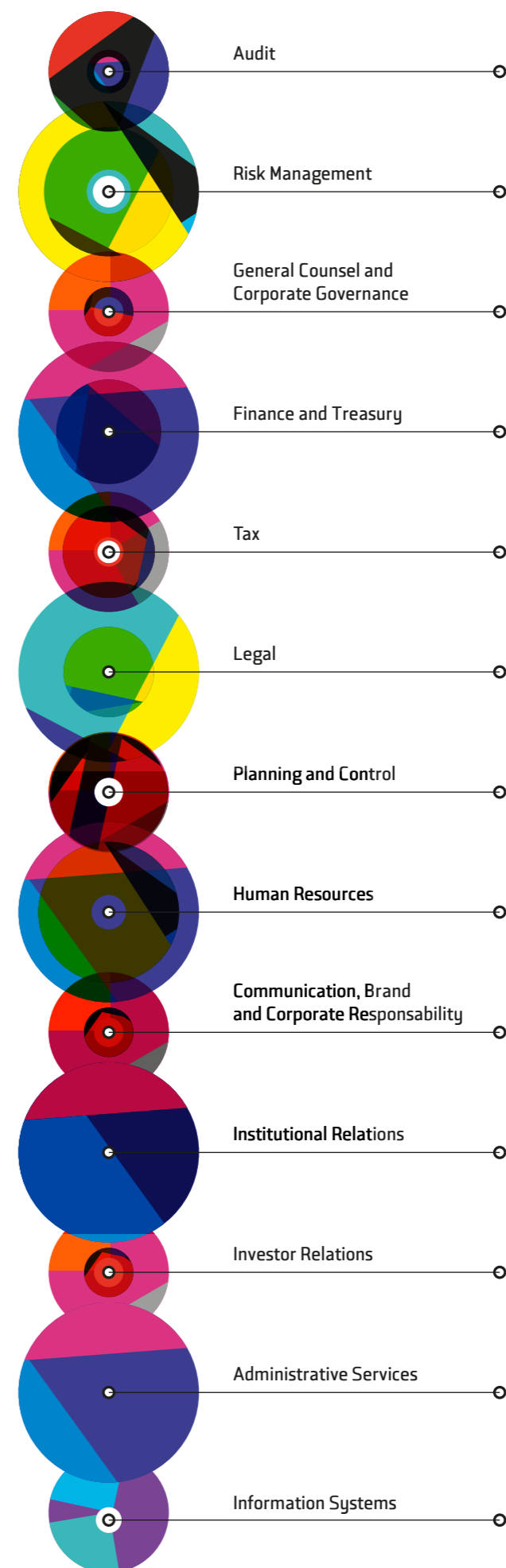


ORGANISATION OF THE CORPORATE CENTRE – DUTIES AND COMPETENCIES

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, creating synergies and allowing 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 also on the competencies and assets that 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. These functions can thus be centralised, efficiency increased and consequently advantage taken of synergies, removing redundant services in the various business units of Sonae.



**Risk Management Department**

Main responsibilities:

- (i) Promote a risk-aware culture within the organisation;
- (ii) Develop, implement, review and maintain risk management systems and processes;
- (iii) Operational support to Sonae's Risk Management Consultation Group.

Internal Audit Department

Main responsibilities:

- (i) Perform internal audits (Compliance, Processes, Food Safety and Information Systems) of Sonae's Corporate Centre and core businesses;
- (ii) 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.

Finance and Treasury Department

Main responsibilities:

- (i) Optimise the finance function of the Company and of its retail business units, proposing and implementing appropriate financial management policies;
- (ii) Conduct all financing operations for Sonae and the retail businesses, providing advice and support on other financing operations of Sonae (with the exception of Sonae Sierra) on request, in coordination with Board directors of Sonae's businesses responsible for financing their respective activity;
- (iii) Negotiate and contract financing 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 in allocating 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 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 supporting 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, including the proactive management of tax matters relating to Sonae's business units;

(v) Optimise Sonae's tax efficiency, by:

a. Controlling and monitoring tax procedures in 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

Legal Department

Main responsibilities:

(i) Monitor, control and ensure the legality of retail and wholesale business activities, including the health, restaurant 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, logotypes, marketing slogans, domains, copyrights etc.;

(iv) Provide day-to-day legal support to stores, in particular when they are subject to inspections and visits carried out by government and official entities (such as ASAE, or the competition authority), as well as resolution of customers conflicts ;

(v) Execute all necessary public deeds, legal documents and registers for the businesses, of any nature (commercial, real estate, governance etc.);

(vi) Manage all legal actions and corporate retail processes in pre-litigation and litigation phases;

(vii) Provide support in obtaining the various licenses required by the businesses;

(viii) Follow up on legislative developments, relevant to the retail, wholesale and real estate businesses;

(ix) Legal monitoring of the management of retail customer complaints;

(x) Provide support to existing Portuguese and international retail and real estate operations, as well as analysing new Portuguese and international operations; in the latter analysing the legal environment of the countries concerned.

Planning and Control Department

Main responsibilities:

(i) Support the development of a corporate strategy and strategies for Sonae's business units, and promoting, leading and implementing the annual, strategic planning cycle;

(ii) Lead and monitor the Sonae annual budgeting process, as well as providing reporting on status, in terms of delivery, 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 Sonae's businesses in comparison against their competitors in the market.



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, employee administration and salary processing;
- d. Manage the areas of health, 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 communication 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 – communication and statements;
- (iii) Manage Sonae's Internal Communications.
- (iv) Manage the Corporate Responsibility Department; mainly data compilation, sustainability initiatives and volunteering activities.

Institutional Relations Department

Main Responsibilities:

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

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 relating to 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 Internal and External Audit, and to establish internal control processes and systems. This Committee, which meets quarterly, is chaired by Ângelo Paupério (member of the Executive Committee), and includes directors with responsibility for this area, as well as internal audit managers of the Company and of Sonae's businesses, the Corporate Governance Manager and the Risk Management Manager.

Risk Management Consultation Group

Sonae's Risk Management Consultation Group was set up in 2000 to assist the Executive Committee to establish policies, and to monitor and coordinate Risk Management activities. It 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; Risk Managers responsible for this role in the Company and in each of its businesses; the Corporate Governance Manager; the Internal Audit Manager and 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 topics on each meeting's agenda. The Committee meets monthly to review and co-ordinate financial risk management policies, banking relationships and to discuss other matters related to corporate finance.

In addition to the above mentioned Risk Management Consultation Group, there are 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 Company-wide discussion of essential legal topics and developing a common approach to legal interpretation and procedures;

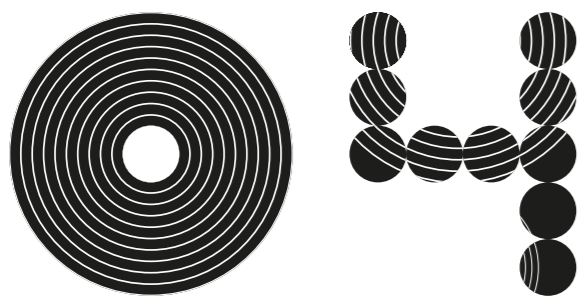
——● Human Resources Forum, with the purpose of promoting and discussing the implementation of best practice in relation to human resource policies across the Company;

——● Marketing and Communication Forum, with the purpose of coordinating negotiations with Media companies, as well as promoting the sharing of best practice in Marketing at specific seminars;

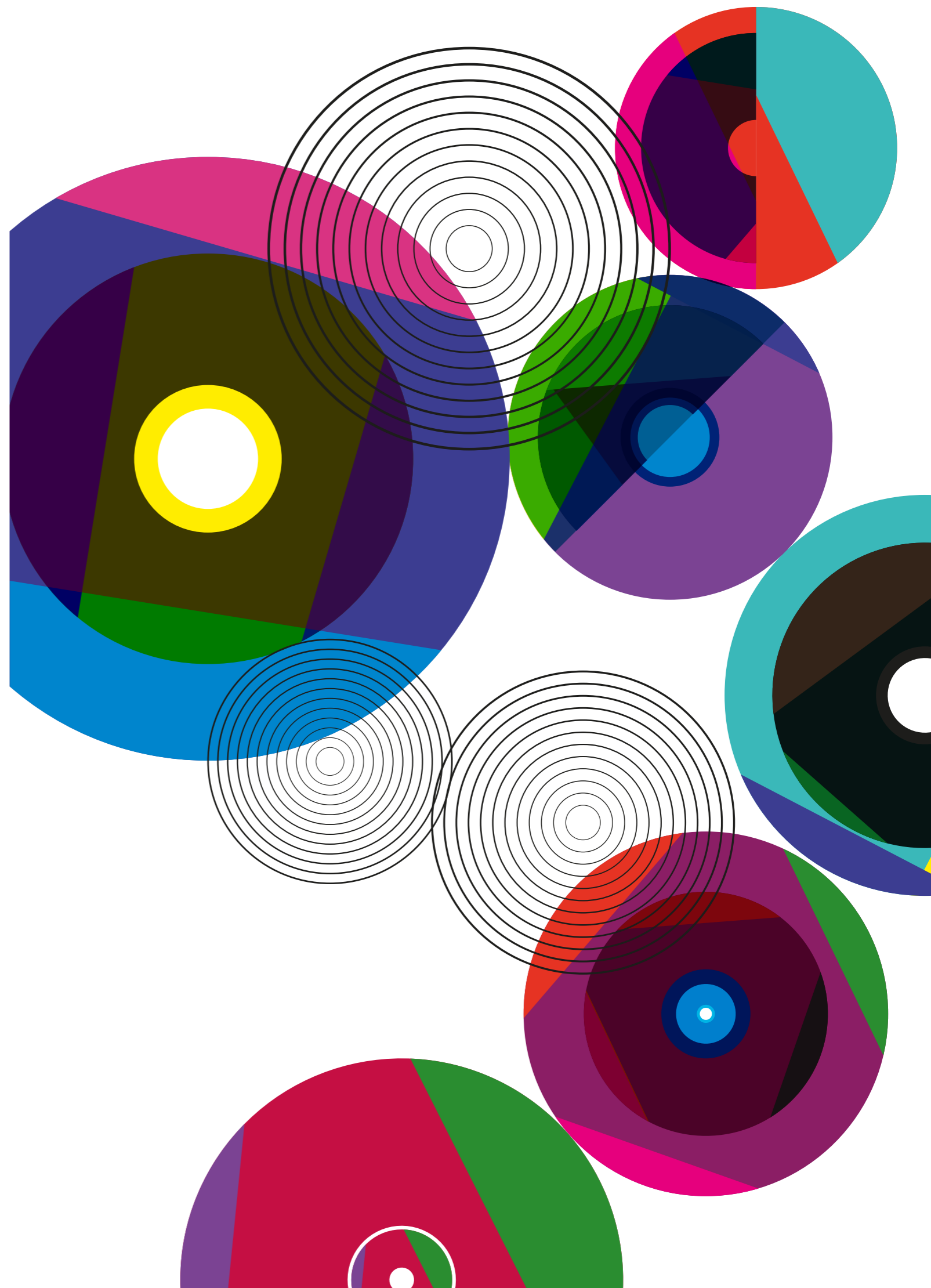
——● Engineering, Construction and Safety Forum, with the purpose of promoting and discussing the implementation of best practice in engineering and construction activities across the Company, with a special focus on issues related to health and safety;

——● Negotiation Forum, with the purpose of presenting, analysing and discussing negotiation strategies, identifying opportunities for joint negotiations, and sharing experience and knowledge.

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



AUDITING BODIES



AUDITING BODIES

4.1. Statutory Audit Board

4.1.1. Role

The Statutory Audit Board is the auditing body of the Company and holds as its main responsibilities:

- (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 during 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 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, and, as the primary point of contact, 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 auditor has 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 to which these are related, for the purpose of Article 20 of the Securities Code, in accordance to the procedures and criteria as 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 the year's work. The 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 the Company's annual management report and accounts 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;
- Verifying 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 regular reports 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 (whistleblowing):

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 Shareholders' Annual General Meeting held on 27 April 2011. 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, through connected persons, held by them in companies in a control or 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 of Article 14, paragraph 6 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, and any shareholder may, petition the courts to appoint the members required.

If the Shareholders' General Meeting does not designate a Chairman, he/she 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/she was elected, the other members must choose one among themselves to exercise these duties until the end of his/her 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 position(s), 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 if the Statutory Audit Board has an even number of members, the Chairman has the casting vote.

The Statutory Audit Board meets at least four times a year. During 2012, the Board met five times with an overall attendance rate of 93.3%. 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, as attached to the Company's annual management report and accounts, are published each year and can be consulted on the Company's website at www.sonae.pt (tab Investors, Shareholders' General Meeting section).

No rules related to incompatibility issues or the maximum number of positions that a member of the Statutory Audit Board can hold have been established internally, beyond 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. Its main responsibilities are:

- (i) Verifying the accuracy of all books of accounts, accounting transactions and supporting documents;
- (ii) Whenever it deems convenient and by the means that it considers to be appropriate, verifying the accurate records of cash and stocks of any kind, and 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 carrying out of 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-A of the Portuguese Securities Code.

During 2012, 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.

The proposal for the re-election of Deloitte & Associados, SROC, S.A., for a new mandate, presented by the Statutory Audit Board to the Shareholders' General Meeting, was, in accordance with the recommended terms, supported by the following opinion in relation to 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 Shareholders' Annual General Meeting on 27 April 2011).

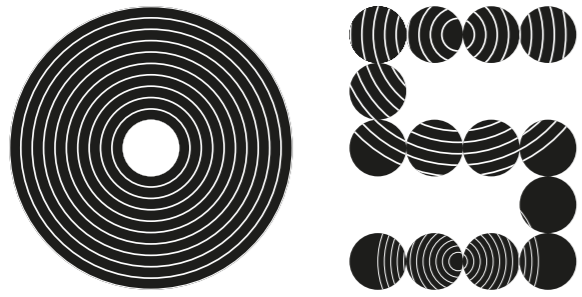
In addition, and as stated in the proposal presented to and approved by the Shareholders' General Meeting, in accordance with the principle of rotation, a new representative of Deloitte & Associados, SROC, S.A. was appointed for the provision of external auditing services.

4.2.3. Nomination rules

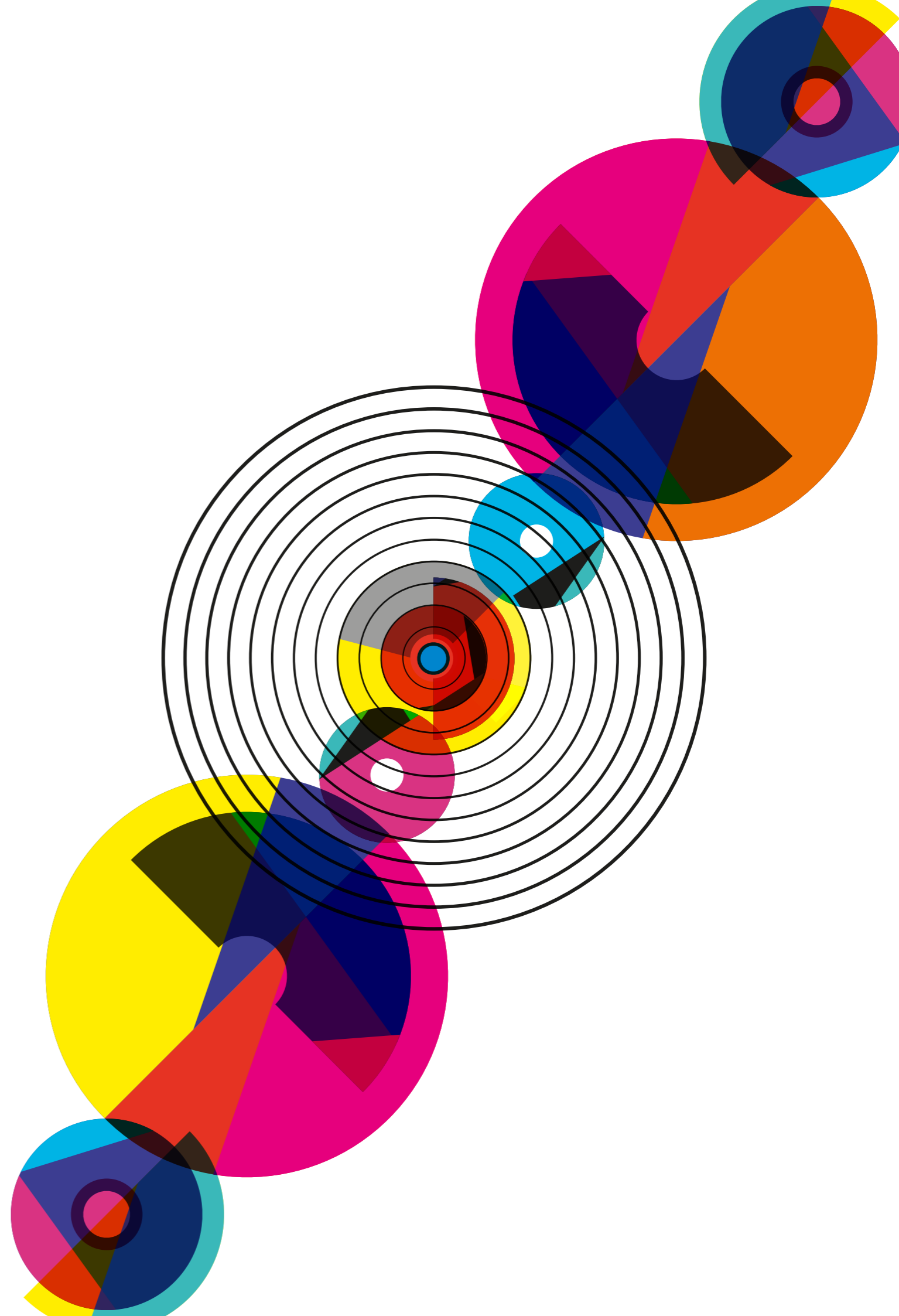
In accordance with the Company's governance model, the nomination or substitution of the Statutory Auditor/External Auditor is decided upon by shareholders in the Shareholders' General Meeting, based on a recommendation put forward by the Statutory Audit Board.

The Statutory Audit Board also supervises and assesses the work performed by the External Auditor on an annual basis, verifying compliance with Article 54 of the Decree-Law no. 487/99, of 16 November (updated by Decree-Law no. 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 seven years, in order to guarantee their independence.

Failure by the competent corporate body to appoint the Statutory External Auditor within the period fixed by law must be brought to the attention of the Portuguese Institute of Statutory Auditors within 15 days, by any shareholder or member of the statutory governing bodies. Within 15 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.



SHAREHOLDERS





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 2012, one Shareholders' Meeting was held in ordinary session on 30 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 resolution-fixing 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 upon, at the Shareholders' General Meeting, it will also be provided to shareholders a template for the representation letter, as well as the forms for postal voting. These can be obtained at Sonae's head office or on 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 on the Company's website. Information concerning the Shareholders' General Meeting for the preceding three years, including decisions taken, the share capital represented, and the results of voting at the meetings, are also held on the Company's website.

5.1.2. The Board of the Shareholders' General Meeting

The Shareholders' General Meetings are conducted by a Board elected by shareholders 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.

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, on behalf of shareholders, the remuneration of Board members and of other statutory governing bodies, 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.

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 position by the Shareholders' General Meeting on the recommendation of the majority shareholder, Efanor Investimentos SGPS, SA. As a member of the Shareholders' Remuneration 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, where 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 by one of its members at the Shareholders' Annual General Meeting that took place on the 30 April 2012.

Meetings

The Shareholders' Remuneration Committee meets at least once every year. During 2012, there were two 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 transposed 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 of 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 professionally 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 proxy 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. The electronic mail address provided by the Company can be used for this purpose.

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. Shareholders acting as financial intermediaries for various clients are also permitted to vote in different ways.

The Company provides appropriate information on the Company's website at www.sonae.pt (tab Investors, Shareholders' General Meetings section) to enable shareholders, wishing to be represented, to give their voting instructions to their respective representatives. Such information, which includes the proposals to be submitted to the General Meeting and a template of a representation letter, is disclosed on the website 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 addressed to the Chairman of the Board of the Shareholders' General and received at the Company's head office by registered post, with acknowledgement of receipt, or submitted by electronic means, in both cases 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 authorised 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.

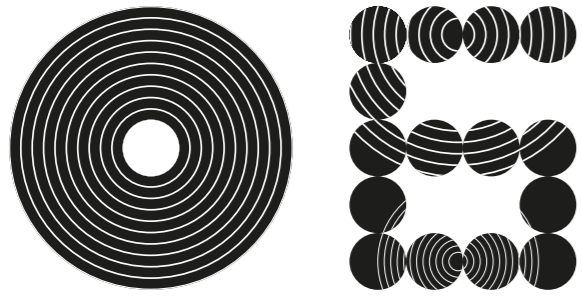
It is the responsibility of the Chairman of the Board of the Shareholders' General Meeting, or the person replacing him, to verify compliance with requirements for votes in writing, and votes which do not fulfil such requirements will not be accepted and will be treated as null and void.

5.2.5. Template used for written votes

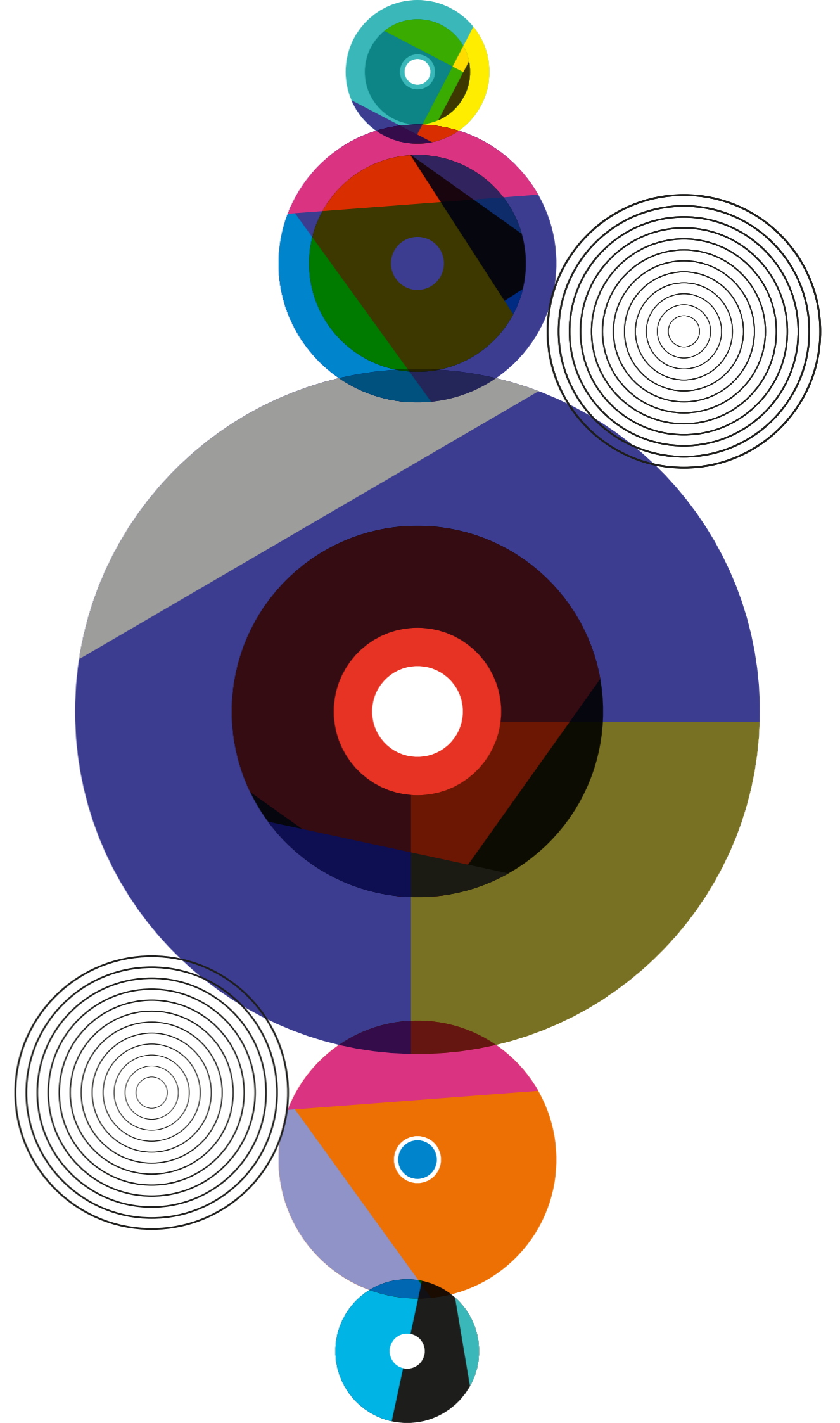
The Company provides a template of the ballot for written votes on its website at www.sonae.pt (tab Investors, Shareholders' General Meetings section).

5.2.6. Vote in writing by electronic means

Shareholders have the right to vote electronically and the manner by which this right can be exercised is set out in the notice sent out for the General Meeting. 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).



REMUNERATION



REMUNERATION

6.1. Remuneration policy for members of the statutory governing bodies

Sonae's remuneration policy is structured so as to find a balance between the performance of Executive directors in relation to goals established for them, and remuneration in comparable companies in the market. Proposals for the remuneration of members of the statutory governing bodies take into account:

- Overall market comparisons;
- Practices of comparable companies, including other Sonae's business units;
- Each Executive director's responsibilities, and assessments made on their performance.

Remuneration policy therefore constitutes 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 focusing on the long-term interests of the Company and in which business risks are carefully taken into account.

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 whose remuneration is decided upon at the Shareholders' General Meeting.

The Board Nomination and Remuneration Committee supports 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 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 any 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.

Sonae sets the following guidelines for its remuneration policy:

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 motivation 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), and, in aggregate terms, the average weight of the total variable component in the Executive board members' compensation within Sonae Group does not surpass 50% of the annual total remuneration.

Of this amount, around 70% is based on business, economic and financial KPIs. These indicators are objectives, which are divided into group and departmental KPIs. Group business KPIs are economic and financial indicators based on budgets for the performance of each business unit, as well on the overall consolidated performance of Sonae. Departmental business KPIs are of a similar nature to Group KPIs in that they are directly influenced by the performance of the

Executive director concerned. The remaining 30% are determined based on the achievement of personal KPIs, which include both objective and subjective indicators. The result of departmental business KPIs and individual KPIs can vary between 0% and 120 % of the pre-defined goal. Combining all component parts, the value of the bonus has a minimum of 0% and a maximum limit of 140% of the pre-defined bonus objective.

KPIs	Examples	Relative Weight
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 summarised in the following table:

Components of Remuneration

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



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 the value generated through his involvement in the strategy and management of Sonae's businesses with shareholders.

Eligibility criterion

Legal engagement

Sonae Board Directors
Other senior directors of group companies

Weighting of MTPB in variable remuneration

At least 50%
At least 50%

4. Duration of the of MTPB plan

The MTPB plan is established annually, based on the variable remuneration awarded, and each plan is valid for 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 the most favourable price as a benchmark: equal to the closing price on the first work day after the Shareholders' General Meeting, or the average price (using the average closing price for the 30 days preceding 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 that the director has been awarded will be adjusted to an equivalent number, taking into account the impact of these changes.

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. 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 31 December of the previous year are eligible for payment of MTPB.

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 expire when he/she no longer works with Sonae.

However, the right to receive payment continues in case of permanent disability or death, with the due amount being paid to the director or to his/her heirs at the vesting payment date.

If the director retires, rights to awards can be exercised on the due date for payment.

The MTPB plans of Executive Board directors in progress in 2012 can be summarised as follows:

MTPB Plans for Sonae Executive Board Members

Total			
Aggregated number of plans		Number of Shares	Euros
Outstanding at 31.12.2011:		8	3,186,381
Movements in the year:			
Awarded		2	1,144,439
Vested		-3	-1,564,029
Cancelled/Lapsed/Adjustments ⁽¹⁾		0	239,348
Outstanding at 31.12.2012:		7	3,006,139

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

The MTPB plans of Sonae and Sonae companies' senior executives, in progress during 2012, can be summarised as follows:

Sonae SGPS Share Plan Outstanding during 2012

Vesting Period			At 31 December 2012	
	Share Price at Award Date	Award Date	Vesting Date	Aggregate number of participants
2009 Plan	0.526	March 09	March 12	
2010 Plan	0.761	March 10	March 13	19
2011 Plan	0.811	March 11	March 14	18
2012 Plan	0.401	March 12	March 15	18

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 2012, no problems relating to payment practice were found that posed significant risks to Sonae.

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

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

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

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

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

Directors' remuneration, awarded by the Company and Group Companies for 2011 and 2012, is shown as per the charts below:

Summary Remuneration								
Individual Detail								
2011*					2012*			
	Fixed Remuneration	STPB	MTPB	TOTAL	Fixed Remuneration	STPB	MTPB	TOTAL
EXECUTIVE DIRECTORS								
Duarte Paulo Teixeira de Azevedo (CEO)	478,520	329,100	335,400	1,143,020	477,320	344,000	325,900	1,147,220
Ângelo Gabriel Ribeirinho dos Santos Paupério	415,800	308,800	308,800	1,033,400	416,253	308,000	303,700	1,027,953
Nuno Manuel Moniz Trigo	305,510			305,510	305,400			305,400
Sub-total	1,199,830	637,900	644,200	2,481,930	1,198,973	652,000	629,600	2,480,573
NON-EXECUTIVE DIRECTORS								
Belmiro Mendes de Azevedo (Chairman)	436,100			436,100	435,800			435,800
Álvaro Carmona e Costa Portela	66,200			66,200	33,850			33,850
Álvaro Cuervo Garcia	37,350			37,350	37,050			37,050
Michel Marie Bon	39,860			39,860	39,460			39,460
José Manuel Neves Adelino	37,350			37,350	37,050			37,050
Bernd Hubert Joachim Bothe	37,450			37,450	37,050			37,050
Christine Cross	38,230			38,230	36,260			36,260
Sub-Total	692,540			692,540	656,520			656,520
TOTAL	1,892,370	637,900	644,200	3,174,470	1,855,493	652,000	629,600	3,137,093

* Amounts in Euros,



Open MTPB plans attributed to Executive directors:

Executive Directors

	Plan (Performance Year)	Award Date	Vesting Date	Amount Vested in 2012*	Open Plans Value at Award Date*	Open Plans Value at 31 December 2012* ***
Duarte Paulo Teixeira de Azevedo	2008	March 2009	March 2012	256,401		
	2009	March 2010	March 2013		313,200	333,681
	2010	March 2011	March 2014		345,000	331,050
	2011	March 2012	March 2015		335,400	624,403
	Total			256,401	993,600	1,289,134
Nuno Manuel Moniz Trigos Jordão	2008	March 2009	March 2012	296,314		
	2009	March 2010	March 2013		290,200	309,176
	2010	March 2011	March 2014			
	2011	March 2012	March 2015			
	Total			296,314	290,200	309,176
Ângelo Gabriel Ribeirinho dos Santos Paupério	2008	March 2009	March 2012	285,885		
	2009	March 2010	March 2013		287,900	289,698
	2010	March 2011	March 2014		297,700	322,263
	2011	March 2012	March 2015		308,800	462,597
	Total			285,885	894,400	1,074,558
TOTAL				838,600**	2,178,200	2,672,860

* Amounts in Euros,

** All open plans were paid off for a total of 838,600 Euros,

***Calculated considering the share market closing price of 2012 last trading day,

6.3.6. Compensation for loss of office

No agreements exist with members of the Board of Directors, nor has any compensation policy been approved, which specify any compensation payments for loss of office, irrespective of 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 2012 was as follows:

Remuneration of the Statutory Audit Board

Member of the Statutory Audit Board	2011*	2011*
Daniel Bessa Fernandes Coelho	10,100	9,800
Arlindo Dias Duarte Silva	8,100	7,800
Jorge Manuel Felizes Morgado	8,100	7,800
Total	26,300	25,400

* 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:

Remuneration of the Statutory External Auditor

	2011*		2012*	
Statutory Audit and Accounts Certification	1.064.414	57%	1.123.573	66%
Other Compliance and Assurance Services	552.295	30%	358.650	21%
Tax Consultancy Services	89.996	5%	62.568	4%
Other Services	155.355	8%	155.883	9%
Total	1.862.060	100%	1.700.675	100%

* Amounts in Euros.



The percentage of audit fees and audit-related fees increased 2% in 2012, representing 87% of total fees billed. Other services represent 13% of total fees billed.

Fees for other services in 2012 included:

—● General consultancy services provided to several subsidiaries of Sonae Investimentos (7% 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 2012 represented less than 1% of their overall fees in Portugal;

—● The quality system used by Deloitte (internal control), according to the information provided by the Company, monitors the potential risks of a loss of independence and possible conflicts of interest with Sonae, while also ensuring that the quality of the services provided are in compliance with the rules of ethics and independence.

The Statutory External Auditor sent to the Statutory Audit Board, under the provisions of Article 62 B of Decree-Law no. 487/99, of 16 November (updated by Decree-Law no. 224/2008, of 20 November), 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

	2011*	2012*
Chairman	7,500	7,500
Secretary	2,500	2,500
Total	10,000	10,000

* Amounts in Euros.

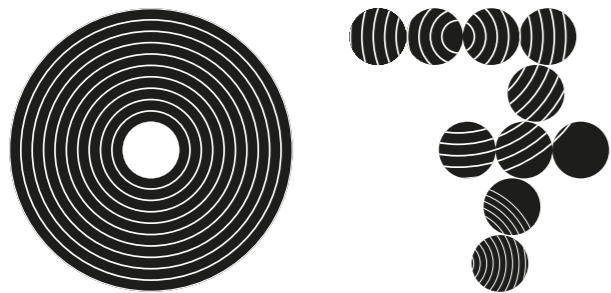
6.7. Remuneration Policy approval process

The Board Nomination and Remuneration Committee submits remuneration proposals for directors to the Shareholders'

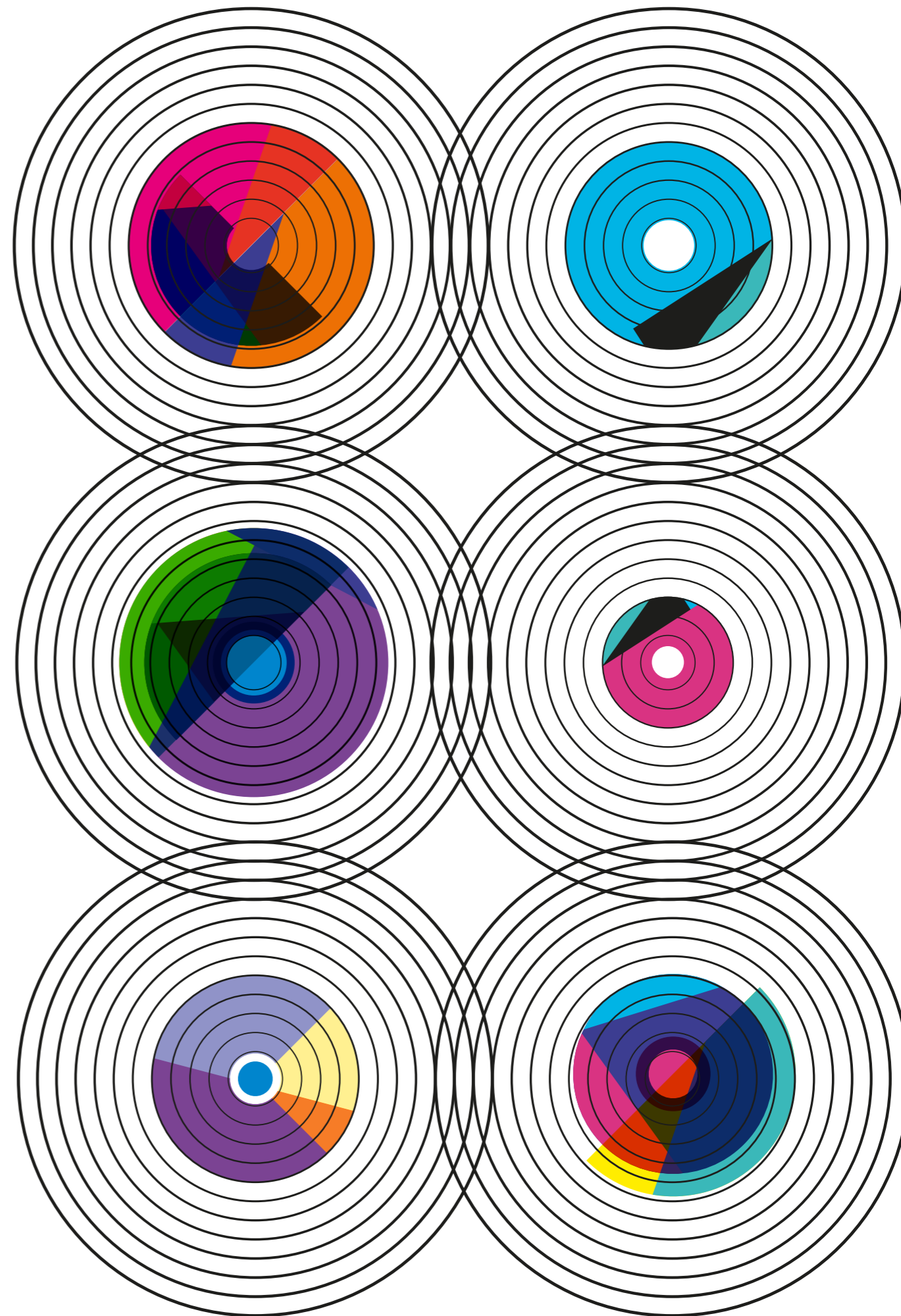
Remuneration Committee. In the case of Non-Executive directors, these proposals are based on a recommendation by the Chairman, and in the case of Executive directors, on a joint recommendation by the Chairman of the Board and the CEO.

Remuneration Policy approval process

Month	Remuneration Cycle
January	Obtain market surveys and benchmarking of remuneration trends and expectations
March	BNRC (Board Nomination and Remuneration Committee) Meeting in mid March: Closing of prior year and preparation for the current year, reviewing: <ul style="list-style-type: none">● Annual Appraisal Process● Remuneration Policy Proposal● Proposals for the award of variable remuneration for 2012, including the deferred component● Proposals for fixed remuneration for 2013● Proposals for variable remuneration target values for performance in 2013 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: <ul style="list-style-type: none">● Remuneration policy proposal to present to the AGM● Proposals for the award of variable remuneration for 2012, including the deferred component● Proposals for fixed remuneration for 2013● Proposals for variable remuneration target values for 2013 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 to October	BNRC Reporting: Update on current year KPIs (if useful) SRC Meeting: Only if there are any Board membership or responsibility changes
November	BNRC Meeting: <ul style="list-style-type: none">● Progress on current year KPIs (if useful)● Review status of Medium Term Performance Bonus plans and shares retained● Contingency and Succession Planning● Review Nomination Process (if required)● Review BNRC Annual Plan for next year● Review Compensation Policy, including Medium Term Performance Bonus plan SRC Meeting: Only if there are any Board membership changes
December	BNRC Reporting: Update on current year KPIs (If useful) SRC Meeting: Only if there are any Board membership changes



RISK CONTROL





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. It forms part of all management processes and is the responsibility of all employees of Sonae, at all levels of the organisation.

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

7.2. Risk management processes

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

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

- (i) As part of strategic planning, risks of the existing business portfolio, as well as those of new businesses and of relevant projects, are identified and evaluated, and strategies to manage those risks are defined;
- (ii) At the operational level business risks, and planned actions to manage those risks, are identified and evaluated, and are included and monitored in business unit and functional unit plans;

(iii) For risks that cross business unit boundaries, such as large-scale organisational changes and contingency and business continuity plans, structural risk management programmes are developed involving all those responsible for the relevant units and functions;

(iv) As far as risks to tangible assets and people are concerned, audits are carried out at the main business units. Preventive and corrective actions are implemented for the risks identified. The financial cover of insurable risks is reassessed on a regular basis;

(v) Financial risk management is carried out and monitored as part of the activity of the Company's and Sonae companies; financial departments. Their work is reported to, coordinated with and reviewed by the Finance Committee and the Board Audit and Finance Committee;

(vi) Management of legal risks is carried out and monitored by the legal and tax departments.

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

- (i) Defining and grouping risks (risk dictionary, definition and business risk matrix);
- (ii) Systematically identifying the risks that can potentially affect the organisation (common language);
- (iii) Evaluating the level of importance and managing the prioritisation of risks as a function of their impact on the objectives of the business, and the likelihood of the risks occurring;
- (iv) Identifying the causes for the most important risks;

(v) Evaluating strategic risk management options (e.g. accept, avoid, treat, and transfer);

(vi) Developing a risk management action plan and integrating it into the management and planning procedures of the units and functions of Sonae's businesses;

(vii) Monitoring how risks evolve and reporting on progress made in implementing action plans.

7.3. Risk management organisation

Risk Management is the responsibility of all managers and employees of Sonae's business units, at all levels of the organisation. It is supported by the Risk Management, Internal Audit and Management Planning and Control departments, through specialised teams at corporate level and in business units, which report directly to the Boards of Directors of each business unit.

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

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

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

Reliability and integrity risks of financial and accounting information are also evaluated and reported upon by the External Audit activity.

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

7.4. Internal audit and risk management training and development

1. With regard to the Internal Audit function, in 2012 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). In 2012, a new certification has been obtained, the Certification in Risk Management Assurance (CRMA), also granted by the IIA. Several other certifications in Internal Audit have been previously obtained, such as Certified Information System Auditor (CISA), Certified Information Security Management (CISM), Certified Information System Security Professional (CISSP), ISO/IEC 27001: 2005, ISO 27001 Lead Implementer, Certified Fraud Examiner (CFE), Security Certified Network Professional (SCNP), CEH - Certified Ethical Hacker, Cisco Certified Network Association (CCNA) and CRISC - Certified in Risk and Information Systems Control.

2. The importance of continuous training, and the existence within the Group of people with knowledge and skills to train others (some of whom teach regularly outside the Group) were the basis for the establishment of the Internal Audit Academy, which has the following guidelines: definition of functional job descriptions; listing of core skills required for each function (technical and behavioural) and the training strategy for each function.

3. With regard to the development of the Risk Management function, in 2012 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 Risk Management Assurance (CRMA) - and by the IRM (Institute of Risk Management) - Certification of Risk Management. Currently, Sonae Group staff also have the following professional certifications: Management of Risk Foundation and Practitioner (MoR), Associated Business Continuity Professional (ABCP), Certified by Business Continuity Institute (CBCI), Certified Continuity Manager, BS 25999 Business Continuity Management.

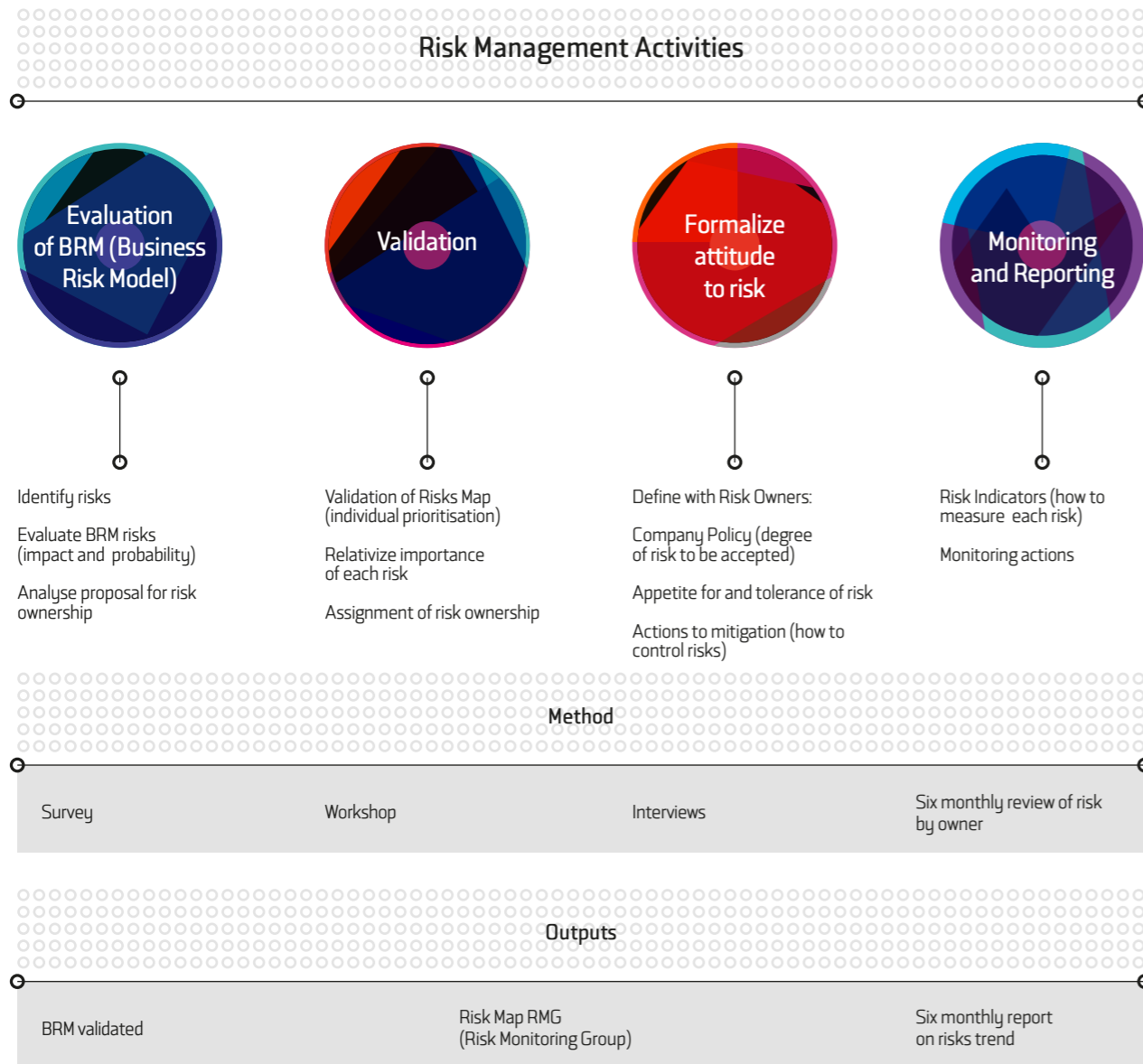
Sonae is one of the organisations with the most certified employees in internal audit and risk management in Portugal. In 2013, Sonae will continue to support this important training programme, and the international development and qualification of its internal audit and risk management staff, in line with international best practices.

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

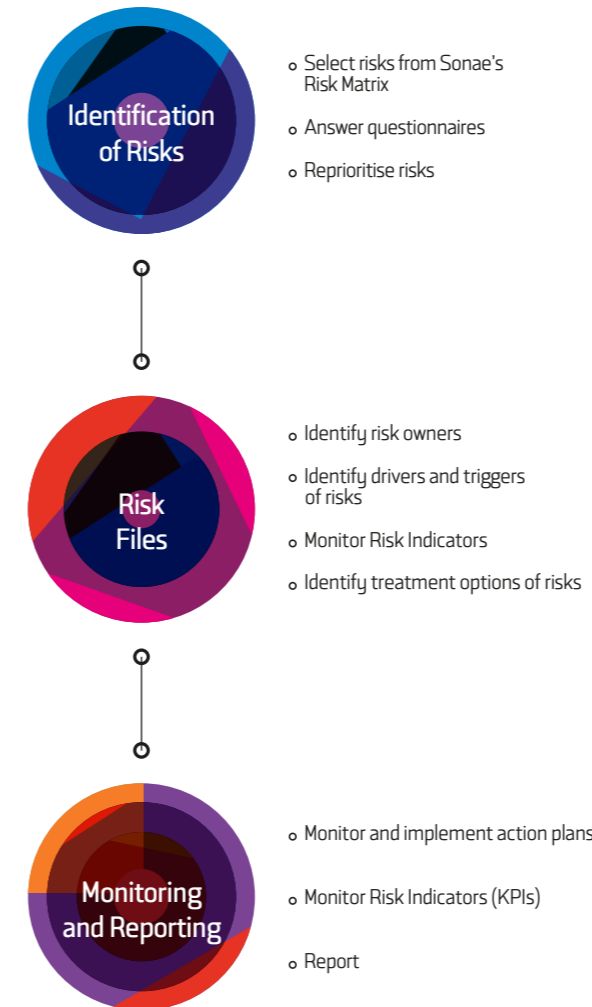


7.5. Actions undertaken in 2012

In 2012, Risk Management Groups, joined by Executive Committee members of each of the retail businesses (Sonae MC, Sonae SR and Sonae RP), continued the annual Enterprise Wide Risk Management cycle, which comprises the following activities:



An application tool was developed internally to support this process across the entire company. It is based on the COSO International Standard, which includes the following stages:



Sonaecom also followed up on the Enterprise Wide Risk Management cycle in its businesses, using a similar framework, based on a Standard issued by the Sonae Risk Management Consultation Group. In 2012, an EWRM cycle was launched at Sonaecom, SGPS, covering the holding company, and the Optimus cycle covering telecoms activity was updated. A similar cycle was also launched in Sonaecom SSI, covering, for example, WeDo Technologies.



7.6. Risks

7.6.1. Economic Risks

Macro-economic Influences

Sonae's businesses are exposed to the current adverse global economic environment. This is aggravated by the economic crisis in Portugal, which means that they may be impacted by possible falls in public and private consumption. Sonae companies have various ongoing initiatives, the goal of which are to mitigate this risk: through the internationalisation of businesses; a more rigorous control of costs; launching innovative and alternative product and service offers, and also taking advantage of the economic situation as an opportunity to launch promotions and products suited to changes in consumer profiles.

Competition

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

Customers

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

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

Brand

Sonae and its affiliated companies own several high value brands, and they are some of its main assets.

The risks associated with brands come from the negative impacts arising from extraordinary events affecting their reputation. The Group periodically monitors the value, attributes and reputation of their brand images through customer surveys, research and market studies. The Group also continually monitors brand reputation, for example, through press analysis and articles issued by the media and in blogs. Sonae's brands regularly win national and international awards, that recognise excellence in specific products/services, business processes and innovation achievements.

Tangible assets risks

In 2012, preventive and safety audits were conducted in different business unit locations. 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 the related monitoring and self-assessment procedures (Control Risk Self Assessment) also continued.

Sonae's critical facilities, namely its switch and data centres, are assessed on a regular basis through audits of physical security risks. In Europe Sonae's data centres have been considered Best in Class in several categories for successive years, proving its ability to mitigate physical risks and to maintain resilient operations in data centres.

People safety risks

Recognising the preservation of lives and assets as a fundamental pillar of sustainability and business growth, Sonae developed Social Responsibility actions through a strong commitment to the prevention of work accidents, minimising and/or eliminating their causes, and promoting a Health and Safety culture.

The continuous improvement of the Health and Safety programs, in particular with the "Zero Accidents Project", allowed Sonae to achieve a level of excellence.

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

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

Sonae Sierra's Health and Safety culture began with the PERSONÆ Project in 2004, finally resulting in a cross-organisational Health and Safety culture within Sonae Sierra. This required implementing processes and actions, strictly aligned with the corporate Health and Safety policy and objectives, and aimed at minimising and controlling all people-related risks arising from Sonae Sierra's activities in Shopping Centres and Development Projects. Within the PERSONÆ project, a total of 5 million euros were invested, and the project involved more than 70,000 Sonae Sierra employees and tenants in Portugal, Spain, Italy, Germany, Greece and Brazil.

This project, concluded in 2008, evolved to Sonae Sierra's Health, Safety and Environment Management System, which maintains the same high standards and commitment levels to minimise people-related risks.

This effort was recognised through Sonae Sierra's corporate OHSAS 18001 certification in 2008, the first ever awarded in Europe to a Shopping Centre company. All 30 Shopping Centres in operation have been individually certified by OHSAS 18001 since 2008. From 2009, all new development projects have also received the same certification.

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

Sonae Sierra was not able to reduce the number and severity of its workforce work accidents (per million hours worked) in 2012, partly due to an itinere incident which represented 72% of the number of days lost per million hours worked, and also due to the Lost Workday Case Accident Frequency Rate of its suppliers in operational Shopping Centres. In spite of the significant reduction in Lost Workday Case Accidents (per million hours worked) in Sonae Sierra construction sites, the Lost Workday Case Accident Frequency Rate of its suppliers in operational Shopping Centres increased slightly when compared to 2011.

Unfortunately, the number of accidents involving visitors at Sonae's shopping centres requiring medical care has also increased.

In the Sonae Retail business unit, a project was carried out to define rules for the physical safety of customers, as a basis for action plans to prevent and mitigate customer safety risks.

Sonae signed the World Safety Declaration at the end of 2005, making a worldwide commitment to safety at work. Sonae was one of the founder members of this entity, alongside major worldwide corporations.

Business continuity management

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

Sonae proceeded with the consolidation of its business continuity management (BCM) program, particularly in the telecommunications unit. The Crisis Management Plan has been periodically updated and improved, with additional procedures aimed at managing crisis communications with customers. Further developments were also made with the implementation of additional resilience strategies for some platforms of the telecommunications network, as well as the evolution of the existing IT/IS disaster recovery solution, and improvements on critical infrastructure physical installations, including power supply systems and other security equipment. Products and services relating to critical activities have been revised to incorporate changes in the service portfolio and activities of the telecommunications business (Optimus). Coordination with external official entities continued, including collaboration in the update and simulation of Civil Protection Plans, as well as actively participating in the development of regulations relating to security and resilience of communications launched by national and European sector regulators.



Environmental risks

In the area of environmental risks, several environmental certifications have been obtained. Audits were carried out and improvements in this area made, forming part of Sonae's Environmental Management Systems.

Risks relating to all Company activities, including procurement, construction and the operation of Shopping Centres are covered by Sonae Sierra's Safety, Health and Environment Management System.

In 2012, 46 of the 49 Sonae Sierra Shopping Centres were individually granted ISO 14001 certification, setting the scene for the following corporate achievements. In the period 2002 to 2012:

- Electricity consumption fell 35%;
- Recycling rates increased from 19% to 55% of total waste generated;
- Water efficiency improved 15%.

During the development phase of Shopping Centres, 24 of Sonae Sierra's construction projects were granted individual ISO 14001 certification in recognition of their outstanding environmental practices during construction.

As a significant highlight of 2012 performance, the Global Real Estate Sustainability Benchmark Foundation considered Sonae Sierra as the most sustainable private fund in its peer group, and granted it the Green Star label. This internationally recognised ranking acknowledged Sonae Sierra's sustainability strategy, with a vision that encompasses environmental and social measures, as well as economic profitability.

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 EMS has been annually audited and its certification maintained. In 2010, the EMS was adapted to Sonae's new Retail Business organisation, and has again been certified. This program, among others factors, enables management of the company's day-to-day environmental risks.

Throughout 2012, Sonae's Retail Business has continued its program of environmental certification of operational units, with four new units (one Worten and three warehouses) certified. As of December 2012, Sonae's Retail Business holds 25 certifications (3 Continente, 8 Continente Modelo, 2 Continente BomDia, 5 Worten and 6 warehouses, plus the Meat Processing Centre – the first industrial unit to be certified). These certified operational units act as environmental flagships for all other units.

Sonaeecom understands that environmental management is a strategic factor for competitiveness and value creation. Its Environmental Management System is certified under the NP EN ISO 14001 standard since 2003. The main environmental risks for Sonaeecom arise from frequent extreme weather conditions (floods, hurricanes, forest fires) and global warming. These factors may affect telecommunication infrastructure (switches, data processing, transmission, base stations) and related heating, ventilation and HVAC equipment, potentially resulting in increased energy costs, or causing communication failure. Bearing these risks in mind, Sonaeecom has implemented several initiatives over the years, in particular to reduce energy consumption and carbon emissions, and to improve security and ensure availability of, for example, telecommunications infrastructure and equipment, with the aim of improving overall energy efficiency and resilience.

Change Project Risks

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

Insurable risks

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

At Sonaeecom, where most services are based on technology and information, the existent professional liability insurance has been enhanced, in order to mitigate potential impacts and responsibilities regarding our customers, arising from any failure that might occur on such services. The scope of coverage has been tailored to fit the activities of technology, media and telecommunications, with specific insurance policies for certain worldwide locations. Sonaeecom has also revised the terms of its property insurance, ensuring better coverage for catastrophic events, physical damage, and theft in its switches, data centres and telecommunications retail stores.

Food safety risks

A programme of food safety audits was implemented and consolidated in Sonae Retail stores, cafeterias, warehouses and production centres, resulting in reporting of conclusions and recommendations for corrective actions.

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

Four hundred food safety audits were performed in 2012.

Information Systems and Telecommunications Risks

Sonae's businesses Information Systems are characterised as being multi-functional and broadly distributed within the organisation. From the information security point of view, several risk reduction measures have been developed to ensure confidentiality, availability and integrity of information, including: the development of Business Continuity Plans; carrying out backups offsite; implementing high availability systems and network infrastructure redundancy; verifying and controlling the quality of flow between applications; managing access and profiles; and implementing the use of anti-virus software.

Several training sessions in information systems security awareness- were held in 2012, with staff of all levels and all functions attending. By the end of 2012, Sonae adhered to the World Economic Forum Partnering for Cyber Resilience initiative, pledging to follow its principles and guidelines.

Information systems audits were carried out in 2012, with the objective of identifying and correcting potential vulnerabilities that can have a negative impact in the business and in the protection of information. The audits covered several domains, such as software, and servers and networks, which support the main business processes.

Given that Sonaeecom companies make intensive use of technology and information, which are typically subject to availability, integrity, confidentiality and privacy risks, Sonaeecom has in place an Information Security Governance, Risk and Compliance Committee, with representatives from those business areas that are more relevant for information asset management and security matters. Within the pre-defined activities that occurred in the telecommunications unit in 2012, we highlight: the strengthening of security rules associated with SDLC (Systems Development Life Cycle), including improvements in internal procedures for development of software and services; the expansion to new software applications of the identity and access management process (facilitated by the IAM tool); regular quality and security audits of websites and web-based applications; the implementation of stricter privacy controls on access to, retention of and logging of personal data and the production of monthly and annual dashboards with relevant information security risk indicators.

Awareness is a key success factor in reinforcing a culture of information security amongst employees, business partners and key stakeholders. Sonaeecom has put in place several awareness and accountability initiatives, including an annual security communication plan (built with interactive and multimedia tools), a welcome program for recently admitted employees (with topics on information security,) and the inclusion of personal data confidentiality and protection clauses in contracts with employees and business partners., Data privacy, confidentiality and integrity were addressed at an internal training session on ethics in 2012, attended by a significant number of Sonaeecom staff.

In the telecommunications business, further actions continued to be developed in the areas of customer information security and fraud management, such as cooperation with the national banking industry on the development of security actions to prevent home banking fraud, and an update of the Customer Awareness and Educational Program on Sonaeecom and Optimus websites. Both initiatives aim to increase customer awareness about common risks in the use of telecommunications services, and to advise customers on best anti-fraud and security practices.

7.6.2. Financial risks

Sonae's businesses are exposed to a variety of financial risks related to its business activities, including interest rate risk, foreign currency risks, liquidity risk, and credit risk. These risks are detailed further in the notes to the Sonae consolidated financial statements. Due to the varied nature of the different Sonae businesses, exposure to these risks may vary from business to business, and thus there is no Group level risk management policy covering all activities of the Group. Instead, the Group prefers to develop individual risk policies adapted to each business. The Group is also exposed to debt and equity markets fluctuations. In order to minimize potential adverse effects of the volatility of financial markets, during 2012, in addition to individual policies to manage each identified financial risk, and control mechanisms to identify and quantify such exposures, Sonae's businesses have also used derivative instruments to hedge certain exposures related to their operating business. Each Board at business level approves financial risk policies and the Finance & Treasury Departments of each business identify and monitor financial exposure. Financial exposures is also monitored by the Finance Committee, at which a consolidated exposure analysis is reviewed and reported on a monthly basis, and guidelines for risk management policies are defined and regularly reviewed.



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

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

7.6.3. Legal and regulatory risks

Sonae and its businesses are obliged to comply with national and international laws and regulations for each market in which they operate that aim to ensure consumer safety and protection, employees' rights, environmental protection and compliance with local and country planning regulations, compliance with sector regulations, and the maintenance of open and competitive markets. As a result Sonae is naturally exposed to the risk of changes in law and regulations that may impinge on normal business, and which may consequently affect or impede the achievement of its strategic objectives.

The Sonae Group acts in constant collaboration with the authorities in order to comply with laws and regulations. Such collaboration in some cases takes the form of comments on public consultation launched by national or international authorities.

Sonae and its businesses have the support of legal and tax departments continually dedicated to the respective activities. Under management's supervision, and in interaction with other functions and departments, they proactively ensure the protection of Sonae's and its businesses interests in compliance with their legal obligations and best corporate governance practices.

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

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

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

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

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

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

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

- The process of reporting financial information is documented; the risks and key controls are identified. The criteria used in the process of preparing and reporting financial information are established and periodically reviewed;

- There are three types of control: High level controls (entity level controls), information system controls and process controls. Those include a group of procedures related to the execution, supervision, and monitoring and improvement of processes, with the main objective of preparing the financial reporting of the Company;

- Accounting principles used are disclosed in the notes to the financial statements and are fundamental bases of the internal control system;

- The business plans and budgets, and procedures and records of Group companies allow a reasonable assurance that the transactions executed are properly approved by management, and recorded in compliance with accounting principles, also ensuring that the Company maintains proper record of its assets with their existence reconciled with the accounting records;

- Financial information is reviewed regularly by the management of each business unit and by the persons in charge of the profit centres, ensuring continuous monitoring and related budget control;

- During the process of preparing and reviewing financial information, detailed schedules are established and shared with the areas involved, and all documents are reviewed in detail, including the review of principles used, verifying the accuracy of the information and its consistence with principles and policies defined and followed in previous periods;

- With regard to the separate entities, accounting records and financial statements are prepared by the different functions of administrative and accounting services, which warrant the recording of business processes transactions and the recording of balances of assets, liabilities and equity captions. Financial statements are prepared by chartered accountants of each company and reviewed by the Planning and Control and Tax departments;

- Consolidated financial statements are prepared quarterly by the departments of the administrative services (consolidation team) of each sub-holding and holding corporate centre. This process represents an additional control of the reliability of financial information, as regards the consistent application of accounting principles, cut-off procedures and control of related parties transactions and balances;

- The Report of the Board of Directors is prepared by the Investors Relations department and contributed to, and reviewed by, several business and support departments. The Corporate Governance Report is prepared by the Legal department;

- The Group financial statements are prepared under the supervision of the Executive Committee. The documents that constitute the Annual Report and Accounts are sent for review and approval by the Sonae Board of Directors. Once approved, the documents are sent to the External Auditor who issues its report;

- The process of preparing separate and consolidated financial information and the Report of the Board of Directors is also supervised by the Statutory Audit Board and by the Board Finance and Audit Committee of the Board of Directors. These bodies meet quarterly to review the individual and consolidated financial statements. Half-yearly the Statutory Auditor presents the main conclusions of the work carried out, directly to the Statutory Audit Board and to the Board Finance and Audit Committee;

- All the persons involved in analysis of company financial information are included in the list of persons with access to inside information, and are informed about the nature of their obligations, as well as possible sanctions resulting from the inappropriate use of such information;

- Internal rules applicable to the disclosure of financial information aim to warrant that information is disclosed to the market in a timely manner, in order to prevent information asymmetry.

Among the risks that may materially affect the financial and accounting report, the following are worth highlighting:

- Accounting estimates – major accounting estimates are described in the notes to the financial statements. Estimates are based on information available during the preparation of the financial statements and in the best knowledge and experience of past and present events;

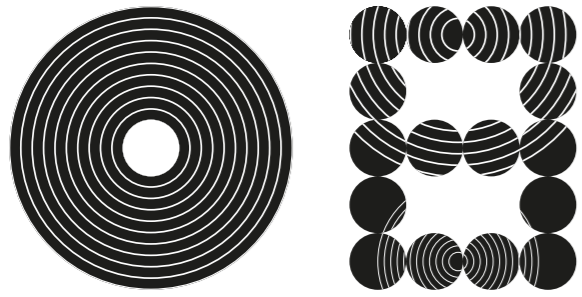
- Balances and transactions with related parties – balances and transactions with related parties are disclosed in the notes to the financial statements. These transactions are related mainly to the operational activities of the Group, and to the granting and obtaining of loans under arm's length conditions.

In the notes to the financial statements additional information is disclosed regarding the abovementioned risks among others, as well as how they were mitigated.

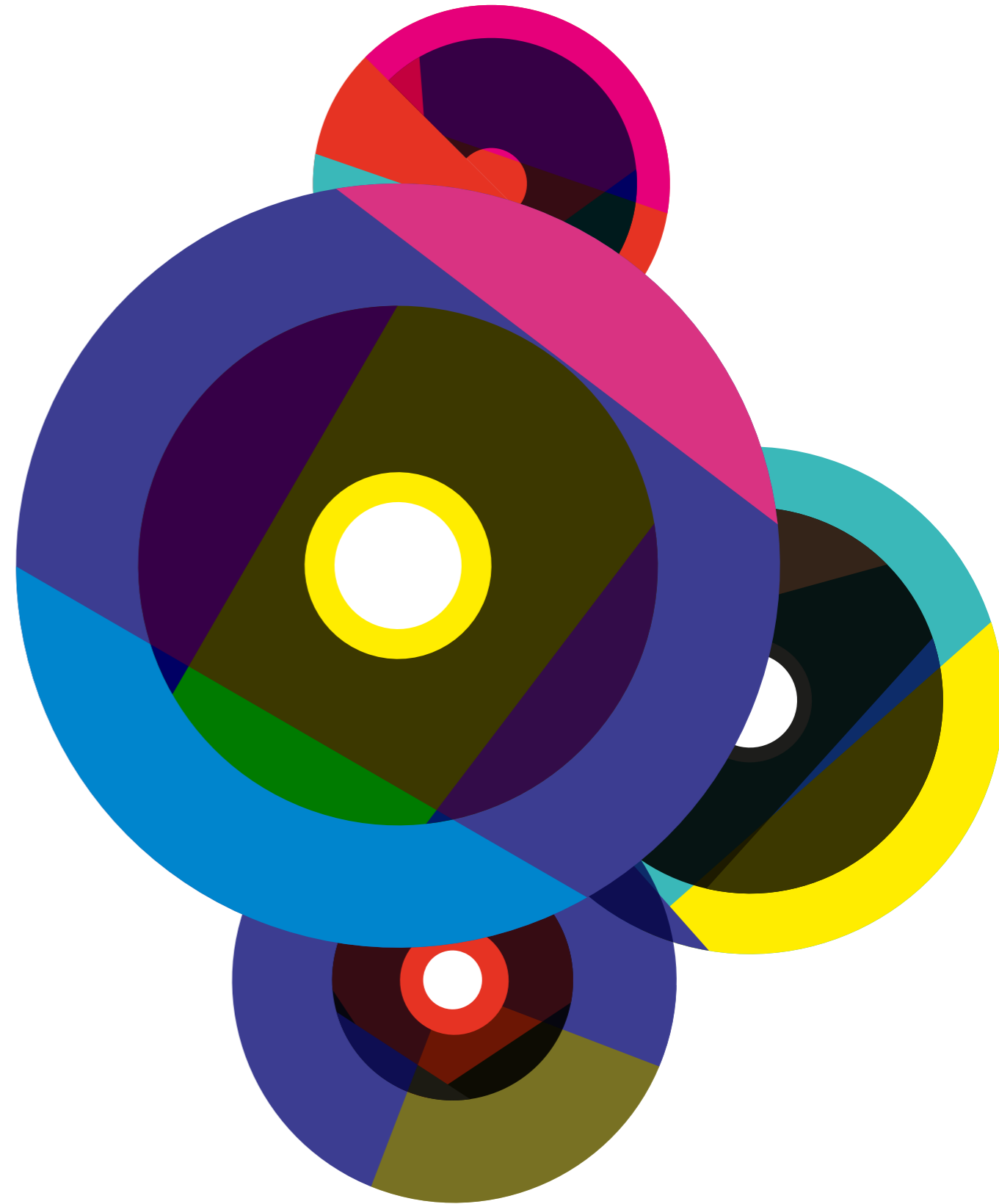
Sonae adopts several principles related to continuous improvement of the system of internal control of financial risks, including:

- Improvement in the documentation of controls – following action taken in 2010, Sonae continued to improve the documentation and systematization of risks and internal control system related to the preparation of financial information in 2012. This includes the identification of risk causes (inherent risk), the identification of processes of higher material importance, the documentation of controls, and the analysis of residual risk after the execution and implementation of the potential control improvements;

- Compliance analysis – the Legal department and the Corporate Governance Officer, working together with the Administrative Services, Investor Relations, Internal Audit and Risk Management departments, and, if necessary, other departments, coordinate the periodic analysis of compliance with legal requirements and regulations regarding governance processes and corresponding financial information that are reported on the Report of the Board of Directors and on the Corporate Governance Report..



WHISTLEBLOWING PROCEDURES





WHISTLEBLOWING PROCEDURES

Sonae's values and principles are rooted in its culture, and form the bases of its actions. They are founded upon principles of absolute respect and awareness for the rules of good conduct, in the management of conflicts of interest, and duties of diligence and confidentiality in dealings with third parties. The Company's values and principles can be consulted at - www.sonae.pt.

Code of Ethics and Conduct

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

The Code of Ethics and Conduct is available at www.sonae.pt.

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

The Code of Ethics and Conduct is widely conveyed internally within Group companies. Sonaecom made internal training materials on business ethics available through an e-learning platform in 2012. These materials focused on whistleblowing processes, clarified staff responsibilities as well as management responsibilities, and used case studies to exemplify issues regarding conflicts of interests, privacy, confidentiality and integrity of information, staff relations, and relations with suppliers and partners.

Whistleblowing policy

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

(i) Anyone wishing to communicate any irregularity believed or known to have been committed by any of the Company's members of staff must address a letter or an e-mail containing a summary of the facts to the Sonae Ombudsman Office. The identity of the whistleblower will be kept anonymous, if explicitly requested;

(ii) The letter or the e-mail will be analysed by the Ombudsman Office and, if grounds for the irregularity reported are found, appropriate measures will be taken.

(iii) The Ombudsman Office provides a quarterly summary of all irregularities to the Board of Directors. This information is also sent to the Executive Committee and to the Statutory Audit Board.

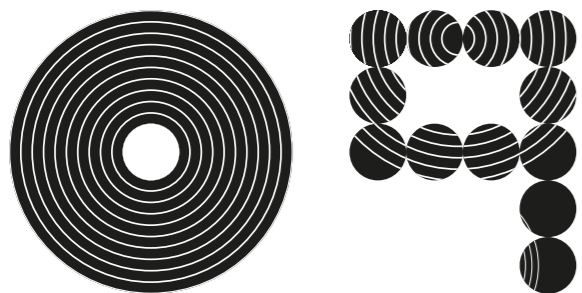
All the irregularities reported directly to the Statutory Audit Board are immediately passed on to its Chairman.

The Company's whistleblowing policy is explained in Sonae's Code of Ethics and Conduct, available at - www.sonae.pt.

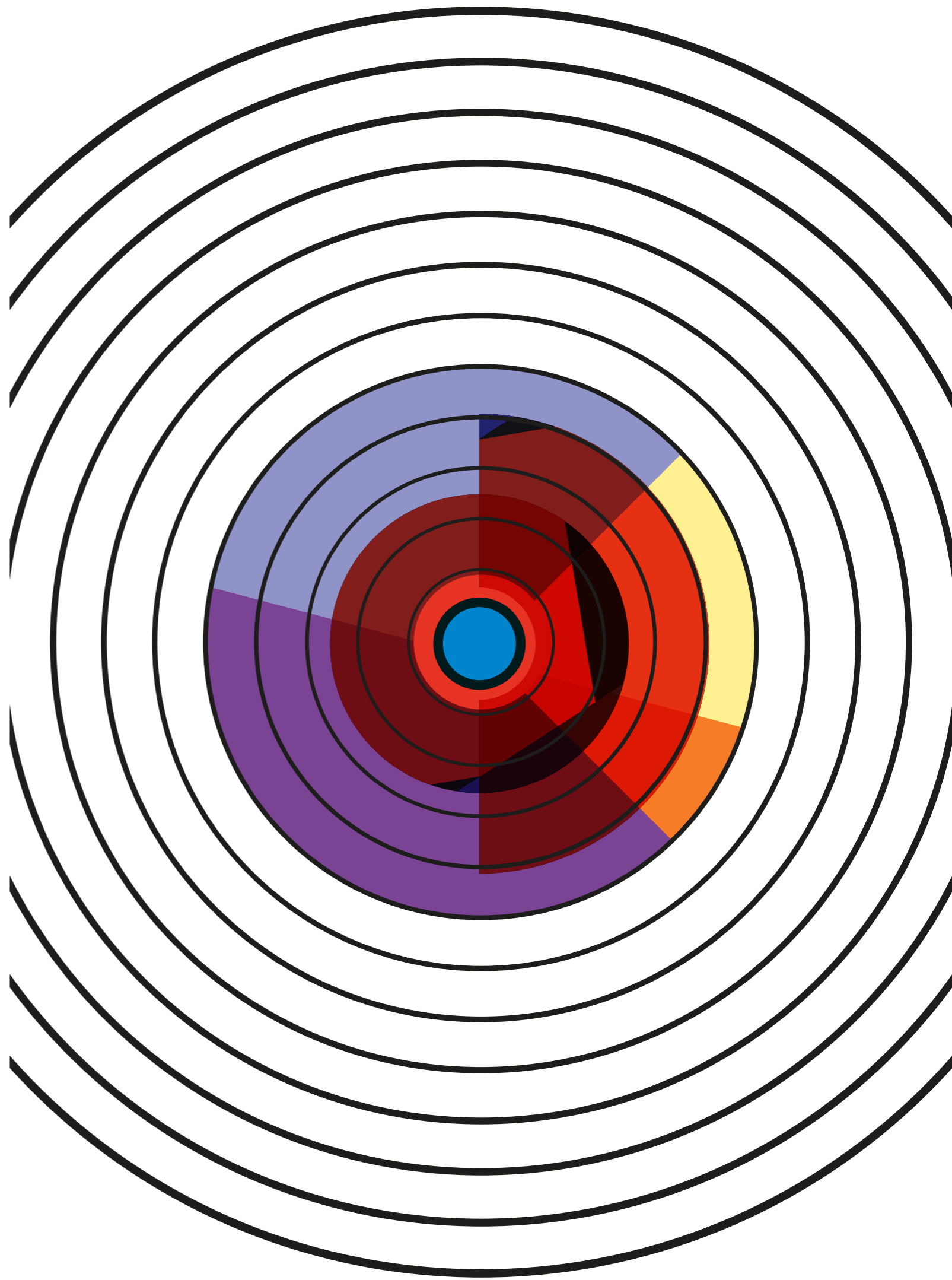
Ombudsman Office

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

The Ombudsman received 3,989 complaints in 2012 (3,444 in 2011), mainly from customers (95% of total complaints received), representing an increase of 545 complaints (+15.8%). The average response time was 10 days (13 in 2011).



INFORMATION





INFORMATION

9.1. Share capital structure

The Company's share capital is 2,000,000,000 euros, 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

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

Qualified shareholdings

Shareholder	Date of last notification	# Shares	% Share Capital
Efanor Investimentos ⁽ⁱ⁾	17.05.2012	1,053,003,307	52.65%
Banco BPI	16.11.2007	178,039,855	8.9%
Bestinver	15.10.2012	153,503,619	7.68%
Fundação Berardo	14.02.2006	49,849,514	2.5%
Norges Bank	19.10.2010	40,100,985	2.0%

(i) Belmiro Mendes de Azevedo is, according to Article 21, paragraph 1, subparagraph b), and Article 21, paragraph 1, both of the Portuguese Securities Code, the ultimate beneficial owner, as it holds circa 99% of the share capital and voting rights in Efanor Investimentos SGPS, SA.

Sonae has a diverse shareholder structure. According to the most recent information available from Interbolsa, it is estimated that there are over 30,000 holders of the Company's shares.

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.

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

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 and Euronext Lisbon, and are included in several indices, including the PSI 20, with a weighting of around 3.8% and the Next 150, with a weighting of around 0.9%, as at the end of December 2012. The table below shows the key indicators of Sonae's share performance:

	2010	2011	2012
Isin Code	PTSONOAM0001		
Bloomberg Code	SON PL		
Reuters Code	SONP.IN		
Share Capital	2,000,000,000	2,000,000,000	2,000,000,000
Prices			
Year Close	0.78	0.46	0.69
Year High	0.95	0.85	0.72
Year Low	0.68	0.42	0.37
Average Trading Volume Per Day (Shares)	4,525,057	2,258,026	1,811,356
Average Trading Volume Per Day (Euros)	3,751,604	1,533,960	856,822
Market Cap. as at 31-Dec (Million Euros)	1,560	918	1,374

Sonae shares ended the year quoted at 0.687 euros, per share, reflecting a nominal increase in value of 49.7% during the year, compared to an increase of only 2.6% in the PSI 20, the reference index of the Portuguese Stock Market. Despite this increased valuation, felt particularly in the second half of

2012, there was a fall in the number of transactions that took place on stock exchanges, with the volume of Sonae share transactions falling in 2012 to an average of around 1.8 million shares per day.



During the year 2012, the main events with a possible impact on Sonae's share price were as follows:

(i) 25 January: communication of preliminary retail business sales for the year 2011;

(ii) 12 March: communication of results for the year 2011;

(iii) 30 April: information concerning decisions taken at the Shareholders' Annual General Meeting, including the approval of a dividend payment of 0.0331 euros per share as a net dividend relating to 2011 earnings;

(iv) 2 May: information concerning the refinancing of medium and long-term debt in the amount of 500 million euros;

(v) 23 May: communication of results for the first quarter of 2012;

(vi) 25 June: information concerning a bond issue programme, involving offering to the retail market in Portugal to an amount of 200 million euros;

(vii) 23 August: communication of results for the first half of 2012;

(viii) 14 November: communication of results for the first nine months of the year 2012;

(ix) 14 December: announcement of an agreement reached between Sonaecom, Kento Holding Limited and Jadeium BV, for the Boards of Zon Multimedia, SGPS, S.A. and Optimus SGPS, S.A. to hold talks on a merger between the two companies.

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.

Dividends Distributed

	2010 ⁽¹⁾	2011 ⁽¹⁾	2012 ⁽¹⁾
Gross Dividend Per Share (Euros)	0.0315	0.0331	0.0331
Dividend Distributed (Million Euros)	63	66	66
Dividend Yield (%) ⁽²⁾	3.6%	4.2%	7.2%
Payout Ratio (%) ⁽³⁾	36.9%	34.4%	50.8%

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

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

In accordance with the applicable legal and statutory terms, the Board of Directors will propose to the Shareholders' Annual General Meeting that the 2012 net results, in the amount of 22,964,316.93 Euros are transferred, in the amount of 1,148,215.85 Euros, to legal reserves, and in the remaining amount of 21,816,101.08 Euros to cover retained earnings. In addition, it will be proposed that free reserves in the amount of 41,378,390.93 are transferred to retained earnings.

Taking into account the defined dividend policy, the financial position of the Sonae Group and the availability of distributable reserves well in excess of the requirements of article 32 of the Portuguese Companies Act, the Board of Directors will propose to the Shareholders' Annual General Meeting the distribution of free reserves in the amount of 66,200,000 Euros, equivalent to a gross dividend of 0.0331 Euros per share, an amount equal to the previous year. This dividend corresponds to a dividend yield of 4.8%, based on the closing price as at 31 December 2012, and to a payout ratio of 63% of the consolidated direct 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 2012.

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

The department regularly prepares presentations to the financial community. Communications covering the quarterly, half year and annual results, as well as important announcements disclosing or clarifying any relevant event that could influence the share price, are issued to the market. On request, it provides clarification about the Company's activities, by answering questions sent by email or by taking phone calls.

In addition to the existence of the Investors Relations Department, all information is made publicly available on the Internet at the Portuguese Securities Market Commission site (www.cmvm.pt) 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 5 of CMVM Regulation no. 1/2010, but also general information about Sonae, and other information considered relevant, including:

—● Announcements to the market on privileged information;

—● Institutional 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 organises road shows covering the most important financial centres of Europe and United States, and participates in a number of conferences. Investors and analysts also have the opportunity to talk to senior management in one-on-one meetings or conference calls.

Any interested party may contact the Investor Relations department:

António Castro - Investor Relations Manager

Tel: (+351) 22 010 4794

Fax: (+351) 22 948 7722

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 Capital Markets is Luzia Leonor Borges e Gomes Ferreira, who can be contacted at:

Tel: (+351) 22 010 4794

Fax: (+351) 22 948 7722

Email: investor.relations@sonae.pt

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

Portugal

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

APPENDIX I



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 (FEUP - Faculdade de Engenharia, University of Oporto)
1965-1968	Teaching Assistant at the Faculty of Engineering of the University of Oporto (FEUP), 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 - Sociedade Nacional de Estratificados, S.A.R.L.)
1967-1983	General Manager and Delegated Director of Sonae (Sonae - Sociedade Nacional de Estratificados, S.A.R.L.)
1983-1988	CEO of Sonae Indústria e Investimentos, SA
1989	Founding member of the Institute for Business Studies (ISEE) (currently Porto 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
1998-2009	Member of INSEAD Portuguese Council
1999-2007	Chairman and CEO of Sonae SGPS, SA
2000-2012	Member of the Allianz AG International Consultative Council
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 - UPBS (currently Porto Business School)
Since 2007	Chairman of Sonae - SGPS, SA
Since July 2011	Chairman of EGP-UPBS (currently Porto Business School)

Álvaro Carmona e Costa Portela

Date of Birth 4 July 1951	
Education	
1974	B. Ed. in Mechanical Engineering (FEUP - Faculdade de Engenharia, University of Oporto)
1983	Master in Business Administration - MBA (Universidade Nova de Lisboa)
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 - University of Oporto
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
2012	Non-Executive Director of SPDI - SECURE PROPERTY Development & Investment plc (ex-AISI)
2012	Board Director of Victor and Graça Carmona e Costa Foundation

Álvaro Cuervo García

Date of Birth
30 May 1942

Education

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

Professional Experience

1975	Professor of Business Economics at 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
2004 - 2012	Member of the Board of Directors of Sonae Indústria, SGPS, SA
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	Editor in Chief of Universia 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	Internal Auditor at the French Ministry of Finance and Budget
1975-1978	Deputy to Chief Credit Officer, Credit National (Paris)
1978-1985	Chief Credit Officer, and later Deputy CEO of Caisse Nationale de Crédit Agricole
1985-1992	Deputy CEO, later CEO and Chairman of the Board of Directors of Carrefour
1993-1995	Chairman of the Agence Nationale Pour l'Emploi
1995-2002	Chairman and CEO of France Telecom
1998-2002	Co-chairman of the French American Business Council
2003-2005	Chairman of Institut Pasteur
2006-2012	Senior Advisor of Roland Berger
Since 1984	Director of Institut Pierre Mendès France

Since 1988	Director of the French American Foundation
Since 1994	Founder and Honorary Chairman 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 2008	Chairman of Fondation Nationale pour l'Enseignement de la Gestion des Entreprises (FNEGE)
Since 2009	Senior Advisor of Vermeer (Investment Fund)

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, Universidade Nova de Lisboa
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, Universidade Nova de Lisboa
1992-1994	Member of the Board of Directors, BPA
1994-2002	Member of the Management Board of the Deposit Guarantee Fund
1999-2002	Dean, Faculty of Economics, Universidade Nova de Lisboa
1999-2004	Member of the Global Advisory Board of Sonae - SGPS, SA
2003-2006	Member of the Board, Chairman of the Audit Committee of EDP
2003-2006	Strategy Advisory Board of PT
2003-2007	Member of the Remuneration Committee of Sonae SGPS, SA
2003-2010	Member of the Investment Committee of the Caravela Fund
1981-Present	Professor, Faculty of Economics, Universidade Nova de Lisboa

Bernd Hubert Joachim Bothe

Date of Birth
20 May 1944

Education

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

Professional Experience

1963-1966 Bank Für Gemeinwirtschaft AG, Germany
1963-1965 Apprenticeship period, Cologne
1965-1966 Commercial Bank Clerk, Cologne
1968-1970 Pintsch Bamag AG (Thyssen-Bornemisza-Group), Germany
Deputy Manager
Staff member Corporate Planning
1970-1973 MDS – Deutschland GmbH, Germany (American multinational company in IT)
1970 Assistant Controller and Deputy Manager Finance, Accounting and Administration, Cologne
1971-1973 Controller and Treasurer, Cologne
1973-1988 Kienbaum Consulting Group, Germany
1973-1974 Controller and Senior Executive Manager
1974-1975 Deputy Member of the Management Board, Düsseldorf
1975-1979 Member of the Management Board – Head of the Personnel Department, Consulting, Düsseldorf
1979-1980 Member of the Management Board – Management Consulting Department, Düsseldorf
1980-1983 Deputy Chairman of the Management Board – Managing Partner
1983-1988 Chairman of the Management Board
Deputy Chairman of the Management Board of the Central Management Board (Holding)
1988-1992 Kaufhof Holding AG, Germany
1988-1989 Member of the Executive Board of Directors, Cologne
1989-1992 Deputy Member of the Executive Board of Directors, Cologne
1992 Member of the Executive Board of Directors, Cologne
In charge of the Mail Order Division, responsible for IT, Logistics, HR
1992-2002 Metro AG, Germany
1992-1993 Member of the Management Board, Metro International Management AG, Baar, Switzerland, Operations Manager
1993-1997 President of the Management Board, Metro International Management AG, Baar, Switzerland
1997-1998 Chairman of the Executive Board of Directors and Chief Executive Officer, Metro International Management AG, Germany
1998-2002 Chairman of the Executive Board of Directors and Chief Executive Officer
Chief Operating Officer for Central Europe
Metro Cash & Carry GmbH
In charge of the Cash & Carry Division,
Marketing Corporate Planning, Merchandising, Operations, Public Relations, Construction & Fixtures/Fittings,
Internal Audit
2002-2008 Droege & Comp.GmbH, Germany
International Consultant
Managing Partner, Düsseldorf
Head of Competence Centre, Consumer Goods & Retail
Head of Competence Centre for Eastern Europe, Düsseldorf
Since 2009 Horn & Company GmbH, Germany
Partner, Düsseldorf
Head of Competence Center Consumer Goods & Retail

Since 2009 Member of the Supervisory Board of Spar Österreichische Warenhandelsgesellschaft AG, Salzburg, Austria
Since 2009 Vice Chairman of the Supervisory Board of H & E Reinert Group, Versmold, Germany
Since 2009 Member of the Supervisory Board of Basler Fashion Holding GmbH, Goldbach, Germany
Since 2009 Member of the Supervisory Board of Tomra Systems ASA, Asker, Norway
Since 2012 Member of the Supervisory Board of Lekkerland AG & Co. KG, Germany
Since 2012 Member of the Supervisory Board of Agros Nova Sp. Z.o.o., Poland

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
Since 2006 Retail Advisor to Apax Private Equity
Since 2006 Retail Advisor to Warburg Pincus Private Equity
Since 2010 Chief Retail Advisor, PwC
Since January 2012 Non-Executive Board Director (PPC Chair) Wodworths (Australia) plc
Since December 2012 Non-Executive Director of Kathmandu (New Zealand) plc

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 - Porto Business School

Executive Education

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

Professional Experience

Group Sonae

1988-1990 Analyst and Project manager of new investments at Sonae Tecnologias de Informação
1990-1993 Organisational Development project manager and New businesses Commercial Manager for Portugal at Sonae Indústria (Wood Based Panels)
1993-1996 Head of Strategic Planning and Control and Organisational Development of Sonae Investimentos – SGPS, SA (currently Sonae - SGPS, SA)
1996-1998 Executive Board Director of Modelo Continente Hipermercados (Merchandising IT and Marketing Retail)
1998-2000 CEO of Optimus – Telecomunicações, SA (Mobile Operator)
1998-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 Apritel – Associação dos Operadores de Telecomunicações (Association of Electronic Telecommunication Companies)
2001-2008 Member of the Supervisory Board of EGP - UPBS (currently Porto Business School)
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 the University of Oporto

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 Modelo Hipermercados Continente, SA - Hypermarket Manager
1988-1989 Modelo Hipermercados Continente, SA - General Manager
1991-2010 CEO of Sonae Distribuição, SGPS, SA (currently Sonae Investimentos, SGPS, SA)
Since 1990 Executive Board Member 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 entities

Belmiro Mendes de Azevedo

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Chairman of Sonae Indústria, SGPS, SA

Chairman and CEO of Sonae Capital, SGPS, SA

Chairman of SC - SGPS, SA

Chairman of SPRED - SGPS, SA

Chairman 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 European Advisory Board of Harvard Business School

Chairman of EGP - Porto Business School

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 FEP - Faculdade de Economia, University of Oporto

Chairman (Non-Executive) 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

Non-Executive Director SPDI – Secure Property Development & Investment plc (ex-AISI)

Director of the Victor and Graça Carmona e Costa Foundation

Álvaro Cuervo Garcia

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Member of the Board of Directors of ACS, SA

Member of the Board of Directors of Bolsas y Mercados Españoles

Member of the Privatization Advisory Committee of the Spanish Government

Editor in Chief of Universia Business Review

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:

Chairman of the Supervisory Board of Editions du Cerf

Chairman of the Supervisory Board of Devoteam

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

Member of the Board of Directors of Lafarge

Member of the Board of Directors of Sonepar

Director of Institut Pierre Mendès France

Director of the French American Foundation

Founder and Honorary Chairman of Transparency International (France)

Senior Advisor to Vermeer (investment fund)

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

Finance and Investment Director – Calouste Gulbenkian Foundation

Academic Offices held:

Professor of Finance, Faculdade de Economia, Universidade Nova de Lisboa (retired)

Visiting Professor, Bentley College

Bernd Hubert Joachim Bothe

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Partner Horn & Company GmbH, Germany

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

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

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

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

Member of the Supervisory Board of Lekkerland AG & Co. KG, Germany

Member of the Supervisory Board of Agros Nova Sp. Z.o.o., Poland

Christine Cross

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

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

Retail Advisor, Apax Private Equity

Retail Advisor, Warburg Pincus Private Equity

Chief Retail Advisor, PWC

Director of Christine Cross Ltd

Non-Executive Board Director (PPC Chair) Wodworths (Australia) plc

Non-Executive Director of Kathmandu (New Zealand) plc

Duarte Paulo Teixeira de Azevedo

Offices held in other companies within Sonae:

Chairman of 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
Member of the Board of Directors of Sonae Indústria, SGPS, SA
Member of the Board of Directors of Efanor Investimentos, SGPS, S.A.
Member of the Board of Directors of Imparfin, SGPS, S.A.
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 Optimus – Comunicações, SA
Chairman of Optimus – SGPS, SA
Chairman of WeDo Consulting - Sistemas de Informação, SA
Chairman of Público - Comunicação Social, SA
Chairman of PCJ – Público, Comunicação e Jornalismo, SA
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

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 Love Letters – Galeria de Arte, SA
Member of the Board of Directors of ZOPT, SGPS, SA
Sole Director of Enxomil, SGPS, SA
Sole Director of Enxomil, Sociedade Imobiliária, SA

Nuno Manuel Moniz Trigos 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 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 - FEP - Faculdade de Economia
1988-2000 - ISEE (Institute for Entrepreneurship Studies)
1989-2002 - FEUP - Faculdade de Engenharia
2000-2008 - EGP (currently Porto Business School)
2008-2009 - EGP (currently Porto Business School)
2009 - FEP - Faculdade de Economia
1978-1979 Dean of the Faculty of Economics of the University of Oporto
1983-2012 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
2000 - 2012 Chairman of the Advisory Board of IGFCSS – Portuguese Institute for Welfare Funds Management
2001-2003 Advisory member of the Consulting council of Electric and Telephone Conductors Industries F. Cunha Barros, SA
2001-2011 Executive Director of Finibanco Holding, SGPS, SA
2003 - 2012 Member of the Board of Directors of Bial Foundation
2007-2010 Member of the Advisory Board of Microprocessador, SA
2007-2011 Member of the Board of Directors of the Agency for Investment and External Commerce of Portugal - AICEP, E.P.E.
2008-2012 Member of the Investment Committee Member of PVCI – Portuguese Venture Capital Initiative, entity created by FEI – European Investment Fund
2009-2012 Managing Director of COTEC Portugal, Business Association for Innovation
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, Imoareia – Sociedade Imobiliária, SA, and Contacto – SGPS, SA

Jorge Manuel Felizes Morgado

Date of Birth
6 June 1955

Education

1977 Graduate in Management – ISEG – Universidade Técnica de Lisboa
1999 MBA in Finance – IEDE Madrid
2004 MBA in Management and Information Systems – Management and Economics Faculty – Universidade Católica
22 April 1991 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

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:

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 Hidroelétrica S. Pedro, SA

External Auditor at Hidroelétrica S. Nicolau, SA

External Auditor at Cortwoo – Marketing, SA

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

External Auditor at Delvepe – Projectos e Construção, SA

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

External Auditor at House Demand, SA

External Auditor at IberiaPremium, Oil & Gas, SA

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

External Auditor at PMVA - Imobiliária, SA

External Auditor at Euroviga – Pré-fabricados, SA

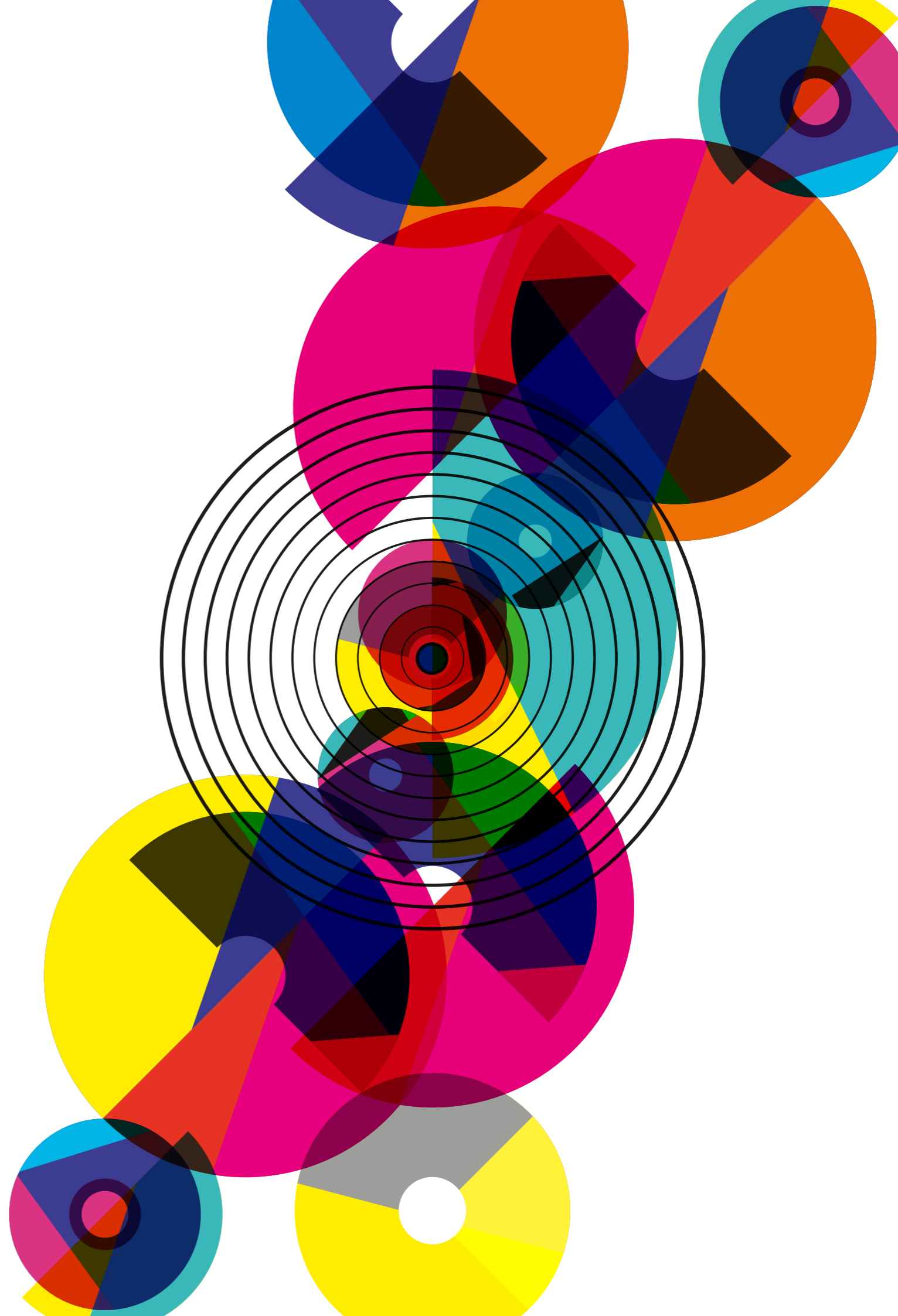
External Auditor at Write UP, SA

External Auditor at Strong Management, SA

External Auditor at Fundação Universidade do Porto

Partner da Horwath Parsus – Consultoria e Gestão, Lda

APPENDIX II



APPENDIX II

Regulamento da CMVM n.º 1/2010

	Report References
Chapter O 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.
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.	2.3.3
II.18. The professional qualifications of the members of the board of directors, the professional activities carried out by same during the last five years at least, the number of company shares they hold, the date of the first appointment and the date of the end of mandate.	Appendix I and 2.1.2
II.19. Duties that the members of the board of directors carry out in other companies and a description of duties carried out in other companies of the same holding.	Appendix I
Section III – General and Supervisory Board, Financial Matters Committee, Statutory Audit Board Committee	
Whenever applicable:	
II.21. Identification of the members of the supervisory board and statement indicating that same comply with the conflict of interest rules provided for in article 414-A/1, and whether they comply with the independency criteria in article 414/5, both of the Commercial Companies Code. For said purpose, the audit board carries out the relevant self-assessment.	4.1.2
II.22. The professional qualifications of the members of the board of directors, the professional activities carried out by same during the last five years at least, the number of company shares they hold, the date of the first appointment and the date of the end of mandate.	Appendix I and 4.1.2
II.23. Duties that the members of the supervisory board carry out in other companies and describing those which are carried out in other companies of the same holding.	Appendix I
II.24. Reference to the fact that the supervisory board assesses the external auditor on an annual basis and the possibility of proposing to the general meeting that the auditor be discharged whenever justifiable grounds are present.	4.1.1
Or,	
II.25. Identification of the members of the general and supervisory board and other committees created within the company for the purposes of assessing the individual and overall performance of the executive members, consideration on the governance system that has been adopted by the company and the identification of potential candidates with the professional profile fitting the member position.	N/A
II.26. Statement indicating that members comply with the conflict of interest rules provided for in article 414-A/1 including item f) and the independency criteria provided for in article 414/5, both of the Commercial Companies Code. For said purpose, the general and supervisory board carries out the relevant self-assessment.	N/A
II.27. The professional qualifications of the members of the general and supervisory board and of other committees created within the company, the professional activities carried out by same during the last five years at least, the number of company shares they hold, the date of the first appointment and the date of the end of mandate.	N/A
II.28. The duties that the members of the general and supervisory board, as well as other committees established within the company, carry out in other companies, as well as those carried out in companies of the same holding.	N/A
II.29. Description of the remuneration policy including that of the managers within the concept of article 248-B/3 of the Securities Code and of the other workers whose professional activity might have a relevant impact on the risk profile of the company and whose remuneration contains an important variable component.	6

Section IV – Remuneration

II.30. Description of the remuneration policy of the board of directors and the supervisory board, as provided for in article 2 of Law 28/2009, of 19 June.	6
II.31. Indication on the amount of annual remuneration paid individually to members of the board of directors and to the supervisory board of the company, including fixed and variable remuneration and as to the latter, mentioning the different components that gave rise to same, the parts that has been deferred and paid.	6.3.5, 6.4, 6.5 and 6.6
II.32. Information on the way the remuneration is structured so as to allow the interests of the members of the board of directors and the long-term interests of the company to be aligned, as well as how it is linked to performance assessment and how it discourages the taking of excessive risk.	6.3.1, 6.3.2, 6.3.3 and 6.3.4
II.33. As regards the remuneration of the executive members:	6.3
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.	
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 whistleblowing policy adopted by the company (reporting means, persons entitled to receive said reports, how the reports are to be handled and the names of the persons or bodies that have access to the information and their involvement in the procedure).	8
Section V – Special Committees	
II.36. Identification of members of those committees that have been constituted for the purposes of individual and overall performance assessment of the executive members, consideration on the governance system that has been adopted by the company and the identification of potential candidates with the professional profile fitting the member position.	2.3.1 and 2.3.2

II.37. Number of meetings held by the committees that have been constituted for management and supervision during the period concerned, as well as reference to the minutes of said meetings that have been held.	2.2.3, 2.3.1, 2.3.2 and 2.3.3
II.38. Reference to the fact that one member of the remuneration committee has knowledge and experience of remuneration policy issues.	5.1.3
II.39. Reference to the independence of private individuals or corporate entities with an employment contract or providing services to the remuneration committee, as regards the Board of Directors as well as, when applicable, to the fact that these persons have an existing relation with the company consultant.	5.1.3
Chapter III Information and Auditing	
III.1 The equity structure including those shares that are not admitted to trading, the different category of shares, rights and duties of these shares and the equity percentage that each category represents.	9.1
III.2. Qualifying holdings in the issuer's equity calculated as per article 20 of the Securities Code.	9.2
III.3. Identification of the shareholders that hold special rights and a description of those rights.	9.3
III.4. Possible restrictions on share-transfer i.e. consent clauses for their disposal or restrictions on share-ownership.	9.4
III.5. Shareholder agreements that the company may be aware of and that may restrict the transfer of securities or voting rights.	9.5
III.6. Rules applicable to the amendment of the articles of association.	9.8
III.7. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by them.	9.9
III.8. Description concerning the trend of the issuer's share price and taking the following into account:	9.10
a) The issuance of shares or other securities that entitle the subscription or acquisition of shares;	
b) The outcome announcement;	
c) The dividend payment for each share category including the net value per share.	
III.9. Description of the dividend distribution policy adopted by the company, including the dividend value per share distributed during the last three periods.	9.11
III.10. A description of the main characteristics of the share and stock-option plans adopted or valid for the financial year in question, the reason for adopting said scheme and details of the category and number of persons included in the scheme, share-assignment conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares to be allocated, the existence of incentives to purchase and/or exercise options, and the responsibilities of the Board of Directors for executing and/or changing the plan.	6.3.2 and 6.3.5
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.	
III.11. A description of the main data on business deals and transactions carried out between the company and between the members of the management and auditing bodies, qualified shareholders, or companies in a control or group relationship, provided the amount is economically significant for any of the parties involved, except for those business deals or transactions that are cumulatively considered within the bounds of normal market conditions for similar transactions and are part of the company's current business.	9.12
III.12. A description of the vital data on business deals and transactions carried out in the absence of normal market conditions between companies and owners of qualifying holdings or entity-relationships with the former, as envisaged in article 20 of the Securities Code.	9.12
III.13. A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the owners of qualifying holdings or entity-relationships with the former, as envisaged in article 20 of the Securities Code.	4.1.1 and 9.12
III.14. A description of the statistical data (number, average and maximum values) on the business deals subject to preliminary opinion by the supervisory board.	9.12
III.15. Indication of the availability on the company's website, of annual activity reports drawn up by the general and supervisory board, by the financial matters committee, the audit committee and the supervisory board, including constraints that might be encountered, as well as financial information documents.	4.1.5

III.16 Reference to an Investor Relations or a similar service, describing:	9.13
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.	
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:	6.5
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.	
III.18. Reference to the external auditor's rotation period.	4.2.2. and 4.2.3

