

C O R P O R A T E

G O V E R N A N C E

R E P O R T



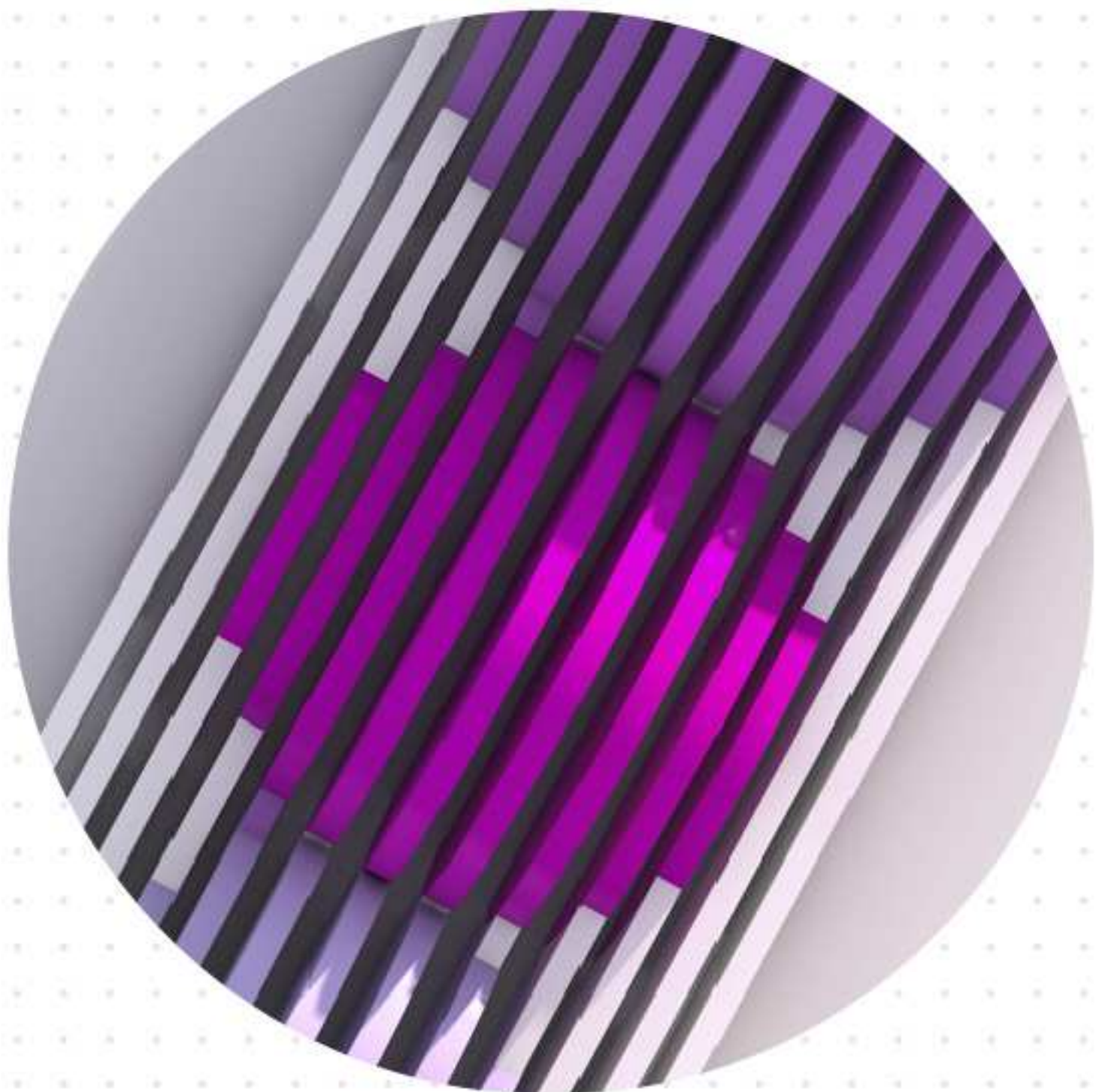


PART I

SHAREHOLDING STRUCTURE,  
ORGANISATION AND CORPORATE  
GOVERNANCE









## A. SHAREHOLDING STRUCTURE

### I - SHARE CAPITAL STRUCTURE

#### 1. Share Capital Structure

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

To the best of the Company's knowledge, 52.6782% of total voting rights are attributed to the holders of qualified shareholdings listed in section II.7.

All the shares representing the Company's capital are admitted to trading on the Euronext Lisbon regulated market.

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

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

#### 3. Own shares

The Company did not hold, at 31 December 2013, any own shares.

#### 4. Significant agreements with ownership clauses

There are no agreements executed by the Company incorporating clauses with the aim of setting up defensive measures to a change in shareholder control or that cease in case of a change of the Company's control following a takeover bid.

The majority of the share capital of the Company is attributable to a single shareholder.

The shareholders' agreement executed between the Company and Grosvenor Group Limited (Grosvenor), relating to Sonae Sierra, SGPS, SA, gives Grosvenor the power to terminate the agreement, in the case of a change of control of the Company, but only in the

particular and exclusive situation of the Company ceasing to be directly or indirectly owned by its present reference shareholder or any of his relatives.

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

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

#### 5. Defensive measures in case of change of shareholding control

No defensive measures were adopted.

#### 6. Shareholders' Agreements

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

### II - SHAREHOLDINGS AND HOLDING OF BONDS

#### 7. Qualified shareholdings

At 31 December 2013, relying on the notifications received by the Company pursuant to article 16 of the Portuguese Securities Code, the holders of qualified shareholdings, the respective attributable share capital and voting rights percentage, as well as the source and grounds for such attribution, are those as indicated in the Appendix to the Management Report.

#### 8. Number of shares and bonds held by the members of the management and supervisory bodies, submitted under paragraph 5 of Article 447 of the Portuguese Companies Act

This information is disclosed in the Appendix to the Management Report.



## 9. Powers of the Board of Directors for share capital increases

The powers given by the Articles of Association for the Board of Directors to increase the Company's share capital were withdrawn in April 2011. As from that date, these powers are held exclusively by the Shareholders' General Meeting.

## 10. Business relationship between holders of qualified shareholdings and the company

There is no existing business relationship between holders of qualified shareholdings notified to the Company and the latter.

Without prejudice, Banco BPI, SA maintains a business relationship with the company in the scope of its activity, under market conditions and alongside other national and international financial institutions.

## B. GOVERNING BODIES AND COMMITTEES

### I - SHAREHOLDERS' GENERAL MEETING

#### a) Composition of the Board of the Shareholders' General Meeting

## 11. Board of the Shareholders' General Meeting: identification of members and mandate

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, and the Board composition is as follows:

### Board of the General Meeting of Shareholders

Manuel Cavaleiro Brandão, Chairman

.....  
Maria da Conceição Cabaços, Secretary

#### b) Exercising voting rights

## 12. Possible restrictions on voting rights

### 12.1 Restrictions on voting rights, depending on the number or percentage of shares held

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.

Share blocking is not required in order to attend the General Meeting, and in compliance with the applicable legal rules, the "Registry date" is the 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, as well as the voting and attendance rule for shareholders who hold shares in their own name but on behalf of clients.

### 12.2 Representation

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

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

A shareholder can nominate different

representatives for the shares held in different share accounts, without prejudice to the principle of one share one vote, in accordance with article 385 of the Portuguese Companies Act, and to voting in different ways, which is permitted for shareholders acting as financial intermediaries for various clients.

The Company provides appropriate information on its website, at [www.sonae.pt](http://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.

### 12.3 Vote in writing

Shareholders, who can prove their ownership of shares, can vote in writing in relation to all items on the agenda of the Shareholder's General Meeting. Written votes will only be taken into account when received at the Company's head office by registered post, with acknowledgement of receipt addressed to the Chairman of the Board of the Shareholders' General Meeting or by electronic means, at least three business days prior to the General Meeting. The voting ballot, if sent by registered post, should be signed by the holder of the shares or by the respective 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, it must respect the requirements and procedures established by the Chairman of the Board of the Shareholders' General Meeting as set out in the notice of the meeting, in order to ensure an equivalent level of security and authenticity.

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

### 12.4 Voting in writing by electronic means

Shareholders have had 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, while a template for requesting the information necessary for exercising the shareholders' right to vote by electronic means is also available at [www.sonae.pt](http://www.sonae.pt) (tab Investors, Shareholders' General Meetings section).

### 13. Maximum percentage of voting rights that may be exercised by a single or group of shareholders, under paragraph 1 of Article 20 of the Portuguese Securities Code

There is no limitation on the number of votes that may be held or exercised by a single shareholder or group of shareholders.

### 14. Deliberative Quorum

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

If that quorum is not reached and the meeting is reconvened, resolutions may be adopted by the Shareholders' General Meeting regardless of the number of shareholders present or represented and of the percentage of share capital they hold.

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

## II - MANAGEMENT AND SUPERVISION

### a) Composition

### 15. Identification of the adopted governance model

The Company follows a one-tier governance model, whose management structure is centred on the





Board of Directors, and a supervisory structure that includes a Statutory Audit Board and a Statutory External Auditor.

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

### 16. Rules for nominating and replacing Board Members

The directors, under the terms of Portuguese law and the Company's Articles of Association, are elected to the Board of Directors, in accordance with the proposal approved by the Shareholders' General Meeting.

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

The Company's Articles of Association also establish that the Board of Directors may co-opt a substitute in case of the death, resignation, temporary or permanent incapacity, or lack of availability of any member, who was not elected a member under the minority rule, but such an appointment is subject to ratification by the shareholders at the next Shareholders' General Meeting.

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

However, the definitive absence, for whatever reason, of a replacement director individually elected according to the above mentioned special rules, means that a new election must be made at the

Shareholders' General Meeting.

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

### 17. Composition of the Board of Directors

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

During 2013, the composition of the Board of Directors was as follows:

#### Board of Directors

Belmiro Mendes de Azevedo

Álvaro Carmona e Costa Portela

Álvaro Cuervo Garcia

Michel Marie Bon

José Manuel Neves Adelino

Bernd Hubert Joachim Bothe

Christine Cross

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Nuno Manuel Moniz Trigos Jordão\*

\*Resigned on May 9, 2013.



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                | 2004              | 2014           |
| Álvaro Cuervo Garcia                          | 2004              | 2014           |
| Michel Marie Bon                              | 2007              | 2014           |
| José Manuel Neves Adelino                     | 2009              | 2014           |
| Bernd Hubert Joachim Bothe                    | 2009              | 2014           |
| Christine Cross                               | 2009              | 2014           |
| Duarte Paulo Teixeira de Azevedo              | 2000              | 2014           |
| Ángelo Gabriel Ribeirinho dos Santos Paupério | 2000              | 2014           |
| Nuno Manuel Moniz Trigoso Jordão*             | 1999              | 2013           |

\*Resigned on May 9, 2013.

## 18. Distinction between executive and non-executive members

| 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              | Chief Executive Officer   |
| Ángelo Gabriel Ribeirinho dos Santos Paupério | Executive                 |
| Nuno Manuel Moniz Trigoso Jordão*             | Executive                 |

\* Resigned on May 9, 2013.





In the composition of the Board of Directors, a balance is maintained between the number of executive directors and the number of non-executive directors. Out of the current seven non-executive directors, five are considered to be independent, in accordance with the independence criteria set out in paragraph 18.1 of appendix I to the CMVM Regulation no. 4/2013 and CMVM Recommendation on Corporate Governance no. II.1.7 (2013).

### 19. Professional qualifications and curricular references of the members of the Board of Directors

The professional qualifications and curricular references of the members of the Board of Directors are disclosed in Appendix I of this Report.

### 20. Significant family, business and commercial relationships between members of the Board of Directors and shareholders with attributed qualified shareholdings

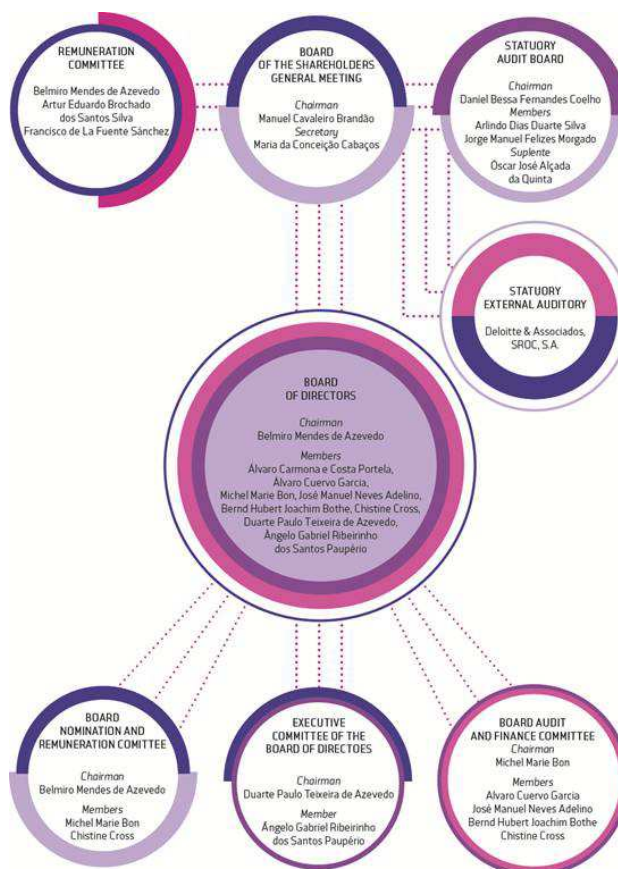
Belmiro Mendes de Azevedo, Chairman of the Company's Board of Directors, holds the majority of the share capital and voting rights of the shareholder Efanor Investimentos, SGPS, SA, to which is attributed the control of the capital and voting rights of the Company.

The Chairman of the Executive Committee, Duarte Paulo Teixeira de Azevedo, son of Belmiro Mendes de Azevedo, is a shareholder and member of the Board of Directors of Efanor Investimentos, SGPS, SA.

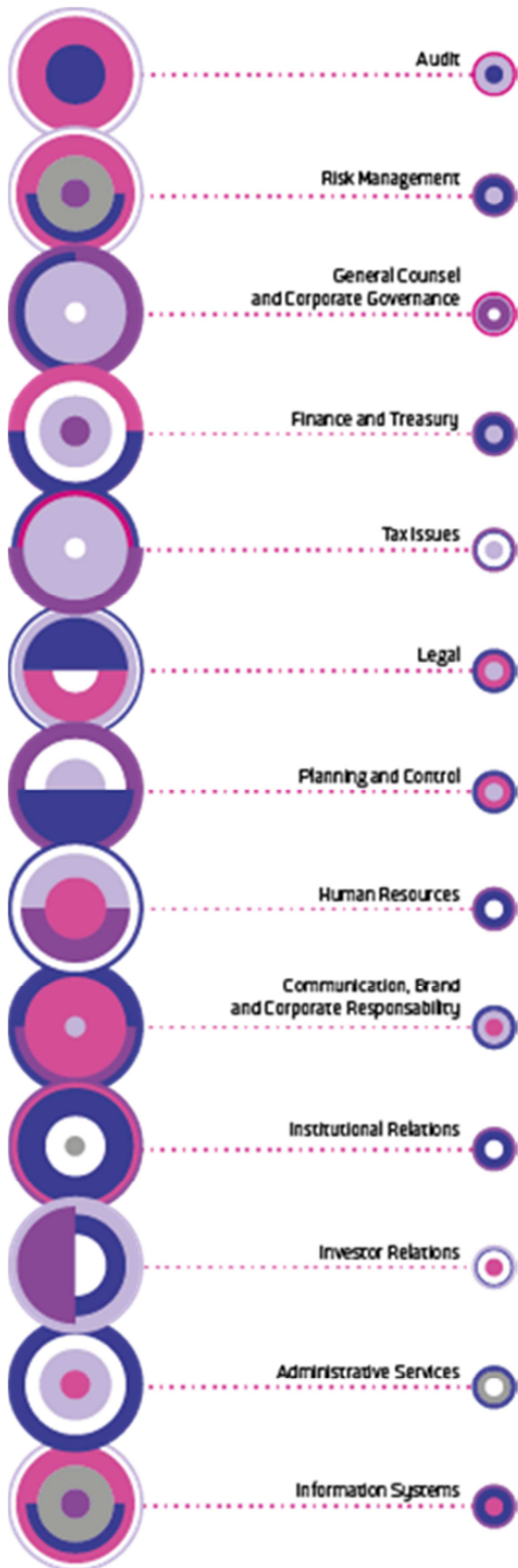
To the best of the Company's knowledge, there are no other significant and current normal family, business and commercial relationships between shareholders with attributed qualified shareholdings superior to 2% of the voting rights and the Board of Directors.

### 21. Division of powers between the different boards, committees and / or departments within the Company, including the delegation of powers, particularly with regards to the delegation of the Company's daily management

Competencies are divided among the various statutory governing bodies, in accordance with the following terms:



The corporate structure is supported by the following functional structures:



## Risk Management Department

Main responsibilities:

- (i) Promote a culture of risk awareness throughout the organisation;
- (ii) Develop the risk management policy and keep it up to date;
- (iii) Develop, implement, review and maintain risk management processes and methodologies;
- (iv) Coordinate risk management activities and report its results;
- (v) Identify critical risks and monitor the development and implementation of risk indicators and risk reduction measures;
- (vi) Develop contingency and business succession planning;
- (vii) Support 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) Provide operational support to Sonae's Audit Committee.





## Legal Counsel and Corporate Governance Department

Main responsibilities:

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

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

rate transactions;

- (ix) Support the work of Sonae's Finance Committee.

## Tax Issues Department

Main responsibilities:

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

## Legal Department

Main responsibilities:

- (i) Monitor, control and ensure the legality of retail 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, namely when they are subject to inspections and visits carried out by government and official entities (such as the ASAE, the Competition Authority), as well as to resolve conflicts with customers;
  - (v) Execute all necessary public deeds, legal documents and the registries necessary to the businesses (commercial, real estate, governance etc.);
  - (vi) Manage all legal actions and corporate retail processes in pre-litigation and litigation phases;
  - (vii) Provide support to 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 Portuguese and international retail and real estate operations, as well as analysing new Portuguese and international operations, particularly in the latter the legal environment of the countries analysed;
  - (xi) Mergers, de-mergers and acquisitions.
- (iii) Lead and monitor the Sonae annual budgeting process, as well as providing reporting on achievement of the budget;
  - (iv) Challenge the businesses and corporate areas about the objectives proposed in order to constantly improve and optimise Sonae's business efficiency, performance and results;
  - (v) 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;
  - (vi) 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;
  - (vii) Build business plans in conjunction with business management teams;
  - (viii) Carry out technical analysis and benchmarking of existing businesses and of Sonae in order to evaluate performance in comparison with the competition and other market players.

## Human Resources Department

Main responsibilities:

- (i) Manage Sonae's top management human resources: Chairman of Sonae's Human Resources Consultative Group; support the human resources management of the Executive Committee's top resources;
- (ii) Supervise Sonae's human resources management department, the main duties of which are to:
  - a. Define and implement human resources strategy, planning and talent management;
  - b. Support Sonae's top management to define human resources policies at various levels;
  - c. Ensure the working of processes concerning recruitment, selection, training, performance/development management, people administration management and

## Planning and Management Control Department

Main responsibilities:

- (i) Support the development of a corporate and Sonae's business units strategy;
- (ii) Promote, lead and implement the annual, strategic planning cycle;





- employee salary processing;
- d. Manage the areas of Medicine, Hygiene and Safety at Work;
  - e. Provide the procedural and legal labour law framework for the businesses;
  - f. Provide support to international projects, offices and businesses;
  - g. Represent the Company in contacts with official entities and associations connected with this area;
  - h. Provide HR services to other Sonae's business units.

### Communications, Brand and Corporate Responsibility Department

Main responsibilities:

- (i) Manage the institutional image of Sonae and its brand;
- (ii) Manage relationships with the media – coordination of communication messages and statements;
- (iii) Manage Sonae's Internal Communications;
- (iv) Manage the Corporate Responsibility Department, mainly data compilation, sustainability initiatives and volunteering actions.

### Institutional Relations Department

Main Responsibilities:

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

### Investor Relations Department

Main responsibilities:

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

### Administrative Services Department

Main responsibilities:

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

### Information Systems Department:

Main responsibilities:

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

There are also the following knowledge sharing specialist committees:

### Finance Committee

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

### 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 establishing 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, internal audit managers of the Company and of Sonae's businesses, as well as the Corporate Governance Manager and Risk Management Manager.

### Sonae's Risk Management Consultation Group

Sonae's Risk Management Consultation Group was set up in 2000 to assist the Executive Committee in establishing policies, monitoring and coordinating Risk Management activities. It meets quarterly and is chaired by Ângelo Paupério (member of the Executive Committee), and is composed 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.

Other advisory groups with the role of reviewing Sonae's policies:

- **FINOV**, a forum dedicated to innovation, with the purpose of stimulating and supporting an

innovation driven culture at Sonae, capable of sustaining high levels of value creation;

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

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





## b) Operating Rules

### 22. Internal Regulation of the Board of Directors

The Internal Regulation of the Board of Directors is available for consultation at the Company's website - [www.sonae.pt](http://www.sonae.pt) (tab Investors, Corporate Governance section).

### 23. Number of meetings held and attendance level of each member of the Board of Directors

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 the Board Members are present or represented by proxy.

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

The Board of Directors receives information about items on the agenda for the meeting at least 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 2013, 6 (six) Board meetings were held, and the overall attendance rate was of 100%.

### 24. Competent Bodies of the Company to appraise the performance of executive directors

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

The Board Nomination and Remuneration Committee (BNRC), made up of non-executive

directors, supports the Shareholders' Remuneration Committee to carry out its duties. This role may also, if required, be supported by international consultants of recognised competence, whose independence is assured by the fact that they are not bound in any way to the Board of Directors, to the Company and to the Group, and through their broad experience and recognised status in the market place.

### 25. Predetermined criteria for evaluating the performance of executive directors

The performance evaluation of executive directors is based on predetermined criteria, consisting of objective performance indicators established for each period and aligned with the Group strategy of growth and the business performance.

The named consist in business, economic and financial KPIs (Key Performance Indicators) and are divided into company, department and individual KPIs.

The business KPIs include economic and financial indicators based on the budget, on the performance of each business unit, as well as on the consolidated performance of the Company.

In turn, the department business KPIs are similar in nature to the previous ones, being directly influenced by the performance of the business executive director.

The personal KPIs, which may include subjective and objective indicators, are determined by the compliance of individual obligations and commitments.

### 26. Availability of the members of the Board of Directors

Information on other positions simultaneous held by members of the Board of Directors in other entities, as well as information on other relevant activities exercised, are disclosed in Appendix I to the present Report.



## c) Committees within the Board of Directors

### 27. Identification of Committees created within the Board of Directors

#### 27.1 Role and Duties of the Executive Committee

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

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

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

#### 28. Composition of the Executive Committee

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

#### Management Team

Duarte Paulo Teixeira de Azevedo, CEO

.....  
Ângelo Gabriel Ribeirinho dos Santos Paupério, Member

.....  
Nuno Manuel Moniz Trigos Jordão\*, Member

\* Resigned on May 9, 2013.

#### 28.1 Operating Rules of the Executive Committee

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

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

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

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

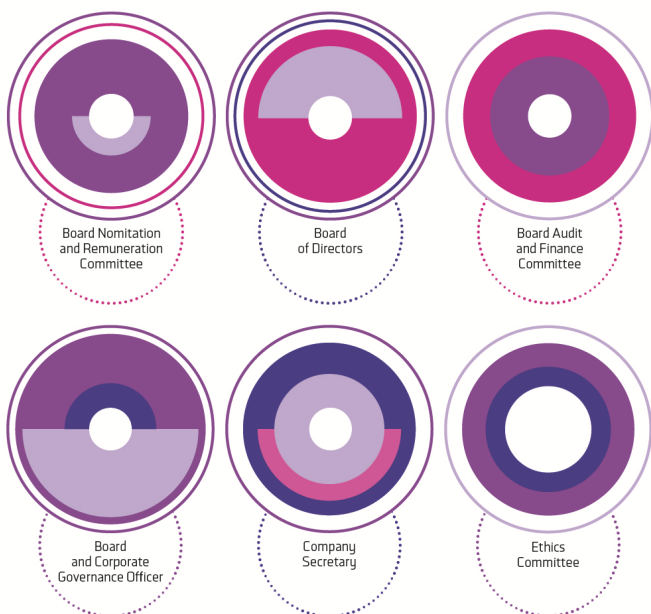
The Executive Committee also provides in a timely fashion all information requested by other members of the Board of Directors, by the Statutory Audit Board and by the Statutory External Auditor.

Minutes are recorded in the respective minute book.





## 29. Internal Committees and Advisory Groups of the Board of Directors



### 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 procedures approved by the Board of Directors.

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

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

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

- (i) Review the Company's annual and interim financial statements and earnings announcements to the market, and report its findings to the Board, giving the necessary support to the financial statements approval process;
- (ii) Advise the Board on its reports to shareholders and financial markets to be included in 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 in order to ensure that internal control, effective management of risks, the timely distribution of information and the reliability of the process of preparing and disclosing financial information are monitored;
- (vi) Ensure the smooth flow of information to and from the Statutory Audit Board and process any requests made by it to the Board of Directors;
- (vii) Ensure that the Corporate Governance policies adopted by the Company are followed, and that financial reporting standards and practices are adhered to;
- (viii) Monitor formal and informal key financial indicators reported about the company, including reports published by rating agencies;
- (ix) Give their 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.

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

### Role

The BNRC operates according to the Internal Regulation of the Board of Directors, and is responsible for identifying potential candidates for appointment to the Board of Directors (when the Board decides to exercise its right to co-opt), for preparing information about the performance of directors and for presenting proposals to the Shareholders' Remuneration Committee concerning the remuneration of executive directors.

The BNRC works together with the Shareholders' Remuneration Committee to prepare proposals concerning the policy for the Board Directors'

compensation and remuneration and that of other statutory governing bodies for submission to the Shareholders' General meeting for approval.

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

## Composition

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

### Board Nomination and Remuneration Committee

Belmiro Mendes de Azevedo Non-Independent  
Chairman Non-Executive

Michel Marie Bon Independent  
Non-Executive

Christine Cross Independent  
Non-Executive

## Operating Rules

The BNRC meets at least once a year and additionally whenever the Chairman or the Board of Directors deems necessary. In addition to formal meetings, BNRC members keep in touch through various forms of long distance communication. Minutes are kept of all meetings of this Committee.

## Ethics Committee

Following the approval of the Code of Ethics and Conduct in 2013, Sonae's Board of Directors appointed an Ethics Committee with the following main tasks:

- To promote and disseminate the Code of Ethics and Conduct to its main target audience;
- Consider and answer questions sent by the members of the Governing Bodies of the Group's companies, as well as those sent by employees, partners or third parties which fall within its scope, making recommendations it deems appropriate to





the nature of each case;

- Check the existence of internal mechanisms to report irregularities, making sure they comply with the law, particularly in terms of confidentiality, the handling of information and the non-existence of reprisals for participants;

- Propose to the Board of Directors, after consulting with Sonae's Executive Committee, the approval of changes to the Code of Ethics and Conduct, whenever considered appropriate;

- Issue clarifications regarding the interpretation of provisions in the Code of Ethics and Conduct, on its own initiative, or after being requested to do so by members of Governing Bodies or employees;

- Receive, evaluate and forward reports of irregularities, received of a non-anonymous basis, to the respective responsible Governing Bodies, whenever they consider such irregularities as violations of the rules in this Code of Ethics and Conduct.

Sonae's Code of Ethics and Conduct is available at the Company's website [www.sonae.pt](http://www.sonae.pt) (tab Sonae, section Corporate Governance).

## Composition

### Ethics Committee

|  |  |
|--|--|
| José Manuel Neves Adelino<br>Chairman  | Director Independent<br>Non-executive  |
| José Côrte-Real                        | Human Resources<br>Manager   |
| José Luís Amorim                       | Ombudsman  |
| Luzia Gomes Ferreira                   | Director of the<br>General Counsel and<br>Corporate Governance<br>Department |
| David Graham Shenton Bain<br>Secretary | Board and Corporate<br>Governance Officer                                    |

## Operating Rules

The Ethics Committee meets at least twice every

year and whenever its Chairman or two of its members convenes a meeting. In addition to formal meetings, the Committee members keep in touch through various forms of long distance communication.

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

Main duties of the BCGO:

- (i) Ensure the smooth running of the Board and Board Committees;
- (ii) Participate in Board Meetings and relevant Board Committee Meetings and, when appointed, serve as a member;
- (iii) Facilitate the acquisition of information by all Board and Committee members;
- (iv) Support the Board in defining its role, objectives and operating procedures;
- (v) Take a leading role in organising Board evaluations and assessments;
- (vi) Keep under close review all Legislative, Regulatory and Corporate Governance issues;
- (vii) Support and challenge the Board to achieve the highest standards in Corporate Governance;
- (viii) Support the proceedings adopted by the Board of Directors to ensure that the stakeholders and the minority shareholders' interests are taken into account by the Board when important business decisions are being taken;
- (ix) Support the procedure to nominate and appoint Directors and assist in the induction of new Directors;
- (x) Act as a primary point of contact and source of advice and guidance for, particularly, non-executive directors about the Company and its activities;
- (xi) Facilitate and support the independent non-executive directors to assert their independence;
- (xii) Ensure compliance with the CMVM Recommendations for listed companies;



- (xiii) Participate in making arrangements for and managing the whole process of Shareholders' General Meetings;
- (xiv) Participate in the arrangement of insurance cover for members of the statutory governing bodies;
- (xv) Participate, on behalf of the Company, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.

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

### Company Secretary

The Company Secretary is responsible for:

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

### 29. 1 Activity developed by the Committees created by the Board of 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 within the Board of Directors, as well as in the specialised committees of the Board of which they are a part (BAFC and BNRC).

During the year 2013, the Executive Committee managed the Company on a day-to-day basis, monitoring the business activity and enhancing strategic decision-making in accordance with the Board of Directors' competencies and within the framework of its respective power delegation.

Since its creation, the Ethics Committee has carried out its duties, promoting the dissemination of the Code of Ethics and Conduct, internally and externally, issuing recommendations as to answer questions sent by members of the Governing Bodies and checking the existence and efficiency of internal mechanisms to report irregularities.

## III. AUDIT

### a) Composition

| Statutory Audit Board         |   |
|-------------------------------|---|
| Daniel Bessa Fernandes Coelho | Chairman                                  |
| .....                         | Arlindo Dias Duarte Silva                 |
| .....                         | Jorge Manuel Felizes Morgado              |
| .....                         | Óscar José Alçada da Quinta<br>Substitute |

### 30. Identification of the Auditing Bodies

The Statutory Audit Board and the Statutory External Auditor are, in the currently adopted governance model, the Auditing bodies of the Company.

### 31. Composition

In accordance with the Company's Articles of Association, the Statutory Audit Board shall be made of an odd or even number of members, with a minimum number of three members and a maximum number of five members, for a four-year mandate. One or two substitutes shall be appointed





if the Board is made up of three or more members, respectively.

The Statutory Audit Board members are elected at the Company's Annual Shareholders' General Meeting.

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

If the Shareholders' General Meeting does not designate which of the members shall be the Chairman, the latter will be appointed by the members of the Statutory Audit Board.

If the Chairman leaves office prior to the end of the mandate for which he was elected, the other members must choose one among themselves to exercise these duties until the end of its mandate.

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

Substitutes, who replace members whose duties have terminated, shall remain in office until the first Annual General Meeting, at which the vacancies shall be filled.

In the event of it not being possible to fill a vacancy left by a member, due to a lack of elected substitutes, the vacant positions, both of members and of substitutes, shall be filled by means of a fresh election.

All the current Statutory Audit members were first elected on 3 May 2007 and later re-elected at the Company's Annual Shareholders' General Meeting, held on 27 April 2011, having concluded its mandate in 2014.

## 32. Independence

All members are independent as required by article 414 paragraph 5 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.

## 33. Professional Qualifications

The qualifications, experience and responsibilities of the members of the Statutory Audit Board are disclosed in Appendix I of the present Report.

### b) Operating Rules

## 34. Internal Regulation and Annual Activity Report

The Internal Regulation of the Statutory Audit Board is available at the Company's website, [www.sonae.pt](http://www.sonae.pt) (tab Investors, Corporate Governance section).

## 35. Statutory Audit Board Meetings

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

The Statutory Audit Board meets at least four times a year, and whenever the Chairman or two Board members call a meeting. In addition to formal meetings, the Committee members keep in touch through various forms of long distance communication.

During 2013, 5 Board meetings were held, with an overall attendance rate of 87%. Minutes were written up for all meetings of the Board. Two of the members were present in every formal meetings, however one of the members was absent, due to *force majeure* reasons, from two formal meetings, although having followed up and contributed for the decision making process pertaining to the competences of the collective body, by discussing the topics, contributing for the diligences to be executed and being informed of the obtained results and clarifications.

## 36. Availability of the members of the Statutory Board members

Information on other positions simultaneous held by members of the Statutory Audit Board in other entities, as well as information on other relevant

activities exercised, are disclosed in Appendix I to the present Report.

### c) Duties and Competencies

#### 37. Intervention by the Statutory Audit Board for the purpose of hiring additional services to the Statutory External Auditor

The Statutory Audit Board is responsible for the approval of additional audit services to the Statutory External Auditor.

The Statutory Audit Board establishes, in the first meeting of each year, a work plan and timetable, comprising among other subjects, the coordination of tasks with the Statutory Auditor including:

- Approval of the annual work plan of the Statutory External Auditor;
- Follow-up of work performed and review of conclusions of the audit work and of interim and annual statutory audits;
- Overseeing the independence of the Statutory Auditor;
- The provision of services other than those related to audit in compliance with 2013 CMVM Recommendation IV.2;
- Annual activity assessment.

In the assessment of criteria that support the hiring of additional duties to the Statutory External Auditor, the Board verifies the presence of the following:

- the hiring of additional services does not affect the independence of the External Auditor;
- additional services should not be greater than 30% of the total value of services rendered to the company;
- tax advisory services and other services are provided with high quality, autonomy and independence from the executed under the audit process;
- the fulfilled of necessary criteria to guarantee the independence and impartiality.

#### 38. Other duties carried out by the Statutory Audit Board

##### 38.1 Statutory Audit Board

The duties of the Statutory Audit Board include amongst others:

- (i) Supervising the management of the Company;
- (ii) Ensuring that the law, the Company's Articles of Association and internal procedures are observed;
- (iii) Verifying the regularity of all books, accounting registers and supporting documents;
- (iv) Verifying the fairness of the financial statements;
- (v) Drawing up an annual report for shareholders on the supervision of the Company, including a description of audit work carried out, possible restrictions encountered in the course of that work, and issuing a statement of opinion on the annual report, accounts and proposals presented by the management;
- (vi) Supervising the efficiency of the risk management system, the internal control system and the internal audit function;
- (vii) Receiving notification of irregularities presented by shareholders, Company's employees or others;
- (viii) Acting as the primary interface of the Company with the External Auditor, and proposing his appointment or replacement, as well as the review of his performance, while ensuring that the right conditions exist within the Company for the Auditor to appropriately carry out his work, being the first point of contact with the auditor and the first to receive audit reports;;
- (ix) Supervising the auditing of the Company's financial statements;
- (x) Supervising the independence of the Statutory External Auditors;
- (xi) Approving any services by the external auditor in addition to those related to auditing;





- (xii) Issuing a specific report if the auditors have not been replaced at the end of two mandates, giving due consideration to the degree of independence of the auditor under these circumstances and the advantages and costs of replacing them;
- (xiii) Supervising the internal audit function;
- (xiv) Giving a prior opinion about transactions involving significant business conducted between the Company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with article 20 of the Securities Code, and according to procedures and criteria to be defined by the Board.

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

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

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

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

- Annual activity plan;
- Receiving reports from time to time on their activity;
- Evaluating results and conclusions reached;
- Checking for the existence of possible irregularities;
- Issuing guidelines, as and when deemed appropriate.

**C- Information on irregularities (whistle blowing):**

Follow up on the work of the Ombudsman, on a

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

The Statutory Audit Board is also responsible for receiving and assessing alleged irregularities reported to the Ethics Committee, deciding the appropriate measures that should be taken in each case reported.

### 38.1 Statutory External Auditor

The Statutory External Auditor is the governing body responsible for legally certifying the Company's financial statements. His main responsibilities are:

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



Governance Report includes the information referred to in article 245 of the Portuguese Securities Code.

#### IV. STATUTORY EXTERNAL AUDITOR

##### 39. Identification

The Company's Statutory External Auditor is Deloitte & Associados, SROC, S. A., and is represented by António Marques Dias.

##### 40. Permanence in Functions

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

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

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

*To this end, a number of selection criteria for the candidates were first identified which included their prior experience and knowledge of the business sectors in which Sonae operates, the competence, availability and breadth of experience of the auditing team proposed, the auditing methodologies practiced, 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 External 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 27/4/2011).*

The above described permanence period in functions also applies to wholly-owned subsidiaries of the Company.

##### 41. Other services provided to the Company

Deloitte & Associados, SROC, S.A is the Company's auditor and exercises, among other duties, assurance and tax consulting services.

#### V. EXTERNAL AUDITOR

##### 42. Identification

The Company's External Auditor is, in compliance with the article 8 of the Portuguese Securities Code, Deloitte & Associados, SROC, SA, registered with nr. 231 in Commission for Securities Market, and represented by António Marques Dias.

##### 43. Permanence in Functions

The External Auditor has completed its second four-year mandate in 2011, and was re-elected for a new mandate, based on a proposal by the Statutory Audit Board. The representing partner was replaced in 2011.

The Statutory Audit Board has grounded its decision of renewing the External Auditor's mandate, on the motivation previously exposed in paragraph 40, which is set forth herein.

The above described permanence period in functions also applies to wholly-owned subsidiaries of the Company.

##### 44. Policy and frequency of rotation of the external auditor

The Statutory Audit Board has adopted the





principle of not replacing the External Auditor after the end of two four-year mandates if, after careful assessment, it has concluded that the supervisory of its activity after that said period does not interfere with the independence of the External Auditor, and the advantages and costs of renewing the mandate outweigh its replacement.

Without prejudice to the outcome of the latter issue concerning the External Auditor's permanence in the Company after the second mandate, a new representing partner has been appointed in 2011.

#### **45. External Auditor assessment**

Additionally, the Statutory Audit Board oversees the performance of the External Auditor and the work developed during each exercise, considers and approves the additional work to provide and, annually, prepares an overall appraisal of the External Auditor, which includes an assessment of their independence.

#### **46. Additional work, other than audit services, performed by the External Auditor and hiring process**

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 2013 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 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.

#### 47. Remuneration of the External Auditor

The remuneration paid to the Statutory External Auditor and to the 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 paid by the Company           | 2012*         |             | 2013*         |             |
|--|---------------|-------------|---------------|-------------|
| Statutory Audit and Accounts Certification | 28,084        | 100%        | 28,868        | 100%        |
| <b>Total</b>                               | <b>28,084</b> | <b>100%</b> | <b>28,868</b> | <b>100%</b> |

\*Amounts in euros.

| Remuneration paid by Group company entities | 2012*            |             | 2013*            |             |
|---|------------------|-------------|------------------|-------------|
| Statutory Audit and Accounts Certification  | 1,095,489        | 66%         | 1,175,315        | 64%         |
| Other Compliance and Assurance Services     | 358,650          | 21%         | 280,014          | 15%         |
| Tax Consultancy Services                    | 62,568           | 4%          | 24,425           | 1%          |
| Other Services                              | 155,883          | 9%          | 361,304          | 20%         |
| <b>Total</b>                                | <b>1,672,591</b> | <b>100%</b> | <b>1,841,057</b> | <b>100%</b> |

\*Amounts in euros.





## C - INTERNAL REGULATION

### I. ARTICLES OF ASSOCIATION

#### 48. Rules applicable in the case of amendments 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.

### II. REPORTING IRREGULARITIES (WHISTLE BLOWING)

#### 49. Policy on reporting Irregularities

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 Board of Directors approved a Code of Ethics and Conduct in 2013, 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

<http://www.sonae.pt/en/investors/corporate-governance/>.

In addition to the Code of Conduct, previously approved internal regulations covering conflicts of interest, business gifts and related party transactions, continue to be in force.

The Ethics Committee has responsibility for receiving and forwarding reports involving members of the

Governing bodies, the Ombudsman, Investors in a broad sense, and any other matter considered to be worthy of investigation, with impact in the Company's internal and external image.

The Ombudsman has responsibility for receiving and forwarding reports involving employees, clients or suppliers and other service providers to the relevant bodies.

The Ethics Committee forwards any reports that might indicate alleged irregularities to the Statutory Audit Board and the Board of Directors. All the irregularities addressed directly to the Statutory Audit Board are immediately reported to the Statutory Audit Board and passed on to its Chairman.

Other than communicating with the companies involved, the Ombudsman delivers a quarterly summary of all received reports to the Statutory Audit Board.

Any report of irregularities must be sent on a non-anonymous basis to the email address of the Ethics Committee: [comissaoetica@sonae.pt](mailto:comissaoetica@sonae.pt).

Reports addressed to the Ombudsman can be sent to his email address: [provedoria@sonae.pt](mailto:provedoria@sonae.pt).

### III. INTERNAL CONTROL AND RISK MANAGEMENT

#### 50. Individuals, bodies or committees responsible for internal audit and / or implementation of internal control systems

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 main goal 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.



Risk Management is the responsibility of all Sonae's managers and employees, and is supported by the Risk Management, Internal Audit and Planning and Management Control Departments, at all levels of the organisation, and through specialised teams, which report directly to their respective Boards of Directors.

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 the Company's businesses.

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

### **51. Hierarchy/or functional relationships with other Company's Bodies**

The Statutory Audit Board monitors the internal control and risk management systems, supervises its activity plan, receives periodic reports on the work performed, assesses the results and conclusions drawn and gives guidelines as it deems necessary.

The Statutory External Auditor verifies the effectiveness and functioning of internal control procedures in accordance with the work plan appointed by the Statutory Audit Board, to which it reports the conclusions drawn.

The Board of Directors, through the Board Audit and Finance Committee, monitors the Internal Audit and Risk Management activities.

### **52. Other Functional Areas with Risk Control Competencies**

Each one of the Group's functional structures, previously identified in the section "Organisation of

the Corporate Centre – Duties and Competencies", takes responsibility in controlling and monitoring risks related with their duties, namely, other than Planning and Management Control, the Board Audit and Finance Committee, Legal Advisory and Corporate Governance, Finance, Tax, Legal, Human Resources, Communication, Brand and Corporate Responsibility, Institutional Relations, Investor Relations, Administrative and Information Systems departments.

## **53. Identification and Classification of Risks**

### **Economic Risks**

#### **Macro-economic Influences:**

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

#### **Competition:**

The main competition risks are the entrance of new competitors, market consolidation opportunities and the repositioning of current competitors or the actions they might take to reposition themselves to win new markets (price conditions, new businesses, innovation, etc.). Lack of competitiveness in areas such as pricing, product range, quality and service can have a negative impact on the financial results of the Group. In order to minimise this risk, Sonae constantly benchmarks competitor's actions and invests in new formats, businesses and products/services or the improvement of existing ones, in order to always provide its customers with innovative offers.

#### **Customers:**

One of the fundamental risk factors is the possibility of changes in consumer behaviour, especially as a consequence of economic and social





factors. Customers frequently change their expectations and preferences, which imply a continuous adaptation and optimisation of the business offer and concepts.

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

#### **Brand:**

Sonae and its subsidiaries own several high value brands, and these constitute one of its main assets.

The risks associated with brands come from negative impacts arising from extraordinary events affecting image reputation and awareness. The Group periodically monitors brand image value, attributes and awareness through customer opinion surveys, research by specialist entities and market studies. Sonae also performs continuous follow-up of brand reputation, namely through press analysis, opinion articles issued by the media and in blogs. Sonae's brands regularly win prizes in Portugal and internationally that recognise the excellence of its products and services, its business processes and innovations.

#### **Tangible asset risks:**

In 2013, preventive and safety audits were conducted in different locations of the business units. In the main business units, tests and simulations were made to emergency and preventive systems and plans, usually in the presence of civil protection services, security forces and fire brigades. The development and implementation of security standards, and related monitoring and self-assessment procedures (Control Risk Self-Assessment) also continued.

#### **People safety risks:**

Aware of the importance of safeguarding lives and property as a cornerstone of sustainability and growth, Sonae has carried out true social

responsibility actions through a visible commitment to prevent work accidents, minimising or eliminating their causes and promoting a culture of Occupational Health and Well Being.

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

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

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

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

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

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

External recognition of Sonae Sierra's efforts is evident from the prizes that the company has won over the last few years. In 2011, it was a finalist for the DuPont Safety Awards, due to the exemplary performance and dedication in building shopping

centres that are safer for children. In the same year, Sonae Sierra was also awarded the European Risk Management Award prize in the category Most Innovative Use of IT or other Technology for its inspection system in the Health and Safety area. In 2009, Sonae Sierra won the European Risk Management Award 2009 for best training program and in 2007 the DuPont Safety Award for Visible Management Commitment.

In 2013, Sonae Sierra did not reduce the number and severity of work related accidents (per million of hours worked), due to a significant raise of commuting accidents that contributed 50% to the number of days lost per million hours worked. Unfortunately, the number of accidents involving visitors to our shopping centres requiring medical assistance, also increased. Despite this results, a significant raise in the absenteeism rate due to work accidents (per million hours worked) in centres under development and in centres in operation, where there has been a significant reduction of 30%, compared to 2012. This figure is the result of several awareness and training workshops attended by our suppliers along the year.

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

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

#### **Business continuity management:**

In the most significant businesses, projects and programmes continued to be developed in order to guarantee the continuity of operations, through defining, revising and implementing procedures and processes to prepare for crisis and catastrophic scenarios, particularly through developing business emergency, contingency and recovery plans.

#### **Environmental risks:**

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

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

In 2012, 87% of Sonae Sierra's shopping centres won the ISO 14001 certification, thus enabling it to achieve the following corporate objectives for the period 2002 to 2013:

- Reduction in electricity consumption of 40%;
- Increase in the percentage of waste recycled from 19 to 59%;
- Improvement in efficiency in the use of water by 13%.

For the development phase of shopping centres, 24 ISO 14001 certifications were won for construction projects, due to the high quality of environmental procedures followed during construction.

As a result of its superior performance in 2013, Sonae Sierra was considered to be most sustainable private investment fund in Europe within its peer group by the Global Real Estate Sustainability Benchmark Foundation and was awarded the Green Star. This internationally recognised ranking rewards the sustainability strategy of Sonae Sierra, and its vision, reflected in the actions taken in the social and environmental areas, as well by as its profitability.

Sonae Investimentos won certification for its corporate Environmental Management System in 2007 according to the ISO 14001 standard through Lloyds Register Quality Assurance. Since then, the environmental management system has been audited each year and it has maintained its certification status. In 2010, the environmental management system certification programme was adapted to the new Sonae Retail organisation and certification was won once again. This program, among others factors, enables the day-to-day environmental risks of all of its business activities to be appropriately managed.

In addition, Sonae Retail has continued its programme of environmental certification of operational units, closing 2013 with an additional certified Worten. At the end of 2013, Sonae Retail had 26 premises certified (3 Continente, 8 Continente Modelo, 2 Continente BomDia, 6 Worten





and 6 Warehouses, in addition to the Meat Processing Centre). These certified units serve as an example to all other units.

### **Change Project Risks:**

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

### **Insurable risks:**

In relation to the transfer of insurable risks (technical and operational), the objective of rationalising these types of risk continued, either by searching to establish a sound insurance capital structure for the capital sums at risk, based on the constant changes in the businesses involved, or by reaching even greater critical mass for the kinds of risks involved. Insurance coverage and retention levels have also been 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 insurance brokerage network, coordinated by MDS, Sonae's insurance consultant.

### **Food safety risks:**

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

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

In 2013, around 600 food safety audits were carried out.

### **Information, Information Systems and Communication Risks:**

The Information Systems of Sonae businesses are characterised as being broad ranging, distributed and heterogeneous. From the information security point of view, several risk reduction actions have been carried out to ensure the availability and integrity of information, including: the development

of Business Continuity Plans; carrying out back-ups offsite; implementing high availability systems and network infrastructure redundancy; verifying and controlling the quality of flows between applications; managing accesses and profiles, and implementing anti-virus software.

During 2013, various awareness raising programmes relating to the Company's information systems security were carried out, which involved employees at various levels and from a range of functions. To be noted is the fact that Sonae signed up in 2012 to the World Economic Forum initiative, Partnering for Cyber Resilience, committing to follow its principles and guidelines.

In 2013, audits were carried out on information systems, which support Sonae's critical processes, with the aim of identifying and correcting potential vulnerabilities, which could have a negative impact on the business in terms of information security.

### **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 risks (which are described and analysed in more detail in the Appendix to Sonae's Consolidated Financial Statements). In view of the varied nature of the different Sonae businesses, exposure to these risks may vary from business to business, and thus there is no single standard risk management policy covering the entire group. Instead, Sonae prefers an individual approach adapted to the needs of each business. The Group is also exposed to debt and equity market fluctuations. During 2013, and in order to minimise potential adverse effects of the volatility of financial markets, the Sonae businesses sometimes used derivative instruments to cover these kinds of risk, in addition to policies to manage each of the risks, and the implementation of control mechanisms to identify and determine them, and in the particular case of risk credit, Sonae businesses transferred that risk to third parties, through credit insurance coverage, bank guarantees or documentary credits, among other similar instruments. Financial risk management policies are approved by each Executive Committee and exposures are identified and monitored by each sub holding Finance Department. Financial exposures are also monitored by the Finance Committee, at which a consolidated exposure analysis is reviewed and reported on a monthly basis, and guidelines for risk



management policies are defined and regularly reviewed.

The system implemented 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.

#### **Legal, Tax and Regulatory Risk:**

Sonae and its businesses have a legal and tax function permanently dedicated to its activities, which are closely carried out with the remaining sovereign functions and businesses, in order to ensure, preventively, the protection of Sonae's interests while complying with legal obligations and applying best practices.

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

Legal and tax function is also guaranteed, on a national and international level, by external professionals, selected from reputed firms and based on criteria of competence, ethics and experience.

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

Sonae Group companies are subject to the Portuguese, local and sector laws and regulations of each market in which they operate. These laws aim to ensure: the safety and protection of consumers; the rights of workers; the protection of the environment and compliance with town and country planning rules; compliance with regulations concerning those sectors of business activity in which the group is present; and the maintenance of a competitive and open market. They are thus clearly exposed to the risk of regulatory changes which may impact the way the businesses are run, and consequently negatively impact the attainment of strategic goals.

The Group's approach is to collaborate on a continuous basis with the authorities to comply with applicable law. This collaboration takes the form in particular of playing an active part in public consultations organised by national and international authorities. The increasing internationalisation of Sonae is affected by specific risks arising from other country's different legal framework.

#### **54 Description of the risk management processes, identification, assessment, monitoring, control and risk management**

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 parts;
- (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 ("technical-operational risks"), audits are carried out at the main business units. Preventive and corrective actions are implemented for the risks identified.







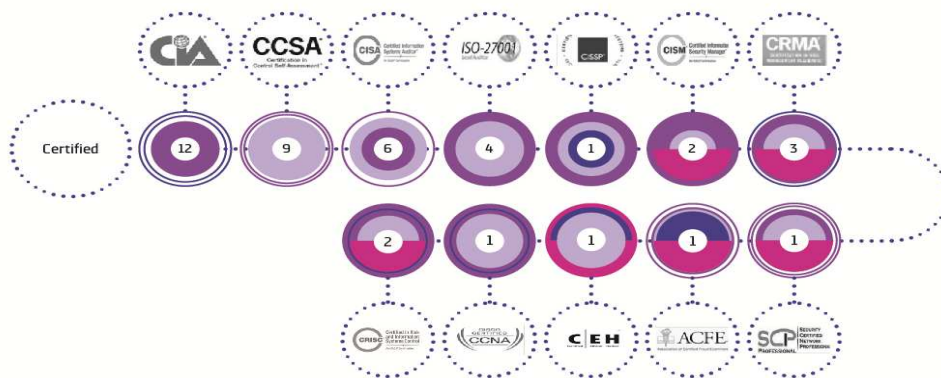
- (v) The financial cover of insurable risks is reassessed on a regular basis;
- (v) Financial risk management is carried out and monitored as part of the activity of the Company's and its businesses; financial departments. Their work is reported to, coordinated with and reviewed by the Finance Committee and the Board Audit and Finance Committee;
- (vi) Management of legal risks is carried out and monitored by the legal and tax departments.
- (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 into the management and planning procedures of the units and functions of Sonae's businesses;
- (vii) Monitoring how risks evolve and report on progress made in implementation action plans.

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

- (i) Defining and grouping risks (risk dictionary, definition, business risk matrix and a common language);
- (ii) Systematically identifying the risks that can potentially affect the organisation (risks sources);
- (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;

### Internal audit and risk management training and development

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 2013, 8 new certifications were obtained (1 CIA, 1 CCSA, 2 CISA, 2 CRMA and 2 ISO 27001). By the end of 2013, Sonae detained the following 43 certifications:



|   |       |   |    |       |   |
|---|-------|---|----|-------|---|
| 1 | CIA   | Certified Internal Auditor (IIA – The Institute of Internal Auditors);  | 6  | CISM  | Certified Information Security Management (ISACA – Information System Audit and Control Association); |
| 2 | CCSA  | Certification in Control Self-Assessment (IIA - The Institute of Internal Auditors);                                      | 7  | CRMA  | Certification in Risk Management Assurance  |
| 3 | CISA  | Certified Information Systems Auditor (ISACA – Information System Audit and Control Association);                         | 8  | CRISC | Certified in Risk and Information Systems Control   |
| 4 | ISMS  | Certification in Information Security Management System BS ISO/IEC 27001:2005 (British Standards Institution);            | 9  | CCNA  | Cisco Certified Network Associate   |
| 5 | CISSP | Certified Information System Security Professional (International Information Systems Security Certification Consortium); | 10 | CEH   | Certified Ethical Hacker  |
|   |       |   | 11 | CFE   | Certified Fraud Examiner  |
|   |       |   | 12 | SNCP  | Security Certified Network Professional   |

Additionally, one of our food safety auditors detains the NP EN ISO 22000:2005 and NP EN ISO 19011:2012 Certifications.

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. During 2013, 12 training sessions were carried out, with the attendance of 208 trainees and a total of 1,250 training hours.

3. With regard to the development of the Risk Management function, in 2013 Sonae continued to support employee training for those who voluntarily put themselves forward for international certification programmes. Currently, Sonae Group staff also has the following professional certifications: Certified Risk Management Assurance (CRMA), promoted by the IIA (The Institute of Internal Auditors), Certification in Risk Management by IRM (Institute of Risk Management) and BS 25999 Business Continuity Management, by the British Standards Institute.

Sonae is one of the organisations with the most certified employees in internal audit and risk management in Portugal. In 2014, Sonae will continue to support this important training programme, and the international development and qualification of its internal audit and risk management staff, in line with international best practices.

### **Actions undertaken in 2013**

In 2013, the annual Enterprise Wide Risk Management activities focused mostly on monitoring the implementation of action plans and the assessment of their impact in risk perception.

An application tool, based on the COSO International Standard, was developed internally to support these activities Company-wide.

## **55. 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 General Counsel and Corporate Governance 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 Sonae Board of Directors. Once

approved, the documents are sent to the External Auditor who issues the accounts legal certification and 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 appendixes 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 appendixes 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 Appendix 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 previous years, Sonae continued to improve the documentation and systematisation of risks and internal control system related to the preparation of financial information in 2013. 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 General Counsel and Corporate Governance department, working together with the Administrative Services, Investor Relations, Internal Audit and Risk Management departments, and, if necessary, with other departments, coordinates the periodic analysis of compliance with legal requirements and regulations regarding governance processes and corresponding financial information that are reported in the Management Report of the Board of Directors and in the Corporate Governance Report.

## IV. INVESTOR RELATIONS

### 56. 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](http://www.cmvm.pt)) and on the Company's own website ([www.sonae.pt](http://www.sonae.pt) – tab Investors, Announcements section). The latter site provides general information about Sonae, as stipulated in article 3 of the CMVM Regulation no. 4/2013, but also other relevant information, including:

- 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;
- 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. A large number of 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 via the following means:





Patrícia Vieira Pinto

Investor Relations Manager

Tel: (+351) 22 010 47 94

Fax: (+351) 22 948 77 22

E-mail: [investor.relations@sonae.pt](mailto:investor.relations@sonae.pt) /  
[pavpinto@sonae.pt](mailto:pavpinto@sonae.pt)

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

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

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

#### **57. Legal representative for Capital Market Relations**

The legal representative for Capital Market Relations is Luzia Leonor Borges e Gomes Ferreira, with the following contacts:

Tel: +351 220104706

Fax: +351 229487722

E-mail: [investor.relations@sonae.pt](mailto:investor.relations@sonae.pt)

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

#### **58. Information Requests**

During 2012, the Investor Relations Department received 125 information requests, as opposed to the 300 received during 2013.

The average response time, without prejudice to the complexity of the matter, is of 2 working days.

### **V. WEBSITE**

#### **59. Address**

Company's website: [www.sonae.pt](http://www.sonae.pt)

#### **60. Location of the information mentioned in Article 171 of the Commercial Companies Code**

Website:

<http://www.sonae.pt/en/investors/corporate-governance/>.

#### **61. Location where the Articles of Association, Bodies and Committees' Regulations can be found**

Website:

<http://www.sonae.pt/en/investors/corporate-governance/>.

#### **62. Location where is provided information about the identity of the governing bodies, the representative for market relations, the Investor Relations Department, functions and means of access**

Website:

<http://www.sonae.pt/en/investors/corporate-governance/> and  
<http://www.sonae.pt/en/contacts/>.

#### **63. Location where is provided the documents of accounting and calendar of corporate events**

Accounting Documents -

<http://www.sonae.pt/en/investors/shareholders-general-meetings/> and  
<http://www.sonae.pt/en/investors/financial-data/>.

Calendar of corporate events-

<http://www.sonae.pt/en/investors/financial-calendar/>.

#### **64. Location where is provided the notice to General Meeting and all related information**

Website:

<http://www.sonae.pt/en/investors/shareholders-general-meetings/>.



**65. Location where the historical archives are available with resolutions adopted at the Company's General, the represented share capital and the voting results, with reference to the previous 3 years**

Website:

<http://www.sonae.pt/en/investors/shareholders-general-meetings/>.

## D - REMUNERATION

### I. COMPETENCE

**66. Competence for determining the remuneration of Governing Bodies, Executive Directors and Company's persons discharging managerial responsibilities ("dirigentes")**

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

The Board Nomination and Remuneration Committee, made up entirely of non-executive directors and previously identified in paragraphs 15 to 29, supports the Shareholders' Remuneration Committee to carry out its duties.

**67. Composition of the Remuneration Committee, identification of other individuals and entities hired to provide support and advisors statement of independence**

The Shareholders' 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 Remuneration Committee are independent from the Board of Directors or any other interests group, as explained in the following paragraph.

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

The Shareholders' Remuneration Committee resorts to benchmark studies on remuneration practices annually disclosed by the internationally renowned consultants Hay Group and Mercer, in order to ensure that the statutory governing bodies' remuneration policy to be submitted to the approval of the Shareholders' Annual General Meeting fulfils comparable market standards. During 2013, the Remuneration Committed did not hire any third party consultants.

**68. Knowledge and Experience of the members of the Shareholders' Remuneration Committee**

The experience and professional qualifications of the members of the Shareholders' Remuneration Committee allows them to carry out their duties in a rigorous and competent, each of them having the appropriate skills to carry out their duties. Said qualifications are available for consultation at





<http://www.sonae.pt/en/investors/corporate-governance/>.

## 69. 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

### 69.1 Principles

Sonae's remuneration policy is structured in order to find a balance between the performance of executive directors in relation to goals established for them, and the Company's positioning in the market and comparable situations. Proposals for the remuneration of members of the statutory governing bodies are prepared taking into account:

- Overall market comparisons;
- Practices of comparable companies, including other segments of Sonae with comparable situations;
- Each executive director's responsibilities and assessments made of their performance.

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

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

The remuneration policy applicable to Sonae's statutory governing bodies is approved in advance by the Shareholders' General Meeting. The body responsible for approval of the remuneration of both executive and non-executive members of the Board of Directors and the other statutory governing bodies of the Company is the

Shareholders' Remuneration Committee, whose members are elected and remuneration decided upon also at the Shareholders' General Meeting.

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

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

The Remuneration and Compensation Policy currently in operation was approved at the Shareholders' General Meeting held on the 30 April 2013, and is based on the following principles.

#### Remuneration Policy Features:

##### Competitive:

- 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.
- 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.

##### Linked to performance:

- A significant part of the remuneration of Sonae's

executive directors is determined by the success of the Company. The variable component of remuneration is structured in such a way as to establish a link between the sums awarded and the level of performance, both at individual and group level. If predefined objectives are not achieved, measured through KPIs applicable to the business and to the individual performance, the total or some part of the value of short and medium term incentives will be reduced.

**Aligned with the interests of shareholders:**

- Part of the variable remuneration of executive directors is paid in the form of shares and deferred for a period of 3 years. Given that there is a link between Sonae's share prices and its performance, the remuneration paid will be impacted by the manner in which the executive director has contributed towards this result. Hence, the interests of directors are aligned with those of shareholders and with medium term performance.

**Transparent:**

- All aspects of the remuneration process are clear and openly disclosed internally and externally through documentation published on the Company's internet site. This communication process contributes towards promoting equal treatment and independence.

**Reasonable:**

- The aim is for the remuneration of executive directors to be reasonable, ensuring a balance between the interests of Sonae, market positioning, the expectations and motivations of managers and the need to retain talent.

The Remuneration and Compensation Policy currently in operation was approved at the Shareholders' General Meeting that took place on the 30 April 2013, and is based on the following principles:

- No compensation payments to board directors or members of statutory governing bodies related to the cessation of their duties, whether their resignation occurs according to their original mandate or whether it is anticipated for whatever reason, without prejudice to the obligation of the Company to comply with any relevant legislation in force in this area;

- Non-existence of any specific system of benefits, in particular relating to retirement, in favour of members of the Board of Directors, auditing bodies and other executives.

## 69.2 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.

## 69.3 Risk Control 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 2013, 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.

#### 69.4 Remuneration Policy Approval Process

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

| Month   | Remuneration Cycle  |
|---------|---|
| January | Obtainment of market surveys and benchmarking of remuneration trends and expectations.  |
| March   | Board Nominations and Remuneration Committee Meeting in mid-March. Closing of prior year and preparation for the current year, reviewing:<br><br>Annual Appraisal Process;<br><br>Remuneration Policy Proposal;<br><br>Proposals for the award of variable remuneration for 2013, including the deferred component;<br><br>Proposals for fixed remuneration for |

|                 |   |
|-----------------|---|
|                 | 2014;<br><br>Proposals for variable remuneration target values for performance in 2014;<br><br>Shareholders' Remuneration Committee Meeting later in March, after the BNRC has met: Closing prior year and preparing current year, approving or deciding the following:<br><br>Remuneration policy proposal to present to the AGM;<br><br>Proposals for the award of variable remuneration for 2013, including the deferred component;<br><br>Proposals for fixed remuneration for 2014;<br><br>Proposals for variable remuneration target values for 2014 performance. |
| April           | Shareholders' General Meeting 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 necessary);<br><br>SRC Meeting: Only if there are any Board membership or responsibility changes.   |
| November        | BNRC Meeting:<br><br>Progress on current year KPIs (if convenient);<br><br>Review status of Medium Term Variable Remuneration plans and shares retained;<br><br>Contingency and Succession Planning;<br><br>Review Nomination Process (if required);<br><br>Review BNRC Terms of Reference and Annual Plan for next year;<br><br>Review Compensation Policy, including  |

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MTIP.

SRC Meeting: Only if there are any Board membership or responsibility changes.

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**December** BNRC Reporting: Update on current year KPIs (If useful);

SRC Meeting: Only if there are any Board membership changes.

## 70. Remuneration of the Board of Directors

### 70.1 Executive Directors

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

Above and beyond the fixed remuneration, Executive Directors are also entitled to a variable remuneration, in accordance with Sonae's Remuneration Policy.

Variable remuneration is awarded in the first quarter following the year to which it relates and linked to performance in the prior year, and aims to guide and compensate Executive board directors for achieving pre-defined objectives. It is divided into two equal parts:

- a) Short term variable Performance Bonus (STPB) paid immediately after being awarded – see section 71 for further details;
- b) Medium term variable Performance Bonus (MTPB), paid after a deferral period of 3 years - see section 71, 72 and 73 for further details.

The various components of the Executive Directors' remuneration – fixed and variable - are summarised in terms of components, description, objective and market positioning, in the following table:







|          | 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 objective. | Third quartile     |
|          | Medium Term Performance Bonus (MTPB) | Compensation deferred for three years, the amount awarded linked to market share price.   | Aims to link remuneration to long-term performance and provide alignment with shareholders.                | Third quartile     |

Medium term performance bonus can be paid in cash, shares or a combination of cash and shares. Currently, no scheme involves the award of share purchase options.

## 70.2 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.

## 71. Variable Remuneration of the Board members

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). The weight of the overall variable component of Sonae's executive Directors' remuneration, should not exceed 50% of the total value of annual 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 | Business Turnover, Recurrent EBITDA, net profits, share price performance | 70%             |
| Personal | An aggregate set of objective and subjective indicators                   | 30%             |

## 72. Deferred payment of the remuneration's variable component

The payment of at least 50% (fifty percent) of the

remuneration's variable component is deferred after a 3 (three) year period, under the terms described in the previous section 71.2 (Medium Term Performance Bonus).

## 73. Criteria that underlie the allocation of variable remuneration in shares and their maintenance

### 1. Main features of the Medium Term Performance Bonus (MTPB)

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

### 2. How the of MTPB scheme works

Variable remuneration is awarded annually, according to the results of the previous year, and is then integrated into the MTPB plan. Payment is deferred for a period of three years and made in the months of March or April. Payment of this component of variable remuneration is dependent on the director continuing to work with the Company for a period of three years after its award, without prejudice to the content of paragraph 8 below.

### 3. Eligibility criterion

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

| Legal engagement                          | Weighting of MTPB in variable remuneration |
|---|--|
| Sonae Board Directors                     | At least 50%                               |
| Other senior directors of group companies | At least 50%                               |

### 4. Duration of the MTPB plan

The MTPB plan is established annually, based on the variable remuneration awarded, and each plan





has a duration of three years.

### 5. Valuation of the of MTPB plan

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

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

During the deferral period, the attributed value is subjected to the KPIs medium term evolution, which aims to align the director with the company's long term sustainability objectives.

### 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. Payment 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 decease, with the due amount being paid to the director or to his/her heirs at the normal time for payment.

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

In order to ensure the effectiveness and transparency of the objectives of the

Remuneration and Compensation Policy, it was determined that the 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.

### 74. Criteria that underlie the allocation of variable remuneration in options

The Company did not establish any variable remuneration in options.

### 75. Main parameters and reasoning concerning annual bonuses and any other non-cash benefits

Main parameters and reasoning about variable remuneration are detailed in the above paragraph 71.

### 76. Main characteristics of complementary pension or early retirement schemes for the Administrators

The Company does not have any complementary pension or early retirement schemes for Directors.

## V. DISCLOSURE OF REMUNERATION

77. Indication of the annual remuneration earned, in aggregate and individual amount, by the Company's members of the Board of Directors





Directors' remuneration, awarded by the Company during the years 2012 and 2013, is summarised in the chart below:

| Individual Detail                             | 2012*              |         |         |           | 2013*              |         |         |           |
|---|--------------------|---------|---------|-----------|--------------------|---------|---------|-----------|
|   | Fixed Remuneration | STPB    | MTPB    | TOTAL     | Fixed Remuneration | STPB    | MTPB    | TOTAL     |
| <b>EXECUTIVE DIRECTORS</b>                    |                    |         |         |           |                    |         |         |           |
| Duarte Paulo Teixeira de Azevedo              | 477,320            | 344,000 | 325,900 | 1,147,220 | 476,150            | 436,100 | 436,100 | 1,348,350 |
| Ángelo Gabriel Ribeirinho dos Santos Paupério | 92,700             | 83,000  | 78,700  | 254,400   | 126,240            | 105,300 | 105,300 | 336,840   |
| Nuno Manuel Moniz Trígoso Jordão**            | 305,400            |         |         | 305,400   | 168,491            |         |         | 168,491   |
| <i>Sub-total</i>                              | 875,420            | 427,000 | 404,600 | 1,707,020 | 770,881            | 541,400 | 541,400 | 1,853,681 |
| <b>NON-EXECUTIVE DIRECTORS</b>                |                    |         |         |           |                    |         |         |           |
| Belmiro Mendes de Azevedo (Chairman)          | 435,800            |         |         | 435,800   | 436,010            |         |         | 436,010   |
| Álvaro Carmona e Costa Portela                | 33,850             |         |         | 33,850    | 34,060             |         |         | 34,060    |
| Álvaro Cuervo Garcia                          | 37,050             |         |         | 37,050    | 36,510             |         |         | 36,510    |
| Michel Marie Bon                              | 39,460             |         |         | 39,460    | 39,260             |         |         | 39,260    |
| José Manuel Neves Adelino                     | 37,050             |         |         | 37,050    | 37,260             |         |         | 37,260    |
| Bernd Hubert Joachim Bothe                    | 37,050             |         |         | 37,050    | 36,850             |         |         | 36,850    |
| Christine Cross                               | 36,260             |         |         | 36,260    | 37,630             |         |         | 37,630    |
| <i>Sub-Total</i>                              | 656,520            | -       | -       | 656,520   | 657,580            | -       | -       | 657,580   |
| <b>TOTAL</b>                                  | 1,531,940          | 427,000 | 404,600 | 2,363,540 | 1,428,461          | 541,400 | 541,400 | 2,511,261 |

\* Amounts in Euros.

\*\*Resigned on May 9, 2013.



Open MTPB plans attributed to Executive directors:

| EXECUTIVE DIRECTORS                           | Plan (Performance Year) | Award Date   | Vesting Date | Amount Vested in 2013* | Open Plans Value at Award Date* | Open Plans Value at 31 December 2013* *** |
|---|-------------------------|--------------|--------------|------------------------|---------------------------------|---|
| Duarte Paulo Teixeira de Azevedo              | 2009                    | Mar-10       | Mar-13       | 523,592                |                                 |   |
|   | 2010                    | Mar-11       | Mar-14       |                        | 345,000                         | 526,995                                   |
|   | 2011                    | Mar-12       | Mar-15       |                        | 335,400                         | 993,981                                   |
|   | 2012                    | Mar-13       | Mar-16       |                        | 325,900                         | 508,436                                   |
|   |                         | <b>Total</b> |              |                        | 523,592                         | 1,006,300                                 |
| Nuno Manuel Moniz Trigoso Jordão**            | 2009                    | Mar-10       | Mar-13       | 315,477                |                                 |   |
|   | 2010                    | Mar-11       | Mar-14       |                        |                                 |   |
|   | 2011                    | Mar-12       | Mar-15       |                        |                                 |   |
|   | 2012                    | Mar-13       | Mar-16       |                        |                                 |   |
|   |                         | <b>Total</b> |              |                        | 315,477                         | 0   |
| Ângelo Gabriel Ribeirinho dos Santos Paupério | 2009                    | Mar-10       | Mar-13       | 299,086                |                                 |   |
|   | 2010                    | Mar-11       | Mar-14       |                        | 297,700                         | 568,319                                   |
|   | 2011                    | Mar-12       | Mar-15       |                        | 308,800                         | 798,269                                   |
|   | 2012                    | Mar-13       | Mar-16       |                        | 303,700                         | 369,583                                   |
|   |                         | <b>Total</b> |              |                        | 299,086                         | 910,200                                   |
| <b>TOTAL</b>                                  |                         |              |              | <b>1,138,155****</b>   | <b>1,916,500</b>                | <b>3,765,583</b>                          |

\* Amounts in Euros.

\*\* Resigned on May 9, 2013.

\*\*\* Calculated considering the share market closing price of 2013 last trading day.

\*\*\*\* All open plans were paid off for a total of 1,138,155 Euros.





78. Any amounts paid by other companies in a control or group or that they are subject to the same domain as that of the Company

Directors' remuneration, awarded by Group Companies, during the years 2012 and 2013, is summarised in the charts below:

| Individual Detail                             | 2012*              |         |         |         | 2013*              |         |         |         |
|---|--------------------|---------|---------|---------|--------------------|---------|---------|---------|
|   | Fixed Remuneration | STPB    | MTPB    | TOTAL   | Fixed Remuneration | STPB    | MTPB    | TOTAL   |
| <b>EXECUTIVE DIRECTORS</b>                    |                    |         |         |         |                    |         |         |         |
| Duarte Paulo Teixeira de Azevedo              |                    |         |         |         |                    |         |         |         |
| Ângelo Gabriel Ribeirinho dos Santos Paupério | 323,553            | 225,000 | 225,000 | 773,553 | 287,190            | 302,800 | 302,800 | 892,790 |
| Nuno Manuel Moniz Trigoso Jordão**            |                    |         |         |         |                    |         |         |         |
| <i>Sub-total</i>                              | 323,553            | 225,000 | 225,000 | 773,553 | 287,190            | 302,800 | 302,800 | 892,790 |
| <b>NON-EXECUTIVE DIRECTORS</b>                |                    |         |         |         |                    |         |         |         |
| Belmiro Mendes de Azevedo (Chairman)          |                    |         |         |         |                    |         |         |         |
| Álvaro Carmona e Costa Portela                | 32,050             |         |         | 32,050  | 13,354             |         |         | 13,354  |
| Álvaro Cuervo Garcia                          |                    |         |         |         |                    |         |         |         |
| Michel Marie Bon                              |                    |         |         |         |                    |         |         |         |
| José Manuel Neves Adelino                     |                    |         |         |         |                    |         |         |         |
| Bernd Hubert Joachim Bothe                    |                    |         |         |         |                    |         |         |         |
| Christine Cross                               |                    |         |         |         |                    |         |         |         |
| <i>Sub-Total</i>                              | 32,050             |         |         | 32,050  | 13,354             |         |         | 13,354  |
| <b>TOTAL</b>                                  |                    |         |         |         |                    |         |         |         |
|   | 355,603            | 225,000 | 225,000 | 805,603 | 300,544            | 302,800 | 302,800 | 906,144 |

\* Amounts in Euros.

\*\* Resigned on May 9, 2013.

## 79. Compensation paid in the form of profit sharing and/or bonus payments

No remuneration component was paid in the form of profits sharing by the Company, during 2013.

## 80. Compensation paid or owed to former executive directors following loss of office

During 2013, no compensation was paid or owed to former executive directors in relation to early loss of office.

## 81. 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 2013 was as follows:

| Member of the Statutory Audit Board | 2012*  | 2013*  |
|-------------------------------------|--------|--------|
| Daniel Bessa Fernandes Coelho       | 9,800  | 10,010 |
| Arlindo Dias Duarte Silva           | 7,800  | 8,010  |
| Jorge Manuel Felizes Morgado        | 7,800  | 8,010  |
| Total                               | 25,400 | 26,030 |

\* Amounts in euros.

## 82. Remuneration of the Chairman of the Board of the Shareholders' General Meeting

The remuneration of the chairman of the Board of the Shareholders' General Meeting is made up of a fixed fee, as follows:

| Board of the Shareholders' General Meeting | 2012  | 2013  |
|--|-------|-------|
| Chairman                                   | 7,500 | 7,500 |
| Total                                      | 7,500 | 7,500 |

\*Amounts in euros.

## V. AGREEMENTS WITH REMUNERATION IMPLICATIONS

### 83. Contractual limitations on compensations to be paid upon to director's dismissal without due cause and its relation with the variable component of the remuneration

There are no agreements in place that establish amounts to be paid in case of dismissal without due cause, without prejudice to the applicable legal provisions.

### 84. Reference to the existence and description, stating the sums involved, of the agreements between the company and members of the Board of Directors, providing for compensation in case of dismissal without due cause or termination of the employment relationship, following a change of control of the Company

There are no agreements made between the company and members of the Board of Directors, that provide for compensation in cases of dismissal, unfair dismissal or termination of employment following a change in Company control.

## VI. SHARE ATTRIBUTION PLANS OR STOCK OPTIONS

### 85. Identification of the plan and recipients

The share attribution plan includes the medium-term variable remuneration and their main





recipients are the executive directors, in terms detailed above in paragraph 73, as well as employees of group companies, in accordance to terms and conditions to be defined by the respective Boards of Directors.

## 86. Plan Features

A thorough description of the plan is detailed above in paragraphs 71, 72 and 73.

The remuneration policy for the statutory governing bodies as well as the current share attribution plan, were approved at the Company's Annual Shareholders' General Meeting, held on 30 April 2013, as per the terms of the proposal presented by the Shareholders' Remuneration Committee, in compliance with article 2, Law no. 29/2009 of 19 June and 2013 CMVM Recommendation II.3.4.

The remuneration policy under proposal of the Shareholders' Remuneration Committee, approved the non-transfer of shares accessed by the Company's Executive Directors via MTPB, in accordance with the 2013 CMVM Recommendation III.6 (2013).

Information on resolutions taken at the Shareholders' Annual General Meeting can be found at

<http://www.sonae.pt/en/investors/shareholders-general-meetings/>.

The MTPB plans of Sonae's Executive Board directors, in progress in 2013, can be summarised as follows:

|                                   | Aggregated number of plans | Total            |           |
|-----------------------------------|----------------------------|------------------|-----------|
|                                   |                            | Number of Shares | Euros     |
| <b>Outstanding at 31.12.2012:</b> | 4                          | 2,326,506        | 1,598,310 |
| <b>Movements in the year:</b>     |                            |                  |           |
| Awarded                           | 2                          | 577,175          | 404,600   |
| Vested                            | -2                         | -954,892         | -839,069  |
| Cancelled/Lapsed/Adjustments(1)   | 0                          | 102,871          | 988,350   |
| <b>Outstanding at 31.12.2013:</b> | 4                          | 2,051,660        | 2,152,191 |

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

| Sonae SGPS Share Plan Outstanding during 2013 | Share Price at Award Date | Vesting Period |              | At 31 December 2013              |                  |
|---|---------------------------|----------------|--------------|----------------------------------|------------------|
|   |                           | Award Date     | Vesting Date | Aggregate number of participants | Number of shares |
| 2010 Plan                                     | 0.761                     | March 2010     | March 2013   | -                                | -                |
| 2011 Plan                                     | 0.811                     | March 2011     | March 2014   | 18                               | 2,293,325        |
| 2012 Plan                                     | 0.401                     | March 2012     | March 2015   | 18                               | 3,904,624        |
| 2013 Plan                                     | 0.701                     | March 2013     | March 2016   | 19                               | 2,000,013        |

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

**87. Option rights granted to acquire shares (“stock options”) where the beneficiaries are company employees**

No option rights to acquire shares were granted.

**88. Control mechanisms in any system of employee participation in the capital**

There are no control mechanisms established to control employee participation in the Company’s capital.

**E – RELEVANT TRANSACTIONS WITH RELATED PARTIES**

**I. MECHANISMS AND CONTROL PROCEDURES**

**89. Mechanisms for monitoring transactions with related parties**

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.

In this regard, the Company has adopted specific procedures in order to prevent conflicts of interest, promoting communication between the Board Finance and Audit Committee of the Board of Directors, the Statutory Audit Board and the Executive Committee, which provides the necessary clarifications to assure that transactions are concluded under normal market conditions.

**90. Transactions subjected to control during 2013**

As stated in paragraph 10 above, there were not, during 2013, any significant relations, of a commercial nature or otherwise, between qualified shareholders and the Company. The executed transactions, without any significant relevance, fall within the Company’s scope of activity, were executed on arm’s length conditions and side-by-side with other equivalent transactions executed with national and international parties, as described in the Consolidated Financial Statements’ Appendix, according to the information provided in paragraph 92. Their respective terms of execution are in accordance with the rules of performance set by the Statutory Audit Board.

The Company did not execute any transaction with any member of the management or audit bodies during 2013.

**91. Description of the procedures and criteria for intervention of the Statutory Audit Board for the purpose of preliminary assessment of the business carried out between the Company and holders of qualified shareholdings or entities that are in a relation with them, under the terms of article 20 of the Portuguese Securities Code**

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.

In addition, 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.







## II. ELEMENTS RELATED TO TRANSACTIONS

### 92. Information on transactions with related parties

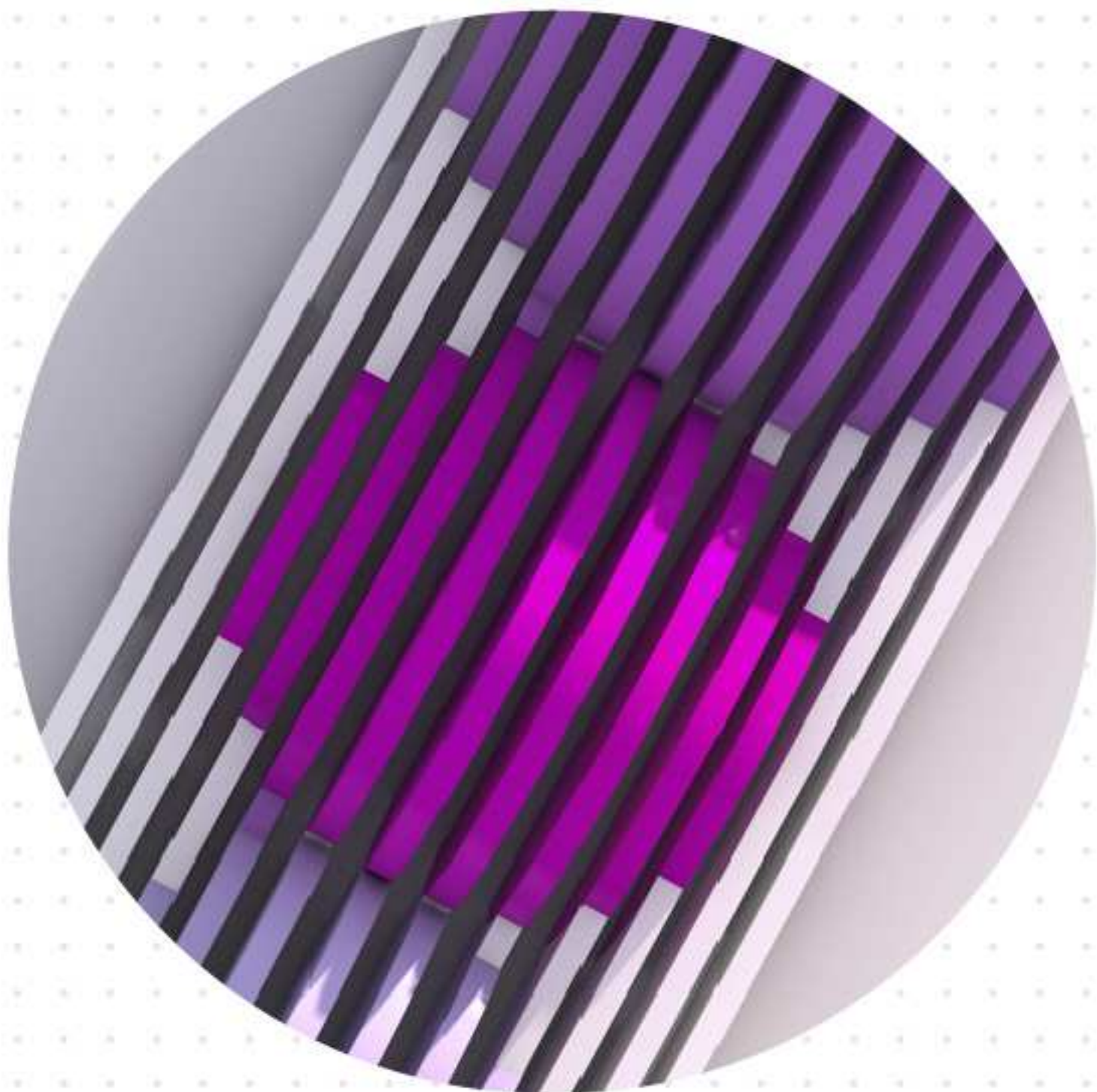
Information on transactions with related parties, in accordance with IAS 24, can be found in note 43 of the 2013 Consolidated Financial Statements' Appendix.



PART II

STATEMENT OF COMPLIANCE





## 1. Identification of the adopted Corporate Governance Code

The Corporate Governance Report provides a description of the Corporate Governance structure and practices followed by the Company under the terms of article 245-A of the Portuguese Securities Code and information duties required by CMVM Regulation no. 4/2013, of 1 August. The Report additionally discloses, in light with the principle of comply or explain, the terms of compliance by the Company with the CMVM Recommendations contained in the CMVM Corporate Governance Code (2013).

The Report should be read as an integral part of the Annual Management Report and the Individual and Consolidated Financial Statements for the year 2013.

The requirements for the provision of information as per article 3 of Law no. 28/2009, of 19 June, articles 447 and 448 of the Portuguese Companies Act, article 245-A of the Portuguese Securities Code and of CMVM Regulation no. 5/2008, have also been fulfilled.

The Company has adopted the CMVM Recommendations on Corporate Governance of July 2013.

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

Unless otherwise expressly stated, all remissions to be read as being made to the Report itself.

## 2. Analysis of compliance with the adopted Corporate Governance Code

### I. VOTING AND CONTROL

*1.1 Companies shall encourage shareholders to attend and vote at general meetings, namely by not setting an excessively large number of shares required for having the right to one vote, and by implementing the means necessary to exercise the voting right by post and electronically.*

#### RECOMMENDATION FULLY ADOPTED

The Company encourages its shareholders to participate in general meetings, in particular by

assigning to each share one vote, not limiting the number of votes that may be held or exercised by each shareholder and making available to shareholders the means necessary to exercise voting by post or electronically.

Additionally, the Company publishes on its website, from the date of notice of each General Meeting, standard documentation for participation at the General Meeting, thereby facilitating the shareholders' compliance with the applicable legal attendance requirements, and also provides a specific email address to answer shareholders' enquiries. The Company allocates, as well, a work team especially dedicated to providing assistance to the Chairman of the Shareholders' General Meeting and to shareholders overall.

*1.2 Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including setting a resolution-fixing quorum greater than that required by law.*

#### RECOMMENDATION FULLY ADOPTED

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

*1.3 Companies shall not establish mechanisms that might cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly substantiated in terms of long term interests of shareholders.*

#### RECOMMENDATION FULLY ADOPTED

No such mechanisms have been adopted or established.

*1.4 The company's articles of association that provide for a limitation to the number of votes that may be held or exercised by a sole shareholder, either individually or in agreement with other shareholders, shall also foresee that, at least every five years, the maintenance of such bylaw provision shall be subject to a resolution at the General Meeting – with no requirements for an aggravated*





*quorum as compared to the legal one – and that in said resolution, all votes issued be counted, without applying said restriction.*

#### **RECOMMENDATION NOT APPLICABLE**

The Company's Articles of Association do not establish any limitation on the number of votes that may be issued by a shareholder.

*I.5 Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and are able to impair the free transfer of shares and the free assessment by shareholders of the performance of Board members, shall not be adopted.*

#### **RECOMMENDATION FULLY ADOPTED**

The Company does not adopt, unilaterally, policies that have as effect any of the restrictions listed in this recommendation. The contracts concluded by the Company reflect the defense of its social interest in order to achieve long term business sustainability considering market conditions.

## **II. SUPERVISION, MANAGEMENT AND AUDIT**

### **II.1 SUPERVISION AND MANAGEMENT**

*II.1.1 Within the limits established by law, and unless the company is of a reduced size, the board of directors shall delegate the daily management of the company, and the delegated duties should be identified in the Annual Report on Corporate Governance.*

#### **RECOMMENDATION FULLY ADOPTED**

The Board of Directors has delegated the daily management of the Company to the Executive Committee, the role and competencies of which are described in the present Corporate Governance Report (please refer to paragraphs 27 and 28).

*II.1.2 The Board of Directors shall ensure that the company acts in accordance with its goals and should not delegate its duties, as regards the following: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions considered to be strategic due to the amount, risk and particular characteristics involved.*

#### **RECOMMENDATION FULLY ADOPTED**

The powers not delegated by the Board are described in the present Report and comply with the rules contained in this recommendation (please refer to paragraph 28).

*II.1.3 In addition to its supervisory duties, the General and Supervisory Board shall take full responsibility at corporate governance level, hence, either through the statutory provision, or equivalent, it must be established, as a mandatory requirement, that this body decides on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of the company's key policies.*

#### **RECOMMENDATION NOT APPLICABLE**

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

*II.1.4 Unless the company is of a reduced size, and depending on the adopted model, the Board of Directors and the General and Supervisory Board shall create the necessary committees in order to:*

*a) Ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as of its own overall performance. And further yet, the performance of all existing committees;*

*b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies measures to be implemented with a view to their improvement.*

#### **RECOMMENDATION FULLY ADOPTED**



The Board of Directors has set up two specialised committees, made up of non-executive Board members, to ensure the effectiveness and the quality of the work performed. The committees currently in existence are the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee (please refer to paragraph 29).

*II.1.5 Depending on the applicable model, the Board of Directors or the General and Supervisory Board should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.*

**RECOMMENDATION FULLY ADOPTED**

The Board of Directors has established internal risk control systems with appropriate components (please refer to paragraphs 50-55).

*II.1.6 The Board of Directors shall include a sufficient number of non-executive members, whose role is to ensure effective monitoring, supervision and assessment of the activity of the remaining members of the board.*

**RECOMMENDATION FULLY ADOPTED**

The Board of Directors has a total number of nine members, seven of which are non-executive members (please refer to paragraph 17).

*II.1.7 The non-executive members of the management body shall include a number of independent members as appropriate, taking into account the adopted corporate governance model, the size of the company, its shareholder structure and the relevant free float.*

*The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed under the terms of the legislation in force. The other members of the Board of Directors are considered independent, if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, namely due to:*

*a. Having been an employee of the company or of a company holding a controlling or group relationship with the latter, within the last three years;*

*b. Having, in the past three years, provided services or established a commercial relationship with the company or company which is in a control or group relationship with the latter, either directly, or as a partner, board member, manager or director of a legal person;*

*c. Being paid by the company or by a company with the latter in a control or group relationship, other than the remuneration paid for the exercise of Board member functions;*

*d. Living with a partner or being spouse, relative or any next of kin relative, either direct or up to and including the third degree of collateral affinity, of board members or natural persons that are direct and indirectly holders of qualifying holdings;*

*e. Being a qualifying shareholder or representative of a qualifying shareholder.*

**RECOMMENDATION FULLY ADOPTED**

The Board of Directors is composed of five independent non-executive directors who meet the independence criteria set out in this recommendation (please refer to paragraph 18).

*II.1.8 When executive directors are requested by other Board members to supply information, the former shall do so in a timely and appropriate manner.*

**RECOMMENDATION FULLY ADOPTED**

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.1.9 The Chairman of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman*





*of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Financial Matters Committee, the convening notices and minutes of the relevant meetings.*

**RECOMMENDATION FULLY ADOPTED**

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

*II.1.10 Should the chairman of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination and the conditions of other non-executive members' work, so that said non-executive members can make independent and informed decisions or set up an equivalent mechanism to ensure such coordination.*

**RECOMMENDATION NOT APPLICABLE**

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

**II.2 AUDIT**

*II.2.1 Depending on the applicable model, the Chairman of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the appropriate skills to carry out its duties.*

**RECOMMENDATION FULLY ADOPTED**

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

*II.2.2 The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible for proposing the relevant remuneration and ensuring that the proper conditions for the provision*

*of services are provided within the company.*

**RECOMMENDATION FULLY ADOPTED**

The Statutory Audit Board is responsible for overseeing the work performed and verifying the independence of the Statutory External Auditor, and primordially receiving its reports and interacting with it according to the role of the Statutory Audit Board and in compliance with its Regulation, available at [www.sonae.pt](http://www.sonae.pt) (tab Investors, Corporate Governance section).

*II.2.3 The supervisory board shall assess annually the external auditor and propose to the competent body its dismissal or termination of the contract as to the provision of their services, whenever justifiable grounds are present.*

**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.2.4 The supervisory board shall assess the functioning of the internal control systems and risk management, proposing adjustments if deemed necessary.*

**RECOMMENDATION FULLY ADOPTED**

The Board of Directors proactively ensures the working of the internal control and risk management systems. The Statutory Audit Board evaluates the effectiveness of these systems, proposing measures to optimise their performance, as 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](http://www.sonae.pt) (tab Investors, Shareholders' General Meetings section).

*II.2.5 The Audit Committee, the General and Supervisory Board and the Supervisory Board should decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least*

when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential irregularities.

#### **RECOMMENDATION FULLY ADOPTED**

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 (please refer to paragraph 38).

### **II.3 REMUNERATION APPROVAL**

**II.3.1** All members of the Remuneration Committee or equivalent shall be independent from the members of the executive members of the board and shall include at least one member with knowledge and experience in remuneration policy.

#### **RECOMMENDATION ADOPTED IN ACCORDANCE WITH THE JUSTIFICATION SHOWN BELOW**

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, SA, and is thereby acting in the interests of this major shareholder and not as Chairman of the Board of Directors. The additional two members of the Shareholders' Remuneration Committee are independent.

Furthermore, to ensure the independence of the role, Belmiro Mendes de Azevedo does not take part in any discussion or resolution where there is, or there may be, a conflict of interest. With this procedure, he ensures the conditions of independence for the action and taking of decisions by the Remuneration Committee.

**II.3.2** Any natural or legal person that provides or has provided services in the last three years to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of its

duties. This recommendation also applies to any natural or legal person that is related to them through an employment or provisions of services contract.

#### **RECOMMENDATION FULLY ADOPTED**

The Board Nomination and Remuneration Committee, made up of non-executive directors, supports the Shareholders' Remuneration Committee to carry out its duties. Whenever the exercise of such duties relies on internationally recognised consultants, the independence of the latter 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 by their self-evident broad experience and recognised status in the market place (please refer to paragraph 67).

**II.3.3** The statement on the remuneration policy of the management and supervisory 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:

- a) Identification and explanation of the criteria for determining the remuneration granted to the members of the governing bodies;
- b) Information regarding the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate terms, to be paid to the members of the corporate bodies, and also the identification of the circumstances whereby these maximum amounts may be payable;
- d) (sic) Information regarding the enforceability or unenforceability of payments for board members dismissal or termination of appointment.

#### **RECOMMENDATION FULLY ADOPTED**

A statement on the Company's remuneration policy was presented to the Shareholders' General Meeting on 30 April 2013 and includes the information referred to in this recommendation. Payments for the dismissal or termination of appointment of directors are not required, subject to the applicable legal provisions.

A statement on the remuneration policy is available at

<http://www.sonae.pt/en/investors/shareholders->





*general-meetings/.*

**II.3.4** *A proposal for approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the information necessary for a proper appraisal of the plan.*

#### **RECOMMENDATION FULLY ADOPTED**

The medium term variable remuneration plan, including its implementation, was approved at the Shareholders' Annual General Meeting, held on 30 April 2013 and is available at

<http://www.sonae.pt/en/investors/shareholders-general-meetings/>.

**II.3.5** *Approval of any retirement benefit scheme established for members of the statutory governing bodies must be submitted to the General Meeting's approval. The proposal shall contain all the information necessary for the correct assessment of the system.*

#### **RECOMMENDATION NOT APPLICABLE**

The approved remuneration policy does not establish any system of retirement benefits.

### **III. REMUNERATION**

**III.1** *The remuneration of the executive members of the board shall be based on actual performance and shall discourage excessive risk taking.*

#### **RECOMMENDATION FULLY ADOPTED**

The remuneration of the members of the Board of Directors who perform executive duties is based on the performance of those directors, measured according to pre-established criteria and is built to align their activities with the Company's sustainability and shareholder interests. Excessive risk taking is discouraged.

The declaration concerning the Company's

remuneration policy, which was approved at the Shareholders' Annual General Meeting of 30 April 2013, is available on the Company's website at

<http://www.sonae.pt/en/investors/shareholders-general-meetings/> and is further described in paragraphs 69-76 of this Report.

**III.2** *The remuneration of the non-executive board members and the members of the supervisory board, shall not include any component whose value depends on the performance of the company or of its value.*

#### **RECOMMENDATION FULLY ADOPTED**

The remuneration of non-executive members of the Board of Directors consists solely of a fixed amount, without any connection with the Company performance or its value.

The Company's remuneration policy was approved at the Shareholders' Annual General Meeting, held on 30 April 2013, and is available on the Company's website at

<http://www.sonae.pt/en/investors/shareholders-general-meetings/> and is further described in paragraphs 69-76 of this Report.

**III.3** *The variable remuneration component shall be overall reasonable in relation to the fixed component of the remuneration and maximum limits should be set for all components.*

#### **RECOMMENDATION FULLY ADOPTED**

The remuneration components are disclosed in the Company's remuneration policy, which was approved at the Shareholders' Annual General Meeting of 30 April 2013, and is available on the Company's website at

<http://www.sonae.pt/en/investors/shareholders-general-meetings/> and is further described in paragraphs 69-76 of this Report.

The remuneration policy provides a solid relationship between the fixed and variable component of the remuneration which is suitable to the Company and group profile, as annually approved and confirmed at the Shareholder's General Meeting.

*III.4 A significant part of the variable remuneration should be deferred for a period of no less than three years and its payment should depend on the continued positive performance of the company during said period.*

**RECOMMENDATION FULLY ADOPTED**

In accordance with the remuneration policy approved at the Shareholders' Annual General Meeting, held on 30 April 2013 (<http://www.sonae.pt/en/investors/shareholders-general-meetings/>), a portion of not less than fifty per cent of variable remuneration is deferred for a period of three years and its value depends on the Company's continued positive performance over that said period (please refer to paragraphs 69-76).

*III.5 Members of the Board of Directors shall not enter into contracts with the company or third parties which intend to mitigate the risk inherent to remuneration variability set by the company.*

**RECOMMENDATION FULLY ADOPTED**

The remuneration policy approved at the Shareholders' General Meeting held on the 30 April 2013 addresses the principle defined in this recommendation (please refer to paragraphs 69-76). It is available for consultation on the Company's website:

<http://www.sonae.pt/en/investors/shareholders-general-meetings/>.

*III.6 Until the end of their mandate, executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the overall annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares.*

**RECOMMENDATION FULLY ADOPTED**

The remuneration policy approved at the Shareholders' General Meeting held on the 30 April 2013 addresses the principle defined in this recommendation (please refer to paragraphs 69-76). It is available for consultation on the Company's website:

<http://www.sonae.pt/en/investors/shareholders-general-meetings/>.

*III.7 If the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.*

**RECOMMENDATION NOT APPLICABLE**

The approved remuneration policy does not include the allocations of options.

*III.8 When the removal of the board member is not due to a serious breach of their duties, nor to their unfitness for the normal exercise of their functions, but is yet due to inadequate performance, the company shall be endowed with the adequate and necessary legal instruments, so that any damages or compensation, beyond that which is legally due, is unenforceable.*

**RECOMMENDATION FULLY ADOPTED**

The Company fully complies with this recommendation in its policy (please refer to paragraphs 69-76).

## IV. AUDITING

*IV.1 The external auditor shall, within the framework of its duties, verify the implementation of remuneration policies and systems of the corporate bodies, as well as the efficiency and effectiveness of the internal control mechanisms, reporting any deficiencies to the company's supervisory body.*

**RECOMMENDATION FULLY ADOPTED**

The Statutory External Auditor discloses the activities carried out during 2013 in its annual audit report, which is subject to approval at the Shareholders' Annual General Meeting, and is available for consultation in [www.sonae.pt](http://www.sonae.pt) (tab Investors, Shareholders' General Meetings section).

*IV.2 The company or any other entities with the latter in a control relationship, shall not engage the external auditor or any entity with the latter in a*







group relationship or which is part of the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said value should not exceed more than 30% of the total value of services rendered to the company.

#### RECOMMENDATION FULLY ADOPTED

The services provided by the Statutory External Auditor were approved by the Statutory Audit Board within the recommended principles (please refer to paragraph 47).

**IV.3** Companies shall support auditor rotation at the end of two or three terms of office, depending on whether they last for four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.

#### RECOMMENDATION FULLY ADOPTED

The Statutory External Auditor began his third mandate in 2011, having been elected by the Shareholders' General Meeting on recommendation of the Statutory Audit Board.

Said recommendation can be consulted at

<http://www.sonae.pt/en/investors/shareholders-general-meetings/>.

### V. CONFLICTS OF INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

**V.1** In relation to business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with article 20 of the Securities Code, such business should be conducted on an arm's length basis.

#### RECOMMENDATION FULLY ADOPTED

Sonae endeavours to carry out transactions with

related parties based on principles of rigour and transparency, and in strict observance of the rules of market competition. Such transactions are subject to specific internal procedures based on mandatory standards, in particular 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.

**V.2** Significant business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with article 20 of the Securities Code, should be subject to prior comment and opinion by the audit board. This entity must establish the necessary criteria to define the relevant level of significance of the business involved and the scope of its involvement.

#### RECOMMENDATION FULLY ADOPTED

Sonae has approved, and has in place, a formal internal procedure that involves obtaining an opinion from the Statutory Audit Board and from the Board Audit and Finance Committee prior to the Executive Committee doing business with qualified shareholders or with entities with which they are related, according to the terms of Article 20 of the Securities Code, in cases where the transaction involved is greater than 100 million Euros. In addition, for all transactions with the above mentioned parties in excess of 10 million Euros, reports are submitted to these two entities every six months.

### VI. INFORMATION

**VI.1** Companies shall provide, via their websites in both Portuguese and English version, access to information on their progress as regards the economic, financial and governance standing.

#### RECOMMENDATION FULLY ADOPTED

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

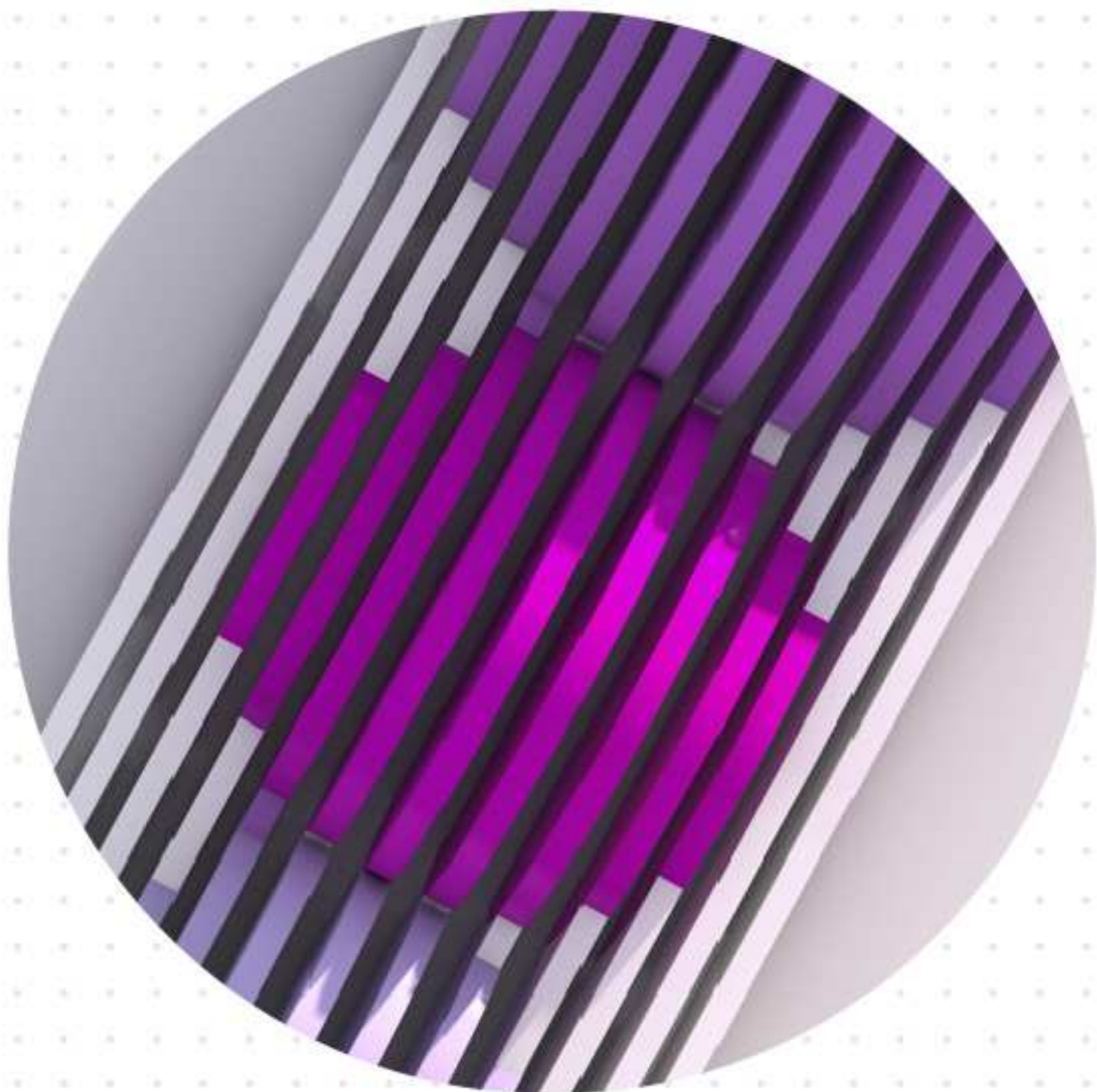
*VI.2 Companies shall ensure the existence of an investor support and market liaison office, capable of responding to investors' requests in a timely manner. A record of the submitted requests and their processing shall be kept.*

**RECOMMENDATION FULLY ADOPTED**

The Company has an Investor Relations Department that provides regular and relevant information to the investors and financial community, and keeps an updated record of all relevant interactions which might optimise the quality of its performance.









## 1. BOARD OF DIRECTORS

### 1.1 Professional qualifications and curricular references

#### BELMIRO MENDES DE AZEVEDO

##### Date of Birth

17 February 1938

##### Education

|           |   |
|-----------|---|
| 1963      | Degree in Chemical Engineering (FEUP – Faculty of Engineering, University of Oporto)  |
| 1965-1968 | Teaching Assistant at the Faculty of Engineering of the University of Oporto, in the following subjects:<br>- "Industries" (Industrial Project)<br>- "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   |
| 1985            | Chairman of APGEI (Portuguese Association of Industrial Engineering and Management)<br>Member of the Advisory Board of the Faculty of Economics, Universidade Nova de Lisboa (Business School) |
| 1989            | Founding member of the Institute for Business Studies (ISEE) (currently Porto Business School)   |
| 1990            | Member of Advisory Board of IPATIMUP – Institute of Molecular Pathology and Immunology, Universidade Nova de Lisboa  |
| 1989-1999       | Chairman of Sonae Investimentos - SGPS, SA (currently Sonae SGPS, SA)  |
| 1995            | Member of WBCSD – Order of Outstanding Contributors to Sustainable Development   |
| 1997            | Member of European Union Hong-Kong Business Cooperation Committee  |
| 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 the Regional Advisory Board of the London Business School  |
| 2002-2009       | Member of the Management Board of Cotec Portugal   |
| 2004-2008       | Member of European Roundtable of Industrialists  |
| 2005            | Founding Member of the Board of the Founders of the Portugal Manufacture Forum   |
| 2005-2013       | Member of the European Advisory Board of the Harvard Business School   |
| 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 – Faculty of Engineering, 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

2004-2009 Trustee of the European Shopping Centre Trust

2005-2008 Trustee of the International Council of Shopping Centres

2008 Fellow of Royal Institute of Chartered Surveyors

2010-2013 Trustee of Urban Land Institute

2011-2013 Member of Investment Advisory Committee of PanEuropean Property Limited Partnership

## ÁLVARO CUERVO GARCIA

### Date of Birth

30 May 1942

### Education

1971 PhD in Economics - Madrid University

1973 M.S. in Statistics - Madrid University

1975 M.S. in Industrial Psychology - Madrid University

### Professional Experience

1975 Professor of Business Economics at Madrid Complutense University

1997-2006 Member of the Academic Council of the Real Colegio Complutense of Harvard University

2007 Associate Editor of Globalization, Competitiveness and Governability





|            |  |
|------------|--|
|            | Member of the Scientific and Advisory Committee of several journals<br>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 CEO 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

1998-2013 Chairman of the Supervisory Board of Les Editions du Cerf

2004-2007 Chairman of Institut Pasteur

2006-2012 Senior Advisor to Roland Berger

Since 1984 Member of the Board of Directors and Treasurer of Institut Pierre Mendès France

Since 1994 Founder and Honorary Chairman of Transparency International (France)

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 to Vermeer (Investment Fund)

Since 2009 Chairman of Fondact

## JOSÉ MANUEL NEVES ADELINO

### Date of Birth

19 March 1954

### Education

1976 Degree in Finance, Universidade Técnica de Lisboa

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 Deposits 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 Member of the Strategy Advisory Board of PT

2003-2007 Member of the Remuneration Committee of Sonae - SGPS, SA

2003-2010 Member of the Investment Committee of Fundo Caravela

1981 Present Professor, Faculty of Economics, 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  | <b>Kienbaum Consulting Group, Germany</b>  |
| 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<br>Deputy Chairman of the Management Board of the Central Management Board (Holding)  |
| 1988-1992  | <b>Kaufhof Holding AG, Germany</b>   |
| 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<br>In charge of the Mail Order Division, responsible for IT, Logistics, HR   |
| 1992-2002  | <b>Metro AG, Germany</b>   |
| 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<br>Chief Operating Officer for Central Europe<br>Metro Cash & Carry GmbH<br>In charge of the Cash & Carry Division, Marketing Corporate Planning, Merchandising, Operations, Public Relations, Construction & Fixtures/Fittings, Internal Audit |
| 2002-2008  | <b>Droege &amp; Comp.GmbH, Germany</b><br>International Consultant<br>Managing Partner, Düsseldorf<br>Head of Competence Centre, Consumer Goods & Retail<br>Head of Competence Centre for Eastern Europe, Düsseldorf   |
| 2012       | Member of the Supervisory Board of Lekkerland AG &Co. KG, Germany  |
| Since 2009 | <b>Horn &amp; Company GmbH, Germany</b><br>Partner, Düsseldorf<br>Head of Competence Center Consumer Goods & Retail  |
| Since 2009 | Member of the Supervisory Board Spar Österreichische Warenhandelsgesellschaft AG, Salzburg Austria   |
| Since 2009 | Vice Chairman of the Supervisory Board 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 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

2010-2013 Chief Retail Advisor, PwC

Since 2003 Director of Christine Cross Ltd (retail independent consultancy firm)

Since 2005 Non-Executive Director (Audit, Remco and Nomco Committee member) Next plc

Since 2006 Retail Advisor to Apax Private Equity

Since 2006 Retail Advisor to Warburg Pincus Private Equity

Since January 2012 Non Executive Director (PPC Chair), Woolworths (Australia) plc

Since December 2012 Non Executive Director 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-Abril 2007 Executive Director of Sonae – SGPS, SA

2000-2007 CEO of Sonaecom, SGPS, SA

2002-2007 Chairman of the Supervisory Board of Público Comunicação Social, SA

2003-2007 Chairman of the Supervisory Board of Glunz, AG

2004-2007 Chairman of the Board of Directors of Tableros de Fibras, SA (Tafisa)

Since May 2007 Chairman Executive Director of Sonae – SGPS, SA

**Other Entities**

2001-2002 Chairman of 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)

2006-2013 Member of the Founding Members Board of Casa da Música

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 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 President of the Board of Curators of Oporto University

## ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO

### Date of Birth

14 September 1959

### Education

1982 Graduate in Civil Engineering - FEUP

1988-1989 Master in Business Administration- MBA (Porto Business School)

### Professional Experience

1982-1984 Structural Design Project Manager at Tecnopor (Civil Engineering)

1984-1989 Manager at EDP (Energy)

1989-1991 Leader of the Television Project Team at Sonae Tecnologias de Informação

1991-1994 Head of Planning and Control at Sonae Investimentos - SGPS, SA (currently Sonae - SGPS, SA)

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

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

1996-2007 Executive Vice President and CFO of Sonae - SGPS, SA, Executive Director of Sonae Capital, SGPS, SA and Chairman of the Finance Committee of Sonae - SGPS, SA

2004-2009 Director of MDS - Corretor de Seguros, SA

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

## 1.2 Positions 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 of Sonae Capital, SGPS, SA

Chairman of SC - 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 Imoassets - Sociedade Imobiliária, SA

Sole Director of BA - Business Angels, SGPS, SA

Chairman of Porto Business School



**ÁLVARO CARMONA E COSTA PORTELA****Offices held in other companies within Sonae:**

None

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

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

Non-Executive Director of Sonae Turismo, SGPS, SA

Non-Executive Director of SC, SGPS, SA

Chairman (Non-Executive) of Contacto Concessões, SGPS, SA

Chairman (Non-Executive) of Ecociclo II – Energias, SA

Chairman (Non-Executive) of Integrum – Energia, SA

Chairman (Non-Executive) of Integrum Colombo – Energia, SA

Chairman (Non-Executive) of Integrum Martim Longo – Energia, SA

Chairman (Non-Executive) of Integrum Vale do Caima – Energia, SA

Chairman (Non-Executive) of Integrum Vale do Tejo – Energia, SA

Chairman (Non-Executive) of SC – Engenharia e Promoção Imobiliária, SA

Chairman (Non-Executive) of Sistavac – SGPS, SA

Chairman (Non-Executive) of Sistavac - SA

Chairman (Non-Executive) of Spred, SGPS, SA

Member of the Board of Representatives of the Faculty of Economics of the 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

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

Director of the Vctor e Graça Carmona e Costa Foundation

Director of Portela & Portela, Lda

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

**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 Devoteam

Member of the Board of Directors of Sonepar

Member of the Board of Directors of RLD

Senior Advisor to Vermeer (Investment Fund)

Member of the Board of Directors and Treasurer of Institut Pierre Mendès France (non-profit)

Chairman of the Board of Directors of Fondation Nationale pour l'Enseignement de la Gestion des Entreprises (non-profit)

Founder and Honorary Chairman of Transparency International (France) (non-profit)

Chairman of Fondact (non-profit)

## JOSÉ MANUEL NEVES ADELINO

### Offices held in other companies within Sonae:

None

### Offices held in other entities outside Sonae:

Member of the Statutory Audit Board at Banco BPI

Member of Investment Committee of Portugal VC Initiative (EIF)

Member of the Board of Directors of Cimpor

Finance and Investment Director – Calouste Gulbenkian Foundation

### Academic Offices held:

Professor of Finance, Faculty of Economics, 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 of Horn & Company GmbH, Düsseldorf, Germany





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

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

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

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

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

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## CHRISTINE CROSS

### Offices held in other companies within Sonae:

None

### Offices held in other entities outside Sonae:

Non-Executive Director of Next plc (Audit, Remco and Nomco Committee member)

Retail Advisor to Apax Private Equity

Retail Advisor to Warburg Pincus Private Equity

Director of Christine Cross Ltd

Non-Executive Director (PPC Chair ), Woolworths (Australia) plc

Non-Executive Director Kathmandu (New Zealand) plc

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## DUARTE PAULO TEIXEIRA DE AZEVEDO

### Offices held in other companies within Sonae:

Chairman of Sonae Sonae Investimentos, SGPS, SA

Chairman of Sonae MC – Modelo Continente, SGPS, SA

Chairman of Sonae – Specialized Retail, SGPS,SA

Chairman of Sonae Center Serviços II, SA

Chairman of Sonaecom, SGPS, S.A.

Chairman of Sonae Sierra, SGPS, S.A.

Chairman of MDS, SGPS, SA

### Offices held in other entities outside Sonae:

Chairman of Migracom, SGPS, S.A.

Vice-Chairman 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 European Round Table of Industrialists (ERT)

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

Member of the Board of Curators of Oporto University

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Director of the COTEC

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Member of International Advisory Board of Allianz SE

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## ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO

### Offices held in other companies within Sonae:

---

CEO of Sonaecom, SGPS, SA

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Chairman of Sonaecom - Sistemas de Informação, SA

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Chairman of Sonaecom - Serviços Partilhados, SA

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Chairman of WeDo Consulting - Sistemas de Informação, SA

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Chairman of Público - Comunicação Social, SA

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Chairman of PCJ - Público, Comunicação e Jornalismo, SA

---

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

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Member of the Board of Directors of ZON OPTIMUS, SGPS, SA

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Chairman of Sonaegest - Sociedade Gestora de Fundos de Investimentos, SA

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Chairman of Sonaerp- Retail Properties, SA

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

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

---

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

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

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Director of Sonae Investments, BV

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Director of Sontel BV

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

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Chairman of MDS AUTO, Mediação de Seguros, SA

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Chairman of Sonae RE, SA

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

### Offices held in other entities outside Sonae:

---

Board of Governors of Universidade Católica Portuguesa

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Board of Governors of Porto Business School

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

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Executive Director of Love Letters - Galeria de Arte, SA

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Sole Director of Enxomil, SGPS, SA

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Sole Director of Enxomil, Sociedade Imobiliária, SA

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## 2 STATUTORY AUDIT BOARD

### 2.1 Professional qualifications and curricular references

#### DANIEL BESSA FERNANDES COELHO

**Date of Birth**

6 May 1948

**Education**

1970 Degree in Economics – University of Oporto

1986 Phd in Economics – Universidade Técnica de Lisboa

**Professional Experience**

1970-2009 Lecturer at the University of Oporto

1970-1999 - Faculty of Economics

1988-2000 - ISEE (Institute for Entrepreneurship Studies)

1989-2002 - Faculty of Engineering

2000-2008 - EGP (currently Porto Business School)

2008-2009 - EGP – University of Porto Business School (currently Porto Business School)

2009 - Faculty of Economics

1978-1979 Dean of the Faculty of Economics of the University of Oporto

1983-2013 Economist (self-employed)

1990-1995 Dean for the Financial Management Guidance of the University of Oporto

1995-1996 Ministry of Economy 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

2003-2013 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.

2008-2013 Member of the Investment Committee Member of PVCI – Portuguese Venture Capital Initiative, entity created by FEI – European Investment Fund

2009-2013 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 External Auditor of several national and international companies and consultant to several companies

Since 2006 Partner of Horwath Parsus- Consultoria e Gestão, Lda.





## 2.2 Positions held in other entities

### 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 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 Valorinveste – Soc. Invest. Imob., SA

External Auditor at Jofabo – Construção e Imobiliária, SA

External Auditor at Know it – Soluções Formação Tecnologia, SA

External Auditor at Blue Share, SA

External Auditor at Praianorte – Hotelaria e Turismo, SA

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

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

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External Auditor at PMVA - Imobiliária, SA

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External Auditor at the Foundation of the Oporto University

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External Auditor at the University of Coimbra

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External Auditor at Mário Andrade Silva – Soc. Investm. SGPS, SA

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External Auditor at Bruno Machado Silva, Soc. Imobiliária, SA

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External Auditor at BMS – Soc. Investimentos, SGPS, SA

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External Auditor at Green Capital, SGPS, SA

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External Auditor at Cinclus – Project Management, SGPS, SA

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External Auditor at Velas Pires de Lima, SA

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External Auditor at Eurogenova – Soc. Imobiliária, SA

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External Auditor at Parceleção, SGPS, SA

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Partner of Horwath Parsus – Consultoria e Gestão, Lda

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