

SONAE COM

# CORPORATE GOVERNANCE

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**Part I** Shareholding Structure,  
Organisation and Corporate  
Governance

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**Part II** Statement  
of Compliance

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**Part III** Analysis of Compliance  
with the Adopted  
Corporate Governance  
Code

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**Appendices I, II and III**



## PART I – SHAREHOLDING STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

### A. Shareholding Structure

#### I - Share capital structure

##### 1. Capital structure

The company's share capital is 230,391,627.38 euros, fully subscribed and paid up and is divided into 311,340,037 registered ordinary shares with a nominal value of 0.74 Euro each.

All shares representing the share capital of Sonaecom are traded in the Euronext Lisbon regulated market.

##### 2. Restrictions on share transferability and ownership

There are no restrictions on the transferability or ownership of Sonaecom shares.

##### 3. Own shares

At 31 December 2014, Sonaecom held 5,571,014 own shares, representing 1,789% of its share capital.

##### 4. Impact of the change in Sonaecom shareholder control in significant agreements

There are no agreements signed by Sonaecom that include clauses intended to constitute defensive measures against change in its shareholding control or which would cease in case of change in control of the company after a takeover bid.

**Most of Sonaecom's share capital is owned by one single shareholder.**

##### 5. System to which the renewal or removal of defensive measures are subject, in particular those which establish the limitation of the number of votes that can be cast or exercised by a single shareholder individually or in agreement with other shareholders.

No defensive measures were taken.

##### 6. Shareholders' agreements

No shareholders' agreements that have Sonaecom as their subject are known.

#### II - Shares and bonds held

##### 7. Qualified shareholdings

In compliance with the Article 8, paragraph 1, point (b) of regulation 05/2008 of the Securities and Exchange Commission, the qualified shareholdings at 31 December 2014 are described:

				% of voting rights
Shareholder	Number of shares	% of Share capital	With own shares	Without own shares
Directly				
Sontel BV	194,063,119	62.33%	62.33%	63.47%
Sonae- SGPS, S.A.	81,022,964	26.02%	26.02%	26.50%
Total attributable <sup>(1)</sup>	275,086,083	88.36%	88.36%	89.97%

(1) Belmiro Mendes de Azevedo is, according to article 20 paragraph 1, subparagraph b), and article 21, paragraph 1, both of the Portuguese Securities Code, the ultimate beneficial owner, as it holds circa 99% of the share capital and voting rights in Efanor Investimentos, SGPS, SA and the latter wholly owns Sonae - SGPS S.A. and Sontel BV.

##### 8. Number of shares and bonds held by the members of management and supervisory Board, presented in the terms of no. 5 of art. 447 of the Portuguese Companies Act

The information can be found in Appendix I of this Report.

##### 9. Competence of the Board of Directors in capital increases

This is a competence that corresponds exclusively to the General Shareholders' Meeting.

##### 10. Commercial relationships between the holders of qualified shareholdings and the company

Business and transactions with holders of qualified shareholdings are part of the usual activity of Sonaecom subsidiaries and are executed in normal market conditions. The amounts involved correspond mostly to interest and are not significant.



## B. Statutory Governing Bodies and Committees

### I - Shareholders' General Meeting

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

##### 11. Identification and roles of the members of the General Shareholders' Meeting Board and term of office

Identification of the members of the General Shareholders' Meeting Board until April 24 2014:

João Augusto Esmeriz Vieira de Castro	Chairman	Term of office 2012-2015
António Agostinho Cardoso da Conceição Guedes	Secretary	Term of office 2012-2015

Following the resignation of the Chairman João Augusto Esmeriz Vieira de Castro, due to personal reasons, and the Secretary António Agostinho Cardoso da Conceição Guedes, the election of the following elements to fill the vacancies until the end of the term of office was decided in the Annual General Shareholders' Meeting of April 24 2014:

António Agostinho Cardoso da Conceição Guedes	Chairman	Term of office 2012-2015
Maria Daniela Farto Baptista Passos	Secretary	Term of office 2012-2015

*\* Throughout the reference year*

#### b) Exercising voting rights

##### 12. Potential restriction on voting rights

The company's Articles of Association do not envisage any limitation on the tallying of the votes or the existence of shares with no voting rights.

##### 13. Maximum percentage of voting rights that can be exercised by a single shareholder or by shareholders with whom s/he is in any of the relationships described in paragraph 1, article 20.

This regulation is not included in Sonaecom's Articles of Association, given that they do not establish any limitation on the number of votes that may be held or exercised by a single shareholder or group of shareholders.

##### 14. Shareholder decisions which, due to the Articles of Association, may only be taken with a qualified majority

As established in the Company's Articles of Association, any decisions made by the General Shareholders' Meeting shall be by simple majority, unless otherwise required by law.

## II – Management and supervision

### a) Composition

##### 15. Identification of the adopted governance model

This company adopted the monist governance model, whose administration structure is centralised in the Board of Directors. The supervisory structure includes a Statutory Audit Board and a Statutory External Auditor.

The Board of Directors is the body in charge of managing the company's business, performing all the administration functions pertaining to the corporate purpose, monitoring risks, and executing the organisation's objectives and strategy. The Statutory Audit Board has the supervising responsibility.

##### 16. Statutory regulations on procedural and material requirements applicable to the appointment and replacement of the members of the Board of Directors

The members of the Board of Directors are elected, as established by law and the Company's Articles of Association, in the terms specified in the proposal approved in the General Shareholders' Meeting

The Articles of Association establish that, should shareholders representing at least 10% of the share capital vote against the winning proposal for the election of the directors, a director will be elected by the shareholders in said minority, in the same meeting, and the director elected shall automatically replace the person with the lowest number of votes in the winning list, or, in case of an equal number of votes, the person in the last position in the list. One shareholder may not nominate more than one candidate.

Should candidates be nominated by more than a group of shareholders, the vote shall concern those candidacies as a whole. These regulations shall not apply to the election of a substitute director.

It is also statutorily established that in case of death, resignation, or any temporary or definitive incapacity of any director other than a director elected under the minority rule, the Board of Directors shall replace said director through co-option. This appointment shall be subject to ratification by shareholders in the following General Meeting.

However, the definitive lack, for any reason, of a director elected under the aforementioned special rules shall lead to a new election by the General Meeting.

The Board of Directors shall appoint its Chairman.



## 17. Composition of the Board of Directors

### Composition

Pursuant to the Sonaecom's Articles of Association, the Board of Directors may be constituted by three to twelve members, elected in the General Shareholders' Meeting. The Board of Directors' term of office is four years. Its members may be re-elected. Of The current Board of Directors term of office is 2012 to 2015.

Until April 14, 2014, the composition of the Board of Directors was as follows:

#### Members

Duarte Paulo Teixeira de Azevedo	Chairman [resigned on March 27, 2014 - resignation with effect on April 24, 2014]
António Sampaio e Mello	Independent non-executive Director [resigned on March 26, 2014 - resignation with effect on April 24, 2014]
David Charles Denholm Hobley	Non-executive Director [resigned on March 26, 2014 - resignation with effect on April 24, 2014]
Gervais Gilles Pellissier	Non-executive Director [resigned on March 18, 2014 - resignation with effect on April 24, 2014]
Jean-François René Pontal	Non-executive Director [resigned on March 26, 2014 - resignation with effect on April 24, 2014]
Frank Dangeard	Independent non-executive Director [resigned on March 26, 2014 - resignation with effect on April 24, 2014]
Ângelo Gabriel Ribeirinho dos Santos Paupério	Executive Director and CEO
António Bernardo Aranha da Gama Lobo Xavier	Executive Director
Maria Cláudia Teixeira de Azevedo	Executive Director and CEO of the SSI and Online & Media divisions
Miguel Nuno Santos Almeida	Executive Director and Deputy CEO [resigned on March 26, 2014 - resignation with effect on April 24, 2014]

In view of the resignations tendered by the members of the Board of Directors Jean-François René Pontal, David Charles Denholm Hobley, Gervais Gilles Pellissier, António Maria Theotónio Pereira Sampaio e Melo, Frank Emmanuel Dangeard, Duarte Paulo Teixeira de Azevedo and Miguel Nuno Santos Almeida, on the aforementioned dates, it was decided at the Annual General Meeting, held in April 24, 2014, to reduce the number of members of the Board of Directors to three.

As a result of that decision, the Board of Directors has changed to the following:

Director	Role	Date 1 <sup>st</sup> Apointment	Term of Office
Ângelo Gabriel Ribeirinho dos Santos Paupério	Chairman	24-04-2007	31-12-2015
António Bernardo Aranha da Gama Lobo Xavier	Executive Director	23-04-2010	31-12-2015
Maria Cláudia Teixeira de Azevedo	Executive Director; CEO of SSI and Online & Media divisions	05-04-2006	31-12-2015

## 18. Positions of the Board Directors

### Members

Ângelo Gabriel Ribeirinho dos Santos Paupério	Chairman of the Board of Directors
António Bernardo Aranha da Gama Lobo Xavier	Executive Director
Maria Cláudia Teixeira de Azevedo	Executive Director and CEO of the SSI and Online & Media divisions

The Board of Directors, given its composition resulting from the decision made by the shareholders in the General Meeting on April 24, 2014 - of reducing the number of members of this body to three - and in virtue of the company's dimension, considers the delegation of powers in an Executive Committee or managing director unnecessary.

The company believes that its current dimension, its shareholder structure and the reduced dispersion of its share capital do not justify the existence of independent directors.

## 19. Professional qualifications of the members of the Board of Directors

The academic qualifications, experience, and duties of the directors are given in Appendix II of this report.



20. Significant family, professional, and commercial relationships of the members of the Board of Directors with shareholders that have qualified shares

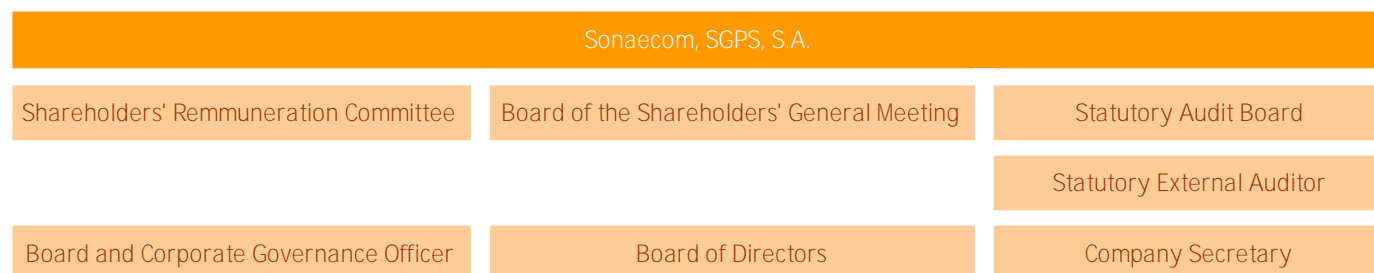
Maria Claudia Teixeira de Azevedo, member of the Board of Directors, is the sister of the CEO of Sonae, SGPS, S.A. Duarte Paulo Teixeira de Azevedo – company which holds, as of 31 December 2014, an 88.36% share in Sonaecom, corresponding to 89.97% of the voting rights. This Director is also daughter of Belmiro Mendes de Azevedo, shareholder and member of the Board of Directors of Efanor Investimentos, S.A., a company that holds the control of Sonaecom's share capital.

The Chairman of the Board of Directors of Sonaecom, Ângelo Ribeirinho dos Santos Paupério, is also a member of the Board of Directors of Sonae – SGPS, S.A., shareholder of Sonaecom in the terms described above.

21. Distribution of competences among the various corporate bodies, committees, and/or company departments, including information about delegation of competence, in particular regarding delegation of **the company's daily management**

i) Distribution of competences among the various corporate bodies and respective committees:

**Sonaecom's corporate structure clearly describes the functions, responsibilities and duties of its bodies.**



Following below are the main functions and responsibilities of the Sonaecom corporate bodies:

#### Board of Directors

The Board of Directors is responsible for managing the company's business, monitoring risks, handling conflicts of interest, and executing the organisation's objectives and strategy.

Sonaecom's Articles of Association allow the Board of Directors to delegate powers to one or more Managing Directors or an Executive Committee when it comes to everyday business, duties and management responsibilities. However, they do not allow the Board of Directors to approve capital increases, which shall be decided in the General shareholders' Meeting.

**All the terms of reference for the Board of Directors may be viewed on the company's website ([www.sonae.com](http://www.sonae.com)) at <http://www.sonae.com/investidores/governo-das-sociedades/orgaos-de-administracao-e-fiscalizacao/>.**

The Board of Directors is advised by a set of corporate functions; described in section ii), below:

ii) Distribution of competences among the various company departments

#### Administrative and Financial Department

Main duties:

- To ensure the control of internal processes and transactions and the reliability and timely reporting of financial, fiscal, and management information;
- Accounting records of transactions and preparation of individual and consolidated financial reports for the companies;
- **Efficient management of the Sonaecom Group's cash;**
- **Negotiation and contracting of the most suitable banking products and services for the Group's business needs;**
- **Efficient and effective management of all the administrative processes for the Sonaecom Group's business;**
- Management of financial risk and support in execution of monetary market, interest rate, or exchange transactions;
- Management of the administrative processes for Accounts Payable, Receivables, Cash and Banks, Stocks, and Tangible Assets;
- Ensuring the rigour and reliability of the financial information, with the support of the most efficient information system;
- **Optimisation of the Sonaecom's Group fiscal efficiency**, ensuring the monitoring of fiscal procedures in all Sonaecom businesses, as well as compliance with tax obligations and control of the fiscal group;
- Management of the Sonaecom transfer pricing dossier;
- Support for decision-making and process implementation in the various areas in the Sonaecom Group;
- Collaboration in the definition of the strategy and fiscal objectives, in particular providing support to business internationalisation;
- Monitoring of all the litigation processes with the tax authorities, **and management of the defence of the Group's business;**
- Promotion of and support to the provision of tax and financial incentives;
- Participation in special projects in the Sonaecom Group, such as mergers and acquisitions and corporate restructuring.

#### Planning and Management Control Department

Main duties:

- Supporting the development of the corporate strategy and/or business;
- Promoting, leading, and implementing the annual strategic planning;
- Leading and monitoring the annual Sonaecom budgeting process, as well as preparing the report on budget implementation;





- Challenging the corporate business and areas as regards the goals set so as to constantly improve and optimise the efficiency of Sonaecom's business, performance, and results;
- Preparing and analysing business management information, as well as consolidated data, on a monthly, quarterly, and annual basis, analysing deviations from the budget and proposing corrective actions;
- Supporting decisions for the allocation of capital to ongoing businesses and new business opportunities; in charge of analysing the invested capital and the return on the invested capital;
- Creating business plans together with the business management teams;
- Performing technical and benchmark studies for the Sonae business in order to evaluate its performance in comparison with competitors and other players in the market.

#### Risk Management Department

As a result of the changes that have taken place throughout 2014 in the Sonaecom's portfolio, Risk Management is ensured at the level of company business. Thus, each business unit is involved in the functional processes, with the responsibility of implementing internal controls and managing specific risks. In general, each one of the businesses has as main responsibilities:

- Promoting a culture of risk awareness, as well as mediating and managing the business risks that interfere with the achievement of objectives and the creation of value in the organisation;
- Promoting and monitoring the implementation of programmes and actions aimed at bringing risk levels close to the acceptable levels established by the management.

#### Internal audit Department

Main duties:

- Assessing risk exposure and checking the effectiveness of risk management and internal controls through the execution of audits of business processes and information systems;
- Proposing measures to improve controls and monitor the evolution of risk exposure associated with the main audit findings.

#### Legal Department

Main duties:

- Relations with Euronext Lisbon, with the Portuguese Securities Market Commissions and with shareholders regarding legal issues;
- Legal management of company governance and monitoring of compliance with best practices in this area;
- Monitoring, controlling and ensuring compliance of business activities in software, information systems and media areas;
- Drafting and/or analysing contracts to maximise security and reduce legal risks and potential costs;
- Management of all aspects pertaining to the intellectual and industrial property of the various businesses, such as brands, trademarks, names, patents, logos, marketing, slogans, domain names and copyright;
- Execution of all public deeds, registrations and notarial procedures required for business, whether they are commercial, property, or corporate;
- Management of all dispute processes and corporate processes in the pre-litigation stages and during litigation;
- Support to obtain the various licences required for business;
- Monitoring the development of the legislation relevant to the Group's business;
- **Legal support in national and international operations of the company's business, as well as analysis of new national and international operations, in particular, in the latter, regarding the legal environment in the countries under analysis;**
- Mergers/demergers, acquisitions and corporate restructuring.

#### Human Resources Department

Main duties:

- Support to senior management on the implementation and development of human resources policies;
- Defining and implementing the human resources strategy, planning and talent management on various levels;
- Ensuring the presence and development of the technical and management competences of Sonaecom executives, either through the implementation of adequate recruitment and selection practices, or through the design and implementation of training transversal and/or individualised training and development plans;
- Developing human resources management models and processes in areas such as remuneration and benefit policy; career management; social climate monitoring and development; administrative management and salary processing; staff budgeting and reporting on human resources issues, occupational health, hygiene, and safety management;
- Monitoring legal occupational issues;
- Representing the company in official bodies and associations linked to this area.

#### Investor Relations Department

Main duties:

- Manage the relationship between Sonaecom and the financial community, through the continuous preparation and disclosure of relevant and up to date information about the company;
- Support to the Board of Directors, providing relevant information about the capital markets;
- Support in the definition of the corporate message to be disseminated to the capital market.

## b) Operating rules

### 22. Location of the terms of reference of the Board of Directors

The terms of reference of the Board of Directors are available on the company's website ([www.sonae.com](http://www.sonae.com)) at <http://www.sonae.com/investidores/governo-das-sociedades/orgaos-de-administracao-e-fiscalizacao/>.



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

The Sonaecom Board of Directors meets at least four times **every year, as specified by the Company's Articles of Association**, and whenever the Chairman or two members of the Board of Directors call a meeting. Six meetings of the Board were held in 2014 with a 100% attendance rate, in person or by means of a representative. The following table displays detailed information about the attendance at meetings:

Date	Participants
10 March 2014	Paulo Azevedo Ângelo Paupério Cláudia Azevedo Miguel Almeida António Lobo Xavier António Sampaio e Mello David Hobley Frank Dangeard Jean-François Pontal Gervais Pelissier (represented by Paulo Azevedo)
2 May 2014	Ângelo Paupério Cláudia Azevedo António Lobo Xavier
23 May 2014	Ângelo Paupério Cláudia Azevedo António Lobo Xavier
1 August 2014	Ângelo Paupério Cláudia Azevedo António Lobo Xavier
20 October 2014	Ângelo Paupério Cláudia Azevedo António Lobo Xavier
15 December 2014	Ângelo Paupério Cláudia Azevedo António Lobo Xavier

24. Suitability of the competent corporate bodies to appraise the performance of the Executive Directors

To establish the variable component of remuneration, an individual evaluation of the Executive Directors' performance is carried out by the Shareholder Remuneration Committee. This evaluation is performed **once the company's performance is known**.

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 overall strategy of growth and positive business performance.

These indicators consist in business, economic and financial KPIs (Key Performance Indicators) and are subdivided into collective, departmental and personal KPIs.

Collective 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 Sonaecom.

In turn, departmental business KPIs are similar in nature to the previous ones, being directly influenced by the performance of the business Executive Director.

Personal KPIs include objective and subjective indicators and seek to assess the compliance with the obligations and commitments undertaken individually by the executive director.

26. Availability of each of the members of the Board of Directors, specifying the roles held simultaneously in other companies, inside and outside the Group, and other relevant activities performed by the members of these bodies during the business year.

The list of roles held by the company directors is disclosed in Appendix II of this report.

Each one of the members of the Board of Directors consistently displayed their availability to perform their duties, attending meetings and taking part in the respective works on a regular basis.

### c) Board of Directors' committees and managing directors

27. Identification of the committees created within the Board of Directors and location of their operating regulations

The Board of Directors, given its composition, resulting from the decision made by the shareholders in the General Meeting on April 24, 2014 - of reducing the number of members of this body to three -, and in virtue of the company's dimension, considers that keeping any specialized Committee is unnecessary.



The company keeps a Corporate Governance Officer, who reports to the Board of Directors, through the Chairman, and also, when appropriate, through the Senior Independent Non-Executive Director.

In particular, the main duties of the Corporate Governance Officer are:

- (i) Ensuring the smooth running of the activities of the Board and, when applicable, Board Committees;
- (ii) Participating in Board Meetings and, if applicable, relevant Board Committee Meetings and, when appointed, serving as a member;
- (iii) Facilitating the acquisition of information by all Board members;
- (iv) Supporting the Board in defining its role, objectives and operating procedures; taking a leading role in organising Board evaluations and assessments;
- (v) Keeping under close review all Legislative, Regulatory and Corporate Governance issues; supporting and challenging the Board to achieve the highest standards in Corporate Governance;
- (vi) Ensuring that the Board is conscious of the concept of stakeholders and the need to protect minority interests, when important business decisions are being taken by the Board of Directors;
- (vii) Helping to ensure that the procedure to nominate and appoint Directors is properly carried out and assist in the induction of new directors;
- (viii) Acting as a primary point of contact and source of advice and guidance for, particularly, Non-Executive Directors as regards the company and its activities; facilitating and supporting the Independent Non-Executive Directors in the assertion of their 'independence';
- (ix) Helping to ensure compliance with the continuing obligations of the Portuguese Securities Market Commissions;
- (x) Participating in making arrangements for and managing the process of Shareholders' **General Meetings**;
- (xi) Participating in the arrangement of insurance cover for Directors and Officers;
- (xii) Participating, on behalf of the company, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.

28. Composition, if applicable, of the Executive Committee and/or identification of the managing director(s)

The Board of Directors, given its composition resulting from the decision made by the shareholders in the General Meeting on April 24, 2014 - of reducing the number of members of this body to three - and in virtue of the company's dimension, considers the delegation of powers in an Executive Committee or managing director unnecessary.

In this way, the management of the company is carried out collectively by the Board of Directors and all its members have executive functions. The director Maria Cláudia Teixeira de Azevedo is CEO of the SSI and Online & Media divisions.

29. Specification of the competences of each of the Committees created and synthesis of the activities performed in the exercise of those competences

The Board of Directors, given its composition, resulting from the decision made by the shareholders in the General Meeting on April 24, 2014 - of reducing the number of members of this body to three -, **and considering the company's dimension** trusts that keeping any specialized Committee is unnecessary.

The company has a Corporate Governance Officer, with the functions and responsibilities disclosed in section 27 of this Report.

The company has a company secretary, who is responsible for:

- (i) Ensure the maintenance of minutes and attendance lists of the **Shareholders' General Meeting**
- (ii) Send summons and other legal documents necessary for the completion of the General Meeting;
- (iii) Supervise the preparation of supporting documentation for the General Meetings and Board of Directors' meetings and draw up the corresponding minutes;
- (iv) Respond to requests for information by the shareholders within the framework of the law;
- (v) Proceed to the legal registration of any act or decision of the **Company's** governing bodies.

### III – Supervision

#### a) Composition

30. Identifying the supervisory body

**Under the adopted governance model, the Board of Auditors and the Statutory Auditor are the company's supervisory bodies.**

31. Composition

In accordance with the Articles of Association, the Board of Auditors may be made up of an odd or even number of members, with a minimum of three and a maximum of five members, elected for four-year terms. The Board of Auditors also includes one or two alternate members, depending on whether the number of members is three or more.

Board of Auditors' members:

Arlindo Dias Duarte Silva  
Armando Luís Vieira de Magalhães  
Óscar José Alçada da Quinta  
Jorge Manuel Felizes Morgado

Chairman  
Member  
Member  
(Alternate Member)





Members	Date 1st appointed	End of term office
Arlindo Dias Duarte Silva	02-05-2007	31-12-2015
Armando Luís Vieira de Magalhães	02-05-2007	31-12-2015
Oscar José Alçada da Quinta	02-05-2007	31-12-2015
Jorge Manuel Felizes Morgado (Alternate)	02-05-2007	31-12-2015

#### Statutory External Auditor

The Statutory External Auditor for Sonaecom is Deloitte & Associados, SROC, S.A. represented since 2012 by António Manuel Martins Amaral, who may be replaced by João Luís Falua Costa da Silva.

#### 32. Degree of independence of the members of the Statutory Audit Board

All members of the Statutory Audit Board ("SAB") are independent under the terms of article 414, paragraph 5, and they are not covered by any incompatibility under the terms of article 414-A (1), both from the Portuguese Companies Act. The Statutory Audit Board carried out an assessment of the independence of its members by the renewal of written declarations issued individually.

Members of the Statutory Audit Board must notify the company immediately of any occurrence during the course of their mandates that gives rise to incompatibilities or a loss of independence, as required by law.

#### 33. Professional Qualifications

Professional qualifications and other relevant curricular elements are disclosed in Appendix II of this Report.

### b) Operation

#### 34. Terms of reference and annual activity report

The operating regulations of the Statutory Audit Board can be consulted in the Sonaecom website ([www.sonae.com](http://www.sonae.com)), at <http://www.sonae.com/investidores/governo-das-sociedades/orgaos-de-administracao-e-fiscalizacao/>.

The annual report and opinions of the Statutory Audit Board are published during each financial year, together with documents relating to accountability of the Board of Directors, available at <http://www.sonae.com/investidores/informacao-financeira/relatorios/>.

#### 35. Statutory audit Board Meetings

Resolutions of the Statutory Audit Board are passed by majority vote, with dissenting members being required to give their reasons for dissent in the minutes.

The Statutory Audit Board meets at least once a quarter. In 2014, four formal meetings of that body were held, the attendance rate being 83%. The respective minutes were drawn. Two of the members were present in all the meetings; one of the members could not be present in two of those meetings, due to compelling reasons. However, he 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, with a description of roles held in other companies inside and outside the Group, as well as other activities carried out by members of the Statutory Audit Board

Members of the Statutory Audit Board consistently demonstrated their availability when carrying out their functions, having regularly attended meetings of the body and taken part in the respective work.

Information relating to other posts held by members of the Statutory Audit Board, as well as those members' qualifications and professional experience are available in Appendix II to this report.

### c) Competencies and functions

#### 37. Description of the procedures and criteria that apply to interventions by the Supervisory Body for the purpose of contracting services additional to the external auditor

The Statutory Audit Board shall have the authority to approve the provision of services that are additional to the audit services provided by the External Auditor.

To that end, at the first meeting held in each financial year, the Statutory Audit Board schedules a work plan that includes supervisions of the External Auditor's activity in matters concerning: (i) the External Auditor's annual activity plan; (ii) follow-up of work performed and review of conclusions of the audit work and of interim and annual statutory audits; (iii) overseeing the External Auditor's independence; (iv) providing services other than audit services, in fulfilment of Recommendation CMVM IV.2 and (v) assessing annual activity;

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:

- contracting additional services should not affect the independence of the External Auditor;
- additional services do not account for a surcharge of more than 30%;
- tax consultancy services and other services are provided with high levels of quality, autonomy and independence in relation to the services carried out as part of the audit process;
- the necessary factors guaranteeing independence and exemption are in place.



## 38. Other functions of the Supervisory Body

### 38.1 Statutory Audit Board

The Statutory Audit Board, while performing its functions, statutory and legally assigned, including the ones set out in Art. 420 of the Portuguese Companies Act, has the following main duties, among others:

- a) To oversee the company's management;
- b) To oversee compliance with legal and regulatory requirements and the company's Articles of Association;**
- c) To verify that the books of account, accounting records and supporting documentation are correctly maintained and kept up to date;
- d) To verify the accuracy of the documents used in the presentation of the accounts;
- e) To verify if the accounting policies and accounting criteria used by the company are suitable to showing a true and fair view of the financial position and the results of its operations;
- f) To prepare an annual report on the supervisory work performed and express an opinion on the management report, accounts and other proposals submitted by the Board of Directors, in which it should express its agreement or not, with the management report and the accounts of the year;
- g) To evaluate if the corporate governance report disclosed, includes the information listed in Art. 245.a of the Portuguese Securities Code;
- h) To convene the Shareholders' General Meeting, should the Chairman of the General Meeting fail to do this in circumstances when it is necessary;**
- i) To assess the risk management systems, internal control system and internal audit system and to monitor the effectiveness of them, and receive the respective reports;
- j) To oversee the independence of the internal audit function, particularly with regard to restrictions to its organisational independence and any lack of resources for internal audit activity;
- k) To receive communications of alleged irregularities occurring in the company and presented by the company's shareholders, employees or others;
- l) To appoint and hire services from experts to help one or more members in the exercise of their duties. The hiring and fees of these experts should take into consideration the complexity of the matters involved and the financial position of the company;
- m) To oversee the preparation and disclosure of financial information;
- n) To propose the appointment of the Statutory External Auditor to the Shareholders' General Meeting and corresponding remuneration;**
- o) To oversee the company's financial statements, and to assess the Statutory External Auditor on an annual basis and recommend to the Shareholders' General Meeting their dismissal, if there is due case to do so;**
- p) To assure that the company provides the Statutory External Auditor the necessary conditions for carrying out its duties, to intermediate between him and the company, as well as, be a receiver of the reports;
- q) To issue a prior opinion on relevant business activities (higher than 10 million euros) with qualified shareholders, or entities with whom they are in any relationship, according to Art. 20 of the Portuguese Securities Code;
- r) To carry out any other supervisory duties required by law.

The SAB obtains from the Board of Directors all the necessary information to carry out its duties, namely relating to the operational and financial progress of the company, changes to its business portfolio, the terms of any transactions that have occurred and the details of the decisions taken.

The SAB is the global supervision body of the company for matters of internal control and risk management, acts in an independent manner and has primacy over other bodies regarding the supervision of those matters.

The full Terms of Reference of the Statutory Audit Board are available on the company's website ([www.sonae.com](http://www.sonae.com)), at <http://www.sonae.com/investidores/governo-das-sociedades/orgaos-de-administracao-e-fiscalizacao/>.

### 38.2 Statutory Auditor

The Statutory Auditor is the supervisory body responsible for the legal certification of the Company's financial information with the following competences:

- a) check the regularity of all books, records and supporting documents;
- b) whenever it feels appropriate and through whatever means it deems appropriate, check the extension of cash and values of any type of assets or securities belonging to the Company or received as a guarantee, deposit or another purpose;
- c) check the accuracy of financial statements and express opinions regarding them on the Statutory Audit Certificate and on the Audit Report;
- d) verify that the accounting policies and valuation criteria adopted by the Company result in the correct valuation of assets and results;
- e) perform any examinations and tests required for the audit and legal certification of accounts and execute all procedures set forth in the law;
- f) verify, within its functions, the implementation of policies and remuneration systems, as well as the efficiency and effectiveness of the internal control mechanisms, reporting any deficiencies to the Statutory Audit Board, within the limits of legal powers and applicable procedures;
- g) to evaluate if the corporate governance report disclosed includes the information listed in Art. 245.a of the Portuguese Securities Code.

## IV – Statutory External Auditor

### 39. Identification of the Statutory External Auditor and the partner who represents it

The Statutory External Auditor for Sonaecom is Deloitte & Associados, SROC, S.A. represented by António Manuel Martins Amaral, who may be replaced by João Luís Falua Costa da Silva.



40. Number of consecutive years in which the external auditor and the respective partner who represents it, have performed duties for the company and/or for the Group

The present structure of the supervisory body, composed of a Statutory Audit Board and a Statutory External Auditor, was adopted by the company at the **Shareholders' annual General Meeting**, in accordance with applicable legislation, on 2 May 2007, and Deloitte & Associados, SROC, S.A. was chosen as the Statutory Auditor, serving until the end of the current term.

In 2008, a new term corresponding to the 2008/2011 four-year period began and the Statutory External Auditor was re-appointed to the post. In 2012, the proposal for election of Deloitte & Associados, SROC, S.A. to a new term (2012/2015) was submitted by the Statutory Audit Board to the **Shareholders' Annual General Meeting, having been supported by the following opinion in which the conditions of independence of the auditor and the advantages and costs of its replacement are weighed:**

**"To prepare this proposal, the Statutory Audit Board oversaw an extended selection process that began in 2010, in which various audit companies of recognised national and international competence were invited to take part.**

**For this purpose the conditions of eligibility were identified beforehand, which comprised the background of experience and competence of the candidates in the activity sectors in which Sonaecom operates, the competence, sufficiency, and availability of the work team proposed, the methods used, as well as the size of the charges to be defrayed by the company.**

**During 2011, all the factors in the selection equation were weighed and the Statutory Audit Board decided to propose to the General Meeting re-appointment to a new term of the current Statutory Auditor, in the company's conviction that its remaining in service neither eliminates nor limits the fitness and independence with which it is serving."**

(Transcription of the proposal submitted by the Statutory Audit Board under point 5 on the Agenda for the Annual General Meeting on 27 April 2012).

41. Description of other services rendered to the company by the Statutory Auditor

Deloitte & Associados, SROC, S.A performs the duties of an External Auditor and compliance and tax consulting services, among others.

## V – External Auditor

42. Identification of Statutory external auditor designated for the purposes of article 8 and of the partner who represents it in the performance of these duties, as well as the respective registry number at the Portuguese Securities Market Commission (CMVM).

The Sonaecom External Auditor, designated for the purposes of Article 8 of the Portuguese Securities Code, is Deloitte & Associados, SROC S.A, recorded under No 231 at the Portuguese Securities Market Commission, represented by António Manuel Martins Amaral.

43. Number of consecutive years in which the external auditor and the respective partner who represents it have performed duties for the company and/or for the Group

Deloitte & Associados, SROC, S.A. was appointed External Auditor of the company in the annual **Shareholders' General Meeting**, held the May 2, 2007, exercising duties until the end of the term then in progress.

In 2008, a new term corresponding to the 2008/2011 four-year period began and the Statutory External Auditor was re-appointed to the post. In 2012, the proposal for election of Deloitte & Associados, SROC, S.A. to a new term (2012/2015) was submitted by the Statutory Audit Board at the **Shareholders' Annual General Meeting, having been supported by the opinion in section 40 of this report. The partner who represents it in the performance of its duties was replaced in 2012.**

44. Policy and frequency for rotation of the external auditor and the respective partner who represents it

The Statutory Audit Board has adopted the recommended principle of not replacing the External Auditor after the end of two four-year mandates if, after careful assessment, it has concluded that the supervision 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.

Notwithstanding the analysis leading to the decision that the External Auditor should remain in service beyond the end of two terms, a new Partner was appointed by the External Auditor to represent it in 2012.

45. Body in charge of assessing the External Auditor and frequency of assessment

**Based on the company's governance model**, the appointment or removal of the Statutory Auditor/External Auditor is decided at the General Shareholders Meeting, based on a proposal from the Statutory Audit Board.

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 and 47. Work other than auditing performed by the External Auditor for the company and/or for companies with which it is in a control relationship, as well as reporting on the internal procedures for purposes of approval of the contracting of such services and the reasons for such hiring and the annual remuneration paid by the company and/or by legal entities in a control or group relationship to the auditor and to other individuals or legal entities belonging to the same network, and break out of the percentages for each service

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:



	2014		2013	
	Values in €	%	Values in €	%
<b>For the company</b>				
Statutory audit review	19,126	16%	8,001	6%
Other services of assurance	-	-	10,000	7%
Tax consultancy	-	-	2,877	2%
Other consultancy	4,738	4%	-	-
<b>By entities included in the group</b>				
Statutory audit review	96,537	80%	102,972	75%
Other services of assurance	-	-	-	-
Tax consultancy	-	-	11,870	9%
Other consultancy	-	-	1,250	1%
<b>Total</b>				
Statutory audit review	115,663	96%	110,973	81%
Other services of assurance	-	-	10,000	7%
Audit services	115,663	96%	120,973	88%
Tax consultancy	-	-	14,747	11%
Other consultancy	4,738	4%	1,250	1%
<b>Total</b>	<b>120,401</b>	<b>100%</b>	<b>136,970</b>	<b>100%</b>

(\*) Includes individual and consolidated accounts.

Sonaecom's risk management policy, overseen by the Statutory Audit Board, tracks and controls services requested from External Auditor and their network of companies, so their independence is not compromised. Quarterly, the Statutory Audit Board receives and analyses information about fees and services rendered by the Statutory External Auditor.

In the adoption of the procurement of services to the External Auditor, it was ensured that:

- a) the additional services do not account for a surcharge of more than 30%;
- b) the fees paid by the Sonaecom Group to the Deloitte group represent less than 1% of the total annual billing of Deloitte in Portugal;
- c) the Deloitte applied quality system (internal control), according to the provided information, monitors the potential loss of independence risks, or of any conflicts of interest with Sonaecom and ensures the quality and the rules of ethics and independence.

Every year a Letter of Independence is prepared, in which Deloitte guarantees compliance with international guidelines in matters of auditor independence.

## C. Internal Regulation

### I – Articles of association

#### 48. Rules applicable to amendment of the company's articles of association

Amendments to the company's articles of association follow the terms of the Portuguese Companies Act, requiring a two-thirds majority of the votes cast for approval. For the 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

#### 49. Means and policy for reporting irregularities occurring in the company

Sonaecom's values and principles, widespread and deeply rooted in the culture of its people, are based on absolute respect and the adoption of rules of good conduct in the management of conflicts of interests and duties of care and confidentiality, having adopted a Code of Ethics and Conduct which sets out the principles and standards of conduct that reflect the culture of the company.

Said Code of Conduct, which should guide the actions of its employees when exercising their functions, is available at <http://www.sonae.com/responsabilidade-corporativa/codigo-de-conduta/?l=en>.

Any individual who seeks to report an irregularity that they think has been or know to have been committed by any manager, staff member or partner of Sonaecom shall do so through letter sent to the Statutory Audit Board, with brief description of the facts. The identity of the discloser will be kept anonymous if this is expressly requested.

The complaint will be analysed and, if there are grounds for reporting an irregularity, the appropriate steps will be taken.

The Statutory Audit Board has statutory accountability in this process, specifically to receive reports of alleged irregularities, submitted by company stockholders, by staff or by other parties. After the receipt, the Statutory Audit Board must record all alleged irregularities reported, to undertake investigation with due diligence by the Board of Directors through internal and/or external auditing, and to report its/their conclusions.



### III - Internal control and risk management

50. Individuals, bodies, or committees in charge of internal auditing and/or implementing internal control systems

Risk Management is one of the components of Sonaecom's culture and a pillar of the Corporate Governance, which is why each business unit in Sonaecom has, as part of its competencies in the functional processes, the responsibility of implementing internal controls and management of specific risks.

At the same time, the Internal Audit Department evaluates the exposure to risk and verifies the effectiveness of risk management in the internal controls of business processes and information systems. Additionally, it proposes measures to improve controls and monitor the evolution of risk exposure associated with the main audit findings and conclusions.

51. Making explicit (if necessary by including an organisation chart) the hierarchical and/or functional dependency relationships with other company bodies or committees

The Board of Directors monitors the activities of the Internal Audit Department, who reports functionally to the Statutory Audit Board, as a supervisory body and independent entity of the Board of Directors. Internal Audit can meet with the Statutory Audit Board, without the presence of any member of the Board of Directors.

As regards matters of internal control and risk management, the Statutory Audit Board is the supervisory statutory body, acting independently and with the responsibility of overseeing the Internal Audit plan of activities, gathering regular information on their work, evaluate findings and issuing the guidelines it deems necessary.

The external auditor, within the scope of the annual audit process, analyses the functioning of internal control mechanisms and reports identified shortcomings.

Responsibilities for the creation, operation and periodic evaluation of the internal control and risk management systems are published under the terms of reference of the Board of Directors and the Statutory Audit Board, all of which are available at the company's website.

52. Existence of other functional areas with risk control competencies

Besides the areas mentioned above, Sonaecom has other functional areas and business processes with competency in controlling and monitoring risks, in particular the following:

- The functions of Planning and Control, along with the respective pivots in the business areas, are responsible for preparing and monitoring the execution of annual plans of action as well as resources, budgets and forecasts in the finance and operating areas;
- The various business areas have processes and indicators to monitor operations and KPIs;
- Technical areas have indicators and alerts for interruption in service and safety incidents at the operating level.

53. Reporting and description of the main types of risks (economic, financial, and legal) to which the company is exposed in the performance of its activity

Risks are presented and ranked, in the present section, based on the ranking and **structure of Sonaecom's BRM (Business Risk Management)**. BRM is a systematic way of identifying risks that affect the organisation (everyday language) and makes it possible to define and group risks along with their main causes (dictionary of risks).

#### Economic risks

Based on Sonaecom's BRM, economic risks are associated with the following risk categories: business environment, strategy, operations, information processing and technology, empowerment and integrity.

#### Economic influences

Sonaecom is exposed to the current adverse economic environment in Portugal, although, due to the increasing pace of the internationalisation of SSI companies, that exposure is increasingly disappearing. Despite showing positive signs of recovery, the year of 2014 in Portugal was still a year affected by the crisis and by the end of Troika's financial assistance program. Consequently, businesses that operate solely or mainly on the Portuguese market were affected by the reduced levels of consumption.

Regarding WeDo Technologies, the impact of the adverse economic environment in the business is diluted due to regional expansion, to the expansion of the respective product portfolio and, still, to the enlargement to other business sectors.

S21Sec, although mainly operating in the Spanish market, in which the economic recovery has been slower, mitigates that risk by operating in a segment of high growth and criticality in organizations.

In the case of Bizdirect, the company has been affected by shrinkage of the market for IT equipment that has shown high levels of positive recovery for 2014. On the other hand, Bizdirect has outweighed the decline in the IT equipment market with the provision of software licensing corporate agreements' management services and with the expansion of the Microsoft solutions integration activity.

Saphety has a constant position in the domestic market as a leader in process simplification and automation solutions and has been investing in the expansion of this activity into the international market.

In the case of Público, the exposure to a segment that is going through a period of financial crisis and changing of reading trends has forced the definition of a restructuring project. With the need to ensure sustainability without compromising its role as an independent information source in Portugal, Público has continued to execute this project, which involves a greater focus on meeting growing demands in the digital world and a sizeable reduction in its operating costs structure.





## Technological innovation

For Sonaecom, having an optimised technology infrastructure is a critical success factor that helps to reduce potential failures in leveraging technological developments. Accordingly, its various businesses continue to take actions to optimize the technological structure and foster innovation.

WeDo Technologies is certified in Research, Development and Innovation Management (NP 4457:2007). This certification, along with its existing quality certification (ISO 9001:2008), helps the company to continue innovating sustainably and helps to mitigate potential risk factors, ensuring that the offer is continuously adapted to technological trends.

S21Sec is integrated in a sector that demands constant innovation and a clear domain of all technological trends and it continuously invests in research and innovation. It is also certified by UNE-EN ISO 9001:2008 quality management and by UNE- ISO/ IEC 27001:2007, Information Security management International reference Standard.

Although Bizdirect assumes cloud computing as a risk factor for their activity, since it can cannibalise the market for the sale of infrastructure and reduce procurement of systems by clients, it also assumes it as a chance to extend its offer. Strategic relationships with partners allow us to offer a full portfolio of products, including cloud solutions. We emphasise, for example, the partnership that allows Bizdirect to offer integration of Microsoft solutions, such as Dynamics CRM, SharePoint, BizTalk, and Office 365.

Público has continued with restructuring of its layout and content and in adopting technological innovations in its online edition. These innovations are designed to ensure a greater alignment with the new reading habits of the Portuguese, offering new access channels to information using smartphones and tablets, as well as sustaining **Público's position as the leading non-specialist online newspaper**.

## Competition

**Sonaecom's various companies are exposed to risks of competition from other operators in the domestic and international markets in its respective businesses sectors.**

WeDo Technologies may be most exposed to international competition; however, it is known as the worldwide leader in revenue assurance software and is a top three global competitor in the aggregate market for revenue assurance and fraud management.

## Business portfolio

The risk of specialization and consequent limitation of activity due to portfolio has been mitigated in all Sonaecom's businesses, through the expansion of the product line or business segments.

WeDo Technologies continues to consolidate its global presence outside Portugal and has identified new target business sectors since 2009, in order to reduce exposure to centralization in a single market and in a single line of products. Therefore, to offset the concentration of clients in the telecommunications sector, it expanded the scope of its activity into new sectors, like retail, energy, and financial sectors. It also enlarged its product portfolio, expanding from revenue assurance and fraud management to business assurance. Also, since 2012, following the acquisition of Connectiv Solutions in the USA, WeDo Technologies has made a commitment to managed services and Software as a Service (SaaS).

In the case of S21Sec, one of the strategic priorities is to strengthen its position in the telecommunications sector, while still maintaining its focus in the financial segment. In addition, its product portfolio is to be extended in order to evolve in the e-crime market and incorporate analytic technologies, thus allowing the expansion of its operating area.

Bizdirect has recently expanded its portfolio to the integration of solutions focused on Microsoft technologies.

Saphety, apart from being divided into three types of solutions that can operate in integrated fashion SaaS: SaphetyGov, SaphetyBuy and SaphetyDoc, has widened its portfolio to a new solution: SaphetySync. This is a global standard solution, based on GS1 standard, which allows for the continuous and safe data synchronization, thus representing a differentiating key-factor for the internationalization of its portfolio.

## Business interruption and catastrophic losses (Business Continuity Management)

Since Sonaecom businesses are particularly focused on the use of technology, potential faults with technical/operational resources (network infrastructure, information system applications, servers etc.) can present a significant risk of business interruption if they are not well managed. This, in turn, can pose other risks to the company, such as adverse impacts on our reputation and our brand, on the integrity of our revenues and client satisfaction, and on quality of service. These can lead to loss of clients.

In the IT sector, business clients typically have a lower tolerance for interruptions. In this context, SSI companies face risks associated with the availability of software platforms that support the **companies'** processes as well as the corresponding clients. To identify this specific set of risks and to implement actions for prevention and mitigation that guarantee continuity of critical services and operations, Sonaecom has adopted a Business Continuity Management (BCM) programme over several years.

## Confidentiality, integrity and availability (Information Security Management)

Since Sonaecom is primarily a technology, media and telecommunications (TMT) group, all its subsidiary companies extensively use technology and information that are typically subject to availability, integrity, confidentiality and privacy risks.



In addition to being a technological issue, security should also be considered as a cultural and behavioural issue. In this sense, awareness is a key success factor when it comes to promoting a strong culture of information security among employees, partners and key stakeholders. Sonaecom has developed several initiatives to raise awareness and accountability over the past few years, of which the following stand out:

- A security communication plan based on campaigns to raise awareness of the issues considered most relevant in each year;
- Publication of **the information security policy on the company's Intranet, accessible to all employees from the homepage;**
- Clauses on personal data protection and confidentiality in contracts with employees and business partners. All employees are bound to obligations of confidentiality, secrecy and protection of personal data. As such they are forbidden from disclosing to third parties information to which they have access as a result of their roles in the company. These obligations and these duties shall remain in force even after the end of the employment relationship between the company and the employee. Our business partners have, generally, the same confidentiality obligations.

For specific issues related to the confidentiality and privacy of personal data, a few Sonaecom companies has appointed a Chief of Personal Data Protection Officer (CPDPO), who:

- Has responsibility for implementing and complying with the laws and regulations applicable to data processing.
- Acts on behalf of the company during interactions with **the national regulatory authority for data protection (CNPD – National Data Protection Commission).**
- Promotes the adoption of data protection principles that are consistent with international standards and best practices.

#### Product-service failure (professional liability)

As Sonaecom companies are customer-oriented, we give special attention to the impact that the potential failure of our products or services may have on our customers, particularly with regard to civil liability issues. Risk events can be physical (for example: damage to equipment or facilities) or non-physical (for example: error in a software installation) and, usually, they are related to accidents, unintentional acts, errors or omissions by employees or subcontractors.

The risk management strategy selected by Sonaecom for this type of risk, involves the transfer of risk through insurers in addition to the implementation of internal controls. In this context, we continue to carry out the actions designed and implemented in previous years relating to professional liability insurance, and which consist of:

- Implementation of improvements in certain internal controls to further reduce the causes of risk;
- Renewal of existing professional liability insurance that incorporates an extended scope of coverage and is adapted to the business realities of SSI companies and Media;
- **Additional subscriptions of professional liability insurance for WeDo Technologies' foreign companies, improving coverage in certain international locations where our general insurance policy is not applicable due to legal restrictions.**

#### Financial risks

Sonaecom's businesses are exposed to a variety of financial risks associated with its operations, namely interest rate risk, foreign exchange risk, liquidity risk, and credit risks (described and analysed in detail in the Appendix to the Annual Consolidated Financial Statements).

The financial risks management policy is determined by the Board of Directors, and the risks are identified and monitored by the Finance Department and Treasury.

In addition to a management policy for each of the identified risks and the implementation of control mechanisms to identify and determine them, Sonaecom uses, among others, natural hedges, credit insurances and, occasionally, derivative **financial hedging instruments**. Sonaecom's attitude in relation to financial risk management is conservative and prudent, refusing speculative purposes and resorting only to high credit quality financial institutions.

#### Legal, statutory and regulatory risks

Sonaecom and its subsidiaries have the support of legal and tax departments permanently dedicated to the specifications of the corresponding activity, under management's supervision, and exercising their competencies in interaction with other functions and departments, in order to pre-emptively ensure the protection of the company's interests and businesses, in compliance with their legal obligations, as well as by applying good practices. The teams in these departments have specialized training and participate in in-house and external training courses to update their knowledge.

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

**Sonaecom's SSI companies face an additional risk relating to the globalisation process, arising because** these companies have a presence in several countries, which involves specific risks relating to very different legal frameworks in each country.

The SSI companies are exposed to specific national, local and sectorial laws and regulations, depending on the market they operate in; they are particularly exposed to the continuous risk of eventual regulatory changes that can condition business and, consequently, hinder or harm the range of the strategic goals.

Sonaecom collaborates with the authorities with the aim of defining an optimal legal and regulatory framework that, in our opinion, promotes the development of the communications sector in Portugal. Such collaboration may involve sending comments in response to public consultations, issued by national and international entities.



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

The risk management process is supported by a consistent and systematic methodology, based on the international standard Enterprise Risk Management - Integrated Framework issued by COSO (Committee of Sponsoring Organisations of the Treadway Commission). This methodology aims to identify business risks, assess their causes, measure triggers, manage the identified risks and, finally, monitor them.

Derived from this general framework, the management and control of the main risks facing Sonaecom, are achieved through the following key approaches and methods:

Concerning the Enterprise-Wide Risk Management, this approach allows Sonaecom's businesses to prioritise and identify critical risks that might compromise their performance and goals and to take actions to manage those risks, within the predefined levels of acceptance. This is achieved through constant monitoring of risks and the implementation of certain corrective measures.

Regarding Safety Management, the implementation of Information Security Management processes is intended to manage the risks associated with the availability, integrity, confidentiality, and privacy of information. The scope of this process also includes the development and maintenance of the Information Security Policy, verification of compliance with policy procedures, development of training programmes and awareness, setting and supervision of KPIs for information security.

Finally, regarding the Specific Risk Management Cycles or Processes, the development of specific risk management cycles/processes enables the mitigation of critical risks that can impact certain processes, areas or entities, positioning these risks within the levels defined by the management team. In addition, it identifies and monitors other operational risks that management considers relevant.

#### 55. The key elements of the risk management and internal control systems implemented in-company regarding the disclosure of financial information

Sonaecom acknowledges that, as with other listed companies with similar activities, it is potentially exposed to risks related to the financial and accounting reporting processes, in addition to other financial risks, as detailed above. Sonaecom's attitude concerning financial risk management is conservative and prudent, and these principles have been maintained during 2014.

Therefore, Sonaecom is committed to ensuring an effective internal control environment, particularly regarding the financial reporting process. It seeks to identify and improve the most relevant processes in terms of the preparation and disclosure of financial information, with the objectives of transparency, consistency, simplicity and materiality. The internal control system aims to obtain reasonable assurance regarding the preparation of financial statements, in accordance with accounting principles and adopted policies, and warranting the quality of financial reporting.

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

- I. The process of disclosing financial information is documented, the risks and key controls are identified, the criteria for its preparation and disclosure are duly established and approved, and they are periodically reviewed;
- II. There are three main types of controls: High-level controls (entity level controls), information systems' controls (IT level controls) and process controls (process level controls). Those include a set of procedures related to the execution, supervision, monitoring and process improvement, with the main purpose of preparing the Company's financial reporting;
- III. The accounting principles used, which are disclosed throughout the notes to the financial statements (see chapter 5.2, note 1), constitute one of the fundamental pillars of the internal control system;
- IV. The plans, procedures and records of the Group, provide a reasonable assurance that transactions are executed solely with the general or specific authorisation of management and that those transactions are recorded to ensure that financial statements comply with the generally accepted accounting principles. This also ensures that the company keeps updated records regarding assets, that the access to said assets rely on management authorisation and that whenever differences occur checking against existing assets, appropriate measures are taken;
- V. During the process of preparing and reviewing financial information, a schedule is first established and shared with the different areas involved, and all documents are reviewed in detail. This includes a review of the principles followed, verifying the accuracy of the provided information, and the consistency with the principles and policies defined and followed in previous periods;
- VI. The Group's financial statements are prepared and reviewed by the Finance and Accounting Department, under the supervision of the Group's Executive Committee. The Management Report and the Corporate Governance Report are both prepared by the Investor Relations Department, with the input and further review by several business and support areas and with the support and the supervision of the Director of Corporate Governance and the Law Department. The set of documents that constitute the Annual Report are sent for review and approval by the Sonaecom Board of Directors. After approval, the documents are sent to the Statutory External Auditor, which issues its legal certification of accounts and the External Auditor Report. These documents are sent, together with the Annual Report, to the Statutory Supervisory Board for review. The Board approves the documents and issues the Report and Statutory Supervisory Board's opinion.

The most significant accounting estimates are disclosed in the notes to the financial statements. These estimates were based on the best information available during the preparation of the financial statements, and in the best knowledge and experience of past and/or present events. The most significant balances and transactions with related parties are disclosed in the notes to the financial statements. In the appendix to the report, we present a list of all parties related to the Sonaecom Group. These are mainly associated with the operational activities of the Group, as well as the granting and obtaining of loans under arm's length conditions.

More specific information regarding how these and other risks were mitigated, is disclosed in the notes to the financial statements.



## IV – Investor Relations

56. Department responsible for investor relations, composition, functions, information provided by these services and contact details

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

The department regularly prepares presentations and communications covering quarterly, half-year and annual results. Likewise, it is also its responsibility to issue announcements to the market, whenever necessary, disclosing or clarifying any relevant event that could influence **Sonaecom's share price**.

Any interested party may contact the Investor Relations Department using the following contact details:

Carlos Alberto Silva  
Tel: (+351) 22 010 2349  
Fax: (+351) 22 011 8561  
E-mail: [carlos.alberto.silva@sonae.com](mailto:carlos.alberto.silva@sonae.com) / [investor.relations@sonae.com](mailto:investor.relations@sonae.com)  
Address: Building 1.A Lugar do Espido – Via Norte – 4471-909 Maia  
Website: [www.sonae.com](http://www.sonae.com)

57. Legal representative for Capital Market Relations

The legal representative for Capital Market Relations and Euronext is António Bernardo Aranha da Gama Lobo Xavier, who may be contacted by phone or e-mail:

Tel: (+351) 22 010 2349  
Fax: (+351) 22 011 8561  
E-mail: [antonio.xavier@sonae.com](mailto:antonio.xavier@sonae.com) / [investor.relations@sonae.com](mailto:investor.relations@sonae.com)  
Address: Building 1.A Lugar do Espido – Via Norte – 4471-909 Maia

58. Details regarding information requests received during the target year or pending from previous years, amount and average response time

During 2014, the Investor Relations Department received a normal number of information requests, considering the size of the company in the capital markets. These information requests were submitted either by e-mail or post, or by phone. The response to these requests was provided with the maximum possible speed. The average response time, without prejudice to the complexity of the matter, didn't exceed 2 working days.

## V – Company's Website

59. Address

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

60. Location of the information mentioned in Article 171 of the Portuguese Companies Act

Website: <http://www.sonae.com/investidores/governo-das-sociedades/>

61. Location where the Articles of Association, Bodies and/or Committees' regulations can be found

Website: <http://www.sonae.com/investidores/governo-das-sociedades/orgaos-de-administracao-e-fiscalizacao/>

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

Websites: <http://www.sonae.com/investidores/governo-das-sociedades/equipa-de-gestao/>  
<http://www.sonae.com/investidores/contactos/>

63. Location of accounting documents and the calendar of corporate events

Accounting documents: <http://www.sonae.com/investidores/informacao-financeira/relatorios/>  
Calendar of corporate events: <http://www.sonae.com/investidores/calendario-do-investidor/>

64. Location of the notice for the General Meeting and all the preparatory and subsequent information related to it

Website: <http://www.sonae.com/investidores/governo-das-sociedades/assembleia-geral/>

65. Location of the historical records with the resolutions taken at the Company's General Meetings, the represented share capital and the voting results, with reference to the previous three years

Website: <http://www.sonae.com/investidores/governo-das-sociedades/assembleia-geral/>



## D. Remuneration

### I - Determining Competence.

66. Competence for determining the remuneration of Governing bodies, members of the Executive Committee or Managing Director and the **Company's Directors**

Sonaecom's Remuneration Committee is responsible for approving the remuneration of Board members and other Statutory Governing Bodies, on behalf of the shareholders and under the terms specified in the compensation policy approved at the Shareholders' General Meeting.

### II - Remuneration Committee

67. Composition of the Remuneration Committee, including identification of other individuals or companies hired to provide support and statement on the independence of advisors

Sonaecom has a Remuneration Committee consisting of two members: Paulo Azevedo, on behalf of Sonae SGPS, S.A. and Francisco de la Fuente Sánchez, on behalf of Sontel BV.

The company has not hired any entities to provide regular support to the Remuneration Committee.

When establishing the remuneration policy, the Remuneration Committee resorts to benchmark studies on remuneration practices annually disclosed by the internationally renowned consultants Hay Group and Mercer, and also by companies included in the main Portuguese Stock Market Index (PSI 20), 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.

The members of the Remuneration Committee are independent in relation to the Board of Directors.

68. Knowledge and experience of the members of the Remuneration Committee on remuneration policy

The experience and professional qualifications of the members of Sonaecom's Remuneration Committee are disclosed in their curricula vitae and available for consultation in Appendix II of this report. These qualifications allow them to exercise their responsibilities competently and accurately, each having the appropriate skills to perform their duties.

### III – Remuneration Structure

69. Description of the remuneration policy of the Board of Directors and the Supervisory bodies

Sonaecom'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 regarding the remuneration of members of the Statutory Governing Bodies are elaborated taking into account (i) overall market comparisons, (ii) practises of similar companies, including other segments of the Group with comparable situations and (iii) 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 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 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 at the Shareholders' General Meeting.

As part of the Company's principles of corporate governance, guidelines regarding remuneration policy have been established and reflected in the Remuneration and Compensation Policy, currently in operation (available for consultation at the website <http://other.static.sonae.com/2014/07/31/Prop5PT/Prop5PT.pdf?download=1>) and approved at the Shareholders' General Meeting held on 24 April 2014. The Remuneration and Compensation Policy is based on the following principles.

Remuneration Policy Principles:

Competitive:

At Sonaecom, the 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 main 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 the Company'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 structure are clear and openly disclosed internally and externally through documentation published on the Company's website. This communication process contributes towards promoting equal treatment and independence.

Reasonable:

Executive Directors' remuneration at Sonaecom aims to be reasonable, ensuring the balance between the Company's interests and market positioning, the expectations and motivations of our employees 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 24 April 2014, 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.

Sonaecom 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 2014, no problems relating to payment practice were found that posed significant risks to the Company.

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.

Sonaecom has in place internal control procedures concerning remuneration policy, which target the identification of potential risks. Firstly, the variable 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, the Company does not allow contracts to be signed that would minimise the importance of the Medium Term Incentive Plan (MTIP). This policy includes forbidding any transaction that might eliminate or mitigate the risk of share price variations.

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 company's External Auditor is paid accordingly with the standard fees table for similar services, at market rates and under a proposal from the Statutory Audit Board.

70, 71, 72 and 73. Information regarding how remuneration is structured to align the interests of management body members with the company's long-term interests, as well as how it is based on performance evaluation and lack of incentives to take on excessive risk. Reference, if applicable, to the variable remuneration policy and how performance evaluation can potentially affect this component. Deferred payment of the variable remuneration component, specifying the deferral period. Criteria underpinning the attribution of variable remuneration in shares, as well as the executive directors' retention of these shares in the event of any contracts related to them, specifically hedging or risk transfer contracts, the respective limit, and their relationship with the total annual remuneration and the company's managers

The Remuneration and Compensation Policy applicable to statutory governing bodies and its managers complies with community guidelines, national legislation and the recommendations of the Securities Market Commission. It is based on the presumption that initiative, competence and commitment are the essential foundations for good performance and must be aligned with the company's medium and long-term interests, with the aim of sustainability.

The content of the performance indicators, on which the variable remuneration component depends, and its specific role in determining actual remuneration, ensures that the Executive Directors are aligned with the defined strategic objectives and the compliance with the legal standards that govern the company's activities.

Therefore, for each financial year, individual performances and contributions to collective success are assessed and the results will necessarily influence allocation of the fixed and variable component of each member's remuneration plan.

The remuneration of executive directors is determined according to the level of responsibility of the director involved. The salary is paid in 14 monthly amounts and is subjected to annual review.



Above and beyond the fixed remuneration, Executive Directors are also entitled to a variable remuneration, in accordance with the company's Remuneration Policy. The variable remuneration is divided into two equal parts:

- (i) Short Term Variable Performance Bonus (STPB): awarded in the first quarter following the year to which it relates and linked to the performance in the prior year. It aims to guide and compensate the Executive Board Directors for achieving predefined objectives. The STPB can be paid in profit sharing.
- (ii) Medium Term Variable Performance Bonus (MTPB): this compensation is paid after a deferral period of 3 years and the amount awarded is linked to market share price. It aims to link remuneration to long-term performance and provide alignment with the interests of shareholders.

**The Executive Directors' variable remuneration is of a discretionary nature and, in view of the fact that it is dependent on the achievement of objectives, its 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 Sonaecom'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 collective and departmental KPIs. Collective 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. On the other hand, departmental business KPIs are of a similar nature to Collective 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 predefined goal. Combining all component parts, the value of the bonus has a minimum of 0% and a maximum limit of 140% of the predefined bonus objective.

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

The Medium Term Variable Performance Bonus aims to **compensate the Executive Board Administrator's loyalty, aligning their interests with those of the shareholders and increasing the awareness of their importance on the overall success of the Company.**

Variable remuneration is awarded annually, according to the results of the previous year, and is then integrated into the MTPB plan. 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, as well as the overall continuing success of the company during this period, measured in accordance with the objectives set by the **Shareholders' Remuneration Committee every three years.**

If, subsequently to being awarded the right to this kind of remuneration and before exercising this rights, dividends are distributed, changes are made in the nominal value of shares or **the company's** share capital is changed, the number of shares on the plan will be adjusted to the number of shares that, considering the above modifications, are equivalent to the number of initial shares. This maintains an alignment with the total shareholder return. At the vesting date, shares are only delivered if the criterion for continuing positive performance of the company, mentioned above, is met. Payment is made by delivering shares at a discount that can vary between 90% and 100%, although Sonaecom retains an option to pay an equivalent value in cash.

The remuneration of Non-Executive directors, when existing, will be exclusively composed of fixed values, determined by reference to market values. Therefore, for each Non-Executive director, approximately 15% of fixed remuneration will be dependent on the attendance rate of the meetings of the Board of Directors. In addition, an annual responsibility allowance will be paid. The fixed remuneration can be increased by up to 6% for those non-executive directors who chair a Board of Directors' Committee. **There will be no variable remuneration.**

74. Criteria underpinning the assignment of variable remuneration in options, indication of the deferral period and the exercise price  
Not applicable. The Company did not establish any variable remuneration in options.

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

The main parameters and reasoning concerning the variable remuneration system are disclosed in the remuneration policy approved in the Shareholders General Meeting, **held on 24 April 2014, which is available for consultation at the Company's website:** [http://other.static.sonae.com/2014/07/31/Extracto\\_da\\_Acta\\_AG\\_Sonaecom\\_24042014\\_Portugu\\_\\_s/Extracto\\_da\\_Acta\\_AG\\_Sonaecom\\_24042014\\_Portugu\\_\\_s.pdf?download=1](http://other.static.sonae.com/2014/07/31/Extracto_da_Acta_AG_Sonaecom_24042014_Portugu__s/Extracto_da_Acta_AG_Sonaecom_24042014_Portugu__s.pdf?download=1)

76. **Main features of the Directors' complementary pensions or early retirement schemes and date of approval by the General Shareholders' Meeting, individually and for company managers**

Not applicable. The Company does not have any complementary pension or early retirement schemes for Directors, and there are no other significant benefits in kind.

## IV - Disclosure of Remuneration

77, 78 and 79. Indication of the annual remuneration earned, in aggregate **and individual amount, by the Company's members of the Board** of Directors, including fixed and variable remuneration. Related to this, reference to the different components that led to them, amounts of any kind paid by other controlled or Group companies, or those under shared control, and remuneration paid as profit sharing and/or bonus payments and the reasons why such bonuses and/or profit sharing payments were made

The remuneration for each Sonaecom director, awarded by the Company and Group Companies during the year 2014 and 2013, is summarized in the charts below.

	2014				2013			
	Fixed Remuneration	Annual Performance Bonus	Medium Term Incentive Plan	Total	Fixed Remuneration	Annual Performance Bonus	Medium Term Incentive Plan	Total
Amounts in euros								
Individual breakdown								
Executive Directors								
Angelo Gabriel Ribeiros dos Santos Paupério (CEO)	162 018	125 100	125 100	412 218	287 190	302 800	302 800	892 790
Maria Cláudia Teixeira de Azevedo	147 332	75 415	75 415	298 162	147 442	67 300	67 300	282 042
António Bernardo Aranha Gama Lobo Xavier	198 320	-	-	198 320	198 430	-	-	198 430
	507 670	200 515	200 515	908 700	633 062	370 100	370 100	1 373 262
Non-Executive Directors								
Duarte Paulo Teixeira de Azevedo (Chairman) (1)	18 940	-	-	18 940	60 710	-	-	60 710
Jean François René Pontal (2)	11 730	-	-	11 730	39 730	-	-	39 730
David Charles Denholm Hobley (2)	10 790	-	-	10 790	37 300	-	-	37 300
António Maria Theotonio Pereira Sampaio Mello (2)	10 790	-	-	10 790	35 970	-	-	35 970
Nuno Manuel Moniz Trigo Santos Jordão (3)	-	-	-	-	11 748	-	-	11 748
Frank Emmanuel Dangeard (2)	10 530	-	-	10 530	34 830	-	-	34 830
Gervais Pellissier (2)	-	-	-	-	-	-	-	-
	62 780	-	-	62 780	220 288	-	-	220 288
Total	570 450	200 515	200 515	971 480	853 350	370 100	370 100	1 593 550

(1) The value for Duarte Paulo Teixeira de Azevedo for 2014 and 2013, disclosed in the table above, is related to management services recharged by Sonae to Sonaecom. The values recharged by Sonae to Sonaecom represents the equivalent cost of his services centralised at Sonae SGPS during 2014 and 2013. He left the Board of Sonaecom on 2014.04.30 and the recharging of management services ceased on that date.

(2) The values for Non-Executive Directors for 2014 relate to the 4 months ended 2014.04.30 (the date they left the Board of Sonaecom) and full year 2013.

(3) The value for Nuno Manuel Moniz Trigo Santos Jordão for 2013, disclosed in the table above, is related to management services recharged by Sonae to Sonaecom. The values recharged by Sonae to Sonaecom represents the equivalent cost of his services centralised at Sonae SGPS during 2013 up to the date he left the Board of Sonaecom on 2013.05.09.

## Directors' participation in MTIP

					Unvested
	Plan 2010	Plan 2011	Plan 2012	Plan 2013	Total
Award date	10 Mar 2011	09 Mar 2012	08 Mar 2013	10 Mar 2014	
<b>Sonaecom shares <sup>(4)</sup></b>					
Share price at award date <sup>(1)</sup>	1.399	1.256	1.505	-	
Share price at vesting date	-	-	-	-	
Share price at 31 December 2014 <sup>(2)</sup>	-	1.450	1.450	1.450	
<b>Ángelo Gabriel Ribeirinho dos Santos Paupério (CEO)</b>					
Number of shares at 01 January 2014	150 417	168 240	96 070	-	414 727
Number of shares at 31 December 2014	-	-	-	-	-
<b>Maria Cláudia Teixeira de Azevedo</b>					
Number of shares at 01 January 2014	55 647	53 265	33 624	-	142 536
Number of shares at 31 December 2014	-	-	-	-	-
<b>António Bernardo Aranha Gama Lobo Xavier</b>					
Number of shares at 01 January 2014	-	-	-	-	-
Number of shares at 31 December 2014	-	-	-	-	-
<b>Total</b>					
Number of shares at 01 January 2014	206 064	221 505	129 694	-	557 263
Number of shares at 31 December 2014	-	-	-	-	-
<b>Sonae SGPS shares <sup>(4)</sup></b>					
Share price at award date <sup>(1)</sup>	0.811	0.401	0.701	1.337	
Share price at vesting date	1.333	-	-	-	
Share price at 31 December 2014 <sup>(3)</sup>	1.024	1.024	1.024	1.024	
<b>Ángelo Gabriel Ribeirinho dos Santos Paupério (CEO)</b>					
Number of shares at 01 January 2014	173 401	348 961	133 850	-	656 212
Number of shares at 31 December 2014	-	712 913	339 898	232 692	1 285 503
<b>Maria Cláudia Teixeira de Azevedo</b>					
Number of shares at 01 January 2014	41 239	71 024	30 116	-	142 379
Number of shares at 31 December 2014	-	185 178	101 776	51 718	338 672
<b>António Bernardo Aranha Gama Lobo Xavier</b>					
Number of shares at 01 January 2014	-	-	-	-	-
Number of shares at 31 December 2014	-	-	-	-	-
<b>Total</b>					
Number of shares at 01 January 2014	214 640	419 985	163 966	-	798 591
Number of shares at 31 December 2014	-	898 091	441 674	-	1 339 765
<b>Values</b>					
<b>CEO</b>					
Value at award date	351 062	351 243	238 414	-	940 719
Value at vesting date	231 144	-	-	-	231 144
Values at 31.12.2014	-	730 023	348 056	238 277	1 316 355
<b>Maria Cláudia Teixeira de Azevedo</b>					
Value at award date	111 295	95 381	71 715	-	278 392
Value at vesting date	54 972	-	-	-	54 972
Values at 31.12.2014	-	189 625	104 219	52 959	346 803
<b>António Bernardo Aranha Gama Lobo Xavier</b>					
Value at award date	-	-	-	-	-
Value at vesting date	-	-	-	-	-
Values at 31.12.2014	-	-	-	-	-
<b>Total</b>					
Value at award date	462 357	446 624	310 130	-	1 219 110
Value at vesting date	286 115	-	-	-	286 115
Values at 31.12.2014	-	919 648	452 274	291 236	1 663 158

(1) Average share price in the month prior to the award date;

(2) On 9 January 2014, the share price hit a high of 2.651 euros and a low of 1.27 euros per share on 17 December 2014;

(3) On 12 November 2014, the share price hit a high of 1.058 euros and a low of 0.942 euros per share on 16 October 2014.

(4) At 10 March 2014, Sonaecom shares plans were fully converted into shares Sonae SGPS. This conversion was based on the terms of trade set out in the Tender Offer at 20 February 2014 (1 share Sonaecom - approximately 2.05 Sonae SGPS shares)

## Remuneration earned by Directors in group companies

	Sonaecom		Sonaé SGPS		Total
Amounts (in euros)	Role	Total remuneration	Role	Total remuneration	
<b>Name</b>					
Ângelo Gabriel Ribeirinho dos Santos Paupério	CEO	412 218	Executive	628 682	1 040 900
Duarte Paulo Teixeira de Azevedo <sup>(1)</sup>	Chairman	18 940	CEO	1 253 660	1 272 600

(1) The amounts disclosed in the table above are the amounts of remuneration awarded by each Group company, independently of where they are processed and paid.

### 80. Compensation paid or owed to former Executive Directors following loss of office

No compensation was paid or is currently owed to former Executive Directors in relation to early loss of office during 2013 and 2014.

### 81. Indication of the annual remuneration earned, in aggregate and individual amount, by the Company's 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 and 2014, was as follows:

	2014	2013
Amounts in euros		
<b>Individual breakdown</b>		
<b>Statutory Audit Board</b>		
Arlindo Dias Duarte Silva	9,900	10,010
Armando Luís Vieira Magalhães	7,900	8,010
Óscar José Alçada Quinta	7,900	8,010
Jorge Manuel Felizes Morgado	-	-
<b>Total</b>	<b>25,700</b>	<b>26,030</b>

### 82. Remuneration in the reference year for the Chairman of the General Shareholders' Meeting Board

The Chairman of the General Shareholders' Meeting Board earns a fixed annual remuneration of 5,000 euros and the Secretary earns a fixed annual remuneration of 1,500 euros.

## V - Agreements with Remuneration Implications

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

There are no agreements in place with members of the Board of Directors 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 in Company control

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's control.

## VI - Share attribution plans or stock options





85 and 86. Identification of the plan and respective recipients. Plan features (assignment conditions, share transfer clauses, share price and option exercise price criteria, period during which options can be exercised, features of the shares or options to be assigned, incentives to acquire shares and/or exercise options).

### Medium Term Variable Performance Bonus - MTPB

#### Framework

The MTPB is designed to align the interests of employees and Executive Directors with the success of the company, reinforcing their engagement and the perception of the impact of their performance on the success of Sonaecom.

The MTPB is applicable to all Sonaecom Group companies. Regarding Público – Comunicação Social, S.A. and the companies owned by it, the attribution rules are more restricted than those described below and this is not expected to change.

#### General features of the Medium Term Incentive Plan

The MTPB is subjected to the Medium Term Incentive Plan eligibility rules described in this report.

The general terms of the MTIP and any significant amendments thereto are reviewed by the Remuneration Committee and then approved at the **Shareholders' General Meeting, based on a proposal submitted by the Board of Directors. The participation of Sonaecom's Executive Committee's members is approved by the Remuneration Committee, in line with the Group's Remuneration Policy, which is also approved at the Shareholders' General Meeting.**

#### Eligibility

All Sonaecom employees at Sonaecom Management Levels GF1 to GF6 are eligible to be awarded a Medium Term Performance Bonus under the MTIP, provided that they held Management Level GF6 or higher, on 31 December of the respective performance year.

Classification as Management Level GF6, on recruitment or by promotion, does not automatically give entitlement to the award of a MTPB. Any decisions to make an award, including the value awarded (which is calculated as a percentage of the individual annual fixed remuneration), should take into account the total variation in the compensation package of each employee. It is recommended that, for the first MTPB awarded, the value should be equal or lower than 50% of the higher value recommended for the same Management Level.

#### Definition of the MTPB reference value

The MTPB reference values for employees with Management Levels GF1 and GF2 is based on a percentage of their total Target Performance Bonuses, which is defined on an individual basis, and taking into account their level of qualification, the structure of their compensation package and the achievement of personal KPIs.

Reference values for Executive Directors (Management Levels GF1 and GF2) are approved by the Remuneration Committee. As for Management Level GF3 employees, the reference value is approved by the Chairman of the Board of Directors.

The competent bodies above may decide to alter the value of individual MTPBs to be awarded, should the value be considered to be no longer appropriate.

The value of the MTPB may alter over the period between the awarding date and the vesting date, as it is linked to a standard share package and to the Total Shareholder Return of the respective Sonae SGPS, S.A. (Sonae) and/or Sonaecom SGPS shares. Vesting is dependent on the overall continuing success of the company during said period, measured in accordance with the objectives set by the Remuneration Committee every three years.

For employees with Management Levels GF3, GF4, GF5 and GF6, the MTPB reference values are based on a percentage of the Annual fixed remuneration, which is defined on an individual basis, taking into account their level of qualification, the structure of their compensation package and also the achievement of personal KPIs.

The MTPB reference value for employees who have a monthly performance bonus (commissions) is calculated based on the overall value of commissions received annually and taking into consideration the higher values awarded to other employees with the same Management Level. Whenever the annual commissions awarded are outside the above range, Sonaecom may decide to adjust them.

Management Level	Reference values for MTPB (% of annual fixed remuneration)
GF3	Up to 65%
GF4	Up to 60%
GF5	Up to 50%
GF6	Up to 45%

#### Duration of the plan

The MTPB plan is established annually, based on the variable remuneration awarded, and each plan has a three year term. As from the award date of the third consecutive plan, three tri-annual plans will be open.

#### MTPB Valuation

The MTPB is valued at the award date, based on the listed share prices in Portugal of the shares that make up the respective share package. Regarding Sonae shares, the most favourable of the following prices is used: the closing price on the first working day after **the company's Shareholders' Annual General Meeting, or the average of the closing prices of the last 30 trading sessions, before the Annual General Meeting.** In the case of Sonaecom shares, the value is calculated by dividing the average of the closing prices of the last 30 trading sessions, before the award date.



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.

Vesting of the MTPB

On the vesting date of MTPB plans – three years after being awarded -, compensation is paid in the form of shares or as a discount when purchasing shares.

The company awarding the MTPB retains the right to pay the cash equivalent to the shares' value on the vesting date, rather than delivering actual shares, provided that the Shareholding and Retention Policy described below is complied with, when applicable.

Share Retention Policy

The following Shareholding and Retention Policy ("SH&R Policy") is applicable to the members of Sonaecom's Board of Directors (Management Levels: GF1 and GF2):

Each GF1 or GF2 is required to retain 50% of the shares delivered on the vesting of each Plan until they hold, on an accumulated basis, a total number of shares that is equivalent to the value of two annual fixed salaries. The requirement to retain shares ends as soon as the respective manager holds, on an accumulated basis, a total number of shares that meets the agreed shareholding requirement, either by retaining MTPB shares awarded or by acquiring shares in their individual name. The inclusion of the latter shares is optional and is of the exclusive decision of each manager, who, in this case, should inform the company of this intent and provide the respective share information. For this purpose, the annual fixed salary is the monthly base remuneration paid 14 times a year.

The SH&R Policy was applied on a transitional basis to the 2004\_05/2008 and the 2005\_06/2009 Plan, with a share retention level of 20% of the shares attributed under each case. The 2006 Plan and subsequent ones, are subjected to a share retention level of 50%.

The SH&R Policy, is to be managed individually by the employees involved and will be monitored by the Human Resources and the Accounting and Administrative departments.

The Executive Directors shall not sign, nor will sign contracts with the Company or with third parties that would have the effect of mitigating the risk inherent in the variability of the remuneration established by the company.

Termination of the MTPB

The right to MTPB ceases when an employee no longer shares a legal or administrative relationship with Sonae, or any company that represents the sub-holding where they work, nor any other company directly or indirectly affiliated with either of the above. In the event of death or permanent disability, the MTPB is valued at current market prices of the shares and the equivalent value in cash will be paid to the employee or to his or her legal heirs. In the event of retirement, rights to a MTPB are retained and vest on the normal vesting date.

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

Not applicable.

**88. Planned control mechanisms for any employee share capital participation scheme, to the extent voting rights are not directly exercised by them**

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

## E. Transactions with related parties

### I - Mechanisms and control procedures

**89. Mechanisms implemented by the Company to monitor transactions with related parties (for the purposes of the concept of IAS 24)**

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

**90. Indication of transactions subjected to control in the reference year**

During the 23 and 24 of January 2014, within the Voluntary Tender Offer launched by Sonaecom and under the CMVM Recommendations, a few Executives and Sonaecom related parties have disposed of 1.454.134 ordinary shares, representing the company's share capital and Sonaecom's voting rights related, to Sonae - SGPS, S.A.. Further information regarding this transaction is disclosed in the announcement issued to the market on the 24 January 2014 and is available for consultation in the following website: <http://www.sonae.com/investidores/comunicados/>.

This transaction was executed under normal market conditions and were evaluated by the Statutory Audit Board. Besides this transaction, the Company did not execute any other transactions with any member of the Board or supervisory bodies during the 2014 financial year.



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 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 Statutory Audit Board, if their value exceeds 10 million euros. In addition, all transactions with related parties in excess of 1 million euro, are also submitted to quarterly reports by the Statutory Audit Board.

## II - Business related elements.

92. Location of accounting documents containing information regarding transactions with related parties, in accordance with IAS 24 or, alternatively, disclosure of this information

Information on transactions with related parties, in accordance with IAS 24, can be found in note 34 of the 2014 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, policies and practices followed by the Company under the terms of article 245-A of the Portuguese Securities Code and information duties required by CMVM Relation 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 2014.

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 in July 2013.

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

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

The governance model adopted by Sonaecom enabled the Board of Directors to operate normally, and none of the other statutory governing bodies have reported any constraints to their normal functioning. The Statutory Audit Board exercised its supervisory function, having received appropriate support from the Board of Directors to this end, via regular provision of information.

**The Statutory External Auditor monitored the company's activities and conducted** the examinations and verifications deemed necessary to review and legally certify the accounts, interacting with the Statutory Audit Board, within the framework of their competences and responsibilities and with full cooperation from the Board of Directors.

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



## PART III – ANALYSIS OF COMPLIANCE WITH THE ADOPTED CORPORATE GOVERNANCE CODE

In accordance with the corporate governance recommendations published in July 2013 by the CMVM, the following section gives a detailed description of the functions, responsibilities and composition of Sonaecom's governance bodies. Among other subjects, this section also includes a detailed disclosure and explanation of the company's remuneration policy and the shareholding positions of our directors.

### Disclosure of the location where the information is published

The full text containing the corporate governance guidelines currently adopted by Sonaecom - whether published by specific regulation, recommendation or voluntarily, including the Code of Conduct and, in particular, the internal regulations for share transactions and Conflicts of Interest –, are made publicly available on our website [www.sonae.com](http://www.sonae.com) and also at the CMVM website: [www.cmvm.pt](http://www.cmvm.pt).

### CMVM recommendations on Corporate Governance

The CMVM's recommendations on Corporate Governance (as issued in July 2013) and the respective level of compliance by Sonaecom at 31 December 2014, are listed below.

#### I. VOTING AND CORPORATE 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 the entitlement of 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 e-mail address to answer shareholders' enquiries and for the reception of all communications to participate in the General Meeting.

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 fully adopted.

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

1.5. 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 the effect of any restrictions listed in this recommendation.

#### 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 trusts that, considering the current structure of the Company and the Board's composition itself – reduced to three members, elected based on proposals submitted by shareholders at the Shareholders' General Meeting held on 24 April 2014 -, there is no need to delegate the daily management of the company to an Executive Committee or a Delegated Director.

The company's management is exercised by the Board of Directors, which is responsible for ensuring the management of the Company's business, exercising all management acts pertaining to its corporate purpose, monitoring risks and setting strategic guidelines. Thus, all Board members perform executive duties. Maria Cláudia Teixeira de Azevedo who is currently an Executive Director at Sonaecom, is the CEO of the SSI - sub-holding of Sonaecom - and Online & Media divisions.

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.

Such powers were not delegated by the Board of Directors.

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 to decide 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.

Sonaecom did not adopt said Corporate Governance model.

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 decided that, considering the current dimension of the company, the existence of a specific Committee to ensure the effectiveness and the quality of the work performed by Executive Directors is not justified. Such responsibility is delegated to the Remuneration Committee.

The Company has a Corporate Governance Officer who reports hierarchically to the Board of Sonaecom and its main duties are to assess 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 (as detailed above in Part I, 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 which are monitored by the Statutory Audit Board.

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 not adopted.

The current dimension of the company does not justify the existence of non-executive Directors. As a supervisory body, the Statutory Audit Board is responsible for supervising and assessing the activity of the members of the Board of Directors.

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 not adopted.

The company believes that its current dimension, its shareholder structure and the reduced dispersion of its share capital do not justify the existence of independent directors.

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.

The company Directors fulfil this recommendation, disclosing its decisions in an expeditious, clear and complete manner.

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 Statutory Audit 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.

Not applicable.

The company does not dispose of an Executive Committee.

**The announcement of all the Board of Directors' meetings to be held** and its respective minutes are communicated 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.

All members of the Board of Directors, including its Chairman, have an executive role. The company believes that its current dimension and the **Board's composition do not justify delegating the daily management of the company to** an Executive Committee or a Delegated Director. Therefore, the company's management is exercised by the Board of Directors which does not have any non-executive members.

## II.2. SUPERVISORY

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 company fully complies with the Portuguese Companies Act, regarding duties and function of the Statutory Audit Board. The Statutory Audit Board is responsible for overseeing the work performed and verifying the Statutory External Auditor's independence. Also, 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 the Company's website, at <http://www.sonae.com/investidores/governo-das-sociedades/orgaos-de-administracao-e-fiscalizacao/>.



II.2.3. The supervisory board shall assess annually the Statutory 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 reports annually on 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.

**These internal control systems are implemented and monitored by the company's Statutory Audit Board.**

II.2.5. The Audit Committee, the General and Supervisory Board and the Statutory Audit 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 internal audit services report functionally and separately to the Statutory Audit Board.

### 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 fully adopted.

The members of the Remuneration Committee, Duarte Paulo Teixeira de Azevedo and Francisco de la Fuente Sánchez, are independent in relation to the Board of Directors' members and possess the relevant knowledge and experience in the matter of remuneration policy. The curricula vitae of the Remuneration Committee's members are available for consultation in the Appendix III of this report.

II.3.2. Any individual or entity who, in the last three years, has rendered services to any structure under the direction of the Board of Directors to the company management body itself or who currently has a relationship with the company or with a consultant of the company, should not be hired to assist the Remunerations Committee in the performance of its duties. This recommendation is equally applicable to any individual or legal entity that has a relationship with such by means of an employment or service agreement.

Recommendation fully adopted.

The company does not hire any entity that rendered services to any structure under the direction of the Board of Directors to assist the Remunerations Committee in the performance of its duties. The Remuneration Committee resorts to benchmark studies on remuneration practices annually disclosed by internationally renowned consultants, whose independence is assured either by the fact that they have no connection to the Board of Directors, or due to their broad experience and recognised status in the market.

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;
- c) 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 24 April 2014 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.sonaecom.com/investidores/assembleias-gerais/> in the following address: [http://other.static.sonaecom.com/2014/07/31/Extracto\\_da\\_Acta\\_AG\\_Sonaecom\\_24042014\\_Portugu\\_s/Extracto\\_da\\_Acta\\_AG\\_Sonaecom\\_24042014\\_Portugu\\_s.pdf?download=1](http://other.static.sonaecom.com/2014/07/31/Extracto_da_Acta_AG_Sonaecom_24042014_Portugu_s/Extracto_da_Acta_AG_Sonaecom_24042014_Portugu_s.pdf?download=1)

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.

In its proposal, the company includes the approval of the share allocation plan and always accompanies it with the respective regulation.

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.

Currently, the company has no retirement pension plans in force.

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### 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 their effective performance and discourages excessive risk taking.

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 policy approved at the Shareholders' General Meeting under proposal of the Remuneration Committee, states that the remuneration of non-executive members of the Board of Directors, when existing, and the remuneration of members of the Supervisory Board includes only one fixed component. As a result, these members do not receive variable remuneration nor do they participate in the MTIP.**

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 company's remuneration policy includes a fixed component and a variable component, as set forth in the main European reference indicators. In comparative terms, the fixed remuneration is close to the average and the total remuneration is close to the third quartile of the indicators. The variable component represents over 40% of the total income received. The minimum and maximum variable components are pre-established as a percentage of a fixed component and, thus, are objectively established.**

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.

The MTIP, an integral part of the remuneration of the management body's executive members, is based precisely on this deferral.

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 24 April 2014, under proposal of the Remuneration Committee, addresses the principle defined in this recommendation: that Executive Directors shall not sign contracts with the Company or with third parties that would have the effect of mitigating the risk inherent in the variability of the remuneration established by the company.**

The company did not identify any contracts of this nature.

The Remuneration policy is available for consultation at the website disclosed on paragraph II.3.3..

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.

Since 2008, the company has implemented a share retention policy that fully complies with this recommendation.



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 variable component of the company remuneration does not include the allocation 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 uses the appropriate legal instruments available in law for this situation. There are no individual contracts with the directors to establish how eventual compensations would be calculated. In addition, the company has never attributed or contemplated attributing compensation to the directors in the event of dismissal or cessation due to inadequate performance.

#### IV. AUDITING

IV.1. The Statutory 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 External Auditor discloses the activities carried out during 2014 in its annual audit report, which is subject to approval at the Shareholders' Annual General Meeting, and is available for consultation at the website: <http://www.sonae.com/investidores/informacao-financeira/relatorios/>.

IV.2. The Company or any other entities with the latter in a control relationship, shall not engage the Statutory 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 see points 46 and 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 Company's Statutory External Auditor, Deloitte & Associados, SROC, S. A., was elected at the Shareholders' General Meeting held on 2 May 2007 and is serving until the end of the current term.**

In 2008, a new term corresponding to the 2008/2011 four-year period began and the Statutory Auditor was re-appointed to the post. In 2012, the proposal for election of Deloitte & Associados, SROC, S.A. to a new term (2012/2015) was submitted by the Supervisory Board to the **Shareholders' Annual General Meeting**, having been supported by a specific opinion in which the conditions of independence of the auditor and the advantages and costs of its replacement are weighed. Further information regarding this matter can be found in paragraph 40 of this report.

#### V. CONFLICTS OF INTEREST 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 Portuguese **Securities Code**, **such business should be conducted on an arm's length basis**.

Recommendation fully adopted.

The Company 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. The supervisory or audit board shall establish procedures and criteria that are required to define the relevant level of significance of business with qualifying shareholders - or entities with which they are in any of the relationships described in paragraph 1 of article 20 of the Portuguese Securities Code - thus significant relevant business is dependent upon prior opinion of that body.

Recommendation fully adopted.

Transactions 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 Statutory Audit Board, if their value exceeds 10 million euros. In addition, all





transactions with related parties in excess of 1 million euro, are also submitted to quarterly reports by the Statutory Audit Board.

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## 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.

The company's website, [www.sonae.com](http://www.sonae.com), provides information that fulfils the requirements of this recommendation.

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, which fulfils the requirements of this recommendation.



## APPENDIX I

### Article 447, 448 and Qualified Shareholdings

#### - Article 447

#### Board of Directors

		Additions		Reductions		Balance at 31 December 2014
	Date	Quantity	Market price €	Quantity	Market Price €	Quantity
Ángelo Gabriel Ribeirinho dos Santos Paupério						770 426 a)
Sonae- SGPS, S.A. <sup>(6)</sup>						
Shares attributed under the Medium Term Incentive Plan	02.05.2014	507 276	0.07			
Sale	31.12.2014			500 000	1.03	
Sonaecom, SGPS, S.A. <sup>(9)</sup>						-
Sale	23.01.2014			552 837	2.58	b)
Enxomil - SGPS, SA <sup>(10)</sup>						10 000 b)
Maria Cláudia Teixeira de Azevedo Efanor Investimentos, SGPS, S.A. <sup>(1)</sup>						1
Linhacom, SGPS, S.A. <sup>(4)</sup>						99 996
Sonae- SGPS, S.A. <sup>(6)</sup>						204 678
Shares attributed under the Medium Term Incentive Plan	02.05.2014	163 551	0.07			
Sonaecom, SGPS, S.A. <sup>(9)</sup>						-
Sale	23.01.2014			40 566	2.58	b)
António Bernardo Aranha da Gama Lobo Xavier						-
Sonae- SGPS, S.A. <sup>(6)</sup>						-
Sonaecom, SGPS, S.A. <sup>(9)</sup>						-
Sale	23.01.2014			2 603	2.58	
Sale	24.01.2014			83 297	2.58	b)

a) Includes 125,000 shares held by spouse

b) Includes shares held indirectly.



## Management

		Additions		Reductions		Balance at 31 december 2014
	Date	Quantity	Market price €	Quantity	Market price €	Quantity
David Graham Shenton Bain						
Sonae- SGPS, S.A. <sup>(6)</sup>						20 000
Sonaecom, SGPS, S.A. <sup>(9)</sup>						15 000
Rui José Gonçalves Paiva						
Sonae- SGPS, S.A. <sup>(6)</sup>						48 793
Shares attributed under the company's remuneration policy	05.05.2014	48 793	0.14			
Sonaecom, SGPS, S.A. <sup>(9)</sup>	03.01.2014			105 754	2.60	-
Carlos Alberto Rodrigues Silva						
Sonae- SGPS, S.A. <sup>(6)</sup>						30 486
Fernando José Lobo Pimentel						
Macareno Videira						
Sonae- SGPS, S.A. <sup>(6)</sup>						28 126
Ana Cristina Dinis da Silva Fanha						
Vicente Soares						
Sonae- SGPS, S.A. <sup>(6)</sup>						41 697
Shares attributed under the Medium Term Incentive Plan	28.03.2014	41 697	1.33			
Sonaecom, SGPS, S.A. <sup>(9)</sup>						-



		Additions		Reductions		Balance at 31 December 2014
	Date	Quantity	Market price €	Quantity	Market price €	Quantity
(1) Efanor Investimentos, SGPS, S.A. Sonae - SGPS, S.A. <sup>(6)</sup> Pareuro, BV <sup>(2)</sup> Sonaecom, SGPS, S.A. <sup>(9)</sup> Sale	23.01.2014			1 000	2.58	200 100 000 5 583 100 - -
(2) Pareuro, BV Sonae - SGPS, S.A. <sup>(6)</sup>						849 533 095
(3) Migracom, SGPS, S.A. Imparfin, SGPS, S.A. <sup>(5)</sup> Sonae - SGPS, S.A. <sup>(6)</sup> Sale Sonaecom, SGPS, S.A. <sup>(9)</sup> Sale	jun/14 23.01.2014			1 400 000 387 342	1.27 2.58	150 000 1 536 683 - -
(4) Linhacom, SGPS, S.A. Imparfin, SGPS, S.A. <sup>(5)</sup> Sonae - SGPS, S.A. <sup>(6)</sup> Sonaecom, SGPS, S.A. <sup>(9)</sup> Sale	23.01.2014			120 300	2.58	150 000 439 314 -
(5) Imparfin, SGPS, S.A. Sonae - SGPS, S.A. <sup>(6)</sup>						4 105 280
(6) Sonae - SGPS, S.A. Sonaecom, SGPS, S.A. <sup>(9)</sup> Acquisition	jan/14 feb-14 mar/14 apr-14 may-14 jul/14	1 454 134 785 660 371 589 1 399 759 132 448 200 000	2.58 2.07 2.16 2.21 2.30 1.59			81 022 964
Sonae Investments BV <sup>(7)</sup> Sontel BV <sup>(8)</sup>						2 894 000 32 745
(7) Sonae Investments BV Sontel BV <sup>(8)</sup>						58 555
(8) Sontel BV Sonaecom, SGPS, S.A. <sup>(9)</sup>						194 063 119
(9) Sonaecom, SGPS, S.A.						5 571 014
(10) Enxomil - SGPS, SA Sonae - SGPS, S.A. <sup>(6)</sup> Acquisition	31.12.2014	500 000	1.03			500 000



#### - Article 448

	Number of shares as of 31 dezembro 2014
Efanor Investimentos, SGPS, S.A. <sup>(1)</sup>	
Sonae- SGPS, S.A.	200,100,000
Pareuro, BV	5,583,100
Sonaecom, SGPS, S.A.	-
Pareuro, BV	
Sonae- SGPS, S.A.	849,533,095
Sonae- SGPS, S.A.	
Sonaecom, SGPS, S.A.	81,022,964
Sonae Investments BV	2,894,000
Sontel BV	32,745
Sonae Investments BV	
Sontel BV	58,555
Sontel BV	
Sonaecom, SGPS, S.A.	194,063,119

(1) Belmiro Mendes de Azevedo is, according to article 20 paragraph 1, subparagraph b), and article 21, paragraph 1, both of the Portuguese Securities Code, the ultimate beneficial owner, as it holds circa 99% of the share capital and voting rights in Efanor Investimentos, SGPS, SA and the latter wholly owns Sonae - SGPS S.A. and Sontel BV.

#### - Qualified Shareholdings

				% of voting rights
Shareholder	Number of shares	% of Share capital	With own shares	Without own shares
Directly				
Sontel BV	194,063,119	62.33%	62.33%	63.47%
Sonae- SGPS, S.A.	81,022,964	26.02%	26.02%	26.50%
Total attributable <sup>(1)</sup>	275,086,083	88.36%	88.36%	89.97%

(1) Belmiro Mendes de Azevedo is, according to article 20 paragraph 1, subparagraph b), and article 21, paragraph 1, both of the Portuguese Securities Code, the ultimate beneficial owner, as it holds circa 99% of the share capital and voting rights in Efanor Investimentos, SGPS, SA and the latter wholly owns Sonae - SGPS S.A. and Sontel BV.





## APPENDIX II

*Curricula Vitae* and positions held by members of management and supervisory bodies.

- Board of Directors:

Ángelo Gabriel Ribeirinho dos Santos Paupério
Birth date
14 September 1959
Academic Curriculum
Degree in Civil Engineering - University of Oporto
MBA by Porto Business School
Professional experience
Executive Vice-Chairman of Sonae - SGPS, S.A.
Manager of Sonae Investimentos, SGPS, S.A.
Manager of MDS, SGPS, S.A.
Manager of Sonae Sierra, SGPS, S.A.
Vice-Chairman of Sonae MC - Modelo Continente, SGPS, S.A.
Vice-Chairman of Sonae - Retalho Especializado, S.A.
Vice-Chairman of Sonaerp - Retail Properties, S.A.
Member of the Board of Directors of ZOPT, SGPS, S.A.
Member of the Board of Directors of NOS, SGPS, S.A.
Guest professor at Porto Business School
Member of the High Council of Universidade Católica Portuguesa
Member of the High Council of Porto Business School
Chairman of the Board of Directors of APGEI

#### Offices held in companies in which Sonaecom is a shareholder

Chairman of the Board of Directors of Sonaecom - Sistemas de Informação, SGPS, S.A.

Member of the Board of Directors of ZOPT, SGPS, S.A.

Member of the Board of Directors of NOS, SGPS, S.A.

Chairman of the Board of Directors of Sonaecom - Serviços Partilhados, S.A.

Chairman of the Board of Directors of Público - Comunicação Social, S.A.

#### Offices held in other entities

Member of the Board of Directors of Sonae, SGPS, S.A.

Member of the Board of Directors of Sonae Center Serviços II, S.A.

Member of the Board of Directors of Sonae Investimentos, SGPS, S.A.

Vice-Chairman of the Board of Directors of Sonae MC – Modelo Continente, SGPS, S.A.

Vice-Chairman of the Board of Directors of Sonae – Specialized Retail, SGPS, S.A.

Chairman of the Board of Directors of Sonaerp – Retail Properties, S.A.

Chairman of the Board of Directors of Sonaegest – Sociedade Gestora de Fundos de Investimento, S.A.

Member of the Board of Directors of Sonae Sierra, SGPS, S.A.

Member of the Board of Directors of Sonae, RE, S.A.

Executive Director of Sonae Investments, B.V.

Executive Director of Sontel B.V.

Member of the Board of Directors of MDS, SGPS, S.A.

Chairman of the Board of Directors of MDS AUTO, Mediação de Seguros, S.A.

Sole Director of Enxomil, SGPS, S.A.

Sole Director of Enxomil – Sociedade Imobiliária, S.A.

Sole Director of STTR - Construção e Imóveis, S.A.

Member of the Board of Directors of Love Letters – Galeria de Arte, S.A.

Maria Cláudia Teixeira de Azevedo

Birth date

13 January 1970

Academic Curriculum

Degree in Management - Catholic University of Oporto

MBA by INSEAD

Professional experience

Member of the Board of Directors of Efanor Investimentos, SGPS, S.A.

Executive Director of Sonaecom - Sistemas de Informação, SGPS, S.A.

Chairman of the Executive Board of Sonae Capital, SGPS, S.A.

Chairman of the Board of Directors of Sonae Turismo, SGPS, S.A.

Member of the Board of Directors of ZOPT, SGPS, S.A.

Offices held in companies in which Sonaecom is a shareholder

Member of the Board of Directors of ZOPT, SGPS, S.A.

Member of the Board of Directors of Sonaecom - Sistemas de Informação, SGPS, S.A.

Member of the Board of Directors of Sonaecom – Serviços Partilhados, S.A.

Chairman of the Board of Directors of Sonaecom – Cyber Security and Intelligence, SGPS, S.A.

Chairman of the Board of Directors of iTrust - Cyber Security Intelligence Services, S.A.

Chairman of the Board of Directors of WeDo Consulting, Sistemas de Informação, S.A.

Chairman of the Board of Directors of Saphety Level – Trusted Services, S.A.

Chairman of Board of Directors of Digitmarket – Sistemas de Informação, S.A.

Member of the Board of Directors of Público - Comunicação Social, S.A.

Member of the Board of Directors of PCJ – Público, Comunicação, e Jornalismo, S.A.

Director of Sonaecom – Sistemas de Información Espana, S.L.

Chairman of the Board of Directors of Grupo S21 SEC Gestión, S.A.

Member of the Board of Directors of WeDo Technologies (UK) Limited

Member of the Board of Directors of Praesidium Services Limited (UK)

Manager of WeDo Poland Sp. Z o.o.

#### Offices held in companies in which Sonaecom is a shareholder (continued)

Director of WeDo Technologies Mexico, S. De R.L. de C.V.

Chairman of the Board of Directors of WeDo Technologies Americas Inc.

**Manager General of Saphety – Transacciones Electronicas, S.A.S**

Member of the Board of Directors of WeDo Technologies Egypt

Member of the Board of Directors of WeDo Technologies Australia PTY Limited

Member of the Board of Directors of NOS, SGPS, S.A.

#### Offices held in other entities

Member of the Board of Directors of CAPWATT - BRAINPOWER, S.A.

Manager of CARVEMAGERE, MANUTENÇÃO E ENERGIAS RENOVÁVEIS, LDA

Member of the Board of Directors of COMPANHIA TÉRMICA HECTARE, ACE

Manager of C.T.E. - CENTRAL TERMOELÉCTRICA DO ESTUÁRIO, UNIPessoal, LDA

Member of the Board of Directors of CONTACTO CONCESSÕES, SGPS, S.A.

Member of the Board of Directors of ECOCICLO II - ENERGIAS, S.A.

Manager of ENERLOUSADO - RECURSOS ENERGÉTICOS, UNIPessoal, LDA

Chairman of the Board of Directors of IMOAREIA - INVESTIMENTOS TURÍSTICOS, SGPS, S.A.

Member of the Board of Directors of INTEGRUM ACE, S.A.

Member of the Board of Directors of INTEGRUM COLOMBO - ENERGIA, S.A.

Member of the Board of Directors of INTEGRUM ENGENHO NOVO - ENERGIA, S.A.

Member of the Board of Directors of INTEGRUM MARTIM LONGO - ENERGIA, S.A.

Member of the Board of Directors of INTEGRUM VALE DA CAIMA - ENERGIA, S.A.

Member of the Board of Directors of INTEGRUM VALE DO TEJO - ENERGIA, S.A.

Member of the Board of Directors of INTEGRUM II - ENERGIA, S.A.

Member of the Board of Directors of INTEGRUM III - ENERGIA, S.A.

Manager of RONFEGEN - RECURSOS ENERGÉTICOS, UNIPessoal, LDA

Member of the Board of Directors of SC - ENGENHARIA E PROMOÇÃO IMOBILIÁRIA, SGPS, SA

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

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

#### Offices held in other entities (continued)

Member of the Board of Directors of SISTAVAC, SA

Member of the Board of Directors of SONAE CAPITAL, SGPS, SA

Chief Executive Officer of SONAE CAPITAL, SGPS, SA

Chairman of Board of Directors of SONAE TURISMO - SGPS, SA

Chief Executive Officer of SONAE TURISMO - SGPS, SA

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

Chairman of the Board of Directors of EFANOR - SERVIÇOS DE APOIO À GESTÃO, S.A.

Member of the Board of Directors of IMPARFIN, SGPS, S.A.

Chairman of the Board of Directors of LINHACOM, SGPS, S.A.

Member of the Board of Directors of SEKIWI, SGPS, S.A.

Member of the Board of Directors of EFANOR - INVESTIMENTOS, SGPS, S.A.

Member of the Curators Council of Fundação Belmiro de Azevedo

António Bernardo Aranha da Gama Lobo Xavier

Birth date

16 October 1959

Educational qualifications

Degree in Law - University of Coimbra

Master in Economics Law - University of Coimbra

Professional experience

Partner and Member of the Board of Directors of MLGTS

Non-executive Director of the Board of Directors of BPI, SGPS

Non-executive Director of the Board of Directors of Riopelle, S.A.

Non-executive Director of Board of Directors of Mota-Engil, SGPS, S.A.

Executive Director of Sonaecom, SGPS, S.A.

Member of the Board of Directors of Público - Comunicação Social, S.A.

Member of the Board of Directors of Sonaecom - Sistemas de Informação, SGPS, S.A.

Non-executive Director of NOS, SGPS, S.A.

Offices held in companies in which Sonaecom is a shareholder

Member of the Board of Directors of Sonaecom - Sistemas de Informação, SGPS, S.A.

**Member of the Board of Directors of Sonaecom – Serviços Partilhados, S.A.**

Member of the Board of Directors of Público - Comunicação Social, S.A.

**Member of the Board of Directors of PCJ – Público, Comunicação, e Jornalismo, S.A.**

Member of the Board of Directors of NOS - SGPS, S.A.

Offices held in other entities

Partner and Member of the Board of Directors of MLGTS & Associados, Sociedade de Advogados

Member of the Board of Directors of BPI, SGPS, S.A.

Member of the Board of Directors of Mota-Engil, SGPS, S.A.

Member of the Board of Directors of Riopelle, S.A.

Chairman of the Board of the Shareholders General Meeting of Textil Manuel Goncalves, S.A.

Member of the Board of Directors of Vallis Capital Partners





## - Statutory Audit Board

Arlindo Dias Duarte Silva

Birth date

27 October 1936

Academic Curriculum

1963 Degree in Economics - University of Oporto

Professional experience

1960-1963 Teacher in Escola Comercial e Industrial

1968-1971 Military service required, including in Angola (interruption in banking activity)

1976-1979 Restart of banking activity, subdirector of Banco BPA since 1976

1989-1992 Member of the General Council of Câmara dos Revisores Oficiais de Contas

1992-1995 Member of Directive Board in Câmara dos Revisores Oficiais de Contas

Since 1979 Registered as Statutory Auditor, performing these functions either as a member of Sociedade de Revisores Oficiais de Contas, both on an individual name

Since 1979 Statutory auditor, Member of Statutory Audit Board or Single Supervisor in various societies as Banco Universo, União Portuguesa de Bancos, Orbitur - Intercâmbio de Turismo, SA, ATPS - SGPS, SA, MDS - Corretor de Seguros, SA, Imoarea - Sociedade Imobiliária, SA e Contacto - SGPS, SA

Offices held in other entities

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

Member of the Statutory Audit Board of Rochinvest - Investimentos Imobiliários e Turismo, SA

Offices held in charitable associations

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

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

Armando Luís Vieira de Magalhães

Birth date

22 August 1945

Academic Curriculum

1972 Bachelor in Accounting - ex-ICP and current ESCAP

1978 Degree in Economics - University of Oporto

1996 Executive MBA - European Management, IESF/EFG

Professional experience

1964-1989 Held several functions in a credit institution

1989-2010 Statutory External Auditor and Partner of Santos Carvalho & Associados, SROC, SA

Since 2010 Statutory External Auditor and Partner of Armando Magalhães, Carlos Silva & Associados, SROC, Lda.

Offices held in other entities

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

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

Member of the Statutory Audit Board of Futebol Clube do Porto - Futebol SAD

Member of the Statutory Audit Board of Real Vida Seguros, SA

Member of the Statutory Audit Board of Associação Sénior de Golfe do Norte de Portugal

Offices held in charitable associations

Member of the Statutory Audit Board of Fundação Eça de Queiroz



Oscar José Alçada da Quinta

Birth date

01 December 1957

Academic Curriculum

1982 Degree in Economics - University of Oporto

1990 Statutory External Auditor number 731

Professional Experience

1982-1986 Administrative and financial responsibilities in the area of textile companies, construction and office equipment

Since 1986 Provision of services related to external audit for Statutory Auditors and for companies in the previous activities

1990-1992 Independent Statutory Auditor

Since 1992 Statutory External Auditor and Partner of Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC

Offices held in other entities

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

Member of the Statutory Audit Board of BA GLASS I - Serviços de Gestão e Investimentos, SA

Jorge Manuel Felizes Morgado

#### Birth date

6 June 1955

#### Academic Curriculum

1977 Degree in Management - ISEG - Technical University of Lisbon

1999 MBA in Finance - IEDE Madrid

2004 MBA in Management and Information Systems - Faculty of Economics and Business - Catholic University

22 April 1991 Statutory External Auditor number 775

#### Professional Experience

1980-1989 Audit assistant and manager of Coopers & Lybrand

1989-1991 Responsible for Management Control and Internal Audit of the Grupo Coelima

1991-2004 Partner of Deloitte - Member of the Statutory Audit Board and Statutory External Auditor of many companies, responsible for the consultancy in the North of the Country and for the Corporate Finance in Portugal until 2001

Since 2004 Statutory External Auditor and Consultant in many national and international companies

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

#### Offices held in other entities

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

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

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

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

Statutory External Auditor of Valorinveste - Soc. Invest. Imb., SA

Statutory External Auditor of Jofabo - Construção e Imobiliária, SA

Statutory External Auditor of Know it - Soluções Formação Tecnológica, SA

Statutory External Auditor of Blue Share, SA

Statutory External Auditor of Praianorte - Hotelaria e Turismo, SA

Statutory External Auditor of Companhia das Pastas-Empreendimento e Investimentos Hoteleiros, SA

Statutory Auditor of Luso - Insular, projetos e Construção, SA

Statutory Auditor of PMVA - Imobiliária, SA



## APPENDIX III

### Curricula Vitae of the members of the Remuneration Committee.

Duarte Paulo Teixeira de Azevedo	
Date of Birth	
31 December 1965	
Academic Curriculum	
1986	Degree in Chemical Engineering - École Polytechnique Fédérale de Lausanne
1989	MBA - Porto Business School
Executive Formation	
1994	Executive Retailing Program - Babson College
1996	Strategic Uses of Information Technology Program - Stanford Business School
2002	Breakthrough Program for Senior Executives - IMD
2008	Proteus Programme - London Business School
2012	Corporate Level Strategy - Harvard Business School
Professional Experience in Sonae Group	
1988-1990	Analyst and Manager of Projeto Novos Investimentos in Sonae Tecnologias de Informação
1990-1993	Manager of Projeto de Desenvolvimento Organizativo and Comercial Director in Portugal in New Business in Sonae Indústria (Painéis Derivados de Madeira)
1993-1996	Director of Planning and Strategic Control and Organizational Development in Sonae Investimentos - SGPS, S.A. (currently Sonae - SGPS, S.A.)
1996-1998	Executive Director of Modelo Continente Hipermercados, SA (Merchandising, IT e Marketing Retalho)
1998-2000	Chairman of the Executive Committee of Optimus - Telecomunicações, S.A. (Operador Móvel)
1998-April 2007	Executive Director of Sonae - SGPS, S.A.
2002-2007	Chairman of the General Board of Público - Comunicação Social, S.A.
2003-2007	Chairman of the General Board of Glunz, AG
2004-2007	Chairman of the Board of Directors of Tableros de Fibras, S.A. (Tafisa)
Since May 2007	Chairman of the Executive Committee of Sonae - SGPS, S.A.

#### Professional experience in other entities

2001-2002	Chairman of Aritel - Associação dos Operadores de Telecomunicações
2001-2008	Member of the General Council of EGP - UPBS (now Porto Business School)
2003	Co-author of the book "Reformar Portugal"
2006-2013	Member of the Board of Founders of Fundação Casa da Música
2008-2009	Member of the General Council of AEP - Associação Empresarial de Portugal
2009-2014	Member of the Board of Trustees of AEP - Associação Empresarial de Portugal
Since 2008	Member of ERT - European Round Table of Industrislists
Since 2009	Chairman of the Board of Trustees of Universidade do Porto
Since 2012	Member of the Board of COTEC
Since 2013	Member of International Advisory Board of Allianz SE

#### Offices held in other entities of Sonae

Chairman of Executive Committee of Sonae - SGPS, S.A.
Chairman of the Board of Directors of Sonae Investimentos, SGPS, S.A.
Chairman of the Board of Directors of Sonae MC - Modelo Continente , SGPS, S.A.
Chairman of the Board of Directors of Sonae - Specialized Retail , SGPS, S.A.
Chairman of the Board of Directors of Sonae Center Serviços II, SGPS, S.A.
Chairman of the Board of Directors of Sonae Sierra, SGPS, S.A.

#### Offices held in other entities

Chairman of the Board of Directors of Migracom, SGPS, S.A.
Vice-Chairman of the Board of Directors of Sonae Indústria, SGPS, S.A.
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 ERT - European Round Table of Industrislists
Chairman of the Board of Trustees of Universidade do Porto
Member of the Board of COTEC
Member of International Advisory Board of Allianz SE



Francisco de La Fuente Sánchez

Birth date

2 January 1942

Academic Curriculum

1965 Degree in Electrical Engineering - Technical University

Main Professional Activities in the last five years

2000-2010 Non-Executive Director of Fundação Portugal-África

2004-2010 Member of the Advisory Council of Instituto Português de Corporate Governance

2005-2009 Chairman of Fundação EDP

2005-2012 Member of the Advisory Council of Fórum para a Competitividade

2006-2009 Member of the Supervisory Board of Millennium BCP - Banco Comercial Português

2007-2009 Chairman of Corporate Governance Committee of the Supervisory Board of Millennium BCP

2007-2012 Guest vowel of Conselho Nacional da Água

2007-2012 Vice-Chairman and Non-Executive Chairman of Directors of EFACEC Capital

2007-2012 Chairman of Conselho Nacional do Colégio de Engenharia Eletrotécnica da Ordem dos Engenheiros

2007-2013 Chairman of the General Board of PROFORUM

Since 2002 Member of the Board of Trustees of Fundação Luso-Espanhola

Since 2003 Member of Fórum Ibero América

Since 2004 Member of the Board of Trustees of Fundação Luso-Brasileira

Since 2005 Member of Patronato da Fundação Hidroelétrica del Cantábrico

Since 2009 Member co-opted of the Conselho de Escola do Instituto Superior Técnico

Since 2010 Chairman of the General Meeting of Iberwind - Desenvolvimento e Projetos. S.A.

#### Offices held in other entities

Non-Executive Director of Sonae Capital, SGPS, S.A.

Chairman of the General Meeting of Iberwind - Desenvolvimento e Projetos, S.A.

Chairman of the General Meeting of APEDS - Associação Portuguesa de Engenheiros para o Desenvolvimento Social

Member of the Remuneration Committee of Sonae, SGPS, S.A.

Member co-opted of Conselho de Escola do Instituto Superior Técnico

Chairman of the direction of AAAIST - Associação de Antigos Alunos do Instituto Superior Técnico

Member of Patronato da Fundação Hidroelétrica del Cantábrico

Chairman of honor of Hidroelétrica del Cantábrico, S.A.

Member of the Board of Trustees of Fundação Luso-Brasileira

Member of Fórum Ibero América

Member of the Board of Trustees of Fundação Luso-Espanhola