



CORPORATE GOVERNANCE

Part I Shareholding Structure,
Organisation and Corporate
Governance

Part II Statement
of Compliance

Appendices I and II

PART I - SHAREHOLDING STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. Shareholding Structure

I - Share capital structure

1. Capital structure

The share capital of Sonaecom – SGPS, S.A. (hereinafter Sonaecom or the Company) 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. Treasury shares

At 31 December 2019, Sonaecom held 5,571,014 treasury shares, representing 1.789% of its share capital.

4. Impact of the change in Sonaecom shareholder control on 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.

The majority 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 shareholders' agreements regarding Sonaecom are known.

6. Shareholders' agreements

No shareholders' agreements regarding Sonaecom are known.

II - Shareholdings and holdings of bonds

7. Qualified shareholdings

In compliance with the Article 8, paragraph 1, subparagraph (b) of the Securities and Exchange Commission Regulation 05/2008, and according to the notifications received by the Company concerning Articles 16 and 248-B of the Portuguese Securities Code, the qualified shareholdings representing at least 2% of the share capital of Sonaecom, SGPS, S.A., indicating the number of shares held and the percentage of voting rights, calculated in accordance with article 20 of the Portuguese Securities Code, at 31 December 2019, are described as follows:

Shareholder	Number of shares	% of Share capital	% Share capital and voting rights*	% of exercisable voting rights**
Efanor Investimentos, SGPS, S.A. (1)				
Directly	275 086 083	88.36%	88.36%	89.97%
Sontel BV	194 063 119	62.33%	62.33%	63.47%
Sonaecom - SGPS, S.A.	81 022 964	26.02%	26.02%	26.50%
Discerene Group, LP	8 694 396	2.79%	2.79%	2.84%
Azvalor Asset Management S.G.I.I.C. S.A.	6 340 147	2.04%	2.04%	2.07%

(1) Sonaecom, SGPS, S.A. is a company indirectly controlled by Efanor Investimentos, SGPS, S.A. ("Efanor"), as Efanor indirectly controls Sonaecom SGPS, S.A. and Sontel BV. With effects as from 29th November 2017, Efanor ceased to have a controlling shareholder, under the terms of articles 20º and 21º of the Portuguese Securities Code.

* Voting rights calculated based on the Company's share capital with voting rights, as per subparagraph b) of paragraph 3 of article 16 of the Portuguese Securities Code

** Voting rights calculated based on the Company's share capital with voting rights that are not subject to suspension of exercise

This issue is also dealt with in the Management Report.

The updated information regarding qualified shareholdings is available on <http://www.sonaecom.com/investidores/informacao-sobre-acao/estrutura-accionista/?l=en>.

8. Number of shares and bonds held by the members of the management and supervisory bodies, submitted pursuant to art. 447 paragraph 5 of the Portuguese Companies Code

The information can be found in Appendix of the Management Report.

9. Powers of the Board of Directors regarding share capital increases

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

10. Business relationships between the owners of qualified shareholdings and the company

Business and transactions with holders of qualified shareholdings are part of the usual and regular activity of the subsidiaries that comprise the portfolio of Sonaecom and are carried out under normal market practices and conditions. In addition, when related parties are involved, these transactions are scrutinised and, if significant, approved in advance by the Statutory Audit Board.

No significant business or commercial transactions were carried out in 2019 between the Company and owners of qualified shareholdings in the company.

B. Statutory Governing Bodies and Committees

I - Shareholders' General Meeting

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

11. Identification and roles of the members of the General Shareholders' Meeting Board and respective mandate

The Shareholders' General Meetings are directed by a Board elected by the shareholders for a four-year mandate, which begins and ends within the same calendar mandate as that of the other statutory governing bodies.

The members of the Board of the Shareholders' General Meeting throughout the reference year were:

Manuel Eugénio Pimentel Cavaleiro Brandão	- Chairman	Mandate 2016-2019
Maria da Conceição Henriques Fernandes Cabaços	- Secretary	Mandate 2016-2019

All the resources necessary are provided to the General Meeting for the performance of its functions, namely through the Secretary of the Company.

b) Exercise of the Voting Rights

12. Possible restrictions on voting rights

The company's Articles of Association do not envisage any restriction in terms of voting rights. The company's share capital is integrally represented by a single kind of shares that correspond to one vote per share.

Pursuant to the law and the company's articles of association, shareholders with voting rights have the right to participate, discuss and vote at the General Shareholders' Meeting if, on the registration day (which is considered to be at 0:00 GMT of the fifth trading day before the meeting), they own shares which grant them at least one vote. Shareholders shall also comply with the legal formalities as described in the corresponding notice of the meeting.

The right to vote by proxy and how such right may be exercised is also given on the notice for each General Meeting, pursuant to the law and Articles of Association.

Notwithstanding the need to prove the shareholding capacity, shareholders can vote by post regarding all matters under appreciation at the General Meeting. The General Meeting notice shall contain adequate information about postal voting.

The Company also has an electronic voting system that allows shareholder unlimited access to exercise voting rights. Shareholders are advised how to vote electronically in the General Meeting notice.

13. Maximum percentage of voting rights that may be exercised by a single shareholder or by a group of shareholders that are related to the latter as set forth in paragraph 1 of article 20

There is no statutory limitation on exercising voting rights.

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 passed by simple majority, unless otherwise required by law.

Any decisions made by the General Shareholders' Meeting in the second occasion it is convened, may be passed regardless of the number of shareholders attending the meeting and the share capital percentage these represent.

The quorum of the General Shareholders' Meeting required to pass its decisions abides by the provisions of the Companies Code.

II – Management and Supervision

a) Composition

15. Identification of the adopted governance model

This company has adopted the monist governance model, whose management structure is committed to the Board of Directors. 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, executing the organisation's objectives and setting out the Company's strategy.

The supervisory structure includes a Statutory Audit Board and a Statutory External Auditor.

The Board of Directors considers the governance model that was adopted by the Company to be suitable for the proper fulfilment of the duties of each of the corporate bodies, ensuring both their independence and the interface functioning thereof in a balanced manner.

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 in accordance with the provisions established by the law and the 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 one 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 that director through co-option. This appointment shall be subject to ratification by the shareholders in the following General Meeting.

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



The Board of Directors shall appoint its Chairman.

Recognizing the benefits of diversity within its board of directors and audit board as pillar of good governance, the company adopted a Diversity Policy for the management and supervisory bodies.

With such policy, the company seeks a significant and differentiated representation of gender, origins, qualifications and professional experience, as a way to ensure its alignment with the stakeholders' interests and to achieve an enhanced balance in its composition. Such policy, takes into account not only the nature and complexity of the activities carried out by the company, but also the context in which it operates.

In this sense, the Company undertakes to develop all efforts to ensure that, in the selection of the members of these corporate bodies, there are imperative criteria to ensure that they meet a greater breadth and diversity of knowledge, skills, experience and values.

These criteria focus mainly on: (i) gender diversity; ii) the professional qualification along with the necessary renewal of the composition of the governing bodies, in order to ensure a compatibility between seniority and the diversification of career paths, avoiding group thinking; iii) the plurality of knowledge and iv) not considering the age as an obstacle and without a restrictive view on the limits of such age, in particular regarding the following:

Gender: gender diversity aims to promote the existence of different perspectives and styles, bringing innovation and creativity to the respective body;

Professional experience: the coexistence of professional and diversified backgrounds provides appropriate know-how to the Company's activities and to the defined strategy, namely in the following areas: financial, accounting, legal, corporate governance, securities / derivatives market, retail, industry, investor relations, banking, corporate social responsibility, risk management, auditing, procurement and asset management, marketing, environment and sustainability;

Qualifications: a balanced diversity of professional qualifications enables the company to have the skills necessary to carry out its activities and the defined strategy, taking into account their complexity. The inclusion of different areas such as engineering, economics, management, law and other areas, promotes the diversity of technical knowledge, which will allow a better understanding of the issues, risks and opportunities inherent to the activity of the company; and

Age: the society does not have a restrictive view of the age limits for the exercise of managing or supervisory functions. The company trusts that age diversity will allow to combine the experience of older members with the perspective of the younger ones, which may result in a more innovative, agile and thoughtful decision-making process.

The company undertakes to implement and monitor the alignment of this policy with the most advanced corporate governance standards and to review it with adequate frequency (always in reasonable time before each elective general meeting), taking into account also the rules and principles of non-discrimination, including on the basis of ethnic origin, race, disability or sexual orientation.

Furthermore, the candidates to be appointed to the management and supervisory bodies should possess an adequate experience in senior offices within companies or similar organisations that enables them to (i) assess, challenge and develop the Company's senior officers; (ii) assess and challenge the group's and its main subsidiaries' corporate strategy; (iii) assess and challenge the Company's operational and financial performance; and (iv) assess the organisation's fulfilment of the Company's values.

Each candidate should in addition make their individual contribution in enabling the board of Directors, as a whole, to gain in-depth and international knowledge of Sonaecom's main business sectors, knowledge of the main markets and geographies where the

business areas operate and knowledge and competencies regarding management techniques and technologies that are key for the success of relevant companies in the business sectors of the Company.

The candidates should furthermore possess the human qualities, purpose clarity, analytical qualities and synthesis and communication skills that are required to address a large number of diversified and complex issues, within a limited time-frame, with the necessary depth to allow for a timely and high-quality decision-making.

In what regards the compliance with the described policy, reference is made to Appendix I, where the curricula of the members of the Board of Directors and the Statutory Audit Board of the company are available, showing the diversity of the same, in what refers to gender, age, academic qualifications, experience and professional profile.

In addition, the Company has approved in 2019 and maintains in force a Plan for Gender Equality that is applicable to the employees and members of the Group's corporate bodies that is available on <http://www.sonae.com/investidores/governo-das-sociedades/plano-para-a-igualdade-de-genero/?l=en>

Within both the Board of Directors and the Statutory Audit Board, whose composition is described in paragraph 17 and section III, a) below, the proportion of members representing each gender complies with the provisions of Article 5 of Law 62/2017 of 1 August.

17. Composition of the Board of Directors

Composition

Pursuant to the Sonaecom's Articles of Association, the Board of Directors may be constituted by an odd or even number of members, between a minimum of three and a maximum of twelve, elected by the shareholders in the General Shareholders' Meeting. The Board of Directors' term of office is four years and its members may be re-elected.

In 2019, the composition of the Board of Directors was as follows:

Members	Date of 1 st Appointment	End of term of office
Ângelo Gabriel Ribeirinho dos Santos Paupério	24/04/2007	31/12/2019
Maria Cláudia Teixeira de Azevedo	05/04/2006	31/12/2019
João Pedro Magalhães da Silva Torres Dolores	12/03/2019	31/12/2019
Eduardo Humberto dos Santos Piedade	30/04/2019	31/12/2019

18. Description of the members of the Board of Directors

Members

Ângelo Gabriel Ribeirinho dos Santos Paupério	Chairman of the Board of Directors (Executive)
Maria Cláudia Teixeira de Azevedo	Executive Director
João Pedro Magalhães da Silva Torres Dolores	Executive Director
Eduardo Humberto dos Santos Piedade	Executive Director

Pursuant to the decision, taken by the General Shareholders' Meeting held on 30 April 2019, of increasing the number of members of the management body from 3 to 4 concerning the mandate then ongoing (2016/2019), the Board of Directors decided on 13 May 2019 to revoke the delegation of the every-day management powers of the Company that had been entrusted to the Executive Committee – that was dissolved – and therefore the management of all corporate matters became the exclusive competence of the Board of Directors, all of its members assuming from that date on the capacity of executive 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 I of this report.

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

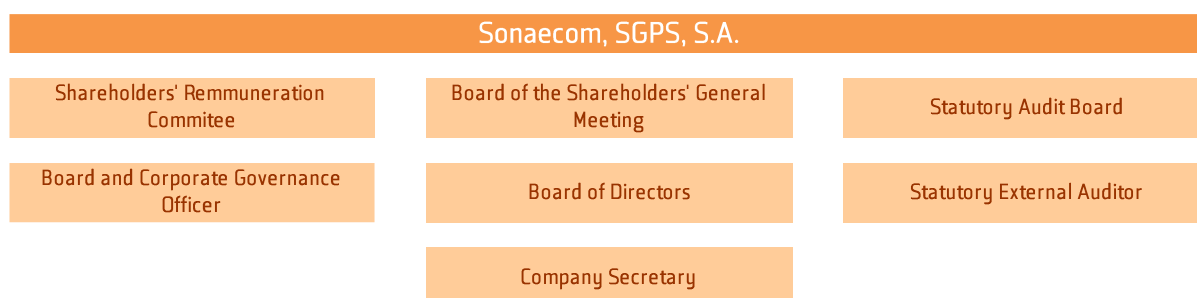
Maria Cláudia Teixeira de Azevedo, executive member of the Board of Directors, is the sister of Duarte Paulo Teixeira de Azevedo, and both are shareholders and members of the Board of Directors of Efanor Investimentos, SGPS, S.A., a company that (indirectly) holds the control of Sonaecom's share capital. Duarte Paulo Teixeira de Azevedo is also the Chairman of the Board of Directors of Sonae – SGPS, S.A. – a company that holds, as of 31 December 2019, 88.36% of the share capital of Sonaecom, corresponding to 89.97% of the voting rights.

The Chairman of the Board of Directors of Sonaecom, Ângelo Gabriel Ribeirinho dos Santos Paupério, is a member of the Board of Directors of Sonae – SGPS, S.A. and of Efanor Investimentos, SGPS, S.A., shareholders 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.



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 in an Executive Committee when it comes to everyday business, duties and management responsibilities. The delegation made by the Board of Directors should exclude the following matters, which shall remain the exclusive competence of the Board of Directors:

- a) Appointment of the Chairman of the Board of Directors;
- b) Co-optation of Directors;
- c) Request to convene General Meetings;
- d) Approval of the Annual Report and Accounts;
- e) Provision of collateral and personal or real guarantees by the Company;
- f) Decision to change the registered office or increase the share capital;
- g) Decision on mergers, spin-offs or transformation of the Company;
- h) Approval of the strategic management of the annual business portfolio and the policies thereof;
- i) Approval of the Company's annual budget and the Group's annual business plan and any changes on the same;
- j) Definition of the organisation and coordination of the corporate structure of the Sonaecom Group;
- k) Approval of every issue that should be deemed as strategic as a consequence of its amount, risk or particular features;
- l) Outline of the Human Resources policies that are applicable to top employees (level G3 and above) with the exclusion of areas that are the exclusive competence of the General Shareholders' Meeting or of the Shareholders' Remuneration Committee.

The Articles of Association do not allow the Board of Directors to approve capital increases, which has to be decided in the Shareholders' General Meeting.

The Internal Regulation of the Board of Directors, approved at the Board Meeting held on 3 May 2012 and amended by the resolutions taken on 2 November 2015, 13 March 2017 and 12 December 2019 is available for consultation on the company's website (www.sonaecom.pt) at

http://other.static.sonae.com/2020/03/31/Scom___Regulamento_BoD_vs_EN_12.12.2019/Scom___Regulamento_BoD_vs_EN_12.12.2019.pdf

The corporate structure is assisted by the following functional structures:



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 and Intangible 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 tax efficiency, ensuring the monitoring of tax procedures in all Sonaecom businesses, as well as compliance with tax obligations;
- 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 tax objectives, in particular providing support to business internationalisation;
- Monitoring of all the litigation processes with the tax authorities;
- 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 and/or business strategy;
- 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; 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 business in order to evaluate its performance in comparison with competitors and other players in the market.

Risk Management Department

The Risk Management is ensured not only at corporate level but also at the business level. Thus, each business unit is involved in the functional processes, with the responsibility of implementing internal controls and managing specific risks. In general, the main responsibilities of the Risk Management Department of each one of the businesses involves:

- 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;
- Collaborating to identify the critical risks and monitoring their development and the implementation of risk indicators and mitigation actions;
- 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, and Technologies and Online & 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 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;
- 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, winding up, liquidations and similar 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 transversal training 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) Functioning

22. Location of the Regulation of the Board of Directors

The Internal Regulation of the Board of Directors is available on the company's website (www.sonaecom.pt) at http://other.static.sonae.com/2020/03/31/Scom___Regulamento_BoD_vs_EN_12.12.2019/Scom___Regulamento_BoD_vs_EN_12.12.2019.pdf

23. Number of meetings held and attendance record 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 2019 with a 100% attendance rate, in person, of the directors Ângelo Gabriel Ribeirinho dos Santos Paupério, Maria Cláudia Teixeira de Azevedo, João Pedro Magalhães da Silva Torres Dolores and Eduardo Humberto dos Santos Piedade. The following table displays detailed information about the attendance at meetings:

Meeting date	Participants
12 March 2019	Ângelo Paupério Cláudia de Azevedo João Dolores
18 March 2019	Ângelo Paupério Cláudia de Azevedo João Dolores
13 May 2019	Ângelo Paupério Cláudia de Azevedo João Dolores Eduardo Piedade
26 July 2019	Ângelo Paupério Cláudia de Azevedo João Dolores Eduardo Piedade
05 November 2019	Ângelo Paupério Cláudia de Azevedo João Dolores Eduardo Piedade
12 December 2019	Ângelo Paupério Cláudia de Azevedo João Dolores Eduardo Piedade

The minutes of meetings are written down in the minutes book.

24. Competent governing bodies of the Company to assess the performance of the Executive Directors

The Company does not have an Executive Committee, nor does it have any Managing Directors.

To establish the variable component of remuneration, an individual evaluation of the Directors' performance is carried out by the Remuneration Committee, which represents the company's shareholders, accordingly with the remuneration policy approved at the Shareholders' General Meeting. This assessment takes place once the company's performance is disclosed.

Without prejudice to the overall and individual performance assessment of the Directors, which is carried out by the Remuneration Committee, the Board of Directors shall annually carry out the evaluation of its performance, having as reference the fulfilment of Company's strategic plan and budget, its risk management, internal functioning and its relations with other Sonaecom's bodies. This evaluation is usually carried out in the Board of Directors' meeting where the discussion of the previous years' accounts takes place.

In addition, and in accordance with article 376 of the Companies Code, the Shareholders' General Meeting annually reviews the management of the Company through a confidence or no confidence vote.

25. Pre-determined criteria for assessing the performance of the Executive Directors

The performance assessment of executive directors is based on pre-determined criteria, consisting of objective performance indicators set for each period and in line with the overall strategy of growth and positive business performance. These indicators consist of the business, economic and financial Key Performance Indicators (KPIs), subdivided into collective, departmental and personal KPIs.

The collective business KPIs consist of economic and financial indicators that are defined based on the budget and on the performance of each business unit.

Departmental business KPIs, in turn, are similar in nature to the previous ones, and they measure the specific contribution of the director to the performance of the business.

Personal KPIs include objective and subjective indicators and are intended to measure compliance with duties and commitments individually taken on by the executive director.

Additional information can be found in sections 71 to 75 below.

The pre-determined criteria to be used in the assessment of the Directors' performance are the consequence of the application of the Remuneration and Compensation Policy that was approved by the General Shareholders' Meeting following the proposal of the Shareholders' Remuneration Committee of the Company.

In 2019 the Remuneration and Compensation Policy was approved by the General Shareholders' Meeting held on 30 April and is available on the following websites:

http://other.static.sonae.com/2019/04/06/7__SCOM_Proposal7_ENG/7__SCOM_Proposal7_ENG.pdf?download=1

http://other.static.sonae.com/2019/04/06/7.1_SCOM_Proposal4Annex_ENG/7.1_SCOM_Proposal4Annex_ENG.pdf?download=1

26. Availability of each member of the Board of Directors, indicating the positions held simultaneously in other companies, inside and outside the Group, and other relevant activities carried out by the members of those bodies during the financial year.

The information regarding the positions held by the company directors simultaneously in other companies, inside and outside the group, is disclosed in Appendix I of this Report.

Each of the members of the Board of Directors has consistently demonstrated their availability to perform their duties, having regularly attended the meetings of the body and participated in its work.

c) Board of Directors' committees and managing directors


27. Identification of the committees created within the Board of Directors and where to find their operating regulations

The Board of Directors believes that in view of the current size of the Company and the composition of the Board itself, the maintenance or creation of any committees is not justified.

The company has a Corporate Governance Officer, who reports to the Board of Directors, through the Chairman and this solution is deemed as materially equivalent to the existence of an internal committee, specialised in corporate governance matters.

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 and by all members of its committees, when applicable;
- (iv) Supporting the Board in defining its role, objectives and operating procedures; taking a leading role in organising Board evaluations and assessments;
- (v) Keeping all Legislative, Regulatory and Corporate Governance issues under close review; 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 Non-Executive Directors in particular 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 Commission;
- (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.



The main duties of the Corporate Governance Officer listed above have as their main purpose to allow the Corporate Governance Officer to evaluate the adopted corporate governance structure and practices, to verify the effectiveness thereof and to propose to the relevant bodies any improvement measures to be taken.

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

The Company does not have an Executive Committee nor does it have any Managing Directors.

29. Indication of the powers of each of the committees created and a summary of the activities carried out in the exercise of those powers

The Board of Directors believes that in view of the adopted governance model, which takes into account (and it is considered appropriate to) the current shareholding structure (with a small free-float) and size of the Company, as well as the composition of the Board itself, it is not justified to maintain any specialized committee within the Board of Directors.

The company has a Corporate Governance Officer, with the functions and responsibilities disclosed in section 27 of this Report and this solution is, in view of the current context of the Company, deemed as materially equivalent to the existence of an internal committee, specialised in corporate governance matters.

The company has also a Company's Secretary, who is responsible for:

- (i) Ensuring the minutes and attendance lists of the Shareholders' General Meeting;
- (ii) Sending notices and other legal documents necessary to hold the General Meeting;
- (iii) Supervising the preparation of supporting documentation for the General Meetings and Board of Directors' meetings and drawing up the corresponding minutes;
- (iv) Responding to requests for information by the shareholders within the legal framework;
- (v) Proceeding with the legal registration of any act or decision of the Company's governing bodies.

III – Audit

a) Composition

30. Identification of the supervisory bodies

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

31. Composition

In accordance with the Company's Articles of Association, the Statutory Audit Board may be composed of an even or odd number of members, with a minimum of three and a maximum of five members, elected for four-year terms. The Statutory Audit Board also includes one or two substitute members, depending on whether the number of members is three or more.

In 2019, the members of Statutory Audit Board, elected for the mandates referred below, were:

João Manuel Gonçalves Bastos	Chairman	2016/2019
Maria José Martins Lourenço Fonseca	Member	2016/2019
Óscar José Alçada da Quinta	Member	2016/2019
António Augusto Almeida Trabulo	(Substitute Member)	2016/2019

The Statutory External Auditor is identified in Chapter IV of this Report.

32. Level of independence of the members of the Statutory Audit Board

All members of the Statutory Audit Board 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, paragraph 1, both from the Portuguese Companies Code. The members of the Statutory Audit Board are required to immediately inform the Company of any occurrence during their term of office that may cause incompatibilities or the loss of independence, as required by law.

33. Professional qualifications

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

b) Functioning

34. Regulation and annual activity report

The operating regulation of the Statutory Audit Board can be consulted in the Sonaecom website (www.sonaecom.pt), at http://other.static.sonae.com/2020/03/31/Regulamento_Conselho_Fiscal_12_2019__EN_/Regulamento_Conselho_Fiscal_12_2019__EN_.pdf

The annual report and statements of the Statutory Audit Board are published in each financial year, together with the annual accounts documents prepared by the Board of Directors, available at <http://www.sonae.com/investidores/informacao-financeira/relatorios/?l=en> (regarding 2019 documents, in the tab R&A 2019/Chapter IV).

35. Meetings of the Statutory Audit Board

The resolutions of the Statutory Audit Board are taken by a majority of the votes and are always recorded in the minute's book, with dissenting members being required to give their reasons for dissent in said minutes.

The Statutory Audit Board meets at least once a quarter. In 2019, the Statutory Audit Board held nine meetings with a 100% attendance rate.

36. Availability of each of the members, indicating the positions held in other companies, inside and outside the Group, and other relevant activities carried out by members of the Statutory Audit Board

Each of the members of the Statutory Audit Board has consistently demonstrated their availability to perform their duties, having regularly attended the meetings of the body and participated in its work.

The information on other positions held by members of the Statutory Audit Board, their qualifications and professional experience is included in Appendix I of this Report.

c) Powers and duties

37. Description of the procedures and criteria applicable to the intervention of the Supervisory Body for the purpose of contracting additional services from the External Auditor

It is the responsibility of the Statutory Audit Board to approve the provision of services, other than audit services, to be 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 supervision the External Auditor's activity in matters concerning: (i) the External Auditor's annual activity plan; (ii) monitoring the audit work, reviewing the financial statements and discussing the respective conclusions; (iii) supervising the External Auditor's independence; (iv) the decision to authorise the provision of services other than audit services, in compliance with the Recommendation from IPCG (VII.2.1.iv) and Law no. 140/2015, of 7 September; and (v) assessing the annual activity carried out by the External Auditor concerning the compliance with the IPCG Recommendation VII.2.3.

In assessing the criteria that backed the contracting of services, other than audit services, from the External Auditor, the Statutory Audit Board verifies the presence of the following safeguards:


- contracting additional services, other than audit services, does not affect the independence of the External Auditor;
- services other than audit services represent an adequate proportion of all services rendered;
- services other than audit services not prohibited (according to the legislation currently in force) shall be provided with high levels of quality, autonomy and independence in relation to the services carried out as part of the audit process;
- the quality system applied by the External Auditor (internal control), in accordance with the information provided by this body, monitors the risks of loss of independence or possible conflicts of interest with the Company and ensures the quality of the services that are provided in compliance with ethical and independence standards.


38. Other functions of the Statutory Audit Board

38.1 Statutory Audit Board

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

- a) To supervise the Company's management, in accordance with corporate governance best practises and with full respect for the competencies thereof;
- b) To ensure compliance with the Law and the Company's Articles of Association;

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- c) To prepare the annual report on the supervisory work performed, addressed to the shareholders, that should include the description of the supervisory work performed and possible constraints detected, and issue 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 annual accounts;
 - d) To convene the Shareholders' General Meeting, should the Chairman of the General Meeting fail to do this when required to do so;
 - e) To confirm whether the disclosed corporate governance report includes the information listed in article 245-A of the Portuguese Securities Code;
 - f) To assess the effectiveness of the risk management system, internal control system and internal audit system;
 - g) To receive communications of irregularities presented by the company's shareholders, employees or others;
 - h) 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, to supervise the process of preparation and disclosure of financial information by the management body, including notably the adequacy of the accounting policies, estimations, judgements, relevant disclosures and the consistent application thereof throughout the financial years in a duly documented and communicated manner;
 - i) To select the Statutory External Auditor, represent the Company before the external auditor and the Statutory External Auditor and propose to the Shareholders' General Meeting its appointment and removal and also to approve its remuneration and assess its performance making sure that the Company provides the Statutory External Auditor with the necessary conditions for carrying out its duties, to intermediate between the latter and the company, and making sure it is the main recipient of the external auditor's reports, with full respect for the duties and competencies of the management body in this matter;
 - j) To supervise the accounts audit concerning the Company's financial documents;
 - k) To evaluate the independence of the Statutory External Audit;
 - l) To give its prior approval to the audit services and additional services to be provided by the external auditor or by any other person that maintains a participation relationship with the latter or is part of the same network, and to approve its remuneration, ensuring that those services are legally permitted, do not surpass any reasonable limit and does not hinder the independence of the external auditor;
 - m) To evaluate the independence of the internal auditor, notably concerning limitations to its organisational independence and lack of resources in the course of the internal audit activity;
 - n) To issue a specific opinion and justification to support the possible decision of not rotating the external auditor, taking into account its independence conditions in such a circumstance as well as the advantages and costs associated with its substitution;
 - o) To supervise the internal audit activity;
 - p) To issue a prior opinion on business transactions (higher than 10 million euros) with qualified shareholders, or entities with whom they are in any relationship set out in article 20 of the Portuguese Securities Code;
 - q) To comply with all other attributions foreseen by the Law or by the Articles of Association.



In order to duly perform its duties, the Statutory Audit Board establishes a calendarized activity plan, in the first meeting of each year, where it should be included:

A – Monitorisation of the Company's activity, notably concerning:

- Assessment of the functioning of the internal control and risk management system;
- Supervision of the financial documents and disclosure of financial information;
- Issuing opinions and recommendations.

B – Supervision of the Internal Audit and Risk Management activity with the following scope:

Annual activity plan;

Receiving the regular reports on the developed activity;

Assessment of the results and conclusions reached;

Assessment of the existence of possible irregularities and analysis of irregularity reports that are conveyed to it;

Issuing any relevant instructions.

C – Information regarding irregularities

The Statutory Audit Board is the recipient of irregularity reports, in accordance with Article 420, 1, paragraph j) of the Companies Code, that are addressed directly to it or that are remitted to a different body.

The Statutory Audit Board obtains from the Board of Directors all information necessary for the performance of its duties, namely regarding the company's operational and financial evolution, changes in the business portfolio, terms of all transactions that occurred and details of the decisions taken. In addition, in support of the activity of the Statutory Audit Board, the Company provides the human and technical resources necessary for the organisation of meetings, preparation of agendas, minutes and supporting documentation and their timely distribution. These meetings are attended by the internal liaisons considered relevant to the issues under discussion, for presentation and explanation of the issues raised by the Statutory Audit Board.

The Statutory Audit Board is the overall 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 Supervisory Board represents the Company before the Auditor and proposes to the Shareholders' General Meeting its appointment, as well as its dismissal, also evaluating the activity performed by the Auditor, ensuring that the appropriate conditions exist within the company for the performance of its services. The Statutory Audit Board is the company's liaison and first recipient of the respective reports.

The Statutory Audit Board annually prepares a report on its supervisory action in the financial year, including an annual assessment of the Statutory External Auditor, and it issues an opinion on the management report, the consolidated and individual financial statements and the Corporate Governance report presented by the Board of Directors, in order to comply with the legal deadlines for disclosure at the date established for the Annual General Meeting. The annual report on its audit activity is included in the reports and accounts made available on the company's website.

The Regulation of the Statutory Audit Board is available on the company's website (www.sonaecom.pt), at http://other.static.sonaecom.com/2020/03/31/Regulamento_Conselho_Fiscal_12_2019_EN_/Regulamento_Conselho_Fiscal_12_2019_EN_.pdf

38.2 Statutory External Auditor

The Statutory External Auditor is the supervisory body responsible for the legal certification of the Company's financial information. Its main duties are:

- a) Check the consistency of all the books, accounting records and supporting documents;
- b) Whenever it deems convenient and through such means as it deems appropriate, verify the accuracy of cash and amounts of assets or securities of any type belonging to the Company or received by the Company by way of guarantee, deposit or for any other purpose;
- c) Check the accuracy of the financial statements and express its opinion on them in the Legal Certification of Accounts and in the Audit Report;
- d) Verify that the accounting policies and valuation criteria adopted by the Company result in the correct valuation of the assets and results;
- e) Perform any necessary examinations and tests for the audit and legal certification of accounts and perform all procedures stipulated by law;
- f) Verify the enforcement of remuneration policies and systems and the effectiveness and functioning of the internal control mechanisms, reporting any deficiencies to the Statutory Audit Board, under the terms of and within the scope and limits of its legal and procedural powers;
- g) Cooperate with the supervisory body, providing immediate information on any irregularities relevant to the performance of the functions of the supervisory body it may have detected, as well as any difficulties encountered in the exercise of its duties;
- h) Verify whether the Corporate Governance Report includes the elements referred to in article 245-A of the Securities Code.

Since 1 January 2016, the activity and services of the Statutory External Auditor are regulated by the new Estatuto da Ordem dos Revisores Oficiais de Contas, approved by Law no 140/2015, of 7 September.

IV – Statutory External Auditor

39. Identification of the Statutory Audit Firm and of the statutory auditor that represents it

The Statutory External Auditor of Sonaecom is PWC – Price Waterhouse Coopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda., registered at OROC under the no. 183 and at the Portuguese Securities Market Commission under the no. 20161485, represented by Hermínio António Paulos Afonso or by António Joaquim Brochado Correia integrating the mandate of 2016/2019. The substitute Statutory External Auditor is Joaquim Miguel de Azevedo Barroso (Statutory External Auditor no. 1426, registered at the Portuguese Securities Market Commission under the no. 20161036).

40. Number of consecutive years in which the Statutory External Auditor has performed duties for the company and/or for the group

In 2016, a new mandate corresponding to the 2016/2019 four-year period began and PWC – Price Waterhouse Coopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. was elected to the position of Statutory External Auditor, through a proposal submitted by the Statutory Audit Board to the Shareholders' Annual General Meeting held on 29 April 2016.

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

PWC – Price Waterhouse Coopers & Associados, Sociedade de Revisores Oficiais de Contas, LDA. performs the duties of Statutory External Auditor. A company belonging to the same network rendered tax consulting services under the supervision of the Statutory Audit Board.

V – External Auditor

42. Identification of External Auditor designated for the purposes of article 8 and of the Statutory Auditor partner who represents it in the performance of those duties, as well as the respective registry number at the Portuguese Securities Market Commission

The Sonaecom External Auditor, designated for the purposes of Article 8 of the Portuguese Securities Code, is PWC – Price Waterhouse Coopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. registered at OROC under the no. 183 and at the Portuguese Securities Market Commission under the no. 20161485, represented by Hermínio António Paulos Afonso or by António Joaquim Brochado Correia.

The substitute Statutory External Auditor is Joaquim Miguel de Azevedo Barroso (Statutory External Auditor no. 1426, registered at the Portuguese Securities Market Commission under the no. 20161036).

43. Number of consecutive years in which the External Auditor and the respective Statutory Auditor partner who represents it have performed duties for the company and/or for the group

PWC – Price Waterhouse Coopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. was first elected on 29 April 2016, to integrate the mandate 2016/2019.

44. Policy and frequency of rotation of the External Auditor and the respective Statutory Auditor partner representing 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 a careful assessment, it concludes that the supervision of its activity does not interfere with the independence of the External Auditor, and the advantages and costs of renewing the mandate outweigh its replacement. Such principle shall also meet the conditions set forth in article 54, paragraphs 4 and 5 of Law no. 140/2015 of 7 September.

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

In accordance with the Company's governance model, the election or dismissal of the Statutory External Auditor/External Auditor is decided by the Shareholders' General Meeting, upon proposal of the Statutory Audit Board.

The Statutory Audit Board supervises the performance of the External Auditor and the work throughout each financial year, considers and approves additional work to be provided and annually conducts an overall assessment of the External Auditor, which includes an assessment of its 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, PWC – Price Waterhouse Coopers & Associados, Sociedade de Revisores Oficiais de Contas, Lda. in 2019 and 2018, under 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:

	2019		2018	
	Values in €	%	Values in €	%
For the company *				
Statutory audit review	21,450	15%	30,036	14%
Other services	-	-	-	-
By entities included in the group				
Statutory audit review	119,750	84%	186,622	86%
Other services	1,575	1%	1,000	0%
Total				
Audit services	141,200	99%	216,658	100%
Other services	1,575	1%	1,000	0%
Total	142,775	100%	217,658	100%

*Includes individual and consolidated accounts

The services other than auditing services were hired from the External Auditor upon authorisation from the Statutory Audit Board, which recognised that the hiring of those services did not affect the External Auditor's independence, and corresponded to the satisfaction of the company interests, given the provider's expertise, the history of providing services in those areas and the knowledge of the Company and its Group.

In addition, the following safeguards were observed:

- the acquisition of services other than auditing services did not affect the External Auditor's independence;
- services other than auditing services, when duly framed, are not prohibited services according to paragraph 8 of Article 77 of Law 140/2015;
- services other than audit services represented an adequate proportion of all services rendered;
- tax consulting services and the other services, when existing, are provided by experts other than those who were involved in the audit process;
- the fees paid by Sonaecom group to the PWC group represented less than 1% of PWC's total annual billing in Portugal;
- the auditors' internal control system, 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.

The Statutory External Auditor has remitted to the Statutory Audit Board, in accordance with paragraph 6 of Article 24 of Law no 148/2015, of 9 September, which approved the legal framework for the auditing supervision (*"Regime Jurídico da Supervisão de Auditoria"*), an "Independence Declaration" where it describes the services rendered by it and by other entities, as well as the safeguard measures applied, which were assessed by the Statutory Audit Board.

C. INTERNAL ORGANISATION

I – Articles of Association

48. Rules applicable in the case of amendments to the company's Articles of Association

Amendments to the Company's Articles of Association follow the terms set out in the Portuguese Companies Code, requiring a majority of two thirds of the votes cast for approval. For a Shareholders' General Meeting to be held, in the first occasion it is convened, the Company's Articles of Association require that a minimum of 50% of the issued share capital should be present or represented at the meeting.

II - Reporting Irregularities

49. Means of 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 which sets out the principles and standards of conduct that reflect the culture of the company.

This Code of Conduct, which should guide the actions of its employees when exercising their functions, is available at <http://www.sonae.com/investidores/governo-das-sociedades/codigo-de-etica-e-conduta/?l=en>

Regarding the mechanisms for detecting and preventing irregularities, these are described in the Regulation of the Company's Statutory Audit Board.

Any individual who seeks to report an irregularity that they think has been or know to have been committed by any manager, employee or partner of Sonaecom shall do so through a letter sent to the Statutory Audit Board, at the Company's registered office, with a 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.

Within this procedure, the Statutory Audit Board has the responsibility to receive reports of alleged irregularities, submitted by company shareholders, employees or by other parties. After the receipt, the Statutory Audit Board must record all alleged irregularities reported, undertake an investigation with due diligence by the Board of Directors and/or through internal and/or external auditing, and to report its/their conclusions.

Furthermore, the Whistleblowing Policy adopted by the company, is included in the Code of Conduct and is available on the Company's website - <http://www.sonae.com/investidores/governo-das-sociedades/codigo-de-etica-e-conduta/?l=en> - covering the entire perimeter of the Sonaecom Group.

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

The Board of Directors monitors the activities of the Internal Audit Department, which 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, evaluating 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 Regulations 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 competences

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 area of Planning and Control, along with the respective pivots in the business areas, is responsible for preparing and monitoring the execution of annual plans of action and resources, as well as 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 of service and safety incidents at the operating level.

53. Identification 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 *Business Risk Management (BRM)*. 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

According to 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 internationalisation of the companies in the Technology area, this exposure is more and more mitigated.

S21Sec and Excellium mitigate that risk by operating in a segment of high growth and criticality in organizations.

In the case of Bizdirect, although it is still highly dependent on the national market for IT equipment, the company has continued to diversify its risk with the provision of software licensing corporate agreements' management services and with the expansion of the Microsoft solutions integration activity.


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 been forcing constant restructuring and adaptation. With the need to ensure sustainability without compromising its role as an independent information source in Portugal, Público has been focusing on meeting the growing demands in the digital world and reducing its operating costs structure.

Inovretail, as all other minority shareholdings in the Technology area, including those that are quite incipient, act in the technological market with high potential for growth and international expansion, thereby mitigating its operational risk.

With respect to Armilars' venture capital funds, the economic risk is mitigated by asset portfolio diversification, which operates in different segments and different geographic markets.

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 boost innovation.



S21Sec operates 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 them 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.

Inovretail is certified in Research, Development and Innovation Management (NP4457:2007) and in Quality by ISO 9001:2008.

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.

However, S21sec is, since June 2018, with integration of Nextel, the most relevant "pure player" (a company that specialises exclusively in the cybersecurity sector) in the Iberian Peninsula, both in terms of revenues and number of cybersecurity specialists. Also, with S21sec and Excellium, Sonaecom's Technology area became one of the most relevant groups in cybersecurity services in Europe, with more than 500 employees and present in 13 locations of 6 countries.


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.

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.

Excellium, despite its current focus on the financial segment of Luxembourg, expects to expand to other segments, in addition to the geographical expansion in Belgium.

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



Inovretail, despite its focus on retail segment and product sales, also includes a significant component of professional services in its portfolio.

The Technology area, with its minority shareholdings, explores different activities and is the only technological link with the retail, telecom and cybersecurity segments.

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 (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 reputation and the brand, on the integrity of 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, technology 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 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 have appointed a Chief of Personal Data Protection Officer (DPO), 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.



Finally, regarding the cybersecurity risk, several actions were undertaken, most importantly the renewal of the rating service Bitsight and the development of information and training sessions mainly focused on phishing campaigns.

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, which, although intrinsic to their respective businesses, can generate professional civil liability. 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, Sonaecom continues 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 Technology companies and Media;
- Additional subscriptions of professional liability insurance for 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 Administrative and Finance Department.

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. The Group'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 businesses 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 always have the highest standards of competence, ethics and experience.

The companies in the Technology area 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. Furthermore, they are exposed to specific national, local and sectorial laws and regulations of each market in which they operate and are naturally exposed to the risk arising from any regulatory or legislative changes that may condition business and, consequently, prejudice or hinder the achievement 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 information technology sector in Portugal. Such collaboration may involve sending comments in response to public consultations issued by national and international entities.

54. Description of the process of identification, assessment, monitoring, control and risk 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 Corporate 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 Information 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. Key elements of the internal control and risk management systems implemented in the company with regard to the financial disclosure process

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 2019.



Therefore, Sonaecom is committed to ensuring an effective internal control environment, regarding the financial reporting process, seeking, systematically, 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 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 III, section 1.2, note 1 in the Report and Accounts), constitute one of the fundamental pillars of the 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 Administrative and Finance Department, under the supervision of the Group's Board of Directors. 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 Legal Department. The set of documents that constitute the annual report are sent for review and approval by the Sonaecom Statutory Audit Board and the Board of Directors. After approval, the documents are sent to the Statutory External Auditor, which issues its Legal Certification of Accounts and the Audit Report.

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. 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 Support

56. Service responsible for investor support, composition, duties, information made available by this service and contact information

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

The department regularly prepares presentations and communications covering quarterly, half-year and annual results. It is also its responsibility to make any announcements to the market, whenever necessary, and disclose or clarify any relevant event that could influence Sonaecom's share price.

In addition to the Investor Relations Department, all disclosed information is available on the webpage of the Portuguese Securities Commission ("Comissão do Mercado de Valores Mobiliários": www.cmvm.pt) and the Company's webpage <http://www.sonae.com/investidores/comunicados/?l=en>. On <http://www.sonae.com/investidores/?l=en> you may find the information required by Article 3 of the CMVM Regulation no. 4/2013, as well as general information on Sonaecom, in addition to other relevant information, as recommended by the IPCG Corporate Governance Code 2018, notably:

- Quarterly, half-year and annual results concerning the last five years;
- Management Reports;
- Corporate Governance Reports;
- Internal Regulations of the management and auditing bodies;
- Contacts of the Investor Relations Department and of the Representative for Relation with the Market;
- Description of Sonaecom's stock price performance in the Portuguese Stock Market;
- Information concerning the Company's General Shareholders' Meetings;

Annual Investor Calendar on General Shareholders' Meetings and annual, half-year and quarterly disclosure events.

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

Tel: (+351) 22 013 2349

Fax: (+351) 22 011 8561

Email: investor.relations@sonae.com.pt

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

Website: www.sonae.com.pt

57. Representative for capital market relations

By resolution of the Board of Directors taken on 12 March 2019, the director João Pedro Magalhães da Silva Torres Dolores was appointed as representative for the relations with the capital market and the Portuguese Securities Commission.

Contacts:

Tel: (+351) 22 013 2349

Fax: (+351) 22 011 8561

Email: market.relations@sonae.com / jpdolores@sonae.pt

Address: 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 2019, 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 average response time, without prejudice to the complexity of the matter, did not exceed 2 working days.

V - Website

59. Address

Company's website: www.sonaecom.pt

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

Website: <http://www.sonae.com/investidores/governo-das-sociedades/identificacao-da-sociedade/?l=en>

61. Location for the provision the Articles of Association and the regulations of the corporate bodies and/or committees

Website:

http://other.static.sonae.com/2015/05/19/Articles_of_Association_of_Sonaecom_SGPS_SA/Articles_of_Association_of_Sonae_com_SGPS_SA.pdf?download=1

<http://www.sonae.com/investidores/governo-das-sociedades/orgaos-de-governacao/?l=en> in the documents called "Internal Regulation of the Board of Directors" and "Regulation of the Statutory Audit Board"

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

Websites: <http://www.sonae.com/investidores/governo-das-sociedades/orgaos-de-governacao/?l=en>

<http://www.sonae.com/investidores/governo-das-sociedades/orgaos-de-governacao/?l=en>

<http://www.sonae.com/investidores/contactos/?l=en>

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

Accounting documents: <http://www.sonae.com/investidores/informacao-financeira/relatorios/?l=en>

Calendar of corporate events: <http://www.sonae.com/investidores/calendario-do-investidor/?l=en>

64. Location for the provision of the notices for shareholders' general meetings and all related preparatory and subsequent information

Website: <http://www.sonae.com/investidores/assembleia-geral/?l=en> in the document identified as "Notice of meeting" included in each of the annual folders.

65. Location where the historical records are available with resolutions adopted at the shareholders' general meeting, the represented share capital and the voting results, with reference to the previous 3 years

Website: <http://www.sonae.com/investidores/assembleia-geral/?l=en>

D. Remuneration

I - Power to establish

66. Competence for determining the remuneration of the governing bodies, members of the executive committee or managing director of the company

The Remuneration Committee is responsible for approving the remuneration of the members of the Board of Directors and other Statutory Governing Bodies, on behalf of the shareholders and in accordance with the remuneration policy approved at the Shareholders' General Meeting.

II - Remuneration committee

67. Composition of the remuneration committee, including identification of individuals or companies hired to provide support and a statement on the independence of each member and advisor

The Remuneration Committee consists of two members: Duarte Paulo Teixeira de 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 *Korn Ferry*, and also by companies that issued stocks that are listed in Euronext Lisbon 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. In the course of its activity during 2019, the Shareholders' Remuneration Committee did not hire any consultancy services.

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 Sonae'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.

During 2019, the Remuneration Committee held two meetings with a 100% attendance rate.

III – Remuneration Structure

69. Description of the remuneration policy of the management and supervisory bodies

Sonae's remuneration policy is structured in order to find a balance between the performance of Executive Directors in relation to goals established for them, and the Company's positioning in 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) individual responsibility and performance assessment.

Remuneration policy constitutes therefore a formal means of aligning the interests of the Company's management with those of shareholders, such that, among the various component parts of the remuneration package, the variable component, the value of which depends on the individual's and the Company'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 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, is the 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 (based upon the assumption that initiative, competence and commitment are the key drivers of a good performance - one that is aligned with the Company's medium and long-term interest in view of its sustainability), approved in the Shareholders' General Meeting held on 30 April 2019 and available for consultation at the website

http://other.static.sonae.com/2019/05/03/InformationResolutionsAGM_Sonaecom_30_04_2019_ENG/InformationResolutionsAGM_Sonaecom_30_04_2019_ENG.pdf?download=1

Remuneration policy features:


Competitiveness:

When establishing the Remuneration and Compensation Policy applicable to the members of the Company's statutory bodies, the main goal is to acquire high-performing talented people that may provide a relevant and material contribution for the sustainability of the Company's businesses.

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 for Portugal and the main European markets. Currently, the market surveys conducted by Mercer and Korn Ferry are used as references.

The median market value for the fixed remuneration and the third quartile for the variable remuneration of 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 that issued stocks that are listed in Euronext Lisbon.

The remuneration paid 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.



Guidance to performance:

A significant part of the remuneration of Sonaecom'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 value of short and medium term incentives will be partially or totally reduced.

Alignment 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, whose amount is conditional upon the stock price performance.

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.

Transparency:

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.


Reasonability:

Executive Directors' remuneration aims to be reasonable, ensuring the balance between the Company's interests and market positioning, the expectations and motivations of the members of our statutory bodies and the need to retain talent.

The Shareholders' General Meeting, held on 30 April 2019, continuing the policy until then pursued consistently, by approving the Remuneration and Compensation Policy in force, has maintained 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 management and supervisory bodies;
- for the application of the Remuneration and Compensation Policy, holding offices in companies in a control or group relationship is taken into account;
- in order to ensure the effectiveness and transparency of the principles underlying the Remuneration and Compensation Policy, the executive directors shall not enter into any agreements with the Company or any third parties that might cause the risk of the variable remuneration they are entitled to, to be mitigated.

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 2019, 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 adopted policy 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, exclusively, made up of fixed annual fees, based on comparable market practices, and does not include any variable remuneration.

The company's Statutory 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.


The Remuneration and Compensation Policy applicable to statutory governing bodies complies with European guidelines, national legislation and the IPCG Corporate Governance Code issued in 2018 in accordance with the Protocol entered into between IPCG and Securities Market Commission (CMVM) on 13 October 2017 which created a self-regulation model for the corporate governance recommendation framework thereby revoking the CMVM Corporate Governance Code (2013) and driving the implementation of a single code, authored by IPCG, who is competent to interpret and apply it and also to annually assess the quality of the corporate governance structures and practises of listed companies. The Policy

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 Bonus (STVB): awarded in the first half following the year to which it relates (after gauging the profits for the period) and linked to the performance in the prior year. It aims to guide and compensate the Executive Directors for achieving predefined objectives.
- (ii) Medium Term Variable Bonus (MTVB) or (MTIP) is deferred for 3 years depending on the amount awarded and market share price, so as to link remuneration to long-term performance and provide alignment with the interests of shareholders (in accordance with the Share Award Plan, described in greater detail in chapter IV of this Report).

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 30% and 60% of total annual remuneration (fixed remuneration, plus variable remuneration target values).

The variable part of the remuneration is checked by assessing the performance of a series of performance indicators from the various businesses that are mainly economic and financial – *Key performance Indicators of Business Activity (Business KPIs)*. The content of the performance indicators and their specific weighting in determining the effective remuneration ensure the executive directors are aligned with the defined strategic objectives and compliance with legal standards that cover the company's activity.


The amount of each bonus is between 0% and 140% of the previously defined bonus objective. The variable remuneration is paid in cash, but the Remunerations Committee may decide it should be paid, within the same period, in shares.

The payment of the variable bonus can be made by any of the means of extinguishing the obligation foreseen in the Law and the Articles of Association.

The payment of at least 50% (fifty percent) of the variable component of the remuneration is deferred for 3 (three) years, under the terms described below.

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

Variable remuneration is awarded annually, according to the results of the previous year, and is then integrated into the MTVB 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 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 applicable, will be established upon market values and according to the following principles: (i) payment of fixed remuneration is dependent on the attendance rate of the meetings of the Board of Directors; and (ii) attribution of an annual responsibility allowance. 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

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 30 April 2019, which is available for consultation at the Company's website www.sonaecom.pt, at:

http://other.static.sonae.com/2019/05/03/InformationResolutionsAGM_Sonaecom_30_04_2019_ENG/InformationResolutionsAGM_Sonaecom_30_04_2019_ENG.pdf?download=1

76. Main features of the Directors' complementary pensions or early retirement schemes and date of approval by the General Shareholders' Meeting

The Company does not grant 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, subsidiaries and group companies during the year 2019 and 2018, is summarized in the charts below.

	2019				2018			
Amounts in euros	Fixed Remuneration	Short Term Variable Bonus	Medium Term Variable Bonus/MTIP	Total	Fixed Remuneration	Short Term Variable Bonus	Medium Term Variable Bonus/MTIP	Total
Individual breakdown								
Executive Directors								
Ângelo Gabriel Ribeiro dos Santos Paupério (CEO)	183 900	136 400	136 400	456 700	183 900	145 600	145 600	475 100
Maria Cláudia Teixeira de Azevedo (Note 1)	41 200	32 300	32 300	105 800	146 100	99 100	99 100	344 300
Eduardo Humberto dos Santos Piedade (Note 2)	-	-	-	-	-	-	-	-
João Pedro Magalhães da Silva Torres Dolores (Note 3)	-	-	-	-	-	-	-	-
	225 100	168 700	168 700	562 500	330 000	244 700	244 700	819 400
Non-Executive Directors								
António Bernardo Aranha Gama Lobo Xavier (Note 4)	-	-	-	-	60 000	-	-	60 000
Total	225 100	168 700	168 700	562 500	390 000	244 700	244 700	879 400

Note 1: Maria Cláudia Teixeira de Azevedo was elected as CEO of Sonae SGPS on 2019.04.30, and was no longer remunerated at Sonaecom from that date. Her remuneration in the table above is only for 4 months, January to April 2019.

Note 2: Eduardo Humberto dos Santos Piedade was elected at the AGM on 2019.04.30. He is not remunerated at Sonaecom.

Note 3: João Pedro Magalhães da Silva Torres Dolores was co-opted to the Board on 2019.03.12. This was ratified at the AGM on 2019.04.30. He is not remunerated at Sonaecom.

Note 4: António Bernardo Aranha Gama Lobo Xavier left his NED role on 31 January 2019 and received no remuneration in 2019 due to offset of prior year adjustments.

The short-term variable bonus of Executive Directors includes a participation in the profits of the Company.

Directors' participation in MTIP

Executive Directors	Plan (Performance Year)	Award Date	Vesting Date	Value Vested and Paid in 2019*	Open Plans Value at Award Date*	Value of Plans at the Date of Transfer to Other Companies on 30 April 2019	Open Plans Value at 31 December 2019 **
Ângelo Gabriel Ribeiro dos Santos Paupério (Chair & CEO)	2015	Mar/16	Mar/19	150,215			
	2016	Mar/17	Mar/20		136,200		155,508
	2017	Mar/18	Mar/21		142,100		125,572
	2018	Mar/19	Mar/22		145,600		146,084
	Total			150,215	423,900		427,164
Maria Cláudia Teixeira de Azevedo	2015	Mar/16	Mar/19	82,270			
	2016	Mar/17	Mar/20		69,200	(82,223)	-
	2017	Mar/18	Mar/21		79,400	(73,018)	-
	2018	Mar/19	Mar/22		99,100	(103,472)	-
	Total			82,270	247,700	(258,713)	-
Total				232,485***	671,600	(258,713)	427,164

* Values in Euros

** Calculated using the closing price of last trading day in 2019 (31-Dec-19).

*** The total value of plans that vested during 2019 was Euro 232,485

Remuneration earned by Directors in other controlled or group companies

Amounts in euros	2019				2018			
	Fixed Remuneration	Annual Performance Bonus	Medium Term Incentive Plan	Total remuneration	Fixed Remuneration	Annual Performance Bonus	Medium Term Incentive Plan	Total remuneration
Nome								
Ángelo Gabriel Ribeiro dos Santos Paupério	246,373	75,300	75,300	396,973	310,300	224,600	224,600	759,500
Maria Cláudia Teixeira de Azevedo (Note 1)	438,947	248,200	248,200	935,347	11,250	-	-	11,250
Eduardo Humberto dos Santos Piedade (Note 2)	99,093	44,700	44,700	188,493	-	-	-	-
João Pedro Magalhães da Silva Torres Dolores (Note 3)	227,185	108,800	108,800	444,785	-	-	-	-

Note 1: Maria Cláudia Teixeira de Azevedo was elected as CEO of Sonae SGPS on 2019.04.30, and was no longer remunerated at Sonae.com from that date. Her remuneration in the table above is for the full year of 2019.

Note 2: Eduardo Humberto dos Santos Piedade was elected at the AGM on 2019.04.30. His remuneration in the table above is from 2019.05.01

Note 3: João Pedro Magalhães da Silva Torres Dolores was co-opted to the Board on 2019.03.12. This was ratified at the AGM on 2019.04.30. His remuneration in the table above is from mid-March 2019

The values for 2018 were restated considering amounts paid by another company of the group.

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 loss of office during 2019.

The Remuneration and Compensation Policy of the Company maintains the principle of not attributing compensation to Directors or members of other statutory governing bodies associated with the loss of office, whether this termination 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 applicable legislation in force.

81. Indication of the annual remuneration earned, in aggregate and individual amount, by the members of 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. Thus, the Chairman of the Statutory Audit Board earned 9,900 euros in 2019 and 2018 and the other members earned, in the same period, 7,900 euros. The substitute members of the Statutory Audit Board did not receive any remuneration.

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

The Chairman of the Board of the Shareholders' General Meeting earned a fixed annual remuneration of 5,000 euros and the Secretary earned a fixed annual remuneration of 2,500 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 of control of the Company

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

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 Bonus – MTVB

Framework

The MTVB is designed to align the interests of the Executive Directors with the Company, reinforcing their engagement and the perception of the impact of their performance on the success of Sonaecom in accordance with its market cap.

General features of the Medium Term Incentive Plan

The MTVB 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. The participation of Executive Directors is approved by the Remuneration Committee, which is also approved at the Shareholders' General Meeting.

Eligibility

All Executive Directors of Sonaecom are eligible to be awarded an MTVB.

Definition of the MTVB reference value

The MTVB is valued at the award date, based on the listed share prices in Portugal of the shares that make up the respective share package. 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.

Those entitled to the MTVB shall have the right to acquire a number of shares calculated by the quotient between the value of the awarded medium-term variable bonus and the quotation value at the attribution date, determined in accordance with the previous paragraph, which may be exercised after three years after the award. 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 Remuneration Committee every three years.

In line with the policy for enhancing the alignment of Executive Directors with the Company's long term interests, the Remuneration Committee may, in its sole discretion, graduate the discount percentage to be granted to the Executive Directors for the acquisition of Company's shares, by determining that the Executive Directors contribute to the acquisition in an amount corresponding, at the maximum, to 5% of the share market price at the transfer date.

If, after awarding the MTVB, the Company distributes dividends, 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.

Duration of the plan

The MTVB 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.

Vesting of the MTVB

On the vesting date of MTVB plans – three years after being awarded –, compensation can be paid in the form of shares or as a discount when purchasing shares. The company awarding the MTVB retains the right to pay the cash equivalent to the shares' value, rather than delivering actual shares.

Share Retention Policy

The following Shareholding and Retention Policy ("SH&R Policy") is applicable to Executive Directors (Management Levels: GF1 and GF2):

Each Executive Director 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 director 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 director, who, in this case, should inform Sonaecom. For this purpose, the annual fixed salary is the monthly base remuneration paid 14 times a year.

The Executive Directors shall not sign contracts with the Company or with any third parties that would have the effect of mitigating the risk inherent in the variability of the remuneration established by the Company.

Conditions of exercising the right

The right to acquire shares attributed under the MTPB plan expires when the beneficiary no longer works with the Company before expiration of the period of three years after its award. The right to receive payment may however remain in case of permanent disability or decease, with the due amount being paid to the member of the Board of Directors or to his/her heirs at the normal time for payment at the vesting period. If the beneficiary retires, any right to awards can be exercised on the due date of payment.

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

There are no stock options attributed to acquire shares.

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 legal rules and market standards. 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, such as 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

As stated in section 10 above, there were not, during 2019, any significant relations, of a commercial nature or otherwise, between qualified shareholders and the Company. The executed transactions, without any significant relevance, fall within the Company's scope of activity, were executed on arm's length conditions and side-by-side with other equivalent transactions executed with national and international parties, in terms that conform to the preceding framework of Sonaecom's practice and under the supervision of the Statutory Audit Board, as described in section 92 below. The Company did not execute any transaction with any member of the management or supervisory bodies during 2019.

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 to the Statutory Audit Board.

II - Business related elements

92. Location where the information on transactions with related parties is available on the accounting documents, according to IAS 24 or, alternatively, reproduction of said information

Information on transactions with related parties, in accordance with IAS 24, can be found in note 37 of the 2019 Consolidated Financial Statements' Appendix.

PART II – ASSESSMENT OF CORPORATE GOVERNANCE

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 and complies with the standards of the article 245-A of the Portuguese Securities Code and information duties required by the Portuguese Securities Market Commission (CMVM) Regulation no. 4/2013, of 1 August. This Report additionally discloses, in light of the principle *comply or explain*, the terms of compliance by the Company with the Portuguese Institute of Corporate Governance (IPCG) Recommendations contained in the IPCG Corporate Governance Code, published in 2018, available in the website of this entity at <https://www.cgov.pt>, and to which the Company voluntarily submits itself.

Regarding the structure, this Corporate Governance Report follows the model foreseen in Appendix I to CMVM Regulation no. 4/2013, of 1 August, in accordance with CMVM Circular of 11 January 2019.

The corporate governance practices adopted by Sonaecom aim at promoting and developing the Company's performance, as well as the capital market and strengthening the confidence of investors, employees and the general public in the quality and transparency of management and supervision and in the Company's sustainable development.

This Report should be read as an integral part of the Management Report and the Individual and Consolidated Financial Statements for the year 2019.

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

All of the rules and regulations mentioned in the Report are publicly available at www.cmvm.pt, www.cgov.pt and www.cam.cgov.pt.

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


2. Analysis of compliance with the adopted Corporate Governance Code

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 Regulation and best corporate governance practices.



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, are made publicly available on our website www.sonaecom.pt and also at the CMVM website: www.cmvm.pt.

Below is a list of the recommendations included in the Corporate Governance Code approved and adopted in 2018 by the Portuguese Institute of Corporate Governance and the analysis of the compliance with the aforementioned recommendations by Sonaecom at 31 December 2019.

CHAPTER I — GENERAL PROVISIONS

I.1. Company's relationship with investors and disclosure

I.1.1. The company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.

RECOMMENDATION ADOPTED – Sections 56 to 58, Part I.

The Company possesses within its organisational structure the departments with specific competencies regarding drafting, assessment and timely disclosure of information to its statutory bodies, shareholders, investors and other stakeholders, financial analysts and the general market.

The Company, through its website - www.sonaecom.pt - provides access to relevant and updated economic, financial and governance information to all stakeholders, in Portuguese and English, which enables them to increase knowledge and understanding of the Company, its strategy, its current positioning, and its evolution.

In addition, the Company has an investor support office with permanent contact with the market, whose duties are listed under paragraph 56 of this Report, which responds to investors' requests in a timely manner, keeping a record of these requests and of the treatment they have been given. This department ensures the symmetry of information available to the market and the fair treatment of all shareholders, investors and other stakeholders, upon the immediate drafting and disclosure of privileged information; it makes sure that the regular financial disclosure duties are complied with and it actively and timely assesses the information publicly disclosed by the market research analysts that follow the Company (when they exist) and it corrects inaccurate or out-of-date information disclosed by those professionals. However, Sonaecom is currently not followed by any of those market research analysts.

The Board of Directors ensures, in a timely and adequate manner, the flow of information necessary for the exercise of legal and statutory powers to each of the other bodies, speeding up, in particular, the necessary resources for the drafting and issuance of notices, minutes and supporting documentation concerning the decisions taken.

The notices and minutes of the meetings of the Board of Directors are made available to the Chairman of the Statutory Audit Board, who obtains from the Board of Directors and / or the Executive Committee, if applicable - in an expeditious, clear and complete manner - all information necessary for the performance of their duties, namely the operational and financial evolution of the company, changes in the business portfolio, terms of all transactions that occurred and details of the decisions taken, reviewing at each meeting the minutes of the Board of Directors and, when applicable, of the Executive Committee.

The Statutory Audit Board may request the persons responsible for the various Departments of the companies of Sonaecom group to provide the required information for the performance of its duties and, if necessary, request the Board of Directors the collaboration of one or more members with experience in the areas of their competence, to provide information and carry out work, in order to substantiate its analysis and conclusions.

I.2. Diversity in the composition and functioning of the company's governing bodies

I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.

RECOMMENDATION ADOPTED – Sections 16, 19, 26, 33 and 36, Part I.

The Company, in compliance with the provisions of paragraphs 1 - r) and 2 of article 245-A of the Securities Code, adopted a Diversity Policy for the Management and Supervisory Bodies, the description of which is included in Section 16 of Part I of this Report. This policy seeks, on the one hand, to ensure a significant and differentiated representation of gender, origins, qualifications and professional experience, as a way of ensuring an adequate composition of the interests of all its stakeholders and, on the other hand, allowing an enhanced balance in its composition, taking into account, not only the nature and complexity of the activities carried out by the Company, but also the context in which it operates.

In this sense, the Company undertakes to develop all efforts to ensure that, in the selection of the members of these corporate bodies, there are imperative criteria to ensure that they meet a greater breadth and diversity of knowledge, skills, experience and values. These criteria focus mainly on: (i) gender diversity; (ii) the professional qualification along with the necessary renewal of the composition of the governing bodies, in order to ensure a compatibility between seniority and the diversification of career paths, avoiding group thinking; (iii) the plurality of knowledge and (iv) not considering the age as an obstacle and without a restrictive view on the limits of such age, for exercising corporate functions.

Furthermore, the candidates to be appointed to the management and supervisory bodies should possess an adequate experience in senior offices within companies or similar organisations that enables them to (i) assess, challenge and develop the Company's senior officers; (ii) assess and challenge the group's and its main subsidiaries' corporate strategy; (iii) assess and challenge the Company's operational and financial performance; and (iv) assess the organisation's fulfilment of the Company's values.

Each candidate should in addition make their individual contribution in enabling the board of Directors, as a whole, to gain in-depth and international knowledge of Sonaecom's main business sectors, knowledge of the main markets and geographies where the business areas operate and knowledge and competencies regarding management techniques and technologies that are key for the success of relevant companies in the business sectors of the Company.

The candidates should furthermore possess the human qualities, purpose clarity, analytical qualities and synthesis and communication skills that are required to address a large number of diversified and complex issues, within a limited time-frame, with the necessary depth to allow for a timely and high-quality decision-making.

I.2.2. The company's managing and supervisory boards, as well as their committees, should have internal regulations - namely regulating the performance of their duties, their chairmanship, periodicity of meetings, their functioning and the duties of their members -, and detailed minutes of the meetings of each of these bodies should be carried out.

RECOMMENDATION ADOPTED – Sections 22, 27, 29 and 34, Part I.

Both the Board of Directors and the Statutory Audit Board of the Company have adopted the respective Internal Regulations, establishing their powers, chairmanship, periodicity of meetings, functioning and framework of duties of its members. Regarding the Company's Executive Committee this matter is included in the Internal Regulation of the Board of Directors.

Detailed minutes of all meetings are drafted and written down.

I.2.3. The internal regulations of the governing bodies — the managing body, the supervisory body and their respective committees—should be disclosed, in full, on the company's website.

RECOMMENDATION ADOPTED – Sections 22, 27, 34 and 61, Part I.

The Board of Directors has adopted the Regulation which is available on the Company's website (in Portuguese and English version) and which includes the regulation regarding the functioning of the Executive Committee. This Regulation can be found in: http://otherstatic.sonae.com/2020/03/31/Scom___Regulamento_BoD_vs_EN_12.12.2019/Scom___Regulamento_BoD_vs_EN_12.12.2019.pdf

The Company's Statutory Audit Board has adopted the Regulation that is available on the Company's website (in Portuguese and English version) and can be consulted at:

http://other.static.sonae.com/2020/03/31/Regulamento_Conselho_Fiscal_12_2019_EN_/Regulamento_Conselho_Fiscal_12_2019_EN_.pdf

I.2.4. The composition, the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.

RECOMMENDATION ADOPTED – Sections 23, 35 and 67, Part I.

The composition of the management and supervisory bodies and of their internal committees, where applicable, as well as the number of their annual meetings, is available in Portuguese and English versions on the Company's website.

I.2.5. The company's internal regulations should provide for the existence and ensure the functioning of mechanisms to detect and prevent irregularities, as well as the adoption of a policy for the communication of irregularities (*whistleblowing*) that guarantees the suitable means of communication and treatment of those irregularities, but safeguarding the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality requested.


RECOMMENDATION ADOPTED – Sections 38 and 49, Part I.

The Regulation of the Statutory Audit Board determines its competences regarding the mechanisms of detection and prevention of irregularities, and it is its duty to verify the existence thereof in accordance with the applicable legal provisions notable regarding confidentiality, information dealing and the inexistence of retaliation on the whistle-blowers. The Irregularities Communication Policy, implement by the Company, is included in the Code of Conduct and is available on the Company's website - <http://www.sonae.com/investidores/governo-das-sociedades/codigo-de-etica-e-conduta/?l=en>. Such policy applies to all companies of Sonaecom Group.

The Statutory Audit Board receives the irregularity reports from shareholders, employees or third parties. It should afterwards put them on record and promote the necessary swift investigation by the Board of Directors and/or by the internal and/or external audit, and then report on the conclusions reached.

I.3. Relationships between the company bodies

I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.



RECOMMENDATION ADOPTED – Sections 22, 34 and 61, Part I.

Vide Section I.1.1.

I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.

RECOMMENDATION ADOPTED – Sections 22, 34 and 61, Part I.

Vide Section I.1.1.

I.4. Conflicts of interest

I.4.1. The duty should be imposed, to the members of the company's boards and committees, of promptly informing the respective board or committee of facts that could constitute or give rise to a conflict between their interests and the company's interest.

RECOMMENDATION ADOPTED – Section 49, Part I.

The Company has adopted a policy to regulate possible conflicts of interest, in which the members of the Board of Directors or of its Committees, if applicable, shall promptly inform the respective governing body or committee about facts that may constitute or cause a conflict (whether actual or potential) between their own interests and the interests of the Company.

Pursuant to the respective Regulation, members of the Statutory Audit Board must inform the Company with reasonable anticipation, if possible, or immediately, if unforeseeable, of any circumstance affecting their independence and exemption or that establishes a legal incompatibility for the exercise of the position.

I.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.

RECOMMENDATION ADOPTED – Section 49, Part I.

The Company has adopted a policy to regulate possible conflicts of interest, in which the members of the Board of Directors or of its Committees, if applicable, shall promptly inform the respective governing body or committee about facts that may constitute or cause a conflict (whether actual or potential) between their own interests and the interests of the Company.


The member who, in accordance with the preceding paragraph, declares to be in conflict of interest, shall not interfere in the decision-making process, without prejudice to the duty to provide information and clarifications that the governing body, the committee or its members request.

I.5. Related party transactions

I.5.1. The managing body should define, in accordance with a previous favourable and binding opinion of the supervisory body, the type, the scope and the minimum individual or aggregate value of related party transactions that: (i) require the previous authorization of the managing board, and (ii) due to their increased value require an additional favourable report of the supervisory body.

RECOMMENDATION ADOPTED – Sections 38, 89 to 91, Part I.

The Board of Directors shall, in compliance with its Regulation, following the previous and binding opinion of the auditing body, determine the threshold above which any transaction with a related party should be previously cleared by the Statutory Audit Board. This threshold was set out, in view of the Company's size and businesses, to be 10 million euros. The Company has



therefore approved and maintains an internal procedure in order to obtain a formal opinion from the Statutory Audit Board, prior to the Board of Directors approving any transactions with owners of qualified shareholdings or with entities related in any way with them, under the terms of article 20 of the Portuguese Securities Code, 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 to the Statutory Audit Board. The carrying-out of any transactions with owners of qualified shareholdings or with entities related in any way with them, under the terms of article 20 of the Portuguese Securities Code, if their value exceeds 10 million euros, demands therefore a two-step control: first, on the part of the management body and, second, on the part of the auditing body, whose formal previous opinion is a condition for the entering into of those transactions.

I.5.2. The managing body should report all the transactions contained in Recommendation I.5.1. to the supervisory body, at least every six months.

RECOMMENDATION ADOPTED – Sections 89 to 91, Part I.

The businesses covered by Recommendation I.5.1. are reported quarterly to the Statutory Audit Board in the respective meetings.

CHAPTER II — SHAREHOLDERS AND GENERAL MEETINGS

II.1. The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.

RECOMMENDATION ADOPTED – Section 12, Part I.

The Articles of Association of the Company do not provide for any restriction on the right to vote. The Company's share capital is fully represented by a single category of shares, each share corresponding to one vote, in order to encourage its shareholders to participate in the Shareholders' General Meetings.

II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.

RECOMMENDATION ADOPTED – Section 14, Part I.

In accordance with the provisions of the Company's Articles of Association, the resolutions of the Shareholders' General Meeting shall be taken by a simple majority, unless otherwise required by law.


II.3. The company should implement adequate means for the exercise of voting rights through postal votes, including by electronic means.

RECOMMENDATION ADOPTED – Section 12, Part I.

Without prejudice to the mandatory proof of shareholder status, shareholders may vote by correspondence in all matters subject to the General Meeting.

The Company has also an electronic voting system, which allows its shareholders to exercise the right to vote, without any restriction. In the notice of the General Meeting, the Company provides adequate information on how to exercise postal voting and voting by electronic means.

In addition, the Company makes available on its website, from the publication of the notice of each General Meeting, document models intended to facilitate access to information necessary for shareholders to issue the communications required to ensure



their presence in the Meeting. The Company also provides an e-mail address for the clarification of any doubts and to receive all communications regarding the participation in the General Meeting.

II.4. The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings.

RECOMMENDATION ADOPTED AND EXPLAINED – Section 12, Part I.

Although the Company's Articles of Association foresee the possibility of holding the General Meeting by telematic means - provided that the respective means, the authenticity of the declarations and the security of the communications are assured -, the Company has not implemented the necessary means for the shareholders' participation in the General Meeting by this way. This is due, on the one hand, to the current size of the Company and the limited dispersion of its share capital and, on the other hand, to the disproportionality of the costs of implementing the telematic means, taking into account the current full compliance with the Recommendation II.3. *supra* - provision to shareholders of alternative means of participating in the General Meeting through the exercise of voting by correspondence or by electronic means.

If fact, it should be noted that, although the Company provides for the necessary conditions for the exercise of voting rights through postal votes, including by electronic means (the latter since 2009), these voting mechanisms were never used by shareholders.

In addition, the Investor Support area, which is responsible, among others, for the management of the relationship between Sonaecom and its current and potential investors, remains in permanent contact (within the scope of its duties, as described in paragraph 56 of Chapter IV of the Corporate Governance Report) with potential investors and minority shareholders and has not thus far received any feedback or request that could lead to the conclusion that the implementation of means in order for the shareholders to be able to digitally participate in general meetings would have as an effect an increase in the attendance rate of shareholders in general meetings.


Furthermore, given the small free-float, the number of shareholders attending the last General Meetings was also small (despite the high percentage of the share capital represented) and none of them has ever stated any preference towards the digital participation in General Meetings.

Therefore, the Company believes that all necessary and adequate means for participation in the General Meeting are already ensured.

II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution - without increased quorum in comparison to the legally established - and in that resolution, all votes cast will be counted without observation of the imposed limits.

RECOMMENDATION NOT APPLICABLE – Sections 5 and 13, Part I.

The Articles of Association do not establish any limitation to the number of votes that may be held or exercised by a sole shareholder, individually or together with other shareholders.



II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.

RECOMMENDATION ADOPTED – Sections 4 and 84, Part I.

The Company has not adopted any measures to this effect.

CHAPTER III — NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION

III.1. Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (*lead independent director*), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.

RECOMMENDATION NOT APPLICABLE.

The Board of Directors of the Company does not have any independent director, as the Company believes that, given its current size, its shareholder structure and the low dispersion of the share capital, such is not justified. Therefore, the appointment of a lead independent director or a lead non-executive director is also unjustified.

III.2. The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed.

RECOMMENDATION ADOPTED AND EXPLAINED – Section 18, Part I.

Pursuant to the decision, taken by the General Shareholders' Meeting held on 30 April 2019, of increasing the number of members of the management body from 3 to 4, the Board of Directors decided on 13 May 2019 to revoke the delegation of the every-day management powers of the Company that had been entrusted to the Executive Committee – that was dissolved – and therefore the management of all corporate matters became the exclusive competence of the Board of Directors, all of its members assuming from that date on the capacity of executive directors – a solution that the Board deems appropriate given the size of the Company, the complexity of the risks of its activity and its shareholding structure, as well as the reduced dispersion of its share capital.

The Statutory Audit Board is composed of three members, one being the Chairman – this composition is appropriate given the size of the Company and the complexity of the risks of its activity and is also sufficient in order to effectively performing its duties. The Board of Directors believes that, given the current size of the Company, there is no justification for the existence of any specific committee for financial matters (the adopted corporate governance model does not include a specific committee for financial matters).

III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.

RECOMMENDATION NOT ADOPTED.

In view of its current size, its shareholder structure and the reduced dispersion of the share capital, the Company considers that there is no justification for the existence of a board of directors with a large number of members. Currently, the Board of Directors is composed by a total number of 4 (four) members, who are jointly in charge of the management of all corporate matters, all of its members assuming from that date on the capacity of executive directors.

III.4. Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:

- (i) having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis;
- (ii) having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;
- (iii) having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;
- (iv) having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;
- (v) having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or
- (vi) having been a qualified holder or representative of a shareholder of qualifying holding.


RECOMMENDATION NOT ADOPTED.

The Board of Directors decided on 13 May 2019 to revoke the delegation of the every-day management powers of the Company that had been entrusted to the Executive Committee – that was dissolved – and therefore the management of all corporate matters became the exclusive competence of the Board of Directors, all of its members assuming from that date on the capacity of executive directors. The Company does not have any non-executive directors – a solution that the Board deems appropriate given the size of the Company, the complexity of the risks of its activity and its shareholding structure, as well as the reduced dispersion of its share capital.

III.5. The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (*cooling-off period*).

RECOMMENDATION NOT APPLICABLE.

The Company does not have any Director in such situation.



III.6. Non-executive directors should participate in the definition, by the managing body, of the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.

RECOMMENDATION ADOPTED – Sections 21 and 27, Part I.

The Board of Directors decided on 13 May 2019 to revoke the delegation of the every-day management powers of the Company that had been entrusted to the Executive Committee – that was dissolved – and therefore the management of all corporate matters became the exclusive competence of the Board of Directors, all of its members assuming from that date on the capacity of executive directors. The Company does not therefore have any non-executive directors.

The definition of the Company's strategy, its main policies, the corporate structure and the decisions considered strategic by virtue of their amount or risk, as well as the evaluation of their compliance, is reserved to the Board of Directors as a collegiate body.

The powers of the Board of Directors that may not be delegated are described in this Report and follow the rules of this recommendation.

III.7. The supervisory body should, within its legal and statutory competences, collaborate with the managing body in defining the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.

RECOMMENDATION NOT APPLICABLE.

The adopted governance model, in accordance with article 278, paragraph 1 of the Portuguese Companies Code, does not include a General and Supervisory Board.

III.8. The supervisory body, in observance of the powers conferred to it by law, should, in particular, monitor, evaluate, and pronounce itself on the strategic lines and the risk policy defined by the managing body.

RECOMMENDATION ADOPTED – Section 38, Part I.

The Regulation of the Statutory Audit Board, from which the respective competences arise - beyond those assigned by law - is available on the Company's website (www.sonaecom.pt), at

http://other.static.sonae.com/2020/03/31/Regulamento_Conselho_Fiscal_12_2019__EN_/Regulamento_Conselho_Fiscal_12_2019__EN_.pdf.


In accordance with Article 6, paragraph 2, c) of the Regulation mentioned above, the members of the Statutory Audit Board should, besides their general and individual monitoring duties, monitor, assess and issue an opinion regarding the strategic guidelines and the risk management policy established by the Board of Directors.

The Statutory Audit Board monitors and evaluates the internal control and risk management system defined by the management, and proposes the optimisation measures it deems necessary and reports on such system in its statements and annual report that is disclosed together with the remainder of the financial documents, available on <http://www.sonae.com/investidores/informacao-financeira/relatorios/?l=en>

III.9. Companies should create specialised internal committees that are adequate to their dimension and complexity, separately or cumulatively covering matters of corporate governance, remuneration, performance assessment, and appointments.

RECOMMENDATION ADOPTED – Sections 27 and 29, Part I.

Given the current size of the Company and the limited complexity of its structure (it has a reference shareholding of about 89% of the share capital) and the small free-float (currently more than 9% of the share capital) the Board of Directors believes that there



is no justification for the existence of any internal specialised commission, notably concerning the remuneration and assessment of the performance of the Directors or nomination matters. The Company believes that the governance structure adopted is appropriate given the size of the Company and the complexity of the risks of its activity and is also sufficient in order to effectively performing its duties, notably in what concerns remuneration and performance assessment, which is a responsibility of the Shareholders Remuneration Committee, that is composed by members who are independent from the Board of Directors. In addition, the identification of potential candidates with the right profile to take on leading or director roles may be conducted by the Shareholders Remuneration Committee, that can on its part hire the necessary or convenient consultancy services in order to better fulfil its duties, and may also prepare general information concerning any contingency plans and talent management in general.

Regarding corporate governance matters, the Company maintains a Governance Manager who reports hierarchically to the Board of Directors and whose main responsibilities are to evaluate the structure and practices of governance adopted, verify its effectiveness and propose to the competent bodies the measures to be implemented in order to achieve its enhancement. Its main duties are described in the Corporate Governance Report (paragraph 27, p. 14) and it is part of the organic administrative structure of the Company, side by side with other departments that support the activity of the management body. In this manner it is deemed as materially equivalent to the existence of an internal committee, mostly composed by members of the statutory bodies, specialised in corporate governance matters.

III.10. Risk management systems, internal control and internal audit systems should be structured in terms adequate to the dimension of the company and the complexity of the inherent risks of the company's activity.

RECOMMENDATION ADOPTED – Sections 50 to 55, Part I.

These systems are implemented by the Board of Directors and are monitored by the Statutory Audit Board.

III.11. The supervisory body and the committee for financial affairs should supervise the effectiveness of the systems of risk management, internal control and internal audit, and propose adjustments where they are deemed to be necessary.

RECOMMENDATION ADOPTED – Sections 27, 29, 38 and 50, Part I of this Report and chapter V of the Regulation of the Statutory Audit Board.


The Company believes that, given its current size, the structure of the management body and the low dispersion of its share capital, there is no justification for the existence of specialised Committees within the Board of Directors, which proactively ensures the risk management and internal control system.

One of the powers attributed to the Audit Board is to assess the operating conditions of the risk management system, the internal control system and the internal audit system, and to monitor their effectiveness. The Statutory Audit Board has full autonomy to propose any adjustments deemed necessary and gives opinion on such systems in its annual report and opinion, made available along with the financial statements and other accounting documents at

<http://www.sonae.com/investidores/informacao-financeira/relatorios/?l=en> (R&A 2019 tab/Chapter V).

III.12. The supervisory body should provide its view on the work plans and resources of the internal auditing service, including the control of compliance with the rules applied to the company (compliance services) and of internal audit, and should be the recipient of the reports prepared by these services, at least regarding matters related with approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.

RECOMMENDATION ADOPTED – Sections 37, 38 and 50, Part I.



The Statutory Audit Board is the Company's overall supervising body for internal control and risk management matters, acting independently and taking precedence over other bodies in overseeing such matters.

The Statutory Audit Board establishes with the Internal Audit the plan of actions to be developed, supervises its activity, receiving periodic reporting of the activity developed and, after evaluating the results and conclusions achieved, assesses the existence of irregularities and issues the guidelines it may deem convenient.

The Regulation of the Statutory Audit Board is available on the Company's website (www.sonaecom.pt), at http://other.static.sonaecom.com/2020/03/31/Regulamento_Conselho_Fiscal_12_2019_EN/Regulamento_Conselho_Fiscal_12_2019_EN.pdf.

CHAPTER IV — EXECUTIVE MANAGEMENT

IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.

RECOMMENDATION NOT APPLICABLE.


No authorization is granted to executive directors for the exercise of executive functions in other entities outside the Group. It is further stated that the executive directors are only allowed to perform these functions within the Group, following their appointment by the shareholders at the General Meeting.

IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i. the definition of the strategy and main policies of the company; ii. the organisation and coordination of the business structure; iii. matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.

RECOMMENDATION ADOPTED – Sections 21, 27 and 28, Part I.

The Company does not currently possess an Executive Committee. In compliance with the terms of the Board of Directors' Regulation, it may delegate in an Executive Committee the every-day management of the Company as it sees fit, establishing how it should operate and how it should exercise the delegated powers, with the following exceptions:

- a) Appointment of the Chairman of the Board of Directors;
- b) Co-optation of Directors;
- c) Request to convene General Meetings;
- d) Approval of the Annual Report and Accounts;
- e) Provision of collateral and personal or real guarantees by the Company;
- f) Decision to change the registered office or increase the share capital;
- g) Decision on mergers, spin-offs or transformation of the Company;
- h) Approval of the strategic management of the annual business portfolio and the policies thereof;
- i) Approval of the Company's annual budget and the Group's annual business plan and any changes on the same;
- j) Definition of the organisation and coordination of the corporate structure the Sonaecom Group;
- k) Approval of every issue that should be deemed as strategic as a consequence of its amount, risk or particular features;
- l) Definition of the Human Resources policies that are applicable to top employees (level G3 and above) with the exclusion of areas that are the exclusive competence of the General Shareholders' Meeting or of the Shareholders' Remuneration Committee.



IV.3. In matters of risk assumption, the managing body should set objectives and look after their accomplishment.

RECOMMENDATION ADOPTED.

The Board of Directors establishes the goals concerning risk-taking and ensures its continuous monitoring (as per paragraphs 21, 50-55 and 69.3 of this Report).

IV.4. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.

RECOMMENDATION ADOPTED.

The Board of Directors proactively ensures the risk management and internal control system.

The Statutory Audit Board assesses the effectiveness of those risk management systems by proposing the optimization measures it deems necessary and gives opinion on them in its annual report and statements, made available together with the other accounting documents at <http://www.sonae.com/investidores/informacao-financeira/relatorios/?l=en> (R&A 2019 tab/Chapter V).

Furthermore, the Statutory Audit Board supervises the activity of the Internal Audit, receives periodic reports on the activity developed, evaluates the results and conclusions achieved, assesses the existence of irregularities and issues the guidelines it may deem convenient.

CHAPTER V — EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENTS

V.1 Annual evaluation of performance

V.1.1. The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.


RECOMMENDATION ADOPTED.

The assessment of the performance of the members of the management body is conducted in accordance with the principles, valuation and rules set out in the Remuneration and Compensation Policy that is proposed by the Shareholders' Remuneration Committee and approved by the Annual General Shareholders' Meeting.

The Shareholders' Remuneration Committee, appointed by the General Shareholders' Meeting, is responsible for the approval of the individual remuneration of the members of the Board of Directors and the other statutory bodies, thereby representing the shareholders in accordance with the Remuneration Policy approved by the General Shareholders' Meeting.

The Board of Directors, in accordance with its Regulation, annually evaluates its performance, which is subsequently submitted to the Shareholders' General Meeting for consideration under the terms of the law, taking into account the accomplishment of the Company's strategic plan and budget, its risk management, internal functioning and its relations with other Sonaecom bodies. At its meeting of 10 March 2020, the Board of Directors conducted this self-assessment.

In addition, and in accordance with article 376 of the Companies Code, the Shareholders' General Meeting annually reviews the management of the Company through a confidence or no confidence vote.



V.1.2. The supervisory body should supervise the company's management, especially, by annually assessing the accomplishment of the company's strategic plans and of the budget, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.

RECOMMENDATION ADOPTED – Sections 24, 25 and 38, Part I.

The Statutory Audit Board exercised the competences described in section 38.1 of this Corporate Governance Report, monitoring the management, the risk management and performing other responsibilities assigned to this statutory body, including those arising from the principles of interaction between the supervisory and management bodies, aiming to avoid conflict of interest situations, in compliance with the Regulation of the Statutory Audit Board, in accordance with the corporate governance best practises and with full respect for its duties and for the strategic plan of the Company.

The Statutory Audit Board did not issue any opinion or warning regarding the accomplishment of the strategic plan and the budget, having acted in accordance with the legal rules which determine its competences, capacity and duty to intervene.

V.2 Remuneration

V.2.1. The remuneration should be set by a committee, the composition of which should ensure its independence from management.

RECOMMENDATION ADOPTED – Sections 66 to 68, Part I.

The remuneration of the members of the Company's management and supervisory bodies is set by the Shareholders' Remuneration Committee.

The members of the Remuneration Committee, Duarte Paulo Teixeira de Azevedo and Francisco de la Fuente Sánchez are independent of the members of the Board of Directors, acting in this capacity and with relevant knowledge and experience concerning remuneration policy. The *curricula vitae* of the members of the Remuneration Committee are available in the Appendix II of this Report.

V.2.2. The remuneration committee should approve, at the start of each term of office, execute, and annually confirm the company's remuneration policy for the members of its boards and committees, including the respective fixed components. As to executive directors or directors periodically invested with executive duties, in the case of the existence of a variable component of remuneration, the committee should also approve, execute, and conform the respective criteria of attribution and measurement, the limitation mechanisms, the mechanisms for deferral of payment, and the remuneration mechanisms based on the allocation of options and shares of the company.

RECOMMENDATION ADOPTED – Sections 69 to 75, Part I.

The Company's remuneration policy has the features foreseen in Sections 69 to 75 of Part I of this Report and which are in line with this recommendation.

The Remuneration Committee, appointed in the General Meeting and representing the shareholders, is the responsible corporate body for evaluating the performance and approval of the remunerations of the members of the Board of Directors and other corporate bodies, according with the Remuneration Policy approved by the shareholders at the General Meeting.

V.2.3. The statement on the remuneration policy of the managing and supervisory bodies, pursuant to article 2 of Law no. 28/2009, 19th June, should additionally contain the following:

- (i) the total remuneration amount itemised by each of its components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the company's remuneration policy, including how it contributes to the company's performance in the long run, and information about how the performance requirements were applied;
- (ii) remunerations from companies that belong to the same group as the company;
- (iii) the number of shares and options on shares granted or offered, and the main conditions for the exercise of those rights, including the price and the exercise date;
- (iv) information on the possibility to request the reimbursement of variable remuneration;
- (v) information on any deviation from the procedures for the application of the approved remuneration policies, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation;
- (vi) information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors.

RECOMMENDATION ADOPTED.

The remuneration policy proposed to the Shareholders in the Annual General Meeting held on 30 April 2019 – available at http://other.static.sonae.com/2019/04/06/7__SCOM_Proposal7_ENG/7__SCOM_Proposal7_ENG.pdf?download=1 and at http://other.static.sonae.com/2019/04/06/7.1_SCOM_Proposal4Annex_ENG/7.1_SCOM_Proposal4Annex_ENG.pdf?download=1, and includes all the legal requisites together with those required by this recommendation.

V.2.4. For each term of office, the remuneration committee should also approve the directors' pension benefit policies, when provided for in the bylaws, and the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office.

RECOMMENDATION NOT APPLICABLE.


The Company's Articles of Association do not establish the payment of pensions. The remuneration policy adopted does not establish any scheme of pension benefits or compensation payment.

V.2.5. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.

RECOMMENDATION ADOPTED.

The Shareholders' Remuneration Committee agrees with this Recommendation and appoints, out of its members, the one that should represent it at the General Shareholders' Meeting.

The Chairman of the Shareholders' Remuneration Committee, Duarte Paulo Teixeira de Azevedo, attended the Annual General Shareholders' Meeting held on 30 April 2019.



V.2.6. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties. The remuneration committee should ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.

RECOMMENDATION ADOPTED – Section 67, Part I.

The Remuneration Committee of the Company may freely hire the necessary or convenient consultancy services for the exercise of its functions.

The Remuneration Committee, when hiring consultants to support the performance of its duties, always focuses on choosing consultants of recognized competence and international presence and must make sure that the selected specialists possess the independence necessary to fulfil the purpose for which they are hired and especially that such independence is not hindered by the provision of material services to the Company or any related parties. The independence of these hired consultants is ensured either by the autonomy before the Board of Directors, the Company and the Group, either because they have no connection with the Board of Directors, or because of their wide experience and recognition in the market.

V.3 Directors' Remuneration

V.3.1. Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.

RECOMMENDATION ADOPTED – Sections 69 to 76 of Part I and remuneration policy approved by the Shareholders' General Meeting

A significant part of the remuneration of Sonaecom'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 value of short and medium term incentives will be partially or totally reduced.


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 2019, 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 adopted policy 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, exclusively, made up of fixed annual fees, based on comparable market practices, and does not include any variable remuneration.

The Company's Statutory 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.



The remuneration policy presented to the General Shareholders' Meeting on 30 April 2019 is available on http://other.static.sonae.com/2019/04/06/7__SCOM_Proposal7_ENG/7__SCOM_Proposal7_ENG.pdf?download=1 and on http://other.static.sonae.com/2019/04/06/7.1_SCOM_Proposal4Annex_ENG/7.1_SCOM_Proposal4Annex_ENG.pdf?download=1

V.3.2. A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby connecting it to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.

RECOMMENDATION ADOPTED – Sections 71 to 73 and 86, Part I.

Part of the variable remuneration of Executive Directors is paid in shares and deferred for a period of three years.

Considering that the value of the shares is linked to the performance of the Company, the remuneration paid will be affected by the way the Executive Director contributes to such performance. Consequently, an alignment of the Director with the interests of the shareholders and with the medium-term performance is ensured.

The remuneration policy presented to the General Shareholders' Meeting on 30 April 2019 is available on http://other.static.sonae.com/2019/04/06/7__SCOM_Proposal7_ENG/7__SCOM_Proposal7_ENG.pdf?download=1 and on http://other.static.sonae.com/2019/04/06/7.1_SCOM_Proposal4Annex_ENG/7.1_SCOM_Proposal4Annex_ENG.pdf?download=1

V.3.4. When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.

RECOMMENDATION NOT APPLICABLE.

The variable component of the remuneration of the Company does not contemplate the allocation of options or other instruments, directly or indirectly dependent on the value of the shares.

V.3.5. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.

RECOMMENDATION ADOPTED.

The remuneration policy approved by the Shareholders' General Meeting, upon proposal from the Remuneration Committee, establishes that the remuneration of the non-executive members of the management body, when they exist, is exclusively composed of a fixed amount.

The remuneration policy presented to the General Shareholders' Meeting on 30 April 2019 is available on http://other.static.sonae.com/2019/04/06/7__SCOM_Proposal7_ENG/7__SCOM_Proposal7_ENG.pdf?download=1 and on http://other.static.sonae.com/2019/04/06/7.1_SCOM_Proposal4Annex_ENG/7.1_SCOM_Proposal4Annex_ENG.pdf?download=1

V.3.6. The company should be provided with suitable legal instruments so that the termination of a director's time in office before its term does not result, directly or indirectly, in the payment to such director of any amounts beyond those foreseen by law, and the company should explain the legal mechanisms adopted for such purpose in its governance report.

RECOMMENDATION ADOPTED.

The Shareholders' General Meeting, held on 30 April 2019, continuing the policy until then pursued consistently, by approving the Remuneration and Compensation Policy in force, has maintained the principle of not attributing compensation to Directors or members of other statutory governing bodies associated with the loss of office, whether this termination 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 applicable legislation in force.

V.4. Appointments

V.4.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the *curriculum vitae* to the duties to be carried out.

RECOMMENDATION ADOPTED – Sections 16, 22, 29 and 31, Part I.

The Company has a long-term controlling shareholder who has consistently presented the proposals for the appointment of members to the governing bodies, which have been approved by the respective General Meetings.

These proposals are accompanied by the *curricula vitae* of the proposed members, considering the shareholders - both the ones indicating the candidates and those who vote the proposal - and also the Company, that it becomes clear from the *curriculum vitae* the adequacy of the profile, skills, *curriculum* and experience to the role to be performed by such candidates.

In addition, the presentation of the proposals accompanied by the respective *curricula vitae* enables any shareholder to assess their suitability to comply with the requirements defined in the Diversity Policy approved by the Company.

Therefore, the Company considers that the appointment of members to the governing bodies for the current mandate was in compliance with the principles of these instruments.

The proposals presented at the General Shareholders' Meeting on 30 April 2019 mention the adequacy of the profile of the candidates for the offices they hold, by reference to their *curricula vitae*.

V.4.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size.

RECOMMENDATION NOT APPLICABLE – Sections 27, 29 and 67, Part I.


The Company does not have a nomination committee for the reasons listed in sections 27, 29 and 67 of Part I of this Report.

Given the current size of the Company and the limited complexity of its structure (it has a reference shareholding of about 89% of the share capital) and the small free-float (currently more than 9% of the share capital) the Board of Directors believes that there is no justification for the existence of any internal specialised commission, notably concerning the remuneration and assessment of the performance of the Directors or nomination matters. The Company believes that the governance structure adopted is appropriate given the size of the Company and the complexity of the risks of its activity and is also sufficient in order to effectively performing its duties, notably in what concerns remuneration and performance assessment, which is a responsibility of the Shareholders Remuneration Committee, that is composed by members who are independent from the Board of Directors. In addition, the identification of potential candidates with the right profile to take on leading or director roles may be conducted by the Shareholders Remuneration Committee, that can on its part hire the necessary or convenient consultancy services in order to better fulfil its duties, and may also prepare general information concerning any contingency plans and talent management in general.

V.4.3. This nomination committee includes a majority of non-executive, independent members.

RECOMMENDATION NOT APPLICABLE – Sections 27, 29 and 67, Part I.

The Company does not have a nomination committee for the reasons listed in sections 27, 29 and 67 of Part I of this Report.



V.4.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.

RECOMMENDATION NOT APPLICABLE.

The Company does not have a nomination committee for the reasons listed in sections 27, 29 and 67 of Part I of this Report.

The identification of potential candidates with a profile for the performance of management functions (in particular when the Board of Directors decides to co-opt a Board member) is carried out by the Remuneration Committee. To this end, the Remuneration Committee may freely hire the necessary or convenient consultancy services for the exercise of its functions, as well as for providing oversight of succession planning, contingency planning and talent management in general for Board members and other persons discharging managerial responsibilities, through transparent selection processes, including effective mechanisms for identifying potential candidates having regard to the requirements of the function, merit and appropriate diversity to Company, in particular considering gender.

CHAPTER VI — RISK MANAGEMENT

VI.1. The managing body should debate and approve the company's strategic plan and risk policy, which should include a definition of the levels of risk considered acceptable.

RECOMMENDATION ADOPTED – Sections 51 to 54, Part I.

The competences of the management body are in compliance with the rules set out in this recommendation.

VI.2. Based on its risk policy, the company should establish a system of risk management, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; (iv) the monitoring procedures, aiming at their accompaniment; and (v) the procedure for control, periodic evaluation and adjustment of the system.

RECOMMENDATION ADOPTED – Sections 50 to 55, Part I.

The Company complies with the rules foreseen in this recommendation. Internal risk management systems, with the adequate components, were put in place by the Board of Directors.

VI.3. The company should annually evaluate the level of internal compliance and the performance of the risk management system, as well as future perspectives for amendments of the structures of risk previously defined.

RECOMMENDATION ADOPTED – Sections 38.1 and 50 to 55 of this Report.

The Board of Directors has put in place a permanent system to assess the performance of the risk management system which is adequate to enable the adaptation to new circumstances or contingencies. After following the procedures described in Recommendation III.11, the Statutory Audit Board has not proposed any change to the risk framework.

CHAPTER VII — FINANCIAL STATEMENTS AND ACCOUNTING

VII.1 Financial information

VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.

RECOMMENDATION ADOPTED – Section 38, Part I.

The Regulation of the Statutory Audit Board complies with the rules set out in this recommendation.

VII.2 Statutory Audit of Accounts and Supervision

VII.2.1. Through the use of internal regulations, the supervisory body should define:

- (i) the criteria and the process of selection of the statutory auditor;
- (ii) the methodology of communication between the company and the statutory auditor;
- (iii) the monitoring procedures destined to ensure the independence of the statutory auditor;
- (iv) the services, besides those of accounting, which may not be provided by the statutory auditor.

RECOMMENDATION ADOPTED – Sections 38, 42 to 47, Part I.

The Regulation of the Statutory Audit Board complies with the rules set out in this recommendation.

VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company.

RECOMMENDATION ADOPTED – Section 38, Part I.

It is responsibility of the Statutory Audit Board to supervise the activity and independence of the Statutory External Auditor, to receive its reports and ensuring direct interaction with it, in the terms of its competences and functioning rules set out in the Regulation of the Statutory Audit Board available in the Company's website at


http://other.static.sonae.com/2020/03/31/Regulamento_Conselho_Fiscal_12_2019_EN_/Regulamento_Conselho_Fiscal_12_2019_EN_.pdf

The Statutory Audit Board is competent to propose to the Shareholders' General Meeting the appointment and dismissal of the Statutory External Auditor, as well as its remuneration, to supervise the activity and independence of the Statutory External Auditor and the External Auditor, making sure the Company will make available the necessary conditions for the rendering of their services, to be the first recipient of their reports, interacting with it directly in the framework of its duties and provisions set out in the Statutory Audit Board's Regulation available on the Company's website:

http://other.static.sonae.com/2020/03/31/Regulamento_Conselho_Fiscal_12_2019_EN_/Regulamento_Conselho_Fiscal_12_2019_EN_.pdf

VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.

RECOMMENDATION ADOPTED – Section 38, Part I.



The Statutory Audit Board annually assesses the Statutory External Auditor. Such assessment is included in its annual report and opinion, and is made available together with all other accounting documents at <http://www.sonae.com/investidores/informacao-financeira/relatorios?l=en>.

VII.2.4. The statutory auditor should, within their powers, verify the application of policies and systems of remuneration of governing bodies, the effectiveness and the functioning of the mechanisms of internal control, and report any irregularities to the supervisory body.

RECOMMENDATION ADOPTED – Section 38.2, Part I.

The Statutory External Auditor verifies the effectiveness and functioning of the internal control mechanisms and reports any deficiencies to the supervisory body. Concerning the 2019 financial year, the Statutory External Auditor of the Company has reported on its activity in its annual audit report, available on the Company's website at <http://www.sonae.com/investidores/informacao-financeira/relatorios?l=en>.

VII.2.5. The statutory auditor should collaborate with the supervisory body, immediately providing information on the detection of any relevant irregularities as to the accomplishment of the duties of the supervisory body, as well as any difficulties encountered whilst carrying out their duties.

RECOMMENDATION ADOPTED – Section 38, Part I.

The Statutory External Auditor agrees with this Recommendation.

The Statutory Audit Board is competent to supervise the activity of the Statutory External Auditor and should be the first recipient of its reports, interacting with it directly in the framework of its duties and provisions set out in the Statutory Audit Board's Regulation available on Sonaecom's website: www.sonaecom.pt.

APPENDIX I

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

- Board of Directors:

Ângelo Gabriel Ribeirinho dos Santos Paupério

CEO of Sonaecom, SGPS, S.A.

Birth date

14 September 1959

Educational qualifications

Degree in Civil Engineering - University of Porto

MBA by Porto Business School

Professional experience

Co-CEO of Sonae - SGPS, S.A.

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

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

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

Vice President of Sonae MC - Modelo Continente, 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.

Guest professor of Porto Business School

Member of High Council of Universidade Católica Portuguesa

Member of High Council of Porto Business School

Chairman of the Board of Directors of APGEI - Associação Portuguesa de Gestão e Engenharia Industrial

Offices held in companies in which Sonaecom is a shareholder

Chairman of the Board of Directors of SONAE INVESTMENT MANAGEMENT - SOFTWARE AND TECHNOLOGY, SGPS, S.A.

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

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

Member of the Board of Directors of NOS, SGPS, S.A. (since 27 January 2020 - Chairman of the Board of Directors)

Chairman of the Remuneration Committee of NOS, SGPS, S.A.

Offices held in other entities

Non-Executive Member of the Board of Directors of Sonae, SGPS, S.A.

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

Chairman of the Board of Directors of Sonae Holdings, SA (previously Sonaecenter, Serviços SA)

Chairman of the Board of Directors of MODELO CONTINENTE, SGPS, S.A.

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

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

Vice President of Iberian Sports Retail Group, S.L.

Non-Executive Member of the Board of Directors of Sonae Capital SGPS, S.A.

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

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

Chairman of the Board of Directors of Enxomil - Consultoria e Gestão, S.A.

Chairman of the Board of Directors of Enxomil - Sociedade Imobiliária, S.A.

Member of the Board of Directors of Fundação Manuel Cargaleiro

Maria Cláudia Teixeira de Azevedo

Executive Member of the Board of Directors of Sonaecom, SGPS, S.A.

Birth date

13 january 1970

Educational qualifications

Degree in Management - Catholic University of Porto

MBA by INSEAD

Professional experience

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

Executive Director of SONAE INVESTMENT MANAGEMENT - SOFTWARE AND TECHNOLOGY, SGPS, S.A.

Chairman of the Executive Board of Sonae Capital, 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 SONAE INVESTMENT MANAGEMENT - SOFTWARE AND TECHNOLOGY, SGPS, S.A.

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

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

Offices held in other entities

Member of the Board of Directors and CEO of SONAE, SGPS, S.A.

Member of the Board of Directors of Efanor - Serviços de Apoio à Gestão, S.A.

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

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

Member of the Board of Directors of Sonae MC - SGPS, SA

Member of the Board of Directors of Sonae Holdings, SA

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

Member of the Board of Directors of Sonae FS, SA

Member of the Board of Directors of IMPARFIN - Investimentos e Participações Financeiras, S.A.

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

Director of SEKIWI, SGPS, S.A.

Chairman of the Board of Directors of Praça Foz - Sociedade Imobiliária, S.A.

Member of the Board of Directors of VISTAS DA FOZ - SOCIEDADE IMOBILIÁRIA S.A.

Member of the Board of Directors of SETIMANALE - SGPS S.A.

Member of the Board of Directors of BA - BUSINESS ANGELS, SGPS S.A.

Member of the Board of Directors of BA - CAPITAL, SGPS S.A.

Member of the Board of Directors of Casa Agrícola de Ambrões, S.A.

Member of the Board of Directors of Realejo - Sociedade Imobiliária, S.A.

Member of the Board of Directors and of Executive Committee of Fundação Belmiro de Azevedo

João Pedro Magalhães da Silva Torres Dolores

Executive Member of the Board of Directors of Sonaecom, SGPS, S.A.

Birth date

21 December 1980

Educational qualifications

MBA - London Business School, London (United Kingdom)

Certificate in Business Management - New York University, New York City (United States)

Degree in Economics - FEP - Faculdade de Economia (University of Porto), Porto (Portugal)

Professional experience

07/2016 – 12/2018 - Strategy Professor - Executive MBA Porto Business School, Porto (Portugal)

09/2015 – 10/2018 - Head of Group Strategy, Planning and Control Sonae - SGPS, S.A., Porto (Portugal)

04/2014 – 09/2015 - Head of Corporate Strategy Sonae - SGPS, S.A., Porto (Portugal)

01/2013 – 04/2014 - Head of Business Unit Cloud Portugal Telecom, Lisbon (Portugal)

02/2011 – 01/2013 - Manager - Innovation Management Portugal Telecom, Lisbon (Portugal)

10/2009 – 01/2011 - Associate McKinsey & Company, Lisbon (Portugal)

04/2005 – 07/2007 - Business Analyst McKinsey & Company, Lisbon (Portugal)

10/2003 – 12/2004 - Brand Manager JW Burmester, S.A., Nova Iorque (Estados Unidos da América)

Offices held in companies in which Sonaecom is a shareholder

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

Offices held in other entities

Executive Board Member of Sonae-SGPS, SA

Executive Board Member of Sontel BV

Executive Board Member of Sonae Investments BV

Executive Board Member of Sonae Holdings, SA (previously Sonaecenter – Serviços, SA)

Executive Board Member of Sonae Corporate, SA

Non-Executive Board Member of Sonae MC, SGPS, SA

Non-Executive Board Member of SFS – Financial Services, IME, SA

Non-Executive Board Member of Sonae Sierra, SGPS, SA

Non-Executive Board Member of Sonae FS, SA

Eduardo Santos Piedade

Executive Member of the Board of Directors of Sonaecom SGPS SA

Birth date

03 April 1978

Educational qualifications

Degree in Business Administration, Faculdade de Economia da Universidade do Porto

MBA Degree with distinction – Concentration in Strategy, London Business School.

Professional experience

Chairman of the Board of Directors of WE DO CONSULTING - SISTEMAS DE INFORMAÇÃO, S.A.

Chairman of the Board of Directors of WE DO TECHNOLOGIES AMERICAS, INC

Chairman of the Board of Directors of WE DO TECHNOLOGIES EGYPT LLC

Chairman of the Board of Directors of WE DO TECHNOLOGIES LIMITED (UK)

Chairman of the Board of Directors of WE DO TECHNOLOGIES ESPAÑA - SISTEMAS DE INFORMACIÓN S.L.

Chairman of the Board of Directors of WE DO TECHNOLOGIES MÉXICO S.DE R.L. DE C.V.

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

Gerente General - Saphety – Transacciones Electrónicas S.A.S.

Secretary to the Board of Directors and Executive Committee Head of Investment Management, Portugal - Sonae – SGPS, S.A.

Member of the Board of Directors of Tlantic B.V.

Member of the Board of Directors of Maxmat

Member of the Board of Directors of GeoStar

Strategic Planning Manager, Portugal - Sonae – SGPS, S.A.

Mergers & Acquisitions Manager, Portugal / Brazil - MODELO CONTINENTE – SONAE's sub-holding for the Retail Sector

Corporate Strategy Senior Analyst, Portugal - MODELO CONTINENTE – SONAE's sub-holding for the Retail Sector

Controller – Brazilian Division, Portugal / Brazil - MODELO CONTINENTE – SONAE's sub-holding for the Retail Sector

Offices held in companies in which Sonaecom is a shareholder

Executive Board Member of SONAECOM, SGPS, S.A.

CEO of SONAE INVESTMENT MANAGEMENT - SOFTWARE AND TECHNOLOGY, SGPS, S.A.

Chairman of the Board of Directors of INOVRETAIL, S.A.

Chairman of the Board of Directors of INOVRETAIL ESPAÑA, S.L.

Chairman of the Board of Directors of SONAECOM – SERVIÇOS PARTILHADOS, S.A.

Chairman of the Board of Directors of BRIGHT DEVELOPMENT STUDIO, S.A.

Chairman of the Board of Directors of SONAECOM CYBER SECURITY AND INTELLIGENCE SERVICES, SGPS, S.A.

Chairman of the Board of Directors of S21SEC PORTUGAL - CYBER SECURITY SERVICES, S.A.

Chairman of the Board of Directors of GRUPO S21 SEC GESTION, S.A.

Chairman of the Board of Directors of S21 SEC INFORMATION SECURITY LABS, S.U.L.

Chairman of the Board of Directors of S21 SEC, S.A. DE C.V.

Chairman of the Board of Directors of MXTEL, S.A.

Chairman of the Board of Directors of DIGITMARKET – SISTEMAS DE INFORMAÇÃO, S.A.

Chairman of the Board of Directors of PRAESIDIUM SERVICES LIMITED

Member of the Board of Directors of Style Sage, Inc.

Member of the Board of Directors of CValue Systems Ltd

Chairman of the Board of Directors of EXCELLIUM, GROUP, S.A.

Member of the Board of Directors of EXCELLIUM, SERVICES, S.A.

Member of the Board of Directors of Visenze, Pte LTD

Member of the Board of Directors of OMETRIA, LTD.

Board Observer of NEXTAIL Labs Inc.

Member of the Board of Directors of Daisy Intelligence Corporation

Member of the Board of Directors of - Context-based 4 Casting (C-B4) LTD

- Statutory Audit Board

João Manuel Gonçalves Bastos

Birth date

23 April 1958

Educational qualifications

1981 Degree in Economics at Faculdade de Economia da Universidade do Porto

Professional experience

1981-1984 Teacher of Macroeconomics at Faculdade de Economia da Universidade do Porto

1982-1984 Commercial department in Crédit Lyonnais

1984-1986 Development and Planning department in Sonae Group

1986-1987 Assistant of the Board in Focor Group

1987 – 1998 CFO and member of the Board of several participated companies in Figest Group

1998 – 2007 Senior Manager and member of the Board of several participated companies in Sonae Group

Offices held in other entities

Shareholder and President of the Board of Arcádia Group

President of the Statutory Audit Committee of Irmãos Vila Nova, SP

President of the Statutory Audit Committee of Modelo – Distribuição de Materiais de Construção S.A,

Maria José Martins Lourenço da Fonseca

Birth date

4 September 1957

Educational qualifications

1984	Degree in Economics at Faculdade de Economia da Universidade do Porto - Doutor António José Sarmento Prize
1987	Post graduate Program in European Studies at the European Studies Center, Universidade Católica Portuguesa
1992	Participation in the Young Managers Programme at European Institute of Business Administration, Fontainebleau.
2002	Master in Business and Administration at Faculdade de Economia da Universidade do Porto
2015	PhD in Business and Administration at Faculdade de Economia da Universidade do Porto

Professional experience

2008-2009	Cooperation with the Portuguese Institute of Statutory Auditors (OROC) in the field of professional formation
Since 2008	Consulting activity through the Centro de Estudos de Gestão e Economia Aplicada (CEGEA) of Católica Porto Business School (Universidade Católica Portuguesa)
2015	Member of the Selection Board for the Oral Test for External Auditor (ROC)
2015-2019	Cooperation with the Portuguese Institute of Statutory Auditors (OROC) as trainer for the External Auditor Preparatory Course

Offices held in other entities

President of the Statutory Audit Committee of Sonae SGPS, S.A.

Member of the Statutory Audit Committee of Sonae MC SGPS, S.A.

Member of the Statutory Audit Committee of Ibersol SGPS, S.A.

President of the Statutory Audit Committee of SDSR - Sports Division SR, S.A.

President of the Statutory Audit Committee of AEGE - Associação para a Escola de Gestão Empresarial

Lecturer at Católica Porto Business School (Universidade Católica Portuguesa)

Óscar José Alçada da Quinta

Birth date

1 December 1957

Educational qualifications

1982 Degree in Economics at Faculdade de Economia da Universidade do Porto

1990 Statutory auditor

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 Auditor and Partner of Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC

Offices held in other entities

Member of the Board of Directors of Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC

Member of the Fiscal Council of Caetano-Baviera - Comércio de Automóveis, S.A.

Member of the Fiscal Council of BAGLASS I - Serviços de Gestão e Investimentos, SA

Member of the Fiscal Council of Sonae Arauco Portugal S.A.

Member of the Fiscal Council of Sonae Indústria, SGPS, S.A.

APPENDIX II

Curricula Vitae of the members of the Remuneration Committee

Duarte Paulo Teixeira de Azevedo

Member of Remuneration Committee of Sonaecom, SGPS, S.A.

Date of Birth

31 December 1965

Academic Curriculum

1986 Degree in Chemical Engineering - École Polytechnique Fédérale de Lausanne

1989 MBA - Porto Business School

Executive Education

1994 Executive Retailing Program - Babson College

1996 Strategic Uses of Information Technology Program - Stanford Business School

2002 Breakthrough Program for Senior Executives - IMD Lausanne

2008 Proteus Programme - London Business School

2012 Corporate Level Strategy - Harvard Business School

Professional Experience – Sonae Group

1988-1990 Manager and Analyst of Projeto Novos Investimentos in Sonae Tecnologias de Informação, S.A.

1990-1993 Manager of Projeto de Desenvolvimento Organizativo and Comercial Director in Portugal in New Business in Sonae Indústria

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)

1998-2000 Chairman of the Executive Committee of Optimus - Telecomunicações, S.A. (Operador Móvel)

2000- Abril 2007 Executive Director of Sonae - SGPS, S.A.

2002-2007 Chairman of the Executive Committee of Sonaecom, 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)

2007-2014 Chairman of the Board of Directors of Sonaecom, SGPS, S.A.

2007- Abril 2015 Chairman of the Executive Committee of Sonae - SGPS, S.A.

2007- Março 2015 Vice President of the Board of Directors of Sonae Indústria, SGPS, S.A.

2007 - 2019	Chairman of the Board of Directors of Sonae Sierra, SGPS, S.A.
2007-2018	Chairman of the Board of Directors of Sonae Investimentos, SGPS, SA (atualmente Sonae MC, SGPS, SA)
2008-2014	Chairman of the Board of Directors of MDS, SGPS, S.A.
2009-2013	Chairman of the Board of Directors of Sonaegest, Sociedade Gestora de Fundos de Investimentos
2010-2013	Chairman of the Board of Directors of Sonae RP - Retail Properties
2010-2016	Chairman of the Board of Directors of Sonae - Specially Retail, SGPS, S.A.
2010- 2019	Chairman of the Board of Directors of Sonae MC – Modelo Continente, SGPS, SA (atualmente Modelo Continente, SGPS, SA)
2013-2018	Chairman of the Board of Directors of Sonae Center Serviços II, SA (atualmente Sonae MC, Serviços Partilhados, SA)
2015-2019	Chairman of the Board of Directors and Co-CEO of Sonae - SGPS, SA
2018-2019	Chairman of the Board of Directors of Sonae Corporate, SA

Offices held in other entities

Since April 2019	Chairman of the Board of Directors of Sonae - SGPS, S.A.
Since March 2015	Chairman of the Board of Directors of Sonae Indústria, SGPS, S.A.
Since March 2015	Chairman of the Board of Directors of Sonae Capital, SGPS, S.A.
Since May 2016	Chairman of the Board of Directors of Sonae Arauco, S.A.
Since July 1990	Member of the Board of Directors of Imparfin, SGPS, S.A.
Since December 2010	Member of the Board of Directors of Efanor Investimentos, SGPS, S.A.
Since December 2010	Member of the Board of Directors of Migracom, SGPS, S.A.
Since 2018	Member of the Board of Directors of EFANOR - Serviços de Apoio à Gestão, S.A.
Since 2018	Chairman of the Board of Directors of Sonae Corporate, S.A.
Since 2018	Manager Partner of Okuk, Lda
Since 2018	Member of the Board of Directors of BA Glass I – Serviços de Gestão e Investimentos, SA

Other Entities

2001-2002	Chairman of Aritel - Associação dos Operadores de Telecomunicações
2001-2008	Member of the General Council of Porto Business School
2004-2011	Member of the General Council of IPCG - Instituto Português de Corporate Governance
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
2009-2015	Chairman of the Board of Trustees of Universidade do Porto
2012-2015	Member of the Board of COTEC
2012-2017	Member of the Board of Trustees of Fundação Belmiro de Azevedo
Since 2015	Member of Consejo Iberoamericano para La Productividad y la Competitividad
Since 2008	Member of ERT - European Round Table of Industrialists
Since 2013	Member of International Advisory Board of Allianz SE
Since 2019	Member of the Board of Directors and of Executive Committee of Fundação Belmiro de Azevedo

Francisco de La Fuente Sánchez

Member of Remuneration Committee of Sonaecom, SGPS, S.A.

Birth date

2 January 1942

Educational qualifications

1965 Degree in Electrical Engineering - Technical University

Professional Experience

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

2007-2012 Guest vowel of Conselho Nacional da Água

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

2007-2013 Chairman of the General Board of PROFORUM

2007-2013 Chairman of Conselho Nacional do Colégio de Engenharia Eletrotécnica da Ordem dos Engenheiros

2010-2015 Chairman of the General Meeting of Iberwind - Desenvolvimento e Projetos, S.A.

2009-2016 Member co-opted of the Conselho de Escola do Instituto Superior Técnico

2012-2016 Chairman of Direction of AAAIST - Associação de Antigos Alunos do Instituto Superior Técnico

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

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

Since 2005 Member of Employers of Fundação Hidroelétrica del Cantábrico

2005-2009 Chairman of Fundação EDP

2003-2006 Chairman of Board of Directors of EDP - Energias de Portugal

Since 2017 Coopted member of General Counsel of Universidade de Lisboa

Offices held in other entities

Non-Executive Director of Sonae Capital S.G.P.S., S.A.

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

Coopted member of General Council of Universidade de Lisboa

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

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

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

Member of Employers of Fundação Hidroelétrica del Cantábrico

Member of the Board of Trustees of Fundação Luso-Brasileira

Member of the Board of Trustees of Fundação Luso-Espanhola