

Our Values: The DNA of a Long-living Company



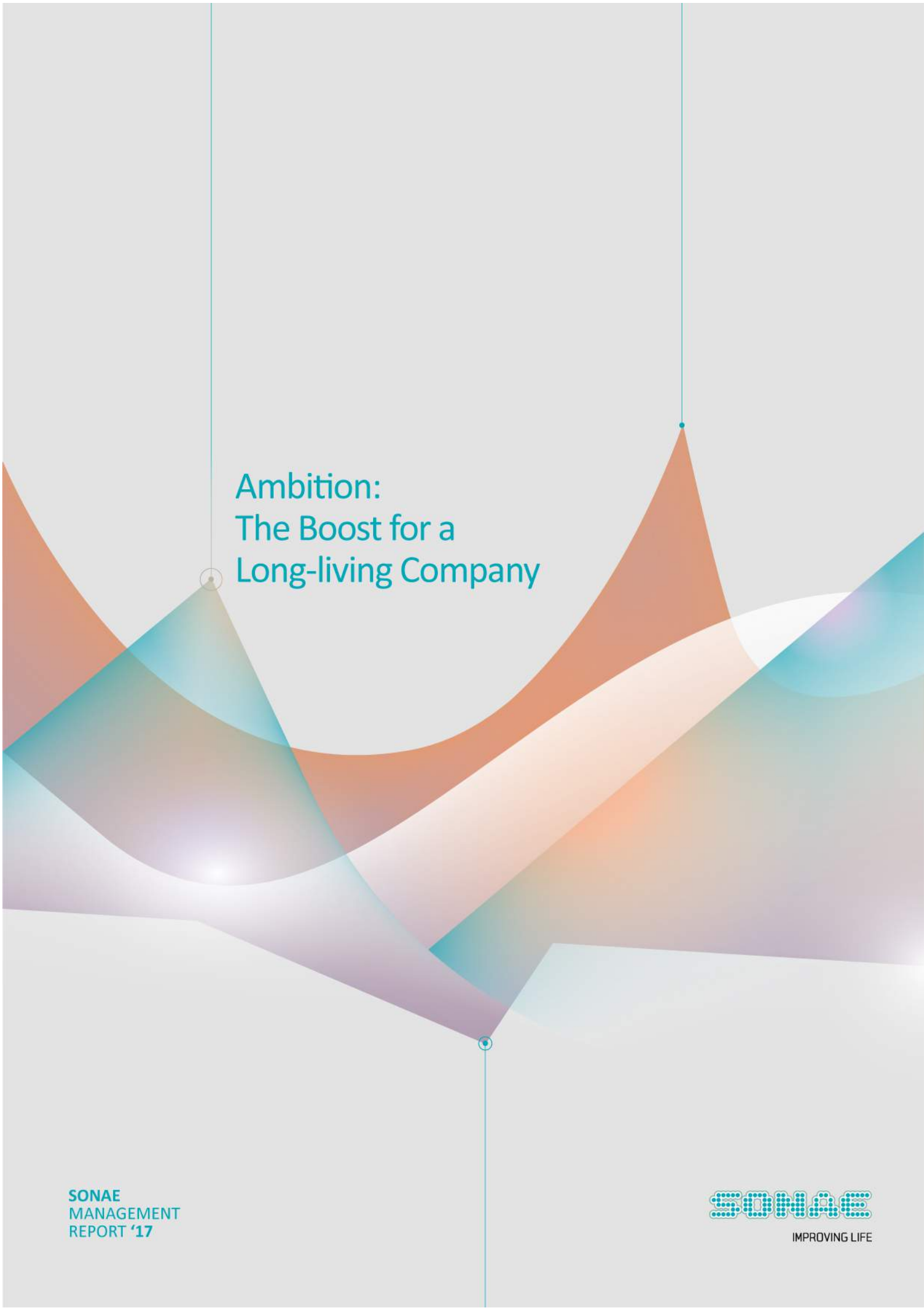
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Financial Statements



Ambition:
The Boost for a
Long-living Company



Our mission is
to create long-term economic and social value,
taking the benefits of progress and innovation
to an ever-increasing number of people

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A strong corporate culture
with a clear mission and values in our DNA



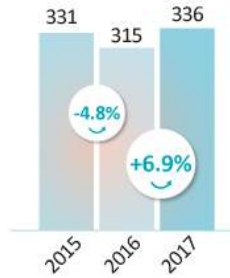
SONAE AT A GLIMPSE
A Multinational Group
with Solid Roots and
a Constant Drive
Towards Progress

Our numbers in 2017

Turnover evolution
(€M)



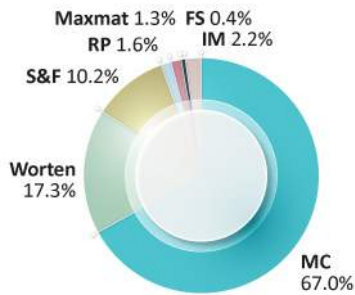
Underlying EBITDA evolution
(€M)



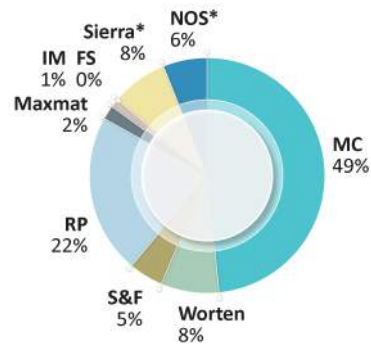
EBITDA evolution
(€M)



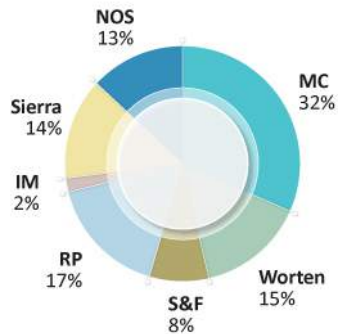
2017 Turnover breakdown
(€5,710 M)



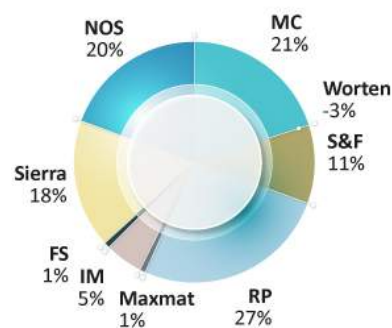
2017 EBITDA breakdown
(€396 M)



2017 Enterprise value breakdown
(€5,202 M)

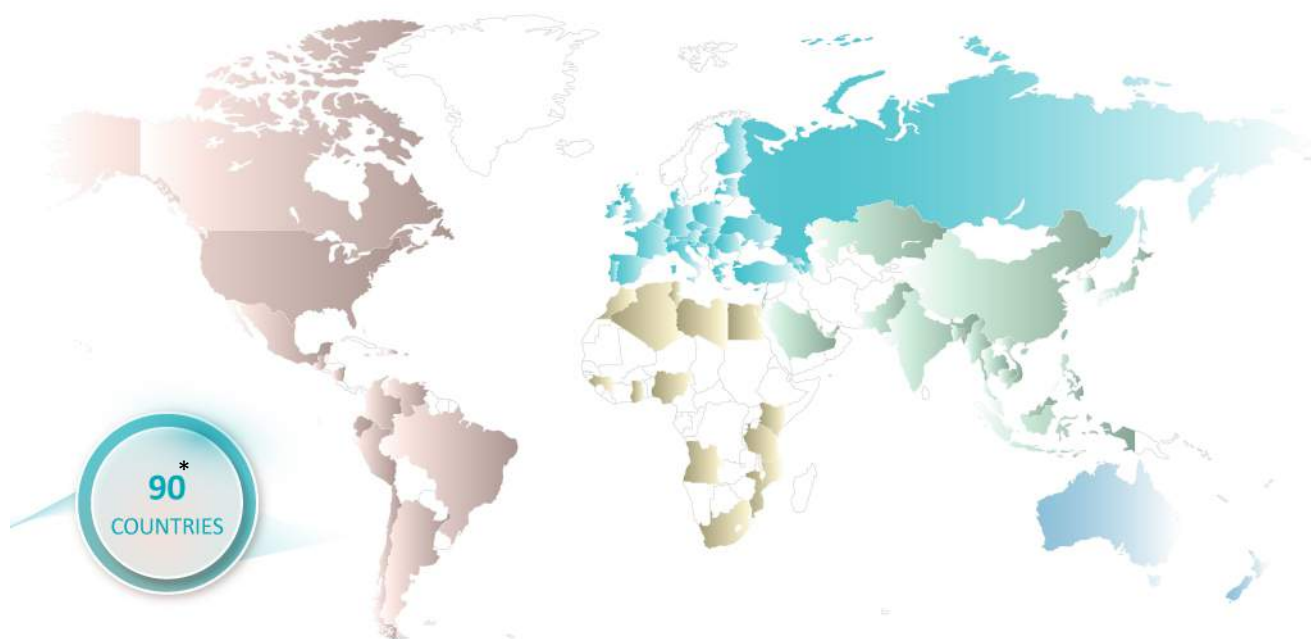


2017 Invested Capital breakdown
(€3,248 M)



Note: Turnover, EBITDA and Invested Capital breakdown do not include "others, eliminations & adjustments".
* Equity consolidated

Our world



Europe	Armenia Austria Azerbaijan Belgium Croatia Cyprus Czech Republic	Denmark Estonia Finland France Georgia Germany Greece	Hungary Italy Kazakhstan Latvia Luxembourg Netherlands Poland	Portugal Republic of Ireland Romania Russia Serbia Slovakia Slovenia	Spain Switzerland Turkey UK Ukraine
Asia	Bahrain Bangladesh Cambodia Qatar China	Singapore India Indonesia Iraq Israel	Japan Kuwait Lebanon Malaysia Myanmar	Pakistan Philippines Republic of Korea Saudi Arabia Taiwan	Thailand United Arab Emirates Vietnam
America	Argentina Bahamas Brazil Canada	Cayman Islands Chile Colombia Dominican Republic	Ecuador Guatemala Martinique Mexico	Nicaragua Peru Puerto Rico Trinidad & Tobago	USA Venezuela
Africa	Algeria Angola Cape Verde	Egypt Equatorial Guinea Ghana	Libya Morocco Mozambique	Nigeria Kenya Réunion	South Africa Tanzania Tunisia
Oceania	Australia	New Zealand			

* Includes operations, services rendered to third parties, representative offices, franchising agreements and partnerships. Excludes wholesale in retail.

Our sustainability approach

At Sonae, we structure Sustainability upon 5 axes: **People, Business, Partners and Suppliers, Community and Environment**. Please refer to the Sustainability Report* for further information.

People | Sustainability: the pulse for our people

- One of the largest employers in Portugal: 46,155 employees
 - 65% women and 35% men
 - 9.2% of women promoted and 11.1% of men promoted
 - 33% of management positions are held by women
- 24 geographic areas with local teams
- More than 1 million hours of specialised training
- 0.002 rate of work-related accidents

Business | Sustainability: the pulse for our businesses and products

- Present in 90 countries
- Creation of approximately 1,800 jobs
- 216 awards and recognitions

Partners and suppliers | Sustainability: the pulse for our partners and suppliers

- 77% Purchases from local suppliers
- 84% Suppliers qualified**

Community | Sustainability: the pulse for our communities

- 1,617 volunteers
- 7,233 hours of volunteering to help the community
- 9,661,555 € in community support to social, human and cultural causes
- 1,400 institutions supported

* The Sustainability Report focuses on the period of activity from the 1st January 2017 to the 31st December 2017 of Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS, Sonaecom (Sonae IM and Others) and Sonae Sierra. Sonaecom does not consolidate NOS non-financial data.

** Sonae MC, Worten and MaxMat.

Environment | Sustainability: the pulse for our planet

- 41 Continente stores with the ISO 14001 Environmental Management System certification
- 20 of Sonae Sierra's shopping centres have the ISO 14001 Environmental Management System certification and 18 have the Occupational Health and Safety Management Certification OSHAS 18001
- Continente Matosinhos recognised as the "greenest" hypermarket in the world, achieving the Platinum certification awarded by the Leadership in Energy and Environmental Design (LEED)

- Energy consumption (MW): 3,400,295
- Waste recovery rate (%): 82%*
- CO₂ emissions (tonnes): 1,023,992
- Water consumption (m³): 2,866,801

*Sonaecom and Sonae RP do not report this information.

Our awards and recognition

Sonae

Best MBA Employer 2017

The MBA Employer Award recognises organisations that share AMBA's passion and have adopted a proactive and innovative approach to MBA attraction, recruitment, talent management and succession planning.

Thomson Reuters IX Global Diversity and Inclusion

Sonae is now in the top 100 world companies in the Thomson Reuters IX Global Diversity and Inclusion Index, a distinction that reflects that environmental, social and governance values and principles are part of our DNA.

Several brands, but the same Culture of Success

Our true success stems from our customers. We strive to show them our commitment and responsibility, working daily to ensure their invaluable recognition.

17 Consumer Choice* awards

7 Trusted brands** awards

Sonae Sierra

Best Retail Developer and Best Retail Development & Developer across CEE & SEE region

Sonae Sierra was recognised in the Best Retail Developer and the CIJ HOF (Hall of Fame) Awards 2017 for the quality and innovation in the development of ParkLake Shopping Centre (Romania).

* *Escolha do Consumidor*

** *Marca de Confiança*

Sonae MC

Continente Matosinhos – The “greenest” hypermarket in the world

Continente Matosinhos was awarded the Platinum LEED certification by the U.S. Green Building Council. A recognition of our efforts to promote a better environment, a better world.

Sonae Sports & Fashion

Berg Outdoor - ISPO Award 2017

Footwear Lifestyle – Jindo Burel shoe

ISPO Award honours the most exceptional sporting goods based on innovation, design, functionality and Eco responsibility.

Worten

Jannus du Commerce - New store concept

The Jannus du Commerce award highlights Worten's innovative personalised service with the creation of a more enjoyable point-of-sale made available through their digital and online services. Their various delivery options, the development of specific consumer profiles, the training of staff and the availability of exclusive video games in-store were recognised.





SONAE GROUP
Reinforcing Our Strongest
Competitive Positions is a
Key Condition for our
Long-term Sustainability

Our history



50's
to 70's

Holding operations

Foundation of Sonae - Sociedade Nacional de Estratificados (18th August 1959)

Belmiro de Azevedo is hired (1965)

M&A / Disposals

Acquisition of **Novopan** (1971)

80's

Capital markets

1983 - launch of Sonae in the **capital markets**

7 IPOs for: Particleboard, Food Retail, Tourism, Media, Robotics, Shopping Centres, electricity and cooling (1987)

M&A / Disposals

Acquisition of **Star** (travel agency) (1989)



Openings

Opening of the 1st Hypermarket in Portugal: Continente (1985 - Matosinhos)

Opening of Sheraton Palácio Hotel (1986) (currently Porto Palácio Hotel)

Opening of the 1st two Shopping Centres built and managed by Sonae (1989 - Portimão and Albufeira)

90's

Capital markets

Acquisition of a controlling position in Tafisa (wood panels) (1993)

M&A / Disposals

Disposal of Ibersol by Sonae Capital (1994)

Opening of Centro Colombo, the largest shopping centre in the Iberian Peninsula (1997)

Holding operations

Set up of **Sonae Tourism** (1994)

Partnership between **Sonae Sierra** and **Grosvenor** (1997)

Launching of Optimus (1998 - telco operator)



Our history

00's

Capital markets

Sonae Sierra delisting (2001)

Spin-off of Sonae Indústria (2005)

Sonaecom takeover bid for PT and PT Multimédia (2006)

M&A / Disposals

Partnership between MDS (insurance company) and Cooper Gay (insurance broker) (2004)

Sale of:

(i) Sonae's stake in **Portucel** (2004);

(ii) **Sonae Distribuição Brasil** to the Wal-Mart Group (2005) and

(iii) **Enabler**, by Sonaecom (2006)



Holding operations

Paulo Azevedo becomes the CEO of Sonae (2007)

M&A / Disposals

Acquisition of **Carrefour Portugal** (2007)

Disposal of (i) **Contacto**, by Sonae Capital (2008) and (ii) **49.9% of MDS capital** to Suzano Group (2009)

2007 to 2009

Capital markets

Spin-off of Sonae Capital (2007)



Holding operations

Launching of the new corporate identity (2010)

Launching of "**Obrigações Continente**", a €200 M bond issue available through a public subscription offer to retail investors (2012)

M&A / Disposals

Sale of Sonaecom's stake in **Altitude's** share capital (2010)

Sonae RP completes sale & leaseback transactions: cash-in of **€159 M** (2010 and 2011)

2010 to 2012

Openings

Acceleration of international expansion of several brands from Sonae (2010) (Zippy, Worten, Sport Zone, Berg, Deeply, ...)

Our history

2013
and 2014

Capital markets

Sonaecom launches a tender offer for the acquisition of a maximum of 24.16% of its share capital. The level of acceptance reached 62%, corresponding to aprox. 55 million shares (2014)

M&A / Disposals

Merger between Zon and Optimus and creation of the **NOS** brand (2013)

Sonae RP completes sale & leaseback: cash-in of **€14.5 M** (2014)

Sonae IM pursues its strategy of active portfolio management: **sale of Mainroad** to NOS and **acquisition of 60% of S21Sec** and **Movvo** investment

Holding operations

Launch of a **convertible bond offer** due in 2019 with a principal amount of **€ 210.5 M** (2014)



Holding operations

Paulo Azevedo becomes Chairman and Co-CEO of Sonae (2015)

Ângelo Paupério is elected Co-CEO of Sonae (2015)

2015
and 2016

Openings

Sonae Sierra opens **ParkLake** shopping centre in Bucharest, Romania (2016)

Sonae MC opens **1st supermarket specialised in healthy food** (2016)

M&A / Disposals

Disposal of GeoStar, by Sonae IM (2015)

Sonae RP completes **sale & leaseback transactions:** cash-in of **€436 M** (2015 and 2016)

Acquisitions:

- (i) **Losan**, by Sonae Sports & Fashion (2015);
- (ii) 50% of **Salsa's** share capital, by Sonae Sports & Fashion (2016);
- (iii) a stake in ES Ventures (currently **Armilar** Venture Partners), by Sonae IM (2016)

Openings

Sonae MC launches **1st dental and aesthetic medicine clinic, Dr. Well's**

2017

M&A / Disposals

Sonae RP completes 2 **sale & leaseback** with a cash-in of **€37 M**

Acquisitions:

- (i) 51% participation in **Go Well**, by Sonae MC
- (ii) 100% of **Brio's** share capital, by Sonae MC
- (iii) minority stakes at **Probe.ly**, **Ometria**, **Seculoud**,

Continuum Security and **Arctic Wolf** by Sonae IM

Agreement between Sport Zone, JD Sports and JD Sprinter



Portfolio structure

Fully Consolidated



FOOD
RETAIL



ELETRONICS
RETAIL



SPORTS &
FASHION
RETAIL



RETAIL
PROPERTIES



INVESTMENT
MANAGEMENT



FINANCIAL
SERVICES



Equity Consolidated



RETAIL REAL ESTATE DEVELOPER,
OWNER AND MANAGER



TELCO



indirectly
owned

*Part of the Iberian Sports Retail Group which will be Equity consolidated (30%) from 2018 onwards.

Chairman's message

"Creating long-term economic and social value, taking the benefits of progress and innovation to an ever-increasing number of people, as we pledge to do in our mission, is not an easy task. It implies innovation, growth, a long-term and sustainable perspective whilst creating economic and social value. We are pleased to be able to report a year of significant progress on all these fronts.

Our consolidated turnover grew approximately 7%, as did our underlying EBITDA, and our largest non-consolidated companies, Sonae Sierra and NOS, grew turnover by 7.0% and 3.1%, respectively with underlying EBITDA surpassing those growth rates.

Over the last ten years, the World has witnessed a major financial crisis, social meltdowns and political instability and southern Europe, in particular, underwent one of the worst economic recessions in recent history. Additionally, technological advances, an increasing number of well-informed consumers, rapidly changing consumer trends and more demanding stakeholders have created an environment of continuous disruption in the business landscape. Our resilience and capacity to stay ahead of our competitors are permanently challenged, but **at Sonae, we look at challenges as opportunities** and we thrive in this environment. We demonstrated our resilience at the bottom of the cycle and are now keen to demonstrate that we have retained our ability to grow rapidly through innovation, transformation and continuous improvement of the way we work. As part of this continuous adaptation, we have fine-tuned our corporate structure by significantly **increasing the management autonomy of each of our businesses, allowing them to become more focused, more independent and more agile.**

Our corporate strategy continued to follow three guiding principles: **strengthen and leverage our key assets and competencies, drive international expansion and diversify business models and investment approach.** Throughout the year, we have been actively pursuing opportunities in all the strategic pillars with an increasing focus on growth. To highlight just a few:

- The decisive push in the expansion of smaller city centre and smaller community stores, which has reinforced our food retail market share and brought us into areas where we were not conveniently present.
- Rapidly taking the nº1 position in organic and health food through acquisition and organic expansion of specialty stores, coupled with a radical new approach in Continente stores.
- Breaking through the €100 M turnover threshold in e-commerce by accelerating growth rates, with particular success at Worten, and launching new initiatives.
- Beginning of the development of shopping centres in two new countries — Morocco and Colombia.
- The merger with two new partners to create a sizeable Sports Retailing group in Iberia with strong growth prospects.

Sonae's definition of sustainable success cannot exist without a sustainable Society and we take our social responsibilities very seriously. We are proud to be included in the World top 100 Thomson Reuters IX Global Diversity and Inclusion Index, an innovative benchmark of companies that guide their operations based on environmental, social and governance values and principles. We were at the forefront of the *Paris Pledge for Action*, and our Continente store in Matosinhos was recognised as one of the most environmentally friendly hypermarkets in the World with the Platinum certification by the *Leadership in Energy and Environmental Design (LEED)* of the U.S. Green Building Council. *Transformar-te* – a pioneering Sonae project aimed at reducing food waste – was also recognised in the Food Sustainability category in the 8th edition of the *Food & Nutrition Awards*.

Winning with this set of goals implies a strong partnership of trust and commitment between all stakeholders. In particular, it is fundamental that management and employees retain the ambition to achieve best in class long-term sustainable performance and that shareholders are sufficiently knowledgeable to judge the merits of long-term strategies. I am pleased to report the growing recognition amongst partners, suppliers, staff, customers and

shareholders of our high ethical standards and positive contribution to the countries where we operate. The most remarkable is perhaps the increase in the number of shareholders who recognise the wide social responsibility of companies and are particularly keen to invest in companies which are seriously devoted to sustainability.

Sonae shares closed the year with an increase of 28.8%, surpassing market performance (PSI-20). Besides the improved performance achieved with a reduction of net debt of 8.4%, coupled with greater maturity and a lower cost of debt, I believe the market increasingly recognises our dividend policy which aims to be coherent with our **aim to create long-term sustainable value for our shareholders** by providing a steady growth in value over the years.

We actively communicate to capital markets our long-term view, coupled with our commitment to all stakeholders. Our aim is to **encourage investors with the same beliefs and discourage those who might seek short-termism or who may be less inclined to consider the overall social responsibility of corporations.**

Unfortunately, 2017 was also a sad year for Sonae. My father, our founder, passed away. His vision was the driving force behind Sonae as a long-living company, with an insatiable appetite for success based on innovation and sharing sustainable growth. We are extremely proud of his legacy. **We will strive to carry it forward**, honouring his vision of success, anchored in solid corporate and social values. His way. Our way.

We stand in sincere gratitude to all that have contributed to making the achievements of last year possible and hope you will all feel proud and energized to surpass them this year.”

Paulo Azevedo, Chairman and Co-CEO

Corporate strategy

Our Mission

To create long-term economic and social value, taking the benefits of progress and innovation to an ever-increasing number of people.

Sonae and Capital markets

We are a company which is majority owned by one shareholder who has shaped our culture and beliefs. We are a publicly traded company with a large free float and a responsibility to over 20 thousand shareholders.

We believe that our founding motives to “contribute to economic development and to promote overall social well-being” have made us stand out as a responsible and ethical example and have led to outstanding returns.

We actively seek to communicate to capital markets our long-term view and commitment to all stakeholders aiming to encourage investors with the same beliefs and discouraging those who might seek short termism or who may be less inclined to consider the overall social responsibility of corporations.

Who we are?

We are a **long-living family-controlled company** with a solid culture managing a wide portfolio of companies across several geographic areas and sectors, aiming to create long-term economic and social value, taking the benefits of progress and innovation to an ever-increasing number of people.

Ethics, Sustainability and Performance

We focus on a sustainable performance, which can only be attained based on an ethical approach to business. Sustainable success depends on a sustainable society and we believe in partners who share this belief.

- **A strong corporate culture with a clear mission and values in our DNA**
- **A stable shareholder structure**
- **Creating value through 3 transparent strategic pillars**
- **Oriented by a multidisciplinary Board with independent directors**
- **Group Senior Executives totally focused on their respective areas**
- **Steadily growing shareholder’s remuneration**
- **Strong Balance Sheet supporting the businesses**
- **Leading market positions in most of the formats**

Our Values



Trust and Integrity

We are committed to creating economic value in the long-term, built on **sustainable relationships with all our stakeholders**. We establish these relationships based on principles of honesty, uprightness and transparency.



People at the Centre of Our Success

Our people are a determining factor in our success. For that reason, we constantly work to improve our employer value proposition in order to attract and retain the most talented and ambitious professionals. We invest not only in developing their capabilities and skills, but also in ensuring thriving and positive work environments, and balanced lifestyles. We promote meritocracy relentlessly and embrace diversity at all levels.



Ambition

Ambition is born from continuously establishing goals which will stretch us to our limits, stimulating our energy and reinforcing our determination. Ambition drives us and keeps us dissatisfied with the status quo, forcing us to go beyond our past successes. We continuously set ambitious goals that stretch our current competences and demand a bold and entrepreneurial attitude from our managers.



Innovation

Innovation is at the heart of our businesses. We always question both our mental models and industry orthodoxies in order to identify opportunities, and we maintain a challenger attitude by continuously improving our value propositions and experimenting new business models, while managing risks within reasonable limits. We know that only by innovating can we grow sustainably.



Corporate Responsibility

We are committed to **developing our activities based on the principles of sustainable development**, looking to contribute to society beyond the economic value generated by our business activities. In particular, we aim to improve the communities within which we operate by collaborating to tackle the most fundamental environmental and social challenges of our times.



Frugality and Efficiency

We aim to optimise the use of resources and maximise their return, seeking cost efficiency, and avoiding any waste or extravagance. As a priority, **we focus on achieving operating efficiency, promoting healthy competition, and delivering high impact projects.**



Cooperation and Independence

We are ready to cooperate with central and local governments, in order to improve regulatory, legal and social frameworks, and **to ensure the best solutions for the communities** within which we operate, but we also take care to maintain our independence in relation to all such entities.

Our Strategic Pillars

Board of Directors Mandate

The Board of Directors of Sonae decided that **to be a long-living company, two conditions must be respected:**

1. Keep a solid culture based on the values defined
2. Mitigate risk by diversifying across several geographic areas and sectors

This mandate is the framework of our 3 strategic pillars:



Strategic Pillar: **Strengthen and Leverage our Key Assets and Competencies**

Reinforcing our strongest competitive positions is a key condition for our long-term sustainability. It is the stepping stone for our growth strategy and it is where most of our key competences and assets currently reside. Therefore, keeping core teams dedicated and concentrated on winning in their respective main markets is crucial to underpin Sonae's ambition and fund our growth options.

We will continue to explore new business opportunities that leverage our exceptional capabilities and asset base in Portugal as a way to nurture our portfolio of options for future growth. Besides their inherent business attractiveness, these new ventures should benefit from and reinforce our competences and/or strategic assets, have the potential to become large businesses in the medium term, and allow for a stronger and more balanced portfolio.

We will dedicate a part of our capital to these new ventures, according to their ability to deliver growth and create value. We also will look for early signs of success or failure, guaranteeing that scale-up, merger or divestment decisions are taken as soon as possible.

Sonae has built an exceptional portfolio of key competencies and assets that are the at the very foundation of our sustainable success. Our long-term sustainability is ensured through the continuous strengthening of our robust competitive positions. Our key assets and competencies are paramount for our growth strategy, allowing us to embark upon new business opportunities that further promote our unique competencies and expand our asset base in Portugal. Included here are some examples, which clearly demonstrate the strength of this strategic pillar.

Sonae MC – A true commitment towards strengthening our market leadership

Sonae MC's leadership in the food retail market is the result of different measures implemented, which combined, create a unique dynamic that further reinforces Sonae MC's market presence.

Sonae MC is committed to offer the best products at the best price. As part of this commitment to its customers, Sonae MC has been focusing on the area of fresh products, by adjusting the entire fruits and vegetables supply chain and by strengthening partnerships in meat to offer new products with increased quality.

Sonae MC has also been significantly increasing its presence in the healthy food market and is highly dedicated to raising awareness about the impact of eating well.

Sonae MC has a unique understanding of its customer basis and has been developing promotions and campaigns accordingly.

The unique quality of Sonae MC's products combined with its pricing strategies reflect the true commitment to its customers. Our customers are the key determinant of our success.

"Our sales growth clearly shows the results of a stronger value proposition, namely the effective improvement of the quality of our perishables, as well as the price perception."

Luís Moutinho | CEO Sonae MC



Sonae MC – We are where our customers want us to be

Sonae MC continued the expansion of its proximity store network with the opening of 19 new Continente Bom Dia stores, reaching 96 at the end of 2017.

Sonae MC believes that improving customer lifestyle by making shopping more convenient is the way to strengthen its customer base. Our drive to create a better, more convenient shopping experience for our customers is demonstrated through our Continente Bom Dia stores, which were designed to provide customers with access to our offers, through an extensive network of contemporary stores which are close-by.

Continente Bom Dia complements Sonae MC's approach to promoting stores which are close-by and convenient, encouraging customers to benefit from the opportunity to purchase fresh products locally. Customers are welcomed, with an open space coffee shop leading to an exciting new shopping experience, soon to become part of their daily routine.

"Continente's store network continues to grow and, 32 years after opening the first store, our priority is the same: the consumer. In response to changes in consumption patterns, we have opted for proximity stores, which concentrate in a single space all the products that the urban and active consumer demand. It is surely a strategy that we will continue in the next few years."

José Fortunato | Executive Board Member Sonae MC

Sonae MC – Growing position in the Health and Wellness segment

The Health and Wellness segment is an example of Sonae MC's excellence in strengthening and leveraging its key assets and competencies. Following the success of Well's, Sonae MC has taken steps to innovate its services and products related to health and wellness.

In 2017, Sonae MC opened 26 additional Well's para-pharmacy and optic stores, increasing to a total of more than 220 stores (owned and franchised). Well's is one of the most successful business ventures in the Portuguese health care market. Well's is a testimony to the relevance of our retail and is a clear determinant for success.

The Health and Wellness segment is now the stepping stone for new projects, namely the Well's Health Plan and the Dr. Well's clinic. Two concepts that consolidate Sonae MC's investment in providing democratised access to quality healthcare services in Portugal.

In 2016, we launched the Well's Health Plan designed to offer easier access to private medical care.

In 2017, Sonae MC established the concept Dr. Well's clinics. An innovative concept that offers specialised dental and aesthetic medical services, using state-of-the-art technologies at affordable prices. This offer will benefit from partnerships with several insurance companies and Well's Health Plan, in addition to financing solutions for advantageous payment options. Our goal is clear: in the next 10 years, we want to be amongst the top 5 health providers in the country.

"At Sonae MC, we are focused on our mission to develop new business areas that can add value to society. Launching the first Dr. Well's Clinic is a new step we are taking in the health and wellness segment. We are launching our first clinics providing quality, improvement and preventive health care services, relying on specialised medical teams and treatments with benchmark equipment, that will allow people to remain healthy and feeling better for a longer period of time."

Inês Valadas | Executive Board Member Sonae MC



Sonae MC – Healthier options for a better lifestyle

Sonae MC's strategy in the Health and Wellness segment includes a wide variety of strategic approaches. Our growing presence in the Health sector is complemented by an increased offer of healthy food and lifestyles, taking advantage of our unique market position to explore growth opportunities.

Sonae MC continues to increase the range of Continente's portfolio of healthy products and reinforced its presence in this market with the acquisition of Brio supermarkets and Go Natural restaurants. Both deals are pursuant to Sonae MC's strategy to invest in the segment of Health and Wellness, namely in healthy food, fulfilling consumers' growing need for alternatives that promote a healthy lifestyle and contribute to improving their quality of life.

Sonae MC now has a network of 7 healthy, organic supermarkets in Portugal, with a high level of expertise and a wide network of suppliers in the organic segment. Additionally, it also benefits from a restaurant insignia dedicated to healthy food complementing the retail offer, providing customers with differentiated shopping experiences and daily meals of a high level of quality.

Sonae MC is committed to fostering equal access to differentiating products and solutions within the health segment, further consolidating its position as a specialist in wellness. Hence, it will continue to explore opportunities in this area, contributing towards Sonae’s mission of taking the benefits of progress and innovation to an ever-increasing number of people.



Sonae FS – Benefits

Two years after its launch, Universo card continues to deliver a sustainable growth rate with over 600 thousand subscribers at the end of 2017.

Universo reinforces the value proposition of Sonae’s loyalty programmes by combining loyalty benefits and payment solutions. The benefits of the Universo card are designed to enable families to manage their budgets and savings more successfully.

Within Universo brand, Sonae FS has been developing new offers, namely in personal loans, insurance, service payments and the introduction of the online store, all of which deliver the benefits of highly price competitive and innovative offers to Portuguese families.

Finally, Sonae FS’ Dá cards continue to grow and deliver the benefits and convenience of prepaid cards to our retail customers.

“The number of Cartão Universo subscribers is now around 600 thousand. An outstanding achievement. In just over 2 years, Cartão Universo has become a reference card, representing 13.2% of all credit card transactions in December in Portugal.”

Carlos David | COO Sonae FS



Worten – Accelerating digital services growth

Worten aims to deliver a powerful value proposition by securing independent advice targeting customers' needs, through proactive and knowledgeable salespeople, digitally enabled content and accessible support, while offering a wide range of products and services at competitive prices.

In this regard, Worten is focused on reinforcing its store network, by creating an enjoyable, informative and exciting space, and providing a distinctive digital customer journey, through an omnichannel model, while extending the range of products and expanding and improving the portfolio of services.

In 2017, Worten's turnover posted a strong evolution, increasing by 10.2% y.o.y. and for the first time surpassing 1 billion euros in sales. This momentum allowed Worten to further increase its market share in Portugal and Spain, both in the offline and online channels.

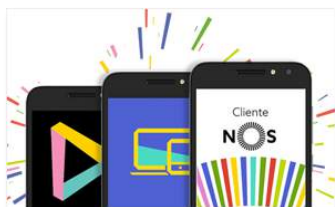


NOS – The key player in the telecom market

When NOS was created, back in 2013, our goal was to change the landscape of the telecom market. NOS is now a leading player in a highly innovative and competitive market. The company's track record has been outstanding at all levels, delivering stellar operating and financial performances, while increasing its market share across all business segments.

NOS growth has beaten all expectations, with an increase of 25% in the total number of customers in the last 3 years. NOS is currently the undisputed market leader in subscription TV, integrated bundles (3P, 4P and 5P) and is steadily approaching market leadership in other segments.

Despite the intense market competition, NOS innovative services and offers are a distinctive factor that allows for a sustainable and solid financial performance with consolidated revenues growing once again in 2017 (+3.1%) and EBITDA increasing at an even faster pace (+4.3%).



Strategic Pillar: Drive International Expansion

Internationalisation will remain our key growth driver for many years to come. This is our top strategic priority and we will deploy resources accordingly, as we have the opportunity to enlarge our international footprint and transform Sonae into a large multinational corporation. This is the only option which guarantees our long-term sustainability and is consistent with our level of ambition and growth.

We have an outstanding management team, expertise and reputation in our current businesses and can use them to create value on a larger scale and in markets that are growing faster and have a higher potential. Therefore, new investment opportunities, both organic ventures and acquisitions, should include sizeable internationalisation potential. We will target opportunities in several geographic areas, but we will give particular focus to markets with high growth prospects, stable economic conditions and good governance practices.

Internationalisation plays a pivotal role in our strategy and we will continue to commit the necessary resources to strengthen our international footprint. International markets will remain a key growth driver for many years to come as Sonae becomes a global player. Detailed below are several examples, demonstrating the importance of this strategic pillar.

Sonae Sierra – A worldwide footprint



Sonae Sierra is constantly searching for new and innovative growth opportunities, positioning itself as a renowned global player with exceptional experience in both project development and shopping centre management. 2017 was a busy year for Sonae Sierra, laying the foundation stones for new projects.

In a partnership with McArthurGlen, Sonae Sierra started the construction of a Designer Outlet in Málaga, Andalusia, a 140 M€ development in the first designer outlet in southern Spain, offering 30,000 square metres of gross lettable area occupied by 170 top brands. The project will be developed in two stages, the first will be completed in 2018.

Sonae Sierra also expanded its activities to Colombia with the construction of Jardín Plaza Cúcuta Shopping Centre, a partnership with the Columbian company Central Control. It is planned to be opened in 2019 and it will be the only open-air shopping centre. The project has an investment of 52 M€ and a gross lettable area of 43,000 square metres, making it the largest shopping centre in Cúcuta.

Moreover, Sonae Sierra launched a new real estate investment vehicle in Spain through ORES Socimi, in a partnership with Bankinter. Socimi's ultimate objective is to invest nearly 400 M€ in commercial real estate assets in the main cities of Spain and Portugal.

Additionally, and in a joint venture with AXA IM, Sonae Sierra acquired Área Sur Shopping Centre in Jerez de la Frontera, Cádiz, Spain. This shopping centre, one of the largest shopping centres in Andalusia, receives close to 7 million visitors a year, benefits from a privileged location in one of the regions of Spain with the largest number of tourists and serves a catchment area of around 450,000 people. Sonae Sierra is committed to devoting its unique expertise to create value by unlocking the underexplored potential of this asset.

Sonae Sierra owns or co-owns shopping centres with a total market value of more than 7 billion euros.

Sonae S&F – Salsa expansion

Throughout the year, Salsa has expanded and diversified its business, focusing on internationalisation as the key driver to growth. The company strengthened its home market by remodelling 6 stores and opening 2 physical stores but also enlarged its presence in countries such as France and Luxemburg. Spain also remained a point of focus, with 5 new stores opened on the mainland and 2 in the Canary Islands, it now boasts a total of 25 stores. In addition to this direct investment in stores, Salsa has also accelerated its internationalisation expanding its wholesale presence in several European countries, entering new countries such as Italy and Greece and opening franchised stores in Qatar and Angola. Confirming its focus on an omnichannel strategy, Salsa also saw considerable growth in online sales both through its own e-commerce store, as well as through market places.

Salsa's effort to diversify its internationalisation approach and increase its global presence is clearly proving to be a success.



Sonae S&F – The franchising of Zippy, a successful strategy



Zippy's strategy is based on not only investing in strategic locations, both in mature markets and emerging markets, but also adopting different investment strategies: own stores and a franchise network.

Zippy opened a 600 square metre flagship store in the Dubai Mall, one of the most famous shopping centres, reinforcing its strong presence in the middle east, where it already has 34 stores in Saudi Arabia, Turkey, Lebanon, Qatar and the United Arab Emirates.

The stores benefit from all the advantages of Zippy's latest store concept, including the use of new technologies, with displays that enhance and maximise more interactive and effective communication with customers, while offering a fun and far-easier experience for the whole family.

Zippy now has a remarkable presence with 122 stores in 21 countries around the world.

"The opening of the Zippy flagship store in the Dubai Mall is an important milestone in Zippy's expansion, as it is in a benchmark international shopping centre. This opening has bolstered our wager on international expansion, where we have a turnover that is even higher than in our original market in Portugal."

Joana Ribeiro da Silva | Executive Board Member of Sonae Sports & Fashion, responsible for Zippy

Strategic Pillar: Diversify Business Models and Investment Approach

We will ensure **high levels of flexibility** in pursuing our **growth ambitions, particularly in international markets**. We will continue to adopt different business models, according to our ability to **accelerate specific opportunities and manage risk**. In practice, we will keep growing our businesses with a mix of organic expansion (both capital heavy and capital light), wholesale, franchising and service rendering.

We will also look to **leverage our resources and capabilities by adopting the most appropriate investment style or mix of styles for each business**, including wholly owned businesses and majority stakes, but also joint ventures and minority stakes. Majority stakes are the appropriate investment style where, on our own or with little contribution from third parties, we have the resources and competences to lead the business and guarantee the development of sustainable competitive advantages and creation of superior value. Minority stakes are the appropriate investment style where we do not have the resources or would benefit from the contribution of third parties to achieve superior value creation. In any case, we are not a financial investor and will always aim to ensure some degree of influence over each business and an ability to add value based on our competences.

Determined to ensure increased flexibility when developing its expansion opportunities, **Sonae endeavors to pursue several business models and styles of investment**. These business models include organic to wholesale growth, franchising and rendering services. The investment styles range from full ownership and majority stakes to joint ventures and minority stakes. Each business model or investment style is adapted accordingly, taking into consideration our capacity to move forward with certain prospects and mitigate risk. Included below are some examples, clearly demonstrating the strength of this strategic pillar.

Sonae S&F – Leading the market through a partnership in the Iberian sports market



Sonae (30%) has established a partnership with JD Group (50%) and founders of Sprinter (20%), a company currently also owned by JD Group, to merge all operations in Iberia and create a new leading company, the Iberian Sports Retail Group (ISRG). The JD Group focuses on sports, outdoor equipment and fashion and is currently present in 17 countries, with M&As and Joint Ventures playing a key role.

This partnership aggregates the group's store formats JD, Size?, Sport Zone and Sprinter, has an estimated combined turnover of more than 500 M€ (estimated for 2017) and a store network of 311 stores (204 of which are in Spain and the remaining 107 in Portugal). ISRG is now the second largest Iberian Sports Retailer group and will generate further scale, momentum, and resources to continue the current growth of all formats both in Spain and Portugal. Furthermore, the goal is to create an improved and more comprehensive customer offering. This is enriched through strong partnerships with the major sports brands and complemented by own and licensed brands, carefully adapted to each market, providing customers with an enhanced shopping experience.

This deal is a continuation of Sonae's strategy to boast a leading Sports Business as part of its portfolio. As this is one of Sonae's strategic pillars, ensuring a high-level of flexibility in pursuing different business models and investment

styles, this transaction is aligned with this core value. It will also enhance the internationalisation and diversification of investment styles and leverage and reinforce exceptional assets and competences.

At Sonae, we believe in partnerships whereby all partners align their interest and resources towards a common goal. ISRG will benefit from common synergies and experiences, achieving significant economies of scale and higher levels of profitability. This new partnership will be led by Miguel Mota Freitas, who until now has been the CEO of Sonae Sports & Fashion.

"The new joint venture will become a reference multi-brand operator and the leading retailer of sporting goods in the Iberian Peninsula. This partnership will allow us greater operational efficiency. We want to continue to grow and be the reference sport retail channel in Iberia, providing customers with a wide range of sports brands and products."

Miguel Mota Freitas | CEO Iberian Sports Retail Group

Sonae IM: improved valuations of technology investments

Sonae IM is an investor in tech-based companies for retail, telco and cybersecurity sectors, in a strategy aiming to offer a more robust portfolio of solutions. Sonae IM adopts a flexible investment approach, targeting companies from start-up to growth stage while offering a strategic partnership for their development. In 2017, Sonae IM was very active in acquiring strategic positions, mainly in the cybersecurity space and innovative retail driven companies.

In the cybersecurity sector, Sonae IM took a significant step investing in **Artic Wolf**, **Secucloud**, **Continuum Security** and **Probe.ly**. Arctic Wolf is a global pioneer in the SOC (security operations centre) market and provides a unique combination of technology and services for clients to quickly detect and contain threats aimed at small and medium-sized organisations. It is a pioneer in managed detection and response (MDR), which is one of the most promising cybersecurity market segments and is expected to achieve three-digit growth rates annually over the next years. Sonae IM led the investment round that will enable its solution of *SOC-as-a-service* to expand further in the European and North American markets. Secucloud is a German company at the forefront of the emerging trend of cloud based cybersecurity. It is leveraging the Telecom Operators' network to offer a security solution for all connected devices, such as smartphones, tablets and IoT devices, both for the consumer and enterprise segments. Sonae IM fully subscribed a multi-million round of technological financing, joining a shareholder structure composed of some renowned individuals and investors in Germany. Continuum Security is a Spanish based early stage company with an application security platform to address vulnerabilities early in the development process. To achieve their international growth plans, the company has raised an investment round of €1.5 M, which was led by Swaanlaab Venture Factory and joined by JME Venture Capital and Sonae IM. Probe.ly offers the solution of an open SaaS (Software-as-a-Service) platform available on the cloud, which can search for/detect vulnerabilities in any online service.

In the marketing field for retail, Sonae IM acquired 4% of Ometria, a London-based AI-powered customer marketing platform with the vision to become the central hub that powers all the communication between retailers and their customers. The venture was carried out in a Series A investment round, alongside several strategic investors. Ometria is already in use by more than a thousand of the world's leading multichannel retailers and is able to bring together first-party data from multiple sources, combining behavioural with transactional elements and working as a predictive model for customer actions. The platform generates data that allows marketers to power personalised marketing campaigns across a varied number of channels and within the same platform, enhancing the customer experience. Such targeted messages and relationship management is already showing its results, as some retail brands revealed 3.5% improvement in overall revenue, 60% repeat purchases and 10x boost in revenue per email.

At the end of 2017, Sonae IM's portfolio included controlling stakes in 5 companies, more than 10 minority stakes, 1 pre-seed fund under management targeting early stage investments, and stakes in 3 Venture Capital funds with sizeable stakes in leading edge companies such as Outsystems and Feedzai, both consistently presenting meaningful and sustainable levels of growth.

Leadership and Governance

Empowering each and every colleague at Sonae is one of the top priorities of Sonae's leadership. Sonae's lean structure encourages all colleagues to contribute towards shaping a long-living company and a better society with a sustainable future through its robust corporate values. At Sonae everyone nurtures the same sense of responsibility towards society.

Each business unit has a committed management team, leading to increased business specialisation and sector specific know-how and expertise. With expert skills unique to each segment, investors can be confident that Sonae's long-term performance is assured. Transparency at all levels of the entire organisation is crucial, endorsed further by upholding our values at all times.

We strive to ensure that we always adhere to the best corporate government practices, protecting and fostering small investors. The selected members enjoy global recognition and are highly-reputed on both an individual and professional level, particularly concerning their pledge towards sustainability.

Sonae's Board of Directors supports our drive to achieve high levels of efficiency, at the same time as demonstrating our independence, reflected through our 2 executive directors (and both co-CEOs) and 7 non-executive and independent directors. Sonae's Board of Directors is comprised of a multi-faceted team, leaders in their areas, providing Sonae with expertise in all our principal sectors. Our strategies are aligned with the valuable advice we receive from these independent experts, assuring investors of our open management style.

The Board of Directors

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



- 1 Tsega Gebreyes** – Expertise in finance and strategy across different sectors and geographic areas. Founding Director and Managing Partner of Satya Capital, a London-based, African-focused private equity firm.
- 2 Dag Skattum** – Long-standing career in the financial sector, namely in capital markets and M&A advisory with JP Morgan and TPG. Currently Vice-Chairman of JPMorgan Chase EMEA.
- 3 Paulo de Azevedo** – Chairman and Co-CEO. He has held senior positions in Sonae Group since 1988.
- 4 José Neves Adelino** – Professor of Economics and Finance in leading universities in Europe over the last 40 years. He has held non-executive positions in several listed companies and is currently a Director at Fundação Calouste Gulbenkian.
- 5 Lorraine Trainer** - Career specialised in HR and talent management, particularly in the financial sector. She has spent the last few years mostly in corporate advisory roles with a strong focus on Board-level succession planning services and director development.
- 6 Christine Cross** – Long-standing career in retail, particularly in the food segment (14 years of senior positions held at Tesco PLC). Currently providing independent advisory and serving on several non-executive Board positions.
- 7 Ângelo Paupério** – Co-CEO. He has held senior positions in Sonae Group since 1989.
- 8 Andrew Campbell** – Renowned expert on Corporate-level Strategy. Currently Director of the Ashridge Strategic Management Centre. Previous positions held at the London Business School and McKinsey & Company.
- 9 Marcelo Faria de Lima** (not in the picture) – Strong expertise in the Brazilian market, particularly in the financial/investment management sector. Currently an entrepreneur with significant investments in fashion and other sectors, and holds several non-executive roles in leading Brazilian corporations.

(from left to right)

Group Senior Executives

Sonae Executive Committee comprises of our two Co-CEOs. A lightweight team, who collaborate closely with one another and is responsible for the implementation of the strategic guidelines, working every day to achieve long-term sustainable success.

The Executive Committee manages our business portfolio assisted by a dedicated and highly-qualified team with specialised knowledge of each business segment, the Group of Senior Executives.



- | | | | |
|---|---|---|--|
| 1 | Luis Reis – Chief Corporate Centre Officer, Sonae FS and Sonae RP CEO. | 5 | Cláudia Azevedo – Sonae IM CEO. |
| 2 | Miguel Mota Freitas – Worten and Sonae Sports & Fashion CEO. | 6 | Miguel Almeida – NOS CEO. |
| 3 | Paulo Azevedo – Sonae Chairman and Co-CEO. | 7 | Ângelo Paupério – Sonae Co-CEO. |
| 4 | Fernando Guedes de Oliveira – Sonae Sierra CEO. | 8 | Luis Moutinho – Sonae MC CEO. |

(from left to right)

The Group of Senior Executives includes the CEOs of all the business units and plays a pivotal role in managing and developing Sonae's portfolio. Sonae's companies are increasingly more autonomous and focused on independent strategies that combined add value to our portfolio. We want each of our businesses to have a solid and highly-specialised management team focused on its own business strategies.

At Sonae, we want each business to have its own management team, structured to reflect the needs of each business segment and with a strong desire and ambition to deliver a sustainable performance anchored in our values and in pursuing of our strategic pillars.

For further information on Corporate Governance related issues, please refer to our Corporate Governance Report.

Creating value for shareholders

Share information

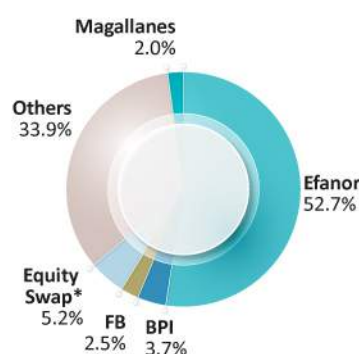
Sonae's shares are quoted on the Portuguese stock exchange, NYSE Euronext Lisbon, and are included in several indices, including the PSI 20, with a market cap weighting of 4.4%, as at the end of December 2017.

ISIN code	PTSONOAM0001
Bloomberg code	SON PL
Reuters code	SONP.IN
Share capital	2,000,000,000

Shareholding structure

Sonae is a family-controlled company with a stable shareholder structure, which reflects a shared focus on long-term performance.

Free-float represents 42% and averages a daily volume of 3.8 million shares.

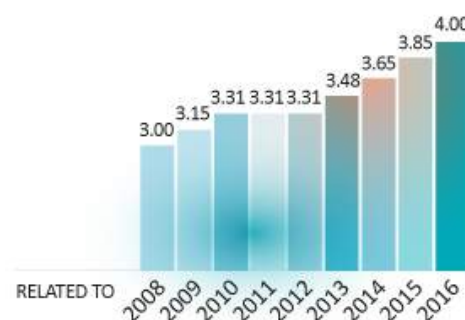


*Equity swap includes aprox. 104 million Sonae shares

Steadily growing dividend payment

Our dividend strategy represents an important part of our shareholders' value creation strategy. Our aim is to increase dividends every year, a commitment that pushes us toward a better performance. In 2017, we delivered a solid value performance to our shareholders, with a strong share performance and the proposed dividend increase.

For the year ended December 31st, 2017 the Board of Directors will propose at the Shareholders' General Meeting the distribution of a gross dividend of €0.042 per share, 5% above the dividend distributed the year before.



This dividend corresponds to a dividend yield of 3.7%, based on the closing price as at December 31st 2017, and to a payout ratio of 64% of the consolidated direct income attributable to equity holders of Sonae.

Share Performance Evolution

The table below shows the key indicators of Sonae's share performance throughout the last 3 years:

	2015	2016	2017
Year close (€)	1.048	0.874	1.126
Year high (€)	1.500	1.083	1.188
Year low (€)	0.975	0.621	0.769
Average trading volume per day (nr. of shares)	3,652,518	3,990,139	3,764,779
Average trading volume per day (€)	4,417,704	3,308,696	3,570,644
Market cap. as at 31 st Dec (M €)	2,096	1,748	2,252

The chart below shows the share performance of Sonae together with the main Portuguese and Spanish stock market indices, PSI20 and Ibex35, respectively, over 2017:



Sonae's shares ended the year 2017 quoted at €1.126, reflecting a nominal increase of 28.8% during the year, which compares with an increase of 15.2% of the reference index of the Portuguese Stock Market – the PSI 20.

During 2017, Sonae did not carry out any transaction with its own shares.

Main Announcements

The main announcements, which may have had a possible impact on Sonae's share price during 2017 were as follows:

- 18.01.2017 – 2017 preliminary retail sales
- 09.03.2017 – Sonae announces the Memorandum of Understanding with JD Sports Fashion Plc and JD Sprinter Holdings
- 16.03.2017 – 2016 consolidated results
- 26.04.2017 – Sonae announces the acquisition of 100% of the capital of Brio Produtos de Agricultura Biológica, SA
- 04.05.2017 – Sonae announces in relation to Qualified Shareholding
- 18.05.2017 – 2017 first quarter results
- 25.07.2017 – Sonae announces a sale and leaseback operation
- 23.08.2017 – 2017 first semester results
- 14.09.2017 – Sonae announces the agreement with JD Sports Fashion Plc, Balaiko Firaja Invest SL and JD Sprinter Holdings 2010 SL
- 03.11.2017 – Sonae announces in relation to the cash settled equity swap term extension
- 15.11.2017 – 2017 first nine months results

Analysts Coverage

Sonae has the following analysts covering its share price:

Broker	Recommendation	Price Target	Date
JB Capital Markets	Buy	€1.50	Dec 17
CaixaBank BPI	Buy – Core List	€1.30	Nov 17
Haitong	Buy	€1.18	Nov 17
Barclays	Hold	€1.00	Nov 17
Caixa BI	Buy	€1.25	Aug 17
Fidentiis	Buy	€1.05	Jun 17
Big	Buy	€1.37	Mar 17
Equita	Buy	€1.30	Feb 17

Sonae's closing price of December 31st 2017 (€1.126) represents a discount of 10% when compared to the average price target of €1.24.

IR Conferences and Roadshows

In 2017, the Investors Relations team attended the following events:

Date	Location	Event	Organisation
January	London	Iberian Conference	Haitong
March	Lisbon	Group meeting with Portuguese Funds	Haitong
March	London	Roadshow	Barclays
March	Paris	ESN Conference	ESN
April	Madrid	Roadshow	Santander
May	Milan	European Conference	Equita
June	London	Roadshow	Fidentiis
June	Madrid	Roadshow	Haitong
July	New York & Boston	Roadshow	Haitong
September	Cascais	Iberian Conference	CaixaBank BPI
September	Barcelona & Andorra	Roadshow	Haitong
November	New York	Roadshow	Sonae

Sustainable business

Our corporate values reflect our vision towards stakeholders and we are committed to the highest standards of corporate governance based on transparency, ethics and responsible behaviour, contributing towards our history of success and, more importantly, to our future.

Sonae advocates the highest levels of information quality and transparency on the market and our reporting practices go beyond the regulatory requirements. The new reporting obligations (Decree-Law nr. 89/2017 following the Directive 2014/95/EU of the European Parliament and of the Council regarding the disclosure of non-financial and diversity information) do not add extra disclosures as we were already reporting a comprehensive range of non-financial indicators in our Management Report, Sustainability Report and Corporate Governance Report. **Sonae's definition of sustainable success is supported in a wide range of financial and non-financial indicators that allows us to continuously monitor our performance in all its different dimensions.**

Sustainability Strategy

At Sonae, we structure Sustainability upon five axes: **People, Business, Partners and Suppliers, Community and Environment.**

The pulse for our people - we value our team

Sonae is a living organisation, built by people for people. We are extremely proud of our motto 'The success of our team is our success', because at Sonae we recognise that our team works every day to guarantee we can offer our customers the best products and services. We can only achieve this with the support of a multiskilled, dynamic and highly-content team. The personal and professional development of our team is a top priority at Sonae, as their satisfaction is invaluable. Our team originates from a wide variety of backgrounds and they have an extensive range of skills, all well-suited to the specific business segment to which they contribute. Sonae is a global player, making it an attractive and innovative workplace and we make certain that each colleague and each team reach their full potential.

Please refer to chapter "The pulse for our people" of the Sustainability Report for further information on our team and gender diversification issues.

We are proud of our team



2017 was a catastrophic year for Portugal with fires that affected so many people in our communities. Our team stood up with the same vigour and commitment that we always show when facing difficulties.

Through *Sonae Activshare*, Sonae companies joined in a concerted response campaign to the fires of 2017 that involved different actions throughout the second half of the year and will continue in 2018. As an example, Sonae MC provided fire services and locals with essential food items during the period of forest fires while Berg Outdoor, Deeply, Zippy, MO and Sport Zone offered clothes for babies, children, men and women. A group of employees was also

mobilised for volunteer activities on the ground, where we helped to triage, organise and store the many donations that came from all over the country to the affected areas.

The pulse for our **businesses and products** - Innovation is essential for our sustainable success

Our path to success has been driven by innovation. Our past achievements are a great source of pride, but the future is the key. We embrace challenges and strive to find a way to innovate and use innovative technologies, thus making the impossible possible.

Everyone can innovate, but moulding these innovative ideas into practical designs can be challenging. However, at Sonae, we are renowned for exactly this, our ability to innovate and produce practical applications. This innovation can be found on two levels, within the organisation itself, allowing specialisations to be enhanced and improved efficiency levels. The other level concerns the innovative technologies we offer our customers vis-à-vis our products and services. Fostering a philosophy which encourages change is vital, as innovation can only result in enduring success.

Innovating for a better world

Sonae Innovation Awards 2017 Edition distinguished 4 projects with the Sonae Innovation Award and 5 received an Honourable Mention. Sonae MC's project *Transformar-te* one of the 2017 recipients, was also recognised in the category Food Sustainability in the 8th edition of the Food & Nutrition Awards.



Transformar-te takes up the challenge of preventing food waste by trying to reduce and value food waste, through a range of diversified actions that are comprised of 3 axes of action: reduce, reuse and recycle. Depreciating products which are approaching the end of their expiration date, promoting repackaging when any parts of a unit are not commercially attractive, or lowering the price of cooked products at the end of the day, to boost their disposal, are examples of simple actions that contribute to the reduction of waste. When we donate products to social institutions, or make them available in our social areas, we are promoting their reuse. When we extend the life of the products, transforming them, internally or externally, following the logic of the circular economy (production of animal food from fish waste, production of energy from waste, or the production of chutneys from fruit and vegetable waste) we are promoting their recycling. Additionally, *Transformar-te* also takes advantage of Sonae's unique social footprint to raise awareness among our customers, with initiatives such as World Food Day or the production and distribution of *Missão Continente's* guide to combating food waste". *Transformar-te* had an important social impact with the donation of food to over 620 institutions and raising awareness by freely distributing 500,000 copies of the "Guide to Combating Food Waste".

The pulse for our **partners and suppliers** - Sourcing with integrity

At Sonae, we would like our customers to be informed about the quality and origin of our products. For this reason, we place significant emphasis on ensuring that the origin of our products is easily recognisable. We believe that it is important for our customers to understand how we source our products and where they come from. In addition,

safety is a top priority, both within the organisation and in relation to our customers. In order to ensure the highest levels of efficiency and quality, we closely monitor our suppliers' network. These steps enable us to rapidly identify and resolve any problems and fine-tune best practices. By working together with our suppliers and partners, with a common business approach, long-lasting success is achieved. Continuous learning programmes and support forums have been established at Sonae to deliver training and guidance to meet the highest standards of the corporate responsibility policies. We want to make certain that we source products with integrity and quality, working with our partners to build a sustainable future together.

Continente Producers Club

The Continente Producers Club continues to play an important role in our strategy to support the national production of Continente and to bring the best products to our customers.

During 2017, Continente Producers Club was very active in Madeira, promoting the production of horticultural products on the island, improving the offer of local products in the stores by offering fresher and higher quality products, while, simultaneously, reducing the carbon footprint and benefitting the local economy.

The pulse for our communities - Making a positive difference to our community

For Sonae, we believe sustainable growth includes making a positive difference to our community. Our approach embraces six main areas that we believe contribute to a more sustainable society: the environment, culture, education, health and sports, science and innovation and social solidarity.

We coordinate our community campaigns through ActivShare, a programme designed to help us to respond effectively to the many challenges our communities face.

Please refer to the chapter "The pulse for our communities" of the Sustainability Report for further information.

Escola Missão Continente

The *Escola Missão Continente* is an educational programme for elementary schools, implemented in the 2016/17 academic year. It aims to help students, parents and teachers to have healthier eating habits. The participants of the first edition had the opportunity to be with nutritionists from Continente and members of the Local Health Centre where they learnt more about food and became more aware of the importance of adopting a healthy lifestyle. The students were also encouraged to develop projects under the motto of a healthy lifestyle.

The pulse for our planet - Respect for the environment

At Sonae, we are truly committed to a better environment. We are aware of the environmental impact of our operations and we continuously monitor our actions and focus on finding innovative approaches to reduce our environmental footprint. We are committed to increase society's awareness and fostering better knowledge of environmental issues, a key factor to ensuring respect for the environment. We are in a privileged position and we use our influence to bring about change within communities and take positive actions towards the environment.

To demonstrate our commitment, we openly communicate information relating to our environmental performance to our stakeholders, enabling them to make enlightened environmentally-friendly decisions. Our environmental management policies are implemented with the utmost care, as we uphold our pledge to safeguard our planet.

For more information on environmental performance, please refer to the chapter "The pulse for our planet" of the Sustainability Report.

Green at the core!



Continente Matosinhos was the group's first supermarket, inaugurated in 1985 and remodelled in 2016. The renovation project reflected a clear concern regarding the optimisation of water and energy consumption, as well as the reusing and recycling of materials. In 2017, Continente Matosinhos was awarded the Platinum Certification LEED – Leadership in Energy and Environmental Design. There are currently only six buildings in the world with the same level of certification, the Continente Matosinhos is the largest of them all.

Corporate responsibility

Corporate responsibility is at the core of our existence. Organisations are an integral part of today's society and, consequently, must contribute to creating a better society. Sonae stands up to its responsibilities and we do not compromise on a sustainable future where transparent, ethical and responsible behaviour are fundamental values guiding our social and business operations. We communicate regularly with our stakeholders, uniting everyone with a common goal to make a better, more sustainable world.

For further information on our Sustainability related issues, please refer to our Sustainability Report.

Risk management

Risk management has a vital role in Sonae's corporate governance structure and permeates the entire organisation. We perceive risk management as a value creation driver. We strive to ensure a long-lasting future and in doing so we work tirelessly to manage and control any risks and threats we may have to face. The world of business is complex and it is essential that we take measures to improve our knowledge to ensure effective risk management throughout the organisation.

Our risk management strategy has many dimensions and we employ a variety of analytical tools to monitor these risks. These tools range from customer and market surveys, continuously adapting and improving our products and services and the shopping experience we offer, whilst also meticulously following the standards outlined for food safety audits for stores, coffee shops, warehouses and manufacturing centres. Consequently, any potential threats can be identified, so that effective preventative and corrective measures are swiftly put in place.

Risk management is an intrinsic part of our overall strategy, in this way any prevailing risks are quickly detected and diminished. This is further ensured through our business and market diversification, adopting several investment approaches, emphasising innovation and innovative technologies and implementing strict cost management measures. We have an extensive portfolio of products and services, which we continuously adapt to specific customer profiles and the ever-changing business landscape.

Please refer to our Corporate Governance Report and Financial Statements Report for a more comprehensive description of the risks related to Sonae's activities.



PORTFOLIO PERFORMANCE
Ability to Deliver Growth
and Create Value

CEO's message

"2017 was a positive year for Sonae's businesses, which continued to grow at a solid pace and made significant progress in the development of their individual strategies. Overall, we evolved further in the development of a portfolio of more autonomous, focused and flexible businesses, ready to perform in the market with high standards of corporate governance, namely as publicly listed companies or integrating strategic partnerships.

Considering the companies we control or co-control, total aggregated turnover increased by 6.3% to 7.6 billion euros and EBITDA also grew, surpassing one billion euros once again.

In retail, turnover increased by 6.8% to 5.6 billion euros, with a positive contribution from all business areas, particularly the food retail business which grew 5.4%, and Worten which exceeded one billion euros in sales with a year-on-year increase above 10%. It is also worth highlighting the performance of online sales that for the first time surpassed 100 million euros.

Sonae Sierra, besides a good operational performance, continued the development of new shopping centre projects, such as Cúcuta in Colombia or the Málaga Designer Outlet, and strengthened its services business area by creating the ORES Socimi fund in partnership with Bankinter.

In a challenging market environment, NOS continued to overcome expectations by improving its competitive position in all market segments, leading in innovation, growing profitability and demonstrating an increasing ability to generate cash flow.

For Sonae Financial Services, this year was marked by a significant growth of the Universo card base, with over 600,000 cards issued in only two years, accounting for 13.2% of total credit card transactions in Portugal in December.

In the retail and telecommunications technology businesses, Sonae IM added value to its portfolio, strengthened its leadership position in the Iberian cybersecurity market and positioned itself as a preferred partner for technology companies with highly innovative projects.

We continue to invest in our growth avenues, particularly in the health and wellness sector, and to create partnerships that enhance the value of our assets, such as the creation of ISRG (Iberian Sports Retail Group) in the sports sector, completed in the beginning of 2018.

The aggregated investment of the companies that we control or co-control reached 726 million euros, of which 316 million euros was invested by fully consolidated companies.

The Group's sound operational and financial performance enabled a high level of investment and the maintenance of a steadily growing dividend policy, while reinforcing an already robust capital structure, with a net debt reduction of 8.4% coupled with greater maturity and lower cost of debt.

We are therefore prepared and confident to face future challenges, as we are aware of the quality of our team, the value of our culture and the legacy of Belmiro de Azevedo, which we hold as a reference and which we intend to honour, delivering on our mission of creating economic and social value, taking the benefits of progress and innovation to an ever-increasing number of people."

Ângelo Paupério, Co-CEO

Consolidated financial performance

Macroeconomic context

For the first time since the financial crisis, global economic growth has beaten expectations almost everywhere around the World. After registering in 2016 the worst performance since the recession, World output growth accelerated to +3.7%¹ in 2017, the highest pace since 2011.

Globally, 2017 was marked by a synchronized upswing in both emerging and advanced economies, particularly with the Euro Area and Japan finally joining the cyclical up-turn in growth. Increasing dynamism reflected both strong business confidence and solid household spending, which resulted in higher capital expenditure, leading in turn to new job gains and faster wage growth.

Moreover, and contrary to what was expected, the year was marked by relative stability, as major geopolitical risks did not materialize: larger nationalist movements failed to take power in the Eurozone, North Korea kept up its provocations but effects on financial markets did not last long and the economic impacts of Trump's administration were limited.

In the **United States**², activity picked up pace in the second half the year, as the negative effects of a stronger dollar and oil price movements faded. The expansion was increasingly broad based, however the main boost came from domestic demand, as stronger business confidence, very low unemployment and stronger wages continued to support both private consumption and investment. Overall, the economy grew broadly in line with expectations, with GDP growth accelerating to +2.3% from +1.5% in 2016.

The **Eurozone**³ delivered the main positive surprise, with GDP growth reaching +2.3% in 2017. Activity remained supported by strong fundamentals, namely robust job creation, growing export markets, relatively low oil prices, accommodative monetary stance, improving lending conditions and modest core inflation. Moreover, for the first time in 10 years, all its nineteen members experienced a GDP expansion.

Finally, economic performance in Emerging markets has also firmed. **China**⁴ enjoyed relative stability, with growth coming in at around the same level as 2016 (+6.9%), while activity in Brazil⁵, Argentina and Russia finally returned to positive ground (+1.0%, +2.4%, +1.8%, respectively).

In Portugal, the recovery has finally gained pace, with GDP posting the highest growth rate since 2000 (+2.7%)⁶. The economy continued to show positive net lending and the fiscal balance stood below the -1.4%⁷ target. Accordingly, the market sentiment towards Portugal improved substantially and spreads on sovereign debt declined sharply.

The increased dynamism, which reflected a general improvement in both domestic and external conditions, was supported by a strong pickup in investment and exports, and continued growth in private spending. Regarding the labour market, job creation grew faster than GDP and led to a strong fall in the unemployment rate⁸ (8.9% from 11.1% in 2016).

Moreover, the recovery remained marked by the strong momentum in tourism. In fact, the sector continued to power ahead driven by competitiveness gains and insecurity associated with some rival destinations, with non-residents not only boosting revenues in hotels⁹ and restaurants¹⁰ (+9.2% and +10.6%) but also driving a pickup in tourism-related construction.

Against this background, private consumption¹¹ in nominal terms (+3.5%) grew at a faster pace than disposable income. This was supported by the exceptionally high consumer confidence which rose to the highest level in over 20 years, in a context of supportive government policies along with a strong wealth effect, which allowed for an unprecedented fall in the savings rate¹² (+4.4% from +6.0% in 2016).

Spending¹³ in durable goods, remained particularly dynamic, but showing a clear deceleration driven by car sales¹⁴ (+7.1%) which are now back to pre-crisis levels, while electronics (+6.7%) benefited from the recovery in the housing sector. Conversely, spending in non-durable goods gained additional strength, reflected in a significant pickup in retail

sales (+5.5%), namely in non-food categories¹⁵ (+4.6%), such as clothing (+4.0%). As for food and beverages, retail sales remained solid (+4.1%), benefiting from higher prices in the sector (+1.5%)¹⁶.

In Spain, the economic recovery remained strong, with GDP¹⁷ growing above 3% for the third consecutive year. More importantly, this occurred against a background of continued external surplus, notable deleveraging improvements in the non-financial private sector, sustained employment gains, and strong fiscal consolidation efforts.

Moreover, the recovery remained broad-based, with all GDP components contributing to growth. Particularly, stronger global growth along with competitiveness gains boosted exports, while robust job creation, supportive credit conditions, strong business confidence and continued gains in tourism – despite both the terrorist attack and the political turmoil in Catalonia – continued to stimulate domestic demand.

Private spending¹⁸ remained robust, growing by +4.2% in nominal terms, the strongest growth rate in 10 years and faster than disposable income, accentuating, therefore, the pattern started in 2014. In fact, the exceptional reduction of households' saving rates also became an additional driver of spending, along with the strong employment growth¹⁹ (+2.8%), supportive financial conditions and growing financial and real estate wealth gains.

In this context, families continued to favour discretionary consumption, namely vehicles²⁰ (+9.1%) and tourism and restaurants²¹ (+5.0%), albeit at a lesser extent than in 2015 and 2016. Retail sales²², in turn, gained momentum in 2017 (+2.9% vs. +2.4% in 2016), particularly in food and fuels (+2.3% and +8.2% respectively), while the pace of growth in electronics and health and beauty sectors decelerated (+1.6% and +1.2%, respectively).

Perspectives

In 2018, global growth is expected to accelerate further to +3.9%, underpinned by a stronger synchronization of activity both in advanced and emerging countries. The economy is expected to remain supported by current growth drivers, namely robust job creation, combined with new impulses, such as the upsurge of international trade and the recovery of corporate investment. Moreover, the outlook for commodity exporters is also brighter, as the price of these resources is expected to continue the upward trend initiated last year.

The new impulses are expected to more than offset any restraining forces such as the normalization of monetary policy. Nevertheless, risks to the outlook remain globally skewed to the downside, being mainly related with the tightening in financial conditions, the pick-up in inflation, the economic slowdown in China or the escalation of geopolitical tensions.

Portugal's near term outlook²³ strengthened considerably. GDP growth is expected to decelerate slightly to +2.2%, while the economy continues to shift towards a more sustainable growth model, supported by buoyant exports and the recovery of investment, in a favourable global context.

Private consumption in real terms is expected to remain robust at +2.0% in 2018 in line with the evolution of disposable income. As the savings rate is expected to remain at historically low levels, spending will be supported by still solid job creation in a context of moderate wage gains.

The outlook for Spain²⁴ is also favourable, as GDP is expected to expand by +2.4%, a noteworthy slowdown from the rate observed in the three previous years, but still one of the highest amongst advanced economies. Nevertheless, this projection is surrounded by higher uncertainty than usual related to the still unpredictable impacts of the political turmoil in Catalonia on both consumer confidence and investment decisions.

Household consumption should remain solid albeit losing some steam (+1.9% in real terms vs. +2.4% in 2017), as the pace of job creation slows down, fiscal policy support dissipates and the impact of the supportive monetary policy eases. This moderation is expected to be more pronounced in durable goods, namely in cars, as sales already close to the pre-crisis level.

In short, the outlook for Iberia is globally positive, as both economies are expected to continue posting strong GDP growth and solid household spending, while remaining in a sustainable path.

- 1 Data for global economy, Argentina and Russia: IMF World Economic Outlook Update, January 2018
- 2 FRED, Real Gross Domestic Product, January 2018
- 3 Eurostat, Results of GDP for 2017, March 2017
- 4 INE China, Preliminary Results of GDP for 2017, January 2018
- 5 Brazilian Institute of Geography and Statistics, Quarterly National Accounts, Cumulative rate over the year, March 2018
- 6 INE, 2017 National Accounts, February 2018
- 7 Portuguese Public Finance Council, Fiscal developments until the end of the 3rd quarter of 2017
- 8 INE, Unemployment rate (%)
- 9 INE, Total revenues in hotel establishments
- 10 INE, Total revenues in Food services activities
- 11 INE, 2017 National Accounts, February 2018
- 12 INE, Quarterly economic accounts for households and non-profit institutions serving households, four quarters cumulated sum, data available to third quarter of 2017
- 13 Eurostat, Retail sales turnover index, March 2018
- 14 ACAP, Car sales, January 2018
- 15 Retail sales in non-food products, excluding fuel, turnover index
- 16 INE, Harmonized consumer price index
- 17 INE, 2017 National Accounts, March 2018
- 18 INE, 2017 National Accounts, March 2018
- 19 INE, 2017 National Accounts, March 2018
- 20 Ministry of Economy, Industry and Competitiveness, car sales data
- 21 INE, Total revenues in Accommodation and Food services activities
- 22 INE, Retail sales turnover index, except of motor vehicles and motorcycles
- 23 IMF, Staff Concluding Statement of the Sixth Post-Program Monitoring Mission, February 2018
- 24 Bank of Spain, Macroeconomic projections for the Spanish economy (2017-2020), December 2017

Financial statements analysis

In 2017, all businesses posted turnover growth and improved underlying EBITDA.

Sonae aggregated businesses overview

M€	2016	2017	Y.O.Y.	4Q16	4Q17	Y.O.Y.
Turnover						
Sonae Retail	5,288	5,646	6.8%	1,473	1,580	7.2%
Sonae Sierra ⁽¹⁾	209	224	7.0%	59	61	4.2%
NOS ⁽¹⁾	1,515	1,562	3.1%	391	399	2.2%
Sonae IM	117	126	7.9%	29	31	8.5%
Sonae FS ⁽²⁾	68	79	16.4%	21	23	8.1%
Underlying EBITDA						
Sonae Retail	330	354	7.3%	111	117	5.3%
Sonae Sierra ⁽¹⁾	98	106	8.3%	26	29	11.6%
NOS ⁽¹⁾	557	581	4.3%	125	129	3.3%
Sonae IM	5	5	0.1%	2	2	39.0%
Sonae FS ⁽²⁾	8	10	35.9%	3	4	30.2%

(1) Aggregated turnover and Underlying EBITDA equals 100% of the figures reported by NOS or Sonae Sierra. In statutory accounts equity method is used.

(2) Includes 100% turnover and EBITDA of MDS, which is in the statutory accounts accounted by equity method.

Sonae consolidated results

M€	2016 ⁽¹⁾	2017	Y.O.Y.	4Q16 ⁽¹⁾	4Q17	Y.O.Y.
Turnover	5,329	5,710	7.1%	1,480	1,595	7.8%
Underlying EBITDA	315	336	6.9%	113	115	2.2%
<i>Underlying EBITDA margin</i>	<i>5.9%</i>	<i>5.9%</i>	<i>0.0 p.p.</i>	<i>7.6%</i>	<i>7.2%</i>	<i>-0.4 p.p.</i>
Equity method results ⁽²⁾	41	57	39.3%	2	9	-
o.w. S. Sierra (direct results)	28	32	13.6%	8	10	16.1%
o.w. NOS/Zopt	17	27	59.5%	1	4	-
Non-recurrent items	53	2	-95.9%	-3	-2	40.4%
EBITDA	409	396	-3.1%	112	123	10.2%
<i>EBITDA margin</i>	<i>7.7%</i>	<i>6.9%</i>	<i>-0,7 p.p.</i>	<i>7.5%</i>	<i>7.7%</i>	<i>0.2 p.p.</i>
D&A ⁽³⁾	-197	-214	-8.5%	-52	-62	-18.9%
EBIT	212	182	-14.0%	59	61	2.5%
Net financial results	-45	-36	19.5%	-9	-8	8.0%
EBT	167	146	-12.5%	51	53	4.2%
Taxes	-18	-14	23.3%	-21	-23	-7.5%
Direct results ⁽⁴⁾	148	132	-11.2%	29	30	1.9%
Indirect results	74	42	-42.4%	52	5	-89.7%
Net income	222	174	-21.5%	82	35	-56.8%
Non-controlling interests	-7	-8	-22.2%	-4	-3	-29.0%
Net income group share	215	166	-22.9%	78	33	-58.2%

(1) Figures for 2016 were restated. In June 2017, after the sale of 1,773 shares from MDS SGPS to IPLF Holding, MDS started to be consolidated through the Equity Method and was included in Sonae FS. From 1Q16 until June 2017, MDS was registered as a discontinued operation.

(2) Equity method results: includes direct income related to investments consolidated by the equity method (mainly Sonae Sierra and NOS/Zopt) and discontinued operations;

(3) Depreciations & amortisations including provisions & impairments;

(4) Direct results before non-controlling interests.

From a statutory view, **Sonae consolidated turnover** grew 7.1% y.o.y., supported by the positive evolution of Sonae Retail, Sonae IM and Sonae FS, reaching €5,710 M in 2017.

Sonae Underlying EBITDA stood at €336 M, €22 M above the value registered in 2016, backed by the performance of Sonae Retail, Sonae IM and Sonae FS. Despite the higher contribution of underlying EBITDA and equity method results, **Sonae EBITDA** totalled €396 M, decreasing 3.1% when compared to 2016, due to non-recurrent items registered in 2016 related to the capital gains from sale and leaseback transactions.

Sonae net financial results improved by 19.5% when compared to 2016, driven by the reduction of the average net debt coupled with a decrease of the average interest rate of outstanding debt, which stood at 1.3% in 4Q17.

Despite the higher contribution of underlying EBITDA and net financial results, **Sonae direct results** amounted to €132 M, 11.2% below when comparing to 2016, negatively impacted by the non-recurrent items reported in 2016.

Sonae indirect results totalled €42 M, decreasing in comparison to 2016, mostly due to a lower contribution from Sonae Sierra y.o.y., impacted by the strong asset revaluations in 4Q16 and by the value created with the ParkLake opening in Romania, in 3Q16.

Sonae net income group share amounted to €166 M in 2017, down from €215 M, mainly due to the impact of non-recurrent effects in 2016.

Sonae Net Invested Capital

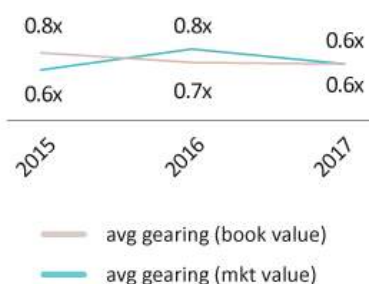
M€	2016 ⁽¹⁾	2017	Y.O.Y.
Net invested capital	3,278	3,248	-0.9%
Sonae shareholders funds	2,063	2,135	3.5%
Sonae net debt ⁽²⁾	1,215	1,112	-8.4%
Net debt / Invested capital	37.1%	34.3%	-2.8 p.p.

(1) Figures for 2016 were restated to include the completion of Salsa's fair value calculation exercise.

(2) Financial net debt + net shareholder loans.

Sonae net debt reduced by 8.4% y.o.y., from €1,215 M in 2016 to €1,112 M in 2017 and **financial leverage** decreased 2.8p.p. to 34.3%.

Gearing



Average gearing at book value decreased from 0.7x in 4Q16 to 0.6x in 4Q17. **Average gearing at market value** reached 0.6x, 0.2x below 4Q16, driven by a reduction at net debt level and by a higher Sonae share price.

Sonae continued to show a **robust capital structure**, optimising funding costs while preserving sufficient back up liquidity and a long maturity profile. The group maintained its practice of being fully financed for the coming 18 months and simultaneously improved its general funding conditions. In 2017, the average maturity profile stood slightly above 4 years.

Sonae Net Debt

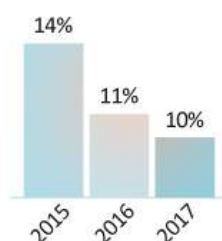
M€	2016	2017	Y.O.Y.
Financial net debt	1,215	1,112	-8.4%
Retail	676	629	-7.0%
Sonae IM	3	0	-
Holding & other	536	484	-9.7%
Sonae net debt	1,215	1,112	-8.4%

Holding & other financial net debt totalled €484 M, reducing 9.7% in comparison to 2016, even considering the payment of dividends in 2Q17, which did not occur in 2016.

Loan-to-value ratio of the Holding stood at 10%, decreasing from 11% registered in 2016, driven by a lower net financial debt and a higher Net Asset Value.

Retail financial net debt decreased by €47 M when compared to 2016, totalling €629 M in 2017 and **retail net debt to EBITDA** reached 1.8x, 0.1x above 2016, explained by a lower EBITDA in 2017 when compared to 2016, resulting from the non-recurrent items registered in 2016.

Loan-to-value - Holding



Retail financial net debt to EBITDA



Sonae Capex decreased from €437 M in 2016 to €316 M in 2017. This y.o.y. decrease was primarily driven by a lower level of Capex in Sonae Sports & Fashion due to Salsa's acquisition in 2Q16, coupled with a lower level of Capex in Sonae RP and Sonae IM.

Sonae Capex

M€	2016	2017	% of turnover
Capex	437	316	5.5%
Sonae Retail	383	292	5.2%
Sonae MC	167	164	4.2%
Worten	39	45	4.4%
Sonae Sports & Fashion	113	40	6.8%
Sonae RP	62	41	44.7%
Maxmat	1.0	1.4	1.8%
Sonae IM	47	19	15.4%
Sonae FS	0.6	1.6	2.1%

Sonae Retail Results

Sonae Retail sales reached €5,646 M in 2017, +6.8% versus 2016, backed by the positive evolution of all businesses apart from Sonae RP which stood flat when compared to 2016.

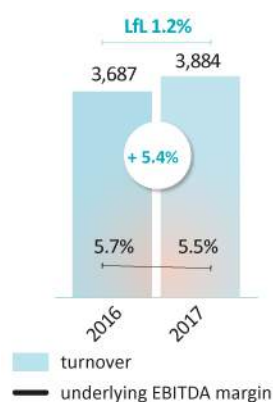
Sonae Retail underlying EBITDA increased by 7.3%, amounting to €354 M in 2017, with the special contribution of Worten and Sonae Sports & Fashion which together contributed with additional €20 M.

Performance by business - Sonae Retail

M€	2016	2017	Y.O.Y.	4Q16	4Q17	Y.O.Y.
Turnover	5,288	5,646	6.8%	1,473	1,580	7.2%
Sonae MC	3,687	3,884	5.4%	1,002	1,070	6.8%
Worten	910	1,003	10.2%	276	313	13.4%
Sonae Sports & Fashion	527	589	11.7%	154	152	-0.8%
Sonae RP	92	92	0.2%	23	23	3.2%
Maxmat	72	78	9.3%	18	20	12.5%
Underlying EBITDA	330	354	7.3%	111	117	5.3%
Sonae MC	210	213	1.3%	63	67	6.1%
Worten	26	34	29.6%	17	20	16.8%
Sonae Sports & Fashion	8	20	-	10	8	-18.1%
Sonae RP	80	80	0.0%	20	20	-0.3%
Maxmat	5	6	35.0%	1	2	-
Underlying EBITDA margin (%)	6.2%	6.3%	0.0 p.p.	7.5%	7.4%	-0.1 p.p.

Sonae MC

Turnover and underlying EBITDA evolution (M€)



Sonae MC turnover stood at €3,884 M in 2017, growing 5.4% versus 2016. This evolution was boosted by the store network expansion (with the opening of 19 Continente Bom Dia stores and 1 Continente Modelo) and by a **Lfl sales growth** of 1.2% as a result of a number of measures implemented with the aim of strengthening Sonae MC's value proposition. Within the implemented measures, it's worth highlighting the continuous work on improving the price perception and the quality and consequently the quality perception of perishables. This operational performance allowed Sonae MC to reinforce once again the market leadership, thus proving the success of its value proposition.

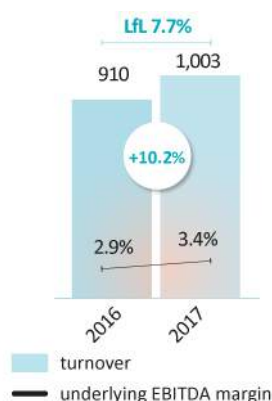
The underlying EBITDA margin stood at 5.5% in 2017, decreasing 20 bps comparing to 2016. This y.o.y. performance reflects the new store openings, the competitive environment of the food Portuguese market and the continuous investment in the growth

avenues. Nevertheless, in absolute terms, the underlying EBITDA posted an increase of €3 M y.o.y., reaching €213 M in 2017. It's worth noting that in the last quarter of 2017, Sonae MC underlying EBITDA grew 6.1% y.o.y., supported by a stronger sales value.

During 2017 Sonae MC continued reinforcing its presence in the Health and Wellness segment, by taking several steps in order to promote the health and wellbeing of the communities. During 2017 Sonae MC increased the variety of the healthy products in Continente stores, acquired 51% of Go Natural and 100% of Brio' supermarkets - the first organic supermarket chain launched in Portugal - and opened the first Dr. Well's, a clinic specialised in dental and aesthetic medicine. Following the success of the 1st clinic opened in May 2017, Sonae MC has currently 4 clinics in portfolio. The investment in Health and Wellness sector was defined as being of strategic importance for Sonae MC.

Worten

Turnover and underlying EBITDA evolution (M€)



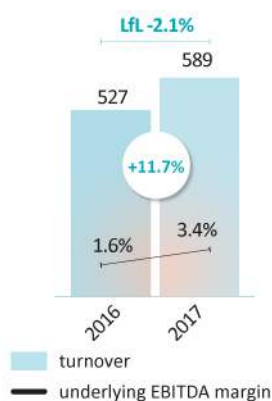
In 2017, **Worten turnover** posted a strong evolution, increasing by 10.2% y.o.y. and surpassing for the first time 1Bn euros. This performance was driven by a LfL sales growth of 7.7% in 2017 also supported by a very positive growth of the online operation, which grew by 60% y.o.y.. During 2017, Worten was also able to further improve sales area productivity in result of positive sales performance and store network optimization.

This momentum allowed Worten to further increase its market share in Portugal and Spain both in the offline and online channels.

The **underlying EBITDA** improved by 29.6% to €34 M in 2017, increasing the margin by 50 bps to 3.4%.

Sonae Sports & Fashion

Turnover and underlying EBITDA evolution (M€)



Sonae Sports & Fashion turnover totalled €589 M in 2017, +11.7% versus the previous year, helped not only by the consolidation of Salsa but also by the positive evolution of the other businesses. In LfL terms, all businesses had positive figures in 2017 apart from Sport Zone.

The 4Q17, was strongly impacted by the weather conditions in October that lead to a late start of the season and consequently affected sales performance and profitability.

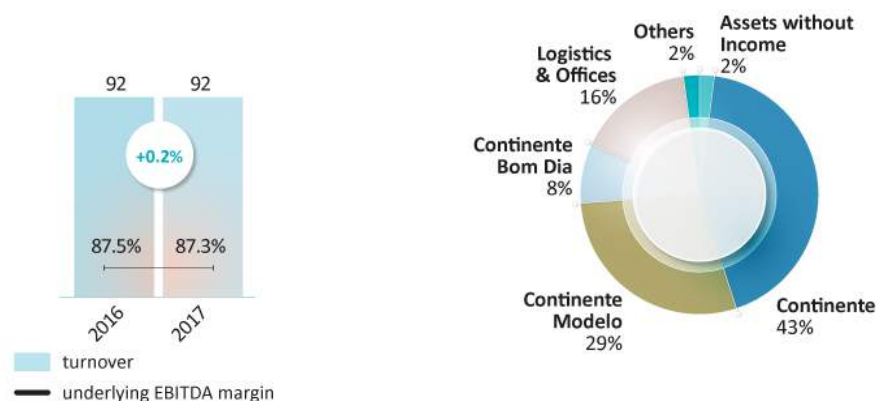
The **underlying EBITDA** increased by €12 M in comparison to 2016, to €20 M, driven by the positive contribution of all businesses in the original portfolio plus the effect of consolidation of Salsa.

Already in January 31st 2018, it was concluded the agreement for the combination of JD Sprinter and Sport Zone, creating the Iberian Sports Retail Group (ISRG), the second biggest sports retail group of Iberia.

Sonae RP

At the end of 2017, Sonae RP portfolio included 20 Continente stores, 60 Continente Modelo stores and 30 Continente Bom Dia stores, corresponding to a **gross book value** of €1,266 M and to a **net book value** of €903 M.

Turnover and underlying EBITDA evolution (M€) RP Portfolio (as % of Gross Book Value)



During 2017, Sonae RP concluded two sale and leaseback transaction of 5 food retail assets in the amount of €37 M and with a capital gain of circa €11 M. Consequently, at the end of the year, Sonae MC's freehold stood at 47%. As for specialised retail (Worten and Sonae Sports & Fashion) the freehold was at 20%. Regardless of the freehold reduction comparing to 2016, from 50% in Sonae MC, and from 21% in specialised retail, **Sonae RP turnover** remained in line y.o.y. amounting to €92 M in 2017. The **underlying EBITDA** stood at €80 M, representing an underlying EBITDA margin of 87.3%.

Sonae Sierra

Sonae Sierra* has been continuously seeking for new **development opportunities** along with reinforcing professional services. Regarding the development activity, currently Sonae Sierra has in pipeline the following project: Nuremberg (Germany), Málaga McArthurGlen Designer Outlet (Spain), NorteShopping and Colombo Expansion (Portugal), Jardín Plaza Cucuta (Colombia) and Zenata (Morocco). As for the professional services, in 2017, Sonae Sierra signed 187 new contracts in the amount of €15,9M.

Over the last year Sonae Sierra continued pursuing its capital recycling strategy mainly through partial disposals of its most mature assets. In December, Sonae Sierra reduced its participation from 50.1% to 20.0% in MaiaShopping and GuimarãesShopping and concluded the full disposal of AlbufeiraShopping and Continente Portimão Shopping Centre.

At the same time, Sonae Sierra has made some efforts to acquire additional assets for its portfolio. In February 2017, the Albufeira Retail Park was acquired through the Iberian Coop fund, in which Sonae Sierra holds a 10% participation; in June 2017, 15% of the Área Sur Shopping Centre (Spain) was acquired in a 15/85 partnership with AXA IM - Real Assets. Also in 2017, Sonae Sierra created a joint venture with Bankinter for the incorporation of ORES Socimi, a real estate investment vehicle, which acquired 16 assets in Iberia in the amount of €173 M.

It's worth highlighting that 2017 was very positive for the **refinancing activity**, having been negotiated €729 M in new bank loans in Europe.

In operational terms, Sonae Sierra maintained a strong performance, with high occupancies rates both in Europe and Brazil, having registered a **global occupancy rate** of 96.0% in 2017. In Brazil, the y.o.y. decrease is explained by regular

* consolidated by equity method.

unit rotation movements. **Lfl tenant sales** reached 3.2% in Europe supported by the recovery in Iberia and 6.8% in Brazil, above the average inflation of 3.5%. Total tenant sales grew by 8.9%, to €4,897 M in 2017 also helped by the opening of ParkLake.

Operational Indicators

	2016	2017	Y.O.Y.
Footfall (million visitors)	430	438	1.8%
Europe & New Markets	333	342	2.5%
Brazil	97	96	-0.7%
Occupancy rate (%)	96.6%	96.0%	-0.5 p.p.
Europe	97.1%	97.1%	0.0 p.p.
Brazil	94.8%	92.5%	-2.4 p.p.
Like-for-like (Lfl) tenants sales			
Europe	3.4%	3.2%	-
Brazil (local currency)	0.9%	6.8%	-
Tenant sales (million euros)	4,495	4,897	8.9%
Europe (million euros)	3,277	3,533	7.6%
Brazil (million euros)	1,211	1,364	12.6%
Brazil (million reais)	4,644	4,899	5.5%
Nº of shopping centres owned and/or managed (EOP)	65	66	1
Europe	55	56	1
Brazil	10	10	0
Nº of shopping centres owned/co-owned (EOP)	45	47	2
Europe	36	38	2
Brazil	9	9	0
GLA under Management ('000 sqm)	2,316	2,423	4.6%
Europe & New Markets	1,835	1,941	5.8%
Brazil	481	481	0.0%

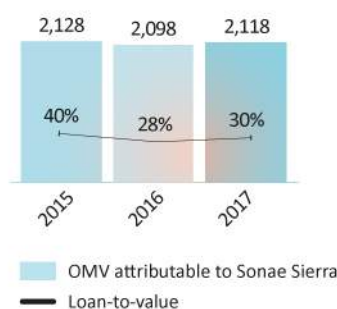
Sonae Sierra turnover increased by 7.0% y.o.y., to €224 M in 2017. **EBIT** improved by 8.5% versus 2016 amounting to €105 M. **Direct results** reached €65 M, growing 14.0% versus 2016 and **Indirect results** stood at €45 M in 2017, decreasing when compared to 2016, impacted by a lower value created in assets valuations and by the value created with the ParkLake opening in Romania, in 3Q16.

Financial Indicators

M€	2016	2017	Y.O.Y.	4Q16	4Q17	Y.O.Y.
Turnover	209	224	7.0%	59	61	4.2%
EBIT	97	105	8.5%	26	29	11.5%
EBIT margin	46.1%	46.8%	0.7 p.p	44.1%	47.3%	3.1 p.p.
Direct results	57	65	14.0%	16	19	17.7%
Indirect results	125	45	-63.6%	72	13	-81.3%
Net results	181	110	-39.3%	89	33	-62.9%
... attributable to Sonae	91	55	-39.3%	44	16	-62.9%

At 31st December 2017, **NAV** totalled €1,432 M, +1.0% comparing to the end of 2016, due to the net results which were partially offset by the dividend payment and the adverse exchange rate effect of Brazilian real (31 Dec. 2017 vs. 31 Dec. 2016). **Loan-to-value** stood at 30%, 2pp higher than 2016.

Open Market Value (OMV)¹ and leverage (€M)



(1) Includes investment properties at open Market value and development properties at cost.

NOS

NOS* published its results on March 12nd 2018, which are available at www.nos.pt. In 2017, NOS kept the growth trend in all core services while maintaining a robust financial performance.

Operating revenues increased by 3.1% y.o.y., totalling €1,562 M in 2017, backed by the performance of telco, audio-visuals and cinema. **EBITDA** amounted to €581 M, improving by €24 M when compared to 2016, and corresponding to a margin of 37.2% in 2017.

Net results grew from €90 M registered in 2016 to €124 M in 2017, +37.3% y.o.y.. **Capex** reduced by 3.1% when compared to 2016, to €381 M in 2017.

Financial Indicators

M€	2016	2017	Y.O.Y.	4Q16	4Q17	Y.O.Y.
Operating revenues	1,515	1,562	3.1%	391	399	2.2%
EBITDA	557	581	4.3%	125	129	3.3%
<i>EBITDA margin</i>	<i>36.7%</i>	<i>37.2%</i>	<i>0.4 p.p.</i>	<i>32.0%</i>	<i>32.3%</i>	<i>0.4 p.p.</i>
Net results	90	124	37.3%	12	19	55.3%
Capex	393	381	-3.1%	100	117	17.0%
Free Cash Flow	-49	31	-	6	-3	-

* consolidated by equity method.

NOS Free Cash Flow, after the dividend of €103 M paid in 2Q17, stood at €31 M, a strong growth comparing to the negative €49 M in 2016.

Regarding the operational indicators, in 2017, the number of **total RGUs** increased 3.7% in comparison to 2016, to 9,412 thousand, and the **convergent RGUs** stood at 3,651 thousand, +7.8% y.o.y..

Operational Indicators

('000)	2016	2017	Y.O.Y.	4Q16	4Q17	Y.O.Y.
Total RGUs (Net adds)	612	335	-	135	46	-
Convergent RGUs (Net adds)	533	263	-	114	19	-
Mobile (Net adds)	333	217	-	60	29	-
Pay TV (Net adds)	57	16	-	14	1	-
Total RGUs	9,077	9,412	3.7%	9,077	9,412	3.7%
Convergent RGUs	3,387	3,651	7.8%	3,387	3,651	7.8%
Convergent customers	680	721	6.1%	680	721	6.1%
ARPU/Unique subscriber with fixed access (euros)	43	44	2.4%	43	44	0.7%

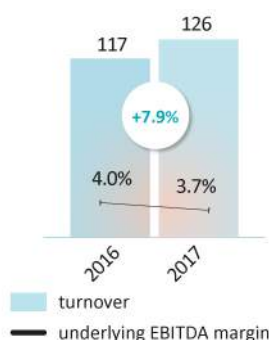
Sonae IM

Sonae IM has been implementing an active portfolio strategy, with the clear objective of building and managing a portfolio of tech-based companies linked to retail and telecommunications, leveraging the strong Group's expertise in these two verticals and aiming to develop innovative solutions, with an international focus.

CONTROLLING STAKES	MINORITY STAKES
WeDo Technologies	AVP Funds
S21Sec	Stylesage
Saphety	Probe.ly
Bizdirect	Ometria
InovRetail	Arctic Wolf
Bright Pixel	Secucloud
	Continuum Security

During 2017, Sonae IM entered the capital of, among others, the following companies: **Ometria**, an Artificial Intelligence powered customer marketing platform with the vision to become the central hub that powers all the communication between retailers and their customers; **Arctic Wolf**, a global pioneer in the SOC-as-a-Service market with cutting-edge managed detection and response, which provides a unique combination of technology and services for clients to quickly detect and contain threats; and **Secucloud**, a Germany-based company that provides a cloud security platform for protecting all devices and operating systems to Telcos & ISPs as a white label solution.

Turnover and underlying EBITDA evolution (M€)



Sonae IM turnover increased 7.9% y.o.y., reaching €126 M in 2017. The **underlying EBITDA** amounted to €5 M, +0.1% when compared to the same period of 2016 and corresponding to an underlying EBITDA margin of 3.7%.

Also in 2017, Sonae IM registered **indirect results** in the amount of €4 M, impacted by an upside in the valuation of the AVP funds, which include stakes in Feedzai, a specialist in fraud prevention, and Outsystems, managed by Armilar Venture Partners.

Sonae FS

Sonae FS turnover reached to €24 M, growing 38.9% when compared to 2016. The **underlying EBITDA** stood at €3.4 M improving €3 M y.o.y. and corresponding to a margin of 13.9%.

Concerning the Universo Card operation, in 2017, subscribers exceeded 600 thousand and **Universo total production** totalled €580 M, increasing by 41.2% versus 2016.

Financial Indicators

M€	2016	2017	Y.O.Y.	4Q16	4Q17	Y.O.Y.
Production	665	819	23.1%	203	248	22.3%
Turnover	18	24	38.9%	5	7	36.3%
Underlying EBITDA	0.4	3.4	-	1.0	1.2	20.2%
<i>Underlying EBITDA margin</i>	<i>2.5%</i>	<i>13.9%</i>	<i>11.5 p.p.</i>	<i>18.8%</i>	<i>16.6%</i>	<i>-2.2 p.p.</i>

Sonae statement of financial position

M€	2016 ⁽¹⁾	2017	Y.O.Y.
TOTAL ASSETS	5,510	5,605	1.7%
Non current assets	4,102	4,183	2.0%
Tangible and intangible assets	1,982	2,019	1.9%
Goodwill	655	634	-3.2%
Investment properties	1	0	-
Other investments	1,383	1,434	3.7%
Deferred tax assets	61	72	17.1%
Others	19	24	22.8%
Current assets	1,409	1,422	1.0%
Stocks	696	713	2.4%
Trade debtors	116	130	12.1%
Liquidity	345	365	5.6%
Others	251	214	-14.7%
SHAREHOLDERS' FUNDS	2,063	2,135	3.5%
Equity holders	1,894	1,967	3.9%
Attributable to minority interests	169	168	-0.7%
LIABILITIES	3,447	3,470	0.6%
Non-current liabilities	1,371	1,385	1.0%
Bank loans	508	573	12.9%
Other loans	702	647	-7.9%
Deferred tax liabilities	113	132	16.5%
Provisions	26	19	-26.7%
Others	22	13	-37.6%
Current liabilities	2,077	2,085	0.4%
Bank loans	350	208	-40.7%
Other loans	11	61	-
Trade creditors	1,137	1,192	4.9%
Others	579	623	7.7%
SHAREHOLDERS' FUNDS + LIABILITIES	5,510	5,605	1.7%

(1) Figures for 2016 were restated to include the completion of Salsa's fair value calculation exercise.

Trends and outlook

Sonae will keep pursuing its strategy based on three key pillars, while also providing the necessary autonomy to its businesses in order to make them more agile, thus creating more value to shareholders. As part of Sonae SGPS' strategy of providing more autonomy and focus to its portfolio companies, the Board of Directors is currently analyzing the opportunity of a potential listing of a retail portfolio, in which Sonae SGPS will retain its majority shareholding. At this stage no formal decision has been taken and further details will be provided in due course.

Sonae MC will continue to improve its value proposition, namely by expanding its proximity store network, ensuring price leadership and continuously improving the quality of its perishables. The team will continue to explore opportunities in selected growth avenues, such as Health & Wellness and International expansion.

Worten will continue pursuing its Iberian strategy and expects to further consolidate its market shares in the Iberian Peninsula, benefiting from macro context.

Sonae Sports & Fashion will look for opportunities to profitably expand its network while adjusting its value proposal. Regarding ISRG, 2018 will be a year to consolidate this Joint-Venture between Sport Zone and JD Sprinter as well as to look for further business growth.

Sonae IM will keep investing in cybersecurity as well as in tech based companies related with retail and telco.

Sonae FS expects to further strengthen the Universo card operation by growing both the number of customers and transactions.

Sonae RP will take the opportunities than may arise to make selected Sale & Leaseback transactions in order to maintain the target freehold, supporting the expansion of Continente's proximity network.

Sonae Sierra will keep the development of some targeted assets, namely Malaga, in Spain, Parma, in Italy and Cucuta in Colombia, and at the same time will continue releasing capital from the more mature shopping centres while acquiring other assets whenever interesting opportunities arise.

NOS will be an even more relevant player in the Portuguese telecoms market, by growing market share in all segments, investing in service quality and improving efficiency levels.

Individual net income

Sonae, SGPS, SA operations, on a stand-alone basis, are essentially associated with the management of the shareholdings in its subsidiaries. In 2017, the individual net income of Sonae, SGPS, SA stood at 93,223,270.03 euros.

The amount of 383,650.00 euros is already reflected in the net income and is planned for the variable remuneration of executive directors, as a distribution of profit, pursuant to art. # 31 of the Articles of Association as proposed by the Shareholders Remuneration Committee, which is responsible for the implementation of the remuneration policy as approved at the Shareholders General Meeting held on April 28th, 2017.

Proposal for the appropriation of the financial year net income

Under the terms of the law and the Articles of Association, the Board of Directors proposes to the Shareholders' General Meeting that:

- the net profit, in the amount of 93,223,270.03 euros, is allocated as follows:

Legal Reserves: 4,661,164.00 euros

Dividends: 84,000,000.00 euros

Free Reserves: 4,562,106.03 euros.

The Board of Directors accordingly proposes that a gross dividend of 0.042 euros per share is paid to the shareholders, excluding from the total dividends of 84,000,000.00 euros, the amount of dividends that would be attributable to the shares that, at the dividends distribution date, are held by the Company or by any of its subsidiaries, which should be added to the Free Reserves.

This dividend corresponds to a dividend yield of 3.7% considering the closing price of December 31st 2017 and to a payout ratio of 64% considering the direct results attributable to Sonae's shareholders.

Subsequent events

February 1st 2018

Sonae announced that had concluded the agreement with JD Sports Fashion Plc, Balaiko Firaja Invest S.L. and JD Sprinter Holdings 2010, S.L. (JD Sprinter) for the combination of JD Sprinter and Sport Zone, initially announced to the market at September 14th 2017. Further information related to this transaction is reported in the note 49 of the Financial Statements attached.



Closing Remarks and Acknowledgements

The Board of Directors would like to thank the Statutory Audit Board and the Statutory External Auditor for their valuable advice and assistance. The Board would also like to express its gratitude to suppliers, banks and other business associates of Sonae for their continuing involvement and for the confidence that they have shown in the organisation.

The Board of Directors also expresses its gratitude to all employees for their effort and dedication throughout the year.

Approved at the meeting of the Board of Directors held on March 13th 2018

The Board of Directors

Duarte Paulo Teixeira de Azevedo, Chairman and Co-CEO

Ângelo Gabriel Ribeirinho dos Santos Paupério, Executive Director and Co-CEO

José Manuel Neves Adelino, Non-Executive Director

Andrew Eustace Clavering Campbell, Non-Executive Director

Christine Cross, Non-Executive Director

Tsega Gebreyes, Non-Executive Director

Marcelo Faria de Lima, Non-Executive Director

Dag Johan Skattum, Non-Executive Director

Margaret Lorraine Trainer, Non-Executive Director



Glossary

Capex	Investments in tangible and intangible assets and investments in acquisitions.
Direct results	Results before non-controlling interests excluding contributions to indirect results.
(Direct) EBIT	Direct EBT - financial results.
EBITDA	Underlying EBITDA + equity method results + non-recurrent items.
(Direct) EBT	Direct results before taxes.
EBITDA margin	EBITDA / turnover.
Enterprise Value	Market value of the investment portfolio (based on market multiples, real estate NAV and market capitalisation for listed companies).
EoP	End of period.
Financial net debt	Total net debt excluding shareholders' loans.
Freehold	Sales area owned by Sonae (excluding franchising) / Total sales area (excluding franchising)
Gearing (book value)	Average of the last four quarters considering, for each quarter, total net debt (EoP) / total shareholders' funds (EoP).
Gearing (market value)	Average of the last four quarters considering, for each quarter, total net debt (EoP) / equity value considering the closing price of Sonae shares on the last day of each quarter.
GLA	Gross Lettable Area: equivalent to the total area available to be rented in the shopping centres.
Indirect results	Includes Sonae Sierra's results, net of taxes, arising from: (i) investment property valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses of non-current assets (including goodwill) and (iv) provision for assets at risk. Additionally and concerning Sonae's portfolio, it incorporates: (i) impairments in retail real estate properties; (ii) reductions in goodwill; (iii) provisions (net of taxes) for possible future liabilities and impairments related with non-core financial investments, businesses, assets that were discontinued (or in the process of being discontinued/repositioned); (iv) results from mark to market methodology of other current investments that will be sold or exchanged in the near future; and (v) other non-relevant issues.
Investment properties	Shopping centres in operation owned and co-owned by Sonae Sierra.
Liquidity	Cash & equivalents + current investments.
Like for Like sales (LfL)	Sales made by stores that operated in both periods under the same conditions. Excludes stores opened, closed or which suffered major upgrade works in one of the periods.
Loan to value (LTV) - Holding	Holding net debt / investment portfolio gross asset value; gross asset value based on market multiples, real estate NAV and market capitalisation for listed companies.

Loan to value (LTV) - Shopping Centres	Net debt / (investment properties + properties under development).
Net asset value (NAV)	Open market value attributable to Sonae Sierra - net debt - minorities + deferred tax liabilities.
Net debt	Bonds + bank loans + other loans + financial leases + shareholder loans - cash, bank deposits, current investments, and other long-term financial applications.
Net invested capital	Total net debt + total shareholders' funds.
Open market value (OMV)	Fair value of properties in operation and under development (100%), provided by independent international entities.
Other loans	Bonds, leasing and derivatives.
RGU	Revenue generating unit.
Technical investment	Tangible assets + intangible assets + other fixed assets - depreciations and amortisations.
Underlying EBITDA	Recurrent EBITDA from the businesses consolidated using the full consolidation method.

Methodological note: The consolidated financial information contained in this report was prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The financial information regarding quarterly and semi-annual figures was not subject to audit procedures.

Note: Sonae implemented the following changes in its reporting structure:

(i) from 1Q17, Maxmat is reported under "Sonae Retail", together with Sonae MC, Worten, Sonae Sports & Fashion and Sonae RP; and, (ii) MDS started to be consolidated through the Equity Method and was included in Sonae FS, in June 2017, after the sale of 1,773 shares from MDS SGPS to IPLF Holding. From 1Q16 until June 2017, MDS was registered as a discontinued operation.



Appendix

Statement under the terms of Article 245 Paragraph 1, c) of the Portuguese Securities Code

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared meeting the standards of the applicable International Financial Reporting Standards, giving a truthful (fairly) and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of the issuer and that the Management Report faithfully describes the business evolution and position of the issuer and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Approved at the meeting of the Board of Directors held on March 13th 2018

The Board of Directors

Duarte Paulo Teixeira de Azevedo, Chairman and Co-CEO

Ângelo Gabriel Ribeirinho dos Santos Paupério, Executive Director and Co-CEO

José Manuel Neves Adelino, Non-Executive Director

Andrew Eustace Clavering Campbell, Non-Executive Director

Christine Cross, Non-Executive Director

Tsega Gebreyes, Non-Executive Director

Marcelo Faria de Lima, Non-Executive Director

Dag Johan Skattum, Non-Executive Director

Margaret Lorraine Trainer, Non-Executive Director

Article 447 of the Portuguese Companies Act and Article 14, paragraph 7, of the Portuguese Securities Commission (CMVM) Regulation no. 05/2008

Disclosure of the number of held shares and other securities issued by the Company and of the transactions executed over such securities, during the financial year in analysis, by the members the statutory managing and auditing bodies and by people discharging managerial responsibilities ("dirigentes"), as well as by people closely connected with them pursuant to article 248 B of the Portuguese Securities Code:

	Date	ADDITIONS		REDUCTIONS		POSITION ON	BALANCE ON
		Quantity	Aver. Price €	Quantity	Aver. Price €	31.12.2017	31.12.2017
							Quantity
Duarte Paulo Teixeira de Azevedo (*) (**) (***)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Migracom, SA (3)						Dominant	
Sonae - SGPS, SA							805.730
Shares purchased under the terms of the Short Term and Medium Term Performance Bonus	31/03/2017	410.002	0,047				
Sale	03/04/2017			410.002	0,938		
Ângelo Gabriel Ribeirinho dos Santos Paupério (*)							
Sonae - SGPS, SA							212.987
Shares purchased under the terms of the Short Term and Medium Term Performance Bonus	31/03/2017	348.739	0,047				
Sale	24/08/2017			300.000	0,964		
Sale	25/08/2017			50.000	0,961		
Enxomil – Consultoria e Gestão, SA (6)						Dominant	
Enxomil – Sociedade Imobiliária, SA (7)						Dominant	
Maria Margarida Carvalhais Teixeira de Azevedo (**)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Sonae - SGPS, SA							14.901
Maria Cláudia Teixeira de Azevedo (**) (***)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Sonae - SGPS, SA							377.318
Shares purchased under the terms of the Short Term and Medium Term Performance Bonus	31/03/2017	58.168	0,047				
Linhacom, SGPS, SA (5)						Dominant	
Nuno Miguel Teixeira de Azevedo (**)							
Efanor Investimentos, SGPS, SA (1)						Minority	

	Date	ADDITIONS		REDUCTIONS		POSITION ON	BALANCE ON
		Quantity	Aver. Price €	Quantity	Aver. Price €	31.12.2017	31.12.2017
							Quantity
(1) Efanor Investimentos, SGPS, SA							
Sonae - SGPS, SA							200.100.000
Pareuro, BV (2)						Dominant	
(2) Pareuro, BV							
Sonae - SGPS, SA							849.533.095
(3) Migracom, SA							
Sonae, SGPS, SA							2.874.339
Purchase	03/04/2017	410.002	0,938				
Imparfin - Investimentos e Participações Financeiras, SA (4)						Minority	
(4) Imparfin - Investimentos e Participações Financeiras, SA							
Sonae - SGPS, SA							4.105.280
(5) Linhacom, SGPS, SA							
Sonae - SGPS, SA							189.314
Sale	22/11/2017			250.000	1,030		
Imparfin - Investimentos e Participações Financeiras, SA (4)						Minority	
(6) Enxomil – Consultoria e Gestão, SA							
Sonae - SGPS, SA							2.021.855
(7) Enxomil – Sociedade Imobiliária, SA							
Sonae - SGPS, SA							450.000
(*) Member of the Board of Directors of Sonae - SGPS, SA							
(**) Member of the Board of Directors of Efanor Investimentos SGPS, SA (directly and indirectly dominant company) (1)							
(***) Member of the Board of Directors of Imparfin – Investimentos e Participações Financeiras, SA (4)							

Qualified holdings

Shares held and voting rights attributable to shareholders owning 2% or more of the share capital of the Sonae - SGPS, SA, calculated according to article 20 of the Portuguese Securities Code, as required by article 9 paragraph 1, subparagraph c), of the Portuguese Securities Market Commission (CMVM) Regulation no. 05/2008:

SHAREHOLDER	NO. OF SHARES	% SHARE CAPITAL AND VOTING RIGHTS*	% OF EXERCISABLE VOTING RIGHTS**
Efanor Investimentos, SGPS, SA (I)			
Directly	200.100.000	10,0050%	10,0050%
By Pareuro, BV (controlled by Efanor Investimentos, SGPS, SA)	849.533.095	42,4767%	42,4767%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor Investimentos, SGPS, SA)	14.901	0,0007%	0,0007%
By Maria Cláudia Teixeira de Azevedo (Director of Efanor Investimentos, SGPS, SA)	377.318	0,0189%	0,0189%
By Duarte Paulo Teixeira de Azevedo (Director of Sonae - SGPS, SA and Efanor Investimentos, SGPS, SA)	805.730	0,0403%	0,0403%
By Migracom, SA (company controlled by Efanor Investimentos, SGPS, SA's Director Duarte Paulo Teixeira de Azevedo)	2.874.339	0,1437%	0,1437%
By Linhacom, SGPS, SA (company controlled by Efanor Investimentos, SGPS, SA's Director Maria Cláudia Teixeira de Azevedo)	189.314	0,0095%	0,0095%
Total attributable to Efanor Investimentos, SGPS, SA	1 053.894.697	52,6947%	52,6947%
Banco BPI, SA			
Banco Português de Investimento, SA	132.851.868	6,6426%	6,6426%
Fundos de Pensões do Banco BPI	365.199	0,0183%	0,0183%
BPI Vida - Companhia de Seguros de Vida, SA	40.071.372	2,0036%	2,0036%
BPI Vida - Companhia de Seguros de Vida, SA	4.751.416	0,2376%	0,2376%
Total attributable to Banco BPI, SA (II)	178.039.855	8,9020%	8,9020%
Fundação Berardo, Instituição Particular de Solidariedade Social			
Fundação Berardo, Instituição Particular de Solidariedade Social	49.849.514	2,4925%	2,4925%
Total attributable to Fundação Berardo, Instituição Particular de Solidariedade Social	49.849.514	2,4925%	2,4925%
Magallanes Value Investors, S.A. SGIIC			
Magallanes European Equity, FI	11.435.880	0,5718%	0,5718%
Magallanes Iberian Equity, FI	9.892.847	0,4946%	0,4946%
Magallanes Value Investors, UCITS European Equity	7.555.544	0,3778%	0,3778%
Magallanes Value Investors, UCITS Iberian Equity	7.237.414	0,3619%	0,3619%
Soixa SICAV	4.393.260	0,2197%	0,2197%
Total attributable to Magallanes Value Investors, S.A. SGIIC	40.514.945	2,0257%	2,0257%

Source: communications received by the Company regarding qualified shareholding up to 31 December 2017

*Voting rights calculated based on the Company's share capital with voting rights, as per subparagraph b) of the 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

(I) As from 29th November 2017, Efanor Investimentos SGPS, SA ceased to have any controlling shareholder pursuant to the set forth in articles 20 and 21 of the Portuguese Securities Code.

(II) total number of voting rights attributed to Banco BPI, SA, as per article 20 of the Portuguese Securities Code



Corporate Governance Report

SONAE
CORPORATE
GOVERNANCE '17



IMPROVING LIFE

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PART I
Shareholders' Structure
Organisation and
Corporate Governance

A - Shareholder Structure

I - Share Capital Structure

1. SHARE CAPITAL STRUCTURE

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

The distribution of share capital and respective voting rights among the owners of qualified shareholdings is listed below in section II.7.

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

2. RESTRICTIONS ON THE TRANSFER AND OWNERSHIP OF SHARES

There are no restrictions on the ownership or transfer of Company's shares.

3. OWN SHARES – NUMBER, PERCENTAGE OF SHARE CAPITAL THEY REPRESENT AND PERCENTAGE OF VOTING RIGHTS THAT WOULD CORRESPOND TO OWN SHARES

The Company, on 31st December 2017, did not held, directly or indirectly, any percentage of own shares representing the Company's share capital.

4. SIGNIFICANT AGREEMENTS WITH OWNERSHIP CLAUSES

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

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

The shareholders' agreement executed between the Company and Grosvenor Group Limited ("Grosvenor"), relating to Sonae Sierra, SGPS, SA, gives Grosvenor the power to terminate the agreement in the case of a change of control of the Company, but only in the particular and exclusive situation of the Company starts being directly or indirectly controlled by a third-party other than its present reference shareholder or its current shareholders or their relatives.

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

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

5. DEFENSIVE MEASURES IN CASE OF CHANGE OF CONTROL

No defensive measures were adopted by the Company.

6. SHAREHOLDERS' AGREEMENTS

The Board of Directors has no knowledge of any joint venture agreements involving the Company.

II - Shareholdings and holdings of bonds

7. QUALIFIED SHAREHOLDINGS

On 31st December 2017, relying on the notices received by the Company pursuant to article 16 and article 248-B of the Portuguese Securities Code, the owners of qualified shareholdings, the respective attributable share capital and voting rights percentage, as well as the source and grounds for such attribution, were the following:

QUALIFIED SHAREHOLDINGS

Shares held and voting rights attributable to shareholders owning 2% or more of the share capital of Sonae - SGPS, SA, calculated in accordance with article 20 of the Portuguese Securities Code, as required by article 8, paragraph 1, subparagraph b), of the Portuguese Securities Market Commission (CMVM) Regulation no. 05/2008:

Shareholder	No. of shares	% share CAPITAL and voting rights*	% of exercisable voting rights**
Efanor Investimentos, SGPS, SA (I)			
Directly	200,100,000	10.0050%	10.0050%
By Pareuro, BV (controlled by Efanor Investimentos, SGPS, SA)	849,533,095	42.4767%	42.4767%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor Investimentos, SGPS, SA)	14,901	0.0007%	0.0007%
By Maria Cláudia Teixeira de Azevedo (Director of Investimentos, SGPS, SA)	377,318	0.0189%	0.0189%
By Duarte Paulo Teixeira de Azevedo (Director of Sonae - SGPS, SA and Efanor Investimentos, SGPS, SA)	805,730	0.0403%	0.0403%
By Migracom, SA (company controlled by Efanor Investimentos, SGPS, SA's and Sonae SGPS SA's Director Duarte Paulo Teixeira de Azevedo)	2,874,339	0.1437%	0.1437%
By Linhacom, SGPS, SA (company controlled by Efanor Investimentos, SGPS, SA's Director Maria Cláudia Teixeira de Azevedo)	189,314	0.0095%	0.0095%
Total attributable to Efanor Investimentos, SGPS, SA	1,053,894,697	52.6947%	52.6947%
Banco BPI, SA			
Banco BPI, SA	132,851,868	6.6426%	6.6426%
Banco Português de Investimento, SA	365,199	0.0183%	0.0183%
Fundos de Pensões do Banco BPI	40,071,372	2.0036%	2.0036%
BPI Vida - Companhia de Seguros de Vida, SA	4,751,416	0.2376%	0.2376%
Total attributable to Banco BPI, SA (II)	178,039,855	8.9020%	8.9020%
Fundação Berardo, Instituição Particular de Solidariedade Social			
Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.4925%	2.4925%
Total attributable to Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.4925%	2.4925%
Magallanes Value Investors, S.A. SGIIC			
Magallanes European Equity, FI	11,435,880	0.5718%	0.5718%
Magallanes Iberian Equity, FI	9,892,847	0.4946%	0.4946%
Magallanes Value Investors, UCITS European Equity	7,555,544	0.3778%	0.3778%
Magallanes Value Investors, UCITS Iberian Equity	7,237,414	0.3619%	0.3619%
Soixa SICAV	4,393,260	0.2197%	0.2197%
Total attributable to Magallanes Value Investors, S.A. SGIIC	40,514,945	2.0257%	2.0257%

Source: communications received by the Company regarding qualified shareholdings up to 31st December 2017.

* 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.

(I) As from 29th November 2017, Efanor Investimentos SGPS, SA ceased to have any controlling shareholder pursuant to the set forth in articles 20 and 21 of the Portuguese Securities Code.

(II) total number of voting rights attributed to Banco BPI, SA as per article 20 of the Portuguese Securities Code.

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

Updated information regarding qualified shareholdings is available at the Company's website, <http://www.sonae.pt/en/investors/shareholder-structure/>.

8. NUMBER OF SHARES AND BONDS HELD BY THE MEMBERS OF THE STATUTORY GOVERNING BODIES, SUBMITTED PURSUANT TO PARAGRAPH 5 OF ARTICLE 447 OF THE PORTUGUESE COMPANIES ACT

This information is disclosed in an Appendix to the Management Report, as follows:

ARTICLE 447 OF THE PORTUGUESE COMPANIES ACT AND ARTICLE 14, PARAGRAPH 7, OF THE PORTUGUESE SECURITIES COMMISSION (CMVM) REGULATION NO. 05/2008

Disclosure of the number of held shares and other securities issued by the Company and of the transactions executed over such securities, during the financial year in analysis, by the members of the statutory governing and auditing bodies and by people discharging managerial responsibilities ("dirigentes"), as well as by people closely connected with them pursuant to article 248 B of the Portuguese Securities Code:

	Date	ADDITIONS		REDUCTIONS		POSITION ON 31.12.2017	BALANCE AS OF 31.12.2017
		Quantity	Aver. Price €	Quantity	Aver. Price €		
Duarte Paulo Teixeira de Azevedo (*) (**) (***)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Migracom, SA (3)						Dominant	
Sonae, SGPS, SA							805,730
Shares purchased under the terms of the Short Term and Medium Term Performance Bonus Plans	31/03/2017	410,002	0.047				
Sale	03/04/2017			410,002	0.938		
Ângelo Gabriel Ribeirinho dos Santos Paupério (*)							
Sonae, SGPS, SA							212,987
Shares purchased under the terms of the Short Term and Medium Term Performance Bonus Plans	31/03/2017	348,739	0.047				
Sale	24/08/2017			300,000	0.964		
Sale	25/08/2017			50,000	0.961		

Enxomil – Consultoria e Gestão, SA (6)						Dominant	
Enxomil – Sociedade Imobiliária, SA (7)						Dominant	
Maria Margarida Carvalhais Teixeira de Azevedo (**)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Sonae, SGPS, SA							14,901
Maria Cláudia Teixeira de Azevedo (**) (***)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Sonae, SGPS, SA							377,318
Shares purchased under the terms of the Short Term and Medium Term Performance Bonus Plans	31/03/2017	58,168	0.047				
Linhacom, SGPS, SA (5)						Dominant	
Nuno Miguel Teixeira de Azevedo (***)							
Efanor Investimentos, SGPS, SA (1)						Minority	

	Date	ADDITIONS		REDUCTIONS		POSITION ON 31.12.2017	BALANCE AS OF 31.12.2017
		Quantity	Aver. Price. €	Quantity	Aver. Price. €		Quantity
(1) Efanor Investimentos, SGPS, SA							
Sonae, SGPS, SA							200,100,000
Pareuro, BV (2)						Dominant	
(2) Pareuro, BV							
Sonae, SGPS, SA (3)							849,533,095
(3) Migracom, SA							
Sonae, SGPS, SA							2,874,339
Purchase	03/04/2017	410,002	0.938				
Imparfin - Investimentos e Participações Financeiras, SA (4)						Minority	
(4) Imparfin - Investimentos e Participações Financeiras, SA							
Sonae, SGPS, SA							4,105,280
(5) Linhacom, SGPS, SA							
Sonae, SGPS, SA							189,314
Sale	22/11/2017			250,000	1.030		
Imparfin - Investimentos e Participações Financeiras, SA (4)						Minority	
(6) Enxomil – Consultoria e Gestão, SA							
Sonae, SGPS, SA							2,021,855
(7) Enxomil – Sociedade Imobiliária, SA							
Sonae, SGPS, SA							450,000

(*) Member of the Board of Directors of Sonae, SGPS, SA

(**) Member of the Board of Directors of Efanor Investimentos SGPS, SA (directly and indirectly dominant company) (1)

(***) Member of the Board of Directors of Imparfin - Investimentos e Participações Financeiras, SA (4)

9. POWERS OF THE BOARD OF DIRECTORS ON SHARE CAPITAL INCREASES

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

10. RELEVANT BUSINESS RELATIONSHIP BETWEEN OWNERS OF QUALIFIED SHAREHOLDINGS AND THE COMPANY

There are no existing relevant business relationships between the Company and owners of qualified shareholdings notified to the Company.

Without prejudice to the aforementioned, Bank BPI, SA maintains a business relationship with the Company within the scope of the Company's corporate purpose, under market conditions and alongside with other national and international financial institutions.

B - Governing Bodies and Committees

I - Shareholders' General Meeting

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

11. BOARD OF THE SHAREHOLDERS' GENERAL MEETING: MEMBERS AND 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 elected for the 2011-2014 mandate – corresponding to their second term in office, as the first mandate in office ran from 2007 to 2010 - were re-elected for the second time, following a resolution taken at the Shareholders' Annual General Meeting held on 30th April 2015, for the present four-year term 2015-2018.

Board of the Shareholders' General Meeting

MANUEL CAVALEIRO BRANDÃO, CHAIR

MARIA DA CONCEIÇÃO CABAÇOS, SECRETARY

b) Exercising voting rights

12. RESTRICTIONS ON VOTING RIGHTS

12.1 Restrictions on voting rights depending on the number or percentage of shares ownership

The Company's share capital is entirely made up of a single class of common shares, in which one share equals one vote, and where there are no statutory limitations on the exercise of the voting rights by any shareholder. Share blocking is not required in order to attend the Shareholders' General Meeting. In compliance with paragraph 1 of

article 23-C of the Portuguese Securities Code, the “Registry date” is the key moment in time for the proof of the shareholder’s legal entitlement to attend and exercise voting rights at the Shareholders’ General Meeting. The “Registry Date” is also the decisive time reference regarding the application of the voting and attendance rule for professional shareholders who own shares in their own name but which are held on behalf of their respective clients.

12.2 Representation

The right to vote by proxy and the way in which this right is exercised is described in the respective notices convening Shareholders’ General Meetings, in accordance with the law and the Company’s Articles of Association.

Shareholders can be represented at the Shareholders’ General Meetings by presenting a written representation document before the meeting begins, addressed and delivered to the Chairman of the Board of the Shareholders’ General Meeting, stating the name and address of the proxy and the date of the meeting. The abovementioned information may be sent by using an electronic email address provided by the Company.

A shareholder can nominate different proxies for each group of shares held in different securities accounts, without prejudice to the principle of one share one vote, in accordance with article 385 of the Portuguese Companies Act. Shareholders who professionally own shares in their own name but which are held on behalf of their respective clients can vote in different ways.

The Company provides appropriate information on its website, at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/> to enable shareholders, who wish to be represented, to give their voting instructions to their respective proxy holders. Such information, which includes the proposals to be submitted to the Shareholders’ General Meeting and a template of a representation letter, is disclosed on the website, within the legally established time limits.

12.3 Vote in writing

Shareholders can vote in writing in relation to all items on the agenda of the Shareholders’ General Meeting. Without prejudice to the obligation of proving shareholding legal entitlement, written votes will only be taken into account when received at the Company’s head office by registered post, with acknowledgement of receipt addressed to the Chairman of the Board of the Shareholders’ General Meeting or by electronic means, at least three business days prior to the General Meeting. The voting ballot, if sent by registered post, must be signed by the owner of the shares or by a legal representative. In the case of an individual, it should be accompanied by an authenticated copy of his/her identity document, pursuant to subparagraph 2 of article 5 of Law no. 7/2007, of 5th February, with the wording introduced by Law no. 32/2017 of 1st July or, alternatively, the signature shall be authenticated pursuant to the legal applicable terms. In the case of a corporate entity, the signature should be authenticated with confirmation that the signatory is duly authorised and mandated for that purpose. If the ballot is sent by electronic means, it must respect the requirements and procedures established by the Chairman of the Board of the Shareholders’ General Meeting as set out in the notice of the meeting, in order to ensure an equivalent level of security and authenticity.

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

12.4 Voting by electronic means

Shareholders have the right to vote electronically and the manner by which such right can be exercised is set out in the notice convening the Shareholders’ General Meeting. A template for requesting the technical information necessary for exercising the shareholders’ right to vote by electronic means is also available at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

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 OF THE PORTUGUESE SECURITIES CODE

There is no limitation on the number of votes that may be held or exercised.

14. DELIBERATIVE QUORUM

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

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

The rules regarding the deliberative quorum of the Shareholders' General Meeting comply with the Portuguese Companies Act.

II - Management and Supervision

a. Composition

15. IDENTIFICATION OF THE ADOPTED GOVERNANCE MODEL

The Company follows a one-tier governance model, where the management structure lies with the Board of Directors, and the supervisory structure includes a Statutory Audit Board and a Statutory External Auditor.

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

The Board of Directors' assessment is that the corporate governance model adopted is adequate to the performance of the governing bodies' duties, ensuring, in a well-balanced manner, their respective functional independence and interaction. Additionally, the specialised committees assigned to matters of particular relevance, optimise the Board of Directors' performance, ensuring the effectiveness of its decision-making process.

The Proposal for the Selection and Assessment Policy for Membership of the Statutory Governing Bodies was approved at the Shareholders' Extraordinary General Meeting held on 16th December 2015, in compliance with Articles 30 to 32 of the General Regime of Credit Institutions and Financial Companies ("Regime Geral das Instituições de Crédito e Sociedades Financeiras" - RGICSF). Such policy shall remain in force for as long as the Company remains within the scope of the RGICSF, which results from indirectly holding the majority of the voting rights of the financial entity Sonaegest-Sociedade Gestora de Fundos de Investimento, S.A..

The abovementioned policy is available at the Company's website, <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/shareholders-extraordinary-general-meeting-16th-december-2015/>, referred to as Proposal number two of the Shareholders' Extraordinary General Meeting held on 16th December 2015.

The diversity policy applied by the Company with regards to its management and supervisory bodies is envisaged in said Selection and Assessment Policy for Membership of the Statutory Governing Bodies, which establishes the following general principles:

"The candidates for appointment as members of the Company's management and audit bodies shall:

- Have experience of holding sufficiently senior positions in similar companies or organisations, which will allow them to:

1. Evaluate, challenge and develop the most senior managers of the Company;
2. Evaluate and challenge the corporate strategy of the group and its main subsidiaries;
3. Evaluate and challenge the operational and financial performance of the Company;
4. Evaluate the level of compliance of the organisation with Sonae's values.

- In addition to the basic common minimum requirements expected of candidates, each candidate should offer an individual contribution so that the Board of Directors collectively holds the following knowledge or skills:

1. A profound and international understanding of the principal sectors activity of Sonae;
2. Knowledge of the main markets and geographies where the main Sonae businesses operate;
3. Knowledge and competences in terms of the management skills and technologies, which are decisive for the success of sizeable business enterprises operating in the same sectors of activity as Sonae;
4. The specialist knowledge necessary to ensure the effectiveness of the specialised committees of the Board of Directors.

- The candidates should have personal relationships skills, clarity of purpose, analytical capacity, ability to summarise succinctly and the communication skills required to allow them to handle a large number of diverse and complex topics at the same time. Time for discussion will always be limited, but the topics must be covered in sufficient depth to allow high quality decisions to be taken in a timely fashion.

- Subject to fulfilling the other criteria established above, a significant representation of genders and nationalities should be sought."

The composition of the statutory governing bodies appointed at the Shareholders' General Meeting for the 2015-2018 mandate follows the guidelines of the Selection and Assessment Policy for Membership of the Statutory Governing Bodies, presenting a balanced diversity of gender, origin, qualifications and professional background.

In the Board of Directors and the Statutory Audit Board, whose composition is described in section 17 and section III, a) below, the proportion of persons of each gender respects, in advance, the threshold imposed by article 5 of Law no. 62/2017 of August 1st.

The diversity and the professional experience of the members of the Board of Directors and of the Statutory Audit Board are described in Annex I to this Report.

16. RULES FOR NOMINATING AND REPLACING BOARD MEMBERS

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

Under the terms set forth in the Company's Articles of Association, one Director may be individually elected if there are proposals submitted by shareholders who, either by themselves or together with other shareholders, hold shares representing between ten and twenty percent of the share capital. The same shareholder cannot propose more than one list. Each proposal should identify at least two eligible persons. If there are several proposals submitted by different shareholders or groups of shareholders, voting will take place on all lists.

The Company's Articles of Association establish, in accordance with the applicable law, that the Board of Directors may co-opt a substitute in case of the death, resignation, temporary or permanent incapacity, or lack of availability of any member, as long as the vacating Board member has not been elected under the above described minority rule (in which case a new similar election shall take place). Such appointment is, nonetheless, subject to ratification by the shareholders at the next Shareholders' General Meeting.

As part of the Board of Directors' power to co-opt, the Board Nomination and Remuneration Committee is responsible for proposing potential candidates with the suitable profile for Board roles.

The definitive absence, for whatever reason, of a replacement director individually elected according to the abovementioned special minority rules, determines that a new election must take place at the Shareholders' General Meeting.

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

17. COMPOSITION OF THE BOARD OF DIRECTORS

Under the terms of the Company's Articles of Association, the Board of Directors can be composed of an odd or even number of members, between three and eleven, elected by the shareholders at a Shareholders' General Meeting, and the Chairman of the Board of Directors holds a casting vote.

During 2017, the composition of the Board of Directors was as follows:

BOARD OF DIRECTORS

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

José Manuel Neves Adelino

Andrew Eustace Clavering Campbell

Christine Cross

Tsega Gebreyes

Marcelo Faria de Lima

Dag Johan Skattum

Margaret Lorraine Trainer

The members of the Board of Directors were initially appointed as follows:

APPOINTMENT TO THE BOARD OF DIRECTORS	FIRST APPOINTMENT	END OF CURRENT MANDATE
Duarte Paulo Teixeira de Azevedo	2000	2018
Ângelo Gabriel Ribeirinho dos Santos Paupério	2000	2018
José Manuel Neves Adelino	2007	2018
Andrew Eustace Clavering Campbell	2015	2018
Christine Cross	2009	2018
Tsega Gebreyes	2015	2018
Marcelo Faria de Lima	2015	2018
Dag Johan Skattum	2015	2018
Margaret Lorraine Trainer	2015	2018

18. DISTINCTION BETWEEN EXECUTIVE AND NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

BOARD OF DIRECTORS	
Duarte Paulo Teixeira de Azevedo	Chair of the Board of Directors and Co-CEO
Ângelo Gabriel Ribeirinho dos Santos Paupério	Co-CEO
José Manuel Neves Adelino	Senior Independent Non-Executive Director
Andrew Eustace Clavering Campbell	Independent Non-Executive Director
Christine Cross	Independent Non-Executive Director

Tsega Gebreyes	Independent Non-Executive Director
Marcelo Faria de Lima	Independent Non-Executive Director
Dag Johan Skattum	Independent Non-Executive Director
Margaret Lorraine Trainer	Independent Non-Executive Director

In the composition of the Board of Directors, a balance is maintained between the number of Executive Directors and the number of Non-Executive Directors. All of the present seven Non-Executive Board Members are independent, in accordance with the independence criteria set out in paragraph 18.1 of Appendix I to the CMVM Regulation no. 4/2013 and CMVM Recommendation II.1.7 (2013).

Considering that the Chairman of the Board of Directors also carries out executive duties, under the provisions of paragraph 2 of Article 1 and Article 13 of the Internal Regulation of the Board of Directors (available at the Company's website <https://www.sonae.pt/en/investors/government-of-society/>), the director José Manuel Neves Adelino was appointed as Senior Independent Non-Executive Director, upon resolution of the Board taken in the meeting held on 4th May 2015. In that capacity, this Director has to carry out the following duties:

- coordinate, in accordance with the Corporate Governance best practices, the effective performance of the Non-Executive Directors' duties, whether within the Board of Directors or within the Board's specialised committees, in order to guarantee strengthened conditions for the independent and informed exercise of such directors' duties;
- ensure the existence of a continuous flow of information, necessary for the fulfilment of the legal and statutory duties inherent to the Non-Executive Directors' activities, through the adoption and timely compliance of transparent information-sharing procedures by the Executive Committee;
- supervise compliance of an information disclosure process which ensures a time-efficient access of the remaining governing bodies and committees to the necessary information for the execution of their legal and statutory duties, with the particular disclosure of all convening notices, minutes and documentation supporting the decision-making process;
- ensure the execution of scope and mission of the Ethics Committee, since the Senior Independent Non-Executive Director also chairs the Ethics Committee.

19. PROFESSIONAL QUALIFICATIONS AND CURRICULAR REFERENCES OF THE MEMBERS OF THE BOARD OF DIRECTORS

The *curricula* of the members of the Board of Directors are disclosed in Appendix I of this Report.

20. USUAL AND SIGNIFICANT FAMILY, BUSINESS AND COMMERCIAL RELATIONSHIPS BETWEEN MEMBERS OF THE BOARD OF DIRECTORS AND SHAREHOLDERS WITH ATTRIBUTED QUALIFIED SHAREHOLDINGS

The Chairman of the Board of Directors and Co-CEO, Duarte Paulo Teixeira de Azevedo, is a shareholder and member of the Board of Directors of Efanor Investimentos, SGPS, SA, the legal entity holding the majority of the voting rights of the Company.

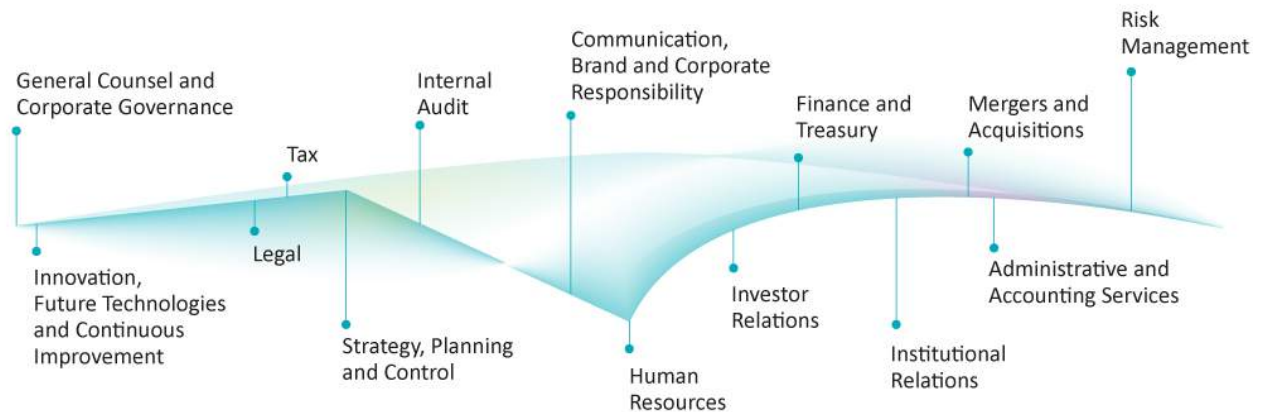
To the best of the Company's knowledge, there are no other significant or usual family, business and commercial relationships between shareholders with attributed qualified shareholdings higher than 2% of the voting rights, and the members of the Board of Directors.

21. DIVISION OF POWERS BETWEEN THE DIFFERENT BOARDS, COMMITTEES AND/OR DEPARTMENTS WITHIN THE COMPANY, INCLUDING THE DELEGATION OF POWERS, PARTICULARLY WITH REGARDS TO THE DELEGATION OF THE COMPANY'S DAILY MANAGEMENT

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



The corporate structure is supported by the following functional areas:



GENERAL COUNSEL AND CORPORATE GOVERNANCE

Main responsibilities:

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

TAX

Main responsibilities:

Develop, provide training for and share tax skills;

- (i) Take part in defining tax strategy and objectives, in particular by giving support to the international expansion;
- (ii) Provide tax support to the Mergers and Acquisitions activity as well as to restructuring operations;
- (iii) Manage Institutional Relations, namely the proactive management of tax matters; ;
- (iv) Optimise tax efficiency, namely by:
 - a. Controlling and monitoring tax procedures;
 - b. Ensuring compliance with all tax requirements;
 - c. Controlling all group Companies' fiscal consolidation.
- (v) Manage the price transfer dossier;
- (vi) Monitor all open litigation with the tax authorities;
- (vii) Provide tax consultancy by analysing several tax matters.

INTERNAL AUDIT

Main responsibilities:

- (i) Perform internal audits (business relevant processes, food safety and information systems) of Sonae's corporate centre and Retail, Commercial Centres, Investment Management and Financial Services;
- (ii) Provide operational support to Sonae's Audit Co-ordination Committee.

COMMUNICATIONS, BRAND AND CORPORATE RESPONSIBILITY

Main responsibilities:

- (i) Manage the institutional image of Sonae and its brand;
- (ii) Manage Sonae's External Communications, namely the Company's online presence and relationship with the media – coordinate messages and lines of communication as well as crisis management;
- (iii) Manage Sonae's Internal Communications;
- (iv) Manage the Corporate Responsibility Department, including sustainability strategy development, volunteering actions development and patronage relationships management.

FINANCE AND TREASURY

Main responsibilities:

- (i) Optimisation of the Company's financial function and retail business through the proposal, implementation and control of appropriate risk policies;
- (ii) Conduct of all financing operations of the Company and of the retail businesses;
- (iii) Negotiation and contracting of banking products and services for the Company and for the retail businesses;
- (iv) Treasury management and means of payment and receipt of the Company and the retail businesses;
- (v) Management of the various financial risks of the Company and of the retail businesses;
- (vi) Development of credit risk policies suitable to the characteristics of Sonae's various businesses;
- (vii) Provide support to the different functional areas in the allocation of capital and financial risk management;
- (viii) Provide support on mergers, acquisitions, and divestment;
- (ix) Provide support to Sonae's businesses in the execution of transactions in monetary, interest rate or foreign exchange markets;
- (x) Support the work of Sonae's Corporate Finance and Treasury Committee;
- (xi) Preparation of financial reporting, and monitoring of the main financial risks.

MERGERS AND ACQUISITIONS

Main responsibilities:

- (i) Core businesses and corporate M&A planning and execution across the Sonae Group;

- (ii) Identification, assessment, due diligence, negotiations and closing of acquisitions, divestitures, and joint ventures across the Sonae Group;
- (iii) Reinforcing Sonae's business networking with industry players and key M&A players.

RISK MANAGEMENT

Main responsibilities:

- (i) Promote a culture of risk awareness throughout the organisation;
- (ii) Develop the risk management policy and keep it up to date;
- (iii) Develop, implement, review and maintain risk management processes and methodologies;
- (iv) Coordinate risk management activities and report its results;
- (v) Identifying critical risks and monitoring the development and implementation of risk indicators and risk reduction measures;
- (vi) Developing procedures for assessing risks, particularly contingency and business succession planning;
- (vii) Support Sonae's Risk Management Consultation Group.

INNOVATION, FUTURE TECHNOLOGIES AND CONTINUOUS IMPROVEMENT

Main responsibilities:

To enhance business performances, and provide world-class purchasing and consumer experiences in Sonae's retail companies, by means of:

- (i) Innovation – to facilitate, amplify and accelerate the flow of innovation through the active and extensive participation of employees and through close and open cooperation with partners;
- (ii) Future Technologies – to identify, assess and experiment emerging technologies and their corresponding "case studies" in the scope of our retail activities, in order to issue recommendations regarding their implementation;
- (iii) Continuous Improvement – to implement and foster the culture and practice of continuous improvement, under the framework of our IOW (Improving our Work) model, within the Corporate Centre and Sonae RP.
- (iv) Granted Projects – identify, evaluate, and explore opportunities of project financing through incentives, subsidies and sponsorships and, whenever approved, manage the articulation with other consortia members and assure the obligations emerging from the financing conceded.

LEGAL

Main responsibilities:

- (i) Monitor, control and ensure that the food and non-food retail and wholesale business activities are compliant with applicable law and regulation, including but not limited to health and welfare, restaurant, franchising and real estate asset areas;
- (ii) Prepare and/or review legally mandatory or required contracts and other relevant agreements to carry out the different businesses, in order to mitigate risk and cut potential costs;

- (iii) Corrective and preventive management of all issues relating to intellectual property used by the different businesses such as patents, models/industrial designs, trademarks, logos, marketing slogans, software and domains' management;
- (iv) Legal support in the day-to-day of the running of stores/shopping centres/malls, namely when they are subject to inspections and visits carried out by governmental and official entities and national authorities (such as the ASAE, Municipalities, Infarmed, GNR, PSP, among others), as well as to settle conflicts with store customers;
- (v) Coordinate and provide legal support related to supervisory procedures, regulation and auditing processes, among others, carried out by the Portuguese Competition Authority, Health Regulatory Authority, Electricity Regulatory Authority, regarding the retail and wholesale businesses activities;
- (vi) Drawing up and execution of all corporate acts (minutes, powers of attorney, shareholders' general meetings, etc), commercial and real estate registry acts, contracts and/or public deeds and other notary acts;
- (vii) Translation and certification/notarisation of commercial, real estate, corporate or civil acts;
- (viii) Organise and supervise all judicial proceedings that may occur due to the different business activities carried out, in pre-litigation and litigation phases;
- (ix) Rendering legal assistance regarding the various licenses/permits/authorisations required by the businesses;
- (x) Privacy policies' definition, implementation and supervision; personal data protection; and data processing compliance.
- (xi) Follow up on Portuguese and European legislative developments, relevant to the food and non-food retail, wholesale, real estate and healthcare provision of services businesses;
- (xii) Legal monitoring of the retail customer complaints management, both in retail stores and shopping centres/malls and in retail real estate area;
- (xiii) Provide legal counselling to domestic and international retail and real estate operations (which involves, namely, mergers, spin-offs, acquisitions, dissolutions, liquidations, franchising and other similar operations), either at the initial stages of such new national and international operations, or during, as continuous monitoring which includes, amongst others, the interaction and coordination of the work with the local lawyers;
- (xiv) Provide training, on legal issues, to different types of trainees (stores; sales, clinics, sales departments; marketing departments and others).

GROUP STRATEGY, PLANNING AND CONTROL

Main responsibilities:

- (i) Support the development of the corporate and business units' strategy;
- (ii) Promote, lead, and execute the annual strategic planning cycle;
- (iii) Lead and monitor Sonae's annual budgeting process, and report on budget execution;
- (iv) Challenge the businesses and corporate areas on their objectives in order to constantly improve and optimise Sonae's efficiency, performance and results;
- (v) Prepare management information on individual businesses, and at a consolidated level, on a monthly, quarterly, and annual basis, analysing deviations to budget and proposing correctives measures;

- (vi) Provide support to decisions about capital allocation to existing businesses and to new business opportunities (responsibility for analysing invested capital and its respective return);
- (vii) Guarantee the sharing of the latest trends, best practices and information between the different businesses and corporate areas;
- (viii) Monitor, interpret and share relevant macroeconomic insight and forecasts with the several businesses.

HUMAN RESOURCES

Main responsibilities:

- (i) Manage Sonae's top management human resources: Chairman of Sonae's Human Resources Consultative Group; support the top management human resources of the Executive Committee;
- (ii) Supervise Sonae's human resources management department, the main duties of which are to:
 - a. Define and implement human resources strategy, planning and talent management;
 - b. Support Sonae's top management to define human resources policies at various levels;
 - c. Ensure the working of processes concerning recruitment, selection, training, performance/development management, people administration management, Sonae's employees salary processing and Sonae's Human Resources budgeting and reporting;
 - d. Manage the areas of Medicine, Hygiene, and Safety at Work;
 - e. Provide the procedural and legal labour law framework for the businesses;
 - f. Provide support to projects, offices, and international businesses;
 - g. Represent the Company in contacts with official entities and associations connected with this area;
 - h. Provide HR services to other Sonae's business units.

INVESTOR RELATIONS

Main responsibilities:

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

INSTITUTIONAL RELATIONS

Main Responsibilities:

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

ADMINISTRATIVE AND ACCOUNTING SERVICES

Main responsibilities:

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

The Company has also created the following knowledge sharing and specialised committees:

CORPORATE FINANCE AND TREASURY COMMITTEE

Sonae's Corporate Finance and Treasury Committee is chaired by Ângelo Paupério (Co-CEO), being composed of the directors responsible for corporate finance from each of Sonae's main business areas, as well as the managers of the Company's corporate centre functional team, who are relevant to the subjects on each meeting's agenda. The Committee meets monthly to review and coordinate financial risk management policies, banking relationships and other matters related to corporate finance and treasury.

AUDIT CO-ORDINATION COMMITTEE

Sonae's Audit Co-ordination Committee assists the Executive Committee in defining policies, reviewing, and coordinating the activities of internal audit, and reviewing the internal control processes and systems. This committee, which meets quarterly, is chaired by Ângelo Paupério (Co-CEO), and includes Board members and Internal Audit Managers responsible for this role in the Company and in its business areas, the Board and Corporate Governance Officer and the Group Chief Risk Officer.

SONAE'S RISK MANAGEMENT CONSULTATION GROUP

Sonae's Risk Management Consultation Group supports the Executive Committee in defining risk management policies, having a duty to propose methodologies, standards, and tools, aligned with best practice and international standards, to follow up and coordinate risk management activities, and to promote risk management expertise and knowledge sharing amongst Sonae companies. This Group, which meets quarterly, is chaired by Luis Filipe Reis (advisor to the Executive Committee) and includes the Board members responsible for corporate finance and the Risk Managers responsible for this role in the Company and in its main business areas, the Board and Corporate Governance Officer, the Group Chief Internal Auditor and the Group Insurance Manager.

Other than Sonae's Risk Management Consultation Group, there are also the following specific specialist advisory groups, with competencies in the following areas:

- **FINOV**, a forum dedicated to innovation, with the purpose of stimulating and supporting an innovation driven culture at Sonae, capable of sustaining high levels of value creation;
- **Sustainability Forum**, with the purpose of sharing sustainability knowledge and best practices, increasing awareness across Sonae and identifying relevant common issues to encourage synergies and cohesion in the management of the various challenges in this area;

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

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

b) Functioning

22. INTERNAL REGULATION OF THE BOARD OF DIRECTORS

The Internal Regulation of the Board of Directors is available for consultation at the Company's website - <https://www.sonae.pt/en/investors/government-of-society/>.

23. NUMBER OF MEETINGS HELD AND ATTENDANCE LEVEL OF EACH MEMBER OF THE BOARD OF DIRECTORS

The Board of Directors meets at least four times a year, as required by the Company's Articles of Association and its Internal Regulation, and whenever the Chairman or two Board members call a meeting. The quorum for any Board meeting requires that the majority of the Board Members are present or represented by proxy.

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

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

Minutes are recorded in a minute book.

During 2017, 7 (seven) Board meetings were held. All the members of the Board of Directors had an attendance rate of 100% to the Board meetings, being present or represented in the all meetings.

24. COMPETENT BODIES OF THE COMPANY TO APPRAISE THE PERFORMANCE OF EXECUTIVE DIRECTORS

The Shareholders' Remuneration Committee, appointed by the Shareholders' General Meeting, is the committee responsible for approving the remuneration of the Board members and of other statutory governing bodies, on

behalf of the shareholders, under the terms specified in the remuneration policy approved by the shareholders at a Shareholders' General Meeting.

The Board Nomination and Remuneration Committee (BNRC) supports the Shareholders' Remuneration Committee in carrying out its duties in relation to the assessment of the performance of the Executive Directors and the remuneration of the statutory governing bodies of the Company. In the execution of this duty, the BNRC and the Shareholders' Remuneration Committee may also be supported by international external consultants of recognised competency. The independence of such consultants is ensured by the fact that they are not bound in any way to the Board of Directors, to the Company nor to the Group, as well as by their broad experience and market recognition.

25. PREDETERMINED CRITERIA FOR EVALUATING THE PERFORMANCE OF EXECUTIVE DIRECTORS

The performance evaluation of Executive Directors is based on predetermined criteria, consisting of objective performance indicators established for each appraisal period, which are aligned with the Group strategy for growth and business performance under a medium and long-term perspective.

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

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

In turn, the department business KPIs are similar in nature to the previous ones, assessing the performance of the Executive Director in the business areas.

The personal KPIs, which may include both subjective and objective indicators, are determined by the attainment of individual goals and commitments assumed by the respective Executive Director.

26. AVAILABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

Information on other positions simultaneous held by members of the Board of Directors in other entities, whether or not in Sonae Group, as well as information on other relevant activities exercised during 2017, is disclosed in Appendix I to the present Report.

c) Committees within the Board of Directors

27. IDENTIFICATION OF COMMITTEES CREATED BY THE BOARD OF DIRECTORS

The Board of Directors has created the Executive Committee, the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee.

The internal regulation of these Committees is part of the Board's Internal Regulation available for consultation at the Company's website - <https://www.sonae.pt/en/investors/government-of-society/>.

Additionally, the Board of Directors has, during its previous mandate, appointed an Ethics Committee with specific competencies in promoting Sonae's Code of Ethics and Conduct, which is available for consultation at the Company's website <https://www.sonae.pt/en/investors/government-of-society/>.

27.1 Role and Duties of the Executive Committee

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

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

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

28. COMPOSITION OF THE EXECUTIVE COMMITTEE

The Executive Committee is composed of members from the Board of Directors, as follows:

MANAGEMENT TEAM

Duarte Paulo Teixeira de Azevedo, Co-CEO

Ângelo Gabriel Ribeirinho dos Santos Paupério, Co-CEO

28.1 Operating Rules of the Executive Committee

The Executive Committee meets at least once every month and additionally whenever any of its members convenes a meeting by writing, with the minimum antecedence of three days prior to the date of the meeting. The quorum for any Executive Committee meeting requires that all its members are present or represented by proxy. The Executive Committee receives information about items on the agenda for the meeting at least 7 (seven) days in advance of the meeting, and receives supporting documents for any given meeting at least 2 (two) days in advance.

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

The Executive Committee can set up internal committees, which will operate dependently to the Executive Committee, to monitor particular matters.

Whenever deemed convenient, the Executive Committee may submit to the consideration of the Board of Directors any matter within its competencies.

The decisions taken by the Executive Committee, and the announcement of the meetings to be held, are communicated to the remaining members of the statutory governing bodies, including the Senior Independent Non-Executive Director and to the Chairman of the Statutory Audit Board.

Whilst carrying out its general duty of ensuring access to fully adequate information regarding the correct assessment of its own overall performance, the Executive Committee must deliver periodic reports on its activity to the remaining members of the statutory governing bodies. The Committee must provide answers to their inquiries, in a timely and thoroughly manner, as well as implementing procedures aimed at facilitating the exercise of legal and statutory competencies attributed to such statutory governing bodies.

The members of the Executive Committee must consult the Board of Directors before accepting executive duties in Companies that are not part of Sonae Group, with the exception granted to those that are authorised by the Shareholders' General Meeting, in compliance with the principles adopted by the Company regarding the prevention of conflicts of interest.

Minutes are recorded in the respective minutes book.

During 2017, 19 (nineteen) Executive Committee's meetings were held with an overall attendance rate of 100%.

29. BOARD COMMITTEES AND OTHER ADVISORS TO THE BOARD



BOARD AUDIT AND FINANCE COMMITTEE (“BAFC”)

ROLE

The BAFC is a committee appointed by the Board of Directors, composed of Independent Non-Executive Directors, and its terms of reference are set out in the Board's Internal Regulation.

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

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

The duties of the BAFC, as a committee of the Board of Directors, are to:

- (i) Review the Company's annual and interim financial statements and earnings announcements to the market, and report its findings to the Board of Directors, giving the necessary support to the financial statements approval process;
- (ii) Advise the Board on its reports to shareholders and financial markets to be included in the Company's Annual and Half-Year Financial Statements, as well as in the preparation of the quarterly earnings announcements;
- (iii) Advise the Board - including the evaluation of suggestions made by the Statutory Audit Board - on the adequacy and quality of information provided by the Executive Committee, and the systems and standards of internal business control applied by the Company;
- (iv) Monitor Internal Audit activity, in conjunction with plans validated by the Statutory Audit Board, reach conclusions, and put these forward for consideration to the Board of Directors;
- (v) Assess operational procedures in order to ensure that internal control, effective management of risks, the timely distribution of information and the reliability of the process of preparing and disclosing financial information are monitored;
- (vi) Ensure the smooth flow of information to and from the Statutory Audit Board and process any requests made by the Statutory Audit Board to the Board of Directors;
- (vii) Ensure that the Corporate Governance policies adopted by the Company are complied with, and that financial reporting standards and practices are adhered to;
- (viii) Monitor formal and informal key financial indicators reported about the Company, including reports published by rating agencies;
- (ix) Give its opinion about significantly relevant transactions made by the Company with related parties.

COMPOSITION

The BAFC is composed of six members appointed by the Board of Directors. All members are Independent Non-Executive Directors. The composition of the Board Audit and Finance Committee during 2017 was as follows:

BOARD AUDIT AND FINANCE COMMITTEE	
José Manuel Neves Adelino	Chair – Independent Non-Executive
Andrew Eustace Clavering Campbell	Independent Non-Executive
Christine Cross	Independent Non-Executive
Tsega Gebreyes	Independent Non-Executive
Marcelo Faria de Lima	Independent Non-Executive
Margaret Lorraine Trainer	Independent Non-Executive

OPERATING RULES

The BAFC meets at least five times a year and additionally whenever its Chairman, the Board of Directors or the Executive Committee deem necessary.

Minutes of all BAFC meetings are prepared and distributed to other Board members.

During 2017, 5 (five) meetings of the BAFC were held with an overall attendance rate of 92%.

BOARD NOMINATION AND REMUNERATION COMMITTEE (“BNRC”)

ROLE

The BNRC operates according to the Internal Regulation of the Board of Directors, and is responsible for:

- (i) Identifying potential candidates for appointment to the Board of Directors (in particular when the Board decides to co-opt a Board member) and provide oversight of succession planning, contingency planning and talent management in general for Board members and other senior management positions;
- (ii) Giving feedback, to the Board of Directors, on the proposed remuneration and compensation policy of the members of the Board of Directors prepared by the Executive Committee and to be subsequently submitted to the Board of Directors for review, before the Board submits a final proposal to the Shareholders’ Remuneration Committee for its approval and subsequent inclusion in the agenda of a Shareholders’ Annual General Meeting to obtain the approval of shareholders;
- (iii) Analysing, as required by the approved internal remuneration processes and policies, the proposals for the remuneration of the members of the Board of Directors, based on the respective performance appraisal, which are then subject to the approval of the Shareholders’ Remuneration Committee as the body responsible for approving such proposals. All proposals must be in line with the Company’s Remuneration and Compensation Policy approved at the Shareholders’ General Meeting;
- (iv) Supervising the remuneration decisions taken by the Executive Committee for the group senior executives and senior executives who report directly to the Executive Committee;
- (v) Advising the Board of Directors on advance disclosures made by any of the members of the Board of Directors in relation to accepting Outside Directorships and Other Significant Roles or Activities, as required by the Company’s approved Independence and Conflicts of Interest Policy.

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

COMPOSITION

The BNRC is composed of the Chairman of the Board of Directors, and three Independent Non-Executive Directors, also appointed from among the Board of Directors. During the year of 2017, its composition was as follows:

BOARD NOMINATION AND REMUNERATION COMMITTEE	
Margaret Lorraine Trainer	Chair – Independent Non-Executive
Duarte Paulo Teixeira de Azevedo	Executive Chairman of the Board of Directors Non-Independent
José Manuel Neves Adelino	Independent Non-Executive
Christine Cross	Independent Non-Executive

OPERATING RULES

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

During 2017, 2 (two) meetings of the BNRC were held, with an overall attendance rate of 100%.

ETHICS COMMITTEE

Sonae's Code of Ethics and Conduct, in accordance with Sonae's principles and values, establishes rules of conduct as well as the ethical and moral principles and practices to be complied with by the members of the Board of Directors and of the other statutory governing bodies and employees.

The Code of Ethics and Conduct applies to all the companies directly or indirectly controlled by Sonae. The Code also sets out the values and forms of conduct required from individuals appointed by Sonae to the statutory governing bodies of companies or other entities in which Sonae participates. This applies to their respective individual functional duties and acts, and also requires them to promote the adoption of similar ethical principles and standards of conduct when establishing or amending codes of ethics and conduct or similar internal regulations at those companies or other entities.

Sonae's Code of Ethics and Conduct establishes a commitment for third party entities, hired by, or acting on behalf of Sonae, when the Company may be held accountable by their actions.

Sonae's Code of Ethics and Conduct is available at <https://www.sonae.pt/en/investors/government-of-society/> and has the fundamental objectives of:

- (a) Establishing principles that guide the activities of the Sonae Group of companies, and setting rules of ethical and moral nature that are expected to guide the behaviour of all of its employees and governing bodies. It includes promoting the adoption of ethical and moral principles and practices by our partners;
- (b) Promoting and encouraging the adoption of the guiding principles and rules of conduct defined in Sonae's Code of Ethics and Conduct, which reflect the Company's values, namely with regards to the relationships between employees, statutory governing bodies, Sonae, and its remaining stakeholders;
- (c) Consolidating Sonae's institutional image, which is characterised by Determination, Dynamism, Enthusiasm, Creativity, and Openness.

In addition to Sonae's Code of Ethics and Conduct, internal regulations covering independence and conflicts of interest and related party transactions remain in force.

Employees are also made aware internally of Sonae's Code of Ethics and Conduct, which appears in periodic communications within the Sonae companies. During 2017, as in previous years, the Company promoted e-learning internal training courses concerning business ethics, covering whistleblowing policies and procedures, clarifying staff responsibilities as well as those of the Company's management bodies, and presenting practical examples of situations involving: conflicts of interest, privacy, information confidentiality and integrity, staff relationships and those with the suppliers and business partners. These e-learning training courses were made available to new employees and new members of the Company's management bodies.

Sonae's Board of Directors appointed an Ethics Committee with the following main tasks:

- Foster the existence of means to disseminate the Code of Ethics and Conduct to its main target audience;
- Consider and answer questions sent by the members of the statutory governing bodies of the Group's companies, as well as those sent by employees, partners or third parties which fall within its scope, making recommendations it deems appropriate to the nature of each case;
- Check the existence of internal mechanisms to report irregularities, making sure they comply with the law, particularly in terms of confidentiality, the handling of information and the non-existence of reprisals for participants;
- Propose to the Board of Directors, after consulting with Sonae's Executive Committee, the approval of changes to the Sonae Code of Ethics and Conduct, whenever considered appropriate;
- Issue clarifications regarding the interpretation of provisions in the Sonae Code of Ethics and Conduct, on its own initiative, or after being requested to do so, by members of the Governing Bodies or employees;

- Receive, evaluate and forward reports of irregularities, received on a non-anonymous basis by the Ethics Committee, to the respective governing bodies, whenever they consider such irregularities as violations of the rules in the Sonae Code of Ethics and Conduct;
- Forward to the Statutory Internal Auditor any reports that might indicate alleged irregularities, under the terms established in article 420, paragraph 1, subparagraph j) of the Portuguese Companies Act;
- Regulate its operation and regularly report its activities to the Board of Directors, and the entities it is legally bound to report to, according to legislation or the corporate governance model adopted.

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

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

Other than communicating with the companies involved, the Ombudsman delivers a half-year summary of all irregularities to the Statutory Audit Board.

Reports addressed to the Ombudsman can be sent to his email address: provedoria@sonae.pt.

COMPOSITION

ETHICS COMMITTEE	
José Manuel Neves Adelino Chair	Non-Executive Independent Director
José Côte-Real	Head of Human Resources
José Luís Amorim	Ombudsman
Luzia Gomes Ferreira	Head of General Counsel and Corporate Governance
David Graham Shenton Bain Secretary	Board and Corporate Governance Officer

OPERATING RULES

The Ethics Committee meets at least twice every year and whenever its Chairman or two of its members convene a meeting. In addition to formal meetings, and if deemed necessary, the Ethics Committee members keep in touch through various forms of long distance communication. Minutes are kept of all the Committee's meetings and are distributed to all Board Members.

During 2017, 2 (two) meetings of the Ethics Committee were held, with an overall attendance rate of 100%.

BOARD AND CORPORATE GOVERNANCE OFFICER ("BCGO")

Main duties of the BCGO:

- Ensure the smooth running of the Board of Directors and Board Committees;
- Participate in Board Meetings and relevant Board Committee Meetings and, when appointed, serve as a member;
- Facilitate the acquisition of information by all Board and Committee members;
- Support the Board in defining its role, objectives and operating procedures;
- Take a leading role in organising Board evaluations and assessments;
- Keep under close review all Legislative, Regulatory and Corporate Governance issues;

- (vii) Support and challenge the Board of Directors to achieve the highest standards in Corporate Governance;
- (viii) Support the proceedings adopted by the Board of Directors to ensure that the stakeholders and the minority shareholders' interests are taken into account by the Board when important business decisions are being taken;
- (ix) Support the procedure to nominate and appoint Directors and assist in the induction of new Directors;
- (x) Act as a primary point of contact and source of advice and guidance for, particularly, Non-Executive Directors regarding the Company and its activities;
- (xi) Facilitate and support the independent Non-Executive Directors to assert their independence;
- (xii) Ensure compliance with the CMVM Recommendations for Portuguese listed companies;
- (xiii) Participate in making arrangements for and managing the whole process of Shareholders' General Meetings;
- (xiv) Participate in the arrangement of insurance cover for members of the statutory governing bodies;
- (xv) Participate, on behalf of the Company, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.

BCGO reports to the Board of Directors through its Chairman as well as, when appropriate, through the Senior Independent Non-Executive Director.

COMPANY SECRETARY

The Company Secretary is responsible for:

- (i) Keeping the formal minute books and attendance lists at the Shareholders' General Meetings;
- (ii) Forwarding the legal documentation to convene the Shareholders' General Meetings;
- (iii) Supervising the preparation of supporting documentation for the Shareholders' General Meetings and the meetings of the Board of Directors and preparing the respective formal minutes;
- (iv) Providing feedback, pursuant to the applicable legal provisions, to Shareholders' requests for information;
- (v) Legally registry any act or resolutions of the Company's statutory governing bodies.

29.1 Activity developed by the Committees created by the Board of Directors

Non-Executive Directors bring an independent perspective to the continuous monitoring of the Executive Committee, exercising an important influence in the decision-making process and in the development of strategy and policy, both within the Board of Directors, as well as in the specialised committees of the Board of which they are members (BAFC and BNRC).

During 2017, the Executive Committee managed the Company on a day-to-day basis, monitoring the business activity and enhancing strategic decision-making in accordance with the decisions of the Board of Directors and under the terms of the delegation of powers to the Executive Committee.

The Executive Committee reports to the Board of Directors and remaining governing bodies on the work performed during the financial year, providing information on the most significant decisions taken and the main actions implemented in the fulfilment of its competencies and duties.

The Ethics Committee has carried out its duties and continued to pursue its mission of disseminating the Sonae's Code of Ethics and Conduct, issuing recommendations to answer questions posed by members of the governing bodies, and reporting its activity to the Board of Directors.

III - Audit

a) Composition

STATUTORY AUDIT BOARD

Daniel Bessa Fernandes Coelho
Chair

Maria José Martins Lourenço da Fonseca

Manuel Heleno Sismeiro

Óscar José Alçada da Quinta
Substitute

30. IDENTIFICATION OF THE SUPERVISORY BODIES

The Statutory Audit Board (SAB) and the Statutory External Auditor are, under the governance model currently adopted, the auditing bodies of the Company.

31. COMPOSITION

In accordance with the Company's Articles of Association, the Statutory Audit Board (SAB) shall be composed of an odd or even number of members, with a minimum number of three members and a maximum number of five members, elected for a four-year mandate. One or two substitute members may be appointed if the SAB is made up of three or more members, respectively.

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

If the Shareholders' General Meeting fails to elect the members of the Statutory Audit Board, the Board of Directors must, and any shareholder may, petition the courts for the necessary appointment.

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

If the Chairman leaves office prior to the end of the mandate for which he was elected, the other members must choose a substitute to exercise these duties until the end of the current mandate.

The members of the Statutory Audit Board who are temporarily unavailable, or who have resigned, shall be replaced by the substitute member.

Substitute members who replace members who have resigned, shall remain in office until the next Shareholders' Annual General Meeting, at which time the vacant positions shall be filled.

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

The Chairman and the substitute member of the Statutory Audit Board were first elected on 3rd May 2007 and were later re-elected at the Company's Shareholders' Annual General Meeting, held on 27th April 2011, having concluded their mandate in 2014.

At the Shareholders' Annual General Meeting held on 30th April 2015, the Chairman and the substitute member of the Statutory Audit Board were re-elected for a third mandate within the present four-year term of 2015-2018.

The remaining members of the Statutory Audit Board were elected at the Shareholders' Annual General Meeting held on the 30th April 2015, for a first four-year mandate of 2015-2018.

32. INDEPENDENCE

All members of the Statutory Audit Board are independent as required by article 414 paragraph 5 and are not in breach of any of the criteria for incompatibility as set out in article 414 A, paragraph 1, both of the Portuguese Companies Act. The Statutory Audit Board has carried out an assessment of the independence of its members, by obtaining an update on the written information previously provided on an individual basis.

33. PROFESSIONAL QUALIFICATIONS AND CURRICULAR REFERENCES OF THE MEMBERS OF THE STATUTORY AUDIT BOARD

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

b) Functioning

34. INTERNAL REGULATION OF THE STATUTORY AUDIT BOARD

The Internal Regulation of the Statutory Audit Board is available at the Company's website, <https://www.sonae.pt/en/investors/government-of-society/>.

35. STATUTORY AUDIT BOARD MEETINGS

Decisions are taken by simple majority, the Chairman having a casting vote if the Statutory Audit Board is composed of an even number of members.

The Statutory Audit Board meets at least four times a year and every time the Chairman or two of its members convene a meeting. In addition to the formal meetings, and if necessary, the members of the Statutory Audit Board maintain contact through long distance communications.

During 2017, 14 (fourteen) meetings were held, with an overall attendance rate of 100%. Minutes of all meetings of the Statutory Audit Board were recorded.

36. AVAILABILITY OF THE STATUTORY AUDIT BOARD MEMBERS

Information on other positions currently held by members of the Statutory Audit Board in other entities, whether or not in Sonae Group, as well as information on other relevant activities exercised during the present mandate, are disclosed in Appendix I to this Report.

c) Duties and Competencies

37. ROLE OF THE STATUTORY AUDIT BOARD IN THE HIRING OF ADDITIONAL SERVICES FROM THE EXTERNAL AUDITOR

The Statutory Audit Board is responsible for the approval of non-audit services from the External Auditor.

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

- Approval of the annual work plan of the External Auditor;
- Follow-up of work performed and review of conclusions of the audit work and of interim and annual statutory audits;
- Overseeing the independence of the External Auditor;

- Decision on the approval of the provision of non-audit services, in compliance with 2013 CMVM Recommendation IV.2 and with Law no. 140/2015 of 7th September;
- External Auditor's annual activity assessment in compliance with 2013 CMVM Recommendation II.2.3.

In the assessment of criteria that supports the hiring of additional work from the External Auditor, the Statutory Audit Board confirmed the existence of the following safeguards:

- the hiring of non-audit services has not affected the independence of the External Auditor;
- the non-audit services have represented a balanced consideration vis-à-vis the services provided;
- the non-audit services, duly framed, did not constitute forbidden services pursuant to no.8 of article 77 of the Law no. 140/2015;
- the non-audit services were provided with high quality and autonomy, as well as with independence from the ones executed under the audit process;
- the quality system used by Deloitte (internal control), according to the information provided to the Company, monitors the potential risks of a loss of independence and possible conflicts of interest with Sonae, while also ensuring that the quality of the services provided are in compliance with the rules of ethics and independence.

38. OTHER DUTIES CARRIED OUT BY THE STATUTORY SUPERVISING BODIES

38.1 Statutory Audit Board

The Statutory Audit Board is the Company's supervisory body and its duties include, amongst others:

- (i) Supervising the management of the Company;
- (ii) Ensuring that the law, the Company's Articles of Association and internal procedures are observed;
- (iii) Verifying the regularity of all books, accounting registers and supporting documents;
- (iv) Verifying, whenever deemed convenient, and in the manner deemed appropriate, the extension of cash and of stock of any kind of goods or other values that belong to the Company or that were received by the Company as a guarantee, deposit or otherwise;
- (v) Verifying the accuracy of the financial statements, monitoring the process of preparation and disclosure of financial information and presenting recommendations aimed at ensuring their integrity;
- (vi) Verifying if the accounting policies and the valuation criteria adopted by the Company provide a correct evaluation of its assets and results;
- (vii) Drawing up an annual report for shareholders on the supervision of the Company, which shall include a description of audit work carried out, possible restrictions encountered in the course of that work, and issuing a statement of opinion on the annual report, accounts and proposals presented by the management;
- (viii) Convening the Shareholders' General Meeting, whenever the Chairman of the Board of the Shareholders' General Meeting fails to do this in circumstances when it was necessary;
- (ix) Supervising the efficiency of the risk management system, the internal control system and the internal audit function;
- (x) Receiving notification of irregularities presented by shareholders, Company's employees or others;

- (xi) Appointing and hire services from experts to help one or more of its members in the exercise of their duties. The hiring and fees of these experts should take in consideration the importance of the underlying matters and the financial situation of the Company;
- (xii) Acting as the primary interface of the Company with the External Auditor and the Statutory External Auditor, and proposing the appointment or replacement of the External Auditor and the Statutory External Auditor, as well as their remuneration to the Shareholders' General Meeting, as well as the review of their performance, while ensuring that the right conditions exist within the Company for the appropriate carry out their work, being the first point of contact and the first to receive audit reports, without prejudice of the duties and competencies of the Board of Directors on this subject;
- (xiii) Supervising the auditing of the Company's financial statements;
- (xiv) Supervising the existence and maintenance of the Statutory External Auditor's and the External Auditor's independence;
- (xv) Approving any audit or non-audit services to be provided by the External Auditor and approving the respective remuneration;
- (xvi) Issuing a specific and well-sustained report that supports the decision of non-replacement of the External Auditor, giving due consideration to the degree of independence of the auditor under these circumstances and the advantages and costs of replacing them;
- (xvii) Supervising the activity carried out by the internal audit;
- (xviii) Giving a prior opinion about transactions involving significant business conducted between the Company and shareholders holding qualified shareholdings, or entities with which these are related, in the terms set forth in article 20 of the Portuguese Securities Code, and according to procedures and criteria to be defined by the Board;
- (xix) The supervisory governing body is subject to compliance with the competencies and duties established by Law no. 148/2015, of 9th September, which approves the Legal Framework of Auditing Supervision, transposing into national law the Directive 2014/56/EC of the European Parliament and of the Council, of 16th April 2014, amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, ensuring the execution into national law of Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16th April 2014, on specific requirements regarding statutory audit of public interest entities, namely those under article 3 of the preamble decree and article 24 of the Legal Framework of Auditing Supervision;
- (xx) Comply with any other attributions defined by the applicable law or the Company's Articles of Association.

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

A - MONITORING THE BUSINESS ACTIVITY OF THE COMPANY AND THE INTERACTION WITH THE EXECUTIVE COMMITTEE AND THE BOARD OF DIRECTORS THROUGH THE BOARD AUDIT AND FINANCE COMMITTEE, IN PARTICULAR:

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

B - SUPERVISING THE ACTIVITY OF INTERNAL AUDIT AND RISK MANAGEMENT, COVERING:

- Annual activity plan;
- Receiving periodic reports on their activity;
- Evaluating results and conclusions reached;
- Checking and evaluating the existence of possible irregularities that have been forwarded to them;
- Issuing guidelines, as and when deemed appropriate.

C- INFORMATION ON IRREGULARITIES (WHISTLEBLOWING):

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

The Statutory Audit Board is also responsible for receiving irregularities in strict accordance with article 420, paragraph 1, subparagraph j), of the Portuguese Companies Act, whether directly addressed to it, or reported to the Ethics Committee or another governing body.

38.2 Statutory External Auditor

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

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

Since the 1st January 2016, the duties and services provided by the Statutory External Auditor have been in strict compliance with the new Statute of the Portuguese Institute of the Statutory Auditors, under the terms established by Law no. 140/2015, of 7th September.

IV - Statutory External Auditor¹

39. IDENTIFICATION

The Company's Statutory External Auditor is Deloitte & Associados, SROC, S. A., represented by the statutory auditor Nuno Miguel dos Santos Figueiredo.

40. PERMANENCE IN FUNCTIONS

The Statutory External Auditor, Deloitte & Associados, SROC, SA, has completed a third four-year mandate in 2014, and was re-elected for a new mandate, based on a proposal by the Statutory Audit Board, presented to and approved at the Shareholders' Annual General Meeting held on 30th April 2015.

The proposal for the re-election of Deloitte & Associados, SROC, SA for a new mandate, which was presented by the Statutory Audit Board (SAB) to the Shareholders' General Meeting, was in line with recommended practice, and was supported by an analysis made by the SAB covering the preservation of the independence of the Statutory External Auditor and the disadvantages of appointing another replacement Statutory External Auditor.

Follows the transcription of the proposal presented by the Statutory Audit Board at the Shareholders' Annual General Meeting, held on 30th April 2015, available for consultation at the Company's website <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>:

"Aiming at the exercise of its responsibility towards the proposal for the nomination of the Statutory External Auditor to the Shareholders' General Meeting, the Statutory Audit Board performed a detailed analysis, having concluded that the competence, reputation, and experience of the actual Statutory External Auditor, and the independency with which it has been exercising its attributions, support the option of its continuation, seeing that continuation in office does not affect its independency, nor does it generate costs of replacement arising from the loss of its historical record of knowledge and from its importance for the efficiency of the audit and review, as long as the independence and impartiality of action is assured, as it is the case.

Additionally, the representing partner of the Statutory External Auditor Company in exercising, took up his assignment in the year of 2011, under a policy of rotation, which becomes effective according with the best practices of compliance, assumed by this Statutory Audit Board, namely the implementation of the Recommendation IV.3 of the Portuguese Securities Commission (CMVM) Corporate Governance Code.

In preparing this proposal, the Statutory Internal Auditor considered the publication of the EU Regulation no. 537/2014, which determines a limit of 10 ten years regarding the duration of the Statutory External Auditor mandate, having the Member States the possibility to reduce such period, and additionally establishes a transitorily regime that, in the Company's case, makes the rotation of the External Auditor mandatory, only, in the year of 2023.

Considering all the factors in equation, it was unanimously deliberated by the Statutory Audit Board, to propose to the Board of Directors the re-election, towards a new mandate, of the current Statutory External Auditor, being the Statutory Audit Board convinced that its permanence exercising its attributions does not eliminate or condition the integrity and independency with which it has been exercising them."

The renewal of the mandate described above also applies to subsidiaries of the Company.

41. OTHER SERVICES PROVIDED TO THE COMPANY

Deloitte & Associados, SROC, S.A is the Company's External Auditor and have not provided any other services.

¹ Referred to as "Statutory Auditor" pursuant to Regulation (EU) no. 537/2014, of the European Parliament and the Council of 16th April 2014.

V - External Auditor²

42. IDENTIFICATION

The Company's External Auditor is, in compliance with the article 8 of the Portuguese Securities Code, Deloitte & Associados, SROC, SA, represented by Nuno Miguel dos Santos Figueiredo registered with no. 1272 at the Securities Market Commission.

43. PERMANENCE IN FUNCTIONS

The External Auditor has completed a third four-year mandate in 2014, and was re-elected for a new mandate in 2015, based on a proposal presented by the Statutory Audit Board. The representing partner was replaced by reference to the year ended on 31st December 2016.

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

The above described permanence period in functions also applies to Sonae Group companies.

44. POLICY AND FREQUENCY OF ROTATION OF THE EXTERNAL AUDITOR

The Statutory Audit Board has adopted the recommended principle on the rotation of the External Auditor. Hence, the non-rotation of the External Auditor, after two four-year mandates may only exceptionally occur if, after careful assessment, the Statutory Audit Board has concluded that the non-replacement of the External Auditor does not affect its independence, the benefits outweigh the costs of such replacement and all the conditions set forth by paragraphs 4 and 5 of article 54 of the Law no. 140/2015 of 7th September are fulfilled.

Deloitte & Associados, SROC, SA was re-elected for a new mandate at the 2015 Shareholders' Annual General Meeting and has changed, by reference to the year ended on 31st December 2016, the representing partner responsible for the Company's statutory audit execution.

Since the 1st January 2016, the term of the mandate is subject to the rules established in article 54 of the Law no. 140/2015, of 7th September, without prejudice to the maintenance of duties carried out by the External Auditor until the end of the current mandate.

45. STATUTORY GOVERNING BODY RESPONSIBLE FOR THE EXTERNAL AUDITOR'S ASSESSMENT

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

46. ADDITIONAL WORK, OTHER THAN AUDIT SERVICES, PERFORMED BY THE EXTERNAL AUDITOR AND RESPECTIVE HIRING PROCESS

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

² Referred to as "Auditor" pursuant to Regulation (EU) no. 537/2014, of the European Parliament and the Council of 16th April 2014.

As an additional safeguard, the following measures were taken:

- The hiring of non-audit services did not affect the independence of the External Auditor;
- The non-audit services have represented a balanced consideration vis-à-vis the services provided;
- The non-audit services, duly framed, did not constitute forbidden services pursuant to no.8 of article 77 of the Law no. 140/2015;
- The non-audit services were provided with high quality and autonomy, as well as with independence from the ones executed under the audit process;
- The total annual fees paid in Portugal by Sonae to the External Auditor, represent less than 15% of their overall fees in Portugal.
- The quality system used by Deloitte (internal control), according to the information provided to the Company, monitors the potential risks of a loss of independence and possible conflicts of interest with Sonae, while also ensuring that the quality of the services provided are in compliance with the rules of ethics and independence.

The Statutory External Auditor sent to the Statutory Audit Board, under the provisions of paragraph 6 of Article 24 of Law no. 148/2015, of 9th September, which approves the Legal Framework of Auditing Supervision, a statement of independence, in which the services rendered by it or by other entities and the precautionary measures taken are described. These measures are duly considered by the Statutory Audit Board, whose responsibility it is to give an opinion on their adequacy.

47. REMUNERATION OF THE EXTERNAL AUDITOR

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

REMUNERATION PAID BY THE COMPANY	2016*		2017*	
	Statutory Audit and Accounts Certification	34,384	100%	38,845
Total	34,384	100%	38,845	100%

*Amounts in euros.

REMUNERATION PAID BY THE GROUP'S COMPANIES**	2016*		2017*	
	Statutory Audit and Accounts Certification	482,544	51%	369,071
Other Compliance and Assurance Services	276,955	29%	118,000	17%
Tax Consultancy Services	0	0%	0	0%
Other services	180,500	19%	210,700	30%
Total	939,999	100%	679,771	100%

*Amounts in euros.

** Controlling companies or companies in a group relationship.

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 Act, requiring a majority of two thirds of the votes cast for such a resolution to be approved at a Shareholders' General Meeting.

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

II - Reporting irregularities (whistleblowing)

49. POLICY ON REPORTING IRREGULARITIES

Sonae's values and principles are widely spread and deeply rooted in its business culture, and form the basis of its actions. These are founded upon principles of awareness and absolute respect for the rules of good conduct in the management of conflicts of interest and duties of diligence and confidentiality in dealings with third parties. The Company's values and principles can be consulted at - <https://www.sonae.pt/en/sonae/culture/>.

All reports of irregularities can be directly addressed, in writing, to the Statutory Audit Board to the following address: Lugar do Espido, Via Norte, 4470-157 Maia, as provided at the Company's website - <http://www.sonae.pt/en/contacts/>.

III - Internal Control and Risk Management

50. INDIVIDUALS, BODIES OR COMMITTEES RESPONSIBLE FOR INTERNAL AUDIT AND / OR IMPLEMENTATION OF INTERNAL CONTROL SYSTEMS

Risk Management is deeply rooted in Sonae's culture and is one of its key Corporate Governance practices. It forms part of all management processes and is the responsibility of all employees of Sonae, at all levels of the organisation.

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

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

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

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

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

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

51. HIERARCHY/OR FUNCTIONAL RELATIONSHIPS WITH OTHER COMPANY'S BODIES

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

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

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

52. OTHER FUNCTIONAL AREAS WITH RISK CONTROL COMPETENCIES

Each one of the Group's functional structures takes responsibility in controlling and monitoring risks related with their duties, namely the Strategy, Planning and Control, Legal Advisory and Corporate Governance, Finance, Tax, Legal, Human Resources, Communication, Brand and Corporate Responsibility, Institutional Relations, Investor Relations, Administrative Services and Innovation, Future Technology and Continuous Improvement departments.

53. IDENTIFICATION AND CLASSIFICATION OF MAIN RISKS

ECONOMIC RISKS

MACRO-ECONOMIC INFLUENCES:

The uncertain economic environment impacts Sonae's businesses. Several initiatives have been launched to mitigate this risk, which include inter alia internationalization of main businesses, stricter cost control measures, launching of innovative and alternative offers, and adapting to the economic context by launching promotions and products tailored to the changing consumer needs.

COMPETITION:

The main competition risks are the entrance of new competitors, mergers and acquisitions opportunities, the repositioning of current competitors or the actions they might take to reposition themselves to win new markets and gain market share (promotional activity, new businesses, innovation). The inability to be competitive in areas such as pricing, product range, quality and service can have a negative impact on the financial results of the Group. In order to minimize this risk, Sonae constantly benchmarks competitor's actions and invests in improved or new formats, businesses and products/services in order to always offer its customers innovative proposals.

CUSTOMERS:

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

In order to anticipate consumer needs and market trends, the Group companies analyse information about consumer behaviour on a regular basis with more than 100,000 customers interviewed per year. The introduction of new products, concepts and technologies is always tested using pilot schemes before being implemented globally. The Group also invests in the refurbishment of stores and of shopping centres and in launching IT services

(including transactional sites) to ensure that they retain their attractiveness for customers and cope with the pace of technological innovation challenges.

BRAND:

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

The risks associated with brands come from the negative impacts arising from extraordinary events affecting image and reputation. The Group periodically monitors brand image value, their attributes and their reputation through customer opinion surveys, research by specialist entities and market studies. The Group also performs continuous follow-up of brand reputation, namely through press analysis, opinion articles issued by the media and social media. Sonae's brands are regularly granted national and international awards, which recognize excellence in specific products/services, business processes and innovation achievements.

TANGIBLE ASSET RISKS:

In 2017, preventive and safety audits were conducted in different locations of the business units. In the main business units, tests and simulations were made to emergency and preventive systems and plans, usually in the presence of civil protection services, security forces and fire brigades. The development and implementation of security standards, and related monitoring and self-assessment procedures (Control Risk Self-Assessment) also continued.

PEOPLE SAFETY RISKS:

The Safety and Health of our staff is a key management feature. Every year, several Safety and Health initiatives and actions are launched, with the aim of increasing the commitment and involvement of all our staff in preventing and reducing professional risks, as well as promoting healthy behaviour, which may contribute to the well-being of our staff.

We promote a culture of zero accidents, investing in our business units to make them safe and healthy environments.

Continuing the work done in previous years, the following initiatives have been implemented to strengthen our Safety Culture:

- As a result of the assessment of risks, mitigation measures were implemented, both at a structural level and in equipment, as well as aimed at changing staff behaviour through training and drills;
- Visits to the operational units by safety experts, with the objective of monitoring consistently units, work areas, teams, processes, work stations and equipment, which present higher risks;
- Implemented a zero-tolerance culture towards non-conformities. Non-conformities identified in Safety and Health audits, the results of investigations into accidents and of safety experts' visits are monitored, in order to contribute to work accident prevention;
- Every year we launch a questionnaire with Safety, Health and Well-Being topics, as a way of listening to our staff concerns, we review their answers and implement preventive measures with the aim of improving work conditions and the well-being of our staff;
- We share information on Safety and Health with the all of our staff, using monthly newsletter or specific awareness campaigns, in order to inform and call attention to risks and preventive measures to minimise their impacts and thus reduce accidents;
- At Sonae MC, being aware that Safety Promoters are of particular importance to prevent and reduce professional risks, we have launched, in 2017, 81 initiatives/workshops, involving 460 Safety Promoters, to give them skills and knowledge that allows them to be proficient, autonomous and acting;
- Safety Prevention Observation (SPO) Programme at Sonae MC – This programme aims at raising the awareness of unsafe behaviour and promoting safe behaviour at work, by identifying and observing these

behaviour patterns and communicating lessons learnt to all staff. In 2017, 59,576 SPO's have been performed.

All these actions contributed significantly to improve Health and Safety at Work and led to very positive results in 2017, with a reduction of 10% in the frequency index and of 11% in severity index of accidents (both at work place and *in itinere*), at the Retail businesses from 2016.

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

The set-up of Sonae Sierra's Safety and Health culture began with the PERSONÆ Project in 2004, whose final output was a cross-organizational Safety and Health culture within Sonae Sierra. This required implementing processes and actions, strictly aligned with the corporate Safety and Health policy and objectives, aimed at minimizing and controlling all people related risks that arise from Sonae Sierra activities in all Shopping Centres in operation and in all Development Projects. In total, within the PERSONÆ project, 5 million euros were invested and the project involved more than 70,000 people among Sonae Sierra employees and tenants in Portugal, Spain, Italy, Germany, Greece and Brazil. This project, concluded in 2008, has evolved into Sonae Sierra's Safety, Health and Environment Management System, which continues to hail the same high standards and commitment levels to minimize people related risks.

This effort was recognised through Sonae Sierra's corporate OHSAS 18001 certification in 2008, which was the first ever awarded in Europe to a Shopping Centre company. OHSAS 18001 certifications were additionally attained for all new development projects since 2009 and the 18 Shopping Centres currently in operation are individually certified with OHSAS 18001.

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

In 2017 Sonae Sierra has reduced the number of serious accidents (medical treatment, lost-workday/life disruption and fatality/permanent disability cases) by 10% in its shopping centres. Among service suppliers the accident severity rate decreased around 4%.

BUSINESS CONTINUITY MANAGEMENT:

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

ENVIRONMENTAL RISKS:

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

Sonae Investimentos has been awarded certification for its corporate Environmental Management System in 2007 according to the ISO 14001 standard by Lloyds Register Quality Assurance. In 2010, the EMS was adapted to the new Sonae Retail organization, and again has been certified.

In 2017, Sonae Retail's EMS was for the fourth time certified, this time against the most recent version of ISO 14001 standard, which is more demanding and complete in terms of identifying and managing risks and opportunities.

Sonae Retail has continued its pluriannual environmental certification programme of its operational units achieving in 2017 the landmark of having all its 41 hypermarkets certified.

At the end of 2017, Sonae Retail holds, in Portugal, 72 certifications (41 Continente hypermarkets, 8 Continente Modelo supermarkets, 2 Continente Bom Dia supermarkets, 14 Worten stores and 6 Warehouses, plus the Meat Processing Centre), as well as 3 Worten units in Spain. These certified operational units act as models for the continuous improvements of the environmental performance of all other units.

Sonae Sierra's Safety, Health and Environment Management System covers these risks for all Sonae Sierra's activities, including procurement, construction and the operation of Shopping Centres.

In 2017, 43% of Sonae Sierra Shopping Centres were individually granted ISO 14001 certification, setting the grounds for the following corporate achievements, in the period 2002 to 2017:

- Electricity consumption fell 47%;
- Recycling rates increased from 19% to 64% of total waste generated;
- Water efficiency improved 23%.

During the development phase of Shopping Centres, 26 of Sonae Sierra's construction projects were granted individual ISO 14001 certification for their outstanding environmental practices during construction.

Sonae Sierra's performance in the Global Real Estate Sustainability Benchmark (GRESB) has been strong since its outset, and in 2017 we maintained our position among the leaders in the GRESB attaining *Green Star* status. The Sierra Fund was ranked 4th in the non-listed European retail sector and 8th in European retail overall; the Sierra Portugal Fund was placed 16th in these categories, and Iberia Coop 14th and 20th.

CHANGE PROJECT RISKS:

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

INSURABLE RISKS:

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

FOOD SAFETY RISKS:

In Sonae MC, a programme of food safety audits was implemented and consolidated in stores, cafeterias, warehouses and production centres, leading to reporting of main conclusions and recommendations for corrective actions.

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

In 2017, 1430 food safety audits were performed.

INFORMATION, INFORMATION SYSTEMS AND COMMUNICATION RISKS

Sonae's businesses Information Systems are characterised as being broad ranging, distributed and heterogeneous. From the information security point of view, several risk reduction actions have been developed to ensure confidentiality, availability and integrity of information, including: implementing high availability systems and network infrastructure redundancy; controlling the quality of flows between applications; managing accesses and profiles; and strengthening mechanisms for data network perimeter protection.

During 2017, several information systems security and personal data protection awareness-training sessions were undertaken, with the presence of staff at all levels and of all functions. Additionally, we have continued with the programme to adapt to the new General Data Protection Regulation, approved in May 2016.

During 2017, information audits were carried out, in several domains that support main business processes with the objective of identifying and correcting potential vulnerabilities that can have a negative impact in the business and in the protection of information. In addition, information systems management and governance audits were also undertaken using framework COBIT v5 as a reference.

FINANCIAL RISKS

The Group is exposed to a variety of financial risks (detailed and analysed in the Notes to the Consolidated Financial Statements of Sonae) that may impact on its equity value. Synthetically, we can group such risks by their nature:

1. Interest Rate Risks;
2. Exchange Rate Risks;
3. Liquidity Risks;
4. Credit Risks;
5. Market Risks;
6. Equity Risks

In abstract, a financial risk shall be understood as a possibility of obtaining different results from the ones expected, and with a material impact in the Group. Sonae seeks, as much as possible, to control this volatility in order to protect its equity value.

Considering the multiple nature of the various businesses of the Group there isn't an individual policy for the management of these risks. There are generic principles that arise from the practices of good management, being, however, privileged an individual approach, well adapted to the characteristics of each business unit.

The Group's approach to financial risk management is conservative and prudent. Sonae does not assume any speculative positions, and therefore all operations carried out within the scope of financial risk management are solely for the purpose of controlling the risks to which the Group is already exposed.

Due to the nature of its business, the Group is particularly active in covering the exchange rate risk that arises essentially from the international sourcing activity. These transactions are generally performed by the hiring of derivative financial instruments, with Sonae's reporting banks with whom previously ISDA contracts have been signed in accordance with international standards. Although with a smaller incidence, in the management of interest rate risk, whenever coverages are made, the proceedings are the same.

A substantial part of the Group's resources is collected from relational banks and, occasionally on the capital markets and, accordingly, Sonae is, inevitably, exposed to its intrinsic volatility. In order to manage the risk, the Group has financing global policies that recommends that the Group's needs are refinanced over a period of 18 months, plus predetermined prudential buffers, thus reducing the impact of a sudden disruption of the capital markets, in the activity of the Group. Additionally, Sonae seeks to have a diversity of counterparties to reduce the impact that any specific events, in any bank or country, may have in the Group's ability to access funds at the intended amounts and conditions.

Coverage of the client's risks is an area that has been gaining expression over the past years, considering the growth of the sales channels of the various business units. Although this risk is small, in consolidated terms, the expansion of the wholesale and franchising activities of the business units has forced Sonae to give particular attention to the management of such risks, either throughout the creation of policies suitable to the characteristics and nature of the different businesses, defining credit risk' limits, either throughout credit insurance, bank guarantees and stand-by letters of credit, among other similar instruments. Additionally, the Group has created individualised credit committees per business with a multidisciplinary participation so that the risk of defaults by client is mitigated and monitored systematically and in a timely manner.

The Group is exposed to share price risks arising from the strategic investments made in listed companies. The Group may use derivative instruments associated with its listed financial investments, and these risks are

monitored on a recurring basis up to maturity.

The objectives of capital structure management (defined as the proportion between equity and net debt) are to safeguard the Group's ability to ensure the continuity and development of its operating activities, at the same time maximizing shareholder returns and optimizing financing cost.

The financial risk management policy is determined by each board of directors of each company within the Group, with the support of the Holding's central structure, being the risks identified and monitored in each of the Financial and Treasury departments of the businesses. This ensures a consistent and aggregated approach to the various risks that, at the end, impact on the Group.

Exposure to risks is also monitored by the Corporate Finance and Treasury Committee, where a consolidated risk analysis is reviewed and reported on a monthly basis, and guidelines on risk management policies are analysed and reviewed regularly.

The implemented system ensures that, in each moment, appropriate policies to manage financial risks are adopted, to avoid that such risks impair the achievement of the strategic objectives of the Sonae Group.

LEGAL, TAX AND REGULATORY RISKS

Sonae and its businesses have the support of legal and tax departments permanently dedicated to the respective activities and under management's supervision, and exercising their competencies in interaction with other functions and departments, in order to pre-emptively ensure the protection of Sonae's and its businesses interests in compliance with their legal obligations and best corporate governance practices.

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

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

The Company's more relevant pending litigation is identified in the notes to the Sonae consolidated financial statements.

Sonae and its businesses are obliged to comply with national and international laws and regulations for each market in which they operate, aiming to ensure: consumer safety and protection, employees' rights, environmental protection and compliance with local and country planning regulations, compliance with sector regulations and the maintenance of open and competitive markets. Due to this fact, Sonae is naturally exposed to the risk of changes in law and regulations that may impact business as usual and consequently affect or impede the achievement of its strategic objectives.

The Sonae Group acts in constant collaboration with the authorities in order to comply with laws and regulations. Such collaboration takes in some cases the form of comments on public consultation launched by national or international authorities. Moreover, the growing international presence of Sonae's companies involves specific risks related to the different nature of local legal frameworks.

54. DESCRIPTION OF RISK MANAGEMENT PROCESSES: IDENTIFICATION, ASSESSMENT, MONITORING, CONTROL AND MANAGEMENT

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

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

- (i) As part of strategic planning, risks of the existing business portfolio, as well as those of new businesses and of relevant projects, are identified and evaluated, and strategies to manage those risks are defined;

- (ii) At the operational level business risks, and planned actions to manage those risks, are identified and evaluated, and are included and monitored in business unit and functional unit parts;
- (iii) For risks that cross business unit boundaries, such as large-scale organisational changes and contingency and business continuity plans, structural risk management programmes are developed involving all those responsible for the relevant units and functions;
- (iv) As far as risks to tangible assets and people are concerned, audits are carried out at the main business units. Preventive and corrective actions are implemented for the risks identified. The financial cover of insurable risks is reassessed on a regular basis;
- (v) Financial risk management is carried out and monitored as part of the activity of the Company's and its businesses. Their work is reported to, coordinated with, and reviewed by the Corporate Finance and Treasury Committee and the Audit and Finance Committee of the Board of Directors;
- (vi) Management of legal risks is carried out and monitored by the legal and tax departments.

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

- (i) Defining and grouping risks (risk dictionary, definition, business risk matrix and a common language);
- (ii) Systematically identifying the risks that can potentially affect the organisation (risk sources);
- (iii) Evaluating the level of importance and managing the prioritisation of risks as a function of their impact on the objectives of the business, and the likelihood of the risks occurring;
- (iv) Identifying the causes for the most important risks;
- (v) Evaluating strategic risk management options (e.g. accept, avoid, treat, and transfer);
- (vi) Developing and implementing a risk management action plan to be integrated into the management and planning procedures of the units and functions of Sonae's businesses;
- (vii) Monitoring how risks evolve and report on progress made in the implementation of action plans.

INTERNAL AUDIT AND RISK MANAGEMENT TRAINING AND DEVELOPMENT

1. With regard to the Internal Audit function, in 2017 Sonae continued to support employee training for those who voluntarily put themselves forward for international certification programmes promoted by the IIA (The Institute of Internal Auditors) - Certified Internal Auditor (CIA) and Certification in Control Self-Assessment (CCSA). At the end of 2017, 34 certifications existed as follows:



2. The importance of continuous training, and the existence within the Group of people with knowledge and skills to train others (some of whom teach regularly outside the Group) were the basis for the establishment of the Internal Audit Academy, which has the following guidelines: definition of functional job descriptions; listing of core skills required for each function (technical and behavioural) and the training strategy for each function. Between 2013 and 2017, 34 training sessions were carried out, involving multidisciplinary teams and a total of 4,894 hours.

Sonae is one of the organisations with the most certified employees in internal audit and risk management in Portugal. In 2018, Sonae will continue to support this important training programme, and the international development and qualification of its internal audit and risk management staff, in line with international best practices.

ACTIONS UNDERTAKEN IN 2017

In 2017, the annual Enterprise Wide Risk Management activities focused mostly on monitoring the implementation of action plans and the assessment of their impact in risk perception.

This process, across the entire Group, is supported by an internally developed application tool, which is based on the COSO International Standard.

The Risk Management Department continued to support management of risks in main organizational projects, as well as in the design of crisis management and business continuity plans. Regarding this subject, a crisis management application was developed to support the crisis management process.

Physical safety, customer safety and security audit programmes were also implemented and fire prevention training events were held.

55. DESCRIPTION OF THE MAIN FEATURES OF SONAE'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS IN RELATION TO THE PREPARATION AND DISCLOSURE OF FINANCIAL INFORMATION

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

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

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

- The process of reporting financial information is documented, the risks and key controls are identified. The criteria used in the process of preparing and reporting financial information are established and periodically reviewed;
- There are three types of control: High-level controls (entity level controls), information system controls and process controls. Those include a group of procedures related to the execution, supervision, and monitoring and improvement of processes, with the main objective of preparing the financial reporting of the Company;
- Accounting principles used are disclosed in the notes to the financial statements and are fundamental bases of the internal control system;
- The business plans and budgets, and procedures and records of Group companies allow a reasonable assurance that the transactions executed are properly approved by management, and recorded in compliance with accounting principles, also ensuring that the Company maintains proper record of its assets with their existence reconciled with the accounting records;
- Financial information is reviewed regularly, by the management of each business unit and by the persons in charge of the profit centres, ensuring continuous monitoring and related budget control;
- During the process of preparing and reviewing financial information, detailed schedules are established and shared with the areas involved, and all documents are reviewed in detail, including the review of principles used, verifying the accuracy of the information and its consistence with principles and policies defined and followed in previous periods;
- With regard to the separate entities, accounting records and financial statements are prepared by the different functions of administrative and accounting services, which warrant the recording of business

- processes transactions and the recording of balances of assets, liabilities and equity captions. Financial statements are prepared by certified accountants of each company, and reviewed by the Planning and Control and Tax departments;
- Consolidated financial statements are prepared quarterly by the departments of the administrative services (consolidation team) of each sub-holding and holding corporate centre. This process represents an additional control of the reliability of financial information, as regards the consistent application of accounting principles, cut-off procedures and control of related parties transactions and balances;
 - The Management Report is prepared by the Investors Relations department and contributed to, and reviewed by, several business and support departments. The Corporate Governance Report is prepared by the General Counsel and Corporate Governance department;
 - The Group financial statements are prepared under the supervision of the Executive Committee. The documents that constitute the Annual Report and Accounts are sent for review and approval by the Sonae Board of Directors. Once approved, the documents are sent to the External Auditor who issues the accounts legal certification and its report;
 - The process of preparing separate and consolidated financial information and the Management Report is also supervised by the Statutory Audit Board and by the Board Audit and Finance Committee of the Board of Directors. These bodies meet quarterly to review the individual and consolidated financial statements and the management report. The Statutory External Auditor presents the main conclusions of the work carried out regarding the yearly financial information, directly to the Statutory Audit Board and to the Board Audit and Finance Committee;
 - All the persons involved in analysis of company financial information are included in the list of persons with access to inside information, and are informed about the nature of their obligations, as well as possible sanctions resulting from the inappropriate use of such information;
 - Internal rules applicable to the disclosure of financial information aim to warrant that information is disclosed to the market in a timely manner, in order to prevent information asymmetry.
 - Among the risks that may materially affect the financial and accounting report, the following are worth highlighting:
 - Accounting estimates – major accounting estimates are described in the Appendix to the financial statements. Estimates are based on information available during the preparation of the financial statements and in the best knowledge and experience of past and present events;
 - Balances and transactions with related parties – balances and transactions with related parties are disclosed in the notes to the financial statements. These transactions are related mainly to the operational activities of the Group, and to the granting and obtaining of loans under arm's length conditions;
 - In the Appendix to the financial statements additional information is disclosed regarding the abovementioned risks among others, as well as how they were mitigated.
 - Sonae adopts several principles related to continuous improvement of the system of internal control of financial risks, including:
 - Improvement in the documentation of controls – following action taken in previous years, Sonae continued to improve the documentation and systematization of risks and internal control system related to the preparation of financial information in 2017. This includes the identification of risk causes (inherent risk), the identification of processes of higher material importance, the documentation of controls, and the analysis of residual risk after the execution and implementation of the potential control improvements;
 - Compliance analysis – the Legal department and the Corporate Governance Officer, working together with the Administrative Services, Investor Relations, Internal Audit and Risk Management

departments, and, if necessary, other departments, coordinate the periodic analysis of compliance with legal requirements and regulations regarding governance processes and corresponding financial information that are reported on the Management Report and on the Corporate Governance Report.

IV - Investor relations

56. INVESTOR RELATIONS

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

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

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

In addition to the existence of the Investors Relations team, all information is made publicly available on the Internet via the Portuguese Securities Market Commission site (<http://www.cmvm.pt/en/Pages/homepage.aspx>) and on the Company's own website (<http://www.sonae.pt/en/investors/releases-to-the-market/>). Additionally, at the website <http://www.sonae.pt/en/investors> general information is provided about Sonae, as required by article 3 of the CMVM Regulation no. 4/2013, but also other relevant information, including:

- Institutional and other presentations of Sonae to the financial community;
- Quarterly, half yearly and annual results for the last five years;
- Sustainability Reports;
- Corporate Governance Reports;
- Names of managers in the investor relations team, as well as their contact details;
- The Company's share performance on the Portuguese Stock Exchange;
- Notices of Shareholders' Annual General Meetings;
- Annual financial calendars, including Shareholders' General Meetings and the dates of disclosure of annual, half-yearly and quarterly results.

To further enhance effective communication with the capital market and guarantee the quality of information provided, the Investor Relations team organises road shows covering the most important financial centres of Europe and United States, and participates in a number of conferences. A large number of investors and analysts also have the opportunity to talk to senior management in one-on-one meetings or conference calls.

Any interested party may contact Investor Relations via the following means:

Patrícia Vieira Pinto

Investor Relations Manager

Tel: (+351) 22 010 47 94

Fax: (+351) 22 948 77 22

Email: investor.relations@sonae.pt / pavpinto@sonae.pt

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

Site: <https://www.sonae.pt/en/>

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

57. LEGAL REPRESENTATIVE FOR CAPITAL MARKET RELATIONS

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

Tel: +351 220104706

Fax: +351 229487722

Email: investor.relations@sonae.pt

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

58. INFORMATION REQUESTS

During 2017, Investor Relations received 290 information requests.

The average response time was of 2 business days. Notwithstanding, that the complexity of the matter may determine an extended response time in some cases.

V - Website

59. ADDRESS

Company's website: <http://www.sonae.pt/en/>.

60. LOCATION OF THE INFORMATION MENTIONED IN ARTICLE 171 OF THE PORTUGUESE COMPANIES ACT

Website: <https://www.sonae.pt/en/investors/government-of-society/>.

61. LOCATION FOR THE PROVISION OF THE ARTICLES OF ASSOCIATION, BODIES AND COMMITTEES' REGULATIONS

Website: <https://www.sonae.pt/en/investors/government-of-society/>.

62. LOCATION FOR THE PROVISION OF INFORMATION ABOUT THE IDENTITY OF THE STATUTORY GOVERNING BODIES, THE REPRESENTATIVE FOR MARKET RELATIONS, THE INVESTOR RELATIONS, RESPECTIVE FUNCTIONS AND CONTACT DETAILS

Website: <https://www.sonae.pt/en/investors/government-of-society/> and at <http://www.sonae.pt/en/contacts>.

63. LOCATION FOR THE PROVISION OF ACCOUNTING DOCUMENTS AND CALENDAR OF CORPORATE EVENTS

Accounting Documents - <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/> and <https://www.sonae.pt/en/investors/financial-information/financial-data/>.

Calendar of corporate events- <http://www.sonae.pt/en/investors/financial-calendar/>.

64. LOCATION FOR THE PROVISION OF THE NOTICES FOR SHAREHOLDERS' GENERAL MEETINGS AND ALL RELATED INFORMATION

Website: <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

65. LOCATION WHERE THE HISTORICAL ARCHIVES 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: <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

D - Remuneration

I - Power to establish

66. RESPONSIBILITY FOR APPROVING THE REMUNERATION OF THE COMPANY'S STATUTORY GOVERNING BODIES, EXECUTIVE DIRECTORS AND PERSONS DISCHARGING MANAGERIAL RESPONSIBILITIES ("DIRIGENTES")

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

The Board Nomination and Remuneration Committee, mainly composed of Independent Non-Executive Directors, described in sections 15 to 29, supports the Shareholders' Remuneration Committee in carrying out its duties.

II - Remuneration committee

67. COMPOSITION OF THE REMUNERATION COMMITTEE, IDENTIFICATION OF OTHER INDIVIDUALS AND ENTITIES HIRED TO PROVIDE SUPPORT AND ADVISORS' STATEMENT OF INDEPENDENCE

The Shareholders' Remuneration Committee is composed of three members, elected at the Shareholders' General Meeting for a four-year mandate from 2015 to 2018. The Shareholders' Remuneration Committee has the following composition:

SHAREHOLDERS' REMUNERATION COMMITTEE

Artur Eduardo Brochado dos Santos Silva, Chair

Francisco de La Fuente Sánchez

Carlos António Rocha Moreira da Silva

All members of the Shareholders' Remuneration Committee are independent from the Board of Directors and are not connected to any other interests group.

The Shareholders' Remuneration Committee obtains annual benchmarking studies on remuneration levels and practices prepared by the internationally renowned consultants Hay Group and Mercer, in order to ensure that the statutory governing bodies' remuneration policy, to be submitted for the approval of the Shareholders' Annual General Meeting, is in line with the market comparable companies. The Shareholders' Remuneration Committee did not contract any third party consultants during 2017.

68. KNOWLEDGE AND EXPERIENCE OF THE MEMBERS OF THE REMUNERATION COMMITTEE

The experience and professional qualifications of the members of the Shareholders' Remuneration Committee allows them to carry out their duties in a rigorous and competent manner, each of them having the appropriate skills to carry out their duties. Their qualifications can be consulted at <https://www.sonae.pt/en/investors/government-of-society/>.

The amount of fixed annual remuneration for members of the Shareholders' Remuneration Committee in 2017 was as follows:

Member of the Shareholders' Remuneration Committee	2016*	2017*
Artur Eduardo Brochado dos Santos Silva	7,000	7,000
Francisco de La Fuente Sánchez	5,000	5,000
Carlos António Rocha Moreira da Silva	5,000	5,000
Total	17,000	17,000

* Amounts in euros.

During 2017, 1 (one) meeting of the Shareholders' Remuneration Committee was held, with an overall attendance rate of 100%.

III - Remuneration Structure

69. DESCRIPTION OF THE REMUNERATION POLICY OF THE BOARD OF DIRECTORS AND OTHER STATUTORY GOVERNING BODIES, AS PROVIDED FOR IN ARTICLE 2 OF LAW NO. 28/2009, OF 19TH JUNE

69.1 Principles

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

- Overall market comparisons;
- Practices of comparable companies, including other business areas of Sonae that are in comparable situations;
- Each Executive Director's responsibilities and assessments made of their recent performance.

Remuneration policy at Sonae is used as a formal means of aligning the interests of the Company's management with those of the shareholders, given that, among the various component parts of the remuneration package, the variable component, the value of which depends on the individual's and the Sonae's performance, is given high importance. A

management approach focusing on the long-term interests of the Company and, in which, business risks are carefully considered, is thereby encouraged.

The Sonae 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 taking excessive risk. This goal is also achieved by limiting the maximum value of each Key Performance Indicator (KPI).

The remuneration policy applicable to Sonae's statutory governing bodies is approved in advance by the shareholders at the Shareholders' General Meeting. The body responsible for presenting the Remuneration proposal and approving the remuneration of both executive and non-executive members of the Board of Directors and members of the other statutory governing bodies of the Company, is the Shareholders' Remuneration Committee, fully composed of independent members. The Committee's members are also elected and their remuneration is decided upon by the Shareholders' General Meeting.

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

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

The Remuneration and Compensation Policy currently in operation was approved at the Shareholders' Annual General Meeting held on 28th April 2017, and is based on the following principles, consistent with the policy previously adopted.

REMUNERATION POLICY FEATURES:

COMPETITIVENESS:

- In determining the Remuneration and Compensation Policy of the statutory governing bodies of the Company, the main goal is to attract talent with high level of performance that can deliver a valuable and material contribution to the sustainability of the Company's business. The Policy is defined by benchmarking against the global market and with the practices of comparable companies, based on information furnished by the main annual surveys performed for Portugal and other European markets, in particular those prepared by Mercer and Hay Group.
- Accordingly, the remuneration parameters for members of the statutory governing bodies are determined and periodically revised in line with the remuneration practices of national and internationally comparable companies, with the aim of aligning with the market practice the potential maximum amount of remuneration, both individually as well as in aggregated terms, to be paid to the members of the statutory governing bodies. When making such analysis, the remuneration of the members of the statutory governing bodies shall take into consideration, namely, alongside other factors, the profile and the background of the member, the nature and the description of the role and the competencies of the statutory governing body and of the individual member, as well as the degree of direct correlation between individual performance and business performance.
- For the assessment of the market practice reference values, it is considered the average compensation for Europe's top tier executives. The companies that are considered to be comparable companies are those with securities traded at Euronext Lisbon regulated market.

ORIENTATION FOR PERFORMANCE:

- The Policy establishes the attribution of bonus calculated considering the level of success of the Company. The variable component of the remuneration is structured in a way to establish a connection between the

bonus attributed and the level of performance both individual and collective. In the case that the predefined objectives, measured by business and individual KPIs are not accomplished, the amount of short and medium incentives awarded will be totally or partially reduced.

ALIGNMENT WITH THE INTERESTS OF SHAREHOLDERS:

- Part of the variable bonus (the Medium Term Performance Bonus) of the Executive Directors is designed to enhance the sense of connection between the Executive Directors and the Company, aligning their interests with the interests of shareholders and increasing their awareness of their importance to the overall success of the organisation. The MTPB plans remain open for a 4 year period, covering the performance year and the 3 year deferral period that follows attribution. During the deferral period, the initial value awarded under the plans are subject to share price performance until they vest and are also adjusted to reflect the level of achievement of defined medium-term KPIs.

TRANSPARENCY:

- Every aspect of the remuneration structure is clear and openly published, either internal as well as externally, through the publicity of the documentation in the Company's website. This communication process contributes to promote equity and independency.

REASONABLENESS:

- The Policy intends to ensure a balance between Sonae's interests, the market position, the members of the governing bodies' expectations and motivations, as well as focusing on talent retention.
- The Remuneration and Compensation Policy of the statutory governing bodies and of other persons discharging managerial responsibilities adheres to European Community directives, to Portuguese national law and to the recommendations of the Portuguese Securities Market Commission (CMVM).
- The Remuneration and Compensation Policy currently in operation was approved at the Shareholders' Annual General Meeting that took place on 28th April 2017, continuing the policy consistently followed previously, and is based on the following principles:
 - No compensation payments to board directors or members of statutory governing bodies related to the cessation of their duties, whether their resignation occurs according to their original mandate or whether it is anticipated for whatever reason, without prejudice to the obligation of the Company to comply with any relevant legislation in force in this area;
 - Non-existence of any specific system of benefits, in particular relating to retirement, in favour of members of the Board of Directors, supervisory bodies and other persons discharging managerial responsibilities;
 - When applying the Remuneration and Compensation Policy, consideration is given to roles and responsibilities performed in subsidiaries.

69.2 Competitiveness of the Remuneration Policy

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

WHO ARE OUR BENCHMARK/PEER GROUP COMPANIES?

- At Sonae, remuneration policy is determined by comparison with the overall market and the practices of comparable companies. This information is obtained from the main remuneration surveys carried out

independently for Portugal and the principal European markets. Currently, the market surveys conducted by Mercer and the Hay Group are used as references.

- The average value for top managers in Europe is used to determine the figures for the overall market. The companies that make up the pool of comparable companies are those included in the Portuguese stock market index, the PSI-20.

69.3 Risk Control in relation to remunerations

Sonae reviews its remuneration policy annually as part of its risk management process in order to ensure that it is entirely consistent with its desired risk profile. During 2017, no problems relating to payment practice were found that posed significant risks.

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

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

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

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

69.4 Remuneration Policy Approval Process

The Board Nomination and Remuneration Committee submits remuneration proposals for the members of the Board of Directors to the Shareholders' Remuneration Committee, in accordance with the approved internal procedure.

MONTH	REMUNERATION CYCLE
January	Reception of market surveys and benchmarking of remuneration trends and expectations using external benchmarking studies.
March	<p>Board Nominations and Remuneration Committee (BNRC) Meeting in mid-March:</p> <p>Closing of prior year and preparation for the current year, reviewing:</p> <ul style="list-style-type: none"> -Annual Appraisal Process; -Remuneration Policy Proposal; -Proposals for the award of variable remuneration for previous year, including the deferred component; -Proposals for fixed remuneration for the current year; -Proposals for variable remuneration target values for performance in the current year. <p>Shareholders' Remuneration Committee (SRC) Meeting later in March, after the BNRC has met:</p> <p>Closing prior year and preparing current year, <u>approving or deciding</u> the following:</p> <ul style="list-style-type: none"> -Proposals for the award of variable remuneration for the previous year, including the deferred component; -Proposals for fixed remuneration for the current year;

	- Proposals for variable remuneration target values for performance in the current year.
April	Shareholders' Annual General Meeting in late April: Shareholders vote on Remuneration Policy proposed by the SRC.
May	SRC Meeting in early May: Only if Board membership or responsibility changed at the Shareholders' Annual General Meeting.
June to October	BNRC Reporting: Update on current year KPIs (if necessary). SRC Meeting: Only if there are any Board membership or responsibility changes.
November	BNRC Meeting: -Progress on current year KPIs (if required); -Review status of Medium Term Variable Remuneration plans and shares retained; -Review of Talent Management, and Contingency and Succession Planning; -Review Nomination Process (if required); -Review BNRC Terms of Reference and Annual Plan for next year; -Review Compensation Policy, including MTIP. SRC Meeting: Only if there are any Board membership or responsibility changes.
December	BNRC Reporting: Update on current year KPIs (if required); SRC Meeting: Only if there are any Board membership changes.

70. REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

70.1 Executive Directors

The remuneration of Executive Directors is determined according to the level of responsibility of the member of the Board of Directors involved and is subject to annual review.

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

Variable remuneration is awarded in the first quarter following the year to which it relates and linked to performance in the prior year, and aims to motivate and compensate Executive Board Directors for achieving predefined objectives. It is divided into two equal parts:

- a) Short Term Performance Bonus (STPB) paid in cash in the first half of the year following the year to which it relates. It may, however, upon the decision of the Shareholders Remuneration Committee, be paid, within the same deadline, in shares, subject to the terms and conditions set forth below for the Medium Term Performance Bonus – see section 71 for further details;
- b) Medium Term Performance Bonus (MTPB), paid after a deferral period of 3 years and on the year that follows - see sections 71, 72 and 73 for further details.

The various components of the annual remuneration – fixed and variable - are summarised in the following table:

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

The obligation to pay in cash the bonus incentive may be fulfilled as permitted by law and by the Company's articles of association.

Currently, no scheme involves the award of share purchase options.

70.2 Non-Executive Directors

The remuneration of Non-Executive members of the Board of Directors is exclusively composed of fixed values determined by reference to market values, accordingly with the following principles: (i) attribution of a Fixed Remuneration; (ii) attribution of an annual responsibility allowance. No variable bonus of any kind is paid to Non-Executive Directors.

This remuneration is paid quarterly in arrears.

71. VARIABLE REMUNERATION OF 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, payment is not guaranteed. Variable remuneration is determined annually with the value based on a predefined percentage between 30% and 60% of total annual remuneration (fixed remuneration plus variable remuneration using target values).

The variable component is determined by evaluating a number of performance indicators concerning the different businesses, namely economic and finance indicators – “Key Performance Indicators of Business Activity” (Business KPIs).

Approximately 70% of the variable component is determined by business, economic and financial KPIs, namely, turnover, EBITDA, net result and share price performance.

The Executive Directors' appraisal is based on the average achievement of said KPIs in each business.

The KPIs and their specific importance in determining the effective remuneration ensure the alignment of the Executive Directors with the strategic objectives defined and the fulfilment of the legal requirements applied to the activity of the Company.

The amount of each bonus has a minimum of 0% and a maximum limit of 140% of the predefined bonus objective.

72. DEFERRED PAYMENT OF THE REMUNERATION'S VARIABLE COMPONENT

The payment of at least 50% (fifty percent) of the remuneration's variable component is deferred after a 3 (three) year period, in a total of 4 years, under the terms described in the previous section 70.1 (Medium Term Performance Bonus).

73. CRITERIA THAT UNDERLIES THE ALLOCATION OF VARIABLE REMUNERATION IN SHARES AND THEIR MAINTENANCE

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

MTPB is one of the components of Sonae's remuneration policy. This component distinguishes itself from the remaining since it is restricted and voluntary, and its attribution is subject to the eligibility criteria hereby described.

MTPB allows the beneficiaries to share with shareholders the value generated through their involvement in the strategy and management of Sonae's businesses in the just measure of the results of their annual assessment of performance.

2. MTPB Scheme

MTPB aligns the interest of Executive Directors with the organisation's objectives, reinforcing their compromise and strengthening their view over the importance of their performance for Sonae, and expressed in Sonae share market capitalisation.

3. Eligibility

Sonae and Sonae companies' Executive Directors are eligible for attribution of MTPB. Employees may also be eligible for attribution of the MTPB pursuant to the remuneration policy approved by the Board of Directors specifically for employees.

ELIGIBLE MEMBERS	REFERENCE VALUE FOR MEDIUM TERM BONUS PLAN (% TOTAL TARGET VARIABLE REMUNERATION)
Sonae Executive Directors	At least 50%
Sonae Business Units Executive Directors	At least 50%
Employees	To be defined by each Company's Board of Directors

4. Duration of the MTPB plan

The MTPB plan contemplates a four-year period, which includes the relevant year and a three-year deferral period (the "performance year"). As from the third consecutive plan, it will occur in each moment the overlapping of three three-year plans.

5. Valuation of the of MTPB plan

The MTPB is based on the attributed value, and is subject to the following variation factors: (i) the representative share price; (ii) dividend corrective action or share capital variation; and (iii) the degree of achievement of medium term KPIs.

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

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

During the deferral period, the amount of the bonus, converted into shares, may additionally be adjusted to match the success degree in achieving a medium terms KPI, in order to ensure the continued alignment with the business medium terms sustainability objectives. This KPI consists of the return on invested capital in the several businesses and is determined in average terms by reference to the Company's Executive Directors.

In line with the policy for enhancing the alignment of Executive Directors with the company's medium term interests, the Shareholders' Remuneration Commission may, in its absolute discretion, graduate the discount percentage to be granted to the Executive Directors for the acquisition of Company's shares, by determining that Executive Directors contribute to the acquisition in an amount corresponding, at the maximum, to 5% of the share market price at the transfer date. The remaining employees to whom such right has been conferred, may acquire shares under the terms defined by each Company's Board of Directors.

6. Delivery by the Company

At the moment of the exercise of the share acquisition right under MTPB, the Company reserves itself the right of delivering, in substitution of the shares, the cash equivalent amount to the share market value at the date of the exercise of the right.

7. MTPB plan vesting

The MTPB plan contemplates a four-year period, which includes the relevant year and a three-year deferral period.

8. Termination of the MTPB plan

The right to acquire shares attributed under the MTPB plan expires when the beneficiary no longer works with Sonae before the end of the vesting period, without prejudice to the provisions set forth in the following paragraphs.

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.

In order to ensure the effectiveness and transparency of the objectives of the Remuneration and Compensation Policy, it was determined that the Executive Directors:

- shall not sign contracts with the Company or with third parties that would have the effect of mitigating the risks inherent in the variable nature of the remuneration that the Company has established for them;
- shall not dispose of, during the period of their mandate, nor will dispose of during any new mandate, shares in the Company, which they have acquired the right through the award of variable remuneration up to a maximum of two times the value of their total annual remuneration, with the exception of those that have to be disposed of to pay any taxes resulting from profits made on these same shares.

74. CRITERIA THAT UNDERLIES THE ALLOCATION OF VARIABLE REMUNERATION IN OPTIONS

The Company did not establish any variable remuneration in options.

75. MAIN PARAMETERS AND REASONING CONCERNING ANNUAL BONUSES AND ANY OTHER NON-CASH BENEFITS

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

76. MAIN CHARACTERISTICS OF COMPLEMENTARY PENSION OR EARLY RETIREMENT SCHEMES FOR THE DIRECTORS APPROVED AT THE SHAREHOLDERS' GENERAL MEETING

The Company does not have any complementary pension or early retirement schemes for Directors, nor does it attribute any relevant non-pecuniary benefits.

IV - Disclosure of Remuneration

77. INDICATION OF THE ANNUAL REMUNERATION EARNED, IN AGGREGATE AND INDIVIDUAL AMOUNT, BY THE COMPANY'S MEMBERS OF THE BOARD OF DIRECTORS

Directors' remuneration, awarded by the Company during the years 2016 and 2017, is summarised in the tables below:

INDIVIDUAL DETAIL	2016*				2017*			
	Fixed Remuneration	STPB	MTPB	TOTAL	Fixed Remuneration	STPB	MTPB	TOTAL
EXECUTIVE DIRECTORS								
Duarte Paulo Teixeira de Azevedo (1)	241,800	190,500	190,500	622,800	241,800	205,300	205,300	652,400
Ângelo Gabriel Ribeiro dos Santos Paupério (2)	276,800	203,900	203,900	684,600	276,800	219,800	219,800	716,400
Sub-total	518,600	394,400	394,400	1,307,400	518,600	425,100	425,100	1,368,800
NON-EXECUTIVE DIRECTORS								
José Manuel Neves Adelino	66,900	-	-	66,900	66,900	-	-	66,900
Andrew Eustace Clavering Campbell	46,500	-	-	46,500	46,500	-	-	46,500
Christine Cross	48,500	-	-	48,500	48,500	-	-	48,500
Tsega Gebreyes	51,500	-	-	51,500	51,500	-	-	51,500
Marcelo Faria de Lima	51,400	-	-	51,400	51,400	-	-	51,400
Dag Johan Skattum	47,100	-	-	47,100	46,500	-	-	46,500
Margaret Lorraine Trainer	49,100	-	-	49,100	54,500	-	-	54,500
Sub-Total	361,000			361,000	365,800	-	-	365,800
TOTAL	879,600	394,400	394,400	1,668,400	884,400	425,100	425,100	1,734,600

* Amounts in Euros.

(1) Remuneration packages for 2016 and 2017 were reduced proportionally to reflect planned time commitment to Sonae during the respective years.

(2) Also received remuneration from subsidiaries of the Company, as reported in section 78.

Open MTPB plans attributed to the Executive Directors:

EXECUTIVE DIRECTORS	PLAN (PERFORMANCE YEAR)	AWARD DATE	VESTING DATE	AMOUNT VESTED AND PAID OFF IN 2017*	OPEN PLANS VALUE AT AWARD DATE** **	OPEN PLANS VALUE AT 31 DECEMBER 2017* **
	2013	March 14	March 17	365,353	0	0
Duarte Paulo Teixeira de Azevedo	2014	March 15	March 18		389,400	303,990
	2015	March 16	March 19		264,600	220,434

	2016	March 17	March 20		190,500	261,515
				Total	365,353	844,500
Ângelo Gabriel Ribeirinho dos Santos Paupério	2013	March 14	March 17	310,761	0	0
	2014	March 15	March 18		313,900	269,878
	2015	March 16	March 19		333,100	331,097
	2016	March 17	March 20		340,100	456,198
				Total	310,761	987,100
			TOTAL	676,114	1,831,600	1,843,112

* Amounts in Euros.

** Calculated considering the share market closing price of 2017 last trading day.

78. ANY AMOUNTS PAID BY OTHER CONTROLLED OR GROUP COMPANIES, OR THOSE UNDER SHARED CONTROL

Directors' remuneration, awarded by other controlled or group companies, during the years 2016 and 2017, is summarised in the table below:

INDIVIDUAL DETAIL	2016*				2017*			
	Fixed	STPB	MTPB	TOTAL	Fixed	STPB	MTPB	TOTAL
EXECUTIVE DIRECTORS	Remuneration				Remuneration			
Duarte Paulo Teixeira de Azevedo	-	-	-	-	-	-	-	-
Ângelo Gabriel Ribeirinho dos Santos Paupério	183,900	136,200	136,200	456,300	183,900	142,100	142,100	468,100
<i>Sub-total</i>	183,900	136,200	136,200	456,300	183,900	142,100	142,100	468,100
NON-EXECUTIVE DIRECTORS								
José Manuel Neves Adelino	-	-	-	-	-	-	-	-
Andrew Eustace Clavering Campbell	-	-	-	-	-	-	-	-
Christine Cross	-	-	-	-	-	-	-	-
Tsega Gebreyes	-	-	-	-	-	-	-	-
Marcelo Faria de Lima	-	-	-	-	-	-	-	-
Dag Johan Skattum	-	-	-	-	-	-	-	-
Margaret Lorraine Trainer	-	-	-	-	-	-	-	-
<i>Sub-Total</i>	-	-	-	-	-	-	-	-
TOTAL	183,900	136,200	136,200	456,300	183,900	142,100	142,100	468,100

*Amounts in Euros.

79. REMUNERATION PAID IN THE FORM OF PROFIT SHARING AND/OR BONUS PAYMENTS

The variable remuneration of the Executive Directors was determined in accordance with the performance assessment and the remuneration policy approved in the Shareholders' General Meeting held on 28th April 2017, as detailed in section 71 above and in the remuneration table in section 77 above.

The remuneration paid in the form of profit sharing is included in the Short Term Performance Bonus (STPB), disclosed in section 77 above.

80. COMPENSATION PAID OR OWED TO FORMER EXECUTIVE DIRECTORS AS A RESULT OF LOSS OF OFFICE

During 2017, no compensation was paid or owed to former Executive Directors in relation to loss of office.

81. REMUNERATION OF THE STATUTORY AUDIT BOARD

The remuneration of the members of the Statutory Audit Board is made up of fixed annual fees, based on the Company's financial situation and market practice, and does not include any variable remuneration.

The amount of fixed annual remuneration for members of this body in 2016 and 2017 was as follows:

Member of the Statutory Audit Board	2016*	2017*
Daniel Bessa Fernandes Coelho	13,900	13,900
Manuel Heleno Sismeiro	10,900	10,900
Maria José Martins Lourenço da Fonseca	10,900	10,900
Óscar José Alçada da Quinta		
Total	35,700	35,700
* Amounts in euros.		

82. REMUNERATION OF THE CHAIRMAN OF THE BOARD OF THE SHAREHOLDERS' GENERAL MEETING

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

Board of The Shareholders' General Meeting	2016*	2017*
Manuel Eugénio Pimentel Cavaleiro Brandão	7,500	7,500
Maria Conceição Henriques Fernandes Cabaços	2,500	2,500
Total	10,000	10,000
* Amounts in euros.		

V - Agreements with remuneration implications

83. CONTRACTUAL LIMITATIONS ON COMPENSATIONS TO BE PAID UPON THE DIRECTOR'S DISMISSAL WITHOUT DUE CAUSE AND ITS RELATION WITH THE VARIABLE COMPONENT OF REMUNERATION

There are no agreements in place with members of the Board of Directors or persons discharging managerial responsibilities, that establish amounts to be paid in case of any dismissal without due cause, without prejudice to the applicable legal provisions.

84. REFERENCE TO THE EXISTENCE AND DESCRIPTION, STATING THE SUMS INVOLVED, OF THE AGREEMENTS BETWEEN THE COMPANY AND MEMBERS OF THE BOARD OF DIRECTORS, PROVIDING FOR COMPENSATION IN CASE OF DISMISSAL WITHOUT DUE CAUSE OR TERMINATION OF THE EMPLOYMENT RELATIONSHIP, FOLLOWING A CHANGE OF CONTROL OF THE COMPANY

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

VI - Share Attribution Plans or Stock Options

85. IDENTIFICATION OF THE PLAN AND RECIPIENTS

The share attribution plan includes the medium-term variable remuneration and the main recipients are the Executive Directors, in terms detailed in section 73 above, as well as employees of group companies, in accordance to terms and conditions defined by the respective Boards of Directors.

86. PLAN FEATURES

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

The remuneration policy for the statutory governing bodies as well as the current share attribution plan, were approved at the Company's Shareholders' Annual General Meeting, held on 28th April 2017, as per the terms of the proposal presented by the Shareholders' Remuneration Committee, in compliance with article 2, Law no. 28/2009 of 19 June and 2013 CMVM Recommendation II.3.4.

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

Information on resolutions taken at the Shareholders' Annual General Meeting can be found in <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

The movements in the open MTPB plans of the Company's Executive Board Directors, during 2017, can be summarised as follows:

	Total		
	Aggregated number of plans	Number of Shares	Euros
Outstanding at 31.12.2016:	6	1,186,411	1,036,924
Movements in the year:	0	32,006	335,014
Awarded	2	435,320	394,400

Vested	-2	-497,027	-
Cancelled/Lapsed/Adjustments(1)	0	93,713	466,211
Outstanding at 31.12.2017:	6	1,218,417	1,371,939

(1) Changes in the number of shares due to dividends paid and to the effects of Medium Term KPIs. Changes to the values are for the same reason, as well as from the effect of changes in the Sonae share price.

The present chart does not include information regarding the share plan that may be attributed to the directors of Sonaecom and Sonae Sierra.

Summary of the MTPB Plans of the Company's Executive Board Directors, including the MTPB Plans of Sonae Business Units' executive directors, by reference to the year ended on 31st December 2017:

SONAE SGPS SHARE PLAN OUTSTANDING DURING 2017	VESTING PERIOD			AT 31 DECEMBER DE 2017	
	Share Price at Award Date	Award Date	Vesting Date	Aggregate number of participants	Number of Shares
2014 Plan	1.343	March 2014	March 2017	19	0
2015 Plan	1.278	March 2015	March 2018	18	1,271,370
2016 Plan	0.970	March 2016	March 2019	19	1,357,962
2017 Plan	0.906	March 2017	March 2020	21	2,011,702

The present chart does not include information regarding the share plan that may be attributed to the directors of Sonaecom and Sonae Sierra.

87. OPTION RIGHTS GRANTED TO ACQUIRE SHARES ("STOCK OPTIONS") WHERE THE BENEFICIARIES ARE COMPANY EMPLOYEES

No option rights to acquire shares were granted.

88. CONTROL MECHANISMS IN ANY SYSTEM OF EMPLOYEE PARTICIPATION IN THE SHARE CAPITAL

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

E - Relevant Transactions with Related Parties

I - Mechanism of control procedures

89. MECHANISMS FOR MONITORING TRANSACTIONS WITH RELATED PARTIES

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

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

90. TRANSACTIONS SUBJECTED TO CONTROL DURING 2017

As stated in section 10 above, there were not, during 2017, any significant relations, of a commercial nature or otherwise, between qualified shareholders and the Company. The executed transactions, without any significant relevance, fall within the Company's scope of activity, were executed on arm's length conditions and side-by-side with other equivalent transactions executed with national and international parties, as described in the Appendix to the Consolidated Financial Statements' according to the information provided in section 92. The Company did not execute any transaction with any member of the management or audit bodies during 2017.

91. DESCRIPTION OF THE PROCEDURES AND CRITERIA FOR INTERVENTION OF THE STATUTORY AUDIT BOARD, FOR THE PURPOSE OF PRELIMINARY ASSESSMENT OF THE BUSINESS CARRIED OUT BETWEEN THE COMPANY AND HOLDERS OF QUALIFIED SHAREHOLDINGS OR ENTITIES THAT ARE IN A RELATION WITH THEM, UNDER THE TERMS OF ARTICLE 20 OF THE PORTUGUESE SECURITIES CODE

Transactions of a value exceeding 100 million euros with owners of qualified shares or with entities related in any way with them, under the terms of article 20 of the Portuguese Securities Code, are subject to a formal prior opinion by the Board Audit and Finance Committee and the Statutory Audit Board.

In addition, all transactions with related parties in excess of 10 million euros, are also reported to these two entities every six months by the secretary of the Executive Committee.

II - Elements related to transactions

92. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

Information on transactions with related parties, in accordance with IAS 24, can be found in note 43 of the 2017 Consolidated Financial Statements' Appendix.

The page features a large, abstract graphic composed of overlapping teal and light blue shapes. A vertical teal line runs down the right side of the page, with a small teal dot at its intersection with the top of the main graphic. Another teal dot is located at the bottom of the vertical line, connected to the main graphic by a thin teal line.

PART II Statement of Compliance

1. Identification of the adopted Corporate Governance Code

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

The Report should be read as an integral part of the Annual Management Report and the Individual and Consolidated Financial Statements for the financial year of 2017.

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

Per the duration of the financial year to which this Report relates, the Company continued to adopt and apply CMVM Recommendations on Corporate Governance as disclosed in July 2013.

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

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

2. Analysis of compliance with the adopted Corporate Governance Code

I - Voting and corporate control

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

RECOMMENDATION FULLY ADOPTED

The Company encourages its shareholders to participate in General Meetings, in particular by assigning to each share one vote, not limiting the number of votes that may be held or exercised by each shareholder and by making available to shareholders the means necessary to exercise written voting or voting by electronic means.

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

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

RECOMMENDATION FULLY ADOPTED

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

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

RECOMMENDATION FULLY ADOPTED

No such mechanisms have been adopted or established.

1.4 The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in agreement with other shareholders, shall also foresee that, at

least every five years, the maintenance of such bylaw provision shall be subject to a resolution at the General Meeting – with no requirements for an aggravated quorum as compared to the legal one – and that in said resolution, all votes issued be counted, without applying said restriction.

RECOMMENDATION NOT APPLICABLE

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

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

RECOMMENDATION FULLY ADOPTED

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

II - Supervision, management and audit

II.1 SUPERVISION AND MANAGEMENT

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

RECOMMENDATION FULLY ADOPTED

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

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

RECOMMENDATION FULLY ADOPTED

The powers not delegated by the Board of Directors are described in the present Report and comply with the rules contained in this recommendation (please refer to section 27.1).

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

RECOMMENDATION NOT APPLICABLE

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

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

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

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

RECOMMENDATION FULLY ADOPTED

The Board of Directors has set up two specialised committees, as to ensure the effectiveness and the quality of the work performed. The committees currently in existence are the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee and their respective competencies are detailed in this Report (please refer to section 29).

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

RECOMMENDATION FULLY ADOPTED

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

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

RECOMMENDATION FULLY ADOPTED

The Board of Directors has a total number of nine members, seven of which are non-executive members (please refer to section 18).

II.1.7 *The non-executive members of the management body shall include a number of independent members as appropriate, taking into account the adopted corporate governance model, the size of the company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and the members of the Audit Committee shall be assessed under the terms of the legislation in force. The other members of the Board of Directors are considered independent, if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, namely due to:*

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

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

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

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

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

RECOMMENDATION FULLY ADOPTED

The Board of Directors is composed of seven independent Non-Executive Directors who meet the independence criteria set out in this recommendation (please refer to section 18).

The maintenance of the independence degree is periodically assessed, and independent directors are requested to promptly report any event that might compromise the loss of said quality.

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

RECOMMENDATION FULLY ADOPTED

The Executive Committee periodically makes available to the Board of Directors the content of all resolutions taken, during the year. The Executive Directors provide all the clarifications necessary to the exercise of the duties of the Non-Executive Directors, as well as to the members of the others statutory governing bodies, when required to do so, or by its own initiative.

II.1.9 *The Chairman of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Financial Matters Committee, the convening notices and minutes of the relevant meetings.*

RECOMMENDATION FULLY ADOPTED

All information regarding the meetings held is provided to all the members of the Board of Directors and to the Chairman of the Statutory Audit Board.

Furthermore, considering that the Chairman of the Board is also Co-Chairman of the Executive Committee, the Board of Directors has appointed a Senior Independent Non-Executive Director who, under the terms of the Board of Directors' Internal Regulation and in accordance with the Corporate Governance best practices, ensures, in a timely and suitable manner, the proper flow of information for the exercise of the legal and statutory role of all the remaining governing bodies and committees, facilitating, in a non-restrictive way, the necessary resources for the access to all the convening notices, minutes and documentation of the relevant decision-making process.

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

RECOMMENDATION FULLY ADOPTED

The Chairman of the Board of Directors performs an executive role as the Co-CEO. To reinforce the existence of conditions for an independent and informed performance of the Non-Executive Directors' role and upon resolution of the Board of Directors taken in the meeting held on 4th May 2015, the director José Manuel Neves Adelino was appointed Senior Independent Non-Executive Director. Under the provisions of paragraph 2 of Article 1 and Article 13 of the Internal Regulation of the Board of Directors (available for consultation at the Company's website <https://www.sonae.pt/en/investors/government-of-society/>), the Senior Independent Non-Executive Director has the responsibility to coordinate the work of the Non-Executive Directors', both at Board level as well at Board's specialised committees, in order to guarantee the existence of the necessary conditions to underpin an independent and informed performance of their non-executive role, and also to ensure the continuous flow of information for the proper fulfilment of their legal and statutory duties.

II.2 AUDIT

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

RECOMMENDATION FULLY ADOPTED

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

The assessment of independence terms, in accordance with legal criteria, is carried out at the time of the election and, subsequently, internally reassessed on an annual basis. Each member of the Statutory Audit Board is also requested to promptly inform the Company when a supervening circumstance determines the loss of independence.

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

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board is responsible for proposing the appointment and dismissal of the Statutory External Auditor and of the External Auditor, approving the remuneration, and overseeing the work performed and verifying their independence. The Statutory Audit Board is also primordially responsible for receiving the Statutory External Auditor and the External Auditor's reports and for direct interaction, pursuant to Statutory Audit Board's competencies and its respective Regulation, available at the Company's website, <https://www.sonae.pt/en/investors/government-of-society/>.

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

RECOMMENDATION FULLY ADOPTED

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

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

RECOMMENDATION FULLY ADOPTED

The Board of Directors proactively ensures the working of the internal control and risk management systems. The Statutory Audit Board evaluates the effectiveness of these systems, proposing measures to optimise their performance, as deemed necessary, and giving its opinion on these systems in its annual report and opinion, as attached to the Company's Annual Management Report and accounts. Details are available at <https://www.sonae.pt/en/investors/general-meetings/>.

II.2.5 *The Audit Committee, the General and Supervisory Board and the Supervisory Board should decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential irregularities.*

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board establishes, together with the internal audit department, a plan of action, supervises its activities, receives periodic reports on the work performed, assesses the results and conclusions drawn, checks for possible irregularities, and gives guidelines as it deems necessary (please refer to section 38).

II.3 REMUNERATION APPROVAL

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

RECOMMENDATION FULLY ADOPTED

The three appointed members of the Shareholders' Remuneration Committee are independent and act in that capacity, thus fulfilling the necessary conditions for the body's independent performance and decision-making process of that body. All the members of the Shareholders' Remuneration Committee have relevant and sufficient knowledge and experience in the field of remuneration policies.

II.3.2 *Any natural or legal person that provides or has provided services in the last three years to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related to them through an employment or provisions of services contract.*

RECOMMENDATION FULLY ADOPTED

It is the Shareholders' Remuneration Committee policy to hire internationally recognised consultants to provide support in the carrying out of its duties. The independence of such consultants is ensured by the fact that they are not in any way related to the Board of Directors, to the Company or to the Group, and by their self-evident broad experience and recognised market (please refer to section 67).

II.3.3 *The statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law No. 28/2009 of 19th June, shall contain, in addition to the content therein stated, adequate information on:*

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

RECOMMENDATION FULLY ADOPTED

The statement on the Company's remuneration policy was presented to the Shareholders' Annual General Meeting of 28th April 2017 and includes the information referred to in this recommendation. Payments for the dismissal or termination of appointment of directors are not, subject to the applicable legal provisions, enforceable.

The statement on the remuneration policy is available at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

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

RECOMMENDATION FULLY ADOPTED

The medium term variable remuneration plan, including its implementation, was approved at the Shareholders' Annual General Meeting, held on 28th April 2017 and is available at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

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

RECOMMENDATION NOT APPLICABLE

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

III - Remuneration

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

RECOMMENDATION FULLY ADOPTED

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

The Company's Remuneration Policy, approved at the Shareholders' Annual General Meeting held on 28th April 2017, is available on the Company's website at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/> and is further described in sections 69-76 of this Report.

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

RECOMMENDATION FULLY ADOPTED

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

The Company's remuneration policy was approved at the Shareholders' Annual General Meeting, held on 28th April 2017, and is available on the Company's website at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/> and is further described in sections 69-76 of this Report.

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

RECOMMENDATION FULLY ADOPTED

The remuneration components are disclosed in the Company's remuneration policy, which was approved at the Shareholders' Annual General Meeting held on 28th April 2017, and is available on the Company's website at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/> and is further described in sections 69-76 of this Report.

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

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

RECOMMENDATION FULLY ADOPTED

The remuneration policy, proposed by the Shareholders' Remuneration Committee and approved at the Shareholders' Annual General Meeting, held on 28th April 2017 (available at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>), respects the deferral period contained in this recommendation and its vesting value is dependent on the Company's performance during said period, as detailed in sections 69-76 of this Report.

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

RECOMMENDATION FULLY ADOPTED

The remuneration policy, proposed by the Shareholders' Remuneration Committee, and approved at the Shareholders' General Meeting held on 28th April 2017, as in previous years, addresses the principle defined in this recommendation (please refer to sections 69-76 of this Report). It is available for consultation on the Company's website: <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

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

RECOMMENDATION FULLY ADOPTED

The remuneration policy approved at the Shareholders' General Meeting held on 28th April 2017 enshrined the principle set forth in this recommendation (please refer to sections 69-76 of this Report and <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>).

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

RECOMMENDATION NOT APPLICABLE

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

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

RECOMMENDATION FULLY ADOPTED

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

IV - Auditing

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

RECOMMENDATION FULLY ADOPTED

The Statutory External Auditor discloses the activities carried out during 2017 financial year in its annual audit report, which is subject to approval at the Shareholders' Annual General Meeting, and is available at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/>.

IV.2 *The company or any other entities with the latter in a control relationship, shall not engage the external auditor or any entity with the latter in a group relationship or which is part of the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance – said value should not exceed more than 30% of the total value of services rendered to the company.*

RECOMMENDATION FULLY ADOPTED

The services provided by the Statutory External Auditor were approved by the Statutory Audit Board safeguarding the guarantee of the independence of the Statutory External Auditor (please refer to section 46).

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

RECOMMENDATION FULLY ADOPTED

The Statutory External Auditor was re-elected at the Shareholders' Annual General Meeting held on 30th April 2015, based on a proposal by the Statutory Audit Board which was grounded on the recommended principles. Said proposal

is available at <https://www.sonae.pt/en/investors/shareholder-s-general-meeting/> and on sections 40 and 43 of this Report.

V - Conflicts of interests and transactions with related parties

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

RECOMMENDATION FULLY ADOPTED

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

V.2 *Significant business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with paragraph 1 of article 20 of the Securities Code, should be subject to prior comment and opinion by the audit board. This entity must establish the necessary criteria to define the relevant level of significance of the business involved and the scope of its involvement.*

RECOMMENDATION FULLY ADOPTED

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

VI - Information

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

RECOMMENDATION FULLY ADOPTED

All of the information indicated above is available both in the English and the Portuguese version at the Company's website - <http://www.sonae.pt/en/investors/>.

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

RECOMMENDATION FULLY ADOPTED

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



Appendix I

1. Board of Directors

1.1. Professional qualifications and curricular references

DUARTE PAULO TEIXEIRA DE AZEVEDO	
Date of Birth	
31 st December 1965	
Education	
1986	Degree in Chemical Engineering – Federal Polytechnic School of Lausanne
1989	Master in Business Administration – Porto Business School
Executive education	
1994	Executive Retailing Program – Babson College
1996	Strategic Uses of Information Technology Program – Stanford Business School
2002	Breakthrough Program for Senior Executives – IMD Lausanne
2008	Proteus Programme – London Business School
2012	Corporate Level Strategy – Harvard Business School
Professional Experience	
Group Sonae	
1988-1990	Project manager and analyst of new investments at Sonae Tecnologias de Informação
1990-1993	Organisational Development Project Manager and New businesses Commercial Manager for Portugal at Sonae Indústria (Wood Based Panels)
1993-1996	Head of Strategic Planning and Control and Organisational Development of Sonae Investimentos – SGPS, SA (currently Sonae - SGPS, SA)
1996-1998	Executive Board Director of Modelo Continente Hipermercados (Merchandising, IT and Marketing Retail)
1998-2000	CEO of Optimus - Telecomunicações, SA (Mobile Operator)
1998-Abril 2007	Executive Director of Sonae - SGPS, SA
2000-2007	CEO of Sonaecom, SGPS, SA
2002-2007	Chairman of the Supervisory Board of Público Comunicação Social, SA
2003-2007	Chairman of the Supervisory Board of Glunz, AG
2004-2007	Chairman of the Board of Directors of Tableros de Fibras, SA (Tafisa)
2007-2014	Chairman of the Board of Directors of Sonaecom, SGPS, SA
2007-April 2015	CEO of Sonae – SGPS, SA
2007 – March 2015	Vice-Chairman of the Board of Directors of Sonae Industria, SGPS, SA
2008-2014	Chairman of the Board of Directors of MDS, SGPS, SA
2009-2013	Chairman of the Board of Directors of Sonaegest – Sociedade Gestora de Fundos de Investimento, SA
Since 2007	Chairman of the Board of Directors of Sonae Investimentos, SGPS, SA
Since April 2015	Chairman of the Board of Directors and Co-CEO of Sonae - SGPS, SA
Other Entities	
2001-2002	Chairman of Apritel – Associação dos Operadores de Telecomunicações (Association of Electronic Telecommunication Companies)
2001-2008	Member of the Supervisory Board of Porto Business School
2004-2011	Member of the Supervisory Board of IPCG – Instituto Português do Corporate Governance
2006-2013	Member of the Board of Founding Members of Casa da Música
2008-2009	Member of the Supervisory Board of AEP – Portuguese Entrepreneurship Association
2009-2014	Member of the Board of Curators of AEP - Portuguese Entrepreneurship Association

2009-2015	Chairman of the Board of Curators of Oporto University
2012-2015	Director of Cotec
Since 2008	Member of the European Round Table of Industrialists (ERT)
Since 2013	Member of International Advisory Board of Allianz SE
Since 2015	Member of Consejo Iberoamericano para la Productividad y la Competitividad
Since 2016	Chairman of the Board of Directors of Sonae Arauco, SA

ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO

Date of Birth

14th September 1959

Education

1982	Graduate in Civil Engineering - FEUP
1988-1989	Master in Business Administration- MBA (Porto Business School)

Professional experience

1982-1984	Structural Design Project Manager at Tecnopor (Civil Engineering)
1984-1989	Manager at EDP (Energy)
1989-1991	Leader of the Television Project Team at Sonae Tecnologias de Informação
1991-1994	Head of Planning and Control at Sonae Investimentos - SGPS, SA (currently Sonae - SGPS, SA)
1994-1996	Director of several businesses within Sonae Distribuição SGPS, SA (currently Sonae Investimentos - SGPS, SA) (Retail)
1996-2007	CFO of Sonae Distribuição SGPS, SA (currently Sonae Investimentos - SGPS, SA) and Director of Modelo Continente, SGPS, SA and several of its affiliates (Retail)
1996-2007	Executive Vice Chairman and CFO of Sonae - SGPS, SA, Executive Director of Sonae Capital, SGPS, SA and Chairman of the Finance Committee of Sonae - SGPS, SA
2004-2009	Director of MDS – Corretor de Seguros, SA
2005-2016	Executive Member of the Board of Directors of Sonae Investments BV
2006-2016	Executive Member of the Board of Directors of Sontel BV
2007-April 2015	Vice-CEO of Sonae – SGPS, SA
2010-2016	Vice-Chairman of the Board of Directors of Sonae – Specialized Retail, SGPS, SA (Merger Sonae MC – Modelo Continente, SGPS, SA)
2010-2016	Chairman of the Board of Directors of Sonae RP – Retail Properties, SA
2010-2016	Chairman of the Board of Directors of MDS Auto, Mediação de Seguros, SA
2011-2015	Member of the Board of Governors of Porto Business School
2012-2016	Chairman of the Board of Directors of Sonaecom – Serviços Partilhados, SA
2013-2016	Chairman of the Board of Directors of Sonae RE, SA
2013-2016	Chairman of the Board of Directors of Sonaegest – Sociedade Gestora de Fundos de Investimento, SA
2007 – March 2018	Member of the Board of Directors of MDS, SGPS, SA (Chairman of the Board of Directors since October 2014)
Since 2007	Executive Chairman of the Board of Directors of Sonaecom, SGPS, SA
Since 2007	Member of the Board of Directors of Sonae Sierra, SGPS, SA
Since 2007	Member of the Board of Directors of Sonae Investimentos, SGPS, SA
Since April 2015	Co-CEO of Sonae - SGPS, SA

JOSÉ MANUEL NEVES ADELINO

Date of Birth

19th March 1954

Education

1976 Degree in Finance, Universidade Técnica de Lisboa
1981 DBA, Finance, Kent State University

Professional experience

1978-1981 Teaching Fellow, Kent State University
1981-1986 Member of the Directive Council, Faculty of Economics, Universidade Nova de Lisboa
1981-2012 Professor, Faculty of Economics, Universidade Nova de Lisboa
1986-1989 Assistant Professor, Portuguese Catholic University
1987-1989 Assistant Professor, Bentley College
1988 Assistant Professor, ISEE
1990-1996 Dean, MBA Program and Executive Program, Faculty of Economics, Universidade Nova de Lisboa
1992-1994 Member of the Board of Directors, BPA
1994-2002 Member of the Management Board of the Deposit Guarantee Fund
1999-2002 Dean, Faculty of Economics, Universidade Nova de Lisboa
1999-2004 Member of the Global Advisory Board of Sonae - SGPS, SA
2003-2006 Member of the Board, Chairman of the Audit Committee of EDP
2003-2006 Strategy Advisory Board of PT
2003-2007 Member of the Remuneration Committee of Sonae - SGPS, SA
2003-2010 Member of the Investment Committee of Fundo Caravela
2008-2014 Member of the Statutory Audit Board at Banco BPI
2010-2014 Member of the Board of Directors of Cimpor
2012-2014 Finance and Investment Director - Calouste Gulbenkian Foundation
1978-1981 Teaching Fellow, Kent State University
1981-1986 Member of the Directive Council, Faculty of Economics, Universidade Nova de Lisboa
1981-2012 Professor, Faculty of Economics, Universidade Nova de Lisboa
1986-1989 Assistant Professor, Portuguese Catholic University
1987-1989 Assistant Professor, Bentley College

ANDREW EUSTACE CLAVERING CAMPBELL

Date of Birth

3rd August 1950

Education

1969-1973 MA in Economics – Edinburgh University
1976-1978 MBA – Harvard Business School

Professional Experience

1978-1984 McKinsey & Co, Consultant
1984-1987 Professor at the London Business School
Since 1987 Director of Ashridge Strategic Management Centre Part of Ashridge Business School
Since 2014 Director of Campbell Associates Consulting Ltd

CHRISTINE CROSS

Date of Birth

13th June 1951

Education

1973	B.Ed. (Distinction), Food Science and Nutrition, Newcastle University
1983	MSc in Food Science (Distinction), University of Reading
1990	Degree in Management Studies – Open University (OU)

Professional Experience

1975-1978	Edinburgh University - Lecturer in Food and Nutrition
1979-1985	Bath SPA University College – Senior Lecturer
1985-1989	Bath SPA University College – Principal Lecturer and Dean of BSc (Hons) Programme
1989-2003	Tesco PLC
1989-1990	Head of Consumer Services
1990-1994	Divisional Director, Technical Services
1994-1997	Commercial Director
1998-2002	World Non Food Retail Procurement Director
2002-2003	Group Business Development Director
1997-2003	Visiting Professor, University of Ulster, Consumer Studies
2002-2005	Non-Executive Director George Wimpey, plc
2003-2011	Non-Executive Director (Member of the Nomination and Remuneration Committee) of Sobeys Inc, Canada
2005-2006	Non-Executive Director Fairmont Hotels Inc
2005-2014	Non-Executive Director (Member of the Audit, Remuneration and Nomination Committee) Next plc
2006-2013	Retail Advisor of Apax Private Equity
2006-2014	Retail Advisor of Warburg Pincus Private Equity
2007-2009	Visiting Professor, University of Hull Business School
2008-2009	Non-Executive Director of Premier Foods plc
2009-2016	Non-Executive Director of Plantasien (Apax PE)
2010-2013	Chief Retail Advisor, PwC
2012-2015	Non-Executive Director (PPC Chair), Woolworths (Australia) plc
2012-2017	Non-Executive Director of Kathmandu (New Zealand) plc
2014-2015	Board Advisor of Javelin ecommerce
2014-2017	Non-Executive Director of Brambles (Australia) plc
Since 2003	Director of Christine Cross Ltd (retail independent consultancy firm)
Since August 2013	Board Advisor of MHJL
Since October 2014	Non-Executive Director at Fenwick (UK)
Since May 2015	Board Advisor of River Island
Since March 2016	Non-Executive Director of Hilton Food Group
Since May 2016	Non-Executive Director of Coca Cola European Partners
Since October 2016	Non-Executive Director of Pollen Estate

TSEGA GEBREYES

Date of Birth

14th December 1969

Education

1986-1990	<p>Rhodes College Awarded Dual-Degree Received highest honors distinction for major in economics and cum laude for major in International Studies Received Summa Cum Laude distinction for a senior thesis Elected president of Economics Honor Society and member of International Studies Honor Society Appointed Editor of Economics Journal and elected President of Investment Group, a student managed fund Received Sophomore Woman of the Year award and the Ralph C. Hon Leadership award Elected member of two leadership honor societies Appointed member of college's Board of Trustees Elected Student Government class representative and appointed President of New York area Alumni Club</p>
1994-1996	<p>Harvard University Graduate School of Business Administration, Boston, USA Candidate for Master in Business Administration degree, June 1996 Project team leader for Volunteer Consulting Organization, client: National Foundation for Teaching Entrepreneurship. Elected section student Career Representative Project team member for European Business Conference Member of Finance Club and Venture Capital Club</p>

Professional Experience

1990-1994	<p>Citicorp Securites, INC Capital Markets: Associate Received special appointment to core team of six professionals who structured investment grade, tradable securities from a \$1 billion fund of non-investment grade, airline industry related, financial assets Co-designed and built extensive financial models to value each class of cash flow. Analysed alternatives and developed a method for measuring return volatility and correlation with other financial instruments. Persuaded rating agency to assign investment grade rating to a large portion of the fund Jointly marketed non-investment grade portion of the fund to principal and hedge funds. Identified investor concerns, developed alternative solutions, selected best alternative and convinced investors and project team members of its merit Researched, analysed and integrated legal, tax, accounting and investor restrictions across several country jurisdictions to develop an optimal fund structure. Jointly-persuaded senior management to underwrite \$1B of assets Executed due diligence and independently valued debt and equity instruments purchased for inclusion in the fund</p>
1995-1996	<p>Mckinsey & Company, INC. Business Strategy Associate Member of team that explored diversification strategy for a major English food retail chain. Designed economic analysis of proposition and estimated market potential. Authored and presented findings to senior client managers. Evaluated product/market fit for major U.K. clothing retail chain. Performed market research, analysed store operations and identified drivers of success</p>
1996-2000	<p>New Africa Opportunity Fund, LLP (re-named Zeypher Opportunity Fund, LLP) Partner OPIC-backed private equity fund focused on making investments in SADC region in Africa Founding partner Responsible for identifying, analyzing and selecting investments within the Northern SADC countries Reviewed and selected investments in wide range of industries with primary focus on telecommunication, media, financial institutions, services and fast moving consumer goods sectors</p>

	<p>Jointly marketed the Fund to investors to close \$120 million fund from US investors; raised \$40 million in equity to underpin the OPIC guarantee of \$80 million</p> <p>Established a regional office in Kenya to support activities</p> <p>Provided support to the various portfolio companies as a Board director and through managing fundraising activities, identifying strategic partners and recruiting talent</p>
2000-2007 2001	<p>CelTel International BV/Zain</p> <p>Director Mobile Commerce and New Product Development</p> <p>Developed mobile commerce business strategy and manage business operations and service deployment</p> <p>Deployed payment processing business with 30% enterprise value increase on organization</p> <p>Managed private equity placement efforts during 2000-1Q 2001</p> <p>Implemented first African mobile payment operation for CelTel</p> <p>Worked on design of global roll out plan for Pan-African expansion</p>
2003	<p>Chief Business Development and Mergers & Acquisitions Officer</p> <p>Member of executive management team reporting to Board</p> <p>Participated in setting strategy and reviewing overall performance as a member of executive management team</p> <p>Served on Boards of subsidiary companies to support general corporate governance</p> <p>Responsible for identifying and acquiring businesses in new countries</p> <p>Responsible for identifying new lines of business and areas of new growth within existing countries</p> <p>Lead negotiations, analysis and relationship development to create entry into new area of expansion</p>
2005	<p>Chief Strategy and Development officer</p> <p>Member of executive management team reporting to Board</p> <p>Continued previous responsibilities in addition to taking oversight for strategy and communications</p> <p>Completed a number of acquisitions and investments in mobile companies across Africa, including \$1.2 billion in Nigeria; \$ 100 million in Madagascar; \$250 million in Kenya; \$40 million in Tanzania</p> <p>Led M&A sale of CelTel to MTC which resulted in \$3.4 billion to shareholders</p>
2007	<p>Senior Group Advisor</p> <p>Provided business development support and advice. Sat on various boards representing companies, including:</p> <p>CelTel Kenya Board Member, Chair, Audit Committee</p> <p>CelTel Ghana advisor</p> <p>CelTel Nigeria Board Member, Audit Committee</p>
2007-Present	<p>Satya Capital Limited</p> <p>Founding Director, Managing Partner</p> <p>Investment Group focused on private equity opportunities in Africa</p> <p>Established business with responsibility for full range of activities ranging from legal & office set-up to recruitment of other partners and Investment Professionals</p> <p>Defined investment strategy, recruited Board and sector advisors and Investors</p> <p>Raised \$200 million seed funding and planning to raise additional \$400-600 million</p>

MARCELO FARIA DE LIMA

Date of Birth

1st December 1961

Education

1981-1985 Pontifical Catholic University of Rio de Janeiro, Rio de Janeiro, Brazil, Degree in Economics

Professional Experience

1988-1989 Professor, Pontifical Catholic University of Rio de Janeiro, Rio de Janeiro, Brazil

1989-1996 Commercial Banker of ABN AMRO Bank, São Paulo, Brazil/ Chicago, United States

1996-1998 Vice-Chairman of Banco Garantia, São Paulo, Brazil
Investments Bank

1998-2000	Manager of Donaldson, Lufkin & Jenrette, São Paulo, Brazil Investments Bank
2000	Co-founder and CEO of Areartil, São Paulo, Brazil Internet gateway for property business
2000-2003	Co-founder and CEO of EugênioWG, São Paulo, Brazil Advertising Agency
2002-2005	Member of the Board of Directors of Neovia Telecomunicações SA, São Paulo, Brazil Wi-Fi Company/ WiMax at São Paulo State
2007-2016	Vice-Chairman of the Board of Directors of Produquímica Indústria e Comércio SA, São Paulo, Brazil Leadership company in the solutions production in micronutrient for agriculture and animal food, which also produces ingredients for the treatment of water for industrial processes
2009-2016	Member of the Board of Directors of C1 Financial Inc., Saint Petersburg, Florida, United States Public company registered in the Securities and Exchange Commission of the United States, being its shares negotiated at NYSE under the ticker BNK. Commercial Bank acting in Florida, United States, with total assets in an amount higher than US\$ 1.500 million. This company was incorporated by another bank in 2016
Since February 2003	Shareholder and Co-founder of Artesia Gestão de Recursos SA, São Paulo, Brazil Company authorised by CVM – Securities and Exchange Commission of Brazil for the professional exercise of the Management of the Securities Investors Portfolio
Since January 2004	Chairman of the Board of Directors of Metafrio Solutions SA, São Paulo, Brazil Public company, with shares negotiated in BM&FBovespa under the ticker FRIO3, it is a Brazilian multinational company, and one of the world's largest manufacturers of commercial refrigeration equipment Plug-In type, operating in Brazil, United States of America, Mexico, Denmark, Turkey, Russia, Ukraine, Indonesia and India
Since January 2008	Vice-Chairman of the Board of Directors of Restoque Comércio e Confecções de Roupas SA, São Paulo, Brazil Public company, with shares negotiated at BM&FBovespa under the ticker LLIS3, it is one of the largest retail companies in the high pattern apparel and accessories sector, cosmetics and decoration articles, in Brazil, with annual income of over R\$ 1.000 million
Since March 2008	Chairman of the Board of Directors of Klimasan Klima Sanayi ve Ticaret A.Ş. Izmir, Turkey Public company, duly registered in Turkey's Capital Markets Board, being its shares negotiated at Istanbul Stock Exchange under the ticker KLMSN. Company controlled by Metafrio Solutions SA, Klimasan operates in the commercial refrigeration sector, Plug-In type
Since November 2013	Member of the Board of Directors of TRX Investimentos Imobiliários S.A., São Paulo, Brazil Company that invests, develops, finances, and manages, owned or third parties', property assets, with assets under management with a total amount of approximately R\$ 4.000 million

DAG JOHAN SKATTUM

Date of Birth

19th April 1961

Education

1980	Gjovik, Norway, High School, Science
1984	Allegheny College, Meadville, PA (USA), Bachelor of Arts
1986	Simon School of Business, University of Rochester, Rochester, NY (USA), MBA

Professional Experience

1986-2007	J.P.Morgan
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	Various roles, including head of North American M&A and European M&A
2007-2013	Partner London office of TPG
2013-2014	Consulting business of Abingdon Partners LLC
2013-2014	Managing Director of One Thousand & Voices
2000 - Present	Allegheny College Trusted advisor to prior and current President of the college Co-chair capital campaign
2011 - Present	Right to Play Member of the Board of Directors (Toronto, Canada HQ) Member of the Board of Directors at the UK and the US Chairman of the Human Resources Committee Chair of CEO succession committee (non completed) and CEO Integration Committee Trusted advisor to CEO and Founder (on going)
2012 - Present	Myelona Institute, Little Tock, Arkansas Vice Chairman of the Board of Directors Co-chaired CEO succession committee of the board Trusted advisor to prior and current director of cancer institute (on going)
2014 - Present	Nabors Industries Member of the Board of Directors recruited for expertise in corporate finance and strategy (on going)
January 2015 Present	Vice-Chairman of J.P.Morgan Limited

MARGARET LORRAINE TRAINER

Date of Birth

13th March 1952

Education

1970-1971	Diplome Superieur, Sorbonne Paris
1971-1975	M.A.(2i) French, St Andrews University

Professional Experience

1975-1990	Citibank NA
1975-1986	H.R. roles of both specialist and generalist natures
1986-1988	Chief of Staff to Head of UK Treasury A non-HR role including assignments in capital hedging, risk assessment, speech writing, and foreign exchange and funding limits management
1988-1989	Head of HR UK and N. Europe, London
1989-1990	Head of HR for EMEA based in Frankfurt
1990-1994	London Stock Exchange Head of Human Resources and member of the Executive Board, responsible for formulating strategy and leading the Exchange from being a trade association to an organisation using current commercial practices
1994-2000	Coutts Natwest Group Head of Human Resources and Organisation Development responsible for all HR activities in International Private Banking
2001-2006	De Beers LV Ltd Member of the start up team for this joint venture created in 2001 between LVMH and De Beers to launch a global retail diamond jewellery business, advising on organisation and people strategy
2005-2013	Aegis PLC Non Executive Director and Chairman of Remuneration Committee (since 2010)
2006-2008	Manchester Square Partners

	Working with the founding partners to support them in developing a search-based business mentoring practice at and around board level
2008-2015	Sonae - SGPS, SA Advice to Chairman Providing board level succession planning services, and director development
2013-2015	Colt SA Non-Executive Director and from 2014 Chairman of Remuneration Committee. Member of the Nomination Committee. Fidelity purchased all the independent shareholdings and independent directors stood down
2010-Present	Jupiter Fund Management PLC Non-Executive Director and Member of the Audit Committee and the Nomination Committee. Member of the Remuneration Committee
2013-Present	Essentra PLC Non-Executive Director and, from 2014, Chairman of the Remuneration Committee. Member of the Audit Committee and the Nomination Committee

Positions held in other entities

DUARTE PAULO TEIXEIRA DE AZEVEDO

Offices held in other companies within Sonae:

Chairman of the Board of Directors of Sonae Sonae Investimentos, SGPS, SA
 Chairman of the Board of Directors of Sonae MC – Modelo Continente, SGPS, SA
 Chairman of the Board of Directors of Sonae Center Serviços II, SA
 Chairman of the Board of Directors of Sonae Sierra, SGPS, SA

Offices held in other Entities outside sonae:

Chairman of the Board of Directors of Sonae Indústria, SGPS, SA
 Chairman of the Board of Directors of Sonae Arauco, SA
 Chairman of the Board of Directors of Sonae Capital, SGPS, SA
 Chairman of the Board of Directors of Migracom, SA
 Member of the Board of Directors of Efanor Investimentos, SGPS, SA
 Member of the Board of Directors of EFANOR – Serviços de Apoio à Gestão, SA
 Member of the Board of Directors of Imparfin – Investimentos e Participações Financeiras, SA
 Member of the Board of Curators of Fundação Belmiro de Azevedo
 Member of the European Round Table of Industrialists (ERT)
 Member of International Advisory Board of Allianz SE
 Member of Consejo Iberoamericano para la Productividad y la Competitividad

ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO

Offices held in other Companies within Sonae:

Chairman of the Board of Directors and Executive Director of Sonaecom, SGPS, SA
 Chairman of the Board of Directors of Sonae Investment Management – Software and Technology, SA
 Chairman of the Board of Directors of Público - Comunicação Social, SA
 Member of the Board of Directors of ZOPT, SGPS, SA
 Member of the Board of Directors of NOS, SGPS, SA
 Chairman of the Board of Directors of Sonae Financial Services, SA
 Chairman of the Board of Directors of SFS – Serviços de Gestão e Marketing, SA
 Vice-Chairman of the Board of Directors of Sonae MC - Modelo Continente, SGPS, SA
 Member of the Board of Directors of Sonae Investimentos, SGPS, SA
 Member of the Board of Directors of Sonae Center Serviços II, SA
 Member of the Board of Directors of Sonae Sierra, SGPS, SA

Offices held in other Entities outside Sonae:

Member of the Board of Governors of Universidade Católica Portuguesa
Chairman of the Board of Directors of APGEI (Portuguese Association of Engineering and Management)
Member of the Board of Directors of Love Letters – Galeria de Arte, SA
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.

JOSÉ MANUEL NEVES ADELINO**Offices held in other Companies within Sonae:**

None

Offices held in other Entities outside Sonae:

Member of the Board of Directors of the Calouste Gulbenkian Foundation

Academic Offices held:

Professor of Finance, Faculty of Economics, Universidade Nova de Lisboa (retired)
Visiting Professor, Bentley College

ANDREW EUSTACE CLAVERING CAMPBELL**Offices held in other Companies within Sonae:**

None

Offices held in other Entities outside Sonae:

Director of Ashridge Strategic Management Centre Part of Ashridge Business School
Director of Campbell Associates Consulting Ltd

CHRISTINE CROSS**Offices held in other Companies within Sonae:**

None

Offices held in other Entities outside Sonae:

Director of Christine Cross Ltd
Non Executive Director Fenwick (UK)
Non Executive Director of Hilton Food Group
Non-Executive Director of Coca Cola European Partners
Non-Executive Director of Pollen Estate
Board Advisor of MHJL
Board Advisor of River Island

TSEGA GEBREYES**Offices held in other Companies within Sonae:**

None

Offices held in other Entities outside Sonae:

Founding Director, Managing Partner of Satya Capital Limited
Director of ISON Group
Director of SES, SA

Director of TYMM Partners
Trustee of MM Trust

MARCELO FARIA DE LIMA

Offices held in other Companies within Sonae:

None

Offices held in other Entities outside Sonae:

Shareholder and Co-founder of Artesia Gestão de Recursos SA
Member of the Board of Directors of Artesia Capital Management Ltd
Director of Amber Internacional LLC
Director of CBM Holding Qualified Family, LP
Director of CBM Holding Qualified Family, LP (New Zealand)
Director of CBM Holding Subsidiary, LP
Chairman of Colfax Participações, SA
Director of Dover Participações, SA
Chairman of the Board of Directors of Klimasan Klima Sanayi ve Ticaret AŞ
Managing Partner of Lima & Smith Ltda
Chairman of the Board of Directors of Metalfrio Servicios SA de CV
Member of the Board of Directors of Metalfrio Solutions AS
Chairman of the Board of Directors of Metalfrio Solutions SA
Chairman of the Board of Directors of Metalfrio Solutions SA de CV
Chairman of the Board of Directors of Metalfrio Solutions Sogutma Sanayi Ve Ticaret AS
Director of Nova Bahia Empreendimentos
Director of Peach Tree LLC
Member of the Board of Directors of PDQ Investments Ltd
Vice-Chairman of the Board of Directors of Restoque Comércio e Confecções de Roupas SA
Director of Rio Parateí. Empreendimentos e Participações SA
Chairman of Rio Verde Consultoria e Participações Ltda
Chairman of Serra do Acaraí Empreendimentos e Participações SA
Director of Tira-Chapéu Empreendimentos Ltda
Director of Turquoise Capital CV
Director of Turquoise Capital LP
Member of the Board of Directors of TRX Holding Investimentos e Participações SA
Member of the Board of Directors of TRX Investimentos Imobiliários SA

DAG JOHAN SKATTUM

Offices held in other Companies within Sonae:

None

Offices held in other Entities outside Sonae:

Allegheny College
Trusted advisor to prior and current President of the college
Right to Play
Board member global board (Toronto, Canada HQ)
Member of the Board of Directors at the UK and the US
Chairman of the Human Resources Committee
Chair of CEO succession committee (not completed) and Chairman of the CEO's Integration Committee
Trusted advisor to CEO and Founder (on going)
Myelona Institute, Little Tock, Arkansas

Vice Chairman of the Board of Directors
Co-chaired CEO succession committee of the board
Trusted advisor to prior and current director of cancer institute (on going)
Member of the Board of Directors of Nabor Industries
Vice-Chairman of J.P. Morgan Limited
Vice-Chairman of J.P. Morgan Securities PLC

MARGARET LORRAINE TRAINER

Offices held in other Companies within Sonae:

None

Offices held in other Entities outside Sonae:

Non-Executive Director and member of Audit Committee and Nomination Committee, as well as member of the Remuneration Committee of Jupiter Fund Management PLC

Non-Executive Director, Chair of Remuneration Committee and Member of Audit and Nomination Committees of Essentra PLC

Statutory Audit Board

Professional qualifications and curricular references

DANIEL BESSA FERNANDES COELHO

Date of Birth	
6 May 1948	
Education	
1970	Degree in Economics – University of Oporto
1986	Phd in Economics – Universidade Técnica de Lisboa
Professional Experience	
1970-2009	Lecturer at the University of Oporto:
1970-1999	- Faculty of Economics
1988-2000	- ISEE (Institute for Entrepreneurship Studies)
1989-2002	- Faculty of Engineering
2000-2008	- EGP (currently Porto Business School)
2008-2009	- EGP – University of Porto Business School (currently Porto Business School)
2009-2009	- Faculty of Economics
1978-1979	Dean of the Faculty of Economics of the University of Oporto
1983-2017	Economists - Liberal professional
1989-1990	Chairman of the Founding Committee of the School of Technology and Management of the Polytechnic Institute of Viana do Castelo
1990-1995	Vice-Dean for the Financial Management Guidance of the University of Oporto
1995-1996	Minister of Economy of the Portuguese Government
1996-2006	Non-Executive Director of CELBI - Celulose Beira Industrial
1997-1999	Non-Executive Director of INPARSA – Indústrias e Participações, SGPS, SA
1997-2007	Chairman of the Statutory Audit Board of SPGM - Investment Company
1997-2008	Executive Director of Finibanco, SA
1999-2002	Chairman of the Board of the Shareholder's General Meeting of APDL –Management of Douro and Leixões Ports
2000-2012	Chairman of the Advisory Board of IGFCSS – Portuguese Institute for Welfare Funds Management
2001-2003	Advisory member of the Consulting council of Electric and Telephone Conductors Industries F. Cunha Barros, SA
2001-2011	Executive Director of Finibanco Holding, SGPS, SA
2003-2017	Member of the Board of Directors of Bial Foundation
2004-2013	Non-Executive Director of Efacec Capital, SGPS, SA
2007-2010	Member of the Advisory Board of Microprocessador, SA
2007-2011	Member of the Board of Directors of the Agency for Investment and External Commerce of Portugal - AICEP, E.P.E.
2008-2016	Member of the Investment Committee Member of PVCI – Portuguese Venture Capital Initiative, entity created by FEI – European Investment Fund
2009-2016	Managing Director of COTEC Portugal, Business Association for Innovation
2011-2012	Member of the Supervisory Board of Banco Comercial Português, SA
2017-2018	Chairman of the Board of Trustee of the Belmiro de Azevedo Foundation (since November 2017). Previously (January 2014 to November 2017), he joined this organ as a vowel.

MARIA JOSÉ MARTINS LOURENÇO DA FONSECA

Date of Birth

4 September 1957

Education

1984	Degree in Economics at Faculdade de Economia da Universidade de Porto - <i>Doutor António José Sarmento</i> Prize
1987	Post graduate Program in European Studies at European Studies Center, Universidade Católica Portuguesa (Centro Regional do Porto)
1992	Participation in Young Managers Programme at INSEAD – European Institute of Business Administration, Fontainebleau
2002	Master in Business and Administrations, with specialisation in Accounting and Management Control at Faculdade de Economia da Universidade do Porto
2015	PhD in Business and Administrations, with specialisation in Accounting and Management Control at Faculdade de Economia da Universidade do Porto

Professional Experience

1984-1985	Invited Assistant at Faculdade de Economia da Universidade do Porto
1985-1990	Technician in the Department of Economic Studies and Planning of BPI – Banco Português de Investimentos, S.A.
1990-1992	Senior Analyst as technician at the Corporate Banking Department of BPI – Banco Português de Investimento, S.A.
1991-1999	Invited Assistant at Faculdade de Economia da Universidade do Porto, in the Accounting area
1992-1996	Vice-manager at the Corporate Banking Department of BPI – Banco Português de Investimento, S.A.
1996-2006	Cooperation with the Portuguese Institute of Statutory Auditors (OROC), as trainer for the External Auditor Preparatory Course
2002-2008	Cooperation with the Certified Public Accountant Association (OTOC), in the field of professional formation
2008-2009	Cooperation with the Portuguese Institute of Statutory Auditors (OROC), in the field of professional formation
2015	Member of the Selection Board of the Oral Test for External Auditor (ROC)
2015-2017	Cooperation with the Portuguese Institute of Statutory Auditors (OROC), as trainer for the External Auditor Preparatory Course
Since 1996	Lecturer at Católica Porto Business School (Universidade Católica Portuguesa), in the Accounting area. Responsible for the International Accounting course, in the MSc in Auditing and Taxation.
Since 2008	Consulting activity through the Centro de Estudos de Gestão e Economia Aplicada (CEGEA) of Católica Porto Business School (Universidade Católica Portuguesa)

MANUEL HELENO SISMEIRO

Date of Birth

5 January 1945

Education

1964	Accountant, ICL, Lisbon
1971	Graduation in Finance, ISCEF, Lisbon

Professional Experience

1965-1966	Industrial and Commercial School of Leiria: Accounting and Commercial Calculus teacher in the general Commerce course
1970-1971	Banc of Agriculture: performed functions at the Organization and Methods division

1971-1981	Instituto Superior de Economia, Lisboa: assistant of Mathematics, Statistics, Econometry and Operational Investigation
1974-1975	Arthur Young & Co: already qualified and registered as Statutory Auditor and audit assistant
1974-1976	University Catholic of Lisbon: assistant (first year) and regent (second year) of Accountancy in the Business Administration course
1980-2008	Banco Borges & Irmão: performed functions at the Economic Studies Department and at the Control Department of associated companies
1977-1980	CTT – Correios e Telecomunicações de Portugal: Responsible for the Warehouse Management and Control division. Responsible for stock management of central warehouses and of a project aimed at implementing a computer tool for stock management and control
1980-2008	Partner of Coopers & Lybrand and of Bernardes, Sismeiro & Associados, since 1998 PricewaterhouseCoopers - auditors and statutory auditors. Responsible for the audit and statutory audit in several industries. More important companies: Sonae (group); Amorim (group); Unicer (group); Sogrape (group); Barros (group); TMG (group); Lactogal (group); Aveleda (group); RAR (group); Cires; Ford; REN Responsible for the management of the Oporto office of the mentioned companies - 1982 at 2008 Manager of the Audit department in the period 1998-2002 and member of the management board of PricewaterhouseCoopers, in the same period
2014	Chairman of the Statutory Audit Board of Sonae Investimentos, SGPS, SA
2015-2017	Chairman of the Shareholders' General Meeting of Segrafedo Zanetti (Portugal) – Comercialização e Distribuição de Café, SA
Since July 2008	Consultant, namely or internal audit and internal control
Since 2014	Chairman of the Statutory Audit Board of OCP Portugal – Produtos Farmacêuticos, SA
Since 2015	Chairman of the Statutory Audit Board of Sonae Indústria, SGPS, SA
Since 2015	Member of the Statutory Audit Board of Sonae Capital, SGPS, SA

Positions held in other entities

DANIEL BESSA FERNANDES COELHO

Offices held in other Companies within Sonae:

None

Offices held in other Entities outside Sonae:

Chairman of Statutory Audit Board at Galp Energia, SGPS, SA

Chairman of Statutory Audit Board at Bial – Portela e Companhia, SA

Non-Executive Director of Amorim Turismo, SGPS, SA

Non-Executive Director of AEGI – Amorim Entertainment e Gaming International, SGPS, SA

Non-Executive Director of Sociedade Figueira Praia, SA

Non-Executive Director of Foz Património, Sociedade Imobiliária e Turística, SA

Non-Executive Director of IMOFOZ – Investimentos Imobiliários, SA

Non-Executive Director of SFPOnLine, SA

Chairman of the Shareholders' General Meeting of Nanium, SA

Chairman of the Board of Trustees of Belmiro de Azevedo Foundation

MARIA JOSÉ MARTINS LOURENÇO DA FONSECA

Offices held in other Companies within Sonae:

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

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

Offices held in other Entities outside Sonae:

Lecturer at Católica Porto Business School (Universidade Católica Portuguesa)

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

Chairman of the Statutory Audit Committee of AEGE – Associação para a Escola de Gestão Empresarial

MANUEL HELENO SISMEIRO

Offices held in other Sompanies within Sonae:

None

Offices held in other Entities outside Sonae:

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

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

Chairman of the Statutory Audit Board of OCP Portugal - Produtos Farmacêuticos, SA



Sustainability: The Pulse for Long-Living Businesses

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SUSTAINABILITY:
The Pulse for
Long-Living Businesses

Our Report

Under the motto *Sustainability: The Pulse for Long-living Businesses*, the Sustainability Report of Sonae SGPS, SA. (henceforth also known as Sonae or Sonae Group) aims to present the group's contribution towards sustainable development regarding the economic, environmental and social pillars, and meet the expectations and interests of the different stakeholders.

1. Period and scope of the report

The report focuses on the period of activity from the 1st January 2017 to the 31st December 2017 of Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS, Sonaecom (which includes Sonae IM and Media, among others) and Sonae Sierra. Sonaecom, despite holding 23.4% of NOS, does not consolidate NOS non-financial data.

In the present document, there has been a broadening of scope in comparison to the previous report, namely in the Global Reporting Initiative supplement that this year, in addition, includes Maxmat, Sonae RP, Sonae FS and Sonaecom (including Sonae IM and Media).

2. GRI (Global Reporting Initiative), UNGC Principles (United Nations Global Compact) and SDG (Sustainable Development Goals)

The Report was developed in accordance with the GRI Sustainability Reporting Guidelines (GRI Standards) for the option "In accordance – Core". The activity report shows our performance at the level of the UNGC Principles and the SDG.

3. Decree-Law no. 89/2017

With the present Report, we also aim to meet the requirements of the Decree-Law no. 89/2017, published on the 28th July 2017.

4. Structure

The Report is composed by a central text structured upon five axes and a technical supplement – "*Global Reporting Initiative*".

- Businesses | *Sustainability: The Pulse for Our Businesses and Products*
- People | *Sustainability: The Pulse for Our People*
- Partners and Suppliers | *Sustainability: The Pulse for Our Partners and Suppliers*
- Community | *Sustainability: The Pulse for Our Communities*
- Planet | *Sustainability: The Pulse for Our Planet*

In each of these pillars, the main performance indicators are presented, as well as some of the projects developed, which reflect our results and initiatives. With the projects presented, we aim to demonstrate how we mobilise and fulfil our purpose. The "*Global Reporting Initiative*" supplement complements the report presented on each of the axes, including the chapter on the *Sonae Group* and the details of the *GRI Table*, explaining the respective Indicators.

5. External verification

The information reported in the Sustainability Report 2017 was subject to verification by an external entity – KPMG.

6. Contacts

Should you require any further clarification regarding the information published in this Report, please check the [website](#) or contact: Catarina Oliveira Fernandes | *Head of Communication, Brand and Corporate Responsibility* | Email: catarina.fernandes@sonae.pt | Tel.: +351 220 104 000

Message from the Executive Commission

We are a group with a solid culture, based on deeply rooted values that distinguish us and have enabled us to grow in a sustained way, contributing to the development of society, beyond the economic value generated through our activity.

As a group with long-term vision, we are committed to carrying out our businesses based on the principles of sustainable development and thus, safeguarding our common future.

Therefore, sustainability is a fundamental and defining element of our value proposition, both as a group and a long-living company, it guides our actions, the strong ties we establish with our partners and suppliers, our employees' development, our presence within the community and our contribution to overcoming some of the most urgent environmental and social challenges of our time.

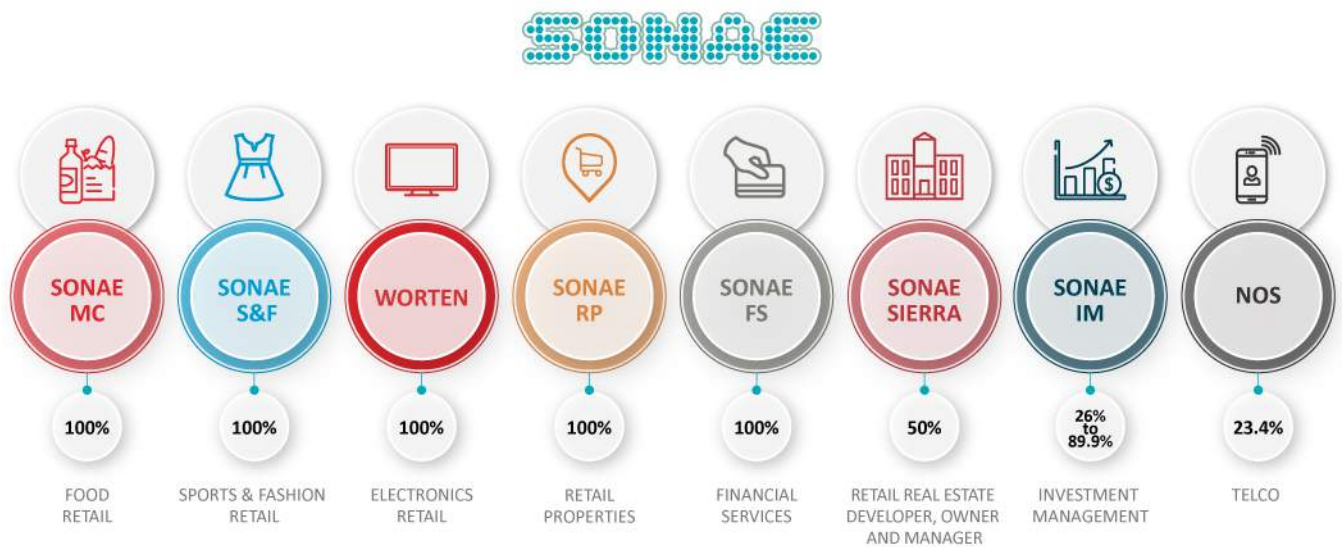
2017 was a year in which the whole group, without exception, remained dedicated to the creation of shared value, thus it is worth highlighting some of the achieved milestones and the acknowledgement we've received as a result:

- We aim to work in an increasingly collaborative and open ecosystem that acts as an innovation enhancer. The *Start-up Europe Partnership* initiative highlighted Sonae's investment and distinguished us as company that supports start-ups.
- Our commitment to developing a diverse and inclusive workplace, capable of promoting, attracting and integrating people with different profiles and experiences, was acknowledged as we joined the top 100 world companies in the *Thomson Reuters IX Global Diversity and Inclusion Index* – a tool designed to transparently and objectively measure and distinguish the efforts of companies in this field.
- The 20th anniversary of *Continente's Producers Club* is a powerful witness to how, over the years, we have been contributing to the creation of shared value throughout the chain. An initiative that has been reinventing itself, supporting national producers in their struggle to surmount some of the many different challenges they face.
- Our focus on eco-efficiency is transversal to the way in which we develop, manage and maintain our assets. Last year, the group's first store, inaugurated in 1985 and remodelled in 2016, was awarded the Platinum Certification from LEED – *Leadership in Energy and Environmental Design*, with only other six buildings in the world achieving the same level of certification. In a similar vein, the new Sonae office building, which began its building works in 2017, was designed with the goal of attaining a *Near Zero Emission Building (NZEB)* classification.
- Through our *Sonae Activshare* programme, we continued to reinforce our investment in the internal volunteer programmes which, in comparison to 2016, benefitted from 1.245 additional hours of volunteering.

These are some of the milestones we would like to emphasise in order to illustrate our commitment to sustainable development. However, we know that this is only possible due to the daily dedication of each and every one of our more than 46 thousand employees who, this way, ensure our future as a long-living company.

Sustainability: The Pulse for Long-living Businesses

As a long-living company, sustainability is at the heart of our mission and culture, and the creation of shared value is a concern that has been consistently addressed by our businesses over the years.



We are committed to developing our activities based on the principles of sustainable development, with the objective of contributing to society beyond the economic value generated by our businesses. In particular, we want to improve the communities in which we work, through mutual collaboration to overcome the most pressing environmental and social challenges of our times.

Throughout this path, we would like to highlight some key milestones that demonstrate our commitment, as well as the principles to which we subscribe and the internal benchmarks we have developed and that continue to challenge us.



1995 | Joined the World Business Council for Sustainable Development



1996 | Creation of Sonae's Environment Forum



1999 | Launch of the Eco2 XXI programme, with the objective of effectively implementing actions to improve eco-efficiency



2000 | Approval of Sonae's Environmental Policy and Environmental Management System



2001 | Founding of BCSO Portugal, with Sonae as its founding member
Publication of Sonae's first Environmental Report



2004 | Joined the United Nations Global Compact



2005 | Signing of the *World Safety Declaration*
Creation of the Sustainability Forum



2007 | Publication of Sonae's first consolidated Sustainability Report



2008 | Endorsement of the United Nations *Universal Declaration of Human Rights*



2009 | Adoption of the Sustainable Fishing Policy



2010 | Endorsement of the *Global Business Oath of the World Economic Forum*



2011 | Joined the *Retail Forum for Sustainability* of the European Commission



2012 | Creation of Sonae's Sustainability Award
Support of the European initiative to combat waste in the retail sector



2013 | Subscribed to the European Round Table of Industrialists' *Women Initiative*
Endorsement of the European Code of Conduct for the Food Supply Chain



2014 | Approval of the Suppliers' Code of Conduct



2015 | Signing of the *Paris Pledge for Action*



2017 | Endorsement of the *Letter of Principles* of BCSD Portugal

1. Communicating with stakeholders

Given the wide spectrum of our businesses and the resulting multiplicity of stakeholders, one of our greatest challenges is to identify their expectations. In order to ensure better communication, we continuously interact with our stakeholders, using numerous communication channels and tools that we mobilise in a specific way for each group of stakeholders, at key times of sharing and gathering information.



CUSTOMERS AND VISITORS

Websites
Call Centres
Suggestions and Complaints Systems
Sonae Ombudsman
Surveys
Stores and Shopping Centres



EMPLOYEES

Sonae Climate Survey
Sonae Ombudsman
Surveys
Intranet News
Internal Publications
Knowledge Sharing Forums



INVESTORS

General Meetings
Quarterly Financial Reports
Reply to Specific Questionnaires



SUPPLIERS

Suppliers' Portals
Visits and Audits
Reciprocal Training
Surveys
Performance Assessment



REGULATORY AND GOVERNMENTAL ENTITIES

Participation in various Sector-Specific Associations



COMMUNITY

Partnerships with Representative Institutions
Community Engagement Projects
Surveys



MEDIA

Conferences
Interviews
Reply to Specific Questions



SHOP TENANTS

Written Communications
Meetings
Training
Surveys

STAKEHOLDERS SURVEY ON SUSTAINABILITY

Between July and September 2017, Sonae conducted a stakeholder consultation process, with the goal of identifying their expectations and concerns regarding sustainability. With this survey, we aimed to evaluate the current perception of our actions concerning sustainability, as well as to understand the issues that stakeholders consider to be a priority.

The survey resulted in 855 responses from the following groups of stakeholders: employees, customers, suppliers, investors/analysts, sector associations and community.

The results obtained led to the conclusion that Sonae is considered to be an active company in terms of sustainability with a score of 4, on a scale of 1 to 5, where 1 is not active and 5 is very active.

In general, Sonae is considered to have a clear vision of its responsibilities in terms of sustainability:

- Economic Impact - 4.0
- Human Resources Management - 3.9
- Social Responsibility - 4.0
- Environmental Protection - 3.9



The seven topics that the stakeholders identified as the most relevant to Soane's activity were:

- Innovation
- Ethics and Conduct
- Governance Practices
- Human Capital Development
- Financial Return and Market Share
- Customer Relationship Management
- Brand and Reputation Management

In 2018, these topics will support the definition of the Sonae Group's Sustainability Strategy.

TU CONTAS! SOCIAL CLIMATE SURVEY

In order to know how our employees feel with regard to their role, team, work conditions and environment, as well as to understand how they experience Sonae's values, the social climate survey *Tu Contas!* was conducted.

This survey covered several of the group's businesses (Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae FS, MDS and Sonae RP), including all employees working for Sonae for three months or more, with either permanent or fixed-term positions, part-time or full-time contracts. The response rate was 83%, which resulted in 27,685 responses.

The results obtained were presented during 2017: initially, this information was communicated to our business managers, where the results were presented using previously defined levels of analysis; afterwards, the main conclusions (response rate, overall satisfaction and engagement index) were shared with our employees; and finally methodological proposals were also presented to identify areas for improvement, definition, prioritisation and implementation of an improvement action plan.

2. Membership of associations and partnerships with organisations

We believe participation in associations and the promotion of partnerships is an important way to contribute to the development of society. We established these relationships based on the principles of honesty, integrity and transparency, raising awareness of our perspective, aiming to create synergies and contribute with the value that our experience allows. We strive to have an active presence that allows us to capitalise on the collective knowledge that each of these institutions reflects, as well as their potential for action.

We promote membership of associations that are as diverse as the business units we incorporate in our portfolio.

Business Associations



Sector-specific Associations



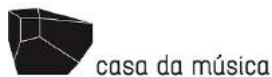
Specialised Associations



European and Worldwide Associations



Cultural Partnerships



Educational Partnerships



3. Sustainability management

We regularly promote forums that are transversal to all business units, which are essential tools for the discussion and sharing of knowledge, the creation of synergies and the concertation of action between all the different Sonae companies.

The Sustainability Forum is transversal to all of the groups' companies and aims to promote the sharing of experiences and a broader debate on the horizontal roles of all businesses regarding sustainable development. We believe that the exchange of knowledge and skills will promote awareness of sustainability in the whole Sonae universe and will drive the implementation of sustainability measures that are paramount to the activity of each of the business units.

This Forum is comprised of members from several Sonae companies and is coordinated by a sponsor, a president and a secretary, addressing issues such as environmental taxation, food waste, community support, management and relationship with suppliers, environmental performance, among others.

Complementarily and when required, the Forum may promote the formation of work groups to analyse more complex or emerging subjects, to structure specific action proposals and monitor their implementation.

We aim to promote transparent management practices and to ensure that all our activity is governed by the same values, standards and ethical principles. As this is a cross-cutting concern of the Group, the **Sonae Code of Ethics and Conduct** is available to all our employees, defining the ethical standards by which we abide. To ensure its implementation, enforcement and monitoring, an Ethics Committee was appointed by the Board of Directors.

4. Milestones in 2017



Sonae MC acquired 100% of BRIO, the first organic supermarket chain to be launched in Portugal, owning six stores specialised in organic food, taking important steps towards promoting broad and free access to a healthy lifestyle among its customers.



Sonae announced the agreement to merge Sport Zone with Sprinter and the British business group, JD, in the Iberian Peninsula. The company that will result from this partnership will be the second largest sports retailer in the Iberian Peninsula.



MDS was approved as a Lloyd's broker, becoming the first national company, and the only one from a Portuguese-speaking country, to be able to participate in the most important insurance and reinsurance markets in the world.



Sonae Sierra began to build Jardín Plaza Cúcuta shopping centre, the company's first project in Colombia and based on the concept of integrated sustainability; and the McArthurGlen Designer Outlet Malaga, the first designer outlet in the south of Spain.



Sonae MC has launched the first clinic specialised in dentistry and aesthetic medicine, Dr. Well's, reinforcing the commitment to democratise access to quality health care services in Portugal.



Zippy renewed its partnership with ColorADD. After pioneering the introduction of this system into all parts of its collections, Zippy reinforced its commitment to this universal code that favors accessibility and social inclusion.



Sonae was honoured in Brussels, under the *Startup Europe Partnership* initiative, in the "Open Innovation Challengers" category, as being supportive of start-ups.



Sonae retail brands were honored with 13 "Consumer's Choice" awards on the study promoted by *Consumer Choice*. 6 insignias were also awarded as the "2017 Trusted Brands" on the study promoted by the *Readers Digest Selection*.



Sonae joined the top 100 world firms in the *Thomson Reuters IX Global Diversity and Inclusion Index*. This index aims to measure, in a transparent and objective way, the efforts made by companies to develop diverse and inclusive workplaces.



Sonae was considered to be the world's best employer of students and MBA graduate students, in the first edition of the award granted by the *MBA's International Association of MBAs (AMBA)*, in the "MBA Employee" category.



Sonae won the *Shared Services & Outsourcing Excellent Awards Europe 2017*, one of the main European awards in the field of shared services, in the “*Excellence in Transformation*” category.



Sonae Sierra's *Bright* project was a finalist at the *EU Sustainable Energy Awards*, an initiative that distinguishes projects with exceptional innovation in energy efficiency and renewable energy.



“*Continente de Matosinhos*” received the Platinum certification awarded by *Leadership in Energy and Environmental Design* (LEED). There are currently only six buildings in the world with the same level of certification, the *Continente* store in Matosinhos is the largest of them all.



All of the 41 *Continente* stores obtained environmental certification according to the international standard ISO 14001. Sonae Sierra's portfolio includes 20 shopping centres certified according to ISO 14001 and 18 certified according to OHSAS 18001.



SUSTAINABILITY:
The Pulse for Our
Businesses and Products

Sustainability: The Pulse for Our Businesses and Products

We are a multinational group that manages a diversified portfolio of companies, creating value across several geographic areas, through a solid culture and a strong capacity to innovate and execute, taking the benefits of progress to an ever-increasing number of people.

Our drive for continuous development, the constant search for new opportunities and challenges, leads to the growing diversification of our businesses, which allows us to anticipate current societal trends, enhancing the growing complementarity of the client offer and strengthening our competitive position.

At Sonae, we aim to work in an increasingly collaborative and open ecosystem that acts as a powerful enabler of innovation, frugality and efficiency – values of our culture. By combining our knowledge, technological competence and investment capacity, we are able to improve our value propositions, while optimising our business agility, improving the efficiency of our processes and fostering the innovation of our products and services.

The focus on continuous improvement is transversal to all our businesses' functions and activities, in which the constant design, experimentation and implementation of new ideas and solutions allows us to develop distinctive competitive businesses, creating value for all *stakeholders*. These aspects make it possible to fulfil the whole virtuous cycle in which we convert knowledge into economic value.

On the other hand, we believe that obtaining and safeguarding the trust of our customers, whether they are final consumers or other companies, is only achievable when the product or service provided is of a high quality. This aspect is present in our own brands, in the services we provide and in the customer-centric vision we ensure is central to how we manage our various businesses.

Below we present some projects developed in 2017 that illustrate our pursuit of the corporate strategy, as well as the incorporation of our sustainability values and innovation in the products/services developed.



*Includes operations, services rendered to third parties, representative offices, franchising agreements and partnerships. Excludes wholesale in retail.



Dr. Well's Clinic, Sonae MC

PROJECT



Promote the health and well-being of the communities in which we operate, democratising access to health care

CHALLENGE



ACTION

As part of the strategy to lead the sector of health and wellness in retail in Portugal and reinforcing its commitment to providing democratised access to quality healthcare services, Sonae MC launched a new business area, based on the creation of a clinical network of improvement and preventive health care services, with specialised medical teams and the latest technology, available at the best price.

In May 2017, following the launch of Well's Health Plan, the opening of the first Go Natural supermarket and the acquisition of Brio, Sonae MC opened its first Dr. Well's clinic specialised in dental and aesthetic medicine.

The clinical staff at the new clinic is led by renowned doctors, dedicated to the development of customised treatment plans and adapted to the different needs of patients. The treatment is performed with state-of-the-art equipment, while 3D technologies are used for diagnostics.



IMPACT

- 4 clinics;
 - 55 staff members;
 - Clinical staff composed of 62 doctors.
-



PROJECT

Worten's new store concept, Worten



CHALLENGE

Enhance the shopping experience, by making it more interactive and relation based



ACTION

Honouring its commitment to always offer the best price, Worten has focused on creating an environment, at the point-of-sale, which is more enjoyable, inviting customers to discover, as well as experiment with a wide range of technological products, supported by providing a specialised service in each category.

Developed in collaboration with the French agency *Malherbe*, the new concept is based on a space where you like to be and can discover the latest trends. The technological side is highly-significant namely in the areas of gaming, hoverboards, DJ and children's animation, as well as through the very visible entrance screens in some stores, where the contents of several brands are shown with a strong visual impact.

The range has been renewed and reinforced with new product categories and the labels (physical and digital) are more complete. They contain not only information about a specific product, but also advice on selecting the most suitable product, especially in categories where the choice may be more complex (TVs and laptops, for example).

Another new feature introduced by this new concept are the *Expert Points*, customer service counters where, with the help of expert salespersons, the entire range of products is accessible, even without in-store stock. Buying online and collecting in-store has also become easier and faster in the Click & Collect area.



IMPACT

- 9 new stores in Portugal and 1 new in Spain;
- 17 stores renovated in Portugal and 1 renovated in Spain;
- Awards/Recognition: *Janus du Commerce*.



PROJECT

Coop Stores and Rising Stores, Sonae Sierra



CHALLENGE

Promotion of social entrepreneurship, simultaneously complementing the commercial mix and improving sales



ACTION

Coop Stores are a concept that aims to help small local businesses thrive. They explore a "cooperative" business model, one that means not being leased only to one operator, but rather to a collective group of small businesses and entrepreneurs through a flexible and affordable contract, benefitting from shared occupancy costs between new start-ups and the opportunity to broaden the visibility of their products, taking advantage of the high-level of visitors in a shopping centre.

The Rising Store is a programme aimed at entrepreneurs with innovative ideas through which Sonae Sierra intends to play an active role in the development of local commerce and services, allowing individual entrepreneurs, small businesses, start-ups, or local retail projects to develop in a sustained manner. In addition to the basic evaluation criteria (innovation and originality, relevance to the commercial offer of Sonae Sierra's Shopping Centres, applicability of the concept and business potential), new concepts that promote positive behavioural changes and encourage the adoption of a more sustainable lifestyle, in particular eco-friendly concepts and/or social concerns are also positively valued. The winners receive specialised help and are given the possibility of occupying a space in one of Sonae Sierra's Shopping Centres, without paying rent for a period of six months (with the possibility of extending for a further six months, with a 50% discount on rent). This concept offers a unique solution to three different needs: it helps to create jobs within the young population; it brings new retail concepts to the market and it diversifies the mix of tenants in response to consumer demand.



IMPACT

- Since its launch in 2015, Coop Stores generated a total of 36 thousand euros in minimum remuneration and sales of more than 308 thousand euros. 100% of Coop Stores operators managed to grow their business, 89% of them contributed to the creation of new job opportunities in the market, most of them exceeding the sales targets.
- Of the 110 applications to Rising Store's first edition, 5 winners were chosen, who were given expert advice and assigned a site at one of Sonae Sierra's centres for a free period, during which time they did not have to pay rent. After drafting their business plan, all stores have successfully opened their businesses, and the majority has largely exceeded sales targets. The second edition in Portugal and the first in Spain began in 2017 and are still ongoing, with the number of applications in Portugal increasing by 27%.



We Care Collection, Sonae S&F, Zippy

PROJECT



Develop an exclusive line designed for the first months of a baby's life

CHALLENGE



Renewing the commitment to have children's well-being as its priority, Zippy has developed an innovative collection of delicate and soft clothes.

Manufactured entirely with certified organic cotton, cultivated without the use of dangerous chemicals, the *We Care* line was totally designed and manufactured in Portugal and stands out for the elegance, comfort and quality of its pieces.

ACTION



- Launch of the collection in January 2018;
- A line consisting of 17 pieces and that focuses on bodysuits, romper suits, hooded cardigans, leggings, sets and accessories;
- Promotion of national production.

IMPACT



SUSTAINABILITY:
The Pulse for
Our People

Sustainability: The Pulse for Our People

We are a learning organisation with a clear focus on learning and continuous improvement. We believe that this is the only way we can respond to the current and future challenges of our businesses.

This is achieved through the hands of our people and teams. Therefore, we invest in the integrated management of our talent, aiming to attract, develop and retain diverse and differentiating profiles.

With the desire to understand the individuality of each employee, we promote an integrated approach to talent management based on 3 distinct pillars: (i) attracting talent effectively; (ii) assessment and development; and (iii) career management.

1. ATTRACTING TALENT EFFECTIVELY: We invest in identifying and attracting people with different academic, professional and personal backgrounds. Throughout their professional career, we strive to enhance and strengthen these skills, so that our people are better prepared to respond to the multiple challenges that our business presents.

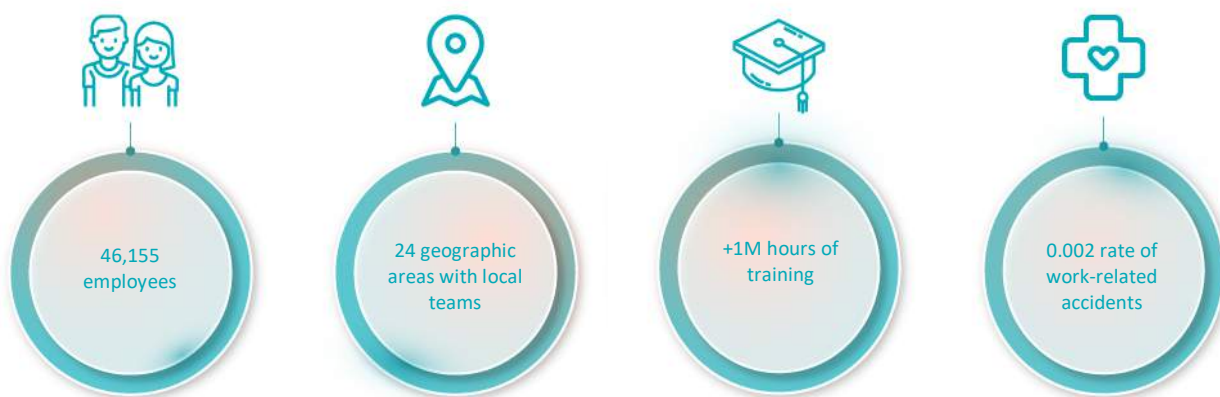
Aware that the students of today are our teams of tomorrow, we invest in recruiting young talent through a variety of programmes, designed to accelerate the development of their key competencies for personal and professional growth. With these programmes, we commit to supporting students from when they first begin University, making a significant contribution to their education, through an offer adapted to each stage of their journey.

We believe that our ability to attract talent is directly related to investing in the knowledge of different age groups, which make up the life-cycle of our employees. With millennials being one of those groups, studies such as *Millennials@Work*, conducted with the BCSD (*Business Council for Sustainable Development*) and Deloitte, are an important contribution for us in terms of understanding their interests and expectations, and what differentiates and makes them similar to other age groups. With this information, we renew and adapt our people management practices.

2. ASSESSMENT AND DEVELOPMENT: It is one of the pillars of our talent management model and an area of continuous investment. We are aware that this is the only way we can contribute towards the development of our employees both personally and professionally and at the same time, enhance the improvement of the skills necessary for the development of our business. We live in a meritocratic culture, where a differentiated performance and the contribution of our employees and teams is supported through recognition processes and tools. Sonae's performance management model – *Improving Our People*, promotes, on an annual basis, joint reflection between management and each team member.

3. CAREER MANAGEMENT: Aiming to align the personal and professional expectations of our people with our strategic business goals, from the point of view of skills and talent, our career model aims to support the management of the current talent pipeline, as well as respond to medium/long-term needs and challenges.

Additionally, health and safety is a central aspect of Sonae's management. Aiming to achieve a zero-accident culture, we ensure the necessary conditions so that our stores, galleries, shopping centres, warehouses and workplaces are safe and conducive to the collective well-being.



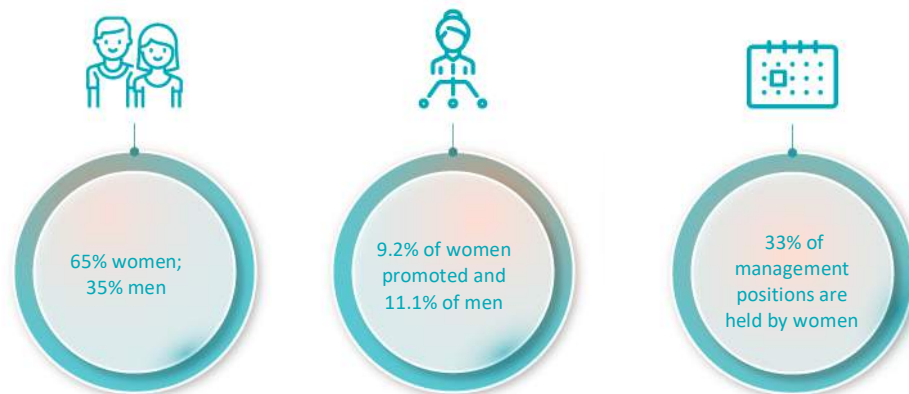
- In 2013, Sonae endorsed the Women Initiative of the European Round Table of Industrials (ERT), where Sonae's concern for gender parity is addressed, with the establishment of voluntary targets facilitating the promotion of increased gender diversity, not only for positions in management and decision-making bodies, but also in relation to senior and middle-management positions.
- In 2015, Sonae signed a commitment with the Government of Portugal to maintain the level of representation of the underrepresented gender class on the board of directors to above 30%. This agreement foresees the internal development of the staff of the underrepresented gender class throughout the various levels of leadership in Sonae, so that its shareholders can maintain the level of representation on the board of directors to above 30%, in the future. This agreement falls within the scope of the **Resolution of the Council of Ministers 11-A, of 6th March, 2015**.

We are committed to promoting diversity in its different dimensions, namely concerning age, gender, qualifications and previous professional experience.

We are conscious of the wealth that exists within the heterogeneity of our people's backgrounds and profiles. Our ambition is to be a diverse and inclusive organisation, able to promote, attract and integrate people with different profiles and experiences. As we believe that the complementarity of perspectives and experiences contributes to richer, more balanced and dynamic management, we want to continue to foster diversity in its various dimensions, in particular regarding age, gender, qualifications or previous professional background, ensuring that our people find in Sonae a place where they can develop their talent and potential.

At Sonae, we value a diversity of qualifications and professional backgrounds. We believe that our team's work is enhanced through the input of each individual, and therefore we use internal mobility as a way of valuing people. We want to promote a culture of sharing, cooperation, open to alternative points of view that may be conducive to new disruptive ideas. We believe that a diverse and inclusive culture is a strong contribution to the continuous renewal of businesses aligned with the expectations of different stakeholders.

Regarding gender diversity, we aim to promote it throughout the life-cycle of our employees. During the recruitment process, we always recommend that whenever recruiters present a short-list to the business, it is balanced in terms of gender representation. We also recommend, at all levels of the company, that teams composed of only one gender are avoided. We monitor performance appraisals, promotions and wage revisions, by gender, as well as resignations, in order to guarantee fair management across all teams.



We know that there is still a path to follow and we intend to increase the percentage of women in management positions in the coming years. However, we want the change to occur naturally and not to be imposed. We believe, through the procedures implemented and the visible indicators, that we are on the right track.

In relation to the diversity of qualifications and professional experience, we have implemented a practice that encourages mobility between departments. Consequently, throughout 2017, about 14.3% of our employees benefitted from the opportunity to experience internal mobility. For this purpose, we consider internal mobility as the occurrence of at least two of the following factors: change of function, change of team or change of leadership.

Finally, we are concerned with creating a more inclusive culture in relation to senior employees, taking advantage of their experience and maturity. Demographic evolution tends to lead to a growth of this group of employees and we are committed to creating conditions for them to have a place in the company, where they can contribute to the improvement of the collective performance.

Below, we present a set of projects carried out by the different companies of the group that reflect our integrated approach to talent management.



PROJECT

All Aboard, Sonae Sierra



CHALLENGE

Ensure employees are well-informed about the company's new strategy



ACTION

The project All Aboard aimed to achieve complete understanding, involvement and support of our employees towards the company's strategy that was undergoing some changes: to be more open to the outside world and increased customer focus.

In order to truly involve employees in any company strategy, it is necessary to meet five criteria: they must have knowledge about the strategy and its execution at all times; they must understand the strategy, and the best way of understanding it is if they can explain it to others; they must support it, being aware of the impact and the meaning it has on them individually and that they are trained and develop the skills necessary to excel in their functions.

With the full support of our CEO and the company's senior executives, *All Aboard's* logic was to communicate through the leaders of the organisation during face-to-face workshops with employees, the content of which included not only an explanation of the strategy and its execution, but also the changes occurring in the organisation, processes and people, and, of equal importance, a time for discussion where leaders helped employees understand the meaning and impact of the change for them.

This whole period of communication was later complemented by a document with questions and answers about the strategy, and throughout the process this was continuously updated with feedback from workshops and made available to our leaders; sending emails that fed leaders with ideas, opinion-making articles from reputable publications, feedback from the workshops and also the publication of an issue of the internal newsletter dedicated to this topic.



IMPACT

- 65 sessions held;
- 74% of employees participated in the sessions;
- The programme raised awareness of the new strategy, its understanding and support. The questionnaires given out to the participants before and after the sessions demonstrate the level of satisfaction of the objectives set out for the programme.



Health and Well-Being, NOS

PROJECT



Promote healthy behaviour to improve the health and well-being of all NOS employees through bonding initiatives and the sharing of knowledge that lead employees to look after themselves

CHALLENGE



ACTION

Conscious of the fact that our employees are the organisation's greatest asset in the pursuit of its strategic objectives, NOS evaluated the impact of health and well-being on productivity, involvement and attractiveness of the company. From their studies, they concluded that well-being (health and wellness) is a strong contributor to a high-performance organisation and therefore should be addressed holistically. In the actions that NOS develops, it understands that its employees are unique human beings with a professional and personal background, and aims at the balance of three components: physical/emotional/social well-being.

Firm in the holistic approach to total well-being, the NOS programme is annual and encompasses all relevant initiatives, in all areas of the organisation, and that work together towards the three action axes, with the objective of maximising the impact of the help offered for behaviour change. "Bem-nos-quer" is the name of NOS health and well-being programme and "Taking care of yourself is taking care of us" is the message that reinforces one of the employee-oriented benefits that NOS promotes internally and that materialises our determination to improve their well-being and happiness. Some examples of the numerous initiatives carried out:

- A week dedicated to health and well-being, which included several actions, namely workshops carried out by professionals addressing areas such as nutrition, physical activity, posture, relaxation, stress management and health screening.
- Regular publication of digital content that promotes good practices and teaches healthy habits.
- Different energising actions, celebratory and interaction activities (get togethers) are held throughout the year to foster trust, closeness and knowledge among employees. Furthermore, in relation to the social aspect, the company is also grateful to those employees who look after themselves and each other. Saying thank you is important and is therefore part of the programme.



IMPACT

- 42% of employees participated in the initiatives, which required signing up for, due to limited capacity;
- 4 was the average satisfaction score of the programme (on a scale of 1 to 5);
- 11,417 views of related content.



Learning Hubz, Sonae Academy

PROJECT



Promote a culture of continuous self-development and learning

CHALLENGE



ACTION

At Sonae, we are dedicated to the training and continuous development of our people, with a strong commitment to the promotion of a culture of learning, where each employee plays a central role as an actor of their own development.

In this way, with the objective of fostering a culture of continuous self-development and learning, and at the same time recognising the limitations that the most conventional training formats present, both in terms of geographic dispersion of employees and availability, Sonae Academy has joined Learning Hubz and customised a digital training platform for the Sonae universe.

On this platform, there is a very broad range of content, in the format of a video library with training videos on several topics (from productivity and personal development to management, from leadership to sales, from marketing to change management, among others). The short formats, require an investment of less than ten minutes on average, representing about 80% of the selection, but there are longer formats that provide a deeper insight into the topics.

The selection and curation of the content is ensured by Learning Hubz in partnership with Sonae Academy, which ensures alignment with the skills and areas of knowledge considered strategic for the group.

To demonstrate the true democratisation of the training offer, employees can access it through their computer or mobile phone, depending on their availability, needs and interests. Navigation on the platform is very simple and intuitive, enabling searches by topic, author or source, allowing playlists to be created or the sharing and recommendation of content.



IMPACT

The platform was available to 120 employees during a pilot phase carried out between September 2017 and January 2018. The plan is to reach 2,000 employees in the future.

On the 31st January 2018:

- 900 sessions had been accessed;
 - 1,100 videos (Micro-training) were viewed during a total of 5,600 minutes;
 - More than 41% of employees accessed the platform every month. On average, each colleague watched 26 minutes of training, with very positive feedback on the quality of the content.
-



PROJECT

Future Leaders @ Retail, Sonae MC



CHALLENGE

Generate a talent pipeline adjusted to the present and future needs of Sonae MC



ACTION

Future Leaders @ Retail is a management and leadership programme designed to educate the future leaders of modern retail, providing them with an integrated and in-depth knowledge of the core business areas and the possibility of integration into the company.

This remunerated and accelerated development programme, is aimed at recent graduates, postgraduates or masters students with less than 2 years of professional experience, who have proficient English language skills, are available for national and / or international mobility and a have taste for retail.

The process of recruiting and selecting participants is extremely rigorous and involves individual pitches, face-to-face interviews and group dynamics.

The programme lasts nine months, with in-room training, on-the-job and networking activities, mentoring and preparation of the *Challenge* Project, an end-of-programme challenge in which the trainees present solutions and proposals for business challenges.



IMPACT

In the first two editions of the programme we had:

- 52 participants, more than 250 tutors, 60 trainers and 10 mentors;
- 47 young people took on relevant roles in Sonae MC, namely in store operations, logistics and commercial roles.



PROJECT

Guide to a responsible online presence, NOS



CHALLENGE

Respond to the emerging challenges arising from the presence of the company and employees on the various communication channels available on the Internet, such as websites, forums, blogs, wikis and different types of social networks



ACTION

NOS understands that the best way for its employees to be in the digital world is to follow the principles that guide them in the real world – sound judgement and good sense, applying the values of the company and following the guidelines of its Code of Ethics, as well as all the other current policies in place.

In the light of new trends, and recognising the importance of its employees as active players in the global information society, in 2017, NOS developed and made available the "*Guide to a responsible online presence*".

The main purpose of this Guide is to support and guide employees towards the type of conduct that is expected when working in a professional context or on behalf of NOS, ensuring in all circumstances to safeguard the reputation of the organisation, without ever jeopardising the freedom of their own personal space when using various digital channels.

In addition to establishing the fundamental principles for the online presence of NOS and its businesses, the Guide emphasises the importance of all employees being aware of the impact when they interact on these platforms, in particular any conversations that refer to NOS and, in this sense, defines guidelines applicable to all those who use social networks or other online channels in a professional context.

The communication campaign was based on the presentation of practical day-to-day cases that help to demonstrate and clarify the conduct expected in certain situations.



IMPACT

- Internal communication campaign for all employees (flyers, intranet, email);
- 876 views of the "Guide to a responsible online presence".



SUSTAINABILITY: The Pulse for Our Partners and Suppliers

Sustainability: The Pulse for Our Partners and Suppliers

We are committed to improving the way we relate to our partners and suppliers, both in the development of partnerships that foster knowledge, entrepreneurship, innovation, as well as procedures/projects that strengthen the existing relationships, with trust and cooperation as our guiding principles.

We ascribe a high degree of importance to the optimisation of our supply chain, in particular with respect to the relationship with our partners and suppliers, and their alignment with our sustainability commitments.

- In 2011, we joined the **Retail Forum for Sustainability**. This platform launched the *Retailers' Environmental Action Programme* (REAP), which provides a foundation that facilitates dialogue among retailers with the European Commission and with all the parties involved along the supply chain, such as producers and consumers.

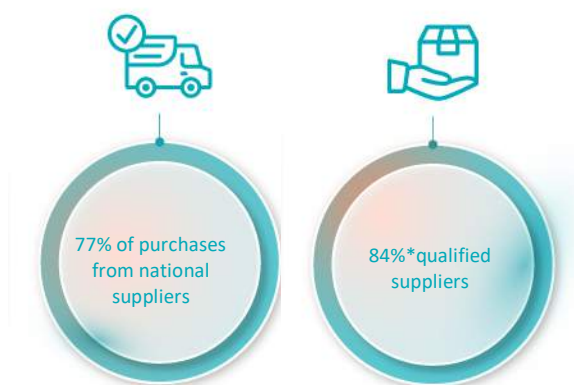
- In 2013, we endorsed the **Food Supply Chain Best Practices of the European Code of Conduct**. This is a European initiative, which results from an agreement among the main European food and distribution industry associations concerning the principles that should govern the relationship between production and distribution. This Code focuses on autoregulation as the best way to govern the relationship in the food supply chain, favouring dialogue and establishing healthy competition.

- In 2014, we launched the **Suppliers' Code of Conduct**.

It is important to highlight the process of evaluation and qualification of own brand suppliers, a mechanism that has the dual purpose of assessing and qualifying the suppliers who are "suitable" to work with Sonae, but, also through these audits, identifying areas to improve in their operations.

In addition to the suppliers, we emphasise the importance of a vast network of partners, from the various economic sectors, with whom Sonae collaborates directly to implement some of its initiatives.

2017 was marked by an ambitious and diversified set of initiatives that illustrate the long-term partnership relationships that we intend to establish with our partners and suppliers. Some of these initiatives are presented below.



*This includes data from Sonae MC; Worten and Maxmat.



PROJECT

Continente Producers Club, Sonae MC



CHALLENGE

Promotion of horticultural production on the island of Madeira.



ACTION

Over the last 20 years, the Continente Producers Club has been a central axis in the strategy to support Continente's national production.

Created with the purpose of promoting products of Portuguese origin to customers and to strengthen strategic partnerships with each of its producers, the Continente Producers Club has been enhancing the link between production and large distribution. In 2017, purchases from the Continente Producers Club represented a total of 150 thousand tonnes of national products.

The involvement of the Continente Producers Club in Madeira aims to promote the production of horticultural products on the island, enhancing the offer of regional/local products in the stores, fresher and of a higher quality, reducing its carbon footprint and benefitting the local economy.

This support materialises in a number of monthly visits to the horticultural producers, by a technician from the Continente Producers Club, which provides each one of these producers with the necessary technical support for their activity.

During these technical visits, several problems have been identified, such as lack of training or poor planning of the crops to be worked and the respective timing of planting, which result in a lack of or excess production.

In view of the problem identified, contract programmes were implemented, where producers are given some guidance to know what to produce and when, according to the needs of the stores. At the same time, we are working with certification bodies to support producers in the implementation of a certification, concerning integrated protection. Complementarily, a trip is being organised for the Madeiran producers to visit the producers on the mainland, for the purpose of benchmarking and sharing of best practices.



IMPACT

- The promotion of horticultural production covers 18 producers representing a total cultivated area of 363 hectares, where the sum of the various plots, per producer, is on average around 1,500 m².
- With this initiative, we expect to achieve a higher level of quality, availability and food safety in the regional fruits and vegetables sold by the Continente stores in Madeira, avoiding shortages in shops, scaling down shipments from the mainland to Madeira and reducing waste.



PROJECT

Pixels Camp, Sonae IM



CHALLENGE

Ensure privileged access to talent in technological areas to anticipate the future needs of our consumers through the development of new solutions



ACTION

At the end of September, the Carlos Lopes Pavilion, in Lisbon, hosted the *2nd edition of Pixels Camp*, a three-day event that brought together the technological community in an initiative to share knowledge and search for creative solutions that contribute to improving people's daily lives.

Once again, *Hackathon* - a programming contest - occupied the main stage of the event, leading the participants to organise themselves into teams and explore the answers to problems or needs that they considered to be relevant. This 48-hour programming marathon led to the development and making of a prototype of about 50 projects. *Pixels Camp's* partners were able to present their companies and key challenges.

In this edition *Pixels Camp* became the first Portuguese event to have a digital currency (*Exposure*) and its own parallel market. It was, at the time of the event, the biggest implementation of *blockchain* in Portugal. Participants were able to use *Exposure* to invest in projects they considered deserved to be among the 10 winners of the *Hackathon* or to purchase services they needed while developing their ideas. In parallel, during the first day of the event, a competition for start-ups (*Pixels Launchpad*) was promoted with the support of several partners of *Pixels Camp* (NOS, Galp, Mello Saúde, Sonae MC and Sonae FS), with the award of a final prize of 50,000 euros.



IMPACT

- The first event in Portugal to have a digital currency and its own parallel market;
- 1,250 registered participants;
- 50 projects developed;
- 16 partners involved;
- Competition with 20 *start-ups* with a final prize of 50,000 euros.



PROJECT

Disrupt Retail - Call for Technology by Sonae, Sonae



CHALLENGE

Find and test new technological solutions that are disruptive and create added value for the operations of retail insignias and their respective customers



ACTION

As part of its policy of open innovation and technological cooperation, Sonae launched *Disrupt Retail - Call for Technology*. The purpose of this initiative is to enable national and international start-ups to test the solutions they develop in a real environment.

In addition to start-ups, the programme was also accessible to research and development centres, as well as companies and agencies that had solutions sufficiently developed to be tested.

Sonae was looking for disruptive solutions for the retail sector with preference given to the areas of the optimisation of merchandising, store operations and warehousing, customer engagement, logistics and shopping experience (online and offline), but others were also accepted. Among the technologies valued were artificial intelligence, virtual and augmented reality, Internet of Things, robotics, virtual assistants and *blockchain*, as well as any others that presented innovative solutions.



IMPACT

- 51 applications from 43 entities;
- Applications from 12 countries including England, France, Germany, Sweden, Brazil and Canada;
- 4 solutions selected with priority 1, complemented by 6 solutions selected with priority 2.

So far, the four priority 1 solutions have been evaluated through BIT, Sonae's information systems area for retail. The priority 2 solutions will follow.



Competence Centre, Sonae IM, Bizdirect

PROJECT



Attract, develop and retain young talent in the inner regions of the country

CHALLENGE



ACTION

Within the scope of the repositioning operated by Bizdirect, as a reference partner in the implementation of Microsoft solutions (*Dynamics 365, SharePoint, Power BI, Visual Studio, Azure*), the Bizdirect *Competence Centre* was created at the Polytechnic Institute of Viseu. From here, consulting, development and integration services are offered in several EMEA countries, with technology produced from Viseu.

To strengthen the company's talent pool and simultaneously help strengthen training and retain talent in the inner regions of the country, the established partnership annually receives students from Computer Engineering and Business Management courses. During a period of three months, the participants receive on-the-job training that complements their more academic learning. At the end of the training course, the most successful young people are given the possibility of becoming part of Bizdirect and thus begin their professional path.



IMPACT

- Since 2014, more than 40 students of the *Polytechnic Institute of Viseu* have completed their training at the Bizdirect *Competence Centre*.
- 98% student hiring rate.



Sonae Link, Sonae

PROJECT



Optimise communication and interaction with the Sonae's retail suppliers and partners

CHALLENGE



ACTION

Aware of the importance of collaborative processes with suppliers and their contribution to the development and sustainability of our businesses, we continuously invest in strengthening and improving these processes. The development of *Sonae Link*, the new supplier portal for Sonae's retail businesses, is evidence of this intention.

With the aim of improving the interaction and sharing of information with our suppliers, Sonae has developed an innovative tool, composed of modular solutions that ensure a greater number of functionalities and more *user-friendly* navigation.

The new platform has validation workflows, which interact directly with Sonae's core business systems, enabling the availability of up-to-date information in real-time, ensuring clear gains in efficiency and effectiveness for both parties.



IMPACT

- More than 10,000 suppliers and 3,300 employees impacted by the change of platform.
 - Dematerialisation of more than 800,000 financial documents, available through a self-service mode.
 - Dematerialisation of more than 135,000 records and interactions with suppliers.
 - Made available more than 1.7 million orders issued to suppliers in electronic format.
-



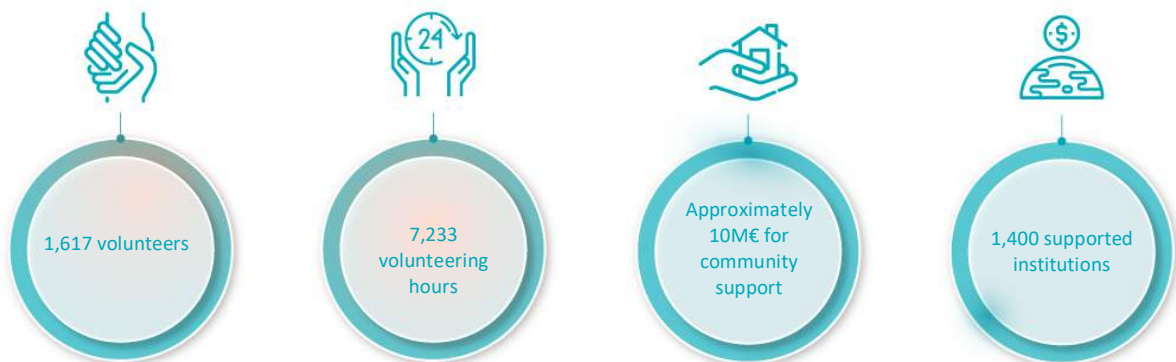
SUSTAINABILITY:
The Pulse for Our
Communities

Sustainability: The Pulse for Our Communities

We have an active sense of social responsibility and we aim to contribute to the development and improvement of the communities in which we operate, at all times and across the whole organisation. With this goal in mind, we created and implemented projects in areas such as culture, education and entrepreneurship, health and sports, environmental awareness, science and innovation and social solidarity.

In 2017, we proceeded with our commitment to promote the well-being of the involved communities, by supporting more than 1,400 institutions. We aim to create and distribute value, with contributions amounting to €9,616,555, involving material goods, expertise and financial resources.

Loyal to our culture and our guiding principles, we are continuing our support to the internal volunteering programme *Sonae Activshare*. In comparison to 2016, we had an additional 243 volunteers and dedicated a further 1,245 hours to volunteering. We believe that volunteering experiences, in addition to the direct impact that they have on the community, foster our people's creativity and innovation, by putting them in contact with realities and challenges, which differ to those they face on a day-to-day basis.



- At the end of 2017, Sonae endorsed the **Letter of Principles of BCSD Portugal**. This Letter, which is inspired by the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the United Nations Global Compact, aims to create a voluntary framework, adapted to companies of several dimensions, which aims to encourage the massification of sustainable management practices.

Below we present several initiatives, carried out throughout 2017, which illustrate our commitment to the development and well-being of the surrounding communities.



PROJECT

Escola Missão Continente, Sonae MC



CHALLENGE

Promotion of a healthy lifestyle



ACTION

Escola Missão Continente is an educational programme, directed at schools in the 1st Cycle of Basic Education. It was implemented during the 2016/17 academic year, from the north to the south of the country. It aims to help students, parents and teachers to have a healthier, more positive relationship with food and encourages responsible consumption.

Those who participated in the project's 1st edition benefitted from the opportunity to be with nutritionists from Continente and the Local Health Centre, in sessions where they learnt more about food and became more aware of the importance of adopting a healthy lifestyle, namely to prevent health issues such as diabetes, cholesterol and obesity.

During the sessions, the sharing of information on healthy food was delivered in a ludic way. There were also challenges throughout the school year, where students were encouraged to develop projects on the origin of food and healthy food, thus testing their knowledge and imagination.

The winning schools for each challenge were awarded with school supplies. The final Prize – the school with the best performance out of all the challenges – was a day spent at Football City, providing a unique and unforgettable experience for the students.



IMPACT

- This initiative took place during February and March 2017 and had an impact on 18 schools and 960 children;
- The Programme's 2nd Edition has already been launched in this 2017/18 school year, with 139 schools enrolled, involving 9,441 children and 480 teachers.



PROJECT

Why Europe Matters, Sonae



CHALLENGE

Involve young people in building the European project.



ACTION

As part of the commemoration of the 60th anniversary of the *Treaty of Rome*, the *European Roundtable of Industrialists* (ERT), in partnership with *Junior Achievement Europe*, launched an ambitious programme aimed at bringing the European project to the agenda of the younger generation, inviting them to reflect on it, express their opinions and concerns and present proposals for their future.

To this end, an online survey was developed and launched, aimed at some 10,000 young Europeans between the ages of 16 and 25, aiming to understand the perception that the youngest had of Europe.

At the same time, nine innovation workshops were held throughout Europe to bring together students from different academic institutions and business leaders to share perspectives and develop a set of proposals on how Europe can become a more prosperous and beneficial place, how to hear young people's voices more clearly and to a better degree, and how it will be possible to discuss different topics together such as the economic development of Europe, youth employment, the refugee crisis or the fight against terrorism.

At the end of each workshop, a group of students was selected to take up the discussion and present their proposals at a European event to be held on the 20th and the 21st March 2018 in Brussels and that will bring together an audience made up of representatives of the European institutions, national governments, companies, journalists and opinion makers.

Sonae was one of the multinational European companies that joined the project, having contributed to its dissemination (both internally and externally), promoted the survey in Portuguese, supported the event in Portugal and made available a group of volunteers for the different initiatives.



IMPACT

- 950 responses to the survey in Portuguese;
- 70 students from six educational establishments participated in the workshops;
- 14 proposals for action presented;
- 7 Sonae volunteers.



PROJECT

Sonae Activshare | Response campaign to the fires of 2017, Sonae, Sonae Capital and Sonae Indústria



CHALLENGE

Support the populations affected by the fires and tackle the impact they had on various local communities



ACTION

Sonae Activshare is Sonae's social responsibility programme, responsible for coordinating the different initiatives for community support, as well as internal volunteer actions.

The unprecedented tragedy caused by the wave of fires in 2017 has led Sonae companies to unite in a concerted response, which involved different actions throughout the second half of the year and that will continue in 2018.

Sonae MC supported firefighting services with essential food products during the period of forest fires.

Through the various brands, donations of goods for people and animals were made, as well gifts in kind to support the reconstruction of the affected areas.

A group of employees was mobilised for volunteer activities on the ground, where they helped to triage, organise and store the many donations that came from all over the country to the affected areas.

Worten's Social Responsibility project, *Código Dá Vinte*, reverted to the victims of the fires. With this project, Worten invited the Portuguese people to swipe a solidarity bar code, at the end of their purchases, for a minimum amount of €0.20. At the end of the campaign, Worten added 20% to the value raised in stores, thus reinforcing the total amount to be donated. The amount raised will be channelled to the *Portuguese Red Cross* which, throughout 2018, will use the funds to equip, with new appliances, the houses that are gradually being rebuilt, of the families that have lost all or a good part of their assets in these fires.

We also developed a collection of Christmas postcards that were on sale in our buildings. The companies and brands that joined the initiative made a contribution equal to the amount that was raised from selling these postcards. The amount collected (€11,600) will be distributed with the help and coordination of the *Social Action Service* of Vouzela City Council, an area that was particularly affected.



IMPACT

- Support to 34 firefighting services;
- More than 145 volunteers involved in internal actions;
- €150,000 raised for the reconstruction of the affected houses (*Código Dá Vinte*, Worten).



PROJECT

45th Semi-final of the *International Emmy Awards*, Sonae FS



CHALLENGE

To support the National Television Production Industry, reinforcing its position in an international context



ACTION

The *International Emmy Awards* are awarded annually by the *International Academy of Television, Arts and Sciences* to distinguish, in multiple categories, the excellence of global television production.

With the support of *Cartão Universo*, for the second year in a row, Portugal played on a prominent role in the 45th edition of the *International Emmy Awards* by hosting an important Semi-Final Judging Event.

The jurors present at the session included distinguished personalities of the national television scene, and the ceremony brought together professionals from the different FTA television operators (RTP, SIC and TVI), in addition to the well-known faces of the national fiction industry.

The event was of enormous historical significance for Portuguese television in the competitive global market for television content, reinforcing international recognition of the quality of the content of Portuguese television.



IMPACT

The 45th Semi-Final of the *International Emmy Awards* received significant attention and coverage in both the national and international media, contributing to the significant promotion of the National Television Production Industry, associated to an event of such high international prestige.

At an international level, the event contributed to the enormous projection of national television production and its Portuguese content across borders. Furthermore, it promoted contact between the most prestigious professionals in the national and global television industry (management structures, actors, authors, directors, producers and agents). There were multiple references to Portuguese content in the international Academy events. It is also worth noting the importance of the Lisbon Semi-Final juror panel to have included acclaimed Portuguese professionals.

At a national level, the event brought the three biggest players in the market together, uniting them in an unprecedented way to praise and celebrate the production of the content of national television and to thank the professionals in the field, recognising their merit and excellence.



SUSTAINABILITY:
The Pulse for
Our Planet

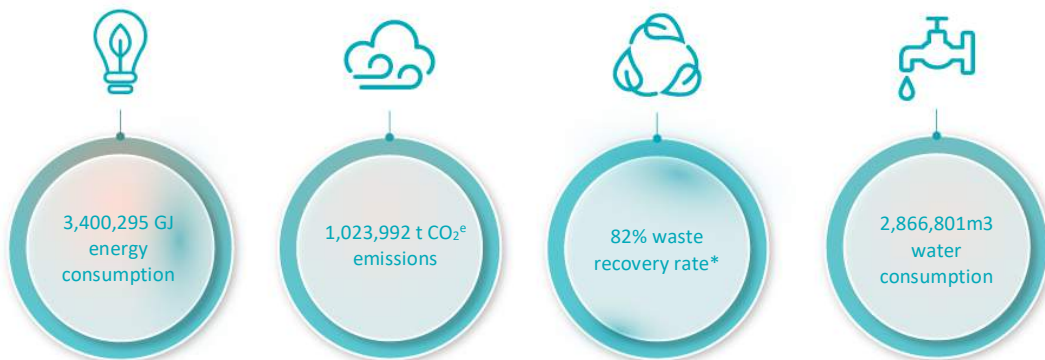
Sustainability: The Pulse for Our Planet

We invest significantly in the continuous improvement of Sonae's environmental management, aiming to minimise the impact of our activities on the environment. In order to do so, we are determined to ensure the efficient use of our resources, optimising water and energy consumption and minimising GHG (greenhouse gas) emissions, without neglecting the effective management of the waste generated.

Continuous improvement in environmental management is guaranteed through the Environmental Certification Programme, according to the international standard NP EN ISO 14001:2004. The implementation of this programme allows us to minimise our environmental impact, improve our infrastructure and strengthen our compliance to legal obligations from an environmental perspective.

In 2017, several projects were implemented that allowed important gains to be made on an environmental level, and generated savings on a financial level. These efficiency gains have led to additional resources for businesses to innovate, creating new products and services and investing in new continuous improvement projects on an environmental level. Some of these projects are presented below.

- In 2000, Sonae's **Environmental Policy** was created and implemented. It aims for a steady increase in efficiency through the creation and implementation of best practices, based on creativity and innovation, as well as environmental awareness actions with our employees, partners and clients.
- Adoption, in 2009, of the **Sustainable Fishing Policy**.
- In 2012, Sonae joined the **European initiative against food waste**. Food waste prevention is an integral part of the European Commission's strategy to stimulate Europe's transition into a circular economy, so as to promote global competitiveness, sustainable growth and create new jobs.
- 2015 was the year in which Sonae joined the list of companies that signed the **Paris Pledge for Action**. This initiative, within the scope of the *Paris Climate Summit (COP21)*, aims to protect the planet from climate change and establishes a commitment by businesses to keep the increase in global average temperature to well below 2°C above pre-industrial levels.



*This does not include data from Sonaecom and Sonae RP



PROJECT

Renovation of Continente Matosinhos, Sonae MC



CHALLENGE

Reach a higher level of eco-efficiency in our stores



ACTION

Throughout the last few years, we have been developing significant and consistent efforts to strengthen the eco-efficiency in our stores. One such example is the remodelling project of the Continente hypermarket in Matosinhos. The group's first store, inaugurated in 1985, was remodelled in 2016, to reflect the "hyper concept of the future". The project incorporated a clear concern regarding the optimisation of water and energy consumption, as well as the reusing and recycling of materials.



IMPACT

- Attainment of the Platinum Certification from LEED – *Leadership in Energy and Environmental Design*. There are currently only six buildings in the world with the same level of certification, the Continente store in Matosinhos is the largest of them all.
- The LEED certification process consists of the evaluation of around 60 sustainability indicators, that as a whole, lead to the allocation of a maximum of 110 points – the Continente store in Matosinhos obtained 80 out of 110 points – that can then translate into four levels of certification – Certification, Silver, Gold and Platinum.



PROJECT

Backhauling Project, Sonae MC



CHALLENGE

Reduce the routes the store supply fleet travels with empty trucks



ACTION

Aware of the importance of making efficient use of natural resources, we continuously aim to minimise the impact of our activities on the environment. In this way, the promotion of eco-efficiency is a central concern throughout our logistics process. It was with this in mind that, in 2016, we developed the *Backhauling* Project.

Through this initiative, logistics provide Sonae MC's suppliers with a transportation service, along the routes that our trucks would otherwise travel back empty, after completing the last store delivery. Thus, we attain a significant reduction of routes being travelled with empty trucks, both of our store supply fleet (upon return after the last delivery) and our suppliers' fleet after delivery at our warehouse.



IMPACT

In 2017, the *Backhauling* Project was responsible for:

- Avoiding 629,804 km of travel with empty trucks*;
- 70,874 extra km travelled**;
- A saving of 558,930 km;
- 428 t of avoided CO₂ emissions.

* The figures presented refer only to the km avoided travelling with our vehicles empty;

** In order to provide this service, our vehicles need to slightly alter the potential return route to our warehouse, this alteration leads to an increase in route regarding what was foreseen (extra km).



Energy Savings Plan, Zippy

PROJECT



Optimise store energy consumption.

CHALLENGE



ACTION

Energy consumption represents a significant environmental impact associated with Zippy's activity. Therefore, with the objective of improving its environmental performance, Zippy developed an action plan based on three intervention areas: real-time monitoring of store consumption, introduction of a change in procedures and the behaviour of employees in-store and the installation of store lighting to LED technology.

The implementation of the digital platform *Checkwatts* to all of the stores, assured the real-time monitoring of energy consumption of the all the stores. On the other hand, the assessment of this information allowed an indication to be obtained regarding the consumption pattern throughout the day, a comparison and indication of any variations against previous records and the visualisation of each store's position in terms of energy ranking.

The adoption of *Checkwatts* made the implementation of a series of procedures possible, which gave the teams greater capacity to respond: the platform has been parameterised to send automatic alerts to each area manager, every time a store's consumption was outside the pre-defined parameters, enabling immediate action to be taken (e.g., equipment connected after the closing of stores); whenever situations of anomalous consumption were identified, communication actions aiming to correct them were initiated; finally, the available information was used to create an energy auditing plan for the most critical stores regarding energy consumption.

Two of the main measures implemented were the activation of existing automatic systems, avoiding whenever possible, the risks inherent in the manual control of some relevant loads (namely lighting and HVAC equipment) and suggestions for reformulating the procedures used to control the operating scheme of the main loads, implemented with a view to optimising them (alignment of schedules in all stores).



IMPACT

- 12.6% reduction in energy consumption (2016 vs. 2017 L4L);
- 8 new stores with LED lighting systems;
- 5 stores remodelled with a change to LED lighting.



PROJECT

Bright Project, Sonae Sierra



CHALLENGE

According to the International Energy Agency, built-up areas are responsible for around 40% of the world's primary energy consumption and 24% of carbon dioxide (CO₂) emissions. Therefore, the use of energy has an enormous environmental and economic impact on Sonae Sierra's portfolio of assets. In this context and taking into consideration Sonae Sierra's continuous search to improve energy efficiency, the need arose to fill a gap in the market and develop a service, non-existent until then, to address the differences in performance detected in the energy consumption of its assets, which could not be explained solely by local factors.



ACTION

Bright is a revolutionary and innovative energy efficiency programme, developed to reduce energy consumption and the carbon footprint of the buildings. This programme allows the energy consumption of the buildings to be monitored by comparing it to a virtual simulation, identifying technical improvements and optimising management practices. What makes *Bright* so different is its holistic approach, analysing each aspect of the asset's operation – from the building and energy systems to the behavioural factors of the people who manage them and to the regional variation factors.



IMPACT

- 249 improvement measures were identified in specialised energy audits, in 28 shopping centres and 74% of the measures were implemented.
- 185 actions were implemented with an investment of 1.8 million euros, of which the annual savings potential amounts to 18,400,000 kWh in electricity consumption, equivalent to 2.3 million euros. This consumption represents around 10% of the electricity consumption of the owned portfolio in 2017.
- 70% of the actions were quick-wins with little to no investment: 300,000 euros invested generated savings of 1,400,000 euros (4.7 times the invested value). The savings obtained with these quick-wins represent 61% of all the potential savings of the implemented measures.
- There are still 64 actions to be implemented, with an investment of 2 million euros. These actions have annual potential savings of 1.3 million euros (9,400,000 kWh or the equivalent to 5% of the electricity consumption of our centres in 2017).
- Regarding carbon emissions avoided with the implemented measures, they represent 4% of Sonae Sierra's carbon footprint (Scope 1 and 2). If we did not use green electricity (without the associated carbon emissions), taking into account average grid emission factors, avoided carbon emissions would account for 29% of our carbon footprint.
- In 2017, Sonae Sierra's *Bright* project was a finalist in the *EU Sustainable Energy Awards*, an initiative promoted by the *Sustainable Energy Week* of the European Commission, which distinguishes projects with exceptional innovation in the area of energy efficiency and renewable energy.

Sonae's New Office Buildings

For over 50 years, Sonae's headquarters and the most important core offices of its business have been located in Maia. The business park has an area of 32.5 hectares, distributed between the logistics warehouses (60%), offices (30%) and industry and storage (10%).

In 2017, construction began on a new office building that will receive, in the first semester of 2019, around 600 employees, who are currently situated in different offices in the city of Porto.

The development was based on a competition for ideas for the architecture project in which the winner was Barbosa & Guimarães Architects. This project stood out due to the integration of the landscaping, the double facade solution with benefits in terms of energy efficiency, solar shading and the interconnection between the interior and exterior spaces.

Reflecting the environmental concerns that are transversal to our entire activity, the new building was designed in such a way to facilitate the *Leadership in Energy and Environmental Design* (LEED) certification by the *US Green Building* and it could be classified as a *Near Zero Emission Building* (NZEB). The building will have renewable energy sources installed (photovoltaic panels), as well as a system to use the rainwater. The project also reflects a strong concern for the comfort of our employees, providing them with an extensive supply of services within the business park such as: green areas, multipurpose areas for collaborative work, restaurants, cafeterias and kitchenettes, convenience services (laundry, shoemaker, tailor and kiosk), areas to exercise, lockers and changing rooms and a link to Maia's *Ecocaminho*, a public eco-path that allows you to cycle to the city centre.



Global Reporting
Initiative

Sonae Group

 <div style="border: 2px solid red; border-radius: 50%; padding: 10px; display: inline-block;"> SONAE MC </div> <div style="border: 1px solid gray; border-radius: 50%; padding: 2px; display: inline-block; margin-left: 10px;">100%</div>	FOOD RETAIL	
 <div style="border: 2px solid blue; border-radius: 50%; padding: 10px; display: inline-block;"> SONAE S&F </div> <div style="border: 1px solid gray; border-radius: 50%; padding: 2px; display: inline-block; margin-left: 10px;">100%</div>	SPORTS & FASHION RETAIL	
 <div style="border: 2px solid red; border-radius: 50%; padding: 10px; display: inline-block;"> WORTEN </div> <div style="border: 1px solid gray; border-radius: 50%; padding: 2px; display: inline-block; margin-left: 10px;">100%</div>	ELECTRONICS RETAIL	
 <div style="border: 2px solid orange; border-radius: 50%; padding: 10px; display: inline-block;"> SONAE RP </div> <div style="border: 1px solid gray; border-radius: 50%; padding: 2px; display: inline-block; margin-left: 10px;">100%</div>	RETAIL PROPERTIES	
 <div style="border: 2px solid gray; border-radius: 50%; padding: 10px; display: inline-block;"> SONAE FS </div> <div style="border: 1px solid gray; border-radius: 50%; padding: 2px; display: inline-block; margin-left: 10px;">100%</div>	FINANCIAL SERVICES	
 <div style="border: 2px solid red; border-radius: 50%; padding: 10px; display: inline-block;"> SONAE SIERRA </div> <div style="border: 1px solid gray; border-radius: 50%; padding: 2px; display: inline-block; margin-left: 10px;">50%</div>	RETAIL REAL ESTATE DEVELOPER, OWNER AND MANAGER	
 <div style="border: 2px solid blue; border-radius: 50%; padding: 10px; display: inline-block;"> SONAE IM </div> <div style="border: 1px solid gray; border-radius: 50%; padding: 2px; display: inline-block; margin-left: 10px;">26% A 89,9%</div>	INVESTMENT MANAGEMENT	
 <div style="border: 2px solid gray; border-radius: 50%; padding: 10px; display: inline-block;"> NOS </div> <div style="border: 1px solid gray; border-radius: 50%; padding: 2px; display: inline-block; margin-left: 10px;">23,4%</div>	TELCO	

GRI Supplement

GRI TABLE FOR THE OPTION “IN ACCORDANCE” – CORE

GRI 102 – GENERAL DISCLOSURES					
Disclosures	Localisation	Verification	UNGC Principles	SDG	
ORGANISATIONAL PROFILE					
102-1	Name of the organisation	<i>The Report</i>	V		
102-2	Activities, brands, products and services	<i>Sonae Group</i> https://www.sonae.pt/en/sonae/the-group-and-our-businesses/	V		
102-3	Location of headquarters	Sonae SGPS, SA's headquarters are located in Lugar de Espido, Via Norte Maia-Portugal.	V		
102-4	Location of operations	https://www.sonae.pt/en/sonae/where-we-are-in-the-world/	V		
102-5	Ownership and legal form	<i>The Report</i>	V		
102-6	Markets served	https://www.sonae.pt/en/sonae/where-we-are-in-the-world/	V		
102-7	Scale of the organisation	<i>Sonae Group</i>	V		
102-8	Information on employees and other workers	<i>Sustainability: The Pulse for Our People</i>	V	6	8

Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS

Employees by type of contract (no.)	2017
Permanent contracts	29,656
Male	9,584
Female	20,072
Temporary contracts	14,101
Male	5,330
Female	8,771
Total employees	43,757
Employees by type of job (no.)	
Full-time	31,856
Male	11,359
Female	20,497
Part-time	11,901
Male	3,524
Female	8,377
Total employees	43,757
Employees by region (no.)	
Portugal	40,408
Permanent contracts	27,382
Temporary contracts	13,026
Brazil	388
Permanent contracts	388
Temporary contracts	0
China	58
Permanent contracts	39
Temporary contracts	19
Colombia	3
Permanent contracts	3
Temporary contracts	0
Spain	2,808
Permanent contracts	1,769
Temporary contracts	1,039
France	71
Permanent contracts	57
Temporary contracts	14
Equatorial Guinea	1
Permanent contracts	1
Temporary contracts	0
Italy	3
Permanent contracts	2
Temporary contracts	1
Luxembourg	6
Permanent contracts	6
Temporary contracts	0
Mexico	1
Permanent contracts	1
Temporary contracts	0
Mozambique	1
Permanent contracts	1
Temporary contracts	0
Russia	5
Permanent contracts	4
Temporary contracts	1
Turkey	4
Permanent contracts	3
Temporary contracts	1
International Total	3,349

Notes: This does not include SportZone and Worten Canary Islands, Tlantic Brazil, MDS Brazil, Salsa, Losan and Go Natural Restaurants. This does not include the Board of Directors.

Sonaecom (including Sonae IM and Media)

Employees by type of contract (no.)	2017
Permanent contracts	1,222
Male	823
Female	399
Temporary contracts	79
Male	45
Female	34
Total employees	1,301
Employees by type of job (no.)	
Full-time	1,301
Male	1,019
Female	282
Part-time	0
Male	0
Female	0
Total employees	1,301
Employees by region (no.)	
Portugal	905
Permanent contracts	852
Temporary contracts	53
Australia	1
Permanent contracts	1
Temporary contracts	0
Brazil	71
Permanent contracts	68
Temporary contracts	3
Colombia	5
Permanent contracts	4
Temporary contracts	1
Egypt	26
Permanent contracts	23
Temporary contracts	3
Spain	277
Permanent contracts	208
Temporary contracts	19
USA	24
Permanent contracts	24
Temporary contracts	0
England	1
Permanent contracts	1
Temporary contracts	0
Ireland	2
Permanent contracts	2
Temporary contracts	0
Malaysia	8
Permanent contracts	8
Temporary contracts	0
Mexico	31
Permanent contracts	31
Temporary contracts	0
Total International	396

Sonae Sierra

Employees by type of contract (no.)	2017
Permanent contracts	980
Male	482
Female	498
Fixed-term contracts	67
Male	25
Female	42
Temporary contracts	14
Male	5
Female	9
Total employees	1,061
Employees by type of job (no.)	
Full-time	1,045
Male	511
Female	534
Permanent part-time	14
Male	1
Female	13
Temporary part-time	2
Male	0
Female	2
Total employees	1,061
Employees by region (no.)	
Portugal	466
Male	204
Female	262
Germany	72
Male	36
Female	36
Brazil	329
Male	187
Female	142
Colombia	2
Male	2
Female	0
Greece	5
Male	1
Female	4
Spain	85
Male	37
Female	48
Holland	1
Male	1
Female	0
Italy	50
Male	21
Female	29
Morocco	13
Male	7
Female	6
Romania	27
Male	9
Female	18
Turkey	11
Male	7
Female	4
Total	1,061

Notes: Sonae Sierra considers that its workforce is composed by 1,061 employees that they employ directly, plus 44 more employees that are employed by other companies but supervised by Sonae Sierra. We also employed 11 independent contractors (91% men and 9% women) during the report period.

102-9	Supply chain	<p>Sonae Sonae aims to incorporate sustainable development values into the supply chain. To do so, it invests in the optimisation of the supply chain and in a good relationship with its business partners, promoting trust and transparency, and sharing the company's concerns on an environmental and social level.</p> <p><i>Sustainability: The Pulse for Our Partners and Suppliers</i></p> <p>Vide responses to the indicators: "204-1 Proportion of spending on local suppliers"; "304-2 - Significant impacts of activities, products and services on biodiversity"; "305-5 - Reduction of GHG emissions - <i>Service Centres Project</i>"; "308-1 - New suppliers that were screened using environmental criteria"; "407-1 - Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk"; "408-1 - Operations and suppliers at significant risk for incidents of child labour"; "409-1 - Operations and suppliers at significant risk for incidents of forced or compulsory labour"; "414-1 - New suppliers that were screened using social criteria".</p>	V		
102-10	Significant changes to the organisation and its supply chain	There were no significant changes during the period covered by the report.	V		
102-11	Precautionary principle or approach	Corporate Governance Report 2017 C. Internal Organisation: III- Internal Control and Risk Management: 55.; IV- Investor Support: 56-58	V		
102-12	External initiatives	<i>Sustainability: The Pulse for Long-living Businesses</i>	V		
102-13	Member of associations	<i>Sustainability: The Pulse for Long-living Businesses</i> https://www.sonae.pt/pt/sustentability/organisations-partners/	V		
STRATEGY					
102-14	Message from the senior decision-maker	<i>Message from the Executive Commission</i>	V		
102-15	Key impacts, risks and opportunities	Corporate Governance Report 2017 C. Internal Organisation: III- Internal Control and Risk Management	V		
ETHICS AND INTEGRITY					
102-16	Values, principles, standards and norms of behaviour	<i>Code of Conduct</i>	V		
GOVERNANCE					
102-18	Governance structure	Corporate Governance Report 2017 B. Corporate Bodies and Committees: I- General Meeting: 12.3-14; II- Administration and supervision: 15-26 <i>Sustainability: The Pulse for Long-living Businesses</i>	V		
102-21	Consulting stakeholders on economic, environmental and social topics	Corporate Governance Report 2017 B. Bodies and Committees: II-Administration and supervision: 21-26 <i>Sustainability: The Pulse for Long-living Businesses</i>	V		
102-22	Composition of the highest governance body and its committees	Corporate Governance Report 2017 B. Bodies and Committees: II-Administration and supervision: 19-21	V		
102-23	Chair of the highest governance body	Corporate Governance Report 2017 B. Corporate Bodies and Committees: I- General Meeting: 12.3-14; II- Administration and supervision: 15-21	V		

102-24	Nominating and selecting of the highest governance body	Corporate Governance Report 2017 B. Bodies and Committees: II- Administration and supervision: 21	V		
102-25	Conflicts of interest	Corporate Governance Report 2017 C. Internal Organisation: I- Statutes: 48; II - Communication of Irregularities: 49; III- Internal Control and Risk Management: 50-53 <i>Sustainability: The Pulse for Long-living Businesses</i>	V		
102-28	Evaluating the highest governance body's performance	Corporate Governance Report 2017 B. Bodies and Commissions: II- Administration and supervision: 27 - 28.1.	V		
102-29	Identification and managing economic, environmental and social impacts	Corporate Governance Report 2017 B. Bodies and Commissions: II-Administration and supervision: 18-29; III- Audit: 30-35	V		
102-31	Review of economic, environmental and social topics	Corporate Governance Report 2017 B. Bodies and Commissions: II-Administration and supervision: 18-29; III- Audit: 30-35	V		
102-33	Communicating critical concerns	Corporate Governance Report 2017 B. Bodies and Committees: II-Administration and supervision: 21-26 <i>Sustainability: The Pulse for Long-living Businesses</i>	V		
102-35	Remuneration policies	Corporate Governance Report 2017 D. Remuneration: I- Powers for determination: 66; II- Remuneration Committee: 67-68; III- Remuneration Structure: 69-76; IV - Disclosure of Remuneration: 77-82; V - Agreements with Remunerative Implications: 83-84; VI – Share Attribution Plans or Stock Options: 85-88; E. Transactions with Related Parties: I- Control mechanisms and procedures: 89-91; II- Details related to business: 92	V		
102-37	Stakeholders' involvement in remuneration	<i>Sustainability: The Pulse for Long-living Businesses</i> Corporate Governance Report 2017 B. Bodies and Committees: II-Administration and supervision: 21-26	V		
INVOLVEMENT WITH STAKEHOLDERS					
102-40	List of stakeholder groups	<i>Sustainability: The Pulse for Long-living Businesses</i>	V		
102-41	Collective bargaining agreements	<i>Sustainability: The Pulse for Our People</i>	V	3	8

Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS

All employees of Portugal and Spain of Sonae MC, Sonae Sports & Fashion, Worten and Maxmat are covered by this type of contract.

Notes: This does not include SportZone and Worten Canary Islands, Tlantic Brazil, MDS Brazil, Salsa, Losan and Go Natural Restaurants.

Sonacom (including Sonae IM and Media)

Employees covered by collective bargaining agreements	2017
Total of employees covered by collective bargaining agreements (no.)	142
Percentage of employees covered by collective bargaining agreements (%)	11%

Notes: Público is not affiliated with any of the Employer Associations subscribing to the current Conventions that regulate the Press (AID (Daily Press Association) and API (Portuguese Press Association)), however, and due to the existence of Regulations that extend the content, or part of it, to unaffiliated companies, Público, Comunicação Social, SA is obliged by the following:

- Journalists: the provisions of the Convention published in BTE nº 24 of 29/06/86 apply, by virtue of the Regulation published in B.T.E. No. 35 of 29/06/86. Clause 6 - Internship; Clause 8 - Categories and Groups; Clause 9 - Management and Leadership Functions; Clause 38 - Salary Tables; Clause 45 – Seniority Allowance; Clause 66 – Change of Professional Category; Salary Tables.
- Non-journalists: the provisions of the Convention published in B.T.E. nº 32 of 29/08/07 apply, by virtue of the Regulation published in B.T.E. nº 12 of 29/03/08. Público generally complies with the conditions presented in Annex I, base I, of the same Convention.

Sonae Sierra

Sonae Sierra does not have collective bargaining agreements, so 0% of employees are covered.

102-42	Identifying and selecting stakeholders	<i>Sustainability: The Pulse for Long-living Businesses</i>	V																																					
102-43	Approach to stakeholder engagement	<i>Sustainability: The Pulse for Long-living Businesses</i>	V																																					
102-44	Key topics and concerns raised by stakeholders	<p><i>Sustainability: The Pulse for Long-living Businesses</i></p> <p><i>Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP and Sonae FS</i></p> <table border="1"> <thead> <tr> <th colspan="4">Suggestions and complaints registered (2017)</th> </tr> <tr> <th>Total suggestions and complaints registered (no.)</th> <th>Sonae MC</th> <th>Sonae S&F</th> <th>Worten</th> </tr> </thead> <tbody> <tr> <td></td> <td>64,837</td> <td>13,267</td> <td>24,604</td> </tr> <tr> <td></td> <th>Maxmat</th> <th>Sonae RP</th> <th>Sonae FS</th> </tr> <tr> <td></td> <td>281 complaints</td> <td>37 complaints</td> <td>5,637 complaints</td> </tr> </tbody> </table> <p><i>Sonaeacom (including Sonae IM and Media)</i> At Sonaeacom, at the end of each project an assessment is carried out, in accordance with the existing tools.</p> <table border="1"> <thead> <tr> <th colspan="2">Suggestions and complaints registered</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td colspan="2">Total of suggestions and complaints registered (no.)</td> <td>0</td> </tr> </tbody> </table> <p>Sonae Sierra</p> <table border="1"> <thead> <tr> <th colspan="3">Satisfaction index (2017)</th> </tr> <tr> <th>Tenants (1-5)</th> <th>Visitors (1-5)</th> <th>Visitors (1-100)</th> </tr> </thead> <tbody> <tr> <td>4.74</td> <td>4.05</td> <td>84</td> </tr> </tbody> </table> <p>Notes: This includes all shopping centres owned by Sonae Sierra and operational during the reporting period, in which studies were carried out to evaluate these indexes.</p>	Suggestions and complaints registered (2017)				Total suggestions and complaints registered (no.)	Sonae MC	Sonae S&F	Worten		64,837	13,267	24,604		Maxmat	Sonae RP	Sonae FS		281 complaints	37 complaints	5,637 complaints	Suggestions and complaints registered		2017	Total of suggestions and complaints registered (no.)		0	Satisfaction index (2017)			Tenants (1-5)	Visitors (1-5)	Visitors (1-100)	4.74	4.05	84	V		
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REPORTING PRACTICE																																								
102-45	Entities included in the consolidated financial statements	<i>The Report</i>	V																																					
102-46	Defining the report content and topic Boundaries	<i>The Report</i>	V																																					
102-47	List of material topics	Sonae carried out a materiality analysis exercise on sustainability issues, to assess the material topics for the company and its stakeholders. Sonae reports in accordance with the material topics, which are the focus of the information described in this Report.	V																																					

Material topics	Within Sonae	Outside of Sonae
Environmental, labour and human rights criteria for suppliers	√	Suppliers
Transparency and trust throughout the value chain	√	Suppliers; Community; Regulators and governmental entities
Ethics in the supply chain	√	Suppliers; Community
Influencing suppliers in the preservation of natural resources	√	Suppliers
Local production	√	CPC Suppliers and Own brand; Community
Compliance / Quality of Products	√	Suppliers; Customers and visitors; Media
Public health	√	Suppliers; Customers and visitors; Media; Regulators and Governmental entities
New consumer interaction technologies	√	Customers and visitors
Product adaptation and innovation	√	Customers and visitors; Community
Packaging innovation and optimisation	√	Own brand suppliers; Other suppliers
Combating food waste	√	Community
Nutrition	√	Own brand suppliers; Other suppliers; Customers and visitors; Regulators and governmental entities
Healthy Lifestyles	√	Customers and visitors; Community
Support to local communities	√	Community
Health and safety in stores	√	Employees; Customers and visitors
Human capital management	√	Employees
Water, energy and GHG emissions	√	CPC; Sonae MC Suppliers; Own brand
Waste Management	√	Own brand suppliers; Customers and visitors; Own brand
Optimisation of transportation and distribution	√	Fleet Suppliers – Supply vehicles

102-48	Restatements of information	<i>The Report</i>	√		
102-49	Changes in reporting	<i>The Report</i>	√		
102-50	Reporting period	<i>The Report</i>	√		
102-51	Date of most recent report	31 st March 2017	√		
102-52	Report Cycle	Annual	√		
102-53	Contact for questions regarding the report	<i>The Report</i>	√		
102-54	Claims of reporting "in accordance" with the GRI Standards	This report was prepared according to the GRI Standards: Core option	√		
102-55	GRI content index	Present table	√		
102-56	External assurance	<i>The Report</i>	√		

SPECIFIC STANDARD CONTENTS

Disclosures	Localisation	Verification	UNGC Principles	SDG		
GRI 200 – ECONOMIC DISCLOSURES						
GRI 201 – ECONOMIC PERFORMANCE						
201-1	Direct economic value generated and distributed	Direct economic value generated and distributed (€)	2017	V	2 5 7 8 9	
		Economic value generated	6,503,753,691			
		- Revenues	6,503,753,691			
		Economic value distributed	6,301,803,089			
		- Operational costs	5,407,867,988			
		- Salaries and employee benefits	764,191,618			
		- Payments to investors	115,767,432			
		- Payments to the State	4,359,495			
	- Donations and other community investments	9,616,555				
	Accumulated economic value	201,950,602				
201-2	Financial implications and other risks and opportunities for the organisation due to climate change	<ul style="list-style-type: none"> For detailed information on the financial implications and other risks and opportunities arising from climate changes, please refer to Sonae's response to the <i>Carbon Disclosure Project 2016</i>, available here. At the end of 2017, two working groups were formed, which in 2018 will focus, among others, on the following topics: Commitment endorsed under the <i>Paris Pledge for Action</i> initiative; the approach to the guidelines of the Financial Stability Board's Task Force concerning Climate-Related Financial Disclosures. 	V		13	
201-3	Defined benefit plan obligations and other retirement plans	Sonae does not have a pension fund.	V			
201-4	Financial assistance received from government	16,684,180 €	V			
GRI 202 – MARKET PRESENCE						
202-2	Proportion of senior management hired from the local community	Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP and Sonae FS		V	6	8
		Proportion of senior management hired from the local community	2017			
		Total top managers (no.)	93			
		Total top managers from the local community (no.)	89			
		Proportion of senior management hired from the local community (%)	96%			
Notes: This does not include SportZone and Worten Canary Islands, Tlantic Brazil, MDS Brazil, Salsa, Losan and Go Natural Restaurants. This does not include the Board of Directors.						
GRI 203 – INDIRECT ECONOMIC IMPACTS (MATERIAL ASPECT)						
Management approach	103-1	Explanation of the material topic and its Boundary	Directly related to Indirect Economic Impacts, the topic "Support to local communities" was considered a material topic (<i>vide</i> response to indicator "102-47 - List of material topics").	V		
	103-2	The management approach and its components	Sonae has promoted several initiatives related to Indirect Economic Impacts (<i>vide</i> chapter <i>Sustainability: The Pulse for Our Communities</i>).			
	103-3	Evolution of the management approach	Sonae carries out the measurement and monitoring of indicators associated with this aspect and reports them in this Report (<i>vide</i> indicators presented below).			

203-1	Infrastructure investments and services supported	Sonae's support to the community includes donations in kind and donations, namely for public benefit, with more than 1,400 institutions supported, representing an investment of € 9,616, 555. Sonae RP provided some of its spaces free of charge to a group of institutions, for an amount equivalent to € 315,000. <i>Sustainability: The Pulse for Our Communities.</i>	V		2 5 7 9 1 1						
203-2	Significant indirect economic impacts	<i>Sustainability: The Pulse for Our Communities.</i>	V		1 2 3 8 1 0 1 7						
GRI 204 - PROCUREMENT PRACTICES (MATERIAL ASPECT)											
Management approach	103-1	Explanation of the material topic and its Boundary	Regarding Procurement Practices, the topic "Local production" was considered a material topic (<i>vide</i> response to indicator "102-47 - List of material topics").	V							
	103-2	The management approach and its components	Sonae has promoted several initiatives related to Procurement Practices (<i>vide</i> chapters <i>Sustainability: The Pulse for Our Partners and Suppliers</i> and <i>Sustainability: The Pulse for Our Businesses and Products</i>).								
	103-3	Evolution of the management approach	Sonae carries out the measurement and monitoring of indicators associated with this aspect and reports them in this Report (<i>vide</i> indicators below).								
204-1	Proportion of spending on local suppliers	<table border="1"> <tr> <td>Proportion of spending on local suppliers</td> <td>2017</td> </tr> <tr> <td>Proportion of expenses with foreign suppliers (%)</td> <td>23%</td> </tr> <tr> <td>Proportion of expenses with national suppliers (%)</td> <td>77%</td> </tr> </table> <i>Sustainability: The Pulse for Our Partners and Suppliers.</i>	Proportion of spending on local suppliers	2017	Proportion of expenses with foreign suppliers (%)	23%	Proportion of expenses with national suppliers (%)	77%	V		1 2
Proportion of spending on local suppliers	2017										
Proportion of expenses with foreign suppliers (%)	23%										
Proportion of expenses with national suppliers (%)	77%										
GRI 205 – ANTI-CORRUPTION (MATERIAL ASPECT)											
Management approach	103-1	Explanation of the material topic and its Boundary	Directly related to anti-corruption the topic "Transparency and trust along the value chain" was considered a material topic (<i>vide</i> response to indicator "102-47 - List of material topics").	V							
	103-2	The management approach and its components	Sonae has promoted several anti-corruption initiatives (<i>vide</i> chapter <i>Sustainability: The Pulse for Long-living Businesses</i>).								
	103-3	Evolution of the management approach	Sonae carries out the measurement and monitoring of indicators associated with this aspect and reports them in this Report (<i>vide</i> indicators below).								
205-1	Operations assessed for risk related to corruption	<p>Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP and Sonae FS</p> <p>Sonae implements the international methodology <i>Enterprise Risk Management - Integrated Framework</i> (COSO) in its risk management process, which enables the identification of different types of risks and threats to the development of the business, at both the strategic and operational level. As the risk of corruption was not identified as a priority risk for the business, no assessments were carried out in this regard. The Code of Conduct and Ethics also takes this risk into account and there is no report of any such cases.</p> <p>Sonae Sierra</p> <p>In 2017, no facts were identified that could be considered as cases of corruption. The Code of Conduct states that it is prohibited to give or accept any reward (or "benefit") to influence someone's behaviour to further commercial gain. In Europe, we ensure compliance to this obligation by including the risk of corruption in the annual <i>Internal Audit Plan</i>, which is in line with Sonae Sierra's <i>Risk Matrix</i>. The <i>Anti-Corruption Guidelines</i> made the development of anti-corruption awareness possible through training, carried out under the programme BEST (<i>Behaviour with Ethics Sierra Training</i>). In Brazil, there is no</p>	V	10	16						

		<p>systematic mapping of the risk of corruption and no audit or other type of corruption assessment has been carried out.</p> <table border="1"> <tr> <td>Operations assessed for risk of corruption</td> <td>2017</td> </tr> <tr> <td>Percentage of business processes identified for analysis on the risk of corruption (rotational basis) (%)</td> <td>16 (100%)</td> </tr> <tr> <td>Percentage business processes that were audited in 2017 (%)</td> <td>5 (31%)</td> </tr> </table>	Operations assessed for risk of corruption	2017	Percentage of business processes identified for analysis on the risk of corruption (rotational basis) (%)	16 (100%)	Percentage business processes that were audited in 2017 (%)	5 (31%)							
Operations assessed for risk of corruption	2017														
Percentage of business processes identified for analysis on the risk of corruption (rotational basis) (%)	16 (100%)														
Percentage business processes that were audited in 2017 (%)	5 (31%)														
205-2	Communication and training about anti-corruption policies and procedures	<p><i>Sustainability: The Pulse for Long-living Businesses</i></p> <p>Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP and Sonae FS Although the risk of corruption is not considered a priority risk, in 2017, training was provided in relation to anticorruption policies and procedures.</p> <table border="1"> <tr> <td>Training on anti-corruption policies and procedures</td> <td>2017</td> </tr> <tr> <td>Total governance body that received training in anti-corruption (no.)</td> <td>17</td> </tr> <tr> <td>Total employees who received anti-corruption training (no.)</td> <td>21,843</td> </tr> </table> <p>Notes: Scope - Portugal "Top Executives" were included in the total number of governance bodies that received anti-corruption training. All training participants were included, regardless of if they were active on December 31st, 2017.</p> <p>In complementarity, Sonae distributes the <i>Suppliers' Code of Conduct</i> to all its suppliers.</p> <p>Sonae Sierra</p> <table border="1"> <tr> <td>Training on anti-corruption policies and procedures</td> <td>2017</td> </tr> <tr> <td>Percentage of employees and Board members who received training on anti-corruption (%)</td> <td>99%</td> </tr> </table> <p>Notes: This includes all Sonae Sierra's direct employees at the end of the reporting period. Sonae Sierra does not have a systematic procedure for communicating, measuring, and reporting the number of business partners to whom the organisation's anticorruption policies and procedures have been communicated.</p>	Training on anti-corruption policies and procedures	2017	Total governance body that received training in anti-corruption (no.)	17	Total employees who received anti-corruption training (no.)	21,843	Training on anti-corruption policies and procedures	2017	Percentage of employees and Board members who received training on anti-corruption (%)	99%	V	10	16
Training on anti-corruption policies and procedures	2017														
Total governance body that received training in anti-corruption (no.)	17														
Total employees who received anti-corruption training (no.)	21,843														
Training on anti-corruption policies and procedures	2017														
Percentage of employees and Board members who received training on anti-corruption (%)	99%														
205-3	Confirmed incidents of corruption and actions taken	<p>Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP and Sonae FS There were no registered cases of corruption in 2017.</p> <p>Sonaecom (including Sonae IM and Media) There were no registered cases of corruption in 2017.</p> <p>Sonae Sierra There were no registered cases of corruption in 2017.</p>	V	10	16										

GRI 300 – ENVIRONMENTAL DISCLOSURES

GRI 301 – MATERIALS

301-1	Consumption of materials by weight or volume	Sustainability: The Pulse for Our Planet.	V	7 e 8	8 12
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Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP and Sonae FS

Reduction of the consumption of materials associated with the value chain is promoted, specifically with regard to the packaging of the products it distributes. To achieve this, it promotes several initiatives with suppliers to reduce the associated materials, not only with the primary packaging of the product itself, but also at the level of the transport boxes.

Maxmat

Total paper consumption (t)	2017
	8

Sonacom (including Sonae IM and Media)

Total paper consumption (t)	2017
	2,451

Note: Paper consumption refers only to Jornal Público.

301-3	Reclaimed products and their packaging materials	Sustainability: The Pulse for Our Planet.	V	8	8 12
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Sonae MC, Sonae Sports & Fashion and Worten

Sale of reusable bags

In 2017, we upheld the policy of not making lightweight plastic bags available.

In the food retail business (Sonae MC), specifically in supermarkets and hypermarkets, where the use of disposable bags to carry goods is higher, in addition to the non-availability of light bags, the following was found:

- An increase in the sale of reusable PE Laminated Bags (40 and 50 Cents) by 26.3%;
- An increase in the sale of reusable PE bags with a thickness equal to or greater than 55 Micron (10 Cents) of 21.5%;
- An increase in the sale of reusable bags of other types of plastic of 110.5%;
- A reduction of 2.8% in the sale of paper bags;

Overall, there was an increase in the sale of reusable bags by 28.9%.

Reduction in Packaging

In 2017, at Sonae MC plastic bags were withdrawn from the bakery area, concerning any products packed in-store.

GRI 302 - ENERGY (MATERIAL ASPECT)

Management Approach	103-1	Explanation of the material topic and its Boundary	Directly related to Energy, the topic "Water, Energy and GHG emissions" was considered a material topic (<i>vide</i> response to indicator "102-47 - List of material topics").	V		
	103-2	The management approach and its components	Sonae has promoted several initiatives related to Energy (<i>vide</i> chapter Sustainability: The Pulse for Our Planet.).			
	103-3	Evolution of the management approach	Sonae carries out the measurement and monitoring of indicators associated with this aspect and reports them in this Report (<i>vide</i> indicators below).			
	302-1	Energy consumption within the organisation	Sustainability: The Pulse for Our Planet	V	7 e 8	7 8 12 13

Sonae remains committed to improving the reduction of energy consumption in its facilities, through the implementation of more efficient equipment, as well as the monitoring of its consumption levels.

Sonae MC, Sonae Sports & Fashion, Worten

In 2017, Sonae MC, Sonae Sports & Fashion and Worten registered an electricity consumption of 438,857 MWh, which corresponds to an increase of 1.9% compared to the previous year, reflecting organic growth.

On a L4L basis, resulting from the implementation of a set of measures to reduce electricity consumption, Sonae MC recorded a reduction of 3.0%, and Sonae Sports & Fashion and Worten together recorded a reduction of 1.4% (*vide* response to indicator 302-4 Reducing energy

consumption"). However, these reductions in consumption achieved with the implemented measures did not overcome the increases in consumption induced by organic growth.

Regarding fuel consumption, Sonae MC, Sonae Sports & Fashion and Worten's commitment to the reduction of energy consumption is evident across almost all fuels, with the exception of diesel consumption by employees, which increased by 2% when compared to 2016.

To minimise the environmental impact of the contracted fleet, a joint effort was made with the suppliers of the transport services with the aim of improving the eco-efficiency of the vehicles they use, ensuring preference was given to newer vehicles. At the end of 2017, about 99% of the vehicles in the contracted fleet complied with the Euro 5 Standard. It should be noted that in 2017 vehicles were used in compliance with the Euro 6 Standard, corresponding to 72% of the contracted fleet and representing a 16% increase from 2016.

Regarding logistics efficiency, improvements have been made both in home deliveries and concerning the supply of stores. Specifically, in relation to the supply of stores, about 7.6 boxes per kilometre were transported and emissions were recorded in the order of 100 kg of CO₂ per thousand boxes transported, registering an improvement in both indicators compared to 2016.

Sonae Sierra

Sonae Sierra is also committed to improving energy efficiency. During the operation phase, it ensures that shopping centres are as efficient as possible. Within the scope of SHEMS (Safety, Health and Environment Management System) Sonae Sierra monitors and manages the energy performance of its shopping centres. It is committed to maximising the efficiency of its operations and implementing measures to increase energy self-sufficiency as part of a strategy to reduce dependence on fossil fuels. Since 2013, Sonae Sierra has launched an energy modelling tool (Bright project) that calculates the optimised theoretical energy consumption of a shopping centre and then compares it to its actual use, making it easy to detect and mitigate any inefficiency. This methodology allows the targets for each mall to be adjusted, which along with other data, should improve the energy efficiency of the portfolio. Sonae Sierra also buys green electricity for shopping centres in Portugal (except Madeira and the Azores), Germany, Italy and Spain. Energy-efficient design projects, including performance targets and innovative engineering solutions, are included in their Safety, Health and Environment Development Standards (SHEDS). In SHEDS, Sonae Sierra specifies the use of energy-efficient equipment, such as air conditioning units, lighting and boilers. They also specify standards that encourage greater energy efficiency, including an analysis of the consumption life cycle and performance criteria covering HVAC (Heating, Ventilation and Air Conditioning) equipment and lighting of common areas, as well as recommendations for efficient lighting for the tenants. Standards also require them to explore renewable and low-carbon technologies during design.

Its contractors may also be significant energy consumers and during initial construction, major remodelling or expansion, taking into account SHEMS (Safety and Health Management Systems), Sonae Sierra ensures that contractors strictly respect its requirements, which include guidelines for monitoring energy consumption to achieve greater energy efficiency.

As a result of the efforts to improve energy efficiency, in 2017, Sonae Sierra reduced its energy consumption as a result of direct energy efficiency measures in shopping centres by 6,847 GJ. The reduction of emissions associated with this variation, together with the green electricity contracts, prevented the emission of 25,940 tonnes of CO₂ equivalent.

Sonae MC, Sonae Sports & Fashion, Worten

Energy consumption within the organisation by type	2017
Electricity consumption (MWh)	438,857
Electricity consumption - stores and warehouses (MWh)	429,698
Electricity consumption - manufacturing centres (MWh)	9,159
Consumption of natural gas - stores (m ³)	312,522
Consumption of propane gas - stores (t)	38
Diesel consumption - stores (l)	117,011
Diesel consumption - contracted fleet (l)	11,027,548
Diesel consumption - employees' vehicles (l)	2,723,723
Petrol consumption - employees' vehicles (l)	13,132
Energy consumption within the organisation by type (GJ)	2017
Electricity consumption (GJ)	1,579,885
Electricity consumption - stores and warehouses (GJ)	1,546,913
Electricity consumption - manufacturing centres (GJ)	32,972
Fuel consumption (GJ)	508,683
Consumption of natural gas - stores (GJ)	12,013
Consumption of propane gas - stores (GJ)	1,748
Diesel consumption - stores (GJ)	4,172
Diesel consumption - contracted fleet (GJ)	393,200
Diesel consumption - employees' vehicles (GJ)	97,118
Petrol consumption - employees' vehicles (GJ)	432
Consumption within the organisation (GJ)	2,088,569

Production of electricity through renewable energy sources	2017
Electricity produced through renewable energy source (MWh)	9,127
Electricity produced through renewable energy source (GJ)	32,857

Electricity consumption per store area (GWh / 1000 m²)	2017
Shop area (1000 m ²)	1,219
Consumption of electricity from stores by store area (GWh/1000m²)	0.35

The total electricity consumption in 2017 stood at 438,857 MWh, an increase of 1.9% from the previous year, reflecting organic growth.

As a result of implementing a set of measures to reduce electricity consumption (*vide* response to indicator "302-4 Reduction of energy consumption"):

- Sonae MC recorded a reduction of 3.0% (L4L);
- Sonae Sports & Fashion and Worten registered a reduction of 1.4% (L4L);

However, the reductions in consumption achieved with the implemented measures did not overcome the increases in consumption induced by organic growth.

Fuel consumption, on the other hand, shows a reduction of consumption across practically all the fuels, except for diesel consumption by employees.

Maxmat

Energy consumption within the organisation by type	2017
Electricity consumption (MWh)	3,994
Electricity consumption - stores and warehouses (MWh)	3,994
Diesel consumption - stores (l)	800
Diesel consumption- contracted fleet (l)	1,140
Diesel consumption - employees' vehicles (l)	10,560
Energy consumption within the organisation by type (GJ)	2017
Electricity consumption (GJ)	14,378
Electricity consumption - stores and warehouses (GJ)	14,378
Fuel consumption (GJ)	446
Diesel consumption - stores (GJ)	29
Diesel consumption- contracted fleet (GJ)	41
Diesel consumption - employees' vehicles (GJ)	377
Consumption within the organisation (GJ)	14,824

Production of electricity through renewable energy sources	2017
Electricity produced through renewable energy source (MWh)	0
Electricity produced through renewable energy source (GJ)	0

Electricity consumption per store area (GWh /1000 m²)	2017
Store area (1,000 m ²)	61
Consumption of electricity from stores by store area (GWh/1,000m²)	0.07

Sonae RP

Energy consumption within the organisation by type	2017
Electricity consumption (MWh)	7,650
Electricity consumption – shopping areas (MWh)	7,650
Diesel consumption - shopping areas (litres)	800
Energy consumption within the organisation by type (GJ)	2017
Electricity consumption (GJ)	27,541
Electricity consumption - shopping areas (GJ)	27,541
Fuel consumption (GJ)	29
Diesel consumption- stores (GJ)	29
Consumption within the organisation (GJ)	27,570

Sonaecom (including Sonae IM and Media)

Energy consumption within the organisation by type	2017
Electricity consumption (MWh)	1,353
Electricity consumption - offices (MWh)	1,353
Diesel consumption- contracted fleet (l)	339,075
Petrol consumption - contracted fleet (l)	6,417

Energy consumption within the organisation by type (GJ)	2017
Electricity consumption (GJ)	4,871
Electricity consumption - offices (GJ)	4,871
Fuel consumption (GJ)	12,301
Diesel consumption - contracted fleet (GJ)	12,090
Petrol consumption - contracted fleet (GJ)	211
Consumption within the organisation (GJ)	17,172

Note:

This does not include the facilities of Público (Lisbon and Porto), as the energy consumption is included in the lease value of the buildings.

Sonae Sierra

Energy consumption within the organisation by type (GJ)	2017
Electricity consumption (GJ)	923,659
Electricity consumption - shopping centres (GJ)	921,993
Electricity consumption - corporate offices (GJ)	1,666
Sale of electricity (GJ)	- 39,239
Sale of electricity - shopping centres (GJ)	- 39,239
Consumption derived from heating and cooling (GJ)	138,055
Consumption derived from heating - shopping centres (GJ)	15,944
Consumption derived from cooling - shopping centres (GJ)	122,112
Fuel consumption (GJ)	229,686
Consumption of natural gas and LPG (<i>Liquified petroleum gas</i>) - shopping centres (GJ)	215,814
Diesel and petrol consumption – employees' vehicles (GJ)	13,066
Ethanol consumption - employees' vehicles (GJ)	806
Consumption within the organisation (GJ)	1,252,161

Note:

This includes all Sonae Sierra's shopping centres, operational during the full year of reporting, and all corporate offices with SHEMS (Lisbon, Maia, and São Paulo). Fuel consumption was considered for all the main corporate offices (Lisbon, Maia, São Paulo, Milan, Madrid, Dusseldorf and Bucharest), as these represent the consumption of the country and not only the offices.

Conversion Factors

Energy	Unit	Factor	Source
Ethanol	GJ/l	0.02133886	-
Natural gas	PCI (GJ/Nm ³)	0.03844	APA - Portuguese Environment Agency (2013) - CELE European Emission Trading, 2013-2020 (http://www.apambiente.pt/_zdata/DPAAC/CELE/tabela_PCI_FE_FO_2013.pdf)
Propane Gas	PCI (GJ/t)	46	APA (2017) Portuguese National Inventory Report on Greenhouse Gases, 1990-2015 https://www.apambiente.pt/_zdata/inventario/2017/20170530/NIRglobal20170526.pdf (pages 3-122)
Diesel	PCI (GJ/t)	42.6	APA (2017) Portuguese National Inventory Report on Greenhouse Gases, 1990-2015 https://www.apambiente.pt/_zdata/inventario/2017/20170530/NIRglobal20170526.pdf (pages3-99)
	Densidade (t/l)	0.000837	APA (2014) CELE http://www.apambiente.pt/_zdata/DPAAC/CELE/tabela_densidades_combustiveis_2013.pdf
Petrol	PCI (GJ/t)	44	APA (2017) Portuguese National Inventory Report on Greenhouse Gases, 1990-2015 https://www.apambiente.pt/_zdata/inventario/2017/20170530/NIRglobal20170526.pdf (pages 3-99)
	Densidade (t/l)	0.0007475	Decree-Law nº 142/2010, 31 st of December
LPG	GJ/t	49.35	EIA (2012) https://www.eia.gov/outlooks/archive/aeo12/pdf/0383(2012).pdf (page 239)
Electricity	(GJ/MWh)	3.6	International Energy Agency

302-3	Energy intensity	Sustainability: The Pulse for Our Planet.	V	8	7 8 12 13
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Sonae MC, Sonae Sports & Fashion, Worten

Energy intensity	2017
Total energy consumption (GJ)	2,088,569
Business turnover (M €)	5,476
Energy intensity ratio (GJ / M €)	381

Maxmat

Energy intensity	2017
Total energy consumption (GJ)	14,824
Business turnover (M €)	78
Energy intensity ratio (GJ / M €)	190

Sonae RP

Energy intensity	2017
Total energy consumption (GJ)	27,570
Business turnover (M €)	92,1
Energy intensity ratio (GJ / M €)	299

Sonaeacom (including Sonae IM and Media)

Energy intensity	2017
Total energy consumption (GJ)	17,172
Business turnover (M €)	140
Energy intensity ratio (GJ / M €)	123

Sonae Sierra

Energy intensity	2017
Shopping Centres - Energy intensity ratio (kWh/m² of common areas)	698

Note:

This includes all shopping centres owned by Sonae Sierra, operational during the full year of reporting. The energy consumed outside the shopping centres is not considered, therefore, in NorteShopping, the consumption of natural gas for the cogeneration system is not included (most of the energy produced is the electricity sold to the grid), but the heated and cooled water produced by cogeneration and consumed in the commercial centre is included.

302-4	Reduction of energy consumption	Sustainability: The Pulse for Our Planet. Vide response to indicator "305-5 Reduction of GHG emissions".	V	8 e 9	7 8 12 13
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Sonae MC, Sonae Sports & Fashion, Worten

Electricity	<p>Sonae MC:</p> <ul style="list-style-type: none"> - Replacement of main lighting by LED lighting in 59 stores; - Installation of doors on the butchery display equipment in 34 stores; - Replacement of the fan motors of the refrigerated display stands with high efficiency motors in 31 Stores; - Installation of automatic anti-fog systems in the refrigerated display units in 46 stores; - Adoption of cold production systems not only using less harmful gases from the point of view of their potential for global warming but also more efficient in terms of energy consumption. - Installation of 10 new independent power producer plants (photovoltaic) for self-consumption, corresponding to a potential production of 1,557 KWp. <p>Sonae Sports & Fashion and Worten:</p> <ul style="list-style-type: none"> - Replacement of main lighting by LED lighting in 20 stores; - Implementation of monitoring of consumption in real time in all Stores (100% of stores). 		
Fuels	<p>Although Sonae has no way of quantifying actual fuel consumption reductions by the fleet contracted to supply the stores, maintaining the option to require recent vehicles contributes to reducing the average specific consumption of vehicles in service.</p>		
	Vehicles in service which comply to the following Euro Standards		
	2017	2016	Variation 2016/2017
	EURO 4 - 1%	EURO 4 - 9%	EURO 4: - 8%
	EURO 5 - 27%	EURO 5 - 35%	EURO 5: - 8%
	EURO 6 - 72%	EURO 6 - 56%	EURO 6: + 16%

Sonae RP

Electricity	<ul style="list-style-type: none"> - Gradual replacement of lighting with low consumption lighting, manual management of the lighting of Galeria (SC(Shopping Centre) Loures and Telheiras SC) and the park (Loures SC); - Improved manual management of shopping area lighting and changing lamps to LED lighting (Marco Shopping SC); - Total replacement of the lighting of Galeria and floor -1 for LED (Jardim Maia SC); - Gradual replacement of shopping centre area and park lighting to LED (Gaia Jardim SC).
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Sonaecom (including Sonae IM and Media)

Electricity	<ul style="list-style-type: none"> - Installation of capacitor bank, to eliminate the consumption of reactive energy; - Gradual replacement of bulbs, which need to be replaced, with halogen bulbs (Picoas Building); - Lighting, air conditioning, chiller, primary pumps, secondary pumps, air handling unit, ventilation and fan coils remain on only during office hours (Edifício Picoas); - Investment in videoconferencing equipment, reducing the number of trips for face-to-face meetings and their respective savings in fuel.
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Sonae Sierra

Reductions in energy consumption	2017
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Shopping Centres

Reductions in energy consumption	6,847
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Reduction of energy consumption as a result of the implementation of significant actions in 2017 in the shopping centres owned by Sonae Sierra.

302-5	Reductions in energy requirements for products and services	Sustainability: The Pulse for Our Planet.	V	8 e 9	7 8 12 13
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Worten

Incentives to reduce consumption of electricity in Portuguese homes	<p>In 2017, Worten carried out 2 campaigns to encourage the acquisition of more efficient equipment:</p> <ul style="list-style-type: none"> • "Energy Efficiency" Campaign: A direct price reduction and rebates in built-in kitchen appliances Sales campaign: 7,166 units • "Triple Savings - Samsung / WRT / EDP Campaign": 10% discount on the EDP invoice, on a selection of Samsung articles from UN 51 and 53 -> A +++ <p>9. Sales Campaign: 2,062 units</p>
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Providing (increasingly) efficient product ranges, contributing to a more efficient customer choice	Total products sold per energy efficiency level - category A or higher (no.)	2017
	Televisions	301,946
	A	176,283
	A+	121,788
	A++	3,875
	Home Appliances	116,090
	A	1,337
	A+	77,133
A++	32,557	
A+++	5,063	

Maxmat

Providing (increasingly) efficient product ranges, contributing to a more efficient customer choice	Total of products sold per energy efficiency level - category A or higher (no.)	2017
	Home Appliances	278
	A+	210
	A++	68

GRI 303 - WATER (MATERIAL ASPECT)					
Management Approach	103-1	Explanation of the material topics and its Boundary	Directly related to Water, the topic "Water, energy and GHG emissions" was considered to be a material topic (<i>vide</i> response to indicator "102-47 - List of material topics").	V	
	103-2	The management approach and its components	Sonae has promoted several initiatives related to Water (<i>vide</i> chapter Sustainability: The Pulse for Our Planet).		
	103-3	Evaluation of the management approach	Sonae carries out the measurement and monitoring of the indicators associated with this topic and reports them in this Report (<i>vide</i> indicators presented below).		
	303-1	Water withdrawal per source	Sustainability: The Pulse for Our Planet .	V	7 e 8 6

In 2017, Sonae remained committed to the continuous improvement in the reduction of its water footprint.

In Sonae MC, food stores registered a 0.5% increase in total water consumption compared to 2016 (real value). This increase, however, does not mean that the company is less committed to the continuous improvement in the reduction of its water footprint. The continued implementation of the measures adopted in recent years, as well as, more recently, the progressive installation of counters equipped with telemetry, which enable water consumption to be monitored more accurately, have made it possible for the first time to obtain a total specific consumption value of less than 1.0 m³/m², reflecting a reduction of 0.4 percentage points, compared to 2016.

Sonae Sierra

Sonae Sierra is also committed to reduce its water footprint, by increasing the efficiency of its activities and using innovation and technology to rethink the way water is used and managed in shopping centres. By improving the portfolio's water efficiency and integrating rainwater collection and water reuse systems, they can reduce exposure to water scarcity risks and minimise the water footprint, preparing for future legislation and avoiding costs.

Sonae Sierra's goal is to ensure a safe water supply in all our shopping centres, with a special focus on locations vulnerable to water shortages. The *World Business Council for Sustainable Development (WBCSD) Global Water Tool* is used to identify whether the areas in which the new shopping centres are being developed, are at risk of water stress or scarcity. It also ensures the development of water-efficient projects, including equipment specifications and engineering solutions that include water recycling. It integrates, whenever possible, in the new projects and in the remodelling projects, systems for collecting rainwater and recycling of grey water, to reduce the need for fresh or municipal water consumption. It also establishes requirements for the efficiency of sanitary equipment (such as taps with sensors, urinals without water and toilets with a low discharge). Since 2013, a water calculator has been in place (*Dive* project) that aims to evaluate the water needs of each shopping centre considering their location, design and occupation. This tool enables the establishment of consumption targets for the main water systems (e.g., WCs and irrigation), which, along with real-time monitoring, makes it possible to identify usage patterns and to implement control mechanisms.

For the outdoor areas of the shopping centres, it establishes efficient irrigation systems and favours the use of native plant species.

The average water consumption of shopping centres in 2017 was 3.3 litres of water per visitor (excluding tenants). However, Sonae Sierra believes it remains well-positioned to reach the long-term goal of achieving a maximum consumption of 3 litres per visit by 2020.

Sonae MC

Water withdrawal by source	2017
Municipal water supply (m ³)	633,722
Total water consumption (m³)	633,722
Water consumption per store area	2017
Shop area (1,000 m ²)	655
Water consumption per store area (m³/m²)	0.97

Maxmat

Water withdrawal by source	2017
Municipal water supply (m ³)	11,600
Total water consumption (m³)	11,600
Water consumption per store area	2017
Store area (1000m ²)	61
Water consumption per store area (m³/m²)	0.19

Sonae RP

Water withdrawal	2017
Underground withdrawal (m ³)	11,333
Municipal water supply (m ³)	72,737
Total water consumption (m³)	84,070

Sonaecom (including Sonae IM and Media)

Water withdrawal	2017
Municipal water supply (m ³)	4,608
Total water consumption (m³)	4,608

Note:

This does not include the facilities of Público do Porto, since water consumption is included in the building's lease value.

Sonae Sierra

Water withdrawal	Excluding tenants	Water reallocation for tenants
Underground withdrawal (m ³)	299,051	245,079
Rainwater (m ³)	30,480	-
Public supply network (m ³)	653,981	712,206
Other sources of withdrawal (m ³)	338	-
Mix of water sources (m ³)	76,122	4,493
Grey water (m ³)	23,785	-
Treated wastewater (m ³)	87,266	-
Total water consumption (m³)	1,171,023	961,778
		2,132,801

Note:

This includes all shopping centres owned by Sonae Sierra, operational throughout the reporting year. It was not possible to obtain the values for ParkLake, in Romania, so this was not included.

Water consumption per shopping centre area, bathrooms, own portfolio and number of visitors	2017
Water consumption per mall and toilet area (m³/m²)	4.6
Water consumption (excluding tenants) (m³/m²)	2.5
Water consumption by number of visits (l / visitors)	6.0
Water consumption by number of visits (excluding tenants) (l / visitors)	3.3

Note:

This includes all the shopping centres owned by Sonae Sierra, operational throughout the reporting year. It was not possible to obtain the values for ParkLake, in Romania, so this was not included.

303-3	Water recycled and reused	<p>Sustainability: The Pulse for Our Planet.</p> <p>Sonae has a recycling and water reuse initiative in Sonae Service Centre's Tower located in Maia, with GOLD certification by LEED, where the water of the shower rooms and lavatories are reused in the toilets, and the rainwater is collected and used in the irrigation systems. According to the project data, the reuse of water in this building allows savings of around 80% of water consumption.</p> <p>Sonae Sierra</p> <p>Whenever possible, Sonae Sierra implements engineering solutions that allow the recycling and reuse of water, such as the reuse of rainwater and grey water recycling systems, to reduce the need to use municipal water or freshwater. The irrigation systems of the outdoor spaces and sanitary water systems are always designed to maximise the use of water.</p>	V	8	6 8 12	
		<table border="1"> <thead> <tr> <th>Water recycled or reused</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Percentage of recycled or reused water (including tenants) %</td> <td>7% (141,869 m³)</td> </tr> <tr> <td>Percentage of recycled or reused water (excluding tenants) %</td> <td>12% (141,869 m³)</td> </tr> </tbody> </table> <p>Notes: Two of Sonae Sierra's shopping centres cannot quantify the total amount of water they reuse, so recycled / reused water is underestimated and actual values are higher than those presented.</p> <p>This indicator is determined using the following formula: (reused / recycled water (m³) / Total water withdrawal (m³) *100).</p>				Water recycled or reused
Water recycled or reused	2017					
Percentage of recycled or reused water (including tenants) %	7% (141,869 m ³)					
Percentage of recycled or reused water (excluding tenants) %	12% (141,869 m ³)					

GRI 304 - BIODIVERSITY (MATERIAL ASPECT)					
Management Approach	103-1	Explanation of the material topic and its Boundary	Directly related to biodiversity, the topic "Influencing suppliers in the preservation of natural resources" was considered an important material topic (<i>vide</i> response to indicator "102-47 – List of material topics")	V	
	103-2	The management approach and its components	Sonae has promoted several initiatives related to biodiversity (<i>vide</i> chapter <i>Sustainability: The Pulse for Our Planet</i>).		
	103-3	Evolution of the management approach	Sonae carries out the measurement and monitoring of the indicators associated with this topic and reports them in this report (<i>vide</i> the indicators presented below)		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<i>Sustainability: The Pulse for Our Planet.</i>	V	8	6 14 15

Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat e Sonae RP
 Sonae does not own any facilities in areas classified as habitats rich in biodiversity.

Sonaeacom (including Sonae IM and Media)
 Sonaeacom does not own any facilities in areas classified as habitats rich in biodiversity.

304-2	Significant impacts of activities, products and services on biodiversity.	<i>Sustainability: The Pulse for Our Planet.</i>	V	8	6 14 15
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Sonae MC
 Sonae's Sustainable Fishing Policy aims to minimise the impacts of fishing activities on marine biodiversity and promote the adoption of sustainable fishing practices, taking into consideration a set of guidelines that encourage the protection of ecosystems.



1

Guarantee avoidance of suppliers “blacklisted” by *Greenpeace*

2

Introduction of new tags on Fresh Fish (PPA – Proof of Purchase at Local Fishing Harbours)

3

Choice of suppliers according to the fishing methods used

4

Compliance with legislation on scientific names and the minimum fish sizes

5

Transmission of trust and loyalty to consumers

In this way, over the last few years, we have developed several improvement measures, described below, which have contributed to the commercialisation of healthy fishing and to the reduction of non-sustainable fishing practices, such as:

- INCREASED QUANTITIES OF SELECTED DRIED CODFISH PURCHASED

- FISH PURCHASED FROM LOCAL FISHING MARKETS (DOCAPESCA)



- INCREASED SALES OF AQUACULTURE PRODUCTS

- INTRODUCTION OF BIOLOGICAL PRODUCTS

- PROHIBIT THE SALE OF GREENLAND HALIBUT AND TIGER-SHARK

- PURCHASE CODFISH FROM NORWAY



- REDUCED QUANTITIES OF FISH PURCHASED THAT RESULTED FROM BOTTOM TRAWLING

- REDUCED QUANTITIES OF MONK FISH PURCHASED AND SOLD

The Traffic Light System is a tool developed with the objectives of promoting the commercialisation of fish in a sustainable way and to more easily evaluate the sustainability level of the products that we sell. From the use of this tool, the red, yellow and green colours are assigned according to the main fishing practices used, thus simplifying the survey of the main fishing practices. This allows Sonae to prioritise suppliers that use fishing methods with a lower impact on species and ecosystems.

In 2017, 33% of the fishing methods used by Sonae posed little harm to the existence of species and ecosystems (+1% compared to 2016).

Moreover, our suppliers are responsible for meeting several requirements, namely to:

- Respect and meet the legally established fishing quotas,
- Use fishing methods that do not damage the sea bottom,
- Proceed according to a sustainable fishing policy,
- Supply fish caught exclusively on vessels that are not listed on *Greenpeace's* "blacklist", with an undertaking from them to submit documents proving compliance whenever requested.

In addition, it is mandatory that the documents accompanying the products contain information on species, batch, catch zone and capture method. This information and the name of the vessels, certificates, captain names and port of landing are requested annually.

Sonae Sierra

Land development can have an impact on biodiversity, particularly when projects are built on "greenfields", areas that are most likely to be rich in biodiversity or with valuable functions for ecosystems. Therefore, Sonae Sierra strives to minimise the loss of biodiversity and establishes several measures to protect habitats in its ongoing projects and existing assets, always with long-term goals in mind, to:

- Promote the use of pre-developed land or industrial land for new shopping centre projects and to protect and improve biodiversity, when possible.
- Protect and improve biodiversity in existing Sonae Sierra facilities and in new projects and add value to new projects, by actively integrating biodiversity, and whenever possible, considering the regional setting.

Measures, including *Environmental Due Diligence*, *Environmental Impact Studies* (EIS), SHEDS (*Safety, Health and Environment Development Standards*) and SHEMS (*Safety, Health and Environment Managements System*), specific to each project, are applied to all our new developing projects.

EIS are conducted when required by legislation and identify the potential environmental impacts of a project, such as the construction and operational impact of each project on the facilities' biodiversity (among others) and specify mitigation measures. In all other cases, *Preliminary Environmental Assessments* are carried out according to Sonae Sierra's specifications. SHEDS include a standard related to the long-term impacts on biodiversity, and our SHEMS require that all EIS recommendations that refer to biodiversity compensation in "greenfield" facilities are implemented, where complete mitigation of the impact on biodiversity is not possible.

In our operational shopping centres and corporate offices, the impacts on biodiversity that may result from day-to-day activities, such as waste disposal and water consumption, are monitored through our SHEMS procedures. We also strive to increase awareness of biodiversity issues through marketing events and other initiatives aimed at employees and/or shopping centre visitors.

304-3	Habitats protected or restored	<i>Sustainability: The Pulse for Our Planet.</i>	V	8	6 14 15
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Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat and Sonae RP

There were no operations carried out leading to changes in the surrounding habitats that would result in their restoration. The Fishing Policy penalises fishing methods that destruct habitats (e.g., bottom trawling).

Sonaecom (including Sonae IM and Media)

There were no operations carried out leading to changes in the surrounding habitats that would result in their restoration.

GRI 305 - EMISSIONS (MATERIAL ASPECT)					
Management Approach	103-1	Explanation of the material topics and its Boundary	Directly related to Emissions, the topic "Water, Energy and GHG emissions" was considered to be a material topic (<i>vide</i> response to indicator "102-47 - List of material topics")	V	
	103-2	The management approach and its components	Sonae has promoted several initiatives related to Emissions (<i>vide</i> chapter <i>Sustainability: The Pulse for Our Planet</i>).		
	103-3	Evaluation of the management approach	Sonae carries out the measurement and monitoring of the indicators associated with this topic and reports them in this Report (<i>vide</i> indicators presented below).		
	305-1	Direct (Scope 1) GHG emissions	<i>Sustainability: The Pulse for Our Planet.</i>	V	7 e 8 3

					12
					13
					14
					15

Sonae MC, Sonae Sports & Fashion and Worten

GHG Emissions (Scope 1), by source	2017
Emissions associated with the consumption of natural gas - stores (t CO ₂ e)	674
Emissions associated with the consumption of propane gas - stores (t CO ₂ e)	110
Emissions associated with the consumption of diesel - stores (t CO ₂ e)	309
Emissions associated with the consumption of diesel - contracted fleet (t CO ₂ e)	29,136
Emissions associated with the consumption of diesel - employees' vehicles (t CO ₂ e)	7,196
Emissions associated with the consumption of petrol - employees' vehicles (t CO ₂ e)	30
Total direct (Scope 1) GHG emissions (t CO₂e)	37,456

Maxmat

GHG Emissions (Scope 1), by source	2017
Emissions associated with the consumption of diesel - stores (t CO ₂ e)	2
Emissions associated with the consumption of diesel - contracted fleet (t CO ₂ e)	3
Emissions associated with the consumption of diesel - employees' vehicles (t CO ₂ e)	28
Total direct (Scope 1) GHG emissions (t CO₂e)	33

Sonae RP

GHG Emissions (Scope 1), by source	2017
Emissions associated with the consumption of diesel - shopping areas (t CO ₂ e)	2
Total direct GHG emissions (t CO₂e) (Scope 1)	2

Sonaecom (including Sonae IM and Media)

GHG Emissions (Scope 1), by source	2017
Emissions associated with the consumption of diesel - contracted fleet (t CO ₂ e)	896
Emissions associated with the consumption of petrol - contracted fleet (t CO ₂ e)	15
Total direct (Scope 1) GHG emissions (t CO₂e)	911

Emission factors

Energy	Unit	Factor	Source
Natural Gas	kg CO ₂ /GJ	56.1	APA (2017) Portuguese National Inventory Report on Greenhouse Gases, 1990-2015 https://www.apambiente.pt/_zdata/Inventario/2017/20170530/NIRglobal20170526.pdf (page 79)
Propane	kg CO ₂ /GJ	63.1	APA (2017) Portuguese National Inventory Report on Greenhouse Gases, 1990-2015 https://www.apambiente.pt/_zdata/Inventario/2017/20170530/NIRglobal20170526.pdf (page 79)
Diesel	kg CO ₂ /GJ	74.1	APA (2017) Portuguese National Inventory Report on Greenhouse Gases, 1990-2015 https://www.apambiente.pt/_zdata/Inventario/2017/20170530/NIRglobal20170526.pdf (page 79)
Petrol	kg CO ₂ /GJ	69.3	APA (2017) Portuguese National Inventory Report on Greenhouse Gases, 1990-2015 https://www.apambiente.pt/_zdata/Inventario/2017/20170530/NIRglobal20170526.pdf (page 163)

Sonae Sierra

GHG Emissions (Scope 1), by source	2017
Emissions associated with the consumption of natural gas (t CO ₂ e)	9,227
Emissions associated with the consumption of LPG (t CO ₂ e)	11
Emissions associated with the consumption of fuels by contracted fleet (petrol, diesel and ethanol) (t CO ₂ e)	936
Emissions associated to leaks (t CO ₂ e)	1,758
Total direct (Scope 1) GHG emissions (t CO₂e)	11,933

Notes:

This includes all shopping centres owned by Sonae Sierra, operational during the full reporting year, and corporate offices with SHEMS (Lisbon, Maia and São Paulo), except for fuel consumed by vehicles used for transporting goods, which includes all the corporate offices (Lisbon, Maia, São Paulo, Milan, Madrid, Dusseldorf and Bucharest), due to the materiality of these emissions.

Emissions of CO₂ equivalents measured in tonnes (t CO₂e) refer to emissions from energy sources over which Sonae Sierra has financial control.

The only source of emissions accounted for in our Development activities is the one associated with the energy consumption resulting from the remodelling of CascaisShopping. These emissions total 8 t CO₂e (0.007% of the total Scope 1 emissions).

Emission Factors

For information related to the emission factors of Sonae Sierra, please, see Sonae Sierra's Sustainability Report 2017.

305-2	Energy indirect (Scope 2) GHG emissions	<i>Sustainability: The Pulse for Our Planet.</i>	V	7 e 8	3 12 13 14 15
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Sonae MC, Sonae Sports & Fashion, Worten

GHG Emissions (Scope 2), by source	2017
Emissions associated with electricity consumption (t CO ₂ e) – market based	215,007
Emissions associated with electricity consumption (t CO ₂ e) – location based	123,477

In 2017, the total emission of the area was 215,000 tonnes of CO₂e_q, corresponding to a 25% increase compared to the previous year.

Emission factors

Energy	Unit	Factor	Source
Electricity - Market Based	kg CO ₂ /GJ	136.1	Mix of: Endesa Galp - http://www.galpenergia.com/PT/ProdutosServicos/Eletricidade-Gas-Natural-Livre/Centro-de-informacao/A-nossa-Energia/Paginas/Rotulagem_2017.aspx Energone EEM - https://www.eem.pt/media/323353/evol_mad_11_2017.pdf
Electricity - Location Based	kg CO ₂ /GJ	78.2	International Energy Agency (2015) CO ₂ Emissions from Fuel Combustion, 2015 Edition (page.II.64).

Maxmat

GHG Emissions (Scope 2), by source	2017
Emissions associated with electricity consumption (t CO ₂ e) – market based	1,897
Emissions associated with electricity consumption (t CO ₂ e) – location based	1,124

Emission factors

Energy	Unit	Factor	Source
Electricity - Market Based	kg CO ₂ /GJ	131.9	Mix of: EDA - http://www.eda.pt/Regulacao/Rotulagem EEM - https://www.eem.pt/media/323353/evol_mad_11_2017.pdf Energone -
Electricity - Location Based	kg CO ₂ /GJ	78.2	International Energy Agency (2015) CO ₂ Emissions from Fuel Combustion, 2015 Edition (page.II.64).

Sonae RP

GHG Emissions (Scope 2), by source	2017
Emissions associated with electricity consumption (t CO ₂ e) – market based	3,780
Emissions associated with electricity consumption (t CO ₂ e) – location based	2,152

Emission Factors

Energy	Unit	Factor	Source
Electricity - Market Based	Kg CO ₂ /GJ	137.2	Energone
Electricity - Location Based	kg CO ₂ /GJ	78.2	International Energy Agency (2015) CO ₂ Emissions from Fuel Combustion, 2015 Edition (page.II.64).

Sonaecom (including Sonae IM and Media)

GHG Emissions (Scope 2), by source	2017
Emissions associated with electricity consumption (t CO ₂ e) – market based	269
Emissions associated with electricity consumption (t CO ₂ e) – location based	381

Emission Factors

Energy	Unit	Factor	Source
Electricity - Market Based	kg CO ₂ /GJ	55.2	EDP - http://www.edpsu.pt/pt/origemdaenergia/Pages/OrigensdaEnergia.aspx
Electricity - Location Based	kg CO ₂ /GJ	78.2	International Energy Agency (2015). CO ₂ Emissions from Fuel Combustion, 2015 Edition (page.II.64).

Sonae Sierra

GHG Emissions (Scope 2), by source	2017
Emissions associated with electricity consumption (t CO ₂ e)	12,391
Emissions associated with electricity consumption for the cooling of water (t CO ₂ e)	5,669
Emissions associated with electricity consumption for the heating of water (t CO ₂ e)	1,210
Total emissions (t CO₂e)	19,271

Note:

This includes all shopping centres owned by Sonae Sierra, operational during the full reporting year, and corporate offices with SHEMS (Lisbon, Maia and São Paulo).

Emissions included in this indicator are from energy sources over which Sonae Sierra has financial control.

The electricity consumption of the Maia office, in Portugal, is not known as it is located on a shared floor/building, without individual energy meters and, for that reason, it was based on an estimation.

The only source of emissions accounted for in our Development activities is the one associated with the energy consumption resulting from the remodelling of CascaisShopping. These emissions total 0 t CO₂e.

Emission Factors

For information related to Sonae Sierra's emission factors, please see the Sonae Sierra's Sustainability Report 2017.

305-3	Other indirect (Scope 3) GHG emissions	<i>Sustainability: The Pulse for Our Planet.</i>	V	7 e 8	3 12 13 14 15
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Sonae MC, Sonae Sports & Fashion, Worten

GHG Emissions (Scope 3), by source	2017
Emissions related to energy recovery (t CO ₂ e)	102
Emissions related to organic recovery (t CO ₂ e)	230
Emissions related to landfill (t CO ₂ e)	7,955
Total GHG emissions (Scope 3) (t CO₂e)	8,287

Maxmat

GHG Emissions (Scope 3), by source	2017
Total GHG emissions (Scope 3) (t CO₂e)	0

Sonae RP

It was not possible to measure the Scope 3 emissions, during this reporting year.

Emission Factors

Type of Treatment	Unit	Factor	Source
Landfill	t CO ₂ /t residue	0.589	DEFRA (2017). Greenhouse gas reporting - Conversion factors 2017 (https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2017)
Energy Recovery	t CO ₂ /t residue	0.0218	
Organic Recovery	t CO ₂ /t residue	0.0218	

Sonae Sierra

GHG Emissions (Scope 2), per source	2017
Emissions from tenant's electricity consumption (t CO ₂ e)	115,405
Emissions related to air travel (t CO ₂ e)	1,699
Emissions related to train travel (t CO ₂ e)	13
Emissions related to hotel stays (t CO ₂ e)	137
Emissions related to employees' business trips (t CO ₂ e)	1,094
Emissions from shopping centre visitors (t CO ₂ e)	604,375
Emissions from waste (t CO ₂ e)	2,428
Total of GHG emissions (Scope 3) (t CO₂e)	725,150

Note:

This includes indirect emissions from all shopping centres owned by Sonae Sierra, operational during the full reporting year, as well as corporate offices with SHEMS (Lisbon, Maia and São Paulo) and development projects completed in the reporting year. It also includes other indirect emissions considered to be relevant and material to the indicator (business trips, travelling, hotel stays), which are not necessarily allocated to shopping centres or other specific locations within the carbon footprint limits.

The only source of emissions accounted for in our Development activities is the one associated with the waste disposal resulting from the remodelling of CascaisShopping. These emissions total 50 t CO₂e (0.007% of the total Scope 3 emissions).

Emission Factors

For information related to Sonae Sierra's emission factors, please see Sonae Sierra's Sustainability Report 2017.

305-4	GHG emissions intensity	<i>Sustainability: The Pulse for Our Planet.</i>	V	8	13 14 15
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In 2017 Sonae MC, Sonae Sports & Fashion and Worten were responsible for the emission of 260,750 tonnes of CO₂e, which corresponds to an increase of 21% from the previous year. This growth is mainly due to emissions from electricity consumption, which increased by 25%. This increase, in turn, is not a result of an increased growth of electricity consumption, but instead the result of 2017 being a year of low hydraulicity, reflecting a significant increase in the specific emission factors of electricity producers.

In 2017, Sonae Sierra was responsible for the emission of 756,353 tonnes of CO₂e, which corresponds to a reduction of 86% compared to the previous year.

This variation is mainly due to the fact that the emissions of the entire construction project for the ParkLake shopping centre in Romania were included in 2016 and in 2017 the only issues associated with any Development activity were the remodelling of CascaisShopping. However, there was an increase in Scope 2 emissions (14%), which was mainly due to the increase in emissions associated with water cooling, due to the updating of the emission factor used for refrigerated water purchased by the Colombo Shopping Centre. Scope 1 emissions also increased (36%), mainly due to an increase in the refrigerant gases leaking from HVAC equipment and the consumption of natural gas (mainly due to the climatic conditions and the cogeneration consumption).

Sonae MC, Sonae Sports & Fashion, Worten

GHG emissions intensity	2017
Total GHG emissions (t CO ₂ e)	260,750
Business turnover (M€)	5,476
GHG emissions intensity ratio (t CO₂/M€)	48

Maxmat

GHG emissions intensity	2017
Total GHG emissions (t CO ₂ e)	1,930
Business turnover (M€)	78
GHG emissions intensity ratio (t CO₂/M€)	25

Sonae RP

GHG emissions intensity	2017
Total GHG emissions (t CO ₂ e)	3,780
Business turnover (M€)	92,1
GHG emissions intensity ratio (t CO₂/M€)	41

Note:

It was not possible to measure the Scope 3 emissions, during this reporting year.

Sonaecom (including Sonae IM and Media)

GHG emissions intensity	2017
Total GHG emissions (t CO ₂ e)	1,180
Business turnover (M€)	140
GHG emissions intensity ratio (t CO₂/M€)	8

Sonae Sierra

GHG emissions intensity	2017
Total GHG emissions (t CO ₂ e)	756,353
Excluding tenants (t CO₂e/m²)	0.061
Including tenants (t CO₂e/m²)	0.298

Note:

This includes all shopping centres owned by Sonae Sierra, operational during the full reporting year, and corporate offices with SHEMS (Lisbon, Maia and São Paulo).

For data that exclude tenants, the numerator includes the Scope 1 emissions (excluding emissions associated with the natural gas consumed by cogeneration, but including the heating/cooling of water emissions produced by cogeneration and consumed on site), Scope 2 emissions and Scope 3 emissions associated with waste from shopping centres and corporate offices. As an exception, emissions associated with the fuel consumption of the fleet are included for the following corporate offices: Lisbon, Maia, São Paulo, Madrid, Düsseldorf, Bucharest and Milan. The denominator includes the common areas of the shopping centres and the

area of corporate offices with SHEMS (Lisbon, Maia and São Paulo). There is a slight maladjustment between the numerator and the denominator, as the energy consumption in technical areas provided to some tenants is included, but the consumption of the areas is not. For the data that include the tenants, the same assumptions as above apply, but in addition, the emissions associated with the consumption of the tenants are included.

305-5	Reduction of GHG emissions	<p><i>Sustainability: The Pulse for Our Planet.</i> <i>Vide</i> response to indicator "302-4 Reduction of energy consumption". All the situations reported in indicator 302-4 that resulted in a reduction in energy consumption are convened in this indicator as, by allowing a reduction of energy consumption, it also contributes to the reduction of CO₂ and CO₂eq emissions.</p>	V	8 e 9	13 14 15
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Sonae MC, Sonae Sports & Fashion, Worten

Several measures to reduce GHG emissions have been implemented, reflecting the efforts made to improve the management of energy consumption and its emissions. Continuous commitment to the implementation of photovoltaic panels is one of the milestones of this policy, as well as the projects designed to improve efficiency in the area of logistics. In 2017, these projects allowed an approximate reduction of 4,700 tonnes of CO₂eq.

Independent production of electricity from renewable sources	<p>On the 31st of December, 121 production sites (120 photovoltaic plants and 1 wind turbine generator) were operating, resulting in an installed capacity of 6,687 MWp. These produced 9,127,107 kWh = 9,127 MWh and contributed to an avoided emission of 4,289,740 kg of CO₂eq = 4,290 t.</p>
Service Centres Project	<p>The Logistics "Service Centres" project is a partnership with two companies namely CHEP (Pallets and Boxes) and IFCO (Pallets). With this project, the used pallets and boxes left in the stores, which were previously collected by these companies from our stores and transported to their warehouses to later make them available to producers, are now collected using inverse logistics. They are now collected by our trucks and transported to our warehouses, where they are sorted and placed at the disposal of our suppliers. Consequently, there are transport savings for:</p> <ul style="list-style-type: none"> - CHEP and IFCO, who no longer have to collect, store by store, their means of packaging goods (pallets and returnable and reusable boxes); - Our suppliers, who avoid returning empty from our warehouses (after delivery of their products) and the new transportation of pallet and/or boxes to CHEP or IFCO warehouses. <p>Thus, in 2017, this project avoided:</p> <ul style="list-style-type: none"> - Collection routes corresponding to 23,595 km; - 25.5 t CO₂. <p>Note: This information concerns the emissions avoided by CHEP and IFCO by not collecting pallets and boxes from our stores.</p>
F-Gas Replacement Programme	<p>In 2017, the F-Gas Replacement Programme was continued in cold production systems.</p> <p>There has been a reduction in the use of Fluorinated Gases of very high GWP - Global Warming Potential - namely the use of R 404 and R 427 - by gases with lower GWP. This process preferably uses the so-called "Natural Gases", with GWP equal to or less than 5, such as R 290 (propane gas with GWP = 3), R 744 (CO₂ with GWP = 1) or R 717 (Ammonia, with GWP = 0)</p> <p>This takes place in new or existing stores, which are subject to extensive remodelling, with total replacement of the cold production systems.</p> <p>For existing installations with a long lifespan, the decision has been to "retrofit", i.e., replacement of the gases used by others with less GWP, replacing the R 404 with a gas compatible with the existing cold installation. Initially, R 407 was used, and, afterwards, R 448.</p> <p>Efforts to eliminate the use of gases with GWP higher than 2,500 (R 404 and R 427) led to a reduction in the use of such gases by 37 percentage points (from 78% to 41%) in 3 years, and in 2017 this reduction was 13 percentage points.</p> <p>Thus, on the 31st of December 2017:</p> <ul style="list-style-type: none"> • 41% of our cooling systems contained gases with GWP above 2,500; • 19% of our cooling systems contained gases with GWP between 2,500 and 1,500; • 12% of our cooling systems contained gases with GWP between 1,500 and 5; • 28% of our cooling systems contained gases with GWP below 5.

Sonae Sierra

Reduction of GHG emissions	2017
Scope	
Reductions associated with the reduction of energy consumption as a result of the implementation of significant actions and the purchase of green electricity (renewable sources)	25,940

305-6	Emissions of ozone-depleting substances	<i>Sustainability: The Pulse for Our Planet.</i> Sonae MC, Sonae Sports & Fashion, Worten, Sonae RP Zero.	V	7 e 8	3 12 13
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	<i>Sustainability: The Pulse for Our Planet.</i>	V	7 e 8	3 12 13 14 15

Sonae MC, Sonae Sports & Fashion, Worten

Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions		2017
NOx emissions - Diesel consumed - stores (t)		3.34
NOx emissions - Diesel consumed - contracted fleet (t)		314.56
NOx emissions - Diesel consumed - employees' vehicles (t)		77.69
NOx emissions - Petrol consumed - employees' vehicles (t)		0.26
Total NOx emissions (t)		395.85
SO ₂ emissions - Diesel consumed - stores (t)		0.88
SO ₂ emissions - Diesel consumed - contracted fleet (t)		82.57
SO ₂ emissions - Diesel consumed - employees' vehicles (t)		20.39
SO ₂ emissions - Petrol consumed - employees' vehicles (t)		0.03
Total SO₂ emissions (t)		103.88

Maxmat

Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions		2017
NOx emissions - Diesel consumed - stores (t)		0.02
NOx emissions - Diesel consumed - contracted fleet (t)		0.03
NOx emissions - Diesel consumed - employees' vehicles (t)		0.30
Total NOx emissions (t)		0.36
SO ₂ emissions - Diesel consumed - stores (t)		0.01
SO ₂ emissions - Diesel consumed - contracted fleet (t)		0.01
SO ₂ emissions - Diesel consumed - employees' vehicles (t)		0.08
Total SO₂ emissions (t)		0.09

Sonae RP

Nitrogen oxides (NOx), sulphur oxides (SOx) and other air significant emissions		2017
NOx emissions - Diesel consumed - stores (t)		0.02
Total NOx emissions (t)		0.02
SO ₂ emissions - Diesel consumed - stores (t)		0.01
Total SO₂ emissions (t)		0.01

Sonaecom (including Sonae IM and Media)

Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions		2017
NOx emissions - Diesel consumed - contracted fleet (t)		9.67
NOx emissions - Petrol consumed - contracted fleet (t)		0.13
Total NOx emissions (t)		9.8
SO ₂ emissions - Diesel consumed - contracted fleet (t)		2.54
SO ₂ emissions - Petrol consumed - contracted fleet (t)		0.02
Total SO₂ emissions (t)		2.56

Emission Factors

Energy	Unit	NOx	SO ₂	Source
Diesel	kg/GJ	0.8	0.21	IPCC 2006
Petrol	kg/GJ	0.6	0.075	IPCC 2006

GRI 306 – EFFLUENTS AND WASTE (MATERIAL ASPECT)									
Management Approach	103-1	Explanation of the material topic and its Boundary	Directly related to Waste and Effluents, the topic “Waste management” was considered a material topic (<i>vide</i> response to indicator “102-47 – “List of material topics s”).	V					
	103-2	Management approach and its components	Sonae has promoted several initiatives related to Waste and Effluents (<i>vide</i> chapter <i>Sustainability: The Pulse for Our Planet</i>).						
	103-3	Evolution of the management approach	Sonae carries out the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (<i>vide</i> indicators presented below).						
306-1	Water discharge by quality and destination	<p>Sonae MC, Sonae Sports & Fashion, Worten, and Sonae RP</p> <p>Sonae does not have quantitative measurements for waste water in stores. For this reason, and in accordance with best Engineering practices, we operate on the basis that 80% of the consumed water results in waste water. Based on the water consumption in 2017, of 722,400 m³, there is a waste water emission of 577,920 m³.</p> <table border="1"> <tr> <td>Volume of effluent discharged (m³)</td> <td>577,920</td> </tr> </table> <p>Regarding waste water treatment, most of the liquid effluents generated at the company’s premises are discharged into public sewers, except for the waste water from four stores (Anadia, Vagos, Cancela and Ribeira Brava) and the waste water from five distribution centres (Azambuja, Plaza I, Plaza II, C1 and C2) where this is not possible because of the absence of public sewer infrastructure. These premises are instead equipped with waste water treatment plants, that have biological treatment systems (secondary treatment).</p> <p>Maxmat</p> <table border="1"> <tr> <td>Volume of effluent discharged (m³)</td> <td>11,600</td> </tr> </table>	Volume of effluent discharged (m ³)	577,920	Volume of effluent discharged (m ³)	11,600	V	8	3 6 12 14
Volume of effluent discharged (m ³)	577,920								
Volume of effluent discharged (m ³)	11,600								
306-2	Waste by type and disposal method	<i>Sustainability: The Pulse for Our Planet.</i>	V	8	3 6 12				

Sonae MC, Sonae Sports & Fashion, Worten

Waste by type and destination	2017
Hazardous waste (t)	2,134
Recovery	2,134
Elimination	0
Non-hazardous waste (t)	68,744
Recovery	55,235
Elimination	13,509
Total volume of waste (t)	70,878
Recovery rate of waste (%)	80.9%
Waste generated by Sonae activity (t)	64,703
Waste deposited by the customers at the stores(t)	6,175
Total volume of waste (t)	70,878

In 2017, the total amount of waste was 70,878 t (an increase of 2.9% compared to 2016):

- 42,147 waste sent for treatment/recycling (an increase of 2.6%);

- 57,369 t waste sent for recovery (an increase of 2.9%);

- 13,509 t waste sent to landfill (an increase of 2.8%).

The recovery rate of waste was 80.9%, the same as in the previous year.

In the reporting year, there was an increase of 3.6% in the waste generated through our activity. However, both the growth of waste generated through our activity (3.6%) and the growth of total waste managed (2.9%); was in any case lower than the net sales growth (3.9%), which demonstrates the decoupling of waste production relative to economic growth.

On the other hand, there was a 3.7% reduction in the waste disposed by our customers, which has a quantitative impact on the WEEE (Waste Electrical and Electronic Equipment), making the growth of the waste sent for treatment and/or recycling lower than the rest.

Maxmat

Waste by type and destination	2017
Non-hazardous waste (t)	871
Recovery	871
Elimination	0
Recovery rate of waste	100%

Sonae RP

It was not possible to present a response to the indicator, in the reporting year.

Sonae Sierra

Waste by type and destination	2017
Hazardous waste (t)	99
Anaerobic digestion	0
Composting	-
Energy recovery from incineration	11
Incineration without energy recovery	1
Sanitary Landfill	1
Recycling	80
Reuse	-
Treatment/Elimination	5
Energy recovery	0
WWTP	-
Non-hazardous waste (t)	46,550
Anaerobic Digestion	3,091
Composting	7,266
Energy recovery from incineration	3,584
Incineration without energy recovery	18
Sanitary Landfill	8,303
Recycling	19,622
Reuse	-
Treatment/Elimination	18
Energy recovery	4,339
WWTP	309
Total waste (t)	46,649

Notes:

This includes all shopping centres owned by Sonae Sierra, operational during the reporting year, and corporate offices with SHEMS (Lisbon, Maia and São Paulo). The waste elimination method is provided by those responsible for disposal.

Recycling rate – shopping centres (%)	64%
Recycling rate – corporate offices with SHEMS (Lisbon, Maia and São Paulo) (%)	75%
Waste disposal rate in sanitary landfill – shopping centres (%)	18%
Waste disposal rate in sanitary landfill – corporate offices (Lisbon, Maia and São Paulo) (%)	8%

Notes:

This includes all shopping centres owned by Sonae Sierra, operational during the reporting year.

This includes all corporate offices with SHEMS (Lisbon, Maia and São Paulo).

The waste recycled includes waste sent to recycling, anaerobic digestion and composting.

In 2017, the percentage of recycled, reused or recovered waste, during the construction stage of projects completed in 2017, was 100% (this value only refers to the remodelling project of CascaisShopping).

306-3	Significant Spills	<i>Sustainability: The Pulse for Our Planet.</i>	V	8	3 6 12 14 15
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Sonae MC, Sonae Sports & Fashion, Worten, Sonae RP

A spill is considered to be significant only if it affects the external environment of the premises. In 2017, there was no significant spills.

However, a legal process was filed against the Continente Modelo unit of Ovar by the Municipal Inspection Unit, based on the accusation that the store used “the extension of the public rainwater network to discharge polluted water, white and milky in colour, with large amounts of very fine suspended solids, in the water front called “Lages” river”. The accusation was contested by the legal department, based on solid arguments, we are now awaiting follow-up of the action by the Authorities.

GRI 307 – ENVIRONMENTAL COMPLIANCE (MATERIAL ASPECT)						
Management Approach	103-1	Explanation of the material topics and its Boundary	Directly related to Environmental Compliance, the topics “Transparency and trust throughout the value chain” and “Compliance/Product Quality” were considered to be material topics (<i>vide</i> response to the indicator “102-47 – List of material topics”).	V		
	103-2	The management approach and its components	Sonae has promoted several initiatives related to Environmental Compliance (<i>vide</i> chapter <i>Sustainability: The Pulse for Our Planet</i>).			
	103-3	Evaluation of the management approach	Sonae carries out the measurement and monitoring of the indicators associated with this topic and reports them in this Report (<i>vide</i> indicators presented below).			
307-1	Non-compliance with environmental laws and regulations	<i>Sustainability: The Pulse for Our Planet</i>	V	8	16	

Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS

Sonae considers a fine to be significant when the total monetary value equals or exceeds 12,000€, since this corresponds to the minimum fine for a serious environmental infringement (Law no. 114/2015, of August 28th).

In 2017, there were no significant sanctions/fines recorded.

GRI 308 – SUPPLIER ENVIRONMENTAL ASSESSMENT (MATERIAL ASPECT)						
Management Approach	103-1	Explanation of the material topics and its Boundary	Directly related to Supplier Environmental Assessment, the topics “Environmental, labour and human rights criteria for suppliers” and “Ethics in the supply chain” were considered to be material topics (<i>vide</i> response to the indicator “102-47 List of material topics”).	V		
	103-2	The management approach and its components	Sonae has promoted several initiatives related to Suppliers Environmental Assessment (<i>vide</i> chapters <i>Sustainability: The Pulse for Our Planet and Sustainability: The Pulse for Our Partners and Suppliers</i>).			
	103-3	Evaluation of the management approach	Sonae carries out the measurement and monitoring of the indicators associated with this topic and reports them in this Report (<i>vide</i> indicators presented below).			
308-1	New suppliers that were screened using environmental criteria	<i>Sustainability: The Pulse for Our Planet Sustainability – The Pulse for Our Partners and Suppliers</i>	V	8		

Sonae MC, Worten, Maxmat

Screened suppliers based on environmental criteria (2017)

	Fresh products	Food retail	Non-food retail	Wells	Worten	Maxmat
Total suppliers (no.)	369	291	305	48	133	77
National	307	156	103	15	6	46
Foreign	62	135	202	33	127	31
Total qualified suppliers (no.)	357	288	221	35	106	17
National	296	153	83	10	6	10
Foreign	61	135	138	25	100	7
Percentage of qualified suppliers (%)	97%	99%	72%	73%	80%	22%
National	96%	98%	81%	67%	100%	22%
Foreign	98%	100%	68%	76%	79%	23%
Total audits conducted (no.)	99	67	167	22	99	10
National	92	47	41	4	0	4
Foreign	7	20	126	18	99	6

New suppliers screened based on environmental criteria (2017)

	Fresh products	Food retail	Non-food retail	Wells	Worten	Maxmat
Total new suppliers (no.)	11	7	20	6	27	6
National	9	4	3	3	0	0
Foreign	2	3	17	3	27	6

Total new qualified suppliers (no.)	6	6	7	2	0	0
National	4	3	1	1	0	0
Foreign	2	3	6	1	0	0
Percentage of new qualified suppliers (%)	55%	86%	35%	33%	0%	0%
National	44%	75%	33%	33%	0%	0%
Foreign	100%	100%	35%	33%	0%	0%
Total audits conducted of new suppliers (no.)	2	0	7	0	0	0
National	2	0	1	0	0	0
Foreign	0	0	6	0	0	0

GRI 401 - EMPLOYMENT (MATERIAL ASPECT)						
Management Approach	103-1	Explanation of the material topics and its Boundary	Directly related to Employment, the topic "Human capital management" was considered to be a material topic (<i>vide</i> response to the indicator "102-47 – List of material topics").	V		
	103-2	The management approach and its components	Sonae has promoted several initiatives related to Employment (<i>vide</i> chapter <i>Sustainability: The Pulse for Our People</i>).			
	103-3	Evaluation of the management approach	Sonae carries out the measurement and monitoring of the indicators associated with this topic and reports them in this Report (<i>vide</i> indicators presented below).			
401-1	New employee hires and employee turnover		<i>Sustainability: The Pulse for Our People</i>	V	6	4 5 8

Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS

New employee hires (no.)		Percentage of new employee hires (%)	
Age range (no.)		Age range (%)	
< 30 years old	17,537	< 30 years old	42.8%
From 30 to 50 years old	4,083	From 30 to 50 years old	10.0%
≥ 50 years old	234	≥ 50 years old	0.6%
Gender (no.)		Gender (%)	
Male	8,853	Male	21.6%
Female	13,001	Female	31.7%
Location (no.)		Location (%)	
Portugal	20,663	Portugal	50.5%
Spain	1,191	Spain	2.9%
Total	21,854	Total	53.4%

Employees leaving (no.)		Percentage of employee turnover (%)	
Age range (no.)		Age range (%)	
< 30 years old	16,240	< 30 years old	39.7%
From 30 to 50 years old	4,021	From 30 to 50 years old	9.8%
≥ 50 years old	321	≥ 50 years old	0.8%
Gender (no.)		Gender (%)	
Male	8,273	Male	20.2%
Female	12,309	Female	30.1%
Location (no.)		Location (%)	
Portugal	19,216	Portugal	46.9%
Spain	1,366	Spain	3.3%
Total	20,582	Total	50.3%

Note:

This does not include SportZone and Worten Canary Islands, Tlantic Brasil, MDS Brasil, Salsa, Losan and Go Natural Restaurants.

This does not include the Board of Directors.

Sonaecom (including Sonae IM and Media)

New employee hires (no.)		Percentage of new employee hires (%)	
Age range (no.)		Age range (%)	
< 30 years old	118	< 30 years old	9.1%
From 30 to 50 years old	135	From 30 to 50 years old	10.4%
≥ 50 years old	4	≥ 50 years old	0.3%
Gender (no.)		Gender (%)	

Male	176	Male	13.5%
Female	81	Female	6.2%
Location (no.)		Location (%)	
Portugal	172	Portugal	13.2%
Brazil	1	Brazil	0.1%
Colombia	4	Colombia	0.3%
Egypt	3	Egypt	0.2%
Spain	60	Spain	4.6%
USA	6	USA	0.5%
Mexico	11	Mexico	0.9%
Total	257	Total	19.8%

Employees leaving (no.)		Percentage of employee turnover (%)	
Age range (no.)		Age range (%)	
< 30 years old	62	< 30 years old	4.8%
From 30 to 50 years old	143	From 30 to 50 years old	11.0%
≥ 50 years old	9	≥ 50 years old	0.7%
Gender (no.)		Gender (%)	
Male	158	Male	12.1%
Female	56	Female	4.3%
Location (no.)		Location (%)	
Portugal	108	Portugal	8.3%
Brazil	22	Brazil	1.7%
Colombia	2	Colombia	0.2%
Egypt	2	Egypt	0.2%
Spain	58	Spain	4.5%
USA	15	USA	1.2%
Malaysia	1	Malaysia	0.1%
Mexico	6	Mexico	0.6%
Total	214	Total	16.5%

Sonae Sierra

New employee hires (no.)		Percentage of new employee hires (%)	
Age range (no.)		Age range (%)	
< 35 years old	87	< 35 years old	8.2%
From 33 to 44 years old	35	From 33 to 44 years old	3.3%
From 45 to 54 years old	11	From 45 to 54 years old	1.0%
From 55 to 64 years old	3	From 55 to 64 years old	0.3%
> 64 years old	0	> 64 years old	0.0%
Gender (no.)		Gender (%)	
Male	63	Male	5.9%
Female	73	Female	6.9%
Location (no.)		Location (%)	
Portugal	52	Portugal	4.9%
Germany	10	Germany	0.9%
Brazil	37	Brazil	3.5%
Spain	13	Spain	1.2%
Greece	2	Greece	0.2%
Italy	11	Italy	1.0%
Romania	8	Romania	0.8%
Turkey	3	Turkey	0.3%
Total	136	Total	12.8%

Employees leaving (no.)		Percentage of employee turnover (%)	
Age range (no.)		Age range (%)	
< 35 years old	57	< 35 years old	5.4%
From 33 to 44 years old	50	From 33 to 44 years old	4.7%
From 45 to 54 years old	26	From 45 to 54 years old	2.5%
From 55 to 64 years old	10	From 55 to 64 years old	0.9%
> 64 years old	1	> 64 years old	0.1%
Gender (no.)		Gender (%)	
Male	68	Male	6.4%

Female	76	Female	7.2%
Location (no.)		Location (%)	
Portugal	32	Portugal	3.0%
Germany	7	Germany	0.7%
Algeria	17	Algeria	1.6%
Brazil	55	Brazil	5.2%
Spain	14	Spain	1.3%
Greece	2	Greece	0.2%
Netherlands	1	Netherlands	0.1%
Italy	8	Italy	0.8%
Romania	6	Romania	0.6%
Turkey	2	Turkey	0.2%
Total	144	Total	13.6%

Note:

This includes all of Sonae Sierra's direct employees, at the end of the report period.

401-3	Parental leave	Sustainability: The Pulse for Our People .	V	6	5 8
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Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS

Parental leave	Male	Female	Total
Total employees entitled to parental leave (no.)	13,968	26,992	40,960
Total employees who benefitted from parental leave (no.)	692	1,533	2,225
Total employees who returned to work after completion of parental leave (no.)	679	1,435	2,114
Total employees who returned to work after completion of parental leave and continued to work for the Company 12 months after returning (no.)	514	1,312	1,826
Take-up rate (%)	5%	6%	5%
Rate of return (%)	98%	94%	95%
Rate of retention (%)	74%	86%	82%

Note:

Employees who benefitted from parental leave in 2016 and continued to work 12 months after returning are not included. For this reason, the retention rate may be over 100%, since the denominator refers to the take-up rate in 2017 and not in 2016.

This does not include SportZone and Worten Canary Islands, Tlantic Brasil, MDS Brasil, Salsa, Losan and Go Natural Restaurants.

This does not include the Board of Directors

Sonaeacom (including Sonae IM and Media)

Parental leave	Male	Female	Total
Total employees entitled to parental leave (no.)	34	18	52
Total employees who benefitted from parental leave (no.)	34	18	52
Total employees who returned to work after completion of parental leave (no.)	34	18	52
Total employees who returned to work after completion of parental leave and continued to work for the Company 12 months after returning (no.)	0	0	0
Take-up rate (%)	100%	100%	100%
Return rate (%)	100%	100%	100%
Retention rate (%)	0%	0%	0%

GRI 403 – OCCUPATIONAL HEALTH AND SAFETY (MATERIAL ASPECT)

Management Approach	103-1	103-2	103-3			
	Explanation of the material topic and its Boundary	The management approach and its components	Evolution of the management approach	Directed related to Occupational Health and Safety, the topics "Human capital management" and "Health and safety in stores" were considered material topics (<i>vide</i> the answer to indicator "102-47 - List of material topics").	V	
			Sonae has promoted several initiatives related to Occupational Health and Safety (<i>vide</i> the chapter <i>Sustainability: The Pulse for Our People</i>).			
			Sonae carries out the measurement and monitoring of indicators associated with this aspect and reports them in this Report (<i>vide</i> indicators below).			

403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	<i>Sustainability: The Pulse for Our People.</i>	V	3 8
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The health and safety of our employees is a central aspect of our management. Aiming at a zero-accident culture, we ensure the necessary conditions so that our stores, shopping centres, warehouses and workplaces are safe and conducive to the collective well-being. For this reason, we have 164 medical offices within the company's premises, equipped according to guidelines from the Directorate General of Health, where 102 health professionals collaborate. In 2017, more than 35,000 medical exams and around 4,800 nursing consultations took place. Likewise, under the scope of the National Automated External Defibrillation Programme (NPAED), 178 AED programmes are in place at Sonae, with 198 licensed AED's, which corresponds to more than 1,000 AED Operational members. Sonae's commitment to the dissemination and installation of AEDs in a wide range of spaces demonstrates a strong sense of social responsibility, fundamental for ensuring a fast and efficient response in each of the licensed spaces in case of cardiorespiratory arrest, guaranteeing the existence of an effective chain of survival that significantly increases the probability of victim survival in cardiorespiratory arrest situations.

Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS

Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	Male	Female	Total
Workable hours by all employees (h)	23,263,573	45,045,439	68,309,012
Total of deaths (n,º)	1	0	1
Total of accidents in the workplace (n.º)	365	863	1,228
Total of accidents during the commute between home and work (n.º)	64	135	199
Total number of accidents	429	998	1,427
Rate of accidents (%)	0.002%	0.002%	0.002%
Total of days of absence due to occupational accidents (d)	6,867	14,743	21,610
Rate of days lost due to occupational accidents (%)	0.03%	0.03%	0.03%
Total of days of absence due to occupational diseases (d)	0	915	915
Rate of occupational diseases (%)	0%	0.002%	0.001%
Total number of days lost (d)	6,867	15,658	22,525
Rate of lost days (%)	0.03%	0.03%	0.03%
Total of hours of absence (h)	768,382	2,565,883	3,334,265
Absenteeism rate (%)	3%	6%	5%

Note:

Scope - Portugal. It is not possible to present information from Spain, as data extraction systems are not based on the same assumptions.

For the calculation of lost days, the "working days" were considered to be the days in which the victims were effectively absent from work. Counting of lost days starts on the 1st day of absence following the accident, usually from the following day.

In the case of accidents, all were considered (accidents involving communication to insurance companies, non-participating accidents that did not involve insurance companies, accidents not in the presence of someone and accidents in the presence of someone).

Sonaeacom (including Sonae IM and Media)

Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	Male	Female	Total
Workable hours by all employees (h)	1,604,064	800,184	2,404,248
Total of deaths (n,º)	1	0	1
Total of accidents in the workplace (n.º)	1	0	1
Total of accidents during the commute between home and work (n.º)	3	0	3
Total number of accidents	4	0	4
Rate of accidents (%)	0%	0%	0%
Total of days of absence due to occupational accidents (d)	172	0	172
Rate of days lost due to occupational accidents (%)	0.011%	0%	0.007%
Total of days of absence due to occupational diseases (d)	0	0	0
Rate of occupational diseases (%)	0%	0%	0%
Total number of days lost (d)	172	0	172
Rate of lost days (%)	0.011%	0%	0.007%
Total of hours of absence (h)	8,043	13,445	21,488
Absenteeism rate (%)	1%	2%	1%

Sonae Sierra

Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities	2017
Total workable hours by all employees (h)	2,026,248
Number of deaths	-
Total number of accidents	7
Rate of accidents (%)	3.45%
Total number of days lost (d)	84

Number of days of absence due to occupational diseases (d)	-
Rate of occupational diseases (%)	-
Rate of lost days (%)	41.46%
Number of hours of absence (h)	33,111
Absenteeism rate (%)	0.02%

Note:

This includes all employees that Sonae Sierra employs directly; all workers supervised during the reporting period and all independent contractors who worked at the Sonae Sierra facility during the reporting period.

As far as independent contractors and trainees are concerned, there are no injuries, occupational diseases, days lost, absenteeism and deaths to be reported.

These rates are determined according to the following methodology:

Injury rate = (number of injuries * 1,000,000) / Total hours worked

Rate of occupational diseases = (No. of days absent due to occupational diseases * 1,000,000) / Total hours worked

Rate of lost days = (Number of lost days * 1,000,000) / Total hours worked

Absenteeism rate (%) = Absenteeism in the period (hours) / Total hours worked

The total working time is equal to the total number of working days (excluding holidays and public holidays) multiplied by the average total workforce, multiplied by 8 hours.

The average total workforce equals the sum of the total number of employees (direct employees and supervised workers) in each month, divided by 12 months.

The reported injuries do not include minor injuries (first aid level).

"Days" means "scheduled workdays," and the counting of the "lost days" begins on the immediate work shift (or day) after an occupational accident / illness has taken place.

403-3	Workers with high incidence or high risk of diseases related to their occupation	<i>Sustainability: The Pulse for Our People.</i>	V	3 8
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Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS

Total number of employees whose work, or workplace, is controlled by the organisation, involved in occupational activities that have a high incidence or high risk of specific / serious diseases (number)	0
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As part of a preventive strategy of health and safety management, initiatives were developed, directed at employees with a high incidence or high risk of work-related diseases, namely:

1. Ergonomic studies project (logistic warehouses and manufacturing centres);
2. *Safety Alerts* (eg.: employees handling compactors);
3. Campaign "*Abril, Segurança Mil*" – Promotion of a set of awareness actions in the areas of a Health and Safety, with the primary objective to foster initiatives to improve understanding and management of stress and work-related psychosocial risks.

Besides these initiatives, some advisory programmes have also been developed:

Advisory programmes	No. participants
Women's Day	All employees
Healthy Lifestyles (European Week OHS)	All employees
Nutritional Programme	272
May – Heart Month - FP Cardiology	All employees
Health during travel	All employees
Flu	All employees
Flu (vaccination)	4,863

Sonacom (including Sonae IM and Media)

Total number of employees whose work, or place of work, is controlled by the organisation, involved in occupational activities that have a high incidence or high risk of specific / serious diseases (number)	0
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GRI 404 - TRAINING AND EDUCATION (MATERIAL ASPECT)					
Management Approach	103-1	Explanation of the material topic and its Boundary	Directly related to Training, the topic "Human capital management" was considered a material topic (<i>vide</i> response to indicator "102-47 - List of material topics").	V	
	103-2	The management approach and its components	Sonae has promoted various initiatives related to Training (<i>vide</i> chapter <i>Sustainability: The Pulse for Our People</i>).		
	103-3	Evaluation of the management approach	Sonae carries out the measurement and monitoring of indicators associated with this aspect and reports them in this Report (<i>vide</i> indicators presented below).		
404-1		Average hours of training per year per employee	<i>Sustainability: The Pulse for Our People.</i>	V	6 5 8

Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS

Average hours of training per year and per employee (2017)

Total employees by functional category (no.)	Male	Female	Total
Top Executive	72	15	87
Management	550	314	864
Middle Management	1,029	1,261	2,290
Technicians/highly-specialised technicians	1,050	1,808	2,858
Representatives	11,232	23,574	34,806
Total	13,933	26,972	40,905

Total hours of training (h)	Male	Female	Total
Top Executive	1,354	237	1,591
Management	13,658	9,497	23,155
Middle Management	36,286	52,351	88,637
Technicians/highly-specialised technicians	39,689	54,586	94,275
Representatives	286,747	532,619	819,366
Total	377,734	649,290	1,027,023
Total hours Spain			52,251

Average hours of training by category and gender (h/employee)	Male	Female	Total
Top Executive	19	16	18
Management	25	30	27
Middle Management	35	42	39
Technicians/highly-specialised technicians	38	30	33
Representatives	26	23	24
Total	27	24	25

Notes:

This includes all training participants, regardless of if they are active on December 31, 2017.
Spain's global hours include Worten and Sportzone Canary Islands.

Sonaeacom (including Sonae IM and Media)

Average hours of training per year and per employee (2017)

Total employees by functional category (no.)	Male	Female	Total
Top Executive	2	0	2
Management	247	68	315
Middle Management and Technicians/highly-specialised technicians	542	274	816
Representatives	77	91	168
Total	868	433	1,301

Total hours of training (h)	Male	Female	Total
Top Executive	0	0	0
Management	5,697	1,734	7,431
Middle Management and Technicians/highly-specialised technicians	15,612	8,788	24,400
Representatives	142	274	416
Total	21,450	10,796	32,246

Average hours of training by category and gender (h/employee)	Male	Female	Total
Top Executive	0	0	0
Management	23	25	24

<i>Middle Management and highly-specialized technicians</i>	29	32	30
<i>Representatives</i>	2	3	2
Total	25	25	25

Sonae Sierra

Average hours of training per year and per employee (2017)

Functional category	Total employees by functional category (no.)	Total hours of training (h)	Average number of hours of training by category and gender (h/employee)
<i>Global Senior Executive, Senior Executive, Executive</i>	26	436	17
<i>Senior Manager</i>	60	1,061	18
<i>Manager</i>	100	3,226	32
<i>Team Leader</i>	132	4,612	35
<i>Project Team Specialist</i>	159	5,596	35
<i>Team Member</i>	584	17,798	30
Total	1,061	32,728	30.8

Gender	Total employees (no.)	Total hours of training (h)	Average number of hours of training by gender (h/employees)
Female	549	14,251	26.0
Male	512	18,477	36.1
Total	1,061	32,728	30.8

Notes:

This includes all of Sonae Sierra's direct employees, at the end of the report period.

404-2	Programmes for upgrading employee skills and transition assistance programmes	<i>Sustainability: The Pulse for Our People.</i>	V	8
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Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS

Programmes for upgrading employee skills and transition assistance programmes (2017)

Programmes	Total Actions (no.)	Total Hours (h)	Programmes	Total Actions (no.)	Total Hours (h)
Hosting and Integration	4,507	6,111	Environmental Management	2,060	5,776
<i>Bit Academy</i>	2	96	<i>Inter Cross Training Programmes</i>	249	13,750
Cartão Universo	4,565	7,768	<i>Intra Cross Training Programmes</i>	1,348	11,942
<i>Cc Training Programmes</i>	111	6,874	<i>lop- Performance Evaluation</i>	644	5,285
Functional Competencies	499	12,478	<i>low/Continuous Improvement/Kaizen</i>	5,977	35,577
Transversal Competencies - <i>CT low</i>	175	13,600	Management & Leadership	433	24,839
Driving Forklifts and Machines	648	7,984	Meat Handlers	1,611	26,937
<i>Critical Competencies</i>	12	500	MC Training Programmes	13,331	69,552
Manufacturing Centres School	45	830	Note 10!	1,370	1,813
Continente Fresh Produce School	2,346	122,176	<i>Omnichannel Worten</i>	441	298
Logistics School	377	15,684	Incentives Plan Bagga	315	226
Continente Operations School	13,952	115,129	<i>S&F Training Programmes</i>	442	10,895
Health School	18,915	40,593	Bags for Life	1	1
<i>Fashion Academy</i>	20,497	30,161	Safety and Health at Work	28,507	200,262
AED Training and First Aid	593	6,491	<i>Sportzone Academy</i>	9,859	38,871
Processes / Systems Training (Workflows, SAP, Retek, Supply Chain, Breakage)	1,538	11,905	<i>Values & People</i>	8	30
Technical Training of Suppliers / Products / Campaigns	4,303	18,997	<i>Worten Academy</i>	65,347	92,706
Security Training	4	96	<i>Worten Training Campus</i>	684	8,028

<i>Functionals & Fundamentals</i>	162	6,176	<i>Worten Training Programmes</i>	194	6,352
<i>Future Leaders MC</i>	113	50,236			

Notes:

This includes all training participants, regardless of whether or not they are active on December 31, 2017.

Spain's global hours include Worten and Sportzone Canary Islands.

Sonaecom (including Sonae IM and Media)

Programmes for upgrading employee skills and transition assistance programmes (2017)	Total Actions (no)	Total Hours (h)
A SUA PME ESTA ON?	1	6
ADVANCED: NEGOTIATION PROGRAM	1	48
ADX PORTALS	1	44
ANALISTA INTELIGENCIA	1	24
ANALYTICS	2	124
ANNUAL THREAT INTELLIGENCE CONFERENCE	1	16
ANS - ADVANCED NEGOTIATION SKILLS	1	48
APRES CODIGO CONTRATOS PUBLICOS REVISTO	1	4
ASV ONLINE REQUALIF TRAINING FEE	1	8
AUDITOR LIDER ISO 27001	4	65
AWS - BUSINESS OPPORTUNITIES IN CLOUD	1	12
AWSAR - ARCHITECTING ON AWS	1	21
AZURE MACHINE LEARNING FOR ISVS	1	8
BE INOVRETAIL - TEAM PLAYERS	2	128
BEST TALKS	5	1,088
BEYOND DATA - PAY AND BENEFITS TRENDS	1	1
BEYOND DATA - TENDENCIAS RETRIBUICAO	1	7
BIZDIRECT PROCEDURES	1	8
BLOCKCHAIN	2	20
BOOTCAMP MARKETING	1	12
BUSINESS BREAKFAST	1	3
BUSINESS ENGLISH - B1	1	188
CDPO	1	208
CEB	1	19
CEH	2	43
CHFI	2	240
CISSP	1	80
COACHING (TEAM LEADERS)	1	4
COMO HABLAR EN PUBLICO	1	140
CONFERENCIA DE TENDENCIAS	1	1
CONFERENCIA EXECUTIVE COACHING	1	4
CONFERENCIA INTERNACIONAL APCC 2017	1	15
CONFLUENCE - WORKSHOP	1	20
CONG NAC CONTRATACAO PUBLICA ELETRONICA	1	7
CONGRESSO FATOR HUMANO	1	8
CONGRESSO NACIONAL DE MARKETING	1	8
CONNECT ME	1	30
CONTROLO GESTAO E AVAL DE PERFORMANCE	1	40
CRM	1	12
CSM - CERTIFIED SCRUM MASTER	3	80
CSPO - CERTIFIED SCRUM PRODUCT OWNER	3	80
CURSO INTENSIVO MARKETING DIGITAL	1	12
CUSTOMER EXPER MANAG IN TELECOM EUROPE B2B	1	16
CYBER SECURITY AND EXECUTIVE STRATEGY	1	30
DATA SCIENCE FOR SOCIAL GOOD	1	8
DATA STAGE	1	42
DESTACAMENTO DE TRABALHADORES	1	9
DEVELOPING SQL DATA MODELS	1	18
DFIR Y ANALISIS FORENSE EN WINDOWS	1	40
DIGITAL ASSET MANAGEMENT EUROPE 2017	1	16
DIGITAL INNOVATION HUBS	1	6
DIGITAL TRANSFORMATION	1	16
DIREITOS DE AUTOR NA COMUNICACAO SOCIAL	1	15
DIRETIVAS EUROPEIAS 2014 - CONTRAT PUBL	1	14
DOING BUSINESS ONLINE	1	16
EFFECTIVE COMMUNICATION	1	8
ENTRADA ROOTED MADRID	1	32
ESPAÑOL A1	1	62
ESPAÑOL A2	2	26
ESPAÑOL EMPRESARIAL - B1	1	22
ESPAÑOL GERAL	2	68
ESPAÑOL GERAL - A1	11	704
ESPAÑOL GERAL - A1/A2	2	159
EXAMEN CDPO	1	24
EXAMEN ITIL FOUNDATION	1	45
EXCEL EXPERT	1	13
EXCEL VBA & BI EXPERT	1	20
EXPLOITING PROTECTING WEB APPLICATION	1	28
EXPO RH	1	32
F5 ASM	1	80
FATURA ELETRÓNICA NA AP	1	18

FMS - TRAINING SESSION	1	84
FOCUSED LEADERSHIP - MANAG ATT, DEL RES	2	21
FORCEPOINT: STONESOFT NGFW ADMIN	2	112
FORMACION CELLEBRITE CERTIFIED OPERATOR	1	16
FORMACION CELLEBRITE PHYSICAL ANALYST	1	24
FORMADOR DE FORMADORES	1	100
FORTINET NETWORK SECURITY EXPERT	1	4
FRANCES - A1	1	130
FUJITSU FORUM	1	16
FUNDING - ALTERNATIVAS, IMPLICACOES?	1	3
GAMIFY	1	8
GECV - GESTAO ESTRATEGICA CRIACAO VALOR	1	80
GENERAL DATA PROTECTION REGULATION	1	40
GESTAO APLICADA DE PROJETOS	1	18
GESTION DE PROYECTOS	1	72
GESTION Y GOBIERNO DE LA SEGURIDAD	1	2,064
GHAMELEONMINI - REV.G	1	8
HACKING WEB AVANZADO	1	8
HADOOP	1	360
HADOOP – OVERVIEW	1	96
HANDOVER PRODUCT DELIVERY TEAM	1	10
HOW DO WE DO	3	1,256
HR SAP BASICS	2	23
HR TECH WORLD	1	16
IBM DATASTAGE DEVELOPMENT	1	16
ICCP +	1	40
IFRS 15	1	8
IFRS 15 AND 16	1	8
ILUSTRAR TRANSICAO ISO 9001:2015	1	8
IMPLEMENTING SQL DATA WAREHOUSE	1	30
IMPROVING OUR FOUNDATIONS	14	576
IMPROVING OUR MANAGEMENT	1	96
IMPROVING OUR TEAMS	4	176
IMSHARE - WRAP UP	1	32
INDUCTION	9	96
INGLES GENERAL	3	1,214
INGLES GERAL - A1	2	192
INGLÉS GERAL - A2	1	108
INGLES GERAL - B1	4	257
INGLES INCOMPANY BLENDED	10	2,628
INGLES JURIDICO	1	30
INGLES MARKET LEADER	3	333
INOVRETAIL PRODUCT	1	11
INTELIGENCIA EMOCIONAL - WORKSHOP	1	0
INTERNAL AUDITOR	1	2
INTERNATIONAL WORKSHOP ISC&LAW	1	9
INTRANET	1	2
ISO 27001 - SECURITY GUIDELINES	4	24
ISO 27001 ISMS LEAD AUDITOR	1	480
ISO 9001:2015 - ADAPTACION	1	8
ISTQB CERTIFIED TESTER FOUNDATION LEVEL	1	21
JORNADAS FIRST	1	16
JORNADAS SOCIETÁRIAS	1	14
KDS	1	8
LAB 60 DAYS - PEN TEST KALI LINUX	1	180
LAB GENERICO HACKING LAB	1	180
LABOUR 2030 - LA 2017	1	32
LDM - ATM TECHNICAL WORKSHOP	1	130
LEAD AUDITOR - ISO 27001	1	180
LEADERSHIP DEVELOP & CULTURAL ALIGNMENT	2	592
LEADERSHIP SUMMIT	2	72
LEADING OTHERS PROGRAMME	1	32
LEAN SUMMIT	1	8
MARKETING DIGITAL	2	32
MASPTV	1	2
MASTERCLASS	3	9
MEDIA TRAINING	1	16
METASPLOIT AVANZADO	1	8
METHOD AUDITORIES INT - BOLSA AUDITORES	1	2
MICROSOFT CLOUD WORKSHOPS	2	12
MICROSOFT DYNAMICS	1	8
MOBILE APPLICATION SEC PEN	1	40
MOVE - TEAM MANAGEMENT	1	128

MS PROJECT	1	4
NEGOCIACAO AVANCADA - WORKSHOP	1	53
NOVO CCP	1	2
NOVO CODIGO CONTRATOS PUBLICOS	1	18
NOVO REGULAMENTO EUROPEU PROT DADOS	1	16
ON IP IN INTERNATIONALIZATION STRATEGIES	1	6
ONBOARDING SONAEIM	2	320
OTIMIZACAO FISCAL REMUNERACOES	1	8
OUTSYSTEMS	2	376
PATENTES & SOFTWARES	1	4
PEN TEST KALI LINUX	2	1,072
PGG - PROGRAMA GERAL GESTAO	2	212
PGI - PROGRAMA GESTAO INICIAL	2	120
PMFU - PROJECT MANAGEMENT FUNDAMENTALS	1	12
PMI - PMP	1	35
POSICIONAMENTO CEO	1	30
POST SALES FE TECHNICAL WORKSHOP	1	16
POSTGRESQL	2	455
PRACTICAL NETWORK DEFENSE	1	20
PREP CERTIF ITIL FOUNDATION	1	300
PREP CERTIF PMP	1	120
PROGRAMMING IN C#	1	30
PROJECT MANAGEMENT CORE	1	24
PROJECT ONLINE	1	200
PUBLIC SPEAKING	1	96
PUBLICIDADE - WORKSHOP	1	7
QMS & PROJECT MANAGEMENT METHODOLOGIES	1	119
QSA CALIFICATION	6	45
QUALIDADE E SEG INFORMACAO	3	40
QUALIF AUDIT INT QUALIDADE ISO 9001 2015	1	40
QUALIF AUDIT INTERNOS QUAL ISO 9001:2015	1	35
QUALYS	1	6
RAID 8	8	1,779
RAID TELECOM	7	5,479
REFRAMING CUSTOMER SERVICE	2	136
REGULAMENTO PROTECAO DADOS	1	16
REGULATORY & LEGAL VENTURE CAPITAL	1	25
REPORTING PERSONNEL COSTS	1	4
REVISAO CODIGO CONTRATOS PUBLICOS	3	23
RH ONLINE & SAPHETY	1	33
RHCONFERENCIA'17	1	16
ROADSHOW IMPIC - ALTERACOES CCP	1	3
SALESFORCE	1	560
SALESFORCE - ALINHAMENTO DE PROCESSOS	3	22
SAP	2	24
SAPHETYBILL - WORKSHOP	1	32
SAPHETYBUY - WORKSHOP	1	38
SAPHETYDOC - WORKSHOP	1	26
SAPHETYGOV - WORKSHOP	1	28
SAPHETYSYNC - WORKSHOP	1	14
SCRUM AGILE FOUNDATIONS	1	156
SCRUMDAY - WORKSHOP	1	48
SECRETARIAS EXECUTIVAS	1	24
SESSAO ESCLARECIMENTOS IOP	1	8
SET-UP AMBIENTE SAAS	1	18
SHAREPOINT SERVER 2013	1	72
SISTEMA GESTAO DA QUALIDADE	1	68
SISTEMA GESTION CALIDAD	1	20
SOCIAL SELLING	1	12
SONAE DATA PROTECTION	4	21
SONAE SHOTS	6	18
SPM - SOFTWARE PRODUCT MANAGEMENT	1	24
SQL TUNNING	2	336
STOCK OPTION POOL - KEY EMPLOYEES	1	2
STRUCTURED PROBLEM SOLVING & COMMUNIC	1	8
SUCURSAIS E ESTABELECIMENTOS ESTAVEIS	1	24
TALK ABOUT	9	147
TECN AVAN MET ANALISIS INF INT SEGURIDAD	1	200
TEMAS LABORAIS	1	15
TESTING PORTUGAL 2017	1	16
THE FUTURE OF FOOD SONAE CONFERENCE	1	32
THREAT INTELLIGENCE	1	360

TRIBUTACAO INSTRUMENTOS FINANCEIROS	1	4
VIAGEM PARA A CLOUD - REG, SEG E CONT	1	12
WEB SUMMIT	1	480
WELCOME QUALIDADE	4	18
PÓS GRADUAÇÃO - VISUALIZAÇÃO DE INFORMAÇÃO	1	112
DIGITAL MEDIA EUROPE 2017-COPENHAGEN	1	18
ENTREPRENEURIAL JOURNALISM: INNOVATION AND CREATIVITY IN THE NEW MEDIA ECOSYSTEM	1	30
WORKSHOP ILUSTRAÇÃO	1	18
WORKSHOP TEAM BUILDING	1	119
FORMAÇÃO SOBRE EQUIPAMENTO AUDIO E SOM	1	36
INTERVENÇÃO NO COMBATE A INCÊNDIOS	1	22
IMMERSIVE MEDIA: PRODUCING AUGMENTED REALITY FOR STORYTELLING PROJECTS	1	30
IMMERSIVE MEDIA: PRODUCING VR DOCUMENTARIES IN UNITY 3D	1	30

404-3	Percentage of employees receiving regular performance and career development reviews		<i>Sustainability: The Pulse for Our People.</i> Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS 100% of employees received performance assessment and career development. Sonaecom (including Sonae IM and Media) 81% of employees received performance assessment and career development.	V	6	5 8
	GRI 405 - DIVERSITY AND EQUAL OPPORTUNITIES - (ASPECT MATERIAL)					
Management Approach	103-1	Explanation of the material topic and its Boundary	Directly related to Diversity and Equal Opportunities, the topic "Human capital management" was considered a material topic (<i>vide</i> response to indicator "102-47 - List of material topics").	V		
	103-2	The management approach and its components	Sonae has promoted various initiatives related to Diversity and Equal Opportunities (<i>vide</i> chapter <i>Sustainability: The Pulse for Our People</i>).			
	103-3	Evaluation of the management approach	Sonae carries out the measurement and monitoring of indicators associated to this aspect and reports them in this Report (<i>vide</i> indicators below).			
405-1	Diversity of governance bodies and employees		<i>Sustainability: The Pulse for Our People.</i>	V	6	5 8

Diversity and equal opportunities are important factors for Sonae's equilibrium. Therefore, Sonae has continued to promote diversity in its companies, with the conviction that it increases their performance and is not limited to gender, but also includes aspects such as ethnicity, religion, sexual orientation, physical disability or generation. Along these lines, MDS leads an international movement to promote diversity in companies, the *Women Leadership Team*, which every year brings together 20 female business leaders from Europe and the United States and in 2017 held a meeting on diversity in Paris.

Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS

Percentage of employees by functional category (%)	Age Group	Male	Female	Total
Top Executive (%)	< 30 years old	0.0%	0.0%	0.0%
	From 30 to 50 years old	44.3%	10.2%	54.5%
	≥ 50 years old	38.6%	6.8%	45.5%
	Total	83.0%	17.0%	100.0%
Management (%)	< 30 years old	0.5%	0.1%	0.6%
	From 30 to 50 years old	48.9%	29.4%	78.2%
	≥ 50 years old	14.1%	7.1%	21.2%
	Total	63.4%	36.6%	100.0%
Middle Management (%)	< 30 years old	4.3%	4.8%	9.2%
	From 30 to 50 years old	34.2%	43.5%	77.7%
	≥ 50 years old	6.3%	6.8%	13.1%
	Total	44.9%	55.1%	100.0%
Technicians/highly-specialised technicians (%)	< 30 years old	9.3%	15.0%	24.2%
	From 30 to 50 years old	25.1%	42.3%	67.4%
	≥ 50 years old	2.8%	5.6%	8.4%
	Total	37.2%	62.8%	100.0%
Representatives (%)	< 30 years old	16.9%	25.4%	42.4%
	From 30 to 50 years old	13.1%	34.8%	47.9%
	≥ 50 years old	2.2%	7.5%	9.8%
	Total	32.3%	67.7%	100.0%
Governance bodies (%)	< 30 years old	0.0%	0.0%	0.0%
	From 30 to 50 years old	0.0%	0.0%	0.0%
	≥ 50 years old	100.0%	0.0%	100.0%
	Total	100.0%	0.0%	100.0%

Notes:

This does not include SportZone and Worten Canary Islands, Tlantic Brasil, MDS Brasil, Salsa, Losan and Go Natural Restaurants.
This does not include the Board of Directors.

Sonaecom (including Sonae IM and Media)

Percentage of employees by functional category (%)	Age Group	Male	Female	Total
<i>Top Executive (%)</i>	< 30 years old	0.0%	0.0%	0.0%
	From 30 to 50 years old	50.0%	0.0%	50.0%
	≥ 50 years old	50.0%	0.0%	50.0%
	Total	100.0%	0.0%	100.0%
<i>Management (%)</i>	< 30 years old	1.3%	0.0%	1.3%
	From 30 to 50 years old	67.9%	18.7%	86.7%
	≥ 50 years old	9.2%	2.9%	12.1%
	Total	78.4%	21.6%	100.0%
<i>Middle Management and Technicians/highly-specialised technicians (%)</i>	< 30 years old	26.8%	11.3%	38.1%
	From 30 to 50 years old	38.5%	20.3%	58.8%
	≥ 50 years old	1.1%	2.0%	3.1%
	Total	66.4%	33.6%	100.0%
<i>Representatives (%)</i>	< 30 years old	5.4%	8.9%	14.3%
	From 30 to 50 years old	28.6%	29.8%	58.3%
	≥ 50 years old	11.9%	15.5%	27.4%
	Total	45.8%	54.2%	100.0%

Notes:

In the editorial areas of Público and Rádio Nova, the model for the functional groups does not apply, so all employees in these areas have an NA functional category. This is due to the specific characteristics of the career of a journalist, which, among other things, encourages the recurrent alteration of hierarchical relations between employees and defines specific career structures / terminologies that are not compatible with the model for the functional groups.

<i>Governance bodies (%)</i>	< 30 years old	0.0%	0.0%	0.0%
	From 30 to 50 years old	20.0%	20.0%	40.0%
	≥ 50 years old	40.0%	20.0%	60.0%
	Total	60.0%	40.0%	100.0%

Sonae Sierra

Percentage of employees by functional category (%)	Age Group	Male	Female	Total
<i>Global Senior Executive (%)</i>	< 35 years old	0.0%	0.0%	0.0%
	From 35 to 44 years old	0.0%	0.0%	0.0%
	From 45 to 54 years old	0.0%	0.0%	0.0%
	From 55 to 64 years old	100.0%	0.0%	100.0%
	> 64 years old	0.0%	0.0%	0.0%
	Total	100.0%	0.0%	100.0%
<i>Senior Executive (%)</i>	< 35 years old	0.0%	0.0%	0.0%
	From 35 to 44 years old	0.0%	0.0%	0.0%
	From 45 to 54 years old	11.1%	0.0%	11.1%
	From 55 to 64 years old	55.6%	11.1%	66.7%
	> 64 years old	22.2%	0.0%	22.2%
	Total	88.9%	11.1%	100.0%
<i>Executive (%)</i>	< 35 years old	0.0%	0.0%	0.0%
	From 35 to 44 years old	18.8%	0.0%	18.8%
	From 45 to 54 years old	56.3%	12.5%	68.8%
	From 55 to 64 years old	12.5%	0.0%	12.5%
	> 64 years old	0.0%	0.0%	0.0%
	Total	87.5%	12.5%	100.0%
<i>Senior Manager (%)</i>	< 35 years old	0.0%	0.0%	0.0%
	From 35 to 44 years old	15.0%	5.0%	20.0%
	From 45 to 54 years old	36.7%	13.3%	50.0%
	From 55 to 64 years old	21.7%	6.7%	28.3%
	> 64 years old	1.7%	0.0%	1.7%
	Total	75.0%	25.0%	100.0%
<i>Manager (%)</i>	< 35 years old	3.0%	0.0%	3.0%
	From 35 to 44 years old	27.0%	15.0%	42.0%
	From 45 to 54 years old	31.0%	16.0%	47.0%
	From 55 to 64 years old	7.0%	1.0%	8.0%
	> 64 years old	0.0%	0.0%	0.0%
	Total	68.0%	32.0%	100.0%
<i>Team Leader (%)</i>	< 35 years old	8.3%	5.3%	13.6%
	From 35 to 44 years old	26.5%	30.3%	56.8%

	From 45 to 54 years old	9.8%	14.4%	24.2%
	From 55 to 64 years old	3.8%	1.5%	5.3%
	> 64 years old	0.0%	0.0%	0.0%
	Total	48.5%	51.5%	100.0%
<i>Project Team Specialist (%)</i>	< 35 years old	14.5%	11.9%	26.4%
	From 35 to 44 years old	22.6%	27.0%	49.7%
	From 45 to 54 years old	12.6%	6.3%	18.9%
	From 55 to 64 years old	4.4%	0.6%	5.0%
	> 64 years old	0.0%	0.0%	0.0%
	Total	54.1%	45.9%	100.0%
<i>Team Member (%)</i>	< 35 years old	17.8%	24.5%	42.3%
	From 35 to 44 years old	14.4%	24.1%	38.5%
	From 45 to 54 years old	4.6%	9.8%	14.4%
	From 55 to 64 years old	1.9%	2.9%	4.8%
	> 64 years old	0.0%	0.0%	0.0%
	Total	38.7%	61.3%	100.0%

405-2	Ratio of basic salary and remuneration of women to men	<i>Sustainability: The Pulse for Our People.</i>	V	6	5 8 10
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Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS

Ratio of average basic salary by functional category (F / M)	2017
<i>Top Executives</i>	0.93
<i>Management & Senior Management</i>	0.91
<i>Middle Management</i>	0.90
<i>Technicians/highly-specialised technicians</i>	0.87
<i>Representatives</i>	1.00
Total	0.92
Average pay ratio by functional category (F / M)	2017
<i>Top Executives</i>	0.89
<i>Management & Senior Management</i>	0.90
<i>Middle Management</i>	0.89
<i>Technicians/highly-specialised technicians</i>	0.86
<i>Representatives</i>	0.99
Total	0.89

Notes:

The monthly base salary (converted to full-time equivalent) includes:

All fixed remuneration as of December 31st, 2017. 12-month basis.

Total remuneration included (converted to full-time equivalent):

Monthly base salary;

Performance bonus, discrepancy allowance and shift allowance as of December 31, 2017;

Variable components calculated based on the last 12 months (January to December 2017);

This does not include SportZone and Worten Canary Islands, Tlantic Brazil, MDS Brazil, Salsa, Losan and Go Natural Restaurants.

This does not include the Board of Directors.

Sonaecom (including Sonae IM and Media)

Ratio of average basic salary by functional category (F / M) - Portugal	2017
<i>Top Executive</i>	-
<i>Management</i>	0.90
<i>Middle Management and Technicians/highly-specialised technicians</i>	0.90
<i>Representatives</i>	0.89
Total	0.79
Average pay ratio by functional category (F / M)	2017
<i>Top Executive</i>	-
<i>Management</i>	0.90
<i>Middle Management and Technicians/highly-specialised technicians</i>	0.90
<i>Representatives</i>	0.89
Total	0.79

Ratio of average basic salary by functional category (F / M) – Brazil	2017
<i>Top Executive</i>	-

Management	1.07
Middle Management and Technicians/highly specialised technicians	1.27
Representatives	-
Total	1.11

Ratio of average basic salary by functional category (F / M) – Colombia		2017
Top Executive		-
Management		We have not presented information for this category, as we only have male employees in this category.
Middle Management and Technicians/highly-specialised technicians		0.20
Representatives		-
Total		0.20

Ratio of average basic salary by functional category (F/M) – Egypt		2017
Top Executive		-
Management		We have not presented information for this category, as we only have male employees in this category.
Middle Management and Technicians/highly-specialised technicians		0.84
Representatives		-
Total		0.84

Ratio of average basic salary by functional category (F/M) – Spain		2017
Top Executive		-
Management		0.75
Middle Management and Technicians/highly-specialised technicians		0.94
Representatives		-
Total		0.81

Ratio of average basic salary by functional category (F/M) – USA		2017
Top Executive		-
Management		0.88
Middle Management and Technicians/highly-specialised technicians		0.84
Representatives		-
Total		0.87

Ratio of average basic salary by functional category (F/M) – Malaysia		2017
Top Executive		-
Management		0.78
Middle Management and Technicians/highly-specialised technicians		We have not presented information for this category, as we only have male employees in this category.
Representatives		-
Total		0.78

Ratio of average basic salary by functional category (F/M) – Mexico		2017
Top Executive		-
Management		1.26
Middle Management and Technicians/highly-specialised technicians		0,86
Representatives		-
Total		1.13

Notes:

In Australia and England, Sonaecom only has one employee (one per country), so the calculation of the ratio is not applicable. Also in Ireland, there are only male employees, so, likewise, the calculation of the indicator is not applicable.

406 – NON-DISCRIMINATION

406-1	Incidents of discrimination and corrective actions taken	Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS There were no cases of discrimination.	V	6	5 8 16
		Sonaecom (including Sonae IM and Media) There were no cases of discrimination.			
		Sonae Sierra There were no cases of discrimination.			

407 - FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

407-1	Operations and suppliers in which	Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS	V	3	8
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	the right to freedom of association and collective bargaining may be at risk	At Sonae, there are no operations involving risks in the right to freedom of association and collective bargaining agreements. Fresh produce, Food retail, Non-food retail, Wells, Worten and Maxmat: According to the audit reports, all suppliers have question 19.11 (freedom of association: they can be members of institutions / associations that represent their rights) accordingly.			
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408 – CHILD LABOUR

408-1	Operations and suppliers at significant risk for child labour incidents	Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS At Sonae, as a rule, minors are not admitted into the company. Only exceptionally are minors between the ages of 16 and 18 admitted, and always in compliance with the law. Fresh Produce, Food retail, Non-food retail, Wells, Worten e Maxmat: If it is found that a supplier is at significant risk for child labour incidents, the supplier is placed on stand-by and only re-enters after an SA8000 audit has been carried out by an accredited institution. Sonaecom (including Sonae IM and Media) Sonae Com has residual risks in terms of child labour. This is due both to the locations where we are present and to the technical / technological complexity of the type of activities performed by our employees.	V	5	8 16
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409 – FORCED OR COMPULSORY LABOUR

409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS At Sonae, there is no forced labour. Fresh Produce, Food retail, Non-food retail, Wells, Worten e Maxmat: If it is found that a supplier is at significant risk for incidents of forced or compulsory labour, the supplier is placed on stand-by and only re-enters after an SA8000 audit has been carried out by an accredited institution. Sonaecom Sonae Com has residual risks in terms of forced or compulsory labour. This is due both to the locations where we are present and to the technical / technological complexity of the type of activities performed by our employees.	V	4	8
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412 – HUMAN RIGHTS ASSESSMENT

412-1	Operations that have been subject to human rights reviews or impact assessments	Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS In 2017, no operation that has been subject to a reassessment of human rights and/or impact assessment was registered.	V	1	
412-2	Employee training on human rights policies or procedures		V	1	

Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS

Employee training on Human Rights policies and procedures

2017

Total of employees that received formal training on the policies and procedures of the organisation regarding Human Rights issues (no.) 21,883

Total of hours dedicated to training on policies and procedures relative to Human Rights aspects that are relevant to operations (no.) 228,485

Notes: Scope - Portugal

Includes all participants of the training, independent of if they were active on the 31st December 2017.

412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat In Retail, supply contracts include a supplier obligation clause that mentions "Comply with all applicable norms and legislation on work carried out by minors, Human Rights and prohibition of discrimination against their workers, for whatever reason." (2010). Percentage of investment agreements and significant contracts that include human rights clauses (%) 100% This indicator is not applicable to Sonae FS and RP.	V	2	
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GRI 413 – LOCAL COMMUNITIES (MATERIAL ASPECT)

Management Approach	103-1	Explanation of the material topic and its Boundary	Directly related to Local Communities, the topic "Support to Local Communities" was considered a material topic (<i>vide</i> response to the indicator "102-47 - List of material topics").	V		
	103-2	The management approach and its components	Sonae has promoted several initiatives related to local communities (<i>vide</i> chapter <i>Sustainability: The Pulse for Our Communities</i>)			
	103-3	Evolution of the management approach	Sonae carries out the measurement and monitoring of the indicators associated with this aspect and reports them in this Report (<i>vide</i> indicators presented below).			
413-1	Operations with local community engagement, impact assessments and development programs	<i>Sustainability: The Pulse for Our Communities</i> From the moment, a new unit is installed, Sonae ensures the necessary conditions so that it has the minimum negative impact on communities. During operation, it develops numerous activities of support to the local community, meeting their different needs. The activities are often carried out in partnership with local entities.	V	1		
GRI 414 –SUPPLIER SOCIAL ASSESSMENT (MATERIAL ASPECT)						
Management Approach	103-1	Explanation of the material topic and its Boundary	Directly related to the Supplier Social Assessment themes "Environmental, labour and human rights criteria for suppliers" and "Ethics in the supply chain" were considered material themes (<i>vide</i> response to the indicator "102-47 – List of material topics").	V		
	103-2	The management approach and its components	Sonae has promoted several initiatives related to Supplier Social Assessment (<i>vide</i> chapter <i>Sustainability: The Pulse for Our Partners and Suppliers</i>).			
	103-3	Evaluation of the management approach	Sonae carries out the measurement and monitoring of indicators associated with this aspect and reports them in this Report (<i>vide</i> indicators below).			
414-1	New suppliers that were screened using social criteria	<i>Sustainability: The Pulse for Our Partners and Suppliers.</i>	V	8		

Sonae MC, Sonae Sports & Fashion, Worten, Maxmat

Screened suppliers based on social criteria - labour practices, human rights, with an impact on society (2017)

	Fresh produce	Food retail	Non-food retail	Wells	Worten	Maxmat
Total suppliers (no.)	369	291	305	48	133	77
National	307	156	103	15	6	46
Foreign	62	135	202	33	127	31
Total qualified suppliers (no.)	357	288	219	35	106	17
National	296	153	81	10	6	10
Foreign	61	135	138	25	100	7
Percentage of qualified suppliers (%)	97%	99%	72%	73%	80%	22%
National	96%	98%	79%	67%	100%	22%
Foreign	98%	100%	68%	76%	79%	23%
Total audits performed on suppliers (no.)	99	67	167	22	99	10
National	92	47	41	4	0	4
Foreign	7	20	126	18	99	6

New suppliers screened based on social criteria - labour practices, human rights, with an impact on society (2017)

	Fresh produce	Food retail	Non-food retail	Wells	Worten	Maxmat
Total new suppliers (no.)	11	7	20	6	27	6
National	9	4	3	3	0	0
Foreign	2	3	17	3	27	6
Total new qualified suppliers (no.)	6	6	7	2	0	0
National	4	3	1	1	0	0
Foreign	2	3	6	1	0	0
Percentage of new qualified suppliers (%)	55%	86%	35%	33%	0%	0%
National	44%	75%	33%	33%	0%	0%
Foreign	100%	100%	35%	33%	0%	0%
Total audits performed on new suppliers (no.)	2	0	7	0	0	0
National	2	0	1	0	0	0

Foreign | 0 | 0 | 6 | 0 | 0 | 0

GRI 416 – CUSTOMER HEALTH AND SAFETY (MATERIAL ASPECT)							
Management Approach	103-1	Explanation of the material topic and its Boundary	Directly related to the Health and Safety of the Customer, the topics "Health and Safety in stores", "Public Health" and "Conformity / Quality of Products" were considered material topics (<i>vide</i> response to the indicator "102-47 – List of material topics").				
	103-2	The management approach and its components	Sonae has promoted several initiatives related to Customer Health and Safety (<i>vide</i> Sustainability: The Pulse for Our Businesses and Products).	V			
	103-3	Evaluation of the management approach	Sonae carries out the measurement and monitoring of indicators associated with this aspect and reports them in this Report (<i>vide</i> indicators below).				
416-1	Assessment of the health and safety impacts of products and services		<i>Sustainability: The Pulse for Our Businesses and Products.</i>	V			

Sonae MC, Sonae Sports & Fashion, Worten and Maxmat

We take into consideration the health and safety impacts of products at various stages of their life cycle. In terms of electronic products, for example, we carry out product image, packaging and instruction development in cooperation with the manufacturer. The entire manufacturing process of this type of product is subjected to various inspections. In terms of food products, we carry out R&D on the products through, for example, the optimisation of their nutritional profile.

Categories of significant products and services assessed in terms of health and safety impacts (2017)

	Fresh produce	Food retail	Non-food retail	Wells	S&F	Worten	Maxmat
Total categories of significant products and services (no.)	2	1	2	1	7	1	1
Total categories of significant products and services that are assessed in terms of health and safety impacts (no.)	2	1	2	1	7	1	1
Percentage of significant products and services assessed in terms of health and safety impacts (%)	100%	100%	100%	100%	100%	100%	100%

Sonae Sierra

Categories of significant products and services assessed in terms of health and safety impacts (2017)

Percentage of significant products and services assessed in terms of health and safety impacts (%)	New Building	Management	Development/redevelopment
	100%	100%	100%

Notes:

This includes all shopping centres owned by Sonae Sierra, operational in the reporting period and all projects under development during the reporting period.

GRI 417 - MARKETING AND LABELLING (MATERIAL ASPECT)							
Management approach	103-1	Explanation of the material topic and its Boundary	Directly related to Marketing and Labelling, the topics "Conformity / Quality of Products" were considered material topics (<i>vide</i> response to indicator" 102-47 - List of material topics").				
	103-2	The management concept and its components	Sonae has promoted several initiatives related to Marketing and Labelling (<i>vide</i> chapter <i>Sustainability: The Pulse for Our Businesses and Products</i>).	V			
	103-3	Evolution of the management approach	Sonae carries out the measurement and monitoring of indicators associated with this aspect and reports them in this Report (<i>vide</i> indicators presented below).				
417-1	Requirements for product and service information and labelling		<i>Sustainability: The Pulse for Our Businesses and Products</i>	V			12 16

Sonae MC, Sonae Sports & Fashion, Worten and Maxmat

Sonae uses its position and influence to encourage good consumer practices and lifestyles. In this way, we strive to develop our own brand products with the right quality and safety. To guarantee their quality and safety, we focus on four aspects:

- (i) Certification of the development of our own brand products;
- (ii) Monitoring of their quality and safety;
- (iii) Labelling; and
- (iv) Customer feedback management.

Requirements for product and service information and labelling (2017)	Fresh produce	Food retail
Origin of the product or service	Yes	Yes

Composition, with particular attention to potentially harmful substances to the environment or to society	Yes	Yes
Safe use of the product or service	Yes	Yes
Product elimination and underlying environmental and social impacts	Yes	Yes

Requirements for product and service information and labelling (2017)	Non-food retail	Wells	S&F	Worten	Maxmat
Origin of the product or service	Yes	Yes	Yes	Yes	Yes
Composition, with particular attention to potentially harmful substances to the environment or to society	Yes	Yes	Yes	Yes	Yes
Safe use of the product or service	Yes	Yes	Yes	Yes	Yes
Product elimination and underlying environmental and social impacts	Yes	Yes	Yes	Yes	Yes
Total categories of products with specific labelling (no.)	56	135	7	10	10
Total product categories (no.)	207	136	7	39	89
Percentage of product categories with specific labelling (%)	27%	99%	100%	26%	11%

Sonae FS

Sonae FS is responsible for issuing and managing *Cartão Universo*, and its credit facility is secured by a credit facility granted and managed by BNP Paribas Personal Finance, S.A.

In the area of "Pricing and Legal Information" of the *Universo* site, various documents can be consulted and / or downloaded in order to guarantee total transparency and complete information on the procedures associated with *Cartão Universo: European Standardised Information Sheet* regarding consumer credit; Credit Agreement for the opening of a credit line associated with *Cartão Universo*; Agreement for the Provision of Payment and Issuing of Electronic Currency Services; Terms and Conditions of Loyalty Programmes; Procedure for access and use of *Universo Online*; Complaints; Prices; Sonae's Code of Ethics and Conduct.

Sonae Sierra

Consumers are increasingly concerned about the environmental and ethical impacts of their purchases and are interested in healthy and environmentally conscious lifestyles. Sonae Sierra is aware its scope and geographical dimension can encourage consumers to make the right choices. This will help Sonae Sierra to meet its visitors' expectations, while encouraging new growth markets in sustainable products that can increase or create new revenue streams for tenants. Through its focus on Future Fil Retail, one of Sonae Sierra's long-term priorities, we leverage sustainability, as a way of increasing the number of visits to our centres and promoting positive behavioural changes focused on health and well-being and the environment. This involves promoting healthy, sustainable and local goods and services, improving well-being through health activities in shopping centres and creating a sense of belonging for visitors.

On the other hand, and in accordance with the Directive on the Performance of Buildings in the European Union, we are obliged to ensure that all our assets undergoing major renovations meet the minimum energy performance requirements; and that Energy Performance Certificates (EPC) are shared with any potential buyers and tenants of a building. We fulfilled these requirements in each member state of the European Union in which we operate and by the end of 2017, EPC were implemented in all 77% of our portfolio.

GRI 419 - SOCIOECONOMIC COMPLIANCE (MATERIAL ASPECT)

Management approach	103-1	Explanation of the material topic and its Boundary	Directly related to Socioeconomic Compliance, the topics "Conformity / Product Quality" and "Transparency and trust throughout the value chain" were considered material topics (<i>vide</i> response to indicator "102-47 - List of material topics").	V																																													
	103-2	The management approach and its components	Sonae has promoted several initiatives related to Marketing and Labelling (<i>vide</i> chapter <i>Sustainability: The Pulse for Our Businesses and Products</i>).																																														
	103-3	Evolution of the management approach	Sonae carries out the measurement and monitoring of indicators associated with this aspect and reports them in this Report (<i>vide</i> indicators presented below).																																														
	419-1	Non-compliance with laws and regulations in the social and economic area	<p><i>Sustainability: The Pulse for Our Businesses and Products</i> Sonae, Sonae MC, Sonae Sports & Fashion, Worten, Maxmat, Sonae RP, Sonae FS</p> <table border="1"> <thead> <tr> <th colspan="2">Non-compliance with laws and regulations in the social and economic area</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Total monetary value of significant fines - Economic area (€)</td> <td></td> <td>54,898</td> </tr> <tr> <td>Total number of non-monetary sanctions (no.)</td> <td></td> <td>0</td> </tr> <tr> <td>Total monetary value of significant fines - Social area (labour) (€)</td> <td></td> <td>Sonae MC – 3,060 Worten – 2,798</td> </tr> <tr> <td>Total number of non-monetary sanctions (no.)</td> <td></td> <td>0</td> </tr> </tbody> </table> <p>Sonacom (including Sonae IM and Media)</p> <table border="1"> <thead> <tr> <th colspan="2">Non-compliance with laws and regulations in the social and economic area</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Total monetary value of significant fines - Economic area (€)</td> <td></td> <td>0</td> </tr> <tr> <td>Total number of non-monetary sanctions (no.)</td> <td></td> <td>0</td> </tr> <tr> <td>Total monetary value of significant fines - Social area (labour) (€)</td> <td></td> <td>0</td> </tr> <tr> <td>Total number of non-monetary sanctions (no.)</td> <td></td> <td>0</td> </tr> </tbody> </table> <p>Sonae Sierra</p> <table border="1"> <thead> <tr> <th colspan="2">Non-compliance with laws and regulations in the social and economic area</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>Total monetary value of significant fines - Economic area (€)</td> <td></td> <td>0</td> </tr> <tr> <td>Total number of non-monetary sanctions (no.)</td> <td></td> <td>0</td> </tr> <tr> <td>Total monetary value of significant fines - Social area (labour) (€)</td> <td></td> <td>0</td> </tr> <tr> <td>Total number of non-monetary sanctions (no.)</td> <td></td> <td>0</td> </tr> </tbody> </table>	Non-compliance with laws and regulations in the social and economic area		2017	Total monetary value of significant fines - Economic area (€)		54,898	Total number of non-monetary sanctions (no.)		0	Total monetary value of significant fines - Social area (labour) (€)		Sonae MC – 3,060 Worten – 2,798	Total number of non-monetary sanctions (no.)		0	Non-compliance with laws and regulations in the social and economic area		2017	Total monetary value of significant fines - Economic area (€)		0	Total number of non-monetary sanctions (no.)		0	Total monetary value of significant fines - Social area (labour) (€)		0	Total number of non-monetary sanctions (no.)		0	Non-compliance with laws and regulations in the social and economic area		2017	Total monetary value of significant fines - Economic area (€)		0	Total number of non-monetary sanctions (no.)		0	Total monetary value of significant fines - Social area (labour) (€)		0	Total number of non-monetary sanctions (no.)		0	V
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Table Key:

V – Verified

UNGC Principles – *United Nations Global Compact*

SDG – *Sustainable Development Goals*





Frugality and Efficiency: The Beat for Long Living Results



CONSOLIDATED
FINANCIAL STATEMENTS

Accountacy: Numbers
are our Word

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

ASSETS	Notes	31 Dec 2017	31 Dec 2016 Restated Note 4.1
NON-CURRENT ASSETS:			
Tangible assets	8	1,650,873,072	1,608,085,478
Intangible assets	9	367,924,247	373,509,488
Investment properties		-	879,263
Goodwill	10	634,363,213	655,484,348
Investments in joint ventures and associates	11	1,414,450,837	1,362,270,890
Other investments	7 and 12	19,423,775	20,784,450
Deferred tax assets	19	71,883,593	61,360,744
Other non-current assets	7 and 13	23,611,943	19,226,166
Total Non-Current Assets		4,182,530,680	4,101,600,827
CURRENT ASSETS:			
Inventories	14	713,253,625	696,297,968
Trade account receivables	7 and 15	130,075,290	116,003,860
Other debtors	7 and 16	62,600,744	83,961,449
Taxes recoverable	17	86,571,966	70,525,818
Other current assets	18	64,068,395	76,911,316
Investments	7 and 12	179,881	4,369,022
Cash and cash equivalents	7 and 20	364,589,115	340,920,458
Total Current Assets		1,421,339,016	1,388,989,891
Non-current assets held for sale	21	782,540	19,522,549
TOTAL ASSETS		5,604,652,236	5,510,113,267
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	22	2,000,000,000	2,000,000,000
Own shares	22	(108,567,192)	(114,738,086)
Legal reserve		247,276,603	244,211,592
Reserves and retained earnings		(337,235,187)	(450,881,147)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		165,753,915	215,073,949
Equity attributable to the equity holders of the Parent Company		1,967,228,139	1,893,666,308
Equity attributable to non-controlling interests	23	167,809,994	169,040,186
TOTAL EQUITY		2,135,038,133	2,062,706,494
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Loans	7 and 24	573,440,551	507,884,174
Bonds	7 and 24	643,667,042	695,803,279
Obligation under finance leases	7, 24 and 25	881,956	1,463,520
Other loans	7 and 24	2,244,793	4,676,660
Other non-current liabilities	7 and 27	13,449,318	21,557,388
Deferred tax liabilities	19	132,200,898	113,450,277
Provisions	32	18,955,625	25,848,118
Total Non-Current Liabilities		1,384,840,183	1,370,683,416
CURRENT LIABILITIES:			
Loans	7 and 24	207,748,007	350,365,080
Bonds	7 and 24	57,970,806	7,998,517
Obligation under finance leases	7, 24 and 25	832,895	1,079,629
Other loans	7 and 24	2,526,745	1,769,184
Trade creditors	7 and 29	1,192,499,941	1,136,655,247
Other creditors	7 and 30	221,229,879	200,640,232
Taxes and contributions payable	17	98,367,443	91,929,635
Other current liabilities	31	297,987,821	271,000,382
Provisions	32	5,610,383	3,558,708
Total Current Liabilities		2,084,773,920	2,064,996,614
Non-current liabilities held for sale	21	-	11,726,743
TOTAL LIABILITIES		3,469,614,103	3,447,406,773
TOTAL EQUITY AND LIABILITIES		5,604,652,236	5,510,113,267

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017 AND 2016

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)	Notes	31 Dec 2017	31 Dec 2016 Restated Note 4.2
Sales	6 and 36	5,515,425,881	5,159,067,410
Services rendered	6 and 36	194,726,055	170,424,206
Income or expense relating to investments	37	(1,659,574)	8,305,793
Gains and losses on investments recorded at fair value through results	12 and 38	-	(15,681,846)
Financial income	38	7,120,098	15,750,739
Other income	39	793,249,885	772,122,665
Cost of goods sold and materials consumed	14	(4,587,311,688)	(4,261,074,939)
(Increase)/Decrease in Production	14	351,870	1,273,422
External supplies and services	40	(737,623,531)	(703,796,124)
Staff costs	41	(764,191,618)	(714,328,963)
Depreciation and amortisation	6,8 and 9	(197,659,331)	(179,646,000)
Provisions and impairment losses	32	(10,486,042)	(15,157,827)
Financial expense	38	(43,137,650)	(51,120,856)
Other expenses	42	(82,932,769)	(73,208,207)
Share of results of joint ventures and associates	11.3	86,350,626	138,631,367
Profit/(Loss) before taxation from continuing operations		172,222,212	251,560,840
Taxation	43	(16,123,970)	(26,696,768)
Profit/(Loss) after taxation from continuing operations		156,098,242	224,864,072
Profit/(Loss) from discontinued operations after taxation	5.1	18,110,829	(2,869,775)
Consolidated profit/(Loss) for the period		174,209,071	221,994,297
Attributable to equity holders of the Parent Company:			
Continuing operations		148,588,229	216,509,123
Discontinued operations		17,165,686	(1,435,174)
		165,753,915	215,073,949
Attributable to non-controlling interests			
Continuing operations		7,510,013	8,354,949
Discontinued operations		945,143	(1,434,601)
	23	8,455,156	6,920,348
Profit/(Loss) per share			
From continuing operations			
Basic	45	0.078458	0.114712
Diluted	45	0.077422	0.110917
From discontinued operations			
Basic	45	0.009064	(0.000760)
Diluted	45	0.004550	(0.000710)

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2017 AND 2016

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)	Notes	31 Dec 2017	31 Dec 2016
Net Profit / (Loss) for the period		174,209,071	221,994,297
Items that maybe reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(1,915,943)	5,127,738
Participation in other comprehensive income (net of tax) related to joint ventures and associates included in consolidation by the equity method	11.3	(20,231,758)	9,313,997
Changes in hedge and fair value reserves		(2,272,901)	2,174,375
Deferred taxes related with other components of comprehensive income		498,915	(440,149)
Others		(304,001)	(144,364)
		(24,225,688)	16,031,597
Items that were reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations related to discontinued operations	5.1	4,214,202	-
		4,214,202	-
Items that won't be reclassified subsequently to profit or loss:		-	-
		(20,011,486)	16,031,597
Total comprehensive income for the period		154,197,585	238,025,894
Attributable to:			
Equity holders of parent company		143,563,901	231,135,043
Non controlling interests		10,633,684	6,890,851

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2017 AND 2016

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)	Notes	Share Capital	Own Shares	Legal Reserve	Reserves and Retained Earnings					Total	Net Profit/(Loss)	Total	Non controlling Interests (Note 23)	Total Equity
					Currency Translation Reserve	Investments Fair Value Reserve	Hedging Reserve	Option Premium Convertible Bonds Note 24	Other Reserves and Retained Earnings					
Attributable to Equity Holders of Parent Company														
Balance as at 1 January 2016		2,000,000,000	(123,493,932)	244,211,592	1,135,801	-	272,950	22,313,000	(661,255,246)	(637,533,495)	175,306,228	1,658,490,393	136,303,721	1,794,794,114
Total comprehensive income for the period		-	-	-	2,710,088	-	1,675,455	-	11,675,551	16,061,094	215,073,949	231,135,043	6,890,851	238,025,894
Appropriation of consolidated net profit of 2015														
Transfer to legal reserves and retained earnings		-	-	-	-	-	-	-	175,306,228	175,306,228	(175,306,228)	-	-	-
Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	(2,730,711)	(2,730,711)
Obligation fulfilled by share attribution to employees		-	101,864	-	-	-	-	-	(1,660,734)	(1,660,734)	-	(1,558,870)	(4,021)	(1,562,891)
Partial cancellation of Cash Settled Equity Swap		-	8,653,982	-	-	-	-	-	(374,625)	(374,625)	-	8,279,357	-	8,279,357
Change percentage in subsidiaries		-	-	-	-	-	-	-	(2,608,287)	(2,608,287)	-	(2,608,287)	2,647,778	39,491
Acquisitions of affiliated companies		-	-	-	-	-	-	-	-	-	-	-	27,329,248	27,329,248
Others		-	-	-	-	-	-	-	(71,328)	(71,328)	-	(71,328)	335,000	263,672
Balance as at 31 December 2016 - Published		2,000,000,000	(114,738,086)	244,211,592	3,845,889	-	1,948,405	22,313,000	(478,988,441)	(450,881,147)	215,073,949	1,893,666,308	170,771,866	2,064,438,174
Restatement effect	4.1	-	-	-	-	-	-	-	-	-	-	-	(1,731,680)	(1,731,680)
Balance as at 31 December 2016 - Restated		2,000,000,000	(114,738,086)	244,211,592	3,845,889	-	1,948,405	22,313,000	(478,988,441)	(450,881,147)	215,073,949	1,893,666,308	169,040,186	2,062,706,494
Balance as at 1 January 2017 - Restated		2,000,000,000	(114,738,086)	244,211,592	3,845,889	-	1,948,405	22,313,000	(478,988,441)	(450,881,147)	215,073,949	1,893,666,308	169,040,186	2,062,706,494
Total comprehensive income for the period		-	-	-	157,543	-	(1,773,986)	-	(20,573,571)	(22,190,014)	165,753,915	143,563,901	10,633,684	154,197,585
Appropriation of consolidated net profit of 2016														
Transfer to retained earnings		-	-	3,065,011	-	-	-	-	212,008,938	212,008,938	(215,073,949)	-	-	-
Dividends distributed	22	-	-	-	-	-	-	-	(75,824,357)	(75,824,357)	-	(75,824,357)	(4,074,876)	(79,899,233)
Obligation fulfilled by share attribution to employees	28	-	-	-	-	-	-	-	171,280	171,280	-	171,280	15,152	186,432
Partial cancellation of Cash Settled Equity Swap	22	-	6,170,894	-	-	-	-	-	(632,348)	(632,348)	-	5,538,546	-	5,538,546
Change percentage in subsidiaries	23	-	-	-	-	-	-	-	112,461	112,461	-	112,461	(94,537)	17,924
Acquisitions of affiliated companies	5.2	-	-	-	-	-	-	-	-	-	-	-	3,772,948	3,772,948
Capital increase		-	-	-	-	-	-	-	-	-	-	-	1,207,700	1,207,700
Change of the consolidation method		-	-	-	-	-	-	-	-	-	-	-	(13,090,263)	(13,090,263)
Creation of affiliated companies		-	-	-	-	-	-	-	-	-	-	-	400,000	400,000
Balance as at 31 December 2017		2,000,000,000	(108,567,192)	247,276,603	4,003,432	-	174,419	22,313,000	(363,726,038)	(337,235,187)	165,753,915	1,967,228,139	167,809,994	2,135,038,133

The accompanying notes are part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2017 AND 2016

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2017	31 Dec 2016 Restated Note 4.2
OPERATING ACTIVITIES			
Cash receipts from trade debtors		5,731,208,842	5,375,547,549
Cash paid to trade creditors		(4,570,905,080)	(4,436,017,090)
Cash paid to employees		(763,240,214)	(730,180,943)
Cash flow generated by operations		397,063,548	209,349,516
Income taxes (paid) / received		(21,655,220)	(9,076,201)
Other cash receipts and (payments) relating to operating activities		(7,188,614)	9,460,752
Net cash flow from operating activities (1)		368,219,714	209,734,067
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	46	21,546,532	3,916,954
Tangible assets	8	39,862,783	229,402,787
Intangible assets		479,278	473,927
Interests and similar income		1,093,492	1,872,916
Loans granted		1,500	1,665
Dividends	11.3	54,033,853	45,075,666
Disposal of investments at fair value	11.3	-	82,840,847
Others	22	37,027,805	26,167,985
		154,045,243	389,752,747
Cash Payments arising from:			
Investments	46	(21,009,745)	(106,433,473)
Tangible assets		(232,180,121)	(240,096,139)
Intangible assets		(46,896,856)	(36,609,285)
Loans granted		(242,465)	-
Others	22	(16,203,904)	(37,294,767)
		(316,533,091)	(420,433,664)
Net cash used in investment activities (2)		(162,487,848)	(30,680,917)
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		6,969,262,977	8,353,738,435
Investments	46	1,213,187	344,114
Capital increase		1,347,500	296,000
Others		2,287	808,896
		6,971,825,951	8,355,187,445
Cash Payments arising from:			
Loans obtained		(7,018,150,115)	(8,435,775,090)
Investments	46	(1,504,253)	(584,004)
Interests and similar charges		(27,379,973)	(41,255,281)
Dividends and distributed reserves		(79,736,296)	(2,687,953)
Purchase of own shares		-	-
Others		(536,928)	(1,471,231)
		(7,127,307,565)	(8,481,773,559)
Net cash used in financing activities (3)		(155,481,614)	(126,586,114)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		50,250,252	52,467,036
Effect of foreign exchange rate		582,155	(582,728)
Effect of discontinued operations	5.1	(11,088,316)	-
Cash and cash equivalents at the beginning of the period	20	323,190,227	270,140,463
Cash and cash equivalents at the end of the period	20	361,770,008	323,190,227

The accompanying notes are part of these financial statements.

SONAE, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts stated in euro)

1 Introduction

SONAE, SGPS, SA ("Sonae Holding") has its head-office at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal, and is the parent company of a group of companies, as detailed in Notes 51 and 52 the Sonae Group ("Sonae"). Sonae's operations and operating segments are described in Note 6.

2 Principal accounting policies

The principal accounting policies adopted in preparing the accompanying consolidated financial statements are as follows:

2.1 Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable to economic periods beginning on 1 January 2017, issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS Interpretations Committee ("IFRS - IC") or by the previous Standing Interpretations Committee ("SIC"), as adopted by the European Union as at the consolidated financial statements issuance date.

The accompanying consolidated financial statements have been prepared from the books and accounting records of the company, subsidiaries, joint ventures and associates, adjusted in the consolidation process, on a going concern basis and under the historical cost convention, except for some financial instruments and investment properties, which are stated at fair value.

Additionally, for financial reporting purposes, fair value measurement is categorized in Level 1, 2 and 3, according to the level in which the used assumptions are observable and its significance, in what concerns fair value valuation, used in the measurement of assets/liabilities or its disclosure.

Level 1 – Fair value is determined based on active market prices for identical assets/liabilities;

Level 2 – The fair value is determined based on other data other than market prices identified in Level 1 but they are possible to be observable; and

Level 3 – Fair value measurements derived from valuation techniques, whose main inputs are not based on observable market data.

New accounting standards and their impact in these consolidated financial statements:

Up to the date of approval of these consolidated financial statements, the European Union endorsed the following standards, interpretations, amendments and revisions some of which become mandatory during the year 2017:

With mandatory application during the year 2017:	Effective date (for financial years beginning on or after)
IAS 7 (amendment) - Statement of cash flows (introducing additional disclosures related to cash flows from financing activities)	01 Jan 2017
IAS 12 (amendment) - Income taxes (clarify the conditions for recognition and measurement of tax assets resulting from unrealized losses)	01 Jan 2017

The amendments to IAS 7 require disclosure of information that enables users of financial statements to evaluate changes in the obligations that are created by the entity's financing activities, whether or not such changes have an impact on cash flows, such as (i) changes in financing cash flows; ii) changes that result from obtaining or losing control in subsidiaries or other concentrations; iii) effect of changes in exchange rates, or iv) changes in fair value. The disclosure of this information is included in note 33.

These standards were first applied by the Group in 2017, however there were no significant impacts on these financial statements in addition to the above mentioned disclosures.

The following standards, interpretations, amendments and revisions were endorsed by the European Union and have mandatory application in future economic exercises:

With mandatory application after 2017:	Effective date (for financial years beginning on or after)
IFRS 9 - Financial instruments (establishes the new requirements regarding the classification and measurement of financial assets and liabilities, the methodology for calculating impairment and for the application of hedge accounting rules)	01 Jan 2018
IFRS 15 - Revenue from contracts with customers (introduces a principles-based revenue recognition framework based on a template to be applied to all contracts with customers)	01 Jan 2018
IFRS 16 – Leases - (recognition and measurement principles)	01 Jan 2019
IFRS 15 (amendment) - Revenue from contracts with customers (various clarifications are introduced in the standard to eliminate the possibility of divergent interpretations of various topics)	01 Jan 2018
IFRS 4 (amendment) - Insurance contracts (provides guidance on the application of IFRS 4 in together with IFRS 9)	01 Jan 2018

IFRS 2 (amendment) - Share-based payment (include a number of clarifications in the standard related to recording share-based payment transactions that are settled with cash, (ii) recording changes in share-based payment transactions (of cash settled for settlement with equity instruments), (iii) the classification of transactions with cleared liquidation characteristics)

01 Jan 2018

Annual Improvements to international financial reporting standards (cycle 2014-2016)

01 Jan 2017 and
01 Jan 2018

The Group did not proceed to the early adoption of any of these standards on the financial statements for the year ended on the 31 December 2017, since their application is not yet mandatory. There is no estimated significant impact on the accounts resulting from their application except for IFRS 15 and IFRS 16.

The estimated impacts of the application of IFRS 15 and IFRS 16 in the consolidated financial statements may be analyzed as follows:

a) IFRS 15 – Revenue from contracts with customers

IFRS 15 is based on the principle that revenue is recognized on the date that the transfer occurs, with the transaction value being allocated to the different performance obligations and subject to measurement adjustment whenever the consideration is variable or subject to a significant financial effect.

Management reviewed the potential impact of adopting IFRS 15 on the recording of future revenue in both amount and period. From the analysis carried out, the following differences between the current accounting policies of situations applicable to the Group and the policies resulting from the application of IFRS 15 were identified:

- (i) Accounting for Software as a Service (SaaS) contracts - IFRS 15 requires that if a service is not distinct, the entity shall combine such service with other services until it identifies a distinct service package. This will result in the accounting of all services in a contract as a single performance obligation. In some SaaS agreements, software implementation services do not constitute a distinct performance obligation, but a performance obligation combined with the SaaS service. In these cases, implementation and initial configuration activities consist primarily in administrative tasks required to perform the primary SaaS service, but do not provide an incremental benefit to the customer on standalone basis. Thus, in these contracts, the group must identify only one performance obligation (implementation and SaaS) and recognize the revenue from that single performance obligation on a monthly basis over the contract period. Currently the Group recognises the revenue associated with the implementation at the end of the period, so the introduction of IFRS 15 will cause a deferred recognition of revenue over the SaaS contract period.
- (ii) Accounting for certain costs incurred in the fulfilment of a contract (fulfilment costs) - The costs related to the implementation phase are considered fulfilment costs. Costs associated with performance of a contract must be capitalised in accordance with IFRS15 if (i) it is related to an existing contract or a specific future contract; ii) if they create the resources that will be used to satisfy a performance obligation in the future; (iii) whether costs are expected to be recovered; (iv) are not already covered by another standard. These costs will be capitalised and recognised in the income statement according to the client's estimated period of stay or over the contract period. These costs are currently recognised in the income statement when incurred.
- (iii) Accounting for IT Audit Contracts - In accordance with IFRS 15, recognition of audit revenue must be "over-time" at the time the benefits of the performance obligation are transferred to the customer. This must be in accordance with the milestones of delivery reports. Currently revenue is recognised taking into account the completion percentage of each audit, so the introduction of IFRS 15 will cause a deferral of revenue recognition to the time of delivery of the report.
- (iv) Accounting for the newspapers sales and associated products through a distributor- In accordance with the definitions of IFRS 15 revenue from these contracts must be recognised at the total cover value. In result of

the conditions set out in IFRS 15 the Group has a main role in these contracts. In this way, revenue must be recognised by the total value of the newspapers sales and associated products (cover value). The discount attributed to the distributor should be recognised as cost of distribution. The currently the recognised revenue is the cover amount net of the discount attributed to the distributor.

- (v) Presentation of contractual assets and contractual liabilities in the balance sheet - IFRS 15 requires a separate presentation of contractual assets and contractual liabilities. This will result in some reclassifications in January 1, 2018, regarding service agreements.

From this analysis, it is concluded that the adoption of IFRS in the Group's financial statements will have an immaterial estimated net impact on consolidated equity in January 1, 2018.

In adopting IFRS 15, the Group decided to adopt the transition method of retrospective application with the initial effects in retained earnings starting in January 1, 2018, with the use of the following practical expedient: application only for contracts not completed on January 1, 2018 and non-restatement of modified contracts before January 1, 2017.

b) IFRS 16 – Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases, and supersedes IAS 17 - Leases and its associated interpretative guidance.

IFRS 16 distinguishes leases and service contracts taking into account whether an identified asset that is controlled or not. Distinctions off-balance sheet and finance leases (included in the balance sheet) are eliminated at the level of the lessee and are replaced by a model in which an asset identified with a right of use and a corresponding liability for all lease contracts, except for short-term (up to 12 months) and low value contracts.

IFRS 16 distinguishes leases and service contracts considering control in identified asset. Distinctions in operational leases (off-balance sheet) and financial leases (included in the balance sheet) are eliminated at the level of the lessee. These ones are replaced by a model in which is accounted an identified asset with a right of use and a corresponding liability for all lease contracts, except for short-term (up to 12 months) and low value contracts.

The "right of use" is initially measured at cost and subsequently at the net cost of depreciation and impairment, adjusted by the remeasurement of the lease liability. The lease liability is initially measured based on the present value of the lease responsibilities at the date and subsequently is adjusted by the financial update of that amount, as well as the possible modifications of the lease contracts.

As at 31 December 2017, the Group had liabilities related to operating leases in the order of 1.2 billion euros, which is not discounted for the present moment. IAS 17 did not require the recognition of the right use as an asset nor future payments as liabilities, but only certain disclosures identified in note 35.

At the date of publication of these consolidated financial statements, Sonae is carrying out the inventory of the existing leasing contracts, and performing its technical analysis and framework considering the provisions of IFRS 16.

In addition, it is currently on analysis the existing information systems to assess the necessity of adapting it to the requirements of this standard. At this stage, it is not possible to estimate the magnitude of the impacts inherent to its adoption.

The following standards, interpretations, amendments and revisions were not endorsed by the European Union:

With mandatory application after 2017:	Effective date (for financial years beginning on or after)
IFRS 17 – (Insurance contracts)	01 Jan 2021
IFRIC 22 - Transactions in foreign currency and advances (establish the date of the initial recognition of the advance or deferred income as the date of the transaction for determining the exchange rate of the recognition of the revenue)	01 Jan 2018
IFRIC 23 – Uncertainty over income tax treatments (clarifies the accounting for uncertainties in income taxes)	01 Jan 2019
IAS 40 (amendment) - Investment properties (clarify that the change in classification from or to investment property should only be made when there is evidence of a change in the use of the asset)	01 Jan 2018
IFRS 9 (amendment) – Prepayment features with negative compensation	01 Jan 2019
IAS 28 (amendment) – Long-term interests in associates and joint ventures	01 Jan 2019
Annual Improvements to international financial reporting standards (2015-2017 cycle)	01 Jan 2019
IAS 19 (amendment) - Amendments, reductions or liquidation of employee benefit plans	01 Jan 2019

The Group did not proceed with the early implementation of any of these standards in the financial statements for the year ended 31 December 2017 due to the fact that their application is not mandatory, lying in the process of analyzing expected effects of those standards.

2.2 Consolidation Principles

The consolidation methods adopted by Sonae are as follows:

a) Investments in Sonae companies

Investments in companies in which Sonae owns, directly or indirectly, control are included in the consolidated financial statements using the full consolidation method.

Sonae has control of the subsidiary when the company fulfils the following conditions cumulatively: i) has power over the subsidiary; ii) is exposed to, or has rights, to variable results from its involvement with the subsidiary; and iii) the ability to use its power to affect its returns.

When the Group has less than a majority of a subsidiary voting rights, it has power over the investee when the voting rights are sufficient to decide unilaterally on the relevant activities of its subsidiary. The Group considers all the facts and circumstances relevant to assess whether the voting rights in the subsidiary are sufficient to give it power.

Sonae reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the control conditions listed above.

Equity and net profit attributable to minority shareholders are shown separately, under the caption non-controlling interests, in the consolidated statement of financial position and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 51.

The comprehensive income of an associated is attributable to the Sonae Group owners and non-controlling interests, even if the situation results in a deficit balance at the level of non-controlling interests.

Assets and liabilities of each Sonae subsidiary are measured at their fair value at the acquisition date or control assumption, such measurement can be completed within twelve months after the date of acquisition. The excess of the consideration transferred plus the fair value of any previously held interests and non-controlling interests over the fair value of the identifiable net assets acquired is recognized as goodwill (Note 2.2.c)). If the difference between the acquisition price plus the fair value of any interests previously held and the value of non-controlling interests and the fair value of identifiable net assets and liabilities acquired is negative, it is recognized as income for the year under "Other Income "after reconfirmation of the fair value attributed to the net assets acquired. The Sonae Group will choose on transaction-by-transaction basis, the fair measurement of non-controlling interests, (i) according to the non-controlling interests share assets, liabilities and contingent liabilities of the acquired, or (ii) according to their fair value.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of gain of control or up to the effective date of loss of control, as appropriate.

Adjustments to the financial statements of Sonae companies are performed, whenever necessary, in order to adapt accounting policies to those used by Sonae. All intra-group transactions, balances, income and expenses and distributed dividends are eliminated on the consolidation process.

b) Investments in jointly controlled companies and associated companies

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement instead of rights to the assets and obligations for the liabilities of the joint arrangement. Joint control is obtained by contractual provision and exists only when the associated decisions have to be taken unanimously by the parties who share control.

In situations where the investment or financial interest and the contract concluded between the parties allows the entity holds joint control directly on the active or detention rights obligations inherent liabilities related to this agreement, it is considered that such joint agreement does not correspond to a joint venture but rather a jointly controlled operation. As at 31 December 2017 and 2016 the Group not held jointly controlled operations.

Financial investments in associated companies are investments where Sonae has significant influence, but in which it does not have control or joint control. Significant influence (presumed when contributions are above 20%) is the power to participate in the financial and operating decisions of the entity, without, however, holding control or joint control over those decisions.

Investments in joint ventures and associates are recorded under the equity method.

Under the equity method, investments are recorded at cost, adjusted by the amount corresponding to Sonae in comprehensive income (including net profit for the period) of jointly controlled entities and associates, against the Group's comprehensive income or gains or losses for the year as applicable, and dividends received.

The excess of cost of acquisition over the fair value of identifiable assets and liabilities of each joint venture and associate at the acquisition date is recognized as goodwill, and is kept under which is included in the caption Investment in jointly controlled and associated companies (Note 2.2.c)). Any excess of Sonae's share in the fair value of the identifiable net assets acquired over cost are recognized as income in the profit or loss for the period of acquisition, after reassessment of the estimated fair value of the net assets acquired under the caption "Share of results of joint ventures and associates undertakings".

An assessment of investments in jointly controlled and associated companies is performed when there is an indication that the asset might be impaired being any impairment loss recorded in the income statement. Impairment losses recorded in prior years that are no longer justifiable are reversed.

When Sonae's share of losses exceeds the carrying amount of the investment, the investment is reported at null value and recognition of losses is discontinued, unless Sonae is committed beyond the value of its investment.

Sonae's share in not performed gains not related arising from transactions with jointly controlled and associated companies are eliminated in proportion to Sonae's interest in the above-mentioned entities against the investment on the same entity. Unrealized losses are as well eliminated, but only to the extent that there is no evidence of impairment of the asset transferred.

When the not performed gains or losses on transactions correspond to business activities, and taking into consideration the inconsistency existing between currently the requirements of IFRS 10 and IAS 28, Sonae, taking into account the defined in amendment to IFRS 10 and IAS 28 proceeds to full gain/loss recognition in situations where there is loss of control of that business activity as a result of a transaction with a joint venture.

Investments in jointly controlled and associated companies are disclosed in Note 52.

c) Goodwill

The excess of consideration transferred in the acquisition of investments in subsidiaries, jointly controlled and associated companies plus the amount of any non-controlling interests (in the case of affiliated companies) over Sonae's share in the fair value of the identifiable assets, liabilities and contingent liabilities of those companies at the date of acquisition, when positive, is shown as goodwill (Note 10) or as Investments in jointly controlled and associated entities (Note 11). The excess of the consideration transferred in the acquisition of investments in foreign companies the amounts of any non-controlling interests (in the case of affiliated companies) over the fair value of their identifiable assets, liabilities and contingent liabilities at the date of acquisition is calculated using the functional currency of each of those companies. Translation to the Sonae's functional currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are recorded and disclosed in "Currency translation reserves".

Future contingent consideration is recognized as a liability, at the acquisition-date, according to its fair value, and any changes to its value are recorded as a change in the goodwill, but only as long as they occur during the measurement period (until 12 months after the acquisition-date) and as long as they relate to facts and circumstances prior to that existed at the acquisition date, otherwise these changes must be recognized in profit or loss on the income statement.

Transactions regarding the acquisition of additional interests in a subsidiary after control is obtained, or the partial disposal of an investment in a subsidiary while control is retained, are accounted for as equity transactions impacting the shareholders' funds captions, and without giving rise to any additional goodwill and without any gain or loss recognised.

When a disposal transaction generates a loss of control, assets and liabilities of the entity are derecognised, any interest retained in the entity sold is be remeasured at fair value and any gain or loss calculated on the sale is recorded in results.

Goodwill is not amortised, but it is subject to impairment tests on an annual basis or whenever there are indications of impairment to check for impairment losses to be recognized. Net recoverable amount is determined based on business plans used by Sonae management or on valuation reports issued by independent entities namely for real estate assets. Goodwill impairment losses recognized in the period are recorded in the income statement under the caption "Provisions and impairment losses".

Impairment losses related with goodwill will not be reversed.

The goodwill, if negative is recognized as income in the profit or loss for the period, at the date of acquisition, after reassessment of the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

d) Translation of financial statements of foreign companies

Assets and liabilities denominated in foreign currencies in the financial statements of foreign companies are translated to euro using exchange rates at date of the statement of financial position. Profit and loss and cash flows are converted to euro using the average exchange rate for the period. Exchange rate differences originated after 1 January 2004 are recorded as equity under "Translation Reserves" in "Other Reserves and Retained Earnings". Exchange rate differences that were originated prior to 1 January 2004 (date of transition to IFRS) were written-off through "Retained Earnings".

Goodwill and fair value adjustments arising from the acquisition of foreign companies are recorded as assets and liabilities of those companies and translated to euro using exchange rates at the statement of financial position date.

Whenever a foreign company is sold (totally or partially), accumulated exchange rate differences are recorded in the income statement as a gain or loss on the disposal, in the caption Investment income, when there is a control loss; in the case where there is no control loss, it is transferred to non-controlling interests.

Exchange rates used on translation of foreign group, jointly controlled and associated companies are listed below:

	31 Dec 2017		31 Dec 2016	
	End of exercise	Average of exercise	End of exercise	Average of exercise
US Dollar	0.83382	0.88717	0.94868	0.90407
Swiss Franc	0.85455	0.90056	0.93119	0.91745
Pound Sterling	1.12710	1.14142	1.16798	1.22385
Brazilian Real	0.25171	0.27834	0.29150	0.26105
Australian Dollar	0.65164	0.67985	0.68512	0.67257
Mexican Peso	0.04226	0.04696	0.04593	0.04846
Turkish Lira	0.21995	0.24336	0.26975	0.29955
Mozambican Metical	0.01418	0.01399	0.01327	0.01489
Angolan Kwanza	0.00496	0.00530	0.00567	0.00545
Polish Zloty	0.23941	0.23494	0.22674	0.22924

2.3 Tangible assets

Tangible assets acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition or production cost, or revalued acquisition cost, in accordance with generally accepted accounting principles in Portugal until that date, net of depreciation and accumulated impairment losses.

Tangible assets acquired after that date is recorded at acquisition cost, net of depreciation and accumulated impairment losses.

Depreciation is calculated on a straight line basis, according to the estimated life cycle for each group of goods, starting from the date the asset is available for use in the necessary conditions to operate as intended by the management, and recorded against the income statement caption "Depreciation and amortization" in the consolidated income statements.

Impairment losses identified in the recoverable amounts of tangible assets are recorded in the year in which they arise, by a corresponding charge against, the caption "Provisions and impairment losses" in the profit and loss statement.

The depreciation rates used correspond to the following estimated useful lives:

	Years
Buildings	10 to 50
Plant and machinery	10 to 20
Vehicles	4 to 5
Tools	4 to 8
Fixture and fittings	3 to 10
Other tangible assets	4 to 8

Maintenance and repair costs relating to tangible assets are recorded directly as expenses in the year they are incurred.

Tangible assets in progress represent fixed assets still under construction-development and are stated at acquisition cost net of impairment losses. These assets are depreciated from the date they are completed or become ready for use.

Gains or losses on sale or disposal of tangible assets are calculated as the difference between the selling price and the carrying amount of the asset at the date of its sale-disposal. These are recorded in the income statement under either "Other income" or "Other expenses".

2.4 Investment properties

The group's investment properties are mainly property held by Sonae Sierra and its subsidiaries which are recorded under the equity method (Note 11).

Investment properties consist, mainly, in buildings and other constructions held to earn rentals or capital appreciation or both, rather than for use in the production or supply of goods or services or for administration purposes or for sale in the ordinary course of business.

Investment properties are recorded at their fair value performed by an independent assessor. Changes in fair values of investment properties are accounted for in the period in which they occur, in the income statement.

Assets which qualify as investment properties are recognized as such when they start being used or, in the case of the investment properties in progress, when their development is considered irreversible, as mentioned in the above conditions. Until the moment the asset is qualified as investment property, the same asset is booked at historical or production cost in the same way as a tangible asset (Note 2.3). Since that moment, the investment properties in progress are recorded at their fair value. The difference between cost (of acquisition or production) and the fair value at that date is accounted for in the consolidated income statement.

Expenses incurred with investment properties in use, namely maintenance, repairs, insurance and property taxes are recognised as an expense in the statement of profit and loss for the year to which they relate. The improvements estimated to generate additional economic benefits are capitalised.

2.5 Intangible assets

Intangible assets are stated at acquisition or production cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognized if it is probable that future economic benefits will flow from them, if they are controlled by Sonae and if their cost can be reasonably measured.

Research expenditure associated with new technical knowledge is recognized as an expense recorded in the income statement when it is incurred.

Expenditure on development is recognized as an intangible asset if Sonae demonstrates the technical feasibility and its intention to complete the asset, its ability to sell or use it and the probability that the asset will generate future economic benefits. Expenditure on development which does not fulfil these conditions is recorded as an expense in the period in which it is incurred.

Internal costs associated with maintenance and development of software is recorded as an expense in the period in which they are incurred. Only costs directly attributable to projects for which the generation of future economic benefits for Sonae is probable are capitalized as intangible assets. According to this assumption, the costs are initially accounted for as expenses, being capitalized as intangible assets by mean of "Own work capitalized" (Note 39).

The expenses incurred with the acquisition of client portfolio's (attributed value relating to the allocation of the purchasing price in business activity concentration) are stated as intangible assets and amortized on straight-line bases, during the average estimated period of portfolio's client retention.

Brands and patents are recorded at their acquisition cost and are amortized on a straight-line basis over their respective estimated useful life. When the estimated useful life is undetermined, they are not depreciated but are subject to annual impairment tests.

Amortization is calculated on a straight-line basis, as from the date the asset is first used, over the expected useful life which usually is between 3 and 12 years and recorded in the caption of " Depreciations and Amortizations", in the income statement.

2.6 Accounting for leases

Lease contracts are classified as (i) a finance lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

The analysis of the transfer of risks and rewards of ownership of the asset takes into account several factors, including whether or not ownership is contractually conditioned to assume ownership of the asset, the value of minimum future payments over the contract, nature of the leased asset and the duration of the contract taking into consideration the possibility of renewal, when that renewal is considered to be probable.

Whether a lease is classified as finance or an operating lease depends on the substance of the transaction rather than the form of the contract.

a) Accounting for leases where Sonae is the lessee

Tangible assets acquired under finance lease contracts and the related liabilities are recorded in accordance with the financial method. Under this method the tangible assets, the corresponding accumulated depreciation and the related liability are recorded in accordance with the contractual financial plan at fair value or, if less, at the present value of payments. In addition, interests included in lease payments and the depreciation of the tangible assets is recognized as expenses in the profit and loss statement for the period to which they relate.

In operating leases, rents are recognized as expenses in the income statement on a straight line basis over the lease period.

Possible incentives received related with leases are recorded as liabilities and recognized in a straight line over the lease period. Similarly amounts to be offset against future income are recognized as assets and reversed over the lease period.

b) Accounting for leases where Sonae is the lessor

The accounting for leases where Sonae is the lessor, the value of allocated goods is kept on Sonae statement of financial position and income is recognized on a straight line basis over the period of the lease contract.

c) The accounting treatment of Sale and Leaseback operations

The accounting treatment of Sale and Leaseback operations depends on the substance of the transaction by applying the principles explained previously on lease agreements. In case of sale of assets followed by operating lease contracts, the Company recognizes a gain related with the fair value of the asset sold deducted from the book value of the leased asset. In situations where the assets are sold for an amount higher than its fair value or when the Group receives a higher price as compensation for expenses to be incurred, namely with costs that are traditionally the owner's responsibility, such amounts is deferred over the lease period.

2.7 Non-current assets held for sale

The non-current assets (or disposal group) are recorded as held for sale if it is expected that the book value will be recovered through the sale and not through the use in the operations. This condition is achieved only if the sale is highly probable and the asset (or disposal group) is available for the immediate sale in the actual conditions. Additionally, there must be in progress actions that should allow concluding the sale within 12 months counting from the classification's date in this caption. The non-current assets (or disposal group) recorded as held for sale are booked at the lower amount of the historical cost or the fair value deducted from costs, not being amortised after being classified as held for sale.

2.8 Government grants and other public entities

Government grants are recorded at fair value when there is reasonable assurance that they will be received and that Sonae will comply with the conditions attaching to them.

Grants received as compensation for expenses, namely grants for personnel training, are recognised as income in the same period as the relevant expense.

Grants related to depreciable assets are disclosed as "Other non-current liabilities" and are recognised as income on a straight line basis over the expected useful lives of those underlying assets.

2.9 Impairment of non-current assets, except for Goodwill

Assets are assessed for impairment at each balance sheet date whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement under Provisions and impairment losses.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

In situations where the use of the asset will be expectedly discontinued (stores to be closed or on the remodeling processes) the Group performs a review of the asset's useful life after considering its impact on the value of use of that asset far terms of impairment analysis, particularly on the net book value of the assets to derecognise.

Reversal of impairment losses recognised in prior years is only recorded when it is concluded that the impairment losses recognised for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment loss previously recognised has been reversed. The reversal is recorded in the income statement as Operational income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for that asset in prior years.

2.10 Financial expenses relating to loans obtained

Financial expenses related to loans obtained are usually recognised as an expense in the period in which they are incurred.

Financial expenses related to loans obtained directly attributable to the acquisition, construction or production of tangible and intangible assets, real estate projects classified as inventories or investment properties are capitalised as part of the cost of the qualifying asset. Financial expenses related to loans obtained are capitalised from the beginning of preparation of the activities to construct or develop the asset up to the time the production or construction is complete or when asset development is interrupted. Any income earned on funds temporarily invested pending their expenditure on the qualifying asset, is deducted from the borrowing costs that qualify for capitalisation.

2.11 Inventories

Consumer goods are stated at the lower of cost deducted from discounts obtained and net realisable value. Cost is determined on a weighted average basis.

Finished goods and intermediate and work in progress are stated at the lower of cost of the weighted average production cost or net realisable value. Production cost includes cost of raw materials, labour costs and overheads.

Differences between cost and net realisable value, if negative, are shown as expenses under the caption "Cost of goods sold", as well as impairment reversals.

2.12 Provisions

Provisions are recognised when, and only when, Sonae has an obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the balance sheet date to reflect the best estimate as of that date.

Restructuring provisions are recorded by Sonae whenever a formal and detailed restructuring plan exists and that plan has been communicated to the parties involved.

2.13 Financial instruments

Sonae classifies the financial instruments in the categories presented and conciliated with the consolidated balance sheet disclosed in Note 7.

a) Investments

Investments are classified into the following categories:

- Held to maturity
- Investments measured at fair value through profit or loss
- Available-for-sale

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the balance sheet date. Investments classified as held to maturity have defined maturities and Sonae has the intention and ability to hold them until the maturity date.

The investments measured at the fair value through profit or loss include the investments held for trading that Sonae acquires with the purpose of trading in the short term. They are classified in the consolidated balance sheet as current investments.

Sonae classifies as available-for-sale investments those that are neither included as investments measured at fair value through profit or loss neither as investments held to maturity. These assets are classified as non-current assets, except if the sale is expected to occur within 12 months from the date of classification.

All purchases and sales of investments are recognised on the trade date, independently of the settlement date.

Investments are initially measured at cost, which is the fair value of the consideration paid for them, including transaction costs apart from investment measured at fair value through results, in which the investments are initially recognised at fair value and transaction costs are recognised in the income statement.

Available-for-sale investments and investments measured at fair value through profit or loss are subsequently carried at fair value, without any deduction for transaction costs which may be incurred on sale, by reference to their quoted market price at the balance sheet date. Investments in equity instruments not listed and whose fair value cannot be reliably measured, are stated at cost less impairment losses.

Gains or losses arising from a change in fair value of available-for-sale investments are recognised directly in equity, under "Investments Fair value reserve", included in "Reserves and retained earnings" until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is transferred to net profit or loss for the period. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

In the case of investments in equity securities classified as available for sale, an investment is considered to be impaired when there is a significant or prolonged decline in its fair value below its cost of acquisition.

Changes in the fair value of investments measured at fair value through profit or loss are included in the consolidated income statement for the period under "Gains and losses on investments recorded at fair value through profit or loss" in the consolidated income statement.

Held to maturity investments are carried at amortised cost using the effective interest rate, net of capital reimbursements and interest income received.

b) Loans and accounts receivable

Loans and non-current accounts receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

These financial investments arise when Sonae provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the balance sheet date, when they are classified as non-current assets. Loans and receivables are included in the captions presented in Note 7.

c) Trade accounts receivable and other accounts receivable

“Trade accounts receivables” and “Other accounts receivable” are recorded at their nominal value and presented in the consolidated balance sheet net of eventual impairment losses, recognised under the allowance account “Impairment losses on accounts receivable”. These captions, when classified as current, do not include interests because the effect of discounting would be immaterial.

Impairment is recognised if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received. Therefore, each Sonae company takes into consideration market information that indicates:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments;
- becoming probable that the borrower will enter bankruptcy or financial re-organisation.

When it's not feasible to assess the impairment for every single financial asset, the impairment is assessed on a collective basis. Objective evidence of impairment of a portfolio of receivables could include Sonae's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the receipt of the full amount is expected to be within one year the discount is considered null as it is immaterial.

d) Classification as equity or liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

Equity instruments are contracts that evidence a residual interest in the assets of Sonae after deducting all of its liabilities. Equity instruments issued by Sonae are recorded at the proceeds received, net of direct issue costs.

e) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in caption "Financial income" and "Financial expenses" in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.10. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

Funding on the form of commercial paper are classified as non-current, when they have guarantees of placing for a period exceeding one year and it is the intention of the group to maintain the use of this form of financing for a period exceeding one year.

f) Loans convertible into shares

The component parts of compound instruments, namely convertible bonds, issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is estimated by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity. The conversion option classified as equity will remain in equity until the conversion option is exercised. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained profits. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds.

g) Trade accounts payable and other creditors

Accounts payable are stated at their nominal value, as they do not bear interests and the effect of discounting is considered immaterial.

h) Confirming

Some subsidiaries within the retail business maintain agreements with financial institutions in order to enable its suppliers to an advantageous tool for managing its working capital by the confirmation by these subsidiaries of the validity of invoices and credits that these suppliers hold over these companies.

Under these agreements, some suppliers freely engage into contracts with these financial institutions that allow them to anticipate the amounts receivable from these retail subsidiaries, after confirmation of the validity of such receivables by these subsidiaries.

These retail subsidiaries consider that the economic substance of these financial liabilities does not change, therefore these liabilities are kept as accounts payable to "Suppliers" until the normal maturity of these instruments under the general supply agreement established between the company and the supplier, whenever (i) the maturity corresponds to a term used by the industry in which the company operates, this means that there are no significant differences between the payment terms established with the supplier and the industry, and (ii) the company does not have net costs related with the anticipation of payments to the supplier when compared with the payment within the normal term of this instrument. In some situations, such subsidiaries receive a commission from the financial institutions.

In the due date of such invoice, the amount is paid by the subsidiaries to the financial institution regardless whether or not it anticipated those amounts to the suppliers.

i) Derivatives

Sonae uses derivatives in the management of its financial risks to hedge such risks and-or in order to optimize the "funding costs".

Derivatives classified as cash flow hedging instruments are used by the Sonae mainly to hedge interest risks on loans obtained and exchange rate. Conditions established for these cash flow hedging instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. The inefficiencies, if any, are accounted under "Financial income" or "Financial expenses" in the consolidated income statement.

Sonae's criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- The hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;

- The effectiveness of the hedge can be reliably measured;
- There is adequate documentation of the hedging relationships at the inception of the hedge;
- The transaction being hedged is highly probable.

Cash flow hedge instruments used by the Sonae to hedge the exposure to changes in interest and exchange rates of its loans are initially accounted for at cost, if any, which corresponds to its fair value, and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption "Hedging reserves", and then recognized in the income statement over the same period in which the hedged instrument affects profit or loss.

The accounting of hedging derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption Hedging reserve are transferred to profit or loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction or stay in equity if there is a high probability that the hedge transaction will occur. Subsequent changes in the revaluations are recorded in the income statement.

Sonae also uses financial instruments with the purpose of cash flow hedging, that essentially refer to exchange rate hedging ("forwards") of loans and commercial operations. If they configure a perfect hedging relation, hedge accounting is used. In certain situations, such as loans and other commercial operations, they do not configure perfect hedging relations, and so do not receive hedge accounting treatment, although they allows in a very significant way, the reduction of the loan and receivable-payable exchange volatility, nominated in foreign currency.

Sonae may agree to become part of a derivative transaction in order to hedge cash-flows related to exchange rate risk. In some cases, these derivatives may not fulfil the criteria for hedging accounting under IAS 39, and if so changes in their fair value are recognized in the income statement.

In some derivative transactions Sonae does not apply "hedge accounting", although they intend to hedge cash-flows (currency "forward", interest's rate option or derivatives including similar clauses). They are initially accounted for at value, and subsequently adjusted to the corresponding fair value, determined by specialized software. Changes in fair value of these instruments are recognized in the income statement under "Financial income" and "Financial expenses".

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics of the host contract, and these are not stated at fair value, gains and losses which are not realizable are recorded in the Income Statement.

Sonae may agree to become part of a derivative transaction in order to fair value hedge some interest rate exposure. In these cases, derivatives are recorded at fair value through profit or loss and the effective portion of the hedging relationship is adjusted in the carrying amount of the hedged instrument, if not stated at fair value (namely loans recorded at amortised cost), through profit or loss.

j) Own shares

Own shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of own shares are recorded in "Other reserves", included in "Others reserves and retained earnings".

k) Cash and cash equivalents

Amounts included under the caption "Cash and cash equivalents" correspond to cash on hand, cash at banks, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the consolidated statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in the balance sheet caption "Other loans".

All the amounts included in this caption can be reimbursed at demand as there are no pledges or guarantees over these assets.

I) shared based-payments

Share-based payments result from deferred performance bonus plans that are referenced to Sonae SGPS share price and/or that of its publicly listed affiliated companies and vest within a period of 3 years after being granted.

When the plans set out by Sonae are settled through the delivery of treasury shares, the value of this responsibility is determined at the time of assignment based on the fair value of shares allotted and recognized during the period of deferment of each plan. The responsibility is posted in equity, in the caption "Other revenues and retained earnings" against "staff costs".

When the settlement is made in cash, the value of these responsibilities are determined on the grant date (usually in April of each year) and subsequently remeasured at the end of each reporting period, based on the number of shares or options granted and the corresponding fair value at the closing date. These obligations are stated as "staff costs" and "other liabilities" on a straight line basis, between the date the shares are granted and their vesting date, taking into consideration the time elapsed between these dates.

2.14 Contingent assets and liabilities

Contingent assets are not recorded in the consolidated financial statements but disclosed when future economic benefits are probable.

Contingent liabilities are not recorded in the consolidated financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

2.15 Income tax and other tax

The tax charge for the year is determined based on the taxable income of companies included on consolidation and considers deferred taxation.

Current income tax is determined based on the taxable income of companies included on consolidation, in accordance with the tax rules in force in the respective country of incorporation.

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore are expected to apply when the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each statement of financial position date, a review is made of the deferred tax assets recognized, being reduced whenever their future use is no longer probable.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity. In these cases the corresponding deferred tax is recorded in equity.

The value of taxes recognised in the financial statements correspond to the understanding of Sonae on the tax treatment of specific transactions being recognised liabilities relating to income taxes or other taxes based on interpretation that is performed and what is meant to be the most appropriate.

In situations where such positions will be challenged by the tax authorities as part of their skills by your interpretation is distinct from Sonae, such a situation is the subject of review. If such a review, reconfirm the positioning of the Group concluded that the probability of loss of certain tax process is less than 50% Sonae treats the situation as a contingent liability, i.e. is not recognized any amount of tax since the decision more likely is that there will be no place for the payment of any tax. In situations where the probability of loss is greater than 50% is recognized a provision, or if the payment is recognized the cost associated.

In situations in which payments were made to Tax Authorities under special schemes of regularization of debts, in which the related tax is Income Tax, and that cumulatively keep the respective lawsuits in progress and the likelihood of success of such lawsuits is greater than 50%, such payments are recognized as assets, as these amounts correspond to determined amounts, which will be reimbursed to the entity, (usually with interests) or which may be used to offset the payment of taxes that will be due by the group, in which case the obligation in question is determined as a present obligation. In situations where payments correspond to other taxes, such amounts are recorded as expenses, although the Group's understanding is that they will be reimbursed plus interest.

2.16 Accrual basis and revenue recognition

Revenue from the sale of goods is recognized in the income statement when the risks and benefits have been transferred to the buyer and the amount of the revenue can be measured reasonably. Sales are recognized net of sales taxes and discounts and other expenses arising from the sale, and are measured as the fair value of the amount received or receivable.

Revenue associated with extended warranties operations, which are granted for a period of 1 to 3 years, after the legally binding warranty of 2 years, by the specialized retail operating Segment, and are recognized in a straight line basis over the warranty lifetime period. The revenue associated with warranties sold but for which the legal binding warranty hasn't yet expired is accounted under the captions of the Statement of Financial Position "Other non current liabilities" and "Other current liabilities" (Notes 27 and 31).

The revenues and costs of the consultancy projects developed in the information systems consultancy segment are recognised in each period, according to the percentage of completion method.

The deferral of revenue related with customer loyalty plans, awarding discounts on future purchases, by the food Retail Operating Segment, is quantified taking into account the probability of exercising the above mentioned discounts and are deducted from revenue when they are generated. The corresponding liability is presented under the caption "other creditors".

Dividends are recognized as income in the year they are attributed to the shareholders.

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

"Other current assets" and "Other current liabilities" include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses of future years, when they will be recognized in the income statement.

2.17 Supplementary Income

Supplementary income mainly relates to commercial revenues, which includes amounts relating to supplier's agreements and other partners that have the objective of carrying out an in-store service (flyers, product placement, in store advertising, etc. ...) or contribution in promotional campaigns for partner's products. Commercial revenues

are to be formally agreed, with the identification of the dates of the service or for the promotional campaign and value agreement with the partner. These amounts are accounted as other operating income considering in particular the dates of execution of the campaigns, except when directly related to sales of specific products. In these case they are recorded as a deduction in the cost of goods sold. Commercial revenue agreements lead to the issuance of financial document(s) to suppliers, which are discounted in future invoice payments or through direct collection to partners. The amounts that have not yet been invoiced to the supplier are recorded under "Other current assets".

2.18 Balances and transactions expressed in foreign currencies

Transactions are recorded in the separate financial statements of the subsidiaries in the functional currency of the subsidiary, using the rates in force on the date of the transaction.

At each statement of financial position date, all monetary assets and liabilities expressed in foreign currencies are translated to the functional currency of each foreign company at the exchange rates as at that date. All non-monetary assets and liabilities recorded at fair value and stated in foreign currencies are converted to the functional currency of each company, using the exchange rate at the date the fair value was determined.

Exchange gains and losses arising from differences between historical exchange rates and those prevailing at the date of collection, payment or the date of the statement of financial position, are recorded as income or expenses of the period, except for those related to non-monetary assets or liabilities, for which adjustments to fair value are directly recorded under equity.

When Sonae wants to reduce currency exposure, it negotiates hedging currency derivatives (Note 2.13.i).

2.19 Subsequent events

Events after the statement of financial position date that provide additional information about conditions that existed at the statement of financial position date are reflected in the consolidated financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes to the consolidated financial statements when material.

2.20 Judgements and estimates

The most significant accounting estimates reflected in the consolidated income statements include:

- a) Useful lives of the tangible and intangible assets;
- b) Impairment analysis of goodwill in investments in associated companies and jointly controlled entities and of tangible and intangible assets;
- c) Recognition of adjustments on assets, provisions and contingent liabilities;
- d) Determining the fair value of investment properties and derivative financial instruments;
- e) Recoverability of deferred tax assets;
- f) Valuation at fair value of assets, liabilities and contingent liabilities in business combination transactions.

Estimates used are based on the best information available during the preparation of consolidated financial statements and are based on best knowledge of past and present events. Although future events are neither controlled by Sonae nor foreseeable, some could occur and have impact on the estimates. Changes to estimates that occur after the date of these consolidated financial statements, will be recognized in net income, in accordance with IAS 8, using a prospective methodology.

The main estimates and assumptions in relation to future events included in the preparation of consolidated financial statements are disclosed in the corresponding notes.

2.21 Insurance and reinsurance contracts

In order to optimise insurance costs, Sonae, through a wholly owned subsidiary, enters into reinsurance operations over non-life insurance contracts entered into by subsidiaries and related of the Efanor Group.

The subsidiary of Sonae acts like an intermediate in the assurance operations as a way to optimise insurance coverage and retention levels in accordance with the needs of each business, ensuring effective insurance management worldwide. The retained risk is immaterial in the context of reinsurance carried out.

Premiums written on non-life insurance contracts and associated acquisition costs are recognized as income and cost on a prorata basis over the term of the related risk periods, through changes in the provision for unearned premiums.

The provision for unearned premiums reflects the portion of non-life insurance premiums written attributable to future years, namely the portion corresponding to the period between the statement of financial position date and the end of the period to which the premium refers. It is calculated, for each contract in force.

In Provision for claims (Note 32) is recorded the estimated amounts payable for claims, including claims that have been incurred but not reported and future administrative costs to be incurred on the settlement of claims under management. Provisions for claims recorded by Sonae are not discounted.

Reinsurer's share of technical provisions (Assets – Note 13) are determined by applying the above described criteria for direct insurance, taking into account the percentages ceded, in addition to other clauses existing in the treaties in force.

At each statement of financial position date, Sonae assess the existence of evidence of impairment on assets originated by insurance or reinsurance contracts.

2.22 Segment information

Information regarding operating segments identified is included in Note 6.

2.23 Legal reserves, other reserves and retained earnings

Legal reserves:

Portuguese commercial legislation requires that at least 5% of annual net profit must be appropriated to a legal reserve, until such reserve reaches at least 20% of the share capital. This reserve is not distributable, except in the case of liquidation of the company, but it may be used to absorb losses, after all the other reserves are exhausted, or to increase the share capital.

Hedging reserve:

The Hedging reserve reflects the changes in fair value of “cash flow” hedging derivatives that are considered as effective (Note 2.13.i) and is not distributable or used to cover losses.

Currency translation reserve:

The currency translation reserve corresponds to exchange differences relating to the translation from the functional currencies of the Sonae's foreign subsidiaries and joint ventures into Euro, in accordance with the accounting policy described in Note 2.2.d).

Fair value reserve:

This reserve arises on the revaluation of available-for-sale financial assets as mentioned in Note 2.13.a).

Reserves for the medium-term incentive plan are included in “other reserves”:

According to IFRS 2 – “Share-based Payments”, responsibility with the medium-term incentive plans settled through delivery of own shares is recorded, the credit, under the caption Reserves for the medium-term incentive plan, and is not distributable or used to cover losses.

2.24 Option premium embedded in convertible bonds

The balance recognized in equity corresponds to the initial fair value valuation of the equity component that fulfils with the definition of equity instrument (Note 2.13.f)). This reserve is not distributable, being transferred to retained earnings or to other reserves, at maturity date, or being recognized as premium in the event of conversion into the company’s own shares.

3 Financial risk management

3.1 Introduction

The ultimate purpose of financial risk management is to support Sonae in the achievement of its strategy, reducing unwanted financial risk and volatility and mitigate any negative impacts in the income statement arising from such risks. Sonae’s attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae does not apply into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

Due to its diversified nature Sonae is exposed to a variety of financial risks, consequently each Sub-holding is responsible for, where applicable, setting its own financial risk management policies, to monitor their own exposure and to implement their approved policies. Therefore for some risks there are not Sonae global risk management policies, but rather, where appropriate, customized risk management policies at Sub-holding level, existing, however, common guiding principles. Financial risk management policies are approved by each Executive Committee and exposures are identified and monitored by each Sub-holding Finance Department. Exposures are also monitored by the Finance Committee as mentioned in the Corporate Governance Report.

The Finance Committee coordinates and reviews, amongst other responsibilities, global financial risk management policies. The Finance Department of Sonae Holding is responsible for consolidating and measuring the Company’s financial risk exposure, being also responsible for assisting each Sub-holding in managing their own currency, interest rate, liquidity and refinancing risks through the Corporate Dealing Desk. Exposures are recorded in a main system (Treasury Management System). Risk control and reporting is carried out both at Sub-holding level, on a daily basis and on a consolidated basis for the monthly Finance Committee meeting.

3.2 Credit Risk

Credit risk is defined as the probability of a counterparty defaulting on its contractual obligations resulting in a financial loss. It is shown in two major ways:

3.2.1 Credit risk arising from Financial Instruments

The credit risk management related to the Financial Instruments (investments and deposits in banks and other financial institutions or resulting from derivative financial instruments entered during the normal hedging activities) or loans to subsidiaries and associates, there are principles for all Sonae companies:

- Only carry out transactions (short term investments and derivatives) with counterparties that have a high national and international prestige and based on their respective rating notations taking into consideration the nature, maturity and size of the operations;
- Sonae only enters into eligible and approved financial instruments. The definition of the eligible instruments, for the investment of temporary excess of funds or derivatives, was made in a conservative approach (essentially consisting in short term monetary instruments, in what excess of funds is concerned and instruments that can be split into components and that can be properly fair valued, with a loss cap);
- In relation to excess funds: i) those are preferentially used, whenever possible and when more efficient to repay debt, or invested preferably in instruments issued by existing relationships banks in order to reduce exposure on a net basis, and ii) may only be applied in pre-approved instruments;
- In some cases Sub-holdings can define more strict rules regarding counterparty exposure or more conservative policies;
- Any departure from the above mentioned policies needs to be pre-approved by the respective Executive Committee/Board of Directors.

Regarding to the policies and minimum credit rating, Sonae does not expect any material failure in contractual obligation from its external counterparties nevertheless exposure to each counterparty resulting from financial instruments and the credit rating of potential counterparties is regularly monitored by the Sub-holding Finance Department and any departure is promptly reported to the respective Executive Committee/Board of Directors and to the Sonae Finance Committee.

3.2.2 Credit risk in operational and commercial activities of each business

In this case due to each business characteristics and consequently of different credit risk typology, each sub-holding determines the most appropriate policy, as described above. However the policies follow the same wide principles of: prudence, conservatism, and the implementation of control mechanism.

- Sonae Retail

Credit risk is very low, considering that most transactions are made in cash. In the remaining, in the relationship with customers is controlled through a system of collecting quantitative and qualitative information, provided by high prestige and liable entities that provide information on risks by obtaining suitable guarantees, aimed at reducing the risk of granting credit. Credit risk arises in the relationship with suppliers as a result of advances or debits for discounts and is mitigated by the expectation to maintain the business relationship.

- Sonae IM

The technology business exposure to credit risk is mainly associated with the accounts receivable related to current operational activities. The credit risk management purpose is to guarantee that the amounts owed by debtors are effectively collected within the periods negotiated without influencing the financial health of the Sub-holding. Sonaecom uses credit rating agencies and has specific departments responsible for risk control, collections and management of processes in litigation, which all contribute to the mitigation of credit risk.

- Sonae Sierra – Joint venture

The credit risk results essentially of the risk of credit of the tenants of the commercial centers managed by Sub-holding and of the other debtors. Shopping Centre storekeepers credit risk monitoring is made by the adequate assessment of risk before the storekeepers are accepted and by the establishment of conservative credit limits for each storekeeper.

-NOS – Joint venture

NOS is subject to credit risk in its operating and treasury activities. The credit risk associated with operations is essentially related to services provided to customer's credits. This risk is monitored on a regular basis business, with the goal of management is: i) limit the credit granted to customers, considering the average collection period of each client; ii) monitor the evolution of the level of credit granted; and iii) perform impairment tests to receivables on a regular basis.

- Sonae Holding

Sonae Holding does not have any relevant commercial or trade activity, other than the normal activities of a portfolio manager. As such, it is only exposed, on a regular basis, to credit risk resulting from its investing activities (holding cash and cash equivalents instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities) in accordance with the principles mentioned in note 3.2.1).

Additionally, Sonae Holding may also be exposed to credit risk as a result of its portfolio manager activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis under the supervision of the Executive Committee (requesting bank guarantee, escrow accounts, obtaining collaterals, amongst others).

The amount related to customers, other debtors and other assets presented in Financial Statements, which are net of impairment losses represent maximum Sonae exposure to credit risk.

3.3 Liquidity risk

Sonae has the need, regularly, to raise external funds to finance its activities and investing plans. It holds a long term diversified portfolio, essentially made of, loan's and structured facilities, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2017, the total gross debt (excluding shareholders loans) was 1,489 million euro (on 31 December 2016 was 1,571 million euro) excluding the contributions of Sonae Sierra, NOS and MDSs operating segments measured by the equity method.

The purpose of liquidity risk management is to ensure, at all times, that Sonae has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy. Given the dynamic nature of its activities, Sonae needs a flexible financial structure and therefore uses a combination of:

- Maintaining with its relationship banks, a combination of short and medium term committed credit facilities, with sufficiently comfortable previous notice cancellation periods with a range that goes up to 360 days);
- Maintenance of commercial paper programs with different periods and terms, that allow, in some cases, to place the debt directly in institutional investors;
- Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;
- Diversification of financing sources and counterparties;
- Ensuring an adequate average debt maturity, by issuing long term debt and avoiding excessive concentration of scheduled repayments. At the end of 2017, Sonae's average debt maturity was approximately 4.2 years (2016: 4.4 years) excluding the contributions of joint ventures Sonae Sierra, NOS and MDS which consolidated by the equity method;
- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;

- Where possible, by pre-financing forecasted liquidity needs, through transactions with an adequate maturity;
- Management procedures of short-term applications, assuring that the maturity of the applications will match with foreseen liquidity needs (or with a liquidity that allows to cover unprogrammed disbursements, concerning investments in assets), including a margin to hedge forecasting deviations. The margin of error needed in the treasury department prediction, will depend on the confidence degree and it will be determined by the business. The reliability of the treasury forecasts is an important variable to determinate the amounts and the periods of the market applications-borrowings.

The maturity of each major class of financial liabilities is disclosed in Notes 24, 25, 29, and 30, based on the undiscounted cash flows of financial liabilities based on the earliest date on which Sonae can be required to pay ("worst case scenario").

Sonae maintains a liquidity reserve in the form of credit lines together with the banks with which there are activities. This is to ensure the ability to meet its commitments without having to refinance itself in unfavorable terms. In 31 December 2017, the consolidated loan amount maturing in 2018 is of 269 million euro (361 million euro maturing in 2017) and in 31 December 2017 Sonae had 242 million euro available in consolidated credit lines (109 million euro in 2016) with commitment less than or equal to one year and 293 million euro (439 million euro in 2016) with a commitment greater than one year.

Additionally, Sonae held, as at 31 December 2017, cash and cash equivalents and current investments amounting to 365 million euro (341 million euro as at 31 December 2016).

Consequentially, Sonae expects to meet all its obligations by means of its operating cash flows and its financial assets as well as from drawing existing available credit lines, if needed.

3.4 Interest rate risks

3.4.1) Policies

As each business operates in different markets and in different business environments, there is no single policy applicable to Sonae, but rather policies adjusted to each Sub-holding exposure which one described below. As previously mentioned, Sonae exposure is regularly monitored by the Finance Committee, at a group level, and at each Sub-holding level. Although there is no wide risk management interest rate policy in what concerns the derivatives negotiation, there are principles that have to be followed by all the companies and that are referred below:

- Sonae hedging activities do not constitute a profit-making activity and derivatives are entered into without any speculation purpose;
- For each derivative or financial instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be consistent with the settlement dates of the hedging instruments to avoid any mismatch and hedging inefficiencies;
- For each derivative or financial instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be a perfect match between the base rate: the base rate used in the derivative or hedging instrument should be the same as that of the hedged facility / transaction;
- Since the beginning of the transaction, the maximum cost of the hedging operation is known and limited, even in scenarios of extreme change in market interest rates, so that the resulting interest rates are within the cost of the funds considered in Sonae's business plans (or in extreme scenarios are not worse than the underlying cost of the floating rate);
- The counterparties of hedging instruments are limited to institutions of high prestige, national and international recognition and based on respective credit ratings, as described in 3.2. above. It is Sonae policy that,

when contracting such instruments, preference should be given to financial institutions that form part of Sonae's relationships, whilst at the same time obtaining quotes from a sufficient large sample of banks to ensure optimum conditions;

- In determining the fair value of hedging operations Sonae uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates, foreign exchange rates, volatility among others prevailing at the statement of financial position date. Comparative financial institution quotes for specific or similar instruments are used as benchmark for the valuation;

- All transactions have to be documented under ISDA's Agreements (International Swaps and Derivatives Association);

- All transactions which do not follow the rules mentioned above have to be individually approved by the respective Executive Committee/ Board of Directors, and reported to Finance Committee, namely transactions entered into with the purpose of optimizing the cost of debt when deemed appropriate according to prevailing financial market conditions.

- Sonae Retail

Business exposure to interest rates arises mainly from long term loans which bear interests at Euribor.

Sonae Investimentos purpose is to limit cash-flows volatility and results, considering the profile of its operational activity, by using an appropriate mix of fixed and variable interest rate debt. Sonae Group policy allows the use of interest rate derivatives to decrease the exposure to Euribor fluctuations but does not allow for trading purpose.

- Sonae Sierra – Joint venture

Sonae Sierra's income and operating cash-flows are substantially independent of changes in market interests rates, as its cash and cash equivalents and its financing granted to other companies of the Group are dependent only of the evolution of the interest rates in Euro, which have had a minimum change.

In relation to long-term borrowings and in order to hedge the volatility of long term interest rates, Sonae Sierra uses, whenever appropriate, cash flow hedge instruments (swaps or zero cost collars), which represent perfect hedges of those long-term borrowings. In certain long-term borrowings Sonae Sierra chose to have a fixed interest rate in the first years of the financing agreement and will study afterwards the possibility to negotiate interest rate swaps or zero cost collars for the remaining period.

- NOS – Joint venture

The borrowings of NOS, except bonds, have variable interest rates, which exposes the group to the risk of cash flows interest rates. NOS has adopted a hedging policy by hiring "swap" interest rate to cover future payments of interest bonds and other loans.

- Sonae IM

In the technology business total debt is indexed to variable rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility on the Group result or on its shareholders' equity is mitigated by the effect of the following factors (i) relatively low level of financial leverage; (ii) possibility of using interest rate hedging derivative instruments, as mentioned below; (iii) possible correlation between the market interest rates levels and economic growth, the latter having a positive effect on other lines of the Sub-holding consolidated results (namely operational), thus partially offsetting the increase of financial costs ("natural hedge"); and (iv) the availability of consolidated liquidity or cash, also bearing interests at variable rates.

- Sonae FS

MDS exposure to interest rate arises essentially from short-term bank loans or loans payable to shareholders, which bears interests at Euribor market rates. The impact of this volatility on income or equity is mitigated by the following factors:

(i) controlled financial leverage with conservative use of bank lending;

(ii) probable correlation between the market interest rate levels and economic growth, the latter having a positive effect on other lines of the operating segment results (namely operational), thus partially offsetting the increased financial costs (“natural hedge”).

- Sonae Holding and others

Sonae Holding is exposed to interest rate risk in relation to the statement of financial position (loans and short-term investments) and the fair value of interest rate derivatives (swaps and options). A significant part of Sonae Holding's debt is indexed at variable rates, and interest rate derivatives can be used to convert part of the fixed rate floating rate debt (generally using interest rate swaps), or to limit the rate maximum to pay (usually using cap's).

Sonae Holding mitigates interest rate risk by adjusting the proportion of its debt that bears fixed interest to that which bears floating interest although without a fixed goal or percentage to achieve, since hedging interest rate risk usually has an opportunity cost associated. Therefore, a more flexible approach is considered preferable to a more strict traditional approach. Part of the risk is also mitigated by the fact that Sonae Holding grants loans to its subsidiaries as part of its normal activities and thus there may be some degree of natural hedging on a company basis, since if interest rates increase the additional interest paid would be partially offset by additional interest received.

Sonae Holding hedging activities do not constitute a profit-making activity and derivatives are deemed to be entered into without any speculation purpose. Strict rules are observed in relation to any derivative transaction entered into.

3.4.2.) Sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of variable interest rate financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, these instruments are included in the calculation of income-related sensitivities;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognized at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortized cost are not subject to interest rate risk as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity;
- Changes in the market interest rate of interest rate derivatives that are not part of a hedging relationship as set out in IAS 39 affect other financial income or expense (gain/loss in change of the derivatives fair value) therefore it has taken into consideration in the sensitivity calculations for changes in interest rate;

- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;
- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under these assumptions, if euro interest rate of denominated financial instruments had been 75 basis points higher, the consolidated net profit before tax of Sonae for the period ended as at 31 December 2017 would decrease by approximately 8.4 million euro, (8.8 million euro decrease as at 31 December 2016).

3.5 Exchange rate risk

3.5.1) Policies

Sonae operates at an international level, having subsidiaries that operate in different jurisdictions, and so it is exposed to foreign exchange rate risk. As each Sub-holding operates in different markets and in different business environments, there is no standard policy for Sonae, but rather individual policies for each Sub-holding which are stated below. Sonae's currency exposures are divided into two levels: transaction exposures (foreign exchange exposures relating to contracted cash flows and statement of financial position items where changes in exchange rates will have an impact on earnings and cash flows) and translation exposure (equity in foreign subsidiaries). Although there is not global management exchange rate risk policy in what concerns hiring derivatives to managing exchange interest risk, it also applies to all group companies, with the necessary adaptations, the principles referred at 3.4.1).

- Sonae Retail

The impact on the financial statements of changes in exchange rate is immaterial, as the most part of the transactions are denominated in euro. Sonae Investimentos is mainly exposed to exchange rate risk through transactions relating to acquisitions of goods in international markets, which are mainly in US Dollars.

The exchange risk management purpose is to provide a stable decision platform when deciding and negotiating the purchases of inventories establishing fixed exchange rates. The hedging accompanies all the purchase process, since procurement up to the formal agreement of purchase.

The exchange risk exposure is monitored through the purchase of forwards with the goal of minimizing the negative impacts of volatility in exposure level as a consequence of changes of the amounts of imports denominated in other currencies rather than euro.

- Sonae Sierra – Joint venture

The main activity of each company included in consolidation is developed inside its country of origin and consequently the majority of the company transactions are maintained in its functional currency. The policy to hedge this specific risk is to avoid, if possible, the contracting of services in foreign currency.

- NOS – Joint venture

The risk of exchange rate is mainly related to exposure resulting from payments made to terminal equipment suppliers and producers of audio-visual content for the TV business by subscription and audio-visual, respectively. Commercial transactions between NOS and these suppliers are denominated mostly in American dollars.

Considering the balance of accounts payable resulting from transactions denominated in currencies other than the functional currency of the group, NOS hires or can hire financial instruments such as short-term currency forwards to hedge the risk associated with these balances.

- Sonae IM

In the Business Multimedia and Information Systems operates internationally, having subsidiaries that operate in Brazil, United Kingdom, Poland, United States of America, Mexico, Australia, Egypt, Malaysia, Chile, Panama, Singapore among others and so it is exposed to foreign exchange rate risk.

Foreign exchange risk management seeks to minimize the volatility of investments and transactions made in foreign currency and contributes to reduce the sensitivity of Sonaecom results to changes in foreign exchange rates.

Whenever possible, Sonaecom uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such procedure is not possible, Sonaecom adopts derivatives financial hedging instruments.

Sonaecom exposure to exchange rate risk results mainly from the fact that some of its subsidiaries report in currencies other than the Euro, the risk relating to the operations being insignificant.

- Sonae FS

Insurance brokerage activity is developed in different countries. When transactions are made in a different currency than the one in the country where the entity operates, exposure to exchange rate risk is minimized by hiring hedging derivatives.

- Sonae Holding

Due to the nature of holding company, Sonae Holding, has very limited transaction exposure to foreign exchange risk. Normally, when such exposures arise foreign exchange risk management seeks to minimize the volatility of such transactions made in foreign currency and to reduce the impact on the Profit and loss of exchange rate fluctuations. When significant material exposures occur with a high degree of certainty, Sonae Holding hedges such exposures mainly through forward exchange rate contracts. For uncertain exposures, options may be considered, subject to previous approval from the company's Executive Committee.

3.5.2) Exposure and sensitivity analysis

As at 31 December 2017 and 2016 Sonae amounts of assets and liabilities (in euro) denominated in a currency different from the subsidiary functional currency were the following:

	Assets		Liabilities	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Euro	-	-	797,254	1,402,138
Brazilian Real	-	-	545,014	1,038,401
British Pound	1,075,847	1,024,603	133,152	660,464
US Dollar	13,389,239	11,781,708	27,974,391	24,789,881
Other Currencies	734,478	923,257	835,774	81,146

The amounts presented above, only include assets and liabilities expressed in different currency than the functional currency used by the affiliated or jointly controlled company. Therefore it does not represent any risk of financial statements translation. Due to the short-term character of the majority of monetary assets and liabilities and the magnitude of its net value, the exposure to currency risk is immaterial and therefore a sensitivity analysis to changes in the exchange rate isn't disclosed.

3.6 Price and capital market risks

Sonae is exposed to equity price risk arising from equity investments, held for strategic rather than for trading purposes as the group does not actively trade these investments, which are disclosed in Note 11.

Sonae is exposed to risks arising from changes in Sonae Holding share price due responsibilities related with the remuneration policy described in Sonae Corporate Governance report, as explained in Note 28.

In 2007, Sonae entered into a Total Return Swap (TRS) with Sonae Holding shares as underlying. As explained in Note 22, the Total Return Swap precluded the derecognition of those own shares, and as such, a change in the Sonae Holding share price will have an impact on the cash flows by means of TRS cash settlements. If, as at 31 December 2017, Sonae price had been 1% higher/lower, Sonae would not have receiving/ payments euro (at 31 December 2016 Sonae would not have additional receiving/payments of 877 thousand euro).

3.7 Capital risk

The capital structure of Sonae, determined by the proportion of equity and net debt is managed in order to ensure continuity and development of its operations, maximize the return on shareholders and optimize financing costs.

Sonae periodically monitors its capital structure, identifying risks, opportunities and the necessary adjustment measures for the achievement of these objectives.

Sonae presented in 2017 an average gearing (countable) of 0.6 x (0.7 x in 2016). The average gearing at market values in 2017 was 0.6 x (0.8 x in 2016).

4 Restatement of Financial Statement

4.1 Imputation of the fair value of the acquired assets and liabilities of Salsa

IVN – Serviços Partilhados, SA holds the brand Salsa which is a Portuguese brand of jeanswear of international renown, recognized for its entrepreneurial spirit and the development of innovative products. Being a truly international company, its products can be found in about 2,000 points of sale in 32 countries.

Following the acquisition of these companies, a preliminary assessment was made regarding the fair value of the assets acquired and the liabilities assumed. The fair value was determined through various valuation methodologies for each type of asset or liability, based on the best information available. The main adjustments to fair value made under this process were:

- (i) Wholesale customer portfolio amounting 35.5 million euro, valued based on the discounted cash-flow methodology, using discount rates based on the weighted average cost of the segment's capital (11%), and considering an average retention rate of 9.4% for wholesale customers. These portfolios will be amortized on a straight-line basis based on the estimated average retention period of customers (10 years);
- (ii) Salsa brand (51 million euro) was valued based on the methodology of the released royalties, using for this purpose the discount rates based on weighted average cost of capital of the segment where the companies fall (11%) and a royalty rate of 4%, and for which was not estimated a defined useful life;
- (iii) Real estate assets in Salsa (15.8 million euro) were valued based on a preliminary external valuation of the mentioned assets, which had been obtained prior to the acquisition, the new evaluation process was completed in 31 May 2017, this evaluation resulting in reduction of the fair value calculated on 31 December 2016 in the amount of 4,384,000 euro; and
- (iv) contingent liabilities in Salsa relating to present obligations in the amount of 6 million euro, over which there were also recognized indemnifying assets as contractually supported;

For the remaining assets and liabilities were not to date identified significant differences between the fair value and the respective book value. As usually happens in the concentrations of business activities also in this operation could

not be assigned, in accounting terms, the fair value of identifiable assets and liabilities assumed part of the cost of acquisition, being that recognized component as goodwill and recorded under the caption Intangible Assets.

The above valuations correspond to Level 3 of Fair Value, in accordance with IFRS 13.

As this acquisition occurred at the end of June 30, 2016 only during the first half of 2017, was possible to complete the fair value calculation exercise and Goodwill calculation. The impact of this external evaluations in the consolidated financial statements as at 31 December 2016 was as follows:

Amounts in thousands of euro	31 Dec 2016		
	Before the restatement	Adjustments to fair value Salsa	After the restatement
Assets			
Tangible and intangible assets	1,986,858	(4,384)	1,982,474
Goodwill	653,753	1,732	655,484
Investments	1,383,055	-	1,383,055
Deferred tax assets	61,361	-	61,361
Other non-current assets	19,226	-	19,226
Non-current assets	4,104,253	(2,652)	4,101,601
Inventories	696,298	-	696,298
Trade account receivables	116,004	-	116,004
Other current assets, including assets held for sale	250,921	-	250,921
Investments	4,369	-	4,369
Cash and cash equivalents	340,920	-	340,920
Current assets	1,408,512	-	1,408,512
Total assets	5,512,766	(2,652)	5,510,113
Liabilities			
Borrowings	1,209,828	-	1,209,828
Other non-current liabilities	21,557	-	21,557
Deferred tax liabilities	114,371	(921)	113,450
Provisions	25,848	-	25,848
Non current liabilities	1,371,604	(921)	1,370,683
Borrowings	361,212	-	361,212
Trade creditors and other current liabilities including liabilities held for sale	1,715,511	-	1,715,511
Current liabilities	2,076,723	-	2,076,723
Total liabilities	3,448,327	(921)	3,447,407
Shareholders' funds excluding non-controlling interests	1,893,666	-	1,893,666
Non-controlling interests	170,772	(1,732)	169,040
Total shareholders' funds	2,064,438	(1,732)	2,062,706
Total shareholders' funds and liabilities	5,512,766	(2,652)	5,510,113

4.2 Impact of MDS as a discontinued activity

During the period ended 30 June 2017, Sonae disposed 1,773 shares of MDS, SGPS, SA, which resulted in the change of the shareholder agreement and in the loss of control in this subsidiary, becoming a joint venture since the percentage of detention changed to 50%. The income statement for the period ended 31 December 2016 was restated, with the entire activity of this subsidiary and its subsidiaries being transferred to the caption "Discontinued Operations". The impact is disclosed on Note 5.1.

The impact in the consolidated income statement from the reclassification of MDS, SGPS, S.A. activity to discontinued operations, as at 31 December 2016 can be analysed as follows:

Amounts in thousands of euro	31 Dec 2016		
	Before the restatement	Discontinued operations	After the restatement
Sales	5,159,067	-	5,159,067
Services rendered	217,070	(46,646)	170,424
Income or expenses related to investments	1,089	7,217	8,306
Gains and losses on investments recorded at fair value through profit or loss	(15,682)	-	(15,682)
Other income and financial income	15,928	(177)	15,751
Other income	772,918	(795)	772,123
Cost of good sold and materials consumed	(4,261,075)	-	(4,261,075)
Changes in stocks of finished goods	1,273	-	1,273
External supplies and service	(720,362)	16,566	(703,796)
Staff costs	(731,641)	17,312	(714,329)
Depreciation and amortisation	(183,107)	3,461	(179,646)
Provisions and impairment losses	(17,301)	2,143	(15,158)
Financial expenses	(52,660)	1,539	(51,121)
Other expenses	(75,051)	1,844	(73,207)
Share of results of joint ventures and associates	138,842	(211)	138,631
Profit (loss) from continuing operations, before taxation	249,308	2,253	251,561
Taxation	(26,905)	208	(26,697)
Consolidated profit (loss) for the period from continuing operations	222,403	2,461	224,864
Profit/(Loss) from discontinued operations, after taxation	(409)	(2,461)	(2,870)
Consolidated profit /(loss) for the period	221,994	-	221,994
Attributable to equity holders of the Parent Company:			
Continuing operations	215,279	1,230	216,509
Discontinued operations	(205)	(1,230)	(1,435)
	215,074	-	215,074
Attributable to non-controlling interests			
Continuing operations	7,125	1,230	8,355
Discontinued operations	(205)	(1,230)	(1,435)
	6,920	-	6,920

5 Changes in consolidation perimeter

5.1 Disposal of shares and loss of control of the MDS, SGPS, S.A.

During the period ended at 30 June 2017, Sonae and IPLF Holding signed an agreement for the disposal of shares of MDS, SGPS, SA, resulting in a change in the shareholder agreement and in the loss of control of that subsidiary and becoming a joint venture. According to predicted by IFRS 5, changes were made in the Consolidated Statements of Income by nature for the years ended at 31 December 2016 (Note 4.2) and 2017 to reflect in a single line (Net income for discontinued operations), in the face of Statement of profit or loss, after-tax profit or loss from discontinued operations.

Discontinued operations include the following companies:

COMPANY	Head Office	Percentage of share capital held	
		At date of consolidation method change	
		Direct	Total
Sonae FS			
Accive Insurance – Corretor de Seguros, SA	Porto (Portugal)	70.00%	35.01%
Herco Consultoria de Risco e Corretora de Seguros, Ltda	Santa Catarina (Brazil)	100.00%	50.01%
Herco, Consultoria de Risco, SA	Maia (Portugal)	100.00%	50.01%
HighDome PCC Limited	La Valletta (Malta)	100.00%	50.01%
Iberosegur – Sociedade Ibérica de Mediação de Seguros, Lda	Porto (Portugal)	100.00%	50.01%
Larim Corretora de Resseguros Ltda	Rio de Janeiro (Brazil)	99.99%	50.01%
Lazam/mds Correctora Ltda	São Paulo (Brazil)	100.00%	50.01%
MDS África, SGPS, SA	Porto (Portugal)	50.00%	25.05%
MDS - Corretor de Seguros, SA	Porto (Portugal)	100.00%	50.01%
MDS Auto - Mediação de Seguros, SA	Porto (Portugal)	50.01%	25.01%
MDS Malta Holding Limited	La Valletta (Malta)	100.00%	50.01%
MDS RE – Mediador de resseguros, SGPS, SA	Porto (Portugal)	100.00%	25.05%
MDS, SGPS, SA	Maia (Portugal)	50.01%	50.01%
Moneris Seguros - Mediação de Seguros, Lda	Oeiras (Portugal)	60.00%	30.01%
Brokerslink Management AG	Zug (Switzerland)	20.00%	10.00%
Filhet Allard España Correduria de Seguros S.L.	Madrid (Spain)	35.00%	17.50%
Flexben, Lda	Porto (Portugal)	45.00%	22.50%

The effects of these acquisitions in the consolidated financial statements can be analysed as follows:

Amounts in euro	30 Jun 2017 Loss of Control Data	31 Dec 2016
Net assets		
Tangible and intangible assets (Notes 8 and 9)	14,553,810	17,388,374
Goodwill (Note 10)	28,139,765	30,128,657
Investments (Notes 11 and 12)	9,044,138	8,995,262
Trade account receivables and other assets	11,447,005	8,010,414
Cash and cash equivalents	11,088,316	9,709,102
Borrowings	(22,577,049)	(24,239,583)
Trade creditors and other current liabilities	(26,506,086)	(21,843,103)
Total assets	25,189,899	28,149,123
Currency translation reserves	(4,214,202)	
Non-controlling interests (Note 23)	13,090,263	
Gain in operation	16,220,165	
Financial investment retained at fair value (Note 11.3)	32,534,003	

Amounts expressed in euro	30 Jun 2017	31 Dec 2016
Services rendered	23,316,083	46,645,887
Income from Investments	3,637	210,743
Financial income	46,513	177,045
Other income	286,420	795,269
External supplies and services	(8,635,591)	(16,566,586)
Staff costs	(9,474,688)	(17,311,876)
Depreciation and amortisation	(1,942,514)	(3,460,719)
Provisions and impairment losses	(377,687)	(2,142,766)
Financial expense	(497,689)	(1,538,952)
Other expenses	(964,320)	(1,844,064)
Share of results of joint ventures and associates	26,626	(7,216,342)
Profit/(Loss) before taxation	1,786,790	(2,252,361)
Taxation	103,874	(208,023)
Profit/(Loss) after taxation	1,890,664	(2,460,384)
Income or expenses related to loss control	16,220,165	-
Profit/(Loss) for period from discontinued operations	18,110,829	(2,460,384)

Details of discontinued operations in the statement of cash flows can be analysed as follows:

Cash flows for the period from discontinued operations	30 Jun 2017
Net cash flow from operating activities	6,906,899
Net cash used in investment activities	(624,892)
Net cash used in financing activities	(1,316,263)
Net increase in cash and cash equivalents	4,965,744

The fair value of the retained investment was determined on an internal valuation through annual planning methodologies, based on business plans where cash flows are projected for a 5 year period, using a weighted average cost of capital of 12.24% and a perpetuity growth rate of 3%.

5.2 The major acquisitions of subsidiaries occurred in the period ended at 31 December 2017

The acquisitions of companies included in the full consolidation method can be analysed as follows:

COMPANY	Head Office	Percentage of share capital held	
		Direct	Total
Sonae MC			
BRIO-Prod. Agric.Biológica, SA	Matosinhos (Portugal)	100.00%	100.00%
Go Well, S.A.	Lisbon (Portugal)	51.00%	51.00%

In December 2016, Sonae MC concluded an agreement with the shareholders of GO WELL – Promoção de Eventos, Catering e Consultoria, S.A. (Go Well) for the acquisition of 51% of the share capital. This transaction became effective in May 2017. Go Well operates in 24 specialized restaurants in healthy food in Portugal, typically located in shopping centres, and has a variety of concepts such as grab&go, sushibar, freshly prepared and breakfasts. Go Well operates exclusively through the brand “Go Natural” and in 2015, generated a turnover of 6.4 million euro.

In April 2017, an affiliated of the Group concluded an agreement with the shareholders of BRIO - Produtos de Agricultura Biológica, S.A. (BRIO) for the acquisition of 100% of BRIO’s share capital. Established in 2008, Brio is the first organic supermarket chain launched in Portugal, and explores six supermarkets specialized in organic food, all with convenience locations in the metropolitan area of Lisbon.

Following the previous agreement to acquire 51% of GO WELL's share capital and the opening of the first supermarket entirely dedicated to organic and healthy food, the acquisition of BRIO will enable Sonae MC to accelerate its position in strategic Health & Wellness growth, particularly in the healthy food segment, benefiting from the BRIO store network, the high degree of specialization of the teams and a broad network of suppliers.

The effects of these acquisitions in the consolidated financial statements can be analysed as follows:

Amounts in euro	Sonae MC	
	At acquisition date	31 Dec 2017
Net acquired assets		
Tangible and intangible assets (Notes 8 and 9)	1,353,213	1,941,423
Inventories (Note 14)	586,950	651,287
Deferred tax assets (Note 19)	353,206	507,683
Other assets	1,297,583	1,137,493
Cash and cash equivalents	431,553	569,490
Non recurrent loans	(306,265)	(109,974)
Other liabilities	(3,388,587)	(2,866,677)
Total net acquired assets	327,653	1,830,725
Goodwill (Note 10)	9,546,335	
Non-controlling interests (Note 23)	3,772,948	
Acquisition price	6,101,040	
Effective cash paid	4,758,345	
Escrow Account	392,695	
Future cash paid	950,000	
	5,708,345	
Net cash flow resulting from the acquisition		
Effective cash paid	(5,151,040)	
Cash and cash equivalents acquired	431,553	
	(4,719,487)	

Amounts in euro	Sonae MC	
	Since acquisition date	12 months
Sales and services	7,946,162	12,649,155
Other income	131,051	437,674
Cost of sales	(3,842,855)	(6,577,456)
External supplies and services	(1,861,996)	(2,935,933)
Other expenses and losses	(3,027,695)	(4,349,449)
Net financial income	(15,766)	(26,415)
Share of results of joint ventures and associates	37	(6,655)
Profit/loss before taxation	(671,062)	(809,079)
Taxation	186,191	186,858
Net Income	(484,871)	(622,221)

At the date of presentation of these financial statements, it was not yet possible to finalize the analysis to assign, in accounting terms, the fair value of identified assets and liabilities acquired, a part of the acquisition cost, which is recognized as Goodwill and recorded under Intangible assets. However, the purchase price allocation will be made till the end of an one year period from the date of acquisition, as permitted by IFRS 3 - Business Combinations.

6 Segment information

Sonae has in its portfolio 5 main segments: Sonae Retail, Sonae Sierra, NOS, Sonae IM and the Sonae FS.

- Sonae Retail has 5 segments:
 - Sonae MC is our food retail unit, operating 41 Continente hypermarkets, 131 Continente Modelo supermarkets, 96 convenience stores Bom Dia, 25 restaurants Go Natural, 295 stores operated under franchise Meu Super and 222 parapharmacy Well's;
 - Worten that is included in the top 3 of Iberian electronic players, counting on a portfolio of 242 physical stores in Iberia;
 - Sports and Fashion has a network of 392 own stores of sports and clothing products, combined with a franchise network of 143 stores;
 - Sonae RP is dedicated to optimizing the management of Sonae's retail real estate portfolio, mainly by stores that operate under the Continente brand and under other brands of Sonae;
 - Maxmat operates in the DIY, construction, bathroom and garden market with a network of 31 stores;
- Sonae Sierra is the partnership dedicated to the activity of development and management of shopping centres.
- NOS is the partnership that the Group holds through Zopt dedicated to telecommunications.
- Sonae IM has an active portfolio management strategy, with the objective of building and managing a portfolio of technology-based companies related to retail and telecommunications.
- Sonae FS aims to boost retail financial services.

These operating segments have been identified taking into consideration that each of these segments have separate identifiable revenues and costs, separate financial information is produced, and its operating results are reviewed by management on which it makes decisions.

Sonae operates in 90 countries, including operations, third-party services, representation offices, franchising and partnerships.

The list of Group companies and their businesses are detailed in Notes 51 and 52. In view of the redefinition of the reportable segments, the values of 2016, detailed below, were restated.

6.1 Financial information per business segment

The main operating segment information as at 31 December 2017 and 2016 can be detailed as follows:

31 Dec 2017	Turnover	Depreciation and amortisation ⁽³⁾	Provisions and impairment losses ⁽³⁾	EBIT ⁽³⁾	Financial results ⁽²⁾	Income tax ⁽²⁾
Sonae MC	3,884,235,290	99,298,234	2,229,104	101,815,713	-	-
Worten	1,002,827,600	26,593,764	2,268,812	(2,792,306)	-	-
Sports & Fashion	588,982,641	34,026,087	1,900,326	(20,283,769)	-	-
Sonae RP	92,138,557	24,343,863	445,945	65,450,006	-	-
Maxmat	78,118,529	1,738,124	-	4,699,211	-	-
Sonae Retail	5,646,302,617	186,000,072	6,844,187	148,888,855	(18,293,624)	36,055,934
Sonae Sierra	-	-	-	32,310,056	-	-
NOS	-	-	-	27,234,000	-	-
Sonae IM	125,929,752	9,426,834	1,187,584	(4,980,350)	(776,114)	728,989
Sonae FS	24,327,569	523,143	25,337	1,045,895	(42,599)	15,636
Other, eliminations and adjustments ⁽¹⁾	(86,408,002)	1,709,282	1,084,217	(22,620,535)	(16,905,215)	(22,668,071)
Total consolidated - Direct	5,710,151,936	197,659,331	9,141,325	181,877,921	(36,017,552)	14,132,488

31 Dec 2016 Restated	Turnover	Depreciation and amortisation	Provisions and impairment losses ⁽³⁾	EBIT ⁽³⁾	Financial results ⁽²⁾	Income tax ⁽²⁾
Sonae MC	3,686,808,069	90,891,781	1,485,654	110,649,903	-	-
Worten	910,303,455	25,294,846	2,815,681	(9,210,175)	-	-
Sports & Fashion	527,299,167	25,130,419	1,573,881	(25,711,177)	-	-
Sonae RP	91,962,156	23,739,373	6,536,987	119,994,145	-	-
Maxmat	71,502,114	1,925,699	36,571	2,806,705	-	-
Sonae Retail	5,287,874,961	166,982,118	12,448,774	198,529,401	(23,210,775)	31,466,626
Sonae Sierra	-	-	-	28,448,093	-	-
NOS	-	-	-	17,075,644	-	-
Sonae IM	116,708,126	8,681,722	886,054	(5,694,735)	(496,800)	(20,501,458)
Sonae FS	17,518,560	486,745	-	(474,342)	(20,477)	(924,633)
Other, eliminations and adjustments ⁽¹⁾	(92,610,031)	3,495,415	1,681,591	(26,377,410)	(21,005,008)	8,392,815
Total consolidated	5,329,491,616	179,646,000	15,016,419	211,506,651	(44,733,060)	18,433,350

	31 Dec 2017			31 Dec 2016 Restated		
	Investment (CAPEX)	Invested capital	Financial net debt ⁽²⁾	Investment (CAPEX)	Invested capital	Financial net debt ⁽²⁾
Sonae MC	164,462,924	697,071,753	-	167,010,365	629,840,098	-
Worten	44,599,644	(90,641,251)	-	39,439,683	(53,491,326)	-
Sonae Sports & Fashion	40,198,483	355,988,594	-	112,943,591	370,772,496	-
Sonae RP	41,181,011	902,627,242	-	62,354,568	930,735,887	-
Maxmat	1,390,622	32,639,857	-	1,044,844	33,050,597	-
Sonae Retail	291,832,684	1,897,686,195	628,698,342	382,793,051	1,910,907,752	675,825,425
Sonae IM	19,390,000	159,330,000	(465,854)	46,833,841	143,443,838	2,723,388
Sonae FS	1,641,218	20,126,477	-	612,298	49,774,572	-
Other, eliminations and adjustments ⁽¹⁾	3,301,948	1,170,360,921	484,077,881	6,373,484	1,173,583,409	536,000,880
Total consolidated	316,165,850	3,247,503,593	1,112,310,369	436,612,674	3,277,709,571	1,214,549,693

- 1) Include Sonae individual accounts;
- 2) These captions are accompanied by management in more aggregated form, and not allocated to individual operating segments identified above.;
- 3) Reconciled information in note 48.

The intra-groups of the turnover can be analyzed by following:

Turnover	31 Dec 2017 Inter-segment	31 Dec 2016 Inter-segment
Sonae MC	(1,932,603)	(1,999,094)
Worten	(2,819,151)	(4,526,457)
Sonae Sports & Fashion	(29,995,432)	(29,091,974)
Sonae RP	(83,876,500)	(81,586,962)
Maxmat	-	-
Sonae Retail	(118,623,686)	(117,204,487)
Sonae IM	-	-
Sonae FS	-	-
Other, eliminations and adjustments	(483,596)	(1,968,270)
Total consolidated	(119,107,282)	(119,172,757)

The caption "Others, Eliminations and Adjustments" can be analyzed as follows:

	Turnover		EBIT	
	31 Dec 2017	31 Dec 2016 Restated	31 Dec 2017	31 Dec 2016 Restated
Inter-segment intra-groups	(119,107,282)	(119,172,757)	-	-
Contributions of entities not included in the segments	32,699,280	26,562,726	(10,205,523)	(9,391,324)
Others	-	-	(12,415,012)	(16,986,086)
Other, eliminations and adjustments	(86,408,002)	(92,610,031)	(22,620,535)	(26,377,410)

	Investment		Invested capital	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016 Restated
Inter-segment intra-groups and contributions of entities non-individualized entities as segments	3,301,947	6,373,484	(24,887,600)	(41,491,633)
Investments in joint ventures and associated companies	-	-	1,289,028,845	1,292,829,920
Other investments	-	-	9,919,677	9,966,231
Cash settled equity swap ⁽⁴⁾	-	-	(103,700,000)	(87,721,109)
	3,301,947	6,373,484	1,170,360,922	1,173,583,409

4) Financial Instrument reported in Note 22.

All performance measures are reconciled to the financial statements in Note 48.

Non-current assets and sales and services by geographic segment are detailed as follows:

Destination market	31 Dec 2017		31 Dec 2016 Restated	
	Non-current assets	Sales and services rendered by destination market	Non-current assets	Vendas e prestações de serviços por mercado de destino
Portugal	3,988,903,667	5,124,752,911	3,976,787,236	4,800,410,405
Spain	110,543,603	404,807,078	116,275,357	356,428,492
France	-	39,635,531	-	55,626,405
United Kingdom	-	3,217,685	-	3,757,817
Germany	-	4,695,042	-	4,586,905
Italy	-	13,592,032	-	12,498,905
Brazil	14,730,642	8,039,083	23,458,355	7,204,374
Mexico	923,120	9,033,767	1,228,297	6,344,768
Rest of the world	68,212,188	102,378,807	3,374,131	82,633,545
	4,183,313,220	5,710,151,936	4,121,123,376	5,329,491,616

Glossary:

Net Invested capital = Total net debt + total shareholder funds;

Financial = Bonds + bank loans + other loans + financial leases - cash, bank deposits, current investments, excluding other long term financial applications;

Other eliminations and adjustments = Intra-groups + consolidation adjustments + contributions from other companies not included in the disclosed segments by do not fit in any reportable segment, ie are included in addition to Sonae SGPS companies identified as "Other" in Note 51;

Investments (CAPEX) = Investments in tangible and intangible assets and investments in acquisitions.

6.2 Sonae Sierra financial information

Assets, Liabilities, Income, Expenses and Losses amounts related to joint ventures are disclosed in Note 11.2. However, taking into account the relevance of Sonae Sierra's financial statements and since it is being consolidated using the equity method are the most relevant situations the following. (amounts disclosed are not proportional to the percentage of detention of 50%).

a) Investment properties

During the year ended at 31 December 2017 and 2016, movements in investment properties are as follows:

Amounts in thousands of euro	Investment properties				
	In Operation	"Fit Out"	under development at cost	Advances	Total
Opening balance as at 1 January 2016	691,785	2,139	44,746	1,725	740,395
Increases	6,079	(125)	2,559	-	8,513
Impairments and write-off	-	-	(7,285)	-	(7,285)
Disposals	-	-	(427)	-	(427)
Fit-out receivables	-	(834)	-	-	(834)
Variation in fair value on the investment properties between years:					
- Gains	69,290	402	-	-	69,692
- Losses	(4,349)	-	-	-	(4,349)
Currency translation differences	-	-	28	-	28
Opening balance as at 1 January 2017	762,805	1,582	39,621	1,725	805,733
Increases	3,784	188	1,802	-	5,774
Reversal of impairment losses	-	-	20	-	20
Impairments and write-off	-	-	(1,676)	-	(1,676)
Fit-out receivables	-	(266)	-	-	(266)
Transferências	-	-	(37)	-	(37)
Variation in fair value on the investment properties between years:					
- Gains	68,561	40	-	-	68,601
- Losses	(7,727)	(43)	-	-	(7,770)
Investees disposals	(88,487)	(13)	-	-	(88,500)
Closing balance as at December 2017	738,936	1,488	39,730	1,725	781,879

Increases in investment properties under development as cost, in the amounts of 1,802 thousand euro and 2,559 thousand euro in the years ended 31 December 2017 and 2016, respectively, relates to a project in Germany which estimated opening date is 2019.

At 31 December 2017 and 2016 investment properties in operation and the information about the fair value assessment are as follows:

	31 Dec 2017			31 Dec 2016		
	10 years "discount rate" (range)	Yields	thousands of euro Level 3	10 years "discount rate" (range)	Yields	thousands of euro Level 3
Portugal / Spain	7,25% and 10,75%	5,50% and 9,00%	627,280	7,50% and 10,85%	5,75% and 9,10%	650,260
Other European countries	8,50% and 10,55%	6,75% and 8,75%	111,656	8,50% and 10,30%	6,75% and 8,50%	112,545
			738,936			762,805

The fair value of each investment property was determined by means of a valuation as of the reporting date made mainly by independent specialised entities (Cushman & Wakefield and Jones Lang LaSalle).

The valuation of these investment properties was made in accordance with the Practice Statements of the RICS Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors ("Red Book"), located in England.

The methodology used to compute the market value of the investment properties consists in preparing 10 years' projections of income and expenses of each shopping centre added to the residual value, corresponding to a projected net income at year 11 and a return market rate ("Exit yield" or "cap rate"). These projections are then discounted to the valuation date using a discount market rate. Projections are intended to reflect the actual best estimate of the valuer regarding future revenues and costs of each shopping centre. Both the return rate and discount rate are defined in accordance to the local real estate and institutional market conditions, being the reasonableness of the market value obtained in accordance to the methodology referred above, tested also in terms of initial return using the estimated net income for the first year of projections.

In the valuation of investment properties, some assumptions, that in accordance with the Red Book are considered to be special, were in addition considered, namely in the case of recently inaugurated shopping centres, in which the possible costs still to be incurred were not considered, as the accompanying financial statements already include a provision for them.

IFRS 13 (Fair value measurement) requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

The relationship of unobservable inputs to fair value can be described as follows:

- a decrease in the estimated annual rent will decrease the fair value;
- an increase in the discount rates and the capitalization rates will decrease the fair value.

As mentioned in the valuation reports of the investment properties prepared by independent specialised entities, the assessment of their fair value considered the definition of fair value in IFRS 13, which is consistent with the definition of market value defined by the investment properties valuation international standards.

b) Sales of companies

In December 2017, Sonae Sierra sold 80% of the shares of 3shoppings - Holding, SGPS, S.A. ("3shoppings"), which owns 100% of Guimarãeshopping- Centro Comercial, S.A. ("Guimarãeshopping") and Maiashopping- Centro Comercial, S.A. ("Maiashopping") for 42,674 thousands euro. This transaction generated a net gain of 8,821 thousands euro. After this date these companies are measured using the equity method.

c) Goodwill

The goodwill on Sonae Sierra is allocated to the companies with investment properties. The impairment tests of goodwill are based on the Net Asset Value (“NAV”) of the shares held, at each reporting date.

The Net Asset Value corresponds to evaluation at fair value, at each reporting date, of the net assets of the subsidiary excluding deferred tax liabilities arising on unrealized gains on investment properties, at the market value (Open Market Value).

6.3 Zopt financial information

The consolidated financial statements of ZOPT (joint venture that controls NOS) and NOS as at 31 December 2017 and 2016, incorporated into the financial statements of Sonae through ZOPT by the equity method (Note 11.2).

The value of ZOPT's income statement arises from the net income for the year of the NOS, the net income for the year of the ZOPT and the impacts on the results of the process of allocation of the fair value of the assets and liabilities acquired by ZOPT.

The consolidated financial statements of NOS as at 31 December 2017 and 2016, incorporated in the consolidated financial statements of Sonae through ZOPT by the equity method can be summarized as follows:

Amounts in thousands of euros	31 Dec 2017	31 Dec 2016
Assets		
Tangible assets	1,137,209	1,158,181
Intangible assets	1,141,104	1,158,779
Deferred tax assets	99,538	117,302
Other non-current assets	44,306	18,740
Non-current assets	2,422,157	2,453,002
Trade account receivables	417,270	348,926
Cash and cash equivalents	2,977	2,313
Other current assets	124,664	178,400
Current assets	544,911	529,639
Total assets	2,967,068	2,982,641
Liabilities		
Borrowings	954,658	972,003
Provisions	142,029	146,287
Other non-current liabilities	30,991	50,406
Non-current liabilities	1,127,678	1,168,696
Borrowings	210,136	224,692
Trade creditors	267,525	238,828
Other current liabilities	275,360	297,327
Total current liabilities	753,021	760,847
Total liabilities	1,880,699	1,929,543
Shareholders' funds excluding non-controlling interests	1,077,302	1,044,057
Non-controlling interests	9,067	9,041
Total Equity	1,086,369	1,053,098
Total equity and liabilities	2,967,068	2,982,641

Amounts in thousands of euros	31 Dec 2017	31 Dec 2016
Total revenue	1,561,783	1,514,969
Costs and losses		
Direct costs and External supplies and services	(672,811)	(642,190)
Depreciation and amortisation	(422,211)	(391,555)
Other operating costs	(323,999)	(338,452)
	(1,419,021)	(1,372,197)
Financial results	(1,061)	(30,549)
Income taxation	(17,480)	(22,226)
Consolidated net income/(loss) for the year	124,221	89,997
Attributed to non-controlling interests	128	(385)
Attributed to shareholders'of parent company	124,093	90,382

7 Financial instruments by class

The financial instruments classification according to policies disclosed in Note 2.13 can be detailed as follows:

Financial assets	Notes	Loans and accounts receivable	Assets at fair value through the income statement	Available for sale	Derivates (Note 26)	Sub-total	Assets not covered by IFRS 7	Total
As at 31 December 2017								
Non-current assets								
Other investments	12	9,919,677	-	9,504,098	-	19,423,775	-	19,423,775
Other non-current assets	13	22,927,207	-	-	-	22,927,207	684,736	23,611,943
		32,846,884	-	9,504,098	-	42,350,982	684,736	43,035,718
Current assets								
Trade receivables	15	130,075,290	-	-	-	130,075,290	-	130,075,290
Other debtors	16	62,600,744	-	-	-	62,600,744	-	62,600,744
Investments	12	-	-	-	179,881	179,881	-	179,881
Cash and cash equivalent	20	364,589,115	-	-	-	364,589,115	-	364,589,115
		557,265,149	-	-	179,881	557,445,030	-	557,445,030
		590,112,033	-	9,504,098	179,881	599,796,012	684,736	600,480,748
As at 31 December 2016 Restated								
Non-current assets								
Other investments	12	9,996,932	-	10,787,518	-	20,784,450	-	20,784,450
Other non-current assets	13	18,640,416	-	-	-	18,640,416	585,750	19,226,166
		28,637,348	-	10,787,518	-	39,424,866	585,750	40,010,616
Current assets								
Trade receivables	15	116,003,860	-	-	-	116,003,860	-	116,003,860
Other debtors	16	83,961,449	-	-	-	83,961,449	-	83,961,449
Investments	12	161,050	-	-	4,207,972	4,369,022	-	4,369,022
Cash and cash equivalent	20	340,920,458	-	-	-	340,920,458	-	340,920,458
		541,046,817	-	-	4,207,972	545,254,789	-	545,254,789
		569,684,165	-	10,787,518	4,207,972	584,679,655	585,750	585,265,405

Financial liabilities	Notes	Derivates (Note 26)	Financial liabilities recorded at amortised cost	Sub-total	Liabilities not covered by IFRS 7	Total
As at 31 December 2017						
Non-current liabilities						
Bank loans	24	-	573,440,551	573,440,551	-	573,440,551
Bonds	24	-	643,667,042	643,667,042	-	643,667,042
Obligations under finance	24 and 25	-	881,956	881,956	-	881,956
Other loans	24	-	2,244,793	2,244,793	-	2,244,793
Other non-current liabilities	27	-	3,078,159	3,078,159	10,371,159	13,449,318
		-	1,223,312,501	1,223,312,501	10,371,159	1,233,683,660
Current liabilities						
Bank loans	24	-	207,748,007	207,748,007	-	207,748,007
Bonds	24	-	57,970,806	57,970,806	-	57,970,806
Obligations under finance	24 and 25	-	832,895	832,895	-	832,895
Other loans	24	1,248,119	1,278,626	2,526,745	-	2,526,745
Trade creditors	29	-	1,192,499,941	1,192,499,941	-	1,192,499,941
Other creditors	30	-	210,262,167	210,262,167	10,967,712	221,229,879
		1,248,119	1,670,592,442	1,671,840,561	10,967,712	1,682,808,273
		1,248,119	2,893,904,943	2,895,153,062	21,338,871	2,916,491,933
As at 31 December 2016						
Non-current liabilities						
Bank loans	24	-	507,884,174	507,884,174	-	507,884,174
Bonds	24	-	695,803,279	695,803,279	-	695,803,279
Obligations under finance	24 and 25	-	1,463,520	1,463,520	-	1,463,520
Other loans	24	-	4,676,660	4,676,660	-	4,676,660
Other non-current liabilities	27	-	2,542,407	2,542,407	19,014,981	21,557,388
		-	1,212,370,040	1,212,370,040	19,014,981	1,231,385,021
Current liabilities						
Bank loans	24	-	350,365,080	350,365,080	-	350,365,080
Bonds	24	-	7,998,517	7,998,517	-	7,998,517
Obligations under finance	24 and 25	-	1,079,629	1,079,629	-	1,079,629
Other loans	24	358,117	1,411,067	1,769,184	-	1,769,184
Trade creditors	29	-	1,136,655,247	1,136,655,247	-	1,136,655,247
Other creditors	30	-	192,155,785	192,155,785	8,484,447	200,640,232
		358,117	1,689,665,325	1,690,023,442	8,484,447	1,698,507,889
		358,117	2,902,035,365	2,902,393,482	27,499,428	2,929,892,910

Financial Instruments recognized at fair value

The Group applies IFRS 13 - Fair Value Measurement. This standard requires that the fair value is disclosed in accordance with the fair value hierarchy:

	31 Dec 2017			31 Dec 2016 Restated		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Investments	-	-	35,462	-	-	-
Derivatives	-	179,881	-	-	4,207,972	-
	-	179,881	35,462	-	4,207,972	-
Financial liabilities measured at fair value						
Derivatives	-	1,248,119	-	-	358,117	-
	-	1,248,119	-	-	358,117	-

8 Tangible assets

During the periods ended as at 31 December 2017 and 2016, the movements in tangible assets as well accumulated depreciation and impairment losses are made up as follows:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others tangibles assets	Tangible assets in progress	Total tangible assets
Gross costs:							
Opening balance as at 1 January 2016	1,340,030,432	1,331,776,248	22,986,284	129,629,456	42,967,101	24,254,855	2,891,644,376
Investment	19,651,941	5,104,021	358,337	1,122,012	753,393	239,302,839	266,292,543
Acquisitions of subsidiaries	38,596,783	12,121,189	1,851,477	4,655,788	1,474,657	54,012	58,753,906
Disposals	(32,046,800)	(59,029,925)	(1,297,318)	(6,217,287)	(1,387,274)	(1,419,331)	(101,397,935)
Disposals of subsidiaries	(23,843,817)	(2,667,983)	-	(35,456)	-	-	(26,547,256)
Exchange rate effect	154,035	109,918	43,287	476,279	(3,195)	21,068	801,392
Transfers	28,550,401	150,827,286	1,886,202	15,674,609	2,947,941	(231,228,950)	(31,342,511)
Balance as at 31 December 2016 - Published	1,371,092,975	1,438,240,754	25,828,269	145,305,401	46,752,623	30,984,493	3,058,204,515
Fair value of assets acquired (Effect of restatement - Note 4.1)	(4,384,000)	-	-	-	-	-	(4,384,000)
Opening balance as at 1 January 2017 Restated	1,366,708,975	1,438,240,754	25,828,269	145,305,401	46,752,623	30,984,493	3,053,820,515
Discontinued operations (Note 5.1)	(489,027)	(2,829,332)	(201,726)	(3,743,352)	(20,818)	(566,767)	(7,851,022)
Investment	10,851,529	4,987,246	324,056	866,813	558,989	221,746,704	239,335,337
Acquisitions of subsidiaries (Note 5.2)	1,443,694	2,624,130	115,936	272,563	61,598	-	4,517,921
Disposals	(32,875,531)	(83,685,531)	(1,408,275)	(4,938,004)	(3,733,628)	(1,406,653)	(128,047,622)
Exchange rate effect	(74,051)	(115,026)	(23,709)	(642,303)	(3,725)	(15,958)	(874,772)
Transfers	24,962,674	162,212,106	2,237,924	14,560,837	3,968,831	(210,792,120)	(2,849,748)
Closing balance as at 31 December 2017	1,370,528,263	1,521,434,347	26,872,475	151,681,955	47,583,870	39,949,699	3,158,050,609
Accumulated depreciation and impairment losses							
Opening balance as at 1 January 2016	367,362,670	828,106,124	18,522,984	97,789,565	36,748,245	-	1,348,529,588
Depreciation of period	21,341,732	106,583,600	1,425,676	11,805,832	2,902,388	-	144,059,228
Impairment losses of the period (Note 32)	6,572,324	2,177,208	4,177	94,270	5,869	110,824	8,964,672
Acquisitions of subsidiaries	16,217,062	7,761,499	1,240,310	4,146,189	948,855	-	30,313,915
Disposals	(5,308,206)	(48,900,527)	(1,234,329)	(5,839,121)	(1,312,196)	-	(62,594,379)
Disposals of subsidiaries	(7,883,758)	(2,667,983)	-	(35,456)	-	-	(10,587,197)
Exchange rate effect	148,899	44,163	22,226	343,234	(1,804)	-	556,718
Transfers	(476,933)	(11,606,204)	(168,493)	(967,009)	(288,869)	-	(13,507,508)
Opening balance as at 1 January 2017 Restated	397,973,790	881,497,880	19,812,551	107,337,504	39,002,488	110,824	1,445,735,037
Discontinued operations (Note 5.1)	(226,791)	(1,777,593)	(147,210)	(3,045,376)	(19,594)	-	(5,216,564)
Depreciation of the period	22,330,323	112,857,866	1,569,254	13,469,610	3,617,283	-	153,844,336
Impairment losses of the period (Note 32)	507,782	297,594	-	10,991	15,065	22,165	853,597
Acquisitions of subsidiaries (Note 5.2)	1,173,261	1,542,374	62,161	245,035	208,205	-	3,231,036
Disposals	(6,943,974)	(73,220,922)	(1,336,624)	(4,619,701)	(3,680,413)	-	(89,801,634)
Exchange rate effect	(52,860)	(57,406)	(13,865)	(495,178)	(35,655)	-	(654,964)
Transfers	673,551	(429,014)	(223,265)	(582,071)	(252,508)	-	(813,307)
Closing balance as at 31 December 2017	415,435,082	920,710,779	19,723,002	112,320,814	38,854,871	132,989	1,507,177,537
Carrying amount							
As at 31 December 2016 Restated	968,735,185	556,742,874	6,015,718	37,967,897	7,750,135	30,873,669	1,608,085,478
As at 31 December 2017	955,093,181	600,723,568	7,149,473	39,361,141	8,728,999	39,816,710	1,650,873,072

The investment includes the acquisition of assets of approximately 221 million euro (238 million euro in 2016), associated with the opening and remodeling of stores of Sonae retail operating segments.

Disposal in the years 2017 and 2016 can be analyzed as follow:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others tangibles assets	Tangible assets in progress	Total tangible assets
Gross assets:							
Disposals	(5,078,563)	(82,783,750)	(1,408,275)	(4,938,004)	(3,733,628)	(1,406,653)	(99,348,873)
Sale and Leaseback	(27,796,968)	(901,781)	-	-	-	-	(28,698,749)
Closing balance as at 31 December 2017	(32,875,531)	(83,685,531)	(1,408,275)	(4,938,004)	(3,733,628)	(1,406,653)	(128,047,622)
Accumulated depreciation and impairment losses							
Disposals	(2,158,414)	(72,438,851)	(1,336,624)	(4,619,701)	(3,680,413)	-	(84,234,003)
Sale and Leaseback	(4,785,560)	(782,071)	-	-	-	-	(5,567,631)
Closing balance as at 31 December 2017	(6,943,974)	(73,220,922)	(1,336,624)	(4,619,701)	(3,680,413)	-	(89,801,634)
Carrying amount							
Disposals	(2,920,149)	(10,344,899)	(71,651)	(318,303)	(53,215)	(1,406,653)	(15,114,870)
Sale and Leaseback	(23,011,408)	(119,710)	-	-	-	-	(23,131,118)

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others tangibles assets	Tangible assets in progress	Total tangible assets
Gross assets:							
Disposals	(660,641)	(57,422,135)	(1,297,318)	(6,217,287)	(1,387,274)	(1,419,331)	(68,403,986)
Sale and Leaseback	(31,386,159)	(1,607,790)	-	-	-	-	(32,993,949)
Closing balance as at 31 December 2016	(32,046,800)	(59,029,925)	(1,297,318)	(6,217,287)	(1,387,274)	(1,419,331)	(101,397,935)
Accumulated depreciation and impairment losses							
Disposals	(566,623)	(47,725,521)	(1,234,329)	(5,839,121)	(1,312,196)	-	(56,677,790)
Sale and Leaseback	(4,741,583)	(1,175,006)	-	-	-	-	(5,916,589)
Closing balance as at 31 December 2016	(5,308,206)	(48,900,527)	(1,234,329)	(5,839,121)	(1,312,196)	-	(62,594,379)
Carrying amount							
Disposals	(94,018)	(9,696,614)	(62,989)	(378,166)	(75,078)	(1,419,331)	(11,726,196)
Sale and Leaseback	(26,644,576)	(432,784)	-	-	-	-	(27,077,360)

During the period ended at 31 December 2017 and 31 December 2016, several sale and leaseback transactions were accounted for by the Group. The accounting values of the disposed assets, approximately, 23 million euro (158 million euro as at 31 December 2016), corresponds to 5 real estate food retail assets located in Portugal (16 real estate food retail assets located in Portugal and 3 stores Worten in Spain in 2016). Assets disposed in 2016, were classified in the above movement in disposals in 2016, 27 million euros and the remaining assets were recorded as non-current assets held for sale. These operations resulted in a cash inflow of 36.9 million euro (230 million euro as at 31 December 2016) and generated a net capital gain of approximately, 10.8 million euro (63.1 million euro as at 31 December 2016) (Note 39).

Tangible assets held by Imoconti, a subsidiary disposed in 2016, were leased under similar conditions to the assets included in the Sale and Leaseback operations, these assets represented 16 million euro at the date of disposal, resulting an up-front cash payment of 21 million euro and an capital gain of of 6.9 million euro (Note 37).

The lease agreements for the assets in question, were considered as operating leases, taking into account the indicators traditionally used to determine the nature of the lease agreements as defined in IAS 17. These assets have an initial period of 20 years, and the lease term can be extended, with market conditions, by four additional periods of 10 years, and it was considered by the Board of Directors that only the initial which is less than the remaining useful life of the assets subject to the transaction. For the assets in Spain, the term of the contracts was 12 years, considering the period of 6 and 9 years (option of early termination). It was also considered that there is no type of obligation to repurchase the assets subject to leasing, and the Group's current call options are exercisable based on market prices, as well as the present value of the minimum lease payments location.

In disposal also included about 9.6 million euro related to the restructuring process of the new store concepts, of Worten (around 3.9 million euro) and of the Sonae MC (around 6 million euro), resulting in the use of impairment losses in the amount of 2.8 million euro and 1.2 million euro respectively.

Transfer includes in 31 December 2016 the net amount of 16.4 million euro of assets transferred to "Non-current assets held for sale" related to Sohimeat, due to the loss of control of this company in January 2017 (Note 21).

Most real estate assets from Sonae RP (Note 6), as at 31 December 2017 and 2016, which are recorded at acquisition cost deducted of amortization and impairment charges, were evaluated by independent appraisers (Jones Lang LaSalle). These evaluations were performed using the income method, using yields between 6.75% and 9.00 % (6.75% and 9.00 % in 2016), where the fair value of the property is in "Level 3" hierarchy - according to the classification given by IFRS 13. Such assessments support the value of the assets as at 31 December 2017.

As at 31 December 2016, it was recorded an impairment loss of 6.5 million euro was recorded on a property held by the Group as a result of the valuation produced by Cushman & Wakefield and which took into account the latest changes to the municipal master plan applicable to that property.

The most significant values under the caption "Tangible assets in progress" refer to the following projects:

	31 Dec 2017	31 Dec 2016
Refurbishment and expansion of stores in the retail businesses located in Portugal	33,490,064	25,828,922
Refurbishment and expansion of stores in the retail businesses located in Spain	1,473,742	1,610,531
Projects "Continente" stores for which advance payments were made	1,296,000	1,693,500
Others	3,556,904	1,740,716
	39,816,710	30,873,669

The caption "Impairment losses for tangible assets" can be detailed as follows:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others tangibles assets	Total tangible assets
Opening balance as at 1 January 2016	99,853,204	33,179,777	34,330	408,450	88,602	133,564,363
Impairment losses of the period (Note 32)	6,572,324	2,177,208	4,177	94,270	116,693	8,964,672
Disposals (Note 32)	(15,988,825)	(7,289,344)	(601)	(131,102)	(18,942)	(23,428,814)
Opening balance as at 1 January 2017	90,436,703	28,067,641	37,906	371,618	186,353	119,100,221
Impairment losses of the period (Note 32)	507,782	297,593	-	10,991	37,231	853,597
Disposals (Note 32)	(387,817)	(5,197,222)	(16,324)	(60,231)	(82,456)	(5,744,050)
Acquisitions of subsidiaries (Note 5.1)	-	-	-	-	169,243	169,243
Closing balance as at 31 December 2017	90,556,668	23,168,012	21,582	322,378	310,371	114,379,011

9 Intangible assets

In the years ended at 31 December 2017 and 2016, the movement occurred in intangible assets and in the corresponding accumulated amortisation and impairment losses, was as follows:

	Patents and other similar rights	Software	Other intangible assets	Intangible assets in progress	Total intangible assets
Gross assets:					
Opening balance as at 1 January 2016	129,351,364	339,465,875	54,712,279	30,117,801	553,647,319
Investment	186,707	3,177,999	189,448	50,672,876	54,227,030
Acquisitions of subsidiaries	51,321,434	4,142,482	38,747,581	92,784	94,304,281
Disposals	(251,104)	(1,326,871)	(200,717)	(347,806)	(2,126,498)
Exchange rate effect	166,298	855,199	4,715,923	(12,671)	5,724,749
Transfers	238,491	49,294,911	(390,362)	(52,461,994)	(3,318,954)
Opening balance as at 1 January 2017	181,013,190	395,609,595	97,774,152	28,060,990	702,457,927
Discontinued operations (Note 5.1)	(1,991,644)	(8,370,813)	(25,794,980)	(103,663)	(36,261,100)
Investment	35,356	1,297,805	140,803	53,557,319	55,031,283
Acquisitions of subsidiaries (Note 5.2)	13,500	-	138,687	-	152,187
Disposals	(153,310)	(5,866,252)	(621,963)	(942,118)	(7,583,643)
Exchange rate effect	(924,982)	(1,439,831)	(3,257,180)	(42,150)	(5,664,143)
Transfers	72,243	46,276,425	1,368,766	(51,017,625)	(3,300,191)
Closing balance as at 31 December 2017	178,064,353	427,506,929	69,748,285	29,512,753	704,832,320
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2016	38,817,721	219,470,194	26,218,055	-	284,505,970
Depreciation of the period	1,998,273	33,329,270	3,705,787	-	39,033,330
Impairment losses of the period (Note 32)	-	1,141,737	-	-	1,141,737
Acquisitions of subsidiaries	29,514	2,391,489	1,399,536	-	3,820,539
Disposals	(251,104)	(1,138,959)	(200,717)	-	(1,590,780)
Exchange rate effect	169,355	635,564	2,716,631	-	3,521,550
Transfers	(47)	(1,236,268)	(247,592)	-	(1,483,907)
Opening balance as at 1 January 2017	40,763,712	254,593,027	33,591,700	-	328,948,439
Discontinued operations (Note 5.1)	(1,098,292)	(7,722,345)	(16,389,372)	-	(25,210,009)
Depreciation of the period	2,513,225	38,166,979	5,099,309	-	45,779,513
Impairment losses of the period (Note 32)	-	234,501	764,278	-	998,779
Acquisitions of subsidiaries (Note 5.2)	6,222	-	79,637	-	85,859
Disposals	(108,769)	(6,452,909)	(338,254)	-	(6,899,932)
Exchange rate effect	(858,715)	(934,360)	(2,102,414)	-	(3,895,489)
Transfers	(243,995)	(3,014,432)	359,340	-	(2,899,087)
Closing balance as at 31 December 2017	40,973,388	274,870,461	21,064,224	-	336,908,073
Carrying amount					
As at 31 December de 2016 Restated	140,249,478	141,016,568	64,182,452	28,060,990	373,509,488
As at 31 December de 2017	137,090,965	152,636,468	48,684,061	29,512,753	367,924,247

As at 31 December 2017 the Investment related to intangible assets in progress includes 53 million euro related to IT projects and development software (50 million euro at 31 December 2016). Within that amount it is included 17 million euro of capitalizations of personnel costs related to own work (about 14.6 million euro in 31 December 2016) (Note 39).

Additionally, the caption "Patents and other similar rights" include the acquisition cost of a group of brands with indefinite useful lives among which the "Continente" brand, acquired in previous years, amounting to 75 million euro, the Salsa brand amounting to 51 million euro and Losan brand amounting to 11.6 million euro, both valued in the acquisition process in 2016.

Sonae performs annual impairment tests over the brands, and obtained for this purpose an independent assessment of Continente brand made by independent appraisers (Interbrand). As at 31 December 2017, the external evaluation performed at the beginning of 2016 was internally updated and the value more than supports the accounting value of the asset as at 31 December 2017, and no impairment was recorded in the year. Regarding the impairment analysis of the Salsa and Losan brands, these were performed through the tests described in note 10 regarding the recovery of non-current assets.

10 Goodwill

Goodwill is allocated to each operating segment and within each segment to each of the homogeneous groups of cash generating units as follows:

- Sonae Retail - Goodwill is allocated to each operating business segment, Sonae MC, Worten, Sonae Sports & Fashion and Maxmat, being afterwards distributed by each homogenous group of cash generating units, namely to each insignia within each segment distributed by country and each of the properties in case of operating segment Sonae RP;

- Sonae IM - In this segment the Goodwill is mainly related to the technology business; and

- Sonae FS – Goodwill at December 31, 2016 was related to the insurance business, including values generated before the date of the adoption of IFRS and supported by the value of the customer portfolio (Portugal) as well as with the subsequent business combination acquired in Brazil. As a result of the loss of control over the MDS, this amount was canceled through the derecognition of the respective assets.

As at 31 December 2017 and 2016, the caption “Goodwill” was made up as follows by insignia and country:

Insignia	31 Dec 2017				
	Portugal	Spain	Brazil	Other countries	Total
Sonae MC	495,168,601	-	-	-	495,168,601
Worten	65,283,532	-	-	-	65,283,532
Sonae Sports & Fashion	57,571,018	245,817	-	-	57,816,835
Sonae RP	2,142,168	-	-	-	2,142,168
Sonae IM	2,686,758	-	7,090	11,258,229	13,952,077
	622,852,077	245,817	7,090	11,258,229	634,363,213

Insignia	31 Dec 2016 Restated				
	Portugal	Spain	Brazil	Other countries	Total
Sonae MC	485,622,266	-	-	-	485,622,266
Worten	65,283,532	-	-	-	65,283,532
Sonae Sports & Fashion	57,475,521	95,497	-	-	57,571,018
Sonae RP	2,651,846	-	-	-	2,651,846
Sonae IM	2,686,758	-	7,090	11,533,124	14,226,972
Sonae FS	8,363,810	-	21,764,904	-	30,128,714
	622,083,733	95,497	21,771,994	11,533,124	655,484,348

During the year ended in 31 December 2017 and 2016, movements occurred in Goodwill as well as in the corresponding impairment losses, are as follows:

	31 Dec 2017	31 Dec 2016
Gross value:		
Opening balance	671,687,610	620,657,733
Re-allocation of goodwill to the fair value of the assets acquired (Note 4.1)	-	1,731,680
Opening balance restated	671,687,610	622,389,413
Discontinued operations (Note 5.1)	(33,674,270)	-
Goodwill generated in the period (Note 5.2)	9,546,335	45,272,228
Assets disposals	(509,678)	(795,226)
Currency translation	(2,263,844)	4,721,195
Other variations	245,817	100,000
Closing balance	645,031,970	671,687,610
Accumulated impairment		
Opening balance	16,203,262	15,074,024
Discontinued operations (Note 5.1)	(5,534,505)	-
Increases	-	1,677,383
Assets disposals	-	(540,273)
Currency translation	-	(7,872)
Closing balance	10,668,757	16,203,262
Carrying amount	634,363,213	655,484,348

The evaluation of the existence, or not, of impairment losses in goodwill is made by taking into account the cash-generating units, based on the most recent business plans duly approved by the Group's Board of Directors, which are made on an annual basis prepared with cash flow projections for periods of five years, unless there is evidence of impairment, in which case the analysis is done in shorter periods of time.

During the periods ended at 31 December 2017 and 2016, Sonae performed analysis in order to test any impairment on goodwill. As a result of that analysis, the Group didn't record impairment losses in 2017. In 2016 the Group recorded impairment losses amounting 1.7 million euro.

The main assumptions used in the above mentioned business plans are detailed as follows for each of Sonae operating segments.

Sonae Retail

For this purpose, the Sonae MC, Worten and Sonae Sports & Fashion operating segments in Portugal use internal valuation of its business concepts, using annual planning methodologies, supported in business plans that consider cash flow projections for each unit which depend on detailed and properly supported assumptions. These plans take into consideration the impact of the main actions that will be carried out by each business concept as well as a study of the resources allocation of the company.

The recoverable value of cash generating units is determined based on its value in use, which is calculated taking into consideration the last approved business plans which are prepared using cash flow projections for periods of 5 years.

The case scenarios are elaborated with a weighted average cost of capital and with a growth rate of cash-flows in perpetuity that can be detailed as follows:

	31 Dec 2017			31 Dec 2016		
	Average capital cost	Growth rate in perpetuity	Compound growth rate sales	Average capital cost	Growth rate in perpetuity	Compound growth rate sales
Sonae MC	9% to 10%	<=2%	-0.6%	9% to 10%	<=2%	-0.6%
Worten	9% to 11%	<=1%	2.6%	9% to 11%	<=1%	1.9%
Sonae Sports & Fashion	9% to 11%	<=1%	6.1%	9% to 11%	<=1%	7%
Maxmat	9% to 11%	<=1%	10.2%	9% to 11%	<=1%	5.4%

In Sports business area, goodwill impairment analysis and non-current asset recovery analysis were made taking into account the valuation resulting from the loss of control operation that occurred in January 2018, this analysis did not result in impairment losses.

Sonae IM

The main assumptions used in segment of Sonae in Technologies are:

Business plans were prepared using the method of discounted cash flows for the period of 5 years.

As at 31 December 2017 and 2016, the assumptions used are based on the various businesses of this segment and the growth of the various geographic areas where it operates:

Technology	Basis of recoverable amount	Discount rates	Growth rate in perpetuity
Information Systems			
Telecommunications	value of use	6,75%-16,75%	1%
Retail	value of use	10.5%	3%
Cybersecurity	value of use	7,5%-10,75%	3%
Others	value of use	9%-13,5%	1%-2%

The analyses of the impairment indices and the review of the impairment projections and tests of Sonae have not lead to the account of losses, during the year ended at 31 December 2017. For the sensitivity analyses made, required in the IAS 36 - Impairment of Assets, have not lead to material changes of the recoverable value. Therefore, this results in imaterial additional impairments.

11 Joint ventures and associated companies

11.1 Detail of book value of investment in joint ventures and associates

The value of investments in joint ventures and associates can be analysed as follows:

COMPANY	31 Dec 2017	31 Dec 2016
Sonae MC		
1) Sohi Meat Solutions - Distribuição de Carnes, SA	2,361,045	-
Sonae Sierra		
Sonae Sierra SGPS, SA (consolidated)	600,833,979	605,762,434
NOS		
ZOPT, SGPS, SA (consolidated)	688,194,866	676,799,309
Sonae IM		
Inteligente Big Data, S.L.	-	-
SIRS - Sociedade Independente de Radiodifusão Sonora, SA	-	-
Unipress - Centro Gráfico, Lda	608,237	588,925
Sonae FS		
2) MDS SGPS, S.A. (consolidated)	31,495,372	-
Investments in joint ventures	1,323,493,499	1,283,150,668
Sonae MC		
APOR - Agência para a Modernização do Porto, S.A.	290,475	323,193
MOVVO, S.A.	-	2,793,649
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	1,050,793	1,338,322
S2 Mozambique, SA	1,592,748	1,406,710
Ulabox, SL	4,046,829	3,817,381
Sonae IM		
Armilar Venture Partners - Sociedade de Capital de Risco, SA (Armilar)	1	1
Fundo de Capital de Risco Armilar Venture Partners II (Armilar II)	44,333,718	35,416,004
Fundo de Capital de Risco Armilar Venture Partners III (Armilar III)	24,920,506	26,173,814
Fundo de Capital de Risco Espirito Santo Ventures Inovação e Internacionalização (AVP I+I)	9,431,245	6,885,820
3) Secucloud GMBH	4,819,257	-
3) Probe.ly - Soluções de Cibersegurança, Lda	471,766	-
Sonae FS		
2) Brokerslink Management AG	-	124,834
2) Filhet Allard Espanha Correduria de Seguros S.L.	-	840,494
Investment in associates companies	90,957,338	79,120,222
Total	1,414,450,837	1,362,270,890

- 1) In 2016 results from the agreement signed on January 2017, since then, Sohimeat has been consolidated using the equity method due the loss of control (Note 21);
- 2) Discontinued operations (Note 5.1);
- 3) Associate acquired during the period.

Following the announcement made on August 5th 2016, the subsidiary Sonae IM together with a group of investors entered into an agreement with NOVO BANCO, SA and its subsidiary, ES TECH VENTURES, SGPS, SA for the acquisition, to the Novo Banco, of units in three venture capital funds and of the entire share capital of Armilar held by its subsidiary ES TECH VENTURES, SGPS, SA After approval by Banco de Portugal, the transaction was completed on 13 December 2016.

The management of the funds, according to the applicable legislation, is the responsibility of the management company. The management company has autonomy in relation to the management and investment policies of the funds, and this is not a competence of the holders of units. The participation of the subsidiary Sonae IM in the management company is 35%, not exercising control over it, in accordance with the legal framework and, in accordance with the context and specificity of the transaction, a fair value of 1 euro was assumed. As described, under this operation, the acquired participations were classified as 'Investments in associated companies'.

In March 2017, an increase in units of the Armilar III fund was approved, and Sonae IM subscribed and paid the amount of Euro 622,996, corresponding to 0.41%, in July 2017 a new increase of Armilar III fund, in which Sonae IM

subscribed and paid in the amount of Euro 302,598, corresponding to 0.20% and in November 2017, another increase of units in the Armilar III fund was approved and Sonae IM subscribed and paid the amount of Euro 484,103, corresponding to 0.04%, and in the year ended at 31 December 2017 held a 42.64% stake in the Armilar III fund. Also in July 2017, there was a change in the number of units in the Armilar II fund due to the departure of one of the Shareholders, thus giving SonaeIM a 50.74% stake in the fund in the year ended at 31 December 2017.

As part of this transaction, debt of the Armilar II and Armilar III funds to Armilar was also acquired, in the amount of Euro 1,503,670 and Euro 1,274,357, respectively, which is recorded under the caption 'Other non-current assets' (Note 13).

IAS 28 contains the option to keep the investments at fair value in situations of investments in associates that are held through venture capital funds. Sonae IM made this option in applying the equity method to Armilar I, Armilar II and ESVIINT funds, and maintained the fair value recognised by the funds in its investments. Associates and joint ventures are included in the consolidation under the equity method.

During the year of 2017 Sonae IM invested Euro 4,000,000 in the company Secucloud, representing this investment 27.45% of the company's capital. Secucloud is a company that provides cloud-based IT security services.

11.2 Financial indicators of participations

11.2.1 Joint ventures

As at 31 December 2017 and 2016, summary financial information of joint ventures of the group can be analysed as follows:

Joint ventures	31 Dec 2017				
	Sonae Sierra SGPS, SA (consolidated)	ZOPT, SGPS, SA (consolidated)	MDS,SGPS,SA (consolidated)	Sohimeat, SA	Others
Assets					
Investment properties	781,879,364	661,000	857,259	-	-
Tangible assets	1,885,203	1,181,572,000	2,376,935	20,771,255	548,080
Intangible assets	1,456,440	567,506,327	9,605,565	309,299	6,451
Goodwill	4,273,688	1,746,817,673	29,202,474	-	-
Investments in joint ventures and associates	1,222,965,224	216,619,000	9,098,383	-	518
Other non-current assets	137,615,774	117,430,000	3,426,579	204,757	-
Non-current assets	2,150,075,693	3,830,606,000	54,567,195	21,285,311	555,049
Trade account receivables	22,354,195	406,904,000	4,916,146	26,859,097	1,472,711
Cash and cash equivalents	68,144,912	5,493,000	10,448,200	367,901	215,122
Other current assets	81,508,716	135,067,000	3,981,786	9,110,188	248,821
Current assets	172,007,823	547,464,000	19,346,132	36,337,186	1,936,654
Total assets	2,322,083,516	4,378,070,000	73,913,327	57,622,497	2,491,703
Liabilities					
Loans	198,185,930	997,423,000	15,575,000	-	463,240
Provisions	593,621	174,546,000	3,553,138	-	11,121
Deferred tax liabilities	133,752,991	36,450,000	-	-	-
Other non-current liabilities	10,175,020	32,617,000	5,804,829	-	-
Non-current liabilities	342,707,562	1,241,036,000	24,932,967	-	474,361
Loans	171,613,095	210,175,000	6,419,272	-	26,262
Trade creditors	5,867,742	224,917,000	2,590,507	50,874,796	746,055
Other current liabilities	72,855,540	318,261,000	13,197,002	2,642,558	486,774
Total current liabilities	250,336,377	753,353,000	22,206,781	53,517,354	1,259,091
Total liabilities	593,043,939	1,994,389,000	47,139,748	53,517,354	1,733,452
Equity attributable to the equity holders of the Parent Company	1,150,533,916	1,218,544,000	24,734,144	4,105,143	758,251
Non-controlling interests	578,505,661	1,165,137,000	2,039,435	-	-
Total equity	1,729,039,577	2,383,681,000	26,773,579	4,105,143	758,251
Total equity and liabilities	2,322,083,516	4,378,070,000	73,913,327	57,622,497	2,491,703

Joint ventures	31 Dec 2016		
	Sonae Sierra SGPS, SA (consolidated)	ZOPT, SGPS, SA (consolidated)	Others
Assets			
Investment properties	805,733,400	663,000	-
Tangible assets	2,009,354	1,205,070,385	821,056
Intangible assets	2,000,546	601,491,621	-
Goodwill	4,273,688	1,749,001,673	-
Investments in joint ventures and associates	1,169,527,759	194,168,879	-
Other non-current assets	94,653,928	139,012,122	97
Non-current assets	2,078,198,675	3,889,407,680	821,153
Trade account receivables	21,155,728	348,926,000	1,352,079
Cash and cash equivalents	149,628,277	7,094,383	61,807
Other current assets	66,133,531	178,414,846	235,728
Current assets	236,917,536	534,435,229	1,649,614
Total assets	2,315,116,211	4,423,842,909	2,470,767
Liabilities			
Borrowings	367,154,873	1,035,508,000	25,000
Provisions	259,543	190,152,493	-
Provisions	125,100,631	45,549,133	-
Other non-current liabilities	13,777,979	40,198,283	1,043,985
Non-current liabilities	506,293,026	1,311,407,909	1,068,985
Borrowings	52,995,528	224,692,000	26,262
Trade creditors	9,678,526	238,850,632	237,941
Other current liabilities	78,253,599	298,337,368	207,202
Total current liabilities	140,927,653	761,880,000	471,405
Total liabilities	647,220,679	2,073,287,909	1,540,390
Equity attributable to the equity holders of the Parent Company	1,159,410,669	1,192,361,000	930,377
Non-controlling interests	508,484,863	1,158,194,000	-
Total equity	1,667,895,532	2,350,555,000	930,377
Total equity and liabilities	2,315,116,211	4,423,842,909	2,470,767

Joint ventures	31 dez 2017				
	Sonae Sierra SGPS, SA (consolidated)	ZOPT, SGPS, SA (consolidated)	MDS,SGPS,SA (consolidated)	Sohimeat, SA	Others
Turnover	173,355,890	1,548,935,000	48,759,980	270,805,753	3,807,990
Other operating income	64,490,337	12,846,000	724,108	42,431,164	64,377
	237,846,027	1,561,781,000	49,484,088	313,236,917	3,872,367
Cost of sales	-	-	-	(253,593,835)	-
External supplies and services	(78,210,260)	(180,072,000)	(24,476,991)	(9,181,542)	(1,522,834)
Amortisation	(1,035,809)	(443,229,000)	(3,815,644)	(2,099,216)	(416,949)
Other operating costs	(58,635,105)	(814,131,000)	(21,502,449)	(48,325,516)	(1,756,300)
	(137,881,174)	(1,437,432,000)	(49,795,084)	(313,200,109)	(3,696,083)
Financial income	6,876,429	20,251,000	83,736	-	-
Financial expense	(14,820,405)	(25,528,000)	(878,735)	(41)	(2,627)
Financial results	(7,943,976)	(5,277,000)	(794,999)	(41)	(2,627)
Results of joint ventures and associated companies	132,052,492	-	12,112	-	(16)
Income taxation	(26,095,351)	(10,929,000)	158,077	5,323	(29,685)
Consolidated net income/(loss) for the year	197,978,018	108,143,000	(935,806)	42,090	143,956
Attributable to:					
Equity holders of the Parent Company	109,951,209	55,558,000	(876,353)	42,090	143,956
Non-controlling interests	88,026,809	52,585,000	(59,453)	-	-
	197,978,018	108,143,000	(935,806)	42,090	143,956
Other comprehensive income for the period	(44,073,377)	3,362,574	-	-	-
Total comprehensive income for the period	153,904,641	111,505,574	(935,806)	42,090	143,956

Joint ventures	31 Dec 2016		
	Sonae Sierra SGPS, SA (consolidated)	ZOPT, SGPS, SA (consolidated)	Others
Turnover	179,459,748	1,496,692,000	3,067,104
Other operating income	69,024,819	18,277,123	20,783
	248,484,567	1,514,969,123	3,087,887
External supplies and services	(93,955,080)	(184,363,856)	(815,737)
Amortisation	(1,042,401)	(414,383,923)	(677,602)
Other operating costs	(57,303,855)	(795,816,221)	(1,518,803)
	(152,301,336)	(1,394,564,000)	(3,012,142)
Financial income	6,255,947	-	-
Financial expense	(17,178,012)	(36,343,614)	(3,373)
Financial results	(10,922,065)	(36,343,614)	(3,373)
Results of joint ventures and associated companies	244,336,264	-	-
Income taxation	(24,400,132)	(15,802,247)	(17,348)
Consolidated net income/(loss) for the year	305,197,298	68,259,262	55,024
Attributable to:			
Equity holders of the Parent Company	181,196,494	34,168,262	55,024
Non-controlling interests	124,000,802	34,091,000	-
	305,197,296	68,259,262	55,024
Other comprehensive income for the period	65,063,353	(46,465,547)	-
Total comprehensive income for the period	370,260,649	21,793,715	55,024

The reconciliation of financial information with the joint ventures carrying amount can be analysed as follows:

Joint ventures	31 Dec 2017				
	Sonae Sierra SGPS (consolidated)	ZOPT, SGPS, SA (consolidated)	MDS, SGPS, SA (consolidated)	Sohimeat, SA	Others
Equity	1,150,533,916	1,218,544,000	24,734,144	4,105,143	758,251
Percentage of share capital held	50%	50%	50%	50%	45%
Share of the net assets	575,266,958	609,272,000	12,367,072	2,052,572	341,137
Write off of GW recognized in share of net assets	(9,856,000)	(437,250,418)	(14,601,237)	-	-
Goodwill recognized in financial investment	41,989,330	523,664,000	-	-	123,735
Fair value of the client portfolio	-	-	33,676,745	-	-
Other effects	(6,566,309)	(7,490,716)	52,792	308,474	143,365
Financial investment	600,833,979	688,194,866	31,495,372	2,361,045	608,237

Joint ventures	31 Dec 2016		
	Sonae Sierra SGPS (consolidated)	ZOPT, SGPS, SA (consolidated)	Others
Equity	1,159,410,669	1,192,361,000	930,377
Percentage of share capital held	50%	50%	45%
Share of the net assets	579,705,335	596,180,500	418,577
Write off of GW recognized in share of net assets	(10,115,522)	(437,250,418)	-
Goodwill recognized in financial investment	42,862,305	523,664,000	123,736
Other effects	(6,689,683)	(5,794,773)	46,611
Financial investment	605,762,434	676,799,309	588,924

11.2.2 Associates

As at 31 December 2017 and 2016, summary financial information of associated companies of the Group can be analysed as follows:

Associates	31 Dec 2017			
	Sonae Retail			
	Sempre a Postos	Ulabox	S2 Mozambique	Others
Non-current assets	725,966	1,654,169	5,677,724	678,593
Current assets	10,326,802	1,253,456	2,383,755	2,356,130
Non-current liabilities	-	-	-	1,955,112
Current liabilities	6,849,597	1,284,421	2,959,516	831,108
Equity	4,203,171	1,623,204	5,101,963	248,503

Associates	31 Dec 2016			
	Sonae Retail			
	Sempre a Postos	Ulabox	S2 Mozambique	Others
Non-current assets	1,205,266	1,176,547	3,517,781	986,708
Current assets	10,371,548	1,662,970	1,838,977	3,316,322
Non-current liabilities	-	-	-	2,240,946
Current liabilities	6,223,527	531,941	667,722	977,842
Equity	5,353,287	2,307,576	4,689,036	1,084,242

Associates	31 Dec 2017				
	Sonae IM				
	Armillar II	Armillar III	AVP I+I	Armillar	Others
Non-current assets	91,385,627	66,583,123	32,012,958	19,431	1,696,324
Current assets	1,356,789	3,111,491	46,268	4,889,088	4,321,426
Non-current liabilities	-	-	6,280,655	-	717,697
Current liabilities	5,361,017	11,350,315	655,990	677,581	4,034,788
Equity	87,381,399	58,344,299	25,122,581	4,230,938	1,265,265

Associates	31 Dec 2016				
	Sonae IM				
	Armillar II	Armillar III	AVP I+I	Armillar	Others
Non-current assets	80,587,398	69,452,246	18,585,117	3,642	572,127
Current assets	2,933,897	3,295,118	109,272	4,950,669	1,632,456
Non-current liabilities	8,965,340	7,111,940	-	-	-
Current liabilities	4,015,124	3,305,034	352,213	1,007,838	1,179,340
Equity	70,540,831	62,330,390	18,342,176	3,946,473	1,025,243

Associates	31 Dec 2017			
	Retail			
	Sempre a Postos	Ulabox	S2 Mozambique	Others
Turnover	55,921,357	9,245,815	5,663,675	669,254
Other operating income	3,200,459	477,435	272,509	15,294
Operating costs	(56,167,963)	(13,542,972)	(8,839,842)	(2,381,661)
Financial results	6,153	-	(286,954)	(1,194)
Taxation	(790,832)	-	(48,398)	(100)
Consolidated net income/(loss) for the year	2,169,174	(3,819,722)	(3,239,010)	(1,698,407)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	2,169,174	(3,819,722)	(3,239,010)	(1,698,407)

Associates	31 Dec 2017				
	Sonae IM				
	Armillar II	Armillar III	AVP I+I	Armillar	Others
Turnover	100,098	-	-	2,245,243	1,494,167
Other operating income	18,521,689	12,045,030	14,276,984	12,799	580,232
Operating costs	(662,479)	(18,696,970)	(8,449,425)	(1,831,578)	(6,053,646)
Financial results	(90,352)	298,868	66,017	-	(4)
Taxation	-	-	-	(142,000)	-
Consolidated net income/(loss) for the year	17,868,956	(6,353,072)	5,893,576	284,464	(3,979,251)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	17,868,956	(6,353,072)	5,893,576	284,464	(3,979,251)

Associates	31 Dec 2016					
	Retail				Sonae IM	
	Sempre a Postos	Ulabox	S2 Mozambique	Others	Funds	Others
Turnover	53,935,164	7,483,591	2,085,457	433,737	-	1,563,422
Other operating income	3,437,205	298,931	-	88,062	-	1,165
Operating costs	(54,995,713)	(11,900,557)	(2,750,597)	(4,450,287)	-	(1,501,729)
Financial results	9,534	-	29,875	(16,443)	-	7,971
Taxation	(566,900)	-	-	(40)	-	(24,800)
Consolidated net income/(loss) for the year	1,819,290	(4,118,035)	(635,265)	(3,944,971)	-	46,029
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	1,819,290	(4,118,035)	(635,265)	(3,944,971)	-	46,029

The reconciliation of financial information with the associates carrying amount can be analysed as follows:

Associates Sonae Retail	31 Dec 2017			
	Ulabox	Sempre a Postos	S2 Mozambique	Others
Equity	1,623,204	4,203,171	5,101,963	248,503
Percentage of share capital held	40.41%	25.00%	30.00%	-
Share of the net assets	655,937	1,050,793	1,530,589	27,433
Goodwill recognized in financial investment	1,549,408	-	-	137,494
Other effects	1,841,484	-	62,159	125,548
Financial investment	4,046,829	1,050,793	1,592,748	290,475

Associates Sonae Retail	31 Dec 2016			
	Ulabox	Sempre a Postos	S2 Mozambique	Others
Equity	2,307,576	5,353,287	4,689,036	1,084,242
Percentage of share capital held	39.18%	25.00%	30.00%	-
Share of the net assets	904,108	1,338,322	1,406,710	237,143
Goodwill recognized in financial investment	1,245,985	-	-	2,769,074
Other effects	1,667,288	-	-	110,625
Financial investment	3,817,381	1,338,322	1,406,710	3,116,842

Associadas Sonae IM	31 Dec 2017					
	Armilar	Armilar II	Armilar III	AVP I+I	Seccloud	Probely
Equity	4,230,938	87,381,399	58,344,299	25,122,581	1,455,878	(190,613)
Percentage of share capital held	35.00%	50.74%	42.64%	37.54%	27.45%	25.88%
Share of the net assets	1,480,828	44,337,322	24,878,009	9,431,017	399,639	(49,331)
Goodwill recognized in financial investment	-	-	-	-	4,419,742	515,379
Other effects	(1,480,827)	(3,604)	42,497	228	(124)	5,717
Financial investment	1	44,333,718	24,920,506	9,431,245	4,819,257	471,766

Associates Sonae IM e Sonae FS	31 Dec 2016				
	Sonae IM				Sonae FS
	Armilar	Armilar II	Armilar III	AVP I+I	Others
Equity	3,946,473	70,540,831	62,330,390	18,342,176	1,563,422
Percentage of share capital held	35.00%	50.21%	41.99%	37.54%	-
Share of the net assets	1,381,266	35,418,551	26,172,531	6,885,653	466,469
Goodwill recognized in financial investment	-	-	-	-	-
Other effects	(1,381,265)	(2,547)	1,283	167	498,859
Financial investment	1	35,416,004	26,173,814	6,885,820	965,328

11.3 Movements occurred in the period

During the year ended at 31 December 2017 and 2016, movements in investments in joint ventures and associates are as follows:

	31 Dec 2017			31 Dec 2016		
	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
Investments in joint ventures						
Initial balance as at 1 January	716,500,628	566,650,040	1,283,150,668	638,605,623	571,752,489	1,210,358,112
Change of consolidation method due to loss of control	35,237,454	-	35,237,454	-	-	-
Equity method						
Effect in gains or losses in joint controlled ⁽¹⁾	81,688,116	-	81,688,116	109,015,083	(4,391,103)	104,623,980
Distributed dividends	(53,929,242)	-	(53,929,242)	(30,686,194)	-	(30,686,194)
Effect in equity capital and non-controlling interests	(21,417,071)	-	(21,417,071)	(73,064)	-	(73,064)
Impairment in joint ventures ⁽¹⁾	-	(872,975)	(872,975)	-	(711,346)	(711,346)
Other effects in net income ⁽¹⁾	(363,451)	-	(363,451)	(360,820)	-	(360,820)
	757,716,434	565,777,065	1,323,493,499	716,500,628	566,650,040	1,283,150,668
Investments in associates companies						
Initial balance as at 1 January	75,105,163	4,015,059	79,120,222	2,807,146	1,723,842	4,530,988
Capital increase	4,593,031	303,423	4,896,454	4,697,727	(340,363)	4,357,364
Acquisitions during the period	(417,871)	4,935,121	4,517,250	31,897,505	481,659	32,379,164
Change in consolidation method due to loss of control	(532,545)	(481,659)	(1,014,204)	-	-	-
Transfer of "Other non-current investments" and change method	-	-	-	1,102,140	2,149,921	3,252,061
Equity method						
Effect in gains or losses in associated companies ⁽¹⁾	5,925,562	-	5,925,562	(1,796,826)	-	(1,796,826)
Negative goodwill recording by results	-	-	-	36,726,300	-	36,726,300
Distributed dividends	(829,823)	-	(829,823)	(352,947)	-	(352,947)
Effect in equity capital and non-controlling interests	1,185,313	-	1,185,313	24,118	-	24,118
Impairment in associated companies	(693,515)	(2,149,921)	(2,843,436)	-	-	-
	84,335,315	6,622,023	90,957,338	75,105,163	4,015,059	79,120,222
Total	842,051,749	572,399,088	1,414,450,837	791,605,791	570,665,099	1,362,270,890

(1) The effect on results includes, as at 31 December 2017, 26,626 euros (210,741 euros as at 31 December 2016) related to the application of the equity method, which, however, was transferred to "Discontinued Activities" (note 5.1).

In the year ended 31 December 2017, the value of acquisitions includes the investment in the company Secucloud amounting to 4,000,000 euros.

The effect on equity and non-controlling interests results mainly from the effect of currency translation reserve of companies with a functional currency other than the euro. In 2016, it also included 50% of the capital gain annulled through Reserves in the amount of 9,362,943 euros related to the sale of the 2.14% direct interest held in NOS and sold to Zopt.

The amount of distributed dividends related to Investments in Joint Ventures includes Sonae Sierra's 37.391.100 euro (12,355,520 euro as at 31 December 2016) and 16.512.005 euro (18.511.947 euro as at 31 December 2016) of ZOPT.

As established in the shareholders agreement between Sonaecom, Kento Holding Limited and Jadeium BV (currently named Unitel International Holdings, BV), on 14 June 2016, Sonaecom sold all its direct participation in NOS (2.14%) to ZOPT by the amount of Euro 82,840,847. This transaction generated a capital gain of 18,725,887 (note 12), being 50% of the capital gain annulled through Reserves and the other 50% registered in Gains and losses on financial assets at fair value through profit or loss (Note 35). In addition, the transaction also had impact on the equity method recorded through reserves by reducing the fair value of 2.14% of non-controlling interests. These impacts on Reserves were presented net in the consolidated statement of change in equity.

The value of change of consolidation method due to loss of control includes:

- a) 32.534.003 euros relates to MDS SGPS, S.A. following the agreement signed between Sonae and IPLF Holding (Notes 4.2 e 5.1). At the date of presentation of these financial statements, it was not yet possible to complete the fair value analysis of the assets and liabilities included in the joint venture. This allocation will be made up to one year from the date of change, having preliminarily been made a valuation of intangible assets related to client portfolio, according to usual industry practice, and which annuls, almost in full the value of goodwill generated in the acquisition. The client portfolio is being amortised over a 12 years period; and
- b) 2.703.451 euros referring to Sohi Meat Solutions- Distribuição de Carnes, SA, following the agreement signed on January 3, 2017, the date on which a Joint Venture was formed between Sonae MC and Hilton Food Group PLC through a capital increase of this Group in Sohimeat. Since then, Sohimeat has been consolidated using the equity method.

In the year ended 31 December 2016, the value of acquisitions in the year in associates mainly includes the cost of participation in the capital of Armilar, Armilar II, Armilar III and AVP II, which includes a negative goodwill of 36,726,301 euros.

The measurement of the existence or not of impairment in investments in joint ventures companies is determined as follows:

- Regarding the area of telecommunications (Zopt), the assessment of whether or not the impairment for the amounts of investments included in Goodwill recorded in the accompanying consolidated financial statements for the telecommunications sector (Zopt), is determinate taking into account with several information as business plans approved by the Board of Directors of NOS for five years, which implied average growth rate of operating margin amounts to 3.4% and its associated, and the average rating of external reviewers (researches), the discount rate used is 7.4% and the growth rate in perpetuity is 1.4%; and
- Regarding Sonae Sierra the impairment tests are made by comparison with the "Net Asset Value ", this results from the valuation of investment properties at market value and does not include the deferred taxes on unrealized capital gains. The amount of goodwill written off was related to the value of investment properties that were disposed of during the year.

The consolidated financial statements of ZOPT have a significant exposure to the African market, particularly through financial investments that Group holds in associated companies operating in the Angolan and Mozambican markets, which are engaged in providing satellite and fiber television services. The book value of these associates in the financial statements of ZOPT as at 31 December 2017 amounts to approximately Euro 195 million.

During the last quarter of 2017, Angola was considered a hyperinflationary economy, and the individual financial statements of the investees in Angola were restated (for consolidation purposes) in accordance with IAS 29 - Financial Reporting in Hyperinflationary Economies. Effective at 1 January 2017, the financial participation (including implicit goodwill of Euro 171.1 million) on the Angolan associates was adjusted by the effect of hyperinflation by a total of Euro 140.5 million and reduced by 138.5 million of impairment losses on the holding. The net amount of approximately Euro 2 million was recorded under 'Other reserves'. The effect of hyperinflation during this year was again adjusted by the effect of hyperinflation, with a net impact of approximately Euro 3.2 million (including Euro 38.6 million of impairment losses) under 'Losses / gains in investees'.

The Group made impairment tests for those assets, which are denominated in the currencies of those countries, Kwanzas and Meticals, respectively, considering the business plans (internal valuation using the discounted cash flow method, compared to researches) approved by the Board of Directors for a five years period, which include average growth rates of revenue for that period of 14.5% (Angola) and 8.1% (Mozambique). These revenue growth rates reflects: (i) the best estimate for the growth of the customer base, reflecting an expectation of new clients and churn estimated rates, when considered prudent, and (ii) an annual price increase which corresponds, over the period 2017 to 2021, to an average of 75% of the inflation rate, since, considering the nature of the activity carried out by the

companies, especially in Angola and in line with the price increases in previous years, it is not expected that companies will be able to reflect in their prices the total inflation in the country.

The business plans consider yet a growth rate in perpetuity of 9.5% (Angola) and 5.5% (Mozambique) and a discount rate ('wacc') in perpetuity of 20.1% (Angola) and 21% (Mozambique). The discount rate, over the period 2018 to 2022 ranged from a maximum of 43.8% to a minimum of 20.1% (in 2022), for Angola, and from a maximum of 35% to a minimum of 21% (2022) in Mozambique, in line with the most appropriate inflation forecasts (source: International Monetary Fund (FMI)). The impairment tests carried out, based on the assumptions above, disregarding the effect of the adjustment to the effects of hyperinflation in the amount of financial investment, support the value of the assets, so not result in additional impairments was recorded in relation to the effect of the hyperinflationary economy. However, that the current economic conditions of uncertainty in these markets, particularly in the foreign exchange market and the limitation of currency transfer, particularly in Angola, introduces an additional degree of variability to the assumptions, which could significantly impact of the estimates considered, in terms of of the rate of inflation and the ability to reflect the rate in price increases.

With respect to the Angolan associates intervals above the usual were used in the sensivity analyses, in which variations of 2pp in WACC and 0.5 pp in the perpetuity growth rate allow us to conclude that in extreme situations, with a high rate of inflation and a lower capacity of the company to reflect a higher price increase (analysed scenarios of price repercussion between 50% and 100% of the inflation rate, being this the most critical variable with impacts in variation of 65% and 139% of the book value), the valuation would not support the assets' value, varying between 61% and 156% of the book value.

The Board of Directors' conviction is that the assumptions used in the business plans are the most prudent and appropriate, and that the situations of high inflation and lower capacity of the company to reflect a higher price increase correspond to extreme situations.

The financial participations of Armilar II, Armilar III and AVP I+I are valued at fair value and classified in the corresponding hierarchy of fair value, as shown in the table below:

(Amounts in thousands of euro)	31 Dec 2017		
	Armilar II	Armilar III	AVP I+I
Fair value hierarchy			
Level 2	-	25,762	29,830
Level 3	90,745	37,370	1,813
	90,745	63,132	31,643

Level 2 valuation techniques are essentially related to valuations resulting from the last transaction or firm acquisition offers, from significant percentages of holdings occurring in non-active markets.

Level 3 valuation techniques are essentially supported by: (i) Business plans of the subsidiaries, in which discount rates ranging from 6.10% to 25.0% were used, revenue growth rates over the projection period (CAGR) ranging between 2.3% and 134.6% and where the terminal value was estimated by a mix of multiples applied mainly on Revenue and EBITDA. It should be noted that the implied appreciation of the investments held by the Fund results from a set of sensitivities applied to the original parameters of the Business Plans made available by the management of the Subsidiaries; and (ii) Market Multiples in similar transactions applied to Revenues, Free Cash Flow, EBITDA, Recurring Revenues and other financial data of the Subsidiary.

Armilar III and AVP I + I include a level 2 share with an accounting value of approximately Euro 20 million and Euro 26 million, respectively, which was valued based on the last non-active transaction in July 2017. It should be noted that these values are perfectly fit in those that would be obtained if the valuation methodology adopted was the use of market multiples.

Level 3 includes a subsidiary with a book value of approximately Euro 88 million in the AVP II, which was valued using market multiples, namely using the most relevant metric for this type of company, the ARR (Annual Recurring Revenue). Given that this multiple increased approximately 60% compared to 2016, valuation, for prudential reasons, was based on an intermediate value resulting from the application of the multiple on the entity's financial data for

2016 and 2017. In addition, other multiples which revised the amount appreciated at 31 December 2017. It should be noted that this investee was classified in level 2 of fair value in 2016 since its valuation was based on a transaction that occurred in January of the same year.

Evidence of impairment analysis and review of the projections and impairment tests did not lead to the counting of losses in the years ended at 31 December 2017 and 2016.

The sensitivity analysis carried out did not lead to material changes in the recovery values, so no impairment would result.

Contingent liabilities an additional information related to joint ventures are disclosed in Note 47.

12 Other investments

Other non-current investments, their head offices, percentage of share capital held and book value as at 31 December 2017 and 2016, are as follows:

Company	Head Office	Percentage of share capital held				Statement of financial position	
		31 Dec 2017		31 Dec 2016		31 Dec 2017	31 Dec 2016
		Direct	Total	Direct	Total		
Sonae MC							
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	14.28%	14.28%	14.28%	14.28%	9,976	9,976
Inscó - Insular de Hipermerc., SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	925,197	925,197
Sonae IM							
1) ArcticWolf Networks, Inc	Delaware	4.68%	4.21%	-	-	3,830,113	-
1) Continuum Security SL	Zaragoza	6.66%	5.99%	-	-	299,802	-
Lusa - Agên. de Notícias de Portugal, SA	Lisbon	1.38%	1.24%	1.38%	1.24%	35,462	75,069
1) Ometria, Ltd.	London	4.54%	4.08%	-	-	854,165	-
1) StyleSage, Inc.	Delaware	5.00%	4.50%	-	-	448,834	-
Sonae FS							
Ed Broking LLP	London	6.68%	3.34%	6.68%	3.34%	-	8,000,000
Other investments						13,020,226	11,774,208
						19,423,775	20,784,450

1) Investment acquired in the period.

During 2017, Sonae IM acquired a 4.68% stake in Arctic Wolf for the amount of USD 4,499,999 (Euro 3,830,113). Arctic Wolf is a North American technology specialist in cybersecurity.

The financial investment in Ed Broking LLP was revalued to its fair value as at 31 December 2016 based on EBITDA multiples adjusted by the net debt value and sales multiples by region adjusted by the costs of the central structure after optimization. This valuation led to a reduction in the investment amounting 7.2 million euros corresponding to an impairment in the same amount as at 31 December 2016. The disposal, of the company's North American operation and the costs associated with the ongoing restructuring significantly affected the valuation of the company taking into account the valuation criteria used. Both valuations correspond to Level 3 of Fair Value, although the multiples used are market benchmarks.

As at 31 December 2017 the caption "Other investments" includes, among others, 9,919,677 euro (9,966,231 euro in 31 December 2016) related to deposited amounts on an Escrow Account which is applied in investment funds with superior rating, which is a guarantee for contractual liabilities assumed in the disposal of a Brazil Retail business and for which provisions were recorded in the applicable situations (Note 32 and 34).

As at 31 December 2017, with the exception of Escrow Account, these amounts represent financial investments of immaterial value in unlisted companies and in which the Group does not hold significant influence, their cost of

acquisition was considered to be a reasonable approximation to its fair value, adjusted, if applicable, by the identified impairments.

As at 31 December 2017 and 2016, the movements in "Other investments" made up as follows:

	31 Dec 2017		31 Dec 2016	
	Non current	Current	Non current	Current
Other investments:				
Fair value (net of impairment losses) as at 1 January	20,784,450	161,050	29,549,661	79,924,887
Acquisitions in the period	6,808,903	-	1,533,774	166,533
Disposals in the period	(15,931)	-	(1,061,109)	(64,187,435)
Increase/(decrease) in fair value	(123,713)	(161,050)	(7,273,998)	(15,742,935)
Transfers	-	-	(1,963,878)	-
Discontinued operations (Note 5.1)	(8,029,934)	-	-	-
Fair value (net of impairment losses) as at 31 December	19,423,775	-	20,784,450	161,050
Derivative financial instruments (Note 26)				
Fair value as at 1 January	-	4,207,972	-	2,506,087
Acquisitions in the period	-	-	-	2,393,451
Increase/(decrease) in fair value	-	(4,028,091)	-	(691,566)
Fair value as at 31 December	-	179,881	-	4,207,972
	19,423,775	179,881	20,784,450	4,369,022

As at 31 December 2016:

- The amount of increase/(decrease) in fair value in the caption "Other non-current investments" is related to the measurement at fair value of the investment in Ed Broking LLP 7,272,998 euro;

- The fair value increase / (decrease) in the caption "Other current investments" is mainly associated to the fair value of NOS investment up to the disposal date in the amount of 15,681,846 euros (Note 38). The fair value of this investment was determined based on the NOS market share price and the respective changes were recorded in the consolidated income statement (Note 11.3);

- the "Disposals in the period" in "Other current investments" correspond to sale the entire NOS interest (2.14%) to ZOPT in June 2016 as described in Note 11.3. For the determination of the fair value of the NOS shares at the date of sale, the closing price of June 14, 2016 (5.822) was used for the 11,012,532 shares in the portfolio at the time of sale.

The Other non-current financial Investments are recorded at acquisition cost net of impairment losses. It is Sonae understanding that no reliable fair value estimate can be made as there is no market data available for these investments. The heading of "Other non-current Investments" includes 3,100,549 euro (2,818,219 euro in 31 December 2016) of investments recorded at the cost net of impairment losses for the same reasons.

The Other non-current Investments are net of impairment losses amounting to 476,256 euro (370,685 euro in 31 December 2016) (Note 32).

13 Other non-current assets

As at 31 December 2017 and 2016, "Other non-current assets" are detailed as follows:

	31 Dec 2017			31 Dec 2016		
	Gross Value	Accumulated impairment losses (Note 32)	Carrying Amount	Gross Value	Accumulated impairment losses (Note 32)	Carrying Amount
Trade accounts receivable and other debtors						
Legal deposits	3,916,334	-	3,916,334	762,246	-	762,246
Cautions	5,120,591	-	5,120,591	5,043,273	-	5,043,273
Special regime for payment of tax and social security debts	6,397,435	-	6,397,435	7,247,481	-	7,247,481
Rent deposits from tenants	787,615	-	787,615	-	-	-
Receivables from disposal of financial investments	1,000,000	-	1,000,000	40,000	-	40,000
Debt to receive related to Armilar Funds	2,778,017	-	2,778,017	2,778,017	-	2,778,017
Amount retained on acquisition of Salsa group	2,463,875	-	2,463,875	2,463,875	-	2,463,875
Others	463,340	-	463,340	305,524	-	305,524
Total financial instruments (Note 7)	22,927,207	-	22,927,207	18,640,416	-	18,640,416
Reinsurer's' share of technical provisions	412,943	-	412,943	412,943	-	412,943
Other non-current assets	271,793	-	271,793	172,807	-	172,807
	23,611,943	-	23,611,943	19,226,166	-	19,226,166

The amount disclosed as Special Regime for Payment of Tax and Social Security Debts corresponds to taxes paid, voluntarily, related to settlements of income tax on corporate income, which were already in judicial process. The judicial processes are still in progress, however the guarantees provided for the said processes were canceled. No impairment loss was recorded since it is the Board of Directors understanding that the claims presented will have a favourable end to Sonae, reason why they were not object of provision.

The amounts included in "Reinsurer's' share of technical provisions" refer to a Sonae's subsidiary whose activity is non-life reinsurance. The amount of the provision is related to provisions for claims declared (Note 32).

14 Inventories

As at 31 December 2017 and 2016, "Inventories" are detailed as follows:

	31 Dec 2017	31 Dec 2016
Raw materials and consumables	3,112,234	3,164,832
Goods for resale	731,937,990	713,712,744
Finished and intermediate goods	11,393,255	11,308,942
Work in progress	1,763,374	1,334,436
	748,206,853	729,520,954
Accumulated adjustments in inventories	(34,953,228)	(33,222,986)
	713,253,625	696,297,968

Cost of goods sold as at 31 December 2017 and 2016 amounted to 4.587,311,688 euro and 4.261.074.939 euro, respectively, and may be detailed as follows:

	31 Dec 2017	31 Dec 2016
Opening balance	716,877,576	665,283,359
Acquisitions of subsidiaries (Note 5.2)	586,950	9,054,531
Purchases	4,614,859,620	4,315,914,488
Adjustments	(11,686,719)	(13,487,146)
Closing balance	735,050,224	716,877,576
	4,585,587,203	4,259,887,656
Adjustments in inventories	1,724,485	1,187,283
	4,587,311,688	4,261,074,939

As at 31 December 2017 and 2016, the caption Regularization of inventories refers essentially to regularizations resulting from offers to social solidarity institutions carried out by retail.

The Caption Increase/ decrease in Production, as at 31 December 2017 and 2016 amounted to 351,870 euro and 1,273,422 euro, respectively, and may be detailed as follows:

	31 Dec 2017	31 Dec 2016
Opening balance	12,643,378	578,100
Acquisitions of subsidiaries	-	11,714,221
Adjustments	(653,636)	(699,865)
Closing balance	13,156,629	12,643,378
	1,166,887	1,050,922
Adjustments in inventories	(815,017)	222,500
	351,870	1,273,422

15 Trade accounts receivable

As at 31 December 2017 and 2016, "Trade accounts receivable" are detailed as follows:

Trade accounts receivable and doubtful accounts	31 Dec 2017			31 Dec 2016		
	Gross Value	Impairment losses (Note 32)	Carrying Amount	Gross Value	Impairment losses (Note 32)	Carrying Amount
Sonae Retail						
Sonae MC	38,613,915	(3,961,001)	34,652,914	33,022,912	(3,725,262)	29,297,650
Worten	10,470,241	(674,825)	9,795,416	6,410,376	(546,620)	5,863,756
Sonae Sports&Fashion	38,897,965	(3,583,372)	35,314,593	34,230,110	(3,204,853)	31,025,257
Sonae RP	523,593	(72,751)	450,842	182,547	(47,024)	135,523
Maxmat	33,566	(19,754)	13,812	31,665	(19,754)	11,911
Sonae IM	44,309,473	(2,539,839)	41,769,634	37,974,894	(1,879,612)	36,095,282
Sonae SF	2,208,338	-	2,208,338	6,056,636	(15,668)	6,040,968
Others	7,501,438	(1,631,697)	5,869,741	8,367,000	(833,487)	7,533,513
	142,558,529	(12,483,239)	130,075,290	126,276,140	(10,272,280)	116,003,860

Sonae's exposure to credit risk is related to accounts receivable arising from its operational activity. The amounts disclosed on the statement of financial position are net of impairment losses that were estimated based on Sonae's past experience and on the assessment of current economic conditions. It is Sonae understanding that the book value of the accounts receivable net of impairment losses does not differ significantly from its fair value.

As at 31 December 2017 there is no indication that the normal delivery periods will not be met in relation to amounts included in trade receivables that are not overdue, thus no impairment loss was recognized. As at 31 December 2017 and 2016, the ageing of the trade receivables are as follows:

	Trade Receivables				
31 Dec 2017	Sonae Retail	Sonae IM	Sonae FS	Others	Total
Not due	25,444,066	22,980,603	2,208,338	4,356,278	54,989,285
Due but not impaired					
0 - 30 days	12,344,814	5,553,063	-	560,739	18,458,616
30 - 90 days	33,911,197	3,048,519	-	104,494	37,064,210
+ 90 days	8,527,500	10,187,449	-	848,230	19,563,179
Total	54,783,511	18,789,031	-	1,513,463	75,086,005
Due and impaired					
0 - 90 days	388,065	10,699	-	-	398,764
90 - 180 days	422,017	38,502	-	-	460,519
180 - 360 days	614,201	152,297	-	297,143	1,063,641
+ 360 days	6,887,420	2,338,341	-	1,334,554	10,560,315
Total	8,311,703	2,539,839	-	1,631,697	12,483,239
	88,539,280	44,309,473	2,208,338	7,501,438	142,558,529

	Trade Receivables				
31 Dec 2016	Sonae Retail	Sonae IM	Sonae FS	Others	Total
Not due	29,942,972	19,290,195	2,937,038	6,567,529	58,737,734
Due but not impaired					
0 - 30 days	9,889,176	3,712,176	2,325,271	779,757	16,706,380
30 - 90 days	23,597,666	3,758,707	137,924	86,801	27,581,098
+ 90 days	2,911,637	9,334,204	640,735	92,072	12,978,648
Total	36,398,479	16,805,087	3,103,930	958,630	57,266,126
Due and impaired					
0 - 90 days	67,505	-	-	-	67,505
90 - 180 days	186,198	-	-	-	186,198
180 - 360 days	474,258	26,460	-	30,407	531,125
+ 360 days	6,808,198	1,853,152	15,668	810,434	9,487,452
Total	7,536,159	1,879,612	15,668	840,841	10,272,280
	73,877,610	37,974,894	6,056,636	8,367,000	126,276,140

In determining the recoverability of trade receivables, Sonae considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the consolidated financial statements reporting date. The concentration of credit risk is limited due to the large number of customers. Accordingly, it is considered that the risk of not recovering the trade receivables does not exceed the impairment created for doubtful debts.

Additionally, Sonae considers that the maximum exposure to the credit risk is the total client amounts presented in the consolidated statement of financial position.

16 Other debtors

As at 31 December 2017 and 2016, Other debtors are detailed as follows:

	31 Dec 2017	31 Dec 2016
Other debtors		
Trade creditors - debtor balances	37,512,048	40,574,473
Disposal of financial investments	-	21,584,746
Amounts receivable from insurers and policyholders	-	1,456,925
Disposal of tangible assets	2,142,406	2,310,866
Vouchers and gift cards	2,237,906	1,924,216
VAT recoverable on real estate assets and vouchers discounts	6,371,632	3,723,869
Advances to suppliers	697,627	1,122,073
Other current assets	20,902,355	18,863,035
	69,863,974	91,560,203
Accumulated impairment losses in receivables (Note 32)	(7,263,230)	(7,598,754)
Total of financial instruments (Note 7)	62,600,744	83,961,449
Other current assets	-	-
	62,600,744	83,961,449

The amounts disclosed as "Trade creditors - debtor balances" relate with commercial discounts billed to suppliers, to be net settled with future purchases - mainly in the retail segment.

The amount receivable to the disposal of financial investments includes the amount related to the disposal of the subsidiary Imoconti amounted to 21,009,032 euro, received in 2017 (Note 46).

As at 31 December 2017 and 2016, the ageing of "Other debtors" can be analysed as follows:

	Other Debtors	
	31 Dec 2017	31 Dec 2016
Not due	25,518,982	43,058,779
Due but not impaired		
0 - 30 days	4,341,902	12,702,256
30 - 90 days	30,326,620	24,005,051
+ 90 days	2,427,280	2,959,900
Total	37,095,802	39,667,207
Due and impaired		
0 - 90 days	84,383	127,013
90 - 180 days	72,424	5,672
180 - 360 days	352,424	855,916
+ 360 days	6,739,959	7,845,616
Total	7,249,190	8,834,217
Total Other Debtors	69,863,974	91,560,203

As at 31 December 2017 there is no indication that the debtors not due will not fulfil their obligations on normal conditions, thus no impairment loss was recognized.

The carrying amount of "Other debtors" is estimated to be approximately its fair value.

17 Taxes recoverable and taxes and contributions payable

As at 31 December 2017 and 2016, Taxes recoverable and taxes and contributions payable are made up as follows:

	31 Dec 2017	31 Dec 2016
Debtors values		
Income taxation	45,725,862	43,808,036
VAT	38,785,695	24,879,216
Other taxes	2,060,409	1,838,566
	86,571,966	70,525,818
Creditors values		
Income taxation	12,950,290	21,037,710
VAT	64,625,279	51,029,599
Staff income taxes withheld	5,856,546	5,719,252
Social security contributions	14,489,824	13,251,151
Other taxes	445,504	891,923
	98,367,443	91,929,635

18 Other current assets

As at 31 December 2017 and 2016, "Other current assets" is made up as follows:

	31 Dec 2017	31 Dec 2016
Invoices to be issued	8,807,168	11,429,811
Commercial discounts	25,221,050	35,591,922
Deferred costs - supplies and services	10,065,624	10,156,350
Deferred costs - rents	6,986,698	6,160,370
Insurance indemnities	122,335	1,509,212
Other current assets	12,865,520	12,063,651
	64,068,395	76,911,316

The caption "Commercial discounts" refers to promotional campaigns carried out in the retail operating segment stores and reimbursed by Sonae suppliers (Note 39).

19 Deferred taxes

Deferred tax assets and liabilities as at 31 December 2017 and 2016 are as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2017	31 Dec 2016 Restated	31 Dec 2017	31 Dec 2016 Restated
Difference between fair value and acquisition cost	4,933,142	4,653,193	33,865,461	38,832,129
Temporary differences on tangible assets and intangible	1,527,715	1,811,359	69,044,445	63,407,367
Temporary difference of negative goodwill and equity method	-	-	10,243,448	8,263,418
Provisions and impairment losses not accepted for tax purpose	23,215,181	25,168,714	-	-
Write off of tangible and intangible assets	28,517	25,524	-	44,232
Valuation of hedging derivatives	11,702	86,933	41,952	626,051
Amortisation of Goodwill for tax purposes in Spain	-	-	17,457,039	-
Revaluation of tangible assets	-	-	916,509	1,046,525
Tax losses carried forward	37,631,860	25,442,311	-	-
Reinvested capital gains/losses	-	-	302,963	329,611
Tax Benefits	986,686	1,037,115	-	-
Others	3,548,790	3,135,595	329,081	900,944
	71,883,593	61,360,744	132,200,898	113,450,277

During the periods ended 31 December 2017 and 2016, movements in deferred tax assets and liabilities are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2017	31 Dec 2016 Restated	31 Dec 2017	31 Dec 2016 Restated
Opening balance	61,360,744	64,094,618	113,450,277	78,832,522
Effects in net income:				
Difference between fair value and acquisition cost	408,534	(2,150,522)	(1,490,206)	(11,836,547)
Temporary differences on tangible and intangible assets	(259,291)	(136,655)	5,910,379	3,987,260
Temporary difference of negative goodwill and equity method	-	-	1,980,030	8,263,418
Provisions and impairment losses not accepted for tax purposes	(778,238)	(1,385,818)	-	-
Provisions and impairment losses transfer not accepted for tax purposes	-	16,568,897	-	16,568,897
Write-off of tangible and intangible assets	(10,247)	25,317	(44,232)	-
Revaluation of tangible assets	-	-	(116,394)	(109,814)
Constitution / reversal of deferred tax assets over tax losses	13,243,850	(17,582,833)	-	-
Amortization of goodwill for fiscal purposes in Spain	-	-	17,457,039	-
Reinvested capital gains/(losses)	-	-	(26,647)	(217,608)
Effect of change of tax rate	(943,285)	(15,088)	(220,405)	(294,247)
Tax Benefits	(50,429)	(1,185,087)	-	-
Others	(181,800)	2,166,154	(255,995)	(1,568,385)
	11,429,094	(3,695,635)	23,193,569	14,792,974
Effects in equity:				
Valuation of hedging derivatives	(75,230)	(124,456)	(574,145)	324,909
Others	(88,390)	(1,623,275)	(468,354)	197,316
	(163,620)	(1,747,731)	(1,042,499)	522,225
Acquisitions of subsidiaries (Note 5.2)	353,206	2,958,597	-	21,532,750
Loss control in subsidiaries (Note 5.1)	(1,095,831)	(82,313)	(3,400,449)	(663,304)
Disposals of subsidiaries	-	-	-	(1,282,258)
Non-current assets held for sale (Note 21)	-	(166,792)	-	(284,632)
Closing Balance	71,883,593	61,360,744	132,200,898	113,450,277

As at 31 December 2017, the tax rate to be used in Portuguese companies, for the calculation of the deferred tax assets relating to tax losses is 21%. The tax rate to be used to calculate deferred taxes in temporary differences in

Portuguese companies is 22.5% increased by the state surcharge in companies in which the expected reversal of those deferred taxes will occur when those rates will be applicable. For companies or branches located in other countries, rates applicable in each jurisdiction were used.

The Spanish Supreme Court decided in favour of Sonae considering that goodwill amortization for tax purposes in 2008 was applicable. For that reason, in 2017 the Group deducted tax on the amortization of goodwill generated in previous years for the years 2008, 2016 and 2017, having recognized 17.5 million euros in deferred tax liabilities.

Taking into account the tax proceedings pending before the court in Spain for the financial years 2009 to 2011, as well as for the fact that the Group was prevented from recognizing the tax depreciation of goodwill for the financial years 2012 to 2015, the right of the entity to deduct tax depreciation of goodwill amounting to EUR 69.8 million might be given in the future.

As at 31 December 2017 and 2016, and in accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

	Country	31 Dec 2017			31 Dec 2016		
		Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use							
Generated in 2013	Portugal	1,220,382	256,280	2018	595,877	125,646	2018
Generated in 2014	Portugal	1,673,556	351,447	2026	1,194,236	250,790	2026
Generated in 2015	Portugal	69,902	14,680	2027	90,184	18,939	2027
Generated in 2016	Portugal	21,550,140	4,525,529	2028	4,847,243	1,017,920	2028
Generated in 2017	Portugal	21,264,154	4,465,472	2022	-	-	
		45,778,134	9,613,408		6,727,540	1,413,295	
With a time limit different from the above mentioned							
	Spain	3,464,916	866,229	2028 to 2029	3,696,316	924,079	2022 to 2029
	United States of America	7,823,749	2,229,769	2030 to 2035	9,586,912	3,738,897	2030 to 2036
	Mexico	2,178,019	653,406	2021 to 2027	3,123,721	937,116	2021 to 2026
		13,466,684	3,749,404		16,406,949	5,600,092	
Without limited time use							
	Spain	97,076,194	24,269,048		73,232,829	18,308,208	
	Malta	-	-		344,904	120,716	
		97,076,194	24,269,048		73,577,733	18,428,924	
		156,321,012	37,631,860		96,712,222	25,442,311	

As at 31 December 2017 and 2016, the deferred taxes to be recognized arising from tax losses were evaluated. Deferred tax assets have only been recorded to the extent that future taxable profits will arise which might be offset against available tax losses or against deductible temporary differences. This assessment was based on the business plans of Sonae's companies, which are periodically reviewed and updated. The main assumptions used in those business plans are described in Note 10.

As at 31 December 2017, the Group had an amount of 20.0 million euros (14.1 million euros as at 31 December 2016) in the Retail segment of deferred tax assets related to tax losses for this and previous years of the Spanish Tax Group and which can be recovered by it in Spain. The Modelo Continente Hipermercados, SA branch in Spain was, on 31 December 2017 and 2016, the representative entity of the Tax Group in Spain, whose dominant entity is Sonae SGPS, S.A.

The recoverability of the above mentioned deferred tax assets, regarding Sonae operations in Spain is supported by the analysis of the recoverable amount of the cash-generating units for the specialized retail formats in Spain based on their value in use, obtained from business plans with a 10-year projection period, assuming it is the most realistic and appropriate deadline for the implementation of the strategy of internationalization of Sonae in the specialized retail segment, taking into consideration not only the nature of the products in question (more discretionary character) but also the current macro-economic conditions.

Main assumptions used in the business plans of the retail companies and other companies in Spain, included in consolidation, are a compound growth rate of 8.4% over a 10-year period (7.7% in 2016).

Although these tax losses do not expire, the analysis of their recoverability was limited to a 10-year term, also considering the deferred tax liabilities recognized.

It is the Board of Directors understanding, considering the existing business plans for each of the companies, that such deferred tax assets are fully recoverable, including those which were reversed in previous years likely to be recoverable in a longer period than the 10 years of the business plan.

The amount of deferred tax assets also includes the amount of 4.6 million euros related to tax losses carried forward and deductible temporary differences which will be derecognised as a result of the loss of control of the Sport Zone operation described in Note 49.

As at 31 December 2017, there are reportable tax losses in the amount of 433.7 million euro (423.4 million euro as at 31 December 2016), whose deferred tax assets are not recorded for prudence purposes.

Country	31 Dec 2017			31 Dec 2016			
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit	
With limited time use							
Generated in 2013	Portugal	21,578	4,531	2018	2,888,221	606,526	2018
Generated in 2014	Portugal	3,538,124	743,006	2026	5,957,222	1,251,016	2026
Generated in 2015	Portugal	534,927	112,335	2027	2,841,579	596,732	2027
Generated in 2016	Portugal	49,793	10,457	2028	1,377,324	289,238	2028
Generated in 2017	Portugal	570,677	119,842	2022	-	-	2029
		4,715,099	990,171		13,064,346	2,743,512	
With a time limit different from the above mentioned							
	Spain	6,310,255	1,577,566	2020 a 2032	9,520,803	2,380,100	2020 a 2032
	Netherlands	56,209,973	13,987,824	2017 a 2025	88,723,539	22,119,144	2017 a 2025
	Malta	-	-		2	1	
	Mexico	2,294,563	688,368	2018 a 2027	1,750,525	542,120	2018 a 2027
	United States of America	2,499,672	712,405	2037	-	-	2037
		67,314,463	16,966,163		99,994,869	25,041,365	
Without limited time use							
	Australia	788,220	224,643		616,642	184,993	
	Brazil	18,980,307	6,453,304		25,733,565	8,749,412	
	Colombia	630,032	189,010		607,185	151,796	
	Spain	336,368,571	84,092,143		275,949,966	68,987,491	
	Malta	12,752	4,463		-	-	
	United Kingdom	4,324,097	821,578		5,593,633	1,118,727	
	Ireland	562,925	70,366		1,808,583	226,073	
		361,666,904	91,855,507		310,309,574	79,418,492	
		433,696,466	109,811,841		423,368,789	107,203,369	

In 2010 and 2011, Spanish Tax authorities notified Modelo Continente S.A. Spanish Branch of a decrease in 2008 and 2009 tax losses incurred, amounting to approximately 23.3 million euro, challenging the deduction of Goodwill depreciation, generated on the acquisition of Continente Hipermercados for each of the mentioned years. That branch appealed to the proper Spanish Authorities (Tribunal Economico Administrativo Central de Madrid) in 2010 and 2011 respectively, and it is the Board of Directors understanding that the decision will be favorable to the Group, thus maintaining the recognition of deferred tax assets and deferred tax liabilities. In 2012 the Company interposed appeal to the National Court in Spain ("Audiencia Nacional Espanha"), due to a decision opposite to the claims and estimates of the Company, by the Economic and Administrative Central Court of Madrid, for the notification for fiscal year of 2008.

In 2014 following an additional inspection for fiscal years 2008 to 2011, Spanish Tax authorities corrected tax losses carried forward regarding goodwill depreciation and financial expenses that resulted from the acquisition of Continente Hipermercados S.A. Although in complete disagreement, Sonae carried out the tax returns correction and appealed, to the proper Spanish Authorities (Tribunal Economico-Administrativo em Espanha). Tax reports for 2012 to 2015 were corrected.

In 2015, the Spanish Authorities (Tribunal Economico-Administrativo Central em Espanha) decided in court against the Group's intentions, and Sonae, despite having appealed to the Supreme Court as a matter of prudence, decided to reverse the deferred tax assets recognized in the financial statements from 2008 to 2011 in the amount of 36 million euro, and deferred tax liabilities related to amortization of goodwill for tax purposes in the amount of 18.6 million euro.

In 2016, the Supreme Court gave a positive opinion to the Group's pretensions regarding tax amortization of Goodwill, with reference to 2008, and the Group corrected the tax return for 2016, and it is its intention to also consider such amortization in the tax return for the year 2017. Consequently, it recognized the corresponding deferred tax liability for fiscal years 2008, 2016 and 2017.

20 Cash and cash equivalents

As at 31 December 2017 and 2016, Cash and cash equivalents are as follows:

	31 Dec 2017	31 Dec 2016
Cash at hand	10,467,637	9,105,344
Bank deposits	283,561,778	207,343,682
Treasury applications	70,559,700	124,471,432
Cash and cash equivalents on the statement of financial position	364,589,115	340,920,458
Bank overdrafts (Note 24)	(2,819,107)	(17,730,231)
Cash and cash equivalents in the statement of cash flows	361,770,008	323,190,227

Bank overdrafts are disclosed in the statement of financial position under "Current bank loans".

The treasury applications are remunerated at an average interest rate of 0.29% during 2017 (0.664% in 2016), being distributed on that date by 2 financial institutions.

21 Non-current assets and liabilities available for sale

In 2016 an agreement was reached between the Group and an entity specialized in the processing and packaging of meat with the objective of realizing a joint venture to operate the Meat Processing Center. This partnership was deal in January 2017, which is why as at 31 December 2016, we transferred the related assets and liabilities to the asset and liability items held for sale. The detail of these figures is as follows:

Amounts in euro	31 Dec 2017
Tangible and intangible assets	17,057,018
Deferred tax assets (Note 19)	166,792
Inventories	1,850,977
Other current assets	445,762
Cash and cash equivalents	2,000
Non-current assets held for sale	19,522,549
Deferred tax liabilities (Note 19)	284,632
Trade creditors	2,802,583
Other current liabilities	8,639,528
Non-current liabilities held for sale	11,726,743

22 Share capital

Share capital

As at 31 December 2017, the share capital, which is fully subscribed and paid for, is made up of 2,000,000,000 ordinary shares, which do not have the right to a fixed dividend, with a nominal value of 1 euro each.

Cash Settled Equity Swap

On 15th November 2007, Sonae Holding sold 132,856,072 Sonae Holding shares directly owned by the Company. The shares were sold in a market operation at the unit price of 2.06 euro per share and resulted on a cash inflow (net of brokerage commissions) of 273,398,877 euro.

On the same date, Sonae Investments, BV wholly owned by Sonae Holding entered into a derivative financial instrument - Cash Settled Equity Swap - over a total of 132,800,000 Sonae Holding shares, representative of 6.64% of its capital.

This transaction has strictly financial liquidation, without any duty or right for the Company or any of its associated companies in the purchase of these shares. This transaction allows Sonae Investments BV to totally maintain the economic exposure to the sold shares.

In this context, although legally all the rights and obligations inherent to these shares have been transferred to the buyer. Sonae Holding did not derecognize their own shares, recording a liability in the caption "Other current liabilities" (Note 30). According to the interpretation made by Sonae of the IAS 39, applied by analogy to own equity instruments, the derecognition of own shares is not allowed as the group maintains the risks and rewards arising on the instruments sold.

Consequently, Sonae maintains in its capital acquisition cost of the shares that remain covered by the contract.

In November 2014, was made a renewal for an additional period of one year renewable automatically, keeping the remaining conditions unchanged. During the year of 2017 the Group requested the partial termination of the Cash Settled Equity Swap for 5,934,409 Sonae SGPS shares. Which resulted in payments of 16,203,904 euro (34,516,740 euro as at 31 December 2016), included in the 'Other' caption of the Investment Activities in the consolidated statement of cash flows. Additionally, the price variations of this instrument represented in 2017 receipts of 37,012,040 euros (26,167,985 euros as at 31 December 2016) included also in the Investment Activities as 'Others'.

Considering the operations mentioned above, the liability recorded amounts to 103.700,000 euro (Note 30) (87,721,109 euro as at 31 December 2016) reflecting the market value of 104,406,608 Sonae Holding shares (110,341,017 shares as at 31 de December 2016).

The value of these liabilities is adjusted at the end of each month by the effect of Sonae Holding share price variation being recognized a current asset/liability in order to present the right / obligation related to the receipt / financial liquidation that occurs on a monthly basis.

Additionally, the costs related to the "floating amount" based on the Euribor 1 month are recognized in the income statement.

The value to get established on the basis of dividends and reserves distributed by Sonae is credited in equity to offset the charge of the distribution. During the financial year of 2017 the dividends paid by Sonae SGPS amounted to 80,000,000 euros and 4,203,696 euros were attributed to Sonae SGPS, SA shares, which were credited to shareholders' equity. During the financial year of 2016 there was no distribution of dividends.

Capital Structure

As at 31 December 2017, the following entities held more than 20% of the subscribed share capital:

Company	%
Efanor Investimentos, SGPS, SA and subsidiaries	52.48

23 Non-controlling Interests

As at 31 December 2017 and 2016, "Non-controlling interests" are detailed as follows:

	31 Dec 2017				
	Equity ⁽²⁾	Profit/(Loss) for the period ⁽²⁾	Book value of non-controlling interests	Proportion in income attributable to non-controlling interests	Dividends attributable to non-controlling interests
Sonae Retail					
Sonae MC	3,666,888	766,953	4,592,402	212,251	-
Worten	2,756,310	751,757	1,102,522	300,702	-
Sonae Sports & Fashion	67,870,269	7,806,086	32,826,507	3,935,968	(1,050,475)
Sonae RP	124,016,739	15,965,998	2,601,245	336,708	(408,900)
Maxmat	44,394,344	4,198,323	22,187,936	2,099,161	-
Sonae IM					
Sonaecom, SGPS, SA (consolidated)	1,012,610,908	26,239,058	104,097,279	2,739,449	(2,442,162)
Sonae FS					
MDS, SGPS, SA ⁽¹⁾	-	1,890,664	-	945,143	(173,339)
Others					
	5,876,431	(7,231,383)	402,103	(2,114,226)	-
Total	1,261,191,889	50,387,456	167,809,994	8,455,156	(4,074,876)

(1) Entity over which the group lost control as at 30 June 2017;

(2) Contribution to the consolidated financial statements of the Group.

	31 Dec 2016 Restated				
	Equity ⁽²⁾	Profit/(Loss) for the period ⁽²⁾	Book value of non-controlling interests	Proportion in income attributable to non-controlling interests	Dividends attributable to non-controlling interests
Retail					
Sonae MC	2,314,323	1,333,057	526,934	333,264	-
S&F	2,004,554	370,265	801,820	148,106	-
Worten	61,824,414	6,797,721	29,570,669	3,277,641	21
Sonae RP	127,352,715	25,829,928	2,783,406	563,549	(638,933)
Maxmat	40,254,190	1,921,983	20,117,859	960,991	-
Sonae IM					
Sonaecom, SGPS, SA (consolidated)	1,016,780,952	55,954,610	102,772,762	5,445,105	(1,809,412)
Sonae FS					
MDS, SGPS, SA	20,506,341	(2,460,384)	11,630,167	(1,229,946)	(282,387)
Others					
	2,773,394	(8,225,479)	836,569	(2,588,362)	-
Total	1,273,810,883	81,521,701	169,040,186	6,910,348	(2,730,711)

Movements in non-controlling interests during the periods ended as at 31 December 2017 and 2016 are as follows:

	31 Dec 2017								
	Sonae Retail					Sonae IM	Sonae FS	Others	Total
	Sonae MC	Worten	Sonae Sports & Fashion	Sonae RP	Maxmat	Sonaecon, SGPS, SA	MDS, SGPS, SA	Others	Total
Opening balance as at 1 January	526,934	801,820	29,570,669	2,783,406	20,117,859	102,772,762	11,630,167	836,569	169,040,186
Distributed dividends	-	-	(1,050,475)	-	-	(2,442,162)	(173,339)	-	(3,665,976)
Distributed income of Investment Funds	-	-	-	(408,900)	-	-	-	-	(408,900)
Acquisition in subsidiary (Note 5.2)	3,772,948	-	-	-	-	-	-	-	3,772,948
Change in percentage of subsidiaries	-	-	-	(110,864)	-	16,327	-	-	(94,537)
Constitution of subsidiaries	-	-	400,000	-	-	-	-	-	400,000
Change in the consolidation method	-	-	-	-	-	-	(13,090,263)	-	(13,090,263)
Change in currency translation reserve	-	-	-	-	-	(217,872)	2,346,684	11,903	2,140,715
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method	-	-	-	-	-	67,586	(8,813)	-	58,773
Delivery of shares to employees to due the settle of the obligation	-	-	-	895	5,201	(25,742)	34,798	-	15,152
Increase of capital	-	-	-	-	-	1,207,700	-	-	1,207,700
Changes in hedging reserves	78,909	-	(26,576)	-	(34,285)	-	-	-	18,048
Others	1,360	-	(3,079)	-	-	(20,769)	(1,684,377)	1,667,857	(39,008)
Profit for the period attributable to non-controlling interests	212,251	300,702	3,935,968	336,708	2,099,161	2,739,449	945,143	(2,114,226)	8,455,156
Closing balance as at 31 December	4,592,402	1,102,522	32,826,507	2,601,245	22,187,936	104,097,279	-	402,103	167,809,994

	31 Dec 2016 Restated								
	Sonae Retail					Sonae IM	Sonae FS	Others	Total
	Sonae MC	Worten	Sonae Sports & Fashion	Sonae RP	Maxmat	Sonaecon, SGPS, SA	MDS, SGPS, SA	Others	Total
Opening balance as at 1 January	165,412	653,714	762,978	3,003,900	19,140,112	98,805,878	12,619,188	1,152,537	136,303,719
Distributed dividends	-	-	21	(28,703)	-	(1,809,412)	(282,387)	-	(2,120,481)
Distributed income of Investment Funds	-	-	-	(610,230)	-	-	-	-	(610,230)
Acquisition in subsidiary	-	-	25,530,031	-	-	-	67,537	-	25,597,568
Changes of increased shareholding by acquisitions	-	-	-	14,363	-	2,514,646	(15,140)	133,909	2,647,778
Change in currency translation reserve	-	-	-	-	-	56,496	2,335,535	25,736	2,417,767
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method	-	-	-	-	-	(2,313,099)	-	-	(2,313,099)
Delivery of shares to employees to due the settle of the obligation	-	-	-	(3,324)	(14,989)	34,147	(16,953)	(2,902)	(4,021)
Increase of capital	-	-	-	-	-	39,000	296,000	-	335,000
Changes in hedging reserves	27,027	-	-	-	31,744	-	-	-	58,771
Others	1,231	-	(2)	(156,149)	1	1	(2,143,667)	2,115,651	(182,934)
Profit for the period attributable to non-controlling interests	333,264	148,106	3,277,641	563,549	960,991	5,445,105	(1,229,946)	(2,588,362)	6,910,348
Closing balance as at 31 December	526,934	801,820	29,570,669	2,783,406	20,117,859	102,772,762	11,630,167	836,569	169,040,186

During the year ended at 31 December 2016, the Group acquired 50% of the share capital of IVN – Serviços Partilhados, SA, which owns the Salsa brand. This transaction generated an impact on non-controlling interests in the amount of 25.5 million euro.

As at 31 December 2017 and 2016, aggregate financial information of subsidiaries with non-controlling interests is as follows:

	31 Dec 2017							
	Sonae Retail					Sonae IM	Others	Total
	Sonae MC	Worten	Sonae Sports & Fashion	Sonae RP	Maxmat	Sonaecon, SGPS, SA	Others	Total
Total Non-Current Assets	687,357	6,407,769	124,746,002	122,103,353	30,731,921	818,628,771	5,776,045	1,109,081,218
Total Current Assets	8,753,344	10,624,536	52,996,066	3,916,363	36,049,316	257,360,460	9,922,930	379,623,015
Total Non-Current Liabilities	23,405	6,835,930	69,880,218	(53,754)	760,119	16,655,798	1,765,865	95,867,581
Total Current Liabilities	5,750,408	7,440,065	39,991,581	2,056,731	21,626,774	46,722,525	8,056,679	131,644,763
Equity	3,666,888	2,756,310	67,870,269	124,016,739	44,394,344	1,012,610,908	5,876,431	1,261,191,889

	31 Dec 2016 Restated								
	Sonae Retail					Sonae IM	Sonae FS	Others	Total
	Sonae MC	Worten	Sonae Sports & Fashion	Sonae RP	Maxmat	Sonaeacom, SGPS, SA	MDS, SGPS, SA	Others	Total
Total Non-Current Assets	47,772	6,665,482	125,793,311	126,193,923	31,094,347	791,123,247	51,156,904	5,130,504	1,137,205,490
Total Current Assets	5,333,708	8,325,197	48,209,493	3,764,735	30,378,988	287,500,935	15,432,124	7,688,611	406,633,791
Total Non-Current Liabilities	-	7,092,392	72,061,310	(30,807)	760,325	17,807,813	22,290,402	2,166,494	122,147,929
Total Current Liabilities	3,067,157	5,893,733	40,117,080	2,636,750	20,458,820	44,035,417	23,792,285	7,879,227	147,880,469
Equity	2,314,323	2,004,554	61,824,414	127,352,715	40,254,190	1,016,780,952	20,506,341	2,773,394	1,273,810,883

	31 Dec 2017								
	Sonae Retail					Sonae IM	Sonae FS	Others	Total
	Sonae MC	Worten	Sonae Sports & Fashion	Sonae RP	Maxmat	Sonaeacom, SGPS, SA	MDS, SGPS, SA	Others	Total
Turnover	8,000,499	50,754,215	141,612,978	293,276	78,491,561	110,598,426	-	16,647,127	406,398,082
Other operating income	48,843,728	368,150	1,786,748	20,414,709	3,248,517	9,707,267	-	5,401,752	89,770,870
Operating expenses	(55,811,193)	(50,022,367)	(133,025,574)	(4,443,127)	(76,954,228)	(126,278,515)	-	(28,734,884)	(475,269,887)
Financial results	(16,191)	(121,514)	(1,473,252)	(1)	(30,757)	(776,111)	-	(162,425)	(2,580,251)
Gains or losses on joint ventures and associates	-	-	-	-	-	35,708,166	-	45,449	35,753,615
Investment results	37	-	-	-	-	298	-	(59,202)	(58,867)
Taxation	(249,927)	(226,727)	(1,094,814)	(298,859)	(556,770)	(2,720,473)	-	(369,200)	(5,516,770)
Consolidated profit/(Loss) for the period	766,953	751,757	7,806,086	15,965,998	4,198,323	26,239,058	-	(7,231,383)	48,496,792
Profit/(Loss) from discontinued operations	-	-	-	-	-	-	1,890,664	-	1,890,664
Other comprehensive income for the period	80,269	-	(29,655)	-	(34,285)	(171,055)	2,217,264	115,990	2,178,528
Total comprehensive income for the period	847,222	751,757	7,776,431	15,965,998	4,164,038	26,068,003	4,107,928	(7,115,393)	52,565,984

	31 Dec 2016 Restated								
	Sonae Retail					Sonae IM	Sonae FS	Others	Total
	Sonae MC	Worten	Sonae Sports & Fashion	Sonae RP	Maxmat	Sonaeacom, SGPS, SA	MDS, SGPS, SA	Others	Total
Turnover	1,038,745	41,579,344	85,580,148	232,671	71,509,727	103,170,419	-	62,553,571	365,664,625
Other operating income	30,989,668	368,274	5,609,944	31,829,392	2,628,823	17,599,072	-	7,264,282	96,289,455
Operating expenses	(30,101,312)	(41,511,377)	(80,410,644)	(4,408,160)	(71,751,146)	(125,813,337)	-	(73,198,033)	(427,194,009)
Financial results	(338,327)	(147,696)	(939,641)	(26,139)	(150,204)	(6,813,499)	-	(1,640,874)	(10,056,380)
Gains or losses on joint ventures and associates	-	-	-	-	-	53,801,945	-	238,389	54,040,334
Investment results	-	-	59	-	-	1,771,968	-	(4,755,960)	(2,983,933)
Taxation	(255,717)	81,720	(2,632,754)	(1,797,836)	(315,217)	12,238,042	-	1,313,146	8,631,384
Consolidated profit/(Loss) for the period	1,333,057	370,265	7,207,112	25,829,928	1,921,983	55,954,610	-	(8,225,479)	84,391,476
Profit/(Loss) from discontinued operations	-	-	(409,391)	-	-	-	(2,460,384)	-	(2,869,775)
Other comprehensive income for the period	28,258	-	(1)	(156,149)	31,745	(2,256,605)	2,309,700	13,555	(29,497)
Total comprehensive income for the period	1,361,315	370,265	6,797,720	25,673,779	1,953,728	53,698,005	(150,684)	(8,211,924)	81,492,204

24 Loans

As at 31 December 2017 and 2016, loans are made up as follows:

	31 Dec 2017		31 Dec 2016	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae, SGPS, SA - commercial paper	36,390,000	166,250,000	162,000,000	144,000,000
Sonae SGPS, SA / 2016/2023	-	50,000,000	-	-
Sonae Investimentos, SGPS, SA - commercial paper	7,500,000	182,500,000	148,000,000	121,000,000
Sonae Investimentos affiliated /2014/2020	-	50,000,000	-	50,000,000
Sonae Investimentos affiliated /2015/2020	-	20,000,000	-	55,000,000
Sonae Investimentos affiliated /2015/2019	5,000,000	30,000,000	5,000,000	35,000,000
Sonae Investimentos affiliated /2017/2022	-	31,000,000	-	-
Sonae Investimentos /2017/2018	100,000,000	-	-	-
Sonae Holding affiliated /2014/2018	40,000,000	-	-	40,000,000
Sonae Holding affiliated /2014/2021	10,000,000	20,000,000	-	30,000,000
MDS, SGPS, SA - commercial paper (Note 33)	-	-	6,875,000	13,125,000
MDS SGPS, SA affiliated / 2011/2016 (Note 33)	-	-	4,081,000	-
Others	6,144,402	24,093,006	6,678,849	20,540,714
	205,034,402	573,843,006	332,634,849	508,665,714
Bank overdrafts (Note 20)	2,819,107	-	17,730,231	-
Up-front fees beard with the issuance of borrowings	(105,502)	(402,455)	-	(781,540)
Bank loans	207,748,007	573,440,551	350,365,080	507,884,174
Bonds				
Bonds Sonae SGPS / 2015/2022	-	100,000,000	-	100,000,000
Bonds Sonae SGPS / 2016/2023	-	60,000,000	-	60,000,000
Bonds Sonae Investments BV / 2014/2019	-	203,466,710	-	198,892,884
Bonds Sonae Investimentos/ June 2013/2018	50,000,000	-	-	50,000,000
Bonds Sonae Investimentos/ December 2015/2020	-	50,000,000	-	50,000,000
Bonds Sonae Investimentos/ May 2015/2020	-	75,000,000	-	75,000,000
Bonds Sonae Investimentos/ December 2015/2020	-	30,000,000	-	30,000,000
Bonds Sonae Investimentos/ June 2016/2021	-	95,000,000	-	95,000,000
Bonds Sonae Investimentos/ September 2016/2021	3,000,000	9,000,000	3,000,000	12,000,000
Bonds IVN 2016/2023	5,000,000	25,000,000	5,000,000	30,000,000
Up-front fees beard with the issuance of borrowings	(29,194)	(3,799,668)	(1,483)	(5,089,605)
Bonds	57,970,806	643,667,042	7,998,517	695,803,279
Other loans	1,278,626	2,244,793	1,411,067	4,676,660
Derivates (Note 26)	1,248,119	-	358,117	-
Other loans	2,526,745	2,244,793	1,769,184	4,676,660
Obligations under finance leases (Note 25)	832,895	881,956	1,079,629	1,463,520
	269,078,453	1,220,234,342	361,212,410	1,209,827,633

In June 2014, a subsidiary of Sonae SGPS, SA issued bonds which may be convertible (Sonae Investments BV 2014/2019) in Sonae shares already issued and fully subscribed or to be later on issued.

The fair value of the Equity component of this compound instrument was valued at 22,313,000 euro at 31 December 2014 and it was determined by an independent entity from Sonae, taking into consideration the fair value of similar non- convertible financial instruments, having been estimated a market interest rate to establish the amortized cost of this financial liability. This process of measurement represents a Level 3 fair value measurement according to IAS 39. The liability component is recorded at the amortized cost based on the market rate.

The Bonds were issued at par with a nominal value of 100,000, (2.105 euro per bond) with a maturity of 5 years and with a fixed coupon of 1.625% per year, paid in arrears and semi-annually.

The bonds can be converted at the request of the bondholder when the Sonae SGPS, SA share price, in accordance with the technical data sheet, exceeds 1,636 euro per share. This price is subject to adjustments in accordance with the market practices, in particular when the dividend exceeds 0.0284 euro per share.

It is estimated that the book value of all loans does not differ significantly from its fair value, determined based on discounted cash flows methodology, with the exception the convertible bond loan into shares whose fair value is determined by the market price at the balance sheet date.

Bonds and bank loans bear an average interest rate of 1.27% (1.32% as at 31 December 2016). Most of the bonds and bank loans have variable interest rates indexed to Euribor.

The derivatives are recorded at fair value (Note 26).

The loans face value, maturities and interests are as follows (including obligations under financial leases):

	31 Dec 2017		31 Dec 2016	
	Capital	Interests	Capital	Interests
N+1 ^{a)}	267,965,030	18,176,095	360,854,294	19,864,500
N+2	266,186,915	14,514,432	134,813,933	17,251,598
N+3	242,942,827	11,837,792	263,494,503	13,667,802
N+4	296,490,957	7,625,492	334,769,210	10,026,308
N+5	278,889,510	4,032,644	286,814,675	5,171,670
After N+5	146,959,544	1,739,800	207,415,055	2,914,747
	1,499,434,783	57,926,255	1,588,161,670	68,896,625

a) Includes amounts drawn under commercial paper programs when classified as current liabilities.

The maturities above were estimated in accordance with the contractual terms of the loans, and taking into account Sonae's best estimated regarding their reimbursement date and include the amount to be paid in 2019 related to the convertible bond updated to the referred date and whose fair value of unamortized liabilities amounted to 7 million euros (11.6 million euros at 31 December 2016).

As at 31 December 2017 there are financial covenants included in borrowing agreements at market conditions, and which at the date of this report are in regular compliance.

As at 31 December 2017, Sonae has, as detailed below, cash and cash equivalents in the amount of 365 million euro (341 million euro in 2016) and available credit lines as follows:

	31 Dec 2017		31 Dec 2016	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Unused credit facilities				
Sonae Retail	94,443,125	242,750,000	52,769,017	348,000,000
Sonae IM	-	-	-	1,250,000
Sonae Holding	147,802,076	50,000,000	56,695,242	90,000,000
	242,245,201	292,750,000	109,464,259	439,250,000
Agreed credit facilities				
Sonae Retail	105,760,000	537,500,000	218,260,000	511,000,000
Sonae IM	-	-	6,625,000	14,625,000
Sonae Holding	152,195,242	216,250,000	218,695,242	184,000,000
	257,955,242	753,750,000	443,580,242	709,625,000

25 Obligations under finance leases

As at 31 December 2017 and 2016, Obligations under finance leases are as follows:

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Amounts under finance leases:				
N+1	864,939	1,138,417	832,895	1,079,629
N+2	574,170	805,044	566,129	782,989
N+3	209,394	514,564	206,702	506,810
N+4	87,965	137,695	87,266	136,601
N+5	21,927	36,514	21,859	36,349
After N+5	-	771	-	771
	1,758,395	2,633,005	1,714,851	2,543,149
Future Interests	(43,544)	(89,856)		
	1,714,851	2,543,149		
Current obligations under finance leases			832,895	1,079,629
Obligations under finance leases - net of the short-term portion			881,956	1,463,520

Finance leases contracts are agreed at market interest rates, have defined periods and include an option for the acquisition of the related assets at the end of the period of the agreement.

As at 31 December 2017 and 2016, the fair value of finance leases is close to its carrying amount.

Obligations under finance leases are guaranteed by related assets.

As at 31 December 2017 and 2016, accounting net value of assets acquired under finance leases can be detailed as follows:

Property leasing object	31 Dec 2017	31 Dec 2016
Lands and buildings	83,707	360,323
Plant and machinery	862,844	1,008,857
Vehicles	666,754	720,726
Fixture and Fittings	330,638	573,093
Total tangible assets	1,943,943	2,662,999
Software	208,111	378,670
Total intangible assets	208,111	378,670
	2,152,054	3,041,669

As at 31 December 2017, the acquisition cost of tangible and intangible assets amounted to 4,227,538 euro (4,556,218 euro as at 31 December 2016).

26 Derivatives

Exchange rate derivatives

Sonae uses exchange rate derivatives, essentially to hedge future cash flows that will occur in the next 12 months.

Therefore, Sonae entered several exchange rate forwards in order to manage its exchange rate exposure.

The fair value of exchange rate derivatives hedging instruments, calculated based on present market value of equivalent financial instruments of exchange rate, is 1,248,119 euro as liabilities (358,117 euro as at 31 December 2016) and 179,881 euro as assets (4,207,972 euro as at 31 December 2016).

The accounting of the fair value for these financial instruments was made taking into consideration the present value at financial position statement date of the forward settlement amount in the maturity date of the contract. The settlement amount considered in the valuation, is equal to the currency notional amount (foreign currency) multiplied by the difference between the contracted forward exchange rate and the forward exchange market rate at that date as at the valuation date.

Losses in the period arising from changes in the fair value of instruments that do not qualify for hedging accounting treatment were recorded directly in the income statement in the captions "Others Financial income" or "Financial expenses".

Gains and losses for the year associated with the change in market value of derivative instruments are recorded under the caption "Hedging reserve" when considered cash flow hedging and when considered as fair value hedging are recorded under the caption "Financial income" or "Financial expenses".

Interest rate derivatives

Sonae does not have any interest rate hedging derivatives recorded as at 31 December 2017.

Interest rate and Exchange rate derivatives

As at 31 December 2017 no contracts existed, related to interest rate and exchange rate derivatives simultaneously.

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Assets		Liabilities	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Hedging derivatives				
Derivatives not qualified as hedging				
Exchange rate	179,881	4,207,972	1,248,119	358,117
Derivates qualified as pending				
Exchange rate	-	-	-	-
	179,881	4,207,972	1,248,119	358,117

27 Other non-current liabilities

As at 31 December 2017 and 2016 "Other non-current liabilities" are made up as follows:

	31 Dec 2017	31 Dec 2016
Shareholders loans	155,732	415,382
Fixed assets suppliers	1,151,347	406,872
Other non-current liabilities	1,771,080	1,720,153
Financial instruments (Note 7)	3,078,159	2,542,407
Deferral of the disposal of the extended warranties in the Worten segment (Note 2.16)	7,551,397	15,101,455
Other accruals and deferrals	2,819,762	3,913,526
Other non-current liabilities	13,449,318	21,557,388

The caption "Shareholder loans" relates to loans in affiliated undertakings in the Retail, and Sonae IM operating segments. These liabilities do not have a defined vesting date and bear interests at variable market rates.

The carrying amount of "Other non-current liabilities" is estimated to be approximately its fair value.

28 Share based payments

In 2017 and in previous years, Sonae in accordance with the remuneration policy described in the corporate governance report granted deferred performance bonus to its directors and eligible employees. These are either based on shares to be acquired at nil cost or with discount, three years after they were attributed to the employee, or based on share options with the period price equal to the share price at the grant date, to be exercised three years later. In both cases, the acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year

As at 31 December 2017, all Sonae Holding share plans responsibilities are accounted in the statement of financial position under "other reserves" and in the Profit and Loss statement under caption "staff costs". They are recognized at the shares fair value on the grant date, concerning the 2017, 2016 and 31 December 2015. Share-based payments costs are recognized on a straight line basis between the grant and the settlement date.

As at 31 December 2017 and 2016, the number of attributed shares related to the assumed responsibilities arising from share based payments, which have not yet vested, can be detailed as follows:

Grant year	Vesting year	Sonae SGPS		Number of shares	
		Number of participants	Share price on date of assignment	31 Dec 2017	31 Dec 2016
2014	2017	-	1.343	-	4,340,464
2015	2018	240	1.278	3,620,437	3,619,285
2016	2019	261	0.97	4,472,331	4,964,016
2017	2020	94	0.906	4,394,822	-
				12,487,590	12,923,765

During the period ending 31 December 2017 the movements on the above mentioned share based plans were the following:

	Sonae Shares	
	Aggregate number of participants	Number of shares
Balance as at 31 December 2016	763	12,923,765
Grant	98	4,143,004
Vesting	(200)	(4,186,325)
Canceled / extinct / corrected / transferred ⁽¹⁾	(66)	(392,854)
Closing balance as at 31 December 2017	595	12,487,590

(1) Corrections are made on the basis of the dividend paid and the changes of share capital and other equity adjustments.

As at 31 December 2017 and 2016, the fair value of total liabilities on the date of allocation arising from share based payments, which have not yet vested, may be summarized as follows:

Grant year	Vesting year	Fair value *	
		31 Dec 2017	31 Dec 2016
		Sonae SGPS	Sonae SGPS
2014	2017	-	4,210,250
2015	2018	4,076,612	2,340,471
2016	2019	3,357,230	1,605,032
2017	2020	1,649,523	-
	Total	9,083,365	8,155,753

* Share market value as of 31 December 2017, and 2016.

As at 31 December 2017 and 2016 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	31 Dec 2017	31 Dec 2016
Recorded in staff costs in the current period	2,535,536	1,785,772
Recorded in previous years	5,776,008	6,825,062
	8,311,544	8,610,834
Recorded value in Other reserves	8,311,544	8,610,834
	8,311,544	8,610,834

29 Trade creditors

As at 31 December 2017 and 2016 Trade creditors are as follows:

	31 Dec 2017	Payable to	
		up to 90 days	more than 90 days
Trade creditors - current account			
Sonae Retail			
Sonae MC	633,808,748	633,364,284	444,464
Worten	367,730,269	367,730,269	-
Sonae Sports & Fashion	75,957,293	75,237,297	719,996
Sonae RP	98,526	97,579	947
Maxmat	14,335,703	14,335,703	-
Sonae IM	12,223,120	12,223,120	-
Sonae SF	564,154	564,154	-
Others	6,796,086	6,365,690	430,396
	1,111,513,899	1,109,918,096	1,595,803
Trade creditors - Invoice Accruals	80,986,042	80,986,042	-
	1,192,499,941	1,190,904,138	1,595,803

	31 Dec 2016 Restated	Payable to	
		up to 90 days	more than 90 days
Trade creditors - current account			
Sonae Retail			
Sonae MC	618,133,744	618,133,744	-
Worten	324,275,868	324,275,868	-
Sonae Sports & Fashion	82,066,848	81,916,575	150,273
Sonae RP	79,059	55,417	23,642
Maxmat	13,723,844	13,723,844	-
Sonae IM	11,027,755	11,027,755	-
Sonae SF	1,015,851	965,047	50,804
Others	6,608,706	6,289,483	319,223
	1,056,931,675	1,056,387,733	543,942
Trade creditors - Invoice Accruals	79,723,572	79,723,572	-
	1,136,655,247	1,136,111,305	543,942

As at 31 December 2017 and 2016 this caption includes amounts payable to suppliers resulting from Sonae operating activity. The Board of Directors believes that the fair value of these balances does not differ significantly from its book value and the effect of discounting these amounts is not material.

The company maintains cooperation agreements with financial institutions in order to enable the suppliers of retail segment, to access to an advantageous tool for managing their working capital, upon confirmation by Sonae of the validity of credits that suppliers hold on it. Under these agreements, some suppliers freely engage into contracts with these financial institutions that allow them to anticipate the amounts receivable from these retail subsidiaries, after confirmation of the validity of such receivables by these companies. These retail subsidiaries consider that the economic substance of these financial liabilities does not change, therefore these liabilities are kept as accounts payable to Suppliers until the normal maturity of these instruments under the general supply agreement established between the company and the supplier, whenever (i) the maturity corresponds to a term used by the industry in which the company operates, this means that there are no significant differences between the payment terms established with the supplier and the industry, and (ii) the company does not have net costs related with the anticipation of payments to the supplier when compared with the payment within the normal term of this instrument.

30 Other creditors

As at 31 December 2017 and 2016, the caption "Other creditors" is detailed as follows:

	31 Dec 2017	Payable to		
		up to 90 days	90 to 180 days	more than 180 days
Fixed assets suppliers	67,664,713	66,596,753	709,290	358,670
Other debts	153,565,166	49,493,445	139,469	103,932,252
	221,229,879	116,090,198	848,759	104,290,922
Related undertakings	-	-	-	-
	221,229,879	116,090,198	848,759	104,290,922

	31 Dec 2016	Payable to		
		up to 90 days	90 to 180 days	more than 180 days
Fixed assets suppliers	67,208,877	65,926,664	600,122	682,091
Other debts	133,431,355	44,299,688	1,104,459	88,027,208
	200,640,232	110,226,352	1,704,581	88,709,299
Related undertakings	-	-	-	-
	200,640,232	110,226,352	1,704,581	88,709,299

The caption "Other debts" includes:

- 103,700,000 euro (87.72,109 euro as at 31 December 2016) relating to the fair value of the shares covered by Sonae Holding financial derivative referred to in Note 22;

- 10,421,939 euro (8,344,127 euro as at 31 December 2016) of attributed discounts not yet redeemed related to loyalty card "Cartão Cliente";

- 16,150,935 euro (15,042,306 euro as at 31 December 2016) related to vouchers, gift cards and discount tickets not yet redeemed;

- 3,447,882 euro (3,992,919 euro as at 31 December 2016) related to amounts payable to Sonae Distribuição Brasil. S.A. buyer as result of responsibilities assumed with that entity (Note 32); and

- 383,343 euro (811,244 euro as at 31 December 2016) relating to amounts payable associated to reinsurance operations.

As at 31 December 2017 and 2016, this caption includes payable amounts to other creditors and fixed assets suppliers that do not bear interest. The Board of Directors understands that the fair value of these payables is similar to its book value and the result of discounting these amounts is immaterial.

31 Other current liabilities

As at 31 December 2017 and 2016, "Other current liabilities" are made up as follows:

	31 Dec 2017	31 Dec 2016
Holiday pay and bonus	128,309,674	122,568,080
Other external supplies and services	39,766,899	32,121,742
Deferred Revenue of warranty extension (Note 2.16)	57,862,718	45,073,283
Marketing expenses	15,660,724	11,807,052
Charges made on the sale of real estate (Notes 2.6.c) and 8)	17,728,428	17,558,769
Advance receipts from Trade Receivables	9,993,106	10,615,437
Rentals	7,028,035	8,092,102
Expenses on purchases	4,133,909	6,238,536
Interest payable	2,079,044	2,449,632
Insurance payable	513,698	632,982
Others	14,911,586	13,842,767
	297,987,821	271,000,382

32 Provisions and accumulated impairment losses

Movements in Provisions and impairment losses over the period ended 31 December 2017 and 2016 are as follows:

Caption	Balance as at 31 Dec 2016 Restated	Increase	Decrease	Changes in consolidation perimeter	Balance as at 31 Dec 2017
Accumulated impairment losses on investments (Note 11 and 12)	9,054,576	3,011,792	(62,784)	(8,683,892)	3,319,692
Impairment losses on fixed tangible assets (Note 8)	119,100,221	853,597	(5,744,050)	169,243	114,379,011
Impairment losses on intangible assets	2,638,761	998,779	(858,758)	(382,139)	2,396,643
Accumulated impairment losses on trade account receivables (Note 15)	10,272,280	4,235,593	(2,008,966)	(15,668)	12,483,239
Accumulated impairment losses on other current debtors (Note 16)	7,598,754	1,225,221	(1,531,235)	(29,510)	7,263,230
Non - current provisions	25,848,118	1,139,726	(4,277,928)	(3,754,291)	18,955,625
Current provisions	3,558,708	4,302,362	(2,084,667)	(166,020)	5,610,383
	178,071,418	15,767,070	(16,568,388)	(12,862,277)	164,407,823

Caption	Balance as at 31 Dec 2015 Restated	Increase	Decrease	Acquisition of subsidiaries	Balance as at 31 Dec 2016 Restated
Accumulated impairment losses on investments (Note 11 and 12)	1,886,603	7,249,229	(81,256)	-	9,054,576
Impairment losses on fixed tangible assets (Note 8)	133,564,363	8,964,672	(23,428,814)	-	119,100,221
Impairment losses on intangible assets (Note 9)	1,497,024	1,141,737	-	-	2,638,761
Accumulated impairment losses on other non current assets (Note 15)	7,119,812	3,241,294	(2,360,331)	2,271,505	10,272,280
Accumulated impairment losses on trade account receivables (Note 16)	11,566,045	594,402	(4,596,353)	34,660	7,598,754
Non - current provisions	39,710,058	6,971,026	(25,979,216)	5,146,250	25,848,118
Current provisions	3,083,990	674,607	(199,889)	-	3,558,708
	198,427,895	28,836,967	(56,645,859)	7,452,415	178,071,418

As at 31 December 2017, the “Changes in consolidation perimeter” includes (13,031,521) euro related to derecognition arising from the loss of control of MDS (Note 5.1).

As at 31 December 2017 and 2016 increases in Provisions and impairment losses are as follows:

	31 Dec 2017	31 Dec 2016
Provisions and impairment losses in the income statement	10,486,042	17,300,593
Impairment losses on "Other investments" (Notes 11, 12 and 37)	2,900,748	7,249,229
Technical reinsurance provisions	-	651,577
Currency translation	(15,479)	2,726,895
Others	2,395,759	908,673
	15,767,070	28,836,967

As at 31 December 2017 and 2016 the value of decreases in provisions and impairment losses can be detailed as follows:

	31 Dec 2017	31 Dec 2016 Restated
Provisions and impairment losses reversal (Note 39)	(5,004,636)	(11,229,959)
Direct use of impairments on accounts receivable	(3,765,057)	(3,516,197)
Technical provisions on reinsurance	(275,256)	(20,053,711)
Direct use and reversals recorded in tangible assets	(4,854,094)	(7,448,463)
Direct use and reversals recorded in Non-Current Assets held for sale (Note 21)	-	(13,949,808)
Impairment reversal in financial investments	(62,784)	(81,256)
Currency translation	(2,033,460)	-
Others responsibilities	(573,101)	(366,465)
	(16,568,388)	(56,645,859)

As at 31 December 2017 and 2016, the Current and Non-Current provisions for other risks and charges can be analysed current and non-current details are as follows:

	31 Dec 2017	31 Dec 2016 Restated
Technical provisions on reinsurance (a)	786,208	1,061,465
Future liabilities relating to retail subsidiaries operations sold in Brazil (b)	7,358,151	8,521,318
Clients guarantees (c)	1,056,471	1,449,195
Judicial claims	4,577,787	2,270,177
Contingent liabilities for subsidiaries acquired	7,811,959	7,811,959
Others responsibilities	2,975,432	8,292,712
	24,566,008	29,406,826

- (a) Amounts included in “Technical provisions on reinsurance” relate to a group’s company that operates in the non-life reinsurance industry in which the amount of the provision is related to provisions for outstanding claims. The amount to be recovered from the reinsurance companies is recorded in the captions “Reinsurer’s share of technical provisions” (Note 13) and “Other Debtors” (Note 16).

(b) The caption non-current provisions includes 7,358,151 euro (8,521,318 euro as at 31 December 2016), relating to non-current contingencies assumed by the Company, when it sold its subsidiary Sonae Distribuição Brasil, S.A. in 2005. The evolution of the provision between years is associated with the evolution of the real against the euro. This provision is being used as the liabilities are materialized, being constituted based on the best estimate of the expenses to be incurred with such liabilities and that result from a significant set of processes of a civil and labor nature and of small value;

(c) The caption "Current provisions" includes as at 31 de December 2017 the estimate of the Group's liabilities directly related to the sale of its own branded products in Worten's business segment stores.

Impairment losses are deducted from the book value of the corresponding asset.

33 Reconciliation of liabilities arising from financing activities

As at 31 December 2017 the reconciliation of liabilities arising from financing activities are as follows:

	Obligations under finance leases (Note 24)	Bank loans (Note 24)	Derivative financial instruments (Note 26)	Loans from related parties (Note 44)
Balance as at 01 January 2017	2,543,149	1,568,138,777	(3,849,855)	443,382
Cash flows:				
Receipts relating to financial debt	-	6,969,262,977	-	-
Payments relating to financial debt	-	(7,018,150,115)	-	(27,000)
Bank overdrafts	-	(14,911,124)	-	-
Capital Leasing Depreciation	(828,298)	-	-	-
Increase/(decrease) in fair value	-	4,573,826	4,918,093	-
Change in consolidation method	-	(24,081,000)	-	-
Interest and similar costs	-	1,535,809	-	-
Transfers to capital	-	-	-	(260,000)
Exchange rate	-	-	-	4,204
Balance as at 31 December 2017	1,714,851	1,486,369,150	1,068,238	160,586

34 Contingent assets and liabilities

As at 31 December 2017 and 2016, major contingents liabilities exposed are as follows:

Guarantees and sureties given

	31 Dec 2017	31 Dec 2016
Guarantees given:		
on tax claims	1,133,241,313	1,153,774,789
on judicial claims	398,390	887,275
on municipal claims	9,126,363	8,048,110
contractual guaranties by proper compliance	12,318,637	21,516,088
others guaranties	8,117,670	9,261,512

a) Tax claims

The main tax claims with bank guarantees given or sureties associated are as follows:

- Tax claims for additional VAT payment for which guarantees or sureties were provided in the amount of 531.7 million euro (556.7 million euro as at 31 December 2016) for the periods from 2004 to 2013, and for which the Group presented or intends to present a tax appeal. The tax claims result from the Tax Administration's understanding that the Group should have invoiced VAT related to promotional discounts granted by suppliers,

based on purchases amounts, since Tax Authorities claims it corresponds to alleged services rendered to those entities. Tax authorities also claim that the Group should not have deducted VAT from discount vouchers used by its non-corporate clients.

- The caption guarantees given on tax claims include guarantees granted, in the amount of 146.6 million euro (142.9 million euro as at 31 December 2016), in favor of Tax authorities regarding 2007 up to 2014. Concerning these guarantees, the most significant amount relates to an increase in equity arising on the disposal of own shares to a third party in 2007, as well as to the disregard of the reinvestment concerning capital gains in share disposal, and the fact that demerger operations must be disregarded for income tax purposes. The Company has presented an appeal against this additional tax claim, being the Board of Directors understanding, based on its advisors assessment, that such appeal will be favourable.

- Sureties in the amount of, approximately, 60 million euro as a result of a tax appeal presented by the Company concerning an additional tax assessment by Tax authorities, relating to 31 December 2005, corresponding to a prior following the correction of taxable income for that period as Tax authorities did not accept the recognition of tax losses incurred after the liquidation of a subsidiary, since it considered that the cover of losses in that subsidiary should not be part of its acquisition cost, which is not in accordance with previous assessments of Tax Authorities.

- Fiscal lawsuit related to rent tax, concerning a subsidiary of the Company in Brazil, in the amount of, approximately, 16.4 million euro (65.3 million Brazilian real), which is being judged by a tax court, for which there were granted guarantees in the amount of 48 million euro (190.9 million Brazilian real). The difference between the value of the contingency and the value of the guarantee relates with the update of the related responsibility.

b) Contingent assets and liabilities related to tax claims paid under regularization programs of tax debts

Within the framework of regularization of tax debts to Tax Authorities, (Outstanding Debts Settlement of Tax and Social Security - Decree of Law 151-A/2013 e Decree of Law 248-A), the Group made tax payments in the amount of, approximately, 26.3 million euro, having the respective guarantees been eliminated. The related tax appeals continue in courts, having the maximum contingencies been reduced through the elimination of fines and interests related with these tax assessments.

As permitted by law, the Group maintains the legal proceedings, in order to establish the recovery of those amounts, having recorded as an asset the amounts related with income taxes paid under those plans (Note 13).

c) Other contingent liabilities

- Contingent liabilities related to discontinued activities in subsidiaries in Brazil

Following the disposal of a subsidiary in Brazil, Sonae guaranteed to the buyer of the subsidiary all the losses incurred by that company arising on unfavorably decisions not open for appeal, concerning tax lawsuits on transactions that took place before the sale date (13 December 2005) and that exceed 40 million euro. The amount claimed by the Brazilian Tax Authorities, concerning the tax lawsuits still in progress, which the company's lawyers assess as having a high probability of loss, plus the amounts already paid (28.5 million euro) related to programs for the Brazilian State of tax recovery, amount to near 32 million euro (32.4 million euro at 31 December 2016). Furthermore, there are other tax assessments totaling 56.1 million euro (60.8 million euro as at 31 December 2016) for which the Board of Directors, based on its lawyers' assessment, understands will not imply future losses to the former subsidiary.

- Procedure for contesting fines imposed by the Competition Authority

In 2016, the Competition Authority (AdC) notified Sonae Investimentos, Sonae MC and Modelo Continente, for the purpose of presenting a defense, in the context of a misconduct proceeding under the agreement entered into between Modelo Continente and EDP Comercial campaign known as the "EDP Continente Plan". It should be noted

that the Edp / Continent Plan took place during 2012 and was extended in the first months of 2013 to allow the use of discounts that had been allocated to customers until 31 December 2012. The development of this type of business promotion agreement is a common practice in the Portuguese market. In 2017, the AdC imposed fines of 2.8 million euros on Sonae Investimentos and 6.8 million on Modelo Continente. AdC also condemned Sonae MC, but it did not impose any fine on it since that company does not present any turnover. These companies challenged the decision in court, and the Board of Directors expects, based on the opinion of their legal advisors, that there will be no liability for these companies in this proceeding.

- Contingent liabilities related to joint ventures are disclosed in Note 47.

No provision has been recorded to face risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result for Sonae.

35 Operational lease

Minimum lease payments (fixed income) arising from operational leases, in which the Group acts as a lessor, recognized as income during the period ended 31 December 2017 and 2016 amounted to 10,123,670 euro and 7,811,239 euro, respectively.

Additionally, at 31 December 2017 and 2016, Sonae had operational lease contracts, as a lessor, whose minimum lease payments (fixed income) had the following payment schedule:

	31 Dec 2017	31 Dec 2016
Due in:		
N+1 automatically renewal	2,888,363	2,279,926
N+1	7,067,596	5,333,931
N+2	5,867,981	4,563,589
N+3	4,934,059	3,355,334
N+4	3,902,687	2,453,356
N+5	3,388,640	1,556,643
After N+5	13,710,831	5,179,130
	41,760,157	24,721,909

During the year ended at 31 December 2017, the amount of 155,647,598 euros (135,864,890 euros as at 31 December 2016) was recognized as cost of the year related to rents paid under operating lease agreements in which Sonae acts as lessee.

Additionally, at 31 December 2017 and 2016, Sonae had operational lease contracts, as a lessee, whose minimum lease payments had the following payment schedule:

	31 Dec 2017	31 Dec 2016
Due in:		
N+1 automatically renewal	37,151,438	32,416,193
N+1	113,462,803	104,309,175
N+2	105,966,213	96,651,908
N+3	100,670,355	91,418,163
N+4	92,981,500	85,821,305
N+5	83,605,167	78,240,242
After N+5	695,972,547	654,336,715
	1,229,810,023	1,143,193,701

At the end of the lease period, the Group has, in certain contracts, the possibility of exercising the option to acquire the assets at its fair value.

36 Turnover

As at 31 December 2017 and 2016, Turnover is made up as follows:

	31 Dec 2017	31 Dec 2016 Restated
Sale of goods	5,456,798,579	5,120,879,449
Sale of products	58,627,302	38,187,961
	5,515,425,881	5,159,067,410
Services rendered	194,726,055	170,424,206
Turnover (Note 6)	5,710,151,936	5,329,491,616

37 Gains or losses on investments

As at 31 December 2017 and 2016, Gain or losses Investment is made up as follows:

	31 Dec 2017	31 Dec 2016 Restated
Dividends	130,748	1,864,240
Imoconti disposal	-	6,773,227
Acquisition cost correction	1,111,020	-
Others	(7,456)	(346,498)
Gains / (losses) on the sale of investments in subsidiaries, joint ventures and associates	1,103,564	6,426,729
Gains / (losses) on the sale of investments on available for sale	-	-
Others	(3,125)	14,824
Impairment of investments in associates (Notes 11 and 32)	(2,900,748)	-
Impairment reversal on financial investments	9,987	-
Impairment reversal/(losses) on investments	(2,890,761)	-
Total income and (expenses) related to investments	(1,659,574)	8,305,793

As at 31 December 2016, the caption 'Gains and losses on the disposal of investments in subsidiaries' includes the sale of the subsidiary Imoconti to a related entity of the Sonae Sierra group.

As at 31 December 2017, 'Impairment of investments in associates' includes the impairment of the equity interest in MOVVO in the amount of 2,843,436 euro as a result of the insolvency proceedings in which it is located.

38 Net financial expenses

As at 31 December 2017 and 2016, Net financial expenses are as follows:

	31 Dec 2017	31 Dec 2016 Restated
Expenses		
Interest payable		
related with bank loans and overdrafts	(8,303,634)	(9,438,551)
related with non convertible bonds	(11,541,059)	(15,992,293)
related with financial leases	(55,148)	(151,196)
others	(5,757,818)	(5,942,285)
	(25,657,659)	(31,524,325)
Foreign exchange losses	(8,571,996)	(8,320,413)
Losses on fair value of hedge derivatives	-	(326,290)
Up front fees and commissions related to loans	(5,857,332)	(8,568,596)
Others	(3,050,663)	(2,381,232)
	(43,137,650)	(51,120,856)
Income		
Interest receivable		
related with bank deposits	31,388	66,425
others	487,939	545,495
	519,327	611,920
Foreign exchange gains	6,208,570	4,725,585
Payments discounts received	46,572	37,706
Gains on disposal of treasury applications (Notes 11.3 and 12)	-	9,362,943
Other financial income	345,629	1,012,585
	7,120,098	15,750,739
Fair value adjustment of investments registered at fair value on the income statement (Note 12)	-	(15,681,846)
Net financial expenses	(36,017,552)	(51,051,963)

As at 31 December 2016, the caption "Gains on disposal of treasury applications" refers to the capital gain generated by the disposal of NOS shares as described in Note 11

39 Other income

As at 31 December 2017 and 2016, the caption "Other Income" is made up as follow:

	31 Dec 2017	31 Dec 2016 Restated
Supplementary income	690,442,768	632,432,711
Prompt payment discounts obtained	24,570,069	24,646,164
Foreign currency exchange gains	28,006,672	19,860,909
Own work capitalised (Note 9)	17,016,851	14,565,826
Gains on sales of assets	13,679,296	63,197,788
Provisions and impairment losses reversals (Note 32)	5,004,636	11,229,959
Benefits of contractual penalties	5,521,757	85,444
Insurance claims	955,475	202,159
Subsidies	1,154,206	752,282
Others	6,898,155	5,149,423
	793,249,885	772,122,665

The caption "Supplementary income" relates mainly to promotional campaigns carried out in the stores of retail segment, reimbursed by the Sonae's partners.

Under the caption of "Gains on sales of assets" are included gains related to the operation of "Sale & Leaseback" amounting to 10.8 million euro (63.1 million euro as at 31 de December 2016).

40 External supplies and services

As at 31 December 2017 and 2016, External supplies and services are as follows:

	31 Dec 2017	31 Dec 2016 Restated
Rents	186,536,538	169,868,011
Publicity	104,519,354	107,069,088
Electricity	66,226,351	58,026,717
Transports	62,877,383	57,919,088
Services	75,345,714	76,711,098
Subcontracts	19,728,999	23,020,973
Maintenance	26,274,393	24,850,158
Costs with automatic payment terminals	13,228,694	11,873,307
Security	21,469,053	20,371,572
Cleaning up services	24,411,544	23,019,047
Consumables	13,650,195	13,441,395
Travel expenses	18,332,610	17,167,952
Commissions	13,056,525	12,244,863
Insurances	6,860,294	6,492,458
Communications	11,750,271	11,444,765
Home delivery	7,154,888	6,479,543
Others	66,200,725	63,796,089
	737,623,531	703,796,124

41 Staff costs

As at 31 December 2017 and 2016, Staff costs are as follows:

	31 Dec 2017	31 dez 2016 Restated
Salaries	604,547,040	564,822,980
Social security contributions	127,869,010	118,611,720
Insurance	13,201,958	11,274,216
Welfare	4,731,773	4,665,424
Other staff costs	13,841,837	14,954,623
	764,191,618	714,328,963

42 Other expenses

As at 31 December 2017 and 2016, other expenses are as follows:

	31 Dec 2017	31 Dec 2016 Restated
Exchange differences	26,959,379	19,684,760
Galp/Continente loyalty program	12,952,898	12,995,805
Losses on the sale and write-off of assets	14,080,303	11,848,543
Indirect taxes and fees	9,984,766	9,687,045
Donations	7,823,351	8,033,596
Municipal property tax	2,356,778	1,891,745
Doubtful debts	858,664	858,664
Other expenses	7,916,630	8,208,049
	82,932,769	73,208,207

43 Income tax

As at 31 December 2017 and 2016, income tax is made up as follows:

	31 Dec 2017	31 Dec 2016 Restated
Current tax	4,359,495	8,208,159
Deferred tax (Note 19)	11,764,475	18,488,609
	16,123,970	26,696,768

The reconciliation between the profit before Income tax and the tax charge for the years ended 31 December 2017 and 2016 is as follows:

	31 Dec 2017	31 Dec 2016 Restated
Profit before income tax	172,222,211	251,560,840
Difference between capital (losses)/gains for accounting and tax purposes	(4,495,588)	(19,237,645)
Gains or losses in jointly controlled and associates companies (Note 11)	(77,550,493)	(101,905,066)
Impairment of goodwill (Note 10)	-	369,402
Provisions and impairment losses not accepted for tax purposes	2,843,864	-
Taxable Profit	93,019,994	130,787,531
Use of tax losses that have not originated deferred tax assets	(26,127,598)	(13,932,775)
Recognition of tax losses that have not originated deferred tax assets	38,714,219	4,328,720
	105,606,615	121,183,476
Income tax rate in Portugal	21%	21%
	22,177,389	25,448,530
Effect of different income tax rates in other countries	(12,139,713)	(12,907,157)
Amortization of goodwill for tax purposes in Spain	17,457,039	-
Effect of constitution or reversal of deferred taxes	(5,816,680)	-
Effect of the write-off of deferred taxes (Note 19)	-	28,306,619
Effect of change in tax income rate in the calculation of deferred taxes	-	(17,547,730)
Use of tax benefits	(3,673,407)	(2,985,031)
Under/(over) Income tax estimates	(13,261,077)	(11,464,249)
Autonomous taxes and tax benefits	3,518,722	3,560,741
Municipality surcharge	6,561,800	10,512,953
Others	1,299,897	3,772,092
Income tax	16,123,970	26,696,768

44 Related parties

Balances and transactions with related parties during the periods ended 31 December 2017 and 2016 are as follows:

Transactions	Turnover and other income		Purchases and services obtained	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Parent Company	237,925	210,773	540,705	716,561
Jointly controlled companies	86,190,388	17,667,706	312,189,577	44,892,547
Associated companies	35,771,366	34,859,664	31	13,688
Other related parties	62,068,713	58,863,841	17,593,337	19,679,076
	184,268,392	111,601,984	330,323,650	65,301,872

Transactions	Interest income		Interest expenses	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Parent Company	-	-	43,548	168,233
Jointly controlled companies	215	-	-	-
Associated companies	12,566	-	-	-
Other related parties	-	-	-	63,538
	12,781	-	43,548	231,771

Balances	Accounts receivable		Accounts payable	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Parent Company	51,947	25,136	512,593	688,294
Jointly controlled companies	14,904,259	29,377,178	42,584,035	15,192,431
Associated companies	8,479,551	6,583,207	1,843	147,945
Other related parties	19,066,434	16,965,780	7,631,440	10,405,360
	42,502,191	52,951,301	50,729,911	26,434,030

Balances	Loans			
	Obtained		Granted	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Parent Company	-	-	-	-
Jointly controlled companies	-	1,000	-	-
Associated companies	-	-	-	-
Other related parties	160,586	442,382	3,570	3,570
	160,586	443,382	3,570	3,570

During the year ended at 31 December 2016, Sonaecom disposed its direct interest in NOS (2.14%) to ZOPT. This operation generated a gain of 18,725,887 euro. 50% of this gain were accounted under the caption "Financial income and gains" and the remaining 50% written off against reserves (Note 11).

In December 2016, the Group disposed its subsidiary Imoconti - Sociedade Imobiliária, SA to a related entity of the Sonae Sierra group. This operation generated a financial contribution of 21 million euro and a gain of 6.8 million euro (Note 37).

The caption "Other related parties" includes Sonae Sierra SGPS, SA, Zopt SGPS, SA, Sonae Industria, SGPS, SA and Sonae Capital, SGPS, SA affiliated, associated and jointly controlled companies, and also other shareholders of affiliated companies or jointly controlled companies of Sonae, as well as other affiliated companies of the ultimate parent company Efanor Investimentos, SGPS, SA.

The remuneration of the members of the Board of Directors of the parent company and of the employees with strategic management responsibility, earned in all Sonae companies for the years ended at 31 December 2017 and 2016, is composed as follows:

	31 Dec 2017		31 Dec 2016	
	Board of Directors	Strategic direction (a)	Board of Directors	Strategic direction (a)
Short-term employee benefits	1,635,500	6,725,295	1,594,100	6,380,285
Share-based payments	567,200	1,888,000	530,600	1,965,700
	2,202,700	8,613,295	2,124,700	8,345,985

(a) Includes personnel responsible for the strategic management of the companies of Sonae (excluding members of the Board of Directors of Sonae Holding).

45 Earning per share

Earnings per share for the periods ended 31 December 2017 and 2016 were calculated taking into consideration the following amounts:

	31 Dec 2017		31 Dec 2016 Restated	
	Continuing Operations	Discontinuing Operations	Continuing Operations	Discontinuing Operations
Net profit				
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	148,588,229	17,165,686	216,509,123	(1,435,174)
Effect of dilutive potential shares	-	-	-	-
Interest related to convertible bonds (net of tax)	8,587,542	-	7,778,796	-
Net profit taken into consideration to calculate diluted earnings per share	157,175,771	17,165,686	224,287,919	(1,435,174)
Number of shares				
Weighted average number of shares used to calculate basic earnings per share	1,893,848,246	1,893,848,246	1,887,410,072	1,887,410,072
Effect of dilutive potential ordinary shares from convertible bonds	128,667,482	128,667,482	127,113,527	127,113,527
Outstanding shares related with share based payments	12,487,590	12,487,590	12,923,765	12,923,765
Shares related to performance bonus that can be bought at market price	(4,877,179)	(4,877,179)	(5,319,084)	(5,319,084)
Weighted average number of shares used to calculate diluted earnings per share	2,030,126,139	2,030,126,139	2,022,128,280	2,022,128,280
Earnings per share				
Basic	0.078458	0.009064	0.114712	(0.000760)
Diluted	0.077422	0.008455	0.110917	(0.000710)

The 2017 average number of shares for the year ended 31 December 2017 considers 104,406,608 Sonae Holding shares (110,341,017 in 31 December 2016) as own shares (Note 22).

46 Cash receipts and cash payments of investments

As at 31 December 2017 and 2016, cash receipts and cash payments related to investments can be detailed as follows:

- Investment activities

Receipts	31 Dec 2017	31 Dec 2016
Disposal of Imoconti in 2016	21,009,032	-
Receipt relating to the sale of Raso SGPS	537,500	2,500,000
Losan adjust price acquisition	-	1,416,954
	21,546,532	3,916,954

Payments	31 Dec 2017	31 Dec 2016
Acquisition of a participation in Artic Wolf Networks, Inc	3,830,113	-
Acquisition of a participation in Secucloud Networks GmbH	4,000,000	-
Acquisition of GoWell, SA (Note 5.2)	3,788,464	-
Supplementary Benefit of S2 Moxambique, SA	1,078,154	-
Capital increase in Ulabox, SL	2,007,819	2,667,132
Capital increase in Fundo Armilar III	1,409,696	-
Fund Work compensation	1,323,730	-
Acquisition of Brio, SA (Note 5.2)	931,023	-
Acquisition of a participation in OMETRIA, Ltd	854,165	-
Capital increase in Probe.ly	514,959	-
Capital increase in Movvo	380,783	2,260,746
Acquisition of Salsa	-	65,588,931
Acquisition of a participation of Armilar Venture Funds	-	31,749,338
Capital increase in S2 Mozambique SA	-	1,607,217
Acquisition of Iberosegur, Ida	-	256,417
Acquisition of SYSVALUE	-	346,128
Acquisition of INOVRETAIL, Lda	-	653,346
Acquisition a participation of Filhet Allard Esp	-	629,751
Elergone adjust price acquisition	-	600,562
Others	890,839	73,905
	21,009,745	106,433,473

- Financing Activities

Receipts	31 Dec 2017	31 Dec 2016
Disposal of Imosonae Dois fund units	1,124,447	173,261
Others	88,740	170,853
	1,213,187	344,114

Payments	31 Dec 2017	31 Dec 2016
Acquisition of Imosonae Dois's fund units	1,267,876	-
Others	236,377	584,004
	1,504,253	584,004

47 Provision and contingent liabilities relating to joint-ventures

Sonae Sierra Group

a) Contingent liabilities

As of 31 December 2017, the main Sonae Sierra contingent liabilities relate to the following situations:

- In 2014 the Group has agreed to pay up to the amount of 4 million euro in case of breach of the obligations undertaken under the pre-sales and purchase agreement between Parklake Shopping SA and Carrefour Romania SA.
- In 2015 the Group has agreed with the bank that granted the loan to Parklake Shopping SA for the construction of the shopping centre Parklake the payment of the debt service in the maximum amount 9,3 million euro, in case the company is not able to comply with its obligations.
- In December 2013 Gli Orsi received a tax notification, whereby it is asked to pay the amount of 19.5 million euro, related with real estate transfer tax in the amount of 9,5 million euro and 10 million euro related with penalties and interest, plus court agent fees amounting to 0.9 million euro Based on the opinion of the tax expert there are valid reasons to consider the claim without foundation, and so the Group has appealed to the Supreme Court. In the specific case of the penalties requested by the tax authorities, the tax expert understands that no penalty is due. To provide for this contingency, the Group has expensed in 2013 an

amount of 10,4 million euro (corresponding to real estate transfer tax (9,5 million euro) plus court agent fee (0.9). In 2016, the Group assumed the commitment to the bank ING Bank N. V. (Milan), that finance the company Gli Orsi Shopping Centre 1, Srl, to pay future tax liabilities which may arise in relation to these tax litigations up to the maximum amount of 25 million euro, in case the company is not able to settle it.

- During 2008 – 2015, Sonae Sierra has received tax notifications regarding the tax deductibility of interest expenses on loans obtained, concerning the years 2005, 2008, 2009, 2010 and 2011, in the total amount of 9,3 million euro. All these tax notifications were claimed by Sonae Sierra and guarantees in the same amount were granted by the subsidiary Sierra Investments, SGPS, S.A. to the Portuguese tax authorities. No provision was recorded because the Board of Directors understands that the risk of these tax contingencies is unlikely. The fact that Sonae Sierra received a second favourable court decision and a first court decision, respectively on 2015 and 2017 regarding the deductibility of interest incurred in 2004 and 2009, corroborates the Group's assessment of these contingencies.

Additionally, At 31 December 2017 and 2016 the bank guarantees granted to third parties were as following:

	31 Dec 2017	31 Dec 2016
Bank guarantees		
relating to tax processes in course	1,927	2,775
relating to legal processes in course	-	74
to complete the construction of several projects	1,271	1,180
for good compliance with the reimbursement of the performance of the promise of purchase and sale agreement with Carrefour Romania	15,978	15,978
others guarantees	398	409

No provision has been made for any liability arising from the tax and legal processes mentioned above, as the Board of Directors believes that the corresponding risk is not probable.

b) Commitments from disposal of subsidiaries subject to price revision

Following the sale of 49.9% of Sierra European Retail Real Estate Assets Holdings BV's ("Sierra BV") share capital to a group of Investors, in 2003, Sonae Sierra has agreed to revise the sale price of such shares in the event of a sale, to third parties, of some of the shopping centres owned by subsidiaries of Sierra BV (subject to some conditions)

The price revision can occur both with a sale of the asset (investment property in the case) or with a sale of the shares of the company that is, directly or indirectly, the owner of such asset.

The price revision will be made by Sonae Sierra to the Investors in Sierra Fund or to Sierra BV if, in a relevant sale, discounts related to deferred taxes on capital gains have been made.

The price revision will be dependent on the percentage ownership in the company that owns the asset, the Investors' ownership percentage in Sierra BV (and in case of a sale of shares adjusted by a 50% discount) and is limited to:

- in the case of asset sale a maximum amount of 105.8 million euro;
- in the case of a sale of shares of the company that directly or indirectly owns the asset, a maximum amount of 52,9 million euro;
- in the case of a sale of shares of the company that directly or indirectly owns the asset, the price revision plus the selling price, cannot result in a revised price that is greater than the proportion of the Net Asset Value.

Similar commitments were granted by Sonae Sierra in relation to the companies transferred to Sierra BV after 2003 and to CBRE companies regarding the sale of 50% of Vasco da Gama.

These commitments are valid while the current agreements with the other stockholders of Sierra BV are maintained.

Furthermore, Sonae Sierra has the right to make a proposal for the acquisition of the asset or the shares at stake before they are offered for sale to a third party.

In accordance with the agreements made between the shareholders of Sierra BV at the time of its incorporation in 2003, it was agreed that Sierra BV should exist for an initial period of 10 years (that ended in October 2013), that could be extended by two additional periods of one year starting in 2013. On September 2013, all the shareholders of Sierra BV approved an amendment agreement relating to the continuation of the operations of the Fund with a long-stop date until October 2018. In 2018 the shareholders of Sierra BV agreed to schedule a number of workshops to be carried out at each of the Core Assets – Colombo, Norteshopping, Vasco da Gama, Cascaishopping and Plaza Mayor – to ascertain in more depth the long-term strategy of each scheme, in view of agreeing the basis for a prospective long-term extension of the venture. The Group also continues to study several alternatives to dispose of the other properties held by Sierra BV, but there are no intentions to proceed with forced asset sales

In accordance with the agreements made between the shareholders of SPF at the time of its incorporation in 2008, it was agreed that SPF should exist for a period of 10 years (that would end in 2018), with the shareholders having the option to redeem its shares after 2014, provided that some conditions are met. Upon a prospective redemption notice received from shareholders, the Manager (Sonae Sierra) shall carry out its best endeavours to redeem the respective interests, in a period of 12 months. Additionally, in 2015 shareholders agreed to extend the term of the fund until 2020.

The Group believes that the direct sale of the asset is a less attractive solution as it is subject to certain liabilities that are not crystallized in the event of a sale of the shares.

Group ZOPT

The consolidated financial statements of ZOPT (joint venture that controls NOS) and NOS as at 31 December 2017 and 2016, incorporated into the financial statements of Sonae through ZOPT by the equity method (Note 6 and Note 11).

a) Provisions of ZOPT group

The processes described below are provisioned in the consolidated accounts of Zopt, given the level of risk identified.

- Future credits transferred

For the year ended at 31 December 2010, the subsidiary NOS SA was notified of the Report of Tax Inspection, where it is considered that the increase, when calculating the taxable profit for the year 2008, of the amount of 100 million euro, with respect to initial price of future credits transferred to securitization, is inappropriate. Given the principle of periodisation of taxable income, NOS SA was subsequently notified of the improper deduction of the amount of 20 million euro in the calculation of taxable income between 2009 and 2013. Given that the increase made in 2008 was not accepted due to not complying with Article 18 of the CIRC, also in the years following, the deduction corresponding to credits generated in that years, will eliminate the calculation of taxable income, to meet the annual amortisation hired as part of the operation (20 million per year during 5 years). NOS SA challenged the decisions regarding the 2008 to 2013 fiscal year. Regarding the year 2008, the Administrative and Fiscal Court of Porto has already decided unfavorably, in March 2014. The company has appealed.

- ANACOM

Infringement proceedings due to an alleged failure, by NOS SA, to apply the resolutions taken by ANACOM on 26 October 2005, concerning termination rates for fixed calls. Following a deliberation of Board of Directors of the regulator, in April 2012, a fine of approximately 6.5 million Euro was applied to NOS SA; NOS SA has appealed for the judicial review of the decision and the court has declared the process's nullity on January 2014 (based on violation of NOS, SA's right of defense). Subsequently, in April 2014 ANACOM has notified NOS SA of a new judicial process, based

on the same accusations. This process is a repetition of the initial one, taking into consideration the same facts. In September 2014, ANACOM applied a new fine to NOS SA in the amount of 6.5 million Euro. This decision was contested by NOS SA. In May 2015, it was acquitted, which revoked the decision by ANACOM and the fine which applied. ANACOM subsequently lodged an appeal against the judgment in May 2015, which, by summary decision of May 2017, was dismissed in its entirety by the Lisbon Court of Appeal, thus confirming the total acquittal of NOS SA. Neither ANACOM nor the Public Prosecution Service appealed the decision, and the case became final by May 2017. During the 2017 financial year, the total provision amounting to 6.5 million Euro was reversed.

- Supplementary capital

The fiscal authorities are of the opinion that NOS SA has broken the principle of full competition under the terms of (1) of article 58 of the Corporate Tax Code (CIRC), (actual article 63), by granting supplementary capital to its subsidiary NOS Towering, without having been remunerated at a market interest rate. In consequence, it has been notified, with regard to the years 2004, 2005, 2006 and 2007, of corrections to the determination of its taxable income in the total amount of 20.5 million Euro. NOS SA contested the decision with regard to all the above mentioned years. As for the year 2004, the Court has decided favourable. This decision is concluded (favourable), originating a reversal of provisions, in 2016, in the amount of 1.3 million Euro plus interest. As for the years 2006 and 2007, the Oporto Fiscal and Administrative Court has already decided unfavourable. The company has contested this decision and the final decision of the processes is still pending.

- Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU)

The Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU) is legislated in Articles 17 to 22 of Law nr 35/2012, of 23 August. From 1995 until June 2014, MEO, SA (ex-PTC) was the sole provider for the universal service of electronic communications, having been designated administratively by the government, i.e without a tender procedure, which constitutes an illegality, as acknowledged by the European Court of Justice who, through its decision taken in June 2014, condemned the Portuguese State to pay a fine of 3 million Euro for illegally designating MEO. In accordance with Article 18 of the abovementioned Law number 35/2012, the net costs incurred by the operator responsible for providing the universal service, approved by ANACOM, must be shared between other companies who provide, in national territory public communication networks and publicly accessible electronic communications services. NOS is therefore within the scope of this extraordinary contribution given that MEO has been requesting the payment of CLSU to the compensation fund of the several periods during which it was responsible for providing the services. Indeed, in accordance with the law, the compensation fund can be activated to compensate the net costs of the electronic communications universal service, relative to the period before the designation of the provider by tender, whenever, cumulatively (i) there are net costs, considered excessive, the amount of which is approved by ANACOM, following an audit to their preliminary calculation and support documents, which are provided by the universal service provider, and (ii) the universal service provider requester the Government compensation for the net costs approved under the terms previously mentioned.

In 2013, ANACOM deliberated to approve the final results of the CLSU audit presented by MEO, relative to the period from 2007 to 2009, in a total amount of about 66.8 million Euro, decision contested by the Company. In January 2015, ANACOM issued the settlement notes in the amount of 18.6 million Euro, which were contested by NOS and for which bail were presented by NOS SGPS to avoid Tax Execution Proceedings, guarantees that have been accepted by ANACOM.

In 2014, ANACOM deliberated to approve the final results of the CLSU audit by MEO, relative to the period from 2010 to 2011, in a total amount of about 47.1 million Euro, a decision also contested by NOS. In February 2016, ANACOM issued the settlement notes to the Company in amount of 13 million Euro which will be contested by NOS and for which it was before also presented bail by NOS SGPS in order to avoid the promotion of respective tax enforcement processes, guarantees that have been accepted by ANACOM.

In 2015, ANACOM deliberated to approve the final results of the audit to CLSU presented by MEO for the year of 2012 and 2013, in the amount of about 26 million Euro and 20 million Euro, respectively, decision which was contested by

the companies In December 2016, the liquidation notes relating to NOS, SA, NOS Madeira and NOS Azores, relating to that period, amounting to 13.6 million Euro, were challenged by NOS and to which guarantees have also been presented by NOS SGPS in order to avoid the promotion of the respective tax enforcement procedures. The guarantees were also accepted by ANACOM.

At October 2016, ANACOM approved the results of the audit to the CLSU presented by MEO related with the period between January and June 2014, in the amount of 7.7 million Euro, which NOS challenged in its usual terms in January 2017. In December 2017, NOS, SA, NOS Madeira and NOS Azores were notified of ANACOM's draft decision on entities required to contribute to the compensation fund and to the setting of the contributions to the CLSU to be offset for 2014, which provides for a contribution of 2,4 million Euro for all these companies.

It is the opinion of the Board of Directors of NOS that these extraordinary contributions to CLSU of service providing by MEO violates the Directive of Universal Service. Moreover, considering the existing legal framework since NOS began its activity, the request of payment of the extraordinary contribution violates the principle of the protection of confidence, recognised on a legal and constitutional level in Portuguese domestic law. For these reasons, NOS will continue judicially challenge either the approval of the audit results to the net costs of the universal service for the pre-competitive period or the liquidation of each extraordinary contributions, once the Board of Directors is convinced it will be successful in all challenges, both future and already undertaken.

b) Legal actions and contingent assets and liabilities of Zopt Group

- Legal action with regulators

NOS SA, NOS Açores and NOS Madeira brought actions for judicial review of ANACOM's decisions in respect of the payment of the Annual Fee (for 2009, 2010, 2011, 2012, 2013, 2014, 2015 and 2016) for carrying on the business of Electronic Communications Services Networks Supplier, and furthermore, it is requested to pay back the sums paid in the course of the execution of said liquidation acts. The settlements for the year 2017 are in the period of challenge.

The settlement amounts are as follows:

- NOS SA: 2009: 1,861 thousand Euro, 2010: 3,808 thousand Euro, 2011: 6,049 thousand Euro, 2012: 6,283 thousand Euro, 2013: 7,270 thousand Euro, 2014: 7,426 thousand Euro, 2015: 7,253 thousand Euro, 2016: 8,242 thousand Euro and 2017: 9,099 thousand Euro.
- NOS Azores: 2009: 29 thousand Euro; 2010; 60 thousand Euro, 2011: 95 thousand Euro, 2012: 95 thousand Euro, 2013: 104 thousand Euro, 2014: 107 thousand Euro, 2015: 98 thousand Euro, 2016: 105 thousand Euro e 2017: 104 thousand Euro.
- NOS Madeira: 2009: 40 thousand Euro, 2010: 83 thousand Euro, 2011: 130 thousand Euro, 2012: 132 thousand Euro, 2013: 149 thousand Euro, 2014: 165 thousand Euro, 2015: 161 thousand Euro, 2016: 177 thousand Euro e 2017: 187 thousand Euro.

This fee is a percentage decided annually by ANACOM (in 2009 it was 0.5826%) of operators' electronic communications revenues. NOS SA, NOS Açores and NOS Madeira invoke, in particular, i) flaws of unconstitutionality and illegality related to the inclusion, in the accounting of ANACOM's costs, of the accrued provisions, due to the legal proceedings brought against it (including these same challenges of the activity rate) and ii) that only revenues from the electronic communications business per se, subject to regulation by ANACOM, should be considered for the purposes of the application of the percentage and the calculation of the fee payable, and that revenues from television content should be excluded.

On 18 December 2012 and 29 September 2017, two single judgments were passed on the proceedings instigated by NOS SA for the annual rate of 2009 and 2012, respectively. The first judgment upheld the respective challenge, but based only on the defect of the previous hearing and condemning ANACOM to pay interest. The remaining proceedings are awaiting trial and/or decision. The second judgment also considered, and in turn, the corresponding

challenge, but this time for substantive reasons, annulling the contested act for illegality, with the legal consequences, namely imposing the return to the NOS of the tax paid yet not returned and condemning ANACOM in the payment of compensatory interest. This decision was appealed by ANACOM to the Central Administrative Court - South

The remaining cases are awaiting judgment and / or decision.

During the first quarter of 2017, NOS was notified by ANACOM of the initiation of a process of mismanagement related to price update communications, at the end of 2016. At the time, it is not possible to determine the scope of the process of mismanagement.

- Tax authorities

During the course of the 2003 to 2016 financial years, some companies of the NOS Group were the subject of tax inspections for the 2001 to 2014 financial years. Following these inspections, NOS SGPS, as the controlling company of the Tax Group, and companies not covered by Tax Group, were notified of the corrections made to the Corporate Income Tax, to VAT and stamp tax and to make the payments related to the corrections made to the above exercises. The total amount of the notifications unpaid is about 19 million Euro, plus interest and charges. Note that the Group considered that the corrections were unfounded, and contested the corrections and the amounts mentioned. The Group provided the bank guarantees demanded by the Tax Authorities in connection with these proceedings.

At end of year 2013 and taking advantage of the extraordinary settlement scheme of tax debts, the Group settled 7.7 million Euro. This amount was recorded as "taxes receivable" non-current net of the provision recorded.

As belief of the Board of Directors of the NOS Group, supported by our lawyers and tax advisors, the risk of loss of these proceedings is not likely and the outcome thereof will not affect materially the consolidated position.

- Actions by MEO against NOS Madeira and NOS Açores and by NOS S.A. against MEO

In 2011, MEO (PT) brought an action in Lisbon Judicial Court against NOS SA, claiming payment of 10.3 million Euro, as compensation for alleged undue portability of NOS SA in the period between March 2009 and July 2011. NOS SA lodged a contest and reply, having started the expert evidence, that the Court however declared void. The hearing was held in late April and early May, having a ruling been delivered last September, which judged the action partially founded, based not on the existence of undue portability, but on the mere delay of the documentation shipment. NOS was condemned to pay, approximately 5.3 million Euro, a decision which only NOS appealed and which is pending before the Lisbon Court of Appeal.

MEO (PT) made three court notices to NOS SA (April 2013, July 2015 and March 2016), three to NOS Açores (March and June 2013 and May 2016) and three to NOS Madeira (March and June 2013 and May 2016), in order to stop the prescription of alleged damages resulting from claims of undue portability, absence of response time to requests submitted to them by MEO and alleged illegal refusal of electronic portability requests.

MEO doesn't indicate in all notifications the amounts in which it wants to be financially compensated, specifying only part of these, in the case of NOS SA, in the amount of 26 million Euro (from August 2011 and May 2014), in the case of NOS Açores, in the amount of 195 thousand Euro and NOS Madeira, amounting to 817 thousand Euro.

In 2011, NOS SA brought an action in the Lisbon Judicial Court against MEO (PT), claiming payment of 22.4 million Euro, for damages suffered by NOS SA, arising from violations of the Portability Regulation by MEO, in particular, the large number of unjustified refusals of portability requests by MEO in the period between February 2008 and February 2011. The court declared the compulsory performance of expert evidence, which is currently underway, the expert report having been notified to the parties and the parties have submitted their requests for clarification to the experts. At the same time, it was requested by the NOS and accepted by the Court to carry out economic and financial expertise, which has already begun.

It is the understanding of the Board of Directors of NOS, supported by lawyers who monitor the process, that there is, in substance, a good possibility of NOS SA winning the action, due to the fact that MEO has already been convicted for

the same offense, by ANACOM. However, it is impossible to determine the outcome of the action. In the event of action be judged totally unfounded, the court costs, which are the responsibility of NOS could amount to over 1,150 million Euros.

- Action against NOS SGPS

In 2014, a NOS SGPS providers of marketing services has brought a civil lawsuit seeking a payment of about 1,243 thousand Euro, by the alleged early termination of contract and for compensation. This instance was acquitted due to passive illegitimacy of NOS SGPS, decision confirmed by superior Courts and that, meanwhile, was concluded. Afterwards, the same company brought a new civil lawsuit based on the same facts, but this time, against NOS Comunicações. An objection was filed in September 2016 and a preliminary hearing was held in May 2017, in which two objections raised by the NOS were dismissed, rejections of which NOS appealed. The final hearing is scheduled for February 2018. As to the substance of the matter, it is the opinion of the Board of Directors of NOS that the arguments used by the author are not pertinent, which is why it is believed that the outcome of the proceeding should not have a material impact on the Group's financial statements.

- Actions against SPORT TV

Action brought by Cogeco Cable Inc., former shareholder of Cabovisão, against Sport TV, NOS SGPS and a third, requesting, among others: (i) joint condemnation of the three institutions to pay compensation for damages caused by anti-competitive conduct, guilty and illegal, between 3 August 2006 and 30 March 2011, specifically for the excess price paid for Sport TV channels by Cabovisão, in the amount of 9.1 million Euro; (ii) condemnation for damages corresponding to the remuneration of capital unavailable, in the amount 2.4 million Euro; and (iii) condemnation for damages corresponding to the loss of business from anti-competitive practices of Sport TV, in connection with the enforcement proceedings. NOS challenged the action, with a prior hearing held in early June. Following the presentation by the parties to the Court of proposals for the formulation of questions for the purposes of a reference for a preliminary ruling to the CJEU, the Court accepted the NOS's suggestions in full.

It is the understanding of the Board of Directors of NOS Group, supported by lawyers who monitor the process, that, in substance, it is unlikely that the group is responsible in this action.

Cabovisão brought an action against the SPORT TV, in which it requests compensation from the latter for alleged losses resulting from abuse of a dominant position in amount of 18 million Euro, more capital and interest that will win from 31 December 2014 and profits. The Board of Directors of Sport TV and lawyers, who monitor the process, predict a favourably outcome, not estimating impacts in the accounts, in addition to those already registered.

- Contractual penalties

The general conditions that affect the agreement and termination of this contract between NOS and its clients, establish that if the products and services provided by the client can no longer be used prior to the end of the binding period, the client is obliged to immediately pay damages.

Until 31 December 2014, revenue from penalties, due to inherent uncertainties was recorded only at the moment when it was received, so at 31 December 2017, the receivables by NOS SA, NOS Madeira and NOS Açores amount to a total of 71,799 thousand Euro. During the year ended on 31 December 2017 1,540 thousand Euro related to 2014 receivables were received and recorded in the income statement.

From 1 January 2015, revenue from penalties is recognised taking into account an estimated collectability rate taking into account the Group's collection history. The penalties invoiced are recorded as accounts receivable and amounts determined as uncollectible are recorded as impairment by deducting revenue recognized upon invoicing

- Interconnection tariffs

At 31 December 2017, accounts receivable and accounts payable include 37,139,253 Euro and 29,913,608 Euro, respectively, resulting from a dispute between the subsidiary NOS SA and, essentially, the operator MEO – Serviços de

Comunicação e Multimédia, S.A. (previously named TMN – Telecomunicações Móveis Nacionais, S.A.), in relation to the indefiniteness of interconnection tariffs, recorded in the year ended at 31 December 2001. In the first and second instance, the decision was favourable to NOS SA. Nevertheless, MEO again appealed this decision, first to the Supreme Court of Justice and then, in two different appeals to the Constitutional Court. All appeals have been dismissed, and the deadline for final and unappealable final decisions is in progress.

The Sonaecom Board of Directors believes that the above processes may result in contingencies that affect the ZOPT group's accounts are properly provisioned, given the degree of risk in the consolidated accounts of Sonaecom

c) Other commitments Group Zopt

In December 2015, NOS Group signed a contract with Sport Lisboa e Benfica - Futebol SAD and Benfica TV, S.A. of television rights of home football games of football NOS' league, broadcasting rights and distribution of Benfica TV Channel. The contract will begin in 2016/2017 sports season and has an initial duration of three years and may be renewed by decision of either party to a total of 10 sports seasons, with the overall financial consideration reaching the amount of 400 million Euro, divided into progressive annual amounts

Also in December 2015, the NOS Group signed a contract with Sporting Clube de Portugal - Futebol SAD and Sporting Comunicação e Plataformas, S.A. for the assignment of the following rights:

- 1) Television and multimedia rights of home games of the Sporting SAD senior team;
- 2) Right to explore the static and virtual advertising of José Alvalade Stadium;
- 3) Right of Transmission and Distribution Sporting TV channel;
- 4) Right to be its main sponsor.

The contract will last 10 seasons as regards the rights indicated in 1) and 2) above, starting in July 2018, 12 seasons in the case of the rights mentioned in 3) starting in July 2017 and 12 and a half seasons in the case of the rights mentioned in 4) beginning in January 2016, amounting to overall financial contribution to the amount of 446 million euro, divided into progressive annual amounts.

Also in December 2015, the NOS Group signed contracts of assignment of television rights credits of Senior home football games with the following sports clubs:

- 1) Associação Académica de Coimbra – Organismo Autónomo de Futebol, SDUQ, Lda
- 2) Os Belenenses Sociedade Desportiva Futebol, SAD
- 3) Clube Desportivo Nacional Futebol, SAD
- 4) Futebol Clube de Arouca – Futebol, SDUQ, Lda
- 5) Futebol Clube de Paços de Ferreira, SDUQ, Lda
- 6) Marítimo da Madeira Futebol, SAD
- 7) Sporting Clube de Braga – Futebol, SAD
- 8) Vitória Futebol Clube, SAD

The contracts will begin in the 2019/2020 sports season and last up to 7 seasons, with the exception of the contract with Sporting Clube de Braga - Futebol, SAD which lasts 9 seasons.

During the year of 2016, has signed contracts regarding the television rights of home senior team football games with the following sports clubs:

- 1) C. D. Tondela – Futebol, SDUQ, Lda
- 2) Clube Futebol União da Madeira, Futebol, SAD
- 3) Grupo Desportivo de Chaves – Futebol, SAD
- 4) Sporting Clube da Covilhã Futebol, SDUQ, Lda
- 5) Clube Desportivo Feirense Futebol, SAD
- 6) Sport Clube de Freamunde Futebol, SAD
- 7) Sporting Clube Olhanense Futebol, SAD
- 8) Futebol Clube de Penafiel, SDUQ, Lda
- 9) Portimonense Futebol, SAD

The contracts will begin in the 2019/2020 sport season and last up to 3 seasons.

In May 2016, NOS and Vodafone have agreed on reciprocal availability, for several sports seasons, of sports content (national and international) owned by the companies, in order to assure to both companies, the availability of broadcasting rights of the sports club home football games, as well as the broadcasting and distribution rights of sports and sports club channels, whose rights are owned by each of the companies in each moment. The agreement came into force from the beginning of the sports season 2016/2017, assuring access to Benfica’s channel and Benfica’s home football games to NOS’ and Vodafone’s clients, independent from the channel where these football games are broadcast.

Considering that the contract signed allowed for the possibility of extending the agreement to the other operators, in July 2016 MEO and Cabovisão joined the agreement, ending the lack of availability of Porto Canal in the NOS’s channel grid, assuring that every pay-tv client can have access to every relevant sports content, regardless of which operator they use.

Following the agreement signed with the remaining operators, as a counterpart of the reciprocal provision of rights, the global costs are shared according with retailer telecommunications revenues and Pay TV market shares.

The estimated cash flows are estimated as follows:

Seasons	2017/18	Flowing
Estimated cash flows with the contracts signed by NOS with the sports entities*	50.1 million euro	1,098 million euro
NOS estimated cash flows for the contracts signed by NOS (net of the amounts charged to the operators) and for the contracts signed by the remaining operators	22.5 million euro	624 million euro

* Includes games and channels broadcasting rights, advertising and others.

48 Presentation of consolidated income statement

In the Management Report, and for the purposes of the purposes of calculating financial indicators as EBIT, EBITDA and Underlying EBITDA the consolidated income statement is divided between Direct Income and Indirect Income.

The Indirect Income includes the contribution of Sonae Sierra, net of taxes that result from: (i) valuation of investment properties; (ii) gains (losses) with the sale of financial investments, joint ventures or associates; (iii) impairment losses relating to non-current assets (including Goodwill) and (iv) provisions for assets at risk. Additionally and with regard to the portfolio of Sonae, it includes: (i) impairment of real estate assets for retail, (ii) decreases in Goodwill, (iii) negative Goodwill (net of taxes) related to acquisitions in the financial year, (iv) provisions (net of tax) for possible future liabilities, and impairments related to noncore investments, businesses and discontinued assets (or to be discontinued / repositioned), (v) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (vi) other irrelevant issues.

The value of EBITDA and EBIT are calculated in the direct income component, i.e. excluding the indirect contributions.

The reconciliation between the two presentation formats for the consolidated income statement for the periods ended 31 December 2017 and 2016 can be summarized as follows:

	31 Dec 2017			31 Dec 2016 Restated		
	Consolidated	Indirect Income	Direct Income	Consolidated	Indirect income	Direct income
Turnover	5,710,151,936	-	5,710,151,936	5,329,491,616	-	5,329,491,616
Investment income						
Dividends and others adjustments	130,748	-	130,748	1,864,330	1,762,005	102,325
Impairments losses (note 11)	(2,843,436)	(2,843,436)	-	-	-	-
Others	1,053,113	1,111,019	(57,906)	13,690,691	-	13,690,691
Others income						
Reversal of impairment losses	3,282,503	-	3,282,503	9,204,743	-	9,204,743
Reversal of provisions for warranty extensions	1,737,441	-	1,737,441	-	-	-
Others	773,923,702	-	773,923,702	697,649,277	-	697,649,277
Total income	6,487,436,007	(1,732,417)	6,489,168,424	6,051,900,657	1,762,005	6,050,138,652
Total expenses	(6,149,046,342)	(1,123,135)	(6,147,923,207)	(5,729,127,594)	(1,056,883)	(5,728,070,711)
Depreciation and amortisation	(197,659,331)	-	(197,659,331)	(179,646,000)	-	(179,646,000)
Gains and Losses on tangible and intangible assets	(10,534,220)	-	(10,534,220)	(11,787,603)	-	(11,787,603)
Impairment losses and provisions						
Provisions for warranty extensions	(1,344,717)	-	(1,344,717)	1,914,139	-	1,914,139
Others	(9,141,325)	-	(9,141,325)	(15,016,419)	-	(15,016,419)
Profit before financial results and results of joint ventures and associates and non-recurrent items	119,710,072	(2,855,552)	122,565,624	118,237,180	705,122	117,532,058
Non-recurrent items	2,179,064	-	2,179,064	52,993,486	-	52,993,486
Gains and losses on investments recorded at fair value through results	-	-	-	(15,681,846)	(15,681,846)	-
Financial profit/(loss)	(36,017,552)	-	(36,017,552)	(35,370,117)	9,362,943	(44,733,060)
Share of results of joint ventures and associated undertakings						
Sonae Sierra	54,487,230	22,177,174	32,310,056	86,809,343	58,361,250	28,448,093
Armillar Venture Funds	8,800,135	8,800,135	-	36,726,300	36,726,300	-
ZOPT	27,234,000	-	27,234,000	17,075,644	-	17,075,644
Others	(4,170,739)	-	(4,170,739)	(1,979,921)	-	(1,979,921)
Profit before income tax	172,222,210	28,121,757	144,100,453	258,810,069	89,473,769	169,336,300
Income Tax	(16,123,970)	(1,991,482)	(14,132,488)	(26,696,768)	(8,263,418)	(18,433,350)
Profit/(Loss) from continued operations	156,098,240	26,130,275	129,967,965	232,113,301	81,210,351	150,902,950
Profit/(Loss) from discontinued operations	18,110,829	16,220,165	1,890,664	(2,869,775)	(409,391)	(2,460,384)
Profit/(Loss) for the period	174,209,071	42,350,440	131,858,631	229,243,526	73,551,730	155,691,796
Attributable to equity holders of Sonae	165,753,915	41,467,417	124,286,498	215,073,949	82,197,705	132,876,244
Non-controlling interests	8,455,156	883,023	7,572,133	6,920,348	(1,396,745)	8,317,093
"Underlying" EBITDA (b)			336,487,249			314,675,012
EBITDA (a)			395,930,294			408,751,930
EBIT (c)			181,877,921			211,506,651

- (a) EBITDA = total direct income - total direct expenses - reversal of direct impairment losses + share of results in joint ventures and associated undertakings (Sonae Sierra direct results, Zopt and other participated) + provisions for extensions of guarantee + unusual results;
- (b) "Underlying" EBITDA = EBITDA – effect of share result in joint ventures and associated undertakings – non-recurrent results;
- (c) EBIT = EBT - financial results - dividends;
- (d) EBT = Direct results before non-controlling interests and taxes;
- (e) Direct income = Results excluding contributions to indirect results;
- (f) Indirect income = Includes Sonae Sierra's results, net of taxes, arising from: (i) investment properties valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses for noncurrent assets (including Goodwill) and; (iv) provision for assets at risk. Additionally and with regard to the portfolio of Sonae, it includes: (i) impairment of real estate assets for retail, (ii) decrease in goodwill, (iii) provisions (net of tax) for possible future liabilities and impairments related with non-core financial investments, businesses, discontinued assets (or be discontinued/ repositioned);(iv) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (v) other irrelevant issues.

Indirect income can be analysed as follows:

Indirect income	31 Dec 2017	31 Dec 2016 Restated
Indirect income of Sonae Sierra	22,177,174	58,361,250
Measurement of NOS at fair value	-	(15,681,846)
Negative Goodwill recognised on Armilar Venture Funds acquisition, net of taxation	-	28,436,582
Gain on disposal of financial investments (Note 11.3)	-	9,362,943
Impairment of financial investments (Note 11.3)	(2,843,436)	(7,249,229)
Dividends of joint ventures	-	1,762,005
Indirect result of Armilar Venture Funds net of tax	6,808,654	-
Discontinued operations	16,220,165	(409,391)
Others	(12,117)	(1,030,584)
Total	42,350,440	73,551,730

"Underlying Direct EBITDA" and non-recurrent items can be analysed as follows:

	31 Dec 2017	31 Dec 2016
Direct EBITDA	395,930,294	408,751,930
Share of results of joint ventures and associated companies accounted by Equity Method and others	(55,373,317)	(43,543,816)
Discontinued operations (Note 5.1)	(1,890,664)	2,460,384
Unusual results		
Gain on the sale & leaseback transactions	(10,760,430)	(63,144,814)
Gain from the disposal of Imoconti	-	(6,389,099)
Other expenses considered non-recurring	8,581,366	16,540,427
	(2,179,064)	(52,993,486)
"Underlying" Direct EBITDA	336,487,249	314,675,012

49 Subsequent events

On March 9th 2017, Sonae through one of its subsidiaries, signed a Memorandum of Understanding (MoU) with JD Sports Fashion Plc (JD Group), UK's leading retailer of sports, fashion and outdoor brands, and JD Sprinter Holdings 2010 (JD Sprinter), which provides the combination of the JD Group's existing businesses in Iberia and JD Sprinter, with Sport Zone's business. This MoU establishes the key parameters for the creation of an Iberian Sports Retail Group that will have as shareholders the JD Group, Sonae and the family shareholders of JD Sprinter, with

shareholdings of approximately 50%, 30% and 20%, respectively. Under the agreement reached, the procedures for determining the assets, liabilities and transactions to be the object of this transaction were initiated.

As at 14 September 2017, Sonae MC Modelo Continente SGPS, SA entered into an agreement with JD Sports Fashion Plc, Balaico Firaja Invest SL and JD Sprinter Holdings 2010, SL (JD Sprinter) which provides for the combination of JD Sprinter and Sport Zone under the terms described above. However, the execution of this transaction was subject to the fulfilment of suspensive conditions dependent on third parties, namely approval by the European Commission Competition Authority, the authorization of the shareholder change by the owners of the leased stores of the Sport Zone business as well as of bank guarantees.

The approval by the Competition Authority occurred on 18 January 2018 and compliance with the remaining conditions precedent occurred until 31 January 2018, the date on which the Group considered that the transaction and the respective loss of control took place.

Taking into consideration the above mentioned suspensive conditions Sonae considered that the 31 December 2017 the conditions are not to consider the Sport Zone as an asset held for sale and consider the respective activity as discontinued.

In 2018, and considering the loss of control in Sport Zone, Sport Zone and its subsidiaries are no longer included in the consolidation method in Sonae's consolidated financial statements, and we will now include the participation in the new partnership under the equity method.

The main estimated impacts of this transaction can be analysed as follows:

- In the statement of financial position:

Amounts in euro	Sport Zone and subsidiaries	
	31 Jan 2018	31 Dec 2017
Net assets disposals		
Tangible and intangible assets	54,333,770	54,659,282
Goodwill	3,642,943	3,642,943
Deferred tax assets	6,878,552	6,593,675
Inventories	53,757,633	54,408,789
Trade account receivables and other assets	8,162,466	9,836,456
Cash and cash equivalents	6,062,386	6,679,540
Bank loans long terme	(6,445,557)	(45,948,953)
Deferred tax liabilities	(973,004)	(963,072)
Bank loans short terme	(2,236,375)	(21,619,782)
Suppliers and other liabilities	(49,235,829)	(52,809,981)
Shareholder's loans	-	60,883,601
Total of net assets disposals	73,946,985	75,362,498
Price adjustment	(5,037,587)	
Fair value of future estimated receivables	5,000,000	
Gain in operation	9,533,015	
Fair value of participation	83,442,413	

- In the consolidated statement of operations, the following amounts will be transferred to results of discontinued operations:

Amounts in euro	Sport Zone	
	31 Jan 2018	31 Dec 2017
Sales and services	16,510,977	225,204,616
Other income	409,024	2,841,993
Cost of sales	(9,566,671)	(131,701,289)
External supplies and services	(4,787,791)	(64,999,689)
Other expenses and losses	(4,224,728)	(48,798,968)
Net financial income	(25,380)	(1,208,847)
Profit/loss before taxation	(1,684,569)	(18,662,184)
Taxation	269,048	167,312
Net Income	(1,415,521)	(18,494,872)

50 Approval of financial statements

The accompanying consolidated financial statements were approved by the Board of Directors on 13 March 2018. Nevertheless they are still subject to approval at the Shareholders Annual General Meeting.

51 Group companies included in the consolidated financial statement

Group companies included in the consolidated financial statements, their head offices and percentage of share capital held by Sonae as at 31 December 2017 and 31 December 2016 are as follows:

COMPANY	Head Office	Percentage of capital held			
		31 Dec 2017		31 Dec 2016	
		Direct*	Total*	Direct*	Total*
Sonae - SGPS, S.A.	Maia	HOLDING	HOLDING	HOLDING	HOLDING
Sonae MC					
BB Food Service, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Bom Momento - Restauração, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
1) Brio - Produtos de Agricultura Biológica, SA	a) Matosinhos (Portugal)	100.00%	100.00%	-	-
Continente Hipermercados, SA	a) Lisbon (Portugal)	100.00%	100.00%	100.00%	100.00%
Elergone Energias, Lda	a) Matosinhos (Portugal)	75.00%	75.00%	75.00%	75.00%
Farmácia Seleção, SA	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
1) Go Well – Promoção de Eventos, Caterings e Consultoria, SA	a) Lisbon (Portugal)	51.00%	51.00%	-	-
MCCARE – Serviços de Saúde, SA	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
2) Make Notes Design, Lda	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Modelo Continente Hipermercados, SA	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Pharmaconcept – Actividades em Saúde, SA	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Pharmacontinente - Saúde e Higiene, SA	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
3) SK – Skin Health Cosmetics	a) Matosinhos (Portugal)	100.00%	100.00%	-	-
4) Sohi Meat Solutions-Distribuição de Carnes, SA	a) Santarém (Portugal)	50.00%	50.00%	100.00%	100.00%
Zippy - Comércio e Distribuição, SA	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Zippy - Comércio Y Distribución, SA	a) Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Zippy cocuk malz.dag.ith.ve tic.ltd.sti	a) Istanbul (Turkey)	100.00%	100.00%	100.00%	100.00%
ZYEvolution-Invest.Desenv., SA	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Worten					
HighDome PCC Limited (Cell Europe)	a) La Valletta (Malta)	100.00%	100.00%	100.00%	100.00%

	Infocfield – Informática, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Worten Canárias, SL	a)	Tenerife (Spain)	60.00%	60.00%	60.00%	60.00%
	Worten - Equipamento para o Lar, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Worten España Distribución, S.L.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Sports & Fashion							
5)	Aduanas Caspe, S.L.U.	a)	Zaragoza (Spain)	-	-	100.00%	100.00%
3)	Bright Brands SportsGoods, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	-	-
	Comercial Losan Polonia SP Z.O.O	a)	Warsaw (Poland)	100.00%	100.00%	100.00%	100.00%
	Comercial Losan, S.L.U.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
6)	Discovery Sports, SA	a)	Matosinhos (Portugal)	-	-	100.00%	100.00%
	Fashion Division, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Fashion Division Canárias, SL	a)	Tenerife (Spain)	100.00%	100.00%	100.00%	100.00%
5)	Global Usebti, S.L.	a)	Zaragoza (Spain)	-	-	100.00%	100.00%
	Irmãos Vila Nova, SA	b)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	100.00%	50.00%
	Irmãos Vila Nova III - Imobiliária, SA	b)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	100.00%	50.00%
	IVN – Serviços Partilhados, SA	b)	Vila Nova de Famalicão (Portugal)	50.00%	50.00%	50.00%	50.00%
	IVN Asia Limited	b)	Hong Kong (China)	100.00%	50.00%	100.00%	50.00%
	Losan Colombia, S.A.S	a)	Bogota (Colombia)	100.00%	100.00%	100.00%	100.00%
	Losan Overseas Textile, S.L.	a)	Zaragoza (Spain)	100.00%	100.00%	100.00%	100.00%
1)	Losan Rusia	a)	Moscow (Russia)	100.00%	100.00%	-	-
	Losan Tekstil Urunleri V e Dis Ticaret, L.S.	a)	Istanbul (Turkey)	100.00%	100.00%	100.00%	100.00%
	Modalfa - Comércio e Serviços, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Modalloop - Vestuário e Calçado, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
3)	Salsa Canarias	b)	Tenerife (Spain)	60.00%	30.00%	-	-
	Salsa DE GmbH	b)	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Salsa Distribution USA LLC	b)	New York (USA)	100.00%	50.00%	100.00%	50.00%
	Salsa France, S.A.R.L.	b)	Paris (France)	100.00%	50.00%	99.99%	50.00%
	Salsa Luxembourg, Sàrl	b)	Luxembourg	100.00%	50.00%	100.00%	50.00%
	SDSR – Sports Division SR, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	SLS Salsa – Comércio e Difusão de Vestuário, S.A.	b)	Vila Nova de Famalicão (Portugal)	100.00%	50.00%	100.00%	50.00%
	SLS Salsa España – Comercio y Difusión de Vestuario, S.A.U.	b)	Pontevedra (Spain)	100.00%	50.00%	100.00%	50.00%

Sport Zone Canárias, SL	a)	Tenerife (Spain)	60.00%	60.00%	60.00%	60.00%
Sport Zone Espanha - Comércio de Artículos de Deporte, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Sport Zone spor malz.per.satis ith.ve tic.ltd.sti	a)	Istanbul (Turkey)	100.00%	100.00%	100.00%	100.00%
Têxtil do Marco, SA	a)	Marco de Canaveses (Portugal)	92.76%	92.76%	92.76%	92.76%
Usebti Textile México S.A. de C.V.	a)	City of Mexico (Mexico)	100.00%	100.00%	100.00%	100.00%
Sonae RP						
Arat Inmuebles, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
3) Asprela Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	-	-
Azulino Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Canasta - Empreendimentos Imobiliários, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Contimobe - Imobiliária de Castelo de Paiva, SA	a)	Castelo de Paiva (Portugal)	100.00%	100.00%	100.00%	100.00%
Cumulativa - Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Fozimo - Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Fechado Imosedede	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Fundo de Investimento Imobiliário Imosonae Dois	a)	Maia (Portugal)	98.00%	98.00%	97.91%	97.91%
Igimo – Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Iginha – Sociedade Imobiliária, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Imoestrutura – Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Imomuro – Sociedade Imobiliária, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Imoresultado – Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Imosistema – Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
MJLF - Empreendimentos Imobiliários, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Modelo Hiper Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Ponto de Chegada – Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Predicomercial - Promoção Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Predilugar- Promoção Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Selifa - Empreendimentos Imobiliários de Fafe, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Sesagest - Proj.Gestão Imobiliária, SA	a)	Porto (Portugal)	100.00%	100.00%	100.00%	100.00%

	Socijofra - Sociedade Imobiliária, SA	a)	Gondomar (Portugal)	100.00%	100.00%	100.00%	100.00%
	Sociloures - Sociedade Imobiliária, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Sonaegest-Soc.Gest.Fundos Investimentos, SA	a)	Maia (Portugal)	100.00%	90.00%	100.00%	90.00%
	Sonaerp - Retail Properties, SA	a)	Porto (Portugal)	100.00%	100.00%	100.00%	100.00%
	Sondis Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Valor N, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Maxmat						
	Modelo - Distribuição de Materiais de Construção, SA	b)	Maia (Portugal)	50.00%	50.00%	50.00%	50.00%
	Sonae IM						
	Bright Development Studio, SA	a)	Lisbon (Portugal)	100.00%	89.97%	100.00%	89.97%
	Bright Ventures Capital SCR	a)	Lisbon (Portugal)	100.00%	89.97%	100.00%	89.97%
7)	Bright Vector I – Fundo Capital de Risco	a)	Lisbon (Portugal)	50.13%	45.10%	-	-
	Cape Technologies Limited	a)	Dublin (Ireland)	100.00%	89.97%	100.00%	89.97%
	Digitmarket - Sistemas de Informação, SA	a)	Maia (Portugal)	75.10%	67.56%	75.10%	67.56%
	Inovretail, Lda	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
	Praesidium Services Limited	a)	Berkshire (UK)	100.00%	89.97%	100.00%	89.97%
	S21 Sec Brasil, Ltda	a)	São Paulo (Brazil)	99.99%	89.96%	99.99%	89.96%
8)	S21 Sec Ciber Seguridad SA de CV	a)	Cidade do México (Mexico)	-	-	100.00%	89.97%
	S21 Sec Gestion, SA	a)	Navarra (Spain)	100.00%	89.97%	100.00%	89.97%
	S21 Sec Information Security Labs, S.L.	a)	Navarra (Spain)	100.00%	89.97%	100.00%	89.97%
8)	S21 Sec México, SA de CV	a)	City of Mexico (Mexico)	-	-	100.00%	89.97%
	S21 Sec SA de CV	a)	City of Mexico (Mexico)	100.00%	89.97%	100.00%	89.97%
	S21SEC Portugal – Cybersecurity and Intelligence Services, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
	Saphety – Transacciones Electronicas SAS	a)	Bogota (Colombia)	100.00%	78.27%	100.00%	78.27%
	Saphety Brasil Transações Eletrônicas Lda	a)	São Paulo (Brazil)	100.00%	78.27%	100.00%	78.27%
	Saphety Level - Trusted Services, SA	a)	Maia (Portugal)	86.99%	78.27%	86.99%	78.27%
	Sonaecom-Cyber Security and Int., SGPS, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
	Sonaecom - Serviços Partilhados, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
	Sonaecom - Sistemas de Información España, SL	a)	Madrid (Spain)	100.00%	89.97%	100.00%	89.97%
	Sonaecom, SGPS, SA	a)	Maia (Portugal)	90.15%	89.97%	90.15%	89.97%
	Sonae Investment Management - Software and Technology, SGPS, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%

Tecnológica Telecomunicações, Ltda	a)	Rio de Janeiro (Brazil)	99.99%	89.87%	99.99%	89.87%
We Do Brasil Soluções Informáticas, Ltda	a)	Rio de Janeiro (Brazil)	99.91%	89.88%	99.91%	89.88%
We Do Consulting - Sistemas de Informação, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
We Do Technologies (UK) Limited	a)	Berkshire (UK)	100.00%	89.97%	100.00%	89.97%
We Do Technologies Americas, Inc.	a)	Delaware (USA)	100.00%	89.97%	100.00%	89.97%
We Do Technologies Australia PTY Limited	a)	Sydney (Australia)	100.00%	89.97%	100.00%	89.97%
We Do Technologies Egypt Limited Liability Company	a)	Cairo (Egypt)	100.00%	89.97%	100.00%	89.97%
We Do Technologies Mexico S. de RL	a)	City of Mexico (Mexico)	100.00%	89.97%	100.00%	89.97%
We Do Technologies BV	a)	Amsterdam (Netherlands)	100.00%	89.97%	100.00%	89.97%
Sonae FS						
9) Accive Insurance – Corretor de Seguros, SA	a)	Porto (Portugal)	70.00%	35.00%	70.00%	35.01%
9) Herco Consultoria de Risco e Corretora de Seguros, Ltda	a)	Santa Catarina (Brazil)	100.00%	50.00%	100.00%	50.01%
9) Herco, Consultoria de Risco, SA	a)	Maia (Portugal)	100.00%	50.00%	100.00%	50.01%
9) HighDome PCC Limited	a)	La Valletta (Malta)	100.00%	50.00%	100.00%	50.01%
9) Iberosegur – Sociedade Ibérica de Mediação de Seguros, Lda	a)	Porto (Portugal)	60.00%	30.00%	100.00%	50.01%
Libra Serviços, Lda	a)	Funchal (Portugal)	100.00%	100.00%	100.00%	100.00%
9) Larim Corretora de Resseguros Ltda	a)	Rio de Janeiro (Brazil)	99.99%	50.00%	99.99%	50.01%
9) Lazam/mds Correctora Ltda	a)	São Paulo (Brazil)	100.00%	50.00%	100.00%	50.01%
Marcas MC, zRT	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
9) MDS África, SGPS, SA	a)	Porto (Portugal)	50.00%	25.00%	50.00%	25.05%
9) MDS - Corretor de Seguros, SA	a)	Porto (Portugal)	100.00%	50.00%	100.00%	50.01%
9) MDS Auto - Mediação de Seguros, SA	a)	Porto (Portugal)	50.01%	25.00%	50.01%	25.01%
9) MDS Malta Holding Limited	a)	La Valletta (Malta)	100.00%	50.00%	100.00%	50.01%
9) MDS RE – Mediador de resseguros, SGPS, SA	a)	Porto (Portugal)	100.00%	25.00%	100.00%	25.05%
9) MDS, SGPS, SA	a)	Maia (Portugal)	50.00%	50.00%	50.01%	50.01%
9) Moneris Seguros - Mediação de Seguros, Lda	a)	Oeiras (Portugal)	60.00%	30.01%	60.00%	30.01%
SFS – Serviços de Gestão e Marketing, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae Financial Services, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Others						
Modelo Continente International Trade, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
PCJ-Público, Comunicação e Jornalismo, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
Público - Comunicação Social, SA	a)	Porto (Portugal)	100.00%	89.97%	100.00%	89.97%

10) SCBRASIL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
SIAL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
Soflorin, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae Center Serviços II, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae Investimentos, SGPS, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae Investments, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae RE, SA	a)	Luxembourg	99.92%	99.92%	99.92%	99.92%
Sonaecenter Serviços, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Sontel, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae MC – Modelo Continente SGPS, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae MC S2 Africa Limited	a)	La Valletta (Malta)	100.00%	100.00%	100.00%	100.00%
Sonae SR Malta Holding Limited	a)	La Valletta (Malta)	100.00%	100.00%	100.00%	100.00%
SONAESR – Serviços e Logística, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonvecap, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Tlantic, BV	a)	Amsterdam (Netherlands)	70.71%	70.71%	70.71%	70.71%
Tlantic Portugal - Sistemas de Informação, SA	a)	Maia (Portugal)	100.00%	70.71%	100.00%	70.71%
Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	100.00%	70.71%	100.00%	70.71%

**the percentage of capital held "Total" is the total percentage of interest held by the parent company's shareholders; the percentage of capital held "Direct" corresponds to the percentage that subsidiary(s) which hold(s) a participation, hold(s) this participation directly in the share capital of that company.

a) Control held by majority of voting rights which gives power of relevant activities;

b) Control held by majority of Board members;

- 1) Company acquired during the period;
- 2) Ex- MJB Design, Lda;
- 3) Company created during the period;
- 4) On January 3rd 2017, was created a Joint Venture between Sonae MC and Hilton Food Group PLC through a capital increase of this Group on Sohi Meat. From this moment, onwards, Sohimeat is consolidated through the equity method;
- 5) Company incorporated by merger in Comercial Losan, SL;
- 6) Company incorporated by merger in SDSR – Sports Division SR, SA;
- 7) Fund created in September 2017;
- 8) Company incorporated by merger in S21 Sec SA de CV;

9) On 31 March 2017, an agreement was signed for the sale of shares of MDS, SGPS, SA to IPLF Holding, SA and the shareholder agreement was changed, and Sonae was given joint control. The non-opposition of the entities that regulate the insurance activity in June 2017, becoming effective the loss of control since that date (Note 5.1)

10) Ex- Sonae Capital Brasil, Ltda.

These entities are consolidated using the full consolidation method.

52 Joint ventures and associated companies included in the consolidated financial statement

Joint ventures and associates, their head offices and percentage of share capital held by Sonae as at 31 December 2017 and 31 December 2016 are as follows:

52.1 Joint ventures

COMPANY	Head Office	Percentage of capital held				
		31 Dec 2017		31 Dec 2016		
		Direct*	Total*	Direct*	Total*	
Sonae MC						
1)	Sohi Meat Solutions – Distribuição de Carnes, SA	Santarém (Portugal)	50.00%	50.00%	100.00%	100.00%
Sonae Sierra						
2)	3shoppings - Holding, SGPS, SA	Maia (Portugal)	20.00%	10.00%	100.00%	25.05%
	8ª Avenida Centro Comercial, SA	Maia (Portugal)	100.00%	11.25%	100.00%	11.25%
	Aegean Park Constructions Real Estate and Development, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
	ALBCC – Albufeirashopping – Centro Comercial, SA	Maia (Portugal)	100.00%	11.25%	100.00%	11.25%
3)	ALBRP Albufeira Retail Park, Lda	Maia (Portugal)	100.00%	5.00%	-	-
3)	Albufeira RP (Luxembourg) 1, Sarl	Luxembourg	100.00%	5.00%	-	-
3)	Albufeira RP (Luxembourg) 2, Sarl	Luxembourg	100.00%	5.00%	-	-
	ALEXA Asset GmbH & Co, KG	Dusseldorf (Germany)	9.00%	4.50%	9.00%	4.50%
	ALEXA Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	ALEXA Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Algarveshopping - Centro Comercial, SA	Maia (Portugal)	100.00%	5.00%	100.00%	5.00%
3)	Area Sur Shopping, SL	Madrid (Spain)	15.00%	7.50%	-	-
	ARP Alverca Retail Park, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Arrábidasshopping - Centro Comercial, SA	Maia (Portugal)	100.00%	12.53%	100.00%	12.53%
4)	Axnae Spain Holdings, S.L.	Madrid (Spain)	100.00%	50.00%	-	-
	Candotal Spain S.L.U	Madrid (Spain)	100.00%	5.00%	100.00%	50.00%

	Cascaishopping - Centro Comercial, SA	Maia (Portugal)	100.00%	28.62%	100.00%	28.62%
5)	Cascaishopping Holding I, SGPS, SA	Maia (Portugal)	-	-	100.00%	28.62%
	CCCB Caldas da Rainha - Centro Comercial, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Centro Colombo - Centro Comercial, SA	Maia (Portugal)	100.00%	12.53%	100.00%	12.53%
	Centro Vasco da Gama - Centro Comercial, SA	Maia (Portugal)	100.00%	12.53%	100.00%	12.53%
	Coimbrashopping - Centro Comercial, SA	Maia (Portugal)	100.00%	25.05%	100.00%	25.05%
6)	Colombo Towers Holding, BV	The Hague (Netherlands)	-	-	50.00%	25.00%
	DOC Malaga Holdings S.L.	Madrid (Spain)	50.00%	12.53%	50.00%	12.53%
	DOC Malaga SITECO S.L.U.	Madrid (Spain)	100.00%	12.53%	100.00%	12.53%
6)	Dortmund Tower GmbH	Dusseldorf (Germany)	-	-	100.00%	50.00%
	Dos Mares - Shopping Centre, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Dos Mares - Shopping Centre, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Estação Viana - Centro Comercial, SA	Viana do Castelo (Portugal)	100.00%	5.00%	100.00%	5.00%
	Freccia Rossa - Shopping Centre, Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
	Fundo de Investimento Imobiliário Parque Dom Pedro Shopping Center	Rio de Janeiro (Brazil)	50.00%	10.34%	50.00%	10.34%
	Fundo de Investimento Imobiliário Shopping Parque Dom Pedro	Rio de Janeiro (Brazil)	87.61%	15.78%	87.61%	15.78%
	Gaiashopping I - Centro Comercial, SA	Maia (Portugal)	100.00%	12.53%	100.00%	12.53%
	Gaiashopping II - Centro Comercial, SA	Maia (Portugal)	100.00%	12.53%	100.00%	12.53%
	Gli Orsi Shopping Centre 1, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
2)	Guimarãeshopping - Centro Comercial, SA	Maia (Portugal)	100.00%	10.00%	100.00%	25.05%
3)	Haciarriba – Projetos, Negócios e Promoções, SA	Maia (Portugal)	100.00%	1.88%	-	-
	Harvey Dos Iberica, SL	Madrid (Spain)	50.00%	12.53%	50.00%	12.53%
7)	Iberian Assets, SA	Madrid (Spain)	50.00%	12.53%	49.81%	12.48%
	Iberia Shopping Centre Venture Cooperatief UA	Amsterdam (Netherlands)	10.00%	5.00%	10.00%	5.00%
	Iberian Holdings Spain, S.L.	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Imoconti - Sociedade Imobiliária, SA	Maia (Portugal)	100.00%	5.00%	-	-
	Ioannina Development of Shopping Centres, SA	Athens (Greece)	100.00%	50.00%	100.00%	50.00%
	Land Retail, BV	Amsterdam (Netherlands)	100.00%	32.19%	100.00%	32.19%
	Larissa Development of Shopping Centres, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%

	LCC – Leiriashopping – Centro Comercial, SA	Maia (Portugal)	100.00%	11.25%	100.00%	11.25%
	Le Terrazze – Shopping Centre 1, Srl	Milan (Italy)	10.00%	5.00%	10.00%	5.00%
	Loop5 Shopping Centre GmbH & Co KG	Dusseldorf (Germany)	9.00%	4.50%	9.00%	4.50%
	Loureshopping – Centro Comercial, SA	Maia (Portugal)	50.00%	5.63%	50.00%	5.63%
	Luz del Tajo, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Luz del Tajo - Centro Comercial, SA	Madrid (Spain)	100.00%	5.00%	100.00%	5.00%
	Madeirashopping - Centro Comercial, SA	Funchal (Portugal)	50.00%	12.53%	50.00%	12.53%
2)	Maiashopping - Centro Comercial, SA	Maia (Portugal)	100.00%	10.00%	100.00%	25.05%
	Microcom Doi, Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Norte Shopping Retail and Leisure Centre, BV	Amsterdam (Netherlands)	50.00%	12.53%	50.00%	12.53%
	Norteshopping - Centro Comercial, SA	Maia (Portugal)	100.00%	12.53%	100.00%	12.53%
4)	Olimpo Asset 1, S.A.	Maia (Portugal)	100.00%	1.88%	-	-
3)	Olimpo Asset 2, S.A.	Maia (Portugal)	100.00%	1.88%	-	-
	Olimpo Real Estate Socimi, SA	Madrid (Spain)	3.75%	1.88%	3.75%	1.88%
	Pantheon Plaza BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%
	Paracentro - Gestão de Galerias Comerciais, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Park Avenue Development of Shopping Centers, SA	Athens (Greece)	50.00%	25.00%	50.00%	25.00%
	Parklake Shopping, SA	Bucharest (Romania)	50.00%	25.00%	50.00%	25.00%
	Parque Atlântico Shopping - Centro Comercial SA	Ponta Delgada (Portugal)	50.00%	12.53%	50.00%	12.53%
	Parque D. Pedro 1, BV Sarl	Luxembourg	100.00%	25.00%	100.00%	25.00%
	Parque de Famalicão - Empreendimentos Imobiliários, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Pátio Boavista Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Goiânia Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Londrina Empreendimentos e Participações, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio São Bernardo Shopping Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Sertório Shopping, Ltda	Manaus (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Uberlândia Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Plaza Eboli - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Plaza Mayor Parque de Ócio, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Parque de Ócio, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%

	Plaza Mayor Shopping, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Shopping, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Plenerg Srl	Bucharest (Romania)	50.00%	25.00%	50.00%	25.00%
	PORTCC – Portimãoshopping – Centro Comercial, SA	Maia (Portugal)	100.00%	11.25%	100.00%	11.25%
3)	Portitail – Investimentos Imobiliários, S.A.	Maia (Portugal)	100.00%	1.88%	-	-
	Project Guia, SA	Maia (Portugal)	100.00%	5.00%	100.00%	5.00%
	Project Sierra 10 BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 11 BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 12 BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 2, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 8, BV	Amsterdam (Netherlands)	100.00%	5.00%	100.00%	5.00%
	Project Sierra Cúcuta, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Four, SA	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
6)	Project Sierra Germany 2 (two), Shopping Centre, GmbH	Dusseldorf (Germany)	-	-	100.00%	50.00%
	Project Sierra Germany 4 (four), Shopping Centre, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 1, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 2 - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
6)	Project Sierra Two, Srl	Bucharest (Romania)	-	-	100.00%	50.00%
	Proyecto Cúcuta S.A.S	Santiago de Cali (Colombia)	50.00%	25.00%	50.00%	25.00%
	Rio Sul – Centro Comercial, SA	Lisbon (Portugal)	50.00%	5.63%	50.00%	5.63%
	River Plaza BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	River Plaza Mall, Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	SC Aegean, BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%
	Serra Shopping – Centro Comercial, SA	Lisbon (Portugal)	50.00%	5.63%	50.00%	5.63%
	Shopping Centre Colombo Holding, BV	Amsterdam (Netherlands)	50.00%	12.53%	50.00%	12.53%
	Shopping Centre Parque Principado, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Sierra Asia Limited	Hong Kong	100.00%	50.00%	100.00%	50.00%

	Sierra Berlin Holding BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Brazil 1, BV	Amsterdam (Netherlands)	100.00%	25.00%	100.00%	25.00%
	Sierra Central, S.A.S.	Santiago de Cali (Colombia)	50.00%	25.00%	50.00%	25.00%
	Sierra Cevital Shopping Center, Spa	Algeria	49.00 %	24.50%	49.00 %	24.50%
	Sierra Core Assets Holdings, BV	Amsterdam (Netherlands)	50.00%	25.05%	50.00%	25.05%
	Sierra Developments Holding, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments, SGPS, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Sierra European Retail Real Estate Assets Holdings, BV	Amsterdam (Netherlands)	50.10%	25.05%	50.10%	25.05%
	Sierra Germany GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Sierra GP, Limited	Guernsey (U.K.)	100.00%	50.00%	100.00%	50.00%
	Sierra Greece, SA	Athens (Greece)	100.00%	50.00%	100.00%	50.00%
	Sierra Investimentos Brasil Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Sierra Investments (Holland) 1, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments (Holland) 2, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments Holding, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments SGPS, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Sierra Italy, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Sierra Management, SGPS, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Sierra Maroc, SARL	Casablanca (Morocco)	100.00%	50.00%	100.00%	50.00%
	Sierra Maroc Services, SARL	Casablanca (Morocco)	100.00%	50.00%	100.00%	50.00%
4)	Sierra Parma Project BV	Amsterdam (Netherlands)	100.00%	50.00%	-	-
	Sierra Portugal, SA	Lisbon (Portugal)	100.00%	50.00%	100.00%	50.00%
	Sierra Project Nürnberg BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Real Estate Greece BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Retail Ventures BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Romania Shopping Centers Services, SRL	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%

	Sierra Services Holland BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Solingen Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Sierra Spain Malaga Holdings, S.L.	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Sierra Spain – Shopping Centers Services, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Sierra Turkey Gayrimenkul Yönetim Pazarlama ve Danışmanlık Anonim Şirket	Istanbul (Turkey)	100.00%	50.00%	100.00%	50.00%
	Sierra Zenata Project B.V.	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Solingen Shopping Center GmbH	Dusseldorf (Germany)	50.00%	25.00%	50.00%	25.00%
	Sonae Sierra Brasil, SA	São Paulo (Brazil)	66.65%	16.66%	66.65%	16.66%
	Sonae Sierra Brazil, BV Sarl	Luxembourg	50.00%	25.00%	50.00%	25.00%
	Sonae Sierra, SGPS, SA	Maia (Portugal)	50.00%	50.00%	50.00%	50.00%
	SPF - Sierra Portugal	Luxembourg	100.00%	50.00%	100.00%	50.00%
	SPF - Sierra Portugal Real Estate, Sarl	Luxembourg	22.50%	11.25%	22.50%	11.25%
	Unishopping Consultoria Imobiliária, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
8)	VdG Holding BV	Amsterdam (Netherlands)	50.00%	12.53%	50.00%	12.53%
	Via Catarina - Centro Comercial, SA	Maia (Portugal)	50.00%	12.53%	50.00%	12.53%
	Weierstadt Shopping BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Zenata Commercial Project, SA	Mohammedia (Morocco)	11.00%	5.5%	11.00%	5.5%
ZOPT (NOS)						
	Big Picture 2 Films, SA	Oeiras (Portugal)	20.00%	4.69%	20.00%	4.69%
	Big Picture Films, SL	Madrid (Spain)	100.00%	4.69%	-	-
	Canal 20 TV, SA	Madrid (Spain)	50.00%	11.73%	50.00%	11.73%
	Dreamia Holding BV	Amsterdam (Netherlands)	50.00%	11.73%	50.00%	11.73%
	Dreamia Serviços de Televisão, SA	Lisbon (Portugal)	100.00%	11.73%	100.00%	11.73%
9)	East Star Ltd	Port Louis (Mauricias)	-	-	30.00%	7.04%
	Empracine – Empresa Promotora de Atividades Cinematográficas, Lda	Lisbon (Portugal)	100.00%	23.46%	100.00%	23.46%
	FINSTAR – Sociedade de Investimentos e Participações, SA	Luanda (Angola)	30.00%	7.04%	30.00%	7.04%
	Lusomundo – Sociedade de Investimentos Imobiliários, SGPS, SA	Lisbon (Portugal)	99.87%	23.43%	99.87%	23.43%

	Lusomundo Imobiliária 2, SA	Lisbon (Portugal)	99.87%	23.43%	99.87%	23.43%
	Lusomundo Moçambique, Lda	Maputo (Mozambique)	100.00%	23.46%	100.00%	23.46%
	MSTAR, SA	Maputo (Mozambique)	30.00%	7.04%	30.00%	7.04%
	NOS Açores Comunicações, SA	Ponta Delgada (Portugal)	83.82%	19.66%	83.82%	19.66%
	NOS Communications Sàrl	Luxembourg	100.00%	23.46%	100.00%	23.46%
	NOS Comunicações, SA	Lisbon (Portugal)	100.00%	23.46%	100.00%	23.46%
	NOS Inovação, SA	Matosinhos (Portugal)	100.00%	23.46%	100.00%	23.46%
3)	NOS Internacional, SGPS, S.A	Lisbon (Portugal)	100.00%	23.46%	-	-
	NOS Lusomundo Audiovisuais, SA	Lisbon (Portugal)	100.00%	23.46%	100.00%	23.46%
	NOS Lusomundo Cinemas, SA	Lisbon (Portugal)	100.00%	23.46%	100.00%	23.46%
	NOS Lusomundo TV, Lda	Lisbon (Portugal)	100.00%	23.46%	100.00%	23.46%
	NOS Madeira Comunicações, SA	Funchal (Portugal)	77.95%	18.29%	77.95%	18.29%
	NOS SGPS, SA	Lisbon (Portugal)	52.15%	23.46%	52.15%	23.46%
	NOS Sistemas España, SL	Madrid (Spain)	100.00%	23.46%	100.00%	23.46%
	NOS Sistemas, SA	Maia (Portugal)	100.00%	23.46%	100.00%	23.46%
	NOSPUB – Publicidade e Conteúdos, SA	Lisbon (Portugal)	100.00%	23.46%	100.00%	23.46%
	NOS Technology – Conceção Construção e Gestão de Redes de Comunicação, SA	Matosinhos (Portugal)	100.00%	23.46%	100.00%	23.46%
	NOS Towering – Gestão de Torres de Telecomunicações, SA	Lisbon (Portugal)	100.00%	23.46%	100.00%	23.46%
	Per-Mar – Sociedade de Construções, SA	Lisbon (Portugal)	100.00%	23.46%	100.00%	23.46%
	Sontária – Empreendimentos Imobiliários, SA	Lisbon (Portugal)	100.00%	23.46%	100.00%	23.46%
	Sport TV Portugal	Lisbon (Portugal)	25.00%	5.86%	33.33%	7.82%
	Teliz Holding, BV	Amsterdam (Netherlands)	100.00%	23.46%	100.00%	23.46%
	Upstar Comunicações, SA	Vendas Novas (Portugal)	30.00%	7.04%	30.00%	7.04%
	ZAP Cinemas, SA	Luanda (Angola)	100.00%	7.04%	100.00%	7.04%
	ZAP Media, SA	Luanda (Angola)	100.00%	7.04%	100.00%	7.04%
	ZAP Publishing, SA	Luanda (Angola)	100.00%	7.04%	100.00%	7.04%
	ZOPT, SGPS, SA	Porto (Portugal)	50.00%	44.99%	50.00%	44.99%
	Sonae IM					
	Intelligent Big Data, SL	Gipuzcoa (Spain)	50.00%	44.99%	50.00%	44.99%

Sonae FS

10)	Accive Insurance – Corretor de Seguros, SA	Porto (Portugal)	70.00%	35.00%	70.00%	35.01%
11)	Brokerslink Management AG	Zug (Switzerland)	20.00%	10.00%	20.00%	10.00%
3)	BUZZEE Insure, Lda	Porto (Portugal)	100.00%	50.00%	-	-
11)	Filhet Allard España Correduria de Seguros S.L.	Madrid (Spain)	35.00%	17.50%	35.00%	17.50%
11)	Flexben, Lda	Porto (Portugal)	45.00%	22.50%	-	-
10)	Herco Consultoria de Risco e Corretora de Seguros, Ltda	Santa Catarina (Brazil)	100.00%	50.00%	100.00%	50.01%
10)	Herco, Consultoria de Risco, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.01%
10)	HighDome PCC Limited	La Valletta (Malta)	100.00%	50.00%	100.00%	50.01%
10)	Iberosegur – Sociedade Ibérica de Mediação de Seguros, Lda	Porto (Portugal)	60.00%	30.00%	100.00%	50.01%
10)	Larim Corretora de Resseguros Ltda	Rio de Janeiro (Brazil)	99.99%	50.00%	99.99%	50.01%
10)	Lazam/mds Correctora Ltda	São Paulo (Brazil)	100.00%	50.00%	100.00%	50.01%
10)	MDS África, SGPS, SA	Porto (Portugal)	50.00%	25.00%	50.00%	25.05%
10)	MDS - Corretor de Seguros, SA	Porto (Portugal)	100.00%	50.00%	100.00%	50.01%
10)	MDS Auto - Mediação de Seguros, SA	Porto (Portugal)	50.01%	25.00%	50.01%	25.01%
10)	MDS Malta Holding Limited	La Valletta (Malta)	100.00%	50.00%	100.00%	50.01%
3)	MDS Partners Corretor de Seguros, SA	Porto (Portugal)	100.00%	50.00%	-	-
10)	MDS RE – Mediador de Resseguros, SGPS, SA	Porto (Portugal)	100.00%	25.00%	100.00%	25.05%
10)	MDS, SGPS, SA	Maia (Portugal)	50.00%	50.00%	50.01%	50.01%
10)	Moneris Seguros - Mediação de Seguros, Lda	Oeiras (Portugal)	60.00%	30.01%	60.00%	30.01%

Others

	SIRS – Sociedade Independente de Radiodifusão Sonora, SA	Porto (Portugal)	50.00%	44.99%	45.00%	40.49%
	Unipress - Centro Gráfico, Lda	Vila Nova de Gaia (Portugal)	50.00%	44.99%	50.00%	44.99%

* the percentage of capital held "Total" is the total percentage of interest held by the parent company's shareholders; the percentage of capital held "Direct" corresponds to the percentage that subsidiary(s) which hold(s) a participation, hold(s) this participation directly in the share capital of that company.

- 1) On January 3rd 2017, was created a Joint Venture between Sonae MC and Hilton Food Group PLC trough a capital increase of this Group on Sohi Meat. From this moment, onwards, Sohimeat is consolidated through the equity method;
- 2) In December 2017, the Group sold 30,1% of the Company retaining a minority interest of 20%.
- 3) Company acquired during the period;
- 4) Company created in the period;
- 5) Merged with subsidiary Cascaishopping-Centro Comercial, S.A. reported to january 2017;

- 6) Company liquidated during the period;
- 7) The company acquired the remaining percentage to the non-controlling interests;
- 8) Ex - Sierra VDG Holding BV;
- 9) Company liquidated during the period;
- 10) Subsidiaries consolidated using the equity method as from June 2017 (Note 5.1);
- 11) Associated companies that from June 2017 onwards will be included in the joint ventures through loss of control of the MDS.

52.2 Associated companies

COMPANY	Head Office	Percentage of capital held			
		31 Dec 2017		31 Dec 2016	
		Direct*	Total*	Direct*	Total*
Sonae MC					
Sempre a Postos – Produtos Alimentares e Utilidades, Lda	Lisbon (Portugal)	25.00%	25.00%	25.00%	25.00%
1) Sonae S2 Africa Limited	La Valletta (Malta)	30.00%	30.00%	-	-
S2 Mozambique, SA	Maputo (Mozambique)	30.00%	30.00%	30.00%	30.00%
Ulabox, S.L.	Barcelona (Spain)	41.89%	41.89%	39.18%	39.18%
Sonae IM					
Armilar Venture Partners – Sociedade de Capital de Risco, SA	Lisbon (Portugal)	35.00%	31.49%	35.00%	31.49%
Fundo de Capital de Risco Armilar Venture Partners II	Lisbon (Portugal)	50.74%	45.65%	50.21%	45.17%
Fundo de Capital de Risco Armilar Venture Partners III	Lisbon (Portugal)	42.64%	38.36%	41.99%	37.78%
Fundo de Capital de Risco Espirito Santo Venture Partners Inovação e Internacionalização	Lisbon (Portugal)	37.54%	33.77%	37.54%	33.77%
MOVVO, SA	Porto (Portugal)	25.58%	25.58%	25.58%	25.58%
1) Probe.ly	Lisbon (Portugal)	22.88%	20.58%	-	-
2) Secucloud Network GmbH	Hamburg (Germany)	27.45%	24.70%	-	-
Sonae FS					
3) Brokerslink Management AG	Zug (Switzerland)	20.00%	10.00%	20.00%	10.00%
3) Filhet Allard España Correduria de Seguros S.L.	Madrid (Spain)	35.00%	17.50%	35.00%	17.50%
3) Flexben, Lda	Porto (Portugal)	45.00%	22.50%	-	-
Others					
APOR – Agência para a Modernização do Porto, S.A.	Porto (Portugal)	22.75%	22.75%	22.75%	22.75%

* the percentage of capital held "Total" is the total percentage of interest held by the parent company's shareholders; the percentage of capital held "Direct" corresponds to the percentage that subsidiary(s) which hold(s) a participation, hold(s) this participation directly in the share capital of that company.

- 1) Company created in the period;
- 2) Company acquired in the period;
- 3) Associates that, starting in June 2017, were included in joint ventures through its participation structure.

Jointly controlled companies and associated companies were included in the consolidated financial statements by the equity method.

Approved at the Board of Directors meeting on 13 March 2018.

The Board of Directors,

Duarte Paulo Teixeira de Azevedo, Chairman and Co-CEO

Ângelo Gabriel Ribeirinho dos Santos Paupério, Executive Director and Co-CEO

José Manuel Neves Adelino, Non-Executive Director

Andrew Eustace Clavering Campbell, Non-Executive Director

Christine Cross, Non-Executive Director

Tsega Gebreyes, Non-Executive Director

Marcelo Faria de Lima, Non-Executive Director

Dag Johan Skattum, Non-Executive Director

Margaret Lorraine Trainer, Non-Executive Director



SEPARATE
FINANCIAL STATEMENTS
Detail: Specify
to Clarify

SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 AND 2016 AND 1 JANUARY 2016

(Translation of separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2017	31 Dec 2016 Restated (note 5)	01 Jan 2016 Restated (note 5)
ASSETS				
NON-CURRENT ASSETS:				
Tangible assets	6	68,906	65,375	90,243
Intangible assets	7	20	47	2,153
Investments in subsidiaries, associates and joint ventures	8	3,824,883,407	3,806,520,407	3,851,880,407
Other investments	4, 9	49,880	49,880	52,426
Deferred taxes	33	7,755,724	966,895	-
Other non-current assets	4, 10	110,649,867	173,092,867	347,400,000
Total non-current assets		3,943,407,804	3,980,695,471	4,199,425,229
CURRENT ASSETS:				
Trade accounts receivables	4, 11	531,855	715,428	500,159
Other debtors	4, 12	28,342,353	41,504,643	44,464,350
Taxes recoverable	13	13,704,653	20,425,842	25,714,649
Other current assets	4, 14	2,245,319	2,760,665	2,166,828
Cash and cash equivalents	4, 15	170,739	950,886	390,501
Total current assets		44,994,919	66,357,464	73,236,487
		3,988,402,723	4,047,052,935	4,272,661,716
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	16	2,000,000,000	2,000,000,000	2,000,000,000
Legal reserves	18	247,276,603	244,211,592	244,211,592
Other reserves	19	1,042,902,457	1,064,634,250	1,344,393,827
Retained earnings		101,174,851	146,534,851	(133,137,559)
Profit for the year		93,223,270	15,940,218	-
TOTAL EQUITY		3,484,577,181	3,471,320,911	3,455,467,860
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Bonds	4, 21	158,758,711	158,361,552	207,406,442
Bank loans	4, 21	215,983,190	143,678,553	180,000,000
Total non-current liabilities		374,741,901	302,040,105	387,406,442
CURRENT LIABILITIES:				
Bank loans	4, 21	36,390,000	162,000,000	159,300,000
Trade accounts payable	4	286,234	545,724	403,764
Loans obtained from group companies	4, 22	77,494,244	38,642,000	201,328,447
Other creditors	4, 23	3,789,922	53,280,686	42,828,123
Taxes and contributions payable	13	8,919,178	15,749,775	20,205,511
Other current liabilities	4, 24	2,204,063	3,473,734	5,721,569
Total current liabilities		129,083,641	273,691,919	429,787,414
TOTAL EQUITY AND LIABILITIES		3,988,402,723	4,047,052,935	4,272,661,716

The accompanying notes are part of these separate financial statements.

The Board of Directors

SEPARATE INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(Translation of separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2017	31 Dec 2016 Restated (note 5)
Services rendered	28	523,066	479,662
Gains or losses on investments	29	75,572,196	13,636,853
Financial income	30	3,243,663	29,483,595
Other income		1,617,563	2,345,021
External supplies and services	31	(3,574,692)	(3,786,607)
Staff costs	32	(1,938,085)	(1,967,496)
Depreciation and amortisation	6, 7	(31,950)	(35,508)
Provisions and impairment losses		-	(1,913)
Financial expense	30	(7,396,261)	(14,204,643)
Other expenses		(587,785)	(792,278)
Profit/(Loss) before taxation		67,427,715	25,156,686
Taxation	33	25,795,555	(9,216,468)
Profit/(Loss) after taxation		93,223,270	15,940,218
Profit/(Loss) per share			
Basic	34	0.046612	0.007970
Diluted	34	0.046593	0.007968

The accompanying notes are part of these separate financial statements.

The Board of Directors

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(Translation of separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2017	31 Dec 2016 Restated (note 5)
Net Profit / (Loss) for the year		93,223,270	15,940,218
Other comprehensive income for the year		-	-
Total comprehensive income for the year		93,223,270	15,940,218

The accompanying notes are part of these separate financial statements.

The Board of Directors

SEPARATE STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED AS AT 31 DECEMBER 2017 AND 2016

(Translation of separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	Share capital	Treasury shares	Legal reserve	Other reserves				Retained earnings	Net Profit/(Loss)	Total
					Fair value reserve	Share based payments reserve	Free reserves	Total reserves			
Balance as at 1 January 2016		2,000,000,000	-	244,211,592	260,223,788	958,268	1,343,435,559	1,604,617,615	(279,672,410)	-	3,569,156,797
Change in accounting policy		-	-	-	(260,223,788)	-	-	(260,223,788)	146,534,851	-	(113,688,937)
Balance as at 31 December - Restated		2,000,000,000	-	244,211,592	-	958,268	1,343,435,559	1,344,393,827	(133,137,559)	-	3,455,467,860
Total comprehensive income for the year		-	-	-	-	-	-	-	-	15,940,218	15,940,218
Appropriation of profit of 2015:											
Transfer to retained earnings		-	-	-	-	-	(279,672,410)	(279,672,410)	279,672,410	-	-
Obligation fulfilled by a third party	20	-	(1,118,141)	-	-	-	-	-	-	-	(1,118,141)
Share-based payments	20	-	-	-	-	524,900	-	524,900	-	-	524,900
Shares sold under the terms of annual performance bonus plan and medium term incentive plans	20	-	1,118,141	-	-	(404,600)	(207,467)	(612,067)	-	-	506,074
Balance as at 31 December 2016 Restated		2,000,000,000	-	244,211,592	-	1,078,568	1,063,555,682	1,064,634,250	146,534,851	15,940,218	3,471,320,911
Balance as at 1 January 2017		2,000,000,000	-	244,211,592	-	1,078,568	1,063,555,682	1,064,634,250	146,534,851	15,940,218	3,471,320,911
Total comprehensive income for the year		-	-	-	-	-	-	-	-	93,223,270	93,223,270
Appropriation of profit of 2016:											
Transfer to legal reserves		-	-	3,065,011	-	-	-	-	-	(3,065,011)	-
Dividends distributed		-	-	-	-	-	-	-	-	(58,235,207)	(58,235,207)
Free reserves distributed		-	-	-	-	-	(21,764,793)	(21,764,793)	-	-	(21,764,793)
Transfer to retained earnings of the change of accounting policy effect		-	-	-	-	-	-	-	(45,360,000)	45,360,000	-
Obligation fulfilled by a third party	20	-	(466,211)	-	-	-	-	-	-	-	(466,211)
Share-based payments	20	-	-	-	-	475,900	-	475,900	-	-	475,900
Shares sold under the terms of annual performance bonus plan and medium term incentive plans	20	-	466,211	-	-	(541,400)	98,500	(442,900)	-	-	23,311
Balance as at 31 December 2017		2,000,000,000	-	247,276,603	-	1,013,068	1,041,889,389	1,042,902,457	101,174,851	93,223,270	3,484,577,181

The accompanying notes are part of these separate financial statements.

The Board of Directors

SEPARATE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

(Translation of separate financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2017	31 Dec 2016 Restated
OPERATING ACTIVITIES			
Cash receipts from trade debtors		706,639	264,393
Cash paid to trade creditors		(3,867,851)	(3,637,472)
Cash paid to employees		(1,903,085)	(2,125,002)
Cash flow generated by operations		(5,064,297)	(5,498,081)
Income taxes (paid) / received		(14,754,977)	(9,023,787)
Other cash receipts and (payments) relating to operating activities		1,511,840	1,388,351
Net cash flow from operating activities (1)		(18,307,434)	(13,133,517)
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments		-	2,102
Tangible assets		603	2,084
Interest and similar income		657,501	30,457,232
Dividends	12, 29	54,809,596	49,555,660
Others		2,399,600	790,387
Loans granted		2,482,084,000	2,646,654,272
		2,539,951,300	2,727,461,737
Cash payments arising from:			
Tangible assets		(35,456)	(8,536)
Loans granted		(2,419,641,000)	(2,451,503,139)
		(2,419,676,456)	(2,451,511,675)
Net cash used in investment activities (2)		120,274,844	275,950,062
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained	35	4,813,773,244	5,943,700,455
Others		-	5,616
		4,813,773,244	5,943,706,071
Cash payments arising from:			
Loans obtained	35	(4,828,281,000)	(6,189,686,902)
Interest and similar charges		(8,229,388)	(16,275,329)
Dividends		(80,010,413)	-
		(4,916,520,801)	(6,205,962,231)
Net cash used in financing activities (3)		(102,747,557)	(262,256,160)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(780,147)	560,385
Cash and cash equivalents at the beginning of the year	15	950,886	390,501
Cash and cash equivalents at the end of the year	15	170,739	950,886

The accompanying notes are part of these separate financial statements.

The Board of Directors

SONAE, SGPS, SA

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

(Translation of the separate financial statements originally issued in Portuguese.)

In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)

1 Introduction

SONAE, SGPS, SA ("the Company" or "Sonae"), has its head-office at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal.

The separate financial statements are presented as required by Commercial Companies Code. According to Decree-Law 158/2009 of 13 July, the company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS – EU).

Consolidated financial statements are also presented in accordance with applicable legislation.

1.1 Changes in financial investments valuation

As described in Note 5, as at 31 December 2017, the Company voluntarily decided to change its accounting policy for the measurement of financial investments in subsidiaries, associates and joint ventures, not applying IAS 39 and starting to apply IAS 27.

2 Principal accounting policies

The principal accounting policies adopted in preparing the accompanying separate financial statements are as follows:

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. These standards were issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") or by the previous Standing Interpretations Committee ("SIC"), that have been adopted by the European Union.

The accompanying financial statements have been prepared from the books and accounting records on a going concern basis and under the historical cost convention.

Management has assessed the Company's ability to operate on a going concern basis, taking into consideration all relevant information, facts and circumstances of financial, commercial and other nature, including subsequent events to the date of the financial statements. As a result of this evaluation, Management concluded that the Company has adequate resources to maintain its activities, having no intention to cease activities in the short term, and considered the use of the going concern assumption as appropriate.

New accounting standards and their impact in the financial statements

Up to the approval date of these financial statements, the European Union endorsed standards, interpretations, amendments and revisions, some of which have become effective during the year 2017. These changes are presented in note 2.1 of the notes to the consolidated financial statements. The adoption, during 2017, of the mentioned standards did not produce relevant impacts on the Company financial statements, since they aren't applicable to the separate financial statements of the Company.

The amendment to IAS 7 Statement of Cash Flows was applied for the first time this year. The objective of the amendment is for entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, independently of the impact in cash flows. The liabilities related to financing activity include loans (Note 21) and loans obtained from group companies (Note 22). The movement during the year of these captions is disclosed in Note 35.

Additionally, there are standards that have been approved for adoption in the periods started on or after 1 January 2018, and standards not yet approved by the European Union. The company did not early adopt any of the mentioned standards and do not expect significant impacts in the separate financial statements of the company from the application of those standards. The company is still reviewing the impacts of IFRS 9. The description of these standards is presented in note 2.1 of the notes to the consolidated financial statements.

2.2 Investments in subsidiaries, associates and joint ventures

Equity investments in subsidiaries, associates and joint ventures are accounted for in accordance with IAS 27, hence at acquisition cost less impairment losses.

Impairment analyses is performed on the basis of fair value estimate of its net assets, mainly equity investments in other Company's subsidiaries, less the subsidiaries' liabilities measured at fair value.

The above-mentioned estimate is based on the fair value computation of the value in use of its holdings by means of discounted cash flow models in order to estimate the value in use of such investments. Subsidiaries or joint ventures which main assets are investments in real estate companies or real estate assets are valued with reference to the fair value of the real estate assets owned by such companies.

It is the Board of Directors understanding that the use of the above mentioned methodology is adequate to conclude on the eventual existence of financial investments impairment as it incorporates the best available information as at the date of the financial statements.

2.3 Tangible assets

Tangible assets are recorded at acquisition cost in accordance with generally accepted accounting principles in Portugal until that date, net of depreciation and accumulated impairment losses.

Depreciation charges for the year are calculated on a straight line basis over the useful life of each asset in the caption depreciation and amortisation.

The impairment losses in the realisable value of tangible assets are recorded in the year they arise in the caption of the income statement - impairment losses.

2.4 Intangible assets

Intangible assets are stated at acquisition cost, net of amortisation and accumulated impairment losses. Intangible assets are only recognised if it is probable that future economic benefits will flow from them, if they are controlled by the Company and if their cost can be reliably measured.

Depreciation charges for the year are calculated on a straight line basis over the useful life of each asset in the caption depreciation and amortization.

2.5 Borrowing costs

Borrowing costs are usually recognised as an expense in the period in which they are incurred on an accruals basis in accordance with effective interest rate method.

2.6 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the sale must be highly probable and the asset or disposal group is available for immediate sale in its present condition. In addition, the sale should be expected to occur within 12 months from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. These assets are not depreciated.

2.7 Financial instruments

The Company classifies the financial instruments in the categories presented and conciliated with the statement of financial position disclosed in note 4.

a) Investments

Investments are classified into the following categories:

Held to maturity

Investments measured at fair value through profit or loss

Available for sale

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the statement of financial position date. Investments classified as held to maturity have defined maturities and the Company has the intention and ability to hold them until the maturity date

The investments measured at fair value through profit or loss include the investments held for trading that the company acquires for sale in a short period of time, and are classified in the statement of financial position as current assets.

The Company classifies as available for sale those investments that are neither included as investments measured at fair value through profit or loss nor as investments held to maturity. These assets are classified as non-current assets, except if the sale is expected to occur within 12 months from the date of classification.

All purchases and sales of investments are recognized on the trade date, independently of the settlement date.

Investments are initially measured at fair value, which is considered to be the fair value of the consideration paid for them, including transaction costs, in the case of available for sale investments and investments held to maturity.

Available for sale investments and investments measured at fair value through profit or loss are subsequently measured at fair value, without any deduction for transaction costs which may be incurred on sale at the statement of financial position date. Available for sale investments that do not have a quoted market price and whose fair value cannot be reliably measured are stated at cost or last reliable fair value measurement, less impairment losses.

Gains or losses arising from a change in fair value of available for sale investments are recognised directly in equity, under fair value reserve, until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is transferred to net profit or loss.

Gains or losses arising from a change in fair value of investments measured at fair value through profit or loss are recorded in the income statement captions financial gains or losses on investments.

Held to maturity investments are carried at amortised cost using the effective interest rate, net of capital reimbursements and interest income received.

b) Loans and accounts receivable

Loans and accounts receivable are recorded at amortised cost using the effective rate method net of accumulated impairment losses, in order to reflect its realisable value.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

These financial investments arise when the Company provides money or services directly to a debtor with no intention of trading the receivable.

Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the statement of financial position date, situations when they are classified as non-current assets. Loans and receivables are included in the captions presented in note 4.

c) Trade accounts receivable

Receivables are stated at net realisable value corresponding to their nominal value less impairment losses (recorded under the caption impairment losses in accounts receivable).

Impairment is recognised if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the receipt of the full amount is expected to be within one year the discount is considered null as it is immaterial.

d) Classification as equity or liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

Equity instruments are contracts that evidence a residual interest in the assets of Sonae after deducting all of its liabilities. Equity instruments issued by Sonae are recorded by the amount of proceeds received, net of direct issuance costs.

e) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments which corresponds to their fair value at transaction date.

Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in note 2.9. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

Borrowings on the form of commercial paper are classified as non-current, when the Company has guarantees of placing for a period exceeding one year and it is its' intention to maintain the use of this form of financing for a period exceeding one year.

f) Trade accounts payable and other creditors

Trade accounts payable are stated at their nominal value, since it relates to short term debt, and its discount effect is estimated to be immaterial.

g) Derivatives

The Company uses derivatives in the management of its financial risks to hedge such risks and/or in order to optimise funding costs, in accordance with Management interest rate risk policy described in point 3.4.1.

Derivatives classified as cash flow hedge instruments are used by the Company mainly to hedge interest rate risks on loans obtained. Conditions established for these cash flow hedge instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. The gain or loss relating to the ineffective portion of the hedge, if any, is recorded in the income statement under financial income or expenses.

The Company's criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- the hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured;
- there is adequate documentation of the hedging relationships at the inception of the hedge;
- the transaction being hedged is highly probable.

Cash flows hedge instruments used by the Company to hedge the exposure to changes in interest of its loans are initially accounted for at cost, if any which corresponds to its fair value, and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption hedging reserves, and then recognised in the income statement over the same period in which the hedged instrument affects profit or loss.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption hedging reserve are transferred to profit or loss of the period or to the carrying amount of the asset

that resulted from the hedged forecast transaction. Subsequent changes in fair value are recorded in the income statement.

Derivatives entered into in accordance with interest rate risk management policy described in point 3.4.1 and not eligible for hedge accounting (mainly interest rate option), are initially recorded at cost, which corresponds to fair value at inception, and then, remeasured at fair value through profit and loss under financial income or expenses captions.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host instruments, and this is not stated at fair value through profit or loss.

h) Treasury shares

Treasury shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of treasury shares are recorded in other reserves.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in the statement of financial position caption of current bank loans.

j) Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period.

k) Impairment

Financial assets, other than investments measured at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For non-listed equity instruments determining whether the investment is impaired requires an estimation of the value in use of the investment. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the entity and a suitable discount rate in order to calculate present value.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

It is the Board of Directors understanding that the use of the above mentioned methodology is adequate to conclude on the eventual existence of financial investments impairment as it incorporates the best available information as at the date of the financial statements.

With the exception of equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment

at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of equity available for sale securities, impairment losses previously recognised through profit or loss are not reversed. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

2.8 Contingent assets and liabilities

Contingent assets are not recorded in the financial statements but disclosed when future economic benefits are probable.

Contingent liabilities are not recorded in the financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

2.9 Revenue recognition and accrual basis

Revenue from services rendered is recognised in the income statement in the period they are performed.

Dividends are recognised as income in the year they are attributed to the shareholders.

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

Other current assets and other current liabilities include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but that correspond to income or expenses of future years, when they will be recognized in the income statement.

2.10 Subsequent events

Events after the statement of financial position date that provide additional information about conditions that existed at the statement of financial position date (adjusting events), are reflected in the financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes when material.

2.11 Judgements and estimates

The most significant accounting estimates reflected in the financial statements are as follows:

- a) Record of adjustments to the value of assets and provisions;
- b) Impairment analysis of financial investments and loans granted to affiliated and associated companies;

Estimates used are based on the best information available during the preparation of these financial statements and are based on the best knowledge of past and present events. Although future events are not controlled by the Company and are not foreseeable, some could occur and have impact on the estimates. Therefore and due to this uncertainty the outcome of the transactions being estimated may differ from the initial estimate. Changes to the estimates used by management that occur after the approval date of these separate financial statements, will be recognised in net income prospectively, in accordance with IAS 8.

The main estimates and assumptions in relation to future events included in the preparation of these financial statements are disclosed in the correspondent notes, if applicable.

2.12 Share-based payments

Deferred performance bonus plans are indexed to Sonae share price and are classified as share-based payments. These bonus plans vest within a period of 3 years after being granted.

Share-based payments are measured at fair value on the date they are granted (usually in March of each year).

The settlement of plans is made by the delivery of Sonae shares, although the Company has an option to settle in cash, and the value of each plan is determined as at the grant date based on fair value of shares granted and cost is recognized ratably during the period of each plan. The fair value of the plan is recognized as staff costs against equity.

2.13 Income tax

Since 2014, Sonae is taxed in accordance with Special Regime of Taxing Groups of Companies (Parent company). Each company included in the perimeter records income tax for the year in its financial statements by recognizing a liability to group companies. Since 2017, the parent company recognize the effect of such tax losses, without any cash out flow or assuming a liability to the group companies, considering tax losses generated within the group may only be used by the tax group. Up to 2016, the tax losses were paid to the generating company. Therefore, the Company in the caption Income tax recognizes the referred effect as income.

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore expected to apply in the periods when the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each statement of financial position date an assessment of the deferred tax assets recognized is made, being reduced whenever their future use is no longer probable.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity. In these cases the corresponding deferred tax is recorded in equity.

2.14 Transactions with related parties

Transactions with related parties are performed at arm's length conditions, and the gains or losses arising on those transactions are recognized and disclosed in note 27.

3 Financial risk management

3.1 Introduction

The ultimate purpose of financial risk management is to support the Company in the achievement of its strategy by reducing unwanted financial risk and volatility and mitigate any negative impacts in the profit or loss statement arising from such risks.

The Group's attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae does not enter into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

Financial risk management policies are approved by the Sonae Executive Committee. Exposures are identified and monitored by the Finance Department. Exposures are also monitored by the Finance Committee as noted in the Corporate Governance Report.

3.2 Credit risk

Credit risk is defined as the probability of a counterparty defaulting on its payment contractual obligations resulting in a financial loss. Sonae is a holding company without any relevant commercial or trade activity, other than the normal activities of a portfolio manager. As such, it is only exposed, on a regular basis, to credit risk resulting from its investing activities (holding cash and cash equivalent instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities) or from its lending activities to subsidiaries.

Additionally, Sonae may sometimes also be exposed to credit risk as a result of its portfolio management activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis (bank guarantees, escrow accounts, collaterals, among others) under the supervision of the Executive Committee.

In order to reduce the probability of counterparties default Sonae transactions (short term investments and derivatives) are only concluded in accordance with the following principles:

- Only carry out transactions (short term investments and derivatives) with counterparties that have been selected based on its high national and international reputation, and taking, into account its rating notations and the nature, maturity and extension of the operations;
- Sonae should only invest in previously authorized financial instruments. The definition of the eligible instruments, for the investment of temporary excess of funds or derivatives, was made with a conservative approach (essentially consisting in short term monetary instruments, in what excess of funds is concerned and instruments that can be split into components and that can be properly fair valued, with a loss cap);
- In relation to excess funds: i) those are preferentially used, whenever possible and when more efficient to repay debt, or invested preferably in instruments issued by relationship banks in order to reduce exposure on a net basis, and ii) may only be applied on pre-approved instruments;
- Any departure from the above mentioned policies needs to be pre-approved by the Executive Committee.

Given the above mentioned policies and the credit ratings restrictions imposed management does not expect any material failure in contractual obligations from its external counterparties. Nevertheless, exposure to individual counterparties resulting from financial instruments and the credit rating of potential counterparties is regularly

monitored by the Financial Department and any departure is promptly reported to the Executive Committee and Finance Committee.

Settlement risk is also a risk faced by Sonae, which is managed through the rigorous selection of its brokers which must be highly rated counterparties.

In relation to credit risk resulting from loans granted to subsidiaries, there is no specific risk management policy as the financing of its subsidiaries is part of the main operations of a holding company.

3.3 Liquidity risk

Sonae needs to raise external funds to finance its activities and investing plans. It holds a diversified loan portfolio, essentially made up of long term bond financing, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2017 the total gross debt was 411 million euro (464 million euro as at 31 December 2016) (note 21) excluding the loans obtained from group companies.

The purpose of liquidity risk management is to ensure, at all times, that Sonae has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy.

Given the dynamic nature of its activities, Sonae needs a flexible financial structure and therefore uses a combination of:

- Maintaining, with its relationship banks, a combination of short and medium term committed credit facilities, commercial paper programme with sufficiently comfortable previous notice cancellation periods within a range between 90 and 360 days;
- Maintenance of commercial paper with different periods, that allow, in some cases, to place the debt directly in institutional investors;
- Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;
- Diversification of financing sources and counterparties;
- Ensuring an adequate debt average maturity, by issuing long term debt and avoiding excessive concentration of scheduled repayments. As at 31 December 2017 Sonae debt average life maturity, adjusted by the amount of committed long-term facilities and cash equivalents, was 4.5 years (4.4 years as at 31 December 2016);
- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;
- Where possible, by prefinancing forecasted liquidity needs;
- Management procedures of short term applications, assuring that the maturity of the applications will match with foreseen liquidity needs, including a margin to hedge forecasting deviations. The reliability of the treasury forecasts is an important variable to determine the amounts and the periods of the market applications/borrowings.

Sonae maintains a liquidity reserve in the form of credit lines with its relationship banks, to ensure the ability to meet its commitments without having to refinance itself on unfavourable terms. Sonae has a total of 381.3 million euro (395.5 million euro as at 31 December 2016) committed credit facilities. As at 31 December 2017, the amount of loans with maturity in 2018 is 36.4 million euro (162 million euro with maturity in 2017). At the reporting date Sonae has no expectation that such renewals will not occur. Additionally, considering the credit lines used at 31 December 2017, 210.6 million euro are available (as at 31 December 2016 Sonae had available credit lines amounting to 139.5 million

euro). In view of the above Sonae expects to meet all its obligations by means of its investments cash flows and from its financial assets as well as from drawing existing available credit lines, if needed. Furthermore, Sonae maintains a liquidity reserve that includes cash and cash equivalents and current investments amounting as described in note 15.

Sonae believes that within the short term, it has access to all the necessary financial resources to meet its commitments and investments.

3.4 Interest rate risk

3.4.1 Policy

Sonae is exposed to cash flow interest rate risk in respect of items in the statement of financial position (loans and short term investments) and to fair value interest rate risk as a result of interest rate derivatives (swaps, FRA's and options). Most of Sonae debt bears variable interest rates, and interest rate derivatives may be entered into to convert part of the variable rate debt into fixed rate (usually through interest rate swaps or forward rate agreements), or to limit the maximum rate payable (usually through zero cost collars or the purchased caps).

Sonae mitigates interest rate risk by adjusting the proportion of its debt that bears fixed interest to that which bears floating interest although without a fixed goal or percentage to achieve since hedging interest rate risk usually has an opportunity cost associated. Therefore a more flexible approach is considered preferable to a more strict traditional approach. Part of the risk is also mitigated by the fact that Sonae grants loans bearing interest at variable interest rates to its subsidiaries as part of its usual activities and thus there may be some degree of natural hedging on a company basis, since if interest rates increase the additional interest paid would be partially offset by additional interest received.

Sonae hedging activities do not constitute a profit-making activity and derivatives are deemed to be entered into without any speculation purpose. Strict rules are observed in relation to any derivative transaction entered into:

- For each derivative or instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be the same as the settlement dates of the hedging instrument to avoid any mismatch and hedging inefficiency;
- Perfect match between the base rates (the base rate used in the derivative or hedging instrument should be the same as that of the hedged facility / transaction);
- The maximum cost of the hedging operation is known and limited, even in scenarios of extreme change in market interest rates, so that the resulting interest rates are within the cost of the funds considered in Sonae's business plans (or in extreme scenarios are not worse than the underlying cost of the floating rate);
- The counterparties of the derivative hedging instruments are limited to highly rated financial institutions, as described in 3.2. above - Credit Risk Management. It is Group policy that, when contracting such instruments, preference should be given to financial institutions that form part of Sonae's existing relationships, whilst at the same time obtaining quotes from a sufficient large sample of banks to ensure optimum conditions;
- Swaps fair value was determined by discounting estimated future cash flows to the statement of financial position date. The cash flows result from the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg. For options, the fair value is calculated according the "Black-Scholes" model and other similar models. The future cash-flow estimates are based on market forward interest rates, discounted to the present using the most representative market rates. The estimate is supported on reliable sources, such as those conveyed by Bloomberg and others. Comparative financial institution quotes for the specific or similar instruments are used as a benchmark for the evaluation. This estimate assumes all other variables constant.
- All transactions are documented under ISDA's agreements;

- All transactions which do not follow the rules above have to be individually approved by the Executive Committee, and reported to the Financial Committee, namely transactions entered into with the purpose of optimizing the cost of debt when deemed appropriate according to prevailing financial market conditions.

3.4.2 Sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, they are included in the calculation of income-related sensitivities;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognized at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortized cost are not subject to interest rate risk as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity calculations;
- Changes in the market interest rate of interest rate derivatives that are not part of a hedging relationship as set out in IAS 39 affect other financial income or expense and are therefore taken into consideration in the income-related sensitivity calculations;
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;
- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under the previously mentioned assumptions, if interest rates of euro denominated financial instruments had been 75 basis points higher, the company net profit before taxes as at 31 December 2017 (separate statements) would decrease by approximately 1.9 million euro (as at 31 December 2016 the net profit would have decrease by 5 million euro). The increase in interest rate in 75 basis points would not have an impact over total equity (not considering the impact over net profit) as at 31 December 2017 (no impact on 31 December 2016).

3.5 Foreign exchange risk

Due to its nature of holding company, Sonae has very limited transaction exposure to foreign exchange risk. Normally, when such exposures arise foreign exchange risk management seeks to minimise the volatility of such transactions made in foreign currency and to reduce the impact on the income statement of exchange rate fluctuations. When significant material exposures occur with a high degree of certainty, Sonae hedges such exposures mainly through forward exchange rate contracts. For uncertain exposures, options may be considered, subject to pre-approval from the company's Executive Committee.

Sonae does not have any material foreign exchange rate exposure at holding level, since almost all equity and loans to subsidiaries are denominated in euro.

3.6 Price risk and market risk

The Group is exposed to equity price risks arising from equity investments, maintained for strategic rather than for trading purposes as the group does not actively trade these investments. These investments are presented in note 8.

4 Financial instruments by class

The accounting policies disclosed in note 2.7 have been applied to the line items below:

Financial Assets	31 Dec 2017					
	Notes	Loans and accounts receivable	Available for sale	Sub Total	Assets not within scope of IFRS 7	Total
Non-current assets						
Other available for sale investments	9	-	49,880	49,880	-	49,880
Other non-current assets	10	110,649,867	-	110,649,867	-	110,649,867
		110,649,867	49,880	110,699,747	-	110,699,747
Current assets						
Trade accounts receivables	11	531,855	-	531,855	-	531,855
Other debtors	12	28,342,353	-	28,342,353	-	28,342,353
Other current assets	14	1,472,606	-	1,472,606	772,713	2,245,319
Cash and cash equivalents	15	170,739	-	170,739	-	170,739
		30,517,553	-	30,517,553	772,713	31,290,266
		141,167,420	49,880	141,217,300	772,713	141,990,013

Financial Assets	31 Dec 2016 Restated					
	Notes	Loans and accounts receivable	Available for sale	Sub Total	Assets not within scope of IFRS 7	Total
Non-current assets						
Other available for sale investments	9	-	49,880	49,880	-	49,880
Other non-current assets	10	173,092,867	-	173,092,867	-	173,092,867
		173,092,867	49,880	173,142,747	-	173,142,747
Current assets						
Trade accounts receivables	11	715,428	-	715,428	-	715,428
Other debtors	12	41,504,643	-	41,504,643	-	41,504,643
Other current assets	14	2,041,758	-	2,041,758	718,907	2,760,665
Cash and cash equivalents	15	950,886	-	950,886	-	950,886
		45,212,715	-	45,212,715	718,907	45,931,622
		218,305,582	49,880	218,355,462	718,907	219,074,369

31 Dec 2017					
Financial Liabilities	Notes	Other financial liabilities	Sub Total	Liabilities not within scope of IFRS 7	Total
Non-current liabilities					
Bonds	21	158,758,711	158,758,711	-	158,758,711
Bank loans	21	215,983,190	215,983,190	-	215,983,190
		374,741,901	374,741,901	-	374,741,901
Current liabilities					
Bank loans	21	36,390,000	36,390,000	-	36,390,000
Trade accounts payable		286,234	286,234	-	286,234
Loans obtained from group companies	22	77,494,244	77,494,244	-	77,494,244
Other payables accounts	23	3,789,922	3,789,922	-	3,789,922
Other current liabilities	24	2,204,063	2,204,063	-	2,204,063
		120,164,463	120,164,463	-	120,164,463
		494,906,364	494,906,364	-	494,906,364

31 Dec 2016 Restated					
Financial Liabilities	Notes	Other financial liabilities	Sub Total	Liabilities not within scope of IFRS 7	Total
Non-current liabilities					
Bonds	21	158,361,552	158,361,552	-	158,361,552
Bank loans	21	143,678,553	143,678,553	-	143,678,553
		302,040,105	302,040,105	-	302,040,105
Current liabilities					
Bank loans	21	162,000,000	162,000,000	-	162,000,000
Trade accounts payable		545,724	545,724	-	545,724
Loans obtained from group companies	22	38,642,000	38,642,000	-	38,642,000
Other payables accounts	23	53,280,686	53,280,686	-	53,280,686
Other current liabilities	24	3,473,734	3,473,734	-	3,473,734
		257,942,144	257,942,144	-	257,942,144
		559,982,249	559,982,249	-	559,982,249

5 Changes in accounting policies

As referred in Note 1.1, the Company changed the measurement of financial investments over subsidiaries, associates and joint ventures from fair value to historical cost less any impairment losses.

The change in the accounting policy is justified because, based on the analysis carried out, this is the most common accounting policy used by holding companies to measure their financial investments and taking into account that the principles governing the definition of accounting policy, in particular, the fact that the subsidiaries were listed companies, no longer verifies.

The impacts of this change are as follows:

Separate statement of financial position	31 Dec 2016			01 Jan 2016		
	Before restatement	Restatement	Restated	Before restatement	Restatement	Restated
ASSETS						
NON-CURRENT ASSETS:						
Tangible assets	65,375	-	65,375	90,243	-	90,243
Intangible assets	47	-	47	2,153	-	2,153
Investments in subsidiaries, associates and joint ventures	4,124,887,745	(318,367,338)	3,806,520,407	3,965,569,344	(113,688,937)	3,851,880,407
Other investments	49,880	-	49,880	52,426	-	52,426
Deferred taxes	966,895	-	966,895	-	-	-
Other non-current assets	173,092,867	-	173,092,867	347,400,000	-	347,400,000
Total non-current assets	4,299,062,809	(318,367,338)	3,980,695,471	4,313,114,166	(113,688,937)	4,199,425,229
CURRENT ASSETS:						
Trade accounts receivables	715,428	-	715,428	500,159	-	500,159
Other debtors	41,504,643	-	41,504,643	44,464,350	-	44,464,350
Taxes recoverable	20,425,842	-	20,425,842	25,714,649	-	25,714,649
Other current assets	2,760,665	-	2,760,665	2,166,828	-	2,166,828
Cash and cash equivalents	950,886	-	950,886	390,501	-	390,501
Total current assets	66,357,464	-	66,357,464	73,236,487	-	73,236,487
Total	4,365,420,273	(318,367,338)	4,047,052,935	4,386,350,653	(113,688,937)	4,272,661,716
EQUITY AND LIABILITIES						
EQUITY:						
Share capital	2,000,000,000	-	2,000,000,000	2,000,000,000	-	2,000,000,000
Legal reserves	244,211,592	-	244,211,592	244,211,592	-	244,211,592
Hedging reserve, fair value reserve and other reserves	1,484,176,439	(419,542,189)	1,064,634,250	1,604,617,615	(260,223,788)	1,344,393,827
Retained earnings	-	146,534,851	146,534,851	-	146,534,851	146,534,851
Profit for the year	61,300,218	(45,360,000)	15,940,218	(279,672,410)	-	(279,672,410)
TOTAL EQUITY	3,789,688,249	(318,367,338)	3,471,320,911	3,569,156,797	(113,688,937)	3,455,467,860
LIABILITIES:						
NON-CURRENT LIABILITIES:						
Bonds	158,361,552	-	158,361,552	207,406,442	-	207,406,442
Bank loans	143,678,553	-	143,678,553	180,000,000	-	180,000,000
Total non-current liabilities	302,040,105	-	302,040,105	387,406,442	-	387,406,442
CURRENT LIABILITIES:						
Bank loans	162,000,000	-	162,000,000	159,300,000	-	159,300,000
Trade accounts payable	545,724	-	545,724	403,764	-	403,764
Loans obtained from group companies	38,642,000	-	38,642,000	201,328,447	-	201,328,447
Other creditors	53,280,686	-	53,280,686	42,828,123	-	42,828,123
Taxes and contributions payable	15,749,775	-	15,749,775	20,205,511	-	20,205,511
Other current liabilities	3,473,734	-	3,473,734	5,721,569	-	5,721,569
Total current liabilities	273,691,919	-	273,691,919	429,787,414	-	429,787,414
TOTAL EQUITY AND LIABILITIES	4,365,420,273	(318,367,338)	4,047,052,935	4,386,350,653	(113,688,937)	4,272,661,716

The impacts on the statement of financial position are justified by the reversal of the positive effects of measuring at fair value the investments in subsidiaries, associates and joint ventures, net of the reversal of impairment losses on investments in the same category as such reversal was not allowed under IAS 39.

Separate income statement	31 Dec 2016		
	Before restatement	Restatement	Restated
Services rendered	479,662	-	479,662
Gains or losses on investments	58,996,853	(45,360,000)	13,636,853
Financial income	29,483,595	-	29,483,595
Other income	2,345,021	-	2,345,021
External supplies and services	(3,786,607)	-	(3,786,607)
Staff costs	(1,967,496)	-	(1,967,496)
Depreciation and amortisation	(35,508)	-	(35,508)
Provisions and impairment losses	(1,913)	-	(1,913)
Financial expense	(14,204,643)	-	(14,204,643)
Other expenses	(792,278)	-	(792,278)
Profit/(Loss) before taxation	70,516,686	(45,360,000)	25,156,686
Taxation	(9,216,468)	-	(9,216,468)
Profit/(Loss) after taxation	61,300,218	(45,360,000)	15,940,218
Profit/(Loss) per share			
Basic	0.030651	(0.022680)	0.007970
Diluted	0.030642	(0.022674)	0.007968

As at 31 December 2016, an impairment loss was recognized for the financial investment in Sontel, BV (an impairment reversal was recorded on January 1, 2016).

The accumulated impairment amount on January 1, 2016, December 31, 2016 and December 31, 2017 is disclosed in note 8.

Separate statement of comprehensive income	31 Dec 2016		
	Before restatement	Restatement	Restated
Net Profit / (Loss) for the year	61,300,218	(45,360,000)	15,940,218
Changes on fair value of available-for-sale financial assets	159,318,401	(159,318,401)	-
Other comprehensive income for the year	159,318,401	(159,318,401)	-
Total comprehensive income for the year	220,618,619	(204,678,401)	15,940,218

6 Tangible assets

As at 31 December 2017 and 2016 tangible assets movements are as follows:

	Plant and machinery	Vehicles	Fixtures and fittings	Others	In progress	Total
Gross cost						
Opening balance as at 1 January 2016 restated	132,742	194,768	1,651,037	723	-	1,979,270
Increase	-	3,690	761	-	4,085	8,536
Decrease	-	(177,637)	(2)	-	-	(177,639)
Transfers and write-offs	-	-	4,085	-	(4,085)	-
Opening balance as at 1 January 2017	132,742	20,821	1,655,881	723	-	1,810,167
Increase	-	-	27,615	-	7,841	35,456
Decrease	-	-	(1,398)	-	-	(1,398)
Transfers and write-offs	1,601	-	6,240	-	(7,841)	-
Closing balance as at 31 December 2017	134,343	20,821	1,688,338	723	-	1,844,225
Accumulated depreciation						
Opening balance as at 1 January 2016 restated	78,752	194,768	1,614,784	723	-	1,889,027
Increase	13,229	615	19,558	-	-	33,402
Decrease	-	(177,637)	-	-	-	(177,637)
Opening balance as at 1 January 2017	91,981	17,746	1,634,342	723	-	1,744,792
Increase	12,748	3,075	16,100	-	-	31,923
Decrease	-	-	(1,396)	-	-	(1,396)
Closing balance as at 31 December 2017	104,729	20,821	1,649,046	723	-	1,775,319
Carrying amount						
As at 31 December 2016 restated	40,761	3,075	21,539	-	-	65,375
As at 31 December 2017	29,614	-	39,292	-	-	68,906

7 Intangible assets

As at 31 December 2017 and 2016 intangible assets movements are as follows:

	Patents and other similar rights	Software	Total intangible assets
Gross cost			
Opening balance as at 1 January 2016 restated	187,305	2,837	190,142
Opening balance as at 1 January 2017	187,305	2,837	190,142
Closing balance as at 31 December 2017	187,305	2,837	190,142
Accumulated depreciation			
Opening balance as at 1 January 2016 restated	185,247	2,742	187,989
Increase	2,058	48	2,106
Opening balance as at 1 January 2017	187,305	2,790	190,095
Increase	-	27	27
Closing balance as at 31 December 2017	187,305	2,817	190,122
Carrying amount			
As at 31 December 2016 restated	-	47	47
As at 31 December 2017	-	20	20

8 Investments in subsidiaries, associates and joint ventures

As at 31 December 2017 and 2016, the Company held investments in the following subsidiaries, associates and joint ventures:

Companies	31 Dec 2017					
	% Held	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Interlog, SGPS, SA	1.02%	106,686	-	-	-	106,686
Fundo de Investimento Imobiliário Fechado Imosede	19.60%	30,000,544	-	-	-	30,000,544
Sonae Investimentos, SGPS, SA	25.03%	532,246,696	-	-	-	532,246,696
Sonae Investments, BV	100.00%	835,700,000	-	-	-	835,700,000
Sonae RE, SA	99.92%	1,232,059	-	-	249,000	1,481,059
Sonae Sierra SGPS, SA	50.00%	490,113,339	-	-	-	490,113,339
Sonaecom, SGPS, SA	26.02%	111,098,824	-	-	-	111,098,824
Sonaegest, SA	20.00%	159,615	-	-	-	159,615
Sonaecenter Serviços, SA	100.00%	1,530,231,545	-	-	6,990,000	1,537,221,545
Sontel, BV	35.87%	275,631,099	-	-	11,124,000	286,755,099
Total		3,806,520,407	-	-	18,363,000	3,824,883,407

Companies	31 Dec 2016 Restated					
	% Held	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Interlog, SGPS, SA	1.02%	106,686	-	-	-	106,686
Fundo de Investimento Imobiliário Fechado Imosede	19.60%	30,000,544	-	-	-	30,000,544
Sonae Investimentos, SGPS, SA	25.03%	532,246,696	-	-	-	532,246,696
Sonae Investments, BV	100.00%	835,700,000	-	-	-	835,700,000
Sonae RE, SA	99.92%	1,082,059	-	-	150,000	1,232,059
Sonae Sierra SGPS, SA	50.00%	490,113,339	-	-	-	490,113,339
Sonaecom, SGPS, SA	26.02%	111,098,824	-	-	-	111,098,824
Sonaegest, SA	20.00%	159,615	-	-	-	159,615
Sonaecenter Serviços, SA	100.00%	1,496,231,545	-	-	34,000,000	1,530,231,545
Sontel, BV	35.87%	355,141,099	-	-	(79,510,000)	275,631,099
Total		3,851,880,407	-	-	(45,360,000)	3,806,520,407

Impairment tests on financial investments are carried out in accordance with the accounting policy mentioned in 2.7 k) and based on the valuation of the subsidiaries' assets made through discounted cash flow models in order to estimate the value of use of said investments.

The assumptions used are similar to those used on goodwill impairment test and are disclosed in the consolidated financial statements.

Accumulated impairment losses as at 31 December 2017 and 2016 are as follows:

	31 Dec 2017	31 Dec 2016 Restated	01 Jan 2016 Restated
Sonae RE, SA	2,191,000	2,440,000	2,590,000
Sonaecenter Serviços, SA	300,010,000	307,000,000	341,000,000
Sontel, BV	118,886,000	130,010,000	50,500,000
Total	421,087,000	439,450,000	394,090,000

9 Other investments

As at 31 December 2017 and 2016 other investments available for sale are as follows:

Companies	31 Dec 2017			
	Opening balance	Increase	Decrease	Closing balance
Associação Escola Gestão Porto	49,880	-	-	49,880
Total	49,880	-	-	49,880

Companies	31 Dec 2016 Restated			
	Opening balance	Increase	Decrease	Closing balance
Associação Escola Gestão Porto	49,880	-	-	49,880
Fundo Especial de Invest.Imob. Fechado Imosonae Dois	2,546	-	(2,546)	-
Total	52,426	-	(2,546)	49,880

10 Other non-current assets

As at 31 December 2017 and 2016 other non-current assets are as follows:

	31 Dec 2017	31 Dec 2016 Restated
Loans granted to group companies:		
Sonae Investments, BV	110,649,867	173,092,867
	110,649,867	173,092,867

As at 31 December 2017 the loans granted to group companies, bear interest at market rates indexed to Euribor, have a long-term maturity and its fair value is similar to its carrying amount.

There are no past due or impaired receivable balances as at 31 December 2017 and 2016. The eventual impairment of loans granted to group companies is assessed in accordance with note 2.7 k).

11 Trade accounts receivable

Trade accounts receivable amounted to 531,855 euro and 715,428 euro as at 31 December 2017 and 2016 respectively, and include balances arising solely from services rendered to group companies.

As at the statement of financial position dates there are no accounts receivable past due, and no impairment loss was recorded, as there are no indications as of the reporting date that the debtors will not meet their payment obligations.

12 Other debtors

As at 31 December 2017 and 2016 other debtors are as follows:

	31 Dec 2017	31 Dec 2016 Restated
Group companies		
Interest	2,630,955	44,793
Sonae Investments, BV	2,630,955	44,793
Taxes - Special regime for taxation of group companies	25,532,297	41,289,044
Other debtors		
Others	179,101	170,806
	28,342,353	41,504,643

The amount recorded in the caption taxes-special regime for taxation of groups corresponds to the tax estimate calculated by the companies taxed under the Special Regime for Taxation of Corporate Groups, of which the Company is the dominant company.

Loans granted to group companies return interest at variable market rates indexed to Euribor and have a maturity of less than one year.

There were no assets impaired or past due as at 31 December 2017 and 2016. The fair value of loans granted is similar to its carrying amount.

13 Taxes

As at 31 December 2017 and 2016 taxes balances are as follows:

Assets	31 Dec 2017	31 Dec 2016 Restated
Advance payments	8,172,423	8,400,836
Taxes withheld	3,738,704	10,687,395
Others	1,793,526	1,337,611
	13,704,653	20,425,842

Liabilities	31 Dec 2017	31 Dec 2016 Restated
Income tax charge for the year	8,737,183	15,574,542
Taxes withheld		
Staff	24,988	20,810
Other	3,750	9,268
Value added tax	137,119	129,113
Social security contributions	16,138	16,042
	8,919,178	15,749,775

The income tax charge for the year corresponds to the income tax estimated by the companies included in the special tax regime for company groups dominated by the Company and will be paid by the subsidiaries with taxable income.

14 Other current assets

As at 31 December 2017 and 2016 other current assets are as follows:

	31 Dec 2017	31 Dec 2016 Restated
Accrued income	1,472,606	2,041,758
Prepayments	772,713	718,907
	2,245,319	2,760,665

The amount recorded under the caption Accrued income relates essentially to the interests to be received for loans granted and commissions from guarantees given to subsidiaries.

15 Cash and cash equivalents

As at 31 December 2017 and 2016 cash and cash equivalents are as follows:

	31 Dec 2017	31 Dec 2016 Restated
Cash in hand	953	2,233
Bank deposits	169,786	948,653
Cash and cash equivalents on the statement of financial position	170,739	950,886
Cash and cash equivalents on the cash flow statement	170,739	950,886

16 Share capital

As at 31 December 2017 and 2016 share capital consisted of 2,000,000,000 ordinary shares of 1 euro each.

As at 31 December 2017 and 2016 Efanor Investimentos, SGPS, SA and affiliated companies held 52.48% of Sonae's share capital.

17 Treasury shares

As at 31 December 2017 the Company do not hold directly or indirectly any treasury shares.

18 Legal reserve

The Company has set up legal reserves in accordance with Commercial Companies Code.

19 Other reserves

As at 31 December 2017 and 2016 other reserves are detailed as follows:

	31 Dec 2017	31 Dec 2016 Restated
Free reserves	1,041,889,389	1,063,555,682
Share-based payments reserve (Note 20)	1,013,068	1,078,568
	1,042,902,457	1,064,634,250

Movements occurred in 2017 and 2016 in these reserves are detailed in the Company statement of changes in equity.

Share-based payments reserve relates to equity-share based payments under the deferred performance bonuses to be settled by delivery of shares, measured based on shares fair value at grant date.

20 Share-based payments

In 2017 and in previous years, according to the remuneration policy disclosed in its Corporate Governance Report, Sonae granted deferred performance bonuses to its directors. These are based on shares to be acquired with discount, three years after being attributed. These shares are only granted if the Director still works for Sonae at the vesting date.

As at 31 December 2017 and 2016, the outstanding plans were as follows:

	Vesting period		31 Dec 2017		31 Dec 2016 Restated	
	Year of grant	Vesting year	Number of participants	Number of shares	Number of participants	Number of shares
Plan 2013	2014	2017	-	-	2	472,175
Plan 2014	2015	2018	2	400,869	2	368,547
Plan 2015	2016	2019	2	336,710	2	345,689
Plan 2016	2017	2020	2	480,838	-	-

The fair values of the attributed shares for the outstanding plans can be detailed as follows:

	Year of grant	Vesting year	Grant date	31 Dec 2017	31 Dec 2016 Restated
Plan 2013	2014	2017	541,400	-	412,681
Plan 2014	2015	2018	578,200	451,378	322,110
Plan 2015	2016	2019	455,100	379,135	302,132
Plan 2016	2017	2020	394,400	541,424	-

During the year the movements occurred can be detailed as follows:

Number of shares	31 Dec 2017	31 Dec 2016 Restated
Opening balance	1,186,411	1,693,650
Changes during the year:		
Attributed	435,320	469,176
Vested	(497,027)	(769,166)
Canceled/ extinct/ corrected/ transferred	93,713	(207,249)
Closing balance	1,218,417	1,186,411

Amount	31 Dec 2017	31 Dec 2016 Restated
Recorded as staff cost in the year	475,900	524,900
Recorded as staff cost in previous year	537,168	553,668
	1,013,068	1,078,568

21 Borrowings

As at 31 December 2017 and 2016 this caption included the following loans:

	31 Dec 2017	31 Dec 2016 Restated
Bonds Sonae 2015/2022	100,000,000	100,000,000
Bonds Sonae 2016/2023	60,000,000	60,000,000
Up-front fees not yet charged to income statement	(1,241,289)	(1,638,448)
Bonds	158,758,711	158,361,552
Sonae SGPS - commercial paper	166,250,000	144,000,000
Sonae SGPS - bank loans	50,000,000	-
Up-front fees not yet charged to income statement	(266,810)	(321,447)
Bank loans	215,983,190	143,678,553
Non-current loans	374,741,901	302,040,105
Sonae SGPS - commercial paper	36,390,000	162,000,000
Bank loans	36,390,000	162,000,000
Current loans	36,390,000	162,000,000

As at 31 December 2017 and 2016, the major part of loans bear interests at variable interest rates. The above mentioned loans estimated fair value is considered to be near its carrying amount. Loans fair value was determined by discounting estimated future cash flows.

Maturity of Borrowings

As at 31 December 2017 and 2016 the analysis of the maturity of loans excluding derivatives is as follows:

	31 Dec 2017		31 Dec 2016 Restated	
	Nominal value	Interests	Nominal value	Interests
N+1	36,390,000	4,185,658	162,000,000	3,735,801
N+2	4,000,000	4,162,803	-	3,483,874
N+3	76,750,000	4,079,569	-	3,487,627
N+4	83,000,000	3,309,021	55,000,000	3,481,854
N+5	113,000,000	2,135,533	59,000,000	2,942,644
after N+5	99,500,000	967,039	190,000,000	2,535,039

The maturities above were estimated in accordance with the contractual terms of the loans, and taking into account Sonae's best estimated regarding their reimbursement date.

The interest amount was calculated considering the applicable interest rates for each loan at 31 December.

As at 31 December 2017, there are financial covenants included in borrowing agreements at market conditions, and which at the date of this report are complied with.

Sonae held 190.6 million euro available to meet its cash requirements in lines of credit and commercial paper programs with firm commitments, as follows:

	31 Dec 2017		31 Dec 2016 Restated	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Agreed credit facilities amounts	145,000,000	216,250,000	211,500,000	184,000,000
Available credit facilities amounts	140,610,000	50,000,000	49,500,000	90,000,000

Interest rate as at 31 December 2017 of the bonds and bank loan was, in average, 1.01% (0.95% as at 31 December 2016).

22 Loans from group companies

As at 31 December 2017 and 2016 loans obtained from group companies are as follows:

	31 Dec 2017	31 Dec 2016 Restated
Sontel, BV	20,030,244	4,254,000
Sonae RE, SA	1,199,000	1,596,000
Sonaecenter Serviços, SA	56,265,000	32,792,000
	77,494,244	38,642,000

Loans obtained from group companies bear interest at rates indexed to the Euribor.

23 Other creditors

As at 31 December 2017 and 2016 other creditors are as follows:

	31 Dec 2017	31 Dec 2016 Restated
Group companies		
Taxes - Special regime for taxation of groups	3,690,603	53,092,883
Shareholders	97,223	107,636
Others	2,096	80,167
	3,789,922	53,280,686

24 Other current liabilities

As at 31 December 2017 and 2016 other current liabilities are as follows:

	31 Dec 2017	31 Dec 2016 Restated
Accruals:		
Salaries	498,616	497,092
Interest	792,064	2,141,837
Others	913,383	834,805
	2,204,063	3,473,734

25 Contingent liabilities

As at 31 December 2017 and 2016, contingent liabilities were guarantees given are as follows

	31 Dec 2017	31 Dec 2016 Restated
Guarantees given:		
on tax claims	146,570,558	142,932,296
on judicial claims	70,766	70,766
Guarantees given in the name of subsidiaries (a)	375,078,359	386,112,500

a) Guarantees given to Tax authorities in favour of subsidiaries to defer tax claims. The main tax claims for which guarantees were issued are disclosed in consolidated financial statements.

The caption guarantees given on tax claims includes guarantees in favor of Tax authorities regarding the periods of 2007 up to 2014 income tax. Concerning these guarantees, the most significant amount relates to an increase in equity arising on the disposal of treasury shares to a third party in 2007 as well as to the disregarded of reinvestment concerning capital gains in shares disposal and the fact that demerger operations shall be considered neutral for income tax purposes. The Company has presented an appeal against this additional tax claim, being the Board of Directors understanding, based on its advisors assessment, that such appeal will be favorable.

No provision has been recorded to face risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result for the Company.

26 Operational leases

As at 31 December 2017 and 2016, the company had operational lease contracts, as a lessee, whose minimum lease payments had the following schedule:

	31 Dec 2017	31 Dec 2016 Restated
Due in		
N+1 automatically renewable	262,561	259,653
N+1	21,533	2,236
N+2	21,533	-
N+3	21,533	-
N+4	21,533	-
N+5	16,150	-
	364,843	261,889

In 2017 Sonae recognized costs on operational leases amounting 267,378 euro (280,041 euro in 2016).

27 Related parties

As at 31 December 2017 and 2016 balances and transactions with related parties are as follows:

Balances	31 Dec 2017	31 Dec 2016 Restated
Subsidiaries	29,929,831	52,150,959
Jointly controlled companies	218,605	420,628
Other related parties	98,000	98,000
Accounts receivable	30,246,436	52,669,587
Parent company	512,593	688,281
Subsidiaries	4,241,261	63,662,351
Jointly controlled companies	-	85
Other related parties	6,941	6,615
Accounts payable	4,760,795	64,357,332
Subsidiaries	110,649,867	173,092,867
Loans granted	110,649,867	173,092,867
Subsidiaries	77,494,244	38,642,000
Loans obtained	77,494,244	38,642,000

Transactions	31 Dec 2017	31 Dec 2016 Restated
Subsidiaries	1,743,261	2,379,371
Jointly controlled companies	223,066	219,662
Other related parties	100,000	100,000
Services rendered	2,066,327	2,699,033
Parent company	540,705	716,561
Subsidiaries	1,337,149	1,495,434
Jointly controlled companies	-	85
Other related parties	42,206	14,396
Purchases and services obtained	1,920,060	2,226,476
Subsidiaries	3,243,663	29,479,647
Interest income	3,243,663	29,479,647
Parent company	-	56,341
Subsidiaries	1,099,011	4,121,493
Interest expenses	1,099,011	4,177,834
Subsidiaries	17,418,496	25,007,590
Jointly controlled companies	37,391,100	12,355,320
Dividend income (Note 29)	54,809,596	37,362,910
Subsidiaries	2,399,600	790,388
Income from investment fund participation units	2,399,600	790,388
Subsidiaries	-	368,244,000
Disposal of bonds	-	368,244,000

All Sonae, SGPS, SA subsidiaries, associates and joint ventures are considered related parties and are identified in Consolidated Financial Statements. All Efanor Investimentos, SGPS, SA (parent company), subsidiaries, including the ones of Sonae Indústria, SGPS, SA and of Sonae Capital, SGPS, SA are also considered related parties (Other related parties).

The remuneration attributed to the Board of Directors for the years ended 31 December 2017 and 2016 is detailed as follows:

	31 Dec 2017	31 Dec 2016 Restated
Variable - short term	1,309,500	1,274,000
Share based payments	425,100	394,400
	1,734,600	1,668,400

In 2017 and 2016 no loans were granted to the Company's Directors.

As at 31 December 2017 and 2016 no balances existed with the Company's Directors.

28 Services rendered

Services rendered amounted to 523,066 euro and 479,662 euro, in 31 December 2017 and 2016. These fees correspond to services rendered to subsidiaries of the Company, performed in accordance with Portuguese Holding Companies law.

29 Gains or losses related to investments

As at 31 December 2017 and 2016 investment income are as follows:

	31 Dec 2017	31 Dec 2016 Restated
Dividends received (Note 27)	54,809,596	37,362,910
Gains/(Losses) on sale of investments	-	20,843,555
Impairment losses (Note 8)	-	(79,510,000)
Impairment reversal (Note 8)	18,363,000	34,150,000
Income from investment fund participation units	2,399,600	790,388
	75,572,196	13,636,853

Dividends were received from Sonae Investimentos, SGPS, SA (11,123,853 euro), Sonaegest, SA (55,875 euro), Sonae Sierra, SGPS, SA (37,391,100 euro) and Sonaecom, SGPS, SA (6,238,768 euro).

As at 31 December 2016 the caption gains /(losses) on sale investments is essentially related to the gain on the disposal of Sonae Investimentos bonds (20,844,000 euro).

30 Financial income / expenses

As at 31 December 2017 and 2016 net financial expenses are as follows:

	31 Dec 2017	31 Dec 2016 Restated
Interest arising from:		
Bank loans	(2,177,490)	(3,046,673)
Bonds	(2,137,348)	(3,226,578)
Other	(1,099,011)	(4,177,834)
Up front fees on the issuance of debt	(1,827,820)	(3,634,005)
Other financial expenses	(154,592)	(119,553)
Financial expenses	(7,396,261)	(14,204,643)
Interest income	3,243,663	29,483,595
Financial income	3,243,663	29,483,595

31 External supplies and services

As at 31 December 2017 and 2016 external supplies and services are as follows:

	31 Dec 2017	31 Dec 2016 Restated
Operational rents	425,914	439,024
Services obtained	2,131,031	2,119,047
Others	1,017,747	1,228,536
	3,574,692	3,786,607

32 Staff costs

As at 31 December 2017 and 2016 staff costs are as follows:

	31 Dec 2017	31 Dec 2016 Restated
Salaries	1,699,075	1,745,250
Social costs	160,301	170,648
Other staff costs	78,709	51,598
	1,938,085	1,967,496

33 Income tax

Income tax amount can be detailed as follows:

	31 Dec 2017	31 Dec 2016 Restated
Current tax	(503,745)	(9,173,073)
Deferred tax	3,281,349	-
Saving arising on special regime for groups of companies	23,017,951	(43,395)
	25,795,555	(9,216,468)

The reconciliation between the profit before taxes and the tax charge for the years ended 31 December 2017 and 2016 are summarized as follows:

	31 Dec 2017	31 Dec 2016 Restated
Profit before taxes	67,427,715	25,156,686
Change in accounting policy	-	45,360,000
(Decrease) / Increase to net income for tax purposes		
Dividends	(54,809,596)	(37,362,910)
Impairment losses	(18,363,000)	-
Others	24,547	(180,554)
Taxable income	(5,720,334)	32,973,222
Tax charge	21%	21%
Calculated tax	-	(6,924,377)
Saving arising on special regime for groups of companies	23,017,951	(43,395)
Deferred tax asset recognized by the Tax Group	3,281,349	-
Change in income tax estimate from previous years	(499,676)	(293,608)
Municipal surcharge	-	(1,948,259)
Autonomous taxation	(4,069)	(6,829)
Tax charge	25,795,555	(9,216,468)

The caption Savings arising on Special tax regime for group companies correspond to the effect of the tax losses generated by subsidiaries within the tax group recognized by the parent company without giving rise to any financial cash flow or liability as described in Note 2.13.

As at 31 December 2017 and 2016, the amount of deferred tax assets and their movement can be detailed as follows:

	31 Dec 2017	31 Dec 2016 Restated
Opening balance	966,895	-
Record of deferred tax assets	3,281,349	966,895
Previous year income tax estimate excess / (insufficiency)	3,507,480	-
Closing balance	7,755,724	966,895

In accordance with Portuguese legislation, the tax losses for which deferred tax assets were recognized are as follows:

	31 Dec 2017	
	Carried forward tax loss	Limit for use
Generated in 2016	21,306,549	2028
Generated in 2017	15,625,470	2022
	36,932,019	

34 Earnings per share

Earnings per share for the period ended 31 December 2017 and 2016 were calculated taking into consideration the following amounts:

	31 Dec 2017	31 Dec 2016 Restated
Net profit		
Net profit taken into consideration to calculate basic earnings per share (Net profit for the period)	93,223,270	15,940,218
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	-	-
Net profit taken into consideration to calculate diluted earnings per share	93,223,270	15,940,218
Number of shares		
Weighted average number of shares used to calculated basic earnings	2,000,000,000	1,999,966,007
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Outstanding shares related with deferred performance bonus	1,218,417	1,186,411
Number of shares that could be acquired at average market price	(436,212)	(592,432)
Weighted average number of shares used to calculated diluted earnings per share	2,000,782,205	2,000,559,986
Profit/(Loss) per share		
Basic	0.046612	0.007970
Diluted	0.046593	0.007968

35 Reconciliation of liabilities arising from financing activities

The reconciliation of liabilities arising from financing activities during 2017 is as follows:

	Borrowings (note 21)	Group companies (note 22)
Opening balance as at 1 January 2017	464,040,105	38,642,000
Receipts / (payments) arising from bank loans	(53,360,000)	-
Receipts / (payments) arising from group companies	-	38,852,244
Expenses on bank loans	54,637	-
Expenses on bond loans	397,159	-
Closing balance as at 31 December 2017	411,131,901	77,494,244

36 Dividends

For the year 2017, the Board of Directors will propose a gross dividend of 0.042 euro per share, in the total amount of 84,000,000 euro. This dividend is subject to the approval by shareholders of the Company in the Shareholders Meeting.

37 Approval of the financial statements

The accompanying financial statements were approved by the Board of Directors on 13th March 2018. These financial statements will be presented to the Shareholders' General Meeting for final approval.

38 Information required by law

Decree-Law nr 318/94 art 5 nr 4

In 2017 short-term loan contracts were entered into with the following companies:

Chão Verde - Sociedade de Gestão Imobiliária, SA

Elergone Energia, Lda

MCCARE, Serviços de Saúde, SA

Selifa - Sociedade de Empreendimentos Imobiliários, SA

SFS - Serviços de Gestão e Marketing, SA

SK Skin Health Cosmetics, SA

Sonae Center Serviços II, SA

Sonae Investimentos, SGPS, SA

Sonae RE, SA

Sonaecenter, Serviços, SA

Sonaecom - Serviços Partilhados, SA

Sonaecom, SGPS, SA

Sontel BV

As at 31 December 2017 amounts owed by subsidiaries can be detailed as follows:

	Closing Balance
Sonae Investments, BV	110,649,867
Total	110,649,867

As at 31 December 2017 amounts owed to subsidiaries can be detailed as follows:

	Closing Balance
Sonae RE, SA	1,199,000
Sonaecenter Serviços, SA	56,265,000
Sontel, BV	20,030,244
Total	77,494,244

Article 66 A of the Commercial Companies Code

As at 31 December 2017, fees Statutory Auditor amounted to 38,845 euro fully related with audit fees.

Approved at the meeting of the Board of Directors held on March 13th, 2018

The Board of Directors

Duarte Paulo Teixeira de Azevedo, Chairman and Co-CEO

Ângelo Gabriel Ribeirinho dos Santos Paupério, Executive Director and Co-CEO

José Manuel Neves Adelino, Non-Executive Director

Andrew Eustace Clavering Campbell, Non-Executive Director

Christine Cross, Non-Executive Director

Tsega Gebreyes, Non-Executive Director

Marcelo Faria de Lima, Non-Executive Director

Dag Johan Skattum, Non-Executive Director

Margaret Lorraine Trainer, Non-Executive Director



LEGAL CERTIFICATION OF
ACCOUNTS / AUDITORS REPORT
**Approval: Everything
in Order**

STATUTORY AUDIT CERTIFICATION AND AUDIT REPORT

(Free translation of a report originally issued in Portuguese language: in case of doubt the Portuguese version will always prevail)

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated and separate financial statements of Sonae, SGPS, S.A. ("the Entity") and of its subsidiaries ("the Group"), which comprise the consolidated and separate statement of financial position as at 31 December 2017 (that presents consolidated and separate total assets of Euro 5,604,652,236 and Euro 3,988,402,723, respectively; consolidated and separate equity of Euro 2,135,038,133 and Euro 3,484,577,181, respectively, including a net profit attributable to the Entity's shareholders of Euro 165,753,915 and an Entity's net profit of Euro 93,223,270, respectively), the consolidated and separate statements of profit and loss, the consolidated and separate statements of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and the accompanying notes to the consolidated and separate financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present true and fairly, in all material respects, the consolidated and separate financial position of Sonae, SGPS, S.A. as at 31 December 2017 and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated and separate financial statements" section below. We are independent from the entities that constitute the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Applicable to consolidated financial statements

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
<p>Impairment of Goodwill and other non-current assets (Notes 2.2, 2.9, 2.13 a), 8, 10, 12, 32 and 37 to the consolidated financial statements)</p>	
<p>As at 31 December 2017, the carrying amount of goodwill amounts to 634 million Euro, tangible assets to 1,651 million Euro and intangible assets to 368 million Euro.</p> <p>As disclosed in Notes 2.2 and 2.9, the Group recognizes impairment losses when the recoverable amount of a given asset or group of assets is lower than its carrying amount.</p> <p>The impairment tests involve complex judgements, based on business plans, which are supported in assumptions, such as discount rates, forecasted margins, short term and long term growth rates, capital expenditure plans as well as the demand behaviour.</p> <p>In some situations, namely for real estate assets, the group estimates fair value less costs to sell, essentially by the use of valuations performed by specialists. Such valuations are also based on several assumptions.</p> <p>As a result of the analysis performed, the Group recognized, on its consolidated financial statements as at 31 December 2017, impairment losses on Goodwill in the amount of 2 million Euro on tangible and intangible assets and 3 million Euro in relation with investments in associates (Note 37).</p>	<p>Our audit procedures included the evaluation of relevant controls in relation with the assessment of impairment indicators in what relates with non-current assets, analysis of the recoverability of Goodwill and of cash generating units with Goodwill associated, as well as review of the impairment tests, in the cases where impairment indicators in non-current assets were identified by the Group.</p> <p>In what concerns the estimate of the recoverable amount used by the Group in impairment evaluation, our procedures included:</p> <ul style="list-style-type: none"> • review of the criteria used by the Group to determine cash generating units; • obtaining the valuation models used to determine the recoverable amount of each cash generating unit and test the clerical correction of those models; • review of the methodology used by the Group to determine the value in use, namely its compliance with applicable accounting standards; • assessing the assumptions used in the referred models, involving, whenever deemed necessary Deloitte specialists to challenge those assumptions, namely discount rates, short term and long term growth rates used, in addition to projected cash flows; • meeting with management and other officers responsible for the preparation of the valuation models; • performing sensitivity analysis on key assumptions in order to assess the model used and its forecasts; • analysis of the procedures performed by the significant component auditors in relation of which the matter is applicable on the basis referred to in the following Key Audit Matter. <p>For the assets that were measured at fair value based on market values, we assessed the assumptions used, namely lease income and yields used by the Group and its specialists, as well as assessed the adequacy of the methodologies used comparing this year valuations with the ones provided in previous periods.</p> <p>We evaluated the adequacy of disclosures made in relation with this matter.</p>

Valuation of investments in joint ventures and associates

(Notes 2.2. b), 6.2, 6.3 and 11 to the consolidated financial statements)

<p>As at 31 December 2017, the Group holds significant investments on joint ventures and associates, with a carrying amount of 1,414 million Euro, mainly corresponding to shares of Sonae Sierra (601 million Euro), and NOS, through ZOPT, SGPS, S.A. (688 million Euro), as well as on a group of venture capital funds (79 million Euro).</p> <p>Interests in joint ventures and associates are recognized in accordance with the equity method (Note 2.2.b), hence there is a risk for those investments to be incorrectly measured due to: (i) not recognizing eventual impairment losses that might arise, and from (ii) misstatements on the financial statements of those entities.</p> <p>In what concerns impairment analysis over the referred investments it is worth mention:</p> <ul style="list-style-type: none"> • In relation with the investment in ZOPT, SGPS, S.A., the impairment tests are based on the assumptions of the future profitability of the related businesses, forecasted considering the short and long term growth rates, discounted to the end of the period (Note 11.3). 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • obtaining the financial statements of the joint ventures and associates as well as the last available Auditors' Report; • validating the proper application of the equity method on the mentioned entities; • verifying the valuation models used to determine the recoverable amount of each joint venture or associate investment as well as reviewing the clerical correction of the models; • comparing ZOPT, SGPS, S.A. investment's carrying amount with the market value of its assets (NOS); • regarding ZOPT, SGPS, S.A. evaluation of associates on african markets: <ul style="list-style-type: none"> - assessing the assumptions used in the models, including discount rates used, long term growth rates and forecasted cash flows; - consulting with Deloitte specialists to challenge the assumptions used, namely discount rates and long term growth rates; - assessing the consistency of the valuation performed at Sonae level with the valuation used for impairment
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Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
<p>As referred in Note 11.3, ZOPT, SGPS, S.A. presents a significant exposure to African markets due to its investments in associates in Angola and Mozambique, with a carrying amount of, approximately, 195 million Euro. The Group performed impairment tests on the carrying amount of those investments considering the functional currencies of each associate.</p> <p>Current economic conditions in those markets, namely the fact that Angolan economy was classified as hyperinflationary in 2017, cast additional risks of impairment over those investments, hence sensitivity tests were performed on the key assumptions and its results are disclosed in the referred note.</p> <ul style="list-style-type: none"> In relation with Sonae Sierra SGPS, S.A., its recoverable amount is computed with reference to its selling price based on the valuation at fair value of its investment properties determined by specialized valuers (Notes 6.2 and 11.3.) and in accordance with INREV (European Association for Investors in Non-Listed Real Estate Vehicles) guidelines for Net asset value calculations. In what concerns Venture Capital Funds, the analysis is performed based on its equity considering that such funds measure its financial investments at fair value (Note 11.1). <p>Regarding risks of material misstatements on the financial statements of the referred joint ventures, it is important to mention:</p> <ul style="list-style-type: none"> Sonae Sierra, SGPS, S.A.: the risk and complexity arising from the fair value measurement of investment properties; NOS, SGPS, S.A.: i) Revenue recognition and its inherent complexity as well as the recoverability of accounts receivable; ii) risk of inappropriate recognition of non-current assets, determination of useful life and its recoverability considering the significant amount of intangible assets (1,141 million Euro, including goodwill) and tangible assets (1,137 million Euro) – Note 6.3; and iii) the complexity judgement level regarding contingent liabilities at NOS (Note 47); Venture Capital Funds: the risk and complexity arising from the fair value measurement of financial investments held (Note 11.3). <p>The risk that material impairment losses might exist or errors in the fair value measurement given the amounts of the captions referred as well as the complex nature and judgements involved on the estimates used, causes us to consider this as a key audit matter.</p>	<p>purposes at Sonaecom, ZOPT and NOS when reviewing the work performed by the component auditors;</p> <ul style="list-style-type: none"> considering the current economic environment, namely Angolan economy being considered hyperinflationary, as well as the uncertainty associated with the evolution of macroeconomic conditions. We have obtained the sensitivity analysis prepared by management to some assumptions used on the valuation of the referred associates, having verified that changes within a reasonable range may cause significant changes in the estimated recoverable value of the above mentioned investments, from 61% to 156% of its carrying amount (Note 11.3); analysis of the validation procedures of the adjustments made to financial statements on the basis of hyperinflation. <ul style="list-style-type: none"> we analysed the valuation performed over Sonae Sierra SGPS, S.A., regarding which we: <ul style="list-style-type: none"> obtained the valuation performed by independent specialized entities hired by the Group over the assets classified as investment properties; met with independent valuers and analysed the key assumptions used, namely lease income, discount rates and yields used; for a sample of assets, analysed the information provided to the valuers and validated its accuracy; <p>Additionally, Sonaecom, SGPS, S.A., ZOPT, SGPS, S.A. and the Venture Capital Funds are audited by other audit firms. In this context we issued audit instructions for the auditors of those entities in accordance with ISA 600 – Special considerations— Audits of Group Financial Statements (Including The Work of Component Auditors).</p> <p>We assessed the technical competence of the component auditors and were involved in the Planning of the mentioned audits and, when considered relevant, reviewed the audit working papers assuring that the risks identified at group level were appropriately addressed. We reviewed the conclusion of the audit procedures to mitigate such risks, namely in what refers to internal control testing in the areas under analysis, and in what concerns revenue recognition.</p> <p>We analysed the conclusion of financial statements audit, reviewed the reports issued by the component auditors and discussed the main conclusions and supporting information.</p>

Recoverability of non-current assets and deferred tax assets of retail operations in Spain

(Notes 6.1 and 19 to the consolidated financial statements)

<p>As at 31 December 2017 the Group maintains recognized, approximately, 20 million Euro of deferred tax assets related with its retail operations in Spain, having recognized deferred tax liabilities amounting to 17.5 million Euro in relation with the same country (Note 19). The group maintains, approximately, 111 million Euro of non-current assets in that country (Note 6.1).</p> <p>The recoverability of the above-mentioned assets depends on the accomplishment of the established business plans forecast by the entities taxed in Spain within the same tax group. The analysis of the recoverability of these assets involves a high level of judgement and uncertainty, namely considering the losses recorded in previous years by the retail</p>	<p>We obtained management documentation supporting the recoverability of deferred tax assets arising on tax losses carried forward of retail operations in Spain. We performed, among others, the following procedures:</p> <ul style="list-style-type: none"> tested the arithmetical accuracy of the estimate and its compliance with Spanish tax rules; verified the consistency of the plan used to support the recoverability of deferred tax assets with the business plans for each business in Spain for the purpose of impairment testing; reviewed the main developments of the Group tax claims in Spain related with tax losses carried forward from previous years the corresponding tax effects, as well as assessed the
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Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
<p>operations in Spain as well as the long estimated period to recover the deferred tax assets (10 years) (Note 19).</p> <p>For the above mentioned factors we consider this as a key audit matter.</p>	<p>impacts of such developments in future taxable profits of the Group in Spain;</p> <ul style="list-style-type: none"> • performed a specific analysis over the Spanish operations, namely verifying the capacity of the companies taxed under the consolidated tax regime to generate sufficient taxable income to offset the tax losses carried forward for which deferred tax assets have been recognized; • assessed the main assumptions used by management regarding retail operations in Spain. <p>We evaluated the adequacy of disclosures made in relation with this matter.</p>
<p>Commercial income from suppliers (Notes 2.11, 2.17, 14, 18 and 39 to the consolidated financial statements)</p>	
<p>As described in Notes 2.11 and 2.17 to the consolidated financial statements, the Group, through its retail operations, signs a significant number of agreements with suppliers from which obtains commercial income.</p> <p>Commercial income from suppliers is an area of focus due to the quantum, complexity and the number of transactions recorded.</p> <p>Generically, commercial income has two main natures:</p> <p>(i) volume based discounts being recorded as a deduction to cost of sales, whenever not directly related with specific promotions. Determining the applicable volume of purchases made or to be made during the year, and the range of criteria on the determination of the products targeted for each specific discount, increases significantly the complexity of the calculations of the referred agreements;</p> <p>(ii) related with promotional agreements linked with specific actions, placement of articles in stores, based on sales made to final customers, among other natures, but not directly related to the purchase of inventory, which are recognized as "Other operating income" (Notes 2.17 and 39).</p> <p>The accounting recognition of each nature implies the existence of written agreements, detailed analysis of the terms of such agreement, judgement regarding the classification and timing of recognition of the income, being supported in specific information systems with defined categories of commercial income, being its accounting treatment mainly daily and automatic based on the applicable categories.</p> <p>Given the nature of the operation, the materiality of the amounts involved, the judgement implicit in the recording and classification of the agreements made with suppliers, we consider the existence of a risk that the agreements are not being fully formalized or that the accounting of such agreements is not aligned with group accounting policies, hence we consider this area as a key audit matter.</p>	<p>Our audit procedures in this area included the analysis of the design and implementation of controls over commercial income as well as the assessment of operating effectiveness of identified key controls, when considered adequate.</p> <p>The analysis of operating effectiveness of controls implemented by the Group includes not only the analysis of procedures established over the agreements, its existence, approval and proper agreement with suppliers, but also internal controls over information systems and interfaces supporting the computation of income, namely on volume based agreements, in order to assure the completeness and accuracy of data.</p> <p>Additionally, among others, we performed the following procedures:</p> <ul style="list-style-type: none"> • several analytical procedures, namely involving the analysis of monthly changes in main captions, analysis of income over purchase ratios, comparing ratios with the ones verified in previous years; • for a sample of agreements, selected based on quantitative and qualitative criteria, we performed an evaluation of these agreements and verified that those were properly agreed with suppliers; • for the above mentioned sample, we independently computed the amount of discounts and compared it with accounting records, validating, when applicable, the amount of purchases used; • for that sample, we validated the adequacy of the accounting treatment used; • We also performed a sample over agreements accrued at year-end, verified the agreements and the proper cut off of income. Additionally, we performed specific cut-off procedures, namely through the analysis of subsequent credits; • additionally, we performed procedures in order to identify unusual transactions, namely when considering its amount, standard accounting procedures of the Group or because of being manual adjustments to the common procedures to recognize commercial income. For those cases, including the situations where accrued income was recognized, we selected a larger sample considering the risk of distortion, assessed the nature of each case and obtained the reasoning for its recognition not to have followed the usual recognition procedures, as well as we have examined the support for income recognition. <p>Besides the above mentioned procedures we obtained third party confirmation of balances for a sample of suppliers, chosen based on its relevance to the group purchases, as well as considering qualitative criteria identified by the audit team. We have reviewed, when applicable, the reconciliations obtained between information received and the group accounting records.</p>
<p>Net realizable value of Inventories (Notes 2.11 and 14 to the consolidated financial statements)</p>	
<p>As disclosed in Note 14, as at 31 December 2017, Sonae Group presents, approximately, 713 million Euro of Inventories in its statement of financial position. The analysis of the net realizable value of those inventories</p>	<p>Our audit procedures comprise the analysis of the Group procedures in what concerns to the valuation of inventories, verifying its adequacy with the accounting policies, and included:</p>

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
<p>is judgemental and its complexity is increased due to the fact that the inventories are scattered in more than 1,300 stores and in several warehouses, as well as from the fact that the Group operates stores in several retail areas, such as food, electronics, fashion and sports.</p> <p>The definition of criteria to identify items that might be signalled as obsolete or slow movers, and, consequently which net realisable value might be below its cost, as well as the criteria defined to adjust the cost of inventories are matters which require a significant amount of judgement, hence we consider the impairment of inventories as a key audit matter.</p>	<ul style="list-style-type: none"> • the analysis of the criteria defined by the Group to identify the slow moving or obsolete items, as well as the criteria to adjust its carrying amount to net realizable value; • testing the operating effectiveness in what concerns inventories, namely the adequate interface of the information systems used and the general computer controls applicable to those systems; • obtaining from the Group the internal analysis over the defined criteria, performing a comparison of the results of these criteria with recent historical information; • we have performed test regarding the correct arithmetical application of the defined criteria for a sample of random itens.

Tax contingencies

(Notes 2.12, 2.14, 2.15, 32 and 34 to consolidated financial statements)

<p>As described in Note 34, the Group maintains uncertain tax positions being disputed in tax courts, for which the Group granted warranties amounting to more than 1,110 million Euro (which considers tax amounts as well as other related expenses), part of which (532 million Euro) related to disputes of value added tax additional assessments ("VAT") on commercial income from suppliers, that tax authorities understand should be liable of VAT, as well as VAT deducted over discount vouchers deducted by non-corporate clients.</p> <p>The classification of the litigations as contingent liabilities or provisions, or its measurement in accordance with accounting standards on income taxes, are matters that imply a significant amount of judgement and uncertainty, hence being subject to error or inadequate assessment. Consequently we consider this as an area of focus in our audit.</p>	<p>Our audit procedures, with the assistance of our tax specialists, in relation with additional tax assessments and tax disputes included the following:</p> <ul style="list-style-type: none"> • we obtained from the tax department of the Group, for the significant subsidiaries of the Group, the list of tax disputes and its evaluation of probability of loss; • for a sample of the main claims, based on qualitative and quantitative criteria we: <ul style="list-style-type: none"> ○ obtained the assessment performed by the Group as well as the documentation of the claims; ○ reviewed correspondence with tax authorities, reviewed the tax claims and appeals made by the Group to courts; ○ discussed with the company the support and arguments used by the Tax Group department and that are the base of the positioning of management; ○ independently reviewed the assumptions established by the Group as well as the level of risk attributed in the classification of the contingency, based on evidence and existence information related with analysed tax assessments; • We reviewed the disclosures on these matters.
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Applicable to separate financial statements

Description of the most significant risks of material misstatement identified	Summary of the auditor's responses to the assessed risks of material misstatement
<p>Impairment of investments in subsidiaries, joint ventures and associates and changes in accounting policy (Notes 2.2, 5 and 8 to the separate financial statements)</p> <p>As referred in Note 5 to separate financial statements, the Entity changed the accounting policy regarding the measure of investments in subsidiaries, joint ventures and associates, measuring such investments at acquisition cost less impairment losses, when, up to 2016, such investments, whenever reliably measurable, were measured at fair value.</p> <p>As at 31 December 2017, the Entity, in its separate financial statements, has investments accounted for at cost less impairment losses with a carrying amount of 3,825 million Euro.</p> <p>Considering the materiality of the referred assets to the separate financial statements, the complexity of the change of accounting policy and the level of estimate involved in the measuring impairment, we consider this area to be a key audit matter.</p>	<p>We have verified the procedures used by the Entity in preparing the restated financial statements presented for comparative purposes, validating the historical data used for that purposes as well as the arithmetical accuracy of the calculation performed for the purposes of applying the new account policy as referred in Note 5 to separate financial statements.</p> <p>Our analysis on impairment tests performed by the Entity is based on the procedures performed regarding impairment test of Goodwill and other non-current assets for consolidated purposes, as well as on the analysis of the arithmetical accuracy of the tests performed by management and analysis of the remaining assumptions and methodologies used, namely in what concerns the valuation of real estate assets.</p> <p>We reviewed the adequacy of the disclosures performed.</p>

Responsibilities of management and supervisor body for the consolidated and separate financial statements

Management is responsible for:

- the preparation of consolidated and separate financial statements that give a true and fair view of the Group's and Entity's financial position, financial performance and cash flows in accordance with IFRS as adopted by the European Union;
- the preparation of a management report, including a corporate governance report, in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting principles and criteria appropriate in the circumstances; and
- assessing the Group's and Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's and Entity's ability to continue as a going concern.

The Statutory Audit Board is responsible for overseeing the Group's and Entity's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's or Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter;
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the management report is consistent with the consolidated financial statements and the verification of the requirements as provided in numbers 4 and 5 of article 451.º of the Portuguese Companies' Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the Management report

In compliance with article 451, number 3.e) of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), in our opinion, the Management report was prepared in accordance with the applicable law and regulations and the information included therein is in agreement with the audited consolidated and separate financial statements, and considering our knowledge and appreciation of the Group, we did not identify material misstatements. In compliance with article 451, number 7 of the Portuguese Commercial Code, this report isn't applicable to non-financial information presented in "Sustainability report".

About the Corporate Governance report

In compliance with article 451, number 4, of the Portuguese Commercial Code ("Código das Sociedades Comerciais"), we conclude that the corporate governance report includes the elements required to the Entity under the terms of article 245-A of the Portuguese Securities Code ("Código dos Valores Mobiliários"), and we have not identified any material mistakes in the information disclosed in such report, which, accordingly, complies with the requirements of items c), d), f), h), i) and m) of that article.

About the non-financial information disclosed in accordance with article 508 G of the Portuguese Companies' Code

In compliance with article 451, number 6 of the Portuguese Commercial Code we confirm that the Entity has prepared the non-financial information required by articles 508 G of the Portuguese Companies' Code, including such information in section "Sustainability report" of Sonae Financial Report '17.

About the additional elements included in article 10 of Regulation (UE) 537/2014

In compliance with article 10 of Regulation (UE) 537/2014 of the European Parliament and of the Council of April 16th, 2014, and beyond the key audit matters mentioned above, we further report on the following:

- We have been appointed auditors of Sonae, SGPS, S.A. (parent-company of the Group) in the shareholders' general meeting that took place on 31 March 2003 for a first complete mandate covering the period between 2003 and 2006, which has been successively renewed. We have been appointed in the shareholders' general meeting that took place on 30 April 2015 for the present mandate covering the period between 2015 and 2018.
- The Board of Directors confirmed to us that is unaware of the occurrence of any fraud or suspected fraud with a material effect in the financial statements. As part of the planning and execution of our audit in accordance with ISAs, we kept professional scepticism and designed audit procedures to respond to the risk of material misstatements in the consolidated and separate financial statements

due to fraud. As a result of our work, we have not identified any material misstatement in the consolidated and separate financial statements due to fraud.

- We confirm that the audit opinion issued is consistent with the additional report that we prepared and delivered to the Entity's Statutory Audit Board as at [•] March 2017.
- We declare that we have not rendered any prohibited services under the terms of article 77, number 8, of the Legal Regime of the Portuguese Statutory Auditors and that we kept our independence from the Group during the execution of the audit.

Porto, 29 March, 2018

Deloitte & Associados, SROC S.A.

Represented by Nuno Miguel dos Santos Figueiredo, ROC



REPORT AND OPINION OF THE
STATUTORY AUDIT BOARD

Conclusions: Advice and Knowledge

Report and Opinion of Sonae SGPS Statutory Audit Board

(Translation of a Report and Opinion originally issued in Portuguese.
In case of discrepancy the Portuguese version prevails)

To the Shareholders

1 – Report

1.1 - Introduction

In compliance with the applicable legislation and statutory regulations, as well in accordance with the terms of our mandate, the Statutory Audit Board presents its report over the supervision performed and its Report and Opinion on the Report of the Board of Directors and the remaining individual and consolidated documents of accounts for the year ended 31 December 2017, which are the responsibility of the Board of Directors.

1.2 – Supervision

During the year under analysis, the Statutory Audit Board, in accordance with its competence, accompanied the management of the Company and its affiliated companies, and has oversaw, with the required scope, the evolution of the operations, the adequacy of the accounting records, the quality and appropriateness regarding the process of preparation and disclosure of financial information, corresponding accounting policies, valuation criteria used as well as the compliance with legal and regulatory requirements.

In the exercise of its competences and mandate, the Statutory Audit Board had fourteen meetings during the year, six of which in person, with the presence of, depending on the matters in the agenda, the Board of Directors, the officers in charge of Planning and Control department, Administrative and Accounting department, Treasury and Finance department, Tax department, Internal Audit department, Risk Management department, the Statutory Auditor and External Auditor and Sonae's ombudsman. Additionally, the Statutory Audit Board participated in the Board of Directors meeting where the Report of the Board of Directors and the financial statements for the year were approved.

The Statutory Audit Board verified the effectiveness of the risk management and internal control, analyzed the planning and the results of external and internal auditors' activity, accompanied the system involving the reception and follow up of reported irregularities and oversaw the reports issued by Sonae's ombudsman. The Statutory Audit Board has also assessed the process of preparing the individual and consolidated statements, communicated to the Board of Directors information regarding the conclusion and quality of the financial statements audit and its intervention in the process, has pronounced itself in favor of the rendering of non-audit services by the Statutory and External Auditor, having exercised its mandate in what concerns the evaluation of the competence and independence of external auditors, as well as to the supervision of the establishment of the Statutory and External Auditor remuneration.

In compliance with the law and its policy, the Statutory Audit Board fulfilled what is established in al. f), nº 3 of Artº 3º of External Audit Supervision Law n.º 148/2015 and Artº 16.º of EU Regulation n.º 537/2014, having organized an enlarged selection bid, independent of any external influence and free of any contractual clause of the type mentioned in n.º 6 of that law, that concluded in a proposal for election to the Shareholders' General Meeting.

During the year, the Statutory Audit Board accompanied, with special care, the accounting treatment of transactions that had had material impact on the evolution of operations and on the individual and consolidated financial position of Sonae SGPS, S.A., and highlights the positive evolution of the business segments and main joint ventures which effects are visible in the economic and financial development of the Group.

In compliance with CMVM's Recommendation V.2., the Statutory Audit Board take in consideration the criteria established by CMVM in paragraphs 3 to 5 of article 4 of CMVM's Regulation for description of businesses with significant relevance between the company and shareholders of qualifying holdings or related entities, in accordance with the number 1 of article 20 of the Portuguese Securities Market Code, neither having identified relevant transactions that complied with that criteria nor identified any conflict of interests.

The Statutory Audit Board complied with CMVM's Recommendations II.2.1, II.2.2, II.2.3, II.2.4 and II.2.5, regarding Corporate Governance. Being all members of the Statutory Audit Board independent considering the legal criteria and professionally able to perform its duties, the Statutory Audit Board exercised its competences and its relations with the other statutory bodies and Company's services, in accordance with the principles and conduct recommended in the referred Recommendations.

The Statutory Audit Board reviewed the Corporate Governance Report, enclosed to the Report of the Board of Directors, in accordance with nr. 5 of article 420º of Commercial Companies Code, having verified that the it includes the elements referred to in article 245º-A of the Portuguese Securities Market Code.

Still, in the fulfilment of its duties, the Statutory Audit Board reviewed the Report of the Board of Directors, including the Corporate Governance Report, and remaining individual and consolidated documents of account prepared by the Board of Directors, concluding that these information was prepared in accordance with the applicable legislation and that it is appropriate to the understanding of the financial position and results of the Company and the consolidation perimeter, and has reviewed the Statutory Audit and Auditors' Report issued by the Statutory Auditor and agreed with its content.

2 – Opinion

Considering the above, in the opinion of the Statutory Audit Board, that all the necessary conditions are fulfilled in order for the Shareholders' General Meeting to approve:

- a) the Report of the Board of Directors;

- b) the individual and consolidated statements of financial position, profit and loss by natures, comprehensive income, changes in equity and of cash flows and related notes for the year ended 31 December 2017;
- c) the proposal of net profit appropriation presented by the Board of Directors.

3 – Responsibility Statement

In accordance with paragraph a), number 1 of article 8º of the Regulation of CMVM nr. 5/2008 and with the terms defined in paragraph c) nº 1 of the article 245º of the Portuguese Securities Market Code, the members of the Statutory Audit Board declare that, to their knowledge, the information contained individual and consolidated financial statements were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of the Sonae, SGPS, S.A. and companies included in the consolidation. Also, it is their understanding that the Board of Directors Report faithfully describes the business evolution, performance and financial position of Sonae, S.G.P.S., S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face. It is also declared that the Corporate Governance Report complies with article 245º A of the Portuguese Securities Market Code.

Maia, 29 March 2018

The Statutory Audit Board

Daniel Bessa Fernandes Coelho

Manuel Heleno Sismeiro

Maria José Martins Lourenço da Fonseca

Sonae Financial Report '17

Head of Communication, Brand and Corporate Responsibility

Catarina Oliveira Fernandes
catarina.fernandes@sonae.pt
Tel.: + 351 22 010 47 05

Head of Investor Relations

Patrícia Pinto
pavpinto@sonae.pt
Tel.: + 351 22 010 47 94

Property

Sonae SGPS, S.A.
Lugar do Espido, Via Norte
4471-909 Maia
Portugal
Tel.: + 351 22 948 75 22

Design

SKA Publicidade

Sonae is listed in the Euronext Stock Exchange.

Information may be accessed on Reuters under the symbol SONP.IN and on Bloomberg under the symbol SONPL.

This report is available on Sonae's institutional website:

<https://www.sonae.pt/en/>