



SONAE FINANCIAL REPORT '16

CORPORATE GOVERNANCE REPORT



IMPROVING LIFE

INDEX

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PART II

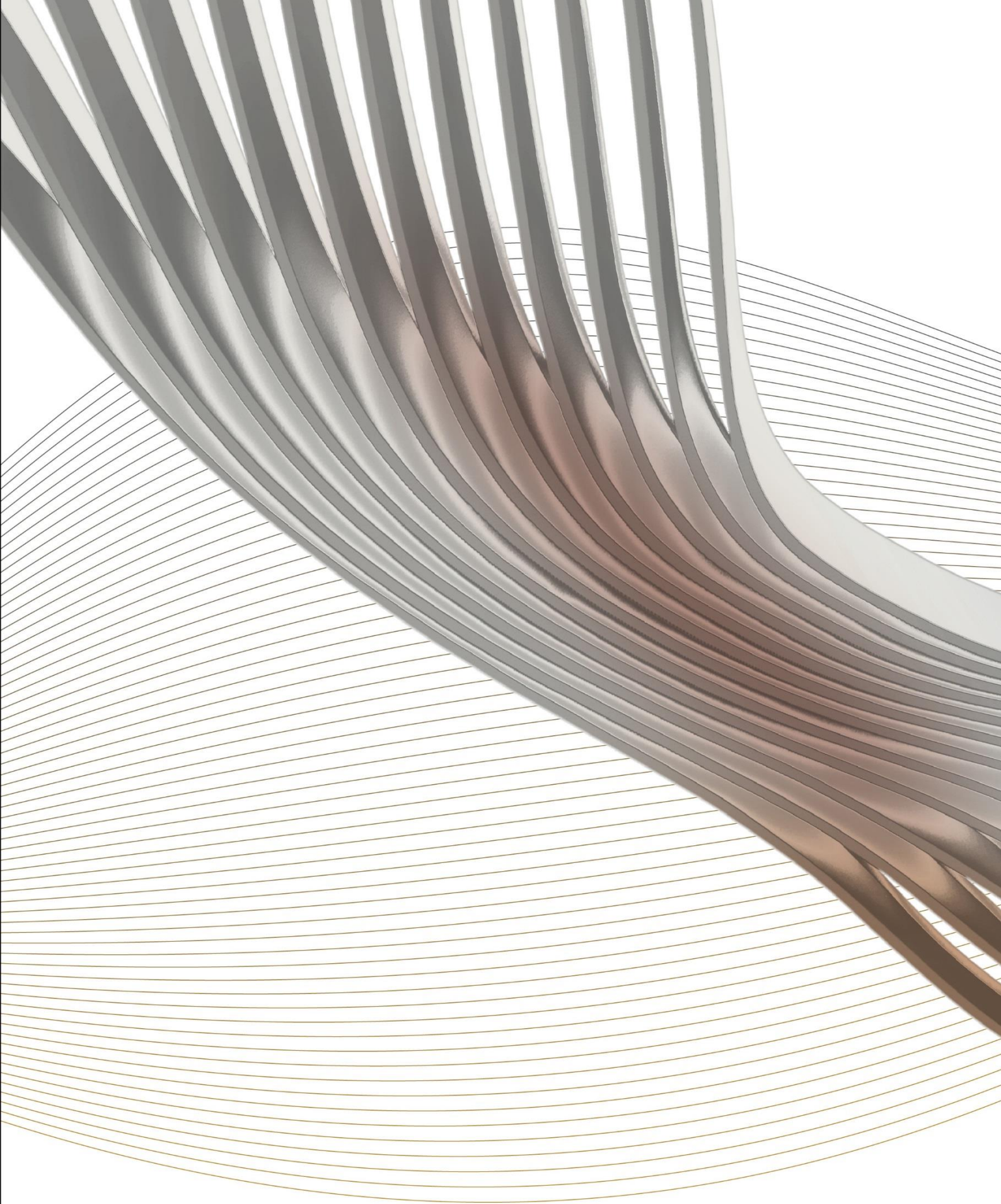
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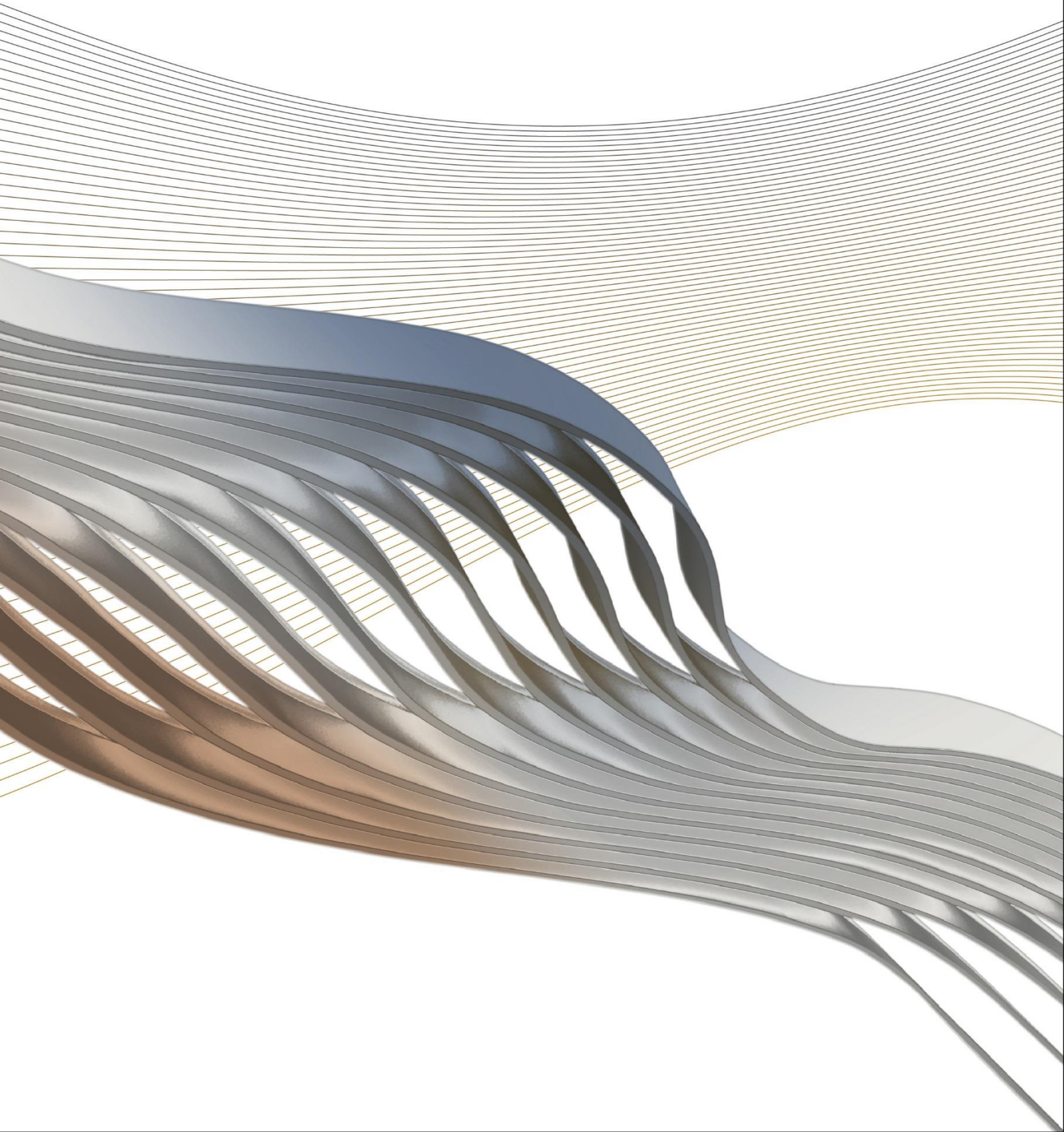
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SONAE

PART I
SHAREHOLDING 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 2016, 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 ceasing to be directly or indirectly controlled by its present reference shareholder or any of his relatives.

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

The effects of terminating the agreement include the exercise of a call option, the sharing of assets or sale of 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 2016, relying on the notices received by the Company pursuant to article 16 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:

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:

	Additions			Reductions		Position on 31.12.2016	Balance as of 31.12.2016
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €		
Duarte Paulo Teixeira de Azevedo (*) (**)							
(***) (a)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Migracom, SA (4)						Dominant	
Sonae - SGPS, SA (3)							805,730
Shares purchased under the terms of the remuneration policy	29/03/2016	805,730	0.051				
Ângelo Gabriel Ribeirinho dos Santos Paupério (*)							
Sonae - SGPS, SA (3)							214,248
Shares purchased under the terms of the remuneration policy	29/03/2016	664,248	0.051				
Sale	20/12/2016			450,000	0.882		
Enxomil – Consultoria e Gestão, SA (10) (b)						Dominant	
Enxomil – Sociedade Imobiliária, SA (11)						Dominant	
Belmiro Mendes de Azevedo (**)							
Efanor Investimentos, SGPS, SA (1)						Dominant	
Maria Margarida Carvalhais Teixeira de Azevedo (**)							
Sonae - SGPS, SA (3)							14,901
Maria Cláudia Teixeira de Azevedo (**)							
(***)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Sonae - SGPS, SA (3)							319,150
Shares purchased under the terms of the remuneration policy	29/03/2016	114,472	0.051				
Linhacom, SGPS, SA (6)						Dominant	

	Additions			Reductions		Position on 31.12.2016	Balance as of 31.12.2016
	Date	Quantity	Aver. Price. €	Quantity	Aver. Price. €		
(1) Efanor Investimentos, SGPS, SA							
Sonae - SGPS, SA (3)							200,100,000
Pareuro, BV (2)						Dominant	
(2) Pareuro, BV							
Sonae - SGPS, SA (3)							849,533,095
(3) Sonae - SGPS, SA							
Sonae Investments, BV (7)						Dominant	
Sontel, BV (8)						Dominant	
Sonaecom, SGPS, SA (9)						Dominant	
(4) Migracom, SA							
Sonae - SGPS, SA (3)							2,464,337
Imparfin - Investimentos e Participações Financeiras, SA (5)						Minority	
(5) Imparfin - Investimentos e Participações Financeiras, SA							
Sonae - SGPS, SA (3)							4,105,280
(6) Linhacom, SGPS, SA							
Sonae - SGPS, SA (3)							439,314
Imparfin - Investimentos e Participações Financeiras, SA (5)						Minority	
(7) Sonae Investments BV							
Sontel BV (8)						Dominant	
(8) Sontel BV							
Sonaecom, SGPS, SA (9)						Dominant	
(9) Sonaecom SGPS, SA							
Sonae - SGPS, SA (treasury shares)							0
Sale	31/03/2016			137,859	1.064		
(10) Enxomil – Consultoria e Gestão, SA (b)							
Sonae - SGPS, SA (3)							2,021,855
(11) Enxomil – Sociedade Imobiliária, SA							
Sonae - SGPS, SA (3)							450,000
Purchase	20/12/2016	450,000	0.882				
(*) 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 (5)							
(a) Shares previously held by family member of this person discharging managerial responsibilities (“dirigente”), have ceased to be attributable to that family member since the legal basis of imputation of article 248, paragraph 4), subparagraph a), of the Portuguese Securities Code, is no longer applicable.							
(b) Formerly known as Enxomil, SGPS, SA							

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 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/general-meetings/> 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. 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/general-meetings/>.

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 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.

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.

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 Sonaigest-Sociedade Gestora de Fundos de Investimento, SA.

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

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 2016, 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 <http://www.sonae.pt/en/investors/corporate-governance/>), 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 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.

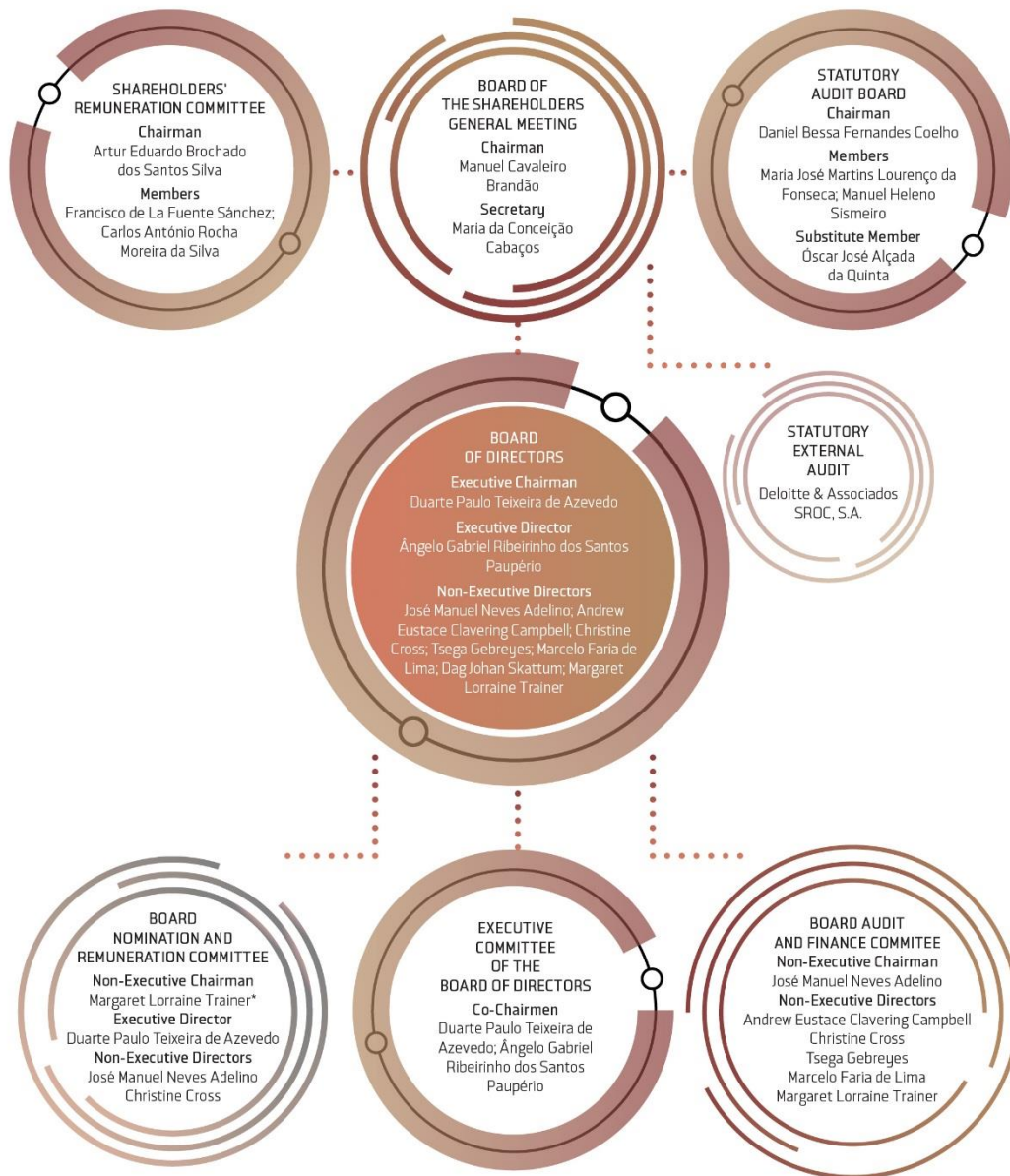
20. Usual and significant family, business and commercial relationships between members of the Board of Directors and shareholders with attributed qualified shareholdings

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. He is the son of Belmiro Mendes de Azevedo, to whom is indirectly attributed the control of the share capital and voting rights of Efanor Investimentos, SGPS, SA.

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.

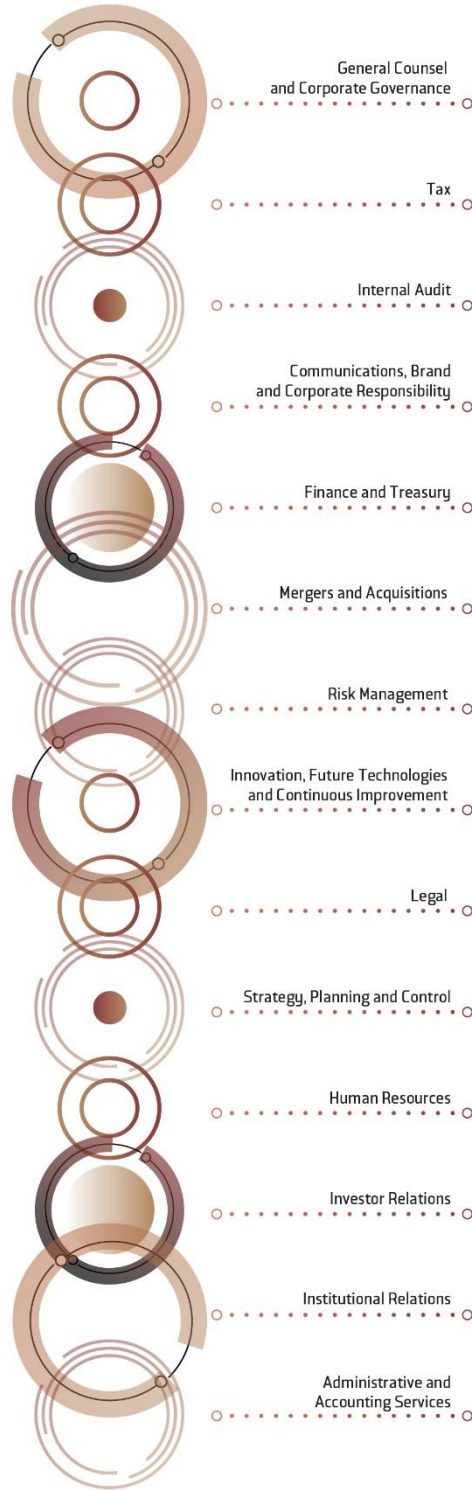
21. Division of powers between the different boards, committees and/or departments within the Company, including the delegation of powers, particularly with regards to the delegation of the Company's daily management

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



*Note: Margaret Lorraine Trainer was appointed Chairman of this Committee following a resolution of the Board of Directors on 18th November 2016

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:

- (i) Develop, provide training for and share tax skills;
- (ii) Take part in defining tax strategy and objectives, in particular by giving support to the international expansion of the businesses;
- (iii) Provide tax support to the Mergers and Acquisitions activity as well as to restructuring operations;
- (iv) Manage Institutional Relations, namely the proactive management of tax matters relating to the business units;
- (v) Optimise tax efficiency, namely by:
 - a. Controlling and monitoring tax procedures among all business units;
 - b. Ensuring compliance with all tax requirements by all business units;
 - c. Controlling all group Companies' fiscal consolidation.
- (vi) Manage the price transfer dossier;
- (vii) Monitor all open litigation with the tax authorities;
- (viii) Provide tax consultancy to the businesses 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 business;
- (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 the legality of food and non-food retail and wholesale business activities, including the health and welfare, restaurant, franchising and real estate asset areas;
- (ii) Prepare and/or analyse contracts that maximise safety and reduce legal risks and 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, brands, logotypes, marketing slogans, software and domains management;
- (iv) Provide legal support, on a daily basis, to stores/shopping centres/ commercial galleries, namely when they are subject to inspections and visits carried out by government and other official entities (such as the ASAE, Municipalities, Infarmed, GNR, PSP, among others), as well as to resolve conflicts with 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) Drafting of all corporate acts (minutes, powers of attorney, shareholders’ general meetings, etc), contracts and/or public deeds, all registry and notary acts required by the businesses;
- (vii) Translation/retroversion and legalisation of all the commercial, real estate, corporate or civil acts;
- (viii) Manage all legal actions and corporate retail processes in pre-litigation and litigation phases;
- (ix) Rendering assistance regarding the various licenses/permits/authorisations required by the businesses;

- (x) Supervising the privacy policies, personal data protection issues and supervising the compliance of the several databases with the applicable law and regulatory procedures, whether personal data is collected within sales conducted in retail stores or online;
- (xi) Follow up on Portuguese and European legislative developments, relevant to the food and non-food retail, wholesale, and real estate businesses;
- (xii) Legal monitoring of the management of retail customer complaints both in retail stores and shopping centres/ commercial galleries of retail real estate operations;
- (xiii) Provide legal advice to domestic and international retail and to retail real estate operations (which involves, namely, mergers, spin-offs, acquisitions, dissolutions, liquidations, franchising and other similar operations), either at the initial stage of such new national and international operations, either at its continuous monitoring which includes, among other, the interaction and coordination of the works with the local lawyers;

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 assists 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 2016, 7 (seven) Board meetings were held. All the members of the Board of Directors had an attendance rate of 100% to the Board meetings, except for the director Marcelo Faria de Lima, who had an attendance rate of 85.7%.

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 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 2016, 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 three Committees: 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 the Sonae 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.

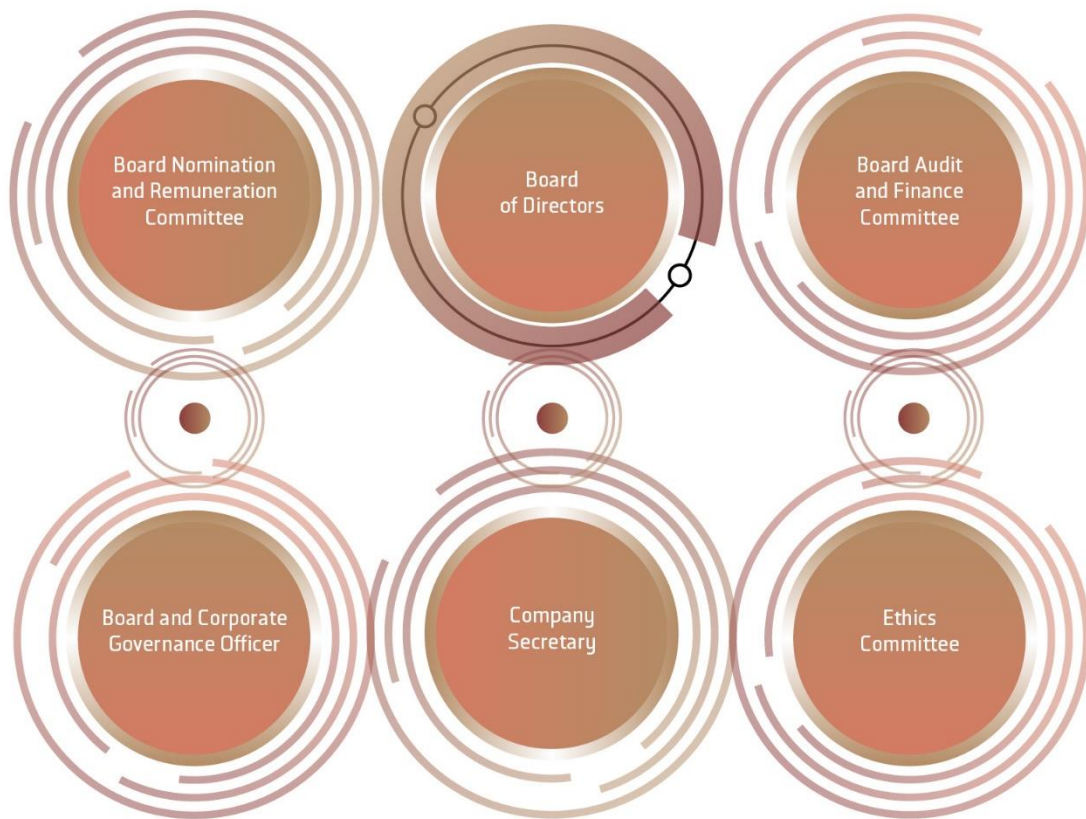
The members of the Executive Committee must consult the Board of Directors before accepting executive duties in Companies that are not part of Sonae Group, with the exception granted to those that are authorised

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 2016, 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 2016 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 2016, 5 (five) meetings of the BAFC were held with an overall attendance rate of 93%.

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 for 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 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 2016, its composition was as follows:

Board Nomination and Remuneration Committee

Margaret Lorraine Trainer*	Chair – Independent Non-Executive
Duarte Paulo Teixeira de Azevedo	Non-Independent Executive
José Manuel Neves Adelino	Independent Non-Executive
Christine Cross	Independent Non-Executive

* Margaret Lorraine Trainer was appointed Chairman of this Committee following a resolution of the Board of Directors on 18th November 2016.

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 2016, 2 (two) meetings of the BNRC were held, with an overall attendance rate of 100%.

Ethics Committee

The Company's Board of Directors approved in 2013 a new version of the Sonae Code of Ethics and Conduct. The Sonae Code of Ethics and Conduct is a document that, 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 Board of Directors, other statutory governing bodies and employees, while carrying out their duties in all Group business units, and extends to their relationships with clients, suppliers and other stakeholders. It also applies to third-party entities, contracted by or acting on behalf of Sonae, whenever the Company may be held accountable for their actions.

The Sonae 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 the Sonae 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 the Sonae 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 the Sonae Code of Ethics and Conduct, which appears in periodic communications within the Sonae companies. During 2016, 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. During 2016, these e-learning training courses were made available to new employees and new members of the Company's management bodies.

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

- Assure 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 services 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 Côrte-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's members keep in touch through various forms of long distance communication. Minutes are kept of all the Committee's meetings.

During 2016, 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:

- (i) Ensure the smooth running of the Board of Directors and Board Committees;
- (ii) Participate in Board Meetings and relevant Board Committee Meetings and, when appointed, serve as a member;
- (iii) Facilitate the acquisition of information by all Board and Committee members;
- (iv) Support the Board in defining its role, objectives and operating procedures;
- (v) Take a leading role in organising Board evaluations and assessments;
- (vi) Keep under close review all Legislative, Regulatory and Corporate Governance issues;
- (vii) Support and challenge the Board 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 2016, 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 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 during 2016 financial year

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 2016, 12 (twelve) 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 António Marques Dias, who was replaced by the statutory auditor Nuno Miguel dos Santos Figueiredo, by reference to the year ended on 31st December 2016.

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

“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.”

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

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 provides, under the supervision of the Statutory Audit Board, compliance and assurance services.

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 António Marques Dias, registered with the no. 231 at the Securities Market Commission. The Company was notified of the replacement of the partner representing the External Auditor, now 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.

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

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.

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, including co-controlled companies audited by Deloitte, are as follows, analysed by type of service:

Remuneration paid by the Company	2015*		2016*	
Statutory Audit and Accounts Certification	29,641	100%	34,384	100%
Total	29,641	100%	34,384	100%

**Amounts in euros.*

Remuneration paid by the Group's Companies	2015*		2016*	
Statutory Audit and Accounts Certification	1,249,563	59%	1,196,922	61%
Other Compliance and Assurance Services	657,879	30%	600,180	30%
Tax Consultancy Services	118,717	6%	-	0%
Other services	99,655	5%	180,500	9%
Total	2,125,814	100%	1,977,602	100%

**Amounts in euros.*

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/investors/government-of-society/>.

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 current 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 (price conditions, 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, 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 in blogs. 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 2016, 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:

Sonae considers Safety and Health as an essential part of the sustainable development of its businesses. It motivates its staff and is a differentiating driver of our success. Aware of the importance that the preservation of lives and assets has as a fundamental pillar of sustainability and business growth, Sonae developed Social Responsibility actions through a strong commitment in the prevention of work accidents, eliminating and/or minimizing their causes and promoting permanent attention to Safety and Health.

Evaluating risks and designing, together with business units, actions to minimize them is a continuous process, particularly through training programs, close ties with staff in their working environment, performance of safety walks, audits and drills.

Aware of the importance that the preservation of lives and assets has as a fundamental pillar of sustainability and business growth, Sonae developed Social Responsibility actions through a strong commitment in the prevention of work accidents, eliminating and/or minimizing their causes and promoting permanent attention to Safety and Health.

Retail businesses are committed to implement a zero accidents culture and aim to ensure that health and safety of its staff and customers is never put at risk. The main priority is to act strategically and with focus.

The Health and Safety department of Sonae Retail Business Units focus its activities with particular emphasis on accidents and professional illnesses prevention and on staff well-being improvement. Its main objective is to implement a Safety Culture change and to enhance health and safety as a corporate strategic value. It fosters visible leadership in health and safety at work through various activities, in particular workshops with Sonae MC's top management, setting up working groups to develop health and safety initiatives and integrating health and safety into day to day operations.

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

- Safety Prevention Observation (SPO) Programme – 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 2016, 45,300 SPO's have been performed;
- Health and Safety at work Leadership Training for Directors and Managers – All business units Directors and 2,200 managers have undergone this training programme;
- Staff Annual Health Check – Staff are observed by a doctor on an annual basis, to comply with legal regulations but also to listen to their worries about health and safety at work. These medical appointments are attended by most staff. Results are reviewed and shared with business units to help implementation of preventive measures, improve working conditions and improve staff well-being;

- Ergonomic studies – Aware of the importance of ergonomic working spaces and practices to the companies, as it contributes to optimise the relationship between staff, equipment and working spaces, balancing demanding tasks and equipment with personal characteristics and behaviour, Retail businesses have implemented Ergonomic studies in its Continente, Continente Modelo and Continente Bom Dia stores. These studies aim at improving staff health, safety and well-being as well as to prevent injuries;
- Health and Safety at work Campaigns – These campaigns are launched on a yearly basis with the objectives of raising health and safety awareness, to reduce absence and injuries, to raise levels of satisfaction and well-being and to motivate staff to adhere to prevention and best practices at work;
- Safety Alerts – Proactive information sharing on health and safety throughout all business units raises awareness to health and safety risks and to preventive measures to mitigate those risks. Information is shared via email, on a monthly basis, and used to support on the job awareness and training activities.

All these actions contributed significantly to improve Health and Safety at Work and led to very positive results in 2016, with a reduction of 2% in the frequency index and of 10% in severity index of accidents, at the Retail businesses from 2015.

“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 37 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 2016 Sonae Sierra has reduced the number of serious accidents (medical treatment, lost-workday/life disruption and fatality/permanent disability cases) by 6% in its shopping centres. Although there was an increase in the number of incidents with visitors (most common causes are slip trip and falls and incidents in escalators/travellers) there was a more significant decrease in the number of incidents with tenants and service suppliers.

Regarding workforce, the number of work accidents with lost workdays (per million hours worked) decreased by 21%, due to a significant commitment to the prevention of in itinere incidents. The severity of this type of incident has also reduced around 38% in 2016.

There was also a 40% decrease in the number of service suppliers' accidents with lost workdays (per million hours worked) mainly as a result of an action plan implemented in Portugal and Brazil.

Regarding Sonae Sierra construction sites, despite the 2 incidents resulting in one or more lost work days occurred with construction contractors, we believe that 2016 was a year in which Sonae Sierra achieved a good performance in terms of health and safety.

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. This program, among others factors, enables day-to-day environmental risks of the company's business to be managed.

In addition, and during 2016, Sonae Retail has continued its program of environmental certification of operational units, adding 12 new Continente Hypermarkets and 4 Worten units. At the end of 2016, Sonae Retail holds, in Portugal, 68 certifications (38 Continente, 8 Continente Modelo, 2 Continente Bom Dia, 13 Worten and 6 Warehouses, plus the Meat Processing Centre), as well as 3 Worten units in Spain. These certified operational units act as environmental flagships for 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 2016, 93% of Sonae Sierra Shopping Centres were individually granted ISO 14001 certification, setting the grounds for the following corporate achievements, in the period 2002 to 2016:

- Electricity consumption fell 46%;
- Recycling rates increased from 19% to 65% of total waste generated;
- Water efficiency improved 21%.

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 2016 we maintained our position among the leaders in the benchmark. The Sierra Fund was ranked 4th in the non-listed European retail sector and 6th in European retail overall; the Sierra Portugal Fund was placed 7th and 11th in these respective categories, and Iberia Coop 10th and 15th.

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 2016, 1130 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 2016, 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 started a programme to adapt to the new General Data Protection Regulation, approved in May 2016.

During 2016, information systems 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) Counterparty 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 counterparts 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 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;

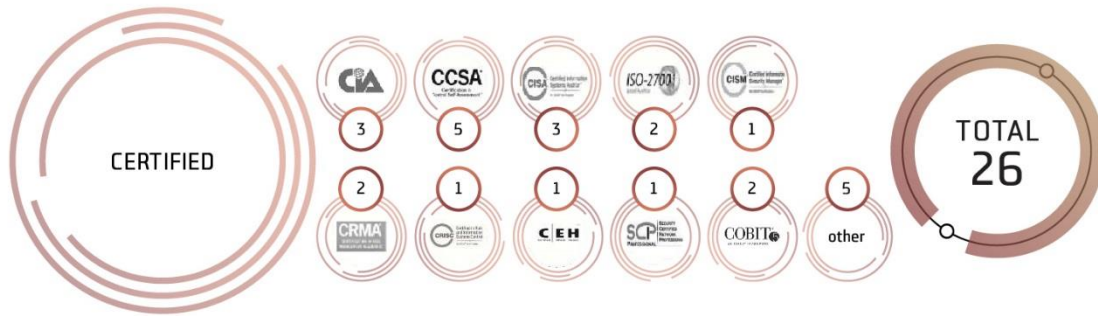
- (v) Financial risk management is carried out and monitored as part of the activity of the Company's and its businesses. Their work is reported to, coordinated with, and reviewed by the Corporate Finance and Treasury Committee and the Audit and Finance Committee of the Board of Directors;
- (vi) Management 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

With regard to the Internal Audit function, in 2016 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 2016, 26 certifications existed as follows:



- | | | | | | |
|---|-----------|--|----|----------------------|--|
| 1 | CIA | Certified Internal Auditor (IIA - The Institute of Internal Auditors) | 7 | CRISC | Certified in Risk and Information Systems Control (ISACA - Information System Audit and Control Association) |
| 2 | CCSA | Certification in Control Self-Assessment (IIA - The Institute of Internal Auditors) | 8 | CEH | Certified Ethical Hacker |
| 3 | CISA | Certified Information Systems Auditor (ISACA - Information System Audit and Control Association) | 9 | SNCP | Security Certified Network Professional |
| 4 | ISO 27001 | Lead Auditor Certification | 10 | Cobit 5 | (ISACA - Information System Audit and Control Association) |
| 5 | CISM | Certified Information Security Management (ISACA - Information System Audit and Control Association) | 11 | Other Certifications | |
| 6 | CRMA | Certification in Risk Management Assurance | | | |
- Additionally, one of our food safety auditors detains the EN ISO 22000:2005 and NP EN ISO 19011:2012 Certifications.

2. The importance of continuous training, and the existence within the Group of people with knowledge and skills to train others (some of whom teach regularly outside the Group) were the basis for the establishment of the Internal Audit Academy, which has the following guidelines: definition of functional job descriptions; listing of core skills required for each function (technical and behavioural) and the training strategy for each function. Between 2013 and 2016, 29 training sessions were carried out, involving multidisciplinary teams and a total of 3,810 hours.

Sonae is one of the organisations with the most certified employees in internal audit and risk management in Portugal. In 2017, 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 2016

In 2016, 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 2016. 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 (www.cmvm.pt) 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 2016, Investor Relations received 332 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/general-meetings/> 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/general-meetings/>.

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/general-meetings/>.

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. During 2016, the Shareholders' Remuneration Committee composition was as follows:

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 Committed did not contract any third party consultants during 2016.

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/>.

During 2016, 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 29th April 2016, 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 29th April 2016, 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 2016, no problems relating to payment practice were found that posed significant risks to Sonae.

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

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

Firstly, the remuneration structure is designed in such a way as to discourage excessive risk-taking behaviour to the extent that remuneration is linked to the evaluation of performance. The existence of 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	Board Nominations and Remuneration Committee (BNRC) Meeting in mid-March: Closing of prior year and preparation for the current year, reviewing: -Annual Appraisal Process;

	<ul style="list-style-type: none"> -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: 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	<p>BNRC Meeting:</p> <ul style="list-style-type: none"> -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; <p>SRC Meeting:</p> <ul style="list-style-type: none"> -Review Nomination Process (if required); -Review BNRC Terms of Reference and Annual Plan for next year; -Review Compensation Policy, including MTIP. <p>Only if there are any Board membership or responsibility changes.</p>
December	<p>BNRC Reporting: Update on current year KPIs (if required);</p> <p>SRC Meeting:</p> <p>Only if there are any Board membership changes.</p>

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). 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 medium terms KPIs, in order to ensure the continued alignment with the business medium terms sustainability objectives.

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 2015 and 2016, is summarised in the tables below:

INDIVIDUAL DETAIL	2015*				2016*			
	Fixed Remuneration	STPB	MTPB	TOTAL	Fixed Remuneration	STPB	MTPB	TOTAL
EXECUTIVE DIRECTORS								
DUARTE PAULO TEIXEIRA DE AZEVEDO (1)	357,300	264,600	264,600	886,500	241,800	190,500	190,500	622,800
ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO (2)	276,800	190,500	190,500	657,800	276,800	203,900	203,900	684,600
<i>Sub-total</i>	634,100	455,100	455,100	1,544,300	518,600	394,400	394,400	1,307,400
NON-EXECUTIVE DIRECTORS								
JOSÉ MANUEL NEVES ADELINO	58,030	-	-	58,030	66,900	-	-	66,900
ANDREW EUSTACE CLAVERING CAMPBELL (3)	31,900	-	-	31,900	46,500	-	-	46,500
CHRISTINE CROSS	45,807	-	-	45,807	48,500	-	-	48,500
TSEGA GEBREYES (3)	35,233	-	-	35,233	51,500	-	-	51,500
MARCELO FARIA DE LIMA (3)	35,133	-	-	35,133	51,400	-	-	51,400
DAG JOHAN SKATTUM (4)	-	-	-	-	47,100	-	-	47,100
MARGARET LORRAINE TRAINER (4)	-	-	-	-	49,100	-	-	49,100
BELMIRO MENDES DE AZEVEDO (5)	144,977	-	-	144,977	-	-	-	-
ÁLVARO CARMONA E COSTA PORTELA (5)	10,993	-	-	10,993	-	-	-	-
BERND HUBERT JOACHIM BOTHE (5)	12,273	-	-	12,273	-	-	-	-
JOSÉ ÁLVARO CUERVO GARCIA (5)	12,273	-	-	12,273	-	-	-	-
MICHEL MARIE BON (5)	13,207	-	-	13,207	-	-	-	-
<i>Sub-Total</i>	399,826			399,826	361,000	-	-	361,000
TOTAL	1,033,926	455,100	455,100	1,944,126	879,600	394,400	394,400	1,668,400

* Amounts in Euros.

(1) Remuneration for 2015 and 2016 was reduced proportionally to reflect anticipated time commitment at Sonae during these years.

(2) Also received remuneration from subsidiaries of the Company, as reported in section 78.

(3) Member appointed at the Shareholders' Annual General Meeting held on 30th April 2015, being remunerated since 1st May 2015.

(4) Member appointed at the Shareholders' Extraordinary General Meeting held on 16th December 2015, being remunerated since 1st January 2016.

(5) Member who left office following the Shareholders' Annual General Meeting held on 30th April 2015, having been remunerated until that date.

Open MTPB plans attributed to the Executive Directors:

EXECUTIVE DIRECTORS	PLAN (PERFORMANCE YEAR)	AWARD DATE	VESTING DATE	AMOUNT VESTED AND PAID OFF IN 2016*	OPEN PLANS VALUE AT AWARD DATE**	OPEN PLANS VALUE AT 31 DECEMBER 2016**
Duarte Paulo Teixeira de Azevedo	2012	March 13	March 16	612,980	0	0
	2013	March 14	March 17		496,100	340,425
	2014	March 15	March 18		389,400	216,932
	2015	March 16	March 19		264,600	175,663
	Total			612,980	1,150,100	733,020
Ângelo Gabriel Ribeirinho dos Santos Paupério	2012	March 13	March 16	511,534	0	0
	2013	March 14	March 17		408,100	289,559
	2014	March 15	March 18		313,900	196,471
	2015	March 16	March 19		333,100	254,957
	Total			511,534	1,055,100	740,986
TOTAL			1,124,514	2,205,200	1,474,006	

* Amounts in Euros.

** Calculated considering the share market closing price of 2016 last trading day.

78. Any amounts paid by other controlled or group companies, or those under shared control

Directors' remuneration, awarded by the Company during the year 2015 and 2016, is summarised in the table below:

INDIVIDUAL DETAIL	2015*				2016*			
	Fixed Remuneration	STPB	MTPB	TOTAL	Fixed Remuneration	STPB	MTPB	TOTAL
DUARTE PAULO TEIXEIRA DE AZEVEDO	-	-	-	-	-	-	-	-
ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO	183,900	142,600	142,600	469,100	183,900	136,200	136,200	456,300
<i>Sub-total</i>	183,900	142,600	142,600	469,100	183,900	136,200	136,200	456,300
NON-EXECUTIVE DIRECTORS								
JOSÉ MANUEL NEVES ADELINO	-	-	-	-	-	-	-	-

ANDREW EUSTACE CLAVERING CAMPBELL (2)	-	-	-	-	-	-	-	-
CHRISTINE CROSS	-	-	-	-	-	-	-	-
TSEGA GEBREYES (2)	-	-	-	-	-	-	-	-
MARCELO FARIA DE LIMA (2)	-	-	-	-	-	-	-	-
DAG JOHAN SKATTUM (3)	-	-	-	-	-	-	-	-
MARGARET LORRAINE TRAINER (3)	-	-	-	-	-	-	-	-
BELMIRO MENDES DE AZEVEDO (1)	-	-	-	-	-	-	-	-
ÁLVARO CARMONA E COSTA PORTELA (1)	-	-	-	-	-	-	-	-
ÁLVARO CUERVO GARCIA (1)	-	-	-	-	-	-	-	-
MICHEL MARIE BON (1)	-	-	-	-	-	-	-	-
BERND HUBERT JOACHIM BOTHE (1)	-	-	-	-	-	-	-	-
<i>Sub-Total</i>								
TOTAL	183,900	142,600	142,600	469,100	183,900	136,200	136,200	456,300

* Amounts in Euros.

(1) Member that left office at the Shareholders' Annual General Meeting, held on 30th April 2015.

(2) Member appointed at the Shareholders' Annual General Meeting held on 30th April 2015.

(3) Member appointed at the Shareholders' Extraordinary General Meeting held on 16th December 2015.

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 29th April 2016, 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 2016, 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 was as follows:

Member of the Statutory Audit Board	2015*	2016*
A- Members of the Statutory Audit Board during the mandate 2011-2014 and who left office at the Shareholders' Annual General Meeting held on 30th April 2015		
Arlindo Dias Duarte Silva**	2,000	
Jorge Manuel Felizes Morgado**	2,000	

B- Members elected for the mandate of 2015-2018		
Daniel Bessa Fernandes Coelho***	12,567	13,900
Manuel Heleno Sismeiro****	8,400	10,900
Maria José Martins Lourenço da Fonseca****	8,400	10,900
Óscar José Alçada da Quinta***		
Total	33,367	35,700

* Amounts in euros.

** Member who left office at the Shareholders' Annual General Meeting of 30th April 2015, having been remunerated until that date.

*** Member who held office during the mandate of 2011-2014, being re-elected by resolution approved at the Shareholders' Annual General Meeting held on 30th April 2015.

**** Member elected for the mandate of 2015-2018, following a resolution approved at the Shareholders' Annual General Meeting held on 30th April 2015, being remunerated since 1st May 2015.

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	2015*	2016*
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 29th April 2016, 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/general-meetings/>.

The movements in the open MTPB plans of the Company's Executive Board Directors, during 2016, can be summarised as follows:

	Total		
	Aggregated number of plans	Number of Shares	Euros
Outstanding at 31.12.2015:	6	1,693,650	1,774,945
Movements in the year:	0	-507,239	-738,020
Awarded	2	469,176	455,100
Vested	-2	-769,166	-751,168
Cancelled/Lapsed/Adjustments(1)	0	-207,249	-441,953
Outstanding at 31.12.2016:	6	1,186,411	1,036,924

(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 share plans that may be attributed by Sonaecom or Sonae Sierra to their Directors.

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 2016:

Sonae SGPS Share Plan Outstanding during 2016	Vesting Period			At 31 December de 2016	
	Share Price at Award Date	Award Date	Vesting Date	Aggregate number of participants	Number of Shares
2013 Plan	0.701	March 2013	March 2016	20	0
2014 Plan	1.343	March 2014	March 2017	19	1,754,640
2015 Plan	1.278	March 2015	March 2018	19	1,186,259
2016 Plan	0.97	March 2016	March 2019	20	1,756,517

The present chart does not include information regarding share plans that may be attributed by Sonaecom or Sonae Sierra to their Directors.

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 2016

As stated in section 10 above, there were not, during 2016, 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 2016.

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

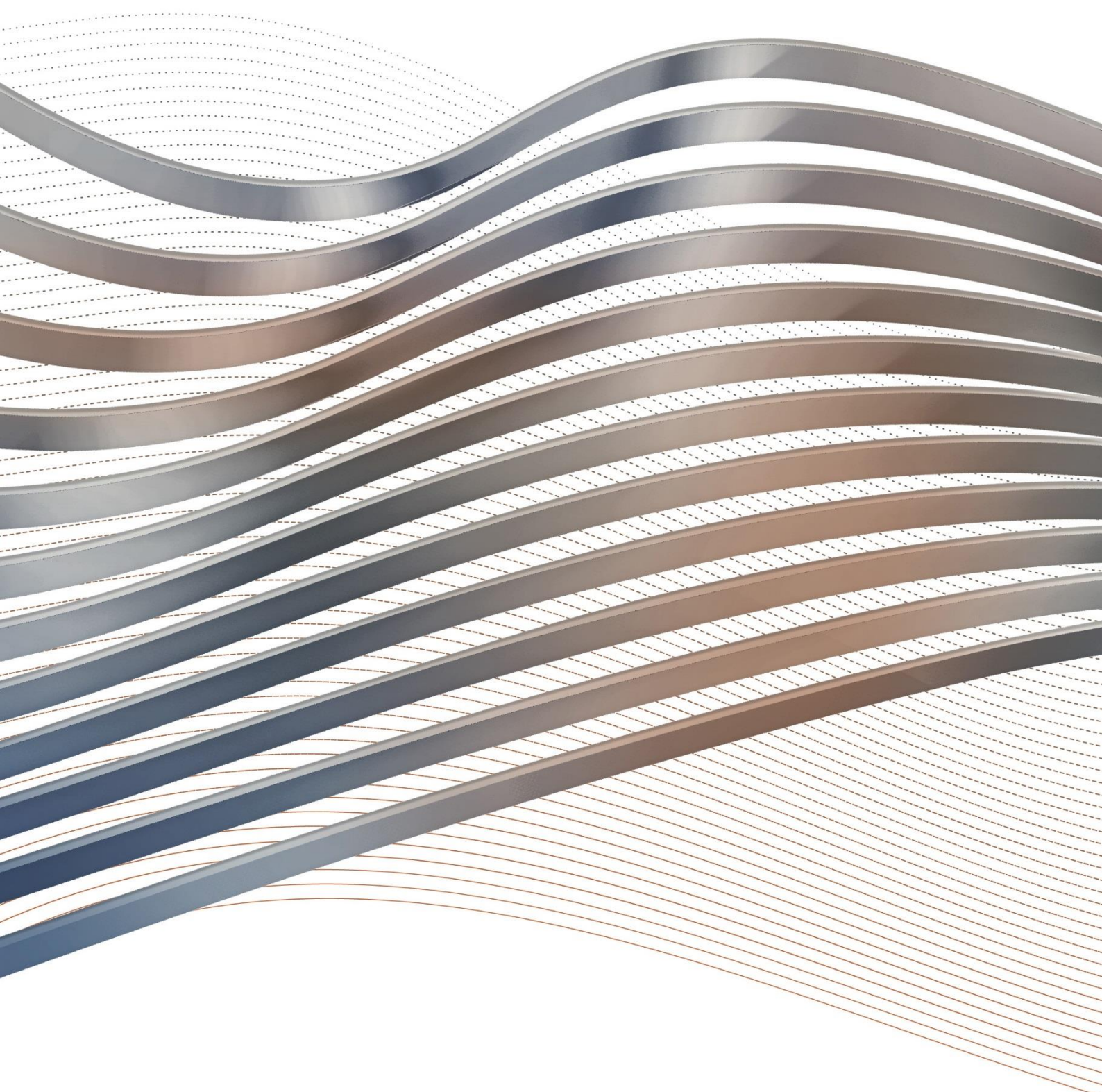
Transactions of a value exceeding 100 million euros with owners of qualified shares or with entities related in any way with them, under the terms of article 20 of the Portuguese Securities Code, are subject to a formal prior opinion by the Board Audit and Finance Committee and the Statutory Audit Board.

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

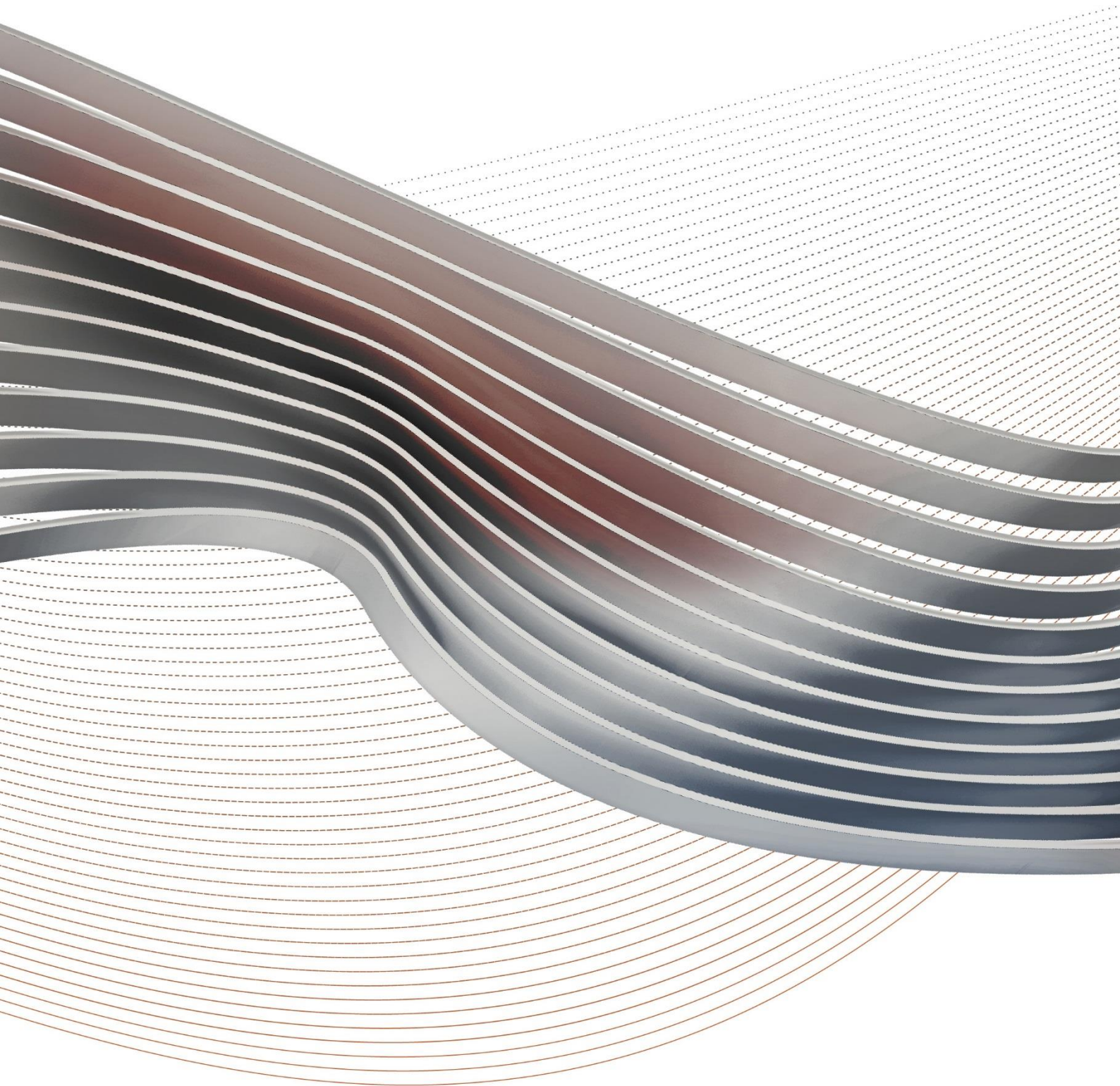
92. Information on transactions with related parties

Information on transactions with related parties, in accordance with IAS 24, can be found in note 43 of the 2016 Consolidated Financial Statements' Appendix.



SONAE

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 2015.

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

I.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.

I.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.

I.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.

I.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 29th April 2016 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/general-meetings/>.

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

RECOMMENDATION FULLY ADOPTED

The medium term variable remuneration plan, including its implementation, was approved at the Shareholders' Annual General Meeting, held on 29th April 2016 and is available at <https://www.sonae.pt/en/investors/general-meetings/>.

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

RECOMMENDATION NOT APPLICABLE

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

III - Remuneration

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

RECOMMENDATION FULLY ADOPTED

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

The Company's Remuneration Policy, approved at the Shareholders' Annual General Meeting held on 29th April 2016, is available on the Company's website at <https://www.sonae.pt/en/investors/general-meetings/> 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 29th April 2016, and is available on the Company's website at <https://www.sonae.pt/en/investors/general-meetings/> 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 29th April 2016, and is available on the Company's website at <https://www.sonae.pt/en/investors/general-meetings/> 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 29th April 2016 (available at <https://www.sonae.pt/en/investors/general-meetings/>), 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 29th April 2016, 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/general-meetings/>.

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

RECOMMENDATION FULLY ADOPTED

The remuneration policy approved at the Shareholders' General Meeting held on 29th April 2016 enshrined the principle set forth in this recommendation (please refer to sections 69-76 of this Report and <https://www.sonae.pt/en/investors/general-meetings/>).

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

RECOMMENDATION NOT APPLICABLE

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

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

RECOMMENDATION FULLY ADOPTED

The Company fully complies with this recommendation in its policy (please refer to 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 2016 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/general-meetings/> .

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 47).

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

RECOMMENDATION FULLY ADOPTED

The Statutory External Auditor 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/general-meetings/> 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.*

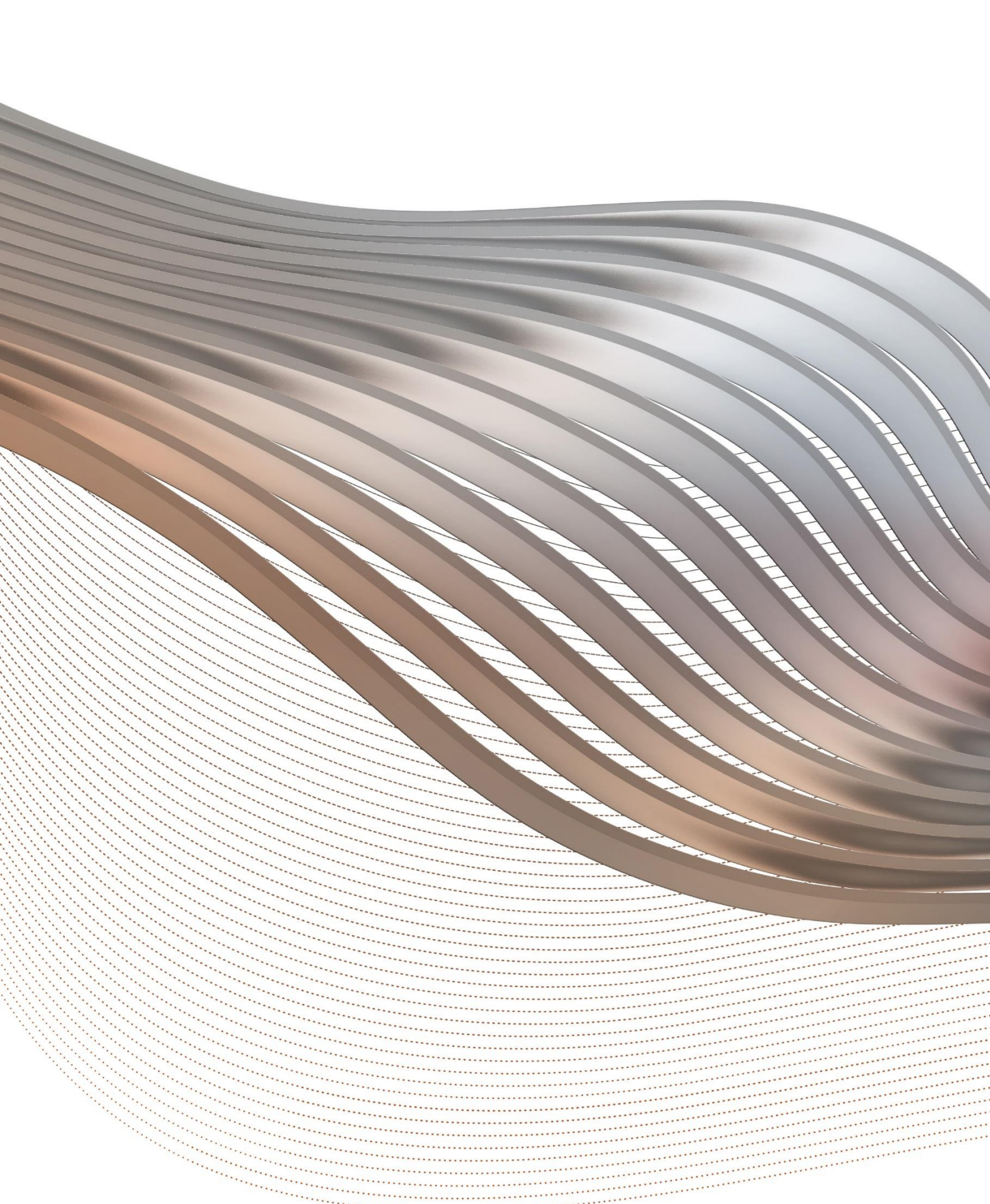
RECOMMENDATION FULLY ADOPTED

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.*

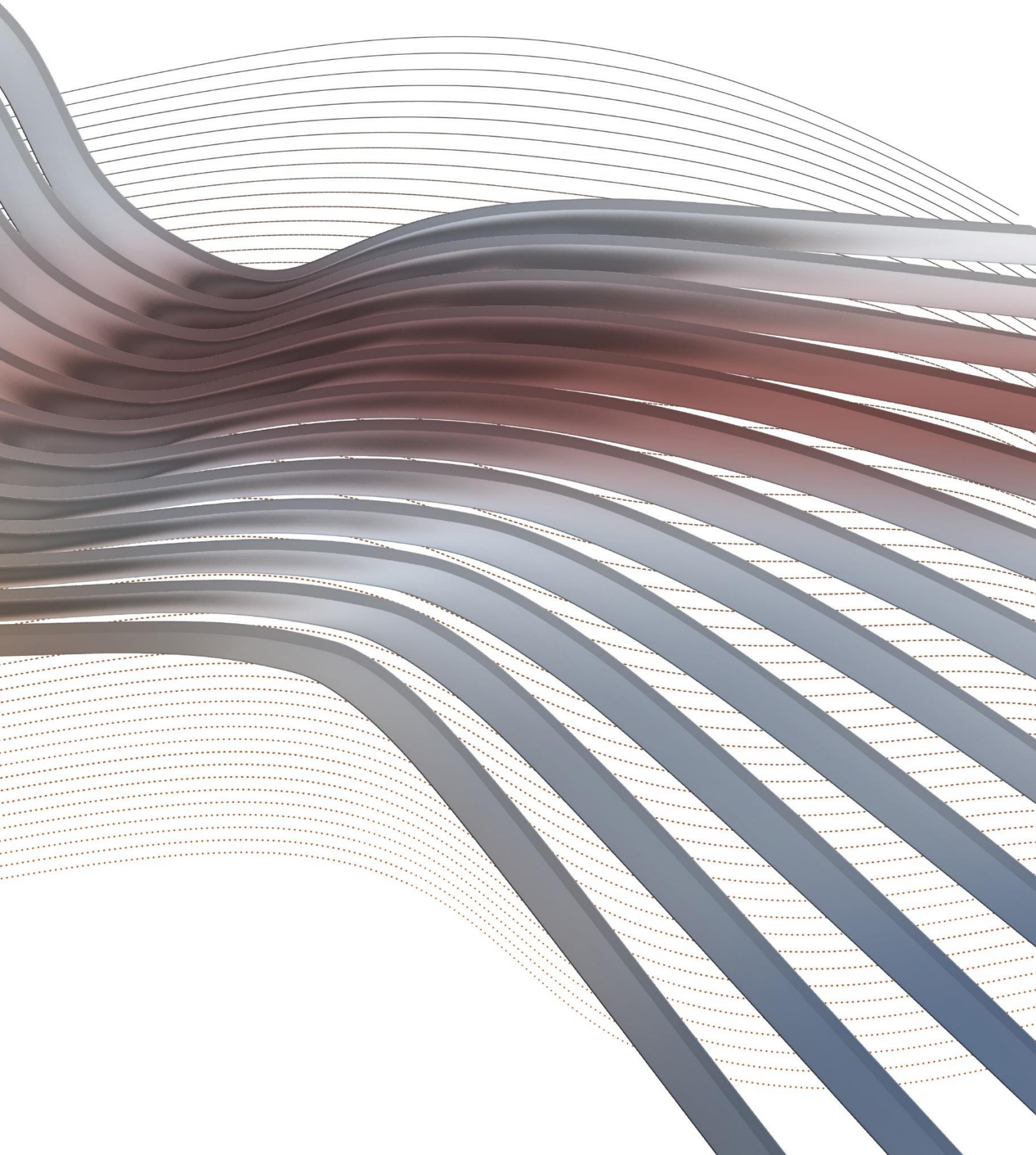
RECOMMENDATION FULLY ADOPTED

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.



SONAE

APPENDIX I



1989-1990	Member of APGEI (Portuguese Association of Industrial Engineering and Management)
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
2003	Co-author of the book “Reformar Portugal “ (Reforming Portugal)
2004-2009	Member of the Advisory Board “Compromisso Portugal”, movimento independente para implementação da reforma política
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 2012	Member of the Board of Curators of Fundação Belmiro de Azevedo
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
Since 2007	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

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
2014-2015	Board Advisor of Javelin ecommerce
Since 2003	Director of Christine Cross Ltd (retail independent consultancy firm)
Since December 2012	Non-Executive Directors of Kathmandu (New Zealand) plc
Since August 2013	Board Advisor of MHJL
Since January 2014	Non-Executive Director at Brambles (Australia) plc
Since October 2014	Non-Executive Director at Fenwick (UK)
Since May 2015	Board Advisor of River Island
Since March 2016	Non-Executive Director at Hilton Food Group

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</p>
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	<p>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</p> <p>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</p> <p>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</p> <p>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</p> <p>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</p> <p>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.</p> <p>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</p> <p>OPIC-backed private equity fund focused on making investments in SADC region in Africa</p> <p>Founding partner</p> <p>Responsible for identifying, analyzing and selecting investments within the Northern SADC countries</p> <p>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	<p>CelTel International BV/Zain</p>
2001	<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>

	CelTel Ghana advisor CelTel Nigeria Board Member, Audit Committee
2007-Present	Satya Capital Limited Founding Director, Managing Partner Investment Group focused on private equity opportunities in Africa Established business with responsibility for full range of activities ranging from legal & office set-up to recruitment of other partners and Investment Professionals Defined investment strategy, recruited Board and sector advisors and Investors Raised \$200 million seed funding and planning to raise additional \$400-600 million

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, with annual income of over R\$ 800 million
2009-2016	Member of the Board of Directors of C1 Financial Inc., Saint Petersburg, Florida, United States Public company, duly 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
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 Metalrio Solutions SA, São Paulo, Brazil Public company, with shares negotiated in BM&FBovespa under the ticker FRI03, 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, with annual income of over R\$ 800 million
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 Metalfrio 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

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 (office not held until the term of the mandate) and Chairman of the CEO's 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 Vice-Chairman of J.P.Morgan Limited

Present

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 Managment PLC Non-Executive Director and member of the Audit Committee and the Nomination Committee. Senior Independent Director and Chairman of 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

1.2 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 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 Sonaeacom, 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

Chairman of the Board of Directors of MDS, SGPS, 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

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 Kathmandu (New Zealand) plc

Non Executive Director Brambles (Australia) plc

Non Executive Director Fenwick (UK)

Non Executive Director of Hilton Food Group

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

Trustee of MM Trust

Director of SES, SA

Director of TYMM Partners

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 Subsidiary, LP

Chairman of Colfax Participações, SA

Director of EDG – Estilo, Design e Gestão, SA

Chairman of the Board of Directors of Klimasan Klima Sanayi ve Ticaret AŞ

Director 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

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 (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 Nabors Industries

Vice-Chairman of J.P. Morgan Limited

Vice-Chairman of J.P. Morgan Securities PLC

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MARGARET LORRAINE TRAINER

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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 Senior Independent Director and Chairman of Remuneration Committee of Jupiter Fund Management PLC

Non-executive Director, Chair of Remuneration Committee and Member of Audit and Nomination Committees of Essentra PLC

2 - Statutory Audit Board

2.1 Professional qualifications and curricular references

DANIEL BESSA FERNANDES COELHO

Date of Birth

6 May 1948

Education

1970	Degree in Economics – University of Oporto
1986	Phd in Economics – Universidade Técnica de Lisboa

Professional Experience

1970-2009	Lecturer at the University of Oporto:
1970-1999	- Faculty of Economics
1988-2000	- ISEE (Institute for Entrepreneurship Studies)
1989-2002	- Faculty of Engineering
2000-2008	- EGP (currently Porto Business School)
2008-2009	- EGP – University of Porto Business School (currently Porto Business School)
2009-2009	- 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

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
1985-1996	Enter in BPI – Banco Português de Investimentos, S.A., as technician in the Department of Economic Studies and Planning (1985/90) having subsequently exercised the role of Senior Analyst at the Corporate Banking Department (1990/92), and vice-manager at the Corporate Banking Department (1992/96)
1991-1999	Invited Assistant at Faculdade de Economia da Universidade do Porto, in the Accounting area
1996-2006	Cooperation with the Portuguese Institute of Statutory Auditors (OROC), as trainer for the External Auditor Preparatory Course
Since 1996	Lecture 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.
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
Since 2008	Consulting activity through the Centro de Estudos de Gestão e Economia Aplicada (CEGEA) of Católica Porto Business School (Universidade Católica Portuguesa)
2015	Member of the Selection Board for the Oral Tests for External Auditor (ROC)
2015-2016	Cooperation with the Portuguese Institute of Statutory Auditors (OROC), as a trainer for the External Auditor Preparatory Course

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
Since July 2008	Consultant, namely on 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
Since 2015	Chairman of the Shareholder's General Meeting Segafredo Zanetti (Portugal) – Comercialização e Distribuição de Café, SA

2.2 Positions held in other entities**DANIEL BESSA FERNANDES COELHO****Offices held in other companies within Sonae:**

None

Offices held in other entities outside Sonae:

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

MARIA JOSÉ MARTINS LOURENÇO DA FONSECA

Offices held in other companies within Sonae:

Member of the Statutory Audit Committee of Sonae Investimentos, SGPS, SA

Member of the Statutory Audit Committee of Sonaecom, SGPS, SA

Offices held in other entities outside Sonae:

Lecturer at Católica Porto Business School (Universidade Católica Portuguesa)

MANUEL HELENO SISMEIRO

Offices held in other companies 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

Chairman of the Shareholder's General Meeting of Segafredo Zanetti (Portugal)–Comercialização e Distribuição de Café, SA
