

REPORT & ACCOUNTS

PART II

**GOVERNANCE
REPORT**

31 December
2018





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PART II
**GOVERNANCE
REPORT**

31 December
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1. INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER'S STRUCTURE

I. Equity Structure

1. Share Capital Structure

The share capital of Sonae Capital, SGPS, S.A. (hereinafter referred to as "Company" or "Sonae Capital") is 250,000,000 euros, fully subscribed and paid up, and is divided into 250,000,000 ordinary, book entered and nominative shares each with the nominal value of 1 euro.

All the shares of Sonae Capital have been admitted to trading on the Euronext Lisbon regulated market.

2. Restrictions on the transferability and ownership of shares

The Company's shares have no restrictions on their transferability or ownership, nor are there shareholders holding special rights. Accordingly, the shares are freely transferable according to the applicable legal rules.

3. Own Shares

The Company, on 31st December 2018, held 4,107,623 own shares, representing 1.643% of the share capital, corresponding to the same percentage of voting rights.

4. Impact of the change of shareholder control of the Company on significant agreements

The Company has not entered into any agreements which contain clauses intended to be defensive measures for the change of shareholder control in the case of takeover bids.

Under the same terms, the Company did not approve any statutory provision or rules or regulations in order to prevent the success of takeover bids.

5. Defensive measures in the case of change of shareholder control

No defensive measures were adopted during the 2018 financial year.

The majority of the share capital of the Company is attributed to a single shareholder. There is also no statutory rule that foresees the limitation of the number of votes that may be held or exercised by a shareholder, whether individually or jointly with other shareholders.

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6. Shareholders' agreements

The Company has no knowledge of any shareholders' agreements involving the Company.

II. Shareholdings and holdings of bonds

7. Qualified shareholdings

On 31st December 2018 and in accordance with the notices received by the Company, the shareholders who, pursuant to article 20 of the Portuguese Securities Code, have a qualified shareholding representing at least 2% of the share capital of Sonae Capital, are the following:

Qualified Shareholdings			
Shareholder	No. of Shares	% Share Capital	% Voting Rights
Efanor Investimentos, SGPS, S.A.			
Directly	88 859 200	35.544%	36.137%
By Pareuro, BV (controlled by Efanor)	66 600 000	26.640%	27.085%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor)	838 862	0.336%	0.341%
By Maria Cláudia Teixeira de Azevedo (Director of Efanor)	449 213	0.180%	0.183%
By Linhacom, SGPS, S.A. (company controlled by Efanor's Director Maria Cláudia Teixeira de Azevedo)	43 912	0.018%	0.018%
By Migracom, S.A. (company controlled by Efanor's Director, Duarte Paulo Teixeira de Azevedo)	161 250	0.065%	0.066%
Total Attributable	156 952 437	62.781%	63.830%
<hr/>			
Quaero Capital	12 322 845	4.929%	5.011%
Total Attributable	12 322 845	4.929%	5.011%
<hr/>			
AZValor Asset Management, SGIIC, SA	5 011 941	2.005%	2.038%
Total Attributable	5 011 941	2.005%	2.038%

¹ As from 29th November 2017, Efanor Investimentos, SGPS, S.A. ceased to have any controlling shareholder, pursuant to the set forth in articles 20 and 21 of the Portuguese Securities Code.

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

The shares and bonds held by members of the management and supervisory bodies in the Company and in companies in a control or group relationship with the Company, either directly or through related persons, are disclosed in an appendix to the annual management report, as required by article 447 of the Portuguese Companies Code.

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

The powers granted by the Articles of Association to the Board of Directors of the Company to decide on share capital increase operations were withdrawn in December 2012. As from that date, such powers are exclusively held by the Shareholders' General Meeting, under the terms legally established.

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

In relation to the commercial activities of the businesses that comprise the portfolio of Sonae Capital, there is a set of commercial relationships between the Company and its Subsidiaries and owners, either individuals or companies held by them, of qualified shareholdings.

These transactions are part of the usual business activity of each company and are carried out under current market practices and conditions. In addition, when related parties are involved, these transactions are scrutinised and, if significant, approved in advance by the Statutory Audit Board.

No significant business or commercial transactions were carried out in 2018 between the Company and owners of qualified shareholdings in the Company.

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 respective mandate

The Shareholders' General Meetings are conducted by the Board of Shareholders' General Meeting, whose members are elected by the shareholders for a term of three years, coinciding with the mandate of the other governing bodies.

The members of the Board of the Shareholders' General Meeting elected for current term of office were re-elected, for a second mandate, following a resolution of the Annual General Meeting held on 3rd May 2018, for the current term of 2018-2020.

- Manuel Eugénio Pimentel Cavaleiro Brandão (Chairman);
- Maria da Conceição Henriques Fernandes Cabaços (Secretary).

b) Exercise of the Voting Rights

12. Possible restrictions on voting rights

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.

For shareholders to participate in the Shareholders' General Meeting, the only rules that have to be complied with is applicable legislation regarding the "Registration Date" as a relevant moment for proving the quality of shareholder and for exercising the corresponding right to participate in and vote at the Shareholders' General Meeting, as well as the

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scheme for the participation and voting of shareholders who, on a professional basis, hold shares in their own name but on behalf of clients.

Shareholders may be represented at meetings of the Shareholders' General Meeting upon presentation of a written representation document addressed to the Chairman of the Board of the Shareholders' General Meeting and delivered at the beginning of the meeting, indicating the name and domicile of the representative and the date of the meeting. This communication may also be done by e-mail in accordance with the instructions contained in the notice of meeting.

A shareholder may designate different representatives in respect of the shares held in different securities accounts, without prejudice to the principle of voting unity and to a voting differently allowed to shareholders on a professional basis.

The Company makes available, within the legal deadlines, adequate information - notices of meetings, voting procedures and procedures to be adopted for postal voting, voting by e-mail or by proxy, as well as a draft letter of representation, in Portuguese and English, on its website (<https://www.sonaecapital.pt/en>) in order to ensure, promote and encourage the participation of shareholders in general meetings, either directly or through representatives.

In addition to the Company's website, this documentation is also available to shareholders for consultation at the company headquarters during business hours, as well as in the CMVM Information Disclosure System (www.cmvm.pt), from the date of publication of the notice of meeting.

Shareholders may vote by post on all matters requiring approval of the Shareholders' General Meeting, and the vote may be cast electronically. The means of voting are defined in the notice convening the Shareholders' General Meeting, and a form is available at <https://www.sonaecapital.pt/en/corporate-governance/shareholders-general-meeting> to request the technical elements necessary to vote in this manner.

The Company also makes available to shareholders draft ballot forms in Portuguese and English on its website at (<https://www.sonaecapital.pt/en>), simultaneously with the publication of the Shareholders' General Meeting notice, as well as the corresponding preparatory documents relating to the various items of the Agenda, in Portuguese and English.

The Company did not adopt any mechanism which causes the gap between the right to receive dividends or the subscription of new securities and voting rights of each share.

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

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

14. Shareholder decisions which, by statutory imposition, can only be taken with a qualified majority

Pursuant to the provisions of the Articles of Association, the decisions of the Shareholders' General Meeting shall be taken by basic majority, unless otherwise established by law.

II. Management and Supervision

a) Composition

15. Identification of the adopted governance model

The Company adopts a one-tier governance model (composed of Board of Directors, Statutory Audit Board and Statutory Auditor), as provided for by articles 278, paragraph 1 - a) and 413, paragraph 1- b), both of the Portuguese Companies Code, complemented by a delegation of management powers in an Executive Committee.

The Board of Directors is the body responsible for managing the Company's business, for performing all management acts related to the corporate purpose, determining the strategic orientation of the Company, as well as designating and supervising the performance of the Executive Committee and the specialised committees it sets up.

The Board of Directors considers that the adopted governance model is appropriate to the exercise of the powers of each of the governing bodies, ensuring, in a balanced manner, both its independence and the functioning of the respective interface. Moreover, the specialised committees, restricted to matters of great relevance, maximize the quality and performance of the management body, reinforcing the quality of its decision-making process.

The Executive Committee exercises the powers delegated in it by the Board of Directors for day-to-day matters of the Company and the corporate services.

The remaining two bodies have supervisory responsibility.

The details of the structure adopted, the bodies that comprise it and corresponding functions and responsibilities are presented in the following paragraphs.

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

The members of the Board of Directors are elected, in accordance with the law and articles of association, under the terms stated in a proposal approved by the Shareholders' General Meeting.

The articles of association envisage that a director may be elected individually if there are proposals subscribed by shareholders who hold shares individually or jointly with other shareholders representing between ten and twenty percent of the share capital (director elected under the minority rule). The same shareholder may not subscribe to more than one voting list. Each proposal must contain at least the identification of two persons eligible for the same position to be filled. If several proposals are tabled by different shareholders or groups of shareholders, the votes will be taken on all proposals.

The articles of association also establish that in the event of death, resignation or temporary or permanent impediment of any of its members, other than the director elected under the minority rule, the Board of Directors shall ensure that director's replacement by co-opting, and this appointment requires ratification by the shareholders at the first Shareholders' General Meeting held after co-optation. In the event of definitive absence of a Director elected in accordance with the rules set forth in the preceding paragraph, the election shall occur at a Shareholders' General Meeting that is convened.

In the exercise of the Board of Directors' power to co-opt, the Board Nomination and Remuneration Committee is responsible for identifying potential candidates for the position of director with the appropriate profile for the exercise of the management functions, according with the criteria and values foreseen by the Company and included in its Code of Conduct and Diversity Policy.

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A director shall be deemed to be definitively absent if he fails to attend two consecutive or interpolated meetings, without presenting a justification that is accepted by the Board of Directors.

The Company is fully convinced that the adequacy of its management body to the duties assigned to it is essential to ensure a suitable composition of the interests of all its stakeholders and is facilitated through creative solutions resulting from the combination of different perspectives and backgrounds, as foreseen in its Diversity Policy. Accordingly, it is fundamental for the Company that when selecting the members of these bodies the shareholders have approved governing body election proposals that are based on diversity criteria, in order to ensure that they have a greater range of knowledge, skills, experience and values.

In order to give more visibility to these principles, the Company, in its Code of Conduct, exhorts the shareholders to properly support their proposals for election, matching the concrete characteristics of the members indicated to the Governing Bodies with the selection criteria disclosed.

This conviction is demonstrated by the Company's compliance with the rule for balanced representation of men and women in the management and supervisory bodies of listed companies, even before the publication of Law 62/2017 on 1st August 2017, and also by the principles which guide the Board Nomination and Remunerations Committee in the performance of the functions regarding the identification of the aforementioned candidates, and by its Code of Conduct available at <https://www.sonaecapital.pt/en> (Corporate Governance tab, Regulation section) and which applies to all Sonae Capital's Group. These responsibilities focus mainly on: i) professional qualification in parallel with the renewal of the composition of the governing bodies in order to ensure compatibility between seniority and the need for diversification of career paths, so as to avoid a monolithic line of thought in group thinking; ii) gender diversity; iii) diversity of knowledge; and iv) age diversity, with no restrictive view regarding the age limits for the performance of corporate roles.

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, a minimum of three and a maximum of nine, elected by the Shareholders at a Shareholders' General Meeting. The mandate of the Board of Directors is three years, and its members may be re-elected one or more times. The current term of office of the Board of Directors is the 2018-2020 triennium. It is the Board of Directors that, in accordance with the Articles of Association, elects its Chairman.

On 31st December 2018 the Board of Directors was composed of seven members, two executive members and five non-executive members, three of which are independent.

The current members of the Board of Directors who were elected for the 2018-2020 term are listed in the following table:

Name	First appointment	End of current mandate
Duarte Paulo Teixeira de Azevedo	March 2015	31 December 2020
Álvaro Carmona e Costa Portela*	March 2011	31 December 2020
Maria Cláudia Teixeira de Azevedo	March 2011	31 December 2020
Francisco de La Fuente Sánchez	April 2008	31 December 2020
Paulo José Jubilado Soares de Pinho	April 2008	31 December 2020
Miguel Jorge Moreira da Cruz Gil Mata	April 2016	31 December 2020
Ivone Maria Pinho Teixeira da Silva	March 2013	31 December 2020

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* Coordinator elected among the independent directors, pursuant to article 1 of the Regulation do Board of Directors.

18. Distinction between executive and non-executive members

Name	Role
Duarte Paulo Teixeira de Azevedo	Chairman – Non-Executive
Álvaro Carmona e Costa Portela	Vice-Chairman – Non-Executive (Independent)
Maria Cláudia Teixeira de Azevedo	Non-Executive*
Francisco de La Fuente Sánchez	Non-Executive (Independent)
Paulo José Jubilado Soares de Pinho	Non-Executive (Independent)
Miguel Jorge Moreira da Cruz Gil Mata	CEO
Ivone Maria Pinho Teixeira da Silva	Executive

* As from 17th July 2018, when Cláudia de Azevedo has resigned from her position of CEO.

The proposal for appointment of the members of the Board of Directors took into account the Company's Diversity Policy and the requirements foreseen by the law.

As for non-executive members, they were appointed on the basis of their prestige in the business, finance, academic and consulting fields, with the aim of strengthening the Board of Directors' competences, namely with regard to the strategy for setting up the business portfolio and the annual financial plan, as well as its revision.

The non-executive members of the Board of Directors, Álvaro Carmona e Costa Portela, Francisco de La Fuente Sánchez and Paulo José Jubilado Soares de Pinho, are considered independent according to the criterion of independence established in section 18.1 of Annex I of the CMVM Regulation No. 4/2013 and Recommendation III.4 of the Corporate Governance Code of the Portuguese Institute of Corporate Governance (IPCG).

Independent non-executive directors are under a duty to inform the Company immediately of any occurrence during their term of office that may cause incompatibilities or loss of independence, as required by law.

The current composition of the Board of Directors, in particular regarding the number of independent non-executive directors (3 out of 7 members), ensures the degree of supervision necessary for the activities carried out by the Executive Directors, taking into account the governance model adopted, the size of the company and its free float. The Management Report includes a chapter describing the activities carried out by the non-executive members of the Board of Directors.

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

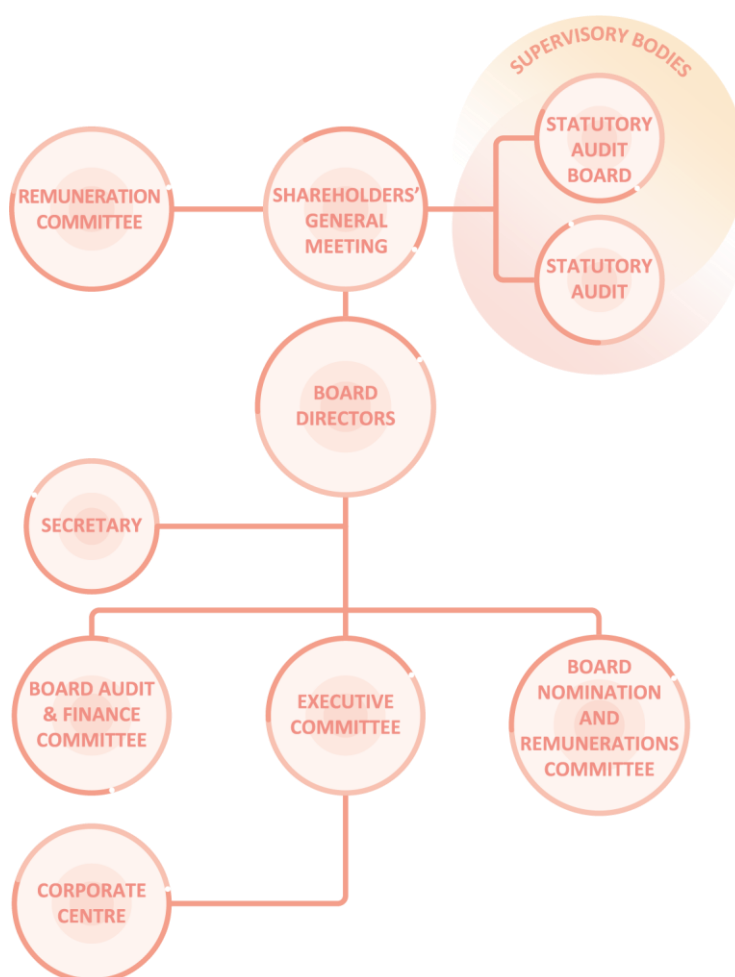
The professional qualifications and other relevant information of the *curricula* of the members of the Board of Directors are detailed in this report, in the Annex I.

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

The Chairman of the Board of Directors, Duarte Paulo Teixeira de Azevedo and the director Maria Cláudia Teixeira de Azevedo, are shareholders and members of the Board of Directors of Efanor Investimentos, SGPS, S.A., a legal person to which the control of the majority of the voting rights in this Company is imputed.

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

21. Organisational charts or functional charts relating to the division of powers between the different governing bodies, committees and/ or departments of the Company, including information on the delegation of powers, particularly with regard to the delegation of the Company’s daily management



According to the Company’s current corporate governance structure, the Board of Directors is responsible for strategic decisions with regard to the business portfolio level and their implementation.

The Board of Directors, pursuant to the terms set forth in the Articles of Association, delegates in the Executive Committee the powers for the day-to-day operational management, also controlling the way in which this body operates and how the delegated powers are exercised.

The following powers of the Board of Directors may not be delegated, while all others have been delegated:

- Appointment of the Chairman of the Board of Directors;
- Co-optation of Directors;

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- Request to convene General Meetings;
- Approval of the Annual Report and Accounts, to be submitted to the approval of the General Meeting, and also the approval of semi-annual and quarterly reports and accounts and of the results to be disclosed to the market;
- Provision of collateral and personal or real guarantees by the Company;
- Decision to change the registered office or increase the share capital;
- Decision on mergers, spin-offs or transformation of the Company or involving companies of the Group, except if, in those cases, such operations consist in a mere internal restructuring operations framed in the general objectives and principles approved;
- Approval, on proposal of the Executive Committee, of the strategic configuration of the business portfolio and the resulting financial plan, including extensions or important reductions of the activity or of the internal organisation of the Company or of the Group;
- Approval, on proposal of the Executive Committee, of the business plans, budgets, investment plans and annual financial plans of the Company, and any substantial changes and with relevant impacts on the same;
- To resolve, in accordance with the legal and statutory provisions, on the issuance of bonds and commercial paper and loan contracting in the domestic and foreign financial market, by one or more times, when involving values that exceed 10 million euros per contract or issue and affect in the same amount the company's consolidated debt;
- Approval of the main policies of the Company;
- Definition of the human resources policies applying to senior positions (level G3 and higher) in areas that do not fall under the purview of the General Meeting or the Remuneration Committee.

The Corporate Centre plays an instrumental role in supporting the Executive Committee and the Board of Directors in the definition and control of the implementation of the defined strategies, policies and objectives. Composed of sovereign functions and shared functions, which are described below, its purpose is to provide transversal services to all Group companies:

- Corporate Finance;
- Legal Department;
- Corporate Management Planning and Control;
- Corporate Human Resources;
- Portfolio Development;
- Internal Audit;
- Risk Management;
- Information Systems;
- Financial Department;
- IOW and Innovation.

The Corporate Finance role is to be responsible for defining and implementing financial management strategies and policies, ensuring an integrated and transversal vision of the Group's needs as well as the upkeep of relations with the capital, debt and banking markets. It is also responsible for managing the Group's financial risks and for preparing and monitoring the Group's financial plan.

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The Legal area provides legal support in all fields, guaranteeing the defense of the Group's interests and promoting in an integrated and cross-cutting manner the strategy defined by the Board of Directors. It is responsible for monitoring legal compliance, litigation management, the corporate secretariat and the management of the Group's legal risks.

The Corporate Management Planning and Control function is to assist in the strategic development of the Group and in the definition of management information policies and ensure the reporting of consolidated information internally. This function is part of the Investor Relations Office which has the main responsibilities of reporting information to the market and ensuring permanent contact with institutional investors, shareholders and analysts.

Corporate Human Resources is responsible for the definition and implementation of the Group's human resources strategy and policies as well as the planning and management of talent and careers of top managers, under the terms approved by the Board of Directors and the Remuneration Committee.

Portfolio Development, including Mergers and Acquisitions, has the mission to support the Board of Directors of Sonae Capital in projects of organisational growth and in the Group's business management, as well as in portfolio optimisation projects including the analysis and negotiation of investment and divestment opportunities.

The Internal Audit function defines and implements the Internal Audit activities by systematically and independently evaluating the Group's activities in order to ensure the effectiveness of the internal management and control systems and processes.

The Risk Management function assists the Board of Directors in the identification, modelling and monitoring of the Group's risks with the aim of ensuring their control and mitigation, as well as making it possible to include the risk dimension in strategic and operational decisions.

The Information Systems function is to ensure the alignment of information systems with the Group's strategy, creating value through the provision of solutions that promote effectiveness, efficiency and innovation of processes.

The sovereign functions report to the Executive Committee of Sonae Capital.

As regards Shared Functions, the mission of the Financial Department, coordinated by a manager of the Corporate Centre, is:

- to optimise the Group's financial flows through the efficient management of external entities, namely customers, suppliers and banks;
- to guarantee an accounting management model that ensures the integrity and availability of accounting, financial and asset information for the whole organisation through an integrated system;
- to coordinate human resources administrative management activities, ensuring alignment with the businesses.

The current organisation of the Corporate Centre of Sonae Capital also envisages the existence of the IOW - Improving Our Work - and Innovation function. The responsibility of this is to, on the one hand, promote a common culture and practices of continuous improvement, within the scope of the IOW model, cross-cutting all of the Group's companies and, on the other hand, to promote, facilitate and accelerate integrated innovation projects between the different areas in order to increase the Group's competitiveness. At the same time, it also has the responsibility of identifying, promoting, evaluating and exploring project financing opportunities, through incentives and subsidies, within the context of the activities carried out by the different Group companies, in order to boost the performance of each business.

b) Functioning

22. Existence of the regulation of the Board of Directors and place where it can be consulted

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The regulation of the Board of Directors is available for consultation on the Company's website (<https://www.sonaecapital.pt/en>) (Corporate Governance tab, Regulation section).

23. Number of meetings held and attendance record of each member, as applicable, at meetings of the Board of Directors, the General and Supervisory Board and the Executive Committee

The Articles of Association of the Company establish that the Board of Directors must meet at least once every quarter and, in addition, whenever the Chairman or two Directors call a meeting, and also that the meetings can be carried out by telematic means, in the legally foreseen terms. During 2018, the Board of Directors met 8 times and the attendance record, either in person or through telematic means, was as follows:

Name	Attendance (%)
Duarte Paulo Teixeira de Azevedo	100%
Álvaro Carmona e Costa Portela	100%
Maria Cláudia Teixeira de Azevedo	100%
Francisco de La Fuente Sánchez	100%
Paulo José Jubilado Soares de Pinho	100%
Miguel Jorge Moreira da Cruz Gil Mata	100%
Ivone Maria Pinho Teixeira da Silva	100%

The Secretary of the Board of Directors is responsible for the preparation and functioning of the meetings. The Secretary also keeps records of all decisions taken in the minutes of the meetings and sends the agenda of the meetings and supporting documents at least five days in advance, always with a weekend in between, before the date of the meeting.

24. Competent governing bodies of the Company to assess the performance of the executive directors

The Remuneration Committee, elected at the Shareholders' General Meeting, is the body responsible for assessing the performance and approving the remuneration of the members of the Board of Directors and other governing bodies, in representation of the shareholders and in accordance with the remuneration policy approved by the Shareholders at the General Meeting. On the other hand, non-executive members, as part of their supervisory role, monitor in particular the performance of executive directors.

The Board Nomination and Remuneration Committee, which is solely composed of non-executive directors, supports the Remuneration Committee in the performance of its remuneration responsibilities. These committees may be assisted by international consultants of recognised competence, in order to carry out these functions. The independence of the consultants is guaranteed by their autonomy before the Board of Directors, the Company and the Group, as well as by their broad experience and credibility recognised by the market.

25. Pre-determined criteria for assessing the performance of the executive directors

The performance assessment of executive directors is based on pre-determined criteria, consisting of objective performance indicators set for each period and in line with the overall strategy of growth and positive business performance.

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These indicators consist of the business, economic and financial KPIs (Key Performance Indicators), subdivided into collective, departmental and personal KPIs. The collective business KPIs consist of economic and financial indicators that are defined based on the budget, the performance of each business unit, as well as on the consolidated performance of the Company.

Departmental business KPIs, in turn, are similar in nature to the previous ones, and they measure the specific contribution of the director to the performance of the business. Personal KPIs include objective and subjective indicators and are intended to measure compliance with duties and commitments individually taken on by the executive director. Additional information can be found in sections 71 to 75 below.

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

The list of positions held by the Company's directors and other relevant activities is included in the Appendix I. Each of the members of the Board of Directors have consistently demonstrated their availability to perform their duties, having regularly attended the meetings of the body and participated in its work.

c) Committees within the management or supervisory bodies and delegated directors

27. Identification of Committees established within the Board of Directors and the place where its Regulations can be consulted

The committees created by the Board of Directors are the Executive Committee, the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee.

In the performance of their duties as members of the Board of Directors and the Committees created by the Board, they must comply with the Company's Code of Conduct, adopted procedures concerning related party transactions and the procedures adopted on conflicts of interest.

The functioning of the various committees is established in the rules of procedure of the Board of Directors, available for consultation on the Company's website (<https://www.sonaecapital.pt/en>) (Corporate Governance tab, Regulation section).

28. Composition of the Executive Committee

Name	Position
Maria Cláudia Teixeira de Azevedo	Chief Executive Officer until 17 th July de 2018
Miguel Jorge Moreira da Cruz Gil Mata	Chief Executive Officer since 17 th July de 2018 *
Ivone Maria Pinho Teixeira da Silva	CFO

* Following the resignation of Maria Cláudia Teixeira de Azevedo to her position on 17th July 2018.

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

Executive Committee

The Executive Committee is empowered to deliberate on all matters that have been delegated by the Board of Directors or related to the day-to-day management of the Company, following the strategic guidelines defined by the Board of Directors and under the aforementioned delegation of powers.

Pursuant to the established policy, the members of the Executive Committee share responsibilities in more than one area, and the allocation of these responsibilities is done according to the profile and experience of each member.

The Executive Committee of the Company shall meet on a monthly basis and at any time a meeting is called in writing, at least 3 days in advance, by the Chief Executive Officer or by a majority of its members. Notwithstanding regular contact between the members of the Executive Committee in the periods between meetings, 12 meetings were held in 2018.

The Executive Committee may only take decisions if the majority of its members are attending or represented. Decisions are taken by majority of the votes cast by the members attending or represented and by those voting by post.

Employees of the Corporate Centre may attend Executive Committee meetings, at the request of one of the Executive Directors, to give support and opinions on certain matters.

The Secretary of the Executive Committee (who is also the Secretary of the Board of Directors and BAFC) is responsible for the functioning of the Executive Committee and other logistical aspects. The Secretary is also responsible for recording the decisions in the minutes of the meetings and for providing the members of the Executive Committee with the agenda and supporting documents for the meeting, at least three business days prior to the date of the meeting. The fact that the Secretary is the same for both bodies ensures the adequate flow of information between both bodies, allows the timely distribution of information and minimises any problems in the interpretation of requests for clarification, contributing to greater efficiency and effectiveness of the process.

During 2018, the Executive Committee sent the agenda and approved minutes of the respective meetings to the Non-Executive Directors and to the members of the Statutory Audit Board. The members of the Executive Committee shall provide, in a timely and adequate manner, any information requested by other members of the governing bodies.

Board Audit and Finance Committee

The Board Audit and Finance Committee (BAFC) functions under the terms approved by the Board of Directors.

BAFC is composed of members selected from among the members of the Board of Directors.

With reference to 31 December 2018, the BAFC is composed of Independent Non-Executive Directors, Francisco de La Fuente Sánchez (Chairman) and Paulo José Jubilado Soares de Pinho.

The BAFC is competent to:

- review the annual and interim financial statements and the documents for disclosure of results and report its findings to the Board of Directors, in support to the process of approval of the accounts by the Board of Directors;
- advise the Board of Directors about their reports to shareholders and the financial markets, to be included in the annual and half-yearly financial statements, as well as in the quarterly results disclosures;

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- advise the Board of Directors, integrating the assessment and suggestions made by the Statutory Audit Board, about the appropriateness and quality of the information provided by the Executive Committee, and the systems and internal control standards applied by the Company;
- monitor the activity of the internal audit in line with the plans validated by the Statutory Audit Board, and formulate conclusions to be directed to the Board of Directors;
- evaluate operational procedures to ensure the monitoring of the internal control, the efficient management of risks, the timely circulation of information and the reliability of the procedure for preparation and disclosure of financial information, and formulate conclusions to be directed to the Board of Directors;
- ensure the flow of information with the Statutory Audit Board and process the requests addressed by him to the Board of Directors;
- to ensure the observance of corporate governance policies adopted by the Company, and for the observance of the rules and practices of financial reporting;
- Monitor formal and informal key financial indicators reported about the Company, including reports published by rating agencies:
- issue opinions on significant relevant transactions undertaken by the Company with related parties.

The BAFC meets with the Statutory External Auditor of the Company and the Internal Audit team.

Refer to Chapter III of this report for information on risk-taking and control of risks.

The BAFC must meet at least five times a year, prior to the publication of annual and quarterly results, and whenever its Chairman, the Board of Directors or the Executive Committee calls for meeting. The BAFC will always meet for analysing the annual budget of the Company and the financial plan of the Group's businesses.

BAFC's Secretary, which is the same as the Board of Directors and other Committees, with the exception of the BNRC- Board Nomination and Remunerations Committee, distributes the agenda and supporting documents to the members of the Commission with at least five days in advance, with a weekend in between, regarding the date of the meeting, in addition to ensure the recording of resolutions taken in the minutes of meetings.

The minutes of the meetings are distributed to all members of the Board of Directors. In the year 2018 the BAFC met 5 times.

Board Nomination and Remunerations Committee

The Board Nomination and Remunerations Committee (BNRC) It is composed of the President of the Board of Directors, Duarte Paulo Teixeira de Azevedo, the Vice-President Álvaro Carmona e Costa Portela and Francisco de La Fuente Sánchez, these last two non-Independent Executive Directors.

Its members were appointed for a period of three years (2018-2020).

The BNRC meets ordinarily once a year, preferably in the period prior to the annual meetings of the Remuneration Committee, and whenever its Chairman or the Board of Directors calls for meeting.

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

- Identifying potential candidates for appointment to the Board of Directors (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 persons discharging managerial responsibilities, through transparent selection processes, including effective mechanisms for identifying potential candidates having regard to the requirements of the function, merit and appropriate diversity to Company, in particular considering gender.

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- Submit to the Board of Directors, reasoned opinion with regard to the proposal from the Executive Committee on the remuneration policy and compensation for the members of the Board of Directors of other companies of the Sonae Capital Group, to be submitted to the Board of Directors and subsequently submitted by the Management Board of Directors to the Remunerations Committee, as a proposal to be put forward by the latter, at the Annual General Meeting of Shareholders;
- To receive, analyse and present, in accordance with the internal procedure approved, proposals for remuneration of the members of the Board of Directors and of other governing bodies of the Company, to be approved by Remunerations Committee. All proposals must be in accordance with the terms set forth in the remuneration and compensation policy;
- Supervising the remuneration decisions taken by the Executive Committee for the senior executives who report directly to the Executive Committee;
- 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 persond with significant roles or activities, as required by the Company's Conflicts of Interest Policy.

The BNRC has at its disposal the possibility of having recourse to external entities specialized services, whose independence, reputation and experience, are recognized by the market. At least one member of the BNRC is also present in the Annual General Meeting and in any other in which the agenda includes any subject connected with the remuneration of the members of the bodies and Committees of the Company. It is also available to attend if its presence is requested by any shareholder.

As it follows from the above exposed, the members of the existing Committees are also members of the Board of Directors and in each meeting shall briefly inform the remaining members of the Board on the relevant facts regarding the execution of its assignments.

The Chairman of the Board of Directors and of the existing Committees, as well as the Independent Senior Director, ensure timely and properly, the flow of information necessary for the performance of legal and statutory responsibilities of each of the remaining bodies and commissions, streamlining, notably, so including but not limited to, the necessary resources to provision of notices, minutes and supporting documentation of decisions made.

III. Audit

a) Composition

30. Identification of the supervisory bodies

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

31. Composition of the Statutory Audit Board

In accordance with the Company's articles of association, the Supervisory Board may be composed of an even or odd number of members, a minimum of three and a maximum of five. The number of members is defined at the Shareholders' General Meeting.

The Statutory Audit Board shall also have one or two substitute members, if it is made up of three or more members, respectively.

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The members of the Statutory Audit Board are elected for three-year terms, jointly with the members of the other governing bodies, being applicable to such designation, the principles and criteria contained in the Diversity Policy of the Company and in its Code of Conduct.

The Statutory Audit Board appoints its Chairman, if the Shareholders' General Meeting does not do so.

If the Chairman leaves office before the expiry of the respective mandate, the other members must elect a chairman from among themselves to carry out those duties until the end of the mandate. The substitute members must replace current members unable to perform their duties or who have resigned. They shall remain as a full member until the next Shareholders' General Meeting, which shall appoint new members to fill the vacant positions. In the event that there are no substitute members, the Shareholders' General Meeting shall appoint new members.

Further it should be noted that the appointment for the management and supervisory bodies, carried out in 2018 if applied in full, the Diversity Policy.

32. Identification of Statutory Audit Board members considered independent

The members appointed for the current mandate (triennium 2018-2020) and in office are:

Name	Position	First appointed
António Monteiro de Magalhães	Chairman	March 2015
Manuel Heleno Sismeiro	Member	April 2009
Susana Catarina Iglésias Couto Rodrigues de Jesus	Member	May 2018
Ana Isabel Príncipe dos Santos da Silva Lourenço	Substitute	May 2018

All the members of the Supervisory Board are independent, with the exception of Manuel Heleno Sismeiro, pursuant to article 414 paragraph 5 of the Portuguese Companies Code and they comply with all the incompatibility rules mentioned in paragraph 1 of article 414-A of the Portuguese Companies Code. Manuel Heleno Sismeiro has lost independence due to the fact that he has been re-elected for more than two terms. The Company emphasizes the professional qualifications of the Chairman of the Statutory Audit Board, which contribute very positively in the functioning of the body and believes that the same justifies the maintenance in office, despite the aforementioned loss of independence.

The members of the Statutory Audit Board are required to immediately inform the Company of any occurrence during their term of office that may cause incompatibilities or the loss of independence, as required by law.

The Statutory External Auditor will be discussed in sections 39 to 41 below.

33. Professional qualifications

The professional qualifications and other relevant information of the *curricula* of the members of the Statutory Audit Board are detailed in this report in the Annex I.

b) Functioning

34. Place where the regulation can be consulted

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The regulation of the Statutory Audit Board is available for consultation on the Company's website (<https://www.sonaecapital.pt/en>) (Corporate Governance tab, Regulation section).

35. Meetings of the Statutory Audit Board

The Statutory Audit Board meets at least once every quarter. In 2018, 6 formal meetings of this body were held and the respective attendance rate, in person or through representation, was as follows:

Name	Attendance (%)
António Monteiro de Magalhães	100%
Manuel Heleno Sismeiro	100%
Susana Catarina Iglésias Couto Rodrigues de Jesus	100%

The decisions of the Supervisory Board are approved by simple majority and minutes are recorded.

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

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

The information on other positions held by members of the Statutory Audit Board, their qualifications and professional experience is available in the *curricula vitae* included in the Annex I to this report.

c) Powers and duties

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

It is the responsibility of the Statutory Audit Board to approve the provision of additional audit services to be provided by the Auditor.

At the first meeting of each financial year, the Statutory Audit Board prepares a plan and work schedule for that year which includes, inter alia, the coordination and supervision of the Auditor's work. It shall include the following activities:

- Approval of the annual activity plan of the Auditor;
- Monitoring the work and discussion of the conclusions of the audit work and review of the accounts;
- Supervising the Auditor's independence;
- Joint meeting with the Board Audit and Finance Committee to review issues related to Internal and External Auditing;
- Analysis of services rendered other than audit services in compliance with Recommendation VII.2.1 of the Corporate Governance Code (from IPCG) and applicable legislation.

In assessing the criteria that backed the contracting of additional services from the Auditor, the Statutory Audit Board verified the presence of the following safeguards:

- that the contracting of additional services did not affect the independence of the Auditor;
- that the additional services, duly falling within the defined framework, were not prohibited services pursuant to article 77 paragraph 8 of Law 140/2015;
- that any additional services were provided with high quality, autonomy and also independent from those carried out in the context of the audit process;
- that the necessary factors guaranteeing independence and impartiality are met;
- that the quality system used by PricewaterhouseCoopers (internal control), in accordance with the information it provides, monitors the potential risks of loss of independence or possible conflicts of interest with Sonae Capital and ensures the quality of the services rendered, in compliance with the rules of ethics and independence;
- that the services provided comply with the terms established by Law no. 140/2015 of 7 September, which approves the new Statute of the Order of Statutory Auditors.

38. Other functions of the Statutory Audit Board

In addition to the duties described in the previous section, the Statutory Audit Board is responsible for, among others:

- Supervising the Company's management;
- Ensuring compliance with the Law and the Company's Articles of Association;
- Checking the compliance of books, accounting records and supporting documents;
- Verifying, when it deems appropriate and in the manner deemed adequate, 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;
- Checking the accuracy of the accounting documents;
- Verifying whether the report on the corporate governance structure and practices disclosed includes the elements referred to in article 245-A of the Securities Code;
- Verifying that the accounting policies and valuation criteria adopted by the company lead to a correct valuation of assets and results;
- Draw up an annual report on its auditing activity addressed to the shareholders, including the description of the surveillance activity developed, any detected constraints and give an opinion on the report, accounts and proposals presented by the Management;
- Convening the Shareholders' General Meeting, when the chairman of the respective board does not do it, and should do so;
- Monitoring the effectiveness of the risk management system, the internal control system and the internal audit system;
- Receiving reports of irregularities, presented by shareholders, employees of the Company or others;
- Contracting the services of experts to assist one or more of its members in the performance of their duties. The hiring and remuneration of experts shall take into account the importance of the matters entrusted to them and the economic situation of the company;
- Supervising the process of preparation and disclosure of financial information;
- Represent the Company before the Statutory External Auditor and to propose to the General Meeting its appointment or dismissal, to assess the activities carried out, ensuring, within the Company, the conditions appropriate to the rendering of its services, being the interlocutor of the Company and the primary recipient of the reports of the Statutory External Auditor,

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- Supervising the audit of the Company's accounting and financial statements;
- Supervising the existence and maintenance of the independence of the Statutory External Auditor;
- Approve the provision of audit services, as well as the additional services to be provided by the Statutory External Auditor, or any entities with the latter are in a relation of participation or which form part of the same network, and approve the respective remuneration;
- Issuing a specific and substantiated opinion supporting the decision not to rotate the Statutory External Auditor, considering the Auditor's independence in that circumstance and the advantages and costs of its replacement;
- Supervising the activity developed by the internal audit;
- Issue a prior opinion in respect of any deal that the Company negotiates with shareholders owners of qualified shareholdings or with entities that are in any relation with them, in accordance with article 20 of the Securities Code (reference shareholders), involving over 10 million euros.
- Complying with other duties contained in the law or the Code of Corporate Governance adopted by the Company.

For the performance of the duties mentioned above, the Statutory Audit Board:

- Establishes its annual activity plan, at the first meeting of each financial year;
- Obtains from the Management, namely through the Board Audit and Finance Committee, the information necessary for the exercise of its activity, in particular the operational and financial evolution of the Company, the changes in the composition of its portfolio, the terms of the operations performed, the content of the decisions taken by the Board and its Committees, including, namely, access to call notices, minutes and supporting documentation of the decisions;
- Analyses and monitors the internal and external audit activity plans throughout the financial year and transmits its recommendations to the Board of Directors;
- Monitors the internal risk management and internal control system, issues its guidelines and recommendations, and prepares an annual assessment report and recommendations addressed to Management;
- Receives from the Board of Directors, at least two days before the date of its meeting, the consolidated and individual financial statements and the respective reports, analysing in particular the main changes, the relevant transactions and the corresponding accounting procedures, and receives from the Statutory External Auditor its audit certification of the accounting documents, and issues its assessments and decisions;
- Oversees and approves the disclosure of financial information of its competence, namely the sending to the Securities Market Commission and the placing on the website of the Company of the financial statements and results announcements;
- Records in writing the reports of irregularities addressed to it, initiating, as appropriate, the necessary measures before the Management and the internal and/or external audit and draws up its report thereon;
- Notifies the Management about the assessment, the inspections and procedures it has carried out and of the results thereof;
- Attends the Shareholders' General Meetings, as well as the meetings of the Board of Directors for which it is convened or where are approved the annual accounts;
- Carries out annually a self-assessment of its activity and performance, which may include the revision of this regulation, with a view to the development and implementation of improvements on its functioning;

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- Seeks to ensure, in interaction with the Board of Directors and Committees created by the latter, the actual existence of a flow of timely and appropriate information to the proper exercise of responsibilities and duties of each of the governing bodies;
- Develops the other surveillance duties that are imposed by law or by the Corporate Governance Code adopted by the Company.

In support of the activity of the Statutory Audit Board, the Company provides the human and technical resources necessary for the organisation of meetings, preparation of agendas, minutes and supporting documentation and their timely distribution. In addition, these meetings are attended by the internal liaisons considered relevant to the issues under discussion, for presentation and explanation of the issues raised by the Statutory Audit Board. The items on the agenda of these meetings on matters related to Auditing are discussed, at the discretion of the Statutory Audit Board, without the presence of employees of the Company.

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

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

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

- Check the consistency of all the books, accounting records and supporting documents;
- Whenever it deems convenient and through such means as it deems appropriate, verify the accuracy of cash and amounts of assets or securities of any type belonging to the Company or received by the Company by way of guarantee, deposit or for any other purpose;
- Check the accuracy of the financial statements and express its opinion on them in the Legal Certification of Accounts and in the Audit Report;
- Verify that the accounting policies and valuation criteria adopted by the Company result in the correct valuation of the assets and results;
- Perform any necessary examinations and tests for the audit and legal certification of accounts and perform all procedures stipulated by law;
- Verify the enforcement of remuneration policies and systems and the effectiveness and functioning of the internal control mechanisms, reporting any deficiencies to the Statutory Audit Board, under the terms of and within the scope and limits of its legal and procedural powers;
- Verify whether the Corporate Governance Report includes the elements referred to in article 245-A of the Securities Code.

IV. Statutory External Auditor

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

The Statutory External Auditor of the Company for the 2018-2020 period is PricewaterhouseCoopers & Associados, SROC, represented by António Joaquim Brochado Correia or by Joaquim Miguel de Azevedo Barroso.

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40. Permanence in functions

The Statutory External Auditor is in its fourth mandate, having been re-elected for the present mandate on proposal of the Statutory Audit Board, at the Shareholders' General Meeting of 3rd May 2018, under the terms explained hereafter. The Company has the same Statutory Auditor in almost all of its subsidiaries since 2011.

41. Other services rendered to the Company

The Statutory External Auditor also provides the Company with Audit services as described in the sections below.

V. Auditor

42. Identification

The Auditor of the Company, designated in the terms of Article 8 of the Portuguese Securities Code, is PricewaterhouseCoopers & Associados, SROC, registered under no. 9077 at the Portuguese Securities Market Commission, represented by the statutory auditor António Joaquim Brochado Correia or by Joaquim Miguel de Azevedo Barroso.

In 2018, the representative of the Company's Statutory Audit Firm was António Joaquim Brochado Correia.

43. Permanence in functions

The Auditor was elected at the Shareholders' General Meeting on proposal of the Statutory Audit Board for the first time in 2011, for the 2011-2012 biennium, and it is in its fourth mandate.

The partner that represents it has been working with the Company since 3rd May 2018.

44. Policy and frequency of rotation of the Auditor and the respective Statutory Auditor partner representing it

The Auditor is in its fourth mandate.

The current partner of the Statutory External Auditor of the Company - PricewaterhouseCoopers & Associados – SROC, Lda., hereinafter “PWC” - responsible for guidance or direct execution of the statutory audit of accounts was elected for the first time, in 2018, for the term 2018-2020, in compliance with the provisions concerning rotation of the statutory auditor partner that represents the Auditor in this mandate.

The article 54, paragraph 3 of the Statute of the Order of Chartered Accountants (EOROC), approved by Law no. 140/2015, of 7th September, determines that in public interest entities, the maximum period of exercise of statutory functions by the audit firm is 2 or 3 mandates, depending on mandates are, respectively, of 4 or 3 years, without prejudice to paragraph 4 of the Article 54 of the EOROC stipulating that the maximum period of the statutory auditor in the same entity may be exceptionally extended to a maximum of 10 years, provided that such an extension is approved by the competent body – the General Meeting, on the substantiated proposal of the supervisory body.

The Statutory Audit Board, in compliance with the provisions of paragraph 3 – f) of article 3 of the Legal Regime of Audit Supervision approved by Law no. 148/2015 and article 16 of the Regulation (EU) no. 537/2014 and of its own policy, held an extended selection process, free of any outside influence, and free of any contractual clause referred to in paragraph 6 of the mentioned legal provision. Were considered the costs associated with the replacement of the Auditor of the Company which, although more difficult to measure, assume a leading role in this matter, such as those associated

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with the integration of a new Auditor in the repository of information and in the business organization of the Company, given the characteristics of the portfolio and its diverse and complex nature.

It was considered that delaying the replacement of the Auditor by the additional period allowed by law, when all other requirements and selection and evaluation elements pointed to its maintenance, allow the elimination of such costs without endangering the legal purpose.

Considering all the above mentioned, in particular the fact that the Statutory Audit Board considers to be the one that will give the best answer to the needs of Company, it was proposed to the General Meeting the election of PwC as Auditor, for the next term (2018-2020). This proposal was approved by the General Meeting on the 3rd May 2018, with the above mentioned framework.

45. Assessment of the Auditor

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

In addition, the Statutory Audit Board supervises the performance of the Auditor and the work throughout each financial year, considers and approves additional work by the auditor and annually conducts an overall assessment of the Auditor, which includes an assessment of the Auditor's independence.

46. Additional Work

Tax consultancy services and other services (mainly in the area of management consulting) were provided by technicians other than those involved in the audit process in order to ensure the independence of the Auditor. The Board Audit and Finance Committee and the Statutory Audit Board analysed the scope of the other services and approved them, considering that they did not jeopardise the independence of the Auditors.

The services provided by the Auditor, other than audit services, were previously approved by the Statutory Audit Board according to the recommended principles. In 2018, the percentage of such services in the total services provided by PricewaterhouseCoopers & Asociados, SROC (PwC) to the Company corresponds to 3.7% and amounts to 5.424 euros, and does not represent 30% of the total average of fees received in the last three financial years, by reference to the period established in Article 77, paragraph 1, of Law no. 140/2015 of 7th September. Considering the amounts involved, within the recommended limits, and the fact that the services are provided by a totally different team from the entity providing audit services, the Auditor's independence and impartiality are assured.

The Auditor reported to the Statutory Audit Board of the Company all the different audit services provided to the Company, without prejudice to the fact that such services are subject to the prior approval of the latter through the annual communication referred to in article 24, paragraph 6 - b) of Law no. 148/2015 of 9th September.

Within the scope of its work, the Auditor verified the application of the remuneration policies and systems, as well as the effectiveness and functioning of the internal control mechanisms. It did not identify any material deficiencies that should be reported to the Company's Statutory Audit Board.

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47. Annual remuneration

The total remuneration paid to the Company's External Auditor in 2018 was 145.312 euros corresponding to the following services:

Services	Total 2018	%	Sonae Capital SGPS	%	Other Group entities	%
Statutory Audit and Accounts Certification ¹⁾	139 888	96.27%	11 475	100.00%	128 413	95.95%
Other Compliance and Assurance Services ²⁾	4 044	2.78%	0	0.00%	4 044	3.02%
Tax Consultancy Services ²⁾	0		0	0.00%	0	0.00%
Other Services ²⁾	1 380	0.95%	0	0.00%	1 380	1.03%

1) Fees agreed for the year;

2) Amounts billed.

C. INTERNAL ORGANISATION

I. Articles of Association

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

Amendments to the Company's Articles of Association follow the terms set out in the Portuguese Companies Code, requiring a majority of two thirds of the votes cast for 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

49. Means of and Policy for Reporting Irregularities

The Company has implemented a procedure concerning the communication of irregularities in order to assure the response of the competent bodies of the Company to which such irregularities may be reported, the Policy and Procedures for Reporting Irregularities in the Company - The Whistle Blowing Policy. Within the scope of the Policy, irregularities are defined as facts that violate or seriously jeopardise:

- The compliance with legal, regulatory and deontological principles by the members of the governing bodies and employees of Sonae Capital or of its affiliated companies, in the exercise of their professional positions;
- Assets of the Company and of its affiliated companies, as well as assets from clients, shareholders, suppliers and commercial partners of the Company or any of its affiliated companies;
- Good management practices and the image or reputation of the Company or of any of its affiliated companies.

The fundamental features of the policy for reporting irregularities currently in force in the Company are:

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- Establishment of procedures for reporting irregularities, namely the provision of a mailbox with exclusive access for the Chairman of the Statutory Audit Board, along with the receipt by post, that guarantee all employees, shareholders or stakeholders that the report, communication or complaint of irregularities arrives inviolably to the addressee. Although there is a need for the explicit and unequivocal identification of the complainant, this identity must be kept confidential and only known by the Chairman of the Statutory Audit Board, whenever this is requested in the report or complaint.
- After communicating or becoming aware of a potential irregularity, ensure a rigorous and impartial investigation process, through the access of the Statutory Audit Board to all relevant documentation that should be made available by the Company for the investigation of irregularities and to prevent access to the investigation procedure by any and all persons who, although indirectly, may have a conflict of interests with the outcome of the investigation process.
- The handling of irregularities, namely the prompt and effective handling of such communications, the implementation of corrective measures, when necessary, and informing the complainant of the outcome of the procedure.
- The communication by the Supervisory Board to the governing bodies of the Company or of its affiliated companies, whenever necessary, with a view to adopting the measures deemed necessary to remedy the investigated irregularities.
- Prevent the existence of reprisals that may arise from the report made, provided that it is proved that there is no bad faith or participation in any irregularity by the complainant.

According to best corporate governance practices, the Company's Whistle Blowing Policy, the main characteristics of which are described above, is available for consultation on the Company's website (<https://www.sonaecapital.pt/en>) and it covers the entire perimeter of the Sonae Capital Group.

The Statutory Audit Board did not receive in 2018, through the means defined for this purpose, any reports on matters under the scope of this policy.

Also, with regard to reporting irregularities of the members of the corporate bodies and committees in the performance of their duties, in accordance with article 10 of the Regulation of the Board of Directors, the members shall, by reference to article 8 of the same Regulation, inform promptly the appropriate body or committee to which they belong about facts that may constitute or give cause to a conflict between their interests and the corporate interest, being that the member who declares to be conflict of interests, will not interfere in the decision-making process, without prejudice to the duty of providing information and clarification that the body, the committee or the respective members require.

III. Internal Control and Risk Management

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

A Risk Management is one of the core components of the Sonae Capital Group's culture and a pillar of the Company's Corporate Governance, being present in all the management processes. It is a responsibility of all Group employees, at different levels of the organisation.

Sonae Capital attaches primary importance to the implementation of internal control and risk management principles appropriate to the Group's activities. Visibility vis-à-vis the market, the exposure and diversification of business risks and the increasing speed of information transmission make it fundamental to adopt these principles, following a philosophy of value creation, ethical affirmation and social responsibility.

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Risk Management is developed with the objective of creating shareholder value through (i) managing and controlling the opportunities and threats that may affect the objectives of Sonae Capital's portfolio and companies, (ii) preventing the occurrence of errors and irregularities and minimizing their consequences; and (iii) maximizing the organization's performance and the reliability of its information, in an ongoing business perspective. It stands out as one of the components of the sustainable development of companies, since, when embodied in coordinated plans and systems of management and control, it contributes to a continuous development of the business through greater knowledge of the uncertainties and threats and more effective management and control of the risks that can affect organisations.

Risk Management is inherent in all management processes and is assumed as a responsibility for all managers and employees of the Group. These are a fundamental element of a conservative risk management culture that is intended to be transversal to all activities and hierarchical levels of the Company.

The Risk Management role is to support companies in achieving their business objectives through a systematic and structured approach in identifying and managing risks and opportunities, promoting and supporting the integration of Risk Management into the planning and management control of the respective companies.

The Internal Audit role is to identify and evaluate the effectiveness and efficiency of the management and control of the risks of business processes and information systems, reporting functionally to the Statutory Audit Board.

It should be noted that the risks concerning the reliability and integrity of accounting and financial information are also evaluated and reported by the External Audit activity.

51. Explanation, possibly by inclusion of an organisational chart, of the hierarchical and/or functional dependency relationships with other bodies or committees of the Company

Bodies and committees responsible for Risk Management and Internal Control

- Board of Directors
- Executive Committee
- Board Audit and Finance Committee
- External Audit
- Internal Audit
- Risk Management
- Corporate Centre

The Board of Directors is the maximum body responsible for the risk management process. The Board of Directors is responsible for defining and approving the Group's risk management policies.

It is the responsibility of the Executive Committee to permanently assess the risks of the Group, approve the action measures/plans, models and mechanisms for the evaluation, control and mitigation of these risks.

The Board Audit and Finance Committee informs the Board of Directors on the adequacy of the internal information provided by the Executive Committee and of the internal control systems and principles, and on the compliance with the Corporate Governance best practices.

Moreover, the Board Audit and Finance Committee supports the Statutory Audit Board in appointing the Auditor, as well as defining the scope and remuneration of its work and it reports to the Board of Directors on the quality and independence of the Internal Auditor and should be consulted by the management on the appointment of the Internal Audit manager.

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External Audit evaluates and reports the risks of reliability and integrity of accounting and financial information, thus validating the internal control system established for this purpose by Sonae Capital.

Internal Audit, acting as an independent internal advisory body, identifies and evaluates the effectiveness and efficiency of risk management and control of business processes and information systems, as well as the risks of non-compliance with laws, contracts, policies and procedures of the companies. Its activity is reported to and monitored by the Board Audit and Finance Committee, and is also reported to the Statutory Audit Board.

Regarding the interrelationship between the two Audit bodies, the Board Audit and Finance Committee reviews the scope of Internal Audit work and its relations with the scope of the Auditor's work and analyses with this and with the Internal Audit manager the reports on the review of the annual financial information and on the review of internal control, reporting its findings to the Board of Directors. These reports are issued for the Statutory Audit Board and for the Board Audit and Finance Committee at the same time.

In turn, Risk Management promotes the performance of procedures and the internal dissemination of best practices, and is responsible for coordinating the entire risk management process of the Sonae Capital Group, collaborating with the risk managers of each business unit in the activities arising from the risk management process, and continuously ensuring the efficiency and effectiveness of the process.

52. Existence of other functional areas with risk control competences

Risk Management, integrated in the Corporate Centre, reports to the Executive Committee. It promotes, coordinates, facilitates and supports the development of Risk Management processes, promoting the inclusion of the risk dimension in strategic and operational decisions. This role and the Internal Audit role are coordinated by managers at the Corporate Centre level of Sonae Capital and their activities are reported and monitored by the Board Audit and Finance Committee of the Board of Directors.

Similar to that which occurs with the Internal Audit and Risk Management roles, the financial and legal risk management role is also coordinated by two managers, at the Corporate Centre level of Sonae Capital and its activities are reported and monitored in the Board Audit and Finance Committee, and also reported to the Statutory Audit Board.

There are Risk Management Pivots at each business segment level, coordinated by the Group's Risk Management function, which works with the *owners* of each risk in order to ensure the implementation of the determined action plans, and the permanent update of the risk matrix of each segment.

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

53.1 Cross-Cutting Risks

Contextual Risks: The activity developed by the Sonae Capital Group is affected by the macroeconomic situation and by the profiles of the business segments where it operates. Considering that a large part of the activity of its subsidiaries is currently developed in Portugal, Sonae Capital is exposed to the situation of the Portuguese economy, which is, in turn, greatly shaped by the evolution of the situation in the Euro Zone.

Sonae Capital's activity, business, operating results, financial position, future prospects or ability to achieve its objectives may be potentially adversely affected by a negative development of the economic situation in Portugal or the Euro Zone.

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The Sonae Capital Group has several initiatives in order to mitigate this risk, whether through business internationalisation or through strict control of costs, or by presenting innovative and differentiating solutions according to the profile of the markets where it operates.

Competition risks: In addition to Sonae Capital Group developing a wide range of activities in various sectors of activity and consequently exposed to economic cycles, such as the Promotion of Tourism, Hospitality, Fitness, Energy, Refrigeration & HVAC, Industrial Engineering and Real Estate Assets, several of these sectors are still very competitive by the intervention of national and international companies, and therefore Sonae Capital subsidiaries are exposed to strong competition. The ability of Sonae Capital subsidiaries to position themselves appropriately in the sectors and markets in which they operate may have a significant impact on Sonae Capital business or on the results of its activities. The Sonae Group Capital regularly follows the behaviour of the markets where it operates, working in order to anticipate changes in customer demand and/or new market trends, in order to provide an innovative and differentiating proposal.

Financial Risks: Sonae Capital is exposed to a diversified set of risks of a financial nature, namely interest rate, foreign exchange risk (transaction and currency translation risks), liquidity and fluctuations in the capital and debt markets, credit (especially relevant in economic recession) and exposure to commodity prices.

Sonae Capital's financial risk management policy aims to minimise the potential adverse effects of financial market volatility and, to this end, a coherent set of systems and processes is implemented at Sonae Capital enabling the timely identification, monitoring and management by the Corporate Finance function.

The volatility of the financial markets has led liquidity risk, credit risk, and capital market and debt fluctuations to take centre stage in corporate priorities for the potential impact on business continuity and development. In fact, the business development of some Sonae Capital subsidiaries may require the reinforcement of Sonae Capital's investment in these subsidiaries, or Sonae Capital may wish to expand its business through organic growth or any acquisitions and business continuity requires the maintenance of liquidity reserves appropriate to the business requirements of the companies. The reinforcement of investment and maintenance of liquidity reserves may be done by means of equity or funds from third parties. Sonae Capital cannot ensure that such funds, if necessary, are obtained under the intended conditions, which may lead to changes or deferrals in the business development objectives or plans, restricting the success of the defined strategic objectives.

In this context, the aforementioned financial risk management systems and processes, centralised in the Company's corporate centre, are established in order to mitigate these risks by ensuring liquidity management through:

- short, medium and long-term financial planning based on predictive cash flow models;
- cashbook and working capital control instruments;
- strict customer credit management and monitoring of risk developments;
- diversification of funding sources and counterparties;
- adjustment of the debt maturity profile to the profile of cash flow generation and investment plans;
- maintenance of an adequate level of liquidity by contracting with known banks cash support lines.

Sonae Capital does not contract derivatives or other financial instruments, except those strictly related to the hedging of risks arising from its operational activities and its financing. The risk management policy of the Company and the Group prevents the use of financial derivative instruments for purposes other than the strict coverage of these risks.

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Legal, Tax and Regulatory Risks: Sonae Capital and its subsidiaries are subject to extensive and often complex regulations as a result of their activities and compliance requires investment in terms of time and other resources, and therefore it has legal and tax advice for this purpose. In fact, Sonae Capital and its businesses have a permanent legal and tax function dedicated to each activity, which works in conjunction with other corporate and sovereign functions so as to ensure, in a preventive manner, the protection of Sonae Capital's interests in strict respect for the fulfilment of its legal duties as well as the enforcement of good practices.

Legal and tax advice is also supported, nationally and internationally, by outsourced resources selected from firms with established reputations and which have the highest standards of competency, ethics and experience. However, Sonae Capital and its subsidiaries may be affected by legal and tax changes in Portugal, the European Union and other countries where it operates. Sonae Capital does not control these changes, or changes in the interpretation of laws by any authority. Any changes in legislation in Portugal, in the European Union or in the countries where Sonae Capital carries out its activities may affect the conduct of the business of Sonae Capital or its subsidiaries and, consequently, hinder or prevent the achievement of the strategic objectives.

Information Systems Risks: Sonae Capital's information systems are characterised by being comprehensive, multifaceted and distributed. In terms of information security, several actions have been developed to mitigate the risk of compromising the confidentiality, availability and integrity of business data, namely off-site backups, implementation of high availability systems, network infrastructure redundancy, verification and control of the quality of flows between applications, access and profile management and reinforcement of data network perimeter protection mechanisms. On a recurrent basis, the Internal Audit function performs audits in various domains: applications, servers and networks, with the objective of identifying and correcting potential vulnerabilities that may have a negative impact on the business, as well as ensuring the protection of the confidentiality, availability and integrity of the information.

Following the audit of the management and governance processes in the information systems, based on the *framework Cobit V5*, an Information Security project started in 2016 with a view to addressing the recommendations of the audit evaluation as well as outlining strategies and intervention plans to protect Sonae Capital's information and information systems. This project will culminate in the development of an Information Security Management System founded on policies, standards and procedures, based on information security risk management and supported by specific processes with unequivocally identified and qualified managers.

People Risks: Sonae Capital's ability to successfully implement the defined strategies depends on its ability to recruit and retain the most qualified and competent employees for each role. Although Sonae Capital's human resources policy is geared towards achieving these objectives, it is not possible to guarantee that in the future there may be no limitations in this area.

Public Health Risks: Sonae Capital acknowledges that Health is an essential cornerstone for the sustained development of its businesses, a differentiating aspect and the driving force behind all its success.

Risk assessment and the definition of measures to minimise these risks are carried out continuously, in conjunction with the business units, particularly through training our staff, close relationships with staff in the workplaces and conducting audits.

Aware that people are its greatest asset, both employees and customers, Sonae Capital is committed to preventing the spread of diseases and improving the internal control environment for systems and equipment used to support its business activities. This is a fundamental cornerstone of motivation, sustainability and growth.

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On this topic, special attention must be paid to the prevention and control procedures and plans implemented generally in the business segments to mitigate the risk of Legionnaires' disease.

Insurable Risks: As regards the transfer of insurable risks (technical and operational), the Group's companies contract coverages pursuing an objective of rationalisation by the correct adjustment of the financial structure to the values of the risk capital, based on the permanent changes in the businesses encompassed. Moreover, this architecture was improved by the optimisation of the insurance programme in terms of coverage and retention, consistent with each business, internally ensuring effective insurance management.

53.2 Companies' Risks

Sonae Capital, as an holding company (SGPS), directly and indirectly develops management activities over its subsidiaries, and therefore, the fulfilment of the obligations taken on depends on the cash flows generated by its subsidiaries. Sonae Capital therefore depends on the distribution of dividends by its subsidiaries, the payment of interest, the repayment of loans granted and other cash flows generated by those companies. The ability of the invested companies to make available/repay funds to Sonae Capital will depend in part on their ability to generate positive cash flows from their operational activities, as well as on the statutory, legal and fiscal framework applicable to the distribution of dividends and other forms of payment/return of funds to its shareholders.

53.3 Subsidiaries' Risks

Sonae Capital's portfolio includes a diversified business portfolio, therefore some of the main risks its subsidiaries are exposed to may be sectoral. The main risks are identified below.

53.3.1 Troia Operations

a. The activities developed by Troia Operations are subject to economic cycles and depend on the growth of tourism and real estate in Portugal. Thus, the tourism operations of this business depend on tourism demand, which is associated with the evolution of both the national and international economy. Any negative economic developments in Portugal or in the main tourist countries for the Portuguese market may have a negative impact on the performance of this activity, due to a reduction in the number of tourists.

b. The activities of Atlantic Ferries and Tróia Marina are subject to the terms and deadlines mentioned in the concession contracts entered into: (i) Atlantic Ferries entered into an agreement with APSS (*Associação dos Portos de Setúbal e Sesimbra*) in 2005, with entry into operation in October 2007, for a public service concession for the inland waterway transport of passengers, light and heavy goods vehicles between Setúbal and the Peninsula of Tróia. The concession is for 15 years and can be extended for successive periods of 5 years, if both parties agree to do so; (ii) Tróia Marina also signed a concession contract with APSS in 2001 for the commercial operation of Tróia Marina, for a period of 50 years. Any breach of contractual obligations may entail significant risks to the activity and impact on the results of these companies.

c. This business may still be subject to seasonality, whereby abnormally adverse weather conditions during those periods may adversely affect the level of business activity and operating results.

53.3.2 Hospitality

a. This business activity depends on tourism demand, which is associated with the evolution of both the national and international economy. Any negative economic developments in Portugal or in the main tourist countries for the

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Portuguese market may have a negative impact on the performance of this activity due to a reduction in the number of tourists.

b. This activity is also subject to demand fluctuations related to natural disasters, as well as to social or political factors that may have an impact on the flow of tourists and, consequently, on occupancy rates.

c. The hospitality activity is subject to the supervision of the Directorate General of Tourism and the compliance with specific legislation for this field.

d. The hospitality activity may depend on the competitive intensity - regional and global - of the tourist destination where it is located. Competition between tourist destinations is increasingly aggressive as a result of the growth in demand, the massification of air transport and the emergence of new destinations. However, in addition to its location, Sonae Capital believes that the brand's reputation and the quality of its businesses, particularly in relation to the complementary activities offered (catering, golf and other leisure activities), are important competitive advantages in this sector.

e. The possibility of public health risks in the development of catering activities that jeopardise the health of customers in the respective facilities may imply that the companies in this segment are held accountable in this field, which may have an adverse effect on results, their financial situation and reputation. The business seeks to mitigate possible risks to the catering business and others arising from situations that could pose risks to public health. Of note in this area are:

- the implementation and consolidation of a food safety audit plan aimed at the kitchens and outlets included in the hotel units, as well as all catering stations operated, highlighting and reporting the main findings to the company and giving guidance on corrective actions. This audit plan aims to systematically check compliance with legal norms and internal rules on food safety. The hospitality activity uses tools such as HACCP (Hazard Analysis and Critical Control Points) defined in the *Codex Alimentarius* - Annex to CAC/RCP 1-1969, Rev. 4 (2003), complying with the requirements specified therein as well as with current legislation, in particular Regulation (EC) No. 853/2004 of the European Parliament and the Council of 29th April 2004, on the hygiene of foodstuffs.

- the implementation, since 2015, of a set of best practices in the prevention and control of Legionnaires' disease according to the recommendations made by the Directorate General for Health to reduce the risk of this disease in hotels and tourism developments. The risk of this disease developing is mitigated through the careful application of a set of measures aimed at thermal and/or chemical disinfection of water and the implementation of a periodic inspection, cleaning and maintenance programme for the systems and equipment involved.

53.3.3 Fitness

The most relevant risks in the leisure sector, namely in the Fitness segment, where the Sonae Capital Group operates under the brands Solinca, Pump and ONE (health clubs), are as follows:

a. The health clubs activity may be impacted by economic developments, namely by a decrease in consumer confidence and a consequent impact on household disposable income.

b. The entry of new competitors, opportunities for consolidation in the market, repositioning of current competitors or the actions they can take to conquer new markets or increase market share (price wars, promotional activity, introduction of new concepts, innovations) may jeopardise the market share the business aims to achieve and the business strategy. The response to increased competition may lead to price decrease or the implementation of promotional discounts, which may have an impact on the Company's results.

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In order to minimise this risk, Fitness business carries out constant benchmarking of its competitors' actions and invests in new formats and products/services, or in the improvement of existing ones, in order to offer its customers an innovative proposal.

c. Making services, equipment and infrastructures available that do not comply with quality levels and the changing needs demanded by customers may expose the Company to complaints, hinder customer attraction and loyalty, as well as negatively impact on its image and reputation.

Consumers frequently change their preferences and expectations, which requires continuous adaptation and optimisation of the product offer and business concepts. The difficulty or inability to foresee, understand and/or to meet the frequent variations of the needs and expectations of customers can be reflected in difficulties concerning their loyalty in the medium term.

To anticipate market and consumer trends, Fitness business regularly reviews customer behaviour, satisfaction and loyalty by conducting monthly surveys (*Net Promoter Score*). The introduction of new concepts, products and/or services is always tested on pilots before being generalised to all clubs. In addition, Solinca Health & Fitness allocates a significant portion of its annual budget to the renewal of equipment and facilities in order to ensure attractiveness and keep up with the challenges imposed by the market.

d. Fitness business may be held liable in the event of accidents or unforeseen circumstances due to inappropriate physical activity that affect the life, health or physical integrity of people, which may have an adverse effect on its reputation and consequently on its results.

Fitness business has several initiatives in place to mitigate this risk, namely the obligation of customers to carry out a medical evaluation questionnaire at the time of enrolment, offering an initial physical evaluation to all customers and encouraging it, training in basic life support for all employees, as well as the existence of occupational accident, property damage and civil liability insurance policies.

e. Fitness business may be held liable in the event of the existence of public health risks arising from the development of its business activity, which could jeopardize the health of clients in its facilities, with an adverse effect on its reputation and consequently on its results. In this area, it is important to highlight the risk of legionnaires' diseases in places aerosols can form, such as showers, jacuzzis, turkish baths and saunas.

Since 2012, a set of initiatives is in place in all health clubs, aimed at reducing the risk of legionnaires' disease. These include thermal and/or chemical disinfection of water and the implementation of a periodic inspection, cleaning and maintenance programme on the systems and equipment involved.

f. Legislative changes (e.g. tax, legal, labour, competition, etc.) may threaten the specific strategies defined by Fitness business in the development of its activities, involve contractual changes with the main stakeholders or dictate an increase in its costs.

53.3.4 Refrigeration & HVAC

The activities related to Refrigeration & HVAC, which operate under the brand RACE, have specific risks, mostly related to the competition of other companies operating in the same markets and the evolution of the economy. The most relevant risks are related to the following:

a. The activity developed by the Group is shaped by the macroeconomic situation and by the profiles of the markets where it operates. The products developed by the Group have the nature of durable goods, mainly aimed at the real estate and food distribution sectors. The Group's operating activity, as a result, is cyclical and is positively correlated with the cycles of the economy in general and, in particular, with developments in those specific sectors. Accordingly, the Group's business and that of its invested companies may be adversely affected by periods of economic recession,

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in particular by the deterioration of private investment. The availability of credit in the economy is also relevant to the business, due to the potential impact it has on the real estate market. RACE, through its subsidiaries*, is directly represented in Portugal, Brazil and Mozambique, where it produces and sells. These markets have different macroeconomic, political and social profiles and, as such, are experiencing different responses to the global economic and financial crisis. In fact, the pace at which the various markets will emerge from the current crisis is dependent on variables that the Group does not control. Likewise, the possible occurrence of political and/or social tensions in any of the markets may have a material impact that cannot be estimated on the business's operations and financial situation.

The development of this segment, considering the market framework in Portugal, is therefore based on the growth of the international arm, via exports. The evolution of the world economy, the specific risks of the selected countries and the capacity to conquer new markets could, therefore, have an impact on the activity of this segment.

b. The Group's business is geographically diversified, with subsidiaries located in three different continents, therefore there are transactions and balances in *reais* and *meticaís*.

The consolidated statements of financial position and the income statement are thus exposed to the currency translation risk (risk relative to the value of capital invested in subsidiaries outside the euro area) and the subsidiaries are exposed to the currency translation risk (risk associated with commercial transactions carried out in a currency other than the euro). The transaction risk arises essentially when there is a currency risk related to cash flows denominated in a currency other than the functional currency of each of the subsidiaries. The cash flows of Group companies are largely denominated in their respective local currencies. This is true regardless of the nature of the cash flows, i.e. operational or financial, and allows a considerable degree of natural hedging, reducing the Group's transaction risk. In line with this principle, the Group's subsidiaries only contract financial debt denominated in the respective local currency. The currency translation risk arises from the fact that, in the preparation of the consolidated financial statements of the Group, the financial statements of subsidiaries with a functional currency different from the reporting currency of the consolidated accounts (Euro) have to be converted into Euros. As exchange rates vary between accounting periods and since the value of the subsidiaries' assets and liabilities do not coincide, volatility is introduced in the consolidated accounts.

In order to minimise potentially adverse effects arising from the unpredictability of financial markets, the Group, besides having an exchange risk management policy and implementing control mechanisms for the identification and determination of exposure, sometimes uses derivative instruments to cover this risk.

*The current international operations of the Refrigeration & HVAC segment were considered as assets held for sale and, therefore, their contribution to the consolidated results is reflected as discontinued operations.

53.3.5 Energy

The Energy business, which operates under the brand CapWatt, focuses its activity mainly on the development and management of cogeneration projects. Cogeneration is a way of rationalizing energy consumption, since the production of electricity from the energy released during combustion brings a more efficient use of fuel - natural gas in the majority of Sonae Capital's projects. In a cogeneration plant there is a reduction in fuel consumption, compared to the production of the same quantities of thermal energy and electricity, separately.

Although this type of electricity generation is a more efficient and environmentally friendly alternative, it nevertheless carries with it certain specific risks that may have an impact on the companies' results. The most relevant risks are as follows:

a. Cogeneration projects use, in most of the cases, natural gas as the primary fuel in the combined production of electricity and thermal energy, so the purchase price of this raw material has significant weight on the variable cost structure. Consequently, the volatility of the purchase price of natural gas, normally linked to the price of oil in

international markets and the euro/dollar exchange rate, could translate into a significant impact on the Company's results and margin.

It should be noted, however, that the tariff for the sale of electricity by cogeneration units is regulated and also linked to the evolution of the price of oil in international markets and the euro/dollar exchange rate, which, by itself, allows exposure to this risk to be significantly reduced. In particular, the electricity sales tariff defined by Ordinance 58/2002, the remuneration scheme applicable to most cogeneration units, and the purchase price of natural gas are highly correlated, giving a considerable level of natural hedging as regards gross margin.

However, Decree-law 23/2010 and Ordinance 140/2012 established a new remuneration scheme for cogeneration in Portugal, applicable to new cogeneration units, which entailed the loss of the hitherto existing natural hedging, since the elasticity of prices to unit variations of the indexing factors is now totally different. The natural gas purchase price has significantly higher sensitivity than the electricity sales tariff, which translates into an increased risk of exposure to the volatility of the natural gas purchase price. This fact will become increasingly relevant as cogeneration facilities move to this new remuneration scheme.

In order to mitigate this risk, CapWatt regularly monitors the development of the natural gas price as well as its future development tendency, assessing at all times the attractiveness of the hedging of this risk by fixing natural gas purchase price over a set period of time, whether with the supplier or through derivative financial instruments.

In addition, as regards the allocation of CO2 emission allowances, the European greenhouse gas emissions allowance trading scheme (ETS) has introduced significant changes in the allocation rules for the period from 2013 onwards. The total quantity of allowances is determined at Community level and the allocation of allowances carried out by auction, with the free allocation still marginally permitted through compliance with benchmarks defined at Community level.

In addition, cogeneration units with nominal terminal power higher than 20MW are covered by the European trading scheme emissions trading of greenhouse gases (EU ETS).

The reform of the EU ETS for the post 2020 period introduced a number of amendments and reforms to reduce the surplus allowances on the market and improve system resilience to future shocks, contributing to a significant rise in the price of licenses on market. The total quantity of allowances is determined at Community level, but now subject to a linear reduction factor of 2.2% (instead of 1.74% in the current period of fulfillment). The auction continues to be the main rule for allocation of allowances, while remaining marginally the free allocation by application of benchmarks defined at Community level. The free allocation of allowances follows a downward trend year after year, with a view to its extinction.

The cogeneration units covered by this scheme will have increasing need to go to the market for CO2 allowances and are exposed to fluctuations in their price.

b. The reduction of thermal energy consumption and default by the host as regards defined contractual clauses, such as exclusivity, take-or-pay, among others, may impact on the revenues of the business, through the reduction of the electricity tariff premium or, ultimately, the loss of legal cogenerator status.

c. The focus and concentration of the business in the cogeneration activity relative to alternative forms of energy could increase the company's risk to external factors and consumption profiles.

In order to minimise this risk, the Sonae Capital Group has established a growth plan for this business segment which includes investing in renewable energy, as well as the internationalisation of the business, thus diversifying the portfolio both technologically and geographically.

d. The cogeneration units have support systems that can be associated with the development of the Legionella bacteria. Of note, among them, are the cooling towers, evaporative condensers and air conditioning systems. Special attention is required in places where there is standing or stagnant water, where the water temperature can reach between 35°C

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and 50°C. The following preventive measures have been put in place to attenuate this risk: implementation of maintenance plans according to manufacturers' recommendations, best practices and local conditions; dispensing biocides to ensure reserves above the values deemed necessary for the non-development of bacteria colonies; checking, calibrating and adjusting water treatment dispensing equipment every month; analysis and quality control of the water every month; periodic analysis for the presence of Legionella; and periodic cleaning of the main equipment (cooling towers). In this area, CapWatt has been optimising the measures implemented in the facilities in order to improve the entire prevention and control process, seeking to minimise the risk of Legionella bacteria being found during an inspection.

The following specific risks are identified regarding the production of energy from renewable energy sources:

e. Electricity generation from renewable energy sources is regulated in terms of tariff, so any future tariff fluctuations may translate into significant impacts on the company's results and margin.

f. The amount of energy produced is dependent on the availability of the resource. Therefore, lower availability than that initially estimated may impact the regular turnover and profitability of the projects. Moreover, one of the greatest challenges in harnessing renewable resources relates to their intermittence, since climatic conditions (wind strength, solar radiation, etc.) are not always favourable when electricity is necessary due to the impossibility or high cost of storage.

In order to minimise this risk, the Sonae Capital Group promotes, under the technical due diligence procedure carried out for each of its projects, a thorough study of the resource in order to define different scenarios and the consequent evaluation of the economic feasibility of the projects.

The Energy business, regardless of the primary energy source used, encompasses the following risks of a more general nature:

g. Energy generation under the special scheme in Portugal has the tariffs predefined by the Portuguese State, as a way of encouraging alternative forms of electricity production that are more efficient and environmentally clean. Consequently, the risks regarding the electricity sale price are currently reduced. Although electricity is sold at a price defined by the Portuguese State for a long period of time, the profitability of the operations depends on the stability in the short, medium and long term of regulatory policies and schemes that support the development of energy efficiency.

Any possible governmental changes to energy policy in the future may prove to be a risk to future projects and to the viability of developing the business in the long term.

h. Energy production is subject to supervision by the Directorate-General for Energy and Geology (DGEG) and the Energy Services Regulator (ERSE), which are the entities responsible for regulating the electricity sector in Portugal. Production must also comply with specific legislation on the field. Any change to the broad legal framework applicable to the sector may entail significant risks for the activity of this segment.

i. The occurrence of extraordinary situations, such as fires, adverse weather and/or accidents, may threaten the company's ability to maintain operations, provide essential services or cover operational costs. In order to minimise this risk, the Sonae Capital Group conducts regular preventive and safety audits of the facilities and equipment and periodically reviews and adapts the insurance plans for property damage, operating losses and civil liability in force.

j. The absence or inadequate maintenance of equipment, or the lack of control of the service levels of the suppliers (equipment, maintenance and spare parts) that do not ensure adequate functionality, safety and compliance can lead to inefficient processes or cause significant damage to equipment. Furthermore, not adequately using resources, at the lowest cost and the highest yield can impact on the profitability of each project and threaten its viability.

k. The abovementioned growth plan implies additional investments, the conditions for which may be limited by the financial environment, the Group's current level of indebtedness and the evolution of its activity and its subsidiaries.

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Sonae Capital cannot ensure that such funds, if necessary, are obtained under the intended conditions, which may lead to changes or deferrals in the objectives or impair business growth capacity.

53.3.6 Industrial Engineering

Sonae Capital acquired ADIRA in 2017. ADIRA is a Portuguese-based company dedicated to the development, design, manufacture, production and marketing of machine tools, with the majority of its business activity aimed at international markets.

The business activity of ADIRA comprises specific risks that may have an impact on the company's results. The most relevant risks are as follows:

a. Changes in the global macroeconomic environment may restrict the company's activity or generate negative impacts on its results.

ADIRA seeks at all times to mitigate this risk by diversifying the destination markets of its exports. It operates in about 40 markets, which represent more than 50% of its turnover. These markets have different macroeconomic, political and social profiles and, as such, are experiencing different responses to worldwide economic and financial crises.

b. The company's competitive position faces threats from new competitors and the actions of competitors already existing in the market. The company actively monitors technological innovation in the sector and has sought to be a differentiating element in the market, particularly with additive technology and the dematerialization of machines. It does not expect any disruptive change in the sector that could threaten its competitive position.

c. The machine tools produced by ADIRA are mainly intended for use in the metal products manufacturing sector, in particular the metalworking and metal construction sectors. Accordingly, its operating activity is positively correlated with the cycles of the economy in general and, in particular, with developments in those referred sectors. To this extent, the business may be adversely affected by periods of economic recession, in particular by the deterioration of the level of private investment to grow or technologically renew the productive capacity of its customers.

d. The company is exposed to specific regulations applicable to its activity/sector, namely the Machinery Directive/CE Certification, which aims to regulate the placing on the market and the operational start up of new machines. Changes in laws and regulations or litigation claims that result in a reduction of the company's capacity to conduct business efficiently are not expected.

In order to minimize this risk, ADIRA has external legal advice that allows it to ensure compliance with current laws and regulations and consequently avoid sanctions, fines and penalties that could threaten the company's reputation, business opportunities and potential for expansion.

e. ADIRA uses steel sheet in its production process, the price of which evolves according to the price of steel on international markets. The cost of acquiring this raw material has significant weight in the variable costs structure. Consequently, the volatility of the purchase price of sheet steel could translate into significant impacts on the company's profits and margin. In order to minimise this risk, ADIRA closely monitors the evolution of steel prices in international markets and has a diversified supplier base, among which it seeks to negotiate the best price.

53.3.7 Real Estate Assets

Sonae Capital Group owns a diversified real estate portfolio, whose strategic purpose is to sell, although subject to a price considered acceptable. However, Sonae Capital cannot guarantee its implementation or the period when that will occur, especially if no suitable acquisition proposals arise. This real estate portfolio comprises a wide range of assets at different licensing and construction stages, including plots of land with and without construction permits, residential

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units, construction projects, offices, industrial buildings and commercial spaces, and with extensive geographical dispersion. The loss of liquidity of portfolio assets and/or difficulties in placement of these assets on the market may affect the ability to grow the business and the fulfilment of its strategic objectives.

With regard to real estate assets located in Tróia Resort:

- a. The success of the marketing of tourist complexes depends on the economic situation of the real estate sector in Portugal and in the main countries of origin of foreign investors, on the date of placing on the market (to the extent that a significant part of the tourist offer is promoted in foreign markets), as well as the stability of the government incentives to foreign direct investment. The new rules for awarding residency visas to foreigners wishing to invest in Portugal, under the residence permits for investment (ARI), also known as “golden visas”, caused a slowdown of the dynamics of this market’s segment. Thus, a less favourable environment than expected may impact the business, in particular as regards selling prices and deadlines.
- b. The activity developed by the Resorts, while tourism operator, is subject to the supervision of the General Directorate of Tourism and to compliance with specific legislation on this matter. A different framework than expected could jeopardise the current expectations about the business, in particular as regards selling prices and deadlines for placing, with potentially negative impact on the financial situation of this business.
- c. In the Tróia peninsula, tourist real estate activity can be affected by possible competition from other ventures, in particular of the Alentejo coastline, Algarve and southern Spain. However, Sonae Capital considers that the Tróia Resort project is being developed in an area where the biodiversity and the existing heritage are considered factors of differentiation, and may be capitalized in new services and products of interest with positive impact on its development.
- d. In addition to the potential impact referred to in the preceding paragraph, the tourist real estate promotion may also be affected by any changes in territorial instruments applicable to the national territory and more specifically in the Tróia peninsula, despite constant monitoring of these issues by Sonae Capital, through its subsidiaries, before the competent authorities.

54. Description of the process of identification, evaluation, monitoring, control and risk management

As a structured and disciplined approach that aligns strategy, processes, people, technologies and knowledge, Risk Management is integrated throughout Sonae Capital’s planning process, with the objective of identifying, evaluating and managing the opportunities and threats that the businesses of Sonae Capital face in pursuit of their value creation goals.

Sonae Capital’s management and monitoring of its main risks is implemented through different approaches and agents, including:

Internal Control policies and procedures defined at the central level and at the level of the businesses, in order to guarantee:

- Correct segregation of functions and duties;
- Definition of authority and responsibility;
- Safeguarding of the Group’s assets;
- Control, legality and consistency of operations;
- The performance of plans and policies defined by more senior management;
- The integrity and accuracy of accounting records;
- The effectiveness of management and quality of the information produced.

Regular audits are carried out by the Internal Audit team to ensure permanent compliance with established policies and procedures.

Risk Management Process supported by a uniform and systematic methodology, based on the international standard of Enterprise Risk Management - Integrated Framework of COSO (The Committee of Sponsoring Organizations of the Treadway Commission), which includes, in particular:

- Definition of the risk management approach (dictionary of risks, definition of a business risk matrix and a common language);
- Identification and systematisation of the risks that can affect the organisation and each segment, and the appointment of risk owners (employee responsible for monitoring their evolution);
- Assessment and attribution of the degree of criticality and priority of risks, depending on the impact on business objectives and probability of occurrence; Identification of the causes of risks and indicators to measure these risks;
- Assessment of risk management strategies (e.g. accept, prevent, mitigate, transfer);
- Development and implementation of risk management action plans and their integration into the planning and management processes of business units and functions;
- Monitoring and reporting on the progress of implementation of the action plan and the evolution of risks.



This process comprises the following routines:

- (i) Strategic planning includes identifying and assessing the risks of the portfolio and of each existing business unit, as well as the development of new businesses and the most relevant projects, and the definition of strategies for managing those risks;
- (ii) On an operational level, the risks of managing the business objectives are identified and evaluated, and risk management actions are planned, which are included and monitored within the business unit and functional unit plans;
- (iii) In the more cross-cutting risks, in particular in major organisational change projects, contingency plans and business continuity plans, structured risk management programmes are developed with the participation of those responsible for the units and functions involved;
- (iv) In relation to the safety risks of physical assets and persons (“technical-operational” risks), audits are carried out on the main units and preventive and corrective actions of the identified risks are implemented. The financial hedging of insurable risks is reassessed on a regular basis;

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- (v) Financial risk management is carried out and monitored within the scope of the Company's financial and business functions, centralised in the Corporate Centre, the activity of which is reported and monitored by the Finance Committee of Efanor Group companies and the Board Audit and Finance Committee of the Board of Directors;
- (vi) Legal, tax and regulatory risk management is carried out and monitored within the scope of the legal and tax function of the Corporate Centre;
- (vii) Internal Audit develops annual work plans that include audits of critical business processes, compliance audits, financial audits and audits of information systems.

Actions implemented in 2018

In accordance with the methods defined and implemented in previous years, the risk management processes were integrated with the processes of business management planning and control, from the strategic reflection phase to the operational planning phase. The risk management actions were included in the activity and resource plans of the business units and functional units, and monitored throughout the year.

In 2018, the Enterprise Wide Risk Management activities focused mainly on monitoring progress in the implementation of action plans and assessing their impact on risk perceptions, following the annual cycle of Enterprise Wide Risk Management, which is based on the following activities:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	Set-up/ review of the risk management function		Annual performance of risk management				Monitoring and follow-up			Annual review		
Board of Directors	Review of the alignment of risk management with Sonae Capital's strategy Definition/updating of the governance structure		Analysis of the impact of decisions on risk management				Monitoring of the significant risks and the general risk profile of Sonae Capital			Approval of new risk profiles (if applicable)		
Executive Committee	Definition of periodic risk reporting mechanisms by business areas		Approval of the risk profile of Sonae Capital at the corporate level and level of each business				Definition and review of risk appetite defined at the corporate and business level Approval of the defined mitigation actions			Approval of new risk portfolios (if applicable)		
Corporate Risk Manager	Internal disclosure/ communication of Sonae Capital's risk management policies, procedures and milestones		Aggregation and hierarchy of risks to be handled Support to the Board of Directors for the standardisation and prioritization of the risks of the various businesses Sonae Capital risk profile proposal				Follow-up of the KRIs of Sonae Capital (corporate and business) Follow-up of Sonae Capital's mitigation actions (corporate and business)			Drawing up situation report of the KRIs and mitigation actions of the Group Presenting the situation to the Board of Directors		
Business Unit Risk Manager			Assessment of business risks and definition of risk profiles and files and response strategies				Update of KRI's Monthly reporting of KRIs and actions			Analysis of current risks and identification of new critical risks Updating risk files		

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The Risk Management Department continued to support risk management in the organisation's main projects, namely in the following projects.

In 2018, we started the programme to adapt the Group to the standards set forth in the General Data Protection Regulation, approved in May 2016 and applicable from 25 May 2018.

Sonae Capital encourages the continuous training and adoption of the best international methodologies and practices in the Risk Management and Internal Audit areas. In this sense, the Group supports staff in attending a training and knowledge updating programme that includes the international professional certification in Internal Audit organised by the Institute of Internal Auditors - that of Certified Internal Auditor (CIA). The members of the Internal Audit team have obtained this professional certification.

External Audit evaluates and reports on the risks of reliability and integrity of accounting and financial information, thereby validating the internal control system established for this purpose by Sonae Capital, which embodies the clear separation between the preparer and its users and the implementation of various validation procedures throughout the process of preparation and disclosure of financial information.

The **Board Audit and Finance Committee** analyses the risks of the Company, the risk control models and mechanisms adopted and the mitigation measures taken by the Executive Committee. It evaluates their suitability and proposes to the Board of Directors any needs for change in the Company's risk management policy.

55. Main elements of the internal control and risk management systems implemented in the Company with regard to the financial disclosure process

The implementation of an effective internal control environment, particularly in the financial reporting process, is a commitment taken by the Board of Directors of Sonae Capital to identify and improve the most relevant processes for preparing and disclosing financial information, with a view to ensure transparency, consistency, simplicity, reliability and relevance. The internal control system is designed to ensure a reasonable guarantee with regard to the preparation of the financial statements, according to the accounting principles used, and the quality of the financial reporting.

The reliability of the financial information is ensured by the clear separation between preparers and its users and the implementation of various control procedures throughout the process of preparation and disclosure of the financial information.

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

- The financial information disclosure process is formalised, the associated risks and controls are identified and the criteria for its preparation and disclosure are duly established and approved and are reviewed periodically;
- There are three main type of controls: high level controls (entity level controls), information system controls and procedural controls. These controls include a set of procedures related to the execution, supervision, monitoring and improvement of processes, with the objective of preparing the company's financial reports;
- The use of accounting principles, which are explained in the notes to the financial statements, is one of the key stepping stones to the control system;
- The plans, procedures and records of the Group companies allow for a reasonable assurance that transactions are only carried out with general or specific authorisation from management and that these transactions shall be recorded in order to enable financial statements compliance with the generally accepted accounting principles. This also ensures that the companies keep up-to-date records of the assets and that these records are checked against the existing assets. Appropriate steps shall be taken whenever discrepancies come to light;

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- The financial information is examined by the business unit administrators and the representatives of the results centres on a systematic and regular basis, thus providing for a constant monitoring and budget control;
- During the process of preparing and reviewing the financial information, a schedule is first drawn up and shared with the different areas involved and all the documents are carefully reviewed. This includes reviewing the principles used, checking the accuracy of the information generated and consistency with the principles and policies established and used in previous years;
- The Accounting, Supervision and Reporting central function is responsible for the accounting records and the preparation of the financial statements, ensuring the control over the recording of the business process transactions and the balances on assets, liabilities and equity accounts;
- The consolidated financial statements are prepared every quarter by the Accounting, Supervision and Reporting central function;
- The Management Report is prepared by the Corporate Management Planning and Control Department, with the additional contribution and review from the various support and business areas. The Statutory Auditor also reviews the content of this report and its compliance with the supporting financial information;
- The Corporate Governance Report is prepared jointly by the Legal Department and the Corporate Management Planning and Control Department;
- As The Group's financial statements are prepared under the supervision of the Group's Executive Committee. The set of documents comprising the half-yearly and annual reports is sent to the Board of Directors of Sonae Capital for review and approval. Upon the approval, the set of documents on the annual financial statements is sent to the Auditor, and the Statutory Audit Certificate and the External Audit Report are then issued;
- The Statutory External Auditor carries out an annual audit on the individual and consolidated accounts. These audits are carried out in accordance with the Technical Standards and Auditing Guidelines of the Portuguese Order of Statutory Auditors, with the objective of achieving an acceptable level of safety as to whether the financial statements are free of relevant material misstatement. This audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. The estimates and judgements made by the Board of Directors are also evaluated. The audit also includes evaluating the appropriateness of the accounting policies used, their consistent enforcement and disclosure;
- The process of preparing the individual and consolidated financial information and the Management Report is supervised by the Statutory Audit Board and the Audit and Finance Committee of the Board of Directors. Every quarter, these bodies meet and analyse the individual and consolidated financial statements and the Management Report. The Statutory External Auditor submits directly to the Statutory Audit Board and the Audit and Finance Committee a summary of the key findings from the annual audit on the financial information;
- All those involved in the financial analysis of the Company are part of the list of people with access to privileged information, and are particularly aware of their obligations, as well as of the penalties arising from the misuse of inside information;
- The internal rules applicable to the disclosure of financial information aim to ensure its timely disclosure and prevent asymmetric access to information by the market.

The risk factors that could materially affect the accounting and financial reporting include the following:

- Accounting estimates – The most significant accounting estimates are described in the notes to the financial statements. The estimates were based on the best information available while the financial statements were being prepared and on the best knowledge and experience of past and/or present events;

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- Balances and transactions with related parties – The most significant balances and transactions with related parties are disclosed in the notes to the consolidated financial statements. These are mainly associated with the operating activities of the Group as well as loan granting and receiving at market prices.

More specific information on how these and other risk factors were mitigated is available in the notes to the consolidated financial statements.

IV. Investor Support

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

The Investor Relations Office is responsible for managing the relationship between Sonae Capital and the financial community - current and potential investors, analysts and market regulatory authorities - with the goal of enhancing their knowledge and understanding of the Company by providing relevant, updated and reliable information.

In strict compliance with the legal and regulatory provisions, Sonae Capital has as a rule to immediately inform its shareholders and the market in general about the highlights of its activity, in order to avoid gaps between the occurrence and disclosure of those facts, having fulfilled this commitment over the years.

The Investor Relations Office regularly prepares presentations for the financial community, announcements on quarterly, semi-annual and annual results, as well as relevant communications to the market whenever necessary to disclose or clarify any event that can influence the price of Sonae Capital shares. In addition, and upon request, provides information on the activities of the company, responding to questions via email or by telephone.

To further enhance effective communication with the capital market and ensure the quality of the information provided, the Investor Relations team conducts roadshows covering the most important financial centres and participates in conferences. In parallel, the Investor Relations Office promotes access for investors and analysts to Executive Directors of Sonae Capital, in the form of one-to-one meetings or conference calls.

The information is made public through publication on the Portuguese Securities Commission Information Disclosure System (www.cmvm.pt) and on the Company's website (<https://www.sonaecapital.pt/en>).

The Investor Relations Office can be contacted by telephone (+351 22 010 79 03), fax (+351 22 010 79 35), email (ir@sonaecapital.pt) or post (Lugar do Espido, Via Norte, Apartado 3053, 4471-907 Maia). The Director of the Investor Relations Office is Nuno Parreiro, who can be contacted using the same above numbers and addresses.

57. Representative for Capital Market Relations

The representative for Capital Market Relations is Anabela Nogueira de Matos, who can be contacted by telephone (+351 22 010 79 25), fax (+351 22 010 79 35) or email (anm@sonaecapital.pt).

58. Information on proportions and the deadline for replying to information requests received during the year or pending from previous years

In 2018, the Investor Relations Office received a normal number of requests for information, taking into account the size of the Company in the capital market.

Sonae Capital SGPS, S.A., through its Investor Relations Office, is in constant contact with its shareholders and analysts, providing information that is always up-to-date. In addition, upon request, it provides clarification of the relevant facts about the Company's activities, which have made available to public in accordance with the law. All information

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requested by investors is analysed and answered in the shortest possible time, by email, post or telephone, whichever is most suitable.

V. Website

59. Address

Sonae Capital has a website where all the information about the Company is disclosed. The address is: <https://www.sonaecapital.pt/en>

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

Specific information is available for consultation at the following address: <https://www.sonaecapital.pt/en/corporate-governance/corporate-details>

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

Specific information is available for consultation at the following addresses: <https://www.sonaecapital.pt/en/corporate-governance/articles-of-association>
<https://www.sonaecapital.pt/en/corporate-governance/regulation>

62. Location for the provision of information about the identity of the statutory governing bodies, the representative for market relations, the investor relations office, respective functions and contact details

Specific information is available for consultation at the following addresses: <https://www.sonaecapital.pt/en/corporate-governance/organs-of-government>
<https://www.sonaecapital.pt/en/sonae-capital/contacts>

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

Specific information is available for consultation at the following addresses: <https://www.sonaecapital.pt/en/investors/financial-information>
<https://www.sonaecapital.pt/en/investors/investor-calendar>

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

Specific information is available for consultation at the following address: <https://www.sonaecapital.pt/en/corporate-governance/shareholders-general-meeting>

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

Specific information is available for consultation at the following address: <https://www.sonaecapital.pt/en/corporate-governance/shareholders-general-meeting>

D. REMUNERATION

I. Power to establish

66. Responsibility for approving the remuneration of the Company's statutory governing bodies, executive directors and persons discharging managerial responsibilities ("dirigentes")

Based on the remuneration and compensation policy approved by the Shareholders' General Meeting, the Sonae Capital Remuneration Committee is responsible for approving remuneration and other payments to the Board of Directors, the Statutory Audit Board and the members of the Shareholders' General Meeting.

With regard to the remuneration of the Executive Directors, the Board Nomination and Remunerations Committee assists the Remuneration Committee, presenting its proposals before any decisions are made.

II. Remuneration committee

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

The Board of Directors appointed the Board Nomination and Remunerations Committee for the 2018-2020 mandate.

The BNRC is composed of the Chairman of the Board of Directors, Duarte Paulo Teixeira de Azevedo, Vice-Chairman, Álvaro Carmona e Costa Portela and the Director Francisco de La Fuente Sánchez.

The Board Nomination and Remuneration Committee, which is solely composed of non-executive directors, supports the Remuneration Committee in the performance of its duties.

The members of the Remuneration Committee are independent of the board of directors, as explained in the paragraph below.

Duarte Paulo Teixeira de Azevedo, Chairman of the Board of Directors and non-executive member of this body, is on the Remuneration Committee. He was elected to this position by the Shareholders' General Meeting. His participation in the Remuneration Committee corresponds to representation of the shareholder interest, acting in that capacity and not in his capacity as Chairman of the Board of Directors. To ensure these duties are carried out independently, this member abstains from discussing or deciding on matters where conflict of interest exists or may exist.

68. Knowledge and experience of the members of the remuneration committee with regard to the remuneration policy

The experience and professional qualifications of the members of the Board Nomination and Remunerations Committee are detailed in the *curricula vitae* included in the Annex I to this document and 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.

III. Remuneration Structure

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

69.1 Principles

The remuneration policy for the Company's statutory bodies is approved by the Shareholders' General Meeting.

The Shareholders' General Meeting held on 3rd May 2018, consistently continuing with the policy previously followed, approved the Remuneration and Compensation Policy in force, in compliance with the provisions of article 2 of Law no. 28/2009 of 19 June.

The remuneration proposals for the members of the statutory bodies are decided based on:

- Overall market comparison;
- Practices of comparable companies, including other Sonae Capital business units in comparable situations;
- The individual responsibility and performance assessment of each Executive Director;
- Granting of exclusively fixed remuneration to members of the Shareholders' General Meeting, members of the Statutory Audit Board and Non-Executive Directors;

Therefore, 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 Capital'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 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 the Company'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 Sonae Capital, is the Remuneration Committee, whose members are elected by the General Meeting which also decides on their remuneration.

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

Under corporate governance principles, guidelines have been established for remuneration policy.

Remuneration policy features:

Competitiveness:

The Policy is defined in comparison with the global market and the practices of comparable companies, according to information from the main studies carried out in Portugal and in European markets. *Mercer and Hay Group* market studies are presently used as reference.

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 competences

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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.

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 term incentives will be partially or totally reduced.

Alignment with the interests of shareholders:

Part of the the Executive Directors variable bonus is deferred for a period of 3 years and the amount depends on share price performance. This ensures an alignment between the director, the interests of the shareholders and the medium term performance, aimed at business sustainability.

Transparency:

All aspects of the remuneration structure are clear and openly disclosed, internally and externally, through publication of the documents on the Company's website. This communication process helps to promote equity and independence.

Reasonableness:

The Policy aims at ensuring a balance between the interests of the Company, the market position, the expectations and motivation of the members of the governing bodies and the need to retain talent.

The Remuneration and Compensation Policy applicable to the governing bodies and of other persons discharging managerial responsibilities adheres to EU guidelines, national legislation and the recommendations from the Portuguese Securities Market Commission (CMVM).

The Shareholders' General Meeting held on 3rd May 2018, consistently continuing with the policy previously followed, approved the Remuneration and Compensation Policy in force, which is guided by the following general 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 companies that are in a domain or group relationship with the Company.

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

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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 companies?

- At Sonae Capital the remuneration policy is determined in comparison with the overall market and the practices of comparable companies, according to information obtained from the main studies carried out in Portugal and in 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

A Sonae Capital 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 2018, no problems relating to payment practice were found that may pose significant risks.

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

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

On the one hand, the variable remuneration structure is designed in such a way as to discourage excessive risk-taking behaviour, to the extent that remuneration is linked to the evaluation of performance. Definition of objective KPIs enables this method to work as an efficient control mechanism.

On the other hand, Sonae Capital policy does not allow for agreements aimed at minimising the essence of the Medium Term Variable Bonus to be concluded. This restriction includes transactions aimed at eliminating or minimising the risk of fluctuation in share prices.

69.4 Remuneration Policy Approval Process

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

70. Structure of the remuneration of the members of the Board of Directors

70.1 Executive Directors

The fixed remuneration of the Executive Directors is determined according to the level of responsibility of the Board of Directors and is reviewed annually.

According to Sonae Capital's remuneration policy, in addition to the fixed remuneration, the Executive Directors also benefit from an incentive plan, also called variable bonus.

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The variable bonus is awarded in the first quarter of the year following the year to which it relates and depends on the previous year performance and aims to motivate and compensate the board directors for achieving pre-defined objectives. It is divided in two parts:

- a) Short Term Variable Bonus (STVB), paid in cash, through profit sharing or not, in the first half year following the year to which it relates. It may, however, at the discretion of the Remuneration Committee, be paid in shares within the same period, under the same terms and conditions as provided for the Medium Term Variable Bonus;
- b) Medium Term Variable Bonus (MTVB), paid after an additional 3 year deferral period and in the year following this period.

The various components of the annual remuneration are clearly shown 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)	Adequacy to the status and responsibility of the Director	Median
	Short term variable bonus (STVB)	Performance bonus paid in the first half of the following year, after the financial results for the year have been calculated	Aims to ensure the competitiveness of the remuneration package and link remuneration to Company objectives	Third quartile
Variable	Medium term variable bonus (MTVB)	Compensation deferred for three years, the amount awarded depends on the share price performance		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 Directors is determined by reference to market values and the following principles: (1) attribution of a fixed remuneration (2) attribution of an annual responsibility allowance. No remuneration is paid in the form of a variable bonus.

71. Variable component of the remuneration for Executive Directors

The variable bonus is discretionary in nature and because its value depends on the achievement of objectives payment is not guaranteed. The variable bonus is calculated annually and the value of the predefined objective varies between 30% and 60% of the total annual remuneration (fixed remuneration and objective value of the variable bonus).

The variable component of the remuneration is calculated based on performance assessment of a set of performance indicators relating to the various businesses which are primarily economic and financial in nature – “Key Performance Indicators of Business Activity” (Business KPIs). The content of the performance indicators and their specific weight in determining the effective remuneration provide for the alignment of the Executive Directors with the strategic objectives defined and the compliance with the legal regulations governing the company business.

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

72. Deferral of payment of the variable component of the Remuneration

Payment of at least 50% of the variable component of the remuneration for the year to which it relates is deferred for a period of 3 years, in a total of four years, as provided for in section 70.1 (Medium Term Variable Bonus).

73. Criteria for awarding variable remuneration in Shares and for its maintenance

Features of the Medium Term Variable Bonus (MTVB)

The MTVB is one of the components of Sonae Capital’s Remuneration Policy. This component differs from the others as it has a restricted and casuistic character, being subject to the eligibility rules set out for that purpose.

The MTVB allows the eligible persons to share with shareholders the value that is created as a result of their direct influence on the strategy definition and management of the underlying businesses, in the proper measurement of the annual assessment of their performance.

MTPB Scheme

The MTVB constitutes a way of aligning the executive directors’ interests with the organisation’s objectives, reinforcing their commitment and strengthening the perception of the importance of their performance for the success of Sonae Capital, reflected in the share market capitalisation.

Eligibility Criteria

The executive directors of the company and of its subsidiary companies are eligible to be awarded the MTVB Plan. According to the remuneration policy approved by the Board of Directors, the MTVB Plan may also apply to employees covered by that policy.

Eligible members	Reference value of the medium term variable bonus (% total target variable remuneration)
Executive Directors of the Company	At least 50%
Executive Directors of Business Units	At least 50%
Employees	Terms to be defined by each Company’s Board of Directors

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Duration of the Plan

The MTVB Plan is set out on a period of four years, including the year to which it relates and a three-year deferral period.

Valuation of the of MTPB plan

The MTVB is valued at the date of attribution using prices which represent the price of the share, in the Portuguese stock market, considering for this effect the most favourable of the following: closing share price of the first day of trading after the Shareholder's General Meeting or the average closing share price (regarding the thirty-day period of trading prior to the Shareholder's General Meeting).

Members entitled to MTVB have the right to acquire a number of shares corresponding to the division between the amount of MTVB granted and the price of the share at the date of attribution calculated under the terms of the previous paragraph. 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 with impact in the economic value of the attributed rights, then the number of MTPB shares will be adjusted to an equivalent number, taking into account the impact of these changes.

In line with the statement of a policy that strengthens the alignment of executive directors with the company's long term interests, the Remuneration Committee may, at its discretion, adjust the percentage discount granted to the executive directors for acquisition of shares, and determine that the executive director contributes to the acquisition of shares up to a percentage that cannot exceed 5% of its share price at the date of the share transmission. All other employees to whom that right is assigned may acquire the shares under the conditions established by the Board of Directors of each Company.

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.

MTPB plan vesting

The acquisition right of the shares attributed by the MTVB become due at the end of the deferral period.

Conditions of exercise of the right to acquire shares

The right to exercise the acquisition right of shares attributed under the MTPB plan expires if the contractual link between the member and the Company ceases before the three year period subsequent to its attribution, notwithstanding situations included in the following paragraphs.

The right will remain valid in case of permanent incapacity or death of the member, in which case the payment is made to the member or to his/her heirs on the vesting date.

In case of retirement of the member, the attributed right can be exercised in the respective vesting date. To ensure the effectiveness and transparency of the Remuneration and Compensation Policy objectives, it was agreed that the executive directors of the company:

- shall not enter into any agreements, either with the Company, or with third parties, the effect of which is to mitigate the risk associated with the variability of the remuneration determined for them by the Company;

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- must not sell, during the period of their mandate, the Company shares acquired under the attribution of the variable remuneration up to the limit of twice the total annual remuneration value, 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 for attribution of the 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

The main parameters and reasoning about variable remuneration system are described in the remuneration policy approved by the Shareholders' General Meeting of 3rd May 2018, available at <https://www.sonaecapital.pt/en>.

76. Main characteristics of the complementary pension or early retirement schemes for the directors and date of their approval at the General Meeting

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

IV. Disclosure of Remuneration

77. Indication, in aggregate and individual amount, of the annual remuneration earned by the members of the Company's Board of Directors, including fixed and variable remuneration, and with a reference to the different components giving rise to the variable remuneration

During 2018, remuneration and other payments made to the members of the Board of Directors were as follows:

Name	Fixed Remuneration	Short Term Variable Remuneration ²	Deferred Performance Bonus ³	Total	Fixed/Variable Remuneration Ratio
Duarte Paulo Teixeira de Azevedo	142 300	0	0	142 300	[100%, 0%]
Álvaro Carmona e Costa Portela	76 967	0	0	76 967	[100%, 0%]
Maria Cláudia Teixeira de Azevedo ¹	101 182	52 533	52 533	206 248	[49%, 51%]
Francisco de La Fuente Sánchez	30 633	0	0	30 633	[100%, 0%]
Paulo José Jubilado Soares de Pinho	30 633	0	0	30 633	[100%, 0%]
Miguel Jorge Moreira da Cruz Gil Mata	144 846	66 800	66 800	278 466	[52%, 48%]
Ivone Pinho Teixeira	143 890	61 200	61 200	266 290	[54%, 46%]
Total	670 450	180 533	180 533	1 031 517	[65%, 35%]

¹ Maria Cláudia Teixeira de Azevedo performed executive duties (as CEO) until 17th July 2018.

² Amount paid in 2019, related with the performance in 2018.

³ Amount related with the performance in 2018.

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

No amounts other than those described above were paid controlled or group companies.

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79. Remuneration paid in the form of profit-sharing and/or payment of bonuses and the reasons for granting those bonuses and/or profit-sharing

The variable bonus for the executive directors was determined in accordance with the performance assessment and the remuneration policy approved at the Shareholders' General Meeting on 3rd May 2018, as detailed in section 71 above and shown in the remuneration table under section 77 above.

The bonus paid in the form of profit-sharing is included in the Short Term Variable Bonus listed in the table under section 77 above.

80. Compensations paid or due to former executive directors as a result of loss of office

No compensation to former executive directors is due or was paid.

81. Indication, in aggregate and individual amount, of the annual remuneration received by the members of the Company's Statutory Audit Board

In 2018, the members of the Statutory Audit Board of Sonae Capital, SGPS, S.A. received the following fixed remuneration (no other type of remuneration was paid):

Name	Fixed Remuneration
António Monteiro de Magalhães	9 967
Manuel Heleno Sismeiro	7 967
Susana Catarina Iglésias Couto Rodrigues de Jesus	6 700

The remuneration received by the Statutory External Auditor is detailed in section 47 above.

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82. Remuneration of the Chairman of the Shareholders' General Meeting in the year under review

During 2018, the Chairman of the Shareholders' General Meeting received the amount of 5 thousand euros as fixed remuneration.

V. Agreements with remuneration implications

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

The Remuneration and Compensation Policy approved in Shareholders' General meeting maintains the principle of not attributing compensation to directors associated with the termination of mandate, without prejudice to 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 or persons discharging managerial responsibilities, 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 individual agreements with directors defining the calculation method for any compensation in case of resignation, dismissal without due cause or termination of the employment relationship, following a change of control of the Company.

VI. Share attribution plans or stock options

85. Identification of the plan and recipients

The share attribution plan, with the conditions defined in section 73, includes the variable component of the remuneration and the recipients are the Executive Directors, as well as employees of Group companies, in accordance to terms to be defined by the respective Boards of Directors.

86. Plan features

The attribution plan is described in section 71 to 73.

The remuneration and compensation policy for the statutory governing bodies, as well as the current share attribution plan, were approved at the Shareholders' Annual General Meeting held on 3rd May 2018, upon proposal presented by the Remuneration Committee, in compliance with Article 2 of Law no. 28/2009 of 19 June and the 2013 CMVM Recommendation II.3.4.

The remuneration policy approved upon the proposal from the Remuneration Committee established the principle of inalienability of the shares accessed by the Company's Executive Directors via MTVB, in accordance with the 2013 CMVM Recommendation III.6.

The referred resolutions taken at the Shareholders' Annual General Meeting can be found in:
<https://www.sonaecapital.pt/en/corporate-governance/shareholders-general-meeting>

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The ongoing MTVB plans for the executive members of the Board of Directors of Sonae Capital in 2018 can be summarised as follows:

Director*	Plan (Performance Year)	Award Date	Vesting Date	Amount Vested and Paid off in 2018	Share price at award date	# Attributed shares	Plans value at award date	Open plans value at 31 December 2018
Miguel Jorge Moreira da Cruz Gil Mata	2014	mar/15	mar/18	140 707		-	0	0
	2015	mar/16	mar/19		0.572	113 061	64 671	95 989
	2016	mar/17	mar/20		0.827	88 135	72 888	74 827
	2017	mar/18	mar/21		0.961	67 351	64 724	57 181
				Total		268 547	202 283	227 996
Ivone Maria Pinho Teixeira da Silva	2014	mar/15	mar/18					0
	2015	mar/16	mar/19		0.572	124 140	71 008	105 395
	2016	mar/17	mar/20		0.827	88 135	72 888	74 827
	2017	mar/18	mar/21		0.961	68 792	66 109	58 404
				Total		281 067	210 005	238 626

* As of 31st December 2018.

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

During 2018, no option rights to acquire shares were granted by the Company.

88. Control mechanisms included in any system of employee participation in the share capital where the voting rights are not exercised directly by the employees

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

E. TRANSACTIONS WITH RELATED PARTIES

I. Control mechanisms and procedures

89. Mechanisms implemented by the Company for monitoring transactions with related parties (reference made to the concept arising from IAS 24)

The transactions between the Company and any related parties are governed by principles of thoroughness, transparency and strict compliance with the market competition rules. These transactions are subject to specific administrative procedures that arise from regulatory requirements, in particular those related to transfer price rules or the rules on voluntary adoption of internal checks and balances, particularly, processes for reporting or formal validation, according to the value of the transaction in question.

In 2010, the Statutory Audit Board adopted the regulation on Company transactions with shareholders owners of qualified shareholdings (under the terms of Article 16 and 20 of the Portuguese Securities Code) and its related parties (definition in Article 20, paragraph 1 of the Portuguese Securities Code), which establishes the relevant level of

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transactions carried out from which the Executive Committee must notify the Board Audit and Finance Committee and the Statutory Audit Board.

Such regulation, as well as the regulation of the Board of Directors, determines that the Executive Committee shall notify the Board Audit and Finance Committee and the Statutory Audit Board on any transaction, in an amount exceeding 10 million euros, to be entered into between the Company and any of its shareholders, holders of qualified shareholdings or with entities that are in a relation with them, in accordance with Article 20 of the Portuguese Securities Code (reference shareholders).

Together with the notification for the completion of the transaction, the Executive Committee shall report to the Board Audit and Finance Committee and the Statutory Audit Board the procedures adopted to ensure that the transaction is carried out under normal market conditions and that is preserved from any potential conflicts of interest. The Board Audit and Finance Committee and the Statutory Audit Board shall have eight days (this deadline may be extended if such is required given the complexity of the transaction in question) to request additional information necessary for the issuing of the respective opinions and, if appropriate, to exchange information as to their conclusions.

Additionally, the Secretary of the Executive Committee is responsible for reporting, on a half-yearly basis, to the Board Audit and Finance Committee and the Statutory Audit Board (i) transactions carried out between the Company and holders of qualified shareholdings exceeding 1 million euros and (ii) transactions carried out between the Company and persons related to shareholders who own qualified shareholdings exceeding 20 thousand euros, of which they become aware. The report shall include all transactions completed, above the referred amount, despite its recurring nature, as well as those that are nearing completion, as long as the appropriate information is already available.

After receiving all the relevant information, the Statutory Audit Board will issue its opinion on the transactions referred to it.

In 2018, the Statutory Audit Board was regularly informed of the transactions with related parties, having been provided detailed information where it is justified.

During the year, there was no need for prior approvals under the regulation in force.

90. Transactions subject to control in the year under review

As described in section 10, there were no significant business or other relationships between the holders of qualified shareholdings and the Company in 2018. Business or transactions with holders of qualified shareholdings or companies held by them, that are not considered significant, are part of the normal activity of Sonae Capital's subsidiaries and are carried out under normal market conditions.

The transactions with the Statutory External Auditor related to various audit services were approved by the Statutory Audit Board and are detailed under section 47 of this report.

The transactions with controlled or group companies were carried out under normal market conditions and are part of the Company's normal activity. In 2018, we highlight the sale of Plot 11 in Quinta das Sedas (Matosinhos) to Sonae Sierra Group, at market prices and conditions. In addition, the Statutory Audit Board was informed about the proposal, discussed in the Board of Directors, for the acquisition of the Aqualuz Lagos hotel operation from Efanor, by the value of one euro (the same value at the time of sale in 2015). Although this is not a transaction that requires specific approval, the Audit Committee considered that the proposal has been prepared in compliance with the legal requirements and in the best interests of the Company. Said acquisition was completed on 6th February 2019.

The amounts involved in the transactions and respective balances are disclosed in the notes to the Consolidated Financial Statements, as referred to in section 92.

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91. Description of the procedures and criteria applicable to the intervention of the Statutory Audit Body for the purpose of conducting a prior assessment of the transactions to be concluded between the Company and holders of qualified shareholding or entities that are in a relation with them, under the terms of Article 20 of the Portuguese Securities Code

The procedures and criteria were already mentioned in section 87 above.

II. Elements related to transactions

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

Relevant information on transaction with related parties can be found in note 45 of the Consolidated Financial Statements' Appendix and in note 20 of the Individual Financial Statements' Appendix, available on the Company's website: <https://www.sonaecapital.pt/en> (Corporate Governance tab, Shareholder's General Meeting section).

2. ASSESSMENT OF CORPORATE GOVERNANCE

1. Identification of the adopted Corporate Governance Code

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

This 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 2018.

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

The Company adopted the Corporate Governance Code published by Portuguese Institute of Corporate Governance (IPCG).

Sonae Capital also complies with internal rules that have been adopted, which are relevant to the structure of its Corporate Governance, namely internal rules of conduct and transparency, in particular the Code of Conduct, the rules of transactions with related parties and transactions with holders of qualified shareholdings.

All the rules and regulations mentioned in this Report are publicly available at <https://www.sonaecapital.pt/en>.

2. Analysis of the Compliance with the adopted Corporate Governance Code

Sonae Capital has been promoting the implementation and adoption of the Corporate Governance best practices, supporting its policy on high standards of ethics and social responsibility.

The Board of Directors aims to implement an integrated and effective management of the Group, which will allow value creation by the Company, promoting and ensuring the legitimate interests of shareholders, employees and stakeholders, while encouraging transparency in the relationship with investors and the market.

In this context, we would like to highlight that of the 60 recommendations included in the new Corporate Governance Code of the IPCG, the Company fully complies with 54, five recommendations are not applicable and one five recommendation was not adopted, for the reasons duly explained below - which constitutes a very high level of compliance.

Below is a list of the recommendations included in the IPCG Corporate Governance Code, under the terms and for the purposes of paragraph 1 - o) of article 245-A of the Portuguese Securities Code:

I. General Provisions

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

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 29, 38, 51, 55, 56, 59 TO 65 OF THIS REPORT.

Under the terms of article 11 of the Regulation of the Board of Directors, the Chairman of the Board of Directors and of all the Committees, as well as the Independent Senior Director, in a timely and appropriate manner, assure the required information flow needed to the exercise of the legal and statutory duties and responsibilities of all corporate bodies and committees and, in a non-restrictive manner, providing the necessary resources to convening the meetings, providing the basis documents to the decisions and draft and execution of the respective minutes.

This flow of information is also more efficient considering that the Board of Directors, the Executive Committee and the Board Audit and Finance Committee have the same Secretary, which is the person responsible for preparing, wording and treatment of the information, as well as for its disclosure, for the purposes referred to in the preceding paragraph.

As for the the Statutory Audit Board, one of its the mains duties and responsibilities is to ensure, in a close cooperation with the Board of Directors and with the Committees incorporated by the same, a timely and adequate flow of information that allows for the correct exercise of competences and duties of each of the corporate bodies. Also, in accordance with the Regulation of the Statutory Audit Board, this corporate body may participate in the meetings of the Board of Directors whenever convened and considered appropriate and should participate in all the meetings convened to appreciate the annual accounts and may demand any necessary information. Furthermore, in accordance with the same Regulation, the Board Audit and Finance Committee shall inform the Statutory Audit Board about the reports presented to the Board of Directors regarding the efficiency of the Company's audit structure.

The Company also has an Investor Support Office which provides regular and relevant information to the investors and the financial community, ensuring the recording of the relevant interlocutions, in order to enhance the quality of its

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performance, providing also all the recommended information in Portuguese and in English in its website: <https://www.sonaecapital.pt/en>.

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

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 16, 22, 24, 27 AND 32 OF THIS REPORT

The Company prepared and approved a Code of Conduct which was disclosed in its Portuguese and English versions on its website, which contains its Diversity Policy, including also, in accordance with article 245-A paragraph 1 - r) and paragraph 2 of the Portuguese Securities Code, a detailed description of said policy in the annual management report. This policy lists a very strict criteria which mainly focus on (i) the professional qualification which needs to be aligned with the renewal of the members of the governing bodies, in order to ensure compatibility between the seniority and the need to assure different professional careers, roles and competences, in order to avoid a monolithic thinking; (ii) gender diversity; (iii) the diversity of knowledge and (iv) age diversity, with no restrictive view on age limits for the exercise of corporate functions.

In the same way, and with regard to the duties of the Board Nomination and Remunerations Committee, and considering that it is up to this Committee to identify potential candidates with an appropriate profile for the role of director (in particular when the Board of Directors exercises its cooptation duties), the selection procedures used by this Committee also take into account the demands of the role and the merit, as well as the appropriate diversity for the Company, namely gender, as foreseen in the Regulation of this Committee.

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 22, 27 AND 29 OF THIS REPORT

The Company's management and supervisory bodies and their internal committees have their own regulations, in which are defined their competences, duties and functions. A minutes of each of the meetings of these bodies is always formalised in the respective minutes' books.

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

RECOMMENDATION FULLY ADOPTED: SECTION 61 OF THIS REPORT

All Regulations are available in Portuguese and English versions on the Company's website: <https://www.sonaecapital.pt/en>.

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

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RECOMMENDATION FULLY ADOPTED: SECTION 62 OF THIS REPORT

The composition of the management, supervisory and internal committees of the Company, as well as the number of their annual meetings, is available in Portuguese and English versions on the Company's website: <https://www.sonaecapital.pt/en>.

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 38 AND 49 OF THIS REPORT

The Regulation of the Statutory Audit Board determines its competences regarding the mechanisms of detection and prevention of irregularities, and the Company has also implemented a communication policy of Irregularities that is available on the Company's website - <https://www.sonaecapital.pt/en> - and covers the entire perimeter of the Sonae Capital Group.

I.3. Relationships between the company bodies

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

RECOMMENDATION FULLY ADOPTED: SECTION 22 OF THIS REPORT.

Vide section I.1.1

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 29, 37 AND 38 OF THIS REPORT

Vide section I.1.1

I.4. Conflicts of interest

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

RECOMMENDATION FULLY ADOPTED: SECTION 49 OF THIS REPORT

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In accordance with article 10 of the Regulation of the Board of Directors, the members of this governing body shall, by reference to article 8, promptly inform the respective governing body or committee about facts that may constitute or cause a conflict between their own interests and the interests of the Company.

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

RECOMMENDATION FULLY ADOPTED: SECTION 49 OF THIS REPORT

In accordance with article 10 of the Regulation of the Board of Directors, the members of this governing body shall, by reference to article 8, promptly inform the respective governing body or committee about facts that may constitute or cause a conflict between their own interests and the interests of the Company. The member who, in accordance with the preceding paragraph, declares to be in conflict of interest, shall not interfere in the decision-making process, without prejudice to the duty to provide information and clarifications that the governing body, the committee or its members request.

I.5. Related party transactions

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 89 AND 90 OF THIS REPORT

The Company resolved, in the context of the regulations of the management and supervisory bodies, on transactions of the Company with shareholders owners of qualified shareholdings and their related parties, having also in force an internal formal procedure, both aiming to obtain the opinion of the Statutory Audit Board and the Board Audit and Finance Committee, prior to the execution by the Executive Committee of any business with shareholders owners of qualified shareholdings or entities that are in a relation with them, pursuant to article 20 of the Portuguese Securities Code, whenever such transactions involve amounts or interests higher than 10 million euros.

I.5.2. The managing body should report all the transactions contained in Recommendation 1.5.1. to the supervisory body, at least every six months

RECOMMENDATION FULLY ADOPTED: SECTION 89 OF THIS REPORT

The Secretary of the Executive Committee is responsible for reporting, on a biannual basis, to the Board Audit and Finance Committee and the Statutory Audit Board (i) transactions executed between the Company and shareholders owning qualified shareholdings exceeding 1 million of euros and (ii) transactions executed between the Company and persons related to shareholders owners of qualified shareholdings exceeding 20 thousand euros and of which they become aware.

II. Shareholders and General Meetings

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

RECOMMENDATION FULLY ADOPTED: SECTION 12 OF THIS REPORT

The Company encourages its shareholders to participate in General Meetings, in particular, by assigning to each share one vote, and by not limiting the number of votes that may be held or exercised by each shareholder.

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 12, 13 and 14 OF THIS REPORT

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

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

RECOMMENDATION FULLY ADOPTED: SECTION 12 OF THIS REPORT

The Company makes available to the shareholders the postal voting and voting by electronic means.

In addition, the Company makes available, from the publication of the notice of meeting, the adequate information and document models in order to ensure, promote and encourage the participation of the shareholders. The Company also provides an e-mail address for the clarification of all doubts and to receive all communications regarding the participation in the General Meeting.

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

RECOMMENDATION FULLY ADOPTED

The participation of shareholders in the General Meeting by telematic means is duly foreseen in the Company's Articles of Association.

However, the Company has never used these means, since it deems that the shareholders' right to participate in the Meeting is not limited, once the shareholders have available all the other means to exercise their right to vote - by postal or by electronic means, as explained in the preceding paragraph.

It is important to highlight that, up to this date, the vote by telematic means was never used and that none of the Company's shareholders requested the implementation of the voting telematic means. Therefore, the Company considers that the shareholders favor the physical presence in the General Meetings. Also, the disproportionate cost of implementing the vote by telematic means was considered in such decision, in light of the principle described in section II. C.

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

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quorum in comparison to the legally established - and in that resolution, all votes cast will be counted without observation of the imposed limits.

RECOMMENDATION NOT APPLICABLE

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

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

RECOMMENDATION FULLY ADOPTED: PONTES 4 AND 84 OF THIS REPORT

The Company does not unilaterally adopt policies causing any of the restrictions listed in the recommendation. Contracts concluded by the Company reflect the protection of its corporate interest, with a view to achieving long term business sustainability within the framework of market conditions.

III. Non-Executive Management, Monitoring and Supervision

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 17 AND 22 OF THIS REPORT

In the terms of article 1 of the Regulation of the Board of Directors, independent directors have appointed, among themselves, in accordance with the best practices of corporate governance, a coordinator to act, as necessary, as interlocutor with the chairman of the Board of Directors and with the other directors, to ensure that they have the conditions and the necessary means for the performance of their duties and to coordinate them in the assessment of the performance by the governing body. The member appointed for this role was Álvaro Carmona e Costa Portela.

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

RECOMMENDATION FULLY ADOPTED: PONTES 17, 29 AND 32 OF THIS REPORT

Regarding the Board of Directors, this governing body is composed by seven members, three of which are executive and four of which are non-executive directors. In which regards the Statutory Audit Board, this governing body is composed by three members. Concerning the Board Audit and Finance Committee, it is composed by two independent and non-executive directors.

The Company considers that the composition of the governing bodies and committees, as described above, is totally aligned with this recommendation.

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 18 and 29 OF THIS REPORT

The Board of Directors is composed by a total number of seven members and five of them are non-executive.

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

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

RECOMMENDATION FULLY ADOPTED: SECTION 18 OF THIS REPORT

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

RECOMMENDATION NOT APPLICABLE

The Company does not have any Director in such situation.

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

RECOMMENDATION FULLY ADOPTED: SECTION 21 OF THIS REPORT

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

RECOMMENDATION NOT APPLICABLE

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

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 37 AND 38 OF THIS REPORT

The Statutory Audit Board monitors and evaluates the internal control and risk management system defined by the management, reporting on such system in its statements and annual report.

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

RECOMMENDATION FULLY ADOPTED: SECTION 29 OF THIS REPORT

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 50 TO 52 OF THIS REPORT

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 29 TO 38 OF THIS REPORT

The Board of Directors shall ensure the internal control and risk management system. The Board Audit and Finance Committee assesses the operational procedures implemented by the Company in order to ensure monitoring of internal control and efficient risk management. The Statutory Audit Board assesses the effectiveness of those systems by recommending the optimisation measures it may deem necessary and issues its opinion on them in its annual report and statements.

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

RECOMMENDATION FULLY ADOPTED: SECTION 38 OF THIS REPORT

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

IV. Executive Management

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

RECOMMENDATION NOT APPLICABLE

Part II

Corporate Governance

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

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

RECOMMENDATION FULLY ADOPTED: SECTION 21 OF THIS REPORT

The powers of the Board of Directors that cannot be delegated fully comply with the rules foreseen in this recommendation.

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 29 TO 51 OF THIS REPORT

The Board of Directors, in accordance with article 3 and, as a competence that cannot be delegated, approves the main policies of the Company, including the risk policy.

As for the monitoring of this policy, on the one hand, the Board Audit and Finance Committee evaluates the operational procedures to ensure the monitoring of the internal control and the efficient risk management, formulating conclusions, as a result of such analysis, to be directed to the Board of Directors. On the other hand, the Supervisory Audit Board also monitors the internal risk management system and annually prepares an assessment report with recommendations to the Board of Directors.

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

RECOMMENDATION FULLY ADOPTED: SECTION 38 OF THIS REPORT

In accordance with the Regulation of the Statutory Audit Board, it is an attribution of this governing body to supervise the efficiency of the risk management system, of the internal control system and of the internal audit system, monitoring the internal risk management system by annually preparing an assessment report and recommendations to the Board of Directors.

The Board Audit and Finance Committee also informs the Statutory Audit Board on its reports presented to the Board of Directors regarding the efficiency of the Company's audit structure, in particular with regard to the quality and independence of the role of internal audit, the scope of its functions and its interaction with the external auditor, circulating periodic reports on the activity of the external auditor and the internal auditor and presenting to this governing body any facts that it becomes aware and may affect the independence of the external auditor.

V. Evaluation of Performance, Remuneration and Appointments

V.1 Annual evaluation of performance

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Corporate Governance

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

RECOMMENDATION NOT ADOPTED.

The management body performs the assessment foreseen in this recommendation. However, regarding its periodicity, since the goals of the Board of Directors are aligned with the term of the mandate, i.e., with the triennium, the Company considers that the assessment referred in this recommendation, although it actually takes place, it should occur as soon as half of the mandate has elapsed. Exceptionally, the assessment in question may be carried out outside the indicated period, in the event of substantial changes in the composition of the Board of Directors have occurred.

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

RECOMMENDATION FULLY ADOPTED: SECTION 38 OF THIS REPORT

The Statutory Audit Board exercised the competences described in section 38 of this Corporate Governance Report, monitoring the management, the risk management and performing other responsibilities assigned to this statutory body, including those arising from the principles of interaction between the supervisory and management bodies, aiming to avoid conflict of interest situations.

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

V.2 Remuneration

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 24, 69 TO 76 OF THIS REPORT

V.2.2. The remuneration committee should approve, at the start of each term of office, execute, and annually confirm the company's remuneration policy for the members of its boards and committees, including the respective fixed components. As to executive directors or directors periodically invested with executive duties, in the

case of the existence of a variable component of remuneration, the committee should also approve, execute, and conform the respective criteria of attribution and measurement, the limitation mechanisms, the mechanisms for deferral of payment, and the remuneration mechanisms based on the allocation of options and shares of the company.

RECOMMENDATION FULLY ADOPTED: SECTIONS 24, 29 AND 69 OF THIS REPORT

The Company's remuneration policy has the characteristics foreseen in section 69 and which are in line with the recommendation. The Remuneration Committee, appointed in the General Meeting and representing the shareholders,

Part II

Corporate Governance

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

It is an attribution of the Board Nomination and Remunerations Committee to receive, analyse and submit, in accordance with the approved internal procedure, the remuneration proposals of the members of the Board of Directors and other bodies of the Company, to be approved by the Remuneration Committee. All proposals need to be aligned with the terms set out in the Remuneration and Compensation Policy.

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

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

RECOMMENDATION FULLY ADOPTED

The remuneration policy proposed to the Shareholders in the Annual General Meeting of 3rd May 2018 complies with all the requirements of the applicable law.

The remaining information included in this recommendation is foreseen in the following documents: Corporate Governance Report and Management Report - also presented for the approval of the shareholders.

The statement about remuneration policy is available at <https://www.sonaecapital.pt/en>.

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

RECOMMENDATION NOT APPLICABLE

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

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

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RECOMMENDATION FULLY ADOPTED: SECTION 38 OF THIS REPORT

The Company assures that a member of the Remunerations Committee is always present at the General Meeting.

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

RECOMMENDATION FULLY ADOPTED: SECTION 29 OF THIS REPORT

V.3 Directors' Remuneration

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

RECOMMENDATION FULLY ADOPTED: SECTION 69 TO 76 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 3 MAY 2018

The remuneration of the members of the Board of Directors with executive functions is based on the performance, measured according to pre-determined criteria and is built to align their performance with the sustainability of the Company and a stable shareholder interest, discouraging the excessive risk assumption.

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 71, 72 AND 86 OF THIS REPORT

According with the remuneration policy proposed by the Remuneration Committee and approved in the General Meeting held on 3rd May 2018, at least 50% of the variable remuneration shall be deferred for a period of three years and paid in the year following such period. Its value depends on the performance of the Company throughout said period, once it is indexed to the share price.

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

RECOMMENDATION FULLY ADOPTED: SECTION 73 OF THIS REPORT

Vide recommendation V.3.3.

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

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Corporate Governance

RECOMMENDATION FULLY ADOPTED: SECTION 69 TO 76 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 28th APRIL 2017

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

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

RECOMMENDATION FULLY ADOPTED: SECTION 69.1 OF THIS REPORT

No compensation is attributed to a director or to a member of any other corporate body, related to the early termination for any reason, without prejudice to the Company's obligation to comply with the applicable legal provisions. This is one of the principles that guides the current Remuneration and Compensation Policy of the Company.

V.4. Appointments

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

RECOMMENDATION FULLY ADOPTED: SECTION 16, 22, 29 AND 31 OF THIS REPORT

The Company has a long-term controlling shareholder who has consistently presented the proposals for the appointment of members to the governing bodies, which have been approved by the respective General Meetings. These proposals are accompanied by the *curricula vitae* of the proposed members, considering the shareholders - both the ones indicating the candidates and those who vote the proposal - and also the Company, that it becomes clear from the *curriculum vitae* the adequacy of the profile, skills, *curriculum* and experience to the role to be performed by such candidates.

In the same way, as regards to the exercise of the co-optation power of the Board of Directors, the Board Nomination and Remunerations Committee is responsible for identifying potential candidates for the role of director with the appropriate profile to perform the management functions, in accordance with the criteria and values defined by the Company and included in its Code of Conduct and Diversity Policy.

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

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

RECOMMENDATION FULLY ADOPTED: SECTION 27, 29 AND 67 OF THIS REPORT.

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 29 AND 67 OF THIS REPORT.

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Corporate Governance

The Board Nomination and Remunerations Committee is entirely composed of non-executive directors, and most of them are independent.

Duarte Paulo Teixeira de Azevedo, chairman of the Board of Directors is a non-executive member of this body. In order to assure its independence in the exercise of his functions, this member abstains from discussions and decisions when a conflict of interests exists or may exist. The two other members of the Board Nomination and Remunerations Committee are independent.

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

RECOMMENDATION FULLY ADOPTED: SECTION 29 OF THIS REPORT

With regard to the functions of the Board Nomination and Remunerations Committee, as determined by the management body in its Regulation, it has the duty to identify potential candidates with a profile for the performance of management functions (in particular when the Board of Directors decides to co-opt a Board member), providing oversight of succession planning, contingency planning and talent management in general for Board members and other persons discharging managerial responsibilities, through transparent selection processes, including effective mechanisms for identifying potential candidates having regard to the requirements of the function, merit and appropriate diversity to Company, in particular considering gender.

VI. Risk Management

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

RECOMMENDATION FULLY ADOPTED: SECTION 51 TO 54 OF THIS REPORT

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

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

RECOMMENDATION FULLY ADOPTED: SECTION 50 TO 55 OF THIS REPORT

The Company complies with the rules foreseen in this recommendation.

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

RECOMMENDATION FULLY ADOPTED: SECTION 29 AND 38 OF THIS REPORT

Vide Recommendation III.11

Part II

Corporate Governance

After following the procedures described in Recommendation III.11, the Statutory Audit Board has not proposed any change to the risk framework.

VII. Financial Statements and Accounting

VII.1 Financial Statements

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 37 AND 38 OF THIS REPORT

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

VII.2 Statutory Audit of Accounts and Supervision

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

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

RECOMMENDATION FULLY ADOPTED: SECTION 38 OF THIS REPORT

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

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

RECOMMENDATION FULLY ADOPTED: SECTION 38 OF THIS REPORT

It is responsibility of the Statutory Audit Board to supervise the activity and independence of the Statutory External Auditor, ensuring direct interaction with it, in the terms of its competences and the functioning rules set out in the Regulation of the Statutory Audit Board, and also to receive its reports. To this regard, and to the fact that the reports are sent, simultaneously, to the Statutory Audit Board and to the Board of Directors, the Company considers that it does not jeopardizes the fulfillment of this recommendation.

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

RECOMMENDATION FULLY ADOPTED: SECTION 38 OF THIS REPORT AND THE ANNUAL REPORT OF THE STATUTORY AUDIT BOARD

Part II

Corporate Governance

The Statutory Audit Board annually assesses the Statutory External Auditor. Such assessment is included in its annual report and opinion, and is made available together with all other accounting documents in <https://www.sonaecapital.pt/en> (Corporate Governance tab, Shareholder's General Meeting section).

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

RECOMMENDATION FULLY ADOPTED: SECTION 46 OF THIS REPORT

The Statutory External Auditor verifies the effectiveness and functioning of the internal control mechanisms and reports any deficiencies to the supervisory body. Nonetheless, the Statutory External Auditor does not have the legal responsibility to verify the implementation of the policies and remuneration systems of the governing bodies, nor such competence has been attributed by the Company to this body.

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

RECOMMENDATION FULLY ADOPTED: SECTIONS 38 AND 51 OF THIS REPORT

The competences of the Statutory External Auditor are set out in section 38, as well as its activity of risk control and the exercise of its role before other governing bodies and committees of the Company foreseen in section 51. Said competences are in full compliance with the legal provisions applicable to this body activity, and no other duties were awarded besides those listed therein.

3. ANNEX TO THE CORPORATE GOVERNANCE REPORT

CURRICULA VITAE OF THE MEMBERS OF THE GOVERNING BODIES

Duarte Paulo Teixeira de Azevedo

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

Age: 53

Nationality: Portuguese

Education

- Degree in Chemical Engineering – École Polytechnique Fédérale de Lausanne (1986)
- Master in Business Administration – Porto Business School (1989)

Offices held in companies of the Group

-

Offices held in other companies/entities

- Chairman of the Board of Directors of Modelo Continente, SGPS, S.A.
- Chairman of the Board of Directors of Sonae MC, Serviços Partilhados, S.A.
- Chairman of the Board of Directors of Sonae Indústria, SGPS, S.A.
- Chairman of the Board of Directors of Sonae Arauco, S.A.
- Chairman of the Board of Directors of Sonae Sierra, S.A.
- Chairman of the Board of Directors and Co-CEO of Sonae, SGPS, S.A.
- Chairman of the Board of Directors of Migracom, S.A.
- Member of the Board of Directors of Efanor Investimentos, SGPS, S.A.
- Chairman of the Board of Directors of Imparfin – Investimentos e Participações Financeiras, S.A.
- Chairman of the Board of Directors of Sonae Corporate, S.A.
- Member of the Board of Directors of Efanor – Serviços de Apoio à Gestão, S.A.
- Member of the Board of Directors of BA Glass
- 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

Main professional activities over the last five years:

- 2007-2018 – Chairman of the Board of Directors of Sonae MC, SGPS, S.A. (formerly Sonae Investimentos, SGPS, S.A.)
- 2007-2014 – Chairman of the Board of Directors of Sonaecom, SGPS, S.A.

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Corporate Governance

- 2007- April 2015 - Vice-Chairman of the Board of Directors of Sonae Industria, S.A.
- 2007- April 2015 - CEO of Sonae SGPS, S.A.
- 2008-2014 – Chairman of the Board of Directors of MDS, SGPS, S.A.
- 2009-2013 – Chairman of the Board of Directors of Sonaegest, Sociedade Gestora de Fundos de Investimentos, S.A
- 2009-2014 – Member of the Board of Curators of AEP – Associação Empresarial de Portugal
- 2009–2015 - Chairman of the Board of Curators of Universidade do Porto
- 2010-2016 – Chairman of the Board of Directors of Sonae – Specialized Retail, SGPS, S.A.
- 2012-2015 – Director of COTEC Portugal
- 2012-2017 – Member of the Board of Curators of Fundação Belmiro de Azevedo
- Desde 2008 – Member of the European Round Table of Industrialists (ERT)
- Desde 2013 - Member of International Advisory Board of Allianz, SE
- Desde 2015 – Member of Consejo Iberoamericano para la Productividad y la Competitividad
- Desde Abril de 2015 - Chairman of the Board of Directors and Co-CEO of Sonae, SGPS, S.A.
- Desde Maio de 2016 – Chairman of the Board of Directors of Sonae Arauco Portugal, S.A

Álvaro Carmona e Costa Portela

Vice-Chairman of the Board of Directors of Sonae Capital, SGPS, S.A.

Age: 66

Nationality: Portuguese

Education

- Degree in Mechanical Engineering – FEUP (1974)
- Master in Business Administration - Universidade Nova de Lisboa (1983)
- AMP / ISMP – Harvard Business School (1997)

Offices held in companies of the Group

-

Offices held in other companies/entities

- Non-Executive Director of Casa Agrícola HMR, S.A.
- Non-Executive Director of COPAM – Companhia Portuguesa de Amidos, S.A.
- Director of Victor e Graça Carmona e Costa Foundation
- Manager of Portela & Portela, Lda.
- Member of the Investment Committee do ECE European Prime Shopping Centre Fund, Luxembourg
- Director of Fundação Belmiro de Azevedo
- Vice-Chairman of FPAK – Federação Portuguesa de Automobilismo e Karting

Part II

Corporate Governance

Main professional activities over the last five years:

- 2010-2015 – Non-Executive Director of Sonae SGPS, S.A
- 2010-2014 – Chairman (until 2012) and Member of the Board of Representatives of Faculdade de Economia da Universidade do Porto
- 2010-2014 – Non-Executive Chairman of the Board of Directors of MAF Properties, Dubai, EAU
- 2012-2018 – Non-Executive Director of SPDI – SECURE PROPERTY Development & Investment, PLC

Francisco de La Fuente Sánchez

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

Age: 77

Nationality: Portuguese

Education

- Degree in Electrical Engineering - Instituto Superior Técnico (1965)

Offices held in companies of the Group

-

Offices held in other companies/entities

- Co-opted Member of the General Council of Universidade de Lisboa
- Chairman of the Board of the General Meeting of APEDS – Associação Portuguesa de Engenheiros para o Desenvolvimento Social
- Chairman of the Board of the General Meeting of AAAIST – Association of Alumni of Instituto Superior Técnico
- Honorary Chairman of Hidroeléctrica del Cantábrico, S.A.
- Member of the Remuneration Committee of Sonae SGPS, S.A. and of Sonaecom, SGPS, S.A.
- Member of the Board of Trustees of the Fundação Luso-Brasileira
- Member of the Board of Trustees of the Fundação Luso-Espanhola
- Member of the Board of Trustees of the Fundação Hidroeléctrica del Cantábrico

Main professional activities over the last five years:

- 2012-2016 - Chairman of the Board of AAAIST
- 2010-2015 - Chairman of the Board of the General Meeting of Iberwind - Desenvolvimento e Projectos, S.A.
- 2007-2013 - Chairman of the General Board of PROFORUM
- 2007-2013 - Chairman of the National Council of the Colégio de Engenharia Electrotécnica da Ordem dos Engenheiros
- 2007-2012 - Guest member of the Conselho Nacional da Água
- 2007-2012 - Vice-Chairman and Non-Executive Chairman of the Board of Directors of EFACEC Capital
- 2009-2016 - Co-opted member of the Conselho de Escola do Instituto Superior Técnico
- 2005-2012 - Member of the Advisory Board of the Fórum para a Competitividade
- 2005-2009 - Chairman of Fundação EDP

Part II

Corporate Governance

- 2003-2006 - Chairman of the Board of Directors of EDP - Energias de Portugal
- 2000-2003 - Chairman of the Board of Directors and CEO of EDP - Energias de Portugal
- Since 2017 - Co-opted member of the General Council of the Universidade de Lisboa
- Since 2005 - Member of the Board of Trustees of the Fundação Hidroeléctrica del Cantábrico
- Since 2004 - Member of the Board of Trustees of the Fundação Luso-Brasileira
- Since 2002 - Member of the Board of Trustees of the Fundação Luso-Espanhola

Paulo José Jubilado Soares de Pinho

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

Age: 56

Nationality: Portuguese

Education

- Degree in Economics – Faculdade de Economia, Universidade Nova de Lisboa (1985)
- Master in Business Administration – Faculdade de Economia, Universidade Nova de Lisboa (1989)
- PhD in Banking and Finance - City University Business School, London (1994)
- Negotiation Analysis - Amsterdam Institute of Finance (2005)
- Advanced Course - European Venture Capital and Private Equity Association (2006)
- Valuation Guidelines Masterclass - European Venture Capital and Private Equity Association (2007)
- Private Equity and Venture Capital Programme - Harvard Business School (2007)

Offices held in companies of the Group

-

Offices held in other companies/entities

- Chairman of the General Council of the Fundo de Sindicalização de Capital de Risco PME-IAPMEI
- Member of the Board of Directors of Change Partners, SCR, S.A.
- Managing Partner of Finpreneur, Ltda.
- Academic Director of the Lisbon MBA (MIT – Católica – Nova)

Main professional activities over the last five years:

- Chairman of the Statutory Audit Board of Novabase, S.A.
- Member of the Strategic Advisory Board of the Fast Change Venture Capital Fund
- Member of the Board of Directors of Biotecnol, S.A.
- Director (representative in Portugal) of Venture Valuation, Switzerland
- Senior Consultant at New Next Moves Consultants, Portugal
- Associate Professor at the Faculty of Economics, Universidade Nova de Lisboa
- Visiting Professor at Cass Business School, London
- Visiting Professor at the University of Luxembourg

Part II

Corporate Governance

Maria Cláudia Teixeira de Azevedo

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

Age: 49

Nationality: Portuguese

Education

- Degree in Management from Universidade Católica do Porto and MBA from INSEAD

Offices held in companies of the Group

-

Offices held in other companies/entities

- Chairman of the Board of Directors of Imparfin, SGPS, S.A.
- Chairman of the Board of Directors of Linhacom, SGPS, S.A.
- Chairman of the Board of Directors of PCJ – Público, Comunicação e Jornalismo, S.A.
- Chairman of the Board of Directors of Praça Foz – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of BA – Business Angels, SGPS, S.A.
- Member of the Board of Directors of BA – Capital, SGPS, S.A.
- Member of the Board of Directors of Efanor Investimentos, SGPS, S.A.
- Member of the Board of Directors of Efanor – Serviços de Apoio à Gestão, S.A.
- Member of the Board of Directors of Público - Comunicação Social, S.A.
- Member of the Board of Directors of Setimanale – SGPS, S.A.
- Member of the Board of Directors of Sonaecom, SGPS, S.A.
- Member of the Board of Directors of Sonae Investment Management – Software and Technology, SGPS, S.A.
- Member of the Board of Directors of Vistas da Foz – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of ZOPT, SGPS, S.A.
- Member of the Board of Directors of NOS – SGPS, S.A.
- Sole Director of Sekiwi, SGPS, S.A.

Main professional activities over the last five years:

- Chairman of the Board of Directors of Capwatt, SGPS, S.A.
- Chairman of the Board of Directors of Race, SGPS, S.A.
- Chairman of the Board of Directors of SC, SGPS, S.A.
- Chairman of the Board of Directors of SC Hospitality, SGPS, S.A.
- Chairman of the Board of Directors of SC Industrials, SGPS, S.A.
- Chairman of the Board of Directors of Troiaresort, SGPS, S.A.
- Chairman of the Board of Directors of WeDo Consulting, Sistemas de informação, S.A.
- Chairman of the Board of Directors of Bright Development Studio, S.A.
- Chairman of the Board of Directors of Digitmarket – Sistemas de Informação, S.A.
- Chairman of the Board of Directors of Grupo S21 sec Gestión, S.A.

Part II

Corporate Governance

- Chairman of the Board of Directors of S21sec Portugal - Cybersecurity Services, S.A.
- Chairman of the Board of Directors of Inovretail, S.A.
- Chairman of the Board of Directors of Saphety Level – Trusted Services, S.A.
- Chairman of the Board of Directors of Sonaecom – Ciber Security and Intelligence Services, SGPS, S.A.
- Member of the Board of Directors of Sonae Investment Management – Software and Technology, SGPS, S.A.
- Member of the Board of Directors of Efanor Investimentos, SGPS, S.A.
- Member of the Board of Directors of ZOPT, SGPS, S.A.
- Executive Director of Sonaecom, SGPS, S.A.
- Executive Director of NOS - SGPS, S.A.

Ivone Pinho Teixeira

Executive Director and CFO of Sonae Capital, SGPS, S.A.

Age: 46

Nationality: Portuguese

Education

- Degree in Economics – Faculdade de Economia, Universidade do Porto (1995)
- Postgraduate Degree in Credit Analysis – ISGB – Instituto Superior de Gestão Bancária (1996)
- Postgraduate Degree in International Taxation – Universidade Católica (2004)

Offices held in companies of the Group

- Chairman of the Board of Directors of Imparfin, SGPS, S.A.
- Member of the Board of Directors of Acrobatic Title, S.A.
- Executive Director of Adira – Metal Forming Solutions, S.A.
- Member of the Board of Directors of Aqualuz Tróia – Exploração Hoteleira e Imobiliária, S.A.
- Member of the Board of Directors of Atlantic Ferries – Tráfego Local, Fluvial e Marítimo, S.A.
- Member of the Board of Directors of Bloco Q – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of Capwatt, SGPS, S.A.
- Member of the Board of Directors of Capwatt ACE, S.A.
- Member of the Board of Directors of Capwatt Alrota, Wind Power, S.A (formerly Lusobrisa – Produção de Energia Eléctrica, S.A.)
- Member of the Board of Directors of Capwatt – Brainpower, S.A.
- Member of the Board of Directors of Capwatt Colombo – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Engenho Novo – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Évora – Solar Power, S.A. (formerly Capwatt II – Heat Power, S.A.)
- Member of the Board of Directors of Capwatt Ferreira – Solar Power, S.A. (formerly Ventos da Serra – Produção de Energia, S.A.)

Part II

Corporate Governance

- Member of the Board of Directors of the Agrupamento Complementar de Empresas Capwatt Hectare – Heat Power, ACE
- Member of the Board of Directors of Capwatt III – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Maia – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Martim Longo – Solar Power, S.A.
- Member of the Board of Directors of Capwatt Vale do Caima – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Vale do Tejo – Heat Power, S.A.
- Member of the Board of Directors of Casa da Ribeira – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of Centro Residencial da Maia – Urbanismo, S.A.
- Member of the Board of Directors of Cinclus - Imobiliária, S.A.
- Member of the Board of Directors of Country Club da Maia – Imobiliária, S.A.
- Member of the Board of Directors of Empreendimentos Imobiliários Quinta da Azenha, S.A.
- Member of the Board of Directors of Golf Time – Golfe e Investimentos Turísticos, S.A.
- Member of the Board of Directors of Imobeauty, S.A.
- Member of the Board of Directors of Imoclub – Serviços Imobiliários, S.A.
- Member of the Board of Directors of Imodivor – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of Imohotel – Empreendimentos Turísticos, S.A.
- Member of the Board of Directors of Imopenínsula – Imobiliária, S.A.
- Member of the Board of Directors of Imoponte – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of Imoresort – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of Imosedas – Imobiliária e Serviços, S.A.
- Member of the Board of Directors of Implantação – Imobiliária, S.A.
- Member of the Board of Directors of Inparvi, SGPS, S.A.
- Member of the Board of Directors of Marina de Tróia, S.A.
- Member of the Board of Directors of Marmagno – Exploração Hoteleira e Imobiliária, S.A.
- Member of the Board of Directors of Marvero – Exploração Hoteleira e Imobiliária, S.A.
- Member of the Board of Directors of Porto Palácio Hotel – Exploração Hoteleira, S.A.
- Member of the Board of Directors of Porturbe – Edifícios e Urbanizações, S.A.
- Member of the Board of Directors of Praedium – Serviços, S.A.
- Member of the Board of Directors of Praedium II – Imobiliária, S.A.
- Member of the Board of Directors of Predisedas – Predial das Sedas, S.A.
- Member of the Board of Directors of Promessa – Sociedade Imobiliária, S.A.
- Member of the Board of Directors of PUMP, SA
- Member of the Board of Directors of Race – Refrigeration & Air Conditioning Engineering, S.A.
- Member of the Board of Directors of Race SGPS, S.A.
- Member of the Board of Directors of SC Industrials, SGPS, S.A.
- Member of the Board of Directors of SC, SGPS, S.A.
- Member of the Board of Directors of SC – Sociedade de Consultadoria, S.A.
- Member of the Board of Directors of SC Assets, SGPS, S.A.

Part II

Corporate Governance

- Member of the Board of Directors of SC Finance, BV
- Member of the Board of Directors of SC Fitness, S.A. (formerly Contacto Concessões, S.A.)
- Member of the Board of Directors of SC Hospitality, SGPS, S.A.
- Member of the Board of Directors of S.I.I. – Soberana – Investimentos Imobiliários, S.A.
- Member of the Board of Directors of Sete e Meio Herdades – Investimentos Agrícolas e Turismo, S.A.
- Member of the Board of Directors of Soira – Sociedade Imobiliária de Ramalde, S.A.
- Member of the Board of Directors of Solinca – Health and Fitness, S.A.
- Member of the Board of Directors of Soltróia – Sociedade Imobiliária de Urbanização e Turismo de Tróia, S.A.
- Member of the Board of Directors of Sopair, S.A.
- Member of the Board of Directors of Sotáqua – Sociedade de Empreendimentos Turísticos de Quarteira, S.A.
- Member of the Board of Directors of Spinveste – Gestão Imobiliária, SGII, S.A.
- Member of the Board of Directors of Spinveste – Promoção Imobiliária, S.A.
- Member of the Board of Directors of The Artist Porto Hotel & Bistro – Actividades Hoteleiras, S.A.
- Member of the Board of Directors of The House Ribeira – Exploração Hoteleira, S.A.
- Member of the Board of Directors of Tróia Market – Supermercados, S.A.
- Member of the Board of Directors of Troiaresort – Investimentos Turísticos, S.A.
- Member of the Board of Directors of Troiaresort, SGPS, S.A.
- Member of the Board of Directors of Tulipamar – Exploração Hoteleira e Imobiliária, S.A.
- Member of the Board of Directors of UP Invest, SGPS, S.A.
- Member of the Board of Directors of Urbisedas – Imobiliária das Sedas, S.A.
- Member of the Board of Directors of Vistas do Freixo – Empreendimentos Turísticos, S.A.
- Member of the Board of Directors of 2NDROOM - Exploração Hoteleira, S.A.
- Member of the Management of Capwatt Chamusca – Bio Power, Unipessoal, Lda (formerly Gasflow, Unipessoal, Lda.)
- Member of the Management of Capwatt Estuário – Heat Power, Unipessoal, Lda. (formerly C.T.E. – Central Termoeléctrica do Estuário, Unipessoal, Lda.)
- Member of the Management of Capwatt IV – Heat Power, Unipessoal, Lda. (formerly Ronfegen – Recursos Energéticos, Unipessoal, Lda.)
- Member of the Management of Capwatt Lousado – Heat Power Unipessoal, Lda. (formerly Enerlousado – Recursos Energéticos, Unipessoal, Lda.)
- Member of the Management Board of Capwatt México, Sociedad de Responsabilidad Limitada de Capital Variable
- Member of the Management of Carvemagere, Manutenção e Energias Renováveis, Lda.
- Member of the Management of Companhia Térmica Tagol, Unipessoal, Lda.
- Member of the Management of Guimadira – Máquinas e Ferramentas, Unipessoal, Lda.
- Legal Representative of Race – Refrigeration & Air Conditioning Engineering, S.A., Matosinhos “Sucursala Bucuresti”

Offices held in other companies/entities

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Part II

Corporate Governance

Main professional activities over the last five years:

- Since 2012 - Chief Financial Officer, Sonae Capital Group
- 2007-2012 - Corporate Finance Director, Sonae Capital Group

Miguel Jorge Moreira da Cruz Gil Mata

CEO of Sonae Capital, SGPS, S.A.

Age: 44

Nationality: Portuguese

Education

- Degree in Mechanical Engineering – Faculdade de Engenharia, Universidade do Porto (1998)
- Postgraduate Degree in Industrial Maintenance – Faculdade de Engenharia, Universidade do Porto (1999)
- Master in Business Administration – Porto Business School, Universidade do Porto (2003)

Offices held in companies of the Group

- Chairman of the Board of Directors and CEO of Adira – Metal Forming Solutions, S.A.
- Chairman of the Board of Directors of the Agrupamento Complementar de Empresas Atelgen, Produção de Energia, ACE
- Chairman of the Board of Directors of the Agrupamento Complementar de Empresas Capwatt Hectare – Heat Power, ACE
- Chairman of the Board of Directors of Capwatt, SGPS, S.A.
- Chairman of the Board of Directors of the Agrupamento Complementar de Empresas Companhia Térmica do Serrado, ACE
- Chairman of the Board of Directors of the Agrupamento Complementar de Empresas Feneralt – Produção de Energia, S.A.
- Chairman of the Board of Directors of the Agrupamento Complementar de Empresas Soternix – Produção de Energia, ACE
- Chairman of the Board of Directors of Sociedade de Iniciativa e Aproveitamentos Florestais – Energia, S.A.
- Chairman of the Board of Directors of Race, SGPS, S.A.
- Chairman of the Board of Directors of Sopair, S.A.
- Chairman of the Board of Directors of SC SGPS, S.A.
- Member of the Board of Directors of SC Fitness, S.A. (formerly Contacto Concessões, S.A.)
- Chairman of the Board of Directors of SC Hospitality, SGPS, S.A.
- Chairman of the Board of Directors of SC Industrials, SGPS, S.A.
- Chairman of the Board of Directors of Troiaresort, SGPS, S.A.
- Chairman of the Board of Directors of Suncoutim – Solar Energy, S.A.
- Member of the Board of Directors of Capwatt ACE, S.A.
- Member of the Board of Directors of Capwatt Alrota, Wind Power, S.A (formerly Lusobrisa – Produção de Energia Eléctrica, S.A.)

Part II

Corporate Governance

- Member of the Board of Directors of Capwatt – Brainpower, S.A.
- Member of the Board of Directors of da Capwatt Colombo – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Engenho Novo – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Évora – Solar Power, S.A. (formerly Capwatt II – Heat Power, S.A.)
- Member of the Board of Directors of Capwatt Ferreira – Solar Power, S.A. (formerly Ventos da Serra – Produção de Energia, S.A.)
- Member of the Board of Directors of Capwatt III – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Maia – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Martim Longo – Solar Power, S.A.
- Member of the Board of Directors of Capwatt Vale do Caima – Heat Power, S.A.
- Member of the Board of Directors of Capwatt Vale do Tejo – Heat Power, S.A.
- Member of the Board of Directors of Race – Refrigeration & Air Conditioning Engineering, S.A.
- Membro Conselho de Administração da SC – Sociedade de Consultadoria, S.A.
- Member of the Management of Capwatt Chamusca – Bio Power, Unipessoal, Lda. (formerly Gasflow, Unipessoal, Lda.)
- Member of the Management of Capwatt Estuário – Heat Power, Unipessoal, Lda. (formerly C.T.E. – Central Termoeléctrica do Estuário, Unipessoal, Lda.)
- Member of the Management of Capwatt IV – Heat Power, Unipessoal, Lda. (formerly Ronfegen – Recursos Energéticos, Unipessoal, Lda.)
- Member of the Management of Capwatt Lousado – Heat Power Unipessoal, Lda. (formerly Enerlousado – Recursos Energéticos, Unipessoal, Lda.)
- Member of the Management Board of Capwatt México, Sociedad de Responsabilidad Limitada de Capital Variable
- Member of the Management of Carvemagere, Manutenção e Energias Renováveis, Lda.
- Member of the Management of Companhia Térmica Tagol, Unipessoal, Lda.
- Member of the Management of Guimadira – Máquinas e Ferramentas, Unipessoal, Lda
- Legal Representative of Race - Refrigeration & Air Conditioning Engineering, S.A., Matosinhos “Sucursala Bucaresti”

Offices held in other companies/entities

- Chairman of the Executive Committee of APGEI – Associação Portuguesa de Gestão e Engenharia Industrial
- Chairman of the Executive Committee of COGEN Portugal – Associação Portuguesa de Cogeração e Eficiência Energética
- Member of the Board of IPES – Instituto Português de Energia Solar
- Member of the Management of Vantipal, Lda.

Main professional activities over the last five years:

- Chief Operating Officer of CapWatt (2008-2018)
- Chief Operating Officer of Sonae Indústria de Revestimentos (2012-2014)
- Chief Operating Officer of Euroresinas (2012-2014)
- Chief Operating Officer of Impaper (2012-2014)

Part II

Corporate Governance

António Monteiro de Magalhães

Chairman of the Statutory Audit Board of Sonae Capital, SGPS, S.A.

Education

- Degree in Economics – Faculdade de Economia, Universidade do Porto (1969)

Offices held in companies of the Group

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Offices held in other companies/entities

- Partner and Director of António Magalhães & Carlos Santos – Statutory Audit Firm (since its incorporation in 1989)
- Member of the Statutory Audit Board of CIN – Corporação Industrial do Norte, S.A.
- Member of the Representative Assembly of the Ordem dos Economistas - 2018/2021 mandate

Main professional activities over the last five years:

- Chairman of the Superior Council of the Ordem dos Revisores Oficiais de Contas - 2012/2014 and 2015/2017 mandates
- Member of the Statutory Audit Board of Montepio Holding, SGPS, S.A. and of Montepio Investimento, S.A. - 2008/2010, 2011/2013 and 2014/2016 mandates
- Chairman of the Statutory Audit Board of Nexponor – Sociedade Especial de Investimento Imobiliário de Capital Fixo – SICAFI, S.A. - 2013/2015 mandate
- Member of the Representative Assembly of the Ordem dos Economistas - 2016/2017 mandate

Manuel Heleno Sismeiro

Member of the Statutory Audit Board of Sonae Capital, SGPS, S.A.

Education

- Accountant, ICL, Lisbon (1964)
- Degree in Finance, ISCEF, Lisbon (1971)

Offices held in companies of the Group

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Offices held in other companies

- Chairman of the Statutory Audit Board of the companies:
 - Sonae Arauco Portugal, S.A.
 - OCP Portugal – Produtos Farmacêuticos, S.A.
- Member of the Statutory Audit Board of Sonae, SGPS, S.A.

Main professional activities over the last five years:

Part II

Corporate Governance

- Since 2008 – Consultant, expert in the areas of internal audit and internal control

Susana Catarina Iglésias Couto Rodrigues de Jesus

Member of the Statutory Audit Board of Sonae Capital, SGPS, S.A.

Education

- Degree in Management – Faculdade de Economia, Universidade do Porto (1998) – final grade of 14 values
- Postgraduate Degree in Risk Management and Derivatives, organized by Universidade Católica Portuguesa and the former Oporto Derivatives Exchange (2000) - final grade of 15 values

Offices held in companies of the Group

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Offices held in other companies/entities

- Sole Auditor acting as Statutory External Auditor:
 - Agência para o Investimento e Comércio Externo de Portugal, E.P.E.
 - Gestão e Obras do Porto, E.M.
 - Oftaline, S.A.
 - Imocapital, S.A.
 - Comissão de Coordenação e Desenvolvimento Regional do Norte
- Member of the Statutory Audit Board, acting as Statutory External Auditor:
 - Sociedade Lusa - Agência de Notícias de Portugal, S.A.
 - Associação Porto Digital
- Member of the Statutory Audit Board:
 - Banco Primus, S.A.
 - Bright Ventures Capital, SCR, S.A.
 - Inter-Risco - Sociedade de Capital de Risco, S.A.
 - Flexdeal – Sociedade de Investimento Mobiliário para Fomento da Economia, S.A.
- Member of the SME Working Group of the Order of Statutory Auditors

Main professional activities over the last five years:

- Sole Auditor acting as Statutory External Auditor of Agência para o Investimento e Comércio Externo de Portugal, E.P.E.
- Sole Auditor acting as Statutory External Auditor of Gestão e Obras do Porto, E.M.
- Sole Auditor acting as Statutory External Auditor of Oftaline, S.A.
- Member of the Statutory Audit Board of Banco Primus
- Member of the Statutory Audit Board of Bright Ventures Capital, SCR, S.A.
- Member of the Statutory Audit Board of Inter-Risco - Sociedade de Capital de Risco, S.A.
- Member of the Statutory Audit Board of Flexdeal - Sociedade de Investimento Mobiliário para Fomento da Economia, S.A.

