

# CORPORATE GOVERNANCE REPORT

2014



**SONAE CAPITAL**



[This translation into English of the Portuguese document was made only for the convenience of non-Portuguese speaking shareholders. For all intents and purposes, the Portuguese version shall prevail.]

## **CORPORATE GOVERNANCE REPORT**

(Translation from the Portuguese Original)

# **PART I – SHAREHODING STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE**

## **A. SHAREHODING STRUCTURE**

### **I) Share Capital Structure**

#### **1. Share Capital structure**

Sonae Capital (hereinafter referred to as “Company” or “Sonae Capital”) share capital of 250,000,000 euro fully subscribed and paid up, made up of 250,000,000 ordinary shares, bearer and nontitle, each with a nominal value of 1 (one) euro.

All shares of Sonae Capital were admitted to trading on Euronext Lisbon regulated market on 28 January 2008.

#### **2. Share transmission and ownership restrictions**

There are no limitation to transmission and ownership of Sonae Capital shares, nor shareholders holding special rights. Consequently, all shares admitted to trading on the stock exchange are freely transmissible in accordance with the normal regulations applicable.

#### **3. Own Shares**

As at 31 December 2014, the Company held 6,068,850 own shares, representing 2.428% of share capital and respective voting rights.

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

The Company neither has celebrated nor is it part of any important agreement that comes into effect, is amended or terminates in the event of a change in shareholder control over the Company due to a takeover bid.

Similarly, the Company has not adopted, via the approval of any statutory provisions or other measures adopted by the Company, rules or regulations designed to prevent the success of takeover bids.

#### **5. Defensive measures in case of change in shareholding control**

During the year of 2014 no defensive measures were adopted.

# CORPORATE GOVERNANCE REPORT

## 2014

The majority of the share capital of the Company is owned by one shareholder. Likewise, there are no statutory provisions limiting the number of votes that can be held or exercised by a single shareholder, individually or in conjunction with other shareholders.

### 6. Shareholder agreements

The existence of any shareholders' agreements concerning the society is unknown.

## II) Qualifying Shareholdings and Bonds held

### 7. Qualifying Shareholdings

As at 31 December 2014, those shareholders, who in accordance with article 20 of the Securities Code, held qualifying shareholdings representing at least 2% of the share capital of Sonae Capital, were the following:

Shareholder	Nr Shares Held	% Share Capital	% Voting Rights <sup>2</sup>
Efanor Investimentos, SGPS, S.A.1	156,503,635	62.601%	64.159%
Santander Asset Management	5,699,843	2.280%	2.337%
BlueShore Equity Fund	5,000,000	2.000%	2.050%

<sup>1</sup> Belmiro Mendes de Azevedo is, under the terms of paragraph b number 1 of Article 20 and number 1 of Article 21 of the Portuguese Securities Code, the ultimate beneficial owner, as he holds around 99% of the share capital and voting rights of Efanor Investimento SGPS, SA, which in entirely controls Pareuro BV.

<sup>2</sup> Voting rights = Nr. Shares Held / (Nr. Total Shares - Own Shares)

### 8. Number of shares and bonds held by members of Governing Bodies, in accordance with number 5, article 447 of the Portuguese Company Law

The Company's or of any group Company's number of shares and bonds held by members of its governing bodies, directly or through related parties, are disclosed in the appendix to the report of the Board of Directors in accordance with and for the purposes of article 447 of the Portuguese Company Law and in accordance with number 7, article 14 of CMVM's Regulation 5/2008.

### 9. Board of Directors qualification due to share capital increase

The Articles of Association grants this competence uniquely to the General Meeting of Shareholders since December 2012 according to the legal terms.

### 10. Related Party Transactions

During the 2014 financial period, no significant business or commercial transactions occurred between the Company and the holders of qualifying holdings in the Company.

Business dealings or transactions with members of the Board of Directors or holders of qualified shareholdings, are part of the day to day activity of Sonae Capital affiliated companies and made on an arm's length basis. The amounts involved, essentially from rents charged, are not material.

# CORPORATE GOVERNANCE REPORT

## 2014

### B. GOVERNING BODIES AND COMMITTEES

#### I) Shareholders' General Meeting

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

#### 11. Name, function and mandate of the General Meeting Boards members

As at 31 December 2014, the Board of the Shareholders' General Meeting had the following members, mandated for the 2013-2014 period:

- António Agostinho Cardoso da Conceição Guedes (Chairman);
- Maria Daniela Farto Baptista Passos (Secretary).

##### b) Exercise of the voting rights

#### 12. Possible restrictions on voting rights

The Company's Articles of Association do not establish any percentage or maximum limit to the exercise of voting rights for any shareholder, corresponding to each share one vote.

The Company has not issued non-voting preference shares.

For the presence in the General Meeting there is no need for blocking period, but should be accomplished the legal rules that define the "Record Date" as the relevant moment to be registered as a valid shareholder and to exercise the corresponding presence and voting rights for the Shareholders' General Meeting, as well as the arrangements for participation and voting of shareholders who professionally hold shares in their own name but on behalf of clients.

Shareholders may be represented at the Meeting by means of a written representation letter addressed to the Chairman of the Board of the Shareholders' General Meeting and delivered up to the beginning of the meeting, indicating the name and address of the representative nominated, as well as the date of the meeting. That written communication can be made using e-mail in accordance with instructions of the meeting's notice.

A shareholder may appoint several representatives related to own shares held through different share accounts, without undermining the principle of vote unity and the ability of professional shareholders to vote differently according with representation of different shareholders.

The Company makes available, within the legal deadlines, appropriate information - call general meetings, voting exercise forms and procedures to be followed for voting by correspondence or by proxy, as well as draft representation letter, in Portuguese and English language in its website ([www.sonaecapital.pt](http://www.sonaecapital.pt)) to ensure, promote and encourage the participation of shareholders in general meetings, directly or through representatives.

In addition to the Company's website, the referred documentation is also available to the shareholders for consultation at the Company's headquarters during office hours as well as on the Comissão Mercado dos Valores Mobiliários ("CMVM") Information Disclosure System ([www.cmvm.pt](http://www.cmvm.pt)) in the date of disclosure of the notice.

Shareholders may vote using written voting papers in all matters subject to the approval of the Shareholders' General Meeting. Votes may be cast using electronic means, if these are made available to shareholders and mentioned in the meetings' notice.

The Company makes available to shareholders minutes of written voting papers in Portuguese and English language, on the Company's website ([www.sonaecapital.pt](http://www.sonaecapital.pt)) at the same time with the notice given to the Shareholders' General Meeting, as well as the corresponding preparatory documentation relating to the items on the agenda, both in Portuguese and English language.

**13. Maximum percentage of voting rights that may be exercised by a single shareholder or shareholders who have with the Company any relations of n. 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. Resolutions which only may be made by qualified majority**

Under the terms of the Company's Articles of Association, resolutions at the Shareholders' General Meeting shall be made by simple majority, unless otherwise determined by law.

**II) Administration & Supervision**

**a) Composition**

**15. Identification of model of governance adopted**

Sonae Capital adopts the monist model of governance (composed by Board of Directors, a Fiscal Board and a Statutory Auditor), set out in articles 278.<sup>o</sup>, paragraph 1, point a) and 413.<sup>o</sup>, paragraph 1, point b), both from the Portuguese companies code (CSC), complemented by a delegation of management powers to the Executive Committee.

The Board of Directors has the responsibility of management, strategic guidance and appointment and general supervision of the Executive Committee activities and the specialized committees.

The Executive Committee exercises the powers delegated by the Board of Directors on current matters of the Company and corporate services.

The remaining two bodies have supervisory responsibility.

Details of the structure adopted, the bodies that compose and corresponding roles and responsibilities are presented in the following sections.

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

In accordance with Law and the Company's Articles of Association, members of Board of Directors are elected under the terms of proposal approved at the Shareholders' General Meeting, and the Chairman has a casting vote.

The election of one member of the Board of Directors takes place independently from the remaining elections, under the terms of the law, among persons listed in proposals subscribed by groups of shareholders, provided that such groups of shareholders hold shares that represent more than ten and less than twenty percent of the share capital. The same shareholder cannot subscribe to more than one proposal. Each proposal must contain the identification of at least two persons eligible for each of the positions to be filled. If proposals are presented by more than one group of shareholders, voting will be based on all of these proposals.

The Board of Directors appoints a substitute in case of death, resignation or temporary or permanent incapacity or unavailability of any member, except the administrator elected under rule of minorities. This appointment shall be subjected to ratification by shareholders at the first Annual General Meeting to be held following the co-optation.

In the definitive absence of an elected Board member under the provisions set in the previous paragraph, the election of a new Board member may only occur through a General Meeting.

## CORPORATE GOVERNANCE REPORT 2014

In the event a director misses two consecutive or interpolated meetings, without providing acceptable justification to the Board of Directors, it shall be deemed as a definitive absence of such director.

### 17. Composition of the Board of Directors

Under the Company's Articles of Association, the Board of Directors can be made up of an odd or even number of members, with a minimum of three members and a maximum of seven members, elected at the Shareholders' General Meeting.

The Board's term of office is of two years, and members can be re-elected for one or more times. The current term of the Board of Directors corresponds to the 2013-2014 period. The Board of Directors elects, under the Articles of Association, its Chairman.

As at 31 December 2014, the Board of Directors was made up of six members, three executive and three non-executives. Two of non-executive members are independent:

The current members of the Board of Directors elected for the mandate 2013-2014 are the following:

Name	First Appointment	Term of Office
Belmiro Mendes de Azevedo	December 2007	31 December 2014
Álvaro Carmona e Costa Portela	March 2011	31 December 2014
Maria Cláudia Teixeira de Azevedo	March 2011	31 December 2014
Ivone Pinho Teixeira	March 2013	31 December 2014
Francisco de La Fuente Sánchez	April 2008	31 December 2014
Paulo José Jubilado Soares de Pinho	April 2008	31 December 2014

### 18. Distinction between executive and non-executive members

Belmiro Mendes de Azevedo	Chairman - Non executive
Álvaro Carmona e Costa Portela	Vice-Chairman - Executive
Maria Cláudia Teixeira de Azevedo	Executive
Ivone Pinho Teixeira	Executive
Francisco de La Fuente Sánchez	Non Executive (Independent)
Paulo José Jubilado Soares de Pinho	Non Executive (Independent)

Non-executive members were appointed based on their reputation in business, finance, academia and consultancy areas, to strengthen the skills of the Board of Directors, namely in relation to the approval of the portfolio configuration strategy and of the annual business plan and any significant changes to it.

Non-executive members of the Board of Directors, Francisco de La Fuente Sánchez and Paulo José Jubilado Soares de Pinho, are considered independent under the terms of independence criteria established at 18.1 of the appendix I of the Regulation 4/2013 of CMVM and the recommendation II.1.7 of CMVM (2013).

Independent Non-Executive Directors have to disclose immediately to the Company any event that, in the course of their mandate, might lead to conflicts of interest or loss of independence under the terms of legal requirements.

# CORPORATE GOVERNANCE REPORT

## 2014

The current composition of the Board of Directors, especially the number of Non-Executive and independent members (2 from a total of 6 members), ensure the necessary supervision of the activities performed by Executive Directors, taking into account the governance model adopted, the Company's dimension and its free float. The Report of the Board of Directors contains a section with a description of the activities carried out by Non-Executive board members.

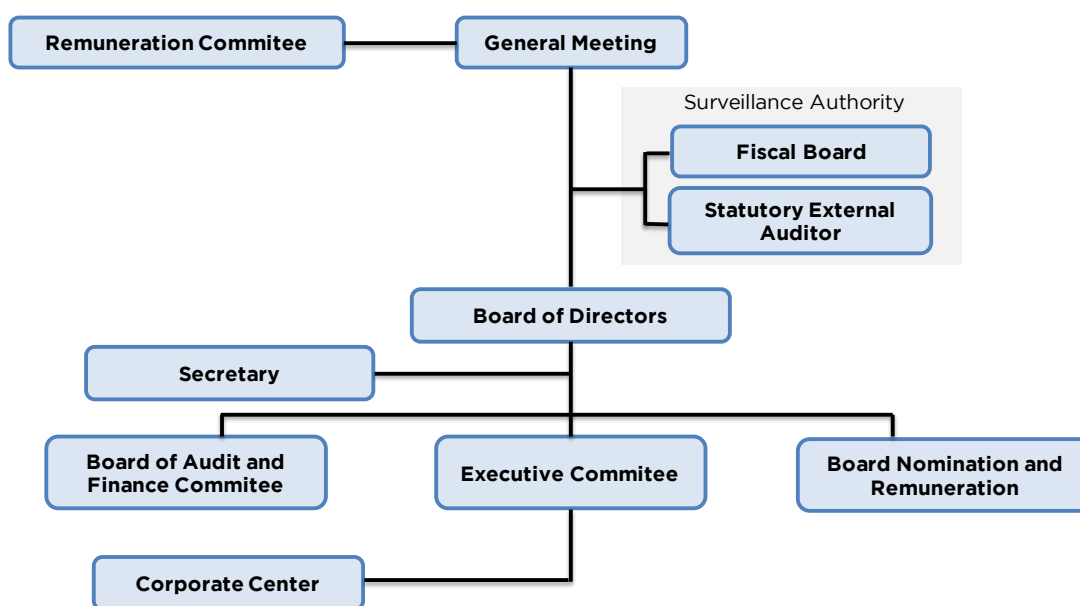
### 19. Professional qualifications of the members of the Board of Directors

Professional qualifications and other relevant curricula elements of the members of the Board of Directors are detailed in the appendix of this document.

### 20. Significant relationships between members of Board of Directors and qualified shareholders

The Chairman of the Board of Directors, Belmiro Mendes de Azevedo, holds the majority of the share capital and voting rights of the shareholder Efanor Investimentos, SGPS, SA, to which is attributed the domain of the capital and voting rights of the Company. The Chief Executive Officer, Maria Cláudia Teixeira de Azevedo, daughter of Belmiro de Azevedo, is a shareholder and member of the Board of Directors of Efanor Investimentos, SA, pursuant the information provided in section 26 of this chapter.

### 21. Division of powers between the different boards, committees and / or departments within the Company, including information on delegating responsibilities, particularly with regard to the delegation of powers, in particular with regard to the delegation of daily management of the Company



Under the current governance structure, the Board of Directors is responsible for business portfolio strategic decisions and respective implementation.

The Board of Directors delegates to the Executive Committee the powers to manage the day-to-day operations of the Company and, regulates how the Executive Committee operates and how the delegated powers can be exercised.

The Board of Directors does not delegate the following powers:

- To appoint the Chairman of the Board;
- To co-opt a member to the Board;
- To convene Shareholders' General Meetings;
- To approve the Annual Report and Accounts;
- To grant any pledges, guarantees or charges over the assets of the Company;



## CORPORATE GOVERNANCE REPORT

2014

- To decide to change the Company's registered office or to approve any share capital increases;
- To decide on mergers, de-mergers, modifications to the corporate structure of the Company;
- To approve the portfolio management strategy;
- To approve the financial plan and any significant changes thereto.

The Corporate Centre is instrumental in supporting the Executive Committee and the Board of Directors in defining and executing major strategies, policies and objectives and is composed of seven sovereign functions and three shared services functions which provide services to all Group companies.

Those functions are the following:

<b>Sovereign functions</b>	<b>Shared services functions</b>
Corporate Finance	Financial Services
Legal	Accounting, Tax and Reporting
Corporate Planning and Control	Administrative Human Resources
Corporate Human Resources	
Internal Audit & Risk Management	
Corporate Development	
Information Systems	

The Corporate Finance function has the responsibility to define and implement financial strategies and policies to ensure an integrated and across the board view of the Group's needs as well as ensuring the liaison with capital, debt and banking markets. This department is also responsible for financial risk management at Group level and for the preparation and follow-up of the Group's financial plan.

The Legal function provides legal support in all domains, in an integrated manner, ensuring the safeguard of the Groups' interests and promoting the strategy defined by the Board of Directors, ensuring legal compliance, litigation management and corporate secretarial matters.

The Planning and Control function plays a role in supporting the strategic planning of the Group, in defining management information policies and in ensuring consolidated management reporting. This function includes the Investor Relations Office, which has as main responsibilities external reporting and ensuring a permanent contact with institutional investors, shareholders and analysts.

Corporate Human Resources have the responsibility of defining and implementing the strategy and policy of Human Resources of the Group as well as the planning and management of talent and careers of senior managers.

Corporate Development has the main role of assisting the Board of Directors of Sonae Capital in projects of organic growth and in the management of Group's businesses, as well as in projects of portfolio optimization including the analysis and negotiation of investment or divestment opportunities.

The Internal Audit & Risks Management function defines and executes internal audit activities and evaluates systematically and independently Group's activities, with the objective of ensuring the efficacy of management systems and processes and internal control. Simultaneously, it supports the Board of Directors in identifying, modelling and accompanying Group's risks with the objective of controlling and mitigating those risks and also to include risk assessment in strategic and operational decision-making.

Information Systems function has the role of ensuring the alignment of information systems with Group's strategy, creating value by providing solutions that promote efficacy, efficiency and process innovation.

Sovereign functions report to the Executive Committee of Sonae Capital.

# CORPORATE GOVERNANCE REPORT

## 2014

With respect to the Shared Services functions, Financial Services have the mission of optimizing Group's financial flows by efficiently coordinating external partners, namely clients, suppliers and banks. The function is coordinated by a manager at the Corporate Centre level.

Accounting & Consolidation has the purpose of maintaining the accounting organization to guarantee the availability and integrity of financial and accounting information and assets of the whole organization through an integrated information system. The function is coordinated by a manager at the Corporate Centre level.

Administrative Human Resources ensure the coordination of administrative management activities of human resources and alignment with businesses. The function is coordinated by the sovereign function of Corporate Human Resources.

### b) Functioning

#### **22. Location where the regulations governing the functioning of the Board of Directors can be found**

Terms of Reference are available at the site of the Company ([www.sonaecapital.pt](http://www.sonaecapital.pt)) (Tab: Investors, Section: Corporate Governance/Terms of Reference).

#### **23. Number of meetings held and attendance level of each member, as applicable, of the Board, the General and Supervisory Board and Executive Board of Directors**

According to the Company's Articles of Association, the Board of Directors meets at least once every quarter and, in addition, whenever the Chairman or two Board Directors convene a meeting. During 2014, the Board of Directors held seven meetings and the respective attendance, personally or by representation, was as follows:

Belmiro Mendes de Azevedo	100%
Maria Cláudia Teixeira de Azevedo	100%
Álvaro Carmona e Costa Portela	100%
Ivone Pinho Teixeira	100%
Francisco de La Fuente Sánchez	100%
Paulo José Jubilado Soares de Pinho	100%

The functioning and other logistic issues are dealt with by the Board's Secretary, which also ensures that records of decisions made are kept in minutes of meetings and provides Board members with support information for the proposed agenda at least five days in advance and always leaving a weekend between distribution and the respective meeting.

#### **24. Competent Bodies of the Company to appraise the performance of executive directors**

Sonae Capital's Remunerations Committee is responsible for the performance appraisal, approval of remuneration, and other compensations of the Board of Directors, Fiscal Board and members of the Board of the Shareholders' General Meeting.

Furthermore, the non-executive members, as part of its oversight function, track the performance of executive directors in particular.

The Board Nomination and Remuneration Committee (BNRC), is fully composed by non-executive members and support the Shareholders' Remuneration Committee in its duties.

# CORPORATE GOVERNANCE REPORT

## 2014

### 25. Predetermined criteria for evaluating the performance of executive directors

The performance evaluation of executive directors is based on predetermined criteria, consisting of objective performance indicators established for each period and aligned with the Group strategy of growth and the business performance.

General growth business indicators, economic and financial KPI's (Key Performance Indicators) are divided into Company, department and individual KPI's.

The Company's business KPIs include economic and financial indicators based on the budget, on the performance of each business unit, as well as on the consolidated performance of the Company. Meanwhile, the department business KPIs are similar in nature to the previous ones, being directly influenced by the performance of the Executive Director. The personal KPIs, which may include subjective and objective indicators, are determined by the compliance of individual obligations and commitments.

Additional information may be consulted in points 71-75.

### 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 by members of these bodies during the financial year

Information on other offices held by members of the Board of Directors can be found in the curricula vitae included in an appendix to this report. Members of the Board of Directors consistently demonstrated availability for the proper exercise of their duties.

### c) Committees within the board of directors and delegates

### 27. Identification of committees created within the board of directors and where can be found the Regulations on the functioning

In addition to the Executive Committee, the Board has also appointed specialised advisory committees, namely the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee.

The Regulations on the functioning of these committees can be found at the website of the Company ([www.sonaecapital.pt](http://www.sonaecapital.pt)) (Tab: Investors, Section: Corporate Governance/Terms of Reference).

### 28. Executive Committee

Name	Position
Maria Cláudia Teixeira de Azevedo	Chief Executive Officer
Álvaro Carmona e Costa Portela	Vice-President
Ivone Pinho Teixeira	Chief Financial Officer

### 29. Competences of each committee created and synthesis of activities in exercise of those competences

#### **Executive Committee**

The Executive Committee has the ability to manage the day-to-day operations of the Company, following the strategic guidelines set by the Board of Directors and under the powers delegated to it by this governing body.

## **CORPORATE GOVERNANCE REPORT**

### 2014

In accordance with the adopted policy, all Executive Committee members, including the CEO, share responsibilities in more than one area, with responsibilities being attributed according to the profile and experience of each member.

The Executive Committee meets monthly and also every time the Chief Executive Officer or the majority of its members convenes a meeting, in writing, at least 3 days in advance. Notwithstanding the regular contacts between the members of the Executive Committee in the periods between meetings, during the year 2014, the Executive Committee held 14 meetings.

The Board of Directors may only deliberate if a majority of their members is present or represented, and decisions will be made by a majority of votes cast by members present, represented or voting in writing.

The Executive Committee meetings may also be attended by members of the corporate centre team, at a Director's request, for assistance and advice on specific issues.

The functioning and other logistic issues are dealt with by the Board's Secretary, which also ensures that records of decisions made are kept in minutes of meetings and provides Board members with support information for the proposed agenda at least five days in advance and always leaving a weekend between distribution and the respective meeting. The existence of a common Secretary to both governing bodies, ensuring information flows between them, contributes to the timely supply of information and reduces misinterpretation of information requests, thus leading to more efficiency and effectiveness in the process.

During 2014, the approved minutes of the Executive Committee meetings were made available to Non-Executive Board members and Fiscal Board members. Members of the Executive Committee provide timely and adequate information whenever requested by members of other statutory bodies.

### **Board Audit and Finance Committee**

The Board Audit and Finance Committee (BAFC) operate based on the terms approved by the Board of Directors.

As at 31 de December 2014, the BAFC is composed by Non-Executive independent members, Francisco de La Fuente Sánchez (President) and Paulo José Jubilado Soares de Pinho.

The BAFC reviews Company's reports, financial information and financial statements, before they are approved by the Board, advises the Board on reports to shareholders and financial markets, on the adequacy and appropriateness of internal information provided by the Executive Committee, including internal business controls, and on compliance with best practices in corporate governance, and reviews, on behalf of the Board, the internal audit and risk management activities and assesses processes and procedures in order to ensure monitoring of internal control and the efficient management of risks. The BAFC meets directly the Statutory External Auditors and the Internal Audit team.

Regarding risk issues and the respective control please revert to Chapter III of this report.

The BAFC shall meet at least six times a year before the disclosure of the annual and interim results, once before the approval of the annual consolidated budget, once to evaluate the effectiveness of corporate governance policies and practices of the Company and whenever it is convened by its Chairman, or the Board's Chairman or the Chief Executive Officer.

The Secretary of the BAFC circulates required agendas and support documents to the members of the BAFC at least five days in advance and always leaving a weekend between distribution and the respective meeting, also ensuring records of decisions made are kept in minutes of the meetings.

# CORPORATE GOVERNANCE REPORT

## 2014

### **Board Nomination and Remunerations Committee**

The Board Nomination and Remunerations Committee (BNRC) is composed by the Chairman Belmiro Mendes de Azevedo (President) and the Independent Non Executive Member Francisco de La Fuente Sánchez.

The BNRC members are appointed for a term of two years.

BNRC operates under terms of reference approved by the Board of Directors and is responsible for identifying potential candidates for the position of Director or Senior Management positions within the Sonae Capital Group. It is also responsible for overseeing the preparation of proposals on remuneration and other compensation on behalf of the Board of Directors, for the succession planning, monitoring of talent management processes and the contingency plans. The BNRC reports to the Board of Directors, in writing, whenever necessary, and operates in coordination with the Remuneration Committee in obtaining approval for remuneration and other compensations of members of the Board of Directors and other corporate bodies. The BNRC may receive assistance from external entities, which should guarantee absolute confidentiality.

The BNRC meets at least once a year, before the annual meeting of the Shareholders' Remuneration Committee.

### **III) Supervision**

#### **a) Composition**

#### **30. Identification of the Fiscal Board**

The Fiscal Board and the Statutory Auditor are the Supervision bodies of the Company.

#### **31. Composition**

In accordance with the Company's Articles of Association, the Fiscal Board shall be made of an odd or even number of members, with a minimum number of three members and a maximum number of five members, being the number of members decided upon by the Shareholders' General Meeting of the Company. One or two substitutes shall be appointed if the Fiscal Board is made up of three or more members, respectively.

The Fiscal Board members are elected for a two years term, along with members of other corporate bodies.

The Fiscal Board appoints its Chairman if the Shareholders' General Meeting has not made such an appointment. If the Chairman ceases his/her functions before the end of his/her mandate, the remaining members shall choose amongst themselves who will perform those duties until the end of the mandate. Substitute member(s) shall replace effective member(s) who are unable or have ceased to exercise their functions, and shall remain member(s) until the next Shareholders' General Meeting which will appoint new members to fill any vacancy(ies). If there are no substitute members available, the Shareholders' General Meeting shall appoint new members.

#### **32. Details of the independent members of the Supervisory Board**

The members appointed for the current mandate (2014-2014) are:

<b>Name</b>	<b>Position</b>	<b>First Appointment</b>
Manuel Heleno Sismeiro	Chairman	April 2009
Armando Luís Vieira de Magalhães	Member	December 2007
Jorge Manuel Felizes Morgado	Member	December 2007
Carlos Manuel Pereira da Silva	Substitute	December 2007

# CORPORATE GOVERNANCE REPORT

## 2014

The members of the Fiscal Board are of the opinion that they can all be considered independent under the terms of number five article 414 of the CSC and that they comply with all incompatibility rules mentioned in number 1 article 414-A of the CSC.

In accordance with the Law, the members of the Fiscal board have the obligation to immediately inform the Company any change that can harm their independence.

For further information about the Statutory Auditor please see below point 39 to 41.

### 33. Professional Qualifications

Professional qualifications and other relevant curricula elements of the members of the Fiscal Board are detailed in the appendix of this document.

### b) Functioning

### 34. Availability and place where the rules on the functioning of the Supervisory Board may be viewed

Regulations are available at the site of the Company ([www.sonaecapital.pt](http://www.sonaecapital.pt)) (Tab: Investors, Section: Corporate Governance/Terms of Reference).

### 35. Meeting of the Fiscal Board

Fiscal Board has at least one meeting in every three months. During 2014, the Fiscal Board held five meetings and the respective attendance, personally or by representation, was as follows:

Manuel Heleno Sismeiro	100%
Armando Magalhães	100%
Jorge Morgado	100%

The resolutions of the Fiscal Board shall be made by a simple majority.

### 36. Availability of each member with description of positions held in other companies inside and outside the group and other relevant activities carried out

The members of the Fiscal Board performed their functions effectively and expressed total availability for holding such position.

Professional qualifications and other relevant curricula elements of the members of the Fiscal Board are detailed in the appendix of this document.

### c) Competences and functions

### 37. Description of the procedures and criteria for intervention by the Fiscal Board for the purpose of hiring additional services to the Statutory Auditor

The Fiscal Board is the responsible to approve the provision of additional audit services to the external auditor.

The Fiscal Board establishes, in the first meeting of each year, a work plan and timetable for the year, comprising among other subjects, the coordination of tasks with the Statutory Auditor including:

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

## CORPORATE GOVERNANCE REPORT 2014

- Joint meeting with the Board Audit and Finance Committee (BAFC) for the review of matters regarding Internal and External Audit;
- Analysis of supply of services other than audit services in compliance with CMVM recommendation IV.2.

In the assessment of criteria that support the hiring of additional works to the External Auditor, the Audit Committee verifies the presence of the following:

- the hiring of additional services does not affect the independence of the External Auditor;
- tax advisory services and other services are provided with high quality, autonomy and independence from the executed under the audit process;
- are fulfilled the necessary criteria to guarantee the independence and impartiality.

### 38. Other functions

The duties of the Fiscal Board are those determined by law, which include amongst others:

- i. Overseeing the Company's Board of Directors;
- ii. Overseeing compliance with legal and regulatory requirements and the Company's Articles of Association;
- iii. Supervising the preparation, disclosure and accuracy of financial information;
- iv. Verify the accuracy of accounting reports;
- v. Prepare, annually, a report on its enforcement activity to the shareholders, including therein the description on the supervisory activity, detected any constraints and give an opinion on the financial statements and proposals made by the administration;
- vi. Monitoring the effectiveness of the risk management system, internal control system and internal audit system;
- vii. Receive reports of irregularities presented by shareholders, employees or others;
- viii. Represent the Company and the Statutory Auditor, and to propose to the General Meeting its appointment and dismissal as well as the assessment of the activity performed, ensuring that are provided, within the Company, the appropriate conditions for the provision of their services, and the point of contact and the first recipient of the reports;
- ix. Monitoring the accounting documents revision;
- x. Monitoring the independence of the statutory auditor, namely, approving the additional supply of services to be provided to the audit by the Statutory auditor;
- xi. Oversee the internal auditor;
- xii. Issue prior opinion on transactions significantly relevant with qualifying shareholders or entities with which are in any respect under Article 20 of the Portuguese Securities Code, in accordance with procedures and criteria defined.

To carry out its duties, the Fiscal Board obtains from the Board of Directors, namely through the Board Audit and Finance Committee, all the necessary information to carry out its duties, namely relating to the operational and financial performance of the Company, changes to its business portfolio, the terms of any transactions that have occurred and the details of decisions made;

- Reviews and monitors, during the year, the work of the internal and external auditors, and informs the Board of Directors of its recommendations;
- Monitors the risk management system, and, if there are any material issues, prepares an annual report of its assessment and recommendations to the Board of Directors;
- Receives from the Board of Directors, at least two days before the date of the meeting, the annual consolidated and individual financial statements and the Report of the Board of Directors and reviews in particular the main changes, relevant transactions and the corresponding accounting treatment applied;
- Receives from the Statutory Auditor, the statutory audit report on the financial statements, and reports its opinions and decisions made;
- Records in writing communications of alleged irregularities that have been addressed to it, requesting information and clarification through the Board of Directors, and internal and/or external auditors, and prepares a report on its conclusions;

## **CORPORATE GOVERNANCE REPORT**

### 2014

- Informs the Board of Directors about the procedures and checks carried out and the results thereof;
- Attends Shareholders' General Meetings;
- Carries out any other supervisory duties required by law.

To support the Fiscal Board's activity, the Company provides human and technical resources needed for scheduling meetings, preparing agendas, minutes and support documents and ensuring their timely distribution. Additionally, internal staff deemed relevant for matters in the agenda, is also present in the meetings, to present and explain the main questions raised by the Fiscal Board. Items in the agenda regarding External Audit issues are discussed, at the request of the Fiscal Board, without the presence of other department's staff.

The Fiscal Board represents the company with the External Auditor and proposes to the General Shareholders meeting its appointment as well as its dismissal. It also proposes an evaluation of the performance work, assuring adequate conditions to do so and is the first recipient of their reports.

The Fiscal Board issues an annual report on the supervisory work performed including the annual assessment of the Statutory External Auditor, as well as an opinion on the report of the Board of Directors, consolidated and individual financial statements and corporate governance report presented by the Board of Directors, in order to meet the legal deadlines for presentation of those documents to the annual Shareholders' General Meeting. The Fiscal Board's report on annual activity is included in the annual reports made available on the Company's website ([www.sonaecapital.pt](http://www.sonaecapital.pt)).

The Statutory Auditor is the supervisory body responsible for legal certification of financial information of the Company, with the competence of:

- i. Verify the correctness of all the books, accounting records and supporting documents;
- ii. Verify the extent of cash and stock of any assets or securities belonging to the Company by or received as collateral, deposit or other purpose;
- iii. Verify the accuracy of financial statements and express their opinion thereon in the Legal Certification of Accounts and the Audit Report;
- iv. Verify that the accounting policies and valuation criteria adopted by the Company result in the correct valuation of assets and results;
- v. Carry out any examinations and necessary tests for audit and legal certification of accounts and carry out all the procedures determined by law;
- vi. Verify the implementation of remuneration policies and systems and the effectiveness and operation of internal control mechanisms reporting any deficiencies to the Audit Committee, pursuant under and within the limits of its statutory competence and procedural;
- vii. Confirming that the Corporate Governance Report includes the information listed in Article 245-A of the Securities Code.

#### **IV. Statutory Auditor**

##### **39. Statutory External Auditor identification and the representing partner**

The Statutory Auditor of the Company for 2013-2014 is PricewaterhouseCoopers & Associados, SROC, represented by Hermínio António Paulos Afonso or by António Joaquim Brochado Correia.

In 2014 the Statutory Auditor was represented by Herminio António Paulos Afonso.

##### **40. Permanence of Functions**

The Statutory Auditor is in its second term of two years, having been re-elected for another term, under proposal of the Fiscal Board, at the General Meeting of March 18, 2013. The Company's auditor is the same auditor since 2011 in almost all subsidiary companies.



# CORPORATE GOVERNANCE REPORT

## 2014

### **41. Other services provided to the Company**

The Statutory Auditors additionally provides to the Company audit services as described below.

## **V. External Auditor**

### **42. Identification**

The Company's Statutory External Auditor for the term ended in 2014 was PricewaterhouseCoopers & Associados, SROC, registered with nr.9077 in Commission for Securities Market, represented by Hermínio António Paulos Afonso or by António Joaquim Brochado Correia.

In 2014 the Statutory Auditor was represented by Herminio António Paulos Afonso.

### **43. Permanence of Functions**

The Statutory External Auditor was elected by the Shareholders' General Meeting, by proposal of the Fiscal Board for the first time in 2011, to the 2011-2012 term of office and is in its second one. The representing partner prosecutes his functions since then.

### **44. Policy and frequency of rotation of the external auditor and its partner**

The Statutory External Auditor and the Certified Public Accountant's partner that represents the external auditor in the fluffiness of these functions, is only serving his second term, therefore, the Company complies fully with the recommendations currently in force. The rotation policy and schedule of the external auditor and the respective partner that represents said auditor shall be determined in the light of best practice in corporate governance at the date of expiry of that term, where and when relevant.

### **45. External Auditor assessment**

According to the Corporate Governance model, the election or removal of the Statutory External Auditor is decided at the General Meeting upon the proposal of the Fiscal Board.

Additionally, the Fiscal Board oversees the performance of the External Auditor and the work during each exercise, considers and approves the additional work to provide and, annually, prepare an assessment of the External Auditor, which includes an assessment of their independence.

### **46. Additional work**

In order to ensure External Auditor independence, tax consultancy services and other services (mostly related with management consulting) were provided by different teams than those involved in audit services. The Board Audit and Finance Committee and the Fiscal Board reviewed the scope of other services and concluded they did not affect the independence of Auditors.

The services provided by the external auditor, other than audit services, were approved by the Fiscal Board within the recommended principles. The percentage of those services in total services provided by PricewaterhouseCoopers & Associados, SROC (PwC) to the Company amounts to 17.7%. Given the amount involved and the fact that the services are provided by a completely different team from the entity that provides audit services, was preserved the auditor independence and impartiality.

As part of its work plan, the external auditor confirmed the application of policies and remuneration systems, as well as the effectiveness and performance of internal control mechanisms, and has not identified any material issues that should be reported to the Company's Fiscal Board.

# CORPORATE GOVERNANCE REPORT

## 2014

### 47. Annual remuneration

During 2014, the total remuneration paid to the Company's external auditors was € 214,135 (two hundred and fourteen thousand one hundred and thirty five euros), corresponding to the following services provided:

Services	Total 2014	%	Sonae Capital SGPS	%	Other Group entities	%
Statutory Audit <sup>1</sup>	176,335	82.3	35,707	100.0	140,628	78.8
Other Assurance <sup>2</sup>	1,000	0.5	0	0.0	1,000	0.6
Tax Consultancy <sup>2</sup>	6,000	2.8	0	0.0	6,000	3.4
Other Services <sup>2</sup>	30,800	14.4	0	0.0	30,800	17.3
<b>Total</b>	<b>214,135</b>	<b>100</b>	<b>35,707</b>	<b>100</b>	<b>178,428</b>	<b>100</b>

Values in Euro

<sup>1</sup> Fees agreed for the year

<sup>2</sup> Amounts invoiced

## C. INTERNAL ORGANIZATION

### I. Articles of Association

#### 48. Rules governing amendment to the Articles of Association (Article 245-A/1/h))

Amendments to the Articles of Association follow the terms of the CSC, requiring a two-thirds majority of votes cast for approval of such resolution.

At a first meeting for a General Meeting to pass resolutions on amendments to the Company's Memorandum and Articles of Association, it is required that a minimum of 50% of the issued capital is present or represented at the General Meeting.

### II. Whistle Blowing Policy

#### 49. Whistle Blowing Policy

The definition of irregularities, which for the purpose of the Company's Policies and Procedures for the Communication of Irregularities are facts that infringe or severely damage:

- Compliance with legal, regulatory or ethical principles by members of the Company's statutory bodies and staff or of its affiliated companies, in the course of their professional activity;
- Assets of the Company and of its affiliated companies, as well as assets of 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 main features of the reporting of irregularities policy currently in place are:

## **CORPORATE GOVERNANCE REPORT**

### 2014

- Setting up appropriate procedures for reporting irregularities, including the provision of a mail box with exclusive access by the Chairman of the Fiscal Board, together with receipt by regular mail, to ensure to all employees, shareholders or stakeholders that all communications or complaints connected to the reporting of irregularities arrive tamper-proof to the recipient. Although there is the need for explicit and clear identification of the complainant, their identity will be kept confidential and only known to the Chairman of the Fiscal Board, whenever requested.
- To ensure, following the reporting of irregularities or the knowledge of a potential irregular situation, by giving access to the Fiscal Board to all the relevant documentation that can be provided by the Company to fully investigate, thorough a rigorous and impartial review process, the reported irregularities and the prevention from access to the review process of any individual who, even indirectly, may have a conflict of interest with the disclosure of the review process.
- The handling of irregularities, particularly the fast and effective treatment of such communications, the implementation of corrective measures when necessary and the need to inform the whistle blower of such facts.
- The proposal of the Fiscal Board to the statutory bodies of the Company or to the statutory bodies of any affiliated Company, when deemed necessary, for the adoption of measures considered necessary to solve the irregularities investigated.
- Prevent the potential occurrence of reprisals as a consequence of the whistle blowing activity as long as the whistle blower has not shown bad faith or participated in any irregularity.

According to the best corporate governance practices in the he Company's reporting of irregularities policy, the main features of which are summarized above, are available for consultation on the Company's website ([www.sonaecapital.pt](http://www.sonaecapital.pt)), and are applicable to all the Group subsidiaries.

During 2014, the Fiscal Board has not received, through the available means, any communication that falls under the ruling of this policy.

### **III Internal Control and Risk Management**

Sonae Capital assigns prime importance to the implementation of appropriate internal control and risk management principles. Market visibility, exposure and diversification of the businesses' risks and the increasing speed of information transmission, makes the implementation of these principles crucial to value creation and compliance with ethical and social responsibility values.

Risk management materializes with coordinated plans and systems aimed at managing and controlling opportunities and threats which may affect business objectives and Group companies, preventing errors and irregularities from occurring, minimizing their consequences and maximizing the organisation's performance and the reliability of its information on a going concern basis.

Risk management, as a support to Sonae Capital's corporate culture and objectives, is inherent in all management processes and is a continued concern for all Group managers and employees. Risk management aims to create value and is one of the main components of the sustainable development of companies through the identification, understanding, management and mitigation of uncertainties and threats that may affect their different businesses, in order to increase the probability of their success and reduce the likelihood of failure.

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

**BOARDS AND COMMITTEES RESPONSIBLE FOR RISK MANAGEMENT AND INTERNAL CONTROL**

- Board of Directors
- Executive Committee
- BAFC (Board Audit & Finance Committee)
- Statutory External Auditor
- Internal Auditor and Risk Management
- Corporate Centre

**51. Disclosure of the relationship to other committees of the Society in hierarchical dependence and / or functional relation**

The Board of Directors is responsible for the definition of the Risk Management Policy for the Company and its subsidiaries.

The Executive Committee is responsible for the ongoing assessment of risks that affect the organization and the approval of measures, models and mechanisms for the assessment, control and mitigation of those risks.

The Board Audit and Finance Committee informs the Board of Directors about the suitability of internal information provided by the Executive Committee and of the systems and internal control principles and for compliance with the best practices in corporate governance. In addition, The Board Audit and Finance Committee supports the Fiscal Board on the appointment of the Statutory Auditor and to define the scope and remuneration for their work.

External Audit evaluates and reports the risks of reliability and integrity of accounting and financial information, thereby validating the internal control system set up for that purpose at Sonae Capital.

The Internal Audit function, acting as an independent entity of internal counselling, identifies and evaluates the efficacy and efficiency of management and control of risks of business processes and information systems, as well as risks of non conformity with legislation, contracts, policies and procedures of companies. The Risk Management and Internal Audit functions are coordinated by a single manager at Sonae Capital's Corporate Centre level, and its activities are reported and followed up by the Board Audit and Finance Committee of the Board of Directors.

The Board Audit and Finance Committee reports to the Board of Directors about the quality and independence of the Internal Auditor and must be consulted by management regarding the appointment of the internal audit team.

Regarding the relationship between the two Audit committees, the Board Audit and Finance Committee reviews the scope of work of Internal Audit and its relation to the scope of work of the External Auditor and analyses with the external auditor and with the head of Internal Audit their reports on the review of the annual and interim financial information and the review of internal control, reporting the conclusions to the Board of Directors. These reports are issued to the Fiscal Board and to the Audit and Finance Committee simultaneously.

**52. Existence of other functional areas regarding competences in risk control**

The Corporate Centre, reporting to the Executive Committee, promotes, coordinates, ease and supports the procedure development of Risk Management, promoting the inclusion of risk level in strategic and operational decisions, and this function as well as the Internal Audit function are coordinated by a single manager at Sonae Capital's Corporate Centre level, and its activities are reported and followed up by the Board Audit and Finance Committee of the Board of Directors.

# CORPORATE GOVERNANCE REPORT

## 2014

Like the Internal Audit and Risk Management functions, the management of financial and legal risks is also coordinated by two managers, at the Corporate Centre level of Sonae Capital and its activities are reported and followed up by the Audit and Finance Committee and by the Fiscal Board.

### 53. Main Risks (Economic, financial and legal) to which the Company and its Affiliates are exposed

#### 53.1 General Risks

**Cyclical Risks:** The majority of Sonae Capital subsidiaries activity is developed in Portugal therefore is largely exposed to Portuguese economy, which in turn is strongly conditioned by the developments in the Eurozone.

In May 2011, Portugal has formalized a Memorandum of Understanding with the Troika regarding Economic and Financial Stabilization Program, which included a Eur 78 billion financing to Portugal, disbursed over a period of three years and subject to the implementation of a set of fiscal and structural measures. With the end of this program in May 2014, and despite of all the adjustments implemented, there are some doubts regarding Portuguese economy. In particular over recent years, despite of the improved quarterly variations, there has been a contraction in GDP, influenced by the restrictive fiscal policies, public spending and private sector cuts.

Given the above, the activity, business, operating results, financial situation, and Sonae Capital future perspectives, or its ability to achieve its goals, can be potentially adversely affected by a negative evolution in the Portuguese or Eurozone situation.

**Financial Risks:** Sonae Capital is exposed to a variety of financial risks namely interest rates, transaction and translation foreign currency exchange, liquidity and debt and equity financial market fluctuations, counterparty and credit risk (especially relevant in scenarios of economic downturn), commodity and raw material prices.

Sonae Capital's financial risk management policy seeks to minimize potential adverse effects of the volatility of financial markets, and with that end in mind, a coherent set of systems and processes are implemented at Sonae Capital allowing the identification, monitoring and management by the Corporate Finance function, on a timely basis.

The current situation of financial markets places liquidity risk, credit risk and fluctuations in capital and debt markets assume a forefront position in companies concerns due to potential impact in the continuity and development of businesses. In fact, the development of businesses of some companies held by Sonae Capital may require additional investment from Sonae Capital in its affiliates or Sonae Capital may intend to expand its businesses through organic growth or acquisitions and also business continuity demands the maintenance of appropriate liquidity reserves to face Company's activities. The additional investment and the maintenance of liquidity reserves may be raised through shareholders' equity or external debt.

Sonae Capital cannot guarantee whether these funds, if necessary, will be obtained or that they will be obtained under the desired conditions in which case plans for business expansion may have to be altered or postponed.

In this context, the above-mentioned systems and processes of financial risks management, which are centralized in the Company's Corporate Centre, are set out in order to mitigate those risks and to ensure liquidity management through:

- i. short, medium and long term financial planning based on cash flow forecasts;
- ii. treasury and cash management control instruments;
- iii. rigorous credit policies towards customers and follow up of risk evolution;
- iv. a variety of sources of and counterparties to funding;
- v. the adjustment of debt maturity profiles to cash flow generation; and
- vi. maintenance of an adequate level of liquidity through contractual arrangements relationship banks for short term credit facilities.

Additionally, Sonae Capital's attitude towards financial market risk management is conservative and cautious, sometimes using derivative instruments to hedge certain

## CORPORATE GOVERNANCE REPORT 2014

exposures related to its operating businesses or the arrangement of insurance credit whenever adequate.

The Company does not therefore enter into derivatives or other financial instruments that are unrelated to its operating businesses.

**Legal Risks:** Sonae Capital and its affiliated companies are subject to extensive and often complex regulation. As a result the performance of the activities and its compliance represents an important investment in terms of time spent and other resources, having therefore legal and fiscal advice. In fact Sonae Capital and its businesses have a legal and tax function permanently dedicated to its activities, which are closely carried out with the remaining sovereign functions and businesses, in order to ensure, preventively, the protection of Sonae Capital's interests while complying with legal obligations and applying best practices. Legal and tax function is also supported, on a national and international level, by external professionals, selected from reputed firms and based on criteria of competence, ethics and experience. However, Sonae Capital and its affiliated companies may be affected by legal and tax changes in Portugal, Eurozone, or other countries where it develops its activity. Sonae Capital does not control these changes, or changes regarding laws interpretation by any authority. Potential changes in Portugal laws, Eurozone or other countries where it operates may have an adverse impact on Sonae Capital business or its affiliated companies or in their results

**Information Systems risks:** Information systems of Sonae Capital are characterized by being comprehensive, wide-ranging and spread. From an information security stand point, several actions to mitigate risks of compromising confidentiality, availability and integrity of business data have been carried out. Among those actions are off site backups, implementation of high availability systems, network redundancies, control and quality check of flows between software, management of accesses and profiles and implementation of antivirus. On a recurrent basis, the Internal Audit function carries out audit assignments in several domains: software, servers and networks with the purpose to identify and correct potential vulnerabilities that may have a negative impact in the business as well as to ensure the protection of confidentiality, availability and integrity of information.

**People Risks:** Sonae Capital's ability to successfully implement its strategy depends on the ability to recruit and retain the most qualified and competent employees for each function. Despite Sonae Capital's human resources policy being oriented towards attaining those goals, it is not possible to guarantee that there will be no limitations in this area in the future.

**Insurable Risks:** In relation to the transfer of insurable risks (technical and operational), Group companies negotiate insurance coverage with the objective of rationalizing these types of risk by searching to establish a sound insurance capital structure for the capital values at risk, based on the constant changes in the businesses involved. On another level, insurance coverage and retention levels have also been optimized in accordance with the needs of each business, ensuring internally effective insurance management.

### 53.2 Company's Risks

Sonae Capital, as an investment holding Company (SGPS), promotes direct and indirectly the power to manage its affiliated companies, therefore the fulfilment of all obligations undertaken, are dependent on cash flows generated by those affiliated companies. Sonae Capital is therefore dependent upon the distribution of dividends by its affiliated companies, the payment of interest, the repayment of loans granted and other cash flows generated by those companies. The ability of affiliated companies to make funds available/repay to Sonae Capital will depend in part on their capacity to generate positive cash flows, in connection to its operational activities, as well as the legal, tax and statutory framework applicable to dividends distribution, and other forms of delivering or repayment shareholder's funds.

# CORPORATE GOVERNANCE REPORT

## 2014

### 53.3 Affiliates Risks

Sonae Capital has a diversified portfolio, hence major risks to which its affiliates are exposed may be sector specific. Most relevant risks are identified below.

#### 53.3.1 RESORTS

a. The activities carried out by Resorts business are subject to economic cycles and dependent on the growth of tourism activity and real estate in Portugal. Therefore the tourism operations of this business are dependent on tourist demand which, in turn, is linked to economic trends, both nationally and internationally. Any negative developments in the Portuguese economy or in the main countries that contribute with tourists to the Portuguese market can have an adverse impact on its business performance, due to a shrinkage on the number of tourist.

b. The successful marketing of high-quality tourism and residential property developments depends on the state of the real estate sector in Portugal and in major European countries (in view of the fact that a significant part of the tourism property developments is targeted at foreign investors) at the time that properties are put on the market. A less favorable economic environment than expected may impact the business, namely in relation to selling prices and marketing periods.

c. The business carried on by Resorts as tourism operator is subject to the supervision of the Directorate-General for Tourism and compliance with specific legislation for this activity. A less favourable economic framework than the one expected, may put at risk current business expectations, namely in relation to selling prices and marketing periods, with potentially negative impact on the financial performance of this business.

d. The activity carried out by Atlantic Ferries and by the Tróia Marina is subject to the terms and periods referred to in the concessionary contracts signed, as follows: (i) Atlantic Ferries entered into, with APSS (Associação dos Portos de Setúbal e Sesimbra), in 2005, a concessionary contract for the river crossing public transport service of passenger, light and heavy vehicles between Setúbal and the Tróia Peninsula. The concession was granted for a period of 15 years extendable for successive periods of 5 years, if both parties agree; (ii) the Tróia Marina entered into, with the APSS, in 2001, a concessionary contract for the operation of the Tróia Marina for a period of 50 years. Any breach of the contractual obligations could entail significant risks for the activity and have an impact on these earnings.

e. In Tróia Peninsula the tourism real estate developments may be affected by competition from other developments, in particular, on the Alentejo coast, the Algarve and southern Spain. However, it is Sonae Capital opinion that the troiaresort project is being developed in an area where the existing biodiversity and cultural heritage are considered to be the factors which differentiate the project, and can be capitalized on with new tourism services and products with a positive impact on the project.

f. The Resorts business may be subjected to seasonality, with the result that abnormally adverse conditions during these periods could negatively affect the level of activity and operating results.

#### 53.3.2 HOSPITALITY

a. The activities carried out by the hospitality business are dependent on the growth of tourism activity in Portugal. Therefore the tourism operations of this business are dependent on tourist demand which, in turn, is linked to economic trends, both nationally and internationally. Any negative developments in the Portuguese economy or in the main countries feeding tourist visitors to the Portuguese market can have an adverse impact on its business performance, due to a shrinkage on the number of tourist

b. This activity is subject to fluctuations in demand associated with natural disasters, as well as to factors of a social or political nature which could have an impact on the inflow of tourists and consequently on occupancy rates.

c. The activity carried out by the hospitality business is subject to supervision by the Directorate-General for Tourism and compliance with specific legislation for this activity.

## **CORPORATE GOVERNANCE REPORT**

### 2014

d. The level of activity can depend on the intensity of competition – both regional and global – from the tourism destinations in which they operate. As a consequence of growth in demand, massive use of air transport, and the emergence of new destinations, competition between tourism destinations is becoming increasingly more aggressive. However, over and above the convenience of the location, the brand's widespread awareness and the quality of the property development, in particular the offer of complementary facilities (restaurants, golf, SPA and other leisure activities), are important competitive advantages in this sector.

e. The possibility of the occurrence of risks to public health in the restaurant and health club activities and of accidents that may put at risk the safety and health of customers at the respective premises, may result in Sonae Capital subsidiaries being held liable for damages, which could have an adverse effect on the Company's earnings and financial position. However, any possible risks for the restaurant and other businesses, arising from situations that could lead to public health risks are minimized by the implementation of a rigorous quality control and food safety system for processes and products, which is regularly audited by external companies with a view to continuous improvement. In this respect, Sonae capital subsidiaries uses tools such as HACCP (Hazard Analysis and Critical Control Points) defined in the "Codex Alimentarius" – Appendix to CAC/RCP 1-1969, Rev. 4 (2003), undertaking to comply with the requirements specified therein, as well as with prevailing legislation, namely with Regulation (EC) nr. 852/2004 of the European Parliament and Council of 29 April 2004, relating to food hygiene.

#### **53.3.3 FITNESS**

a. In the leisure sector, namely in the Fitness segment where Sonae Capital Group operates through Solinca Health & Fitness (health clubs), competition is based on the diversity and quality of the services provided and prices policies. The response to increased competition both as a result of the entry of new operators into the market, from their increased size due to mergers and acquisitions, and the decision to try to increase the number of customers/members, could force a reduction in prices charged or the application of promotional discounts. Similarly, leisure activity (health clubs) can be affected by the economy's behavior, notably, through a drop in consumer confidence and the consequent impact on household disposable income.

b. The possibility of the occurrence of risks to public health in health clubs and of accidents may put at risk the safety and health of costumers at the respective premises may result in Solinca Health & Fitness being held liable for damages, which could have an adverse effect on the companie's earnings and reputation.

#### **53.3.4 REFRIGERATION AND AIR CONDITIONING**

Activities related to refrigeration, air conditioning and related maintenance services have specific risks, the majority of which are related to competition from other companies operating in the same markets and to the economic situation. The following major risks are related to:

a. Equipment retail businesses growth being limited by pressure from Spanish rival companies which are beginning to start up business in Portugal;

b. A slowdown in growth and profitability rates in engineering services in the refrigeration and HVAC area, as a result of cuts in capital expenditure by the large food retailers and in the property sector;

Considering the market environment that currently exist in Portugal, as previously mentioned, the development of this business area, is based on the business international growth, therefore developments in the global economy, specific risks from targeted countries and the ability to conquer new markets may have an impact on the activity performance of this business.



# CORPORATE GOVERNANCE REPORT

## 2014

### 53.3.5 ENERGY PRODUCTION

The area of Energy carries out its activity mainly in the development and management of cogeneration projects. Although this form of electric power production is a more efficient alternative and “environmental friendly”, it nonetheless entails certain risks that could have an impact on the earnings of the companies concerned:

- a. Cogeneration is a form of rationalizing the consumption of energy, given that the production of electric energy based on the energy released at the moment of combustion, is synonymous with the most efficient use of fuel (natural gas in the case of projects of Sonae Capital). A cogeneration power plant uses less fuel compared to that used in separate production of the same quantities of thermal and electric power. Related risks concern the award of CO<sub>2</sub> emission licenses. The scheme for greenhouse gas emission allowance trading within the Community (ETS), introduced for the period starting 2013, significant changes in allocation plans for CO<sub>2</sub> emission allowances, being the total quantity of emission allowances determined at a Community level and allocated by auction. Allocation of free emission allowances is marginally performed using Community benchmarks. The free allocation of allowances follows a downward trend for the next years aiming to its termination in 2027. The cogeneration units that are under this legislation (terminal nominal power above 20MW) will have an increasing need to obtain those CO<sub>2</sub> emission allowances on the trading market, therefore being exposed to prices fluctuations.
- b. Cogeneration has predefined tariffs defined by the Portuguese State, has a way to encouraging the production of this alternative form of electric power generation, more efficient and less polluting. Therefore the risks relating to the selling price of energy are presently minimized. In cogeneration projects, thermal energy is sold for industrial use, with the relevant price indexed to the price of fuel. Electric power is sold at the price defined by the Portuguese State for a protracted period of time. However, profitability rates are dependent on the short, medium and long term stability of regulation and policies that supports energetic efficiency. In the current economic environment Portugal is in, with the restrictive measures still in force, barriers to the development of new projects can be added. The introduction of austerity measures within the carry out of the economic austerity programme signed with European Union, European Central Bank and the International Monetary fund may bring additional barriers to the development of new projects;
- c. The production of energy in cogeneration facilities is subjected to supervision by the Directorate-General for Geology and Energy (DGGE) and by the Energy Services Regulator (ERSE) - the entities responsible for regulating the electricity sector in Portugal, and to the compliance with specific legislation dealing with this sector. Any alteration to this wide ranging legal regime applicable to the sector could imply major risks for this business activity.

### 53.3.6 OTHER ASSETS

- a. Norscut, a Company in which Sonae Capital holds a 36% stake through its affiliated Company, Contacto Concessões, SGPA, SA, holds the concession for the operation and maintenance under the shadow toll regime (portagem sem cobrança aos utilizadores - SCUT) of the A24 motorway and associated roads (motorway which links Viseu to the Chaves border). The other shareholders of Norscut are Eiffage and its affiliated companies (current stake of 36%), CNCE, SA (15% stake) and Egis Projects a French group Egis Company (10%). The concession is operated under a contract signed with the State on 30 December 2000 for a period of 30 years, starting 2001. Any breach of the contract's conditions could entail major risks for Norscut's activity and its operating performance. This contract may be changed as a result of ongoing negotiations endorsed by the Portuguese government, regarding changes in the operating model, but no final conclusions have been reached. These potential contractual changes to be established may have a significant impact in Norscut's activity. Accordingly to the relevant concession agreement, all the assets directly related to Norscut activity will revert in favour of the Portuguese State at the end of the concession contract (30 December 2030), without any compensation.
- b. Additionally, Sonae Capital Group, as at 31 December 2014, holds an investment in an investment fund (Fundo Fechado Imosede II), representative of 22.57% of this

## **CORPORATE GOVERNANCE REPORT**

### 2014

investment fund. The strategic guideline for this asset is its divestment, depending on the occurrence of a proposal considered as suitable. The termination of this investment fund occurs in 2016 unless if extended under the terms set down by law. If at the investment fund termination date Sonae Capital still holds any unit in this investment fund its value maybe lower than the one registered in Sonae Capital accounts.

c. Still in the Other Asset framework, Sonae Capital Group has a diversified group of real estate assets. The sale of these assets, at an acceptable proposal is the Group's strategic guideline aim. However, this goal achievement is not certain. This real estate portfolio (excluding Resorts) includes a diversified group of assets with different licensing and construction stages, including land plots with or without construction viability, residential units, construction projects, offices, industrial premises and commercial areas with a widespread geographical dispersion. As at 30 September 2014, the date of the most recent appraisal by an independent specialised entity Cushman & Wakefield of Sonae Capital real estate portfolio, these assets evaluation stood at 180.1 M.€. As at 31 December 2014, the Capital Employed in this set of assets stood at 123.5 M.€.

Sonae Capital Group holds a wide range of business in several areas and therefore is exposed to different economic cycles, as tourism activity, hospitality, fitness, energy, refrigeration and HVAC and financial and real estate assets. Some of these markets are in addition very competitive through national and international companies, therefore Sonae Capital affiliate companies are exposed to intensive competition. The ability of Sonae Capital affiliates to establish an adequate market position in the areas they operate may have a significant impact in Sonae Capital business or in their operating results.

#### **54. Description of the identification, assessment, monitoring, control and risk management process**

As a structured and disciplined approach that aligns strategy, processes, people, technology and knowledge, Risk Management is integrated throughout the planning process of Sonae Capital, aiming at identifying, assess and managing the opportunities and threats that the business of Sonae Capital face in pursuing their goals of creating value.

The management and monitoring by Sonae Capital of its main risks is completed through several approaches and agents, among which are:

Policies and procedures of internal control set at both corporate and business levels, with the goal for ensuring:

- Adequate segregation of functions and duties;
- Definition of authority and responsibility limits;
- Safeguarding Group's assets;
- Control, legal compliance and appropriateness of operations;
- Execution of corporate plans and policies;
- Integrity and accuracy of accounting records;
- Effectiveness of management and quality of information produced.

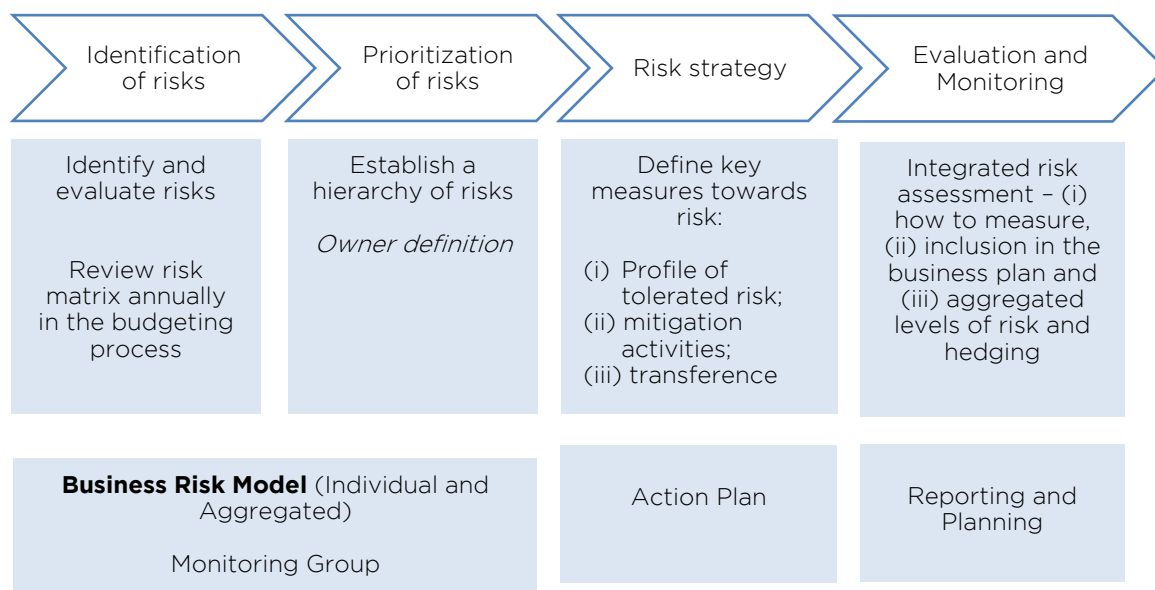
The Internal Audit team regularly carries out audit assignments with the objective of complying at all times with implemented policies and procedures.

Risk management process, relying on an uniform and systematic methodology based on the international model of Enterprise Risk Management - Integrated Framework of COSO (The Committee of Sponsoring Organizations of the Treadway Commission), which includes, amongst others, the following:

- Identification and classification of risks that affect the organization (common language);
- Definition and grouping of risks (dictionary and risk matrix);
- Evaluation and attribution of the significance and priority of risks, according to the impact on businesses objectives and probability of occurrence;
- Identification of causes of the most important risks (critical);
- Evaluation of risk management's strategies (options);
- Development of risk management's plan of actions and integration into the planning and management processes of each business unit and functions;

# CORPORATE GOVERNANCE REPORT

## 2014



This process consists of the following:

- i. Within the Strategic planning, are identified and assessed risks to the portfolio of existing business and the development of new business and relevant projects, and defined strategies to manage those risks;
- ii. At the operational level, are identified and assessed risks of management of the business objectives and planned actions to manage those risks, which are monitored and included within the plans of the business units and functional units;
- iii. For general risks, such as large scale organizational change, structured risk management programs are developed with the participation of heads of units and functions involved;
- iv. Regarding safety risks of physical assets and human resources (risks "technical-operational"), audits and corrective measures are implemented. The reassessment of the financial coverage of insurable risks is done on a regular basis;
- v. Financial risk management is carried out and monitored within the financial functions of the Company and business centralized in the Corporate Center whose work is reported, coordinated and followed up by the Finance Committee of Sonae and the Board Audit and Finance Committee;
- vi. The management of legal, tax and regulatory risks is carried out and monitored within the legal and tax function in the Corporate Centre;
- vii. The Internal Audit develops annual work plans, which comprise audits on critical business processes, compliance audits, financial audits and audits of information systems.

Sonae Capital encourages continuous education and the adoption of best international methodologies and practices in Risk Management and Internal Audit. To that end, the Group supports attendance to training and knowledge update programmes, which include the international professional certification in Internal Audit promoted by the IIA - The Institute of Internal Auditors - the Certified Internal Auditor (CIA). The Internal Audit team members are Certified Internal Auditors.

External Audit evaluates and reports the risks of reliability and integrity of accounting and financial information, thereby validating the internal control system set up for that purpose at Sonae Capital and that materialize in the clear distinction between producers and users of such information and by performing several validation procedures throughout the process of its production and disclosure.

The Board of Audit and Finance Committee analyzes the risks of the Company, the models and the mechanisms adopted by the Executive Committee, assessing the suitability of these and propose to the Board possible needs for amendment of the Company's risk management policy.

**55. Main elements of the internal control systems and risk management implemented by the Company regarding the financial disclosure process**

The existence of an effective internal control environment, particularly in the financial reporting process, is a commitment of the Board of Directors of the Company, seeking to identify and improve the most important processes for the preparation and disclosure of financial information, with the objectives of transparency, consistency, simplicity, reliability and relevance. The purpose of the internal control system is to ensure a reasonable assurance regarding the preparation of financial statements in accordance with accounting principles, and the quality of financial reporting.

The reliability and integrity of accounting and financial information is guaranteed either by the clear distinction between producers and users, and the performing of several validation procedures throughout the process of its production and disclosure.

The internal control system with respect to accounting and preparation and dissemination of financial information includes the following key controls:

- The process of disclosure of financial information is formalized, the risks and controls are identified, being properly established and approved the criteria for the preparation and disclosure, which are periodically reviewed;
- There are three main types of controls: high-level (controls at the entity level), controls on information systems and procedural controls. These controls include a set of procedures related to the implementation, supervision, monitoring and improvement of processes, with the aim of preparing the Company's financial reporting;
- The use of accounting standards, which are explained in the notes to the financial statements, constitutes one of the fundamental pillars of the control system;
- Plans, procedures and records of the Group companies enable reasonable assurance that transactions are executed only with a general or specific authorization for management and that these transactions are recorded to allow that the financial statements comply with and that these transactions are recorded to allow the financial statements comply with generally accepted accounting standards. It also ensures that companies hold updated records of assets and the asset record is checked against the existing assets and appropriate measures are adopted when differences occur;
- The financial information is analyzed in a systematic and regular basis by the management and heads of business units, ensuring ongoing monitoring and control of the respective budget;
- A schedule is established during the process of preparing and reviewing financial information, which is shared with the different areas involved, and all documents are reviewed in detail. This procedure includes a review of the principles used to verify the accuracy of the information produced and the consistency with the principles and policies defined and used in prior periods;
- The accounting books and the preparation of financial statements are provided by the Accounting and Reporting area, which ensure the control of the recording of transactions and balances of assets, liabilities and equity;
- The consolidated financial statements are prepared on a quarterly basis by the central function, Accounting and Reporting;
- The Board Directors Report is prepared by the Corporate Planning and Control department, with input and further review of several business and support areas. The Statutory Auditors also review the contents of this report (in its annual and semiannual versions) and its compliance with the financial support information;
- The Corporate Governance Report is prepared by the Corporate Legal department, in conjunction with the Planning and Control department;
- The financial statements are prepared under the supervision of the Executive Committee. The group of documents that constitute the semester and annually report are submitted for review and approval to the Board of Directors of Sonae Capital. Once approved, the documents are sent to the Statutory External Auditor, which discloses the Legal Certification of Accounts and the Report of the External Audit;
- The Statutory Auditor performs an annual audit and half year limited review of individual and consolidated financial statements. When performing their examination, in accordance with the Auditing Standards issued by the Portuguese Institute of Statutory Auditors, they are required to obtain a

## **CORPORATE GOVERNANCE REPORT**

### 2014

reasonable assurance, in the annual audit, and a moderate assurance, in the half year limited review, that financial statements are free from material misstatement. Such examination includes verifying, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Significant estimates and judgments made by management in their preparation are also assessed.

Verification is also made of whether the accounting policies are appropriate, are consistently applied and adequately disclosed;

- In addition, in relation to the preparation of consolidated financial information and the Report of the Board of Directors, the whole process is overseen by the Fiscal Board and the Board Audit and Finance Committee. On a quarterly basis, these Bodies meet and review the consolidated financial statements and Report of the Board of Directors. The Statutory Auditors also present to the Fiscal Board and the Board Audit and Finance Committee, a summary of the main findings resulting from their examination of the Company's financial information;
- All those who are involved in the financial analysis of the Company are on the list of people with access to inside information, especially being informed about the content of their obligations and the sanctions resulting from the misuse of inside information;
- The internal rules for the disclosure of financial information aim to assure their timing and simultaneous disclosure to the entire market.

Among the causes of risk that may materially affect the accounting and financial reporting, we noted the following:

- Accounting Estimates - The most significant accounting estimates are described in the appendix to the financial statements. Estimates are based on the best information available during the preparation of the financial statements, and the best knowledge and experience;
- Balances and transactions with related parties - The most significant balances and transactions with related parties are disclosed in the notes to the financial statements. These are mainly related to operating activities of the Group, as well as loans granted and obtained, made at market prices.

More specific information about how these and other risks were mitigated is available in the appendix to the financial statements.

#### **IV. Investor Relations Office**

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

Sonae Capital, SGPS, SA, via its Investor Relations Office maintains constant contact with investors and analysts by providing up to date information. In addition, on request, it provides clarification of relevant facts about the Company's activities, as already disclosed under the terms of law.

The objective of the Investor Relations Office of Sonae Capital, SGPS, SA is to ensure adequate relations with shareholders, investors, analysts, as well as with financial markets, particularly, with Euronext Lisbon and with the Portuguese Securities Market Commission (CMVM).

The Investor Relations Office of Sonae Capital, SGPS, SA, supplies, whenever necessary, all relevant information related to material events and answers queries from shareholders, investors, analysts and general public about financial indicators and different business areas' information available to the public.

In strict compliance with law and regulations, the Company informs expeditiously its shareholders and the capital markets in general of all relevant facts concerning its activities, avoiding delays between their occurrence and disclosure, in order to allow reasonable judgment about the evolution of the Company activity.

Information is made publicly available through the Information Disclosure System of the Portuguese Securities Market Commission ([www.cmvm.pt](http://www.cmvm.pt)) and on the Company's own website ([www.sonaecapital.pt](http://www.sonaecapital.pt)).

# **CORPORATE GOVERNANCE REPORT**

## 2014

The Investor Relations Office can be contacted by: Telephone: +351 22 010 79 03; Fax: +351 22 010 79 35; e-mail: [ir@sonaecapital.pt](mailto:ir@sonaecapital.pt); Address: Lugar do Espido, Via Norte, Apartado 3053, 4471-909 Maia. The Investor Relations Officer is Nuno Parreiro, who can be contacted using the above numbers and address.

### **57. Legal Representative for Capital Market Relations**

The Legal Representative for Capital Market Relations is Anabela Nogueira Matos (Telephone: +351 22 010 79 25; Fax: +351 22 010 79 35; e-mail: [anm@sonaecapital.pt](mailto:anm@sonaecapital.pt)).

### **58. Information about the volume and response time for information request at the year or outstanding from previous years**

The Investor Relations Office received in 2014 a regular number of information requests taking into account the size of the Company in the capital market.

Sonae Capital, SGPS, SA, through its Investor Relations Office maintains constant contact with investors and analysts by providing up to date information. In addition, on request, it provides clarification of relevant facts about the Company's activities, as already disclosed under the terms of law. All information requests are analysed and answered in the shortest possible by email, letter, or phone, as deemed most appropriate.

## **V. Web Site**

### **59. Address**

The Company has a website for disclosure of information. Its address is: <http://www.sonaecapital.pt>.

### **60. Location of the information mentioned in Article 171 of the Commercial Companies Code**

Specific information can be found at the following website:

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=712&exmenuid=683>

### **61. Location where the Articles of Regulation for the committees can be found**

Specific information can be found at the following website:

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=712&exmenuid=711>

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=763&exmenuid=713>

### **62. Location where is provided information about the identity of the governing bodies, the representative for market relations, the Investor Relations Office, functions and means of access**

Specific information can be found at the following website:

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=762&exmenuid=763>

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=715&exmenuid=715>

# CORPORATE GOVERNANCE REPORT

## 2014

### **63. Location where is provided the documents of accounting, calendar of corporate events**

Specific information can be found at the following website:

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=738&exmenuid=715>

### **64. Location where is provided the notice to General Meeting and related information**

Specific information can be found at the following website:

<http://www.sonaecapital.pt/PresentationLayer/conteudo.aspx?menuid=794&exmenuid=689>

### **65. Location where the historical archives are available with resolutions adopted at general meetings of the Company, the represented share capital and the voting results, with reference to the previous 3 years**

Specific information can be found at the following website:

<http://www.sonaecapital.pt/PresentationLayer/conteudostextoslistagem.aspx?menuid=742&exmenuid=689>

## **D. REMUNERATIONS**

### **I. Competence**

#### **66. Competence for determining the remuneration of governing bodies of the executive committee members and managers of the Company**

Based on the remuneration and compensation policy approved by the shareholders in the General Meeting, Sonae Capital's Remunerations Committee is responsible for the approval of remuneration and other compensations of the Board of Directors, Fiscal Board and members of the Board of the Shareholders' General Meeting.

Regarding the remuneration of Executive directors, the Nomination and Remunerations Committee liaises with the Shareholders' Remuneration Committee, contributing with proposals before a decision is made.

### **II. Remuneration Committee**

#### **67. Composition of the Remuneration Committee, including the identification of other independent commission hired to support the committee**

The Board of Directors appointed the members of the Board Nomination and Remuneration Committee (BNRC). The BNRC is composed of Belmiro Mendes de Azevedo (Chairman of the Board of Directors) and Francisco de La Fuente Sánchez (Non-Executive Independent Director), for the 2013-2014 term.

The Board Nomination and Remuneration Committee is composed by Non-Executive Members and support the Remuneration Committee on its duties.

The members of the Remuneration Committee are independent of the board of directors, with the explanation contained in the following paragraph.

Belmiro Mendes de Azevedo, Chairman and Non-executive member of the Board of Directors, is member of the Shareholders' Remuneration Committee, as a representative

# CORPORATE GOVERNANCE REPORT

## 2014

of Efanor Investimentos, SGPS, SA (majority shareholder of Sonae Capital), acting as a shareholder's representative in the Remuneration Committee. To ensure the independence during the performance of his duties, this member does not take part in the discussion nor votes on any decision from which a conflict of interest may arise.

### **68. Experience and professional qualifications of the members of the Shareholders' Remuneration Committee**

The experience and professional qualifications of the members of the Shareholders' Remuneration Committee is included in the appendix to this report and allows them to carry out their duties in a rigorous and competent manner.

## **III. Remuneration Structure**

### **69. Remuneration policy and performance assessment**

The remuneration of members of the statutory bodies of the Company is determined by the Shareholders' General Meeting. The Shareholders' General Meeting fulfilled in 17 March 2014 has appointed the current Shareholders' Remuneration Committee to set and propose the compensation and performance assessment policies and respective guidelines, pursuant to Article 2 of Law No. 28/2009 of 19th June.

The proposals for the remuneration of members of statutory bodies are formulated, taking into account:

- General market benchmark;
- Practices of comparable companies, including other segments of Sonae Capital with comparable situations;
- Establishment a fixed remuneration for the members of the General Meeting, Fiscal Board and non-executive directors;
- Establishment of a fixed remuneration and, in some cases, variable for executive directors.

The remuneration policy for board members and executives of Sonae Capital, SGPS, SA in the current reporting period is available in Annex to this Report

### **70. Information about remuneration structure in order to align the interests of members of the board with the long-term interests of the Company as well as about how the Company assesses and discourages excessive risk assumption**

The proposals regarding remuneration and other compensations of the Executive Directors are prepared considering i) market benchmarks, ii) other internal comparisons and iii) individual assessment of each executive director, based on the performance against predefined objectives. Under the approved policy, the compensation package should promote the alignment between the management team and the interests of shareholders, with the variable component being dependent on both individual and Company's performance and, preventing behaviours which may lead to excessive risk assumption. This objective is also ensured by setting a maximum limit to each Key Performance Indicator (KPI).

The structure of remuneration as set out, and the deferral of at least half the value corresponding to the variable remuneration dependent on fluctuations in the share price, guarantees, in the opinion of the Company, the alignment of the interests of Executive Directors with those of all shareholders. This approach promotes management orientation towards long term interests of the Company and the adoption of risk weighting approaches.

### **71. Reference, if applicable, of the existence of a variable remuneration component and information about likely impact of performance appraisal in this component**

As described before in point 69, remuneration and compensation policy for Executive Directors (ED) may include (i) a fixed remuneration, including a Base Salary and an



## **CORPORATE GOVERNANCE REPORT**

### 2014

annual responsibility allowance (ii) a variable remuneration, paid in the first half of the following year to which it relates and conditional to the fulfilment of the objectives set in the previous year, divided in two components, (a) a Short Term Variable Bonus, payable immediately after the granting date, and b) a Medium Term Variable Bonus, which will be payable on the third anniversary of the granting date.

It should also be noted that:

- i. Fixed remuneration of the Executive Director is determined according to individual skills and the responsibility level of each Executive Director, and is reviewed on an annual basis.
- ii. The variable remuneration aims at rewarding Directors for the achievement of predefined objectives, based on key performance indicators of business activity, of teams under his/her responsibility and on his/her individual performance and is attributed after the Company's earnings are known and performance appraisal has been done. Variable remuneration is set annually, and the value of the predefined objective varies between 30% and 60% of total annual remuneration (fixed remuneration and target for variable remuneration), depending on circa 70% from business KPI's which comprise a significant share of economic and financial indicators. These are objective indicators which are divided into Company and department KPIs. The Company's business KPIs include economic and financial indicators based on the budget, on the performance of each business unit, as well as on the consolidated performance of the Company. These KPIs take into consideration not only the real growth of the Company and value effectively delivered to shareholders, as well as its long-term sustainability and the limits on risk assumptions. Meanwhile, the department business KPIs are similar in nature to the previous ones, being directly influenced by the performance of the Executive Director. The remaining 30% are determined by the compliance of personal KPIs, which may include subjective and objective indicators.

#### **72. Deferring payment of the variable remuneration component, specifying the period of deferral**

As described before, at least 50% of variable remuneration is deferred for a three year period. The payment is carried out according to the following paragraph.

#### **73. Criteria that underlie the allocation of variable remuneration in shares and the maintenance of these shares by Executive Directors**

According to the plan approved by the Shareholders' General Meeting, eligible members are granted the right to acquire, at nil cost, a number of shares corresponding to the division between the amount of the medium term variable bonus granted and the lower of the following closing share prices, in the Portuguese stock market: i) closing share price of the first business day after the Shareholders' General Meeting, or ii) the average closing share price of the thirty-day period of trading prior to the Shareholders' General Meeting.

If dividends are distributed, changes in the nominal value of shares or in the share capital of the Company occur or any other change in equity with impact in the economic value of attributed rights, after the granting date and before its exercise, the amount converted in shares will be adjusted to an equivalent figure considering the effect of the mentioned changes.

To ensure effectiveness and transparency of objectives of the Remuneration and Compensation Policy it was established that the executive directors:

- have not signed contracts with the Company or third parties aimed at mitigating the risk inherent to changes in the remuneration that was set by the Company;
- shall not sell during the new mandate, shares of the Company that were attributed as variable remuneration, up to the limit of two times the value of the total annual remuneration, except those which need to be sold to cover tax payments which may arise following the attribution of those same shares

## CORPORATE GOVERNANCE REPORT 2014

### 74. Criteria that underlie the allocation of variable remuneration in options and indication of the deferral period and the exercise price and the members of the Company

The Company did not establish any variable remuneration in options.

### 75. Main parameters and reasoning for any scheme of annual bonuses and any other non-cash benefits

Main parameters and reasoning about variable remuneration are detailed at the remuneration policy approved in March 2014 General Meeting and is available at:

<http://www.sonaecapital.pt/>.

### 76. Main characteristics of complementary pension or early retirement schemes for the Administrators

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

## IV. Remuneration Disclosure

### 77. Statement of the annual amount of remuneration received by the board members including fixed and variable remuneration, and for this, mentioning the different components that gave rise

During 2014, members of the Board of Directors of Sonae Capital, SGPS, SA were paid the following remuneration and other compensation:

Name	Fixed Remuneration	Performance Bonus Paid	Deffered Performance Bonus Paid	Total
Board of Directors in office				
Maria Cláudia Teixeira de Azevedo	116,958	32,730	0	149,688
Álvaro Carmona e Costa Portela	72,300	0	0	72,300
Ivone Pinho Teixeira	129,294	13,366	0	142,660
<b>Subtotal Executive Directors</b>	<b>318,551</b>	<b>46,096</b>	<b>0</b>	<b>364,647</b>
Belmiro Mendes de Azevedo	212,300	0	110,250	322,550
Francisco de La Fuente Sánchez	37,300	0	0	37,300
Paulo José Jubilado Soares de Pinho	19,800	0	0	19,800
<b>Subtotal Non Executive Directors</b>	<b>269,400</b>	<b>0</b>	<b>110,250</b>	<b>379,650</b>
<b>Total</b>	<b>587,951</b>	<b>46,096</b>	<b>110,250</b>	<b>744,297</b>

### 78. Any amounts paid by other companies in a control or group or that they are subject to the same domain

No other values than those described above, were paid to any the board members by other companies in a control or group domain.

# CORPORATE GOVERNANCE REPORT

## 2014

### **79. Compensation paid in the form of profit sharing and / or bonus payments and the reasons why such bonuses and / or profit sharing were granted**

Amounts were paid as described above – point 77, and were granted based on the degree of achievement of objectives, on account of achievement of pre-established objectives, according to the remuneration and compensation policy approved by the Shareholders' General Meeting of March 17, 2014.

### **80. Compensation paid or owed to former executive directors following the termination of their duties during the year**

The Company neither paid nor has due compensations to any former executive director.

### **81. Indication of the annual remuneration earned in aggregate and individually, by the members of the Fiscal Board of the Company**

During 2014, members of the Fiscal Board of Sonae Capital, SGPS, SA were paid the following fixed remuneration (no other remuneration was paid):

<b>Name</b>	Values in Euro <b>Fixed Remuneration</b>
Manuel Heleno Sismeiro	7,800
Armando Luís Vieira de Magalhães	6,300
Jorge Manuel Felizes Morgado	6,300
<b>Total</b>	<b>20,400</b>

Remuneration paid to Statutory Auditor was previously described in item 47.

### **82. Information about the annual remuneration earned by the Chairman of the Shareholders' General Meeting**

The fixed remuneration of the Chairman of the Shareholders' General Meeting was of 3,000 euro in 2014.

## **V. Agreements with remuneration implications**

### **83. Contractual limitations provided for compensation payable for unfair dismissal Managers and its relationship with the variable remuneration component**

The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall be paid. It can be negotiated a different value if it is considered as reasonable for both parties.

Members of the Board of Directors receive no additional compensation, applying the same criteria as all employees. There are not yet any individual contracts with administrators to define the methodology of calculation of any compensation. Moreover, Sonae Capital never assigned or assigns any compensation plans in the event of dismissal or termination of service by inadequate performance.

### **84. Reference to the existence and description, stating the sums involved, of the agreements between the Company and members of the Board of Directors, providing for compensation in case of dismissal without due cause or termination of the employment relationship, following a change of control of the Company**

There are no individual agreements with any of the directors in order to establish a calculation method for any potential compensation to be paid in the event of unfair

# CORPORATE GOVERNANCE REPORT

## 2014

dismissal or termination of the employment relationship, following a change in Company control. Moreover, Sonae Capital has never assigned or plans to assign any compensation in case of dismissal or termination of service by inadequate performance.

### VI. Plans in place to attribute shares or Stock Options

#### 85. Identification of the plan and recipients

The current plan was approved by the Shareholders' General Meeting as at 17 March 2014, under proposal of the Remuneration Committee in establishment of article 2 of the Law 29/2009 of 19 June and the Recommendation II.1.5.4 CMVM (2010), currently Recommendation II.3.4 CMVM (2014), and can be found at [www.sonaecapital.pt](http://www.sonaecapital.pt) (General Meeting section).

The MTRV is one of the components of remuneration policy, integrating the share of the variable remuneration of executive directors whose payment is deferred in time. Under the approved plan, are eligible for the allocation of the MTRV executive directors of Sonae Capital Group. The Board of Directors may also extend the MTRV to employees whom, by this policy, the Plan is applicable.

<b>Eligible members</b>	<b>Value of reference of the variable medium term remuneration component</b> (% of total variable remuneration objective)
Sonae Capital Executive Directors	At least 50%
Business Executive Directors	At least 50%
Employees	Terms to be set up by the Board of each Company

#### 86. Plans functioning (assignment conditions, non-transfer share clauses, criteria on share and options valuation, exercising period for options, characteristics of shares or options to be granted, the existence of incentives for share acquisition and/or exercise of options)

The MTRV is set annually for three years periods. From the beginning of the third consecutive plan overlapping three-year plans will occur at every moment.

The MTRV is valued at the date of attributing at a representative price of the share price considering the effect corresponding to the closing of the first business day following the General Meeting or the average price more favourable value (considering for the purpose of determining the average price, the closing price in the 30 trading days prior to the date of the General Meeting).

To the members covered by the Plan is assigned the right to purchase a number of shares determined by dividing the value of the variable remuneration awarded and medium-term share price at the grant date calculated in accordance with the preceding paragraph, such right may be exercised after three years of the grant.

The executive directors covered by the plan, acquire the shares without payment of compensation. Other employees who have been assigned that right can acquire shares under the conditions established by the Board of each Company.

If dividends are distributed, changes in the nominal value of shares or in the share capital of the Company occur or any other change in equity with impact in the economic value of attributed rights, after the granting date and before its exercise, the amount converted in shares will be adjusted to an equivalent figure considering the effect of the mentioned changes.

On the vesting date, the Company reserves the right to settle in cash, equivalent to the market value of shares. The right to exercise is dependent on the maintenance of a contractual link between the Director and the Company three years after the grant date.

## CORPORATE GOVERNANCE REPORT 2014

The right to purchase the shares allocated by MTVB matures expired three years after being granted.

The exercise of the right to acquire the shares granted at the end of the Plan expires if occurs the termination of the bond between the member and the Company without prejudice in the following paragraphs.

The right will remain in force if permanent disability or death of the member, in which case, the payment to own or the inheritors at the date of the respective maturity.

In case of retirement of the member, which was granted the right, it may be exercised on its expiration date.

The plans of the MTRV of the executive members of the Board of Directors and Executive Directors of the Company active in 2014 can be summarized as follows:

Granting Year	Vesting Year	Number of Participants <sup>1</sup>	# shares granted	Granting Date		31.12.2014	
				Share Price	Value	Share Price	Value
2012	2015	3	770,316	0.19 €	146,360 €	0.261 €	201,052 €
2013	2016	3	818,428	0.18 €	147,317 €	0.261 €	213,610 €
2014	2017	2	177,860	0.50 €	88,930 €	0.261 €	46,421 €
<b>Total</b>			<b>1,766,604</b>		<b>382,607 €</b>		<b>461,084 €</b>

<sup>1</sup> As at 31 December 2014

Under the approved remuneration policy, the Executive Directors may not alienate in the financial year and up to the term of office for which they were appointed the allotted Company's shares through the allocation of the variable remuneration, up to a limit of twice the amount of total annual remuneration, other than those that must be sold to withstand tax payments on the gains of said shares.

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

During 2014, the Company did not approve any plan to attribute share options.

### **88. Control mechanisms in any system of employee participation in the capital**

There are any control mechanisms to control employee participation in the capital.

## **E - RELATED PARTY TRANSACTIONS**

### **I. Mechanisms and Controls Procedures**

#### **89. Mechanisms implemented by the Company for purposes of monitoring of transactions with related parties (for this purpose refers to the concept resulting from IAS 24)**

The Company defines the execution of transactions with related parties by principles of stringency, transparency and strict compliance with the competitive market rules. Such transactions are subjected to specific administrative procedures arising from regulatory constraints, including those relating to transfer pricing rules, or voluntary adoption of internal systems of checks and balances, in particular reporting processes or formal validation, depending on the value of transaction at issue. Transactions with holders of qualifying holdings or entities in any relation under Article 20 of the Portuguese Securities Code are formally submitted to the prior opinion of the Board of Finance and Audit Committee if the amount is materially significant.

## **CORPORATE GOVERNANCE REPORT**

### 2014

In 2010, the Fiscal Board approved the regulation regarding transactions between the Company and qualified shareholders (under the terms of the Securities Code, article 16 and 20) and its related parties (definition of the Securities Code, article 20 paragraph 1), which defines the applicable transactions values from which the Executive Board must notify the Board of Audit and Finance Committee and the Fiscal Board.

Under these rules, and jointly with the transaction notification, the Executive Board shall submit the procedures adopted to the BAFC and the Fiscal Board to ensure that the transaction is executed at regular market conditions and is free from any potential conflicts of interest. Consequently, the Fiscal Board shall issue its opinion on those transactions.

#### **90. Statement of the transactions that were subject to control in the reference year**

Business dealings or transactions with members of the Board of Directors or holders of qualified shareholdings, are part of the day to day activity of Sonae Capital affiliated companies and made on an arm's length basis. The amounts involved, essentially from rents charged, are not material.

There were no business dealings with Fiscal Board members.

Transactions with the Statutory Auditor were solely those related to his official duties, and the fees paid are described in section 47. of the current report.

Transactions with holding companies, affiliates or group companies were not material and were made on an arm's length basis as part of the normal business activity of the Company and, as such, do not require further disclosure.

#### **91. Description of the procedures and criteria for intervention by the Authority for the purpose of preliminary assessment of the business carried out between the Company and holders of qualifying holdings or entities that are in a relationship with them, under Article 20. of the CVM**

Criteria and procedures defined in paragraph 89. above.

## **II. Elements related to transactions**

#### **92. Location where the financial statements and the information about transactions with subsidiaries can be found (in accordance of IAS 24)**

Specific information can be found at the Company's website ([www.sonaecapital.pt](http://www.sonaecapital.pt)) (Tab: Investors, Section: Corporate Governance/Report and Accounts).

## **PART II – GOVERNANCE MODEL EVALUATION**

### **1. Identification of adopted Corporate Governance Code**

The Corporate Governance Report provides a description of the Corporate Governance structure and practices followed by the Company under the terms of article 245-A of the Portuguese Securities Code and information duties required by CMVM Relation no. 4/2014, of 1 August. The Report additionally discloses, in light with the principle of comply or explain, the terms of compliance by the Company with the CMVM Recommendations contained in the CMVM Corporate Governance Code (2014).

This section should be read together with and as a complement to the 2014 Management Report and Individual and Consolidated Accounts.

## CORPORATE GOVERNANCE REPORT

2014

The information requirements of article 3 of Law no. 28/2009, of 19 June, articles 447 and 448 of the Portuguese Companies Act, article 245-A of the Portuguese Securities Code and CMVM Regulation no. 5/2008 has been fulfilled.

The Company has adopted the Corporate Governance Code issued by the CMVM in July 2014.

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

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

Sonae Capital has been promoting the implementation and adoption of best practices of corporate governance, basing its policy for high standards of conduct of ethics and social responsibility.

It is an objective the Board of Directors to implement an integrated and effective management of the Group, which allows the creation of value by the Company, promoting and ensuring the legitimate interests of shareholders, employees and stakeholders, always bringing transparency in the relationship with investors and the market.

Therefore, taking into account the forty recommendations contained in the new Corporate Governance Code 2013 CMVM, thirty-five were adopted in full by the Company and five were not applicable for the reasons set out below. The degree of adoption of the recommendations is complete and thorough.

Pursuant to and for the purposes of that laid down in paragraph o) of no. 1 of Article 245-A of the Securities Code, the recommendations included in the CMVM's Corporate Governance Code are listed below.

## I. VOTING AND COMPANY CONTROL

*1.1 Companies should encourage their shareholders to participate and vote in general meetings, in particular by not setting an excessively high number of shares required to be entitled to one vote and implementing essential means to the exercise of voting rights by electronic means.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 12 OF THIS REPORT

The Company encourages its shareholders to participate in general meetings, in particular by assigning to each share one vote, not limiting the number of votes that may be held or exercised by each shareholder and making available to shareholders the means necessary to exercise voting by correspondence (postal vote) or electronically.

Additionally, the Company publishes on its website, from the date of notice of each General Meeting, standard documents to facilitate access to information necessary for issuing the notifications required by shareholders to ensure their presence at the meeting, and also provides an e-mail address to clarify all doubts and for the reception of all communications to participate in the General Meeting.

*1.2 Companies should not adopt mechanisms that hinder the passing of resolutions by shareholders, including setting a deliberative quorum greater than foreseen in the law.*

RECOMMENDATION FULLY ADOPTED - CHAPTERS 12, 13 AND 14 OF THIS REPORT

The Company's Articles of Association do not establish deliberative quorum greater than the legally prescribed.

# CORPORATE GOVERNANCE REPORT

## 2014

*1.3 Companies shall not establish mechanisms, which therefore cause the mismatch between the right to receive dividends or subscription of new securities and the voting rights of each ordinary share, unless duly justified according to the long-term interests of shareholders.*

RECOMMENDATION FULLY ADOPTED - CHAPTERS 12 AND 13 OF THIS REPORT

Any mechanism of this nature is established.

*1.4 Corporate Articles of Association that provide a limitation to the number of votes that may be held or exercised by a single shareholder, individually or in agreement with other shareholders, shall also establish that, at least every five years, the maintenance of such articles shall be subject to a resolution at the Shareholders' General Meeting - with no requirements for an aggravated quorum as compared to the legal one - and that upon such resolution all votes cast shall be counted without the operation of such limitation.*

RECOMMENDATION NOT APPLICABLE

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

*1.5 Measures that have the effect of requiring payments or assumption of charge by the Company in the case of change of control or composition of the Board of Directors, thus hindering the shares' free transferability and shareholders' free evaluation of the performance of members of the Board of Directors, shall not be adopted.*

RECOMMENDATION FULLY ADOPTED - CHAPTERS 4 AND 84 OF THIS REPORT

The Company does not adopt, unilaterally, policies that by default may have any restrictions listed in this recommendation. The contracts concluded by the Company reflect the defence of their social interest in order to achieve business sustainability in the long term within market conditions framework.

## II. SUPERVISION, ADMINISTRATION AND SURVEILLANCE

### II.1 SUPERVISION AND ADMINISTRATION

*11.1.1 Within the limits established by law, and unless the Company is of a reduced size, the Board of Directors shall delegate the daily management of the Company and the delegated duties should be identified in the Annual Corporate Governance Report.*

RECOMMENDATION FULLY ADOPTED - CHAPTERS 28 AND 29 OF THIS REPORT

The Board of Directors has delegated the daily management of the Company to the Executive Committee.

*11.1.2 The Board of Directors shall ensure that the activity of the Company is in accordance with its ends, and should not delegate its duties, namely in what concerns: i) definition of the Company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions made that must be considered strategic due to the amounts, risk and particular characteristics involved.*

RECOMMENDATION FULLY ADOPTED - CHAPTERS 21 OF THIS REPORT



## CORPORATE GOVERNANCE REPORT 2014

The powers not delegated by the Board of Directors comply with the rules contained in this recommendation.

*II.1.3 The General Supervisory Board, in addition to the exercise of supervisory powers that are entrusted to them, must assume full responsibility at corporate governance level. So by the statutory provision or by equivalent means, should be given the obligation to this body to decide on the strategy and major policies of the Company, the definition of the corporate structure of the group and the decisions that must be considered strategic due to the amounts or risk. This body should also assess compliance with the strategic plan and the implementation of major policies of the Company.*

RECOMMENDATION NOT APPLICABLE

The adopted Corporate Governance model does not include the General Supervisory Board.

*II.1.4 Unless the Company is of a reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Board, shall set up the necessary Committees in order to: i) ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees; ii) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvement.*

RECOMMENDATION FULLY ADOPTED - CHAPTERS 27 AND 29 OF THIS REPORT

The Board of Directors has appointed two specialized committees composed of non-executive members, for the purpose of assisting and enhancing the quality of its work. The Board Audit and Finance Committee and the Board of Nomination and Remuneration Committee are in place.

*II.1.5 The Board of Directors or the General and Supervisory Board, depending on the model adopted, should set goals in terms of risk-taking and create systems for their control in order to ensure that the risks actually incurred are consistent with those goals.*

RECOMMENDATION FULLY ADOPTED - CHAPTERS 29 AND 51 OF THIS REPORT

The Board of Directors has established internal risk control systems with appropriate components.

*II.1.6 The Board of Directors shall include a sufficient number of non-executive directors whose role is to ensure an actual ability to audit, supervise and assess the activity of its executive members.*

RECOMMENDATION FULLY ADOPTED - CHAPTERS 18 AND 29 OF THIS REPORT

The Board of Directors consists of a total of six members, three of whom are non-executive.

*II.1.7 The Non-Executive Members shall include an appropriated number of independent members, taking into account the adopted governance model, the size of the Company and its shareholder structure and the respective free float.*

*The independence of the members of the General and Supervisory Board and members of the Audit Committee is assessed in accordance with applicable law, and as to the other members of the Board are considered independent the person who is not associated with any group of specific interests on the Company, nor under any circumstance likely to affect their unbiased analysis or decision, particularly in relation to:*

*a. Have been an employee of the Company or with which it is found in a control or group situation in the past three years;*

## CORPORATE GOVERNANCE REPORT 2014

*b. Have provided services or established significant business relationship with the Company or with which it is found in a control or group, either directly or as a partner, director, manager or agent, in the past three years;*

*c. Being in favour of compensation paid by Company or by a Company with which it is found in a control or group relation, in addition to the remuneration resulting from the exercise of the duties of a director;*

*d. Living in consensual union, or be a spouse, relative or other kind of relation directly to the 3rd degree, even in the collateral line, of Directors or individuals directly or indirectly qualifying shareholders;*

*e. Be qualified shareholder or a representative of a qualified shareholder.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 18 OF THIS REPORT

The Board of Directors is composed of two independent non-executive directors who meet the independence criteria set out in this recommendation.

*II.1.8 When Directors that perform executive functions are requested by other Governing Bodies to provide information, the former shall do so in a timely manner and the information provided must be adequate to the request made.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 29 OF THIS REPORT

The Executive Committee provides in a timely manner to the Board of Directors the contents of all the resolutions it has adopted during the year. The executive members provide to non-executive members, as well as to the other Governing Bodies, all explanations necessary for the exercise of their powers, either at members' request or on their own initiative.

*II.1.9 The Chairman of the Board of executive directors or Executive Committee shall send, as applicable, to the Chairman of the Board of Directors, the Chairman of the Fiscal Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Commission for Financial Affairs, the convening notices and minutes of its meetings.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 29 OF THIS REPORT

The Chief Executive Officer provided to the Chairman of the Board of Directors and Chairman of the Fiscal Board all the information regarding the meetings held.

*II.1.10 If the Chairman of the Board of Directors has an executive role, this body shall appoint, amongst its members, an independent trustee to ensure the coordination of the work of other non-executive members and they make decisions in an independent and informed manner or find an equivalent mechanism to ensure such coordination.*

RECOMMENDATION NOT APPLICABLE

The Chairman of the Board of Directors does not perform executive functions.

## II.2 SUPERVISION

*II.2.1 The Chairman of the Fiscal Board, the Audit Committee or the Committee for Financial Affairs (as the applicable model) shall be independent, according to the applicable legal standard, and have adequate skills to carry out his duties.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 32 AND APPENDIX OF THIS REPORT

## **CORPORATE GOVERNANCE REPORT**

### 2014

The Chairman of the Fiscal Board, as all the others board members, are independent according to the criteria set out in nr. 5 of article 414 of the Portuguese Companies Act and have the skills and experience needed to carry out their functions.

*II.2.2 The Supervisory Board should be the main interlocutor of the external auditor and the first recipient of their respective reports, and also responsible for propose the respective remuneration and to ensure that are provided the appropriate conditions for the provision of services within the Company.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 38 OF THIS REPORT

The Fiscal Board is responsible for the supervision of the Statutory External Auditor activity and independence, interacting directly with him the terms of their competencies and performance standards contained in Regulation of the Fiscal Board, and receive and approve their reports. The Company believes that the fact that the Statutory External Auditor simultaneously sends reports to the Board of Directors does not threaten compliance with this recommendation.

*II.2.3 The Supervisory Board shall assess the Statutory External Auditor on an annual basis and propose the removal of the same or the termination of the contract for the provision of their services whenever justifiable grounds are present.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 28 OF THIS REPORT, ANNUAL REPORT AND FISCAL BOARD REPORT

The Fiscal Board annually assesses the External Auditor, stating that evaluation on its annual report and opinions, available along with other required accounting documents at [www.sonaecapital.pt](http://www.sonaecapital.pt) (Investors tab, General Meeting's section).

*II.2.4 The Supervisory Board shall evaluate the internal control and risk management systems and propose adjustments that may be required.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 38 OF THIS REPORT

The Board of Directors proactively ensures internal control and risk management systems. The Fiscal Board assesses the effectiveness of those systems, proposing necessary measures to optimize it and stating its opinion on the annual report and accounts.

*II.2.5 The Audit Committee, the General and Supervisory Board and the Fiscal Board shall decide on the work plans and resources allocated to internal audit and to the services that ensure compliance with the rules applicable to the Company (compliance services), and should be addressed to the reports from these services at least when there are concerned matters related to accounting, identification or resolution of conflicts of interest and the detention of potential illegalities.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 38 AND 51 OF THIS REPORT

The Fiscal Board establishes the action plan with the internal audit, supervises their activities, receives regular reporting on activities undertaken, assesses the results achieved, assesses the existence of irregularities and issues guidelines as are deemed convenient.

## **II.3 REMUNERATION DEFINITION**

*II.3.1 Members of the Remuneration Committee or similar, shall be independent from the executive members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 67 OF THIS REPORT

## CORPORATE GOVERNANCE REPORT 2014

Belmiro Mendes de Azevedo, Chairman of the Board of Directors and non-executive member of this board, integrates the Remuneration Committee, having been elected to such committee by the General Meeting on the proposal of the majority shareholder, Efanor Investimentos, SGPS, SA. Belmiro de Azevedo represents shareholder interest and intervenes in this quality and not as Chairman of the Board of Directors.

To ensure the independence in the exercise of such functions, this member does not take part in the discussion nor votes on any decision from which a conflict of interest may arise, ensuring with this procedure the conditions of independence in its member's actions and decisions made by this body.

*II.3.2 Any individual or legal person which provides or has provided, over the past three years, services to any structure subject to the Board of Directors, or the Board itself or that has current relationship as consultant with the Company shall not be recruited to assist the Remuneration Committee. This recommendation also applies to any individual or legal person who has an employment contract or provides services.*

### RECOMMENDATION FULLY ADOPTED - CHAPTER 67 OF THIS REPORT

The Board Nomination and Remuneration Committee is entirely composed by non-executive directors and supports the Remuneration Committee in carrying out its responsibilities. This activity may be supported by independent and reference consultants autonomous from the Board of Directors, administrative and supervision Bodies.

*II.3.3 The statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in Article 2 of Law No. 28/2009 of 19 June, shall contain in addition:*

- a) Identification and clarification of the criteria for determining the remuneration to be paid to members of governing bodies;*
- b) Information on the maximum potential amount, individually, and the maximum potential amount, aggregated, to be paid to members of governing bodies, and identification of the circumstances under which these maximum amounts may be payable;*
- c) Information regarding the liability or not of payments for the dismissal or termination of appointment of administrators.*

### RECOMMENDATION FULLY ADOPTED - CHAPTER 69 AND 80 OF THIS REPORT AS WELL AS REMUNERATION POLICY APPROVED IN 17 MARCH 2014.

A statement on the remuneration policy was presented to the Shareholders' General Meeting on 17 March 2014, which includes the information referred to in this recommendation. Payments for the dismissal or termination of appointment of directors are not required, subject to the applicable legal provisions.

A statement on the remuneration policy is available at [www.sonaecapital.pt](http://www.sonaecapital.pt).

*II.3.4 Proposals relative to approval of share attribution plans and/or share acquisition options, or based on share price variations, to Governing Bodies should be submitted to the General Meeting of Shareholders. Proposals should include all necessary elements for correct plan evaluation.*

### RECOMMENDATION FULLY ADOPTED - CHAPTERS 85 AND 86 OF THIS REPORT

The variable compensation plan for the medium term and its implementation was approved at the Annual General Meeting held on 17 March 2014 and is available at [www.sonaecapital.pt](http://www.sonaecapital.pt).

*II.3.5 Proposals relative to approval of any system of retirement benefits established for members of governing bodies must be submitted to the Shareholders' General Meeting. Proposals should include all necessary elements for correct system evaluation.*

### RECOMMENDATION NOT APPLICABLE

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

# CORPORATE GOVERNANCE REPORT 2014

## III. REMUNERATION

*III.1 Remuneration of executive members of the Board of Directors shall be based on actual performance and discourage excessive risk-taking.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 70 OF THIS REPORT AND REMUNERATION POLICY APPROVED IN 17 MARCH 2014.

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

*III.2 The remuneration of non-executive members of the Board of Directors and the remuneration of the members of the Supervisory Board shall not include any component whose value depends on the performance of the Company or of its value.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 69 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 17 MARCH 2014

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

*III.3 The variable component of remuneration should be reasonable in relation to the fixed component of remuneration and maximum limits should be set for all components.*

RECOMMENDATION FULLY ADOPTED - CHAPTERS 77 AND 78 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 17 MARCH 2014

The remuneration policy provides a solid relationship between the fixed and variable component of the remuneration, which is suitable to the Company and group profile. It also sets maximum limits in accordance with the practices of comparable companies. Such measures were considered by shareholders and annually approved on the Shareholder's General Meeting.

*III.4 A significant portion of variable remuneration should be deferred for a period not less than three years, and the right to receive should depend on the positive performance of the Company during that period.*

RECOMMENDATION FULLY ADOPTED - CHAPTERS 71, 72 AND 86 OF THIS REPORT

In accordance with the remuneration policy approved at the Annual General Meeting held on 17 March 2014, a portion of not less than fifty per cent of variable remuneration is deferred for a period of three years and its value depends on the performance of the Company over that period.

*III.5 The members of the Board of Directors shall not enter into contracts with the Company or with third parties, which have the effect of mitigating the risk inherent to the variability of the remuneration established by the Company.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 73 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 17 MARCH 2014

The remuneration policy approved at the Shareholders' General Meeting held on 17 March 2014 addresses the principle defined in this recommendation.

*III.6 Until the end of his mandate, executive directors shall hold their Company shares which were allotted by benefit of variable remuneration schemes, up to twice the value of total annual remuneration, except those which need to be sold for to pay taxes on the gains of the same actions.*

## **CORPORATE GOVERNANCE REPORT**

### 2014

RECOMMENDATION FULLY ADOPTED - CHAPTER 73 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 17 MARCH 2014

The remuneration policy approved at the Shareholders' General Meeting held on 17 March 2014 addresses the principle laid down in this recommendation.

*III.7 When the variable remuneration includes stock options, the early exercise period shall be deferred for a period not less than three years*

RECOMMENDATION NOT APPLICABLE

The approved remuneration policy doesn't include stock options.

*III.8 When the removal of an administrator is not due to serious breach of its duties or their unfitness for the normal exercise of their functions, but still is due a poor performance, the Company should have the appropriate and necessary legal instruments to deal with any damages or compensation, beyond the legally owed, not required.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 83 OF THIS REPORT AND REMUNERATION POLICY APPROVED ON 17 MARCH 2014

The Company fully complies with this recommendation in its policy.

## **IV. AUDIT**

*IV.1 The external auditor must, within its responsibilities, verify the implementation of remuneration policies and systems of governing bodies, the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the Company's Supervisory Board.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 46 OF THIS REPORT

The Statutory Auditor pronounced on the activity carried out in its annual audit report, which is subject to approval at the Annual Shareholders' General Meeting, and is available in [www.sonaecapital.pt](http://www.sonaecapital.pt).

*IV.2 The Company or any entities with which it has a controlling relationship with shall not recruit the external auditor for services other than audit services, nor any entities with which takes part or incorporates the same network. If there are reasons for hiring such services - which must be approved by the Supervisory Board and explained in its Annual Corporate Governance Report - they should not exceed 30% of the total value of services rendered to the Company.*

RECOMMENDATION ADOPTED WITH CLARIFICATIONS - CHAPTER 46 AND 47 OF THIS REPORT

The services provided by the external auditor, other than audit services, were approved by the Fiscal Board within the recommended principles. The percentage of those services in total services provided by PricewaterhouseCoopers & Associados, SROC (PwC) to the Company amounts to 17,7%.

*IV.3 Companies shall advocate the rotation of auditors after two or three terms of office in accordance with four or three years respectively. Their extension beyond this period must be based on a specific opinion for the Supervisory Board to formally consider the conditions of auditor independence and the benefits and costs of replacement.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 44 OF THIS REPORT

The External Auditor and the representative certified public accountant are still in their second mandate in 2014. The periodicity of rotation of the External Auditor shall be assessed in relation to the best practices in corporate governance at the expiry of that term of office.

# CORPORATE GOVERNANCE REPORT

## 2014

### V. CONFLICTS OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES

*V.1 Where deals are concluded between the Company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions.*

RECOMMENDATION FULLY ADOPTED - CHAPTERS 10, 89 AND 90 OF THIS REPORT

Transactions with holding companies, affiliates or group companies are conducted by principles of rigor, transparency and strict compliance with the competitive market rules. Such transactions are subject to specific administrative procedures arising from normative regulation, including those related with transfer pricing rules, or the voluntary adoption of internal checks and balances systems, in particular reporting processes or formal validation, depending on the value of transaction in question.

*V.2 The Supervisory Board shall establish the required procedures and criteria to define the relevant significance level of business with holders of qualifying holdings or entities in any relationship situation referred to in no. 1 of article 20 of the Portuguese Securities Code. Conducting business of significant importance is dependent on prior opinion of this board.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 38 OF THIS REPORT

The Company has adopted and implemented a formal internal procedure in order to obtain the opinion of the Fiscal Board and the Board of Audit and Finance Commission prior to the conducting of business by Executive Committee with holders of qualifying holdings or entities and related parties (according to the definition of article 20 of the Portuguese Securities Code), when such transactions involve an interest higher than five million euro. All transactions in excess of one million euro are still subject to semi-annual reporting to those two Boards.

### VI. INFORMATION

*VI.1 Companies shall provide, through their website, in Portuguese and English, access to information to enable knowledge about their evolution and current reality in economic, financial and governance terms.*

RECOMMENDATION FULLY ADOPTED

All the recommended information is available in Portuguese and English versions on the Company's website - [www.sonaecapital.pt](http://www.sonaecapital.pt).

*VI.2 Companies should ensure the existence of an Investor Relations Office and the permanent contact with the market to timely respond to investor requests and a register of applications submitted and the treatment that was given should be maintained.*

RECOMMENDATION FULLY ADOPTED - CHAPTER 56 OF THIS REPORT

The Company has an Investor Relations Office that provides to investors and financial community, regular and relevant information, making registration of relevant dialogues in order to optimize the quality of its performance.

#### 3. Other information

There is no further information.

# **CORPORATE GOVERNANCE REPORT**

## 2014

Maia, 3 March 2015

The Board of Directors

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Belmiro Mendes de Azevedo

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Maria Cláudia Teixeira de Azevedo

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Álvaro Carmona e Costa Portela

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Ivone Pinho Teixeira

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Francisco de La Fuente Sánchez

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Paulo José Jubilado Soares de Pinho



**Appendix to the Corporate Governance Report**

*Curricula Vitae* of the Members of the Governing Bodies and Remuneration Policy

## CORPORATE GOVERNANCE REPORT

2014

Belmiro Mendes de Azevedo

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

Age: 77

Nationality: Portuguese

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Education:	<ul style="list-style-type: none"><li>▪ Graduation in Chemical Engineering - Porto University (1964)</li><li>▪ PMD (Programme for Management Development) - Harvard Business School (1973)</li><li>▪ Financial Management Programme - Stanford University (1985)</li><li>▪ Strategic Management - Wharton University (1987)</li><li>▪ Global Strategy - University of California (1995)</li></ul>
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Positions held in Group Companies:	Chairman of the Board of Directors of the following companies: <ul style="list-style-type: none"><li>▪ SC, SGPS, SA</li></ul>
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Positions held in Other Companies:	<ul style="list-style-type: none"><li>▪ Chairman of APGEI - Associação Portuguesa de Gestão e Engenharia Industrial</li><li>▪ Member of Consulting Council of Faculdade de Economia da Universidade Nova de Lisboa - Business School</li><li>▪ Founding Member of Instituto Superior de Estudos Empresariais (ISEE), current EGP-UPBS (University of Porto Business School) (1989)</li><li>▪ Member of Consulting Council of IPATIMUP - Instituto de Patologia e Imunologia Molecular da Universidade do Porto (1990)</li><li>▪ Member of WBCSD - Order of Outstanding Contributors to Sustainable Development</li><li>▪ Member of European Union Hong-Kong Business Cooperation Committee</li><li>▪ Member of INSEAD Portuguese Council (1998 - 2009)</li><li>▪ Member of International Advisory Board da Allianz AG (2000-2012)</li><li>▪ Member of Regional Advisory Board da London Business School (2001 - 2005)</li><li>▪ Member of the Board of COTEC Portugal (2002 - 2009)</li><li>▪ Member of European Round Table of Industrialists (2004 - 2008)</li><li>▪ Founding member of Founding Council of Forum Manufature Portugal (2005)</li><li>▪ Member of European Advisory Board da Harvard Business School (Since 2005)</li><li>▪ Chairman of the General Board of EGP-UPBS (2008-2011)</li></ul>
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Main Professional activities in the last five years:	<ul style="list-style-type: none"><li>▪ Since 2012 - Chairman of the Executive Committee of Sonae Indústria, SGPS, SA</li><li>▪ Since July 2011 - Chairman of the Board of Directors of EGP-UPBS</li><li>▪ Since 2005 - Chairman of the Board of Directors of Sonae Indústria, SGPS, SA</li><li>▪ Since 2007 - Chairman of the Board of Directors of Sonae, SGPS, SA</li></ul>
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## **CORPORATE GOVERNANCE REPORT**

### 2014

- Chairman of the Board of Directors of Sonae Capital SGPS, SA
- Chairman of the Board of Directors of SC, SGPS, SA
- Chairman of the Board of Directors of Alpessego - Sociedade Agrícola, SA
- Chairman of the Board of Directors of Águas Furtadas - Sociedade Agrícola, SA
- Chairman of the Board of Directors of Casa Agrícola de Ambrães, SA
- Chairman of the Board of Directors of Efanor Investimentos, SGPS, SA
- Chairman of the Board of Directors of Imoassets - Sociedade Imobiliária, SA
- Chairman of the Board of Directors of Prosa - Produtos e Serviços Agrícolas, SA
- Single Director of BA - Business Angels, SGPS, SA

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Sonae Capital shares:

- 837,000 shares held directly or by relatives
  - 155,667,947 shares held through Efanor Investimentos, SGPS,
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# CORPORATE GOVERNANCE REPORT

## 2014

**Álvaro Carmona e Costa Portela**

**Executive Director of Sonae Capital, SGPS, SA**

**Age: 63**

**Nationality: Portuguese**

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Education:	<ul style="list-style-type: none"><li>▪ Graduation in Mechanical Engineering - FEUP (1974)</li><li>▪ Master in Business Administration - MBA (Universidade Nova de Lisboa - 1983)</li><li>▪ AMP / ISMP - Harvard Business School - 1997</li></ul>
Positions held in Group Companies:	<p>Member of the Board of Directors of the following companies:</p> <ul style="list-style-type: none"><li>▪ SC, SGPS, SA</li><li>▪ Sonae Turismo, SGPS, SA</li><li>▪ Sonae Capital, SGPS, SA</li></ul> <p>Non-Executive Chairman of the Board of Directors of the following companies:</p> <ul style="list-style-type: none"><li>▪ Contacto Concessões, SGPS, SA</li><li>▪ Ecociclo II - Energias, SA</li><li>▪ Integrum Energia, SA</li><li>▪ Integrum Colombo - Energia, SA</li><li>▪ Integrum Martim Longo - Energia, SA</li><li>▪ Integrum Vale do Caima - Energia, SA</li><li>▪ Integrum Vale do Tejo - Energia, SA</li><li>▪ SC - Eng. Promoção Imobiliária, SA</li><li>▪ Sistavac SGPS, SA</li><li>▪ Sistavac, SA</li><li>▪ Spred SGPS, SA</li></ul>
Positions held in Other Companies:	<p>Non-Executive Director of the following companies:</p> <ul style="list-style-type: none"><li>▪ COPAM - Companhia Portuguesa de Amidos, SA</li><li>▪ Casa Agrícola HMR, SA</li><li>▪ Sonae, SGPS, SA</li><li>▪ Foundation Victor e Graça Carmona e Costa</li><li>▪ Foundation Belmiro de Azevedo</li><li>▪ SPDI-Secure Property Development &amp; Investment plc</li></ul> <p>Non-Executive Chairman of MAF Properties (EAU)</p> <p>Member of Investment Committee do European Prime Shopping Centre Fund (Germany)</p> <p>Member of Representative Council of da Faculdade de Economia da UP</p> <p>Manager of Portela &amp; Portela, Lda</p>

## **CORPORATE GOVERNANCE REPORT**

### 2014

Main Professional activities in the last five years:

- 1990-2010 - Chairman of Sonae Sierra SGPS
- 2006-2010 - Non executive Chairman of Sonae Investimentos, SGPS, SA
- 2004-2009 - Trustee of ESCT - European Shopping Centre Trust (UK)
- 2004-2009 - Member of International Advisory Board of Eurohypo (Germany)
- 2005-2008 - Trustee of International Advisory Board of ICSC - International Council of Shopping Centres
- Since 2008 - Fellow do Royal Institute of Chartered Surveyors
- 2010-2014 - Trustee of Urban Land Institute
- Since 2011 - Director of Sonae Capital, SGPS, SA
- 2011-2014 - Member of Investment Advisory Committee do PanEuropean Property Limited Partnership

# CORPORATE GOVERNANCE REPORT

## 2014

**Maria Cláudia Teixeira de Azevedo**

**Chief Executive Officer of Sonae Capital, SGPS, SA**

**Age: 45**

**Nationality: Portuguese**

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Education:

- Graduation in Business Administration - Universidade Católica Portuguesa
- MBA by INSEAD (Fontainebleau)

Positions held in Group Companies:

- CEO of Sonae Capital, SGPS, SA
- Chairman of the Board of Directors and CEO of Sonae Turismo, SGPS, SA
- Chairman of the Board of Directors of Imoareaia - Investimentos Turísticos, SGPS, SA
- Member of the Board of Directors of SC, SGPS, SA

Positions held in Other Companies:

Chairman of the Board of Directors of the following companies:

- Efanor - Serviços de Apoio à Gestão, SA
- Digitmarket - Sistemas de Informação, SA
- Imparfin, SGPS, SA
- Linhacom, SGPS, SA
- Lugares Virtuais, SA
- Mairoad - Serviços de Tecnologias de Informação, SA
- Miauger - Organização e Gestão de Leilões Electrónicos, SA
- Saphety Level - Trusted Services, SA
- WeDo Technologies Americas, INC
- WeDo Technologies Panamá, SA

Member of the Board of Directors of the following companies:

- Efanor Investimentos, SGPS, SA
- Foundation Belmiro de Azevedo
- PCJ - Público, Comunicação e Jornalismo, S.A.
- Público Comunicação Social, SA
- Praesidium Services Limited
- Sonaecom, SGPS, SA
- Sonaecom Sistemas de Informação, SGPS, SA
- Sonaecom - Serviços Partilhados, SA
- Cape Tehnologies Limited (Ireland)
- WeDo Consulting, Sistemas de Informação, SA
- WeDo Technologies Australia PTY Limited
- WeDo Technologies (UK) Limited
- Zon Optimus, SGPS, SA
- ZOPT, SGPS, S.A.

Director of the following Company:

- Sonaecom – Sistemas de Información España, SL

Manager of the following companies:

- WeDo Poland SP. Z.o.o.
  - WeDo Technologies Egypt
  - WeDo Technologies Mexico, S. De R.L. de C.V
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Main Professional activities in the last five years:

- Executive Director of Sonaecom, SGPS, SA
- Executive Director of Zon Optimus, SGPS, SA

Member of the Board of Directors of the following companies:

- Sonaecom Sistemas de Informação, SGPS, SA
  - Sonae Matrix Multimédia
  - WeDo Consulting, Sistemas de Informação, SA
  - Profimetrics
  - Efanor Investimentos, SGPS, SA
  - ZOPT, SGPS, SA
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# CORPORATE GOVERNANCE REPORT

## 2014

**Ivone Pinho Teixeira**

**Age: 42**

**Nationality: Portuguese**

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Education:	<ul style="list-style-type: none"><li>▪ Graduation in Economics - Faculdade de Economia do Porto (1995)</li><li>▪ Pos-Graduation in Credit Analysis - Instituto Superior de Gestão Bancária (1996)</li><li>▪ Pos-Graduation in International Tax - Universidade Católica (2004)</li></ul>
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Positions held in Group Companies:	Member of the Board / Manager of the following companies: <ul style="list-style-type: none"><li>▪ Aqualuz - Turismo e Lazer, SA</li><li>▪ Atlantic Ferries - Tráfego Local, Fluvial e Marítimo, SA</li><li>▪ Bloco Q - Sociedade Imobiliária, SA</li><li>▪ Bloco W - Sociedade Imobiliária, SA</li><li>▪ Casa da Ribeira - Hotelaria e Turismo, SA</li><li>▪ Centro Residencial da Maia - Urbanismo, SA</li><li>▪ Cinclus Imobiliária, SA</li><li>▪ Contacto Concessões, SGPS, SA</li><li>▪ Country Club da Maia - Imobiliária, SA</li><li>▪ Ecociclo II - Energias, SA</li><li>▪ Empreendimentos Imobiliários Quinta da Azenha, SA</li><li>▪ Golfe Time - Golfe e Investimentos Turísticos, SA</li><li>▪ Imoareia - Investimentos Turísticos, SA</li><li>▪ Imobiliária da Cacela, SA</li><li>▪ Imoclub - Serviços Imobiliários, SA</li><li>▪ Imodivor - Sociedade Imobiliária, SA</li><li>▪ Imobeauty, SA</li><li>▪ Imohotel - Empreendimentos Turísticos, SA</li><li>▪ Imopenínsula - Imobiliária, SA</li><li>▪ Imoponte - Sociedade Imobiliária, SA</li><li>▪ Imoresort - Sociedade Imobiliária, SA</li><li>▪ Imosedas - Imobiliária e Serviços, SA</li><li>▪ Implantação - Imobiliária, SA</li><li>▪ Marina de Tróia, SA</li><li>▪ Marmagno - Exploração Hoteleira e Imobiliária, SA</li><li>▪ Martimope - Empreendimentos Turísticos, SA</li><li>▪ Marvero - Exploração Hoteleira e Imobiliária, SA</li><li>▪ Norscut - Concessionária de Auto-Estradas, SA</li><li>▪ Paulo Jorge Pacheco - Equipamentos de Refrigeração, Unipessoal, Lda</li><li>▪ Porturbe - Edifícios e Urbanizações, SA</li></ul>
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- Praedium – Serviços, SA
- Praedium – SGPS, SA
- Praedium II – Imobiliária, SA
- Prédios Privados – Imobiliária, SA
- Predisedas – Predial das Sedas, SA
- Promessa – Sociedade Imobiliária, SA
- S.I.I. – Soberana – Investimentos Imobiliários, SA
- SC – Engenharia e Promoção Imobiliária, SGPS, SA
- SC – Sociedade de Consultadoria, SA
- SC Assets, SGPS, SA
- SC Finance, BV
- SC, SGPS, SA
- Sistavac, SGPS, SA
- Sistavac, SA
- Sete e Meio Herdades – Investimentos Agrícolas e Turismo, SA
- SKK – Central de Distribuição para a Refrigeração e Climatização, SA
- SKKFor – Serviços de Formação e desenvolvimento de Recursos Humanos, Unipessoal, SA
- Soconstrução, BV
- Soira – Sociedade Imobiliária de Ramalde, SA
- Solinca – Health and Fitness, SA
- Solinca – Investimentos Turísticos, SA
- Solswin – Gestão e Exploração de Equipamentos Aquáticos, SA
- Soltróia – Sociedade Imobiliária de Urbanização e Turismo de Tróia, SA
- Sonae Turismo – SGPS, SA
- Sontur, BV
- Sopair, SA
- Sotáqua – Sociedade de Empreendimentos Turísticos de Quarteira, SA
- Spinarq – Engenharia, Energia e Ambiente, SA
- Spinveste – Gestão Imobiliária, SGII, SA
- Spinveste – Promoção Imobiliária, SA
- Spred, SGPS, SA
- Torre São Gabriel, Imobiliária, SA
- Tróia Market – Supermercados, SA
- Troiaresort – Investimentos Turísticos, SA
- Troiaverde – Exploração Hoteleira e Imobiliária, SA
- Tulipamar – Exploração Hoteleira e Imobiliária, SA
- Urbisedas – Imobiliária das Sedas, SA
- Vistas do Freixo – Empreendimentos Turísticos, SA
- World Trade Centre Porto, SA

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Main Professional activities in the last five years:

- Chief Financial Officer, Grupo Sonae Capital – Since 2012
- Head of Corporate Finance, Sonae Capital Group – 2007-2012

# CORPORATE GOVERNANCE REPORT

## 2014

**Francisco de La Fuente Sánchez**

**Non-Executive Director of Sonae Capital, SGPS, SA**

**Age: 73**

**Nationality: Portuguese**

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Education: 

- Graduation in Electro technical Engineering - Instituto Superior Técnico (1965)

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Positions held in Group Companies: -

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Positions held in Other Companies: 

- Chairman of the Board of the Shareholders' General Meeting of Iberwind - Desenvolvimento e Projectos, SA
- Chairman of the Board of the Shareholders' General Meeting of APEDS - Associação Portuguesa de Engenheiros para o Desenvolvimento Social
- Member of the Remuneration Committee of Sonae SGPS and Sonaecom
- Co-option Member of the School Council of Instituto Superior Técnico
- Non Executive Vice-President of the Board of Directors of EFACEC Capital
- Chairman of AAAIST - Associação de Antigos Alunos do Instituto Superior Técnico
- Member of the Patronage of Fundação Hidroeléctrica del Cantábrico
- Member of the Consulting Council of Fórum para a Competitividade
- Honorary Chairman of Hidroeléctrica del Cantábrico, SA
- Member of the Curators Council of Fundação Luso-Brasileira
- Member of Fórum Ibero América
- Member of the Curators Council of Fundação Luso-Espanhola

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Main Professional activities in the last five years: 

- 2005 - 2009 - President of EDP Foundation
- Since 2010 - Chairman of the Board of the Shareholders' General Meeting of Iberwind - Desenvolvimento e Projectos, SA
- Since 2009 - Co-option member of Instituto Superior Técnico School Council
- Since 2005 - Member of Patronage of Fundação Hidroeléctrica del Cantábrico
- Since 2005 - Member of Consulting Council of Fórum para a Competitividade
- Since 2004 - Member of the Curators Council of the Luso-Brazilian Foundation
- Since 2003 - Member of the Ibero American Forum
- Since 2002 - Member of the Curators Council of the Luso-Spanish Foundation
- 2007-2014 - Chairman of the General Council of PROFORUM and Chairman of the National Council of the Electro technical Engineering

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## **CORPORATE GOVERNANCE REPORT**

2014

Board of the Engineers Institute

- 2007-2012 – Invited member of Conselho Nacional da Água
  - 2007-2012 – Chairman and Non-Executive Vice President of the Board of Directors of EFACEC Capital
  - 2007-2009 – Chairman of the General Board for Corporate Governance of Millennium BCP – Banco Comercial Português
  - 2006-2009 – Member of the Supervisory Board of Millennium BCP – Banco Comercial Português
  - 2004-2010 – Member of Consulting Council of Instituto Português de Corporate Governance
  - 2000-2010 – Non Executive Director of Portugal-Africa Foundation
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# CORPORATE GOVERNANCE REPORT

## 2014

**Paulo José Jubilado Soares de Pinho**

**Non-Executive Director of Sonae Capital, SGPS, SA**

**Age: 52**

**Nationality: Portuguese**

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<b>Education:</b>	<ul style="list-style-type: none"><li>▪ Graduation in Economics - Faculdade de Economia da Universidade Nova de Lisboa)</li><li>▪ MBA - Master in Business Administration - Faculdade de Economia da Universidade Nova de Lisboa (1989)</li><li>▪ PhD in Banking and Finance - City University Business School, London (1994)</li><li>▪ Negotiation Analysis - Amsterdam Institute of Finance (2005)</li><li>▪ Advanced Course - European Venture Capital and Private Equity Association (2006)</li><li>▪ Valuation Guidelines Masterclass - European Venture Capital and Private Equity Association (2007)</li><li>▪ Private Equity and Venture Capital Programme - Harvard Business School (2007)</li></ul>
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Positions held in Group Companies: -

Positions held in Other Companies:	<ul style="list-style-type: none"><li>▪ Member of the Board of Directors of Change Partners, SCR, SA</li><li>▪ Member of the Board of Directors of Biotecnol, SA</li></ul>
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Main Professional activities in the last five years:	<ul style="list-style-type: none"><li>▪ 2004-2007 - Executive Director and Member of the Board of Directors of REN - Redes Eléctricas Nacionais, SA</li><li>▪ Since 2003 - Chairman of the General Council of Venture Capital Syndication Fund PME-IAPMEI</li><li>▪ Since 2005 - Member of the Advisory and Strategic Board of Fundo Fast Change Venture Capital</li><li>▪ 2007-2008 - Chairman of the Board of Directors of Xis Vending - Serviços de Vending, SA</li><li>▪ 2007 - 2010 -Senior Advisor for Iberia of Profit Technologies, EUA</li><li>▪ Since 2007 - Senior Advisor of New Next Moves Consultants, Portugal</li><li>▪ Since 2007 - Director of Venture Valuation, Switzerland (Representative for Portugal)</li><li>▪ Since 2008 - Visiting Professor at Cass Business School, London</li><li>▪ 2007-2012 - Associate Dean of Universidade Nova de Lisboa</li><li>▪ Associate Professor of Faculty of Economics of Universidade Nova of Lisboa</li></ul>
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# CORPORATE GOVERNANCE REPORT

## 2014

### Manuel Heleno Sismeiro

#### Chairman of the Fiscal Board of Sonae Capital, SGPS, SA

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Education:	<ul style="list-style-type: none"><li>▪ Bachelor degree in Accounting - ICL, Lisbon (1964)</li><li>▪ Graduation in Finance - ISCEF, Lisbon (1971)</li></ul>
Positions held in Group Companies:	-
Positions held in Other Companies:	Member of the Fiscal Board of the following companies: <ul style="list-style-type: none"><li>▪ OCP Portugal Produtos Farmacêuticos, SA</li><li>▪ Sonae Indústria, SGPS, SA</li></ul> Chairman of the Board of the Shareholders' General Meeting of Segafredo Zanetti (Portugal), SA
Main Professional activities in the last five years:	<ul style="list-style-type: none"><li>▪ 1980 - 2008 - Partner of Coopers &amp; Lybrand and of Bernardes, Sismeiro &amp; Associados</li><li>▪ Since 2008 - Advisor, namely on matters of internal audit and internal control</li></ul>

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### Armando Luís Vieira de Magalhães

#### Member of the Fiscal Board of Sonae Capital, SGPS, SA

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Education:	<ul style="list-style-type: none"><li>▪ Bachelor degree in Accounting, ISCAP (1972)</li><li>▪ Graduation in Economics - Faculdade de Economia, Porto University (1978)</li><li>▪ Executive MBA - European Management, IESF/IFG (1996)</li></ul>
Positions held in Group Companies:	-
Positions held in Other Companies:	Member of the Fiscal Board of the following companies: <ul style="list-style-type: none"><li>▪ Sonaecom, SGPS, SA</li><li>▪ Sonae Indústria, SGPS, SA</li><li>▪ Futebol Clube do Porto - Futebol SAD</li><li>▪ Real Vida Seguros</li><li>▪ Fundação Eça de Queiroz</li><li>▪ Associação Sénior de Golfe do Norte de Portugal</li></ul>
Main Professional activities in the last five years:	<ul style="list-style-type: none"><li>▪ 1989 - 2010 - Statutory Auditor and Managing Partner of Santos Carvalho &amp; Associados, SROC, SA</li><li>▪ Since 2010 - Statutory Auditor and Partner of Armando Magalhães, Carlos Silva &amp; Associados, SROC, Lda</li></ul>

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# CORPORATE GOVERNANCE REPORT

## 2014

**Jorge Manuel Felizes Morgado**

**Member of the Fiscal Board of Sonae Capital, SGPS, SA**

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Education:

- Graduation in Management - ISEG, Universidade Técnica de Lisboa
- MBA in Finance - IEDE, Madrid
- MBA in Management and Information Systems - Faculdade de Economia e Gestão, Universidade Católica

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Positions held in  
Group Companies:

-

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Positions held in  
Other Companies:

Member of the Fiscal Board of the following Companies:

- Sonae, SGPS, SA
- Sonae Indústria, SGPS, SA
- Sonae Sierra, SGPS, SA

Manager of Horwath Parsus – Soluções de Gestão, Lda

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Main Professional  
activities in the last  
five years:

- Since 2004 - Statutory Auditor
  - Since 2006 - Partner of Econotopia - Consultoria e Gestão, SA
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*(Translation from a Portuguese Original)*

**Declaration of the Remuneration Committee about the Remuneration and Compensation Policy for statutory governing bodies and to key management staff (“dirigentes”) of the Company**

**ATTRIBUTION PLAN OF SONAE CAPITAL SHARES**

**(Medium term variable bonus – MTVB)**

**Characteristics and Regulation**

**1. Characteristics of MTVB**

MTVB is one of the components of Sonae Capital’s Remuneration and Compensation Policy. This component is distinct from others due to its restrictive and volunteer nature, with attribution conditional to the eligibility rules described in this document.

MTVB allows participants to share with shareholders value created, through their direct intervention in strategy definition and business management, based on the result of the annual performance evaluation.

**2. Scope of MTVB**

MTVB aims to align executive directors’ interests with the objectives of the organisation, strengthening their commitment and the perception of the importance of their performance to Sonae Capital’s success, reflected in the market capitalisation of the share.

**3. Eligibility**

Executive directors of Sonae Capital, SGPS, SA and companies in domain relationship are eligible for the attribution of the MTVB.

In accordance with the remuneration policy approved by the Board of Directors, employees who, through that policy, are entitled to the Plan, are also eligible to the attribution of MTVB.

<b>Eligible Members</b>	<b>Reference Value of medium term variable bonus</b> (% of total variable remuneration set as objective)
<b>Sonae Capital’s Executive Directors</b>	At least 50%
<b>Businesses’ Executive Directors</b>	At least 50%
<b>Employees</b>	Terms to be defined by each Company’s Board of Directors

**4. Duration of MTVB**

MTVB is set on an annual basis, for a period of three years. From the beginning of the third consecutive plan, in each moment, three plans with three year duration will coexist.

**5. MTVB reference amount**

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

## **REPORT AND ACCOUNTS 2014**

### Individual Financial Statements

effect the most favourable of the following: closing share price of the first day of trading after the General Meeting of Shareholders or the average closing share price (regarding the thirty-day period of trading prior to the General Meeting of Shareholders).

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. Such right can be exercised three years after attribution, which will be adjusted, through the deferral period by the completion level of long term KPIs, in order to ensure the continued alignment with the long term business sustainability objectives.

Aiming to ensure a policy that strengthens the alignment of executive directors with the company's long term objectives, the Remuneration Committee can, at its sole discretion, determine an executive director's co-payment in the acquisition of shares, which will correspond to a percentage of the share price, up to 5% of its share price at the date of the share transmission.

If dividends are distributed, changes in the nominal value of shares or in the share capital of the company occur or any other change in equity with impact in the economic value of attributed rights, after the granting date and before its exercise, the amount converted in shares will be adjusted to an equivalent figure considering the effect of the mentioned changes.

#### **6. Delivery by the Company**

On the vesting date of the MTVB plan, the company reserves the right to settle in cash, equivalent to the market value as at the date of the respective delivery, instead of shares.

#### **7. Due date of MTVB**

The right to acquire shares granted via MTVB expires three years after its attribution.

#### **8. Conditions to exercise acquisition rights**

The right to exercise acquisition rights of shares granted under MTVB plans 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 payment is made to the member himself 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.

The current policy is extensive to all active plans regarding which shares have not yet been transmitted.