

# **CORPORATE GOVERNANCE REPORT**

## **31 DECEMBER 2012**

## Corporate Governance Report

*(Translation from the Portuguese Original)*

### 0. Statement of Compliance

The corporate governance policy of Sonae Capital SGPS S.A. (hereinafter Sonae Capital or Company) aims, among other objectives, to implement transparency procedures in its relationship with both investors and markets. The corporate governance structure of Sonae Capital is built upon the maximization of shareholders' interests and the satisfaction of their legal and regulatory rights.

#### 0.1 Corporate Governance Guidelines

Sonae Capital, as a public listed company, is regulated by Regulation 1/2010 of the Portuguese Securities Market Commission (*Comissão de Mercado de Valores Mobiliários* and hereinafter CMVM) issued on 7 January 2010.

Furthermore, Sonae Capital bases its corporate governance practices on the Corporate Governance Code of CMVM, the latest version of which was issued on 8 January 2010, available at [www.cmvm.pt](http://www.cmvm.pt).

#### 0.2 Compliance with the Corporate Governance Code

Recommendation		Compliance	Reference in this report
I.	<b>General Meeting</b>		
I.1	<b>General Meeting Board</b>		
I.1.1	The Presiding Board of the General Meeting shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration	Yes	I.1
I.1.2	The remuneration of the Presiding Board of the General Meeting shall be disclosed in the Annual Report on Corporate Governance	Yes	I.1
I.2	<b>Participation at the Meeting</b>		
I.2.1	The requirement for the Board to receive statements for share deposit or blocking for participation at the general meeting shall not exceed 5 working days	Yes	I.2
I.2.2	Should the general meeting be suspended, the company shall not compel share blocking during the interim period until the meeting is resumed and shall then prepare itself in advance as required for the first session	Yes	I.2
I.3	<b>Voting and Exercising Voting Rights</b>		
I.3.1	Companies shall not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting	Yes	I.3
I.3.2	The statutory deadline for receiving early voting ballots by mail may not exceed three working days	Yes	I.3

Recommendation		Compliance	Reference in this report
I.3.3	Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principal. The companies that: i) hold shares that do not confer voting right; ii) establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders related to former, do not comply with the proportionality principle	Yes	I.3
I.4	<b>Resolution-Fixing Quorum</b>		
I.4.1	Companies shall not set a resolution-fixing quorum that outnumbers that which is prescribed by law	Yes	I.4
I.5	<b>Minutes and Information on Resolutions Passed</b>		
I.5.1	Extracts from the minutes of the general meetings or documents with corresponding content must be made available to shareholders on the company's website within a five day period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall cover the resolutions passed, the represented capital and the voting results. Said information shall be kept on file on the company's website for no less than a 3 year period	Yes	I.5
I.6	<b>Measures on Corporate Control</b>		
I.6.1	Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests. The company's articles of association that by complying with said principal, provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction	Yes	0.3 (2); I.6
I.6.2	In cases such as change of control or changes to the composition of the Board of Directors, defensive measures shall not be adopted that instigate an immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary performance assessment by the shareholders of the members of the Board of Directors	Yes	I.6
II.	<b>Board of Directors and Fiscal Board</b>		
II.1	<b>General Points</b>		
II.1.1	<b>Structure and Duties</b>		
II.1.1.1	The Board of Directors shall assess the adopted model in its Annual Report on Corporate Governance and pin-point possible hold-ups to its functioning and shall propose measures that it deems fit for surpassing such obstacles	Yes	II.0
II.1.1.2	Companies shall set up internal control and risk management systems in order to safeguard the company's worth and which will identify and manage the risk. Said systems shall include at least the following components: i) setting of the company's strategic objectives as regards risk assumption; ii) identifying the main risks associated to the company's activity and any events that might generate risks; iii) analyse and determine the extent of the impact and the likelihood that each of said potential risks will occur; iv) risk management aimed at aligning those actual incurred risks with the company's strategic options for risk assumption; v) control mechanisms for executing measures for adopted risk management and its effectiveness; vi) adoption of internal mechanisms for information and communication on several components of the system and of risk-warning ; vii) periodic assessment of the implemented system and the adoption of the amendments that are deemed necessary	Yes	II.8
II.1.1.3	The Board of Directors shall ensure the establishment and functioning of the internal control and risk management systems. The Fiscal Board shall be responsible for assessing the functioning of said systems and proposing the relevant adjustment to the company's needs	Yes	II.8
II.1.1.4	The companies shall: i) identify the main economic, financial and legal risk that the company is exposed to during the exercise of its activity; ii) describe the performance and efficiency of the risk management system, in its Annual Report on Corporate Governance	Yes	II.8
II.1.1.5	The Board of Directors and the Fiscal Board shall establish internal regulations and shall have these disclosed on the company's website	Yes	II.2; II.5

Recommendation		Compliance	Reference in this report
II.1.2	<b>Governance Incompatibility and Independence</b>		
II.1.2.1	The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity	Yes	II.2
II.1.2.2	Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of Board Directors	Yes	II.2
II.1.2.3	The independency assessment of its non-executive members carried out by the Board of Directors shall take into account the legal and regulatory rules in force concerning the independency requirements and the incompatibility framework applicable to members of other corporate boards, which ensure orderly and sequential coherence in applying independency criteria to all the company. An independent executive member shall not be considered as such, if in another corporate board and by force of applicable rules, may not be an independent executive member	Yes	II.2
II.1.3	<b>Eligibility and Appointment Criteria</b>		
II.1.3.1	Depending on the applicable model, the Chair of the Fiscal Board and of the Auditing and Financial Matters Committees, shall be independent and adequately competent to carry out his/her duties	Yes	II.5
II.1.3.2	The selection process of candidates for non-executive members shall be conjured so as prevent interference by executive members	Yes	II.2
II.1.4	<b>Policy on the Reporting of Irregularities</b>		
II.1.4.1	The company shall adopt a policy whereby irregularities occurring within the company are reported. Such reports shall contain the following information: i) the means by which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should it be required by the reporter	Yes	II.9
II.1.4.2	The general guidelines on this policy shall be disclosed in the Annual Report of Corporate Governance	Yes	II.9
II.1.5	<b>Remuneration</b>		
II.1.5.1	<p>The remuneration of the Members of the Board of Directors shall be structured so that the formers' interests are capable of being aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage taking on extreme risk. Thus, remunerations shall be structured as follows:</p> <p>i) The remuneration of the Board of Directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by the company's competent bodies according to pre-established quantifiable criteria. Said criteria shall take into consideration the company's real growth and the actual growth generated for the shareholders, its long-term sustainability and the risks taken on, as well as compliance with the rules applicable to the company's activity.</p> <p>ii) The variable component of the remuneration shall be reasonable overall as regard the fixed component of the remuneration and maximum limits shall be set for all components.</p> <p>iii) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during said period.</p> <p>(iv) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company.</p> <p>(v) The Executive Directors shall hold, up to twice the value of the total annual remuneration, the company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares.</p> <p>(vi) When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years;</p> <p>(vii) The appropriate legal instruments shall be established so that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the Director's inadequate performance.</p> <p>(viii) The remuneration of Non-Executive Board Members shall not include any component the value of which is subject to the performance or the value of the company</p>	Yes	II.10; III.6

Recommendation		Compliance	Reference in this report
II.1.5.2	A statement on the remuneration policy of the Board of Directors and Fiscal Board referred to in Article 2 of Law No. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on: i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration ii) the payments for the dismissal or termination by agreement of the Directors' duties	Yes	II.10
II.1.5.3	The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the directors' remunerations which contain an important variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall particularly take the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks into account	Yes	II.10
II.1.5.4	A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share prices, to members of the Board of Directors and Fiscal Board and other managers within the context of Article 248/3/B of the Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall contain the regulation plan or in its absence, the plan's conditions. The main characteristics of the retirement benefit plans established for members of the Board of Directors and Fiscal Board and other managers within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Meeting	Yes	I.7; II.10; III.6
II.1.5.6 <sup>2</sup>	At least one of the Remuneration Committee's representatives shall be present at the Annual General Meeting for Shareholders <sup>2</sup> The CMVM Corporate Governance Code does not include any recommendation with number II.1.5.5	Yes	I.7
II.2	<b>Board of Directors</b>		
II.2.1	Within the limits established by law for each management and supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties shall be identified in the Annual Corporate Governance Report	Yes	II.2; II.3
II.2.2	The Board of Directors must ensure that the company acts in accordance with its goals, and shall 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 taken that are considered to be strategic due to the amounts, risk and particular characteristics involved	Yes	II.2; II.3
II.2.3	Should the Chair of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these may decide upon, in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the corporate governance report	Yes	II.2; II.3
II.2.4	The annual management report shall include a description of the activity carried out by the Non-Executive Board Members and shall mention any restraints encountered	Yes	II.2; II.4
II.2.5	The company shall expound its policy of portfolio rotation on the Board of Directors, including the person responsible for the financial portfolio, and report on same in the Annual Corporate Governance Report	Yes	II.2
II.3	<b>Chief Executive Officer (CEO), Executive Committee and Executive Board of Directors</b>		
II.3.1	When Managing Directors that carry out executive duties are requested by other Board Members to supply information, the former must do so in a timely manner and the information supplied must adequately suffice the request made	Yes	II.3
II.3.2	The Chair of the Executive Committee shall send the convening notices and minutes of the meetings to the Chair of the Board of the Directors and, as applicable, to the Chair of the Fiscal Board or the Auditing Committee, respectively	Yes	II.3

Recommendation		Compliance	Reference in this report
II.3.3	The Chair of the Board of Directors shall send the convening notices and minutes of the meetings to the Chair of the General and Supervisory Board and the Chair of the Financial Matters Committee	Not Applicable	0.3 (4)
II.4	<b>General and Supervisory Board, Financial Matters Committee, Audit Committee and Fiscal Board</b>		
II.4.1	Besides carrying out its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out an on-going assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: i) the definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved	Not Applicable	0.3 (5)
II.4.2	The annual reports and financial information on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Audit Committee and Fiscal Board <sup>1</sup> must be disclosed on the company's website	Yes	II.5
II.4.3	The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Fiscal Board must include a description on the supervisory activity and shall mention any restraints that they may have come up against	Yes	II.5
II.4.4	The General and Supervisory Board, the Auditing Committee and the Fiscal Board (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first recipient of the reports	Yes	II.5
II.4.5	According to the applicable model, the General and Supervisory Board, Auditing Committee and Fiscal Board shall assess the external auditor on an annual basis and advise the General Meeting that he/she be discharged whenever justifiable grounds are present	Yes	II.5
II.4.6	The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or in the case of companies adopting the Latin model, an independent director or Fiscal Board, regardless of the hierarchical relationship that these services have with the executive management of the company	Yes	II.8
II.5	<b>Special Committees</b>		
II.5.1	Unless the company is of a reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees, 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 improvements; iii) in due time identify potential candidates with the high profile required for the performance of director's duties	Yes	II.4
II.5.2	Members of the Remuneration Committee or alike shall be independent from the Members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy	Yes	I.7
II.5.3	Any natural or legal person which provides or has provided, over the past three years, services to any structure subject to the Board of Directors, to the Board of Directors of the company or that has to do with the current consultant to the company shall not be recruited to assist the Remuneration committee. This recommendation also applies to any natural or legal person who has an employment contract or provides services	Yes	I.7
II.5.4	All the Committees shall draw up minutes of the meetings held	Yes	II.4

<sup>1</sup> Original text does not mention the Fiscal Board



Recommendation		Compliance	Reference in this report
III.	<b>Information and Auditing</b>		
III.1	<b>General Disclosure Duties</b>		
III.1.1	Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit	Yes	III.8
III.1.2	The following information that is made available on the company's Internet website shall be disclosed in the English language: a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Commercial Companies Code; b) Articles of Association; c) Credentials of the Members of the Board of Directors and the Market Liaison Officer; d) Investor Assistance Unit – its functions and access means; e) Accounts Reporting documents; f) Half-Yearly Calendar on Company Events; g) Proposals sent through for discussion and voting during the General Meeting; h) Notices convening meetings	Yes	III.8
III.1.3	Companies shall advocate the rotation of auditors after two or three terms in accordance with four or three years respectively. Their continuance beyond this period must be based on a specific opinion for the Fiscal Board to formally consider the conditions of auditor independence and the benefits and costs of replacement	Yes	II.6
III.1.4	The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company's Fiscal Board	Yes	II.6
III.1.5	The company shall not recruit the external auditor for services other than audit services, nor any entities with which same takes part or incorporates the same network. Where recruiting such services is called for, said services should not be greater than 30% of the total value of services rendered to the company. The hiring of these services must be approved by the Fiscal Board and must be expounded in the Annual Corporate Governance Report	Yes	II.6
IV.	<b>Conflicts of Interest</b>		
IV.1	<b>Shareholder Relationship</b>		
IV.1.1	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	Yes	III.7
IV.1.2	Where deals of significant importance are undertaken with holders of qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the Fiscal Board. The procedures and criteria required to define the relevant level of significance of these deals and other conditions shall be established by the Fiscal Board	Yes	III.7

### **0.3 Reasons for non compliance or non applicability of the Corporate Governance Code**

This section lays out the reasons for the non compliance or non applicability for each individual recommendation and should be read in conjunction with the table in the previous section.

As at 31 December 2012, the following recommendations were not applicable to Sonae Capital:

- (1) Recommendation II.3.3 - This recommendation relates to a corporate governance model not adopted by Sonae Capital, and for this reason is not considered to be applicable. Under the terms and conditions of article 278 of the Portuguese Companies Code, Sonae Capital structured its corporate governance model with a Board of Directors, a Fiscal Board and a Statutory Auditor.
- (2) Recommendation II.4.1 - This recommendation related to a corporate governance model not adopted by Sonae Capital, and for this reason is not considered to be applicable. Under the terms and conditions of article 278 of the Portuguese Companies Code, Sonae Capital structured its corporate governance model with a Board of Directors, a Fiscal Board and a Statutory Auditor.



## **I. Governing Bodies**

The governing bodies of the Company are the Shareholders' General Meeting, the Board of Directors, the Fiscal Board and the Statutory External Auditor. The members of the governing bodies are elected by the Shareholders' General Meeting, which also elects the members of its own Board and the members of the Remuneration Committee.

### **I.1 Board of the Shareholders' General Meeting**

As at 31 December 2012, the Board of the Shareholders' General Meeting had the following members, mandated for the 2011-2012 period:

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

In addition to the support provided by the Company Secretary, during the preparatory stages of the Shareholders' General Meeting, its Board members are given assistance by the Corporate Legal department, namely to prepare support documents and files.

The remuneration of the Chairman of the Board of the General Shareholders' Meeting is made up of a fixed amount, based on the Company's situation and market practices, and amounted to a total of 3,000 euro for the year 2012.

### **I.2 Presence at the Shareholders' General Meeting**

The Company's Articles of Association comply with the provisions of Decree-Law no. 49/2010 of 19 May, which changed the rules regarding shareholders presence in general meetings from listed companies, thus, there is no need for a blocking period either to attend the Shareholders' General Meeting or during the suspension period.

The Company has not issued non-voting preference shares. In any event, the Articles of Association contemplate the presence at a Shareholders' General Meeting of shareholders holding non-voting preference shares, and their presence at the discussion of the points on the agenda for the Shareholders' General Meeting will depend on the authorisation of the Shareholders' General Meeting.

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 owned 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 timings comprised in the law, adequate information, so that shareholders take seat in the Shareholders' General Meeting directly or through representatives, as well as a minute of representation letter in its website ([www.sonaecapital.pt](http://www.sonaecapital.pt)).

### **I.3 Voting and Exercising Voting Rights**

Under the terms of the Company's Articles of Association, each share is entitled to one vote. Additionally, no limit is established to the number of votes that can be held or exercised by a sole shareholder or group of shareholders.

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.

Written voting papers shall only be considered valid if they are received at the Company's registered office at least three working days before the date of the Shareholders' General Meeting, and must be sent by registered post with signature confirmation on delivery addressed to the Chairman of the Board of the Shareholders' General Meeting. This does not dispense with the need to comply with the procedures set out in the Articles of Association, to be registered as a valid shareholder for the Shareholders' General Meeting with a reference to the record date. Written voting papers must be signed by shareholders or by their legal representatives. Individual shareholders must attach a certified copy of their identity card and, for corporate shareholders, the signature must be authenticated confirming that the signatory is duly authorised and mandated for the purpose.

In addition to the above mentioned, to be considered valid, written voting papers also have to set out clearly, in an unambiguous manner: (i) the agenda item or items to which they refer; (ii) the specific proposal to which they relate, indicating the respective proposer or proposers, and; (iii) the precise and unconditional voting intention on each proposal. It is assumed that shareholders have abstained from any proposals that are not specifically included in their written voting papers. Written voting papers shall be deemed as votes against any proposals presented after the issuance of such written voting papers. Written voting papers will be revoked if the shareholders that issued those votes is present or represented at the meeting. The Chairman of the Board of the Shareholders' General Meeting, or his or her substitute, is responsible for verifying that written voting papers comply with all the above requirements and, those that are not accepted, will be considered as null and void. The means set out to ensure confidentiality of written voting papers are described in the notice of the meeting.

The Company makes available to shareholders minutes of written voting papers on the Company's website ([www.sonaecapital.pt](http://www.sonaecapital.pt)), after notice has been given of the Shareholders' General Meeting.

### **I.4 Quorum and resolutions**

The Shareholders' General Meeting shall meet ordinarily, within the timing established by law for the Shareholders' Annual General Meeting, or extraordinarily, whenever the Board of

Directors or the Fiscal Board or shareholders representing more than 2% of the voting share capital (minimum required for this purpose by law), request one.

The Shareholders' General Meeting can meet, in the first instance, as long as shareholders holding over fifty percent of the share capital are present or represented.

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

#### **I.5 Minutes and information on the resolutions of the Shareholders' General Meeting**

The notice of the Shareholders' General Meeting and the proposals and respective appendices required by law, addressed to the Board of the Shareholders' General Meeting, are made publicly available to all shareholders, for consultation, at the registered office during office hours, on the Company's website ([www.sonaecapital.pt](http://www.sonaecapital.pt)) and on the Information Disclosure System of the Portuguese Securities Market Commission ([www.cmvm.pt](http://www.cmvm.pt)), at least 21 days prior to the Shareholders' General Meeting.

The Company keeps a record, on its website ([www.sonaecapital.pt](http://www.sonaecapital.pt)), of the attendance lists, agenda and decisions of the Shareholders' General Meetings of the previous three years (at least). Information on the decisions of the Shareholders' General Meetings is disclosed on the date of the meeting.

Besides access to information on the above mentioned disclosure systems, shareholders can request specific information or explanations on any matter related to the Shareholders' General Meeting through the Investor Relations Office.

#### **I.6 Measures regarding Control of the Company**

The Company has not taken measures of any kind that would hinder the success of a public tender offer for the purchase of its shares, nor has the Board of Directors knowledge of any special rights or shareholders agreements in which the Company or its shareholders are involved.

The Company's Articles of Association do not foresee any defensive practices that automatically and significantly erode the Company's assets in the event of a change in control or change in the composition of the management body.

Additionally, there are no agreements between the Company and its board members or other senior managers that foresee indemnities or penalty payments in any case of termination of their existing contracts as a result of a change in control of the Company.

#### **I.7 Remuneration policy and performance assessment**

The remuneration of members of the statutory bodies of the Company is fixed by the Shareholders' General Meeting, which has appointed a Shareholders' Remuneration Committee to set and propose the compensation and performance assessment policies and respective guidelines.

The Shareholders' Remuneration Committee did not hire, for support in the carrying out of its duties, any person or entity that provides or has provided, in the last three years, services to the Board of Directors or to any structure under his dependence nor any entity that currently supports the company with consultancy services.

In accordance with Law nr. 28/2009 the Remuneration Committee or the Board of Directors must submit, annually, the remuneration policy of the statutory bodies to the Shareholders' General Meeting. The remuneration policy and the required disclosures are laid out in section II.10 of this report.

The Shareholders' Remuneration Committee has two members, the company Efanor Investimentos, SGPS, SA (majority shareholder of the Company) represented by Belmiro Mendes de Azevedo (Chairman) and José Fernando Oliveira de Almeida Côrte-Real. Belmiro Mendes de Azevedo is also Chairman and CEO of Sonae Capital, acting as a the shareholder's representative in the Remuneration Committee. 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.

The experience and professional qualifications of the members of the Shareholders' Remuneration Committee allows them to carry out their duties in a rigorous and competent manner in safeguard of the interests of the Company.

The Shareholders' Remuneration Committee is always represented at the Shareholders' General Meeting at least by one of its members.


The table below summarizes the attendance of members of the Shareholders' Remuneration Committee at the Shareholders' General Meetings since the incorporation of Sonae Capital.

<b>Date of the Shareholders' General Meeting</b>	<b>Attendance of members of the Shareholders' Remuneration Committee</b>
09 April 2008	Belmiro Mendes de Azevedo
28 April 2009	Belmiro Mendes de Azevedo
28 April 2010	Belmiro Mendes de Azevedo
31 March 2011	Belmiro Mendes de Azevedo
30 March 2012	Belmiro Mendes de Azevedo

## **II. Management and Supervision bodies**

### **II.0 Assessment of the Corporate Governance Model**

Sonae Capital was incorporated in December 2007. During 2008, significant changes were made to the corporate governance structure of Sonae Capital to respond to the strategic and management needs of the Company's business portfolio. The new governance structure proposed by the Board of Directors and approved at the Shareholders' General Meeting of 9 April 2008 envisaged strengthening strategy formulation of the Company and the independent



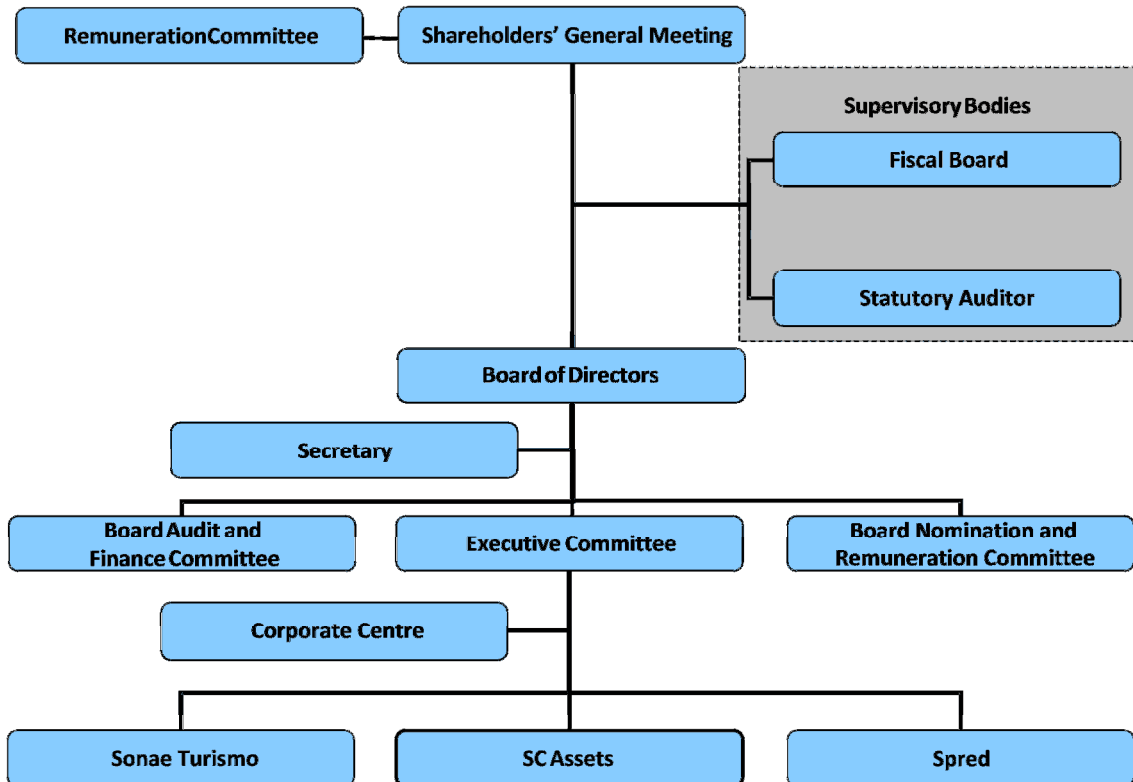
appraisal of the execution of strategy by Executive Directors, based on best practices in corporate governance.

At the date of its incorporation, Sonae Capital adopted a model based on a Board of Directors, a Fiscal Board and a Statutory Auditor. The Board of Directors has the responsibility of management while the remaining two bodies have supervisory responsibility.

The significant changes introduced few months after its incorporation strengthened and enlarged the supervision of the Company mainly through the creation of an Executive Committee to which the day-to-day management was delegated and the creation of two boards within the Company's Board of Directors, with supervision and counselling responsibilities. The scope of their activity is described in section I.4 of this report. Details of the new structure, its different bodies, roles and responsibilities are presented in the following sections.

For the time being the Board of Directors believes the existing model is the most suitable for Sonae Capital. In order to strengthen its commitment to evaluate the existing governance model, the Board of Directors, through the Board Audit and Finance Committee has implemented a formal annual assessment on corporate governance issues in order to evaluate, on a regular basis, on existing structures and functioning. Conclusions of that judgement are presented to the Board of Directors that, if deemed necessary, will fine tune procedures and policies.

## II.1 Governing bodies and functional structure



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 management of day-to-day operations, with the exception of matters highlighted in section II.3 of the current report. 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, aimed at strengthening the decision making process at Board level.

The supervision of the Company is carried out by the Fiscal Board and by the Statutory Auditor, both elected at the Shareholders' General Meeting. For more information on these statutory bodies, please refer to sections II.5 and II.6, respectively.

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 & Consolidation
Planning and Control	Administrative Human Resources
Corporate Human Resources	
Internal Audit & Risk Management	
Mergers & Acquisitions	
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, ensuring the safeguard of the Groups' interests and promoting the strategy defined by the Board of Directors.

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.

Mergers & Acquisitions 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 innovation in processes.

Sovereign functions report to the Executive Committee of Sonae Capital.

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 the sovereign function of Corporate Finance.

Accounting & Consolidation has the purpose of maintaining the accounting organization to guarantees 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.

## II.2 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 Chairman of the Board 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, and 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. If a Director fails to be present at any two meetings without providing a justification for such absence which is accepted by the Board of Directors, such a Director will be deemed permanently unavailable. A substitute is elected to the Board of Directors in the case of permanent unavailability of the member of the Board elected under the provisions set in the previous paragraph.

As at 31 December 2012, the Board of Directors was made up of five members, three executive and two non executive. The two non executive members are independent:

Name	Position	First appointment on
Belmiro Mendes de Azevedo	Chairman and CEO	December 2007
Álvaro Carmona e Costa Portela	Executive	March 2011
Maria Cláudia Teixeira de Azevedo	Executive	March 2011
Francisco de La Fuente Sánchez	Non Executive	April 2008
Paulo José Jubilado Soares de Pinho	Non Executive	April 2008

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 number 5 article 414 of the Portuguese Company Law, and comply with incompatibility rules under the terms of number 1 (except paragraph b, which is not applicable to members of the Board) of Article 414 of the Portuguese Company Law.

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.

In ascertaining conflict of interest rules applicable to the members of the Board of Directors, the Company relies solely on criteria established in paragraph 1 of Article 414-A of the Portuguese Company Law, and has not defined, internally, any other assessment criteria.

The current composition of the Board of Directors, especially the number of Non Executive and independent members (2 from a total of 5 members), ensure the necessary supervision of the activities performed by Executive Directors. The Report of the Board of Directors contains a section with a description of the activities carried out by Non Executive board members.

Under the terms of the law and articles of association, members of the Board of Directors are elected in accordance with the proposals approved in the General Meeting. According to the articles of association, the election of one member of the Board of Directors can take place independently from the remaining elections 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, preventing that 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. Thus, Executive Directors have not, nor have ever, had any influence in the selection of candidates to Non Executive Directors.

According to the articles of association, the Board of Directors will appoint a coopted substitute in case of death, resignation or temporary or permanent incapacity or unavailability of any board member (except for the Board member elected under the above mentioned minority rule), with the decision being subject to the approval of shareholders in the following Shareholders' General Meeting.

Under the Company's Articles of Association and the Board of Directors' Terms of Reference, there are no restrictions as to the maximum number of positions that Board members can hold simultaneously.

The Board of Directors is responsible for the management of the business and for carrying out all operations related to fulfilling the Company's objectives, and for that purpose, the Board is given the widest powers, including:

- To approve the Company's annual budget;
- To decide to associate the Company with any other person or entity under the terms of Article five of the Company's Articles of Association;
- To appoint third parties, individuals or corporate entities, to exercise office in other companies;

- To decide to issue bonds and to contract loans in national and/or international financial markets;
- To decide on the technical and financial assistance that the Company may give to affiliated or associated companies;
- To represent the Company, in or outside court, proposing or contesting any legal procedures, deciding to continue and abandon legal actions, and deciding on their settlement through arbitration proceedings. To that end, the Board of Directors can delegate its powers to a sole mandated person.

The powers conferred to the Board of Directors, under the Articles of Association, regarding share capital increases, ceased in December 2012, and thus from that date onwards such power lies exclusively in the Shareholders' General Meeting.

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. Thus, the adopted policy does not foresee periodic rotation, since the Executive Committee believes this could damage the company and its shareholders' interests. During 2012, the responsibility for financial matters was assumed by the Chief Executive Officer.

The Company's Articles of Association establish that the Board of Directors appoints, if it so decides, one or more Managing Directors or an Executive Committee from amongst its members, to which it shall delegate the powers to manage the businesses that the Board may determine. The Board of Directors elected in 2011 appointed an Executive Committee. Information on the Executive Committee can be found in section II.3 of this report.

The Board of Directors may also create specialised committees to ensure the effectiveness of the Non Executive Directors and of the main Board Meetings. Those currently created are the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee. The creation and activity of the Board Audit and Finance Committee, composed solely of Non-Executive Directors, and the access to all available information under the terms of section II.3 allow, in the opinion of the Board of Directors, independent and well-informed decisions by Non-Executive Directors. Please refer to section II.4 for information on these internal committees.

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 2012, the Board of Directors held seven meetings.

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

The functioning and other logistic issues are dealt with by the Board's Secretary, which also ensures that records of decisions taken 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 Board of Directors approved and enacted its Terms of Reference, which are available for consultation on the Company's website ([www.sonaecapital.pt](http://www.sonaecapital.pt)).

Information on other offices held by the Company's Directors, qualifications and experience can be found in the curricula vitae included as an appendix to this report.

### II.3 Executive Committee

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;
- 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 existing Executive Committee was appointed on 29 February 2012, and its term of office ceases with that of the Board, and has the following members:

Name	Position
Belmiro Mendes de Azevedo	Chief Executive Officer
Álvaro Carmona e Costa Portela	Vice-president
Maria Cláudia Teixeira de Azevedo	Director

The Company's Executive Committee meets once a month and whenever the Chief Executive Officer or the majority of its members convenes it, in writing, at least 3 days before the meeting is held. Independently from regular contacts held by Executive Committee members in the periods between meetings, there were thirteen meetings during the year 2012.

The Executive Committee may only deliberate if a majority of its members is present or represented, and decisions are taken 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 team, at a Director's request, for assistance and advice on specific issues.

The functioning of the Committee and other logistic issues are ensured by the Executive Committee's Secretary (who is also the Board of Directors' Secretary), who also ensures records of decisions taken are kept in minutes of the meetings and provides Committee members with support information for the proposed agenda at three working 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 the year 2012, 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.

#### **II.4 Internal Committees**

On 31 March 2011, the Board of Directors appointed the members of the Board Audit and Finance Committee (BAFC) and the Board Nomination and Remuneration Committee (BNRC). Their office cease with the Board's term of office.

Therefore, as at 31 December 2012, the BAFC is composed of two Non Executive independent Directors, Francisco de La Fuente Sánchez (Chairman) and Paulo José Jubilado Soares de Pinho and the BNRC is composed of Belmiro Mendes de Azevedo (Chairman and also Chairman of the Board of Directors) and Francisco de La Fuente Sánchez (Non Executive Independent Director).

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 with the Statutory External Auditors and the Internal Audit team.

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. During 2012, the BAFC held five meetings, having decided to hold in one session two of the meetings.

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 taken are kept in minutes of the meetings.

The BNRC reports and proposes to the Board of Directors on nomination processes and remuneration systems of Executive and Non Executive Directors. To that end, it may take advice from external experts. This Committee also liaises with the Shareholders' Remuneration Committee, mentioned in section I.7 of this report.

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



Specialised committees may only deliberate if a majority of their members is present or represented, and decisions will be taken by a majority of votes cast by members present, represented or voting in writing. The deliberations of the specialised committees are taken into consideration on an advisory basis in support of decisions by the Board of Directors.

## II.5 Fiscal Board

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 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.

The members appointed for the mandate ended in 2012 were:

Name	Position	First Appointment on
Manuel Heleno Sismeiro	Chairman	April 2009
Armando Luís Vieira de Magalhães	Member	December 2007
Jorge Manuel Felizes Morgado	Member	December 2007

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 Portuguese Company Law and that they comply with all incompatibility rules mentioned in number 1 article 414-A of the Portuguese Company Law.

In ascertaining incompatibility rules applicable to the members of the Fiscal Board, the Company relies solely on criteria established in number one Article 414-A of the Portuguese Company Law, and has not defined, internally, any other assessment criteria.

Under the Company's Articles of Association and the Fiscal Board's Terms of Reference, there are no restrictions as to the maximum number of positions that Fiscal Board members can hold simultaneously. The limitation specified in Portuguese Company Law that limits the number of positions that Fiscal Board members can hold simultaneously to five, is not applicable to law firms, statutory audit firms and individual statutory auditors. All the members of the Fiscal Board of the Company are individual statutory auditors, hence its President has all the necessary skills to carry out his duties.

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

- Overseeing the Company's Board of Directors;

- Overseeing compliance with legal and regulatory requirements and the Company's Articles of Association;
- Overseeing the preparation and disclosure of financial information;
- Convening the Shareholders' General Meeting, whenever the Chairman of the General Meeting fails to do so;
- Proposing the appointment of the Statutory Auditor to the Shareholders' General Meeting and overseeing the work performed by the Statutory Auditor on the Company's financial statements;
- Considering and overseeing the independence of the Statutory Auditor, namely in relation to additional services provided.

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, and;
- Joint meeting with the Board Audit and Finance Committee (BAFC) for the review of matters regarding Internal and External Audit.

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 taken;
- 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 taken;
- 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;
- 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. Lastly, reports prepared by the Statutory Auditor are simultaneously sent to the Board of Directors and to the Fiscal Board, since the latter holds meetings before the meetings of the Board of Directors.

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 Fiscal Board's Terms of Reference are available for consultation on the Company's website ([www.sonaecapital.pt](http://www.sonaecapital.pt)).

Information on other offices held by members of the Fiscal Board, their qualifications and experience can be found in the curricula vitae included in an appendix to this report.

## II.6 Statutory External Auditor

The Company's Statutory External Auditor for the term ended in 2012 was PricewaterhouseCoopers & Associados, SROC, represented by Hermínio António Paulos Afonso or by António Joaquim Brochado Correia. The Statutory External Auditor was elected by the Shareholders' General Meeting, by proposal of the Fiscal Board.

During 2012, the total remuneration paid to the Company's external auditors was 108,796 euro, corresponding to the following services provided:

Values in Euro								
	2012	%	2011	%	2010	%	2009	%
Statutory Audit <sup>1</sup>	98,796	90.8	90,436	100.0	140,171	68.6	158,542	78.4
Other Assurance <sup>2</sup>	0	0	0	0.0	0	0.0	0	0.0
Tax Consultancy <sup>2</sup>	10,000	9.2	0	0.0	21,450	10.5	10,000	4.9
Other Services <sup>2</sup>	0	0	0	0.0	42,250	20.7	33,750	16.7
<b>Total</b>	<b>108,796</b>	<b>100.0</b>	<b>90,436</b>	<b>100.0</b>	<b>203,871</b>	<b>100.0</b>	<b>202,292</b>	<b>100.0</b>

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

<sup>2</sup> Amounts invoiced.

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.

In 2010, the Board of Directors approved a policy regarding audit and other related services rendered by the External Auditor. The implementation of this policy aimed to ensure the independence of the External Auditor, defining other excluded services and establishing a threshold for other related services which can be rendered by the External Auditor to Sonae Capital Group companies, aligning the Company with best practices and complying with applicable laws and regulations. Within this policy, any services not comprised in the list of excluded services and that do not fulfil the criteria set for allowed services, have to be approved by the Board Audit and Finance Committee and by the Fiscal Board before they are committed, following a proposal of the related Administrative Department. The Board Audit and Finance Committee and the Fiscal Board shall be informed of fees invoiced regarding authorized services as they are being rendered. Every half year a summary of such fees must always be produced by the secretary of each of these bodies and reported to the Board Audit and Finance Committee and the Fiscal Board.

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.

The Company has not defined and implemented a rotation policy for the Statutory External Auditor. It is the Board of Directors judgment that the replacement of the auditor or partner responsible for auditing services every seven years, currently imposed by law, is more than adequate to ensure the independence of the Statutory External Auditor together with the powers given to the Fiscal Board to oversee the independence of the Statutory External Auditor. Nevertheless, in 2011 the Shareholders' General Meeting elected a new Statutory External Auditor.

### **II.7 Company Secretary**

The Board of Directors appointed Anabela Nogueira Matos and H3lio Jacinto Sousa Brites as Company's Secretary and respective substitute, whose offices cease with the term of office of the members of the Board of Directors. The Company's Secretary's duties are those determined by law, among which are:

- Providing support to the Shareholders' General Meeting and meetings of the Board of Directors;
- Keeping the formal minute books, the attendance lists and the share registration book;
- Forwarding legal notices for all statutory bodies meetings;
- Certifying signatures made by members of the statutory bodies in Company's documents;
- Certifying the total or partial content of the Company's Articles of Association, as well as the identity of the members of the various statutory bodies and respective competences;
- Requesting legal registration of any act of the statutory bodies in the Commercial Registry.

## II.8 Control Systems and Risk Management

One of the most important objectives of Sonae Capital is to ensure the implementation of internal control and risk management principles that are appropriate to the Group's activities. 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.

### II.8.1. Risk Control

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 of ensuring:

- Adequate segregation of functions and duties;
- Definition of authority and responsibility limits;
- Safeguarding the 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 Organisations 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 the 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.

**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 materializes 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:

- At the business level (individual companies), accounting processes and financial statement preparation are assured by the shared service function of Accounting & Consolidation of the Corporate Centre of Sonae Capital. These statements are also reviewed by the Chief Financial Officer of each business area.
- Sonae Capital's consolidated financial statements are prepared on a quarterly basis by the consolidation department, within the shared service function of Accounting & Consolidation of the Company's Corporate Centre. This represents an additional control level of the integrity and reliability of the financial information, namely by ensuring the uniform application of accounting principles and standards across the individual companies.
- The Statutory Auditor performs an annual audit and half year limited review of individual and consolidated financial statements. In performing their examination, in accordance with the Auditing Standards issued by the Portuguese Institute of Statutory Auditors, they are required to obtain a 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 judgements 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.
- The Investor Relations Office is responsible for preparing the Report of the Board of Directors. The Statutory Auditors also review the content of this report (annual and half year versions) and its conformity with supporting financial information.
- 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. Supporting information for the discussion of these issues is distributed in advance of the meetings. Supporting staff of the Corporate Centre, with relevance for the issues under discussion, attend these meetings, on request, to provide any clarification required.
- 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.

### **II.8.2. Risk Management Organization**

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.

The activity of Risk Management is supported by the Internal Audit and Risk Management functions:

- (i) The Internal Audit function, acting as an independent entity of internal counseling, 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 annual work plan of Internal Audit comprises audit assignments to critical business processes, conformity, financial and information system audits.
- (ii) The Risk Management function promotes, coordinates, facilitates and supports the development of risk management processes thereby promoting the inclusion of risk in strategic and operational decisions.

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. Additionally, the internal audit and risk management annual programme as well as biannual activity reports are submitted to the Fiscal Board. The implemented reporting system ensures regular feedback, adequate review of activities carried out and the possibility to adjust the plan of activities to emerging needs.

At Sonae Capital there are two types of risk managed by functions different from Internal Audit and Risk Management, namely:

- (i) Financial risks – managed and monitored by the Corporate Finance function;
- (ii) Legal risks - managed and monitored by the Legal function.

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

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.

### **II.8.3. Activities and Actions carried out in 2012**

The Internal Audit function promoted activities according to an annual plan previously approved and based on an evaluation of business risks.

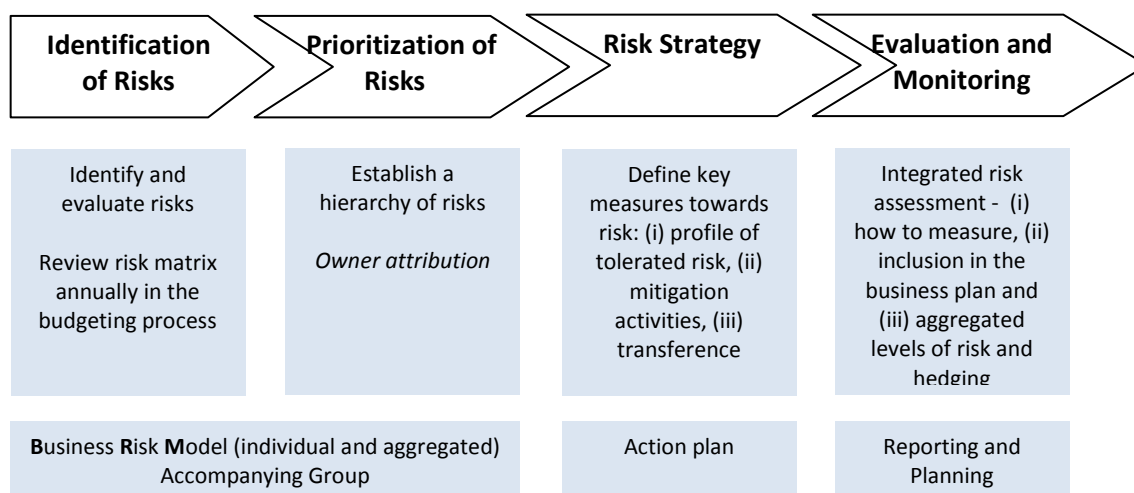
During 2012, this plan included works, in several Group companies, in the areas of:

- (i) business processes - Invoicing and revenue control, collection processes, cash management, purchase processes, insurance management, inventories and changes in stock.

- (ii) compliance – food safety and Health & Safety
- (iii) information systems.

The Risk Management function continued the development of the Enterprise Risk Management process initiated in 2008 with the Fitness business and 2010 for the troiaresort project, based on the international model of Enterprise Risk Management – Integrated Framework of COSO.

Taking into consideration the diversity of businesses and risks, in 2012 the Group intends to proceed and replicate the following process to all business areas of the Group:



#### II.8.4. Main Risks to which the Company and its Affiliates are exposed

##### II.8.4.1. General Risks

**Financial Risks:** Sonae Capital is exposed to a variety of financial risks namely interest rates (since the majority of financial debt is negotiated at variable rates), transaction and translation foreign currency exchange rates, liquidity and debt and equity financial market fluctuations, counterpart 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 abovementioned systems and processes of financial risks management, which are centralised 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 counterparts 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 with 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 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 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 guaranteed, on a national and international level, by external professionals, selected from reputed firms and based on criteria of competence, ethics and experience.

**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.

#### II.8.4.2. Company's Risks

Sonae Capital's main assets, as an investment holding company, are shareholdings. Sonae Capital is therefore dependent upon the possible distribution of dividends by its affiliated companies, the payment of interest, the repayment of loans granted and other cash flows distributed by those companies. The ability of affiliated companies to make funds available to Sonae Capital will depend in part on their capacity to generate positive cash flows. The ability of those companies to, on the one hand, distribute dividends, and on the other, pay interest and repay loans granted by Sonae Capital, is subject to, in particular, statutory and tax restrictions, their financial results, available reserves, financial structure and compliance with any contractual obligations duly undertaken.

#### II.8.4.3. 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.

- **Sonae Turismo's** businesses are subject to economic cycles and dependent on the growth of tourism activity and real estate in Portugal. Its tourism operations 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. Similarly, leisure activity (health clubs) can be affected by the economy's behaviour, notably, through a drop in consumer confidence and the consequent impact on household disposable income.
- 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 favourable economic environment than expected can put at risk current business expectations, namely in relation to selling prices and marketing periods, with a potentially negative impact on the Company's financial position.
- The business carried on by Sonae Turismo as a **tourism and hotel operator** is subject to supervision by the Directorate-General for Tourism and compliance with specific legislation for this activity. Any breach, or any alteration to the broad ranging legal framework applicable to the sector, could entail major risks for the business and for its operating performance.
- 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 major risks for the activity and have an impact on the companies' earnings.

- The level of Sonae Turismo's business 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. As far as the Tróia Peninsula is concerned, tourism real estate developments may also be affected by competition from other developments, in particular, on the Alentejo coast, the Algarve and southern Spain. However, it is important to point out that the **troia**resort 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 capitalised on with new tourism services and products with a positive impact on the project.
- In the leisure sector, namely in the **Fitness** segment where Sonae Turismo operates through Solinca Health & Fitness (health clubs), competition is based on the price and quality of the services provided. 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.
- Some of the businesses carried out by Sonae Turismo are seasonal, with the result that abnormally adverse conditions during these periods could negatively affect the level of activity and operating results. These activities are 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.
- 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 Turismo 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 minimised 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 Turismo uses tools such as HACCP (Hazard Analysis and Critical Control Points) defined in the "Codex Alimentarius" – Annex to CAC/RCP 1-1969, Rev. 4 (2003), 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.



Activities related to **refrigeration, air conditioning and related maintenance services** (Selfrio Group) 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 have been identified:

- retail of equipment growth may be limited by pressure from Spanish rivals which are beginning to start up business in Portugal;
- Engineering services in the refrigeration area may suffer a slowdown in their growth and profitability rates due to cuts in capital expenditure by the large food retailers and in the property sector, although new opportunities exist in alternative energies which could compensate for this reduction;
- Maintenance, technical assistance and planning services in the electricity, electromechanical and air conditioning and ventilation areas are dependent on a limited number of customers, as a result of which cancellation of a contract may lead to excess capacity which must be managed, not only by increasing the customer base, but also by diversifying the range of services provided, allowing staff to be relocated if one of these contracts is lost.

The area of **Energy and Environment** carries out its activity mainly in the development and management of cogeneration projects and micro generation. 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.

- Cogeneration is a form of rationalising 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 licences. Up to 2012, licences for the emission of CO<sub>2</sub> were issued free of charge, but after that date nothing has yet been defined regarding new licences to be attributed. However, it is important that the limits on greenhouse gas emissions that Portugal has committed to under the Kyoto Protocol are not exceeded.
- Cogeneration has predefined tariffs set by the State, which thus encourages the production of this alternative form of electric power generation, since it is more efficient and less polluting. Thus, the risks relating to the selling price of energy are reduced. 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 set by the State for a protracted period of time. 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 develop new projects.
- The production of energy in cogeneration facilities, is subject 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 compliance with specific legislation dealing with this sector. Any non-compliance, as well as any alteration to this wide ranging legal regime applicable to the sector could imply major risks for the activity and for its operating performance.

- **Norscut** 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 concession is operated under a contract signed with the State on 30 December 2000 for a period of 30 years. 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, which intends to change the operating model, paying the concessionary for the availability of the infrastructure and not for its use. These contractual changes have not yet been agreed and may have a significant impact in the Company's activity.

## II.9 Whistle Blowing Policy

The main features of the whistle blowing policy currently in place are:

- 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 procedures for communicating irregularities, namely the envisaged means to address the Chairman of the Fiscal Board, the procedures to ensure that communication reaches the recipient without being breached or read in advance and the need for the explicit and clear identification of the whistle blower (even if his/her identity is to be kept confidential and only known to the Chairman of the Fiscal Board);
- To ensure a thorough, rigorous and impartial review process, means the access of the Fiscal Board to all the relevant documentation that can be provided by the Company to fully investigate 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.

The Company's Policy and Procedures, the main features of which are summarized above, are available for consultation on the Company's website ([www.sonaecapital.pt](http://www.sonaecapital.pt)).

During 2012, the Fiscal Board has not received, through the available means, any communication that falls under the ruling of this policy.

## **II.10 Remuneration and Other Compensation**

The statutory governing bodies remuneration and compensation policy aims at remunerating in fair, effective and competitive terms, regarding the individual responsibilities and performances, both in each affiliated company and in the Company, as a whole.

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 taken.

### **Remuneration of Executive Directors**

The proposals regarding remuneration and other compensations of the Executive Directors are prepared considering market benchmarks, other internal comparisons and individual assessment of each executive director, based on the performance against defined 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 dependant on both individual and Company's performance and, preventing behaviors which may lead to excessive risk assumption. This objective is also ensured by setting a maximum limit to each Key Performance Indicator (KPI).

This approach promotes management orientation towards long term interests of the company and the adoption of risk weighting approaches.

As a result, remuneration and compensation policy for Executive Directors (ED) may include (i) a fixed remuneration, including a Base Salary and an 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.

(i) Fixed remuneration of the Executive Director is defined according to individual skills and the responsibility level of each Executive Director, and will be reviewed annually.

(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 pre-defined 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.

The above mentioned components, and the deferral of at least half of the value corresponding to the Variable Remuneration, safeguards the alignment of Executive Directors interests with those of all shareholders. The Company believes that exposing Executive Directors to the fluctuation in share price is the most suitable way to align the interests of Directors with those of shareholders.

For additional information on the share based payments of Sonae Capital please refer to section III.6 of this report.

In 2012, the variable component represented circa 25% of total compensation.

### **Non Executive Directors**

The remuneration of Non Executive Directors is made up of a fixed amount which is based on the Company's situation and market practices.

### **Remuneration paid to members of the Board of Directors**

During 2012, members of the Board of Directors of Sonae Capital, SGPS, SA were paid the following remuneration and other compensation, exclusively at Sonae Capital, SGPS, SA level (Directors are not paid in any other Group company):

Values in Euro

Name	Fixed Remuneration	Performance Bonus Paid	Deferred Performance Bonus Paid	Total
<b>Board of Directors in office</b>				
Belmiro Mendes de Azevedo	211,700	83,160	31,300	326,160
Álvaro Carmona e Costa Portela	71,700	0	0	71,700
Maria Cláudia Teixeira de Azevedo	51,220	0	0	51,220
<b>Sub-total Executive Directors</b>	<b>334,620</b>	<b>83,160</b>	<b>31,300</b>	<b>449,080</b>
Francisco de La Fuente Sánchez	24,400	0	0	24,400
Paulo José Jubilado Soares de Pinho	24,500	0	0	24,500
<b>Sub-total Non executive Directors</b>	<b>48,900</b>	<b>0</b>	<b>0</b>	<b>48,900</b>
<b>Full Total</b>	<b>383,520</b>	<b>83,160</b>	<b>31,300</b>	<b>497,980</b>

The approved policy follows the rule of no compensation attribution to Directors, or members of the remaining statutory bodies, in case of mandate cease, either when it occurs in the end of the respective period or is anticipated due to any reason or fundament, notwithstanding the obligation to comply with the legal requirements applicable to this matter. As such, there is no agreement with members of the Board of Directors which foresees payment of compensation in case of mandate cease or non renewal, nor is there any policy regarding the attribution of compensation in such circumstances, applying, if necessary, the legal instruments available under the Portuguese legal framework. The Company does not have any benefit system, namely pension or early retirement plans, involving its Directors.

Still within the approved policy, 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;
  - i) .
- have not sold, in 2012, year of the term of their mandate, nor shall they sell during the new mandate, shares of the company that were attributed as variable remuneration, up to the limit of two and a half 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.

### **Fiscal Board**

The remuneration of members of the Fiscal Board is made up of a fixed amount which is based on the Company's situation and market practices.

During 2012, members of the Fiscal Board of Sonae Capital, SGPS, SA were paid the following fixed remuneration (no other remuneration was paid):

Values in Euro

	<b>Fixed Remuneration</b>
Manuel Heleno Sismeiro	7,400
Armando Luís Vieira de Magalhães	5,900
Jorge Manuel Felizes Morgado	6,000
<b>Total</b>	<b>19,300</b>

### **Board of the Shareholders' General Meeting**

The remuneration of the members of the Board of the General Shareholders Meeting, if it exists, shall be made up of a fixed amount based on the Company's situation and market practices.

The remuneration policy regarding the members of the statutory bodies and key management staff ("dirigentes") of Sonae Capital, SGPS, SA, adopted in 2012, was approved in the Shareholders' General Meeting held on 30 March 2012 and is available in [www.sonaecapital.pt](http://www.sonaecapital.pt) (General Meetings section).

## **III. Information disclosure**

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

Sonae Capital was incorporated on 14 December 2007 with a fully subscribed and paid up share capital of 250,000,000 euro, made up of 250,000,000 ordinary shares, bearer and non-titled, each with a nominal value of 1 euro.

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

According to the Company's Articles of Association, shares can be titled or non-titled shares, nominal or bearer, freely interchangeable, according to the terms of the law. Preferential shares without voting rights may be issued, which can be redeemable, at nominal value, with or without the addition of a premium, if the Shareholders' General Meeting so decides. If this is the case, the meeting shall determine the method of calculation of any redemption premium. The Company may issue autonomous warrants, under the terms of the law, and with

conditions that are determined by resolution of the shareholders or of the Board of Directors, under the terms specified in the Articles of Association.

Sonae Capital's shareholders have, under the terms of the law, the right to share in profits, the right to attend the Shareholders' Annual General Meeting and exercise their right to vote, the right to a share of the net assets of the Company in case of liquidation, the right to convert shares, the right to information and preference rights in offers for subscribing shares of the same category.

As far as the Company is aware, there are no shareholders with special voting rights, nor are there limitations, restrictions or shareholders' agreements in place regarding the transfer, control or sale of shares or voting rights.

Resolutions at the Shareholders' General Meeting regarding changes to the Articles of Association can only be taken, at the first instance, as long as shareholders representing over 50% percent of the share capital are present or represented (the law establishes a threshold of one third of the share capital). The resolution must be approved by two thirds of the votes cast, whether the meeting is held at first or second instance.

Sonae Capital does not have an employee shareholder system in place, hence there are no control mechanisms for such systems in which the voting rights are not directly exercised by them.

### III.2. Qualifying Shareholdings

As at 31 December 2012, 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
Efanor Investimentos, SGPS, S.A. <sup>1</sup>	156,504,947	62.602%	62.602%
Santander Asset Management	5,699,843	2.280%	2.280%
Caixagest – Técnicas de Gestão de Fundos, S.A.	5,004,639	2.002%	2.002%
BlueShore Equity Fund	5,000,000	2.000%	2.000%

<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.

### III.3 Shares held by members of Governing Bodies

Shares, of the Company or of any group company, held by members of governing bodies of the Company, 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 6, article 14 of CMVM's Regulation 5/2008.

During 2012, no transactions of Sonae Capital's shares, attributable to members of the Governing Bodies, occurred.

### III.4 Sonae Capital Shares

#### Sonae Capital's share information:

**Name:** Sonae Capital, SGPS, SA

**ISIN code:**

PTSNPOAE0008

**Security's issuer:** Sonae Capital, SGPS, SA

**NYSE Euronext:**

SONC

**Listing date:** 28 January 2008

**Reuters:**

SONAC LS

**Share capital:** 250,000,000 €

**Bloomberg:**

SONC.PL

**Listed amount:** 250,000,000 shares

**Treasury stock:** The Company owns, as at 31 December 2012, 1,600,310 own shares.

During 2012, Sonae Capital's share price fell 48% which compared with a rise of 3% in the Portuguese Stock Market reference index (PSI20).

The following table and chart summarizes the most relevant information on the Sonae Capital shares traded in Euronext Lisbon.

Euronext Lisbon	2012	2011
<b>Closing prices</b>		
31 December N-1	0.27 €	0.41 €
Maximum price	0.26 € (2 Jan.12)	0.45 € (21 Jan.11)
Minimum price	0.12 € (27 Nov. 12)	0.20 € (21 Nov. 11)
31 December N	0.14 €	0.27 €
<b>Transactions</b>		
Average daily quantity	150,053	175,998
Total shares traded	38,413,635	45,231,488
<b>Turnover</b>		
Total (million euro)	6.1	14.8
Average daily turnover (million euro)	0.03	0.06

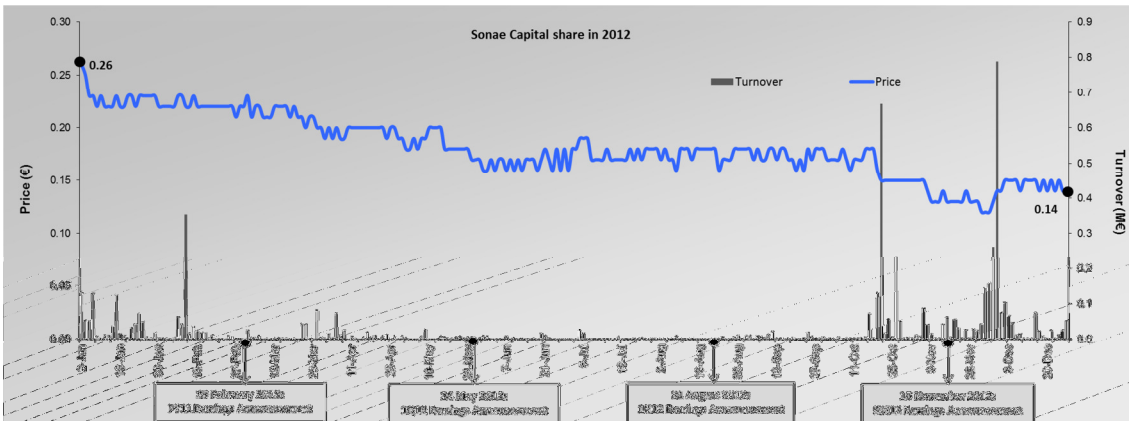
## Market Capitalisation (a)

Year end (31 December N)

35,000,000 €

67,500,000 €

<sup>(a)</sup> Market capitalisation was calculated using the total number of shares.



During 2012, and further to the earnings disclosure identified in the previous graph, no other relevant events were announced to the market.

### III.5 Dividend Distribution

The Company was incorporated in December 2007 and has no history of dividend distribution.

The Board of Directors will not propose a dividend distribution in the next Shareholders' General Meeting.

In the future, the Board of Directors may submit proposed dividend distributions for approval by the Shareholders' Annual General Meeting, after taking into consideration the Company's performance, its investment plans and business environment.

### III.6 Share Plans and Stock Option Plans

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 if 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.

In 2007 and previous years, the Sonae Capital Group granted deferred performance bonuses, based on shares of Sonae, SGPS, SA to be acquired at nil cost, three years after they were attributed. On 28 January 2008, existing liabilities based on Sonae SGPS, SA's shares have been recalculated to reflect liabilities based on Sonae Capital, SGPS, SA's shares. Closing share prices as at that date were used in the recalculation.

Between 2008 and 2012, the Group has granted on an annual basis deferred performance bonuses based on shares of Sonae Capital, SGPS, SA, under terms similar to those described above.

As at 31 December 2012, 2011 and 2010, the market value of total liabilities arising from share-based payments, which have not yet vested, may be summarized as follows:

Year of grant	Vesting year	Number of participants <sup>1</sup>	Fair value		
			31. Dec.12	31. Dec.11	31 Dec.10
2008	2011	-	-	-	34,015
2009	2012	-	-	75,054	141,664
2010	2013	1	24,585	77,011	145,478
2011	2014	2	42,203	132,017	-
2012	2015	8	195,897	-	-
<b>Total</b>			<b>262,685</b>	<b>284,082</b>	<b>321,157</b>

<sup>1</sup> As at 31 December 2012

During the 2012 financial year, the Company did not adopt any stock option plans.

### III.7 Related Party Transactions

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 II.6 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.

In 2010, the Fiscal Board approved a regulation regarding transactions of the Company with shareholders owning qualified shareholdings (under the terms of articles 16 and 20 of the Securities Code) and their related parties (according to definition of nr. 1 of article 20 of the Securities Code), which defines the threshold above which transactions must be communicated by the Executive Committee to the Board Audit and Finance Committee and the Fiscal Board. According to this regulation, together with the notification of the transaction, the Executive Committee should describe to the Board Audit and Finance Committee and the Fiscal Board the procedures adopted to ensure that the transaction is made under normal market conditions and that it is safeguarded from any potential conflicts of interest. After obtaining all the relevant information, the Fiscal Board will issue its opinion on the transactions which were submitted. In 2012, the Fiscal Board was not required to issue any opinion since no such transactions have occurred.

### **III.8 Investor Relations Office**

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 Company makes available on the Company's official website ([www.sonaecapital.pt](http://www.sonaecapital.pt)) all the information disclosed to the market as well as the information required by article 5 of CMVM regulation nr. 1/2010.

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.

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)).

The Investor Relations Office can be contacted at: 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 Manager is Bárbara Almeida, who can be contacted using the above numbers and address.

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)).

Sonae Capital makes available a website for disclosing corporate information about the Company. The website address is: <http://www.sonaecapital.pt>.

In order to create greater interaction with shareholders and investors, the website contains a section entirely devoted to Investor Relations and information available includes:

- **Corporate Details** – General information about the Company;
- **Articles of Association;**
- **Corporate Governance** – Members of the Corporate Bodies, Terms of Reference of the Board of Directors and of the Fiscal Board, Corporate Governance Reports and Whistle Blowing Policy;
- **Capital Market Relations** – Contacts of the Representative for Capital Market Relations;
- **Investor Relations Office** – Contacts of the Office;
- **Investor Calendar** – Key dates for earnings announcements;
- **General Meetings** – Describes all procedures and includes all related documents (notices, proposals, participation and voting conditions and decisions);
- **Market Information** – Sonae Capital share price, tracked against PSI20 and downloadable historical data;
- **Announcements** – All press-releases disclosed to the market (CMVM site);
- **Report & Accounts** – Annual Report & Accounts since the Company's incorporation;
- **Other Reports & Presentations** – Institutional Presentation (updated every 6 months), Cushman & Wakefield Property Valuation Report and the Prospectus for the Listing;
- **Analysts** – List of equity analysts covering Sonae Capital.

The Company believes that through these procedures it ensures permanent contact with the market and respect for the principles of equal treatment of shareholders and equal access to information by investors.

Maia, 21 February 2013

The Board of Directors



**Appendix to the Corporate Governance Report**

Curricula Vitae of the Members of the Governing Bodies



## Belmiro Mendes de Azevedo

Chairman and CEO of Sonae Capital, SGPS, SA

Age: 75

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>
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><li>▪ Spred, SGPS, SA</li></ul>
Positions held in Other Companies:	<ul style="list-style-type: none"><li>▪ Chairman of APGEI – Portuguese Association of Industrial Engineering and Management (1985)</li><li>▪ Member of the Advisory Board of the Faculty of Economics of the <i>Universidade Nova de Lisboa</i> - Business School (1985)</li><li>▪ Founding Member of Institute of Business Studies (ISEE), currently EGP-UPBS (University of Porto Business School) (1989)</li><li>▪ Member of the Advisory Board of IPATIMUP – Institute of Molecular Pathology and Immunology of Porto University (1990)</li><li>▪ Member of WBCSD – Order of Outstanding Contributors to Sustainable Development (1995)</li><li>▪ Member of European Union Hong-Kong Business Cooperation Committee (1997)</li><li>▪ Member of INSEAD Portuguese Council (1998 – 2009)</li><li>▪ Member of International Advisory Board of Allianz AG (2000 – 2012)</li><li>▪ Member of Regional Advisory Board of London Business School (2001 – 2005)</li><li>▪ Member of the Board of Directors 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 of Harvard Business School (Since 2005)</li><li>▪ Chairman of the Board of Directors of EGP-UPBS (2008 – 2011)</li></ul>
Main Professional activities in the last five years:	<ul style="list-style-type: none"><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 Chairman and CEO of Sonae Capital, SGPS, SA Chairman of the Board of Directors of Spred, SGPS, SA and SC, SGPS, SA</li><li>▪ 2007- 2012 - Chairman of the Board of Directors of Sonae Turismo, SGPS, SA</li></ul>

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## Álvaro Carmona e Costa Portela

Executive Director of Sonae Capital, SGPS, SA

Age: 61

Nationality: Portuguese

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Education:

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

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Positions held in Group Companies:

Member of the Board of Directors of the following companies:

- SC, SGPS, SA
- Sonae Turismo, SGPS, SA
- Spred, SGPS, SA

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Positions held in Other Companies:

Non-Executive Director of the following companies:

- COPAM – Companhia Portuguesa de Amidos, SA
- Casa Agrícola HMR, SA
- Sonae, SGPS, SA
- Sonae RP
- Victor and Graça Carmona e Costa Foundation
- Belmiro de Azevedo Foundation
- SPDI-SECURE PROPERTY Development & Investment plc

Non Executive Chairman of MAF Properties (UAE)

Member of the Investment Committee of the European Prime Shopping Centre Fund (Germany)

Member of the Investment Advisory Committee of the PanEuropean Property Limited Partnership (United Kingdom)

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Main Professional activities in the last five years:

- 1990-2010 – Executive Chairman of Sonae Sierra, SGPS, SA and all of its companies
- 1999-2010 – Executive Director and Vice-President of Sonae, SGPS, SA
- 2004-2009 – Trustee of ESCT – European Shopping Centre Trust (United Kingdom)
- 2004-2009 – Member of the International Advisory Board Member of Eurohypo (Germany)
- 2005-2008 – Trustee and Member of the International Advisory Board of ICSC – International Council of Shopping Centres (USA)
- Since 2010 – Chairman (until 2012) and Member of the Board of Representatives of *Faculdade de Economia da Universidade do Porto*
- 2010-2012 – Trustee of the Urban Land Institute (USA)
- Since 2011 – Director of Sonae Capital, SGPS, SA
- 2010-2012 - Director of Sonae RP

## Maria Cláudia Teixeira de Azevedo

Executive Director of Sonae Capital, SGPS, SA

Age: 42

Nationality: Portuguese

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Education:

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

Positions held in Group Companies:

- Chairman of the Board of Directors and CEO of Sonae Turimo, SGPS, SA
- Chairman of Imoareaia – Investimentos Turísticos, SGPS, SA
- Member of the Executive Committee of Sonae Capital, 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:

- Cape Tehnologies Limited (Ireland)
- Connectiv Solutions Inc
- Digitmarket – Sistemas de Informação, SA
- Efanor – Serviços de Apoio à Gestão, SA
- Praesidium Services Limited
- 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 Australia PTY Limited
- WeDo Technologies Chile, SPA
- WeDo Technologies (UK) Limited
- WeDo Technologies Panamá, SA
- WeDo Technologies Singapore PTE LTD
- Imparfin, SGPS, SA
- Linhacom, SGPS, SA

Member of the Board of Directors of the following companies:

- Efanor Investimentos, SGPS, SA
- Fundação Belmiro de Azevedo
- Infosystems – Sociedade de Sistemas de Informação, S.A
- Público Comunicação Social, SA
- Optimus – Comunicações, SA
- Optimus, SGPS, SA
- Sonaecom, SGPS, SA
- Sonaecom Sistemas de Informação, SGPS, SA
- Sonaecom – Serviços Partilhados, S.A
- Sontária – Empreendimentos Imobiliários, S.A
- WeDo Consulting, Sistemas de Informação, SA
- PCJ – Público, Comunicação e Jornalismo, S.A
- Praça Foz – Sociedade Imobiliária, SA

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- ZOPT, SGPS, SA

Director of the following companies:

- WeDo Technologies Mexico, S. De R.L. de C.V.
- WeDo Technologies Egypt
- Sonaecom – Sistemas de Información España, SL

Manager of the following companies:

- WeDo Poland SP. Z.o.o

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Main Professional  
activities in the last five  
years:

- Executive Director of Sonaecom, 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
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## Francisco de La Fuente Sánchez

Non Executive Director of Sonae Capital, SGPS, SA

Age: 71

Nationality: Portuguese

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Education:	<ul style="list-style-type: none"><li>Graduation in Electro technical Engineering – Instituto Superior Técnico (1965)</li></ul>
Positions held in Group Companies:	-
Positions held in Other Companies:	<ul style="list-style-type: none"><li>Chairman of the Board of the Shareholders’ General Meeting of Iberwind – Desenvolvimento e Projectos, SA</li><li>Chairman of the Board of the Shareholders’ General Meeting of APEDS - Portuguese Association of Engineers for Social Development</li><li>Co-option member of Instituto Superior Técnico School Council</li><li>Non Executive Vice-President of the Board of Directors of EFACEC Capital</li><li>Chairman of the Board of AAAIST – Alumni Association of Instituto Superior Técnico</li><li>Chairman of the General Council of PROFORUM</li><li>Chairman of the National Council of the Electro technical Engineering Board of the Engineers Institute</li><li>Member of the Patronage of Hidroeléctrica del Cantábrico Foundation</li><li>Member of the Consulting Council of the Competitiveness Forum</li><li>Honorary Chairman of Hidroeléctrica del Cantábrico, SA</li><li>Member of the Curators Council of the Luso-Brazilian Foundation</li><li>Member of the Ibero American Forum</li><li>Member of the Curators Council of the Luso-Spanish Foundation</li></ul>
Main Professional activities in the last five years:	<p>In the EDP Group and Electrical Sector in Portugal:</p> <ul style="list-style-type: none"><li>2005 - 2009 – Chairman of EDP Foundation</li><li>2006 - 2007 – Advisor to the Board of Directors of EDP – Electricidade de Portugal, SA</li><li>2004 - 2006 – Chairman of ELECPOR - Associação Portuguesa das Empresas do Sector Eléctrico</li><li>2003 - 2006 – Chairman of the Board of Directors of EDP - Energias de Portugal, SA</li></ul> <p>In the Electrical Sector outside Portugal:</p> <ul style="list-style-type: none"><li>Since 2005 - Honorary Chairman of Hidroeléctrica del Cantábrico, SA</li><li>2002 - 2005 – Board Member of Hidroeléctrica del Cantábrico, SA</li></ul> <p>In Other Sectors:</p> <ul style="list-style-type: none"><li>Since 2012 – Non-Executive Vice President of the Board of Directors of EFACEC Capital</li><li>Since 2010 – Chairman of the Board of the Shareholders’ General Meeting of Iberwind – Desenvolvimento e Projectos, SA</li><li>Since 2009 - Co-option member of Instituto Superior Técnico School Council</li><li>Since 2007 - - Chairman of the General Council of PROFORUM</li><li>- Chairman of the National Council of the Electro technical Engineering Board of the Engineers Institute</li></ul>

- Since 2005 - Member of the Patronage of Hidroeléctrica del Cantábrico Foundation  
- Member of the Consulting Council of the Competitiveness Forum
  - 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
  - 2007-2012 - Non Executive Chairman of the Board of Directors of EFACEC Capital
  - Invited Member of Conselho Nacional da Água
  - 2007 - 2009 - Chairman of the Corporate Governance Committee of the Supervisory Board of Millennium BCP – Banco Comercial Português
  - 2006 - 2009 – Member of the Supervisory Board of Millennium BCP – Banco Comercial Português
  - 2006 - 2007 - Non Executive Vice-Chairman of the Board of Directors of Efacec Capital
  - 2004 - 2010 - Member of the Consultative Council of the Portuguese Institute of Corporate Governance
  - 2004 - 2007 - Chairman of BCSD Portugal – Business Council for Sustainable Development  
- Chairman of PROFORUM – Associação para o Desenvolvimento da Engenharia
  - 2003 - 2005 - Director of the Competitiveness Forum
  - 2001 - 2006 – Member of the Consulting Council of APDC – Associação Portuguesa para o Desenvolvimento das Comunicações
  - 2000 -2010 – Non Executive Director of Portugal-África Foundation
  - 2000 - 2006 – Member of the Superior Council of BCP – Banco Comercial Português  
- Non Executive Chairman of the Board of Directors of ONI  
- Member of the General Council of AIP – Associação Industrial Portuguesa
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## Paulo José Jubilado Soares de Pinho

Non Executive Director of Sonae Capital, SGPS, SA

Age: 50

Nationality: Portuguese

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Education:	<ul style="list-style-type: none"><li>▪ Graduation in Economics - Faculdade de Economia da Universidade Nova de Lisboa (1985)</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 Energéticas 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, USA</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>▪ Associate Professor of Faculty of Economics of Universidade Nova of Lisboa</li><li>▪ Associate Dean of Universidade Nova de Lisboa</li></ul>
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## Manuel Heleno Sismeiro

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

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- Education:
- Bachelor degree in Accounting - ICL, Lisbon (1964)
  - Graduation in Finance - ISCEF, Lisbon (1971)

Positions held in Group

-

Companies:

Positions held in Other Chairman of the Fiscal Board of the following companies:

Companies:

- OCP Portugal Produtos Farmacêuticos, SA
- Sonae Indústria, SGPS, SA

Chairman of the Board of the Shareholders' General Meeting of Segafredo Zanetti (Portugal), SA

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- Main Professional activities in the last five years:
- 1980 - 2008 - Partner of Coopers & Lybrand and of Bernardes, Sismeiro & Associados
  - Since 2008 - Advisor, namely on matters of internal audit and internal control

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## Armando Luís Vieira de Magalhães

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

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- Education:
- Bachelor degree in Accounting, ISCAP (1972)
  - Graduation in Economics - Faculdade de Economia, Porto University (1978)
  - Executive MBA - European Management, IESF/IFG (1996)

Positions held in Group

-

Companies:

Positions held in Other Member of the Fiscal Board of the following companies:

Companies:

- Sonaecom, SGPS, SA
- Sonae Indústria, SGPS, SA
- Futebol Clube do Porto - Futebol SAD
- Fundação Eça de Queiroz
- PortoComercial – Sociedade de Comercialização, Licenciamento e Sponsorização, SA

- 
- Main Professional activities in the last five years:
- 1989 - 2010 - Statutory Auditor and Managing Partner of Santos Carvalho & Associados, SROC, SA
  - Since 2010 – Statutory Auditor and Partner of Armando Magalhães, Carlos Silva & Associados, SROC, Lda

## 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:

Positions held in Other Member of the Fiscal Board of the following companies:

Companies

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

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Main Professional activities in the last five years:

- Since 2004 – Statutory Auditor  
Partner of Econotopia - Consultoria e Gestão, Lda

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