



SONAE CAPITAL, SGPS, SA

Head Office: Lugar do Espido, Via Norte, Maia

Share Capital: 250,000,000 Euro

Maia Commercial Registry and Fiscal Number 508 276 756

Sociedade Aberta

# **CORPORATE GOVERNANCE REPORT**

## **31 DECEMBER 2010**

*(Translation from the Portuguese Original)*

## 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	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 external 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.11
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 be 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.2; 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 (1)
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 (2)
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	II.4
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	
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.

The following recommendations were not applicable to Sonae Capital in 2010:

- (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. Shareholders' General Meeting**

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

As at 31 December 2010, the Board of the Shareholders' General Meeting had the following members, mandated for the four year period 2007-2010:

- 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 2010.



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

According to the Company's Articles of Association only those shareholders with voting rights, who own shares, can attend the Shareholders' General Meeting, provided that they can prove to the Company, ownership of such shares under the terms of the law, up to five business days prior to the Shareholders' General Meeting. This proof of title must be issued by a financial institution in which records of title are kept by the shareholders.

The proof of title can be made, within the period mentioned above, by letter, fax or e-mail, and in relation to the last two the original document must be received at the Company's registered office up to the business day prior to the Shareholders' General Meeting.

The Articles of Association of the Company do not provide for the eventuality of suspension and this situation has never occurred in the past. However, the Company's Articles of Association do not impose the blocking of shares during the suspension period and thus, to be present at the continuation of the Shareholders' General Meeting, the shareholder has to comply with the five business days prior notice as required for the first meeting. Furthermore, the Chairman of the Board of the Shareholders' General Meeting considers that if the suspension period does not exceed five working days, the blocking of shares should be maintained until the meeting is resumed, as it is not possible to require that shareholders comply with a new five working day blocking period. If the suspension period exceeds five working days, only a five work day-period of share-blocking will be required.

The Decree-Law nr. 49/2010 of 19 May has introduced changes regarding this matter, with effects from May 2010 onwards. The Board of Directors will present a proposal to the next Shareholders' General Meeting with changes to the articles of association needed to align the Articles of Association with the terms of the law.

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.

An individual shareholder may be represented at the Meeting by means of a letter addressed to the Chairman of the Board of the Shareholders' General Meeting, indicating the name and address of the representative nominated, as well as the date of the meeting. Corporate shareholders may be represented at the meeting by means of a letter addressed to the Chairman of the Board of the Shareholders' General Meeting, the authenticity of which will be considered by the Chairman of the Board of the Shareholders' General Meeting.

## **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.

The extension of written voting papers to all matters was approved at the Shareholders' General Meeting of 28 April 2010. Written voting papers shall only be considered valid if they are received at the Company's registered office at least three 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. 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.

The Board of Directors will also propose changes regarding this matter, so that the Articles of Association comply with Decree-Law nr. 49/2010 of 19 May.

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. Notwithstanding the content of (ii), a shareholder is permitted to include in a written voting paper, in relation to an identified proposal, the intention to vote against all alternative proposals, in relation to the same item on the agenda, without further specification. 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. 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 Company makes available to shareholders minutes of written voting papers and representation letters on the Company's website ([www.sonaecapital.pt](http://www.sonaecapital.pt)), after notice has been given of the Shareholders' General Meeting.

Electronic voting is not contemplated under the Company's Articles of Association.

#### **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 (15 days until May 2010).

The Company intends to keep 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 present, this information is only available for the two Shareholders' General Meeting that have taken place since the Company was incorporated in December 2007. Information on the decisions of the Shareholders' General Meetings has been disclosed on the same 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.

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, Belmiro Mendes de Azevedo (Chairman) and Bruno Walter Lehmann. Belmiro Mendes de Azevedo is also Chairman and CEO of Sonae Capital and does not vote on the decision regarding his remuneration.

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.

Governing Body	Shareholders' General Meetings		
	09 April 2008	28 April 2009	28 April 2010
Remuneration Committee	Belmiro Mendes de Azevedo	Belmiro Mendes de Azevedo	Belmiro Mendes de Azevedo

## II. Governing Bodies

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

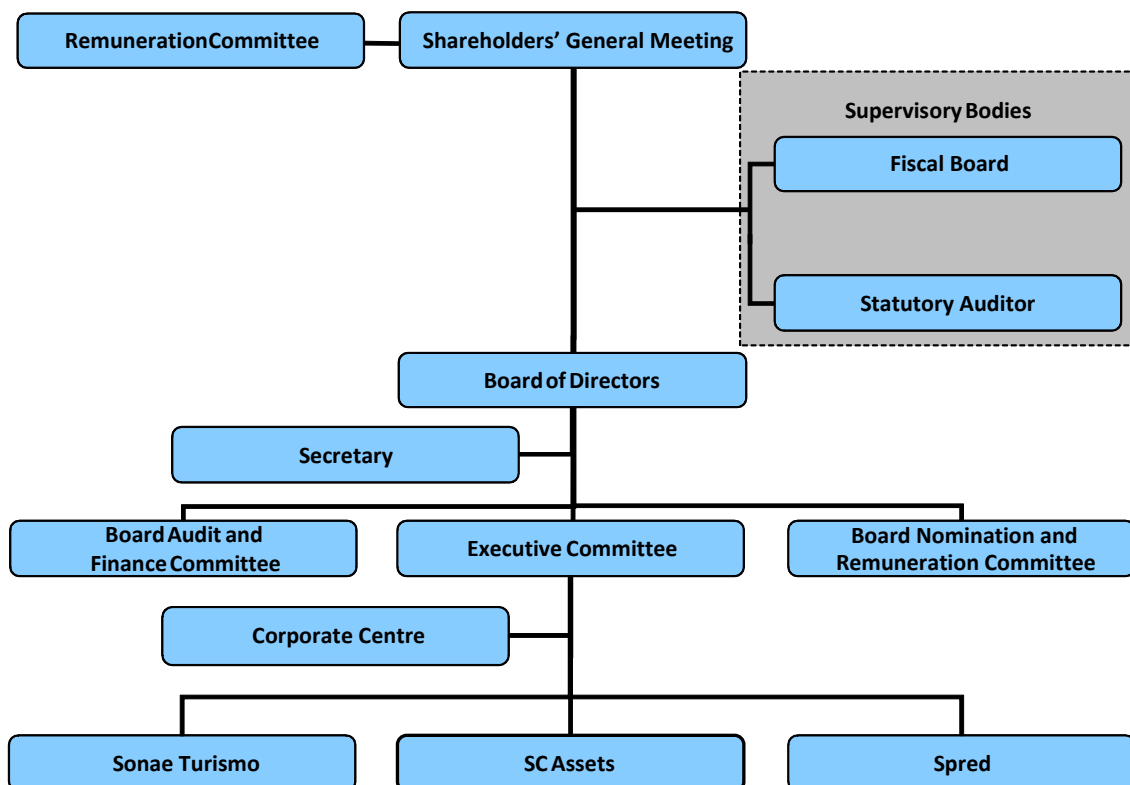
Sonae Capital was incorporated in December 2007. During 2008, significant changes were made to the corporate governance structure of Sonae Capital to respond to the strategic and management needs of the Company's business portfolio. The new governance structure proposed by the Board of Directors and 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 just 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, made up only of independent non executive directors, with the responsibility of supervising and appraising the Company's and management's activities and performance. 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 initiated a formal annual self assessment process in 2009. The Board of Directors will use the conclusions from the self assessment, during the current year to reflect on the existing structure and operations and, if deemed necessary, 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 comprises six functional departments, which provide support and advice to the governing bodies and business segments and, in some cases ensure co-ordination of policies and procedures within the Company.

Functional departments are the following:

Functional department	Reports to
Human Resources	Executive Committee
Internal Audit & Risk Management	Executive Committee
Portfolio Management	Executive Committee
Administrative Services	Chief Financial Officer
Finance & Treasury	Chief Financial Officer
Reporting & Investor Relations	Chief Financial Officer

The Human Resources department is responsible for proposing and implementing the Group's human resources policy and for managing senior managers' careers.

The Internal Audit & Risk Management department main responsibilities include definition and execution of internal audits and risk management activities in Group companies.

The Portfolio Management competencies comprise the following: portfolio configuration and capital allocation between existing businesses and new business opportunities, mergers and acquisitions, legal support, corporate internal and external communication. It also has the responsibility for the coordination of sustainability best practices.

Administrative Services comprise a number of different services, namely consolidation, shared service centre, information systems and tax support. The shared service centre provides accounting, administrative, treasury and payroll services to Group companies.

The Finance and Treasury department has a leading role concerning internal and external financing operations, treasury management and liaison with financial institutions. 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 Reporting and Investor Relations department plays a role in: corporate planning and reporting activities; consolidated reporting both internally and externally; and ensures a permanent contact with institutional investors, shareholders and analysts through the Investor Relations Office.

The Chief Financial Officer is responsible for the operational co-ordination of all functional departments within the Corporate Centre, meeting regularly with their respective managers.



## II.2 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 eleven members, elected at the Shareholders' General Meeting.

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 2010, the Board of Directors is made up of three executive members and four non executive independent Directors:

Name	Position	First appointment on
Belmiro Mendes de Azevedo	Chairman and CEO	December 2007
José Luís dos Santos Lima Amorim	Executive	December 2007
Mário Pereira Pinto	Executive	December 2007
Francisco de La Fuente Sánchez	Non Executive	April 2008
Rafael Cerezo Laporta	Non Executive	April 2008
Paulo José Jubilado Soares de Pinho	Non Executive	April 2008
Pedro Manuel Bastos Mendes Rezende	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.

All of the non executive members of the Board of Directors 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 (4 from a total of 7 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.

In view of Sonae Capital's size, the Company believes there is no need for a formal candidate selection process regarding Non Executive Directors. The interference of Executive Directors in that selection process is inevitable considering that, under the model adopted by the Company, the Board of Directors appoints, with the intervention of all its members, an Executive Committee. Thus, under the terms of the law, there is an effective participation of all Board members in the selection of its Executive and Non Executive members.


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.

Under the terms of the Company's Articles of Association, the Board of Directors may also deliberate on share capital increases, through new entries in cash, up to one thousand million euro, in one or more stages. The Board of Directors determines, in accordance with the law, the conditions of subscription and the categories of shares to be issued, based on the existing ones at the time.

No specific responsibilities are assigned to each member of the Board, within the Company's business segments. With the exception of the responsibility of financial matters assigned to the Chief Financial Officer, no specific functional responsibilities are assigned to each member of the Board. Therefore the Board of Directors has not considered necessary the definition of a rotation policy of responsibilities in addition to the fact that a limitation of mandates may not be in the best interests of the Company. The Board of Directors has the powers to replace any



of its members if at a particular time it judges it to be in the best interests of the Company to do so.

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 appointed an Executive Committee in 2008. 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 such specialised committees, 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 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 2010, the Board of Directors held five meetings, with a 97% attendance rate.

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)).

During 2010, 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
Belmiro Mendes de Azevedo <sup>1</sup>	254,000	96,600	-	350,600
José Luis dos Santos Lima Amorim	184,000	57,200	15,660	256,860
Mário Pereira Pinto	121,340	-	-	121,340
<b>Sub-total Executive Directors</b>	<b>559,340</b>	<b>153,800</b>	<b>15,660</b>	<b>728,800</b>
Francisco de La Fuente Sánchez	22,500	-	-	22,500
Rafael Cerezo Laporta	15,000	-	-	15,000
Paulo José Jubilado Soares de Pinho	22,500	-	-	22,500
Pedro Manuel Bastos Mendes Rezende	15,000	-	-	15,000
<b>Sub-total Non executive Directors</b>	<b>75,000</b>	<b>-</b>	<b>-</b>	<b>75,000</b>
<b>Total</b>	<b>634,340</b>	<b>153,800</b>	<b>15,660</b>	<b>803,800</b>

<sup>1</sup> Previous year deferred performance bonuses were attributed to the Chairman and CEO of Sonae Capital, SGPS, SA. These bonuses were paid in cash at year end 2007 by Sonae, SGPS, SA and the net proceeds were used to buy shares in Sonae Capital, SGPS, SA, thus exposing the Chairman and CEO to fluctuations in the value of the Company to best align his interests with the interests of the Company and of its shareholders.

During 2010, no compensation to former Executive Directors was paid in relation to early contract termination. The Company has no supplementary pension retirement scheme set up for its Directors.

Executive Directors are included in the deferred performance bonuses plans based on shares, which are described in section III.6 of this report.

The Company has not defined any rules regarding compensation payments in the case of termination of duties during the respective mandate. In 2010, no such instances occurred and as a result no such payments were made. Any compensation occurring in the future will be that which results from applicable law.

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 9 April 2008, 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
José Luís dos Santos Lima Amorim	Chief Financial Officer
Mário Pereira Pinto	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. There were fourteen meetings during the year 2010 with an 88% attendance rate.

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 least five days in advance and always leaving a weekend between distribution and the respective meeting. The existence of a common Secretary to both governing bodies, ensuring information flows between them, contributes to the timely supply of information and reduces misinterpretation of information requests, thus leading to more efficiency and effectiveness in the process.

During the year 2010, 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 9 April 2008, the Board of Directors decided to appoint a Board Audit and Finance Committee (BAFC) and a Board Nomination and Remuneration Committee (BNRC), with their office ceasing with the Board's term of office.

As at 31 December 2010, the BAFC is composed of two Non Executive independent Directors, Francisco de La Fuente Sánchez (Chairman) and Paulo José Jubilado Soares de Pinho.

The BAFC reviews Company's reports, financial information and financial statements, before they are approved by the Board, advises the Board on reports to shareholders and financial markets, on the adequacy and appropriateness of internal information provided by the Executive Committee, including internal business controls, and on compliance with best practices in corporate governance, and evaluates risks associated with the Company's activities on behalf of the Board. 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 2010, the BAFC held eight meetings, with 94% attendance by its members.

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.

As at 31 December 2010 the Board Nomination and Remuneration Committee (BNRC) is composed of two Non Executive independent Directors, Rafael Cerezo Laporta (Chairman) and Pedro Manuel Bastos Mendes Rezende.

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. During the year of 2010, the BNRC held one meeting, with all members present.

The Chairman of the BNRC has considerable experience in matters relating to remuneration, having in the past been a member of worldwide committees responsible for remuneration and career management in a prominent company.



As already mentioned in section II.2, members of the abovementioned committees are considered independent.

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.

As at 31 December 2010, the Fiscal Board had the following members:

<b>Name</b>	<b>Position</b>	<b>First Appointment on</b>
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.

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)).

During 2010, members of the Fiscal Board of Sonae Capital, SGPS, SA were paid the following fixed remuneration (no other remuneration was paid):

Values in Euro

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

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. For the number of company's shares held by Fiscal Board members, see section III.3.

## II.6 Statutory External Auditor

The Company's Statutory External Auditor for the period 2007 to 2010 is Deloitte & Associados, SROC, represented by António Marques Dias or by António Manuel Martins Amaral, serving its first mandate. The Statutory External Auditor was elected by the Shareholders' General Meeting, following approval of a proposal put forward by the Fiscal Board.

During 2010, the total remuneration paid to the Company's external auditors was 203,871 euro, corresponding to the following services provided:

Values in Euro

	2010	%	2009	%	2008	%
Statutory Audit <sup>1</sup>	140,171	68.8	158,542	78.4	154,387	74.3
Other Assurance <sup>2</sup>	-	0.0	-	0.0	8,500	4.1
Tax Consultancy <sup>2</sup>	21,450	10.5	10,000	4.9	45,000	21.6
Other Services <sup>2</sup>	42,250	20.7	33,750	16.7	-	0.0
<b>Total</b>	<b>203,871</b>	<b>100.0</b>	<b>202,292</b>	<b>100.0</b>	<b>207,887</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) are 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 aims 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.

## **II.7 Company Secretary**

The Board of Directors appointed Anabela Nogueira Matos and André Pinto Rocha 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 Internal Control 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. These objectives are pursued through coordinated plans and systems aimed at controlling uncertainties, preventing errors and irregularities from occurring, minimizing their consequences and maximizing the organisation's performance and the reliability of its information. It is made up of the following activities:

- Internal control policies and procedures;
- Risk management and internal audit;
- External audit.

Internal control policies and procedures are 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.

Risk management, as a support to Sonae Capital's corporate culture and objectives, is inherent in all management processes and is a permanent concern of 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.

Internal Audit assists the Group in accomplishing its objectives, through a systematic and structured approach to evaluate and improve effectiveness of risk management, controls and governance processes.

The Risk Management and Internal Audit functions are coordinated by a single manager at Sonae Capital's corporate centre level, and its activities are coordinated, reported and followed up by the Board Audit and Finance Committee. 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.

The Internal Audit function promoted activities according to an annual plan previously approved and based on an evaluation of business risks. During 2010, the plan included work on business processes, compliance and information systems, especially in Sonae Turismo's businesses, including the following:

#### **Processes**

SC Assets' businesses: Sales processes, assets management and after-sale services;  
Sonae Turismo's businesses: Invoicing, collection and cash management;  
Selfrio Group: Credit risk and control of bank guarantees given;  
Ecociclo II: Invoicing and insurances contracts.

#### **Compliance**

Health & Fitness: Health & Safety guide implementation.

#### **Information systems**

Sonae Turismo's businesses: Software licensing, wireless networks, front office and workflow systems.  
Sonae Capital: Software licensing, network security and web banking certificates.

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 at 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.

The risk management function promotes, coordinates, facilitates and supports the development of risk management processes. In 2008, the Group launched a 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;
- Monitoring and reporting of progress on the implementation of the plan of actions.


In view of the wide range of businesses and risks, this approach was firstly applied, in 2008, to the Fitness business, and was followed by the implementation, in 2009, of the resulting plan of actions, with particular focus on Health & Safety, Cleanliness and availability of Information Systems risks. This approach, initially expected to be applied in 2009 to the entire Troiaresort project (including the implementation of a plan of actions, which will be followed by the implementation of this framework to all Sonae Turismo's affiliates) was rescheduled to 2010 due to the need to develop and implement Influenza Type A (H1N1) contingency plans across the organization. The coordination and writing up of the contingency manuals required the identification of critical businesses, scenario development and definition of action and contingency plans. The main objective was to minimize impacts of the pandemic threat and to assure minimum services during the various crisis scenarios. Action plans were developed across four different areas: communication with most important stakeholders, treatment of suspect cases either among employees or customers, reducing the impact of absenteeism and supply chain management.

At Sonae Capital, the integrity and reliability of financial information is achieved by the existence of a clear distinction between producers and users of such information and also 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 administrative services 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 administrative services of the Company's corporate centre. This represents an additional validation 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 Auditors perform 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 Reporting and Investor Relations department is responsible for preparing the Report of the Board of Directors. The Statutory Auditors also review the content of this report (annual and semi-annual 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. The Chief Financial Officer and supporting staff also 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.

Sonae Capital is exposed to a variety of financial risks namely interest rates, transaction and translation foreign currency exchange rates, liquidity, counterpart and credit risk, commodity and raw material prices, and debt and equity financial market fluctuations. Sonae Capital's financial risk management policy seeks to minimize potential adverse effects of the volatility of financial markets.

The current situation of financial markets places liquidity risk management at the forefront of companies' concerns. To that end, a comprehensive set of systems implemented in Sonae Capital ensures compliance with its payment obligations and the funding of its businesses and strategy.

The abovementioned systems, centralised in the Company's corporate headquarters, ensure liquidity management, financial planning based on cash flow forecasts, treasury and cash management control instruments, a variety of sources of and counterparts to funding, the adjustment of debt maturity profiles to cash flow generation and an adequate level of liquidity through contractual arrangements with relationship banks.

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

Management of financial risks is performed and monitored by the corporate finance function. The activity of the finance function is also reported to, coordinated and followed up by the Board Audit and Finance Committee.

## 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 2010, the Fiscal Board received several communications. After careful review those communications have been considered as customer complaints, related to service levels, and were forwarded to the respective businesses for appropriate treatment. All complaints were addressed promptly and followed-up until their conclusion.

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

The compensation policy of the members of the Statutory Governing Bodies of Sonae Capital, SGPS, SA was approved at the Shareholder's General Meeting held on 28 April 2010.

The approved policy is based on the understanding that initiative, effort and commitment are essential foundations for delivering good performance. It also aims at aligning individual contributions with the Company's strategic objectives, focussing primarily on performance compensation. Therefore, the contribution of individual actions, performance and efforts towards the company's overall performance should be annually evaluated and should impact the fixed and variable compensation to be attributed.

Under these guidelines, fixed remuneration is primarily linked to personal skills and the responsibility level inherent to each function, while variable remuneration is linked to the level of success achieved by the Company as well as by the companies managed by each individual.

The Company's remuneration policy does not foresee any compensation for ending the mandate of any Board member before its completion. In these cases, compensation will be made in accordance with applicable law.

The compensation policy approved by the Shareholders' General Meeting follows these guiding principles:

### **Executive Directors**

a) the compensation policy for Executive Directors includes three components: (i) a Fixed Remuneration, established on an annual basis, (ii) a Short Term Variable Bonus, established during the first quarter of the year following that to which it relates, and (iii) a Medium/Long Term Variable Bonus, with the aim of aligning Executive Directors interests with those of all shareholders, attributed annually, and which is discretionary and subject to deferred payment;

b) individual compensation takes into consideration that (i) the definition of each Executive Director's fixed remuneration is based on personal skills and the responsibility level inherent in each function. This remuneration will be based on the Company's situation and market practices; (ii) the Short Term Variable Bonus is based on the achievement of predefined objectives, based on performance indicators of the business and of the teams under their responsibility, as well as to individual performance indicators; (iii) the Medium/Long Term Variable Bonus is based on the responsibility inherent in each function and on individual skills, and on the achievement of predefined objectives, which are linked to performance indicators, and may be converted into Sonae Capital shares or its equivalent in cash on the date of payment, calculated using the share market price on the due date.

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

### **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.

### **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.

### **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.

For the consideration paid as remuneration to each of the statutory bodies, please refer to the corresponding sections in this report.

For details of deferred performance bonuses please refer to section III.6 of this report.

### **II.11 Main Risks to which the Company and its affiliates are exposed**

In carrying out its activity Sonae Capital and its affiliates are exposed to several risks, of which the most relevant can be identified as follows:

- Sonae Capital's main assets, in its capacity 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.
- Some of the Sonae Capital Group's business areas have been recording losses and some businesses managed by companies held by Sonae Capital may require additional investment to expand their business operations through organic growth or future acquisitions. The additional investment by Sonae Capital 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. If Sonae Capital or its affiliated companies involved in those investments, do not obtain the necessary funds, the operating objectives or plans for business expansion may have to be altered or postponed.
- In carrying out its business activities, Sonae Capital and its affiliated companies are exposed to financial market risks, especially variations in market interest rates. If the latter increase, and given that part of the external debt of Sonae Capital and of its affiliated companies bears interest at variable rates indexed to market rates, future cash flows and the results of their operations may be adversely affected. In order to reduce the risk of interest rate increases, Sonae Capital may contract certain derivative instruments, but Sonae Capital cannot guarantee that these instruments will fully cover such 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.

Sonae Capital has a diversified business 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 and recreational facilities) can be affected by the economy's behaviour, notably, through a drop in consumer confidence, higher interest rates 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 a group of property units is 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 health & 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. 853/2004 of the European Parliament and Council of 29 April 2004, relating to food hygiene.

The value of the activity of asset management and of the plots of land owned by SC Assets is largely dependent on the real estate market environment.

- Praedium is responsible for the development of high quality residential property developments, with its portfolio including the City Flats building and the Efanor Project, in Matosinhos. The profitability of the real estate activity of Praedium is very dependent on the signing of purchase and final sale contracts, given that the associated revenues and costs are only recognized at this point in the development process. Consequently, the business is strongly dependent on the speed with which housing permits are issued, without which it is not possible to sign purchase and sale contracts. The success of the marketing and sale of Praedium's assets is strongly dependent on macroeconomic performance to the extent that there is an immediate and direct correlation between it and the demand for new housing.
- The real estate sector in Portugal is marked by the very high number of parties involved, especially developers, resulting in extremely aggressive competition. Praedium believes in the sustainable development of its assets environmentally, and thus has sought environmental certification for the management of the Efanor Project. In addition to a number of obligations in the construction stage, this involves the use of renewable energy sources within the complex. These practices aim to anticipate and deal with the associated environmental risks.

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:

- SKK's (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 (Selfrio SA, Sistavac and Sopair) 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 (SMP) 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.

TP - Sociedade Térmica Portuguesa, S.A. (TP) carries out its activity in partnership with other companies in the wind-power and cogeneration business. 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.

- In Portugal, the development of wind power in the next few years will be closely linked to the “Eólicas de Portugal” consortium that won a concession to produce wind power of up to 1,200 MW for installation by 2013, through a public tender offer by the Portuguese Government. Sonae Capital, via TP, forms part of this consortium which includes other wind power developers, such as Enernova (EDP Group), Finerge, held by Endesa, and Generg. Another partner is the German manufacturer and world leader in aero generators, Enercon, which has developed an industrial project aimed at creating a wind farm manufacturing cluster in Portugal. The risks associated with the production of wind power are related to obtaining environmental approval, which is essential for the licensing of wind farms.
- 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 or fuel oil in the case of TP). 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 CO2 emission licences. Up to 2012, licences for the emission of CO2 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.
- Both businesses – wind power generation and cogeneration – have 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 substantially 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 (12 years). In the case of wind power projects, tariffs are also set by the State for a period of 15 years. Since the average duration of a wind farm is roughly 20 years, this risk is thus minimal.
- The wind power business carried out by TP is subject to weather conditions, i.e. the wind, which could have a negative effect on activity and the company’s operating results. In any event, this risk is mitigated, given that before the construction of a wind farm, a wind study is conducted over a minimum period of 2 years (study period which is consensually accepted as sufficient for correctly assessing the availability of wind resources at a specific location).
- TP’s business as a company operating in the wind power and cogeneration sector, 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.

### **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. The Articles of Association of the Company allow votes in writing in respect to all matters.

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 2010, 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.	156,504,947	62.602%	62.602%
Mohnish Pabrai	17,166,440	6.867%	6.867%
Banco BPI, S.A.	5,753,727	2.301%	2.301%

On 17 November 2010, the following announcements were made regarding changes in qualified shareholdings:

- Sonae, SGPS, SA informed about the acquisition of 16,600,000 shares, corresponding to 6.640% of the voting rights of Sonae Capital SGPS, SA. This shareholding is attributable to Efanor Investimentos, SGPS, SA and is included in the percentage disclosed in the table above (62.602%);
- Banco BPI, SA informed about the sale of 16,600,000 shares, corresponding to 6.640% of the voting rights of Sonae Capital SGPS, SA.

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

In accordance with and for the purposes of article 447 of the Portuguese Company Law, the number of shares held by members of the Governing Bodies as at 31 December 2010 was as follows:

Governing Bodies	Nr. Shares Held
<b>Board of Directors</b>	
Belmiro Mendes de Azevedo	838,862
José Luís dos Santos Lima Amorim	8,125 <sup>1</sup>
Mário Pereira Pinto	8,125 <sup>1</sup>
Francisco de La Fuente Sánchez	-
Rafael Cerezo Laporta	-
Paulo José Soares Jubilado de Pinho	20,775 <sup>2</sup>
Pedro Manuel Bastos Mendes Rezende	-

## Fiscal Board

Manuel Heleno Sismeiro	-
Armando Luís Vieira de Magalhães	-
Jorge Manuel Felizes Morgado	-

<sup>1</sup> Shares held indirectly by companies in which the Director is a member of the governing bodies.

<sup>2</sup> Includes 8,125 shares held indirectly by companies in which the Director is a member of the governing bodies.

During 2010, 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:

<b>Name:</b> Sonae Capital, SGPS, SA	<b>ISIN code:</b> PTSNPOAE0008
<b>Security's issuer:</b> Sonae Capital, SGPS, SA	<b>NYSE Euronext:</b> SONC
<b>Listing date:</b> 28 January 2008	<b>Reuters:</b> SONAC LS
<b>Share capital:</b> 250,000,000 €	<b>Bloomberg:</b> SONC.PL
<b>Listed amount:</b> 250,000,000 shares	
<b>Treasury stock:</b> The Company does not own treasury stock	

During 2010, Sonae Capital's share price decreased 50.6%. In the same period, the Portuguese Stock Market reference index (PSI20) decreased 10.3%.

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

Euronext Lisbon	2010	2009
<b>Closing prices</b>		
31 Dezembro N-1	0.83 €	0.44 €
Maximum price	0.83 € (05 Jan.10)	0.97 € (21 Aug.09)
Minimum price	0.39 € (30 Nov. 10)	0.42 € (06 Mar.09)
31 Dezembro N	0.41 €	0.83 €
<b>Transactions</b>		
Average daily quantity	353,094	453,992
Total shares traded	91,098,154	116,221,841



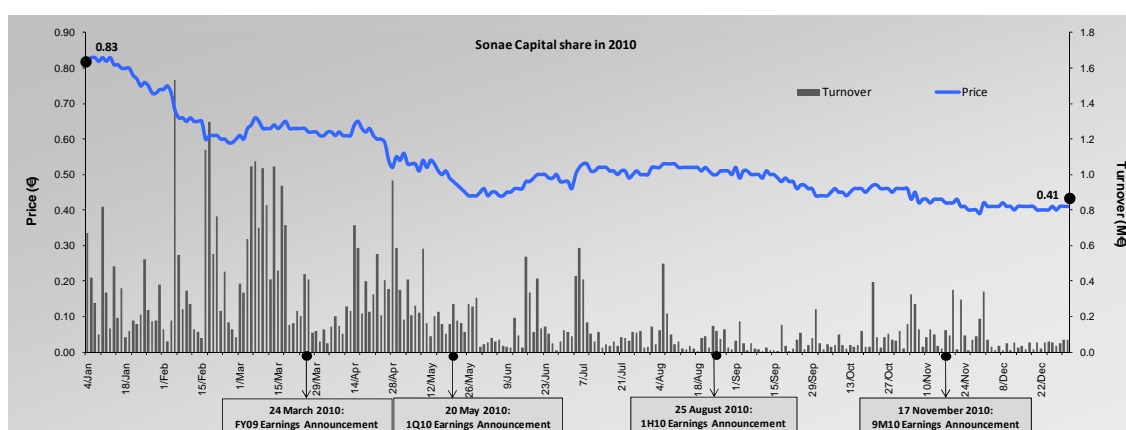
## Turnover

Total (million euro)	52.0	82.1
Average daily turnover (million euro)	0.20	0.32

## Market Capitalisation (a)

Year end (31 December N)	102,500,000 €	207,500,000 €
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<sup>(a)</sup> Market capitalisation was calculated using the total number of shares.



During 2010, and further to the earnings disclosure highlighted in the previous graph, the following corporate events were announced to the market:

- 14 April 2010**  
 Inparvi, SGPS, SA sold the whole of the shareholding in Société des Essences Fines Isoroy, as well as shareholder loans which had been granted;
- 5 August 2010**  
 Spred, SGPS, SA sets the terms for the sale of the whole of the share capital of Box Lines – Navegação, SA.
- 17 September 2010**  
 Sonae Capital, SGPS, SA informs about effects of the agreement for the sale of the whole of the share capital of Box Lines – Navegação, SA, following the non opposition from the Competition Authority.

## 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

During the 2010 financial year, the Company did not adopt any share allotment plans or stock option plans.

In 2007 and previous years, the Sonae Capital Group granted deferred performance bonuses, based on shares of Sonae Capital, SGPS, SA to be acquired at nil cost, three years after they were attributed. The acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year. The Company has the choice to settle in cash instead of shares, and the option can only be exercised if the employee still works for the Sonae Capital Group on the vesting date. 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.

In 2008, 2009 and 2010, the Group has granted deferred performance bonuses based on shares of Sonae Capital, SGPS, SA, under terms similar to those described in the previous paragraph. The Group believes that exposing Directors to share price fluctuations is the most appropriate form of aligning Directors with shareholders interests.

As at 31 December 2010, 2009 and 2008, 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	Fair value		
			31. Dec.10	31 Dec.09	31 Dec.08
2006	2009	-	-	-	73,981
2007	2010	-	-	75,080	49,081
2008	2011	3	34,015	207,760	120,607
2009	2012	4	141,664	420,165	-
2010	2013	4	145,478	-	-
<b>Total</b>			<b>321,157</b>	<b>703,005</b>	<b>243,669</b>

### 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 2010, the Fiscal Board issued favourable opinions regarding all transactions which were communicated.

### **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).

In addition to the information about the Company available on the Company's official website ([www.sonaecapital.pt](http://www.sonaecapital.pt)), 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 José Luís dos Santos Lima Amorim (Telephone: +351 22 010 79 03; Fax: + 351 22 010 79 35; E-mail: [jamorim@sonaecapital.pt](mailto:jamorim@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, 2 March 2011

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: 73**

**Nationality: Portuguese**

### Education:

- Graduation in Chemical Engineering - Porto University (1963)
- PMD (Programme for Management Development) - Harvard Business School (1973)
- Financial Management Programme - Stanford University (1985)
- Strategic Management - Wharton University (1987)

### Positions held in Group Companies:

Chairman of the Board of Directors of the following companies:

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

### Positions held in Other Companies:

- Member of the EGP-UPBS (University of Porto Business School) General Board
- Founding Member of Manufuture Portugal Forum
- Member of the European Advisory Board of Harvard Business School
- Member of WBCSD - Order of Outstanding Contributors to Sustainable Development
- Member of the International Advisory Board of Allianz AG
- Member of the European Union Hong-Kong Business Cooperation Committee

### Main Professional activities in the last five years:

- 1999-2007 - Chairman and CEO of Sonae, SGPS, SA
- Since 2003 - Chairman of the Board of Directors of Sonae Indústria, SGPS, SA
- Since 2007 - Chairman of the Board of Directors of Sonae, SGPS, SA  
Chairman and CEO of Sonae Capital, SGPS, SA



## José Luís dos Santos Lima Amorim

Executive Director of Sonae Capital, SGPS, SA



**Age: 54**

**Nationality: Portuguese**

Education:	<ul style="list-style-type: none"><li>Graduation in Economics - Faculdade de Economia, Porto University (1978)</li><li>Member of the Statutory Auditors Institute (since 1982)</li></ul>
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Positions held in Group Companies:	<p>Chairman of the Board of Directors of the following companies:</p> <ul style="list-style-type: none"><li>Bloco Q - Sociedade Imobiliária, SA</li><li>Bloco W - Sociedade Imobiliária, SA</li><li>Casa da Ribeira - Hotelaria e Turismo, SA</li><li>Centro Residencial da Maia, Urbanismo, SA</li><li>Country Club da Maia - Imobiliária, SA</li><li>Empreendimentos Imobiliários Quinta da Azenha, SA</li><li>Golf Time - Golfe e Investimentos Turísticos, SA</li><li>Imoarea - Investimentos Turísticos, SGPS, SA</li><li>Imoclub - Serviços Imobiliários, SA</li><li>Imoferro - Sociedade Imobiliária, SA</li><li>Imohotel - Empreendimentos Turísticos Imobiliários, SA</li><li>Imopenínsula - Sociedade Imobiliária, SA</li><li>Imoresort - Sociedade Imobiliária, SA</li><li>Imosedas - Imobiliárias e Serviços, SA</li><li>Marimo - Exploração Hoteleira e Imobiliária, SA</li><li>Marmagno - Exploração Hoteleira e Imobiliária, SA</li><li>Marvero - Exploração Hoteleira e Imobiliária, SA</li><li>Modus Faciendi - Gestão e Serviços, SA</li><li>Praedium - SGPS, SA</li><li>Praedium II - Imobiliária, SA</li><li>Praedium - Serviços, SA</li><li>Prédios Privados - Imobiliária, SA</li><li>Predisedas - Predial das Sedas, SA</li><li>S.I.I - Soberana - Investimentos Imobiliários, SA</li><li>SC, Assets, SA</li><li>SC - Engenharia e Promoção Imobiliária, SGPS, SA</li><li>Sodesa - Comercialização de Energia, SA</li><li>Solinca - Investimentos Turísticos, SA</li><li>Soltróia - Sociedade Imobiliária de Urbanização e Turismo de Tróia, SA</li><li>Torre São Gabriel, Imobiliária, SA</li><li>Tróia Market - Supermercados, SA</li><li>Troiaresort - Investimentos Turísticos, SA</li><li>Troiaverde - Exploração Hoteleira e Imobiliária, SA</li><li>Tulipamar - Exploração Hoteleira e Imobiliária, SA</li></ul>
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- Urbisedas - Imobiliária das Sedas, SA
- Venda Aluga - Sociedade Imobiliária, SA
- World Trade Center Porto, SA

Member of the Board of Directors of the following companies:

- Contacto Concessões, SGPS, SA
- Imoponte - Sociedade Imobiliária, SA
- Inparvi, SGPS, SA
- Investalentejo, SGPS, SA
- Norscut - Concessionária de Auto Estradas, SA
- Promessa - Sociedade Imobiliária, SA
- SC - Sociedade de Consultadoria, SA
- SC, SGPS, SA
- Sete e Meio - Investimentos e Consultadoria, SA
- Sete e Meio Herdades - Investimentos Agrícolas e Turismo, SA
- Solinfitness Club Málaga, SL
- SC Finance, BV
- Sonae Turismo - SGPS, SA
- Sontur, BV
- Sopair, SA
- Spred - SGPS, SA
- TP - Sociedade Térmica Portuguesa, SA
- Vistas do Freixo - Empreendimentos Turísticos e Imobiliários, SA

Member of the Management Board of the following companies:

- Aqualuz - Turismo e Lazer, Lda
- Marinamagic - Exploração de Centros Lúdicos e Marítimos, Lda

Positions held in Other Companies:

Member of the Board of Directors of Change Partners, SCR, SA

Main Professional activities in the last five years:

- 1999-2007 - Planning and Control Management of Sonae, SGPS, SA
- 1999-2007 – Secretary of the Board of Directors and Executive Committee of Sonae, SGPS, SA
- 2001-2007 - Investor Relations Director at Sonae, SGPS, SA
- Since 2007 - Executive Member of the Board of Directors of Sonae Capital, SGPS, SA

## Mário Pereira Pinto

Executive Director of Sonae Capital, SGPS, SA



**Age: 59**

**Nationality: Portuguese**

Education:	<ul style="list-style-type: none"><li>Graduation in Economics - Faculdade de Economia, Porto University (1975)</li><li>Advanced Management Programme - INSEAD, Fontainebleau (1989)</li></ul>
Positions held in Group Companies:	<p>Member of the Board of Directors of the following companies:</p> <ul style="list-style-type: none"><li>Lidergraf - Artes Gráficas, SA</li><li>SC, SGPS, SA</li><li>SC - Sociedade de Consultadoria, SA</li><li>Sociedade Europeia de Arroz - SEAR, SA</li><li>Sodesa - Comercialização de Energia, SA</li><li>Sopair, SA</li><li>Spred, SGPS, SA</li><li>TP - Sociedade Térmica Portuguesa, SA</li><li>Norscut - Concessionária de Auto Estradas, SA</li></ul>
Positions held in Other Companies:	<p>Chairman of the Board of Directors of the following companies:</p> <ul style="list-style-type: none"><li>Change, SGPS, SA</li><li>Change Partners, SCR, SA</li><li>Change Partners I, SGPS, SA</li><li>Glomack - SGPS, SA</li><li>Hottrade, Representações e Serviços, SA</li><li>Bicaveiro, Vending, SA</li></ul> <p>Member of the Board of Directors of the following companies:</p> <ul style="list-style-type: none"><li>BA - Glass, SA</li><li>Consumo em Verde - Biotecnologia de Plantas, SA</li></ul> <p>Member of the Management Board of the following companies:</p> <ul style="list-style-type: none"><li>PSISA - Consultores, Lda</li></ul> <p>Chairman of the Fiscal Board of Estoril-Sol, SGPS, SA</p>
Main Professional activities in the last five years:	<ul style="list-style-type: none"><li>Since 2002 - Chairman of Change Partners, SCR, SA</li><li>Since 2007 - Executive Member of the Board of Directors of Sonae Capital, SGPS, SA</li></ul>

## Francisco de La Fuente Sánchez

Non Executive Director of Sonae Capital, SGPS, SA



**Age: 69**

**Nationality: Portuguese**

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>Co-option member of Instituto Superior Técnico School Council</li><li>Non Executive Chairman of the Board of Directors of EFACEC Capital</li><li>Member of Conselho Nacional da Água</li><li>Chairman of the General Council of PROFORUM</li><li>Member of the Consultative Council of the Department of Electro technical and Computer Engineering of Instituto Superior Técnico</li><li>Chairman of the National Council of the Electro technical Engineering Board of the Engineers Institute</li><li>Member of the Patronage of Hidroelétrica del Cantábrico Foundation</li><li>Member of the Consulting Council of the Competitiveness Forum</li><li>Honorary Chairman of Hidroelétrica 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 Hidroelétrica del Cantábrico, SA</li><li>2002 - 2005 – Board Member of Hidroelétrica del Cantábrico, SA</li></ul> <p>In Other Sectors:</p> <ul style="list-style-type: none"><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 - Non Executive Chairman of the Board of Directors of EFACEC Capital</li><li>- Member of Conselho Nacional da Água</li></ul>

- Chairman of the General Council of PROFORUM
- Member of the Consultative Council of the Department of Electro technical and Computer Engineering of Instituto Superior Técnico
- Chairman of the National Council of the Electro technical Engineering Board of the Engineers Institute
- 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 - 2009 - Chairman of the Corporate Governance Committee of the Supervisory Board of Millennium BCP –Banco Comercial Português
- 2006 - 2009 - Membro do Conselho Geral e de Supervisão do Millennium BCP – Banco Comercial Português
- 2006 - 2007 - Non Executive Vice-Chairman of the Board of Directors of Efacec
- 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

## Rafael Cerezo Laporta

Non Executive Director of Sonae Capital, SGPS, SA



**Age: 60**

**Nationality: Spanish**

Education:	<ul style="list-style-type: none"><li>■ Graduation in Economics - London School of Economics (1970 - 1974)</li><li>■ Master in Business Administration - Columbia University (1975 - 1977)</li></ul>
Positions held in Group Companies:	-
Positions held in Other Companies:	<ul style="list-style-type: none"><li>■ Member of the Consulting Board of the Exea Group (Family Corporation of the Puig Family)</li><li>■ Member of the Board of Directors and Chairman of the Audit Committee of Puig, SA</li><li>■ Member of the Board of Directors of Flamagas, SA</li><li>■ Member of the Board of Directors of ISDIN, SA and Chairman of the Audit Committee and BNRC of ISDIN, SA</li></ul>
Main Professional activities in the last five years:	<ul style="list-style-type: none"><li>■ 2002-2008 - At the Boston Consulting Group: leaves the European Chief Executive Officer to be fully dedicated to clients in Spain and Portugal, (together with Russia and Eastern European Countries during 2002-2003). Mostly focused in the retail and financial services industries</li><li>■ Since 2007 - Member of the Consulting Board of the Exea Group (Family Corporation of the Puig Family)</li><li>■ Since 2007 – Member of the Board of Directors and Chairman of the Audit Committee of Puig, SA</li><li>■ Since 2007 – Member of the Board of Directors of Flamagas, SA</li><li>■ Since 2007 – Member of the Board of Directors of ISDIN, SA and Chairman of the Audit Committee and BNRC of ISDIN, SA</li><li>■ Since 2007 – Non Executive Member of the Board of Directors of Sonae Capital, SGPS, SA</li></ul>



## Paulo José Jubilado Soares de Pinho

Non Executive Director of Sonae Capital, SGPS, SA



**Age: 48**

**Nationality: Portuguese**

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>
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 Advisory and Strategic Board of Fundo Fast Change Venture Capital</li><li>■ Senior Advisor for Iberia of Profit Technologies, USA</li><li>■ Senior Advisor of New Next Moves Consultants, Portugal</li><li>■ Director of Venture Valuation, Switzerland (Representative for Portugal)</li><li>■ Non Executive Member of the Board of Directors of Sonae Capital, SGPS, SA</li></ul>
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 2005 - Member of the Advisory and Strategic Board of Fundo Fast Change Venture Capital</li><li>■ 2007-2008 - Member of the Board of Directors of Xis Vending - Serviços de Vending, SA</li><li>■ Since 2007 - 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 2007 - Non Executive Member of the Board of Directors of Sonae Capital, SGPS, SA</li><li>■ Since 2008 - Visiting Professor at Cass Business School, London</li><li>■ Since 2010 - Member of the Board of Directors of Change Partners, SCR, SA</li></ul>

**Pedro Manuel Bastos Mendes Rezende**  
Non Executive Director of Sonae Capital, SGPS, SA



**Age: 49**

**Nationality: Portuguese and Spanish**

Education:	<ul style="list-style-type: none"><li>■ ICAI - Industrial Mechanical Engineer, Madrid (1979 - 1985)</li><li>■ Master in Business Administration - INSEAD, Fontainebleau (1989 - 1990)</li></ul>
Positions held in Group Companies:	-
Positions held in Other Companies:	<ul style="list-style-type: none"><li>■ Hyperion Energy Investments - Founding Partner and CEO</li><li>■ A.T. Kearney – Consultadoria de Gestão, Lda. – Partner and Chairman for Portugal</li></ul>
Main Professional activities in the last five years:	<p>2003-2006 - EDP, Energias de Portugal, SA</p> <ul style="list-style-type: none"><li>■ Member of the Board of Directors and of the Executive Committee</li><li>■ CEO of EDP Produção and of Companhia Portuguesa de Produção de Electricidade (CPPE)</li><li>■ Member of the Board of Directors and Executive Director of Hidroelétrica del Cantábrico (HC Energia)</li><li>■ Chairman of the Board of Directors of EDP Engenharia e Manutenção, EDP Energia Ibérica and Tergen</li><li>■ Member of the Board of Directors of other group companies</li><li>■ Responsible for Corporate areas and Strategic Planning, Trading, Regulation, Sustainability and Environment, Community Interconnects and Systems</li></ul> <p>Since 2006 - Hyperion Energy Investments</p> <ul style="list-style-type: none"><li>■ Founding Partner and CEO</li></ul> <p>Since 2007 – Non Executive Member of the Board of Directors of Sonae Capital, SGPS, SA</p> <p>Since 2010 – A.T. Kearney – Consultadoria de Gestao, Lda.</p> <ul style="list-style-type: none"><li>■ Partner of A.T. Kearney and Chairman for Portugal</li></ul>

## Manuel Heleno Sismeiro

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

Education:	<ul style="list-style-type: none"><li>Bachelor degree in Accounting - ICL, Lisbon (1964)</li><li>Graduation in Finance - ISCEF, Lisbon (1971)</li></ul>
Positions held in Group Companies:	-
Positions held in Other Companies:	<p>Chairman of the Fiscal Board of the following companies:</p> <ul style="list-style-type: none"><li>OCP Portugal Produtos Farmacêuticos, SA</li><li>Sonae Indústria, SGPS, SA</li></ul> <p>Chairman of the Board of the Shareholders' General Meeting of Segafredo Zanetti (Portugal), SA</p>
Main Professional activities in the last five years:	<ul style="list-style-type: none"><li>1980 - 2008 - Partner of Coopers &amp; Lybrand and of Bernardes, Sismeiro &amp; Associados</li><li>Since 2008 - Advisor, namely on matters of internal audit and internal control</li><li>Since 2009 - Chairman of the Fiscal Board of Sonae Capital, SGPS, SA</li></ul>

## Armando Luís Vieira de Magalhães

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

Education:	<ul style="list-style-type: none"><li>Bachelor degree in Accounting, ISCAP (1972)</li><li>Graduation in Economics - Faculdade de Economia, Porto University (1978)</li><li>Executive MBA - European Management, IESF/IFG (1996)</li></ul>
Positions held in Group Companies:	-
Positions held in Other Companies:	<p>Member of the Fiscal Board of the following companies:</p> <ul style="list-style-type: none"><li>Sonaecom, SGPS, SA</li><li>Sonae Indústria, SGPS, SA</li><li>Futebol Clube do Porto - Futebol SAD</li><li>Fundação Eça de Queiroz</li><li>PortoComercial – Sociedade de Comercialização, Licenciamento e Sponsorização, SA</li></ul>
Main Professional activities in the last five years:	<ul style="list-style-type: none"><li>1989 - 2010 - Statutory Auditor and Managing Partner of Santos Carvalho &amp; Associados, SROC, SA</li><li>Since 2007 - Member of the Fiscal Board of Sonae Capital, SGPS, SA</li><li>Since 2010 – Statutory Auditor and Partner of Armando Magalhães, Carlos Silva &amp; Associados, SROC, SA</li></ul>

## Jorge Manuel Felizes Morgado

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

Education:	<ul style="list-style-type: none"><li>■ Graduation in Management - ISEG, Universidade Técnica de Lisboa</li><li>■ MBA in Finance - IEDE, Madrid</li><li>■ MBA in Management and Information Systems - Faculdade de Economia e Gestão, Universidade Católica</li></ul>
Positions held in Group Companies:	-
Positions held in Other Companies	<p>Member of the Fiscal Board of the following companies:</p> <ul style="list-style-type: none"><li>■ Sonae, SGPS, SA</li><li>■ Sonae Indústria, SGPS, SA</li><li>■ Sonae Distribuição, SGPS, SA</li><li>■ Sonae Sierra, SGPS, SA</li></ul>
Main Professional activities in the last five years:	<ul style="list-style-type: none"><li>■ Since 2004 - Statutory Auditor Partner of Horwath Parsus - Consultoria e Gestão, Lda</li><li>■ Since 2007 - Member of the Fiscal Board of Sonae Capital, SGPS, SA</li><li>■ Since 2008 – Member of the Fiscal Board of Sonae Sierra, SGPS, SA</li></ul>