

## Corporate governance report (extracted from the MR&A)

In line with new recommendations on corporate governance issued in September 2007 by the Portuguese Securities Commission ('CMVM') and applicable from 1 January 2008, the following section details the roles, responsibilities and composition of our principal governance bodies. Among other matters, this section also provides a detailed disclosure and explanation of our remuneration policy and Directors' shareholdings.

### 4.1. CORPORATE GOVERNANCE REPORT

(STRUCTURED IN ACCORDANCE WITH THE APPENDIX TO CMVM REGULATION no. 1/2007)

#### 4.1.1. Statement of compliance

##### 4.1.1 - 1) Disclosure of the availability of information

The full text of the existing Sonaecom corporate governance rules – published either by specific regulation, recommendation or voluntarily, including the code of conduct and, particularly, the share dealing rules and the rules on conflicts of interest – are made publicly available on our website [www.sonae.com](http://www.sonae.com) and at [www.cmvm.pt](http://www.cmvm.pt).

##### 4.1.1 - 2) CMVM recommendations on Corporate Governance

We summarise in the table below the CMVM recommendations on Corporate Governance and the respective compliance by Sonaecom:

CMVM recommendations	Sonaecom compliance as at 31.12.2008
<b>1. SHAREHOLDERS' GENERAL MEETINGS</b>	
<b>1.1. Board of the Shareholders' General Meeting</b>	
1.1.1. The Chairman of the Board of the Shareholders' General Meeting shall be given adequate human and logistical resources, taking into consideration the financial position of the Company.	<b>YES:</b> all resources requested are made available by Sonaecom, via the relevant departments: Legal, Facilities, Finance, etc.
1.1.2. The remuneration of the Chairman of the Board of the Shareholders' General Meeting shall be disclosed in the annual Corporate Governance Report.	<b>YES:</b> the remuneration is disclosed (see paragraph 4.1.2.-3 of this report)
<b>1.2. Participation at the Meeting</b>	
1.2.1. The requirement to deposit or block shares before Shareholders' General Meetings, contained in the Articles of Association, shall not exceed five working days.	<b>YES:</b> the requirement contained in Sonaecom's Articles of Association is five working days (see paragraph 4.1.2.-4 of this report)
1.2.2. Should the Shareholders' General Meeting be suspended, the Company shall not require share blocking during the full period until the meeting is resumed, but shall apply the same period as for the first session.	<b>YES:</b> in case of suspension, the Chairman of the Board of the Shareholders' General Meeting only requires the share-blocking during the five working days prior to the date on which the meeting is resumed (see paragraph 4.1.2.-5 of this report)

## 4.1 Corporate governance report (continued)

<b>1.3. Voting and Exercising Voting Rights</b>		
1.3.1.	Companies should not impose any statutory restriction on postal voting.	<b>YES:</b> there are no restrictions on postal voting (see paragraph 4.1.2.-8 of this report)
1.3.2.	The statutory advance deadline for receiving voting ballots by post shall not exceed three working days.	<b>YES:</b> our statutory deadline is three days (see paragraph 4.1.2.-10 of this report)
1.3.3.	The Company's Articles of Association shall respect the one share-one vote principle.	<b>YES:</b> Sonaecom's Articles of Association respect the one share-one vote principle (see paragraph 4.1.2.-6 of this report)
<b>1.4. Quorum and Resolutions</b>		
1.4.1.	Companies shall not set a constitutive or deliberative quorum that exceeds the minimum required by Portuguese Company Law.	<b>NO</b> (see paragraph 4.1.2.-7 of this report)
<b>1.5. Attendance Lists, Minutes and Information on Resolutions Adopted</b>		
1.5.1.	The minutes of the Shareholders' General Meetings shall be made available to shareholders on the Company's website within a five day period, irrespective of the fact that such information may not be legally classified as material information. The lists of attendees, agendas items and resolutions adopted shall be kept in a historic file on the Company's website, covering meetings held for at least the last three years.	<b>NO</b> (see paragraph 4.1.1 – 3 of this report)
<b>1.6. Measures Relating to Changes in Control</b>		
1.6.1.	Measures aimed at preventing the success of takeover bids, shall respect the interests of the both the Company and its shareholders.	<b>YES:</b> no such measures exist (see paragraph 4.1.2.-13 of this report)
1.6.2.	In accordance with the principle established in the previous sub-paragraph, any Company that has Articles of Association with clauses that restrict or limit the number of votes that may be held or exercised by a single shareholder, either individually or acting in concert with other shareholders, shall also require that, at least once every five years, the continuation of such clauses must be ratified at a Shareholders' General Meeting, at which the quorum shall not exceed the legal minimum and all votes cast shall count, without applying any restriction.	<b>YES:</b> there are no clauses that restrict or limit the number of votes
1.6.3.	Defensive measures that automatically lead to a serious erosion in the value of the Company's assets should not be adopted, when there has been a change in control or a change in the Company's management, as this prevents the free transmission of shares and the ability of shareholders to effectively evaluate those responsible for managing the Company.	<b>YES:</b> no such measures exist (see paragraph 4.1.2.-8 of this report)
<b>2. MANAGEMENT AND AUDIT BOARDS</b>		
<b>2.1. General Points</b>		
<b>2.1.1. Structure and Duties</b>		
2.1.1.1.	In the Corporate Governance Report, the Board of Directors shall assess the governance model adopted by the Company, by identifying any restrictions that are holding back performance and by proposing actions to be taken that are judged to be appropriate to resolve them.	<b>YES</b> (see paragraph 4.1.3.-1 of this report)
2.1.1.2.	Companies shall set up internal control systems to efficiently detect risks relating to the Company's activity, in order to protect its assets and keep its corporate governance transparent.	<b>YES:</b> these systems are in place and are further described in this report (see paragraph 4.1.3.-4 of this report)

## 4.1 Corporate governance report (continued)

2.1.1.3.	The Board of Directors and Statutory Audit Board shall establish internal regulations, which shall be disclosed on the Company's website.	<b>YES:</b> these internal regulations are available on our website (see paragraph 4.1.3.-6 of this report)
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<b>2.1.2. Incompatibility and Independence</b>		
2.1.2.1.	The Board of Directors shall include a sufficient number of non-executive members to ensure that there is the capacity to effectively supervise, audit and assess the activity of the executive members.	<b>YES:</b> out of total of 12 members, there are seven non-executive members on Sonaecom's Board of Directors (see paragraph 4.1.3.-1 of this report)
2.1.2.2.	Non-executive members shall include an adequate number of independent members, taking into account the size of the Company and its shareholder structure, but this shall never be less than one quarter of the total number of Board members.	<b>YES:</b> there are currently three independent non-executive members on our Board of Directors (corresponding to one quarter of the total number of Board members) (see paragraph 4.1.3.-6 of this report)
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<b>2.1.3. Eligibility Criteria for Appointment</b>		
2.1.3.1.	Depending on the governance model adopted, the Chairman of the Statutory Audit Board, or of the Board Audit Committee or of the Financial Matters Committee shall be independent and possess the necessary skills to perform their duties.	<b>YES:</b> compliance with legal requirements on independence and necessary skills for the members of our Statutory Audit Board is confirmed through specific questionnaires implemented by Sonaecom (see paragraph 4.1.3.-12 of this report)
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<b>2.1.4. Policy on the Reporting of Irregularities</b>		
2.1.4.1.	The Company shall adopt a policy of reporting any irregularities that have allegedly occurred, which includes the following information: i) the means through which any 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 this be requested by the reporter.	<b>YES:</b> Sonaecom has adopted a policy that fully meets this recommendation (see paragraph 4.1.3.-22 of this report)
2.1.4.2.	General guidelines from this policy should be disclosed in the Corporate Governance Report.	<b>YES:</b> Sonaecom discloses the general guidelines in this report and on our website (see paragraph 4.1.3.-22 of this report)
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<b>2.1.5. Remuneration</b>		
2.1.5.1.	The remuneration of the members of the Board of Directors shall be structured to be aligned with the interests of the shareholders. In this sense: i) The remuneration of Directors carrying out executive duties should include a variable component based on performance linked to a performance assessment that shall be carried out periodically by the governance body or committee appointed for this purpose; ii) the variable component shall be consistent with the maximisation of the long-term performance of the Company, and shall be dependent on sustainability of the variables adopted to measure performance; iii) non-executive members of the Board of Directors shall only receive fixed remuneration, unless the legal requirements dictate otherwise.	<b>YES:</b> Sonaecom believes that alignment with the interests of the shareholders is ensured and this recommendation is fully met (see paragraphs 4.1.3.-18, 4.1.3.-20 and 4.1.4.-10 of this report)

## 4.1 Corporate governance report (continued)

- 2.1.5.2. The Shareholders' Remuneration Committee and the Board of Directors shall present to the Shareholders' Annual General Meeting a statement of the remuneration policy applied to the Statutory Governing Bodies (including the Board of Directors and Statutory Audit Board), as well as to other persons discharging managerial responsibilities ('Dirigentes') as defined in Article 248<sup>o</sup>-B, Clause 3 of the Portuguese Securities Code. The information to shareholders shall include the criteria and main indicators proposed to be used in assessing performance and determining the variable component, independently of whether this is in the form of bonuses paid in shares, share options, annual bonuses or other awards.
- YES:** A clear statement of remuneration policy was approved by the 2008 Shareholders' Annual General Meeting
- 2.1.5.3. At least one representative of the Shareholders' Remuneration Committee shall be present at the Shareholders' Annual General Meeting ('AGM').
- YES:** A representative of the Shareholders' Remuneration Committee has been present at the AGM
- 2.1.5.4. A proposal shall be submitted to the Shareholders' General Meeting to approve plans to grant shares and/or share options or award compensation based on variations in share prices, to members of the Statutory Governing Bodies (including the Board of Directors and Statutory Audit Board), as well as to other persons discharging managerial responsibilities ('Dirigentes') as defined in Article 248<sup>o</sup>-B, Clause 3 of the Portuguese Securities Code. The proposal shall include all information necessary for a comprehensive assessment of the plan. The proposal shall be presented together with the regulation that governs the plan or if this has not yet been prepared, the general conditions that will be applied. Similarly, the main characteristics of any retirement benefit plan that benefits the Statutory Governing Bodies (including the Board of Directors and Statutory Audit Board), as well as other persons discharging managerial responsibilities ('Dirigentes') as defined in Article 248<sup>o</sup>-B, Clause 3 of the Portuguese Securities Code, shall also be approved at a Shareholders' General Meeting.
- YES:** The Sonaecom Medium Term Incentive Plan ('MTIP') was approved at the 2007 Shareholders' General Meeting. No retirement benefit plans are in place.  
(see paragraph 4.1.4.-10 of this report)
- 2.1.5.5. The remuneration of the members of the Statutory Governing Bodies (including the Board of Directors and Statutory Audit Board) shall be individually disclosed on an annual basis. Fixed and variable components must be disclosed separately, when applicable, as well as any other remuneration received from other companies within the same Group or from companies controlled by shareholders with qualifying share holdings.
- NO,** but substantial compliance: Individual disclosure is only made for the Chairman and CEO. However, CMVM have assessed our disclosure as compliant  
(see explanation in paragraph 4.1.1.-3 and paragraph 4.1.3.-20 of this report)
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- 2.2. Board of Directors**
- 2.2.1. Within the limits established by Portuguese Company Law for each management and audit governance structure, and unless the Company is restricted by its size, the Board of Directors shall delegate the day-to-day running of the Company and the powers and terms of the delegation should be set out in the Corporate Governance Report.
- YES:** the day-to-day running of the Company is delegated to an Executive Committee  
(see paragraphs 4.1.3.-3 of this report)
- 2.2.2. The Board of Directors shall ensure that the Company acts in accordance with its objectives, and should not delegate its own responsibilities, including: i) definition of the Company's strategy and general policies; ii) definition of the corporate structure of the Group; and iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.
- YES:** Such responsibilities are not delegated  
(see paragraphs 4.1.3.-3 of this report)
- 2.2.3. Should the Chairman of the Board of Directors have an executive role, the Board of Directors shall set up efficient mechanisms to co-ordinate the work of the non-executive members, to ensure that they may take decisions in an independent and informed manner, and shall also explain these mechanisms to the shareholders in the Corporate Governance Report.
- YES:** The Chairman of the Board of Directors does not have an executive role  
(see paragraph 4.1.3.-9 of this report)

## 4.1 Corporate governance report (continued)

2.2.4.	The Annual Management Report shall include a description of the activity carried out by the non-executive Board Members and shall, in particular, report any restrictions that they encountered.	<b>YES:</b> this description is included in Section 3 of the Annual Management Report
2.2.5.	The governing body responsible for management (Board of Directors) should promote the rotation of the Board member responsible for financial matters (CFO) at least at the end of every two mandates.	<b>NO</b> (see paragraph 4.1.1.-3 of this report)
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2.3.	<b>Chief Executive Officer ('CEO'), Executive Committee and Executive Board of Directors</b>	
2.3.1.	When Directors, who carry out executive duties are requested by other Board Members to supply information, they shall provide answers in a timely manner with information that adequately responds to the request made.	<b>YES:</b> Sonaecom Executive Directors meet this recommendation
2.3.2.	The Chairman of the Executive Committee shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the Board of Directors and, when applicable, to the Chairman of the Statutory Audit Board or the Audit Committee.	<b>YES:</b> the Chairman of the Executive Committee meets this recommendation
2.3.3.	The Chairman of the Executive Board of Directors shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee.	<b>Not applicable:</b> Sonaecom has not adopted this governance model
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2.4.	<b>General and Supervisory Board, Financial Matters Committee, Audit Committee and Statutory Audit Board</b>	
2.4.1.	In addition to fulfilling its supervisory and verification roles, the General and Supervisory Board shall fulfil a role of advisor, as well as monitor and continually assess the management of the Company by the Executive Board of Directors. Amongst the other matters on which the General and Supervisory Board should opine are the following: i) definition of the strategy and general policies of the Company; ii) the corporate structure of the Group; and iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.	<b>Not applicable:</b> Sonaecom has not adopted this governance model
2.4.2.	The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall be disclosed on the Company's website together with the financial statements.	<b>YES:</b> the annual report of the Statutory Audit Board is disclosed in this way on Sonaecom's website
2.4.3.	The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall include a description of the supervisory and verification work completed and shall, in particular, report any restrictions that they encountered.	<b>YES:</b> the Statutory Audit Board's report includes such a description
2.4.4.	The Financial Matters Committee, the Audit Committee or the Statutory Audit Board (depending on the governance model adopted) shall represent the Company, for all purposes, in the relationship with the external auditor. This shall include proposing who will provide this service, their respective remuneration, and ensuring that the Company provides adequate conditions to allow them to deliver their service, as well as acting as the point of contact with the Company and being the first recipient of their reports.	<b>YES:</b> Sonaecom fully complies with Portuguese Company Law in terms of the role and functioning of the Statutory Audit Board. The Statutory Audit Board liaises with the Board Audit and Finance Committee in this area as described later in this report
2.4.5.	The Financial Matters Committee, the Audit Committee or the Statutory Audit Board (depending on the governance model adopted), shall assess the external auditor on an annual basis and propose to the Shareholders' General Meeting that the external auditor should be discharged, should justifiable grounds exist.	<b>YES:</b> the Statutory Audit Board makes this annual assessment

## 4.1 Corporate governance report (continued)

<b>2.5. Special Purpose or Specialised Committees</b>		
2.5.1.	Unless the Company is restricted by its size, the Board of Directors and the General and Supervisory Committee, depending on the governance model adopted, shall set up the necessary Committees in order to: i) ensure that a robust and independent assessment of the performance of the Executive Directors is carried out, as well as of its own overall performance and including the performance of all existing Committees; and ii) consider the governance system adopted, assess its efficiency and propose to the relevant bodies measures to make improvements.	<b>YES:</b> Board Audit and Finance Committee and, specially, the Board Nomination and Remuneration Committee were set up for these purposes (see paragraph 4.1.3.-3 of this report)
2.5.2.	Members of the Shareholders' Remuneration Committee or alike, shall be independent from the Members of the Board of Directors.	<b>YES</b> – in substance: see explanations below in respect of the effective independence of Paulo Azevedo (see paragraph 4.1.1.-3 of this report)
2.5.3.	All Committees shall draw up minutes of the meetings they hold.	<b>YES:</b> our Board committees draw up minutes
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<b>3. INFORMATION AND AUDITING</b>		
<b>3.1. General Disclosure Requirements</b>		
3.1.2.	Companies shall ensure that permanent contact is maintained with the market, upholding the principle of equal treatment for all shareholders and avoiding any asymmetry in the access to information by investors. To achieve this, the Company shall set up an Investor Relations Office.	<b>YES:</b> Sonaecom has set up an Investor Relations Office (see paragraph 4.1.4.-12 of this report)
3.1.3.	The following information disclosed on the Company's Internet website, shall be available in English: <ul style="list-style-type: none"> <li>a) The Company, its listed company status, registered office and the remaining information set out in Article 171 of Portuguese Company Law;</li> <li>b) Articles of Association;</li> <li>c) Identification of the members of the Statutory Governing Bodies and of the Representative for Relations with the Market;</li> <li>d) Investor Relations Office — its functions and contact details;</li> <li>e) Financial Statements;</li> <li>f) Half-Yearly Calendar of Company Events;</li> <li>g) Proposals presented to Shareholders' General Meetings; and</li> <li>h) Notices convening Shareholders' General Meetings.</li> </ul>	<b>YES:</b> all of this information is available in English on our website

### 4.1.1 - 3) CMVM Recommendations compliance

As at 31 December 2008, Sonaecom was fully compliant with all CMVM's Recommendations on Corporate Governance, with the exception of the following:

- Recommendation 1.4.1. (quorum): Sonaecom does not agree with this recommendation, as we do not consider that it is good governance to allow a Shareholders' General Meeting to be convened and pass valid resolutions, in first session, when only one share may be represented, as is possible for certain resolutions under Portuguese Company Law. Sonaecom believes that a substantial minimum quorum encourages shareholder engagement without risking blocking decision making, given that there is no minimum quorum when a General Meeting reconvenes in second session. - Recommendation 1.5.1. (AGM minutes): The minutes of the Shareholders' General Meetings have not been made available on Sonaecom's website, but we intend to comply with this recommendation as from the 2009 Shareholders' Annual General Meeting.

- Recommendation 2.1.5.5. (individual disclosure of remuneration): Sonaecom agrees that the remuneration of its Board of Directors should be disclosed in a transparent manner, allowing for a clear understanding of the values involved and their distribution. However, Sonaecom continues to consider that individual disclosure for the Chairman and the CEO, together with separate averages and bands for the remaining Non-Executive and Executives Directors is sufficient to assess each of the four main components of remuneration of its Board. Disclosure of the individual figures for every member of the Board of Directors is not the current general practice in Portugal and Sonaecom believes it is of marginal additional benefit for shareholders and the financial community. Our disclosure in 2007, which was on the same basis as in this Report for 2008,



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was assessed by the Portuguese Securities Commission (CMVM) as fully compliant, indicating that they are now adopting a more flexible interpretation of their own recommendation.

- Recommendation 2.2.5. (CFO rotation): Sonaecom does not agree with this recommendation, which to the best of our knowledge does not exist in any other international Corporate Governance Code or in any of the Best Practice Guidelines issued by institutional investors or their advisors. We believe that there would be no benefit to shareholders or to the Company from rotating a competent and successful CFO after serving two mandates.

- Recommendation 2.5.2. (independence of the members of the Shareholders' Remuneration Committee), further explanation is needed to support our opinion in relation to this recommendation:

Regarding the independence of the members of the Shareholders' Remuneration Committee, we consider that we are compliant with this recommendation in terms of substance, although formally we do not comply as one of the members of this Committee Duarte Paulo Teixeira de Azevedo is also the Chairman of our Board of Directors. Our opinion is based on the following considerations: (i) Duarte Paulo Teixeira de Azevedo represents our major reference shareholder at the Shareholder's Remuneration Committee in his capacity of CEO of Sonae SGPS, S.A., which is fully consistent with the purpose of this Committee; (ii) he is a Non-Executive Chairman of our Board; (iii) he does not take part in any discussion where a conflict of interest might arise with his role as Chairman of our Board (eg. he does not discuss his own remuneration at Sonaecom, which is decided by the other independent member of our Shareholders' Remuneration Committee); and (iv) additionally, his remuneration at Sonaecom is not a significant value, being approximately 55,000 euros in 2008.

In relation to independence, one further point to stress is that our Board Nomination and Remuneration Committee liaises with our Shareholders' Remuneration Committee to ensure that the latter has all the necessary information to assess the performance of our Directors (especially the Executive Directors), as the Shareholders' Remuneration Committee does not closely monitor their activity throughout the year. This support does not in any way impair the independence of the members of the Shareholders' Remuneration Committee but facilitates the assessments they make and the remuneration decisions they approve on behalf of our shareholders.

### 4.1.1 - 4) Board of Directors assessment of the independence of its members

During 2008, three Independent Non-Executive Directors were elected to Sonaecom's Board of Directors: António Sampaio e Mello, Jean-François René Pontal and Franck Dangeard.

To the best of the Board of Directors' knowledge and belief, the independence of these three non-executive members has not been affected, since their election, by any subsequent events. Such assessment was made by reference to the legal requirements and, specially, as a result of the enquires addressed to them, that have confirmed that these Directors are not associated with any special interest groups connected to Sonaecom nor are they affected by any circumstance which might threaten the independence of their analysis or restrict their decision making capabilities.

Sonaecom considers David Hobley to be an Independent Non-Executive Board member, as he effectively acts as such. His nomination was based on a proposal presented by Sonae SGPS (and not by France Télécom) and his independence was assessed and accepted by Sonaecom's Board Nomination & Remuneration Committee prior to his election. However, David Hobley is not formally classified as Independent, due to the fact that he also serves as an Independent Non-Executive Director within the France Telecom Group, which owns a 20% stake in Sonaecom.

### 4.1.2. Shareholders' General Meeting

#### 4.1.2 - 1) Board of the Shareholders' General Meeting

João Augusto Esmeriz Vieira de Castro	Chairman
António Agostinho Cardoso da Conceição Guedes	Secretary

#### 4.1.2 - 2) Mandates

The current mandate of the members of the Board of the Shareholders' General Meeting covers the period from 2008 to 2011.

#### 4.1.2 - 3) Remuneration

The Chairman of the Shareholders' General Meeting receives a fixed annual fee of 5,000 euros and the Secretary a fixed annual fee of 1,500 euros.

## 4.1 Corporate governance report (continued)

### 4.1.2 - 4) Blocking of shares

The Shareholders' General Meeting is composed of shareholders with the right to vote based on shares they own or equivalent subscription rights which, within the five working days period prior to the General Meeting, have provided confirmation of ownership to the Company.

### 4.1.2 - 5) Rules applicable to the blocking of shares in case of suspension of the General Meeting

The Articles of Association of the Company do not provide for the possibility of a suspension and this has never happened in the past. However, 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 is maintained until the meeting is resumed; if the suspension period exceeds five working days, only a five working days period for share-blocking will be required.

### 4.1.2 - 6) Number of shares corresponding to one vote

Each share corresponds to one vote.

### 4.1.2 - 7) Statutory rules on exercising the right to vote

Shareholders may attend a Shareholders' General Meeting in person or by representation. Individual shareholders may be represented by any person they may choose, 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 also be represented at Sonaecom's Shareholders' General Meetings by a person designated by means of a letter addressed to the Chairman of the Board of the Shareholders' General Meetings. The authenticity of these letters is subject to scrutiny by the Chairman of Sonaecom's Board of the Shareholders' General Meeting. The Shareholders' General Meetings may take place as long as shareholders representing a minimum of 50% of the share capital of the Company are present or represented.

### 4.1.2 - 8) Postal voting

Postal voting is allowed regarding all proposals for discussion and decision at a Shareholders' General Meeting, according to the terms and conditions set forth in the Company's Articles of Association. The Chairman of the Board of the Shareholder's General Meeting is responsible for the authenticity and confidentiality of such votes.

### 4.1.2 - 9) Form used for postal voting

Printed postal voting bulletins are available and may also be downloaded from Sonaecom's website.

### 4.1.2 - 10) Deadline for receiving postal votes

Postal voting bulletins must be received at least three days before the Shareholders' General Meeting at the Company's Registered Office by means of registered mail and must be addressed to the Chairman of the Board of the Shareholder's General Meeting.

### 4.1.2 - 11) Electronic voting

Electronic voting is not yet contemplated under Sonaecom's Articles of Association.

### 4.1.2 - 12) Approval of remuneration policy and assessment of the management and audit of the Company

The Shareholders' Remuneration Committee (elected by the Shareholders' General Meeting) is responsible for approving the remuneration and other compensation of members of Sonaecom's Statutory Governing Bodies, including Executive and Non-Executive Directors, following the remuneration and other compensation policies already approved by shareholders at Shareholders' General Meetings.

As required by the Portuguese Company Law, the agenda for each AGM includes a point covering the assessment of the management and audit of the Company, under which the shareholders have the opportunity to make this assessment.

### 4.1.2 - 13) Defensive measures in case of change of control or changes in the Board of Directors

None of the so-called defensive measures exist.

### 4.1.2 - 14) Agreements with ownership clauses

A change in control of Sonaecom would determine the possibility of termination, by France Télécom, of the Strategic Partnership Agreement entered into on 9 June 2005, which was renewed on 24 October 2008.

### 4.1.2 - 15) Agreements with members of the Board of Directors and other persons discharging managerial responsibilities ('Dirigentes') in case of termination of the mandate

There are no agreements between the Company and any of its Directors or other persons discharging managerial responsibilities that provide any compensation in the event of termination of their employment agreements as a consequence of a takeover bid. In case of dismissal from office of any of the Directors of the Company, it is the policy of Sonaecom Group



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to pay the compensation required by the Law and each particular case may impose a different amount that is deemed fair by both parties. Directors of the Company do not receive any additional compensation and the applicable criteria are the same as those used with all employees.

### 4.1.3. Management and auditing bodies

#### 4.1.3 - 1) Identification and Composition

On 2 May 2007, the Shareholders' General Meeting approved, under the amended terms of the Portuguese Company Law, a new corporate governance structure with a management body and two statutory auditing bodies: the Statutory Audit Board and the Statutory External Auditor.

This new corporate governance structure did not cause any constraints to the normal functioning of the management and auditing bodies. The Statutory Audit Board exercised its supervisory powers, having received all the required support from the Board to that effect, and with full coordination with the External Auditor, namely for the drawing up of its annual report on the supervision of Sonaecom and issuing of a statement on Sonaecom's annual report, accounts and proposals presented by the management.

The Statutory Audit Board also exercised its powers and duties with reference to the Statutory External Auditor, having proposed its appointment at the abovementioned Shareholders' General Meeting.

In 2008, the Board of Directors approved a proposal for completing a new Board Self Assessment ('BSA') in which Sonaecom would assess both the Board as a whole and the individual contribution of each Board member. The process was headed by an external independent consultant from the London Business School, Professor Rob Goffee, who had already carried out a similar process in 2005. The BSA summary report showed that significant improvements had been achieved since 2005 and that the Board exceeded the benchmarks from similar assessment in many areas. However, a number of aspects were identified that can be improved and a workgroup has been formed and a number of follow-up actions are currently being finalised and prepared for implementation.

## BOARD OF DIRECTORS

### Composition

Under Sonaecom's Articles of Association, the Board of Directors may be composed of any number of members between three and 12, elected at a Shareholder's General Meeting. Board mandates are of four years, with the possibility of re-election. The current Board mandate covers the period from 2008 to 2011. The Board of Directors shall elect its Chairman.

#### Board of Directors

Duarte Paulo Teixeira de Azevedo	Chairman
António Sampaio e Mello	Independent Non-Executive
David Charles Denholm Hobley	Non-Executive <sup>1</sup>
Gervais Gilles Pellisser	Non-Executive
Jean-François René Pontal	Independent Non-Executive
Franck Dangeard	Independent Non-Executive
Nuno Manuel Jordão	Non-Executive
Angelo Gabriel Ribeirinho dos Santos Paupério	Executive – CEO
Luís Filipe Campos Dias Reis	Executive
George Christopher Lawrie	Executive
Maria Cláudia Teixeira de Azevedo	Executive
Miguel Nuno Santos Almeida	Executive

Sonaecom's Board of Directors exhibits a healthy balance between the total number of Non-Executive Directors and the number of Independent Non-Executive Directors.

## STATUTORY AUDIT BOARD ('CONSELHO FISCAL')

### Composition

Sonaecom's Statutory Audit Board is composed of the following members:

<sup>1</sup> See point 4.1.1 – 4) above.

## 4.1 Corporate governance report (continued)

### Statutory Audit Board

Arlindo Dias Duarte Silva	Chairman
Armando Luís Vieira de Magalhães	Member
Óscar José Alçada da Quinta	Member
Jorge Manuel Felizes Morgado	Substitute

### STATUTORY EXTERNAL AUDITOR

#### Composition

Sonaecom's Statutory External Auditor is Deloitte & Associados, SROC, S.A. represented by Jorge Manuel Araújo de Beja Neves, who may be substituted, if required, by João Luís Falua Costa da Silva.

### SHAREHOLDERS' REMUNERATION COMMITTEE

#### Composition

Sonae SGPS, S.A represented by	Duarte Paulo Teixeira de Azevedo <sup>(1)</sup>
Sontel, BV, represented by	Bruno Walter Lehmann <sup>(2)</sup>

(1) CEO of Sonae, SGPS, S.A.

(2) Partner – Egon Zehnder International

### COMPANY SECRETARY

#### Composition

Sonaecom's Secretary is Filipa Santos Carvalho, who may be substituted, if required, by Pedro Teixeira Sá.

#### 4.1.3 - 2) Other committees with management and auditing competencies

In order to improve the operational efficiency of the Board and to meet best practices in Corporate Governance, Sonaecom's Board has created three Board Committees: the Executive Committee, the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee.

### EXECUTIVE COMMITTEE

#### Composition

Under Sonaecom's Articles of Association, the Executive Committee is selected from the members of the Board of Directors. The Group's CEO, COO and CFO and the two other Executive Directors comprise the Executive Committee. The Executive Committee's meetings are also attended by the other members of the Executive Management Team, including the Advisors to the Board of Directors, who are identified below:

#### Executive Management Team

Angelo Gabriel Ribeirinho dos Santos Paupério	Executive - CEO
Luís Filipe Campos Dias Reis	Executive Director – COO
George Christopher Lawrie	Executive Director – CFO
Maria Cláudia Teixeira de Azevedo	Executive Director – SSI and Media
Miguel Nuno Santos Almeida	Executive Director – Chief Marketing and Sales Officer
António Lobo Xavier	Advisor to the Board – Legal, Regulation, PR, Fiscal
Pedro Ramalho Carlos	Advisor to the Board – Corporate and Wholesale

### BOARD AUDIT AND FINANCE COMMITTEE

#### Composition

Sonaecom's Board Audit and Finance Committee ('BAFC') consists of three members who are appointed by and from among the members of the Board. The fourth member is the Board and Corporate Governance Officer. The Committee currently includes three Non-Executive Directors, two of whom are independent, and is chaired by an Independent Non-Executive Director.

#### Board Audit and Finance Committee

Jean-François René Pontal	Chairman – Independent Non-Executive Director
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## 4.1 Corporate governance report (continued)

António Sampaio e Mello	Independent Non-Executive Director
David Charles Denholm Hobley	Non-Executive Director <sup>1</sup>
David Graham Shenton Bain	Board and Corporate Governance Officer

### BOARD NOMINATION AND REMUNERATION COMMITTEE

#### Composition

Sonaecom's Board Nomination and Remuneration Committee ('BNRC') consists of three members and includes the Chairman of the Board of Directors and two Independent Non-Executive Directors. The current composition is shown in the table below.

#### Board Nomination and Remuneration Committee

Duarte Paulo Teixeira de Azevedo	Chairman – Non-Executive
Jean-François René Pontal	Independent Non-Executive
Franck Emmanuel Dangeard	Independent Non-Executive

### BOARD AND CORPORATE GOVERNANCE OFFICER

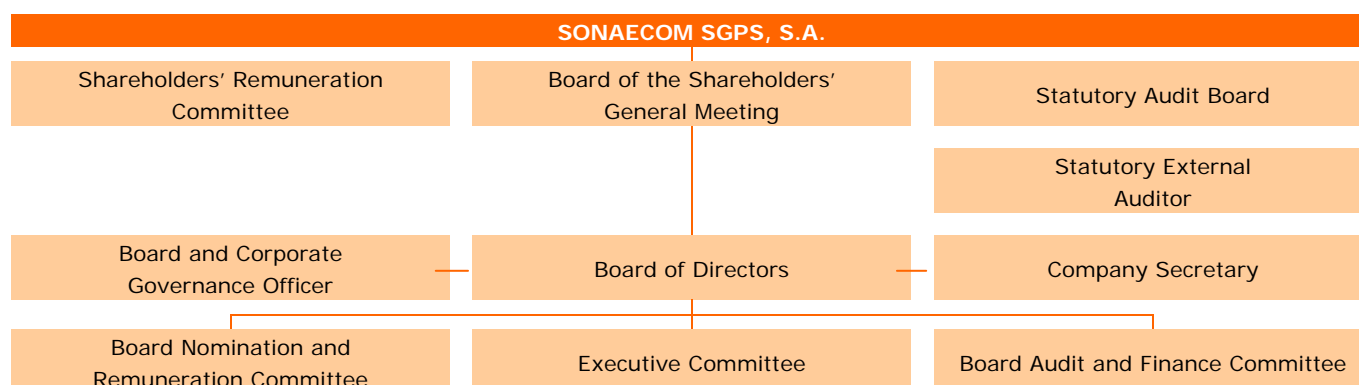
#### Composition

Sonaecom's Board and Corporate Governance Officer ('BCGO') is David Graham Shenton Bain.

#### 4.1.3 - 3) Corporate Structure Organisation – Roles and Competencies

Sonaecom's corporate governance structure sets out clearly the roles, duties and responsibilities of its different Governing Bodies.

### SONAECOM'S GOVERNING BODIES



#### Board of Directors

The Board of Directors is responsible for assuring the management of the Company's business, monitoring risks, managing conflicts of interests and developing the organisation's goals and strategy.

#### Statutory Audit Board

Sonaecom's Statutory Audit Board's main responsibilities consist of auditing the Company's activities and management and supervising and monitoring compliance with the law and with the Company's Articles of Association.

#### Statutory External Auditor

The Statutory External Auditor is responsible for verifying the accounts and all the financial documents of the Company and issuing a legal certification of the accounts and an audit report.

<sup>1</sup> See point 4.1.1 – 4) above.

## 4.1 Corporate governance report (continued)

### Shareholders' Remuneration Committee

The Committee is responsible for approving the remuneration and other compensation of members of Sonaecom's Board of Directors and of its other Statutory Governing Bodies, on behalf of the shareholders, in accordance with the remuneration and other compensation policies approved by shareholders at a Shareholders' General Meeting.

### Company Secretary

The Company Secretary is responsible for:

- (i) Keeping the formal minute books and attendance lists at Shareholders' General Meetings;
- (ii) Forwarding the legal documentation to convene Shareholders' General Meetings;
- (iii) Supervising the preparation of supporting documentation for the Shareholders' General Meetings and meetings of the Board of Directors and preparing the respective formal minutes;
- (iv) Responding to shareholders' requests for information within the scope of the law; and
- (v) Legal registration of any act or resolutions of the Company's Statutory Governing Bodies.

### Executive Committee

The Executive Committee may deliberate on matters that relate to general management and not on matters that are exclusively of the competence of the Board of Directors. The Executive Committee is conferred the powers and responsibility to manage and execute Sonaecom's day-to-day operations, except as follows:

- (i) to appoint the Chairman of the Board;
- (ii) to co-opt a substitute to replace a member of the Board;
- (iii) to convene Shareholders' General Meetings;
- (iv) to approve the Annual Report and Accounts;
- (v) to grant any pledge, guarantee or charge over Sonaecom's assets, if those are in excess of an accumulated value of 500,000 euros in any financial year;
- (vi) to decide to change the registered office or to approve any share capital increases;
- (vii) to decide on mergers, de-mergers, modifications to the corporate format and any other projects relating to association with other legal entities to form new companies;
- (viii) to approve Sonaecom Group's Business Plan and Annual Budget;
- (ix) to define the key features of personnel compensation policies, including stock incentive plans and variable compensation plans applicable to Executives (Sonaecom Group Management Levels G3 and above), in areas that do not require decisions from the Shareholders' Remuneration Committee ('Comissão de Vencimentos') or deliberations at Shareholders' General Meetings;
- (x) to define or change major accounting policies of any company included in the consolidation perimeter of the Group;
- (xi) to approve Sonaecom's quarterly Accounts and half year Report and Accounts;
- (xii) to sell, acquire directly or by long-term lease or transact, in any other way, investments classified as tangible fixed assets where the individual transaction value is in excess of 1,000,000 euros, unless covered by the Group's Annual Budget or Business Plan duly approved by the Board;
- (xiii) to purchase or subscribe for new shares in the share capital of any subsidiary companies where the accumulated amount exceeds 5,000,000 euros in any financial year, unless covered by the Group's Annual Budget or Business Plan duly approved by the Board;
- (xiv) to invest in any other companies or in other financial assets when the accumulated value is in excess of 1,000,000 euros in any financial year, unless covered by the Group's Annual Budget or Business Plan duly approved by the Board;

## 4.1 Corporate governance report (continued)

- (xv) to make any other financial investments which exceed the accumulated amount of 1,000,000 euros in any financial year, unless covered by the Group's Annual Budget or Business Plan duly approved by the Board; and
- (xvi) to dispose of assets or make other divestments, if such transaction has a significant effect on Sonaecom's operating results (defined as equal or greater than 5%) or affects the jobs of more than 100 employees, unless covered by the Group's Annual Budget or Business Plan duly approved by the Board.

To ensure that the Board of Directors is kept well informed by the Executive Committee, all significant decisions taken by the Executive Committee are systematically extracted from the minutes of their meetings and are reported, in writing, to the Board of Directors.

### Board Audit and Finance Committee ('BAFC')

The BAFC operates under Terms of Reference approved by the Board and is responsible for monitoring and supervising Sonaecom's financial reporting processes, reviewing accounting policies and for evaluating risk associated with its activities on behalf of the Board, and additionally for overseeing Corporate Governance within the Company. The BAFC also meets directly with the Group's Statutory External Auditors and the Internal Audit Team. In particular, the duties of the BAFC are:

- (i) to review the Company's annual and interim financial statements and reports to the market, and reporting its findings to the Board, before these documents are approved or signed by the Board;
- (ii) to advise the Board on its reports to shareholders and financial markets to be included in the Company's annual and half-year Accounts and in the quarterly Earnings Announcements;
- (iii) to advise the Board on the adequacy and appropriateness of internal information provided by the Executive Committee, including systems and standards on internal business controls applied by the Executive Committee;
- (iv) to advise the Board on the appointment of, the assignments to and the remuneration of the Statutory External Auditor and also on the appointment of the Internal Audit Manager; and
- (v) to review the scope of the Internal Audit Function and its relation to the scope of the Statutory External Audit and discuss with the Statutory External Auditor and Internal Auditor Manager their intermediate and year-end reports, as well as their reports on internal control, and advise the Board thereon.

The full Terms of Reference of the BAFC are available on the Company's website ([www.sonae.com](http://www.sonae.com)).

Sonaecom's BAFC reports in writing, on a regular basis, to the Board of Directors concerning the work accomplished, results obtained and concerns identified, thus ensuring the effectiveness of the committee's work.

### Board Nomination and Remuneration Committee ('BNRC')

The BNRC operates under Terms of Reference approved by Sonaecom's Board and is responsible for identifying candidates for appointment to the Board of Directors or Senior Management positions within the Group, for supervising the preparation of proposals on remuneration and other compensation on behalf of the Board of Directors, for the succession planning and for monitoring Sonaecom's talent management and contingency planning processes. The BNRC reports in writing to the Board, whenever necessary, and liaises with Sonaecom's Shareholders' Remuneration Committee ('Comissão de Vencimentos') to obtain their approval, on behalf of shareholders, for the remuneration and other compensation of the Board of Directors and other Statutory Governing Bodies. The BNRC may receive assistance from external entities, which are required to ensure absolute confidentiality in relation to all the information obtained.

The full Terms of Reference of the BNRC are available on the Company's website ([www.sonae.com](http://www.sonae.com)).

### Board and Corporate Governance Officer ('BCGO')

The BCGO reports to the Board of Sonaecom as a whole, through the Chairman, and also, when appropriate, through the senior independent Non-Executive Director.

In particular, the main duties of the BCGO are:

- (i) Ensuring the smooth running of the Board and Board Committees;
- (ii) Participating in Board Meetings and relevant Board Committee Meetings and, when appointed, serving as a member;

## 4.1 Corporate governance report (continued)

- (iii) Facilitating the acquisition of information by all Board and Committee members;
- (iv) Supporting the Board in defining its role, objectives and operating procedures; Taking a leading role in organising Board evaluations and assessments;
- (v) Keeping under close review all Legislative, Regulatory and Corporate Governance issues; Supporting and challenging the Board to achieve the highest standards in Corporate Governance;
- (vi) Ensuring that the concept of stakeholders and the need to protect minority interests are in the Board's mind when important business decisions are being taken;
- (vii) Helping to ensure that the procedure to nominate and appoint Directors is properly carried out and assist in the induction of new Board Members;
- (viii) Acting as a primary point of contact and source of advice and guidance for, particularly, Non-Executive Directors as regards the Company and its activities; Facilitating and supporting the Independent Non-Executive Directors in the assertion of their 'independence';
- (ix) Helping to ensure compliance with the continuing obligations of the Portuguese Listing Rules;
- (x) Participating in making arrangements for and managing the whole process of Shareholders' General Meetings;
- (xi) Participating in the arrangement of insurance cover for Directors and Officers; and
- (xii) Participating, on behalf of the Company, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.

The full job description of the BGCO is available on the Company's website ([www.sonae.com](http://www.sonae.com)).

### 4.1.3 - 4) Risk control

Sonaecom is committed to developing and maintaining best practice risk management policies and believes this to be one of the foundations of sound Corporate Governance. Accordingly, given that risk is embedded in all management processes, all managers at the various levels of the organisation are conscious of and responsible for managing their specific risks.

The management and monitoring of Sonaecom's main risks is achieved through the following key approaches:

Aligning the risk management cycle with the strategic planning cycle at all Sonaecom subsidiaries, allowing Sonaecom to prioritise and identify critical risks that might compromise its performance and goals and to take actions to manage those risks, within defined acceptable levels, namely through constant monitoring and by implementing corrective measures.

Implementing an internal business continuity management process to reduce the risk of business interruption, caused by disasters or technical and operating failures (see picture below). This scope also includes the assessment and management of physical security risks at critical sites.

Setting in place risk management cycles/processes, allowing Sonaecom to mitigate critical risks that can affect processes, areas or entities, positioning them at the levels required by the management.

The diagrams bellow illustrate the main phases included in Sonaecom's risk management policies, which apply to all businesses units in its portfolio.



## 4.1 Corporate governance report (continued)

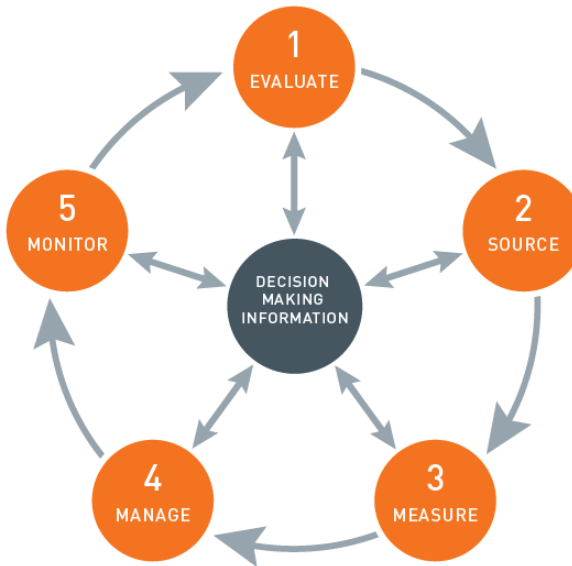
### RISK MANAGEMENT CYCLE APPROACH

#### 5 Monitor Risks:

- Monitor action plan execution progress
- Monitor changes in risk indicator values
- Report progress

#### 4 Manage Risks:

- Identify and determine risk management options
- Establish action plans to manage risk
- Integrate risk management action plans into business plans



#### 1 Identify Business Risks:

- Identify relevant business risks
- Prioritise business risks

#### 2 Source Drivers:

- Identify critical business risk drivers
- Define critical risks key drivers
- Identify key drivers triggers
- Define key triggers (vital and manageable)

#### 3 Triggers Measurement:

- Determine trigger indicators
- Select risk indicators
- Measure indicators actual value against target value

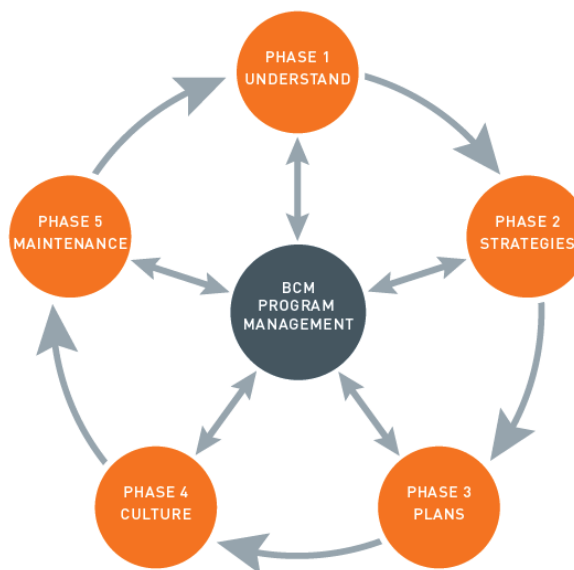
### BUSINESS CONTINUITY MANAGEMENT APPROACH

#### Phase 5: Maintain, Test and Audit BCM

- Updated Plans maintenance
- Plans testing and simulation
- BCM Processes auditing

#### Phase 4: Communication and implementation of BCM culture

- Employees communication and training
- BCM Culture implementation



#### Phase 1: Business understand

- Business impact analysis
- Risk assessment
- BCM focus

#### Phase 2: Definition of BCM strategies

- Recovery strategies identification and characterization
- Definition of actions to manage risks
- Advantages/disadvantages analysis for each strategy

#### Phase 3: Development and implementation of BCM Plans

- Corporate crisis management plan
- Business continuity plans
- Continuity solutions development and implementation

## 4.1 Corporate governance report (continued)

### ACTIONS UNDERTAKEN

#### Management of Sonaecom's corporate risks

During 2008, within the area of managing the Group's corporate risks, we have updated Sonaecom's telecommunication unit risk mapping, with the involvement of all the relevant areas.

#### Business continuity management

During 2008, Sonaecom continued to focus on the development and consolidation of the business continuity management process. In this respect, Sonaecom undertook several actions, some of which will only be finalised during 2009, including:

- Based on business impact analysis and risk assessment of our Telco business, the business continuity focus was further developed and strategies were implemented in order to set risks at the appropriate levels, as defined by management. Following these actions, the development and updating of continuity plans will be performed during 2009 according to a cost/benefit orientation. A detailed impact analysis model, considering systems and network platforms, was developed with the purpose of estimating the value at risk in the main technical sites;
- Crisis management was further refined, with the aim of addressing the main risk scenarios, such as human resources failure, natural catastrophes or technical failures. The implementation and testing of an effective crisis management process will be further developed during 2009;
- Plans to address the risk of pandemic flu continued to be developed, focusing on the identification of remote access solutions and on the definition of human resources and required communication policies; and
- A high level business continuity maintenance process was defined and the process implementation across our telecommunication companies will be achieved during 2009. Pursuing our practice of assessment and management of physical security risks, diagnoses were made at certain facilities that are critical for business continuity purpose (for example, switching centres and call centres). The strands analysed were fire, flood and intrusion security, as well as organisational security procedures.

#### Customer information and security

The definition and implementation of a strategy for customer awareness and protection regarding the efficient, secure and optimised use of IP/data services is still under development, with following key achievements during 2008:

- Our broadband brands (Clix and Kanguru) already provide a commercial offer of security solutions;
- Clix will launch a site dedicated to security awareness during first quarter 2009 and Optimus will do the same during the remainder of the year; and
- A dedicated security channel for incident communications has been created to provide adequate responses to 'phishing' activity, e-mail spam, malware and illegal content.

#### Telecommunications Revenue Assurance

Throughout 2008, supported by the 'RAID' system (a leading application developed by We Do Technologies), our telecommunications businesses have continued to improve revenue assurance and monitoring, with the following key objectives:

- Detect any register loss between customer handset usage and invoicing;
- Mitigate the quality of service loss or deterioration caused by integrity breaches; and
- Prevent income loss arising from the implementation of new products and services.

This platform is already prepared to include our fixed-mobile convergence offers.

#### Telecommunications fraud

During 2008, fraud management processes and platforms continued to be monitored in order to encompass the various business and technological evolutions. In this respect, it is important to highlight:

- Improvement of Fraud detection procedures;
- Co-ordination with GSM community for a global solution to monitor and detect voice and data fraud schemes occurring in roaming;
- Service risk prevention focus was given to:
  - a. Analysis and diagnosis over the IMS (IP Multimedia Subsystem) to prepare the ground for future fraud management strategy in a convergent and full IP environment;
  - b. Analysis of risks associated with the web phone and enforcement of security actions to prevent fraud; and

## 4.1 Corporate governance report (continued)

- c. Benchmark and exchange of best practices within the industry for SMS abuse through 'faking' and 'spoofing' schemes. During 2008, we started an internal evaluation of potential solutions to be implemented at the level of our network.

Mobile malware threats have been identified and analysed and preventative measures taken to protect the Company and our customers. We have also begun to evaluate the implementation of a future protection strategy based on three different layers: device, network and customer.

### Periodical report

The risk management activities and results are shared in the Sonaec Risk Management Consulting Group, allowing for transfer of knowledge and sharing of best practices.

Quarterly, Sonaecom's Audit and Risk Management team reports to the Board Audit and Finance Committee, presenting a summary of all relevant corporate risks findings. In addition, a follow-up procedure aimed at monitoring the effective adoption of corrective measures for the main findings is implemented on a half-yearly basis.

#### 4.1.3 - 5) Powers of the Board of Directors, notably regarding resolutions on the increase of share capital

As referred to in 3) above, the Board of Directors is responsible for assuring the management of the Company's business, monitoring risks, managing conflicts of interests and developing the organisation's goals and strategy.

Sonaecom's Articles of Association permit the Board to delegate day-to-day Company business, duties and responsibilities, as considered appropriate, to an Executive Committee (as described in more detail under the Executive Committee section) but do not allow the Board to approve share capital increases, which must be approved at a Shareholders' General Meeting.

#### 4.1.3 - 6) Regulations on the functioning of the Company's governing bodies

The terms of reference of the Corporate Bodies and the established Committees are available on the Company's website. There is neither an internal definition of incompatibilities nor a maximum number of offices held by members of the Board of Directors in other companies.

#### 4.1.3 - 7) Rules applicable to the nomination and substitution of the members of the Board of Directors and Statutory Audit Board

Members of the Board of Directors and of the Statutory Audit Board are elected and removed by the Shareholders' General Meeting, without prejudice to legal rules applicable to the appointment of members of the Board of Directors.

According to our Articles of Association, if shareholders representing at least 10% of the share capital of the Company have voted against the successful proposal for the appointment of the members of the Board of Directors, then there will be an election of an additional Director, which will be voted on by the respective minority shareholders, at the same General Meeting, and the Director so elected shall automatically replace the least voted Director from the successful list or, in case of even voting, shall automatically replace the last person mentioned on that list. In these circumstances, should candidates be proposed by more than one group of shareholders, there will be a vote taken to choose between them.

If shareholders representing at least 19% of the share capital of the Company have voted against the successful proposal for the appointment of the members of the Board of Directors, then there will be an election of a second Director, which will be voted only by the shareholders of the second minority, at the same General Meeting, and the Director so elected shall automatically replace the second least voted Director from the successful list or, in case of even voting, shall automatically replace the second last person mentioned on that list. In these circumstances, only shareholders or a group of shareholders holding shares representing more than 19% and less than 30% of the share capital of the Company may propose candidates.

#### 4.1.3 - 8) Number of meetings held

##### Board meetings

Sonaecom's Board of Directors meets at least four times a year, as required by its Articles of Association, and whenever the Chairman or two Board members call for a meeting. During 2008 there were five Board meetings and the attendance rate was 98%.

## 4.1 Corporate governance report (continued)

Sonaecom's Non-Executive Directors ('NED's') also hold separate meetings to discuss their ability to assert their independence within the Board and to make suggestions to improve Board procedures and corporate governance in general. During 2008, there were two NED meetings and the attendance rate was 100%. The NED's have confirmed, at these meetings, that there have been no restrictions on the scope of their activities during 2008.

### Statutory Audit Board meetings

The Statutory Audit Board meets at least once every quarter. There were nine formal Statutory Audit Board meetings during 2008 and the attendance record was 100%.

### Executive Committee meetings

Sonaecom's Executive Committee normally meets at least once every month and whenever the CEO or a majority of its members call for a meeting. There were thirty meetings of the Executive Committee in 2008 and the attendance rate was 93.3%.

### BAFC meetings

The BAFC meets at least five times a year and whenever the Chairman, the Board of Directors, the Executive Committee or, exceptionally, the Statutory External Auditor believe a meeting is necessary. Between meetings, the BAFC follows projects and monitors activity by conference calls. During 2008, the Committee met five times with an attendance rate of 90% and also held four conference calls.

### BNRC meetings

The BNRC meets at least twice a year and whenever the Chairman or the Board of Directors deem necessary. There were three formal BNRC meetings during 2008 and the attendance rate was 100%.

### Shareholders' Remuneration Committee meetings

This Committee meets at least once a year. There were three meetings during 2008 and the attendance rate was 100%.

#### 4.1.3 - 9) Members of the Board of Directors

The list below identifies the members of the Board and distinguishes between executive and non-executive members and identifies, among the latter, the independent members, who fulfil the independence criteria set out in article 414, 5 of the Portuguese Company Law and are not subject to any of the circumstances foreseen in article 414-A, 1 of the same Law:

Duarte Paulo Teixeira de Azevedo	Chairman - Non-Executive
António Sampaio e Mello	Independent Non-Executive
David Charles Denholm Holey	Non-Executive <sup>1</sup>
Gervais Gilles Pellisser	Non-Executive
Jean-François René Pontal	Independent Non-Executive
Franck Dangeard	Independent Non-Executive
Nuno Manuel Jordão	Non-Executive
Angelo Gabriel Ribeirinho dos Santos Paupério	Executive – CEO
Luís Filipe Campos Dias Reis	Executive
George Christopher Lawrie	Executive
Maria Cláudia Teixeira de Azevedo	Executive
Miguel Nuno Santos Almeida	Executive

#### 4.1.3 - 10) Qualifications, experience and responsibilities of the Board of Directors

A description of the qualifications, professional experience and responsibilities during the preceding 5-year period and the number of Sonaecom shares held by each member of Sonaecom's Board of Directors can be found in the Appendix to this Report.

<sup>1</sup> See point 4.1.1 4) above.

## 4.1 Corporate governance report (continued)

The month of first appointment of each member of the Board of Directors is as follows:

Duarte Paulo Teixeira de Azevedo	September 1998
António Sampaio e Mello	July 2006
David Charles Denholm Hobley	September 2005
Gervais Gilles Pellisser	July 2006
Jean-François René Pontal	July 2003
Franck Dangeard	July 2008
Nuno Manuel Jordão	April 2008
Angelo Gabriel Ribeirinho dos Santos Paupério	April 2007
George Christopher Lawrie	April 2003
Luís Filipe Campos Dias Reis	March 2000
Maria Cláudia Teixeira de Azevedo	April 2006
Miguel Nuno Santos Almeida	April 2005

### 4.1.3 - 11) Offices held by the members of the Board of Directors

Information on other offices held by each of the members of Sonaecom's Board of Directors – distinguishing between offices in Sonaecom Group and others - can be found in the Appendix to this Report.

### 4.1.3 - 12) Identification of the members of the Statutory Audit Board

The list below identifies the members of the Statutory Audit Board, all of whom fulfil the independence criteria set out in article 414, 5 of Portuguese Company Law and are not subject to any of the circumstances foreseen in article 414-A, 1 of the same Law:

Arlindo Dias Duarte Silva	Chairman
Armando Luís Vieira de Magalhães	Member
Óscar José Alçada da Quinta	Member
Jorge Manuel Felizes Morgado	Substitute

### 4.1.3 - 13) Qualifications, experience and responsibilities of the members of the Statutory Audit Board

A description of the qualifications, professional experience and responsibilities during the preceding 5-year period and the number of Sonaecom shares held by each member of Sonaecom's Statutory Audit Board can be found in the Appendix to this Report.

The date of the first appointment of each member of the Statutory Audit Board is as follows:

Arlindo Dias Duarte Silva	April 2007
Armando Luís Vieira de Magalhães	April 2007
Óscar José Alçada da Quinta	April 2007
Jorge Manuel Felizes Morgado	April 2007

The period of the term of office of the members of the Statutory Audit Board is the same as for all Statutory Governing Bodies under the current four year mandate, which is from 2008 until 2011.

### 4.1.3 - 14) Offices held by the members of the Statutory Audit Board

Information on other offices held by each of the members of Sonaecom's Statutory Audit Board – distinguishing between offices in Sonaecom Group and others - can be found in the Appendix to this Report.

## 4.1 Corporate governance report (continued)

- 4.1.3 - 15) **General and Supervisory Board (composition)** - Not applicable
- 4.1.3 - 16) **General and Supervisory Board (qualifications)** - Not applicable
- 4.1.3 - 17) **General and Supervisory Board (duties)** - Not applicable

### 4.1.3 - 18) **Remuneration Policy of the Board of Directors**

Sonaecom's Directors' compensation policy is aimed at remunerating in a fair, effective and competitive manner, taking into consideration the individual responsibilities and performance of each Director, both at a subsidiary company level and at a Sonaecom Group level.

Sonaecom's Shareholders' Remuneration Committee is responsible for the approval of the remuneration and other compensation of the Board of Directors, including both Executive and Non-Executive Directors following the remuneration and other compensation policies approved by shareholders at a Shareholders' General Meeting.

### **Executive Directors**

Remuneration and compensation proposals for Sonaecom's Executive Directors (excluding the CEO) are based on proposals made by the CEO, which are prepared taking into account:

- (i) Market comparables;
- (ii) Other Sonaecom and Sonae comparables;
- (iii) Individual appraisals of each Executive Director.

The Executive Directors remuneration and other compensation include Fixed Remuneration and an Annual Performance Bonus and they also benefit from compensation under the Medium Term Incentive Plan ("MTIP"), as further detailed under paragraph 4.1.4 -10) below.

### **CEO and Non-Executive Directors**

Remuneration and other compensation for the CEO and remuneration for the Non-Executive Directors (excluding the Chairman) are based on proposals made by the Sonaecom Chairman.

The remuneration of the Chairman is decided by the other independent member of the Shareholders' Remuneration Committee.

For the CEO, the methodology used is the same as for the Executive Directors. Non-Executive Directors do not receive Annual Performance Bonuses nor do they participate in the Sonaecom MTIP.

For each Non-Executive Director, fixed remuneration assumes an agreed commitment of time during 2008, including the preparation and attendance of at least five Board Meetings each year. In addition, for External Non-Executive Directors who are Chairman of Board Committees, fixed remuneration is further increased by approximately 5%. Meeting attendance fees are payable for each meeting actually attended by each Non-Executive Director as follows: Board meetings: 940 euros, BAFC meetings: 650 euros and BNRC meeting: 390 euros. The Chairman of the Board does not receive attendance fees for Board Committee meetings.

Additionally, an annual responsibility allowance is paid to each Non-Executive Director, which is normally between 2,100 euros and 6,000 euros.

The BNRC may define additional remuneration for specific projects allocated to individual NED's by the Board or by the Board Committees.

On resignation of any member of the Board, it is Group policy to pay whatever compensation is legally required, or to negotiate, in each situation, a value considered to be fair and appropriate by the parties involved. No additional compensation conditions exist for members of the Board who are treated in the same way as all employees.



## 4.1 Corporate governance report (continued)

### 4.1.3 - 19) Shareholders' Remuneration Committee

#### Composition

Sonaecom's Shareholders' Remuneration Committee ('Comissão de Vencimentos') comprises two members appointed by the Shareholders' General Meeting, under a four year mandate, currently 2008 to 2011:

Sonae SGPS, S.A. represented by Duarte Paulo Teixeira de Azevedo<sup>(1)</sup>  
 Sontel, BV, represented by Bruno Walter Lehmann<sup>(2)</sup>

(1) CEO of Sonae, SGPS, S.A.

(2) Partner – Egon Zehnder International

As explained above, Duarte Paulo Teixeira de Azevedo, besides being CEO of Sonae SGPS, S.A. which determines his presence at the Shareholders' Remuneration Committee, is also Chairman (Non-Executive) of Sonaecom's Board.

### 4.1.3 - 20) Remuneration and compensation received by the Board of Directors

The remuneration of Sonaecom's Directors, including fixed remuneration and annual performance bonuses (both computed on an accruals basis), was as follows during 2008 and 2007:

Amounts in euros	2008			2007		
	Fixed Remuneration	Annual Performance Bonus	Total	Fixed Remuneration	Annual Performance Bonus	Total
<b>Individual breakdown</b>						
Chairman (Non-Executive)	62,353	-	62,353	60,667	-	60,667
CEO (Executive) <sup>(1)</sup>	421,233	266,700	687,933	422,393	273,600	695,993
Average of the remaining 4 Executive Directors (4 in 2007) <sup>(1)</sup>	245,118	107,881	352,999	223,414	111,950	335,364
Average of the remaining 6 Non-Executive Directors (4 in 2007) <sup>(2)</sup>	27,854	-	27,854	26,285	-	26,285
<b>Aggregate</b>						
Executive Directors (5 in 2008 and 5 in 2007)	1,401,706	690,585	2,092,291	1,316,049	721,400	2,037,449
Non-Executive Directors (7 in 2008 and 5 in 2007)	229,480	-	229,480	165,807	-	165,807
	1,631,186	690,585	2,321,771	1,481,855	721,400	2,203,256

(1) In 2007, these values correspond to 4 months remuneration of the former CEO and 8 months remuneration of the current CEO;

(2) Maximum Individual Remuneration in 2008 (2007) represented 128% (129%) of average and minimum 79% (78%) of average;

(3) Maximum Individual Remuneration in 2007 (2006) represented 153% (139%) of average and minimum 0% (0%) of average, as one Non-Executive Director was not remunerated.

In presenting the figures above, the proportional remuneration for each Board Member has been included based on the time of their appointment.

Sonaecom's Non-Executive Directors do not receive annual performance bonuses. The annual performance bonuses of the Executive Directors in the table above represent the actual values for performance during 2008. The final values have been determined after real performance has been fully assessed and after the resulting bonuses have been approved by the Board Nomination and Remuneration Committee, on behalf of the Board of Directors, and by the Shareholders' Remuneration Committee, on behalf of the Shareholders.

#### Directors' participation in the MTIP

In addition to the values shown above, Sonaecom Executive Directors have been awarded compensation under the Sonaecom MTIP. Sonaecom's Non-Executive Directors do not participate in the MTIP.

There are no further performance conditions attaching to MTIP awards, other than future share price performance, as these awards are based upon an individual's Annual Performance Bonus for which KPIs have already been satisfied.

## 4.1 Corporate governance report (continued)

The shares and options awarded to Executive Directors as part of the MTIP that vested, were exercised or remain unvested during 2008, are summarised below.

### Directors' other compensation – Participation in the Sonaecom MTIP (see below)

	Unvested				Total
	Plan 2004 <sup>(1)</sup>	Plan 2005	Plan 2006	Plan 2007	
Award date	31/Mar/05	10/Mar/06	09/Mar/07	10/Mar/08	
<b>Sonaecom shares</b>					
Share price at award date <sup>(2)</sup>	3.960	4.093	4.697	2.447	
Share price at vesting date	2,24	-	-	-	
Share price at 31 December 2008 <sup>(3)</sup>	-	1.005	1.005	1.005	
<b>CEO</b>					
N. of shares at 01.01.2008	-	-	-	-	
N. of shares at 31.12.2008	-	-	-	67,086	67,086
<b>Average of the remaining</b>					
<b>Executive Directors</b>					
N. of shares at 01.01.2008	17,890	13,806	19,445	-	51,141
N. of shares at 31.12.2008	-	13,806	19,445	32,025	65,276
<b>Total of the remaining</b>					
<b>Executive Directors</b>					
N. of shares at 01.01.2008	71,559	55,224	77,779	-	204,562
N. of shares at 31.12.2008	-	55,224	77,779	128,100	261,103
<b>Total</b>					
N. of shares at 01.01.2008	71,559	55,224	77,779	-	204,562
N. of shares at 31.12.2008	-	55,224	77,779	195,186	328,189
<b>Sonae SGPS shares</b>					
Share price at award date	1.17	1.34	1.68	1.16	
Share price at vesting date	1.235	-	-	-	
Share price at 31 December 2008 <sup>(4)</sup>	-	0.437	0.437	0.437	
<b>CEO</b>					
N. of shares at 01.01.2008	-	-	-	-	-
N. of shares at 31.12.2008	-	-	-	97,015	97,015
<b>Average of the remaining</b>					
<b>Executive Directors</b>					
N. of shares at 01.01.2008	27,054	18,673	23,629	-	69,356
N. of shares at 31.12.2008	-	21,961	27,789	29,772	79,522
<b>Total of the remaining Executive</b>					
<b>Directors</b>					
N. of shares at 01.01.2008	108,215	74,693	94,514	-	277,422
N. of shares at 31.12.2008	-	87,844	111,157	119,088	318,089
<b>Total</b>					
N. of shares at 01.01.2008	108,215	74,693	94,514	-	277,422
N. of shares at 31.12.2008	-	87,844	111,157	216,103	415,104
<b>VALUES</b>					
<b>CEO</b>					
Value at award date	305,581 <sup>(5)</sup>	200,595 <sup>(5)</sup>	332,201 <sup>(5)</sup>	273,600	-
Value at vesting date	381,491 <sup>(5)</sup>	216,203 <sup>(5)</sup>	296,647 <sup>(5)</sup>	-	-
Value at 31 December 2008	-	-	-	109,817	109,817
<b>Average of the remaining</b>					
<b>Executive Directors</b>					
N. of the remaining Executive					
Directors	4	4	4	4	
Value at award date	107,046	85,936	138,018	112,901	-
Value at vesting date	78,006	-	-	-	-
Value at 31 December 2008	-	23,472	31,686	45,195	100,353

## 4.1 Corporate governance report (continued)

### Total of the remaining Executive

#### Directors

Value at award date	428,182	343,743	552,072	451,603	-
Value at vesting date	312,026	-	-	-	-
Value at 31 December 2008	-	93,888	126,744	180,782	401,413

#### Total

Value at award date	733,764	544,338	884,273	725,202	-
Value at vesting date	693,517	216,203	296,647	-	-
Value at 31 December 2008	-	93,888	126,744	290,599	511,230

(1) Vested on 10 March 2008. For two Executive Directors, cash equivalents were paid in lieu of the delivery of Sonaecom shares. The Sonaecom SGPS' shares were delivered on 10 March 2008, and the Company decided to pay in cash in lieu of the delivery of Sonaecom SGPS shares;

(2) Average share price in the month prior to the award date, except for the 2006 Plan where share price corresponds to the average share price between 3rd March and 5th April 2007;

(3) On 2 January 2008, the share price hit a high of 3.26 euros per share and a low of 0.955 euros per share on 20 November 2008;

(4) On 2 January 2008, the share price hit a high of 1.95 euros per share and a low of 0.392 euros per share on 5 December 2008;

(5) For the former CEO, the vesting of the 2004 to 2006 deferred plans was anticipated and cash equivalents were paid on 31 December 2007, in lieu of the delivery of Sonaecom and Sonaecom SGPS shares. For the former CEO plans for 2004, 2005 and 2006, the vesting date corresponds to the anticipated vesting date (3 May 2007).

#### 4.1.3 - 21) Compensation for Board members on termination of office

As mentioned above, in the event of early termination of office of any member of the Board, it is the Group policy to pay whatever compensation is legally required, or to negotiate, in each situation, a value considered to be fair and appropriate by the parties involved. No additional compensation conditions exist for members of the Board, who are treated in the same way as all employees.

#### 4.1.3 - 22) Whistle blowing policy

Sonaecom has a policy and process for communicating internal irregularities which sets out procedures to efficiently and fairly respond to alleged irregularities reported, including:

- (i) Anyone wishing to communicate any irregularity believed or known to have been committed by any of Sonaecom's officers or members of staff, must address a letter or an e-mail containing a summary description of the facts to the Ethics Committee. The identity of the whistleblower will be kept anonymous if explicitly requested;
- (ii) The letter will be analysed by the Ethics Committee and if the committee finds grounds for the irregularity reported, measures will be taken, as deemed appropriate.

It is the responsibility of Sonaecom's Ethics Committee to review and evaluate the efficiency with which the policy and process for communicating irregularities is applied.

### 4.1.4. Information

#### 4.1.4 - 1) Share capital structure

Sonaecom's share capital is divided into three hundred and sixty six million, two hundred and forty six thousand and eight hundred and sixty eight ordinary, registered and book-entry shares with a nominal unit value of one Euro. There are no special share categories.

#### 4.1.4 - 2) Qualified shareholdings

In accordance with the Portuguese Securities Code, shareholdings amounting to or exceeding the thresholds of 2%, 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66% and 90% of the total share capital must be reported to the Portuguese Securities Market Commission and disclosed to the capital market. Reporting is also required if the shareholdings fall below the same percentages.

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Sonaecom Qualified Holdings

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## 4.1 Corporate governance report (continued)

Shareholder	Number shares held	% Shareholding as at 31-Dec-2008
Sonae SGPS	194.389.164	53,08%
France Télécom	73.249.374	20,00%
EDP - Energias de Portugal	29.150.000	7,96%

Sonaecom's largest shareholders continue to be Sonae SGPS, a Portuguese multinational Group also with interests in retail, shopping centres and insurance, with a shareholding position of just over 53%, and France Télécom, one of the largest telecom operators in the world, with a 20.0% stake in Sonaecom.

The free float as at 31 December 2008 (% of shares not held or controlled by the reference shareholders and EDP and excluding own shares) stood at approximately 17.3%.

During 2008 there were no changes to the number of shares issued by Sonaecom.

### 4.1.4 - 3) Shareholders holding special rights

There are no shareholders with special rights.

### 4.1.4 - 4) Restrictions on the transfer and ownership of shares

There are no restrictions on the transfer and ownership of shares.

### 4.1.4 - 5) Shareholders' agreements known to the Company

Sonaecom is not aware of any shareholders agreements which contain restrictions on the transfer of shares or voting rights in the Company.

### 4.1.4 - 6) Rules applicable to the amendment of Company's articles of association

Changes to the Company's articles of association require approval at the Shareholders' General Meeting, which decides, in accordance with the applicable law, by a majority of two-thirds of the votes cast.

### 4.1.4 - 7) Control mechanisms for employees participating in the share capital

There are no systems in place concerning the attribution of shares of the Company to its employees that result in the respective employees not being able to exercise their voting rights freely.

### 4.1.4 - 8) Share price performance

Sonaecom's shares ended 2008 with a market price of 1.005 euros per share, 69.5% below the closing price of 3.30 euros per share at 31 December 2007. The share price reached a maximum of 3.26 euros per share on 2 January 2008 and a minimum of 0.95 euros on 20 November 2008.

At the end of 2008, Sonaecom's market capitalization was 368 million euros. The average daily trading volume reached 599.3 thousand shares, a decrease of 41%, when compared to 2007. The total number of Sonaecom shares traded during 2008 exceeded 154 million shares, more than 42% of the total share capital of the Company.

During 2008, Sonaecom's share price evolution and liquidity were mainly influenced by the following news:

- 4 February 2008: clarification on the final acquisition price of the residential and SOHO customer base of Oni and of the total share capital of Telemilénio – Telecomunicações, Lda (Tele2 Portugal);
- 20 February 2008: announcement of the investment plans for Next Generation Networks, as well as the underlying strategic objectives;
- 2 March 2008: release of the full year 2007 consolidated results;
- 16 April 2008: information on the decisions approved at the Shareholders' Annual General Meeting held on that day;
- 5 May 2008: release of the first quarter 2008 consolidated results;
- 2 July 2008: information on the decisions approved at the Shareholders' Extraordinary General Meeting held on that day;
- 28 July 2008: release of the second quarter 2008 consolidated results;
- 24 October 2008: confirmation of the extension, for an additional period of three years, of the Strategic Partnership Agreement with France Télécom, which has been in place since 2005.
- 29 October 2008: release of the third quarter 2008 consolidated results;
- 30 December 2008: announcement of the closing of a 100 million euros securitisation transaction by the subsidiary Sonaecom – Serviços de Comunicações, S.A..

## 4.1 Corporate governance report (continued)

### 4.1.4 - 9) Dividend distribution policy

At the Shareholders' Annual General Meeting, held on 16 April 2008, Sonaecom's shareholders approved the proposal from the Board of Directors to apply net results to retained earnings, with no dividend distribution, reflecting Sonaecom's strategy and the business opportunities available.

The proposal to distribute dividends (as every proposal for the appropriation of net results) is made by the Board of Directors, subject to compliance with Portuguese Company Law and the Company's Articles of Association, and the decision on such proposal is taken by the Annual General Meeting as described below.

The Board of Directors prepares the proposals regarding dividend distribution based on, among other considerations, business and investment opportunities and their corresponding profitability, the financing requirements of the Company and shareholders' expectations.

There are no articles in the Company's Articles of Association that may in any way limit the dividend distribution or the proposals from the Board of Directors. Article 33 thereof provides that "The net results shown in the annual financial statements, after deduction of the amounts legally required to create or to add to the legal reserve, will be applied as determined by the Shareholders' General Meeting, which can distribute them totally or partially or transfer them to reserves".

The Company has not distributed any dividends in the last three financial years.

### 4.1.4 - 10) Group remuneration policy

To promote initiative and build high levels of commitment, Sonaecom once again carried out its established annual performance appraisal process for all employees, during 2008. Each individual's activity, performance and contribution to the organisation's success were assessed and decisions were taken on the variable remuneration and other compensation to be attributed accordingly.

## Remuneration components

Sonaecom's remuneration policy for all employees includes two basic components:

- (i) Fixed Remuneration, which is paid as Annual Salary (salaries are paid 14 times per annum in Portugal);
- (ii) Annual Performance Bonus, which is paid in the first quarter of the following year.

In addition, a discretionary third component may be awarded to more senior employees (Sonaecom Group Management Levels – 'Grupos Funcionais' or 'GF' 1 to 6), on 10 March of the following year, in the form of deferred compensation, under the Sonaecom Medium Term Incentive Plan ('MTIP').

### Fixed remuneration

Annual remuneration and other elements of the compensation package are defined as a function of each employee's level of responsibility and are reviewed annually. Each employee is classified under a "Sonaecom Management Level" grid, designed using Hay's international model for classification of corporate functions to facilitate market comparisons as well as to help promote internal equity.

### Annual Performance Bonus

The Annual Performance Bonus is aimed at rewarding the achievement of certain pre-defined annual objectives which are linked to both Business and Personal Key Performance Indicators ('KPI's').

The target bonus amount is based on a percentage of the employee's Fixed Remuneration, which ranges between 15% and 70%, depending on the employee's Management Level. Business KPI's (which include economic, operational and financial indicators based on approved budgets, relative share price performance, individual business unit performance as well as the performance of the Group as a whole) drive 70% of the Annual Performance Bonus and are normally objective indicators.

The remaining 30% of the Annual Performance Bonus is based on Personal KPI's, which are a mix of objective and subjective indicators. Annual Performance Bonuses paid relate to the actual performance achieved or assessed and can represent anything from 0% to 160% of the target bonus for Business KPI's and 0% to 120% of the target bonus for Personal KPI's. Combining both components, the maximum range that can apply to any individual is 0% to 148% of the target bonus.

## 4.1 Corporate governance report (continued)

The Business KPI's and their weightings for 2008 were:

Indicator - Description	Weight
Turnover	22.5%
EBITDA	22.5%
Free Cash Flow	22.5%
Operational Indicators (1)	22.5%
Relative Share Price Performance	10.0%

(1) Various operational indicators such as Active Users, Direct Services, Paid Circulation

### Medium term incentive plan ('MTIP')

The MTIP is an equity-based discretionary deferred compensation plan with a three year period between the award date and the date on which the award vests. MTIP awards are made in March each year, in respect of performance during the previous financial year. The size of an award made under the MTIP is linked to an individual's Annual Performance Bonus paid for the same 'performance year'. Historically, the MTIP awards were made on 31 March of each year, but, for 2006 onwards, the award date has been changed to 10 March or the last working day before that date. The vesting dates for all open plans have also been adjusted to this new timing.

As the MTIP is share based, Sonaecom's Board of Directors decided that the plan should be presented to Shareholders for approval at the Shareholders' Annual General Meeting in 2007, in order to comply with best practice in corporate governance. The MTIP was approved by shareholders at the Annual General Meeting held on 2 May 2007.

Sonaecom's MTIP is aimed at enhancing employees' loyalty, aligning their interests with those of shareholders, and increasing their awareness of the importance of their performance on the overall success of the organisation, as reflected by changes in Sonaecom's share price.

### MTIP assessment

All Sonaecom employees with Management Levels GF1 to GF6<sup>(2)</sup>, are eligible to participate in the MTIP, as long they joined the Company before the 31 December of the year being evaluated or they are promoted to GF6, or above, at the annual review process in the first quarter of that year.

The value awarded is determined by applying the following percentages to the Annual Performance Bonuses paid in respect of the last financial year, according to Sonaecom Management Levels:

Sonaecom Management Levels ('Grupos Funcionais')	Percentage of Annual Performance Bonus
GF6	Up to 70%
GF5	Up to 80%
GF4	Up to 90%
GF3	Up to 100%
GF2	Up to 100%
GF1	Up to 100%

(2) Sonaecom Group Management Levels ('Grupos Funcionais' or 'GF') are attributed according to Hay's international model for the classification of corporate functions. Sonaecom has defined internally that Managers with levels equal to or higher than GF3 may be Executive Committee members of Sonaecom Group companies.

For Sonaecom's most senior employees who are at Senior Executive Level or above (GF1 or GF2), up to 40% of the awards under the MTIP are linked to Sonae SGPS shares (the 'Sonae SGPS Share Plans'), depending on the employee's Management Level. This link to Sonae SGPS share was introduced to promote cooperation, maximise synergies and promote the exchange of knowledge between the Company and Sonae SGPS, Sonaecom's controlling shareholder.

For the MTIP awards delivered as deferred rights to shares, the number of shares is calculated by dividing the MTIP amount awarded by the average share price in the month prior to the award date. However, for the 2006 Plan the share price was the average share price between 3rd March and 5th April 2007, due to the timing of the end of the Portugal Telecom bid and was approved by the Board Nomination and Remuneration Committee. On vesting the shares, corresponding to the initial number of shares, adjusted for dividends and other changes in issued share capital, are transferred to the beneficiaries on the third anniversary of the award date at zero cost. The Company, subject to approval from the Board Nomination and Remuneration Committee, has the option to pay the cash equivalent to the value of the shares at the vesting date.



## 4.1 Corporate governance report (continued)

### Summary of shares under the MTIP – Sonaecom's share plans

The awards outstanding under the Sonaecom Share Plans in 2008 can be summarised as follows:

#### Sonaecom Share Plans outstanding during 2008

	Share price at award date*	Award date	Vesting period	At 31 December 2008	
			Vesting date	Aggregate number of participants	Number of options/shares
<b>Sonaecom Shares</b>					
2004 Plan	3.960	31-Mar-05	10-Mar-08	-	-
2005 Plan	4.093	10-Mar-06	09-Mar-09	354	838,634
2006 Plan	4.697	09-Mar-07	08-Mar-10	390	1,002,639
2007 Plan	2.447	10-Mar-08	09-Mar-11	402	1,867,848

\* Average share price for the month prior to the award date, except for the 2006 Plan for which the share price corresponds to the average share price between 3rd March and 5th April 2007. This exception was due to the timing of the end of the Portugal Telecom bid and was approved by the Board Nominations and Remunerations Committee at that time.

The number of shares awarded, and shares unvested or vested under Sonaecom's MTIP in the year ended 31 December 2008, are shown in the following table:

#### Sonaecom's shares under the MTIP

	Sonaecom's shares		Total
	Aggregate number of participants <sup>(1)</sup>	Number of shares	Corresponding shares
<b>Outstanding at 31.12.2007</b>			
Unvested	1,142	2,902,082	2,902,082
Total	1,142	2,902,082	2,902,082
<b>Movements in the year</b>			
Awarded	416	1,916,077	1,916,077
Vested	(349)	(976,395)	(976,395)
Cancelled/Lapsed	(63)	(132,643)	(132,643)
<b>Outstanding at 31.12.2008</b>			
Unvested	1,146	3,709,121	3,709,121
Total	1,146	3,709,121	3,709,121

(1) The number of participants is the cumulative number for all plans. The participant in 3 plans counts as 3.

### Summary of shares under the MTIP – Sonae SGPS share plans

Awards under the Sonae SGPS Share Plans outstanding during 2008 can be summarised as follows:

#### Sonae SGPS Share Plans outstanding during 2008

	Share price at award date*	Award date	Vesting period	At 31 December 2008	
			Vesting date	Aggregate number of participants	Number of shares
<b>Sonae SGPS Shares</b>					
2004 Plan	1.17	31-Mar-05	10-Mar-08	-	-
2005 Plan	1.34	10-Mar-06	09-Mar-09	12	147,924
2006 Plan	1.68	09-Mar-07	08-Mar-10	6	153,968
2007 Plan	1.16	10-Mar-08	09-Mar-11	7	261,924

\* The lower of the average closing share prices for the 30 trading days prior to the Annual General Meeting and the closing share price on the day after the Annual General Meeting, except for the 2006 Plan for which the share price corresponds to the average closing share price between 13rd February and 26th March 2007. This exception was due to the timing of the end of the Portugal Telecom bid and was approved by the Board Nominations and Remunerations Committee.

## 4.1 Corporate governance report (continued)

The number of awarded, unvested or vested, and cancelled, lapsed or adjusted Sonae SGPS shares under the MTIP in the year ended 31 December 2008, are shown in the following table:

### Sonae SGPS shares under the MTIP

	Sonae SGPS shares	
	Aggregate number of participants <sup>(1)</sup>	Number of shares
<b>Outstanding at 31.12.2007</b>		
Unvested	30	496,440
<b>Movements in the year</b>		
Awarded	7	254,715
Vested	(12)	(274,202)
Cancelled/Lapsed/Adjusted <sup>(2)</sup>	-	86,863
<b>Outstanding at 31.12.2008</b>		
Unvested	25	563,816

(1) The number of participants is the cumulative number for all plans. The participant in 3 plans counts as 3.

(2) Adjustments are made to allow for the effects of dividends paid and changes in share capital.

### MTIP hedging agreements and accounting impact

Sonaecom has hedged its MTIP and related obligations, up to and including the 2006 Plan. The 2005 and 2006 plans are hedged through own shares acquired in March 2007 and held by Sonaecom. Sonae SGPS shares plans have been hedged through a cash-settled share swap transaction, with an external party. Sonaecom has entered into agreements with its subsidiaries to recharge the corresponding hedging costs to each one of them.

During the year, the Board of Directors of Sonaecom decided to convert the settlement of its Medium Term Incentive Plans from settlement in shares to settlement in cash, as this option is provided in such plans. For Sonaecom's share plans, the total responsibility, calculated taking in consideration the share price at balance sheet date, is Euro 1,792,026 and was recorded under the headings of 'Other current liabilities' and 'Other non current liabilities'.

The Sonae SGPS shares plans correspond to the delivery of Sonae SGPS shares, but, as they are attributed by Sonaecom and not by Sonae SGPS, the plans are treated as cash-settled plans. Considering the cash-settled share swap transactions implemented to hedge these plans, the liability is included under "Other Liabilities" capped at a maximum share price of 1.829 euros, 1.905 euros and 1.15 euros for the MTIP 2005, 2006 and 2007, respectively. At 31 December 2008, the total amount provided is 518,436 euros.

The cost of Sonaecom's MTIP is recognised in the accounts over the respective deferral period for each annual plan. As at 31 December 2008, 21.2 million euros had been expensed as a cost (0.7 negative million euros during 2008 and 21.9 million euros in previous years).

#### 4.1.4 - 11) Relevant transactions with related parties

The relevant transactions with related parties are described in paragraph 22 of the Notes to the Individual Financial Statements. There were no further material non-operational transactions during the year with related parties (including Sonaecom Officers or Governing Bodies, such as Members of the Board of Directors and the Statutory External Auditor, owners of qualified shareholdings or with controlling or Group companies), apart from the agreements signed in 2003, 2004 and 2005 with Sonae Investments BV and Sonae SGPS, relating to the hedging of Sonaecom's MTIP as described above.

#### 4.1.4 - 12) Investor Relations

The Investor Relations department is responsible for managing Sonaecom's relationship with the financial community – current and potential investors, analysts and market authorities – with the goal of enhancing their knowledge and understanding of Sonaecom's businesses and activities, by providing relevant, timely and reliable information.

## 4.1 Corporate governance report (continued)

The department regularly prepares presentations and communications covering quarterly, half year and annual results, as well as issues announcements to the market whenever necessary, to disclose or clarify any relevant event that could influence Sonaecom's share price.

To further enhance the effective communication with the capital market and guarantee the quality of information provided, the Investor Relations department organises road-shows covering the most important financial centres of Europe and participates in various conferences. Also, a wide variety of investors and analysts have the opportunity to talk to management in one-on-one meetings or conference calls.

Any interested party may contact the Investor Relations department using the following contact details:

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Address: Rua Henrique Pousão, 432 – 7º Piso, 4460-191 Senhora da Hora, Portugal

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During 2008 the Investor Relations department participated in 40 one-on-one and group meetings, 2 international roadshows (covering Lisbon and London) and 5 investor and telecommunications conferences, providing analysts and investors with information on Sonaecom's performance and future prospects.

The representative for relations with capital markets and the Portuguese Stock Exchange Authority is António Lobo Xavier who can be contacted by phone or e-mail:

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### 4.1.4 - 13) Fees of the Statutory External Auditor

During 2008, Sonaecom Group paid the following fees to the Statutory External Auditor Deloitte and their network of companies:

#### Statutory External Auditor Fees

	2008		2007	
Audit	276,148	90%	201,213	81%
Tax Consultancy Services	31,301	10%	48,561	19%
Other Compliance & Assurance Services	-	-	-	-
Other Services	-	-	-	-
Total	307,449	100%	249,774	100%

Sonaecom's Risk Management Policy, which is supervised by the BAFC in liaison with the Statutory Audit Board, monitors the non-audit services requested from the Statutory External Auditor and their respective network of companies, in order to ensure that auditor independence is not compromised. Annual fees paid by Sonaecom Group to the Deloitte Group represented less than 1% of their total global fees in Portugal. Additionally, an Independence Letter is obtained each year from Deloitte confirming that they meet international guidelines on auditor independence.

### 4.1.5. Article 447, 448 and qualified holdings

Please refer to 3.3 under the 'Our management' section.

## 4.1 Corporate governance report (continued)

### APPENDIX

#### 1.1. QUALIFICATIONS, PROFESSIONAL EXPERIENCE AND SHARES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS

##### Duarte Paulo Teixeira de Azevedo

**Academic qualifications:** Degree in Chemical Engineering from the École Polytechnique Federal de Lausanne; MBA from ISEE, Institute of Business Studies of Porto University.

**Professional experience:** CEO of Sonae SGPS, SA, Non-Executive Director of Sonae Indústria, CEO of Sonaecom; CEO of Optimus; Executive Director of Modelo Continente.

**Responsibilities at Sonaecom:** Chairman of the Board of Sonaecom; Chairman of the Board Nomination and Remuneration Committee.

**Number of Sonaecom shares held:** see table in 1.2 below

##### Ângelo Gabriel Ribeirinho dos Santos Paupério

**Academic qualifications:** Degree in Civil Engineering at Porto University. MBA from ISEE, Institute of Business Studies of Porto University.

**Professional experience:** Executive Vice-President of Sonae S.G.P.S., SA, Director of Sonae Distribuição, S.G.P.S., SA and Sonae Sierra, S.G.P.S., SA. Invited lecturer at Instituto Superior de Estudos Empresariais of Porto University.

**Responsibilities at Sonaecom:** CEO of Sonaecom.

**Number of Sonaecom shares held:** see table in 1.2 below

##### Luís Filipe Campos Dias de Castro Reis

**Academic qualifications:** Degree in Medicine from the Faculty of Medicine of Coimbra University; MBA in Business Management from the ISEE, Institute of Business Studies of Porto University; Doctorate in Economics from the Complutense University in Madrid; attended SEP – Stanford Executive Program at Stanford University.

**Professional experience:** Executive Director of Optimus; CEO of Novis; Non-Executive Director of Sonaecom Sistemas de Informação. Previously, he has been an Executive Director of Modelo Continente; Chairman of Banco Universo; Marketing Director of Sonae Distribuição.

**Responsibilities at Sonaecom:** Executive Director of Sonaecom.

**Number of Sonaecom shares held:** see table in 1.2 below

##### George Christopher Lawrie

**Academic qualifications:** Degree with distinction in Business Studies and Finance from Thames University, in England.

**Professional experience:** Member of the Board of Directors of Sonaecom - Serviços de Comunicações and WeDo. Previously advisor to the Board of Directors and to the Executive Committee of Sonaecom; worked in investment banking in the areas of M&A, general advisory, equity capital markets and debt financing (covering Southern Europe); Director at Credit Suisse First Boston in its European Telecoms Group, Director at BZW; Assistant Director at Schroders in the banking and corporate finance divisions.

**Responsibilities at Sonaecom:** Executive Director and CFO of Sonaecom.

**Number of Sonaecom shares held:** see table in 1.2 below

##### Maria Cláudia Teixeira de Azevedo

**Academic qualifications:** Degree in Business Studies from the Universidade Católica do Porto and MBA from INSEAD (Fontainebleu).

## 4.1 Corporate governance report (continued)

**Professional experience:** Member of the General Council of Público; Executive Director of Sonaecom Sistemas de Informação (SSI); Executive Director of Sonaecom – Serviços de Comunicações. Previously, she has been an Executive Director of Sonae Matrix Multimedia residential unit; Marketing Director of Optimus.

**Responsibilities at Sonaecom:** Executive Director of Sonaecom – Media and SSI.

**Number of Sonaecom shares held:** see table in 1.2 below

### Miguel Nuno Santos Almeida

**Academic qualifications:** Degree in Mechanical Engineering from the Faculty of Engineering of Porto University; MBA from the INSEAD, Fontainebleau.

**Professional experience:** Executive Director of Sonaecom – Serviços de Comunicações; Non-Executive Director of WeDo. Previously, he has been Marketing Director of Modelo Continente.

**Responsibilities at Sonaecom:** Executive Director of Sonaecom – Residential Markets.

**Nº of Sonaecom shares held:** see table below

### António Sampaio e Mello

**Academic qualifications:** Phd in Economics, London Business School; MBA, Columbia University; Master In Economics, Columbia University; B.Sc in Engineering, Technical University of Lisbon.

**Professional experience:** Managing Director of Bank Robert Baird, Head of Corporate Finance of Banco Comercial Português; Head of Economic Research and Statistics of the Central Bank of Portugal; past president of the European Financial Management Association; Board member of the US Financial Management Association; Professor at MIT; President of the Social Sciences and Humanities Commission at the Junta Nacional de Investigação Científica e Tecnológica.

**Responsibilities at Sonaecom:** Independent Non-executive Director of Sonaecom; Member of the Board Audit and Finance Committee.

**Number of Sonaecom shares held:** does not hold any shares

### David Charles Denholm Hobley

**Academic qualifications:** Fellow of the Institute of Chartered Accountants of England and Wales.

**Professional experience:** Managing Director of Deutsche Bank AG, London; Director of certain Orange Group companies.

**Responsibilities at Sonaecom:** Non-executive Director of Sonaecom; Member of the Board Audit and Finance Committee.

**Number of Sonaecom shares held:** does not hold any shares

### Franck Emmanuel Dangeard

**Academic qualifications:** Graduate from École des Hautes Études Commerciales (HEC), Institut d'Études Politiques de Paris (IEP) and the Harvard Law School (Fulbright Scholar, HLS Fellow).

**Professional experience:** Chairman and CEO of Thomson; Senior Executive Vice-President of France Télécom; Managing Director of SBC Warburg France.

**Responsibilities at Sonaecom:** Independent Non-executive Director of Sonaecom; Member of the Board Nomination and Remuneration Committee.

**Number of Sonaecom shares held:** does not hold any shares

### Gervais Gilles Pellissier

**Academic qualifications:** Degree in Business Law (Université Paris XI); graduation of HEC (International Management – joint program with Berkeley University and the University of Cologne).

**Professional experience:** Member of France Telecom Group Management Committee; Deputy CEO in charge of Finance and Information System. Previously he had supervised the operational and geographic integration of France Telecom's businesses in Spain and, was Vice Chairman of the Board of Bull (2004 - 2005)

## 4.1 Corporate governance report (continued)

**Responsibilities at Sonaecom:** Non-executive Director of Sonaecom.

**Number of Sonaecom shares held:** does not hold any shares

### Jean-François René Pontal

**Academic qualifications:** Degree in Engineering from the Centre d'Études Supérieures des Techniques Industrielles, in France.

**Professional experience:** CEO of the Spanish branch of Carrefour – PRYCA; Member of the Board of Directors of Carrefour; Group Executive Vice-President in charge of Mass Market Products & Services of France Telecom; CEO of Orange.

**Responsibilities at Sonaecom:** Independent Non-Executive Director of Sonaecom; Chairman of the Board Audit and Finance Committee; Member of the Board Nomination and Remuneration Committee.

**Number of Sonaecom shares held:** does not hold any shares

### Nuno Manuel Moniz Trigo Jordão

**Academic Qualifications:** Degree in Economics by the ISCTE – University of Lisbon.

**Professional experience:** Member of the Board of Directors and CEO of Sonae Distribuição; Executive Vice-President of Sonae SGPS.

**Responsibilities at Sonaecom:** Non-executive Director of Sonaecom.

**Number of Sonaecom shares held:** does not hold any shares

## 1.2. Shares held by the Board of Directors and respective transactions during 2008

	Date	Additions		Reductions		Balance at
		Quantity	Average value €	Quantity	Average value €	31 December 2008 Quantity
<b>Duarte Paulo Teixeira de Azevedo</b>						
Efanor Investimentos, SGPS, SA (1)						1
Migracom, SGPS, SA (3)						1,969,996
Capital increase	27.11.2008	1,900,000	1.00			
Sonae, SGPS, SA (6)						3,293
<b>Ângelo Gabriel Ribeirinho dos Santos Paupério</b>						
Sonae, SGPS, SA (6)						250,000
Acquisition	11.01.2008	245,436	1.30			
Sonaecom, SGPS, SA						225,000
Acquisition	11.01.2008	59,930	2.889			
Acquisition	14.01.2008	61,000	2.996			
Acquisition	15.01.2008	44,000	2.868			
<b>George Christopher Lawrie</b>						
Sonae, SGPS, SA (6)						62,500
Acquisition	21.01.2008	50,380	1.19			
Sonaecom, SGPS, SA						162,659
Shares attributed under the Medium Term Incentive Plan	11.03.2008	17,659	0.00			
<b>Miguel Nuno Santos Almeida</b>						
Sonaecom, SGPS, SA						18,257
Shares attributed under the Medium Term Incentive Plan	11.03.2008	18,167	0.00			
<b>Maria Cláudia Teixeira de Azevedo</b>						
Efanor Investimentos, SGPS, SA (1)						1
Linhacom, SGPS, SA (4)						99,996

## 4.1 Corporate governance report (continued)

Sonaecom, SGPS, SA						170
Shares attributed under the Medium Term Incentive Plan	11.03.2008	10,963	0.00			
Sale	31.03.2008			10,963	2.18	

### Luís Filipe Campos Dias de Castro Reis

Sonaecom, SGPS, SA						4,854
Shares attributed under the Medium Term Incentive Plan	11.03.2008	4,854	0.00			

### Notes

	Date	Quantity	Additions Average value €	Reductions Quantity	Average value €	Balance at 31 December 2008 Quantity
<b>(1) Efanor Investimentos, SGPS, SA</b>						
Sonae, SGPS, SA (6)						659,650,000
Acquisition	19.09.2008	845,576	0.603			
Pareuro, BV (2)						2,000,000
Capital increase	21.01.2008	1,980,000	151.51			
Sonaecom, SGPS, SA						1,000
<b>(2) Pareuro, BV</b>						
Sonae, SGPS, SA (6)						400,000,000
<b>(3) Migracom, SGPS, SA</b>						
Imparfin, SGPS, SA (5)						150,000
Sonae, SGPS, SA (6)						1,485,000
Acquisition	17.01.2008	193,500	1.29			
Acquisition	18.01.2008	1,500	1.24			
Sonaecom, SGPS, SA						387,342
<b>(4) Linhacom, SGPS, SA</b>						
Imparfin, SGPS, SA (5)						150,000
Sonae, SGPS, SA (6)						351,296
Acquisition	03.01.2008	3	1.92			
Sonaecom, SGPS, SA						36,183
Acquisition	31.03.2008	10,963	2.18			
<b>(5) Imparfin, SGPS, SA</b>						
Sonae, SGPS, SA (6)						4,105,280
Acquisition	03.01.2008	7	1.92			
<b>(6) Sonae, SGPS, SA</b>						
Sonaecom, SGPS, SA						838,649
Acquisition	17.12.2008	125,000	0.98			
Acquisition	19.12.2008	40,000	0.98			
Acquisition	30.12.2008	650,000	1.00			
Sontel BV (8)						4,286
Capital increase	22.08.2008	3,786	50,512.78			
<b>(7) Sonae Investments BV</b>						
Sontel BV (8)						5,714
Capital increase	22.08.2008	5,714	50,517.78			
<b>(8) Sontel BV</b>						
Sonaecom, SGPS, SA						193,550,515
Acquisition	Jan-08	3,497,139	2.44			
Acquisition	Feb-08	1,248,722	2.59			
Acquisition	Mar-08	2,249,344	2.21			
Acquisition	Apr-08	2,733,984	2.25			
Acquisition	May-08	494,741	2.29			
Acquisition	Jun-08	147,035	2.17			
Acquisition	Aug-08	727,264	1.87			
Acquisition	Sep-08	1,057,750	1.80			



## 4.1 Corporate governance report (continued)

Acquisition	Oct-08	280,000	1.64		
Sale	Oct-08			2,972,506	1.27
Acquisition	Nov-08	497,670	0.98		
Acquisition	Dec-08	186,500	1.01		
Sale	Dec-08			650,000	1.00

## 2. OTHER OFFICES HELD BY THE MEMBERS OF THE BOARD OF DIRECTORS

### Duarte Paulo Teixeira de Azevedo

#### Offices held in companies in which Sonaecom is a shareholder:

Does not hold any office in any company in which Sonaecom is a shareholder.

#### Other Offices held:

Efanor Investimentos, SGPS, S.A. (Member of the Board of Directors)

Imparfin, SGPS, S.A. (Member of the Board of Directors)

Migracom, SGPS, S.A. (Chairman of the Board of Directors)

Sonae, SGPS S.A. (Member of the Board of Directors, CEO)

Sonae Distribuição, SGPS, S.A. (Chairman of the Board of Directors)

Sonae Indústria, SGPS, S.A. (Member of the Board of Directors)

Sonae Sierra, SGPS, S.A. (Chairman of the Board of Directors)

### Ângelo Gabriel Ribeirinho dos Santos Paupério

#### Offices held in companies in which Sonaecom is a shareholder:

Be Artis, S.A. (Chairman of the Board of Directors)

Público – Comunicação Social, S.A. (Chairman of the General and Supervisory Board)

Sonae Telecom, SGPS, S.A. (Chairman of the Board of Directors)

Sonaecom – Serviços de Comunicações, S.A. (Chairman of the Board of Directors)

Sonaecom – Sistemas de Informação, SGPS, S.A. (Chairman of the Board of Directors)

WeDo Consulting, S.A. (Chairman of the Board of Directors)

#### Other offices held:

Cooper Gay (Holdings) Limited (Member of the Board of Directors, Non-Executive)

MDS SGPS, S.A. (Member of the Board of Directors, Executive)

MDS – Corretor de Seguros, S.A. (Chairman of the Board of Directors)

Sonae SGPS, S.A. (Member of the Board of Directors, Executive)

Sonae Investments, B.V. (Managing Director)

Sonae Distribuição SGPS, S.A. (Member of the Board of Directors, Non-Executive)

Sonae Sierra SGPS, S.A. (Member of the Board of Directors, Non-Executive)

Sontel B.V. (Managing Director)

Enxomil SGPS, S.A. (Managing Director)

Enxomil – Sociedade Imobiliária, S.A. (Managing Director)

Lapidar SGPS, S.A. (Member of the Board of Directors, Executive)

## 4.1 Corporate governance report (continued)

### George Christopher Lawrie

#### Offices held in companies in which Sonaecom is a shareholder:

Be Artis, S.A. (Member of the Board of Directors, Non-Executive)

Sonaecom B.V. (Managing Director)

Sonaecom – Serviços de Comunicações S.A. (Member of the Board of Directors, Executive)

WeDo Consulting – Sistemas de Informação, S.A. (Member of the Board of Directors, Non-Executive)

#### Other offices held:

Does not hold any office in any other company

### Luís Filipe Campos Dias de Castro Reis

#### Offices held in companies in which Sonaecom is a shareholder:

Be Artis, SA (Member of the Board of Directors – Executive)

Be Towering – Gestão de Torres de Telecomunicações, SA (Chairman of the Board of Directors)

Público – Comunicação Social, SA (Member of the General Council)

Sonaecom B.V. – Managing Director

Sonaecom – Serviços de Comunicações, SA (Member of the Board of Directors – Executive)

Sonaecom – Sistemas de Informação, SGPS, SA (Member of the Board of Directors – Executive)

Sonae Telecom, SGPS, SA (Member of the Board of Directors of Directors – Executive)

Telemilénio – Telecomunicações, Sociedade Unipessoal, Lda (Managing Director)

WeDo Consulting – Sistemas de Informação, SA (Member of the Board of Directors – Non-Executive)

#### Other offices held:

Does not hold any office in any other company.

### Maria Cláudia Teixeira de Azevedo

#### Offices held in companies in which Sonaecom is a shareholder:

Digitmarket – Sistemas de Informação, S.A. (Chairman of the Board of Directors)

Lugares Virtuais, S.A. (Chairman of the Board of Directors)

Mainroad – Serviços de Tecnologias de Informação, S.A. (Chairman of the Board of Directors)

Miauger – Organização e Gestão de Leilões Electrónicos, S.A. (Chairman of the Board of Directors)

Público Comunicação Social, S.A. (Member of the General Council)

Saphety Level – Trusted Services, S.A. (Chairman of the Board of Directors)

Sonaecom Serviços de Comunicações, S.A. (Member of the Board of Directors)

Sonaecom Sistemas de Informação, S.A. (Member of the Board of Directors)

WeDo Consulting, Sistemas de Informação, S.A. (Member of the Board of Directors)

#### Other offices held:

Efanor – Serviços de Apoio à Gestão, S.A. (Chairman of the Board of Directors)

Efanor Investimentos, SGPS, S.A. (Member of the Board of Directors, Non-Executive)

Fundação Belmiro de Azevedo (Member of the Board of Directors, Non-Executive)

## 4.1 Corporate governance report (continued)

Imparfin, SGPS, S.A. (Chairman of the Board of Directors)

Linhacom, SGPS, S.A. (Chairman of the Board of Directors)

Praça Foz – Sociedade Imobiliária, S.A. (Member of the Board of Directors, Non-Executive)

### Miguel Nuno Santos Almeida

#### Offices held in companies in which Sonaecom is a shareholder:

Be Artis, SA (Member of the Board of Directors – Executive)

Be Towering – Gestão de Torres de Telecomunicações, SA (Member of the Board of Directors – Executive)

Per-Mar, Sociedade de Construções, SA (Chairman of the Board of Directors)

Sonae Telecom, SGPS, SA (Member of the Board of Directors – Executive)

Sonaecom – Serviços de Comunicações, SA (Member of the Board of Directors – Executive)

WeDo Consulting – Sistemas de Informação, SA (Member of the Board of Directors – Non-Executive)

#### Other offices held:

Does not hold any office in any other company.

### António Sampaio e Mello

#### Offices held in companies in which Sonaecom is a shareholder:

Does not hold any office in any company in which Sonaecom is a shareholder.

#### Other offices held:

Nakoma Capital Management (Member of the Board of Directors)

Casb (Member of the Board of Directors)

### David Charles Denholm Hobley

#### Offices held in companies in which Sonaecom is a shareholder:

Does not hold any office in any company of which Sonaecom is a shareholder.

#### Other offices held:

Egyptian Company for Mobile Services SA (Member of the Board of Directors)

Mobinil SA (Member of the Board of Directors)

Nectar Capital LLC (Member of the Board of Directors)

Orange Brand Services Limited (Member of the Board of Directors)

Orange Romania SA (Member of the Board of Directors)

Westgate Nominees Hall Limited (Member of the Board of Directors)

Velti plc (Member of the Board of Directors)

Deutsche Bank AG, London Branch (Managing Director)

### Franck Emmanuel Dangeard

#### Offices held in companies in which Sonaecom is a shareholder:

Does not hold any office in any company in which Sonaecom is a shareholder.

## 4.1 Corporate governance report (continued)

### Other offices held:

Harcourt, S.L. (Managing Director)

Calyon - Crédit Agricole Group (Director)

EDF – Electricité de France (Chairman of the Audit Committee; Member of the Nomination and Remuneration Committee)

Infogrames (Chairman – Non-Executive)

Symantec (US) (Member of the Audit Committee; Member of the Nomination and Governance Committee)

Moser Baer (India) (Member of the Strategy Committee)

Bruegel (Member of the Board of Directors)

Energos (Member of the Advisory Board)

PriceWaterhouseCoopers (France) (Member of the Advisory Board)

Reech AIM (UK) (Member of the Advisory Board)

### Gervais Gilles Pellissier

#### Offices held in companies in which Sonaecom is a shareholder:

Does not hold any office in any company in which Sonaecom is a shareholder.

#### Other offices held:

France Telecom Spain (Member of the Board of Directors)

Mobistar (Member of the Board of Directors)

Studio 37 (Member of the Board of Directors)

### Jean-François René Pontal

#### Offices held in companies in which Sonaecom is a shareholder:

Does not hold any office in any company in which Sonaecom is a shareholder.

#### Other Offices held:

Ing Direct, France (Member of the Advisory Board)

Oger Telecom, Dubai (Member of the Board of Directors, Non-Executive)

### Nuno Manuel Moniz Trigosso Jordão

#### Offices held in companies in which Sonaecom is a shareholder:

Does not hold any office in any company in which Sonaecom is a shareholder.

#### Other offices held:

Arat Inmuebles S.A.

Azulino – Imobiliária, S.A.

Bertimóvel – Sociedade Imobiliária, S.A.

Best Offer - Prestação de Informações pela Internet, S.A.

Bikini – Portal de Mulheres, S.A.

Canasta - Empreendimentos Imobiliários, S.A.

Carnes do Continente - Indústria e Distribuição de Carnes,S.A.

Chão Verde – Sociedade de Gestão Imobiliária, S.A.

## 4.1 Corporate governance report (continued)

Citorres – Sociedade Imobiliária, S.A.  
Contibomba - Comércio e Distribuição de Combustíveis, S.A.  
Contimobe – Imobiliária do Castelo de Paiva, S.A.  
Continente Hipermercados, S.A.  
Cumulativa - Sociedade Imobiliária, S.A.  
Difusão – Sociedade Imobiliária, S.A.  
Edições Book.it – S.A.  
Efanor - Design e Serviços, S.A.  
Efanor - Indústria de Fios, S.A.  
Estevão Neves – Hipermercados da Madeira, S.A.  
Farmácia Selecção, S.A.  
Fozimo - Sociedade Imobiliária, S.A.  
Fozmassimo – Comércio e Indústria de Produtos Alimentares, S.A.  
Global S – Hipermercado, Lda.  
IGI – Investimento Imobiliário, S.A.  
Igimo – Sociedade Imobiliária, S.A.  
Iginha – Sociedade Imobiliária, S.A.  
Imoconti – Sociedade Imobiliária, S.A.  
Imoestrutura – Sociedade Imobiliária, S.A.  
Imomuro – Sociedade Imobiliária, S.A.  
Imoresultado – Sociedade Imobiliária, S.A.  
Imosistema - Sociedade Imobiliária, S.A.  
Infocfield – Informática, S.A.  
Inventory – Acessórios de Casa, S.A.  
MJLF - Empreendimentos Imobiliários, S.A.  
Modalfa - Comércio e Serviços, S.A.  
Modelo – Distribuição de Materiais de Construção, S.A.  
Modelo Continente – Operações de Retalho, SGPS, S.A.  
Modelo Continente Hipermercados, S.A.  
Modelo Continente Hipermercados, S.A., Sucursal en España  
Modelo Continente Seguros - Sociedade de Mediação, Lda.  
Modelo Hiper Imobiliária, S.A.  
Modelo Hipermercados Trading, S.A.  
Modelo.Com – Vendas por Correspondência, S.A.  
NA - Comércio de Artigos de Desporto, S.A.  
NA - Equipamentos Para o Lar, S.A.  
Peixes do Continente - Indústria e Distribuição de Peixes, S.A.

## 4.1 Corporate governance report (continued)

Pharmacontinente - Saúde e Higiene, S.A.

Predicomercial – Promoção Imobiliária, S.A.

Selifa - Sociedade de Empreendimentos Imobiliários, S.A.

Sempre à Mão – Sociedade Imobiliária, S.A.

Sesaggest – Projectos e Gestão Imobiliária, S.A.

Socijofra - Sociedade Imobiliária, S.A.

Sociloures - Sociedade Imobiliária, S.A.

Solaris - Supermercados, S.A.

Sonae Distribuição - S.G.P.S., S.A..

Sonae Retalho Espanã – Servicios Generales, S.A.

Sonaecor – Comercio y Distribución S.A.

Sonaegest – Sociedade Gestora de Fundos de Investimento, S.A.

Sondis Imobiliária, S.A.

Sontária – Empreendimentos Imobiliários, S.A.

Sport Zone – Comércio de Artigos de Desporto, S.A.

Sport Zone España - Comercio de Articulos de Deporte, S.A.

Tlantic Portugal - Sistemas de Informação, S.A.

Todos os Dias - Comércio Retalhista e Exploração de Centros Comerciais, S.A.

Valor N, S.A.

Worten - Equipamentos para o Lar, S.A.

Worten España Distribución S.L.

## 4.1 Corporate governance report (continued)

### 3. QUALIFICATIONS, PROFESSIONAL EXPERIENCE AND SHARES HELD BY THE STATUTORY AUDIT BOARD

#### Arlindo Dias Duarte Silva

**Academic qualifications:** Degree in Economics by Porto University.

**Professional experience:** Member of the Institute of Statutory Auditors, Statutory External Auditor and member of several Statutory Audit Boards.

**Number of Sonaecom shares held:** does not hold any shares

#### Armando Luís Vieira de Magalhães

**Academic qualifications:** Degree in Economics by Porto University. Executive MBA – European Management from IESF/IFG.

**Professional experience:** Statutory Auditor in various Portuguese companies.

**Number of Sonaecom shares held:** does not hold any shares

#### Óscar José Alçada da Quinta

**Academic qualifications:** Degree in Economics by Porto University.

**Professional experience:** Member of the Institute of Statutory Auditors, Partner of Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC and member of several Statutory Audit Boards.

**Number of Sonaecom shares held:** does not hold any shares

#### Jorge Manuel Felizes Morgado

**Academic qualifications:** Degree in Economics by Porto University.

**Professional experience:** Statutory Auditor and Member of the Statutory Audit Board in various Portuguese companies.

**Number of Sonaecom shares held:** does not hold any shares

### 4. OTHER OFFICES HELD BY THE MEMBERS OF THE STATUTORY AUDIT BOARD

#### Arlindo Duarte Silva

**Offices held in Sonaecom Group companies:**

Does not hold any office in any Sonaecom Group company.

**Other Offices:**

DMJB – Consultadoria de Gestão, S.A. (Statutory External Auditor)

Loisir – Equipamentos de Diversão e Ocupação de Tempos Livres, S.A. (Statutory External Auditor)

Orbirio – Imobiliário e Empreendimentos Turísticos, S.A. (Statutory External Auditor)

Rochinvest – Investimentos Imobiliários e Turísticos, S.A. (Member of the Statutory Audit Board)

Sintigraf II – Tintas Gráficas, S.A. (Statutory External Auditor)

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

Sonae Distribuição SGPS, S.A. (Member of the Statutory Audit Board)

**Offices in non-profitable institutions:**

ALADI – Associação Lavrense de Apoio ao Diminuído Intelectual (Member of the Statutory Audit Board)

Centro Social e Paroquial Padre Ângelo Ferreira Pinto (Member of the Statutory Audit Board)

Associação de Apoio Social de Perafita (Member of the Statutory Audit Board)

Associação Cultural do Senhor do Padrão (Member of the Statutory Audit Board)

Liga dos Amigos do Hospital Pedro Hispano (Member of the Statutory Audit Board)

#### Armando Luís Vieira de Magalhães

**Offices held in Sonaecom Group companies:**

Does not hold any office in any Sonaecom Group company.

**Other Offices:**

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

Sonae Indústria SGPS, S.A. (Member of the Statutory Audit Board)

Fundação Eça de Queiroz (Member of the Statutory Audit Board)

Futebol Clube do Porto – Futebol S.A.D. (Member of the Statutory Audit Board)

#### Óscar José Alçada da Quinta



## 4.1 Corporate governance report (continued)

### **Offices held in Sonaecom Group companies:**

Does not hold any office in any Sonaecom Group company.

### **Other Offices:**

BA GLASS I – Serviços de Gestão e Investimentos, S.A. (Member of the Statutory Audit Board)

LISGRÁFICA – Impressão e Artes Gráficas, S.A. (Member of the Statutory Audit Board)

Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC (Member of the Board of Directors)

Sonae Distribuição SGPS, S.A. (Member of the Statutory Audit Board)

Sonae Indústria SGPS, S.A. (Member of the Statutory Audit Board)

### Jorge Manuel Felizes Morgado

### **Offices held in Sonaecom Group companies:**

Does not hold any office in any Sonaecom Group company.

### **Other Offices:**

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

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

Sonae Distribuição SGPS, S.A. (Member of the Statutory Audit Board - Substitute)

Sonae Indústria SGPS, S.A. (Member of the Statutory Audit Board)

Sonae Sierra SGPS, S.A. (Member of the Statutory Audit Board)

### Safe harbour

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that are not historical facts. These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, the telecommunications industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as 'believes', 'expects', 'anticipates', 'projects', 'intends', 'should', 'seeks', 'estimates', 'future' or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors, analysts and, generally, the recipients of this document are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

Report available at Sonaecom's institutional website [www.sonae.com](http://www.sonae.com)

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Sonaecom SGPS is listed on the Euronext Stock Exchange.  
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and on Bloomberg under the symbol 'SNC:PL'.