

SONAE.COM

CORPORATE
GOVERNANCE
REPORT
2013

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Sonaecom Governance

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Sonaecom governance

PART I – Shareholding structure, organisation, and governance of the company

A. Shareholding structure

I - Share capital structure

1. Capital structure

The company's share capital is 366,246,868 euros, paid up and subscribed in its entirety, divided into 366,246,868 registered ordinary shares with a nominal value of 1 euro each.

All shares representing the capital stock are traded in the Euronext Lisbon regulated market.

2. Restrictions on share transferability and ownership

There are no restrictions on the transferability or ownership of Sonaecom shares.

3. Own shares

As of 31 December 2013, Sonaecom held 5,571,014 own shares, representing 1.52% of its share capital.

4. Impact of the change in Sonaecom shareholder control in significant agreements

There are no agreements signed by Sonaecom that include clauses intended to constitute defensive measures against change in its shareholding control or which would cease in case of change in control of the company after a takeover bid.

Most of Sonaecom's share capital is owned by one single shareholder.

5. System to which the renewal or removal of defensive measures are subject, in particular those which establish the limitation of the number of votes that can be cast or exercised by a single shareholder individually or in agreement with other shareholders

No defensive measures were taken.

6. Shareholders' agreements

No shareholders' agreements that have Sonaecom as their subject are known.

II - Shares and bonds held

7. Qualified shareholdings

See point 4.4 in chapter 4.

8. Number of shares and bonds held by the members of management and supervisory Board, presented in the terms of no. 5 of Art. 447 of the Commercial Companies Code

See point 4.4 in chapter 4.

9. Competence of the Board of Directors in capital increases

This is a competence that corresponds exclusively to the General Shareholders' Meeting.



10. Commercial relationships between the holders of qualified shareholdings and the company

Business and transactions with holders of qualified shareholdings are part of the usual activity of Sonaecom subsidiaries and are executed in normal market conditions. The amounts involved correspond mostly to interest and are not significant.

B. Corporate bodies and committees**I - General Shareholders' Meeting****a) Composition of the General Shareholders' Meeting Board****11. Identification and roles of the members of the General Shareholders' Meeting Board and term of office**

The current term of office of the members of the Board of the General Shareholders' Meeting is 2012 to 2015.

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

b) Exercise of voting rights**12. Potential restriction on voting rights**

The company's bylaws do not envisage any limitation on the tallying of the votes or the existence of shares with no voting rights.

13. Maximum percentage of voting rights that can be exercised by a single shareholder or by shareholders with whom s/he is in any of the relationships described in Article 20.1

This regulation is not included in Sonaecom's bylaws, given that they do not establish any limitation on the number of votes that can be cast by a shareholder or group of shareholders.

14. Shareholder decisions which, due to the bylaws, may only be taken with a qualified majority

As established in the company bylaws, any decisions made by the General Shareholders' Meeting shall be by simple majority, unless otherwise required by law.

II – Administration and supervision**a) Composition****15. Identification of the governance model adopted**

This company has a monist governance model, whose administration structure is centralised in the Board of Directors, and the supervisory structure includes a Statutory Audit Board and a Statutory External Auditor.

The Board of Directors is the body in charge of managing the company's business, performing all the administration functions pertaining to the corporate purpose, determining the strategic orientation, and appointing and generally supervising the actions of the Executive Committee and the specialised committees established.

The other two organs are in charge of supervisory tasks.

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

The members of the Board of Directors are elected, as established by law and the bylaws, in the terms specified in the proposal approved in the General Shareholders' Meeting.

The bylaws establish that, should shareholders representing at least 10% of the share capital vote against the winning proposal for the election of the directors, a director will be elected by the shareholders in said minority, in the same meeting, and the director elected shall automatically replace the person with the lowest number of votes in the winning list, or, in case of an equal number of votes, the person in the last position in the list. One shareholder may not nominate more than one candidate.

Should candidates be nominated by a group of shareholders, the vote shall concern those candidacies as a whole. These regulations shall not apply to the election of a substitute director.

Without prejudice to the foregoing, should shareholders representing at least 19% of the share capital vote against the winning proposal for the election of the directors, a second director will be elected by the shareholders in said minority, in the same meeting, and the director elected shall automatically replace the person with the second lowest number of votes in the winning list, or, in case of an equal number of votes, the person in the penultimate position in the list. To this end, only shareholders or groups of shareholders holding shares representing more than 19% and less than 30% of the company's share capital may nominate candidates.

The Board of Directors of the company or the Appointments and Remuneration Committee designated by the Board shall previously verify objectively whether the candidates nominated in the terms of the previous section are independent and suitable for the position. Only verified persons may be elected pursuant to said statutory regulation. Should the Board of Directors or the Appointments and Remuneration Committee find that the candidates are not independent and/or not suitable for the position and reject their appointment, it shall justify its refusal in a satisfactory manner, in good faith and in writing, within 15 days. In this case, the nominating shareholder or group of shareholders shall be entitled to propose a new candidate to the Board of Directors or the Appointments and Remuneration Committee, and so on.

It is also statutorily established that in case of death, resignation, or hindrance, temporary or definitive, of any director other than a director elected under the minority rule, the Board of Directors shall replace said director through co-optation. This appointment shall be subject to ratification by shareholders in the following General Meeting.

As part of the exercise of the power of co-optation by the Board of Directors, the Appointments and Remuneration Committee, composed exclusively of non-executive directors, shall be in charge of identifying potential candidates for the position of directors who have a suitable profile for performance of those duties.

The definitive lack, for any reason, of a director elected under the aforementioned special rules shall lead to a new election by the General Meeting.

The Board of Directors shall appoint its Chairman.

17. Composition of the Board of Directors

Composition

Pursuant to the Sonaecom bylaws, the Board of Directors may be constituted by three to twelve members, elected in the General Shareholders' Meeting. The Board of Directors' term of office is four years. Its members may be re-elected. The current Board of Directors' term of office is 2012 to 2015. The Board of Directors elects its own Chairman.



In 2013, the composition of the Board of Directors was as follows:

MEMBERS	
Duarte Paulo Teixeira de Azevedo	Chairman
António Sampaio e Mello	Independent non-executive director
David Charles Denholm Hobley	Non-executive director *
Gervais Gilles Pellisser	Non-executive director
Jean-François René Pontal	Independent non-executive director
Franck Dangeard	Independent non-executive director
Nuno Manuel Moniz Trigo Jordão (*)	Non-executive director
Ângelo Gabriel Ribeirinho dos Santos Paupério	Executive director and CEO
António Bernardo Aranha da Gama Lobo Xavier	Executive director
Maria Cláudia Teixeira de Azevedo	Executive director and CEO of the SSI and Online & Media divisions
Miguel Nuno Santos Almeida	Executive director and Deputy CEO

The members of the Board of Directors were first elected in the following terms:

MEMBERS	DATE FIRST APPOINTED	END OF TERM OF OFFICE
Duarte Paulo Teixeira de Azevedo	30-04-2004	31-12-2015
António Sampaio e Mello	05-07-2006	31-12-2015
David Charles Denholm Hobley	30-04-2004	31-12-2015
Gervais Gilles Pellisser	05-07-2004	31-12-2015
Jean-François René Pontal	30-04-2004	31-12-2015
Franck Dangeard	02-07-2008	31-12-2015
Nuno Manuel Moniz Trigo Jordão (*)	16-04-2008	31-12-2015
Ângelo Gabriel Ribeirinho dos Santos Paupério	24-04-2007	31-12-2015
António Bernardo Aranha da Gama Lobo Xavier	23-04-2010	31-12-2015
Maria Cláudia Teixeira de Azevedo	05-04-2006	31-12-2015
Miguel Nuno Santos Almeida	30-04-2004	31-12-2015

*Left this position on 9 May 2013



18. Positions of the Board Directors

MEMBERS	
Duarte Paulo Teixeira de Azevedo	Chairman
António Sampaio e Mello	Independent non-executive director
David Charles Denholm Hobley	Non-executive director
Gervais Gilles Pellisser	Non-executive director
Jean-François René Pontal	Independent non-executive director
Franck Dangeard	Independent non-executive director
Nuno Manuel Moriz Trigo Jordão	Non-executive director
Ângelo Gabriel Ribeirinho dos Santos Paupério	Executive director and CEO
António Bernardo Aranha da Gama Lobo Xavier	Executive director
Maria Cláudia Teixeira de Azevedo	Executive director and CEO of the SSI and Online & Media divisions
Miguel Nuno Santos Almeida	Executive director and Deputy CEO

*Left this position on 9 May 2013

The non-executive members were appointed on the basis of their reputation in the fields of business, finance, academia and consultancy, in order to reinforce the Board of Directors' competences, particularly regarding the strategy for configuring the business portfolio and the annual financial plan, as well as their review.

The non-executive members of the Board of Directors are regarded as independent following the independence criterion established in point 18.1 of Appendix I to regulation 3/213 of the Securities and Exchange Commission and recommendation II.1.7 of the Securities and Exchange Commission (2013).

The independent non-executive directors have a duty to immediately notify the company of any event during their term of office that gives rise to incompatibilities or loss of independence as required by law.

The Board of Directors reflects a healthy balance between the total number of non-executive directors and the number of independent non-executive directors.

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

The academic qualifications, experience, and duties of the directors are given in Chapter 4 of this report.

20. Significant family, professional, and commercial relationships of the members of the Board of Directors with shareholders that have qualified shares

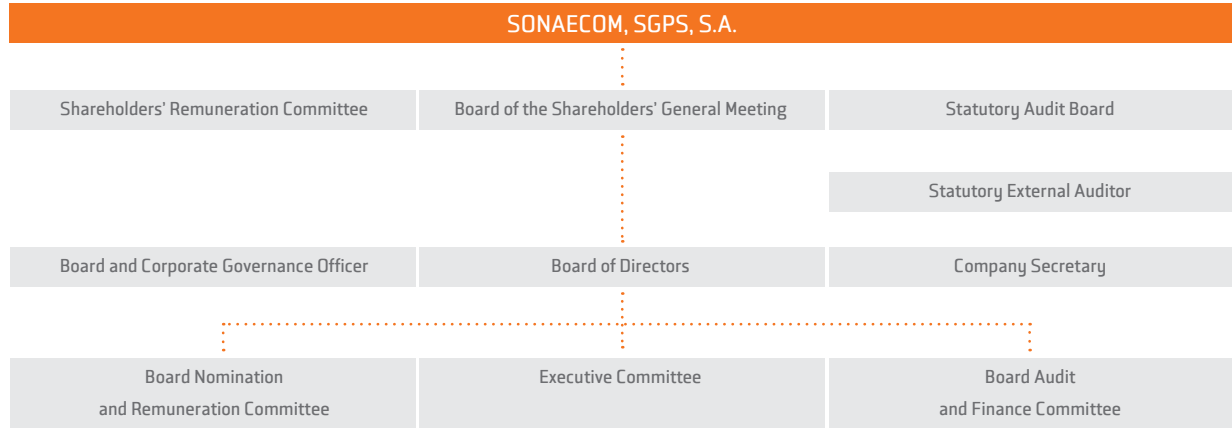
The Chairman of the Board of Directors of the company, Duarte Paulo Teixeira de Azevedo, is the Chairman of the Executive Committee of Sonae – SGPS, S.A., which holds, as of 31 December 2013, a 74% share in Sonaecom, corresponding to 74% of voting rights. The latter has a first-degree collateral family relationship with Maria Cláudia Teixeira de Azevedo, executive member of the Board of Directors of Sonaecom.

The Chairman of the Executive Committee of Sonaecom, Ângelo Ribeirinho dos Santos Paupério, is also a member of the Board of Directors of Sonae – SGPS, S.A., which owns a share in Sonaecom in the terms described above.

21. Distribution of competences among the various corporate bodies, committees, and/or company departments, including information about delegation of competence, in particular regarding delegation of the company's daily management

i) Distribution of competences among the various corporate bodies and respective committees

Sonaecom's corporate structure clearly describes the functions, responsibilities and duties of its bodies.



Following below are the main functions and responsibilities of the Sonaecom corporate bodies:

Board of Directors

The Board of Directors is responsible for managing the company's business, monitoring risks, handling conflicts of interest, and executing the organisation's objectives and strategy.

Sonaecom's bylaws allow the Board of Directors to delegate powers in an Executive Committee when it comes to everyday business, duties and management responsibilities in the terms deemed suitable (as described in the Executive Committee section). However, they do not allow the Board of Directors to approve capital increases, which shall be decided in the General Shareholders' Meeting.

All the terms of reference for the Board of Directors may be viewed on the company's website (www.sonae.com).

ii) Distribution of competences among the various company departments

The corporate structure is based on the following functional structures:

Administrative and Financial Department

Main duties:

- . Control of internal processes and transactions and the reliability and timely reporting of financial, fiscal, and management information;
- . Accounting records of transactions and preparation of individual and consolidated financial reports for the companies;
- . Efficient management of the Sonaecom Group's cash;
- . Negotiation and contracting of the most suitable banking products and services for the Group's business needs;
- . Efficient and effective management of all the administrative processes for the Sonaecom Group's business;
- . Management of financial risk and support in execution of monetary market, interest rate, or exchange transactions;
- . Management of the administrative processes for Accounts Payable, Receivables, Cash and Banks, Stocks, and Tangible Assets;

- . Ensuring the rigour and reliability of the financial information, with the support of the most efficient information system;
- . Optimisation of the Sonaecom's Group fiscal efficiency, ensuring the monitoring of fiscal procedures in all Sonaecom businesses, as well as compliance with tax obligations and control of the fiscal group;
- . Management of the Sonaecom transfer pricing dossier;
- . Support for decision-making and process implementation in the various areas in the Sonaecom Group;
- . Collaboration in the definition of the strategy and fiscal objectives, in particular providing support to business internationalisation;
- . Monitoring of all the litigation processes with the tax authorities, and management of the defence of the Group's business;
- . Promotion of and support to the provision of tax and financial incentives;
- . Participation in special projects in the Sonaecom Group, such as mergers and acquisitions and corporate restructuring.

Planning and Management Control Department

Main duties:

- . Supporting the development of the corporate strategy and/or business;
- . Promoting, leading, and implementing the annual strategic planning;
- . Leading and monitoring the annual Sonaecom budgeting process, as well as preparing the report on budget implementation;
- . Challenging the corporate business and areas as regards the goals set so as to constantly improve and optimise the efficiency of Sonaecom's business, performance, and results;
- . Preparing and analysing business management information, as well as consolidated data, on a monthly, quarterly, and annual basis, analysing deviations from the budget and proposing corrective actions;
- . Supporting decisions for the allocation of capital to ongoing businesses and new business opportunities;
- . In charge of analysing the invested capital and the return on the invested capital;
- . Creating business plans together with the business management teams;
- . Performing technical and benchmark studies for the Sonaecom business in order to evaluate its performance in comparison with competitors and other players in the market.

Risk Management Department

Main duties:

- . Promoting a culture of risk awareness, as well as mediating and managing the business risks that interfere with the achievement of objectives and the creation of value in the organisation;
- . Contributing to business areas using analysis and risk management methodologies, tools, support, and know-how;
- . Promoting and monitoring the implementation of programmes and actions aimed at bringing risk levels close to the acceptable levels established by the management.

Internal Audit Department

Main duties:

- . Assessing risk exposure and checking the effectiveness of risk management and internal controls through the execution of audits of business processes and information systems;
- . Proposing measures to improve controls and monitor the evolution of risk exposure associated with the main audit findings.

Legal Department

Main duties:

- . Relations with Euronext Lisbon, with the Securities and Exchange Commission and with shareholders regarding legal issues;
- . Legal management of company governance and monitoring of compliance with best practices in this area: monitoring, controlling, and ensuring the legality of business activities in telecommunications, software, information systems and media;
- . Drafting and/or analysing contracts to maximise security and reduce legal risks and potential costs;
- . Management of all aspects pertaining to the intellectual and industrial property of the various businesses, such as brands, trademarks, names, patents, logos, marketing, slogans, domain names and copyright;
- . Execution of all public deeds, registrations, and notarial procedures required for business, whether they are commercial, property, or corporate;
- . Management of all dispute processes and corporate processes in the pre-litigation stages and during litigation;
- . Support to obtain the various licences required for business;
- . Monitoring of the development of the legislation relevant to the Group's business;
- . Legal support in national and international operations of the company's business, as well as analysis of new national and international operations, in particular, in the latter, regarding the legal environment in the countries under analysis.

Human Resources Department

Main duties:

- . Support to senior management on the implementation and development of human resources policies;
- . Defining and implementing the human resources strategy, planning and talent management on various levels;
- . Ensuring the presence and development of the technical and management competences of Sonaecom executives, either through the implementation of adequate recruitment and selection practices, or through the design and implementation of training transversal and/or individualised training and development plans;
- . Developing human resources management models and processes in areas such as remuneration and benefit policy; career management; social climate monitoring and development; administrative management and salary processing; staff budgeting and reporting on human resources issues; occupational health, hygiene; and safety management;

- . Monitoring legal occupational issues;
- . Representing the company in official bodies and associations linked to this area.

Investor Relations Department

Main duties:

- . Management of relations between Sonaecom and the financial community by means of ongoing preparation and disclosure of relevant, updated information about the company;
- . Support to the Executive Committee and directors, providing relevant information about the capital markets;
- . Support to External Communications, contributing to the alignment of the corporate message to be conveyed in the capital markets.

b) Operation

22. Location of the terms of reference of the Board of Directors

The terms of reference of the Board of Directors are available on the company website (www.sonae.com).

23. Number of meetings held and attendance record for members of the Board of Directors

Board of Directors

The Sonaecom Board of Directors meets at least four times every year, as specified in the bylaws, and whenever the Chair or two members of the Board of Directors call a meeting. Four meetings were held in 2013 with an 83% attendance rate.

The non-executive directors also meet separately to discuss and evaluate their independence in performance of their duties, as well as to suggest measures to improve the Board of Directors' procedures in terms of corporate governance. The non-executive directors confirmed in these meetings that there were no restrictions on their activities during 2013.

Supervisory Board

The Supervisory Board meets at least once every quarter. Five meetings were held in 2013 with a 93% attendance rate.

Executive Committee

The Sonaecom Executive Committee usually meets once every two weeks and whenever its Chair or the majority of its members call a meeting. Fifteen meetings of the Executive Committee were held in 2013, with a 98% attendance rate.

Board Audit and Finance Committee (BAFC)

The BAFC meets at least five times every year and whenever its Chair or the Board of Directors, Executive Committee, or, exceptionally, the Statutory External Auditor call a meeting. Between meetings, the BAFC analyses projects and monitors activity by means of conference calls among its members. Four meetings were held in 2013, with an 88% attendance rate. In addition, four conference calls were held.

Board Nomination and Remuneration Committee (BNRC)

The BNRC meets at least twice every year and whenever its Chair or the Board of Directors see fit. Two meetings of the BNRC were held in 2013, with a 100% attendance rate.



Shareholders' Remuneration Committee

The Shareholders' Remuneration Committee meets at least once a year. Two meetings were held in 2013 with a 100% attendance rate.

Ethics Committee

The Ethics Committee usually meets once every six months and whenever its Chair or two of its members see fit. One meeting was held in 2013, with a 100% attendance rate.

24. Suitability of the competent corporate bodies to perform the evaluation of the Executive Directors' performance

To establish the variable component of remuneration, an individual evaluation of the Executive Directors' performance is carried out by the Shareholder Remuneration Committee, in co-operation with the BNRC of the Boards of Directors. This evaluation is performed once the company's performance is known.

25. Pre-established criteria for the evaluation of the Executive Directors' performance

The short-term variable remuneration is meant to reward the achievement of various targets defined on an annual basis, which are linked to business KPIs and personal KPIs. The target short-term variable remuneration is based on a percentage of the fixed component of the Remuneration Plan, which will range between a minimum and a maximum percentage, depending on the Executive Director's functional group. The business KPIs, which are a significant component of economic/financial indicators, amount to 70% of the short-term variable remuneration and constitute objective indicators. The remaining 30% derives from the individual KPIs, which may combine objective and subjective components. The amounts paid result from real performance and may range between 0% and 148% of the established target short-term variable remuneration.

26. Availability of each of the members of the Board of Directors, specifying the roles held simultaneously in other companies, inside and outside the Group, and other relevant activities performed by the members of these bodies during the business year.

The list of roles held by the company directors is given in chapter 4 of this report.

Members of the Board of Directors consistently displayed their availability to perform their duties, attending meetings and taking part in the respective works on a regular basis.

c) Board of Directors committees and managing directors

27. Identification of the committees created within the Board of Directors and location of their operating regulations

The Board of Directors of the company includes the following committees:

- . Executive Committee
- . Board Audit and Finance Committee (BAFC)
- . Board Nomination and Remuneration Committee (BNRC)
- . Shareholder's Remuneration Committee
- . Ethics Committee
- . Head of Corporate Governance

The terms of reference for the Board of Directors committees are available on the company website (www.sonae.com).



28. Composition of the Executive Committee

Ângelo Gabriel Ribeirinho dos Santos Paupério	Executive director - CEO
Miguel Nuno Santos Almeida	Executive director – Deputy CEO
Maria Cláudia Teixeira de Azevedo	CEO SSI and CEO Online & Media
António Bernardo Aranha da Gama Lobo Xavier	Executive director

29. Specification of the competences of each of the Committees created and synthesis of the activities performed in the exercise of those competences

Executive Committee

The Executive Committee may deliberate on matters that relate to general management and not on matters that are exclusively within the powers of the Board of Directors. Powers and the responsibility to manage and carry out Sonaecom's day-to-day operations are delegated to the Executive Committee, 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, demergers, 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;
- (xiii) 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;
- (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;
- (xvi) To dispose of assets or make other divestments, if such transaction has a significant effect on Sonaecom's operating results (defined as equal to 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.

The full Terms of Reference of the Executive Committee are available on the company's website (www.sonae.com).

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. The duties of the BAFC are:

- (i) To review the company's annual and interim financial statements and reports to the market, and report 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 and risk management activities applied by the Executive Committee, allowing to strengthen the company's levels of self-control in addition to the independent, sovereign and dominant supervision role performed by the Statutory Audit Board;
- (iv) To advise the Board on the appointment of, the assignments to and the remuneration of the Statutory External Auditor; to advise the Board on the quality and independence of the Internal Audit function and to be consulted by management in relation to the appointment and removal of the Chief Audit Executive;
- (v) To review the scope of the Internal Audit Function and its relation to the scope of the Statutory External Audit; to discuss with the Statutory External Auditor and the Internal Auditor their reports, and advise the Board thereon; these reports are issued both to the Statutory Audit Board and BAFC. It should be emphasised that these reports are previously analysed by the Statutory Audit board, being subsequently discussed by the Board Audit and Finance Committee.

The full Terms of Reference of the BAFC are available on the company's website (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 neces-

sary, 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:

- (i) The Sonaecom Board Nomination and Remuneration Committee (BNRC) consists of up to three members: the Chairman of the Sonaecom Board and up to two independent Non-Executive Directors (NEDs) appointed by the Board. The Sonaecom Chairman will chair the BNRC, provided he or she is not remunerated as an Executive by the company. Otherwise, the senior independent NED appointed will chair the BNRC;
- (ii) Members shall be appointed to serve on the BNRC for a period of four years (following the Board mandates);
- (iii) The Sonaecom Chief Executive Officer (CEO) will attend the meetings of the BNRC, unless the BNRC on an ad hoc basis decides otherwise;
- (iv) The Secretary to the BNRC will be the Sonaecom Board & Corporate Governance Officer;
- (v) The BNRC is responsible for the succession planning and nomination processes for Board members, for reviewing all remuneration and other compensation policies and proposals for Board members and other Sonaecom Senior Executives (covering Management Levels G2 and above), for supervising the Sonaecom Medium Term Incentive Plan ("MTIP") and for monitoring Sonaecom's talent management and contingency planning processes;
- (vi) The BNRC will normally meet at least twice a year (in late February or early March, preferably before the annual meetings of the Sonae SGPS and Sonaecom Shareholder Remuneration Committees – "Comissão de Vencimentos" (See Notes A and B below) and in late October or early November). Other meetings may be called by the Chairman or the Board, as necessary;
- (vii) The BNRC will report and, when necessary, propose to the full Sonaecom Board and will also liaise with the Sonae SGPS and Sonaecom Shareholder Remuneration Committees through the Sonaecom Chairman;
- (viii) The BNRC may take advice from external experts at the expense of the company. Such experts will be held to absolute secrecy on the topics upon which they opine;
- (ix) The agenda of the February/March meeting will always include the review of proposals for the remuneration and other compensation of Executive and Non-Executive Directors of Sonaecom and other Sonaecom Senior Executives. The Sonaecom CEO and other members will withdraw individually from the meeting, when their own remuneration is discussed;
- (x) Remuneration and other compensation proposals, which are submitted to the BNRC for review on behalf of the Sonaecom Board, are prepared based on proposals made by the Sonaecom Chairman (for NEDs and for the CEO) and by the CEO (for other Executive Directors and for Senior Executives), are supported by market and Sonae Group comparisons and are derived from individual appraisals and KPI analyses;
- (xi) The remuneration and other compensation of the Sonaecom Chairman is decided directly by the independent member of the Sonaecom Shareholders' Remuneration Committee;
- (xii) Minutes of BNRC meetings will be prepared and extracts of these will be circulated to all Board Members.



Note: Under Article 27 of the company Statutes, Sonaecom has a Shareholders Remuneration Committee (“Comissão de Vencimentos”) with 2 members, being: Paulo Azevedo (representing Sonae SGPS) and Francisco de La Fuente Sánchez (representing Sontel BV). All remuneration and other compensation proposals involving the Officers of the company (“Órgãos Sociais”), including the Board of Directors, must have the agreement of and be formally approved by this Body on behalf of Sonaecom SGPS shareholders.

The full Terms of Reference of the BNRC are available on the company's website (www.sonae.com).

During 2013, Sonaecom BNRC hired external advisory services in remuneration policy benchmarking and best practices.

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.

Ethics Committee

The Ethics Committee is responsible for supervising and maintaining the company's Code of Conduct and for monitoring its application and ensuring compliance by all Officers and employees of Sonaecom companies.

The Committee is also responsible for reporting to the company's Board of Directors on compliance with the Code of Conduct, at least once a year, and additionally, whenever requested.

By delegation of the Statutory Audit Board, it is the responsibility of the Ethics Committee to receive, discuss, investigate and assess any alleged irregularities that are reported, in accordance with Sonaecom's 'whistle-blowing' policy. The Committee decides the appropriate measures that should be taken in each case reported.

The full Terms of Reference of the Ethics Committee are available on the company's website (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;
- (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 Board is conscious of the concept of stakeholders and the need to protect minority interests, 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;
- (xii) Participating, on behalf of the company, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.

III – Supervision

a) Composition

30. Identifying the supervisory body

Under the adopted governance model, the Board of Auditors and the Statutory Auditor are the company's supervisory bodies.

31. Composition

In accordance with the Articles of Association, the Board of Auditors may be made up of an odd or even number of members, with a minimum of three and a maximum of five members, elected for four-year terms. The Board of Auditors also includes one or two alternate members, depending on whether the number of members is three or more.

Sonaecom's Board of Auditors was appointed at the Annual General Meeting held on 24 April 2012 for a term relating to the period 2012-2015. The council is made up of the following members:

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

MEMBROS	DATE FIRST APPOINTED	END OF TERM OFFICE
Arlindo Dias Duarte Silva	02-05-2007	31-12-2015
Armando Luís Vieira de Magalhães	02-05-2007	31-12-2015
Óscar José Alçada da Quinta	02-05-2007	31-12-2015
Jorge Manuel Felizes Morgado (Alternate member)	02-05-2007	31-12-2015

Statutory External Auditor

The Statutory External Auditor for Sonaecom is Deloitte & Associados, SROC, S.A. represented since 2012 by António Manuel Martins Amaral, who may be replaced by João Luís Falua Costa da Silva.

32. Degree of independence of the members of the Statutory Audit Board

All members of the Statutory Audit Board are independent under the terms of article 414.5, and they are not covered by any incompatibility under the terms of article 414-A (1), both from the Code on Commercial Companies. The Board of Auditors carried out an assessment of the independence of its members by the renewal of written declarations issued individually.

Members of the Board of Auditors must notify the company immediately of any occurrence during the course of their mandates that gives rise to incompatibilities or a loss of independence, as required by law.

33. Professional qualifications**Arlindo Dias Duarte Silva**

Educational qualifications: Degree in Economics, University of Oporto

Professional experience: Statutory Auditor, Sole Auditor, and member of the Board of Auditors of various companies

Number of Sonaecom shares held: none

Armando Luís Vieira de Magalhães

Educational qualifications: Degree in Economics, University of Oporto. Executive MBA, European Management, IESF / IFG.

Professional experience: Statutory Auditor in various companies

Number of Sonaecom shares held: none

Óscar José Alçada da Quinta

Educational qualifications: Degree in Economics, University of Oporto

Professional experience: Member of the Institute of Statutory Auditors, Partner in Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC, and member of the Board of Auditors of various companies

Number of Sonaecom share held: none

Jorge Manuel Felizes Morgado

Educational qualifications: Degree in Economics, University of Oporto

Professional experience: Statutory Auditor and Member of the Board of Auditors of various Portuguese companies

Number of Sonaecom shares held: none

b) Functioning**34. Terms of reference and annual activity report**

The operating regulations of the Board of Auditors may be viewed on the company website (www.sonae.com).

The annual report and opinions of the Board of Auditors are published during each financial year, together with documents relating to accountability of the Board of Auditors, available at www.sonae.com.

35. Meetings of the Statutory Audit Board

Resolutions of the Statutory Audit Board are passed by majority vote, with dissenting members being required to give their reasons for dissent in the minutes.

The Statutory Audit Board meets at least once a quarter. In 2013, six formal meetings of that body were held, the attendance rate being 100%.

36. Availability of the members, with a description of roles held in other companies inside and outside the Group, as well as other activities carried out by members of the Statutory Audit Board

Members of the Statutory Audit Board consistently demonstrated their availability when carrying out their functions, having regularly attended meetings of the body and taken part in the respective work.

Information relating to other posts held by members of the Statutory Audit Board, as well as those members' qualifications and professional experience are available in the *curricula vitae* given in appendix to this report.

Arlindo Dias Duarte Silva

Roles held in companies of the Sonaecom Group:

None

Other roles:

Sonae SGPS, S.A.

(member of the Board of Auditors)

Sonae Investimentos, SGPS, S.A.

(member of the Board of Auditors)

Rochinvest – Investimentos Imobiliários e Turísticos, S.A.

(member of the Board of Auditors)

Posts held in social solidarity associations:

ALADI – Associação Lavrense de Apoio ao Diminuído Intelectual

(member of the Board of Auditors)

Associação Cultural do Senhor do Padrão

(member of the Supervisory Board)

Armando Luís Vieira de Magalhães

Roles held in companies of the Sonaecom Group:

None.

Other roles:

Sonae Capital, SGPS, S.A.

(member of the Board of Auditors)

Sonae Indústria, SGPS, S.A.

(member of the Board of Auditors)

Roles held in non-profit organisations:

Eça de Queirós Foundation

(member of the Board of Auditors)

Futebol Clube do Porto – Futebol, S.A.D.; Porto Comercial – Sociedade de Comercialização e Sponsorização, S.A.

(member of the Board of Auditors)

Óscar José Alçada da Quinta

Roles held in companies of the Sonaecom Group:

None.

Other roles:

BA GLASS I – Serviços de Gestão e Investimentos, S.A.

(member of the Board of Auditors)

Óscar Quinta, Canedo da Mota & Pires Fernandes, SROC

(member of the Board of Auditors)

Sonae Investimentos, SGPS, S.A.

(member of the Board of Auditors)

Caetano-Baviera-Comércio de Automóveis, S.A.

(member of the Board of Auditors)



Jorge Manuel Felizes Morgado

Roles held in companies of the Sonaecom Group:

None.

Other roles:

Sonae Capital, SGPS, S.A.

(member of the Board of Auditors)

Sonae Indústria, SGPS, S.A.

(member of the Board of Auditors)

Sonae SGPS, S.A.

(member of the Board of Auditors)

Sonae Sierra, S.A.

(member of the Board of Auditors)

c) Competences and functions

37. Description of the procedures and criteria that apply to interventions by the Supervisory Body for the purpose of contracting services additional to the External Auditor

The Board of Auditors shall have the authority to approve the provision of services that are additional to the audit services provided by the External Auditor.

To that end, at the first meeting held in each financial year, the Board of Auditors schedules a work plan that includes supervisions of the External Auditor's activity in matters concerning:

- . the External Auditor's annual activity plan;
- . support for work relating to the audit and review of financial statements and discussion of the respective conclusions;
- . supervising the External Auditor's independence;
- . providing services other than audit services, in fulfilment of Recommendation CMVM IV.2;
- . assessing annual activity;

In assessing the criteria that underpin the contracting of work additional to that of the External Auditor, the Board of Auditors checks that the following safeguards are in place:

- . contracting additional services does not affect the independence of the External Auditor;
- . within the overall provision of service, additional services do not account for a surcharge of more than 30%;
- . tax consultancy services and other services are provided with high levels of quality, autonomy and independence in relation to the services carried out as part of the audit process;
- . the necessary factors guaranteeing independence and exemption are in place.

38. Other functions of the Supervisory Body

The Statutory Audit Board, while performing its functions, statutory and legally assigned, including the ones set out in Art. 420 of the Commercial Companies Code has the following main duties, among others:

- a) To oversee the company's management;
- b) To oversee compliance with legal and regulatory requirements and the company's Articles of Association;
- c) To verify that the books of account, accounting records and supporting documentation are correctly maintained and kept up to date;
- d) To verify the accuracy of the documents used in the presentation of the accounts;
- e) To verify if the accounting policies and accounting criteria used by the company are suitable to showing a true and fair view of the financial position and the results of its operations;
- f) To prepare an annual report on the supervisory work performed and express an opinion on the management report, accounts and other proposals submitted by the Board of Directors, in which it should express its agreement or not, with the management report and the accounts of the year;
- g) To evaluate if the corporate governance report disclosed, includes the information listed in Art. 245.a of the Portuguese Securities Code;
- h) To convene the Shareholders' General Meeting, should the Chairman of the General Meeting fail to do this in circumstances when it is necessary;
- i) To assess the risk management systems, internal control system and internal audit system and to monitor the effectiveness of them, and receive the respective reports;
- j) To oversee the independence of the internal audit function, particularly with regard to restrictions to its organisational independence and any lack of resources for internal audit activity;
- k) To receive communications of alleged irregularities occurring in the company and presented by the company's shareholders, employees or others;
- l) To appoint and hire services from experts to help one or more members in the exercise of their duties. The hiring and fees of these experts should take into consideration the complexity of the matters involved and the financial position of the company;
- m) To oversee the preparation and disclosure of financial information;
- n) To propose the appointment of the Statutory External Auditor to the Shareholders' General Meeting and their remuneration;
- o) To oversee the company's financial statements, and to assess the Statutory External Auditor on an annual basis and recommend to the Shareholders' General Meeting their dismissal, if there is due case to do so;
- p) To assure that the company provides the Statutory External Auditor the necessary conditions for carrying out their duties, to intermediate between them and the company, as well as, be a receiver of their reports;
- q) To consider and oversee the independence of the Statutory External Auditor, namely in relation to any additional services they may provide;
- r) To issue a prior opinion on relevant business activities (higher than 10 million euros) with qualified shareholders, or entities with whom they are in any relationship, according to Art. 20 of the Portuguese Securities Code;

- s) To carry out any other supervisory duties required by law.

The SAB obtains from the Board of Directors, namely through the Board of Audit and Finance Committee, all the necessary information to carry out its duties, namely relating to the operational and financial progress of the company, changes to its business portfolio, the terms of any transactions that have occurred and the details of the decisions taken.

The SAB is the global supervision body of the company for matters of internal control and risk management, acts in an independent manner and has primacy over other bodies regarding the supervision of those matters.

The full Terms of Reference of the Statutory Audit Board are available on the company's website (www.sonae.com).

IV – Statutory Auditor

39. Identification of the Statutory External Auditor and the partner who represents it

The Statutory Auditor for Sonaecom is Deloitte & Associados, SROC, S.A., in 2013 represented by António Manuel Martins Amaral, who may be replaced by João Luís Falua Costa da Silva.

40. Number of consecutive years in which the Statutory Auditor has performed duties for the company and/or for the Group

The present structure of the oversight body, which oversees the function of a Supervisory Board and a Statutory Auditor, was adopted by the company at the shareholders' annual general meeting, in accordance with applicable legislation, on 2 May 2007, and Deloitte & Associados, SROC, S.A. was chosen as the Statutory Auditor, serving until the end of the current term.

In 2008, a new term corresponding to the 2008/2011 four-year period began and the Statutory Auditor was re-appointed to the post. In 2012, the proposal for election of Deloitte & Associados, SROC, S.A. to a new term was submitted by the Supervisory Board to the Shareholders' Annual General Meeting, having been supported by the following opinion in which the conditions of independence of the auditor and the advantages and costs of its replacement are weighed:

“To prepare this proposal, the Supervisory Board oversaw an extended selection process that began in 2010, in which various audit companies of recognised national and international competence were invited to take part.

“For this purpose the conditions of eligibility were identified beforehand, which comprised the background of experience and competence of the candidates in the activity sectors in which Sonaecom operates, the competence, sufficiency, and availability of the work team proposed, the methods used, as well as the size of the charges to be defrayed by the company.

“In fiscal year 2011, all the factors in the selection equation were weighed and the Supervisory Board decided to propose to the General Meeting re-appointment to a new term of the current Statutory Auditor, in the company's conviction that its remaining in service neither eliminates nor limits the fitness and independence with which it is serving.”

(transcription of the proposal submitted by the Supervisory Board under point 5 on the Agenda for the Annual General Meeting on 27 April 2012).

41. Description of other services rendered to the company by the Statutory Auditor

Deloitte & Associados, SROC, S.A performs the duties of an External Auditor and compliance and tax consulting services, among others.

V – Statutory External Auditor

42. Identification of Statutory External Auditor designated for the purposes of Article 8 and of the partner who represents it in the performance of these duties, as well as the respective registry number at the Portuguese Securities Commission [CMVM – Comissão do Mercado de Valores Mobiliários]

The Sonaecom External Auditor, designated for the purposes of Article 8 of the Marketable Securities Code, is Deloitte & Associados, SROC S.A, recorded under No 231 at the Marketable Securities Commission, represented by António Manuel Martins Amaral.

43. Number of consecutive years in which the External Auditor and the respective partner who represents it have performed duties for the company and/or for the Group

The External Auditor under the current governance model completed its second term of one and four years respectively in 2011, having been re-appointed to a new term in 2012, based on a proposal from the Supervisory Board. The partner who represents it in the performance of its duties was replaced in 2012.

44. Policy and frequency for rotation of the External Auditor and the respective partner who represents it

The Supervisory Board has adopted the recommended principle of not proceeding with the rotation of the External Auditor at the end of two four-year terms in continuous service, if, after a thorough evaluation, it were to have concluded, first, that remaining in service beyond the specified period does not conflict with the necessary independence of the External Auditor and, once this prior requirement has been met, that the cost benefit weighting of its/their replacement makes renewal of the term advisable.

Notwithstanding the analysis leading to the decision that the External Auditor should remain in service beyond the end of two terms, a new Partner was appointed by the External Auditor to represent it in 2012.

45. Body in charge of evaluating the External Auditor and frequency of evaluation

Based on the company's governance model, appointment or removal of the Statutory Auditor/External Auditor is decided at the General Shareholders Meeting, based on a proposal from the Supervisory Board.

Furthermore, the Supervisory Board supervises the action of the External Auditor and the performance of its work over each fiscal year; weighs and approves the additional work to be performed by the External Auditor; and undertakes yearly an overall evaluation of the External Auditor, which includes an evaluation of its independence.

46 and 47. Work other than auditing performed by the External Auditor for the company and/or for companies with which it is in a control relationship, as well as reporting on the internal procedures for purposes of approval of the contracting of such services and the reasons for such hiring and the annual remuneration paid by the company and/or by legal entities in a control or group relationship to the Auditor and to other individuals or legal entities belonging to the same network, and break out of the percentages for each service.

	2013		2012	
	Values in €	%	Values in €	%
For the Company*				
Statutory audit review	8,001	6%	9,786	4%
Other services of assurance	10,000	7%	22,000	9%
Tax Consultancy	2,877	2%	30,030	12%
Other Consultancy	-	-	-	-
By entities included in the group				
Statutory audit review	102,972	75%	161,913	64%
Other services of assurance	-	-	12,000	5%
Tax Consultancy	11,870	9%	17,755	7%
Other Consultancy	1,250	1%	-	-
Total				
Statutory audit review	110,973	81%	171,699	68%
Other services of assurance	10,000	7%	34,000	13%
Audit services	120,973	88%	205,699	81%
Tax Consultancy	14,747	11%	4,785	19%
Other Consultancy	1,250	1%	-	-
Total	136,970	100%	253,484	100%

*Includes individual and consolidated accounts.

Note: Sonaecom's risk management policy, overseen by the Supervisory Board in co-ordination with the Audit and Finance Committee, tracks and controls services requested from External Auditors and their network of companies, so their independence is not compromised. The Supervisory Board [Conselho Fiscal - CF] receives and analyses information about fees and services rendered by the Statutory Auditor.

The fees paid by the Sonaecom Group to the Deloitte group represent less than 1% of the total annual billing of Deloitte in Portugal. Furthermore, every year a Letter of Independence [Carta de independência] is prepared, in which Deloitte guarantees compliance with international guidelines in matters of auditor independence.

C. Internal organisation

I - Bylaws

48. Rules applicable to amendment of the company's bylaws

Amendments to the bylaws follow the terms of the Commercial Companies Code [Código das Sociedades Comerciais], requiring a two-thirds majority of the votes cast for approval.

For the General Meeting to function on first summons, the bylaws require a minimum of 50% of the capital issued to be present or represented at the General Meeting.

II - Reporting irregularities

49. Means and policy for reporting irregularities occurring in the company

Sonaecom has a policy and follows a process for reporting alleged irregularities made by administrators, staff and partners, under which means are defined for responding to all irregularities reported.

The process for reporting irregularities can be summarised as follows:

- I. Any individual who seeks to report an irregularity that they think has been or know to have been committed by any manager, staff member or partner of Sonaecom shall do so through letter or e-mail message sent to the Ethics Committee, with brief description of the facts. The identity of the discloser will be kept anonymous if this is expressly requested.
- II. The complaint will be analysed and, if there are grounds for reporting an irregularity, the appropriate steps will be taken.

The Supervisory Board has statutory accountability in this process, specifically to:

- III. Receive reports of alleged irregularities reported in relation to the company, submitted by company stockholders, by staff or by other parties.
- IV. Record all alleged irregularities reported, to undertake investigation with due diligence by the Board of Directors through internal and/or external auditing, and to report its/their conclusions.

The Supervisory Board is supported by the Ethics Committee in the performance of these duties, specifically to:

- V. Evaluate alleged irregularities, considering the policy indicated in the Code of Conduct.
- VI. Receive, discuss, investigate, and evaluate any alleged irregularities that might be reported and decide the appropriate steps that must be taken in each case reported.
- VII. Review and evaluate the effectiveness and efficacy of the policy's operation and of the process for reporting irregularities.

In this context Sonaecom would like to indicate that:

VIII. The support of the Ethics Committee supplements the Supervisory Board's oversight mechanisms in these matters.

IX. The Ethics Committee comprises trained members with an adequate degree of independence and immunity for the duties assigned to them, so that the performance of their duties takes place without risks of compromising the normal oversight process.

X. The chair of this committee is held by an independent, non-executive member.

III - Internal control and risk management

50. Individuals, bodies, or committees in charge of internal auditing and/or implementing internal control systems

Those in charge and the goals of the key stakeholders in the internal control and risk management systems are indicated below.

Business areas – Each functional department in Sonaecom's business units is, as part of its responsibility for functional processes, accountable for implementing internal controls and for managing the respective specific risks. Moreover, specific risk management teams can be set up for developing given risk management programmes, such as a Risk Committee or a work team. These typically include an individual in charge at executive level, a committee of directors, and a team of prime movers representing the business units.

Planning and control functions – These are functions in Sonaecom's various companies that are accountable for drawing up and monitoring the execution of action plans and annual resources and budgets and forecasts, as well as the processes that lead to their implementation, in the finance and operating areas. They promote and support integration of risk management in the planning and control process of Sonaecom companies.

Risk Management functions – These contribute tools, methodologies, support and know-how to the business areas. They also promote and monitor implementation of programmes and actions intended to align risk levels with the acceptable limits set by management. They promote awareness, measurement, and management of business risks that interfere with the achievement of objectives and with the creation of value for the organisation.

Internal Audit functions – These evaluate exposure to risk and verify the effectiveness of risk management in the internal controls of business processes and information systems. They propose measures to improve controls and monitor evolution of exposure to the risk associated with the principal findings of the audits.

External Auditor – Within the scope of the annual audit process, the Statutory External Auditor analyses the functioning of internal control mechanisms and reports shortcomings identified. It is responsible for auditing the accounts and for issuing a statutory audit certificate and an audit report.

At the corporate level, the company has two specialised functions in risk matters: Risk Management and Internal Audit. Their mission is to contribute to the effective management of Sonaecom's business risks. They support Sonaecom in achieving its objectives, adding value and improving company operations through a systematic and disciplined approach to evaluate and to help improve the effectiveness of risk management, internal controls and the organisation's governance processes.

Risk management activities promote awareness in the organisation of critical business risks, propose risk management policies to the company, and they co-ordinate cross-sectional programmes or projects to implement risk management processes. There can also be risk management functions in the business areas, specifically when the existence of pivots is relevant to some risk management specialties, as is the case, for example, with the management of information security.

Defining the activities of Internal Audit is done in the context of the Internal Audit Letter, approved by the oversight bodies. It comprises assurance activity and independent and objective consulting, governed by the guidelines of the Institute of Internal Auditors

(IIA), including the definition of internal auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (IAA Standards).

The annual Internal Audit Plan is developed [according to] and based on Sonaecom's annual plan of actions and resources and on prioritising audit work using a risk-based methodology that integrates the results of Enterprise Risk Management (ERM) and considers the roadmap for coverage of business processes. The plan also considers the contributions of the Executive Commission, of other members of top management, of the Audit and Finance Board, and, separately, of the Supervisory Board.

51. Making explicit (if necessary by including an organisation chart) the hierarchical and/or functional dependency relationships with other company bodies or committees

The hierarchical and functional reporting lines are those indicated below:

- . Internal Auditing hierarchically reports to the Sonaecom CEO;
- . Internal Auditing functionally reports to the Supervisory Board, as an independent oversight body, and to the Sonaecom Audit and Finance Committee, as a specialised committee that advises the Board of Directors on given matters, including those relating to the Internal Audit and Risk Management functions;
- . Risk Management has similar reporting lines in the context of Sonaecom.

Sonaecom considers it important to clarify the competencies of the Supervisory Board and of the Audit and Finance Committee as regards control and risk matters in line with the following definitions:

- . The Supervisory Board is the statutory body for oversight of the company. It takes precedence in this matter and acts independently;
- . Internal Auditing answers to the Supervisory Board, which ensures existence of a channel for reporting to a body independent of the Board of Directors;
- . Evaluation of the internal control and risk-management system is effectively done, the Supervisory Board being the oversight body, with precedence over the Audit and Finance Committee, since agreement of the Supervisory Board is always necessary;
- . The Supervisory Board has the last word on the role and the evaluation of Internal Auditing;
- . Internal Auditing can request private meetings to report to the Supervisory Board, without any member of the Board of Directors or member of management present;
- . The existence of evaluation competencies at the Audit and Finance Committee is necessary and beneficial, both for shareholders and for the company, in the sense that the Audit and Finance Committee has more specialised and executive know-how about the business, which is complex, enabling the committee to more closely control various areas of the company and challenge them to efficiently manage their risks;
- . Therefore, the existence of a specialised committee, under the Board of Directors, responsible for evaluation in control and risk matters, does not nullify the duties of the Supervisory Board. Separate oversight by these two bodies allows us, beyond independent, sovereign, and dominant oversight (the role of the Supervisory Board), to strengthen levels of self-checking (the role of the Audit and Finance Committee);
- . The central function of Risk Management is to submit for evaluation by the Audit and Finance Board, and share with the Supervisory Board, a periodic report on the Business Risk Management Cycle (method and results) and it can seek contributions to adjust it.

Responsibilities for creating, functioning and periodic evaluation of internal control and risk management systems are published under the terms of reference for the Board of Directors, for the Audit and Finance Board, and for the Supervisory Board, which are available on the company's website.

52. Existence of other functional areas with competencies in risks control

Besides the areas mentioned above, Sonaecom has other functional areas and business processes with competency in controlling and monitoring risks, in particular the following:

- . The functions of Planning and Control, along with the respective pivots in the business areas, are responsible for preparing and monitoring the execution of annual plans of action as well as resources, budgets and forecasts in the finance and operating areas;
- . The various business areas have processes and indicators to monitor operations and KPIs;
- . Technical areas, including the areas of Data Center Services at Mainroad and Technical Management at Saphety, have indicators and alerts for interruption in service and safety incidents at the operating level.

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

From the ERM viewpoint, a risk management cycle at WeDo Technologies was completed in 2013. The status of the main risks was updated through review of the most relevant causes of risk, assignment of risk responsibilities and identifying the main controls in place or actions to manage these risks. A risk matrix was produced as a result of this cycle, including analysis of each potential risk's impact and probability of occurring.

In the categories of economic, financial, and legal risks, risks are presented and ranked, in the present section, based on the ranking and structure of Sonaecom's BRM. BRM is a systematic way of identifying risks that affect the organisation (everyday language) and makes it possible to define and group risks along with their main causes (dictionary of risks).

Economic risks

Based on Sonaecom's BRM, economic risks are associated with the following risk categories: business environment, strategy, operations, information processing and technology, and empowerment and integrity.

Economic influences

Sonaecom is exposed to the current adverse economic environment in Portugal, and, consequently, the widespread reduction in consumption. In this context, there is a risk that revenue from clients will continue to be affected due to the high rate of unemployment and reduction in private and public consumption. This risk is intensified in businesses that operate only in the Portuguese market.

For SSI companies, it is relevant to note that, due to the pace of expansion and globalisation at WeDo Technologies, the impact of the adverse economic environment on the business is less severe. The company continued to manage these adverse effects by expanding its product portfolio and identifying other target business sectors (see business portfolio risk). In addition, WeDo Technologies, has been optimising its domestic and international structure in recent years, which allows it to sustain its rate of growth.

For Mainroad, although the recession has affected all IT outsourcing activities, managed/outsourcing services continued to assure a greater share of revenues. In the case of Bizdirect, the company has been affected by shrinkage of the market for microcomputer technology, offset by the sale of multi-brand solutions of IT equipment to the business market, and by the management of corporate software licensing agreements. Despite the current economic crisis, Saphety has continued to position itself in the domestic market as a leader in solutions for simplifying and automating processes.

Like several other companies in the publications sector, Público went through a financial crisis in a recession that offers limited prospects for recovery in the advertising market. With the need to ensure sustainability without compromising its role as an independent information source in Portugal, Público has continued to execute its restructuring programme, which involves a greater focus on meeting growing demands in the digital world and a sizeable reduction in its operating costs structure.

Technological innovation

For Sonaecom, having an optimised technology infrastructure is a critical success factor that helps to reduce potential failures in leveraging technological developments. Accordingly, its various businesses continue to take greater advantage of technological innovation.

WeDo Technologies is certified in Research, Development, and Innovation Management (NP 4457:2007). This certification, along with its existing quality certification (ISO 9001:2008), helps the company to continue innovating sustainably and helps to mitigate potential risk factors. This means that the offerings from WeDo Technologies are continually adapted to new technology trends, such as cloud computing services. WeDo Technologies was one of the first software producers to invest in the revenue assurance market, having also been the first to do so for business assurance.

Mainroad faces the challenges of technology innovation from cloud computing. This technology trend is characterised by a growing adoption by clients of server virtualisation and architectures focused on services. On the service provider side, an effort must be made in tracking, adapting infrastructure and changing the operating model to a service-based model. One of the most significant risks generally associated with cloud computing is the change from traditional data centres, that are adapted to clients' proprietary solutions, to more standardised cloud computing data centres. In this context, Mainroad continued its approach towards handling cloud computing issues, developing its main business areas by developing cloud computing services through partnerships.

Cloud computing is also a risk factor to Bizdirect, since it can cannibalise the market for the sale of infrastructure and reduce procurement of systems by clients. Although part of Bizdirect's revenue arises precisely from sales of hardware and software, cloud computing is considered a positive trend when it comes to addressing client needs. At present, companies are confronting cloud computing's different development stages and Bizdirect is following them in this process. The risk is also managed by strategic relationships with partners, which allow us to offer a full portfolio of products rather than limiting offerings. We emphasise, for example, the partnership that allows Bizdirect to offer integration of Microsoft solutions, such as Dynamics CRM, SharePoint, BizTalk, and Office 365.

Público has continued with restructuring of its publications, both in the layout and content of its paper edition and in adopting technological innovations in its online edition. These innovations are designed to ensure a greater alignment with the new reading habits of the Portuguese, offering new access channels to information using smartphones and tablets, as well as sustaining Público's position as the leading non-specialist online newspaper.

Competition

Sonaecom has been an active agent in the transformation of the Portuguese market for information and communication technologies. In this context, Sonaecom's various companies are exposed to risks of competition from other operators in the domestic market in its respective businesses sectors.

Of all Sonaecom's businesses, WeDo Technologies may be most exposed to international competition. However, this risk is not significant since WeDo Technologies is the worldwide leader in revenue assurance software and is a top three global competitor in the aggregate market for revenue assurance and fraud management.

Business portfolio

At WeDo Technologies, one of the main goals has been the expansion and globalisation of the business. This goal could have adversely affected if the company had continued with just one product line, focused on one business sector. This risk will decrease because the company continues to consolidate its global presence outside Portugal and has identified new target business sectors since 2009. To offset the concentration of clients in the telecommunications sector, it expanded into new markets, including the retail, energy, and financial sectors. It also enlarged its product portfolio, expanding from revenue assurance and fraud management to business assurance. Also, since 2012, following the acquisition of Connectiv Solutions in the USA, WeDo Technologies has made a commitment to managed services and Software as a Service (SaaS), areas where Connectiv Solutions has deep know-how and a large footprint in the US market.



Bizdirect pursued a strategy of expanding and diversifying its portfolio, concentrating on three areas: globalisation, client relationships and differentiation. The first area centres on Africa as part of a combined effort with other SSI companies that also have projects in this region, and is in line with the Sonae Group's strategic priority of globalisation. In the area of differentiation, we would highlight our service involving technical maintenance of computer hardware focused on companies; software compliance consulting; and the integration of solutions focused on Microsoft technologies.

Saphety continued to consolidate its portfolio of services, restructured in previous years, giving current and potential clients a clearer view of its service portfolio, and at the same time responding to the need to cover the market's value chain. The portfolio is now divided into three types of solutions that can operate in integrated fashion and in an SaaS environment: SaphetyGov, SaphetyBuy, and SaphetyDoc. To reduce the risk of dependency on the domestic market, Saphety also continued to globalise. At present more than 10% of its orders come from the international market.

Mainroad has also continued to expand its portfolio of international clients beyond its existing client base in Spain through the growth of services and projects, focusing on markets in Angola and Brazil. The business also strengthened its portfolio with an offering called Main IT Service Desk and through new competencies in the area of information security consulting.

Business interruption and catastrophic losses (Business Continuity Management)

Since Sonaecom businesses are particularly focused on the use of technology, potential faults with technical/operational resources (network infrastructure, information system applications, servers etc.) can present a significant risk of business interruption if they are not well managed. This, in turn, can pose other risks to the company, such as adverse impacts on our reputation and our brand, on the integrity of our revenues and client satisfaction, and on quality of service. These can lead to loss of clients.

In the IT sector, business clients typically have a lower tolerance for interruptions. In this context, SSI companies face risks associated with the resilience of data centre infrastructure and with their management and operating procedures; the availability of software platforms that support key client processes – among others.

To identify this specific set of risks and to implement actions for prevention and mitigation that guarantee continuity of critical services and operations, Sonaecom has adopted a Business Continuity Management (BCM) programme over several years.

SSI companies have continued to implement measures to prevent and mitigate the risk of interruption impacting facilities, infrastructure to support the most critical systems and activities that support services to clients. For these, they develop resilience strategies, recovery actions and incident-management procedures. The most critical business processes from the interruption viewpoint can also undergo periodic impact and risk analyses, as well as audits, tests and simulations. As examples, we would highlight the introduction of improvements to the Disaster Recovery Procedures Manual for Mainroad clients and audits of physical security risks for critical facilities, including Mainroad data centres.

Also related to Mainroad data centres, we would also emphasise ongoing improvements in critical physical infrastructure, including power systems, cooling systems, and other safety equipment. It should be stressed that Mainroad has been honoured several times with Data Centres in Europe Awards, specifically as Best Managed Services Data Centre in Europe 2011. This achievement followed two second places in the categories Data Centres Risk Mitigator (2009) and Disaster Recovery Provider (2008). These awards confirm the company's ability to maintain resilient operations at data centres servicing Sonaecom companies and outside clients.

Confidentiality, integrity and availability (Information Security Management)

Since Sonaecom is primarily a technology, media and telecommunications (TMT) group, all its subsidiary companies extensively use technology and information that are typically subject to availability, integrity, confidentiality and privacy risks. Therefore, since 2010 Sonaecom has taken steps to reinforce its commitment to managing these risks by creating a Governance, Risk and Compliance (GRC) Committee. This group functions as an additional risk management and supervisory mechanism in addition to the existing control mechanisms in each Sonaecom business unit.

The GRC Committee is a working group appointed by the Executive Committee, and it is co-ordinated by the Risk Management function, including representatives of SSI companies and the respective business areas that are closer to information and assets management and security issues. The committee's main responsibilities are: the maintenance and development of an information security policy and respective security charter, rules and related procedures; the recommendation of actions and controls for the business areas to manage information security issues; the supervision of the security policy through risk assessments, compliance assessments and KPIs; and promoting security awareness through training and communication.

The GRC Committee develops, proposes and co-ordinates an annual risk management action plan. Some activities that continue to be developed by SSI companies with the purpose of consolidating the security management processes include:

- . Development of systems that perform the backup management of Saphety's critical infrastructure and Mainroad client's backups.
- . Performing an operational security audit of major processes that have an impact on Mainroad's clients, including evaluation of the implementation of additional safety strategies and the appropriate business requirements of Mainroad.
- . Strengthening the privacy policy of SSI companies' websites, with a particular focus on implementing new features for managing cookies to comply with the legal provisions applicable to the personal data of website users.
- . Reinforcing training and knowledge about information security; obtaining certification for the ISO27001 Standard – Information
- . Security Management by several employees of WeDo Technologies, Mainroad and Saphety.

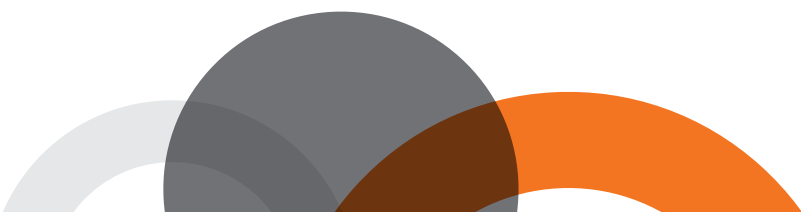
Awareness is a key success factor when it comes to promoting a strong culture of information security among employees, partners and key stakeholders. In addition to being a technological issue, security should also be considered as a cultural and behavioural issue. Sonaecom has developed several initiatives to raise awareness and accountability over the past few years, of which the following stand out:

- . A security communication plan based on campaigns to raise awareness of the issues considered most relevant in each year. These campaigns are also built in interactive and multimedia tools.
- . Publication of the information security policy on the company's intranet, accessible to all employees from the homepage.
- . Clauses on personal data protection in contracts with employees and business partners. All employees are bound to obligations of confidentiality, secrecy and protection of personal data. As such they are forbidden from disclosing to third parties information to which they have access as a result of their roles in the company. These obligations and these duties shall remain in force even after the end of the employment relationship between the company and the employee. Our business partners have the same confidentiality obligations and, in turn, these obligations are also applicable to their employees.

For specific issues related to the confidentiality and privacy of personal data, a few Sonaecom companies has appointed a Chief of Personal Data Protection Officer (CPDPO), who:

- . Has responsibility for implementing and complying with the laws and regulations applicable to data processing.
- . Acts on behalf of the company during interactions with the national regulatory authority for data protection (CNPD – National Data Protection Commission).
- . Promotes the adoption of data protection principles that are consistent with international standards and best practices.

Is also a member of the GRC Committee on information security.



Product-service failure (professional liability)

As Sonaecom companies are customer-oriented, we give special attention to the impact that the potential failure of our products or services may have on our customers, particularly with regard to civil liability issues. These issues are intrinsic to the business and, usually, they are related to accidents, unintentional acts, errors or omissions by employees or subcontractors. Risk events can be physical (for example: damage to equipment or facilities) or non-physical (for example: error in a software installation). Both events are relevant to companies such as Sonaecom subsidiaries, which mainly provide technology- and information-based services. Since our responsibility derives from our contractual relationship with customers, professional liability issues may arise in the event of service failure.

The risk management strategy selected by Sonaecom for this type of risk involves the transfer of risk through insurers in addition to the implementation of internal controls. In this context, we continue to carry out the actions designed and implemented in previous years relating to professional liability insurance:

- . Implementation of improvements in certain internal controls to further reduce the causes of risk.
- . Renewal of existing professional liability insurance that incorporates an extended scope of coverage and is adapted to the business realities of SSI companies and Media.
- . Additional subscriptions of professional liability insurance for WeDo Technologies' foreign companies, improving coverage in certain international locations where our general insurance policy is not applicable due to legal restrictions.

Financial risks

According to the Sonaecom Business Risk Model (BRM), financial risks are primarily related to the financial risk category and, in part, with the business environment risk category.

Currency

The Group operates internationally, having subsidiaries that operate in Brazil, United Kingdom, Poland, Ireland, Spain, United States, Mexico, Panama, Colombia, Australia, Egypt, Singapore and Malaysia (branch). A few subsidiaries have local partners and operate in their domestic currency. The Group's exposure to foreign exchange rate risk results essentially from the fact that some of its subsidiaries report in a currency different from the euro. Here, operational risk activity is immaterial.

Exchange risk management seeks to minimise the volatility of investments and transactions in foreign currency. Whenever possible, the company uses natural hedges to manage exposure or derivative financial hedging instruments. Additional information on how the risk is managed and controlled is presented in the notes to the financial statements, including a summary of the Group's exposure to the exchange rate risk and its sensitivity to changes in foreign exchange rates.

Interest rate

Sonaecom's total debt is indexed at variable rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility on the Group results or on its shareholders' funds is mitigated by the following factors: (i) relatively low level of financial leverage; (ii) the possibility of using derivative instruments that hedge the interest rate risk, as mentioned below; (iii) during non-recession periods, the possible correlation between the level of market interest rates and economic growth, with the latter having a positive effect in other lines of the company results; this partially offsets the increase of financial costs (natural hedge); and (iv) the existence of standalone or consolidated liquidity which is also bearing interest at a variable rate. The company uses only derivatives or similar transactions to hedge interest rate risks considered significant. These include interest rate swaps and other derivatives. The counter-parties of the derivative hedging instruments are limited to highly rated financial institutions. Sonaecom's Board of Directors approves the terms and conditions of the financing with significant impact on the Group, based on analysis of the debt structure, the risks and the different options in the market, particularly as to the type of interest rate (fixed/variable). Under the policy defined above, the Executive Committee is responsible for the decision on the occasional interest rate hedging contracts by monitoring the conditions and alternatives in the market. Additional information on how the risk is managed and controlled is presented in the notes to the financial statements, including the interest rate risk sensitivity analysis.

Liquidity risk

The existence of liquidity in the company requires the definition of policies for an efficient and secure management of the liquidity, allowing us to maximise profitability and minimise the opportunity costs related to that liquidity. The main underlying policies correspond to the variety of instruments allowed, the maximum acceptable level of risk, the maximum amount of exposure by the counter-party and the maximum periods for investments.

Additional information on how the risk is managed and controlled is presented in the notes to the financial statements.

Credit

The company's exposure to credit risk is mainly associated with the accounts receivable related to current operational activities. The credit risk associated with financial operations is mitigated by the fact that the Group, in respect to telecommunications operators, only deals with highly rated entities.

This risk management seeks to guarantee that the amounts owing are effectively collected within the periods negotiated without affecting the financial health of the Group. The Group uses credit rating agencies and has specific departments responsible for risk control, collections and management of litigation processes, as well as credit insurances, which all contribute to the mitigation of credit risk.

Legal risks

According to the Sonaecom Business Risk Model (BRM), the legal risks are related to the business environment risk category. To monitor the drivers of actual and potential risks, as well as to assure the fulfilment of the legal and regulatory framework in force, Sonaecom has a dedicated team that includes the Legal Department and follows legal and regulatory issues very closely. Nevertheless, we cannot totally exclude the risk of possible infringement processes against Sonaecom companies due to different views on the practical meaning of the legal and regulatory framework. Sonaecom also collaborates with the authorities with the aim of defining a legal and regulatory framework that in our opinion promotes the development of the communications sector in Portugal. Such collaboration may be proactive or involve sending comments in response to public consultations.

Legal and regulatory

Within Sonaecom's business portfolio, regulatory issues are more relevant in the telecommunications unit, which is subject to specific rules that are mainly defined by the national sector regulator ICP - National Communications Authority (ICP - ANACOM), following the regulatory framework defined at European level.

Sonaecom's SSI companies face an additional risk relating to the globalisation process. This has been managed for many years in WeDo Technologies and is becoming increasingly relevant for Mainroad, Saphety and Bizdirect. The issue arises because these companies have a presence in several countries around the world. This involves specific risks relating to very different legal frameworks, where additional effort is needed to fully understand and to cope with those frameworks.

The SSI companies operating in the market of information society services are exposed to industry-specific regulations, and in particular to the European regulations on network and information security.

Additionally, Sonaecom companies are also subject to the horizontal legislation, which is not specific to the sectors in which they operate, including competition law.



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

The risk management process is supported by a consistent and systematic methodology, based on the international standard Enterprise Risk Management - Integrated Framework issued by COSO (Committee of Sponsoring Organisations of the Treadway Commission).

The diagram below illustrates the main phases in Sonaecom’s risk management cycle, which can be applied to all business units.



ERM - Enterprise Risk Management Cycle

Methodology based on Risk Management Methodologies Standard of the Sonaec's Risk Management Advisory Group (2008).

Derived from this general framework, the management and control of the main risks facing Sonaecom, are achieved through the following key approaches and methods:

EWRM - ENTERPRISE WIDE RISK MANAGEMENT

Approach: the Enterprise-Wide Risk Management aligns the risk management cycle with the strategic planning cycle. This approach allows Sonaecom’s businesses to prioritise and identify critical risks that might compromise their performance and goals and to take actions to manage those risks, within the pre-defined levels of acceptance. This is achieved through constant monitoring of risks and the implementation of certain corrective measures.

Method: 1. Identify business risks >> 2. Investigate sources >> 3. Measure triggers >> 4. Manage risks >> 5. Monitor risks

ISM - INFORMATION SECURITY MANAGEMENT

Approach: the implementation of Information Security Management processes is intended to manage the risks associated with the availability, integrity, confidentiality, and privacy of information. The scope of this process also includes the development and maintenance of the Information Security Policy, verification of compliance with policy procedures, development of training programmes and awareness, setting and supervision of KPIs for information security.

Method: 1. Identify critical information >> 2. Detail platforms/critical information supporting resources >> 3. Assess the security risk level >> 4. Define and implement indicators >> 5. Manage and monitor risk mitigation actions

RMCP - RISK MANAGEMENT CYCLES OR PROCESSES

Approach: the development of specific risk management cycles/processes enables the mitigation of critical risks that can impact certain processes, areas or entities, positioning these risks within the levels defined by the management team. It identifies and monitors other operational risks that management considers relevant.

Method: 1. Identify specific risks >> 2. Investigate causes >> 3. Manage risks >> 4. Monitor risks

55. The key elements of the internal control systems and risk management implemented in-company related to the financial reporting process.

Sonaecom acknowledges that, as with other listed companies with similar activities, it is potentially exposed to risks related to the financial and accounting reporting processes, in addition to other financial risks, as detailed above. Sonaecom's attitude in relation to financial risk management is conservative and prudent, and these principles have been followed in 2013.

Therefore, Sonaecom is committed to ensuring an effective internal control environment, particularly in the financial reporting process. It seeks to identify and improve the most relevant processes in terms of the preparation and disclosure of financial information, with the objectives of transparency, consistency, simplicity and materiality. The objective of the internal control system is to ensure reasonable assurance regarding the preparation of financial statements, in accordance with adopted accounting principles, and the quality of financial reporting.

The internal control system for accounting and preparation of financial statements include the following key controls:

- XI. The process of disclosure of financial information is formalised, the risks and associated controls are identified, the criteria for its preparation and disclosure are duly established and approved, and they are periodically reviewed;
- XII. There are three main types of controls: high-level controls (entity level controls); controls of information systems (IT level controls); and controls in terms of processes (process level controls). There is a set of procedures relating to execution, supervision, monitoring, and process improvement, with the objective of preparing the company's financial reporting;
- XIII. The use of the accounting principles, which are explained throughout the notes to the financial statements (see chapter 6.2, note 1), constitutes one of the fundamental pillars of the control system;
- XIV. The plans, procedures and registers in the Group allow a reasonable assurance that transactions are executed only with the general or specific authorisation of management and that those transactions are recorded to ensure financial statements comply with generally accepted accounting principles. This also ensured that the company keeps an updated assets register, that the access to assets depends on management authorisation and that the assets register is verified against existing assets and appropriate measures are taken whenever differences occur;
- XV. During the process of preparing and reviewing financial information, a schedule is first established and shared with the different areas involved and all documents are reviewed in detail. This involves a review of the principles used, the verification of the accuracy of the information produced, and consistency with the principles and policies defined and used in previous periods;
- XVI. The Group financial statements are prepared and analysed by the Finance and Accounting Department, under the supervision of the Group Executive Committee. The management report and the corporate governance report are prepared by the Investor Relations Department, with input and further review by several business and support areas, with support and supervision by the Director of Corporate Governance and the Law and Regulation Department. The set of documents that makes up the annual report is sent for review and approval by the Sonaecom Board of Directors. After approval, the documents are sent to the statutory External Auditor, which issues its legal certification of accounts and the External Auditor Report. These documents are sent, together with the annual report, to the Statutory Supervisory Board for review. The Board approves the documents and issues the Report and Statutory Supervisory Board's opinion.

Among the various risk drivers that can materially impact accounting and financial reporting, we highlight the following:

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

XVIII. Balances and transactions with related parties – The most significant balances and transactions with related parties are disclosed in the notes the financial statements. Attached to the report, we present a list of all parties related to the Sonaecom Group. These are mainly associated with the operational activities of the Group, as well as the granting and obtaining of loans, being made at market prices.

More specific information on how these and other risks drivers were mitigated can be seen throughout the notes to the financial statements.

Additionally, Sonaecom undertakes several actions regarding the continuous improvement of its financial risks control system, including:

XIX. Control documentation enhancement – Following measures taken in previous years, Sonaecom continued to enhance the documentation and systematisation of the risks and the internal control system related to the preparation of financial information. This measure covers the identification of risk/drivers (initial risk), the identification of process with higher materiality, the controls documentation and the final analysis (residual risk) after the implementation of potential improvements in the controls;

XX. Compliance analysis – The Investor Relations Department, in co-operation with the Finance and Accounting Department, the Legal and Regulation Department, the Internal Audit and Risk Management Department and other departments as necessary, co-ordinates a periodic analysis of the compliance with the legal requirements and regulations regarding the underlying governing processes and corresponding financial information reported in the management report and the corporate governance report.

IV - Investor Relations

56. Service responsible for investor relations, composition, functions, information provided by these services and contacts

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.

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

To further enhance effective communication with the capital market and guarantee the quality of information provided, the Investor Relations Department organises roadshows covering the most important financial centres of Europe and participates in various conferences. In addition, a large number 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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Website: www.sonae.com

57. Market relations representative

The representative for relations with capital markets and Euronext is António Bernardo Aranha da Gama Lobo Xavier, who may be contacted by phone or e-mail:

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58. Information on the number of requests for information received in the year or pending from previous years, and response times

During 2013, the Investor Relations Department received a normal number of requests taking into consideration the size of the company in the capital markets. These requests for information were received either by email or post, or by phone. The response to these requests was provided with the maximum possible speed.

V - Company's website

59. Address

www.sonae.com

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

<http://www.sonae.com/investidores/governo-da-sociedade/>

61. Location of the statutes and regulations governing the operation of bodies and/or committees

<http://www.sonae.com/investidores/governo-da-sociedade/>

62. Location of the information concerning the identity of the governing bodies, the representative for the market relations, the Investor Relation Office, functions and means of access

<http://www.sonae.com/investidores/governo-da-sociedade/> and www.sonae.com/contactos/

63. Location of the documents for the preparation of financial reports and the calendar of corporate events

Annual report documents: <http://www.sonae.com/investidores/assembleias-gerais>

Calendar of corporate events: <http://www.sonae.com/investidores/calendario-financeiro/>

64. Location of the notice for the General Meeting and all the preparatory and subsequent information related to it.

<http://www.sonae.com/investidores/assembleias-gerais/>

65. Location of the historical records with the resolutions taken at general meetings of the company, the represented share capital and the voting results, with reference to the past three years

<http://www.sonae.com/investidores/assembleias-gerais/>

C. Remuneration

I - Determining competence

66. Indication as to competence for determining the remuneration of the executive directors, members of the Executive Committee or managing director and the directors of the company.

Sonaecom's Remuneration Committee is responsible for the approval of the remuneration of the members of the Board of Directors and other corporate officers and agencies on behalf of the shareholders, following the remuneration and other compensation policies approved by shareholders at a Shareholders' General Meeting.

II - Remuneration Committee

67. Composition of the Remuneration Committee, including identification of individuals or companies contracted to provide support, and statement on the independence of each of the members and advisors

Sonaecom has a Remuneration Committee consisting of two members, namely: Paulo Azevedo, on behalf of Sonae SGPS, and Francisco de la Fuente Sánchez, on behalf of Sontel BV.

The company has not hired any entities to provide regular support in this regard. When establishing the remuneration policy and setting remuneration levels, a comparison is made with market benchmarks based on surveys carried out in Portugal and other main European markets, in particular those prepared by Mercer and the Hay Group. Comparisons are also made with companies included in the main Portuguese Stock Market Index (PSI 20).

The company would like to add that the members of its Remuneration Committee are independent in relation to the Board of Directors. The company's 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 (for example, 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 of significant value, being 60,710 euros in 2013.

68. Knowledge and experience of the members of the Remuneration Committee on remuneration policy

The experience and professional qualifications of the members of Sonaecom's Remuneration Committee are listed in the *curricula vitae* in the annex to this document and allow them to exercise their responsibilities competently and accurately, each having the appropriate skills to perform their duties.

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

Executive directors (ED)

The remuneration and compensation policy for executive directors incorporates control mechanisms in its structure, considering the connection to the individual and collective performance, preventing excessive risk-taking behaviours. This objective is further ensured by the fact that each KPI is limited to a maximum value.

Executive directors' remuneration is made up of two components:

- (i) a fixed component, which includes a base compensation, payable over the period of one year (salaries are paid 14 times per annum in Portugal), an annual responsibility allowance (with reference to the period of one year), these values being paid in monthly instalments, and a package of benefits linked to their level of responsibility;
- (ii) a variable component, subject to the achievement of the objectives set out in the previous year, divided into two parts; (a) short-term remuneration paid in the first quarter of the following year (short-term variable remuneration); and (b) a medium-term discretionary and variable remuneration (medium-term variable remuneration), payable in the following year, in the form of deferred benefits, under the Share Allocation Plan and respective regulation. Here, payment will be effected after a deferral for a period of three years, considering that exposure of the executive directors to fluctuations in share price is the most appropriate way to align the interests of directors with those of shareholders.

The fixed remuneration of an executive director is based on the responsibility of the function exercised and is reviewed annually. Each executive director is assigned a rating designated internally by management level (ML). Executive directors are classified in MLs as Group Leader (GF.0), Senior Executive Group (GF.1) and Senior Executive (GF.2). Sonaecom MLs are applied in a similar way across all Sonae Group companies and are related to Hay's international model for the classification of corporate functions, thereby facilitating market comparisons while helping to promote internal equity.

The variable remuneration is intended to guide and reward the executive director for compliance with predetermined objectives, based on the company's performance indicators, work teams under their responsibility and their own individual performance. It is awarded after the annual accounts are cleared and the performance evaluation has been made. As the amount of the award is subject to the accomplishment of objectives, there is no guarantee that any payment will be made.

- (a) The short-term variable remuneration will be aimed at rewarding the achievement of certain pre-defined annual objectives, which are linked to both business KPIs and personal KPIs. The target amounts attributed will be based on a percentage of the fixed component of the Compensation Plan, which will vary between a minimum percentage and a maximum percentage, depending on the executive directors' ML. Business KPIs, which have a significant component of economic/financial indicators, represent 70% of the Short-Term Incentive Plan, and are objective indicators. The remaining 30% of the Short-Term Incentive Plan will derive from personal KPIs, which include both objective and subjective indicators. Actual amounts paid will be based on the real performance achieved or assessed and can represent anything from 0% to 148% of the target amount attributed;
- (b) The MTIP will be aimed at rewarding the loyalty of executive directors to the company, aligning their interests with shareholders, and increasing their awareness of the importance of their performance to the overall success of our organisation. The terms under which executive directors will be awarded a Medium-Term Incentive Plan, under our MTIP, are as follows: The target medium-term variable remuneration is attributed at the beginning of each year, normally representing 100% of the target short-term variable bonus for the same year; so the Short-Term Incentive Plan will represent at least 50% of the total variable remuneration. At the time of its attribution, and based on the percentage of achievement of the KPIs used for the MTIP, aimed at measuring shareholder value created over the medium term, the target value is increased or reduced and the resulting value is converted into equivalent shares by dividing by the average stock exchange price (Euronext Lisbon) over the last 30 trading sessions.

These shares, or the equivalent value in cash, are delivered after a deferral period of three years. This delivery depends on the overall continuing success of the company during this period, measured in accordance with the objectives set by the Shareholders' Remuneration Committee for each period of three years. Additionally, in the case of the distribution of dividends, change in the nominal value of shares or share capital during the deferral period, the number of shares on the plan will be adjusted to the number of shares that, considering the above modifications, are equivalent to the number of initial shares. This maintains an alignment with the total return obtained, or total shareholder return. This link is based on Sonaecom shares but a component, representing up to 40% of the overall value, is linked to Sonae SGPS, S.A. shares. At the vesting date, shares are only delivered if the criterion for continuing positive performance of the company, mentioned above, is met. Payment is made by delivering shares at a discount that can vary between 90% and 100%, although Sonaecom retains an option to pay an equivalent value in cash. Annex I includes the Share Allocation Plan.

Non-executive directors

Remuneration for the non-executive directors is determined based on market data, in line with the following principles: (1) attribution of fixed remuneration (around 15% is dependent on presence in meetings of the Board of Directors, the Audit and Finance Committee and the Appointments and Remuneration Committee); and (2) attribution of an annual responsibility allowance. The fixed remuneration can be increased by up to 6% for those non-executive directors who chair a Board of Directors' Committee. There is no variable remuneration.

Supervisory Board

The remuneration for members of the company's Supervisory Board consists exclusively of a fixed component which includes an annual responsibility allowance, determined in line with comparable market rates.

Statutory External Auditor

The company's Statutory Accountant is remunerated in line with the standard fees table for similar services, at market rates, under a proposal from the Supervisory Board that establishes a link with the Audit and Finance Committee and with the Board of Directors.

General Shareholders' Meeting Board

The remuneration for General Shareholders' Meeting Board members shall be a fixed amount, which will take into account the company's characteristics and market rates.

Directors

Under the terms of Article 248-B.3 of the Securities Code, Directors are the members of the company bodies referred to above, and also those who have regular access to privileged information and take part in decisions about the issuer's business management and strategy.

The Remuneration Committee proposes that the remuneration policy applicable to these Directors shall be equivalent to that adopted for remuneration for other senior executives at the same level of functions and responsibilities, without assigning any additional benefit due the respective operating group.

Therefore, Directors' remuneration includes two components: (i) a fixed component, which includes the basic remuneration base, paid over a one-year period (salaries are paid on a 14-month basis) and a range of benefits associated with the role; and (ii) a variable component, which in turn includes (a) short-term remuneration paid in the first quarter of the following year (paid in money, via a retirement savings plan or by granting a discount on share purchases); and (b) a discretionary and variable component (medium-term variable remuneration), paid in the following year, in the form of deferred benefits under the Medium Term Incentive Plan (MTIP). This vests on the third anniversary of the date of the assignment. In some cases, the Board of Directors, after approval by the Appointments and Remuneration Committee, may propose distribution of company profits to shareholders. After calculating the total amount to be distributed, the amount receivable under the profit-sharing scheme will depend on the annual objectives being met.

70, 71, 72 and 73. Information about how remuneration is structured to align the interests of management body members with the company's long-term interests, as well as how it is based on performance evaluation and lack of incentives to take on excessive risk. Reference, if applicable, to the remuneration policy for company bodies, members of the executive committee or managing director and company managers. Deferred payment of the variable remuneration component, specifying the deferral period. Criteria underpinning the attribution of variable remuneration in shares, as well as the executive directors' retention of these shares in the event of any contracts related to them, specifically hedging or risk transfer contracts, the respective limit, and their relationship with the total annual remuneration total and the company's managers.

The Remuneration and Compensation Policy applicable to members of the company bodies and its managers complies with community guidelines, national legislation and the recommendations of the Securities Market Commission. It is based on the presumption that initiative, competence and commitment are the essential foundations of good performance and must be aligned with the company's medium- and long-term interests, with the aim of sustainability.

The content of the performance indicators, on which the variable remuneration component depends, and its specific weight in determining actual remuneration, ensures that the executive directors are aligned with the defined strategic and compliance with the legal standards that govern the company's activities.

Therefore, for each company financial year, individual performances and contributions to collective success will necessarily influence allocation of the fixed and variable component of each member's remuneration plan.

In addition, actual allocation of at least 50% of the variable remuneration awarded to the chief executive based on evaluation of individual and company performance in each financial year is deferred for a period of three years. This deferred component of the variable remuneration consists of shares, under the company's Share Allocation Plan.

The company's Remuneration and Compensation Policy maintains the principle of not awarding compensation to directors, or members of the other company bodies, if their appointment is terminated, whether such termination occurs at the end of the respective period or earlier for any reason or grounds, notwithstanding the company's obligations to comply with the legal provisions in force in this area.

The Remuneration and Compensation Policy does not include any system of retirement benefits for members of company bodies and other managers.

Sonaecom is committed to the implementation of generally recommended remuneration risk management guidelines, as follows:

- . The design of the Remuneration Policy for all company directors and staff must take into account the potential for risk-taking behaviour, giving sufficient but balanced weighting to the variable component. This objective is also achieved by transposing some activity risk to the risk assumed by the directors and staff themselves, and their remuneration is based on individual and company performance.
- . In addition, the remuneration for the members of the Board of Directors must be structured so that their interests are consistent with the company's long-term interests. Their remuneration must be based on an independent evaluation of their performance, and must be structured to discourage excessive risk taking.

A risk assessment of Sonaecom's remuneration policy can be obtained from the information set out below:

- . The remuneration principles applied for all directors and staff, and the way the various remuneration components contribute to a controlled environment for risk-taking behaviour are explained in Section III. Remuneration Structure of this report, particularly the point related to the remuneration policy for the management and supervisory bodies.
- . The remuneration policy decision and approval process involves various governance bodies to ensure independent scrutiny, fairness and appropriate management of risk. The Appointments and Remuneration Committee has a particularly important role in supervision, due to its key role in reviewing the whole remuneration and compensation policy for all remuneration proposals, as well as oversight of the MTIP.
- . The directors' individual remunerations are detailed in this report. The Appointments and Remuneration Committee communicates in writing with the Board whenever necessary, and collaborates with the Sonaecom Remuneration Committee to obtain approval, in the shareholders' name, of the remuneration and other benefits for the Board of Directors and other governance bodies.
- . Finally, the fact that we provide complete information about the remuneration policy we adopt promotes transparency and is a factor that contributes to mitigating the risk of potentially problematic payment practices.

74. Criteria underpinning the assignment of variable remuneration in options, and indications of the deferral period and the exercise price

Not applicable.

75. Main parameters and foundations for any annual bonus and other non-financial benefits scheme

The main parameters and foundations of the variable remuneration system are described in the remuneration policy approved in the Shareholders General Meeting held on 24 April 2013, available at <http://www.sonae.com/investidores/assembleias-gerais/>.

76. Main features of Directors' complementary pensions or early retirement schemes for and date of approval by the General Shareholders' Meeting individually and for company managers

Not applicable.

IV - Disclosure of remuneration

77. 78 and 79. Indication of annual amount of remuneration earned, in total and individually, by members of the company's management bodies, from the company, including fixed and variable remuneration and, in relation to this, mentions of the different components that led to them, amounts of any kind paid by other controlled or Group companies, or those under shared control, and remuneration paid as profit sharing and/or bonus payments and the reasons why such bonuses and/or profit sharing payments were made

The remuneration for each Sonaecom director, assigned by the company and by controlled and Group companies for 2013 and 2012 is set out in the following tables.

AMOUNTS IN EUROS	2013				2012			
	FIXED REMUNERATION	ANNUAL PERFORMANCE BONUS	MEDIUM TERM INCENTIVE PLAN	TOTAL	FIXED REMUNERATION	ANNUAL PERFORMANCE BONUS	MEDIUM TERM INCENTIVE PLAN	TOTAL
Individual breakdown								
Executive Directors								
Ângelo Gabriel Ribeirinho dos Santos Paupério (CEO)	287,190	302,800	302,800	892,790	323,553	225,000	225,000	773,553
Maria Cláudia Teixeira de Azevedo	147,442	67,300	67,300	282,042	175,836	67,500	67,500	310,836
Miguel Nuno Santos Almeida ⁽¹⁾	-	-	-	-	313,113	163,200	163,200	639,513
António Bernardo Aranha Gama Lobo Xavier	198,430	-	-	198,430	198,220	-	-	198,220
	633,062	370,100	370,100	1,373,262	1,010,722	455,700	455,700	1,922,122
Non-Executive Directors								
Duarte Paulo Teixeira de Azevedo (Presidente) ⁽²⁾	60,710	-	-	60,710	60,500	-	-	60,500
Jean François René Pontal	39,730	-	-	39,730	39,780	-	-	39,780
David Charles Denholm Hobley	37,300	-	-	37,300	37,350	-	-	37,350
António Maria Theotonio Pereira Sampaio Melo	35,970	-	-	35,970	37,350	-	-	37,350
Nuno Manuel Moniz Trigo Santos Jordão ⁽³⁾	11,748	-	-	11,748	34,100	-	-	34,100
Frank Emmanuel Dangeard	34,830	-	-	34,830	34,880	-	-	34,880
Gervais Pellissier	-	-	-	-	-	-	-	-
	220,288	-	-	220,288	243,960	-	-	243,960
Total	853,350	370,100	370,100	1,593,550	1,254,682	455,700	455,700	2,166,082

(1) Remuneration for Miguel Almeida for 2013 has been excluded from the table above as his cost were supported by ZON OPTIMUS as from 1 January 2013;

(2) The value for Duarte Paulo Teixeira de Azevedo for 2013 and 2012, disclosed in the table above, is related to management services recharged by Sonae to Sonaecom. The values recharged by Sonae to Sonaecom represents the equivalent cost of his services centralised at Sonae SGPS during 2013 and 2012;

(3) The value for Nuno Manuel Moniz Trigo Santos Jordão for 2013 (until he left the company on 2013.05.09) and 2012, disclosed in the table above, is related to management services recharged by Sonae to Sonaecom. The values recharged by Sonae to Sonaecom represents the equivalent cost of his services centralised at Sonae SGPS during 2013 and 2012.

Directors' participation in MTIP

	Plan 2009	Plan 2010	Plan 2011	Plan 2012	Total
Award date	10 Mar 2010	10 Mar 2011	09 Mar 2012	08 Mar 2013	
Sonaecom shares					
Share price at award date ⁽¹⁾	1,685	1,399	1,256	1,505	
Share price at vesting date	1,55	-	-	-	
Share price at 31 December 2013 ⁽²⁾	2,569	2,569	2,569	2,569	
Ángelo Gabriel Ribeirinho dos Santos Paupério (CEO)					
Number of shares at 01 January 2013	112,767	140,444	157,086	-	410,297
Number of shares at 31 December 2013	-	150,417	168,240	96,070	414,727
Miguel Nuno Santos Almeida					
Number of shares at 01 January 2013	46,963	65,056	74,524	-	186,543
Number of shares at 31 December 2013	-	-	-	-	-
Maria Cláudia Teixeira de Azevedo					
Number of shares at 01 January 2013	40,396	51,957	49,717	-	142,070
Number of shares at 31 December 2013	-	55,647	53,265	33,624	142,536
António Bernardo Aranha Gama Lobo Xavier					
Number of shares at 01 January 2013	47,297	-	-	-	47,297
Number of shares at 31 December 2013	-	-	-	-	-
Total					
Number of shares at 01 January 2013	247,423	257,457	281,327	-	786,207
Number of shares at 31 December 2013	-	206,064	221,505	129,694	557,263
Sonae SGPS shares					
Share price at award date	0,761	0,811	0,401	0,701	
Share price at vesting date	0,696	-	-	-	
Share price at 31 December 2013 ⁽³⁾	1,049	1,049	1,049	1,049	
Ángelo Gabriel Ribeirinho dos Santos Paupério (CEO)					
Number of shares at 01 January 2013	178,588	166,325	334,720	-	679,633
Number of shares at 31 December 2013	-	173,401	348,961	133,850	656,212
Miguel Nuno Santos Almeida					
Number of shares at 01 January 2013	74,375	77,045	158,797	-	310,217
Number of shares at 31 December 2013	-	-	-	-	-
Maria Cláudia Teixeira de Azevedo					
Number of shares at 01 January 2013	41,127	39,556	68,102	-	148,785
Number of shares at 31 December 2013	-	41,239	71,024	30,116	142,379
António Bernardo Aranha Gama Lobo Xavier					
Number of shares at 01 January 2013	48,152	-	-	-	48,152
Number of shares at 31 December 2013	-	-	-	-	-
Total					
Number of shares at 01 January 2013	342,242	282,926	561,619	-	1,186,787
Number of shares at 31 December 2013	-	214,640	419,985	163,966	798,591
Values					
CEO					
Value at award date	325,918	331,371	331,523	-	988,811
Value at vesting date	299,086	-	-	-	299,086
Values at 31.12.2013	-	568,319	798,269	387,212	1,753,800
Miguel Nuno Santos Almeida⁽⁴⁾					
Value at award date	135,732	153,497	157,280	-	446,509
Value at vesting date	124,558	-	-	-	124,558
Values at 31.12.2013	-	-	-	-	-
Maria Cláudia Teixeira de Azevedo					
Value at award date	99,365	104,768	89,753	-	293,886
Value at vesting date	91,238	-	-	-	91,238
Values at 31.12.2013	-	186,217	211,342	117,972	515,531
António Bernardo Aranha Gama Lobo Xavier					
Value at award date	116,339	-	-	-	116,339
Value at vesting date	106,824	-	-	-	106,824
Values at 31.12.2013	-	-	-	-	-
Total					
Value at award date	677,354	589,635	578,556	-	1,845,545
Value at vesting date	621,706	-	-	-	621,706
Values at 31.12.2013	-	754,536	1,009,611	505,184	2,269,331

(1) Average share price in the month prior to the award date;

(2) On 3 December 2013, the share price hit a high of 2.60 euros and a low of 1.45 euros on January 2013;

(3) On 18 November 2013, the share price hit a high of 1.11 euros and a low of 0.664 on July 2013;

(4) On 27 August 2013, part of the outstanding Sonaecom and Sonae share plans were converted into ZON OPTIMUS share plans. This conversion was based on the merger exchange ratio for Sonaecom and based on the share fair value for Sonae, as duly approved by the Shareholders Remuneration Committee.

Remuneration earned by directors in Group companies

Amounts in euros	SONAECOM		SONAE SGPS		TOTAL
	Role	Total Remuneration	Role	Total Remuneration	Total
Name					
Ângelo Gabriel Ribeirinho dos Santos Paupério	CEO	892,790	Executive	336,840	1,229,630
Duarte Paulo Teixeira Azevedo	Chairman	60,710	CEO	1,287,640	1,348,350
Nuno Manuel Moniz Trigo Santos Jordão	Non-executive	11,748	Executive	156,743	168,491

(1) Nuno Manuel Moniz Trigo Santos Jordão left both Sonaecom and Sonae SGPS on 9 May 2013.

80. Compensation paid to or due from former Executive Directors following termination of their functions during the financial year

There is no compensation due to or from members of the board related to termination of functions during the 2013 and 2012 financial years.

81. Indication of the annual amount of the remuneration earned, in total or individually, by members of the company's supervisory bodies

Supervisory Board members' remuneration consists of a fixed annual amount, based on the company's position and market rates, with no variable remuneration.

The amount of the fixed annual remuneration for the members of this body in the 2013 and 2012 financial years was as follows:

Amounts in euros	2013	2012
Individual breakdown		
Statutory Audit Board		
Arlindo Dias Duarte Silva	10,010	9,800
Armando Luís Vieira Magalhães	8,010	7,800
Óscar José Alçada Quinta	8,010	7,800
Jorge Manuel Felizes Morgado	-	-
Total	26,030	25,400

82. Indication of remuneration in the reference year for the Chairman of the General Shareholders' Meeting Board

The Chairman of the General Shareholders' Meeting Board earns a fixed annual remuneration of 5,000 euros and the secretary earns a fixed annual remuneration of 1,500 euros.

V - Agreements with remuneration implications

83. Contractual limitations providing compensation for unfair dismissal for directors, and their relationship to the variable remuneration component

In the event of dismissal of Board members, the Group's policy is to pay the compensation set out in law: in each situation, a different value may be negotiated, considered more suitable by both parties. Members of the Board of Directors do not receive any additional compensation and are subject to the same criteria as other staff. There are also no individual contracts with directors to define the methodology for calculating any compensation. In addition, Sonaecom has never paid, and does not plan to pay, any compensation for dismissal or termination due to inadequate performance.

84. Reference to the existence and description, with an indication of the amounts involved, of agreements between the company and the Board Directors and managers that provide for compensation in the event of dismissal, termination without due cause, or termination of employment following a change in control of the company

In the event of early termination of the mandate of members of the Board of Directors, Group policy is to pay the compensation set out in law or to negotiate, on a case-by-case basis, a value considered fair and appropriate by both parties. There are no additional compensation provisions for members of the Board of Directors, who are treated in the same way as the other staff.

VI - Plans to assign shares or stock options

85 and 86. Identification of the plan and respective recipients. Features of the plan (assignment conditions, share transfer clauses, share price and option exercise price criteria, period during which options can be exercised, features of the shares or options to be assigned, incentives to acquire shares and/or exercise options).

Medium Term Incentive Plan – MTIP

Framework

The MTIP is designed to align the interests of employees and Executive Directors with the success of Sonaecom, reinforcing their engagement and the perception of the impact of their performance on the success of Sonaecom, which is reflected by the price of the share.

The MTIP is applicable to all Sonaecom Group companies, with the exception of WeDo Consulting – Sistemas de Informação, S.A. which has adopted its own specific incentive plan. For Público – Comunicação Social, S.A. and the companies it owns, the attribution rules are more restricted than those described below and this is not expected to change

General features of the Medium Term Incentive Plan

The MTIP is subject to the eligibility rules described in this document.

The general terms of the MTIP and any significant amendments thereto are reviewed by the Shareholders' Remuneration Committee and then approved by shareholders at a Shareholders' General Meeting, based on a proposal submitted by the Board of Directors, after the Board has taken advice from the Board Nomination and Remuneration Committee ("BNRC"). The participation in the MTIP of the members of Sonaecom's Executive Committee (ExCom) is approved by the Shareholders' Remuneration Committee ("Comissão de Vencimentos"), in line with the Group's Remuneration Policy, which is approved by shareholders at a Shareholders' General Meeting. The participation of other Senior Executives is approved, annually, by the Sonaecom ExCom.

Eligibility

All Sonaecom employees at Sonaecom Management Levels ("Grupo Funcional" or "GF") GF1 to GF6 are eligible to be awarded a Medium Term Performance Bonus under the MTIP, provided that they held Management Level GF6 or higher, on 31 December of the respective performance year.

Classification as Management Level GF6, on recruitment or by promotion, does not automatically give entitlement to the award of a MTPB. Any decisions to make an award, including the value awarded (which is calculated as a percentage of the individual annual fixed remuneration), should take into account the total variation in the compensation package of each employee that results. It is recommended that, for the first MTPB awarded, the value should be equal or lower than 50% of the maximum value recommended for the same Management Level (see table 2).

Definition of MTPB reference value

The MTPB reference values for officers and employees with Management Levels GF1, and GF2 (see Table 1 below) is based on a percentage of their total Target Performance Bonuses (Short Term + Medium Term), which is defined on an individual basis, taking into account their level of qualification and the structure of their compensation package. This is also linked to the achievement of individual Key Performance Indicators (KPIs) and is approved: For ExCom members (Management Levels GF1 and GF2): by the Shareholders' Remuneration Committee of Sonaecom, based on proposals submitted by the BNRC; and For Management Level GF3 by the Chairman of the Board of Directors, based on proposals submitted by Sonaecom ExCom;

The decision making bodies above may decide to alter the value of individual MTPBs to be awarded should the value be considered to be no longer appropriate.

SONAECON MANAGEMENT LEVEL	REFERENCE VALUE FOR MTIP (% of Total Target Performance Bonus)	COMPOSITION OF SHARE PACKAGE	
		SONAE SGPS SHARES	SONAECON SHARES
Sonaecom Executive Directors			
GF1	50%	40%	60%
GF2	50%	30%	70%
Other Employees			
GF2			100%

Table 1 (defines the percentage of shares for each company in the portfolio)

The value of the MTIP may alter over the period between the award date and the vesting date, as it is linked to a standard share package and to the Total Shareholder Return ("TSR") of the respective Sonae SGPS and Sonaecom SGPS shares. The percentage of shares of each company which make up the standard share package is set out in Table 1 above. Vesting is dependent on the overall continuing success of the company during the 3 year vesting period, measured in accordance with the objectives set by the Shareholders' Remuneration Committee for each period of three years.

For employees with Management Levels GF3, GF4, GF5 and GF6, the MTIP reference values are based on a percentage of the Annual fixed remuneration, which is defined on an individual basis, taking into account their level of qualification and the structure of their compensation package. This is also linked to the performance of individual Key Performance Indicators (KPIs) to be approved by Sonaecom ExCom.

The MTIP reference values, for employees who have a monthly performance bonus ("commission" - "comissão"), should take into account the following: a) total commissions received on an annual basis; b) compatibility of this value, in light of the minimum and maximum STPB values awarded for other employees with the same Management Level. When the annual commissions awarded are outside the above range, the company may decide to adjust them.

MANAGEMENT LEVEL	REFERENCE VALUES FOR MTIP (% OF ANNUAL FIXED REMUNERATION)
GF3	Up to 65%
GF4	Up to 60%
GF5	Up to 50%
GF6	Up to 45%

Table 2

Duration of the Plan

The MTIP plans are established annually and each plan has a three year term. As from the award date of the third consecutive plan, 3 plans will be open at the same time.

MTIP Valuation

The MTIP is valued at the award date, based on the listed share prices in Portugal of the shares that make up the respective share package. In the case of Sonae SGPS shares, the most favourable of the following prices is used: (i) the closing price on the first working day after the company's Shareholders' Annual General Meeting; or (ii) the average of the closing prices of the last 30 trading sessions, before the Annual General Meeting. For Sonaecom shares, the value is calculated by dividing the average of the closing prices of the last 30 trading sessions, before the award date.

The number of shares to be delivered is determined by dividing the MTIP value by the share price calculated at the award date (see previous paragraph). The resulting number of shares may be acquired by the beneficiaries at a discount to be defined by the company on the third anniversary of the award date.

Should dividends be distributed, or the nominal value of the shares altered, or the share capital of the respective company be changed, the number of shares under the Plan will be altered so that the number of shares, after taking account of the effects of the above changes, will remain equivalent, as a result of these changes, to the initial number of shares.

Vesting of the MTIP

At the vesting date of the MTIP, the company that awarded the MTIP retains the right to pay the cash equivalent to the value of the shares at that date, rather than deliver actual shares, provided that the Shareholding and Retention Policy described below is complied with, when applicable.

Share Retention Policy

The following Shareholding and Retention Policy ("SH&R Policy") is applicable to the members of Sonaecom's Board of Directors and to other members of the ExCom (covering Management Levels: GF1 and GF2), but only in relation to the Sonaecom shares included in their MTIP share packages:

Each GF1 or GF2 is required to retain 50% of the shares delivered on the vesting of each Plan until they hold, on an accumulated basis, a total number of shares that is equivalent to the value of 2 annual fixed salaries. The requirement to retain shares ends as soon as the respective manager holds, on an accumulated basis, a total number of shares that meets the agreed shareholding requirement, either by retaining MTIP shares awarded by Sonaecom or by acquiring shares in their individual name. The inclusion of the latter shares is optional and is of the exclusive decision of each manager, who, in this case, should inform the company of this intent and provide the respective share information. For this purpose, the annual fixed salary is the monthly base remuneration paid 14 times a year;

The SH&R Policy was applied on a transitional basis to the 2004 Plan (2005-2008) and 2005 Plan (2006-2009) with a share retention level of 20% of the shares attributed under each Plan. The 2006 Plan (2007-2010), although already awarded at the date of implementation of this regulation, will be subject to a share retention level of 50%.

The SH&R Policy, which is only applicable to Management Levels GF1 and GF2, is to be managed by the individuals involved and will be monitored by Human Resources ("DRH") and Accounting & Administrative ("DAF") departments.

Termination of the MTIP

The right to a MTIP ceases when an employee is no longer an officer or employee of Sonaecom SGPS, or any company that represents the sub-holding where they work, or any other company directly or indirectly affiliated with either of the above. Exceptionally, the relevant decision making bodies, may decide to continue the MTIP until its vesting date or to pay out the MTIP, based on the market value of the shares at that time.

In the event of death or permanent disability, the MTIP is valued at current market prices of the shares and the equivalent value in cash will be paid to the employee or to his or her legal heirs.

On retirement, rights to a MTIP are retained and vest on the normal vesting date.

87. Stock options assigned to the benefit of the company's employees and staff

Not applicable.

88. Planned control mechanisms for any employee share capital participation scheme, to the extent voting rights are not directly exercised by them

There are no planned control mechanisms.

E. Transactions with related parties

I - Control mechanisms and procedures

89. Mechanisms implemented by the company to control transactions with related parties (for the purposes of the concept of IAS 24)

Sonaecom undertakes its transactions with related parties based on principles of rigour, transparency and strict observance of market competition rules. Such transactions are subject to specific administrative procedures that arise from regulatory requirements, specifically those related to rules for transfer prices, or voluntary adoption of internal checks and balances systems, specifically formal reporting or validation processes, based on the value of the transaction in question.

90. Indication of transactions subject to control in the reference year

Transactions with any of the entities indicated in the previous paragraph respected normal market conditions and were evaluated by the Supervisory Board. There were no transactions with any member of the Board or supervisory body during the 2013 financial year.

91. Description of the procedures and criteria applicable to intervention by the supervisory body for advance evaluation of the business to be carried out between the company and qualifying shareholders or entities in a relationship with them under Article 20 of the Portuguese Securities Code

Transactions with qualifying shareholders or entities in a relationship with them under Article 20 of the Securities Code are formally submitted for prior opinion by the Audit and Finance Committee of the Board of Directors and the Supervisory Board if their value is greater than 10 million euros. In addition, all transactions with related parties in excess of 1 million euros are also submitted for quarterly reports by these two bodies, via the secretary of the Executive Committee.

II - Business related elements

92. Indication of the location of accounting documents containing information about business with related parties, in line with IAS 24 or, alternatively, reproduction of this information

Business with related parties, in line with IAS 24, is described in note 34 of the attachment to the consolidated financial statements for 2013.





PART II – Company Governance Evaluation

1. Identification of the adopted Company Governance Code

The Company Governance Report provides a description of the company's governance structure, policies and practices, and complies with Article 245-A of the Securities Code and the information requirements contained in the Securities Market Commission Regulations no. 4/2013 of 1 August, as well as the company's observance, on a *comply or explain* basis, with the CMVM (Portuguese Securities Market) recommendations integrated into the CMVM Company Governance Code, 2013.

This document must be read as an integral part of the Annual Report and individual and consolidated financial statements for the 2013 financial year.

The information requirements of Article 3 of Law no. 28/2009 of 19 June, Articles 447 and 448 of the Companies Code, Article 245-A of the Securities Code and Regulation no. 5/2008 of the CMVM have been complied with.

All legal and regulatory standards cited in this report are available at www.cmvm.pt.

2. Analysis of compliance with the adopted Company Governance Code

The governance model adopted by Sonaecom allowed the Board of Directors and its special committees to operate normally, and no other company bodies reported any restrictions on free exercise of their functions.

The Supervisory Board exercised its supervisory function, having received appropriate support from the Board of Directors to this end, via regular provision of information supplied by the Audit and Finance Committee and by the Executive Committee.

The Statutory External Auditor monitored the company's activities and made the examinations and verifications he considered necessary to review and legally certify the accounts, interacting with the Supervisory Board, within the framework of their respective competences and responsibilities and with full collaboration from the Board of Directors.

The Board of Directors, and specifically its Audit and Finance Committee and the Executive Committee, act in harmony with the Supervisory Board and the Statutory Accountant, collaborating transparently and rigorously as requested, observing the respective company governance operating regulations and best practices.

To record the experience accumulated throughout the mandate concerning linked operation of the management body and the supervisory body under the model adopted, the bodies formalised the procedure by which the Supervisory Board interacts with the Board of Directors, the Executive Committee and the Audit and Finance Committee in an internal document.

Such procedures, developed over the term of the mandate, facilitate:

- . the exercise of the Supervisory Board's powers, formalising the bi-lateral flow of information between this body and the Board of Directors, with active intervention by the Audit and Finance Committee and the Executive Committee in reporting information about risk management mechanisms and the company's internal audits, as well as preparing and releasing financial information;
- . intervention by the Supervisory Board, via recommendations from the Board of Directors and the Executive Committee, specifically pertaining to the operation of internal control and risk management systems and, where applicable, transactions with related parties.

3. Other information

Evaluation of the independence of members of the Board of Directors

The Board of Directors did not identify any fact or event that would have caused a loss of independence for any of its independent non-executive members during the period covered by this report. This conclusion was based on written declarations issued by each of the independent members, at the request of this Board.

PART III – Analysis of Compliance with Corporate Governance Recommendations

In accordance with the corporate governance recommendations published in July 2013 by the CMVM, this section gives a detailed description of the functions, responsibilities and composition of our governance bodies. Among other subjects, this section also includes a detailed description and explanation of our remuneration policy and the shareholding positions of our directors.

Promotion of the location where the information is published

The full text containing Sonaecom's current governance rules – whether regulatory, recommended or voluntary, including the code of conduct and, in particular, the internal regulations for share transactions and conflicts of interest – are available to the general public on our website: www.sonae.com and the CMVM website: www.cmvm.pt

CMVM recommendations on company governance

The following table summarises CMVM recommendations about corporate governance published in July 2013 and the respective level of compliance by Sonaecom at 31 December 2013.

I. Company voting and control

I 1. Companies must encourage their shareholders to participate and vote in general assemblies, and specifically must not fix an excessively high number of shares needed to grant voting rights, and must implement the means needed to exercise voting rights by correspondence and electronically.

Recommendation fully adopted.

The company encourages its shareholders to take part in General Shareholders' Meetings, namely by assigning a vote to each share, and does not limit the number of votes that may be held or exercised by each shareholder, and provides shareholders with the necessary means to exercise their votes by post or electronically.

In addition, the company provides on its website, from the date each general shareholders' meeting is convoked, template documents intended to facilitate access to the information needed to issue shareholder notifications to ensure their presence at the meeting and also provides an electronic address to clarify any doubts and to receive all notifications of participation in the Shareholders' Meeting.

I 2. Companies should not adopt mechanisms that hamper decision-making by their shareholders, in particular by establishing a quorum greater than that set forth in law.

Recommendation fully adopted.

The quorum detailed in the company bylaws corresponds to the minimum required by law.

I 3. Companies must not establish mechanisms that aim to provoke a discrepancy between the right to receive dividends or to subscribe to new securities and the voting rights of each ordinary share, unless duly justified on the basis of the long-term interests of the shareholders.

Recommendation fully adopted.

The company has no mechanism that aims to provoke the aforementioned discrepancy.

I 4. Company bylaws that establish a limitation on the number of votes that can be held or exercised by a single shareholder, individually or together with other shareholders, must also establish that at least every five years the amendment or maintenance of such bylaw provision be deliberated at a general meeting of shareholders - with no requirement for an increased quorum compared to that set forth in law - and establish that, during such deliberation, all of the votes submitted will be counted without such limitation having effect.

Recommendation fully adopted.

The company bylaws do not establish any limitation on the number of votes that can be held or exercised by a single shareholder.

I.5. Measures that require payments or the assumption of orders by the company in the event of a transfer of control or a change in the composition of the Board of Directors, which appear likely to hinder the free transferability of shares and free assessment by the shareholders of the performance of members of the Board of Directors should not be adopted.

Recommendation fully adopted.

The company has not adopted any measures that fall under those mentioned in the recommendation above.

II. Supervision, Administration and Inspection

II.1. SUPERVISION AND ADMINISTRATION

II 1.1. Within the limits established by law, and excluding companies of a small size, the Board of Directors must delegate the daily management of the company, and the delegated powers must be detailed in the annual report on corporate governance.

Recommendation fully adopted.

The daily management of the company is delegated to an Executive Committee. See II. Administration and Supervision; c) Committees within the Board of Directors.

II 1.2. The Board of Directors must ensure that the company acts in line with its objectives, and does not delegate its powers, namely regarding: i) defining the company's general policies and strategy; ii) defining the Group's corporate structure; iii) decisions that must be considered strategic due to their amount, risk or to their special characteristics.

Recommendation fully adopted.

Such responsibilities are not included in the delegation of powers of the Board of Directors in the Executive Committee.

II 1.3. Apart from exercising the inspection powers that are entrusted to them, the Supervisory and General Board must assume full responsibility in terms of the governance of the company. Consequently, by statutory provision or equivalent means, the mandatory requirement for this body to make decisions about the company's strategy and main policies, the definition of the Group's corporate structure and the decisions that must be considered strategic due to their amount or risk, must be established. This body must also assess the fulfilment of the company's strategic plan and the execution of its main policies.

Recommendation not applicable.

Sonaecom did not adopt this governance model.

II 1.4. Except when the company in question is small, the Board of Directors and the Supervisory and General Board, according to the model adopted, must establish the committees required to:

a) Ensure a competent and independent assessment of the performance of executive directors and of their own overall performance, as well as of the different existing committees;

b) Reflect on the structural system and the governance practices adopted, check their efficacy and propose measures to be implemented, to the competent bodies, with a view to their improvement.

Recommendation fully adopted

The Audit and Finance Committee and, particularly, the Appointments and Remunerations Committee were established to this end. See II. Administration and Supervision; c) Committees within the Board of Directors.

II 1.5. The Board of Directors or the Supervisory and General Board, according to the applicable model, must set objectives relating to the assumption of risks and create systems to monitor these risks, with a view to guaranteeing that the risks effectively incurred are consistent with those objectives.

Recommendation fully adopted.

These systems are implemented and monitored by the company's Supervisory Board, and the Inspection Board is responsible for inspection, complemented by the additional monitoring carried out by the Audit and Finance Committee.

II 1.6. The Board of Directors must include a number of non-executive members to guarantee an effective ability to monitor, supervise and assess the activity of the other members of the Board of Directors.

Recommendation fully adopted.

Six of the 10 members of the Board of Directors are not executive members.

II 1.7. There should be an adequate proportion of independent directors among the non-executive directors, taking into account the governance model adopted, the size of the company, its shareholder structure and the respective free float.

The independence of the members of the Supervisory and General Board and of the members of the Audit Committee is based on the terms of the applicable legislation. As regards the other members of the Board of Directors, a party not associated with any specific group of interests in the company or who is not in any situation that may exclude them from analysis or decision, namely by virtue of the following, is considered independent:

- a) Having been an employee of the company or of a company owning it or belonging to the same group in the last three years;
- b) Having, in the last three years, rendered services or established a significant commercial relationship with the company or a company owning it or belonging to the same group, whether directly or as a partner, director, manager or manager of a legal entity;
- c) Receiving remuneration paid by the company or by a company owning it or belonging to the same group, aside from the remuneration resulting from exercising the duties of director;
- d) Co-habiting with, or being a spouse; a direct, indirect or up to third degree relative or kin of directors or of individuals who are directly or indirectly qualifying shareholders;
- e) Being a qualifying shareholder or a representative of a qualifying shareholder.

Recommendation fully adopted.

At present, the company's Board of Directors includes three non-executive independent directors, which correspond to over a quarter of the total number of directors.

II 1.8. When asked by other members of the corporate bodies, the directors who exercise executive duties must provide the information requested by such in good time and in a manner appropriate to the request.

Recommendation fully adopted.

The company directors fulfil this recommendation.

II 1.9. The president of the executive governing body or of the executive committee must, where applicable, send the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the Supervisory and General Board and the Chairman of the Committee for Financial Affairs, the announcements and minutes of the respective meetings.

Recommendation fully adopted.

The Chairman of the company's Executive Committee fulfils this recommendation.

II 1.10. Should the chairman of the Board of Directors exercise executive duties, this body should appoint one of its members as an independent director who ensures the co-ordination of the work of the other non-executive members and the conditions required for such to make independent and informed decisions or to find another equivalent mechanism that ensures such co-ordination.

Recommendation not applicable.

The Chairman of the company's Board of Directors does not exercise executive duties.

II 2. Inspection

II 2.1. Depending on the applicable model, the Chairman of the Inspection Board, of the Audit Committee or of the Financial Affairs Committee must be independent, in accordance with the applicable legal standard, and have the skills appropriate for exercising their respective duties.

Recommendation fully adopted.

The Chairman of the Inspection Board, as well as all of the members of this body, are independent, in accordance with the criteria established under item 5 of article 414 of the Commercial Companies Code, and have the skills and experience required to exercise their duties.

II 2.2. The inspection body must be the main interlocutor of the External Auditor and the first addressee of the respective reports, and be entrusted namely with proposing the respective remuneration and guaranteeing that the conditions appropriate for rendering services are ensured within the company.

Recommendation fully adopted.

The company fully complies with the Commercial Companies Code stipulations in terms of the duties and function of the Inspection Board. The Inspection Board is linked to the Audit and Finance Committee as detailed in this report.

II 2.3. The inspection body must annually assess the External Auditor and propose their dismissal or the termination of the service agreement to the competent body provided that there is a justifiable reason to do so.

Recommendation fully adopted.

The company Inspection Board undertakes this assessment annually.

II 2.4. The inspection board must assess the function of the internal monitoring systems and of the management of risks and propose the adjustments required.



Recommendation fully adopted.

These systems are implemented and monitored by the company's Supervisory Board, and the Supervisory Board is responsible for inspection complemented by the additional monitoring carried out by the Audit and Finance Committee.

II 2.5. The Audit Committee, the Supervisory and General Board and the Inspection Board must make decisions on the work plans and the resources subject to the internal audit services and to the services that ensure the compliance of the regulations applicable to the company (compliance services), and should be the addressees of the reports prepared by these services at least when matters related to accountability, the identification or the resolution of conflicts of interest and the detection of potentially illegal acts are in question.

Recommendation fully adopted.

The internal audit services report functionally and separately to the Supervisory Board and to the Audit and Finance Committee. The company highlights that the Internal Audit reports functionally and effectively to the Supervisory Board. The report for the Audit and Finance Committee, as a specialised committee of the Board of Directors, is yet another way of reinforcing the monitoring levels and does not replace the duties of the Supervisory Board.

II.3. Establishing Remuneration

II 3.1. All members of the Remunerations Committee or equivalent must be independent from the executive members of the Board of Directors and include at least one member with knowledge and experience of remuneration policy matters.

Recommendation fully adopted.

Duarte Paulo Teixeira de Azevedo, Chairman of the Board of Directors and non-executive member of this body, assembles the Remuneration Committee, having been appointed to this duty by the General Meeting, as proposed by majority shareholder Sontel, B.V. He represents the shareholders' interests in the Remuneration Committee and does not act here in the capacity of Chairman of the Board of Directors.

In order to guarantee independence in the exercising of these duties, Duarte Paulo Teixeira de Azevedo does not take part in any discussions or deliberations that involve, or could involve, a conflict of interests. Adopting this procedure ensures the conditions of independence required for members' activities and the body's decision-making.

For further information, please see point 67 of this report.

II 3.2. Any individual or entity who, in the last three years, has rendered services to any structure under the direction of the Board of Directors to the company management body itself or who currently has a relationship with the company or with a consultant of the company, should not be hired to support the Remunerations Committee in the performance of its duties. This recommendation is equally applicable to any individual or legal entity that has a relationship with such by means of an employment or service agreement.

Recommendation fully adopted.

The Appointments and Remunerations Committee, composed of independent members, supports the Remuneration Committee in the performance of its duties. It is also supported by respected international consultants whose independence is guaranteed either by the fact that they have no connection to the Board of Directors or due to their broad experience and recognised status in the market.



II 3.3. The declaration on the remuneration policy of the management and inspection bodies, to which article 2 of Law 28/2009 of 19 June refers, must additionally contain:

- a) An identification and explanation of the criteria for determining the remuneration to members of the corporate bodies;
- b) Information about the maximum possible amount payable in individual terms and in aggregate terms to members of the corporate bodies; and an identification of the circumstances in which these maximum amounts can be payable;
- c) Information about the enforceability or lack of enforceability of payments relating to the removal or cessation of directors' duties.

Recommendation fully adopted.

The declaration on the remuneration policy was submitted to the Annual General Meeting on 27 April 2013 and contains the information referred to in this recommendation. Payments relating to the removal or cessation of directors' duties are not enforceable, without prejudice to the applicable legal provisions.

The declaration on the remuneration policy is available at www.sonae.com/investidores/assembleias-gerais/.

II 3.4. Proposals to approve plans for the allocation of shares and/or acquisition of shares or options based on variations in the price of shares must be submitted to members of the corporate bodies at the General Meeting. The proposal must contain all the elements required to properly assess the plan.

Recommendation fully adopted.

In its proposal, the company includes the approval of the share allocation plan, and always accompanies it with the respective regulation.

II 3.5. Any proposals for the approval of any retirement benefits system established for members of the corporate bodies must be submitted to the General Meeting. The proposal must contain all the elements required to properly assess the system.

Recommendation not applicable.

At present, the company has no retirement pension plans in force.

III. Remuneration

III 1. The remuneration of the executive members of the management body must be based on effective performance and on discouraging the excessive assumption of risks.

Recommendation fully adopted.

The remuneration of the executive members of the company management body is based on their effective performance and discourages the excessive assumption of risks.

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

Recommendation fully adopted.

The remuneration of non-executive members of the Board of Directors and the remuneration of members of the Supervisory Board includes only one fixed component. As a result, these members do not receive variable remuneration nor do they participate in the MTIP.

III 3. The variable remuneration component must be generally reasonable in relation to the fixed remuneration component, and maximum limits must be established for all components.

Recommendation fully adopted.

The company remuneration policy includes a fixed component and a variable component, as set forth in the main European reference indicators. In comparative terms, the fixed remuneration is close to the average and the total remuneration is close to the third quartile of the indicators. The variable component represents over 40% of the total received. The minimum and maximum variable components are pre-established as a percentage of a fixed component and as such are objectively established.

III 4. A substantial part of the variable remuneration must be deferred for a period of no less than three years, and the right to receive this variable remuneration must be dependent on the continuation of the company's positive performance throughout this period.

Recommendation fully adopted.

The MTIP, an integral part of the remuneration of executive members of the management body, is based precisely on this deferral.

III 5. Members of the management body should not enter into contracts with the company or with third parties that aim to mitigate the risk inherent in the variability of the remuneration established for them by the company.

Recommendation fully adopted.

The company did not identify any contracts of this nature.

III 6. Until the end of their term, the executive directors must maintain the company shares they have been allocated by virtue of variable remuneration schemes, up to twice the value of total annual remuneration, with the exception of those shares that must be sold in order to pay taxes on the gains from such shares.

Recommendation fully adopted.

Since 2008, the company has implemented a share retention policy that fully complies with this recommendation.

III 7. If the variable remuneration includes the allocation of options, the start of the period of exercise must be deferred by a period of no less than three years.

Recommendation fully adopted.

The variable component of the company remuneration does not include the allocation of options.

III 8. When the dismissal of a director is not due to serious breach of their duties or their incompetence in the normal exercising of their respective duties but, nevertheless, can be traced back to inadequate performance, the company must be equipped with the appropriate and required legal instruments so that any indemnification or compensation, aside from that legally payable, is not enforceable.

Recommendation fully adopted.

The company uses the appropriate legal instruments available in law for this situation. There are no individual contracts with the directors to define how possible compensation would be calculated. In addition, the company has never attributed or contemplated attributing compensation to the directors in the event of dismissal or cessation due to inadequate performance.



IV. AUDIT

IV 1. The External Auditor must, within their competence, verify the application of the remuneration systems and policies of the corporate bodies, the efficacy and the operation of the internal monitoring mechanisms, and report any deficiencies to the company's inspection body.

Recommendation fully adopted.

The official accounts reviewer for the company confirms the activity they performed in the 2013 period, in terms of their annual report, which is available on the company website.

IV 2. The company or any entities that hold ownership of it must not contract services other than auditing services from the External Auditor or from any entities that are in the same group as it or form part of the same network. In the event there are reasons for contracting such services - which must be approved by the inspection body and detailed in its annual report on corporate governance - they must not assume over 30% of the total value of the services rendered to the company.

Recommendation fully adopted.

The company policy states that the services contracted from the External Auditor, in addition to the audit services, do not constitute over 30% of all services contracted by the company. In 2013, in particular, the percentage of services increased to 12%.

IV 3. The companies must promote rotation of the auditor after two or three terms, provided the terms are of three or four years respectively. Retaining the auditor beyond this period must be based on a specific opinion of the inspection body that expressly considers the auditor's independence and the advantages and costs of substituting the auditor.

Recommendation fully adopted.

An External Auditor was appointed in 2012. The company's Supervisory Board issued an opinion on conformity with this recommendation, which was approved in the General Meeting by the company shareholders.

V. Conflicts of Interest and Transactions with Related Parties

V 1. The company's dealings with qualifying shareholders, or with entities that have a relationship with qualifying shareholders, must be performed under normal market conditions according to the terms of article 20 of the Securities Code.

Recommendation fully adopted.

The company has a policy of performing these types of dealings in normal market conditions.

V 2. The supervisory or inspection body must establish the procedures and criteria required to define the relevant level of significance of dealings with qualifying shareholders - or with entities that have any of the relationships stipulated in article 20 (1) of the Securities Code with such shareholders - and the realisation of substantially relevant dealings will continue to be dependent on the prior opinion of said body.

Recommendation fully adopted.

The company has a policy of informing the Supervisory Board of these types of dealings and obtaining a preliminary opinion for dealings exceeding 10 million euros.



VI. Information

VI 1. Through their website, the companies must provide access to information about their evolution and current situation in economic, financial and governance terms, in Portuguese and in English.

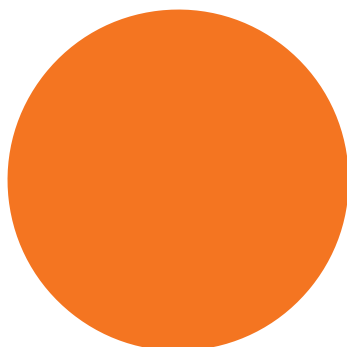
Recommendation fully adopted.

The company's website, www.sonae.com, includes information that fulfils the requirements of this recommendation.

VI 2. The companies must ensure that there is a department that supports the investor and offers permanent contact with the market, that responds to the requests of investors in good time, and that holds a record of requests submitted and how they were handled.

Recommendation fully adopted.

The company has an Investor Relations Department, which fulfils the requirements of this recommendation.



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

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