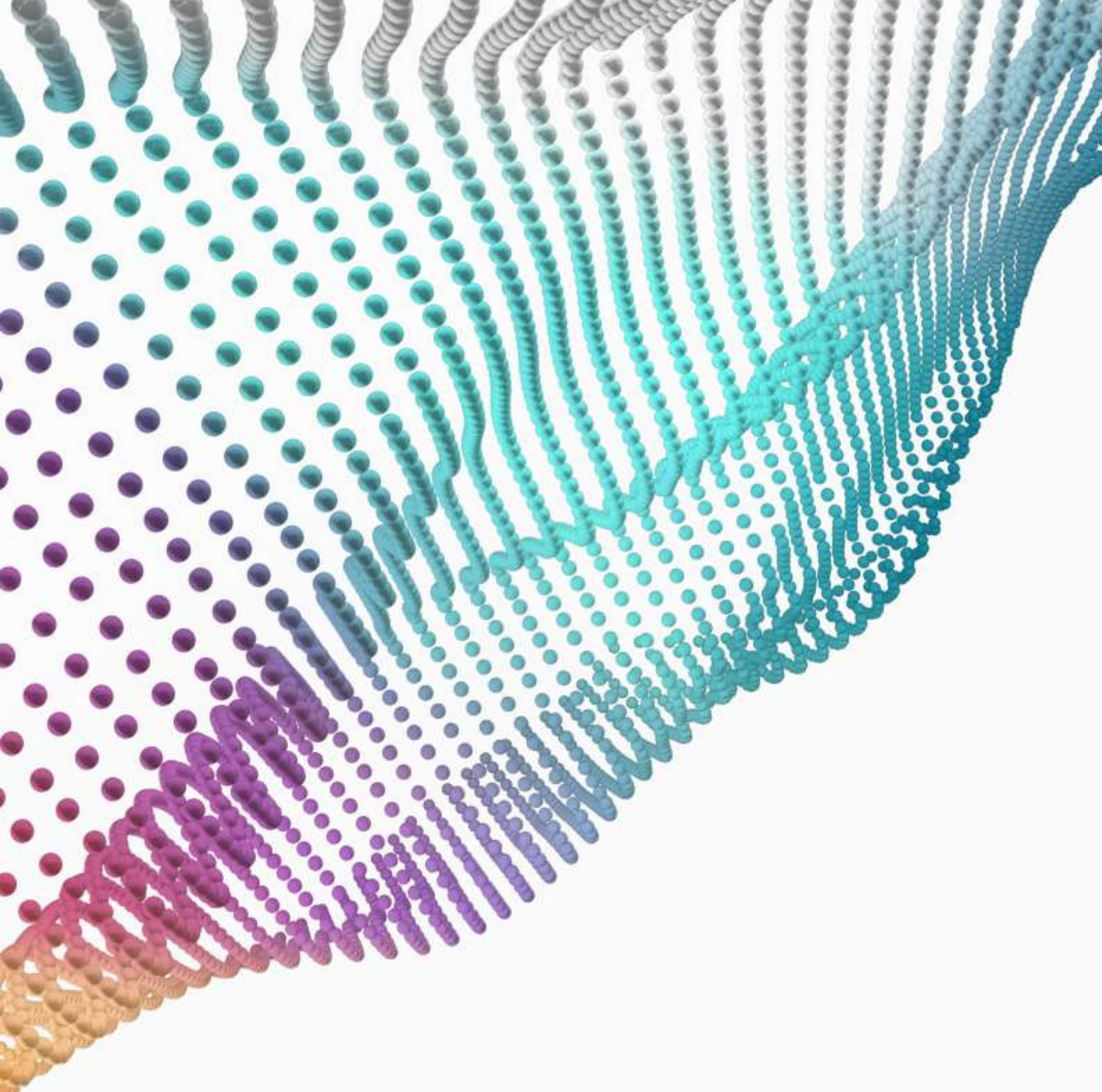




SONAE FINANCIAL REPORT '15

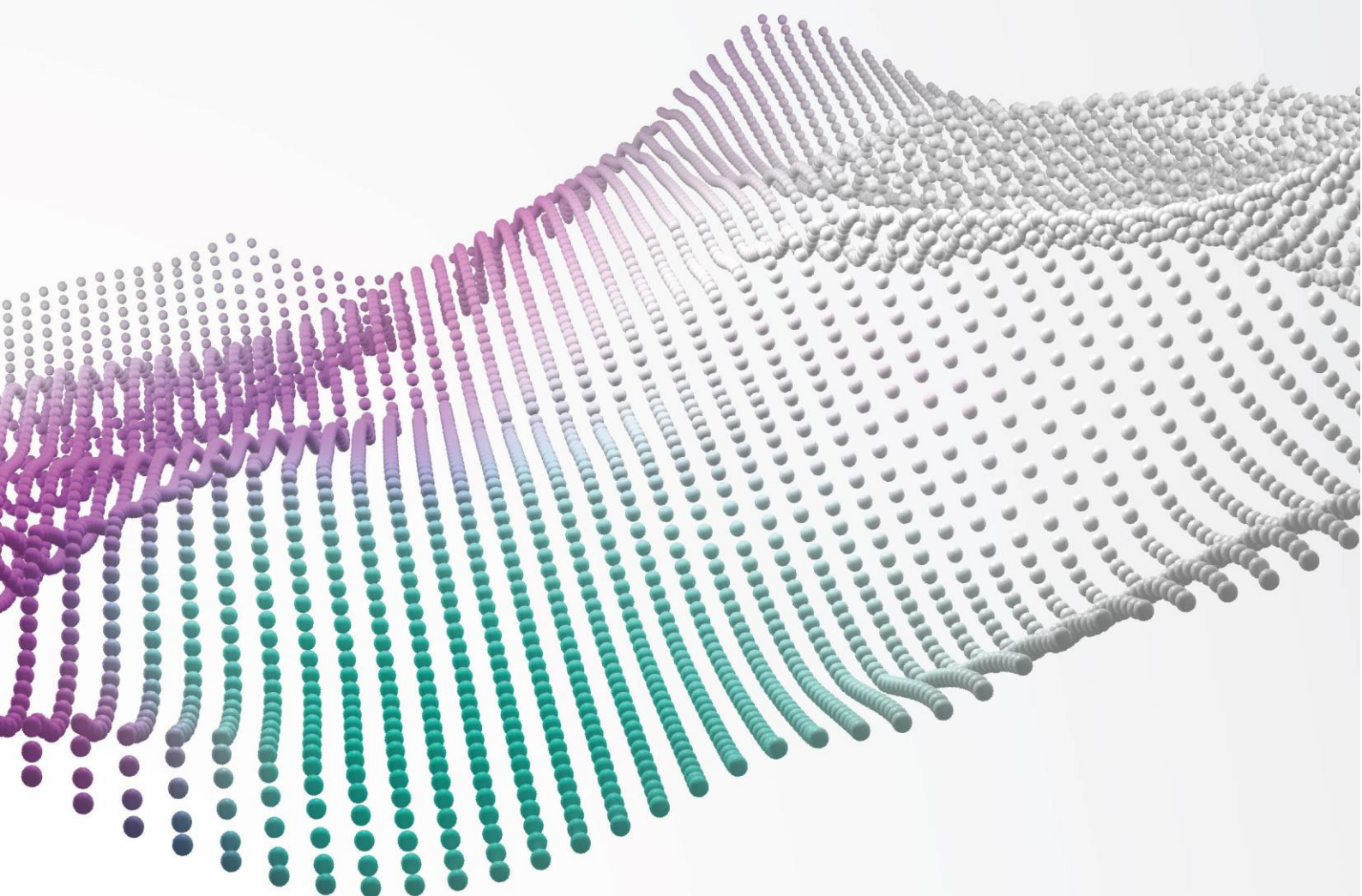


IMPROVING LIFE



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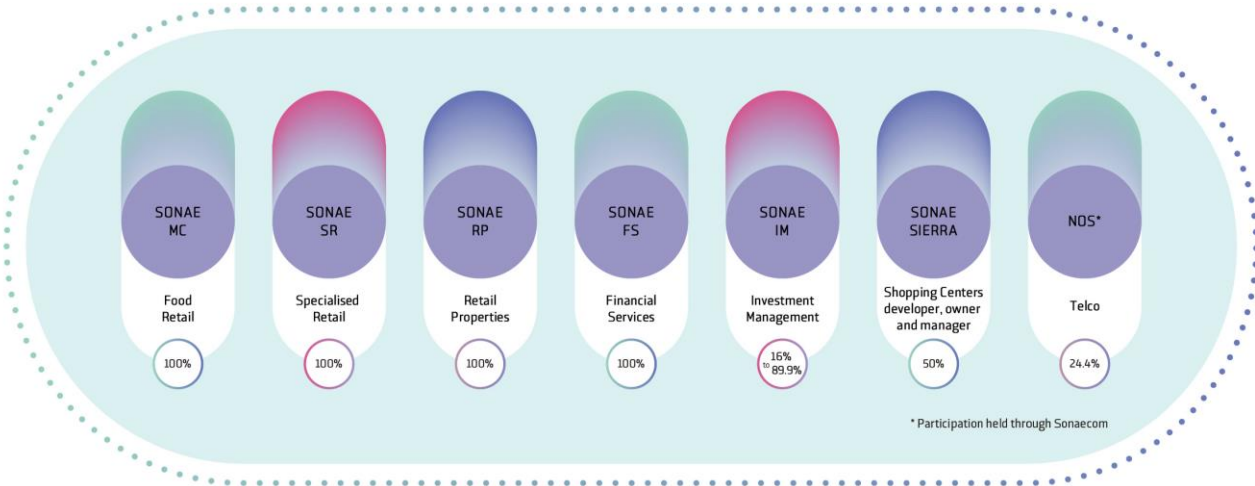
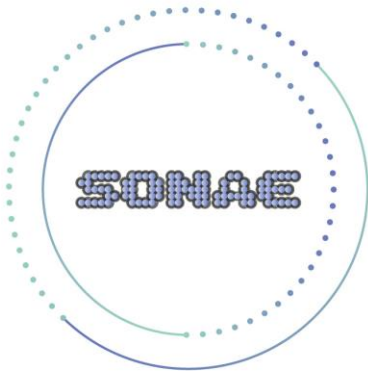


SONAE FINANCIAL REPORT '15
MANAGEMENT
REPORT



IMPROVING LIFE





We support our community

As market leaders we are aware that contributing towards making a difference in our community is part of our definition of sustainable growth. We actively participate in several initiatives to help our community and we are proud of having a team that share this value. "Missão Continente" continues to be distinguished with several awards for its profound impact on the lives of thousands of people. This year, we would like to highlight the Retail Awards HS 2015 under the category of Best Social and Corporate Responsibility Campaign in the food retail sector. The project "Love in a Box" by Zippy was also distinguished in the 24th Edition of the Masters of Distribution awards in the category Social Responsibility.

€8.4 M in community support
to social, human and cultural causes

1,557 institutions supported
4,400 hours
of volunteering to help the community



Tomorrow's leadership starts today

Innovation is key to success. We think of innovation in all its dimensions and we continuously monitor our actions in the search to ensure ongoing improvement. Our efforts enable us to create competitive advantages, with a positive impact on our performance, as recognised by the Kaizen Institute, through the award of two prizes. Continente was honoured with the title Kaizen Ambassador, for its work carried out in store operations, and Worten was the winner in the Excellence in Quality category, for its sales force management project.

10 innovative projects
distinguished internally for their significant contribution to the business

€111 M
invested in innovation
(estimated for 2015)



We value our team

Our team is our most important asset, working every day at its best to deliver the best products and services to our customers. The pivotal role of our team spans across the whole organisation and it is a priority for us to promote the best possible conditions for their personal and professional development. Our efforts towards our team were recognised with the European Business Advocacy prize award for our Labour Relations team.

One of the largest employers in Portugal

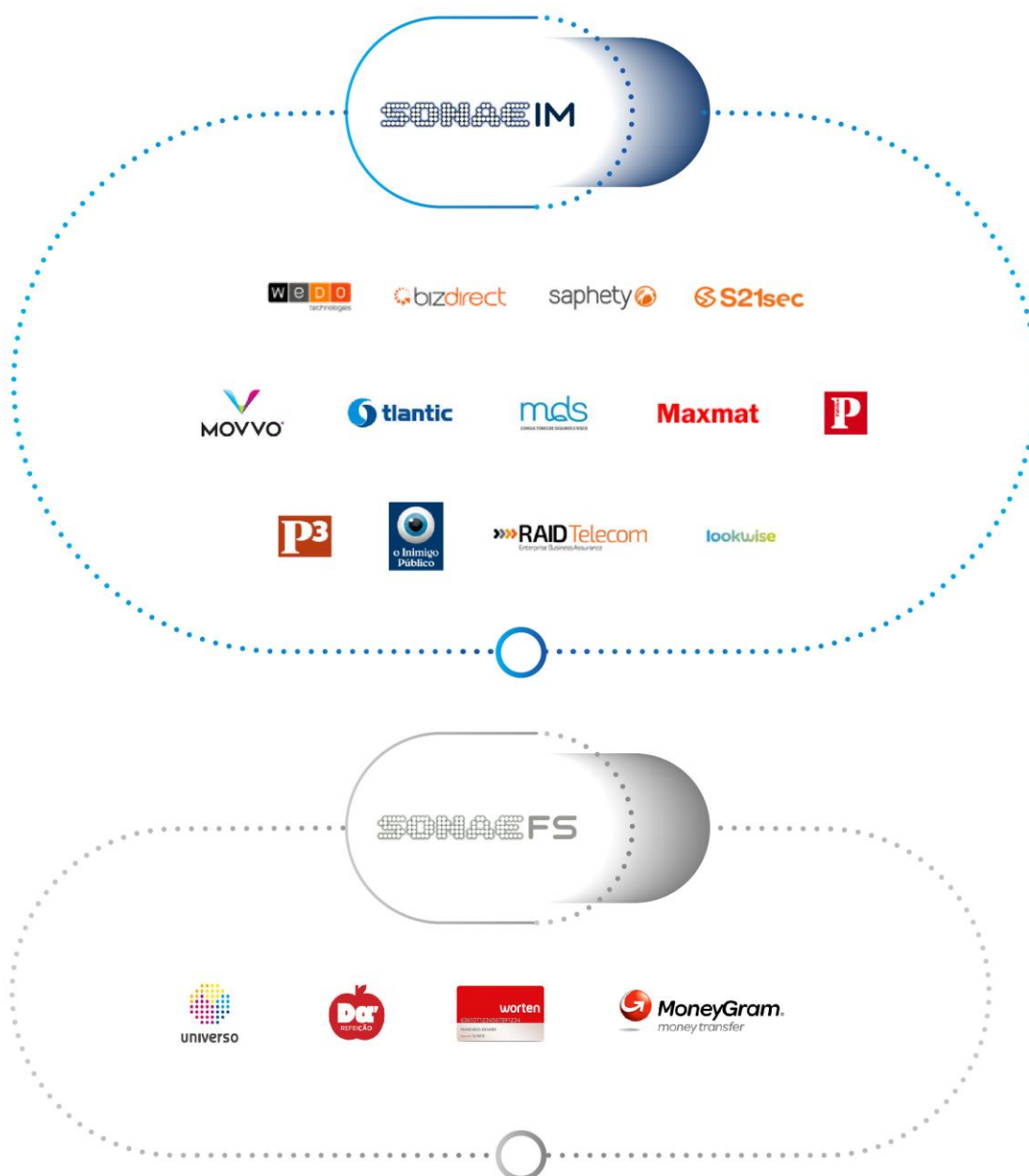
40.7 thousand colleagues
sharing a common goal
1.3 million hours
of specialised training



Sonae's Brands

(Brands of Sonae associated companies)







SONAE SIERRA



SONAE RP

NOS

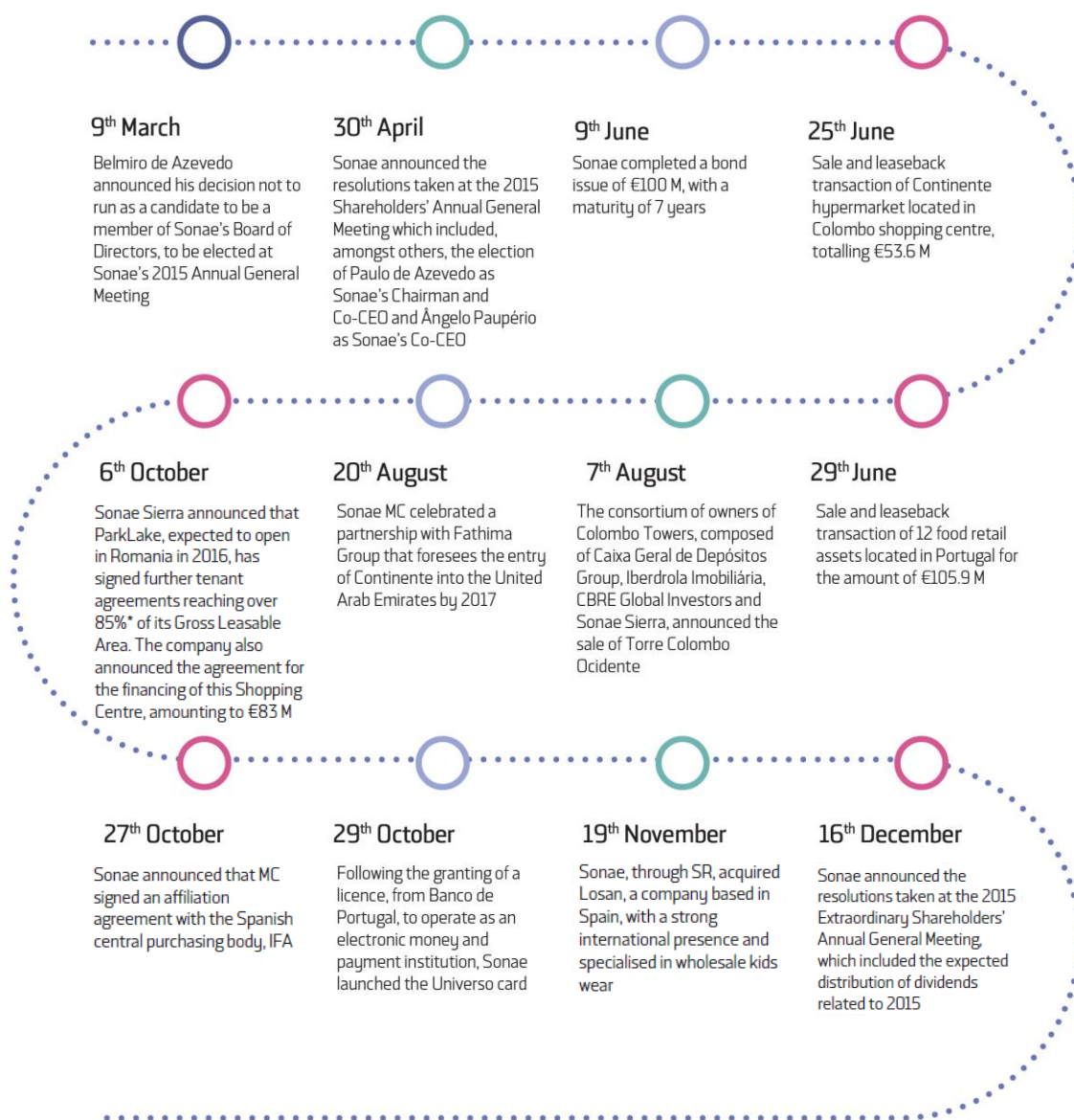


Sonae's world

(Including operations, services to third parties, representative offices, franchising agreements and partnerships)



Key corporate events



*as of 31 December 2015.

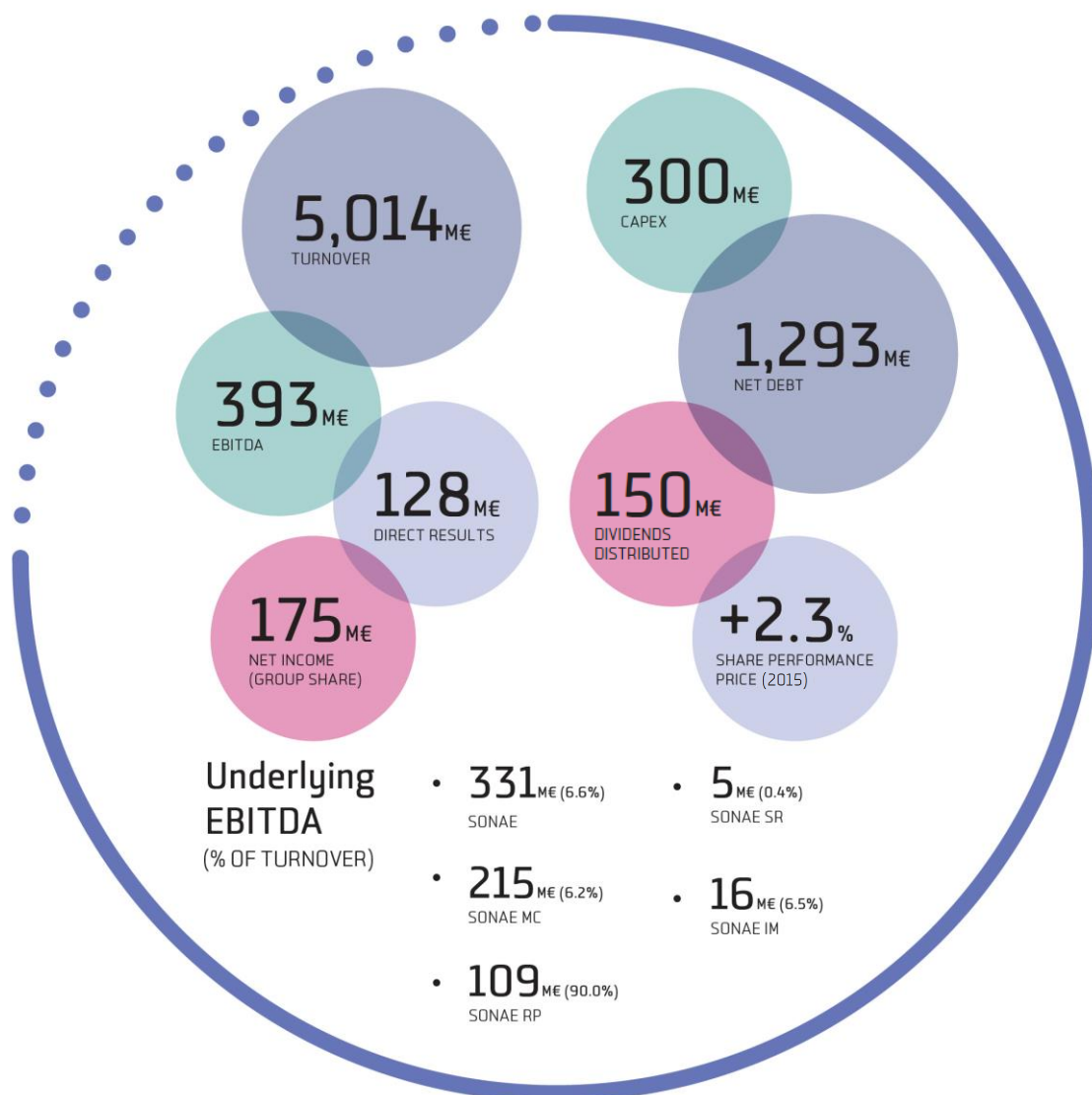
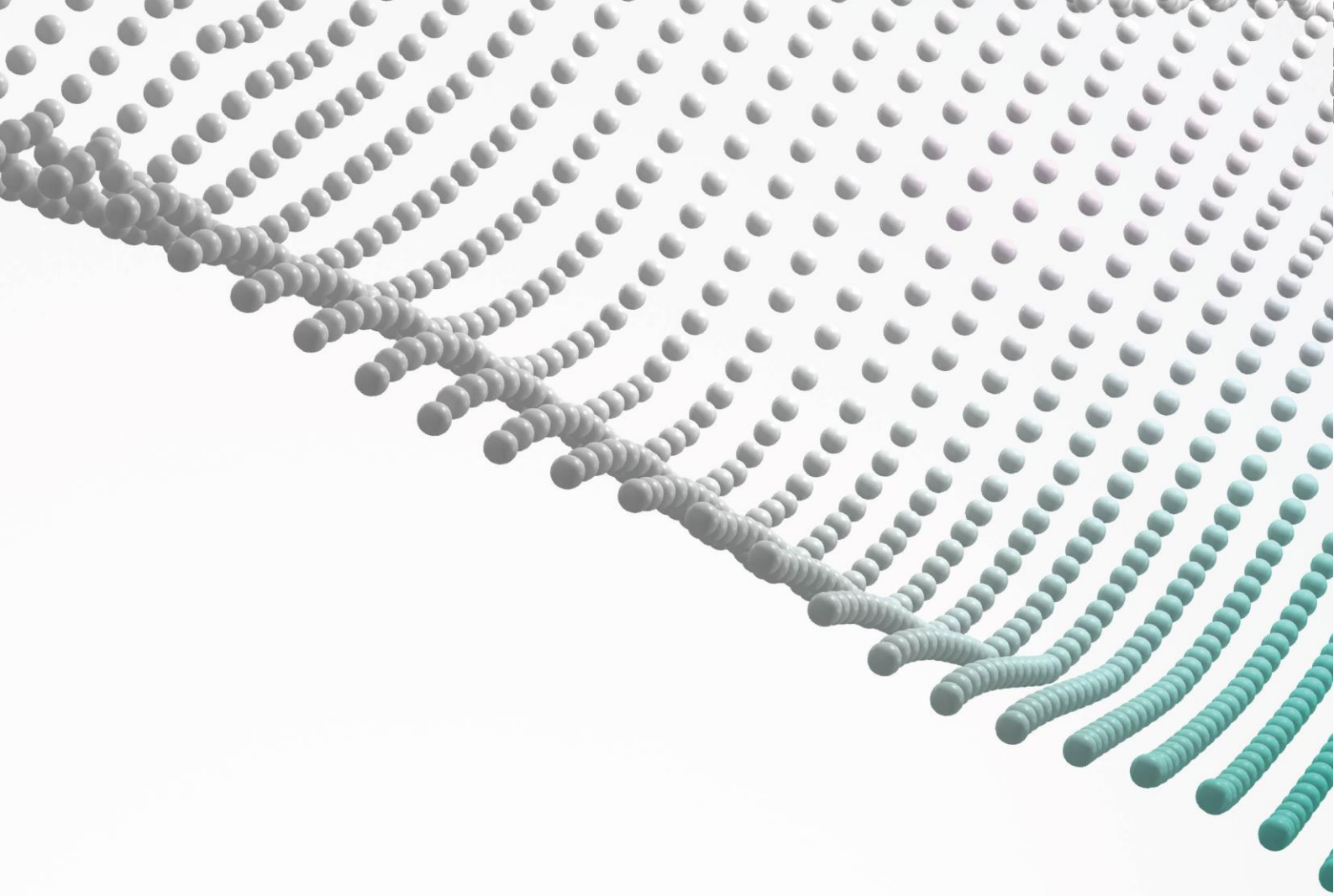




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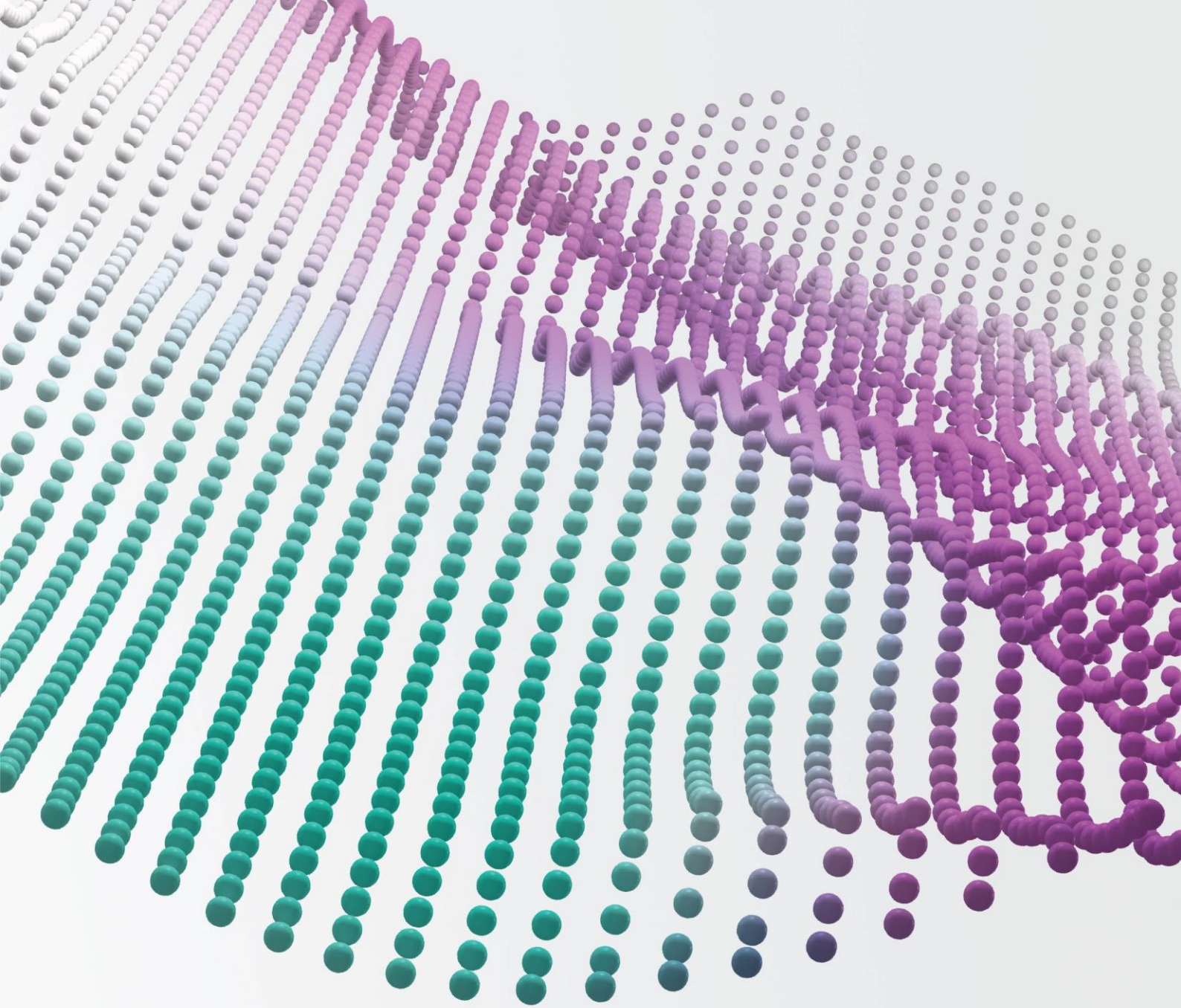
.....● CHAIRMAN
AND CEO'S LETTERS



IMPROVING LIFE



Ângelo Paupério and Paulo Azevedo



Chairman's letter

I would like to begin my first Sonae Chairman's message with a sincere thank you to our founder, the man who had the vision to create a long living organisation, anchored by solid corporate responsibility values, and with an insatiable will to work towards success based on innovation and sustainable growth. This thank you also represents a continuity and renewed commitment to those goals. Sonae is a living and thriving organisation that will continue to pave the path ahead with the same steadfast focus on promoting innovation, internationalisation and sustainable growth, whilst upholding our social responsibilities. We are looking forward to future challenges or, as we see it at Sonae, future opportunities and future success.



2015 was a year filled with challenges on many different dimensions. From a social perspective, it was a dramatic year, with aggravated wars, terrorism attacks and a refugee crisis that created new and difficult challenges to all societies around the world and with strong political and economic impacts. From a political perspective, the equilibrium of many European countries is fragile. This political uncertainty is now a significant challenge for economies such as the Portuguese and the Spanish. The economic landscape is still unsettled with different regions showing very different developments. The US economy and some European economies seem to have started a slow but steady recovery, but the oil prices have created significant problems in many developing economies that are now struggling and with an indirect impact on the Portuguese economy, such as in Angola and Brazil. The Portuguese economy is still struggling to find a steady path towards recovery. The public and private debt remains high, the financial sector is still struggling to survive and continues to impose a severe onus on public expenditure. All in all, these factors are having an impact on investors' confidence levels.

Overall Sonae delivered a solid performance but with varying performance in different business segments and markets. We were generally above our expectations in Telecommunications and Shopping Centres but several of our retail formats lagged behind them. Sonae MC is facing aggressive competition. We are the leader in market share and performance and all of our competitors want to meet our targets. Much of 2015 was dedicated to reworking our offer to maintain a sustainable gap in relation to our competitors in price and range – correcting weaker points and building new advantages. Sonae MC is also investing in a network of convenience stores, exploring two strategies – company operated and franchising stores – and is taking solid steps towards internationalisation of our banners and products. Sonae SR's performance was mixed but disappointing overall as we were not able to profit from the growth in discretionary spending in Iberia and build on the improved performance of last year. Delivery from the electronics segment was robust, both in Portugal and in Spain, taking significant steps to become an integrated on/off line market leader in Iberia. The main difficulties in non-food retailing were in the apparel segment where unplanned changes in teams and an essentially failed spring-summer collection had a very negative impact on annual performance. Sonae RP had a good year and completed several sale and leaseback transactions playing a pivotal role in our capital structure strategy.

Sonae Sierra negotiated a number of deals to significantly accelerate its capital recycling strategy at the same time as it managed to put together a number of development and redevelopment opportunities. Sierra's much above average quality of assets was also able to greatly benefit from market valuation improvements in European markets and withstand relatively well the deteriorating outlook in Brasil.

NOS continues performing beyond market expectations growing topline and EBITDA in a declining market and is now the most relevant and active player in the Portuguese market.



Fierce competition, ever-faster changing market trends and consumer habits and unstable economic and social environments are our biggest challenges. At Sonae, we like to look at these added difficulties as opportunities to innovate and to change.

Innovation is by definition the future. Our future. Innovation is at the root of our success and our most distinctive capability. At Sonae, everyone can innovate and we continue to be truly committed to promote and nurture a rich innovation environment across the whole organisation.

Sonae is a market leader and as such we want to understand the market before our competitors, and quickly adapt our offers, our business models and our organisation. We are adjusting our structure to become faster and more effective. To face the new organisational challenges, we have implemented some structural changes, allowing higher levels of autonomy to each business unit and focusing on higher levels of specialisation. These changes are supported by our commitment to create new forums and new bridges that will bring together our invaluable world of personal and business experience.

Furthermore, we continued to study and pursue new internationalisation opportunities with a flexible approach and with solid partnerships with strong knowledge of the local market and traditions. We have a unique structure and assets base that can leverage our international expansion and our worldwide reputation is a key determinant in finding the best partners. Partners who share the same corporate responsibility values and our thirst for sustainable growth.

Finally, we continuously reinforce our dedication towards our solid values of corporate responsibility. In periods of economic and social turmoil, corporate responsibility surfaces as one of the most critical cornerstones of success. Sonae is a unique and invaluable team of 40,738 colleagues and we all strive to keep this at the top of our minds. We truly believe that this is one of our most important assets and we are extremely proud of our donations to charity and our voluntary work. I would like to highlight another good year of environmental performance, with a 6% reduction in our carbon dioxide footprint (despite our expansion). We also continued to use our influence and social presence to increase awareness of environmental issues among our colleagues, clients, suppliers and other business partners. We are green at the core and we take our responsibilities seriously as any leader should do. We promptly subscribed to and promoted the environmental initiative “Paris Pledge for Action”, and we are now working to ensure that this results in new initiatives to accelerate improvements in our environmental performance.

Our shares closed the year with a small increase but underperformed the market. We believe that the discount to the sum of the parts which is reflected in our valuation is by no means justifiable. In any event, it is our responsibility to work harder and provide our investors with a sustainable market performance that rewards their commitment to our company and in particular to deliver our goals in the retail business.

A special note concerning Sonae MC that celebrated 30 years of being the first hypermarket in Portugal. We are proud of our history and achievements, but even more excited about what the next 30 years will hold.

We take pride in our legacy and we try to think of Sonae as Belmiro always did – every day is a starting point for new opportunities, new challenges and new triumphs.

Thank you.

Paulo Azevedo, Chairman and Co-CEO

CEO's letter

Overall, 2015 was a positive year for Sonae. The achievements across our main strategic guidelines were significant and the results reached in our businesses, albeit mixed, were positive.

We underwent an important organisational change that has allowed our businesses to become more autonomous and more focused on their strategies, while increasing the flexibility and agility necessary to face the increasingly frequent changes within each business context.

The new business areas identified with the most potential have been reinforced with the necessary resources to pave new growth avenues, namely in business segments such as health and wellbeing, technology, cybersecurity or the international food retail market.

We have invested in strengthening critical skills through more training, better recruitment and the acquisition of companies such as Losan, Ulabox, Makenotes or Elergone, highly renowned for their know-how in international commerce, e-commerce, product design and energy management.

We reduced our real-estate freehold to the planned level, through sale and leaseback operations amounting to €376 M completed in 2015 and in the first quarter of 2016.

We have heightened the competitiveness of our food retail offers by investing in even more competitive pricing and convenience for our customers, improving the attraction formats offer and ensuring an easier shopping experience, in particular by expanding our store network.

In specialised retail, we have developed new store concepts and we have optimised the existing network with a positive impact on sales per sqm whilst lowering the overall investment costs.

In 2015, Sonae continued to grow. The turnover of all of the companies controlled by Sonae, including through equal partnerships, totalled €6.74 bn, an increase of 2.4% compared to the previous year, and the correspondent EBITDA remained flat at almost €1,000 M. Consolidated net income increased by 22%, reaching €175 M.

Concerning our business results, Sonae MC delivered a good level of profitability while maintaining its market share and intensifying its commercial aggressiveness. Worten increased its clear market leadership in Portugal and took significant steps towards the consolidation of its Iberian market position, strengthening its position as one of the most important and recognised players, both by suppliers and customers.

The performance of the Sports and Fashion segment was disappointing and, as mentioned in the analysis of the 3rd quarter, was marred by misalignment in the spring/summer collection, exacerbated by the weather conditions felt in the last few months of the year which had an impact on the entire sector. However, it is worth noting Sport Zone's positive evolution, particularly in the Spanish market, where it already provides a positive contribution to the format's results.

Sonae Sierra has successfully implemented its capital recycling strategy, lowering its freehold according to its predefined goals, while ensuring the strengthening of its development activity of new shopping centres and the services business. The financial results reflect both the good operational performance and the recovery of the real estate market.

NOS delivered another excellent operational and financial performance, exceeding our best expectations. The company was able to accelerate the execution of its strategy, ahead of target, while showing the flexibility required to position itself in a telecommunications market that has experienced considerable turbulence and disruption.





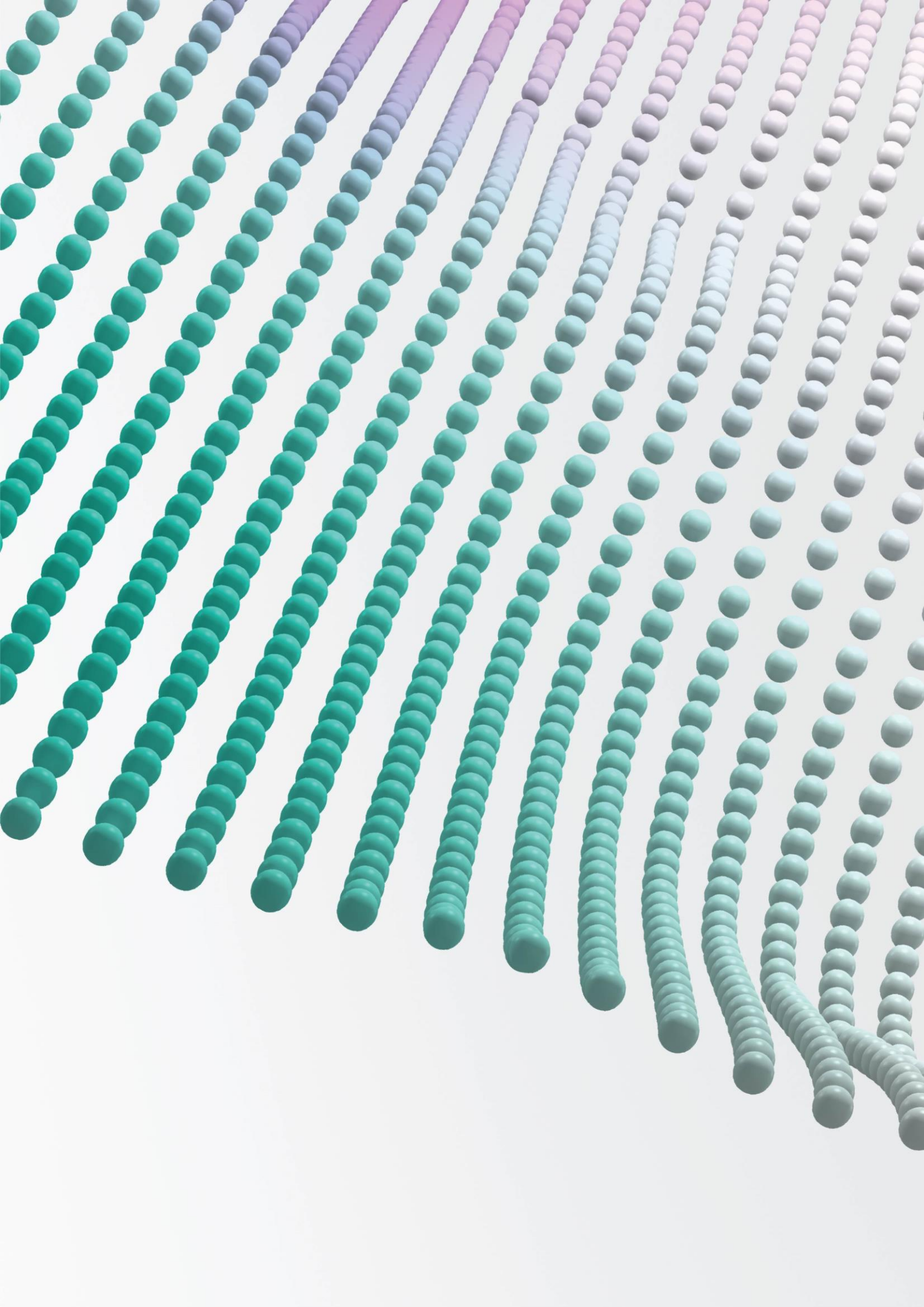
Sonae's financial stability was reinforced in 2015 despite high levels of consolidated investment, a year in which we saw increased confidence from the financial sector, our business partners and, above all, our own brand customers.

Thank you.

Ângelo Paupério, Co-CEO



.....● STRATEGY
IN ACTION



Strategy in action

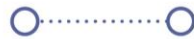
Our mission is to create long-term economic and social value, taking the benefits of progress and innovation to an ever growing number of people.

At Sonae, we believe that our values define who we are and what we stand for. Our values anchor our responsibilities as a corporation and are paramount to the success of our mission.

Our Values

Trust and Integrity

We are committed to creating economic value in the medium and long term, built on relationships founded on integrity and trust.



It is of paramount importance to guarantee that all our activities across the whole organisation and every one of our actions is based on strict compliance with our ethical and trust values. With this purpose in mind, we have developed the **Sonae Code of Ethics and Conduct** (available to all colleagues) to guide our actions. To guarantee compliance to its standards, the Board of directors has created an **Ethical Committee**.

People are at the centre of our success

Setting constant challenges and being open to change are crucial in order to attract ambitious people. Our people are a determining factor in the markets where we operate and, for that reason, we invest in developing their capabilities and skills, thereby further enriching our culture.



Sonae is the **Most Attractive Portuguese Company** to work for and to develop a career with a future, according to a study carried out by the University of Minho's School of Economics and Management and Spark.

Ambition

Ambition stems from continuously establishing goals which push us beyond our limits, reinforcing our efforts and determination. Ambition drives us and keeps us dissatisfied with the status quo, forcing us to reach beyond our past successes.



Sonae's ambition knows no boundaries and we are now present in 72 countries. Sonae MC was particularly active in strengthening its international footprint and it is now present in more than 30 countries. Sonae SR also broadened its international activity and it is now present in more than 40 countries. Worten continues to steadily increase its exports. MO is opening stores in new promising markets such as Saudi Arabia, Sport Zone has a solid position in Iberia and is now entering the French market and Zippy continues to expand on a world-wide basis.

Innovation

Innovation is at the heart of our businesses. Innovation involves risks, but we are aware of the importance of identifying and managing these risks, so as to maintain them within reasonable limits. We know that only by innovating, can we grow sustainably.



In 2015, Sonae continued to reinforce its **commitment towards innovation**. Our internal culture is set to promote innovation across the whole organisation and for this purpose we have created the **Chairman's Award**, which recognises the significant contribution made to the business and the notable endeavour made towards Sonae Companies' culture of innovation.



Social responsibility

We have an active sense of social responsibility, and try to contribute to improving the communities within which we operate. Our behaviour takes into account the most recent environmental concerns and sustainable development policies.



Well's and the **Make-a-Wish Foundation** have been actively working to raise funds to help grant wishes to children and young people who are victims of life-threatening diseases. In 2015, more than 90 thousand euros were raised through various campaigns, which were then reverted to the **Make-A-Wish Foundation** helping to make special wishes come true and giving these children and young people strength and hope.

Frugality and efficiency

We aim to optimise the use of resources and maximise their return, seeking cost efficiency, and avoiding any waste or extravagance. As a priority, we focus on achieving operating efficiency, promoting healthy competition, and delivering high impact projects.



We continuously monitor our processes. Our insatiable quest for higher levels of efficiency was recognised by the Kaizen Institute with the awards **Kaizen Ambassador** (Continente) and **Excellence in Quality** (Worten).

Cooperation and independence

We are willing and ready to cooperate with central and local governments, in order to improve regulatory, legal and social frameworks, and to ensure the best solutions for the communities within which we operate, but we also take care to maintain our independence in relation to all such entities.



Sonae and the Ministry of Education and Science have signed a protocol for the promotion of vocational education, according to which Sonae will offer internships to school students who choose to follow vocational training options. The first course, for training logistics technicians, is already underway in partnership with the *Escola de Comércio de Lisboa* (Lisbon School of Commerce) and involves 23 students.

Our Strategy

Our mission and values are built into our strategy, which is based on three main strategic pillars:

International Expansion

Internationalisation of our core businesses will remain a key growth driver for many years to come. This is one of our top strategic priorities and we will continue to deploy resources accordingly, as we have the opportunity to enlarge our international footprint and transform Sonae into a large multinational corporation.

Continente began to pave the path for a new growth avenue with the celebration of a food retail franchising agreement with the Fathima Group, a conglomerate operating in the United Arab Emirates with vast experience in different business segments. Based on this agreement, Continente will expand to the United Arab Emirates' market in 2017.

Zippy extended its international footprint to more than 40 countries in 2015, namely by entering El Salvador, Costa Rica, Nicaragua, Guatemala, the Philippines and Mozambique.

Sonae SR – Sports & Fashion division has acquired the multinational Losan, a Spanish based company specialised in the wholesale of children's clothing. This acquisition establishes a solid base for the development of new competences within Sonae SR and strengthens its ability for international expansion through wholesale.

Sonae Sierra continues its internationalisation process, undertaking new real estate projects in foreign markets. For instance, during 2015 Sonae Sierra completed the funding for Park Lake (Romania) and, one year ahead of opening, more than 85% of the area has already been rented out.

Diversification of Investment Style

We will continue to leverage our resources, and the effectiveness of our strategy implementation, by adopting the most appropriate investment style or mix of styles concerning each business, including wholly owned businesses and majority stakes, but also minority stakes with or without special rights.

Meu Super franchising network includes more than 200 stores. The success of this initiative demonstrates Sonae MC's capacity to leverage its competencies and expertise and to celebrate partnerships with entrepreneurs. **Meu Super** has become the Portuguese reference in franchising networks.

Sonae Sierra continues the development of a solid funding strategy based on capital recycling, through the creation of funds and the development of partnerships with international investors for the development and operation of real estate assets.

In 2015, Sonae increased its investment in **Movvo**, a Portuguese company that specialises in traffic movement within shopping areas. This investment stems from our strategy of investing in and promoting the development of new technologies, allowing us to be the front runners in retail and telco innovation. This technology is currently being implemented across many of our businesses.



Strengthen and leverage our key assets and competences

We will continue to reinforce our competitive position and explore new business opportunities that leverage our exceptional asset base in Portugal as a way to nurture our portfolio of options for future growth.

Sonae has launched the **Cartão Universo (Universo Card)** in the Portuguese market, bringing together all of our loyalty schemes and all the advantages of the Mastercard worldwide network into one unique credit card.

Sonae Sierra – Services continues its international expansion of services with the celebration of new partnerships in Germany (Property Management of 3 Shopping Centres) and Italy (Development, Property Management and Asset Management – City Life). These new partnerships are a clear recognition of our unique and world renowned expertise in the development and management of real estate projects.

Sonae MC closed, in October 2015, an affiliation agreement with the central purchasing body IFA. IFA is a central purchasing body composed of more than 30 Spanish affiliates, which reported a combined turnover of €10 billion in 2014. With effect from January 1st 2016, this agreement will leverage joint opportunities to negotiate, purchase and develop in the commercial area. **Sonae Sierra – Services** continues its international expansion of services with the celebration of new partnerships in Germany (Property Management of 3 Shopping Centres) and Italy (Development, Property Management and Asset Management – City Life). These new partnerships are a clear recognition of our unique and world renowned expertise in the development and management of real estate projects.

In 2015, **Well's** opened its first megastore in Colombo shopping centre. It has more than 800 sqm dedicated to health, beauty, wellness and optics, as well as an increased range of products and new services in partnership with leading experts in the respective areas. Some examples of these services are the Beauty Centre in partnership with Sorisa, Style Bar Jean Louis David, styling eyebrows and eyelashes Wink, Nail bar Nail's4Us, Nutrition Consultations, Hearing Tests in partnership with Medical Acoustics and treatments to stop smoking or Stress Zero.

In the Colombo megastore, there is a large area dedicated to eye care and frames at unbeatable prices. It is also the first store where monofocal lenses can be produced in just one hour. With a committed team of optometrists, queries can be solved at any time.



Sonae Board of Directors: Tsega Gebreyes, Dag Skattum, Paulo Azevedo, José Neves Adelino, Lorraine Trainer, Christine Cross, Ângelo Paupério and Andrew Campbell. Marcelo Faria de Lima is also a Board Member but he is not in the picture.



Sonae Group Senior Executives: Luís Reis, Miguel Mota Freitas, Paulo Azevedo, Fernando Guedes de Oliveira, Cláudia Azevedo, Miguel Almeida, Ângelo Paupério and Luís Moutinho.



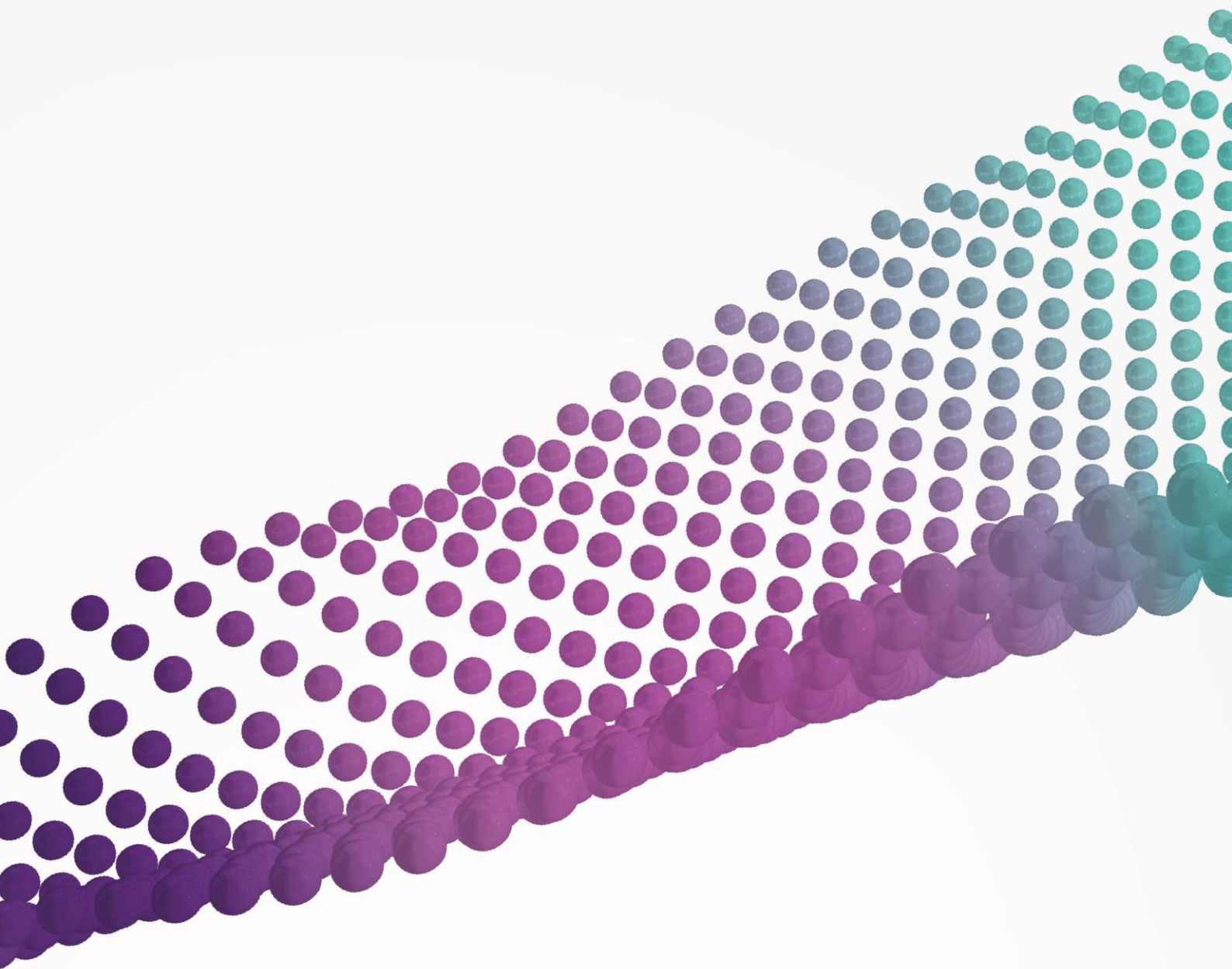
VALUE CREATION LEVERAGING THREE STRATEGIC PILLARS



Our home market has limited size and growth potential, particularly considering the maturity and strong competitive positions of our core business. International expansion is critical to enable stronger growth prospects and a higher return on investments.

A faster international growth pace requires a more flexible investment style. This enables us to leverage our financial and human resources, multiplying our ability to seize different and larger opportunities, becoming a well networked company and improving our access to relevant information.

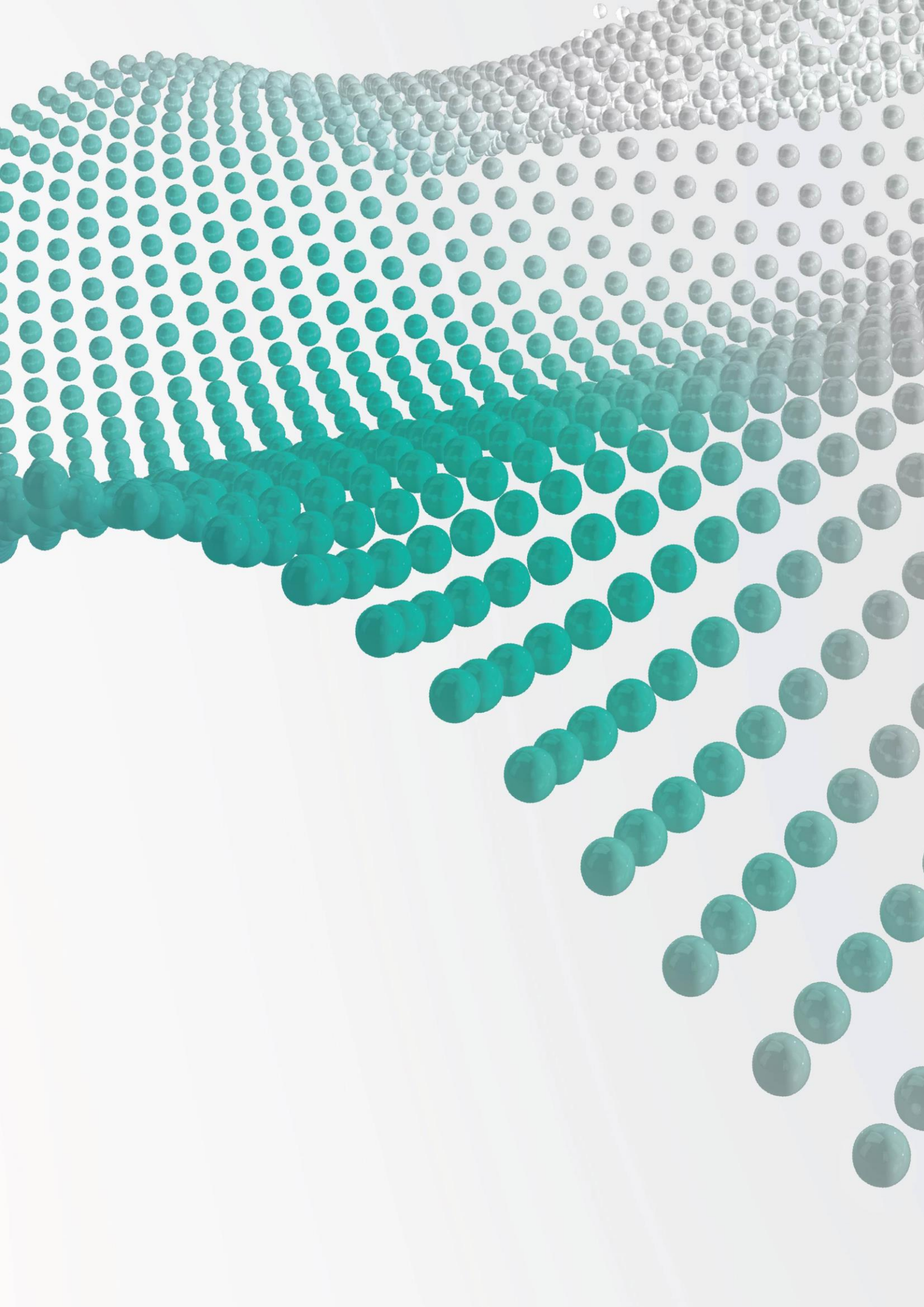
Future growth options depend on the deployment of new business opportunities that leverage our competences and resources. Nurturing a portfolio of options reinforces our path for growth in international markets as well as our ability to defend the asset base in Portugal.



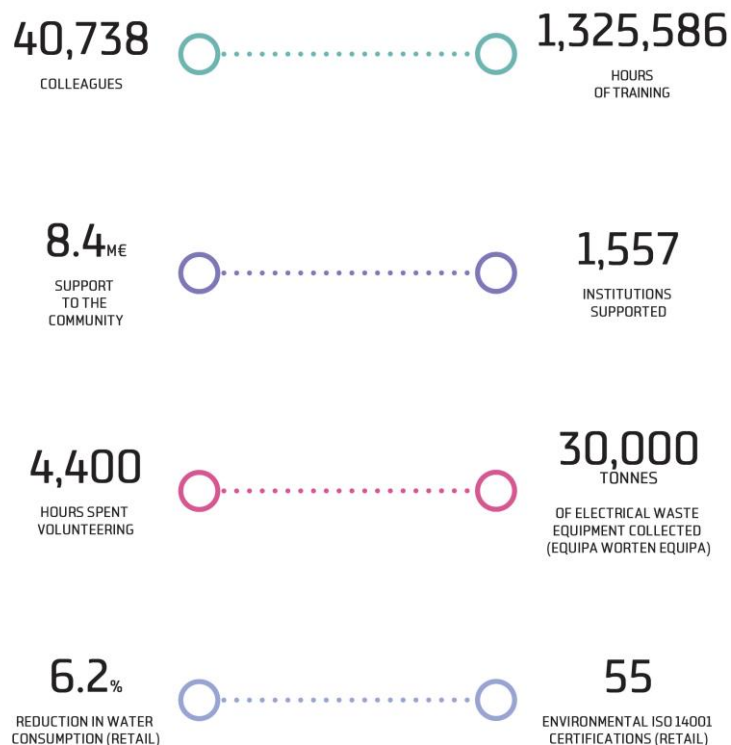
.....● CORPORATE
RESPONSIBILITY



IMPROVING LIFE



Corporate responsibility



Sonae's values and disciplined ethos were vital in ensuring our success during a time when organisations found it difficult to adjust to the far-reaching impact of the recent crisis. The future always holds significant challenges, however for Sonae this represents a future filled with opportunities.

The crisis is still more than a memory and Sonae is continuously identifying new opportunities and new risks. The development and pursuit of value creation opportunities is of the utmost importance to us, whilst ensuring that all of our actions are in strict accordance with our corporate responsibility values. Our people, the environment, sourcing, clients, innovation and our community form the pillars of our organisation and our achievements.

In 2015, we had a robust performance across all our business segments, our commitment to corporate values was an essential determining factor and this has been acknowledged on a number of occasions.



Sonae subscribes and promotes the environmental initiative "Paris Pledge for Action"

Sonae is always in the lead when it comes to the environment and with this in mind we signed the Paris Pledge for Action, demonstrating our commitment to an initiative that has the ultimate goal of protecting our planet from climate change and endorses a commitment to mitigate the temperature rises to 2°C above the pre-industrial era.

In this document, a group of high profile companies recognise that climate changes are a fact threatening both the present and the future and that it is our responsibility to act immediately in order to mitigate the risks and to promote sustainable growth.

Paulo Azevedo (Sonae's Chairman) endorses this responsibility, stating that "A sustainable future is at the heart of Sonae's strategy and we actively and continuously act to reduce our carbon footprint. The signing of the Paris Pledge, not only reinforces our commitment towards sustainability, it challenges us to raise our goals. Sustainable growth is a cornerstone of our culture and a paramount determinant of our strategy's success."

We continue to take very measured steps, which have an extensive and profound impact penetrating far beyond our stores, in order to preserve these values. Our efforts towards aligning our corporate sustainability principles with those of our colleagues and stakeholders are constantly under scrutiny in order to lead to improvements and increase efforts, so as to play our role towards making the world a better place.

Our corporate responsibility commitments are continuously monitored and improved, as corporate responsibility is fundamental to our strategy. We make certain that it is being carefully endorsed and that our strategy and our impact are consistent in the long run. No concessions are made when it comes to corporate responsibility.



BCSD PORTUGAL
CONSELHO EMPRESARIAL PARA O
DESENVOLVIMENTO SUSTENTÁVEL

Action 1 of the Action Plan 2020 by BCDS Portugal.

Sonae was the leader of the Action 1 of the Action Plan 2020 by BCDS Portugal, aiming at aligning companies' needs in terms of job skills and the training young generations receive at school. During 2015, three activities were prioritised:

- Diagnose companies' needs by 2020 using a comprehensive survey;
- Communicate to young generations job market opportunities, using channels and communication means more suitable to their age;
- Bring all pivotal stakeholders together in the promotion of innovative approaches to bridge the gap between schools and companies.

At Sonae, we are in a privileged position to foresee worldwide job market trends and it is imperative for both companies and future generations to understand these trends in order to tailor professional and personal skills to meet market demands.

Corporate Responsibility Commitments for Retail – 2013/2015

Better purpose

Promote the adoption of healthier lifestyles by providing customers with all the necessary information for balanced and more nutritionally responsible choices.

Promote the welfare of communities where Sonae is present, contributing to the strengthening of citizenship and social cohesion.

Better people

Promote wellness and invest in the development of the personal skills and competences of our employees, continuously enriching Sonae's culture.

Integrate sustainability into the supply chain and improve the alignment of our suppliers' practices with Sonae's policies.

Better planet

Focus on continuously raising the levels of excellence of our environmental performance, not only as a differentiating factor but also as a pre-requisite for the sustainable development of Sonae's businesses.

Our exceptional achievements stem directly from our values, which are evident through our actions and our results. We strive to operate in a responsible manner, delivering high quality products and services at fair prices, while accomplishing our environmental and social objectives. For additional information please see our Sustainability Report.

We value our team

Our team in figures

71% of colleagues with permanent contracts

66% female colleagues

47% colleagues below the age of 35

1,325,586 hours of training

Sonae is a company for people. Our team's professionalism and skills are essential for the development of our business. Our team is the best and they deserve the best opportunities we can offer them. Growth on both a personal and professional level is fundamental for development. Sonae is a living organisation built by people for people, so it is up to us to guarantee the development of talent and skills and identify and reward merit when deserved.

Our motto *'The success of our team is our success'* is one which we truly prize, because at Sonae a skilled, passionate and content team is the only way to ensure that the best products and services are available to our customers. This is of paramount importance if we wish to be successful.

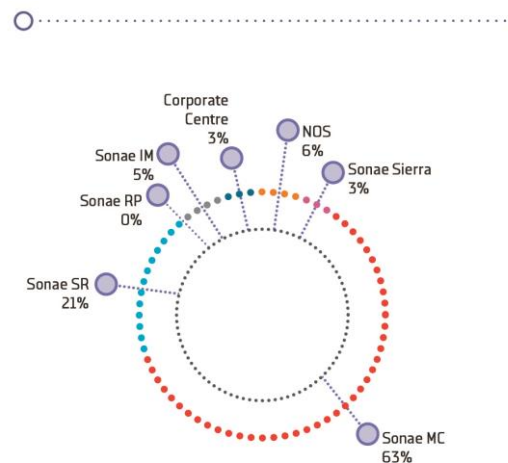
In order to identify and recruit the best people, we employ active recruitment strategies. However, recruitment of the top talent is the first step in the process of retaining and nurturing this talent. We make it our business to ensure that each colleague and each team enjoy the best opportunities for growth.



students places Sonae as the company most favoured by students completing degrees in Economics and Management and in the top-9 in the area of Engineering and Technology, which makes it the best positioned Portuguese company, sharing the top ranking with Google.

José Corte-Real (Head of Human Resources | Sonae) stated that "Sonae has always had a strong focus on the personal and professional development of its colleagues and it is in our DNA to promote varied career and training experiences and opportunities at all levels of the organisation. The results of the study acknowledge the work carried out on a daily basis by each of our leaders, which is what makes Sonae a nationally and internationally recognised school of leaders".

Employees per business area *



* Considering a total number of employees amounting to 43,261 (including 2,523 employees from NOS).

Most Attractive Portuguese Employer

Sonae is the Most Attractive Portuguese Employer and the most attractive company in which to develop a career with a future, according to a study carried out by the University of Minho's School of Economics and Management and Spark. The study, which was based on a survey conducted with over 2,600 higher education



University of Minho
School of Economics and Management



Junior Achievement Portugal

Sonae and Junior Achievement Portugal have a long lasting relationship through which we support initiatives aimed at promoting an entrepreneurial spirit amongst the young generation, developing their understanding of society and the business world. In the last three years, we have experienced a 15% increase in the number of Sonae volunteers in these initiatives to a total of 150 volunteers covering 1,379 hours of training to 1,891 students.

We have also extend our support to Junior Achievement Spain with 12 Sonae volunteers participating in 7 programmes covering different civil education pillars: Our Community, Our Town and Ethics in Action.

These initiatives also help us to promote our values across our team:

- "Participating in this programme made me feel closer to those, who one day will be the active work force of this country", Inês Pinheiro Torres
- "We receive far more than we give", Catarina Cruz
- "It was a truly rewarding and enriching experience", Pedro Tróia.



Contacto Programme

Contacto is our privileged interface with finalist students both at the undergraduate and masters level, from the very best universities. Created in 1986, Contacto programme allows a selected group of

recently graduated students to be part of the Sonae team via an internship placement at one of our companies.

In 2015, the programme adopted an international dimension by accepting applications from a selected group of universities from around the world (Portugal, Spain, Brazil, Poland, Italy, Ukraine and Vietnam). The mix of backgrounds and cultures highlights and adds an enormous value to the programme that now includes more than 1,000 students.

Contact Day is the main event, allowing each participant the possibility of presenting themselves to their mentors and gathering some valuable knowledge concerning the world of Sonae.

We are known for our performance in retail. One of the pillars of our success is the quality of our team, that works every day to achieve higher levels of performance. It is critical for us to give the opportunity to each colleague to develop their professional and personal skills and we believe that there is a wealth of talent to develop within our team. This is the essence of our retail schools, to promote the dissemination of best practices across the whole organisation, allowing colleagues to share their unique talent and experiences.

Sonae Retail School

An example of our excellence in developing, qualifying, updating and certifying the fundamental skills required by numerous colleagues who are part of the retail segment. Sonae Retail School is structured on three pillars:

Career – strictly related to our retail business segments, aiming at ensuring the required training for a sustainable career path;

Depth – determining the levels of knowledge required for each one of the topics presented;

Thematic topics – allows the identification of the topics that should be studied by our colleagues.

Worten Training Academy (Portugal/Spain)

The Worten Academy Spain and the Worten Academy Portugal aim to support the business, in a sustainable way, by developing, managing and applying knowledge acquired in the workplace, thereby ensuring the continuous improvement of performance levels and, consequently, the satisfaction of our customers. In these academies, with the objective of filling educational gaps, the pedagogical content is prioritised in order to allow each colleague to develop their own skills in a progressive way, respecting the

Continente Perishables School

In line with the commitments of the Sonae Retail School to consolidate and diversify its portfolio in 2015, the new model of the Continente Perishables School aims to maintain levels of excellence and to be aligned with the needs of the business units and their teams. The new model was designed based on different assumptions, such as, innovation in training methods, models and locations; flexibility, adjusting the courses according to the needs of our colleagues and their teams; their scheduling requirements; and adaptability to the operational reality.

Worten Training Campus Portugal & Supplier Training Show Spain

These are the largest annual Worten training events and an excellent educational opportunity, aiming at reinforcing proximity to the suppliers. During these initiatives, which always have a large attendance, the suppliers share their educational programmes and the most recent technology news, with the goal of improving sales skills and providing a broader knowledge of their products and services. In 2015, we held two Worten Training Campus editions in Portugal



learning pace of each individual.

and one Supplier Training Show Spain in Spain, making a total of 6 Portuguese and 5 Spanish editions.

Fashion Academy

Launched in 2015, it was founded on a strong concept of internationalisation and directed towards focusing on the client and on the product. The mission of this academy is to develop the skills of our colleagues so that they can promote excellent levels of performance while responding to the different challenges of Zippy and MO, through the most varied educational methodologies (namely e-learning, on-site, on-the-job or forums for sharing ideas).

As an example, we would like to highlight the launching of the ZY VM WORLD – a portal of communication and of data management – developed in partnership with the Visual Merchandising Team and with the Fashion Academy, where one can find all the information regarding Visual Merchandising and the Product. The ZY VM WORLD aims to organise data and to promote immediate access to educational material and to any required information, and therefore, form a channel of communication that reinforces the interaction between all participants.

At Sonae, we ensure that our colleagues know that we are one team. Our people welcome the challenges of responsibility, as they know that Sonae as an organisation comes across the same obstacles and difficulties as they do. This is the cornerstone of our compensation scheme, which is based on responsibility and reward. A comprehensive remuneration package that carefully complies with the established meritocratic system. The key performance indicators of each group, department and individual are used collectively to contribute towards our incentives scheme, bearing in mind that our success is our team's success.

Our team is driven by the desire for continual improvement and success. We promote this incessant quest for higher levels of specialisation and efficiency by offering ambitious career opportunities and continuous training. Our on-going training strategy focuses on disseminating best practices and promotes the transfer of knowledge across the organisation. Sonae Management & Leadership Academy and Sonae Retail School are formidable examples of our commitment towards continuous learning. Our training academies are a notable example of our dedication towards continuous training. The school structure we have in place has been evolving so that it continuously matches the level of expertise and specialisation of our business segments and for this reason we have created new forums and training methods that aim to address the specific request of each business more assertively.

Safety first! We strictly follow a “zero accidents” policy and we actively promote a safer and happier work environment. We work endlessly to eliminate any obstacles that may arise and promote a strong culture of dissemination and awareness of health and safety across the whole organisation. We truly believe that everyone must be an active agent in promoting safety and mitigating workplace risks. Our efforts have been acknowledged both nationally and internationally, through the presentation of several awards and distinctions, which increases our drive towards this crucial objective.

Respect the environment



PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21·CMP11

Paris Pledge For Action

Sonae constantly wants to be in the leading position when it concerns the environment. We keep this commitment close to our hearts, as it not only drives us to continuously take our environmental actions to a higher level, but is an opportunity to pass our values and a strong environmental message across to our stakeholders, our customers and our investors. The environment has to be a universal top priority.

Respect for the environment is at the core of our values. We actively take on the responsibility to promote respect for the environment and we foster and nurture a strong culture towards a better environment, a better world. At Sonae, we do not believe in sustainable success without taking into consideration a very simple rule that our actions towards environmental issues have to be continuously improved.

At Sonae, respecting the environment goes beyond simply adhering to the mandatory legal requirements. We think 'green' within the organisation, we promote green options to our customers and we encourage green options from our producers. We streamline our approach to environmental issues on an ongoing basis and assure that our team implements our environmental management policies both with passion and painstaking care. We want future generations to inherit an environment which makes them proud. Sonae claims to be a living organisation and as such we have the responsibility to work towards an environmental legacy worthy of being passed from one generation to another.

Our strategy towards a better environment is based on two pillars. On the one hand, we constantly update and adapt our strategy so as to significantly lessen our environmental footprint to the absolute minimum. On the other hand, we use our presence in society to raise public awareness of environmental issues, by actively promoting initiatives which improve the environment and disseminating information that allows our stakeholders to make better informed decisions on environmental topics. Our environmental actions take place in 7 main areas: (i) electricity consumption; (ii) electricity produced through renewable energy sources; (iii) total CO₂ emissions; (iv) transport and logistics; (v) refrigerant gases; (vi) water consumption; and (vii) waste.



Climate Change 2015 CDP Iberia Report

For the third consecutive year Sonae was recognised by the non-governmental organisation Carbon Disclosure Project (CDP) for the excellence disclosure of its environmental information. In this year's edition, Sonae obtained the perfect score (100 out of 100) in the Climate Disclosure Leadership Index (CDLI), which evaluates the quality of the information disclosed to investors and the general public related to climate change. Additionally, Sonae presented the best environmental performance amongst Iberian Retail companies and of the best performances in the Iberian market ("CDP Iberia 125 Climate Performance Leadership Index"). A double recognition that rewards our efforts towards a better environment and the transparency of our initiatives.

Catarina Oliveira Fernandes (Sonae | Head of Communications, Brand and Corporate Responsibility) states: "This year Sonae obtained the maximum score and a leadership position at an Iberian level regarding environmental disclosure and we are very pleased to receive this CDP award, as it acknowledges the work we have been developing not only in promoting the best environmental practices, but also in our efforts towards a quality report we have been trying to improve, year upon year. At Sonae we are committed to developing sustainable operations, for which we have been investing in the continuous improvement of our ecologic footprint. This effort has been made easier by our internal culture, which promotes efficiency in everything we do. The entire organization commitment is what allows us to innovate and combine environmental improvements with the development of our operations and consolidation of our leadership positions."

These recognitions are the result of the careful scrutiny by 822 institutional investors, representing 85 trillion dollars in assets. The maximum score obtained by Sonae indicates a high level of transparency in the disclosure of information related with climate change, providing investors with a level of comfort that allows to assess companies' accountability and preparation to face changing market demands and emissions regulation.

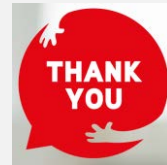
At Sonae, environmental issues are at the core of our strategy and we are committed to ensuring complete transparency in our actions and to actively communicate with our stakeholders and customers, bringing everyone together and making a difference towards a better world.



Equipa Worten Equipa – Excellence in environmental responsibility

Since 2009, Equipa Worten Equipa (EWE) has collected more than 30,000 tonnes of electrical and electronic waste equipment and more than 17,000 new pieces of equipment, with a value over €1.5 M, which have been offered to more than 1,700 institutions, providing support to 410,000 people in need.

EWE is one of our social and environmental responsibility flagship projects, achieving levels of excellence year after year, and it is a clear example of using our presence in the market and translating it into actions that actually make a difference with the involvement of our customers. For each tonne of waste electrical and electronic equipment collected in Worten stores, we donate 50 euros in new equipment. However the impact of EWE extends further than just the donation, as it also has a clear environmental impact not only through collecting waste but also through publicising the correct handling of old equipment.



Sourcing with integrity and quality management

Our customers want to know where their products come from and so do we. It is essential for both Sonae and its customers to be informed about how and from where we source our products. Safety is paramount at Sonae, with regard to both the organisation itself and our customers. We continuously examine our suppliers' network closely, in order to ensure enhanced levels of efficiency and quality, as well as rapidly pinpoint any difficulties which may arise and disseminate best practices.

Our active and meticulous approach towards our supply network also allows us to work in close association with our partners towards a sustainable future. Our partners need to be closely associated with our business strategies and values, an aspect which is vital for long-lasting success. This is accomplished through the training we offer under our continuous learning programmes, in addition to the support forums that provide guidance in order to follow and meet our stringent corporate responsibility policies. It is our responsibility to guarantee that we source products with integrity and quality. Above all, we aim to collaborate with our partners towards a sustainable future.

At Sonae, we believe that our customers should be able to make well-informed, knowledgeable decisions regarding our products. Therefore, our determination to guarantee high levels of transparency is central to our customer care policy and can be seen in our innovative labelling system in relation to the nutritional content of our products. We aim to promote a healthier lifestyle by enabling our customers to easily access the best product information and advice available. In this regard, we have several protocols in place with specialist organisations in the area of health and nutrition.



Founded in 1998, the **Continente Producers Club** soon played a crucial role in our strategy by allowing us to bridge the gap between high quality producers and our customers. **Continente Producers Club** allows Sonae MC to become closely involved and work with its partners, with an immediate impact on national and regional economic development. The success of this initiative is only possible through the satisfaction of customers who look for products of proven quality and origin, based on high quality standards and strict quality control procedures across the whole supply chain.

The success of the **Continente Producers Club** comes from the complete alignment between Sonae values and all of the producers in the club, working together to create sustainable growth. The **Continente Producers Club** has 234 members, representing €217 M.

In recent years, the Club has gained a very positive dynamic, organising several events. In 2015, the **Continente Producers Club** focused on reinforcing its commercial ties with the producers and developing partnerships between the members themselves. This was achieved by setting different challenges and training and through initiatives aimed at the transfer of knowledge, such as the XVIII Annual Continente Producers Club meeting, a visit to international renowned cold meat producers and periodic meetings for members to share experiences, ideas and best practices.



Total commitment to quality

Our business strategy has been increasingly focusing on our own brands and products, a strategy that has been clearly supported by our clients' recognition of our commitment to provide complete quality. We continuously monitor our supply chain and we intervene immediately as soon as any warning of the smallest risk is identified. We also promote the dissemination of best practices amongst our suppliers and the sharing of experiences, always focusing on higher levels of efficiency and quality, soundly rooted in our corporate responsibility values. In 2015, we conducted 164,332 quality assurance analyses, divided by Sonae retail segments.

Food	Non-food	Textile	Sports	Electronics
87,179	9,556	43,886	23,008	703



Innovation is essential for our sustainable success

Our culture of innovation keeps us at the forefront of the market place. However, we are highly aware that a leading position is only maintained through persistently fostering innovation at all levels of the organisation. We are known worldwide for our capacity to effortlessly convert innovative ideas into practical applications. We believe innovation has a profound impact as a value driver on two dimensions. Firstly, we can innovate internally achieving higher levels of efficiency and specialisations. Secondly, we can innovate in the products and services that we offer to our customers, knowing that creating value for them is the path to a sustainable future. Our approach towards innovation is deeply engrained in all of our various retail divisions and the way in which they carry out business. Each retail division is unique, however, each and every division reaps the benefits of the state-of-the-art products, services and processes developed, in addition to the exclusive types of brand activation and social responsibility networks. Innovation also allows us to be quicker to adjust to market trends and in mitigating operational risks.

Our insatiable drive to discover and innovate has led to our success. We take pride in our past achievements but expect even more from the future. We look beyond the very limits of boundaries, gaining a better understanding of the future, a pacesetter in terms of innovation and innovative methodologies. Long-lasting success and innovation go hand-in-hand, so creating an environment conducive to change is essential.

It is our steadfast belief that everyone is capable of innovation. Our teams are made up of colleagues from a multitude of backgrounds and profiles, furthermore the different business segments and countries where we operate, all combine to create a motivating and dynamic environment that stimulates creativity, initiative and innovation.

Our approach towards innovation

Our commitment to innovation is at the heart of our business, as it plays a vital role in how we foresee, prepare for and take advantage of behavioural and technological changes in our society for the sake of improving our customers' lives and, at the same time, creating long-lasting competitive advantages for SONAE.

During 2015, we cemented our position as a highly regarded R&D+I actor, both in investment and in results. Below, we would like to highlight the following innovation projects and activities implemented:

- Continente's ShopView, a system which allows the continuous and automatic monitoring and supervision of the presence, misplacement or lack of a product on store shelves.
- Worten's Sales Assistant, a smart mobile platform which allows our sales colleagues to show detailed information about the products in store, enhancing the shopping experience, virtually expanding in-store stocks and allowing the possibility of finalising a sale anywhere in the store.
- Deeply Zipperless Suit, a surf suit without zippers, a revolutionary characteristic which makes it lighter, more comfortable to the user and with enhanced flexibility and performance.
- Zippy New Concept Store, which promotes greater levels of interaction, increased proximity to customers – kids and parents - and an enhanced shopping experience in an area which has been transformed.

In 2015, we also experienced the strengthening and expansion of our innovation network which includes universities, research centres, technological transfer units, partners, suppliers, start-ups and businesses from a large variety of sectors. We currently leverage and rely on a network of over 160 innovation partners across the world, including institutions from dozens of countries over four continents. Amongst the projects developed in partnership are product design challenges and R&D cooperation in domains like cybersecurity or mobile platforms to assure healthy nutrition in groups with special needs.

We also made progress in involving an increasing number of employees in our innovation flux, from ideation to implementation, leading to significant advances in our businesses often inducing positive changes.

Nuno Lopes Gama | Head of Innovation & Future Tech



A culture of innovation

Aware of the role of innovation as a determinant of sustainable growth, we have created a solid structure to promote, nurture and manage innovation across the whole organisation. Our Innovation Management Team is devoted to a mission and a vision specifically tailored to enhance sustainable growth

through Innovation. Additionally, we have an Innovation Committee responsible for promoting innovation across all our retail segments and for encouraging the participation of all colleagues to think of innovative approaches to their tasks. This committee brings together managers from each business segment and is coordinated by the Innovation Management Team.

As our international presence grows our values also take on an international dimension. Our innovation culture is also designed at an international level and as part of our open innovation strategy, we seek to involve not only our team, universities, research laboratories, technology transfer units, suppliers, customers, other retailers and startups in our initiatives to promote innovation. Currently, Sonae retail businesses have over 160 partnerships for innovation worldwide, located in 29 countries on 4 different continents, 110 of these being European partners.

For the last 6 years, we have published the Sonae Innovation Retail book, aiming at disseminating our best initiatives and it is given to 670 people across 18 countries, in 3 continents.



Always looking for improved processes

In the Kaizen Lean Awards, Continente was honoured with the title "Kaizen Ambassador", for its work carried out in store operations.

José Fortunato (President of the Improving Our Work consulting group) emphasised that "Continuous improvement is a structural pillar in Sonae's culture and its work practice, contributing to the transformation of its operations and the strengthening of a culture of efficiency and frugality". Continente has an unmatched record in its dedication to continuous improvement and the results achieved are an example of benchmarking on an international level. Sonae's food retail department receives regular visits from retailers and companies in the sector from around the world, thus sharing its best practices.

Worten was the winner in the "Excellence in Quality" category, for its sales force management project. The objective of this project is to pay its customers more attention, thereby providing them with any necessary clarifications and proving a more than adequate service. The Kaizen Institute and the Portuguese Association for Quality highlighted the differentiating character, improvement of customer service and consequent sales increases as the key strengths of the project, which has been implemented in all Worten stores.

Innovation through sharing

Our team comprises a mixture of different backgrounds, cultures and businesses. We believe that the sharing of knowledge and experience is important to create bridges across the whole organisation and to promote a culture of innovation. In order to promote more efficient and exciting sharing of knowledge, we have implemented different initiatives such as the BizShare Day, ShineOn and Creative Problem-Solving.

BizShare Day

Aims at sharing knowledge and experiences across the organisation. In 2015, we conducted two sessions with 155 attendees.

ShineOn

More than 100 colleagues participated with more than 190 ideas. ShineOn sessions have resulted in 1,110 ideas over 3 years and 4 projects from 2015 are being implemented.

Creative Problem-Solving

Focuses on sharing experiences aimed at real organisational problems. The 2015 editions brought together 235 participants.

A standing commitment to our customers

Our success is measured by our customers' satisfaction. Our focus on creating value and our desire to help customers have a better lifestyle fuels our commitment to extend the state-of-the-art products and services we offer, inspired by a better future for all. Our loyalty to our customers has the ultimate goal of improving their lifestyle whether it is by offering them the best products at the best prices or by guiding and advising them in their choices and behaviour.

We are determined to offer the best value for money proposal and a wide choice of prices for each product, while ensuring the highest quality levels in order to fulfil our customer's expectations. Efficiency gains are our main priority, whilst collaborating with our suppliers to develop new products and services, as well as assuring quality. Innovation is encouraged across all tiers of the organisation, with our customers benefiting from lean operations and a satisfying shopping experience. A noteworthy example in this case is the Continente Loyalty Card, an innovative product used by 3.5 million clients that has led to about €310 M in savings.

At the same time we are aware of the impact of our presence in society and we play a leading role in the society in which we operate, using our influence to benefit the lifestyle of every customer. This is accomplished through the superior quality of our products, in addition to providing our customers with advice through such means as health campaigns and a wide range of healthy product categories.

Our strong principles are apparent in our products and services and our commitment to high standards of quality and integrity has been extensively recognised. We strive to uphold our corporate responsibility values. We invest in innovation. We invest in quality control. We invest in the best team, because they are worth all of our efforts. We take pride in the awards and acknowledgements we have received.

We are honoured to be given such valuable acknowledgments, however this makes us even more aware of our responsibility to our customers. Next year, we hope to achieve even more!



Universo Card

In the last quarter of 2015, Sonae launched the Universo card. An innovative card that brings together all the benefits of loyalty cards into a single card like that of a Mastercard credit card, with all its associated benefits.

This new proposal adds to our current offer and we believe that in the future the Universo card will be the preferred payment card, offering the maximum benefits at the best price in the market.

Additionally, it will allow its users transparent access to all loyalty programmes in place at Sonae retail businesses, with the different businesses maintaining the ability to analyse and explore their customer base autonomously.



A commitment to our customers

The Continente Loyalty Card is one of Sonae's flagship projects, an evolving case study of innovation and success since it was first launched in 2007. Sonae MC progressed further in our strategy to implement a "customer loyalty ecosystem", which all participating brands and members of the programme benefit from. New initiatives were implemented, such as the reinforcement of the partnership with Galp Energia – since early 2015, with offers covering fuel, electricity and natural gas –, the expansion of the Continente Loyalty Card to the Meu Super stores and, later in the year in close collaboration with Sonae's financial arm, the launch of the new Universo Card. The relevance of the Continente Loyalty Card is highlighted through its achievement of €4,500 M in sales, more than 170 M transactions, and benefiting 3.5M families with more than €300 M in savings.

Continente loyalty card in a nutshell

€4,500 M in sales	> 90% of total sales	€310 M in discounts	170 Million transactions	7 out of 10 transactions	3.5 Million customers

Sonae – Several brands, but the same Culture of Success

Continente remarkably has now held the Brand of Trust title for 13 consecutive years. Worten has been recognised by our customers for the sixth consecutive year. Zippy for the third consecutive year. Well's and Sport Zone

renewed their distinction.

We are also the proud recipients of 11 Consumer Choice awards, across all of our business segments, showing that for us quality is at the heart of our strategy.

Continente was recognised as a Superbrand for the 12th consecutive year and Worten for the 2nd year.

Our customers are our success. Their recognition is paramount to us and it represents our commitment and responsibility to work our hardest every day, so as to guarantee the best products and services at the best prices.



E-commerce – Also leaders on the web

Over the last few years, we have been consolidating our e-commerce presence and developing an integrated omni-channel approach across our business segments that explores the complementarity between physical stores and alternative channels to offer each customer the opportunity to select and buy products in comfort and at whatever time is most convenient. In order to provide a better service to customers, stores are focused on offering a distinctive service, with their range of products increased through the digital catalogues and specialised customer support. Furthermore, stores operate in conjunction with online platforms. We closed 2015 with online stores in place for all of our main brands and in particular concerning Continente online, the largest online operation, we have more than 114 thousand clients registered and a staggering, almost half a million home deliveries. **We are where our clients want us to be.**

Making a positive difference to our community

At Sonae, we proudly and actively accept our responsibility to make a clear difference to our community and we place great importance on this positive influence. Our priority is to have an effect that is both extensive and enduring. The scope of our social responsibility extends to six principal areas that we consider vital to foster a sustainable and improved society: the environment, culture, education, health and sports, science and innovation and social solidarity.

We coordinate our community campaigns through ActivShare, a platform that we have developed to actively manage and disseminate information concerning our volunteering social responsibility initiatives. ActivShare helps us to respond more effectively to those who need our help, by streamlining our alignment and communication efforts. As we reinforce our international strategy, we take our values with us and ActivShare has been a key player in promoting initiatives at the international level. We truly believe in making a world of difference. During 2015, we provided more than €8.4 M in community support, helping 1,557 institutions. Our values are defined and reflected through our team and we take pride in the remarkable contribution of 3,998 hours of volunteer work.

We believe that we can make a stronger positive impact through a multidimensional strategy, which focuses on different social dimensions that together promote a better society and a better world. Our actions in 2015 are reflected through arts and culture, education and social development. We have been very active in promoting Sonae Art as a brand that brings together our initiatives in the area of arts and culture and which was highly effective in 2015 sponsoring and promoting different initiatives such as Sonae's Media Art Award, the Sonae/Serralves project and the internationalisation of the Symphony Orchestra of Porto from Casa da Música.

The launch of Sonae's Media Art Award with MNAC

This initiative promoted by Sonae in partnership with the National Museum of Contemporary Art – Chiado Museum (MNAC-MC) aims at distinguishing and promoting artistic creations from young Portuguese artists. It is designed for artists who present new works in the area of media art in either an exploratory or innovative way, or with a critical and historical perspective. The winning artist is awarded 40 thousand euros, the highest national award in the field of new media.

The five artists selected as finalists in this inaugural edition of Sonae's Media Art Award were chosen among more than 150 applications. The 2015 winner was the highly talented Tatiana Macedo, with the original work "1989", a multichannel video installation with space-like sound.

This initiative is part of Sonae's corporate responsibility policy, which aims to promote creativity and innovation, stimulating new tendencies and bringing society closer to art, namely through important cultural events that foster enriching personal and collective development experiences.



The new edition of the Sonae/Serralves project

Sonae remains one of the patrons of Serralves, with the aim of promoting culture, by linking the community to art. The Sonae/Serralves Project (launched in 2015 and to be completed in 2016), which resulted from this partnership, has the following objectives:

- Encourage national artistic production
- Promote national art on a worldwide basis and exchange among young national and international artists
- Support institutions dedicated to art
- Stimulate society's approach to art by supporting and promoting initiatives

Haegue Yang (Hangul, South Korea, 1971) is the artist who has been invited to the next edition of the Sonae/Serralves project at the Museum of Contemporary Art of Serralves. This is the fourth time that the Sonae/Serralves project has invited an artist to create unpublished works of art, again this year in close collaboration with the architectural and natural context of Serralves, as was the case in 2014 with the exhibition 'Cold Shoulder', by the Iranian Nairy Baghramian.

Catarina Oliveira Fernandes (Head of Communications, Brand and Social Responsibility | Sonae) commented that "Sonae aims to contribute to the promotion of social and cultural well-being of the communities where it operates, so it has been promoting over the years, the development of knowledge and culture. The 4th edition of the Sonae/Serralves project is a successful example of this commitment, it has enabled us to bring national and international artists of increasing value to Portugal. This initiative is also an important opportunity for university students, through the involvement of students of the arts, who will watch the artist in the preparation and implementation of her works, through open meetings with the artist in four Portuguese universities".



orquestra
sinfónica
porto · casa da música

The internationalisation of the Symphony Orchestra of Porto from Casa da Música

With the aim of strengthening the internationalisation of the Sonae Art brand, bringing together actions related to supporting, promoting and encouraging Arts and Culture, Sonae and Worten supported for the second consecutive year, the internationalisation of the Symphony Orchestra of Porto from Casa da Música by holding a concert in Madrid. The concert was held at the National Auditorium of Music in Madrid giving the musicians the opportunity to perform on one of the most renowned stages in the Spanish capital and bringing Portuguese symphonies to Spain.

Catarina Oliveira Fernandes (Head of Communications, Brand and Corporate Responsibility | Sonae) emphasised that "Culture is a central tenet of our corporate responsibility policy, because we believe that art stimulates creativity and innovation, values that are part of the Sonae culture. We are a company of people for people who rely on a strong connection with the communities where we develop our business, and we want to contribute to the development of communities, fulfilling our mission to bring the benefits of progress and innovation to a growing number of people".

Miguel Mota Freitas, CEO of Sonae SR commented that "Sonae has a strong concern for the communities in which it develops its activity, aiming to contribute to their progress. Worten, as part of its corporate responsibility policy, also promotes creativity and culture as development factors in the communities where it operates".



As one of the largest employers in the country and with our knowledge of the needs in different business and geographic markets, Sonae is in a privileged position to understand the gap between academic training and market needs. In addition, we believe that it is critical to anticipate future market needs and prepare young generations to fulfil those needs. Bearing these insights in mind, we have been promoting different initiatives to close that gap. For us, this is not only an opportunity to help but also an opportunity to find and recruit talent. We have different programmes and initiatives in place such as the Contacto programme and partnership with Junior Achievement (Portugal and Spain), but we want to go a step further and become involved with higher education institutions and we have signed an agreement with the Ministry of Education and Science to cooperate in the development of vocational courses.

Helping future generations by bridging the gap between higher education and the job market

Sonae and the Ministry of Education and Science have signed a protocol of cooperation for the development of vocational courses in secondary education, acting as an outstanding example of cooperation between companies and educational institutions.

This partnership is part of the human resources and cooperation policy with other academic and teaching institutions at Sonae and aims to empower youth through the development of in-house training in companies, enabling better preparation for the job market. The partnership established allows Sonae to place its knowledge and skills at the service of the Community and this initiative will surely develop specialised technicians who may become part of the Sonae team, thus contributing to the development of its operations.

The first course, for training logistics technicians, is already underway in partnership with the Escola de Comércio de Lisboa (Lisbon School of Commerce) and involves 23 students. According to the agreement signed with the Ministry of Education and Science, Sonae is a benchmark in the Portuguese market, with an active presence and a strong focus on its business sector, bringing together excellent conditions for an active liaison with schools by implementing such courses together.

The socioeconomic crisis is still more than just a memory and the social impacts are very visible and reinforce the need for help. In 2015, we were highly selective in our initiatives because we wanted to make sure that we were effectively reaching those most in need. We are particularly concerned when it comes to children, as they are our legacy for the future. We want to help ensure that children are provided with an environment and facilities that are conducive to their development. We firmly believe that it is our obligation to play our part in ensuring sustainable growth and a brighter future for as many children as possible. The future of our children is in our hands. Additionally, one of our key focus areas is social solidarity. This is in terms of providing assistance in various forms to those who most need it, in order for them to overcome short and long-term hardships. We carry out such efforts hand in hand with the communities where we operate. Our actions are a genuine reflection of our values.

Porto de Futuro provides support to the management and development of schools. It encourages the sharing of knowledge and experiences between schools and companies aiming at increasing the level of community involvement in schools. The project recognises the fundamental role of education in the sustainable development of a more competitive and dynamic society.

As part of this project, Sonae has continued its partnership with the Cerco School Group aiming at strengthening the link between schools and their community, promoting sports, providing support for management consulting, encouraging entrepreneurship and rewarding merit. We believe that together, we can improve the social environment in these schools.

In 2014, Porto de Futuro set in motion a project focusing on academic success, under the coordination of EPIS - Entrepreneurial Association for Social Inclusion. This project aims to train young people to realise their potential throughout life, through Education, Training and Professional Insertion. In the academic year 2014/2015, the focus of activity was the implementation of a programme which promoted the success of students in the 3rd cycle of their education, coordinated by EPIS. Additionally, through the Cerco School Group, tutors monitored around 54 students. Students are tutored both in individual or group sessions, with special emphasis on study sessions and the EPIS Merit Scholarship.



Projeto Pêra

Our children are our future. A healthy child is more willing and motivated to learn. Their personal development is more balanced and active and as a result they are more likely to interact positively with others, developing stronger soft skills. We cannot accept circumstances where children come to school without a nutritious breakfast and, therefore, we were quick to act and to create Project Pêra (**Project Pear**) aiming at providing children in need in Porto with a healthy breakfast. In the 2014/2015 school-year, we provided breakfast to 805 children in 18 schools, including 18 Continente stores. More importantly, we need and intend to be more active in this area.



Well's Make-a-Wish

The Well's and the Make-A-Wish Foundation have teamed up to help grant wishes to children and young people, who are victims of life-threatening medical conditions. The Portuguese people responded with amazing generosity to the appeal by the two entities and over a period of two months, the campaign managed to collect a total of 90 thousand euros from the sale of Christmas label collections, surpassing the value raised in the previous year. The initiative spanned across more than 160 Sonae health and well-being stores and consisted of the sale of 14 sets of beautifully-illustrated Christmas labels, detailing some of the children's wishes that had already been granted through the brand, for the amount of one euro. The funds raised reverted entirely to the Make-A-Wish Foundation.



Código Dá Vinte – Worten

The "Dá Vinte" Code allows Worten customers at the checkout counter to select a "Dá Vinte" bar code card and donate multiples of 20 ("Vinte") cents. Worten adds 20% to the value donated by our customers and the total is then donated to a charity organisation. In total, over the three editions, Worten has donated about 435 thousand euros to help those in need. Out of this amount, approximately 185 thousand euros were allocated to the construction of a new house to foster 16 families of children undergoing treatment at the Portuguese Institute of Oncology (IPO) of Porto, reaching 100 families per year.



Love in a Box is a joint Christmas initiative shared by Zippy and the Portuguese Red Cross designed to bring a smile those children most in need. "Love in a Box" asks children and their families to bring

happiness to children in need during the Christmas season. The idea is as simple as giving a child a reason to smile. The amount raised is converted into several child-care articles, clothing and footwear, which are in turn distributed by the various delegations of the Portuguese Red Cross, according to their needs. In 2015, we took this initiative to Spain and in both countries we raised over 19 thousand euros.

"Love in a Box" was recognised in the 24th edition of the Masters of Distribution Awards in the Social Responsibility category.





Missão Continente

In 2015, Mission Continente was established, in order to raise awareness and mobilise people and communities in relation to social inclusion, economic development and respect for the environment. Mission Continente has evolved from Mission Smile, which for more than a decade, focused on the development of social causes in the areas of child health, active aging and the fight against hunger. Mission Continente extends Mission Smile by embracing all of Sonae MC's corporate responsibility dimensions, namely activities of a social nature, the community and the environment. In order to better contribute to the development of communities and to improve the quality of life of Portuguese families, this initiative is divided into three strategic pillars: Raise Awareness, Community and Smile.

Raising Awareness

This component focuses on the adoption and promotion of lifestyles that take into consideration many of today's social and world challenges, from a social, economic and environmental perspective.

Gardens in Schools

In partnership with the Lisbon Town Council, Mission Continente contributed to the creation of school gardens in Lisbon municipality in 10 basic education schools, as part of the campaign "vegetable gardens at schools ... vegetables on your plate," raising awareness of healthy eating habits.

Community" pillar

The Community component aims to contribute positively to cohesion and social welfare. In this sense, during 2015, we developed several actions in partnership with various organisations such as Cáritas, Quercus and the Red Cross.

Food Collection

During a period of three days, Mission Continente held in partnership with the Red Cross, a national Food Collection campaign, in which several hundred volunteers were in various Continente stores and Meu Super stores collecting essential goods contributions. Products and food offered accounted for about 200,000 meals and were then distributed to the neediest people, indicated by the representatives of the Portuguese Red Cross according to the most urgent needs of each region.

Smile

The Smile component, in addition to inheriting the name of the previous initiative (Mission Smile), also focuses on child health, concentrating on the development of actions to support birth rates and promote family health in Portugal through local support.

Mission Continente Smile

The promotion of maternal and child health in the health centres in Portugal, one of the Mission Continente's aims during 2015 was to raise funds by selling the book "The best family recipes" and the contribution of the population through premium-rate calls, totalling a final value exceeding 375,000 euros. For each book sold, Mission Continente donated half the value of the winning projects of the annual Mission Smile contest, voted by the Portuguese people from one of 58 projects.

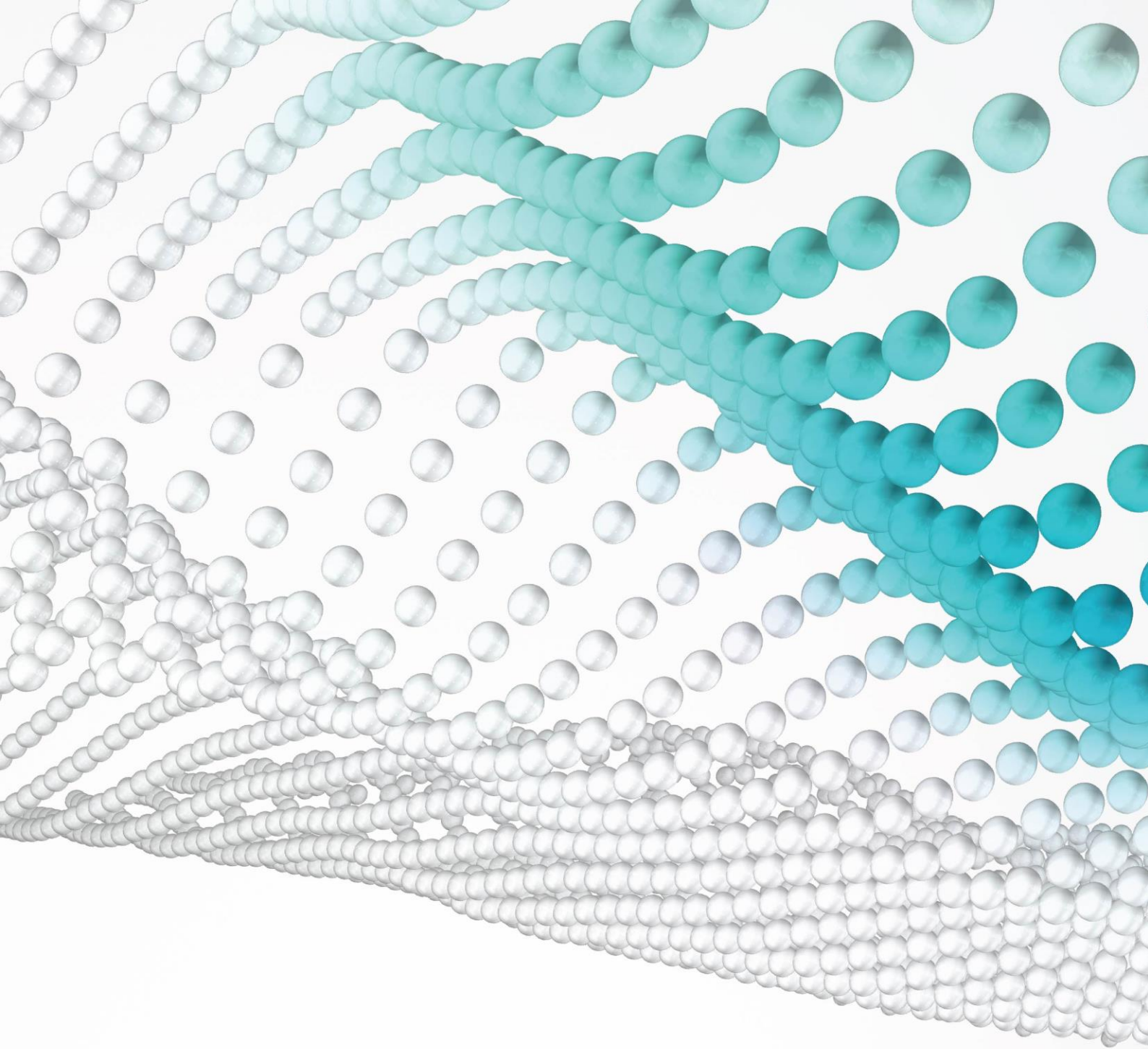


Corporate Governance

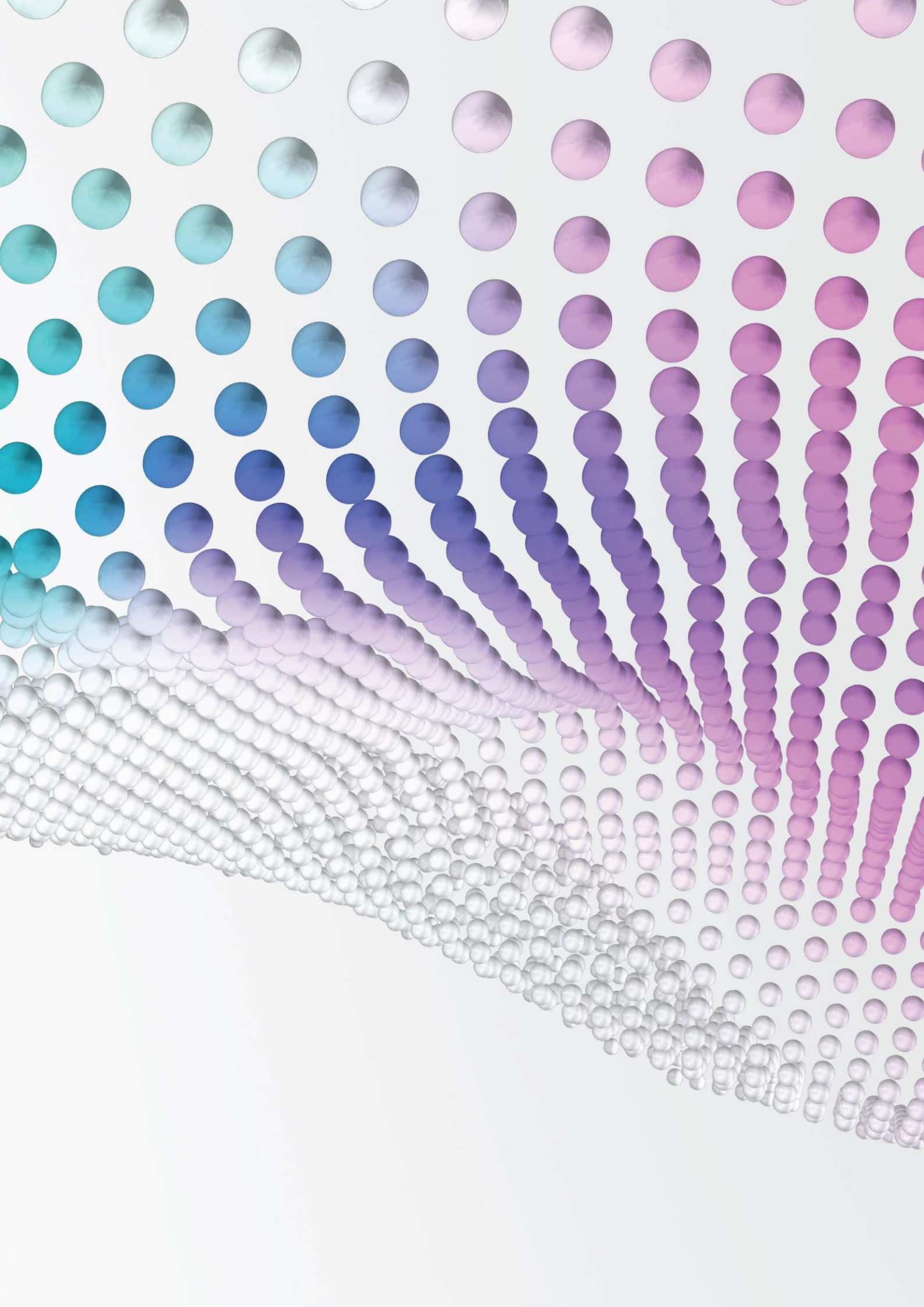
At Sonae, we are aware of our influence on society. For this reason, we take our responsibilities seriously, in particular, in light of our stakeholders. We abide by the most stringent corporate governance standards and our actions, policies and decisions are carried out and monitored with the utmost care, taking our stakeholder's interests to heart. Ethical and responsible behaviour are reflected through transparency at all levels. We clearly adhere to all capital market regulations and we always guarantee that we relay information quality of the highest standard. We have an extensive corporate structure established, which ensures that investors, principally small investors, trust and can rely on our dedication to innovation and sustainability and our ability to carefully regulate our organisation. Our corporate governance structure is based on both internal and external knowledge and know-how, best corporate governance practices are continuously upheld beyond what is required. Through a number of different forums and training workshops, we provide support to small investors helping them to meet the strict regulations.

Our stakeholders are extremely important to us at Sonae; we are always available and can be approached through the Investor Relations Department. We do our utmost to assure that all regulatory and reporting requirements are adhered to and all relevant information is made available voluntarily, both in Sonae and on the Portuguese Stock Exchange Commission websites. Our business is your business.

For further information on Corporate Governance related issues, please refer to our Corporate Governance Report.



.....● FINANCIAL
REVIEW



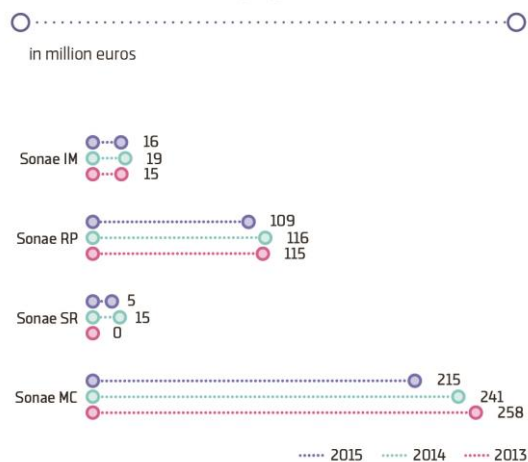
Financial Review

Key financial performance indicators

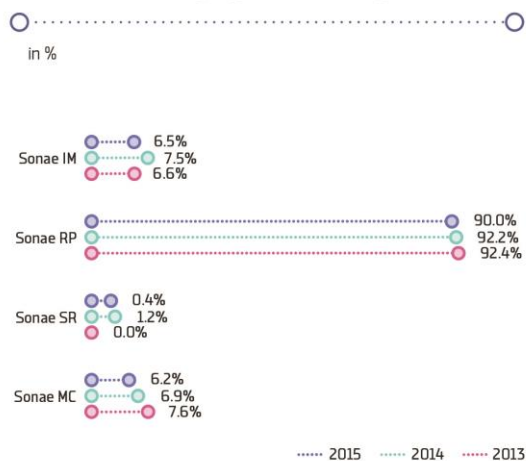
Turnover



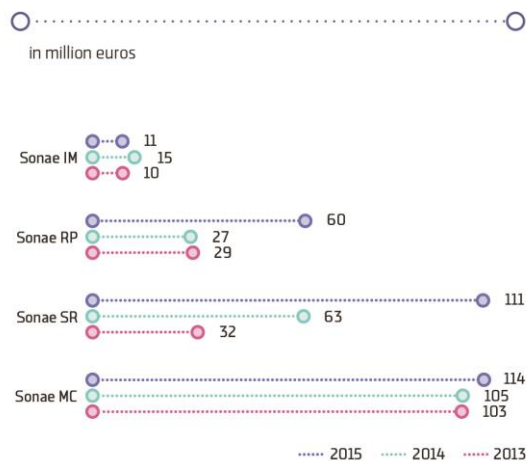
Underlying EBITDA



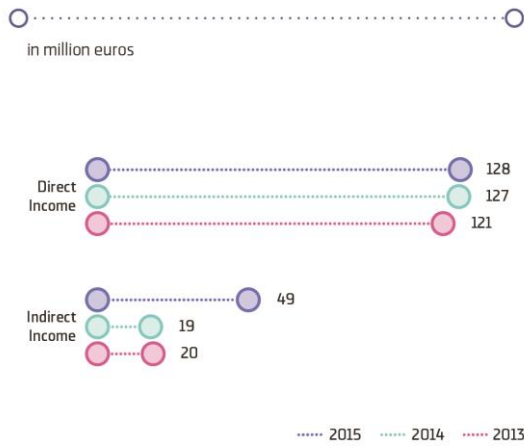
Underlying EBITDA margin



CAPEX

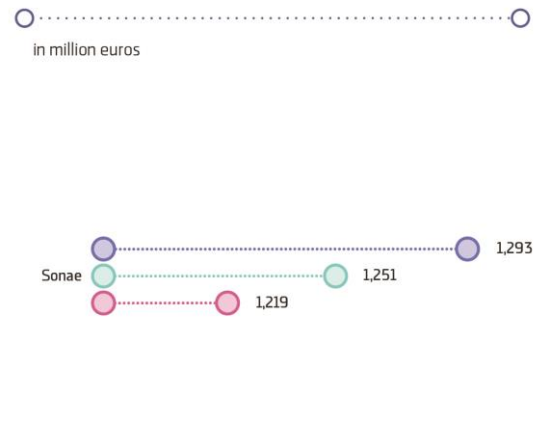


Net Income



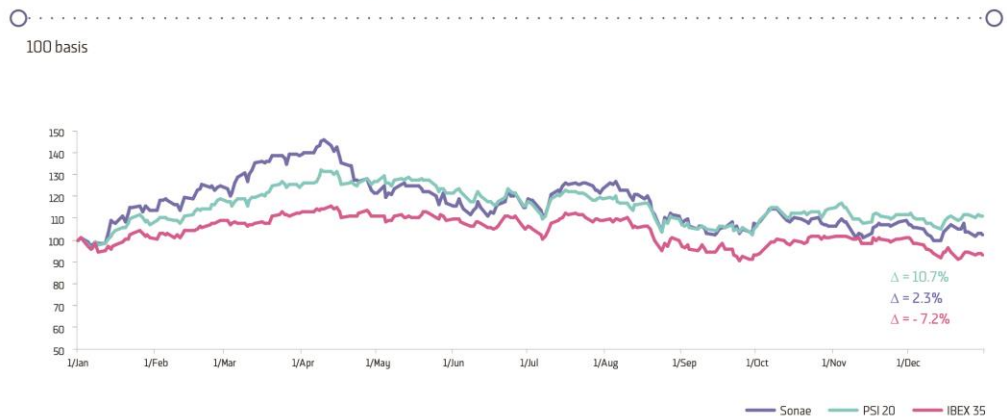
Note: Indirect Results excluding Zon-Optimus merger effects and impairments booked in 2013.

Net Debt



Note: 2014 net debt includes the payment of Sonaeacom shares to France Telecom, occurred in August 2014.

Share Price Evolution in 2015



Macroeconomic context

Six years after the World emerged from its most far-reaching and deepest post-war recession, global growth was again disappointing. The World economy remained subdued (+3.1% of GDP growth) due to slower growth in emerging economies, which declined for the fifth consecutive year (+4% vs +4.6% in 2014) - although still accounting for 70% of World growth - while advanced economies registered a marginal improvement (+1.9% vs 1.8% in 2014).

In the Eurozone, the economic situation improved considerably, with GDP growth accelerating from +0.9% in 2014 to +1.6% in 2015, underpinned by healthy domestic demand. Although a weaker euro was a supportive factor in relation to Eurozone exports, the external environment was not. Global headwinds and the ongoing deceleration of many major emerging economies prompted the region's overseas sales to drop sharply in the third quarter. Conversely, domestic demand held fairly strong with private consumption gaining strength on the back of falling oil prices, the expansionary monetary policy and a gradual improvement in labour market conditions.

In the United States, GDP grew by +2.5%, with data suggesting that the economy is now significantly more robust than in the recent past, which is also confirmed by the decision of the Federal Reserve in late 2015 to raise interest rates for the first time in almost a decade. Growth was primarily supported by strong household spending, which exceeded +3.0% for the first time since 2006, reflecting the strengthening of the labour market. By contrast, investment was negatively affected by the fall in oil prices given the weight of the oil sector in the economy. Exports slowed significantly, reflecting the impact of the appreciation of the dollar.

The situation in emerging markets was diverse, but in many cases challenging. Growth in many of these countries was penalised by lower prices for energy and other commodities and by the gradual slowdown and rebalancing of the Chinese economy, away from investment and manufacturing towards consumption and services. A few emerging economies, including Brazil and Russia (the largest emerging markets after China), fell into recession in 2015.

In Portugal, recovery was further consolidated. GDP growth accelerated to +1.5%, after a +0.9% increase in 2014. However, growth fell short of expectations, given the significant external tailwinds, such as low oil prices and the supportive monetary policy. The economic performance during the first half of 2015 was strong, but growth was disappointing in the second-half, as investment stalled and exports slowed down dragged by the fall in sales to Angola.

Domestic demand remained the main driving force, with private consumption (+2.7%) leading the recovery and investment consolidating its positive trend (+3.7%). Household spending was supported by improving labour market conditions, the solid rise in consumer confidence and the sharp decline in savings. Consumers continued to favour the acquisition of durable goods (+11.0%), in particular vehicles, while the consumption of food and beverages registered only a modest improvement (+1.0%).

In Spain, recovery gained momentum, with GDP expanding by an estimated +3.2%, the highest rate since 2007. The economy was supported by both external and internal tailwinds. The former includes low oil prices, the gradual improvement of European demand and the monetary policy of the ECB. With regards to internal drivers, the recovery in demand was supported by both transitory and structural elements. On the one hand, the fiscal policy stance was slightly expansionary, while factors such as the impact of economic reforms, including in the labour market, started to feed through into the economy.

Growth benefited from the positive contribution of all the main components of public and private domestic demand. Household consumption registered a remarkable growth of +3.1%, underpinned by an increase in disposable income, supported by sound job creation and the improvement in the financial situation of families.

Perspectives

The World economy is expected to accelerate moderately next year (+3.4%), but the pickup in growth will be uneven across countries, with risks tilted toward emerging markets. Three key transitions will shape the outlook: the rebalancing of the Chinese economy, lower commodity prices and a gradual



tightening of the U.S. monetary policy. Advanced economies will continue to experience a modest recovery (+2.1%), while emerging economies will face a new reality of slower growth rates (+4.0%).

The Eurozone is expected to slightly accelerate its growth rate (+1.7%), driven by stronger private consumption supported by lower oil prices and improved financial conditions that should compensate the weakening of net exports.

The United States is expected to continue to deliver robust economic activity, benefitting from still-easy financial conditions and strengthening labour and housing markets. However, the appreciation of the dollar will remain as the main challenge, causing the US manufacturing sector to shrink marginally.

Emerging markets should experience a slight growth increase from +4.0% in 2015 — the lowest rate since the 2008-09 financial crises — to +4.3% in 2016. However, these average values conceal a wide diversity of situations across countries. India and parts of emerging Asia will continue to present strong growth rates, while Latin America will remain in recession in 2016, mostly due to the depression in Brazil and economic stress in other countries (even if most other countries in the region continue to grow). The emerging countries in Europe are expected to grow steadily, but at a lower rate, as a consequence of Russia's recession. A gradual pickup is expected in Sub-Saharan Africa, but with lower growth rates compared to the previous decade.

In Portugal, economic growth will remain moderate (+1.5% to +2.0%), mostly due to internal vulnerabilities, namely the high level of both public and private debt, and apathetic European economic growth. Private consumption will remain as the strongest growth driver (+1.9%), supported by higher levels of household disposable income, resulting from different factors such as wage increases, increased income for pensioners and tax relief, whilst the fall in unemployment rate will be more restrained. The Government's budget for 2016 is expected to deliver a boost to the economy, but is casting some uncertainty regarding future economic policies and compliance with European commitments.

The outlook is globally favourable for Spain. The expansionary phase of the economy is expected to continue throughout 2016 (+2.8%), with growth remaining underpinned by solid domestic demand. Household consumption should remain particularly buoyant (+3.4%), driven by the favourable evolution of employment, together with the positive impact on real disposable income of the fall in oil prices and the reduction in direct taxation. Furthermore, the economy will continue to benefit from the improvement of financing conditions and the recovery in residential investment.

In brief, the outlook for the Iberian economies is favourable, albeit moderate, particularly for Spain where GDP growth will continue to outpace the Euro Area average. However, the year ahead is challenging with main risks tilted to the downside. Internally, political instability will be the major source of concern, while externally, the deterioration of the global outlook, particularly a derailment in emerging markets, could negatively affect both economies.

Notes: Real growth rates

Sources: Data and forecasts: i) Main economic blocks – IMF World Economic Outlook update, January 2016; ii) Portugal - Bank of Portugal December 2015 Economic Bulletin; iii) Spain - Bank of Spain December 2015 Economic Bulletin

2015 Consolidated financial performance

Sonae performance and capital structure

Sonae Consolidated results			
Million euros	2014	2015	y.o.y.
Turnover	4,974	5,014	0.8%
Sonae MC	3,461	3,490	0.8%
Sonae SR	1,290	1,294	0.4%
Sonae RP	126	121	-4.0%
Sonae IM	252	249	-1.1%
E&A ⁽¹⁾	-155	-140	9.2%
Underlying EBITDA	380	331	-13.0%
Sonae MC	241	215	-10.7%
Sonae SR	15	5	-64.5%
Sonae RP	116	109	-6.3%
Sonae IM	19	16	-14.3%
E&A ⁽¹⁾	-12	-15	-28.8%
Underlying EBITDA margin	7.6%	6.6%	-1.0 p.p.
Equity method results ⁽²⁾	42	48	13.6%
o.w. S. Sierra (direct results)	26	31	15.9%
o.w. NOS	16	18	13.7%
Non-recurrent items	-5	14	-
EBITDA	417	393	-5.8%
EBITDA margin	8.4%	7.8%	-0.6 p.p.
D&A ⁽³⁾	-189	-187	1.0%
EBIT	228	206	-9.9%
Net financial activity	-77	-57	26.1%
EBT	151	149	-1.6%
Taxes	-25	-21	15.2%
Direct results ⁽⁴⁾	127	128	1.1%
Indirect results	19	49	158.9%
Net income	146	177	21.5%
Non-controlling interests	-2	-1	12.3%
Net income group share	144	175	21.9%

(1) Eliminations & adjustments;

(2) Equity method results: includes direct income related to investments consolidated by the equity method (mainly Sonae Sierra and NOS);

(3) Depreciations & amortisations including provisions & impairments;

(4) Direct results before non-controlling interests.

Sonae net invested capital			
Million euros	2014	2015	y.o.y.
Net invested capital	3,083	3,088	0.1%
Technical investment	2,034	1,920	-5.6%
Financial investment	1,279	1,313	2.7%
Goodwill	611	625	2.3%
Working capital	-840	-770	8.4%
Sonae shareholders funds	1,832	1,795	-2.0%
Sonae net debt ⁽¹⁾	1,251	1,293	3.4%
Net debt / Invested capital	40.6%	41.9%	1.3 p.p.

(1) Financial net debt + net shareholder loans.

In 2015, **Sonae consolidated turnover** reached €5,014 M, representing a growth of 0.8% when compared to 2014, benefiting from the positive performance of MC and SR, which has more than compensated the lower turnover of RP and IM.

Sonae underlying EBITDA stood at €331 M, corresponding to an **underlying EBITDA margin** of 6.6%.

Sonae EBITDA reached €393 M, equivalent to an EBITDA margin of 7.8% and including the following contributions:

- (i) underlying EBITDA, amounting to €331 M;
- (ii) equity method results of €48 M, made up of Sierra's direct results, as well as NOS contribution; and,
- (iii) non-recurrent items of €14 M, benefiting from the capital gains related to the sale and leaseback transactions completed throughout the year.

Driven by the combination of a lower average net debt and a lower cost of outstanding debt of approximately 90 bps, Sonae **net financial activity** improved by €20 M, registering a negative €57 M in 2015.

Sonae continued to focus on increasing the average maturity of the debt and decreasing the average interest rate of outstanding debt, which averaged 2.0% on December 31st 2015. It should be noted that Sonae financial results are only related to MC, SR, RP and IM businesses.

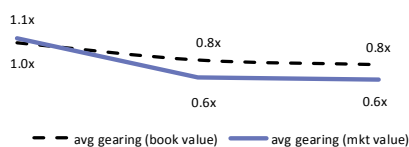
Sonae direct results amounted to €128 M, increasing 1.1% y.o.y., driven by the slightly lower D&A, less negative net financial activity and taxes, which more than off-set the lower EBITDA.

Sonae indirect results reached €49 M, a significant increase on a yearly basis. This benefited from the non-cash movements related to the revaluation of Sierra's assets, in the amount of €40 M, carried out on December 31st 2015, as well as by NOS mark to market effect and dividends, amounting to €24 M.

Sonae shareholders' funds stood at €1,795 M in 2015, €37 M below 2014.

Gearing

2013	2014	2015



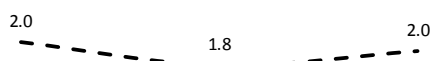
Net debt

Million euros	2014	2015	y.o.y.
Net financial debt	1,248	1,290	3.4%
MC, SR and RP	683	646	-5.3%
IM	23	15	-35.7%
Holding & other	542	629	16.0%
Sonae net debt	1,251	1,293	3.4%

Capital Structure - MC, SR and RP

Net debt to EBITDA

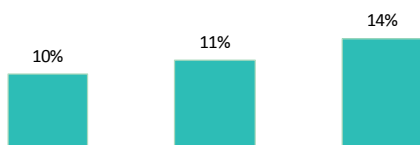
2013	2014	2015



Capital Structure

Loan-to-value (%) - Holding

2013	2014	2015



Sonae Capex

Million euros	2014	2015	% of Turnover
Capex	356	300	6.0%
Sonae MC	105	114	3.3%
Sonae SR	63	111	8.6%
Sonae RP	27	60	49.8%
Sonae IM	15	11	4.5%

Sonae net debt reached €1,293 M in 2015, increasing €42 M when compared to last year. Sonae's liquidity position was impacted, in 2015, by the dividends payment that occurred in May and December, amounting to €141 M, as well as by the acquisitions of Ulabox, Makenotes and Losan, totalling €47 M.

Average gearing at market value stood at 0.6x and average gearing at book value reached 0.8x. Sonae's gearing levels remained broadly stable in comparison to 2014, but show clear levels of improvement compared to previous periods.

Sonae maintains a robust capital structure, supported by low leverage, with no funding needs foreseen until the end of 2017 and an improved maturity profile.

Financial net debt of MC, SR and RP stood at €646 M in 2015, less €37 M when compared to 2014, which benefited from the cash inflow resulting from the sale and leaseback transactions completed at RP during 1H15. The net debt to EBITDA stood at 2.0x, decreasing 0.2x versus 2014 due to the lower EBITDA.

Holding net debt reached €629 M, growing 16.0% y.o.y.. **Loan-to-value** ratio of the holding increased to 14%, impacted by higher holding net debt due to the anticipation of dividends payment related to 2015 results.

MC Capex stood at €114 M, increasing 8.6% when compared to 2014.

SR Capex reached €111 M in 2015. It should be noted that the increase in 2015 reflects the acquisition of Losan, completed during the 4Q15.

RP Capex totalled €60 M in 2015, a value that compares with €27 M in 2014.

IM Capex reached €11 M in 2015, decreasing €4 M when compared to 2014.

Business segments

Sonae has grown to become a global player and our activity is spread across 72 countries, including operations, provision of services to third parties, representation offices, franchising and partnerships. We continuously adapt our strategy to fit new businesses, new markets and new partners, always making sure that our values shared by all of our stakeholders and promoting sustainable growth based on social and economic development.

The business environment landscape is changing towards a highly competitive market characterised by increasingly demanding consumers and fast-moving market trends. In such a dynamic world, specialisation, innovation, efficiency and capacity to focus on the consumer are paramount to success.

Sonae is a major player in different business segments and the market is driving our operations to become more specialised and autonomous so as to face future challenges and to be the front runner in each and every one of our businesses.

In order to face these new organisational challenges, we have been adjusting our internal organisation, making our business more autonomous, thus enabling higher levels of specialisation. Simultaneously we are creating new forums and new bridges throughout the organisation, to continue to bring together our multitude of cultures and business expertise. This new approach means that our business segments have had and will continue to have their management levels reinforced with human capital, with unique and highly specialised experience in each segment.

We believe that this new structure will allow each one of our business segments to be more agile in creating new opportunities and, Sonae as a whole, will be the backbone of this new structure. To strengthen this new structure, Sonae Corporate Centre will adopt a very proactive role in bringing together our invaluable world of personal and business expertise. Sonae Corporate Centre will have two major functions. On the one hand, the Corporate Centre is responsible for the so-called sovereign functions like Corporate Governance, Strategy, Investor Relations and Corporate Communication and on the other hand supports our business segments to ensure higher levels of efficiency by creating a pool of shared services.

- CONTINENTE
- CONTINENTE MODELO
- CONTINENTE BOM DIA
- WELL'S
- MEU SUPER
- NOTE!
- MAKENOTES
- BOM BOCADO / BAGGA
- PET & PLANTS
- ZU

SONAE MC

- WORTEN
- SPORT ZONE
- MO
- ZIPPY
- LOSAN
- BERG
- DEEPLY

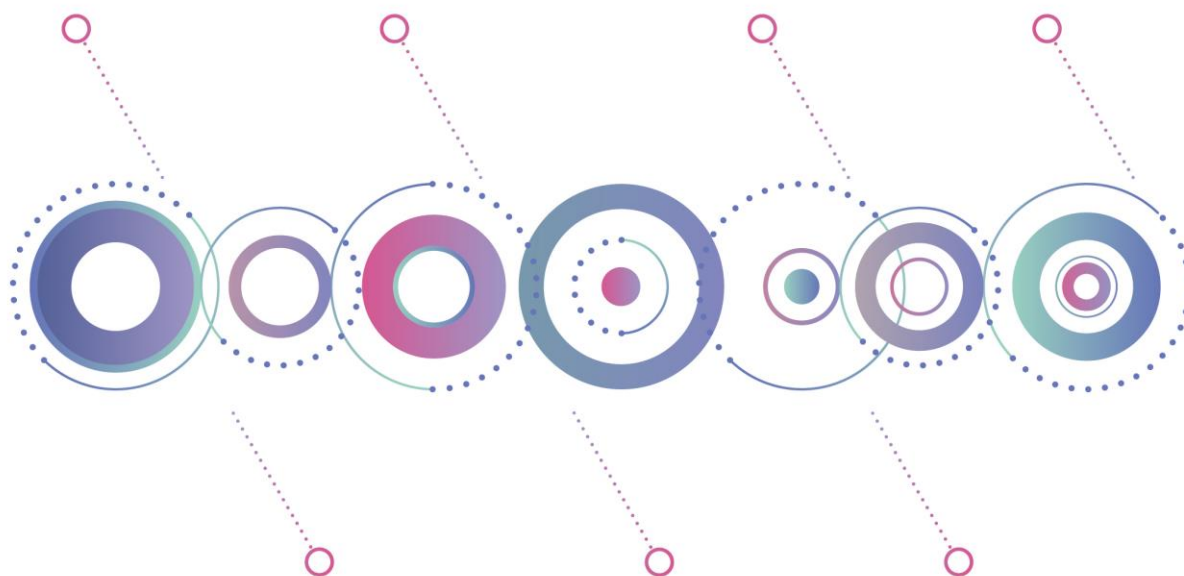
SONAE SR

- RETAIL
- PROPERTIES

SONAE RP

- UNIVERSO CARD
- CREDIT CARDS
- DÁ
- MONEYGRAM

SONAE FS



SONAE IM

- WEDO TECHNOLOGIES
- SAPHETY
- BIZDIRECT
- S21SEC
- MOVVO
- TLANTIC
- MDS
- MAXMAT
- PÚBLICO

SONAE SIERRA

Present in 12 countries
with 45 Shopping Centres

PORTUGAL	CHINA
SPAIN	ITALY
BRAZIL	MOROCCO
GREECE	ALGERIA
GERMANY	COLOMBIA
ROMANIA	TURKEY

NOS

- TELECOMMUNICATIONS

Sonae MC

Sonae MC is part of Portuguese society. Continente has been distinguished for the 13th successive year as a Brand of Trust and for the 12th successive year as a Superbrand. Well's has been recognised for the second year as a Brand of Trust. This recognition highlights our commitment towards our clients.

Sonae MC, the food retail business, continued to have a leading market position in Portugal. **Sonae MC** is devoted to understanding the needs of the Portuguese consumers, and has extensive experience in customising its offers and promotional tools to rapidly adjust to the needs of the market. Furthermore, it is worth highlighting the Continente Loyalty card that continues to excel and represents more than 90% of sales during the year.

2015 was a very special year as Sonae MC celebrated 30 years since the establishment of the first hypermarket in Portugal. We are proud of this achievement, but more than proud we are excited about the next 30 years.



The first hypermarket store in Portugal opened 30 years ago

The first Continente store opened in 1985 at Matosinhos, starting a profound revolution in Portuguese society, in particular in consumer habits. For the first time, customers were able to satisfy all their needs in terms of food, toys or even bricolage, in only one specific place, instead of having to go to a number of different and small local grocery stores. The big store became an enjoyable place for families to go, and people grew used to the idea of doing their grocery shopping with their relatives.

Thirty years have passed, the shopping experience has continued to evolve and Continente continues to be at the forefront, providing the best emotional experience to do your shopping with family and friends. The brand evolved and it is now more modern and adapted to market trends, setting international practices that are recognised worldwide. Continente remains at the head of the revolution: with a huge investment in e-commerce, which gives access to a large amount of services that go beyond the physical store; with the creation of new store concepts; and with the use of a customer loyalty card in an effective sales promotion campaign.



Sonae MC is now in the process of strengthening Continente's internationalisation strategy. During 2015, Sonae MC exported its own brand products to more than 30 countries, a significant step in only a limited period of time. Sonae MC's products are now in Europe, North America, Asia, Africa and Oceania in a mixture of developed and rapidly growing countries. According to Luís Moutinho (CEO | Sonae MC) "Sonae continuously invests in innovation, research and development in order to strengthen the value proposition to its customers. The result of this commitment is that we offer our customers a wide portfolio of high quality products that are at the roots of our position as Portuguese market leader, particularly Continente products. The success of our brands and products now goes beyond our borders

and captures the interest of other retailers around the world, leading to an accelerated growth of our export markets."



The IFA deal

Sonae MC has signed an affiliation agreement with the Spanish central purchasing body IFA Group. The agreement with effect from January 2016 onwards aims at promoting relevant trading and development opportunities. By joining the IFA Group, Sonae MC has access to a wider range of sourcing options, as it is able to differentiate the value proposition for its customers, in particular regarding variety and innovation. This agreement will also be an important avenue for the appreciation of Sonae MC's portfolio of own brands, to the extent that it will explore very interesting internationalisation opportunities in the Spanish market and provide to our current partners a new platform of potential business opportunities.

The IFA Group brings together more than 30 members, all leaders in their segments, representing more than 6,000 points of sale (3.2 million m²) and had a turnover exceeding 10 billion euro.

United Arab Emirates Franchising

Sonae MC's internationalisation strategy continuously identifies opportunities to explore its exceptional assets base and the unique innovation culture through capital light expansion models. Under this strategy, Sonae MC signed, in the second semester of 2015, a franchising deal with Fathima Group for the internationalisation of Sonae MC's operation to the United Arab Emirates, allowing the Continente insignia to be in the market by 2017. Fathima Group is a significant player with vast experience in the United Arab Emirates and surrounding regions and this partnership will allow the entrance in a highly promising market with a very strong partner with unique local expertise.



Sonae MC – 509 stores operated by the company and 237 stores under franchising generated a €3,490 M turnover in 2015.

Food retail businesses:

Continente – 40 hypermarkets (centrally located and more than half situated in leading shopping centres) – with an average area of approximately 7 thousand sqm and average Stock Keeping Units (SKUs) of 70 thousand. Non-food area (typically light bazaar and textiles) representing less than 15% of total sales.

Continente Modelo – 123 supermarkets (+7 under franchising agreements), typically located in medium-sized population centres, with an average area of 2 thousand sqm and with the number of SKUs well above competitors. These supermarkets are based on location and convenience, with the light bazaar representing less than 10% of sales (no textiles offered).

Continente Bom Dia – 52 small, convenience food stores, with an average sales area of around 900 sqm. Renewed concept based on the quality and variety of fresh products, ideal for more frequent daily shopping.

Meu Super – 205 franchised local food stores, with areas between 150 and 500 sqm, located mainly in residential areas within large city centres. Sonae MC offers the franchisees store management support, a guaranteed competitive price and access to Continente's own brand label offer, as well as other suppliers' products.

Adjacent businesses

Bom Bocado / Bagga – 111 stores (+5 under franchising agreements), coffee shops and small snack-bars. Variety and quality with a fast service and great price.

Note! / Makenotes – 25 book stores (+5 under franchising agreement), stationery and tobacco.

Well's – 152 stores (+15 under franchising agreement) dedicated to parapharmacy, beauty products, health and well-being, eye glasses and optical services.



Improving the customers lifestyles but making shopping more convenient

Meu Super, the franchising food retail format, now have 205 stores and together with **Continente Bom Dia**, with 52 stores, are a key element in Sonae's strategy of creating a network of modern convenience stores, facilitating the shopping experience by adding stores within close proximity to customers and to our range of offers.

"Meu Super" is facilitating the revitalisation and modernisation of food retail in Portugal, allowing franchisees to adjust their businesses in order to meet customer needs, as well as allowing new entrepreneurs to enter the market benefiting from the skills and knowledge of Sonae MC.

Responsible for the creation of approximately 600 jobs, "Meu Super" stores are present in 18 districts of Portugal and also in Madeira. "Meu Super" stores are nearby, local food retail stores in residential areas, so that partners can benefit from the extra value of the concept, including the use of Continente's own label products.

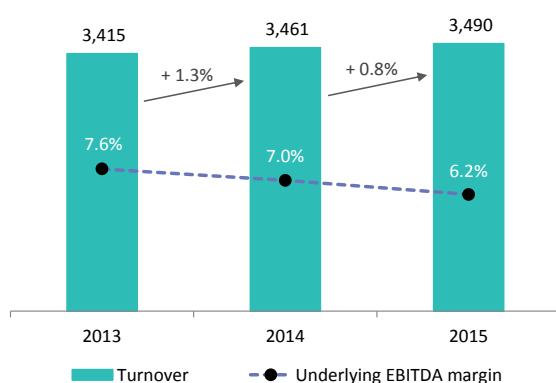
Sonae MC is also expanding the network of "Continente Bom Dia" stores under its new store concept, ending 2015 with 52 stores, 11 additional stores when compared to 2014. This format is focused on a closer proximity and relationship with customers. "Continente Bom Dia" aims at bringing back the habit of local shopping of fresh products and to create a friendly atmosphere to its customers, including an open space coffee shop that allows for a new shopping experience that customers can add to their everyday routines.

For Sonae MC, these two concepts complement and contribute to the modernisation of traditional commerce. Despite the differences between the two formats, each of the concepts has a value proposition based on proximity, appealing promotional campaigns and a quality of service of reference, embedded by the awareness of Sonae brand.



Turnover and Underlying EBITDA – yearly performance

Yearly performance				
	2012	2013	2014	2015
LfL (%)	-2.0%	1.4%	-2.1%	-1.7%
Turnover % growth	-1.4%	4.1%	1.3%	0.8%



MC turnover stood at €3,490 M in 2015, an increase of 0.8% when compared to 2014. This turnover growth was reached through the opening of 11 Continente Bom Dia stores, 2 Continente Modelo stores and 65 Meu Super stores, the franchising model for food retail. This expansion of the store network not only benefited turnover performance but also contributed towards increasing MC's exposure to convenience stores.

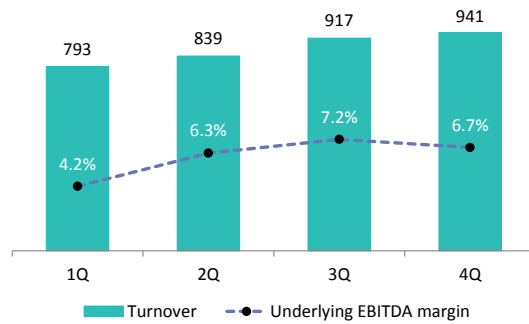
MC LfL performance totalled -1.7% in 2015, backed by a strong 4Q15, during which turnover grew by 1.8% and LfL sales inverted their increasing downward trend.

MC underlying EBITDA margin stood at 6.2% in 2015, corresponding to an **underlying EBITDA** of €215 M.

As in previous years, the food retail market continued to be highly competitive in 2015, thus improving and reinforcing the value proposition of the business was key for MC. The company took several initiatives to improve perception levels by the costumers' community: emphasis was made in reducing the gap between perceived and real prices, in order to strengthen the leadership at this attribute, as well as increasing the quality perception of perishables, namely meat, fruit and vegetables. In addition, MC has continued to implement efficiency measures, as part of a continuous improvement programme that partially explains MC's reference EBITDA margin.

Turnover and Und. EBITDA – quarterly performance

Quarterly performance				
	1Q15	2Q15	3Q15	4Q15
LfL (%)	-1.2%	-2.4%	-2.9%	-0.2%
Turnover % growth	0.8%	0.1%	0.6%	1.8%



During 2015, MC reached an important number of objectives on various fronts, of which MC would like to highlight the following:

- **international expansion:** in 2015 the first international agreement through franchising was signed, with the Fathima Group, in order to establish Continente hypermarkets in the United Arab Emirates by 2017. At the same time, MC own brands wholesale activity continued to grow, reaching approximately 30 different countries by the end of the year;
- **improvement of store concepts:** MC has been carrying out important refurbishments so as to implement the “2020 hypermarket of the future” concept, with 8 out of 40 hypermarkets partially or totally renewed as of December 2015. Besides this, MC has also designed a new store concept for Continente Bom Dia stores, which has been implemented in new and refurbished stores.

Sonae SR

Sonae SR, the specialised retail unit, covers the categories of electronics, sports and fashion. **Sonae SR's** operations performed differently in 2015, but the overall performance was very positive. The electronics retail segment is delivering strong results and it is taking significant steps towards strengthening its market position in Spain. In the sports and fashion segment, Sport Zone and Zippy have consolidated their turnaround and are delivering a robust performance, while MO's consolidation has been slower than expected mostly due to unexpected operational problems that have now been overcome and MO should be back on track.

Sonae SR's diversification raises added difficulties in adjusting to different market trends, but Sonae SR is taking steps to fine-tune its structures so that it can better adjust its strategies and deliver a more specialised performance in each segment and a solid value added offer to the customers. Sonae SR efforts continue to excel and its brands are highly valued by the customers. Zippy, Worten and Sport Zone have been recognised as a Brand of Trust and Worten has also been distinguished as a Superbrand.

Worten's new image in Spain

With the clear objective of strengthening its commitment to the Spanish market and accelerating its growth in the distribution sector of consumer electronics and appliances, Worten presents a new strategy that includes a complete image makeover, including new communication and business strategies.

Worten's new image is a more innovative, customer friendly, personal and modern proposal and it will be visible in all Worten stores, as well as gradually on its website. Under the concept "Technology for all", the new brand has the clear goal of bringing technology to everyone so that their daily lives become easier. Worten products are targeted at a wide-ranging audience, involving all ages because technology is for everyone, however it does not lose its main focus that is to be a benchmark retailer with a broad portfolio of products and competitive prices.

In addition, to the concept of a different and innovative store that provides people with a unique shopping experience which will be developed in all of shopping centres, Worten is investing in their e-commerce segment, namely in the Omni-channel technology.

OMNI-CHANNEL – Our clients are at the centre of our strategy

Sonae SR has developed a new model that explores the complementarity between physical stores and alternative channels to offer each customer the opportunity to select and buy products in comfort and at whatever time is most convenient. In order to provide a better service to customers, stores are focused on offering a distinctive service, with a range of products increased through the digital catalogues and specialised customer support. Furthermore, stores operate in conjunction with online platforms.

The increasing use of technology and the growing weight of online purchases, along with the webrooming phenomenon, lead Sonae SR to adopt omni-channel strategies and to change its business model.

This innovative model was implemented in Worten, with a special focus on e-commerce, where the opening of the new stores was complemented with online shopping services, taking the brand everywhere. Omi-channels are a key factor in Sonae SR's strategy and the company will continue investing in their development, especially with the growth of touch terminals and big screens in-store.

The excellence of the omni-channel strategy has been confirmed by Worten achievements. 2015 was an important year to Worten, reaching relevant milestones, namely the launching of a new website platform in Spain (soon to be deployed in Portugal) and the rollout of the "Sales Assistant Tool" to all physical stores as well as the development of order management and fulfilment integration across channels.

The omni-channel represents 21.4% of Worten sales and grew by 33.5% during 2015, with approximately 25% of online sales being delivered to physical store (through "click and collect" tool). The "Sales Assistant Tool" tool, allowing access to full Worten range from any store, has a significant impact and represents more than 20% of total turnover.

Worten's new concept store in Sant Antoni, Barcelona

In October 2015, Worten opened its doors in Sant Antoni, Barcelona. This new 1,300 sqm store is the most modern and innovative one in the market, and the most ambitious for Sonae SR. Worten is implementing its new concept of bringing the newest pieces of technology to its customers with the advantage of offering very competitive prices. The combination of urban structures, a modern design and the constant presence of innovative features that improve the customer's experience makes the Worten store in Sant Antoni one of a kind. This shop offers customers the chance to enjoy technology in a unique setting and with the best prices. The

store's goal is to facilitate people's access to products, both physically and virtually through the Omni-channel technology. Touchscreen terminals and big screens are present in the store providing a more visual experience.

This new and revolutionary space is organised in five different segments, namely "Fun Cooking", "Living Room", "Office Zone", "Smart Life" and "Home". Apart from these five categories, the store has its "Worten Solutions" segment, the aim of which is to provide its customers with specialised help. The new store is part of a significant investment the company is making in Catalonia.



Zippy's new store concept

ZIPPY has introduced a new store concept based on the strategy of an increased customer friendly store, through the introduction of new technologies and interactive screens, and by the implementation of distinguished elements that improve the buying experience, making it enjoyable for both children and parents. The main goal is to invigorate the store environment with energy and life and to capture the imagination and creativity of children, whilst inspiring and facilitating the parent's needs.

Zippy's new store offers an interactive experience and differentiated elements like "pockets of fun" games to entertain children while parents enjoy their shopping experience. Children can look forward to a new adventure every time they visit ZIPPY. These adventures include passing through secret tunnels that only they are aware of or filling their own balloons with the help of a friendly monster. Additionally, when parents are finalising their purchase, children will also receive a special 'ticket' with funny activities and draws to colour in.

This store concept increases the level of interaction between Zippy brand and customers and incorporates innovative services for parents, such as personalised childcare support sessions, pregnancy workshops, shopping lists from birth, among others.



MO's new website

In 2015, MO launched its new online store and it is now linked to market trends and ready to be a more competitive brand. In 2015, the website registered more than 1 million visits and more than 11,000 transactions were made, most of them in cities in which MO does not have a strong physical presence, showing a clear signal that the brand recognition is increasing.

MO's website was completely revamped bearing in mind its usability and with the intention of giving more visibility to its portfolio of products. 2016 will be a year of growth and of adaptation to the new buyer trends and MO will focus on the optimisation of the website to mobile technology.

SPORT ZONE – A reference in Iberia

After developing and launching the new store concept (4G) in 2013 and the expansion of the test base to 5 stores in 2014, 2015 was the year to assess the performance of the change and to decide to go ahead or not with the roll-out phase. The results were very positive, both in the store performance and also from customer enquiries, and Sport Zone decided to accelerate the refurbishment of additional stores and also to introduce this new 4G concept to Spain, which will take place in early 2016.

Sport Zone is the market leader for sports retail in Portugal and aims to become a Sports Retail reference in the

Iberian market. As such, Sport Zone is concentrating most of its efforts to bring its differentiated store experience to even more customers in Portugal, as well as doing its utmost to increase its footprint in Spain through an ambitious expansion plan.



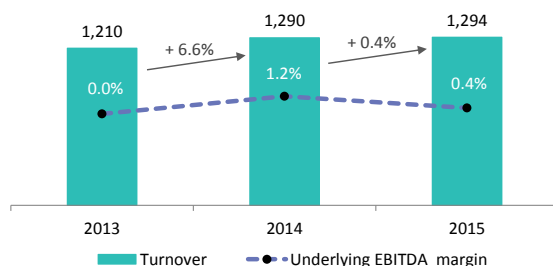
Sonae SR international expansion has been particularly evident through its new franchising models: Sonae SR has bolstered **MO's international presence by opening its first two stores in Saudi Arabia**. This expansion means the brand can now be found in four countries outside of Portugal and marks its entry into the Middle East, where Sonae was already present with its Zippy brand. MO has entered Saudi Arabia through a franchising agreement with the Fawaz Alhokair Group, which expects to open 20 MO stores in the region within the next five years. Miguel Mota Freitas (CEO | Sonae SR) commented: "MO's entry into Saudi Arabia is another important step on this path as it marks the beginning of expansion to a region where Zippy now holds a benchmark position and where we believe MO has the potential to flourish, benefiting from its quality products at attractive prices and an ability to adapt to the local market".

Sport Zone has arrived in France: another outstanding example of Sonae SR multinational dimension and drive towards international expansion.

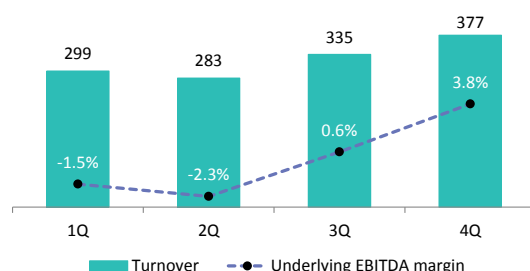
Sonae SR has also strengthened its international hold further through the establishment of an additional number of Zippy stores in various countries world-wide namely Georgia, Ecuador, Central America, Philippines, Mozambique and Tunisia.

This reinforces Sonae's growth strategy, promoting its brands by exploring competitive advantages and alternative growth paths through such channels as partnerships, franchising or exports.

Turnover and Underlying EBITDA – yearly performance



Turnover and Und. EBITDA – quarterly performance



Performance per geographic area

	2014	2015	y.o.y	4Q14	4Q15	y.o.y
Turnover (million €)	1,290	1,294	0.4%	376	377	0.2%
Portugal	930	917	-1.5%	278	278	0.2%
International	359	378	5.1%	99	99	0.2%
EBITDA (million €)	12	5	-55.1%	15	14	-5.4%
Portugal	48	37	-24.3%	24	22	-10.9%
International	-36	-31	13.9%	-9	-7	-20.0%
EBITDA margin (%)	0.9%	0.4%	-0.5 p.p.	4.0%	3.8%	-0.2 p.p.
Portugal	5.2%	4.0%	-1.2 p.p.	8.8%	7.8%	-1.0 p.p.
International	-10.1%	-8.3%	1.8 p.p.	-9.3%	-7.4%	1.9 p.p.
Lfl (%)	4.6%	-1.1%	-	-1.2%	-0.1%	-
Portugal	5.5%	-2.0%	-	-0.8%	0.3%	-
International	0.8%	2.4%	-	-3.3%	-1.7%	-

SR turnover reached €1,294 M in 2015, increasing 0.4% when compared to 2014, driven by the positive impact of the International unit, which has more than compensated for the Portuguese unit.

The International unit benefited from the performance of Worten and Sport Zone in Spain. With regard to SR Portuguese unit, turnover decreased by 1.5% in 2015, largely due to the sports and fashion division, mostly impacted by the weak Spring/Summer season in MO and Zippy and the unfavourable winter weather conditions, which affected the sector at large.

It is also worth noting, SR's sales per square metre continued improving, averaging 4.1% in 2015, particularly driven by the impact from Spanish units. New stores concepts and formats are contributing significantly to this evolution, sustaining a positive sales trend despite square metre reduction.

SR EBITDA stood at €5 M, corresponding to an **EBITDA margin** of 0.4%. This has benefited from improved results in the Spanish operations both at Worten and at Sport Zone, which ended 2015, registering an EBITDA breakeven (before central fees), notwithstanding the impact of the negative performance of Zippy and the consequent restructuring of this format in Spain. In Portugal, EBITDA decreased to €37 M, driven by lower top line performance, coupled with the adverse exchange-rate effects related to raw-materials and products purchased in dollars.

Some of the most significant milestones in 2015 were:

- **Worten** was able to improve EBITDA in Spain. Besides the improved macroeconomic conditions in the country, the operation is recovering due to the measures adopted over the last quarters, which include the optimisation of the store network and the expansion of a new store concept, supported by an omni-channel approach;
- **Zippy** continued to expand its international footprint under a capital light approach. In 2015, the company entered Ecuador, Cyprus, Kurdistan, Libya, Tunisia and the Philippines, ending 2015 with 50 stores spread across 22 countries;
- the acquisition of **Losan**, in November 2015, a company based in Spain with a strong international presence specialised in wholesale kids wear. This acquisition will allow SR to strengthen its wholesale and supply chain competencies.

Sonae RP, the retail real estate business area, was set up to actively manage Sonae's retail real estate properties, comprising of stores mainly operated under Sonae MC and Sonae SR businesses. **Sonae RP** has developed strong expertise in this market, and is already a recognised partner by major national and international investors. **Sonae RP's** activity focuses on asset management, namely identifying property development opportunities and planning to release invested capital, through a decrease in the level of freehold ownership of the retail sales area, mostly in the food business. Following the sale and leaseback transactions announced in 1Q16, Sonae MC and Sonae SR freehold levels decreased to 55% and 23% respectively.

RP Portfolio
as % of Gross Book Value

Category	Percentage
Continente	47%
Continente Modelo	30%
Continente Bom Dia	3%
Logistics & Offices	14%
Others	3%
Assets without income	3%

Net book value of the capital invested in MC, SR and IM real estate assets amounted, at the end of 2015, to €1.047 bn. **RP EBIT ROCE** stood at 12%.

Already in the 1Q16, RP completed the sale and leaseback transaction of 12 food retail assets located in Portugal amounting to €164 M with an estimated capital gain of €40 M. Additionally it was also announced the sale and leaseback transaction of 3 Worten stores in Spain, totalling 26.8 million euros.

Following these transactions, MC's freehold reached 55%, corresponding to a portfolio that includes 23 Continente stores, 65 Continente Modelo stores and 16 Continente Bom Dia stores, while SR's freehold decreased to 23%.

Sonae FS

Sonae FS is a new business segment that has been created to foster financial services. It includes the recently created “Universo” card, “Dá” card, Continente Money Transfer and Cross-Selling over store credit. Following the granting of a licence from *Banco de Portugal*, to operate as an electronic money and payment institution, Sonae FS created the “Universo” card in order to deliver payment services and issue credit cards. Sonae FS was designated as a Mastercard principal issuer, which allows us to issue our own brand of Mastercard cards. The structure for this new segment has been created, but its operational and financial reporting will only start in 2016.



Universo Card

First and foremost, the “Universo” Card is the natural evolution from existing loyalty cards of Sonae MC and Sonae SR formats. Adding value by merging all the benefits of loyalty cards into a single card that also has the dimension of a Mastercard credit card, with all the benefits

associated to this.

Sonae FS has set goals concerning all its strategic initiatives and it have raised the bar here so that it is:

- The preferred payment card, offering the maximum benefits at the best price in the market
- Widely used outside Sonae, becoming the card which is top-of-wallet card, especially for Sonae customers
- The preferred mode of payment in Sonae's stores and tendentially the only credit vehicle at the point of sale, assisting the sales of Sonae's brand
- Allows its users transparent access to all loyalty programmes in place in Sonae retail, with the brands maintaining the ability to know and explore their customer base autonomously

Card Dá

A pre-paid card accepted in a network of more than 1,000 stores both in Portugal and Spain.



Cross-selling over store credit

Cross-selling of credit insurance and personal loans to store credit customers.



Continente Money Transfer

A service for money transfers across the globe at our stores, at the customer's convenience.



Sonae IM

Sonae IM creates value for Sonae supporting the implementation of corporate and business strategies, maximising shareholder return on its portfolio of companies, actively supporting the planning and execution of mergers and acquisitions and strengthening the network of Sonae's business contacts with other companies, consultants and investment banks.

Currently Sonae IM's business portfolio includes **Bizdirect**, **Saphety**, **Wedo Technologies** and **S21sec** (Telecommunications Technology), **Movvo** (Retail Technology), **Maxmat** (DIY and building materials), **MDS** (insurance broker), **Tlantic** (retail software) and **Público** (Media).



WeDo Technologies is a worldwide leader in Enterprise Business Assurance, providing software and expert consultancy, to intelligently analyse large quantities of data from across an organisation helping to negate or minimise operational or business inefficiencies and allowing businesses to achieve significant return on investment via revenue protection and/or cost savings. WeDo Technologies works with some of the world's leading blue chip companies from the retail, energy, insurance and healthcare industries, as well as more than 180 telecommunications operators from more than 90 countries, through more than 500 highly-skilled professionals.



Saphety offers solutions that allow paper-free, simple and automated business processes between organisations. This is accomplished in a secure, reliable, efficient, and economic way in accordance with the legal framework in force. Saphety is a leading company in purchase-to-pay solutions, process optimisation, data and media synchronisation for GS1 MO's worldwide.



Bizdirect is a reference player in commercialising IT solutions, in corporate contract management and in the integration of Microsoft technology business solutions. With more than 500 active clients, Bizdirect exports services to 28 countries, and is renowned for the quality of its value-added IT solutions. The solutions proposed by Bizdirect include CRM, collaboration portals and Microsoft BizTalk, which is a solid application integration tool allowing data circulation and transfer between different systems.



S21sec – Keeping your data safe

S21sec offers an extensive range of products and services to ensure secure information systems within organisations. In broad terms, its emphasis is placed on R&D and its continuous improvement targets contribute to attaining a high and demanding level of quality for all of its services. All S21sec services encompass the entire security cycle, minimising risks as much as possible in information systems.



Movvo - Understanding shopper behaviour

Movvo is a real time information system that gathers information by capturing radio frequencies emitted by mobile devices. The solution developed by former researchers of the University of Porto in collaboration with Sonae Sierra is intended for retail in general, theme parks, airports, smart cities, transport operators and metropolitan authorities.



Tlantic – Software for retail

Established in 2004 in Brazil, Tlantic focuses on achieving higher levels of optimisation and improving the management efficiency of retail stores. Tlantic offers a comprehensive set of software solutions covering different dimensions of store management, such as the front of the store, where there is contact between store colleagues and customers, for logistics and for the management of human resources.

Tlantic's software collects information, crosses data and sends it to store colleagues so that they can improve not only the store operation but also the customer relationship. It's available on PDAs, smartphones and tablets.

Maxmat

Maxmat is a hard-discount company, the leader in DIY, construction, bath and garden market prices. MaxMat's business model is based on a wide product range offering an appropriate selection for different needs, from private to major projects of small and medium enterprises.



MDS is a partnership with the Suzano Group (Brazil) and is one of the world's most attractive modern brokerage groups. MDS focuses on serving clients with insurance products and services that excel in efficacy, convenience, and value.

Its dominant presence in Portugal and Brazil speaks of its lengthy tradition of improving the field of insurance in the Latin world. MDS Portugal is the largest broker in the nation, while the Brazilian branch ranks in the top 3 brokers in the country and employs four hundred professionals across twelve offices. MDS was one of the founders of the highly successful international brokerage network Brokerslink, which today is ranked among the largest independent insurance broker networks in the world. The leadership MDS demonstrates, as a part of Brokerslink, helps to forge important new partnerships, while our access to some of the world's most highly specialised insurance services means we are better able to serve our clients.



Público is the major daily newspaper in the country with a strong printed and digital presence and has celebrated in 2015 its 25th anniversary.

Público was awarded the European Newspaper of the Year in the category of nationwide newspapers by the European Newspapers Congress in 2014. In 2015, Público was awarded with 14 prizes of journalism, design, photography and infographic design, including a special mention in the category of best news site by the European Digital Media Awards, only behind The Guardian.

IM portfolio	
Technology	
WeDo Technologies	Bizdirect
Saphety	S21Sec
Movvo	
Partnerships	
MDS	Tlantic
Maxmat	Público

Turnover and underlying EBITDA						
Million euros	2014	2015	y.o.y.	4Q14	4Q15	y.o.y.
Turnover	252	249	-1.1%	66	62	-5.8%
Underlying EBITDA	19	16	-14.3%	8	7	-7.0%
Underlying EBITDA margin	7.5%	6.5%	-1.0 p.p.	11.6%	11.5%	-0.1 p.p.

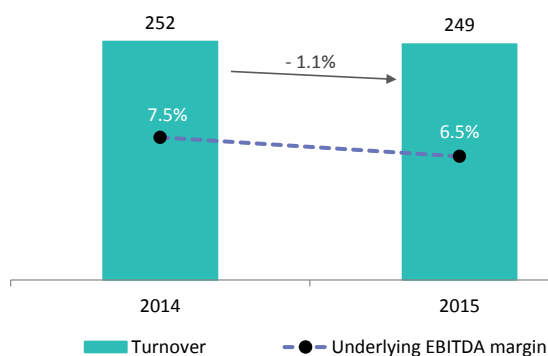
IM turnover reached €249 M, decreasing 1.1% when compared to 2014. **IM underlying EBITDA** amounted to €16 M, which translates into an **underlying EBITDA margin** of 6.5%.

Some of the most important milestones of IM in 2015 are:

- **WeDo Technologies:** during the year *Frost & Sullivan* proclaimed WeDo Technologies as the worldwide leader in the area of Financial Assurance (comprising of Revenue Assurance, Fraud Management and Margin Assurance) and *Analysys Mason* as the worldwide market leader in the Telecom Revenue Assurance and Fraud Management software space;

- **S21Sec:** continued to consolidate its presence in the cybersecurity market. The company was amongst the first companies in the world to identify Dridex (a banking malware) and to understand its sophisticated nature. This has become a key element in collaborating with Law Enforcement Agencies such as Europol, NCA, Guardia Civil and the FBI. Beyond the Law Enforcement

Turnover and Underlying EBITDA – yearly performance



community, S21sec has also been supporting the financial community;

- **Saphety**: recorded significant improvements in revenues and profitability in 2015, coupled with good commercial activity. International expansion continued to grow and international revenues represented more than 30% of total revenues in 2015;
- **Bizdirect**: increased the number of projects delivered and increased turnover by 8.7% in 2015;
- **Movvo**: continued its internationalisation efforts and reached important goals in the UK and Asia.

In relation to IM partnerships, MDS was able to increase EBITDA despite the unfavourable currency exchange effects and Maxmat increased both turnover and EBITDA in 2015. Tlantic turnover was below last year's, on the back of a challenging fourth quarter and the company's refocus is on the new product designed for small and medium-sized enterprises. Additionally, IM completed the sale of its 100% position in GeoStar to Springwater Tourism in October 2015.

Sonae Sierra

Sonae owns 50% of Sonae Sierra, an international property company, dedicated to serving the needs of retail real estate investors. **Sonae Sierra** invest in retail assets and provide services on investment, development, expansion and property management for clients in geographies as diverse as Europe, South America, North Africa and Asia.

Sonae Sierra delivered another stellar performance in 2015, pursuing several development projects in Colombia (Cucuta), Morocco (Shopping Centre Zenata), Romania (ParkLake in Bucharest) and Spain (Designer Outlet in Malaga), among others. Additionally, Sonae Sierra celebrated new shopping centre management contracts in several countries such as Germany, Italy, Romania, Spain and Turkey.



The environment always comes first

As a leading player in shopping centre development and management, Sonae Sierra adheres to the highest environmental standards and continuously focuses on environmental innovation.

Our efforts have received many honours and we are pleased to be the recipients of the Forbes Green Awards for our environmental strategy implementation in the project ParkLake and River Plaza Mall, Romania.

Operational indicators			
	2014	2015	y.o.y.
Footfall (million visitors)	440	433	-1.6%
Europe & New Markets	329	326	-0.8%
Brazil	111	107	-3.7%
Occupancy rate (%)	95.5%	95.2%	-0.3 p.p.
Europe	95.7%	96.1%	0.5 p.p.
Brazil	95.1%	92.6%	-2.5 p.p.
Like-for-Like (Lfl) tenant sales			
Europe	3.3%	3.1%	-
Brazil (local currency)	8.4%	2.8%	-
Tenant sales (million euros)	4,617	4,501	-2.5%
Europe (million euros)	3,119	3,182	2.0%
Brazil (million euros)	1,498	1,319	-11.9%
Brazil (million reais)	4,673	4,806	2.8%
Nº of shopping centres owned/co-owned (EOP)	46	45	-1
Europe	36	35	-1
Brazil	10	10	0
GLA under Management ('000 sqm)	2,307	2,273	-1.5%
Europe & New Markets	1,788	1,742	-2.6%
Brazil	519	531	2.3%

During 2015, **tenant sales** in Europe increased 2.0%, to €3,182 M, corresponding to an increase in **Lfl tenant sales** of 3.1% and reinforcing the positive performance delivered throughout 2015. The **tenant sales** in Brazil increased 2.8% in reais, decreasing 11.9% in euros, entirely due to the depreciation of the Brazilian Real.

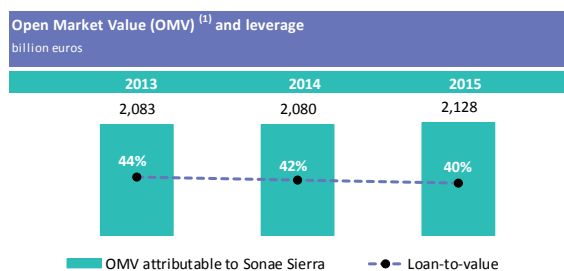
Occupancy rates stood at 95.2%, slightly below the level registered in 2014, completely driven by the operation in Brazil, a consequence of the current deceleration in private consumption, notwithstanding the positive performance of the more recent shopping malls.

Sierra's **turnover** reached €226 M, posting a neutral evolution when compared to 2014, despite the adverse exchange rate effect concerning the Brazilian Real against the Euro and the adverse effect of disposals. The **EBIT** stood at €105 M, less 1.0% y.o.y., corresponding to an **EBIT margin** of 46.6%.

Direct results amounted to €61 M, €8 M above 2014 and **indirect results** almost doubled, totalling €81 M and benefitting from the assets valuation which occurred in 2015. On average, the yields compression continued to benefit Sierra's indirect results, particularly in Iberia. **Net results** totalled €142 M, growing 47.1% y.o.y..

On 31st December 2015, the **Investment and Development Properties** attributable to **Sierra** reached €2,128 bn, €48 M above the 2014 year-end, driven by the investment in the pipeline of projects under development, as the increase in the valuations in Europe was totally off-set by the adverse exchange rate effect in the Brazilian portfolio and the disposals of Torre Colombo Ocidente and Zubiarte. Sierra currently has a significant number of projects under development, of which we would like to highlight the following: the shopping centre Parklake, in Romania, which has more than 93% of its GLA already let and/or committed and is scheduled to be inaugurated in 2016; the development of the shopping centre Zenata, in Morocco, and the Designer Outlet, in Spain, both scheduled to be inaugurated in 2017; and the first

Financial indicators						
Million euros	2014	2015	y.o.y.	4Q14	4Q15	y.o.y.
Turnover	226	226	0.0%	62	64	2.7%
EBIT	106	105	-1.0%	30	29	-2.9%
EBIT margin	47.0%	46.6%	-0.4 p.p.	47.7%	44.9%	-2.8 p.p.
Direct results	53	61	15.7%	17	19	11.8%
Indirect results	44	81	85.0%	20	28	42.2%
Net results	96	142	47.1%	37	47	28.3%
... attributable to Sonae	48	71	47.1%	18	23	28.3%



⁽¹⁾ Includes investment properties at open market value and development properties at cost.

investment in Colombia, through the acquisition of a site in Cucuta.

NAV (Net Asset Value) reached €1,180 bn at the end of 2015, €65 M above December 2014, impacted by the adverse exchange rate effect on the Brazilian assets, which partially off-set the strong net results of the period.

Loan-to-value reached 40% in 2015, compared to a value of 42% in 2014 and 44% in 2013.

NOS

NOS continues its track record of success. **NOS** is the most active and the fastest growing player in the market, continuously delivering an outstanding and solid performance at all levels. **NOS** is held by Sonaecom, which holds a co-controlling influence at the company, with a participation of 25% through Zopt. Additionally, Sonaecom also has a direct participation of 2.14% at **NOS**.

NOS is a telecommunications and entertainment group which offers a wide range of telecommunication services to all market segments (residential, personal, corporate and wholesale), with a leading position in Pay TV, Next Generation Broadband services and in cinema film exhibition and distribution in Portugal.

NOS has 4.12 million mobile phone customers, 1.54 million television customers, 1.6 fixed telephone and 1.145 million fixed broadband Internet customers. NOS offers the latest generation television, the fastest internet, unlimited telephone and mobile phone network, as well as a 4G network for mobile phones, covering 90% of the Portuguese population, and free internet at more than 700 thousand hotspots in Portugal and 14 million hotspots across the world. In addition, NOS operates more than 200 cinemas in Portugal.

NOS is listed on the main Portuguese stock exchange index (PSI-20), with capitalisation in excess of 3,732 million Euros. In 2015, NOS generated operating revenues of 1,440 million euros, EBITDA of 533.1 million euros, net profits of 82.7 million euros and EBITDA-CAPEX of 408.3 million euros.

Financial Indicators						
Million euros	2014	2015	y.o.y.	4Q14	4Q15	y.o.y.
Operating revenues	1,384	1,444	4.4%	354	376	6.4%
EBITDA	511	533	4.4%	114	123	8.6%
EBITDA margin	36.9%	36.9%	0.0 p.p.	32.1%	32.7%	0.7 p.p.
Net results	75	83	10.7%	12	9	-25.1%
Capex	374	408	9.0%	143	114	-20.2%
EBITDA - Capex	136	125	-8.2%	-29	10	-
Recurrent Capex	276	297	7.8%	83	80	-4.1%
EBITDA-Recurrent Capex	235	236	0.5%	30	44	43.4%

Operational Indicators						
('000)	2014	2015	y.o.y.	4Q14	4Q15	y.o.y.
Total RGUs (Net adds)	398	833	109.6%	165	187	12.8%
Convergent RGUs (Net adds)	1,641	1,000	-39.0%	366	189	-48.4%
Mobile (Net adds)	400	480	20.0%	107	98	-8.8%
Pay TV (Net adds)	-41	67	-	7	22	-
Total RGUs	7,611	8,444	10.9%	7,611	8,444	10.9%
Convergent RGUs	1,853	2,854	54.0%	1,853	2,854	54.0%
Convergent customers	385	591	53.6%	385	591	53.6%
ARPU/Unique subscriber with fixed access (euros)	38	42	10.8%	40	43	7.8%

NOS published its results on February 29th 2016, which are available at www.nos.pt.

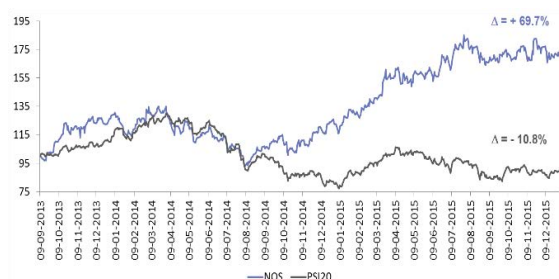
The **operating revenues** increased 4.4% y.o.y. to €1,444 M, in 2015. It should be noted that operating revenues increasing y.o.y. trend accelerated throughout the year, to 6.4% in the 4Q15, up from 2.0%, 3.2% and 5.8% y.o.y. in the 1Q15, the 2Q15 and the 3Q15 respectively.

EBITDA registered €533 M, improving 4.4% when compared to 2014 and benefiting from the 8.6% y.o.y. growth registered in the 4Q15.

CAPEX stood at €408 M in 2015, +9.0% y.o.y., on the back of higher telco growth related investment.

NOS reached, this year, a record RGU growth across all services. Total RGUs grew by 10.9%, to 8,444 M and convergent RGUs increased to 2,854 M, +54.0% y.o.y..

ARPU continued to grow, reaching 42.3 euros in 2015, increasing 10.8% when compared to 2014.



Following the merger between Optimus and Zon, and the subsequent creation of **NOS**, since September 9th 2013, the day when new shares issued were listed, to December 31st 2015, the company's market capitalisation has grown 70%, corresponding to a share price increase from €4.27 to €7.25.

The PSI20, the main Portuguese index, decreased its market capitalisation 11% in the same period.

Outlook for 2016

The changes implemented in the organisational structure, aimed at having more focused and agile teams, will continue to support the execution of our portfolio strategy throughout 2016.

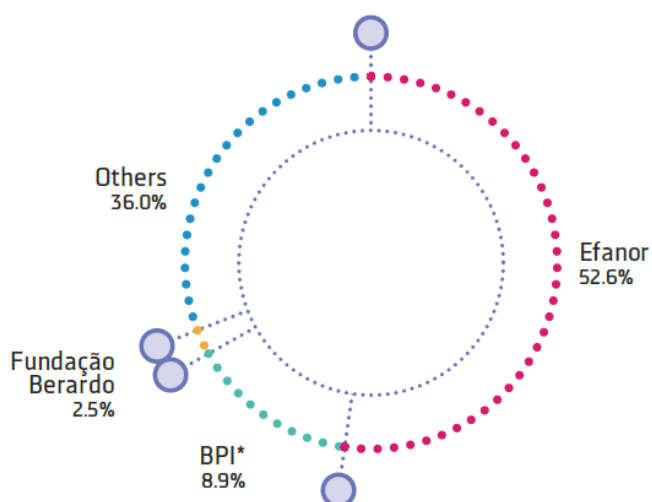
MC will be dedicated to defending its leadership position in the Portuguese market by reinforcing the winning attributes of its formats mostly in terms of price and range. MC believes that there are the necessary conditions to maintain the positive trend in sales evolution and to keep a comfortable level of profitability.

SR will continue its internationalisation efforts, following its strategic guidelines. In electronics, both in Portugal and in Spain, the company will pursue the omni-channel approach for well-located stores, which will help to drive the trends already witnessed throughout 2015. The sports and fashion division will continue to reinforce their competitive positions particularly with the renewed store concepts. The recent acquisition of Losan, besides improving the division's supply chain competencies, will have a positive contribution to the wholesale business.

Sierra will continue to follow the strategy of greater exposure to new development opportunities, asset valuation and provision of services to third parties. Moreover, it is expected to continue presenting a solid operating performance, an achievement that clearly reflects the quality of our assets, which is also expected to be reflected in further yield compression especially for the Iberian market.

At NOS, the results reached in 2015 are a strong indication that the company will continue to reinforce its competitive position in the Portuguese telecommunications market.

Information on shareholdings and share performance



* BPI stake includes Equity swap of circa 119 million shares (~6% of share capital).

Sonae shares are quoted on the Portuguese stock exchange, NYSE Euronext Lisbon, and are included in several indices, including the PSI-20, with a market cap weighting of 4.7%, as at the end of December 2015. The table below shows the key indicators of Sonae's share performance.

	2013	2014	2015
ISIN code	PTSON0AM0001		
BLOOMERG code	SON PL		
REUTERS code	SONP.IN		
Share capital	2,000,000,000	2,000,000,000	2,000,000,000
Prices			
Year close	1.049	1.024	1.048
Year high	1.110	1.419	1.500
Year low	0.664	0.942	1.024
Avg. trading volume per day (shares)	2,645,077	3,786,300	3,652,518
Average trading volume per day (€)	2,271,751	4,518,003	4,417,704
Market cap. as at 31 st Dec (M€)	2,098	2,048	2,096



Sonae's shares ended the year 2015 quoted at 1.048 euro, reflecting a nominal increase of 2.3% during the year, which compares with an increase of approximately 10.7% of the reference index of the Portuguese Stock Market – the PSI-20. The trading volume decreased slightly as Sonae's average in 2015 was approximately 3.7 million shares per day.

During 2015, regarding transactions with its own shares:

- Sonae acquired through the Euronext Lisbon Stock Exchange 118,820 own shares at an average price of 1.173 euros per share on January 28th 2015;
- Sonae sold 4,817,167 own shares to its subsidiaries at an average price of 1.278 euros per share; and sold 862,399 own shares to its Directors at an average price of 0.064 euros per share. Pursuant to the company's remuneration policy, this is equivalent to the amount of their contribution in the acquisition of shares, calculated considering a maximum of 5% of Sonae share price at the date of the attribution.

These transactions were aimed at fulfilling the obligations arising from the remuneration policy adopted by the company and its subsidiaries.

As of 31 December 2015, Sonae owned directly zero own shares and owned indirectly, through one of its subsidiaries, 137,859 own shares.

During 2015, the main announcements which had a possible impact on Sonae's share price, were as follows:

- 21.01.2015 - 2014 preliminary retail sales
- 11.03.2015 - 2014 annual results
- 07.05.2015 - 2015 first quarter results
- 11.05.2015 - Dividend payment for the year 2014
- 09.06.2015 - Sonae announced the completion of a bond issue
- 25.06.2015 - Sonae announced sale and leaseback operations
- 29.06.2015 - Sonae announced sale and leaseback operations
- 19.08.2015 - 2015 first semester results
- 27.10.2015 - Sonae announced affiliation agreement with the Spanish central purchasing body, IFA Group
- 28.10.2015 - Launching of Cartão Universo
- 05.11.2015 - 2015 first nine months results

19.11.2015 - Sonae announced the acquisition of Losan

29.12.2015 - Dividend payment for the year 2015

Distribution of free reserves in 2015

The Board of Directors proposed at the Shareholders' Extraordinary General Meeting held on December 16th 2015, the distribution of free reserves in the amount of €77 M. This proposal implied a gross dividend per share of 0.0385 euros, 5% above the dividend per share distributed in 2015 related to 2014 results.

This dividend corresponds to a dividend yield of 3.5%, based on the adjusted closing price as at December 31st 2015 (closing price + gross dividend per share), and to a payout ratio of 60.1% of the consolidated direct income attributable to equity holders of Sonae.

Subsequent events

On **January 12th 2016**, Sonae announced that MC launched Continente Negócios, an e-commerce platform completely dedicated to enterprise customers. This platform will offer more than 3,000 different products both from MC own brands as well as other supplier brands, including paper, stationery, equipment and technology, furniture or hygiene and cleanliness products.

On **February 1st 2016**, Sonae announced that RP made a sale and leaseback transaction of 12 food retail assets located in Portugal, with an estimated net book value of €114 M. The transaction amounted to €164 M.

On **March 1st 2016**, Sonae announced that RP made a sale and leaseback transaction of 3 Worten stores in Spain. This transaction totalled €27 M and was related to assets with an estimated net book value of €17 M.

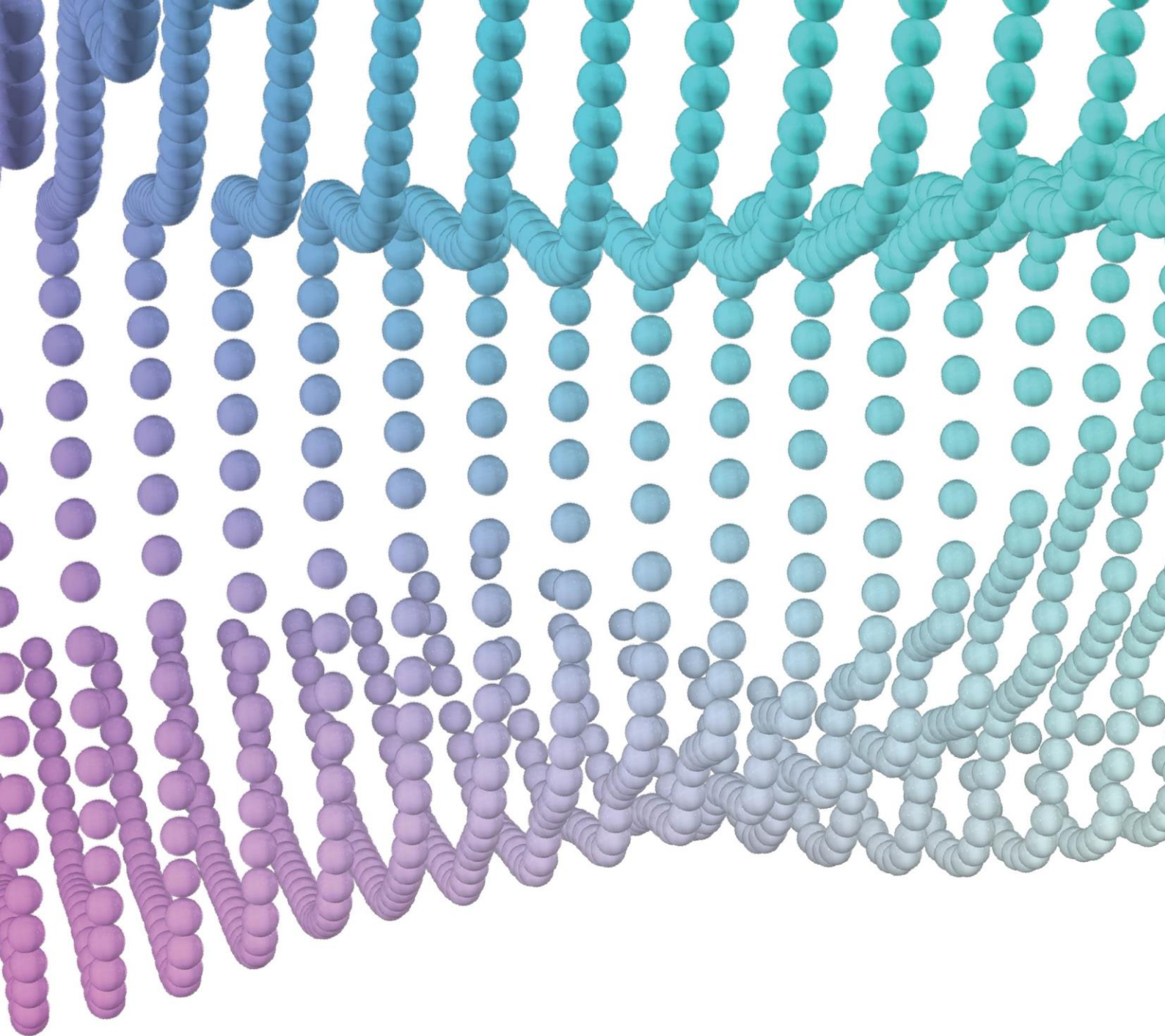
On **March 7th 2016**, Sierra announced the sale of 25% of its stake in the Sierra Portugal Fund, to Madison International Realty. Following this transaction, Sierra retains a 22.5% stake in the Fund and will continue to manage both the Fund and the individual assets within it.

Individual net income of Sonae, SGPS, SA

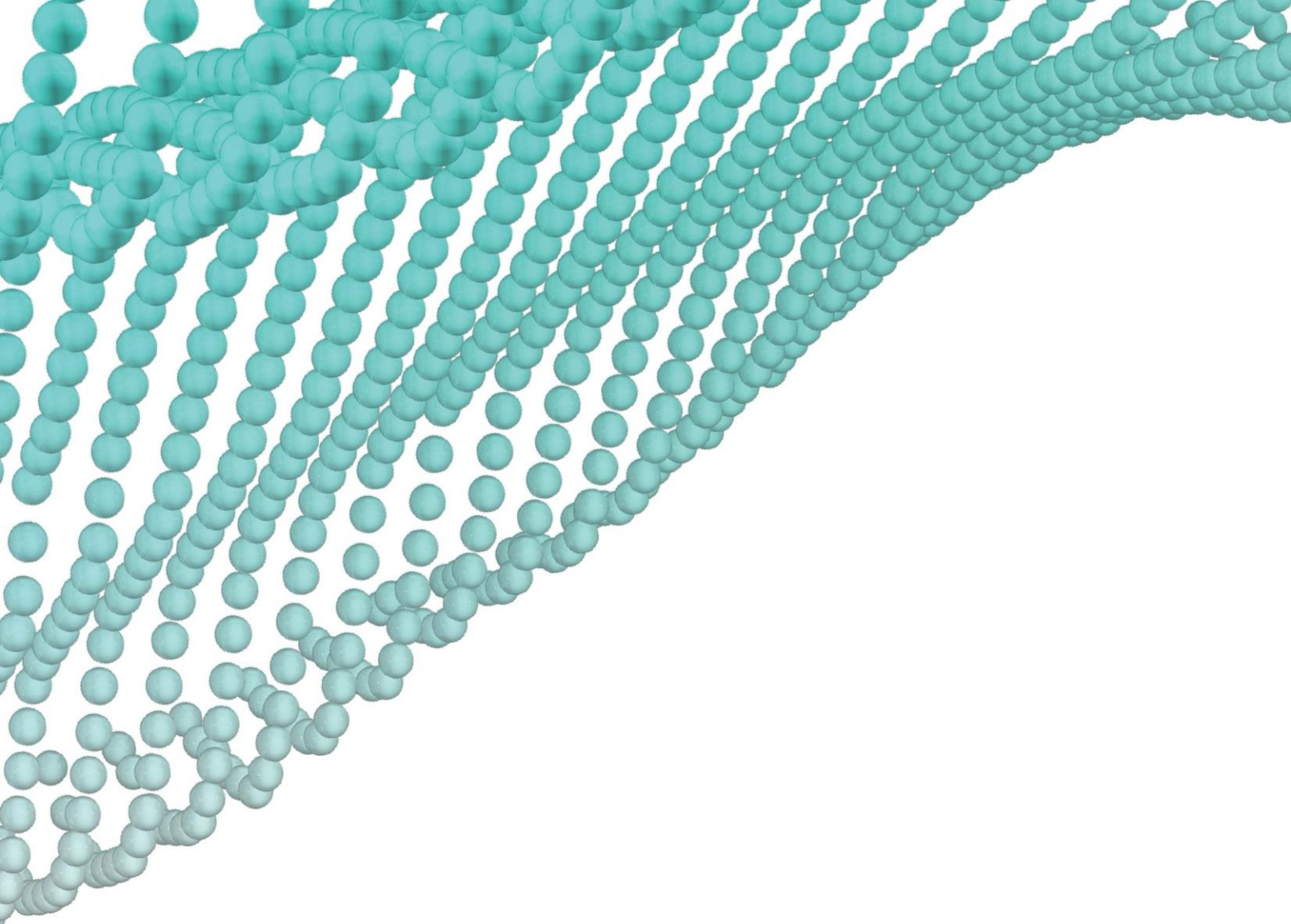
Sonae, SGPS, SA operations, on a stand-alone basis, are essentially associated with the management of the share-holdings in its subsidiaries. In 2015, the individual net income of Sonae, SGPS, SA stood at negative 279,672,409.71 Euros.

Proposed allocation of the 2015 net income and dividend distribution

Under the terms of the law and the Articles of Association, the Board of Directors proposes to the Shareholders' General Meeting that the 2015 results, negative in the amount of 279,672,409.71 euros, be transferred to retained earnings. Considering the existence of free reserves in an amount sufficient to cover the negative retained earnings, it is additionally proposed that free reserves in the amount of 279,672,409.71 euros be used to cover such negative retained earnings.



.....● CLOSING REMARKS
AND GLOSSARY





Closing remarks and acknowledgements

The Board of Directors would like to thank the Statutory Audit Board and the Statutory External Auditor for their valuable advice and assistance during 2015. The Board would also like to express its gratitude to suppliers, banks and other business associates of Sonae for their continuing involvement and for the confidence that they have shown in the organisation.

The Board of Directors also expresses its gratitude to all employees for their effort and dedication throughout the year.

Maia, March 15th 2016

The Board of Directors

Duarte Paulo Teixeira de Azevedo, Executive Chairman

Ângelo Gabriel Ribeirinho dos Santos Paupério, Executive Director

Andrew Eustace Clavering Campbell, Non-Executive Director

Christine Cross, Non-Executive Director

Dag Johan Skattum, Non-Executive Director

José Manuel Neves Adelino, Non-Executive Director

Marcelo Faria de Lima, Non-Executive Director

Margaret Lorraine Trainer, Non-Executive Director

Tsega Gebreyes, Non-Executive Director

Glossary

CAPEX	Investments in tangible and intangible assets and investments in acquisitions.
Direct result	Results excluding contributions to indirect results.
(Direct) EBIT	Direct EBT - financial results.
EBITDA	Underlying EBITDA + equity method results (Sonae Sierra direct results and ZOPT net income) + non-recurrent items.
EBITDA margin	EBITDA / Turnover.
(Direct) EBT	Direct results before non-controlling interests and taxes.
E&A (Eliminations & adjustments)	Intra-groups + consolidation adjustments + contributions from other companies not included in the identified segments.
EoP	End of period.
Free Cash Flow (FCF)	EBITDA - CAPEX - change in working capital - financial results - income taxes.
Financial net debt	Total net debt excluding shareholders' loans.
FMCG	Fast-Moving Consumer Goods.
Gearing (book value)	The average of the last four quarters considering, for each quarter, total net debt (EoP) / total shareholders' funds (EoP).
Gearing (market value)	The average of the last four quarters considering, for each quarter, total net debt (EoP) / equity value considering the closing price of Sonae shares at the last day of each quarter.
GLAs	Gross Lettable Area: equivalent to the total area available to be rented in the shopping centres.

Indirect result

Includes Sonae Sierra's results, net of taxes, arising from: (i) investment property valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses of non-current assets (including goodwill) and (iv) provision for assets at risk. Additionally and concerning Sonae's portfolio, it incorporates: (i) impairments in retail real estate properties; (ii) reductions in goodwill; (iii) provisions (net of taxes) for possible future liabilities and impairments related with non-core financial investments, businesses, assets that were discontinued (or in a process of being discontinued/repositioned); (iv) results from mark to market methodology of other current investments that will be sold or exchanged in the near future; and (v) other non-relevant issues.

Investment properties

Shopping centres in operation owned and co-owned by Sonae Sierra.

Liquidity

Cash & equivalents + current investments, excluding the 2.14% participation at NOS.

Like for Like sales (LfL)

Sales made by stores that operated in both periods under the same conditions. Excludes stores opened, closed or which suffered major upgrade works in one of the periods.

Loan to value (LTV) - Holding

Holding Net debt / Investment portfolio gross asset value; gross asset value based on market multiples, real estate NAV and market capitalisation for listed companies.

Loan to value (LTV) - Shopping Centres

Net debt / (investment properties + properties under development).

LTM

Last twelve months.

Net asset value (NAV)

Open market value attributable to Sonae Sierra - net debt - minorities + deferred tax liabilities.

Net debt

Bonds + bank loans + other loans + financial leases + shareholder loans - cash, bank deposits, current investments, excluding the 2.14% participation at NOS, and other long-term financial applications.

Net invested capital

Total net debt + total shareholders' funds.

Other income

Dividends.

Other loans

Bonds, leasing and derivatives.

Open market value (OMV)

Fair value of properties in operation and under development (100%), provided by independent international entities.

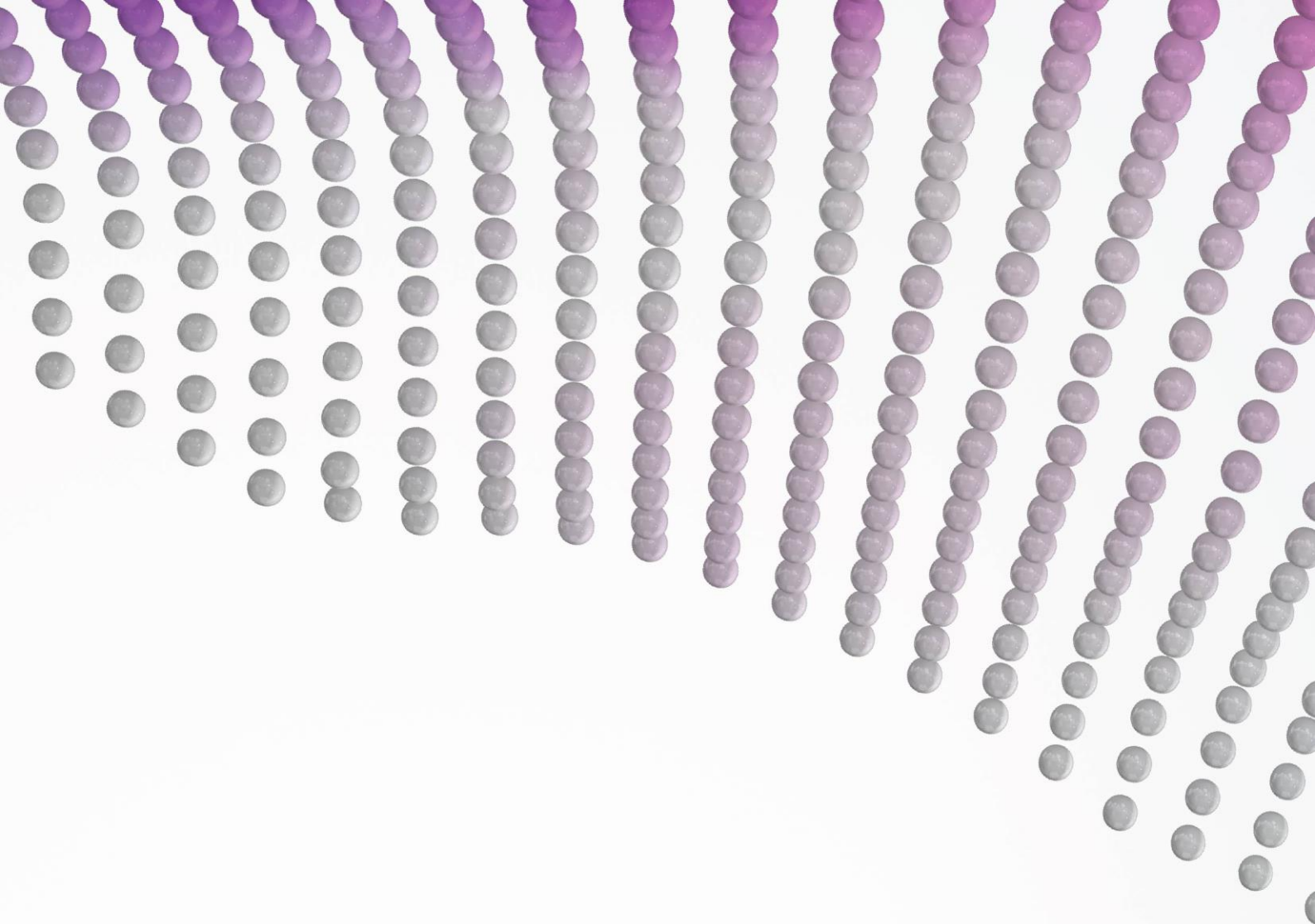
Return on invested capital (RoIC) EBIT (LTM) / net invested capital.

Return on equity (ROE) Total net income n (equity holders) / shareholders' funds n-1 (equity holders).

RGU Revenue generating unit.

Technical investment Tangible assets + intangible assets + other fixed assets - depreciations and amortisations.

Underlying EBITDA Recurrent EBITDA from the businesses consolidated using the full consolidation method



.....● APPENDIX





Statement under the terms of Article 245 Paragraph 1, c) of the Portuguese Securities Code

The signatories individually declare that, to their knowledge, the Management Report, the Consolidated and Individual Financial Statements and other accounting documents required by law or regulation were prepared meeting the standards of the applicable International Financial Reporting Standards, giving a truthful (fairly) and appropriate image, in all material respects, of the assets and liabilities, financial position and the consolidated and individual results of the issuer and that the Management Report faithfully describes the business evolution and position of the issuer and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face.

Maia, 15th March 2016

The Board of Directors

Duarte Paulo Teixeira de Azevedo, Executive Chairman

Ângelo Gabriel Ribeirinho dos Santos Paupério, Executive Director

Andrew Eustace Clavering Campbell, Non-Executive Director

Christine Cross, Non-Executive Director

Dag Johan Skattum, Non-Executive Director

José Manuel Neves Adelino, Non-Executive Director

Marcelo Faria de Lima, Non-Executive Director

Margaret Lorraine Trainer, Non-Executive Director

Tsega Gebreyes, Non-Executive Director

Article 447 of the Portuguese Companies Act and Article 14, paragraph 7, of the Portuguese Securities Commission (CMVM) Regulation nr. 05/2008

Disclosure of the number of held shares and other securities issued by the Company and of the transactions executed over such securities, during the financial year in analysis, by the members the statutory managing and auditing bodies and by people discharging managerial responsibilities ("dirigentes"), as well as by people closely connected with them pursuant to article 248 B of the Portuguese Securities Code:

		Additions		Reductions		Position at 31.12.2015	Balance as of 31.12.2015
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €		Quantity
Duarte Paulo Teixeira de Azevedo (*) (**) (***)							
Efanor Investimentos, SGPS, SA (1)						Minority	
Migracom, SA (4)						Dominant	
Sonae - SGPS, SA (3)							0
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	19/05/2015	862,399	0.064				
Sale	17/12/2015			1,000,000	1.071		
Sale	28/12/2015			790,053	1.060		
Closely connected person							530 (a)
Ângelo Gabriel Ribeirinho dos Santos Paupério (*)							
Sonae - SGPS, SA (3)							0
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	18/05/2015	751,429	0.064				
Sale	23/12/2015			1,521,855	1.077		
Enxomil - SGPS, SA (10)						Dominant	
Continente Bonds - 7% -2015							0 (b)
Reimbursement at maturity	25/07/2015			150,000	1.000		
Belmiro Mendes de Azevedo (**)							
Efanor Investimentos, SGPS, SA (1)						Dominant	
Continente Bonds - 7% -2015							0
Sale	09/01/2015			300,000	1.025		
Reimbursement at maturity	25/07/2015			576,990	1.000		
Maria Margarida Carvalhais Teixeira de Azevedo (**)							
Efanor Investimentos, SGPS, SA (1)						Minoritary	
Sonae - SGPS, SA (3)							14,901
Maria Cláudia Teixeira de Azevedo (**) (***)							
Efanor Investimentos, SGPS, SA (1)						Minoritary	
Sonae - SGPS, SA (3)							204,678
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	18/05/2015	195,183	0.064				
Sale	18/05/2015			195,000	1.260		
Sale	19/05/2015			183	1.260		
Linhacom, SGPS, SA (6)						Dominant	

		Additions		Reductions		Position at 31.12.2015	Balance as of 31.12.2015
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €		Quantity
(1) Efanor Investimentos, SGPS, SA							
Sonae - SGPS, SA (3)						Dominant	200,100,000
Pareuro, BV (2)							
(2) Pareuro, BV							
Sonae - SGPS, SA (3)							849,533,095
(3) Sonae - SGPS, SA							
Sonae - SGPS, SA (treasury shares)							0
Purchase	30/01/2015	118,820	1.173				
Sale	08/05/2015			112,270	1.262		
Sale	15/05/2015			4,704,897	1.278		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	19/05/2015			862,399	0.064		
Sonae Investments, BV (7)						Dominant	
Sontel, BV (8)						Dominant	
Sonaecom, SGPS, SA (9)						Dominant	
(4) Migracom, SA							
Sonae - SGPS, SA (3)							2,464,337
Sale	19/05/2015			247,362	1.264		
Sale	20/05/2015			300,037	1.254		
Sale	21/05/2015			315,000	1.251		
Purchase	17/12/2015	1,000,000	1.071				
Purchase	28/12/2015	790,053	1.060				
Imparfin - Investimentos e Participações Financeiras, SA (5)						Minority	
(5) Imparfin - Investimentos e Participações Financeiras, SA							
Sonae - SGPS, SA (3)							4,105,280
Continente Bonds - 7% -2015							0
Reimbursement at maturity	25/07/2015			100,000	1.000		
(6) Linhacom, SGPS, SA							
Sonae - SGPS, SA (3)							439,314
Imparfin - Investimentos e Participações Financeiras, SA (5)						Minority	
(7) Sonae Investments BV							
Sontel BV (8)						Dominant	
(8) Sontel BV							
Sonaecom, SGPS, SA (9)						Dominant	
(9) Sonaecom SGPS, SA							
Sonae - SGPS, SA (treasury shares)							137,859
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	20/03/2015			323,039	1.395		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	18/05/2015			946,612	1.278		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	18/05/2015			837,438	1.277		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	22/07/2015			5,007	1.284		
(10) Enxomil - SGPS, SA							
Sonae - SGPS, SA (3)							2,021,855
Purchase	23/12/2015	1,521,855	1.077				0
Continente Bonds - 7% -2015							
Reimbursement at maturity	25/07/2015			400,000	1.000		

(*) Member of the Board of Directors of Sonae - SGPS, SA

(**) Member of the Board of Directors of Efanor Investimentos SGPS, SA (directly and indirectly dominant company) (1)

(***) Member of the Board of Directors of Imparfin - Investimentos e Participações Financeiras, SA (5)

(a) article 248 S119B, paragraph 4), subparagraph b), of the Portuguese Securities Code - family member who resides with the person discharging managerial responsibilities for more than a year

(b) held by spouse

Qualified holdings

Shares held and voting rights attributable to shareholders owning 2% or more of the share capital of the Sonae - SGPS, SA, calculated according to article 20 of the Portuguese Securities Code, as required by article 8, paragraph 1, subparagraph b), of the Portuguese Securities Market Commission (CMVM) Regulation nr. 05/2008:

Shareholder	Nr. of shares	% Share capital and voting rights*	% of exercisable voting rights**
Efanor Investimentos, SGPS, SA (I)			
Directly	200,100,000	10.0050%	10.0057%
By Pareuro, BV (controlled by Efanor Investimentos, SGPS, SA)	849,533,095	42.4767%	42.4796%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor Investimentos, SGPS, SA)	14,901	0.0007%	0.0007%
By Maria Cláudia Teixeira de Azevedo (Director of Efanor Investimentos, SGPS, SA)	204,678	0.0102%	0.0102%
By Migracom, SA (company controlled by Efanor Investimentos, SGPS, SA's Director Duarte Paulo Teixeira de Azevedo)	2,464,337	0.1232%	0.1232%
By Linhacom, SGPS, SA (company controlled by Efanor Investimentos, SGPS, SA's Director Maria Cláudia Teixeira de Azevedo)	439,314	0.0220%	0.0220%
Total attributable to Efanor Investimentos, SGPS, SA	1,052,756,325	52.6377%	52.6415%
Banco BPI, SA			
Banco Português de Investimento, SA	132,851,868	6.6426%	6.6431%
Fundos de Pensões do Banco BPI	365,199	0.0183%	0.0183%
BPI Vida - Companhia de Seguros de Vida, SA	40,071,372	2.0036%	2.0037%
	4,751,416	0.2376%	0.2376%
Total attributable to Banco BPI, SA (II)	178,039,855	8.9020%	8.9026%
Fundação Berardo, Instituição Particular de Solidariedade Social			
	49,849,514	2.4925%	2.4926%
Total attributable to Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.4925%	2.4926%

Source: communications received by the Company regarding qualified shareholdings up to 31st December 2015

* Voting rights calculated based on the Company's share capital with voting rights, as per subparagraph b) of paragraph 3 of article 16 of the Portuguese Securities Code

**Voting rights calculated based on the Company's share capital with voting rights that are not subject to suspension of exercise

(I) Belmiro Mendes de Azevedo is, according to subparagraph b) of paragraph 1 of article 20 and paragraph 1 of article 21, both of the Portuguese Securities Code, the "ultimate beneficial owner", as he is the controlling shareholder of Efanor Investimentos, SGPS, SA and the latter wholly owns Pareuro BV

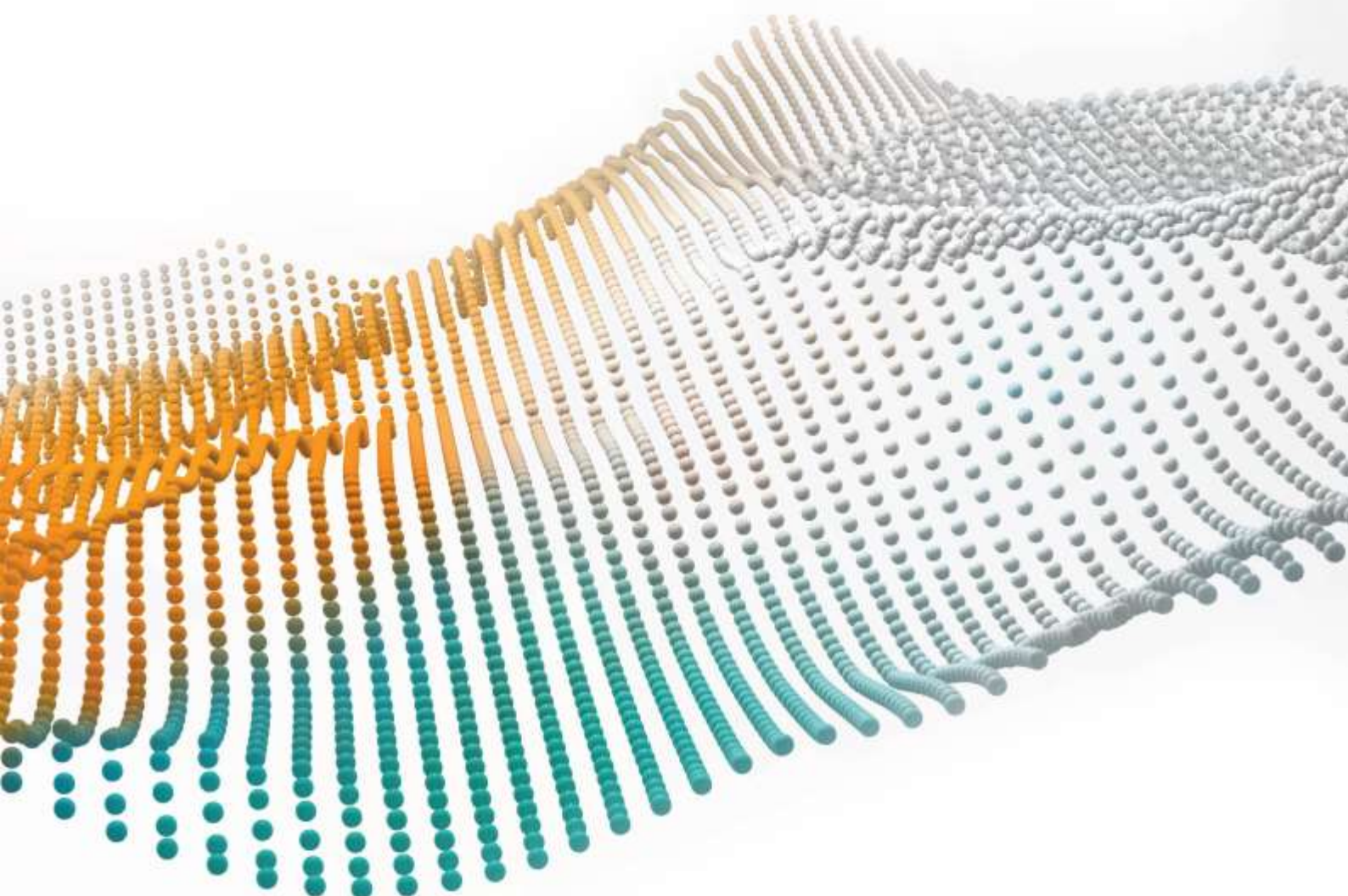
(II) total number of voting rights attributed to Banco BPI, SA as per article 20 of the Portuguese Securities Code



Article 448 of the Portuguese Companies Act

Number of shares held by shareholders owning more than 10%, 33% and 50% of the Sonae - SGPS, SA share capital:

		Number of shares held as of 31.December.2015
Efanor Investimentos, SGPS, SA		
Sonae - SGPS, SA		200,100,000
Pareuro, BV		Dominated
Pareuro, BV		
Sonae - SGPS, SA		849,533,095



SONAE FINANCIAL REPORT '15
SUSTAINABILITY
REPORT



IMPROVING LIFE

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Our Report

At Sonae, we continually invest in the promotion of sustainable development, focusing on an integrated vision concerning the three axes of sustainability – Environmental, Economic and Social.

The aim of the Sustainability Report is to disclose our economic, social and environmental performance to all of Sonae's stakeholders during the year 2015. This information is presented according to the G4 Guidelines from the Global Reporting Initiative (GRI) for the Core Level. The scope of the report includes all of Sonae's different business areas, particularly focusing on the Retail Sector (Sonae MC and Sonae SR).

2015 represents the closure of the cycle of our Sustainability Strategy for the period 2013-2015, entitled Our Way to a Sustainable Life. Thus, we hope that this report reflects the results achieved following the dedication and effort given to the fulfilment of these commitments.

This Report is divided into four main sections:

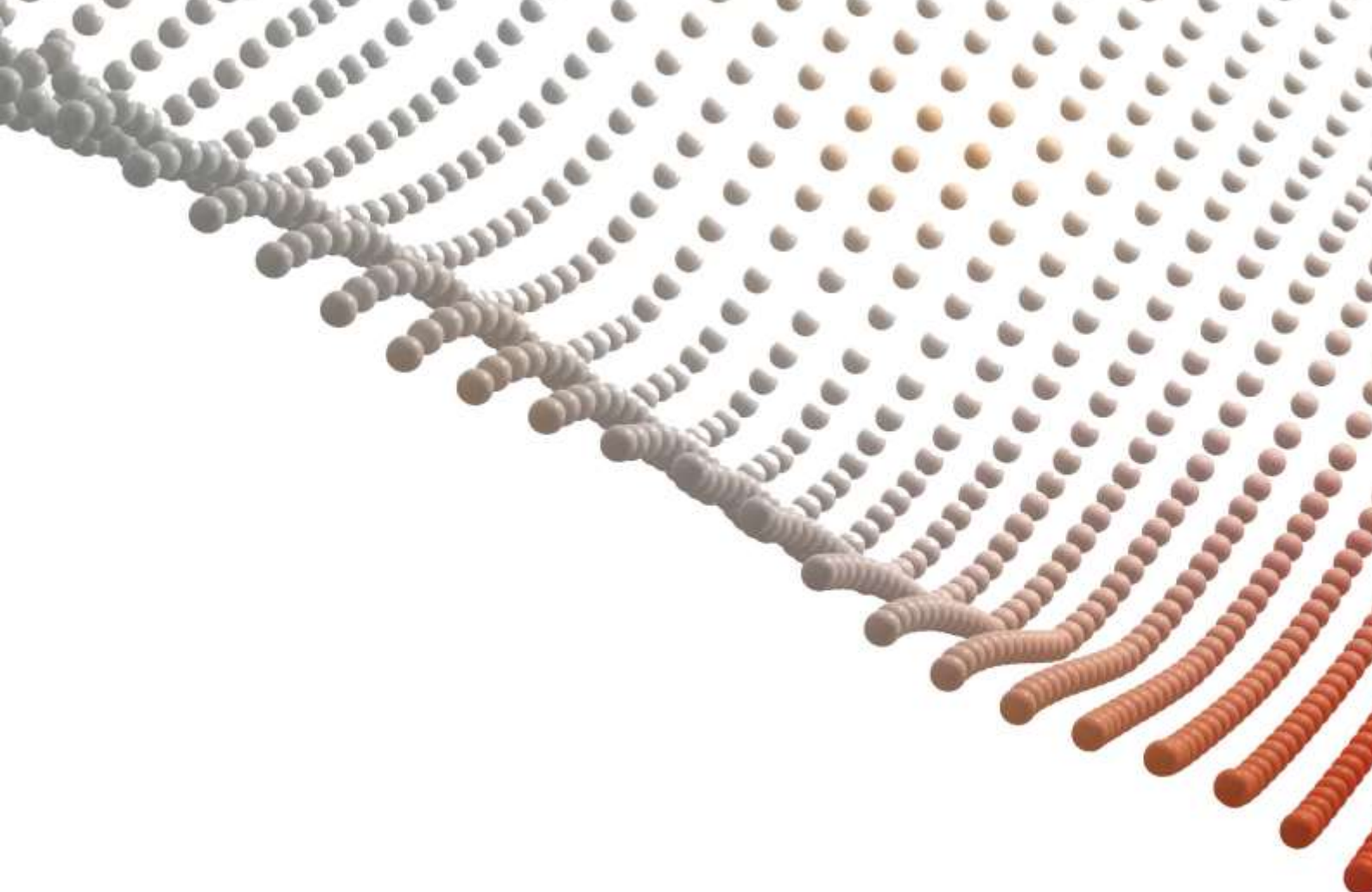
- 1. Sustainability at Sonae** – includes a description of the company, corporate strategy, commitments, sustainability management and awards and external recognition received;
- 2. Sustainability in Retail** — presents the main trends of the retail industry, the way in which we manage the supply chain, the innovation initiatives developed, the Sustainability Strategy, presentation of the main results achieved at the end of the three year period 2013-2015 and details of the three axes of our sustainability strategy – Better Purpose, Better Planet and Better People;
- 3. Sustainability in Sonae Sierra** – explanation of Sonae Sierra's activity, including a description of the strategy and performance of each strategic axis. Sonae Sierra has an independent and comprehensive Sustainability Report, available on the Sustainability menu of its website – www.sonaesierra.com;
- 4. Appendices** – Adherence to Principles, Associations and Partnerships with Organisations and a *link* to access detailed information regarding the GRI indicators.

The information reported here can be complemented by consulting the 2015 Table of GRI Indicators, the 2015 Management Report and the 2015 Corporate Governance Report, available at www.sonae.pt.

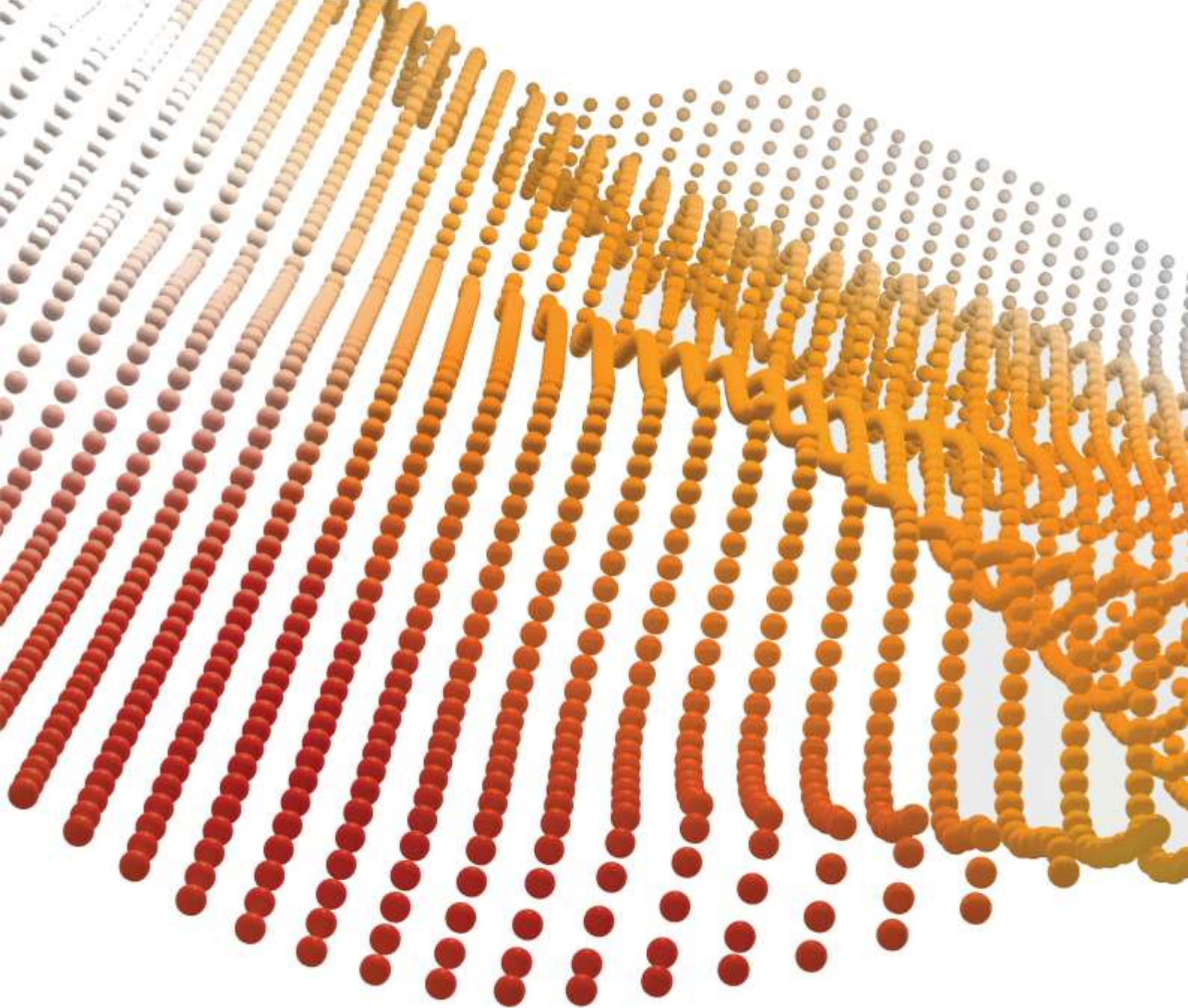
Should you require any clarification regarding the information published in this report or about Sustainability at Sonae please contact:

Catarina Oliveira Fernandes | *Head of Communications, Brand and Corporate Responsibility*

E-mail: catarina.fernandes@sonae.pt | Tel.: +351 22 0104000



.....● SUSTAINABILITY AT SONAE





1. Sustainability at Sonae

Message from the Executive Committee

2015 marks the closure of our Sustainability Strategy cycle. Under the theme “Our Way to a Sustainable Life”, with the ultimate goal of creating value for both the company and society in the short, medium and long-term.

During this period, we were able to create the necessary conditions for the prosperous and sustainable growth of all our stakeholders, supported by initiatives that aimed at strengthening our commitment towards the preservation of the environment, the development of our colleagues, the creation and sharing of knowledge, the promotion of innovation, and of course, the involvement of the community.

The ambition that drives us and makes us unwilling to settle for anything but the best, preventing us from stagnating on past successes, has led us, at the end of 2015, to join the list as one of the first subscribers to the "Paris Pledge for Action", an initiative under the Paris Climate Conference (COP21). As signatories, we commit to supporting this initiative, aiming to ensure that the level of ambition set will be reached or even exceeded, which undoubtedly will represent a new stimulus to our business activity in the coming years.

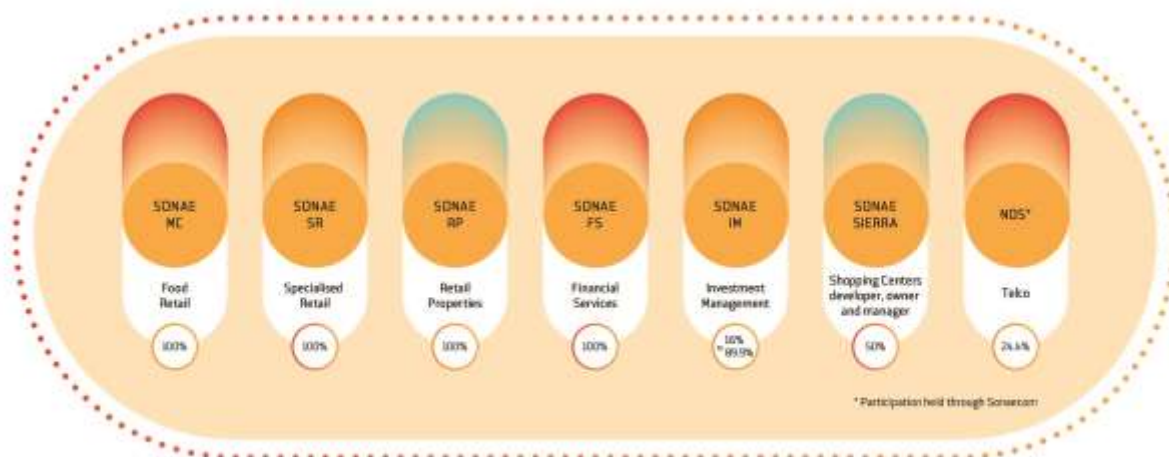
As such, the challenges inherent to this commitment will certainly be a central theme in our Sustainability Roadmap for the next three years and will be a unique opportunity to demonstrate our capacity to always overcome targets that test the limits and stimulate the vitality of our business.

We believe that, after a first cycle in which we built solid and structured foundations for the sustainable development of Sonae, we are now better prepared to take on new and more difficult challenges, but at the same time more exciting, which will allow us to renew our commitment to improve the everyday life of our stakeholders and the communities where we operate.

Paulo Azevedo, Chairman and Co-CEO

Ângelo Paupério, Co-CEO

1) Organisation





OUR MISSION

To create long-term economic and social value, taking the benefits of progress and innovation to an ever growing number of people.

CORPORATE STRATEGIC PILLARS

- International Expansion
- Diversifying our Investment Style
- Leverage and Reinforce our Exceptional Asset Base in Portugal

40,738
EMPLOYEES

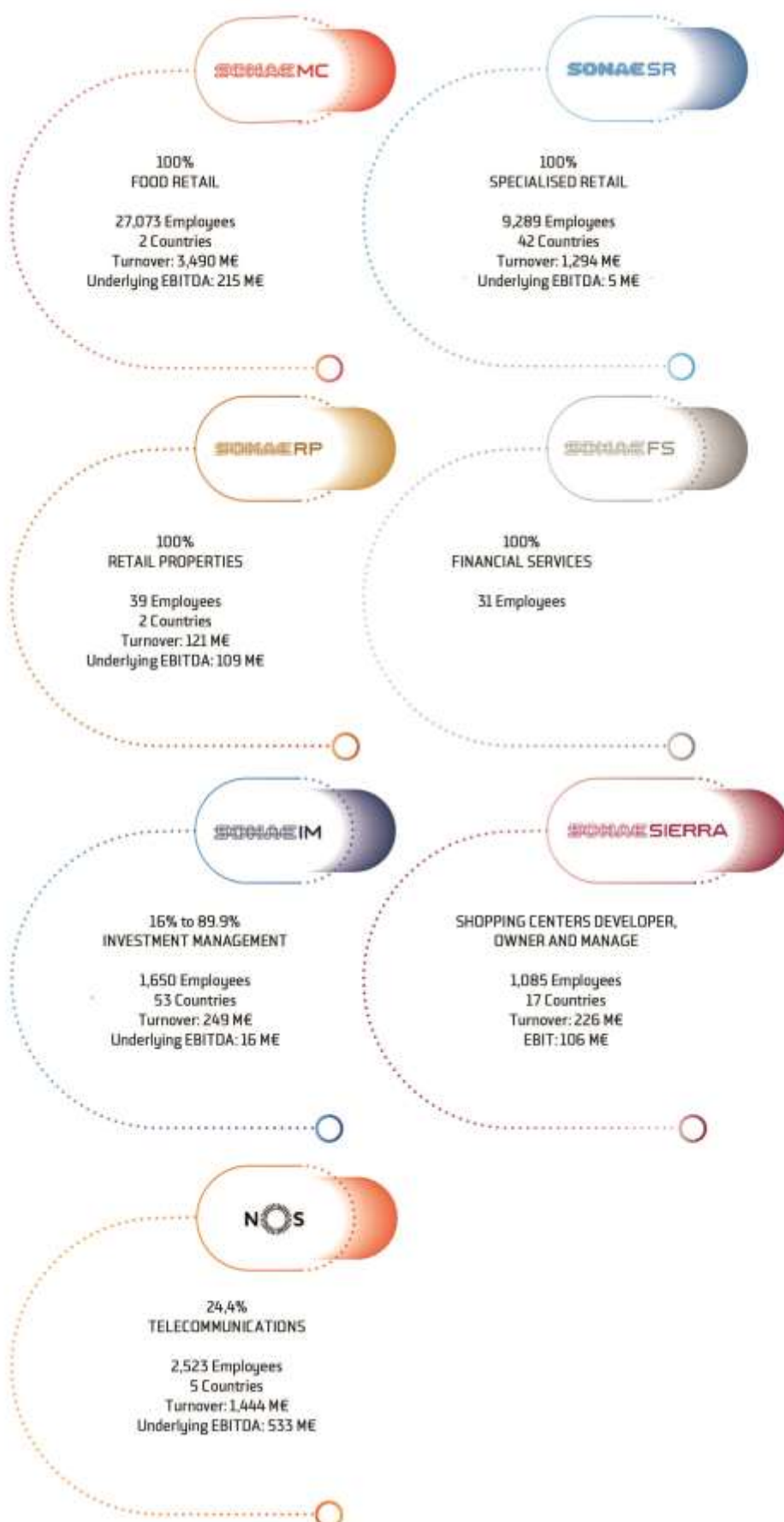
72
COUNTRIES*

* excluding Wholesale operations

5,014M€
TURNOVER

393M€
EBITDA

1,293M€
NET DEBT





At the end of 2015, we were active in 72 countries.

Worldwide Presence



* Including operations, services to third parties, representative offices, franchising agreements and partnerships

2) Corporate Strategy

Grounded in a culture of innovation and the creation of shared value, we are committed to fulfilling our mission, remaining true to our values as we pave the path to achieve the strategic and growth goals that we have defined at a corporate level.

Our corporate strategy is focused on three key pillars to support our activity: internationalise, diversify our investment style and leverage our exceptional asset base in Portugal. The focus on these three pillars, allows us to maximise our capacity for growth and value creation through our financial and human resources.

International expansion

The internationalisation of the different business areas represents one of the main strategic priorities for the future. The focus on the allocation of resources within this goal aims to further increase the Group's presence abroad and the internationalisation of activities, acting as Soane's main engine of growth.

Diversifying our investment style

By adopting the most appropriate investment style for each business, whether it ranges from full ownership, majority or minority interests, with or without special rights, it is crucial to leverage Soane's resources and maximise the effectiveness of the implementation strategy.

Thus, it may be strategically advantageous to be involved in the capital of companies which we do not control, in situations where we do not possess the necessary resources or in cases when the input of third parties is valued as a factor for the creation of greater economic value.

Leverage the exceptional assets base in Portugal

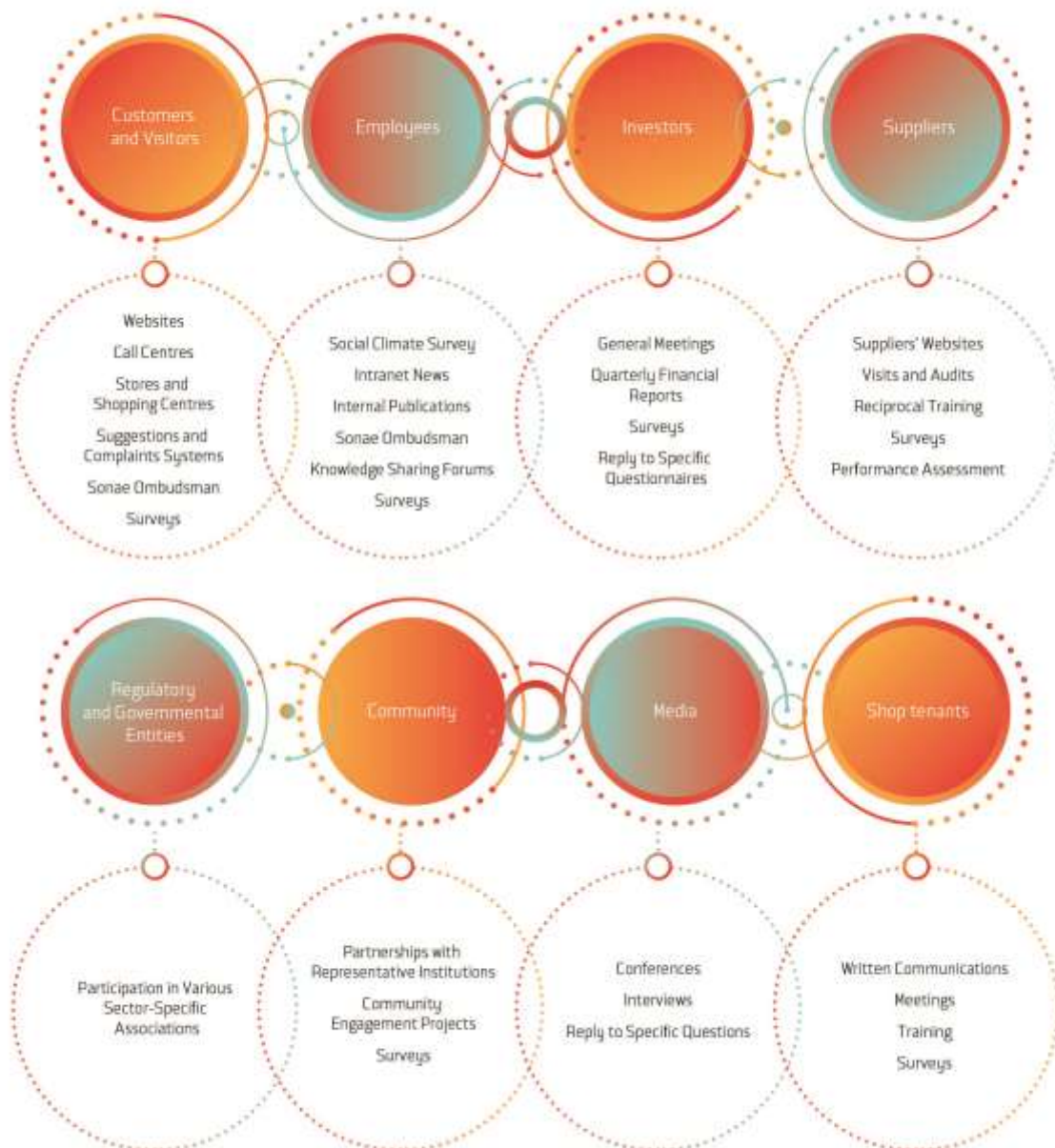
The ongoing exploration and development of new business opportunities, supported by our exceptional asset base held in Portugal, enables the strengthening of future growth and development options. A significant portion of the capital is then distributed between new projects, according to their capacity to generate growth and economic value.

3) Our Commitments

3.1 Our Stakeholders

Cooperating and closely interacting with each one of our stakeholders is part of the day-to-day life through Sonae. For this purpose, we have created and maintain a diversified base of specific communication channels for each group of stakeholders, which allows us to answer and address their concerns and expectations, in the best possible way.

Communication with Stakeholders



3.2 Our People

Promote a culture designed to attract the best talent, continuously develop the skills of our people and teams, recognise and reward their performance, these are the axes that guide the integrated talent management that we advocate.

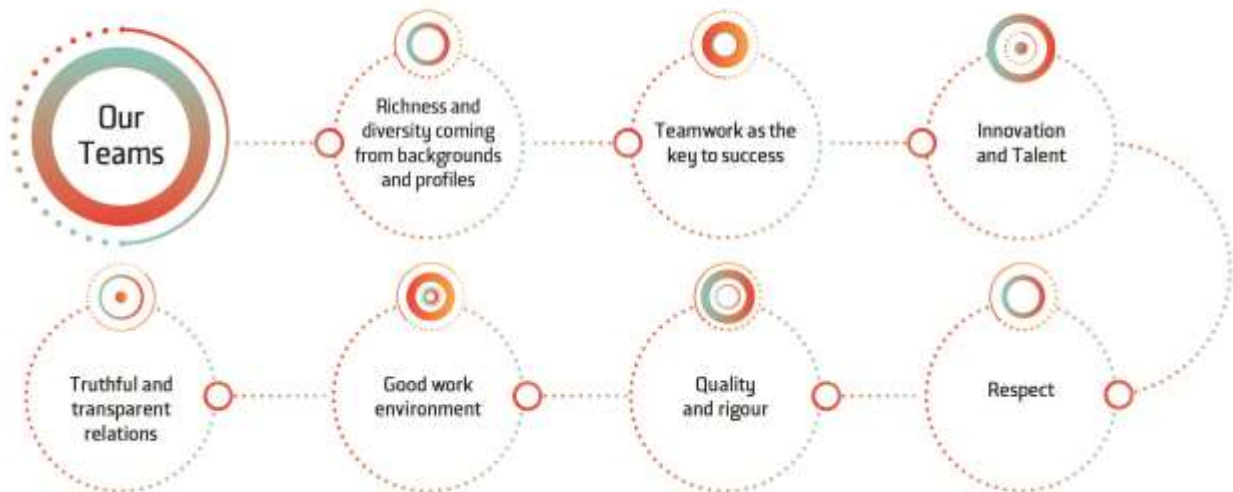
Sonae is a diversified group, composed of young and highly qualified people, who work at their best every day.

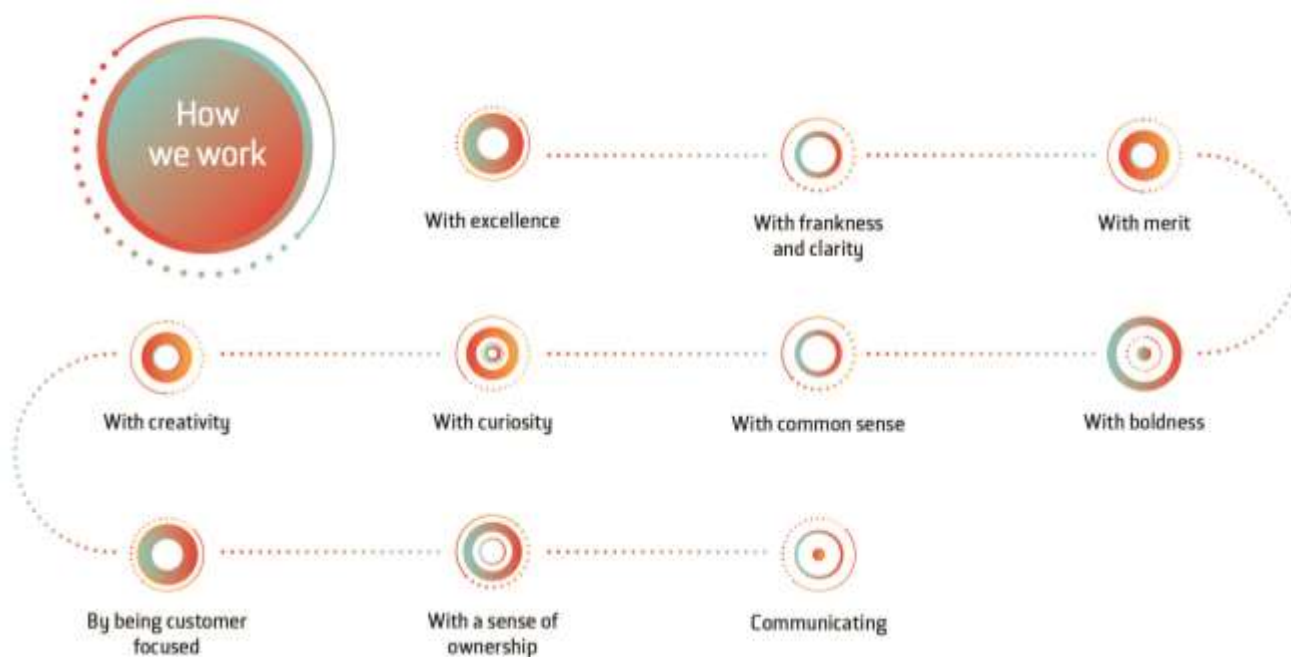


3.2.1 Our Way

We aim to ensure that all companies of Sonae Group share a common culture and that in this way we are governed by the same values, ethical and behavioural principles. With this in mind, we have developed “Our Way”, a document that summarises the values that make up our culture, what we expect from our teams and leaders, as well as the pillars that define the way we work. Aware of the importance of these aspects, we strive to apply the principles of “Our Way” so that we can translate our values into effective behaviours and disseminate our culture throughout the Sonae Group, reflecting with determination Sonae’s identity in the various countries where we operate.

How we work

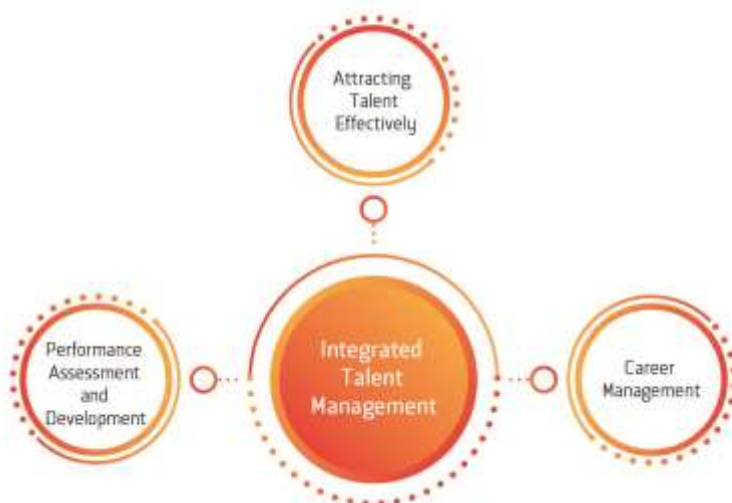




3.2.2 Integrated Talent Management

Recognising the challenge of being one of the largest private employers in Portugal and with the desire to be able to understand the individuality of each employee, we promote an integrated approach to talent management, based on three distinct pillars: (i) attracting talent effectively; (ii) evaluation and development; (iii) career management.

Integrated Talent Management





3.2.2.1 Attracting Talent Effectively

Sonae welcomes heterogeneity and diversity profiles so therefore, and due to our diverse and international business portfolio, we look for different academic backgrounds and we value comprehensive professional and personal paths. Thus, we strive to identify potential talent and maximise their personal and professional development and in 2015 we streamlined various initiatives, including:

Bridging the gap between young people and the labour market

- Participation in **Job Fairs** at schools and universities, as well as other initiatives promoted by students and student associations;
- Promotion of **classes/workshops** on relevant topics in the training and development of young people, as well as supporting academic and research work;
- Promotion of study visits by students to Sonae (Central Structures and Operations) in order to provide them with the experience of coming into contact with the real world of business for the first-time;
- Undergraduate, Masters and MBA students can participate in **Mentoring programmes**;
- Partnership in the **project “Bué d’Escolhas”**, part of the Choices Programme, promoting initiatives focusing on providing skills and development of children and youngsters at-risk;
- We have continued the **initiative “Alliance for Youth”**, together with other partners, with the aim of promoting the development of professional skills, preparing young people for employment and contributing to combating the scourge of youth unemployment in the Portuguese and European context.

Contacto Programme

Created in 1986, Contacto Programme is aimed at final year undergraduate/masters degree students and recent graduates of the top Portuguese universities, offering them the opportunity to carry out an internship at Sonae and, depending on their performance and potential, to join our workforce.

This talent acquisition is carried out through ‘Contacto Moments’ – a presentation on *campus*, to present Sonae and its different business units and opportunities – and also through ‘Rede Contacto’ (www.contactosonae.com). Through this platform, we promote a close relationship with young people and enhance their engagement with the company and their interest in participating in the programme. Only students who have a profile created at ‘Rede Contacto’ are eligible to participate.

The 2015 edition was launched with Sonae Future Quest, an innovation competition developed through ‘Rede Contacto’, which challenged the candidates to imagine the future of Sonae. The goal was to explore their full potential, and not just the academic performance of the candidates, therefore the selection was made based on the analysis of talent avatars and their imagination.

The Assessment Day, an event with challenges and teamwork dynamics, was the last test candidates underwent. At the end of the day, 50 talented young people were chosen to join the different businesses of Sonae and were welcomed on Contacto Day.

Contacto Day consisted of a moment to celebrate and acknowledge the investment and performance of the young talent seen during Sonae Future Quest. This event gave our trainees the opportunity to present themselves to our management team, extend contact with their mentors and increase their knowledge about the different Sonae companies.

In 2015, the Contacto Programme had more than 1,000 applications from national and international finalists and recent graduates, coming from countries like Portugal, Brazil, Italy, Poland, Spain, Ukraine and Vietnam. The heterogeneity of the profiles and academic backgrounds, such as Fashion Design, Management, Finances, Marketing, Maths, Biochemistry, Engineering, Communication Sciences, Information Technologies, Human Resources, Biology, among others, is also noteworthy.

In total, more than 4,500 young people have already participated in Contacto Programme, with a few hundred of these joining the Sonae team.

3.2.2.2 Evaluation and Development

Improving Our People is the performance management model applied across all businesses and geographic areas in which we operate. Based on the principles of meritocracy, pluralism and participation, it aims to be rigorous in the results and recognition, valuing the diversity of pathways and profiles of employees.

Every year, managers ensure a performance management interview with each team member. During this interview an opportunity is given to discuss the results achieved in the year under review, sharing expectations and ambitions, the identification of development opportunities and the definition of objectives and action plans.

Within IOP, since 2013, we have used, a specific talent management tool, Improving Our People^{GT} (Growth Toolkit), dedicated to our most senior employees, as well as those with greater potential for growth identified. This tool includes two main phases: a first phase of diagnosis (multi-rater and self-assessment), which intends to determine in each employee a clear and holistic view of what his/her positively differentiated skills are, and the areas where there is still room for improvement; and a second phase based on the design of personal development plans and customised professional needs of the employees. With a time horizon of 2-3 years, it may include different approaches, from executive education, to action learning, involvement in on-the-job experiences or more relational approaches, such as coaching or mentoring.

2015 was marked, mainly, by focusing on the design of solutions and the implementation of the development plans mentioned above. It was under this context that the Sonae Mentoring Programme was launched, which brings together employees from both segments previously mentioned to mentoring relationships, clearly a win-win situation for all parties involved.



Sonae Management & Leadership Academy

Throughout its history, Sonae has been well known for challenging its teams with demanding goals regarding the development of people and establishing that each employee has the responsibility of training and developing others. To help managers, Sonae has created a set of structured programmes and initiatives to complement the development project built between the leader and his/her team.

Today Sonae is proud of having created the conditions for leverage, according to the needs of different segments of employees, the development of its people, from the operational level to the most strategic ones, considering the different generations and geographic areas that characterise its human capital. At the same time, this pride is also followed by a strong sense of responsibility to continue to promote differentiated development initiatives for more than 40,000 employees.

Development at Sonae is currently considered in two broad areas: critical/transversal skills among various businesses and geographic areas; and more concrete skills, specific to the respective business.

In the first instance, Sonae has the Sonae Management & Leadership Academy whose mission is to enhance the ability to generate innovative leaders and entrepreneurs, able to develop and diversify our business, keeping them in leading positions in their sectors of activity. This academy is focused on the sustainable development of management and leadership skills and is composed of a segmented structure of content and programmes dedicated to the development of the various organisational levels. For this purpose, we have partnered with the best national and international management schools and, in parallel, we look for our best "teachers" internally, leaders with undeniable expertise in the areas of leadership and coaching.

For the executive target, we have adopted an integrated approach with regard to their training and development. We go beyond Executive Education, aiming to offer programmes supported by alternative methodologies such as action learning, on-the-job experiences, coaching or mentoring. We have also designed customised, challenging and innovative programmes, taking into account the current needs identified for and by each executive and taking as a start and end point for this development the various models and policies that the company uses in managing their talent.

Sonae Management & Leadership Academy is highly committed to its mission of contributing to better prepare all the employees of Sonae's companies in their management and leadership development. Therefore, in 2015 we invested 961,720 euros, totalling 29,116 hours of training and involving 1,160 employees.

Career Management

Our careers' model is designed to support the management of the talent pipeline in Sonae, ensuring alignment between business priorities and professional development expectations of our employees. Therefore, there are two management approaches, one is focused on the planning needs for human resources and the other is more directed towards each employee as an important player of his/her own professional and personal development. This career management model also promotes our ability to

attract talent by contributing to a strong Employment Value Proposition (EVP), with respect to opportunities for growth and development, communicating a vision of the possible future paths, and the progression and development plans associated with them. As we value the diversity of profiles and pathways of our people, we support personal and professional development through internal mobility within areas, companies, businesses and geographic areas.

2015 was a year focused on the design of an internal mobility model and process, which strengthens the continuity, as well as cross-cutting and versatility skills of our employees. The implementation of this model has already started.

Gender diversity

Under the European Roundtable of Industrialists (ERT), in 2012, Sonae subscribed to the Women's Initiative, which embodies concern for gender parity through the establishment of voluntary target facilitators promoting greater diversity of gender, not only for positions of management and decision-making boards, but also for senior positions and middle management.

At Sonae, we believe that the balanced presence of women and men in decision-making positions is an important factor for the balance of the organisation. Therefore, we have created a dedicated working group exclusively for the study, strategy definition, intervention and follow-up of female employees throughout the various levels of leadership. This initiative reinforces the concern and investment in the development of our female talent through an approach that aims to promote sustainability with regard to genre fairness.

Today female representation on the Board of Directors of Sonae companies is over 30%. However, Sonae's concern is not limited to management functions, but encompasses the entire organisation. Currently, half of the managerial positions in the company are already filled by women.

3.3 Ethics

Ensure that all our activity is governed by the faithful application of established ethics and trust principles is a priority throughout the Sonae Group. For this purpose, we have developed the Sonae Code of Ethics and Conduct, defining the ethical standards by which we are guided. To ensure its implementation, enforcement and monitoring, an Ethics Committee has been appointed by the Board of Directors.

The Code of Ethics and Conduct is available to all employees at Sonae.

3.4 Innovation & Knowledge

To promote a culture of learning and openness to change, leading our companies to become ecosystems of knowledge and innovation is a core ambition of our entire activity.

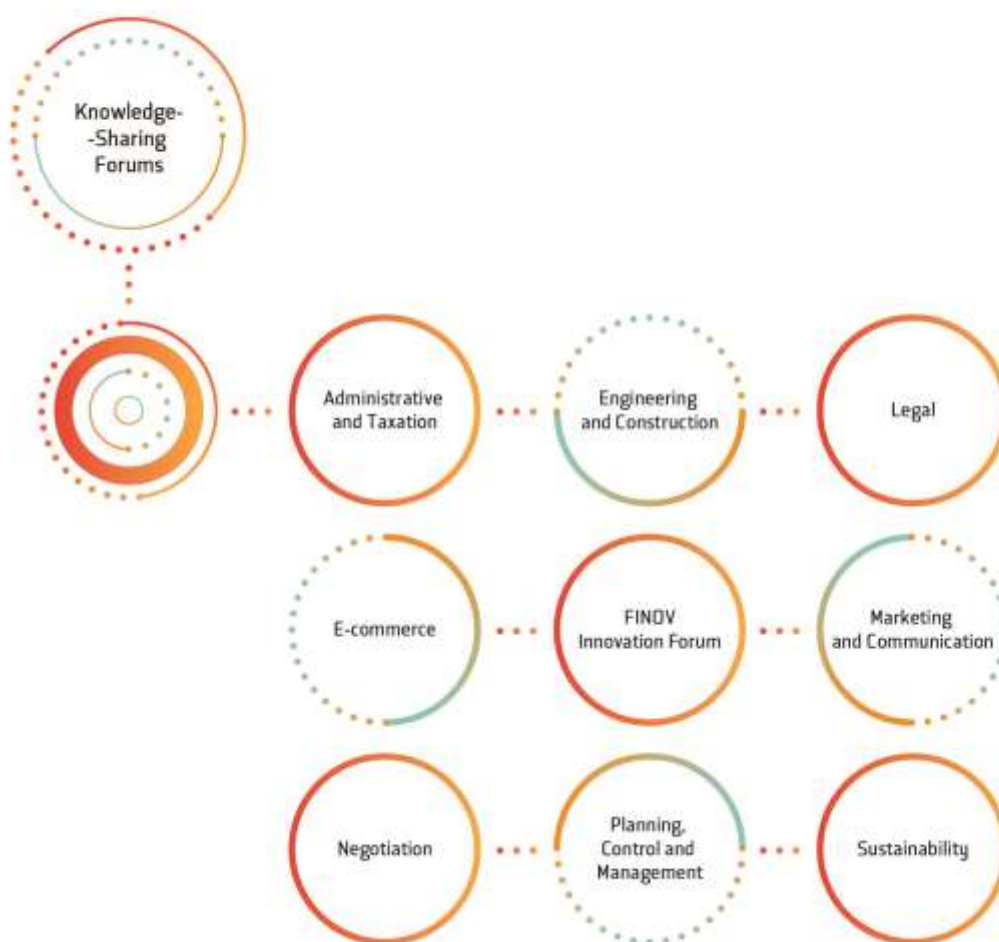
Innovation is vital to the mission and values of Sonae, as it helps us to overcome, creatively and efficiently, the challenges we face. We believe that by recognising distinctive and unique initiatives, we

promote innovation as a catalyst for our success. As such, we have two important awards in place in this area: the Sonae Innovation Awards and the Chairman's Award.

Forums for Knowledge Sharing and Advisory Groups

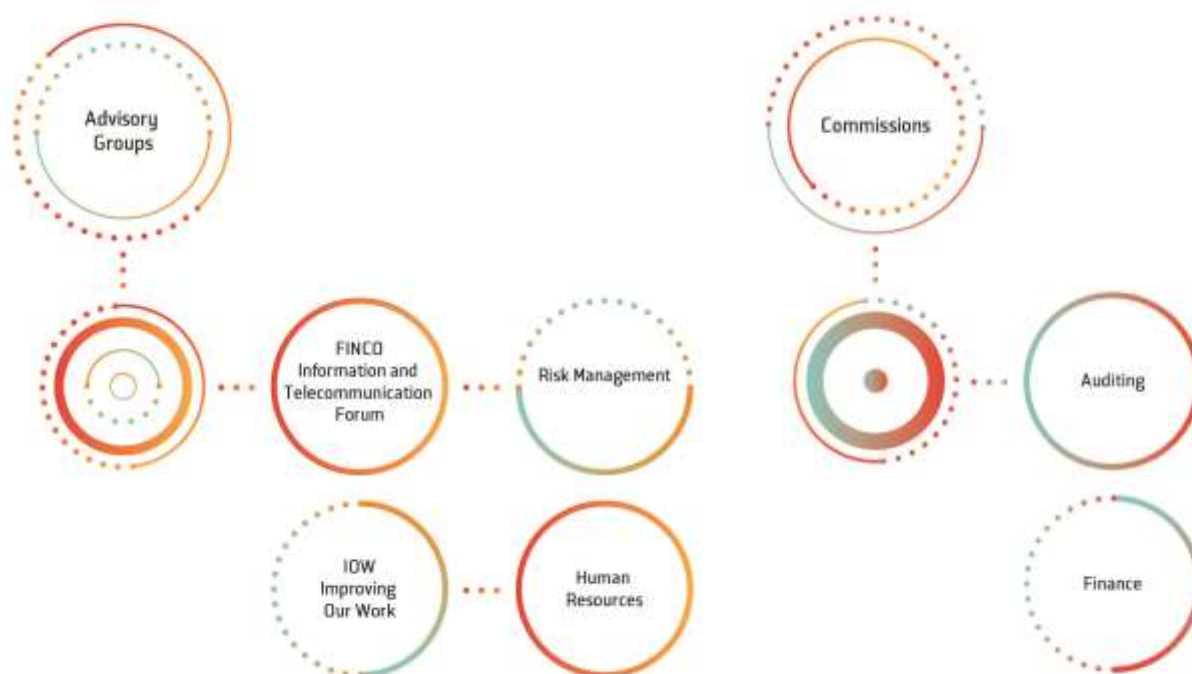
We develop on a regular basis, forums across all our business areas, with the aim of sharing knowledge and promoting the adoption of good practices, operating as a crucial discussion tool for the dissemination of knowledge among Sonae companies. There are currently nine knowledge sharing forums at Sonae, as illustrated in the following figure:

Knowledge-Sharing Forums



We also have a total of 4 advisory groups, which meet frequently, with the aim of sharing and coordinating information (organisation of internal training). Additionally, there are two committees that serve as important platforms for sharing knowledge and experience.

Advisory Groups and Commissions



3.5 Community

Contribute to the development and well-being of the communities in which we operate is a desire shared by everyone at Sonae and it nurtures one of the intrinsic values of our culture.

In 2015, our support to the community included actions undertaken in Portugal and Spain, with an investment of 8.5 million euros, which has supported more than 1,500 institutions whose activity is divided according to the following community support pillars: (i) environmental awareness; (ii) culture; (iii) education and entrepreneurship; (iv) health and sports; (v) science and innovation; (vi) social solidarity. In this section of the report, we would like to highlight some of the community support actions promoted by Sonae during 2015.

3.5.1 Sonae Activshare

We coordinate our community campaigns through Sonae Activshare, a platform that we have developed to actively manage and disseminate information concerning our social responsibility and volunteering initiatives at Sonae.

We believe that volunteering allows us to expose our employees and teams to different situations, face new challenges and broaden horizons, often working as a stimulus to creativity and innovation, which are values that are part of our DNA at Sonae.

Community



Under Sonae Activshare, we would highlight two internal actions that reflect the values we aim to develop through the programme:

Solidarity logistics

As part of the celebration of the 25th anniversary of the Maia Distribution Centre (CDM), Sonae MC has launched the Solidarity Logistics Initiative, a programme consisting of a set of actions, which with the contribution of employees from the whole of Sonae, enabled us to positively impact the lives of our CDM employees:

- A solidarity bazaar made available, for a nominal fee, a set of varied items (clothing, homeware, electronics and sportswear) to all of our CDM employees. The goods were donated and collected by employees of the various Sonae companies present in different parts of the country. The initiative was a success and the funds raised were donated to other programme activities.
- A refurbishment programme of a housing division of four CDM employees improved their welfare and the welfare of their families. The winners were chosen from more than thirty applications received. The renovations took place in early 2016.
- A Christmas holiday camp that provides recreational and educational activities for twenty of our CDM employees' children, from the ages of six to ten. In addition to teaching staff who ran the holiday camp, the activities were streamlined by volunteers.
- A Football Tournament that gathered the Logistics teams and employees from other Sonae companies, providing a friendly and pleasant sporting event, where the main goal was fair play.

Ciudad Escuela Muchachos (CEMU)

In 2015, we developed an unprecedented initiative that brought together 30 Sonae volunteers from all levels of the organisation in Spain, including from Sport Zone, Worten and Zippy. It entailed the rehabilitation of a green area Ciudadescuela Muchachos (CEMU) in Madrid, thus promoting volunteerism,

cooperation and integration and reinforcing the sense of belonging to Sonae. By actively contributing to this project, Sonae volunteers helped to create better living conditions for children from impoverished areas and going through a particularly difficult social situation.

3.5.2 Sonae Art

Culture is part of Sonae's corporate responsibility policy, which aims to promote creativity and innovation, stimulating new tendencies and bringing society closer to art, namely through important cultural events that foster enriching personal and collective development experiences.

National Museum of Contemporary Art - Chiado Museum (MNAC - MC)

Sonae and the Directorate General of Cultural Heritage (DGPC) signed in 2014, for a period of five years, a cooperation agreement, which established a partnership between the two entities by supporting the annual MNAC-MC programme and the implementation of the Sonae/MNAC Art Cycle projects and the Sonae Media Art Award, aimed at supporting the creation, promotion and dissemination of contemporary art.

In 2015, the first edition of the Sonae Media Art Award was held, the first and highest national award in the field of new media. 179 applications were received. Of the 129 applications validated, 5 finalists were selected, each one received a 5,000 euro scholarship for the creation of an unpublished work that was exhibited at MNAC-MC from November 2015 to January 2016. The winner was awarded a prize of 40,000 euros.

Serralves Foundation

Since its creation in 1989, Sonae remains a member of the Serralves Founders' Board. In addition, to being one of the patrons of Serralves, Sonae and the Serralves Foundation renewed and strengthened their cooperation in the field of contemporary art and have developed, since 2011, an ambitious project called the 'Sonae | Serralves Project'. This is a biennial programme that challenges the artists of outdoor works of art, to depict the link between art, architecture and the landscape. The 4th edition (2015-2016) will introduce for the first time to a national audience, between June and December 2016, Yang Haegue, a South-Korean artist of great international recognition.

Casa da Música

Sonae has promoted over the past few years culture, creativity and musical innovation through its patronage of Casa da Música in Porto. In 2015:

- We continued to be patrons of the Symphony Orchestra of Porto from Casa da Música;
- We supported, together with Continente, the Sunday Symphony;
- Through Worten, we supported the internationalisation of the Symphony Orchestra of Porto from Casa da Música, for the second consecutive year;
- Sonae Sierra was the patron of the Lead Conductor of the Remix Ensemble.

3.5.3 Education and Entrepreneurship

In 2015, we continued to allocate efforts to the development of projects in the field of education with the aim of making a positive impact concerning our investment in the community, in the medium and long-term.

Partnership with the Cerco School Group – Porto de Futuro Project

Sonae, as a partner of the Cerco School Group under the “Porto de Futuro” project, over the past few years has supported and streamlined several initiatives together with the school community. In the academic year 2014/2015, the focus of activity was the implementation of a programme aimed at promoting the academic success of students in the third cycle of their education, under the coordination of the Entrepreneurial Association for Social Inclusion (EPIS) – the Facilitators Network for School Success.

The project includes in its methodology a system which identifies youth at risk in terms of school performance and a portfolio of training methods, some universal and others targeted to each risk profile, enabling individual plans to be developed with close and continuous monitoring of the students who are most likely to become early school leavers.

In addition, they also streamlined other actions among students, teachers and parents: workshops, the promotion of study visits, awards to students with the best performance, development and publication of the group's newsletter, among other initiatives.

Junior Achievement Portugal

In 2015, Sonae maintained its partnership with Junior Achievement Portugal (JAP), through which it streamlined its programme in schools that develop an entrepreneurial spirit amongst the young generation, enriching their vision and understanding of society and the business world. Over the last three years, we have seen a 15% increase in the number of Sonae volunteers present in the initiatives promoted by JAP, with a total of 150 volunteers in 2015.

Junior Achievement Portugal



Junior Achievement Spain

We have extended our support within the partnership established last year with Junior Achievement Spain (JAE). As a result, 12 Sonae volunteers participated in 7 different educational programmes divided into three educational pillars: (i) "Our Community" - 3 programmes; (ii) "Our City" - 1 programme and; (iii) "Ethics in Action" - 3 programmes. Additionally, Sonae volunteers had the opportunity to participate in an academic and professional guidance programme "Business-Partners for one Day".

Junior Achievement Spain



Action 1 – Action Plan 2020 by BCSD Portugal

Under the Action Plan 2020 BCSD Portugal - Business Council for Sustainable Development, Sonae was the Action 1 project leader, aiming at aligning companies' needs in terms of job skills and the training young generations receive at school.

This action sought to determine the critical skills needed for the development of human capital by 2020, contributing to the alignment of needs between the labour market and schools and universities. With this objective in mind, Action 1 gave priority to three activities during 2015:

- Diagnose companies' needs by 2020 using a comprehensive survey;
- Communicate to young generations job market opportunities, using channels and communication means more suitable to their age;
- Bring all pivotal stakeholders together in the promotion of innovative approaches to bridge the gap between schools and companies.



3.5.4 Social Solidarity

‘Somos Sonae Programme’

‘Somos Sonae Programme’ is a Sonae social responsibility programme that aims to provide support to employees who are in need and at risk, supported by the project ‘Portugal +Feliz’ of the Portuguese Red Cross. With the help of a specialised and multidisciplinary team, the action plan is designed according to the specific situation of each employee. In this sense, the kind of support provided is very diversified and adjusted to the specific situation of each employee: ranging from legal advice, financial advice, the management of family finances, health, basic goods and services and any other type of help should it be deemed necessary and appropriate. In 2015, the total investment in this programme was about €230,000, and it provided support to 554 people – 193 employees and their households (144 adults and 217 children).

Note: The remaining projects and initiatives carried out under the Community Support for the retail area level are described in the "Increased Sharing and Promotion of Social Wellbeing" section of the chapter "Better Purpose".

4) Sustainability

Message from Sonae's CCCO

Innovation and Social Responsibility are central pillars of Sonae's culture, whereby we are committed to improving the lives of the people and the communities in which we operate. It is a daily commitment that is revealed through our business activities and through the involvement of our colleagues.

Investment in Innovation, which in 2015 was around 110 million euros, allows our businesses to be engines of development in the various sectors where they operate, with direct benefits for our customers.

In 2015, our support to the community included an investment of 8.5 million euros, which has had an impact on more than 1,500 institutions and organisations, and a total of 4,400 volunteering hours dedicated by our colleagues.

In parallel, we have continued to focus on the development of our colleagues, through an integrated approach to talent management, ensuring effective attraction, development and retention of the best talent. Throughout the year, we invested in 1.3 million hours of training.

We believe, therefore, that the fact that we are present in various sectors of activity allows us to maximise our capacity for growth and value creation through our financial and human resources, as well as to explore the many opportunities that each business offers us to create a more sustainable society.

Luís Filipe Reis

4.1 Sustainability Milestones

Marcos de Sustentabilidade



4.2 Sustainability Management

Sustainability Forum

The main goal of the Sustainability Forum is to promote the sharing of experiences and know-how, common to all Sonae Companies, within the remit of sustainability.

It is composed of members from the various Sonae Companies and is coordinated by a sponsor, a president and a secretary, covering topics such as green taxation, food waste, community support, management and relationship with suppliers, among others. Throughout this sharing of experiences, skills and information, the implementation and diffusion of measures is encouraged, aiming at the adoption of more sustainable practices defined at the level of each business area.

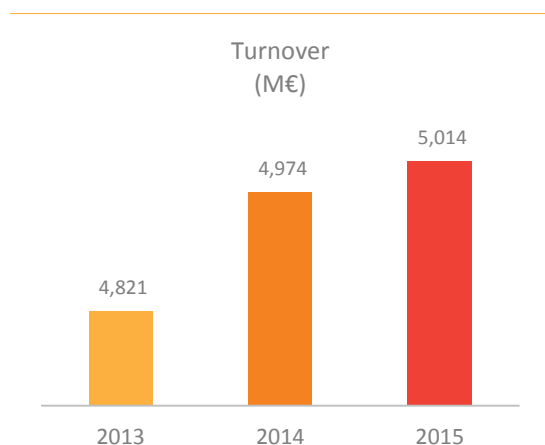
Sustainability Award

Sonae's Sustainability Award aims to distinguish a specific programme, project or initiative that has been developed within the firm by a working group, made up of members of the distinct business areas.

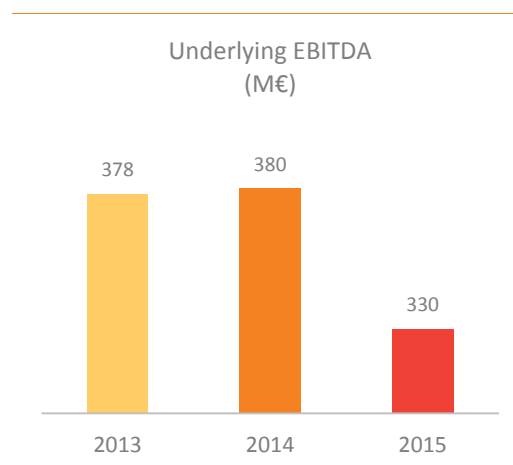
Note: The Sustainability Award is an initiative that was taken by Efanor, the main shareholder at Sonae, therefore it includes Sonae Capital and Sonae Indústria.

4.3 Main Sustainability Indicators

Turnover: +0.8% in comparison to 2014

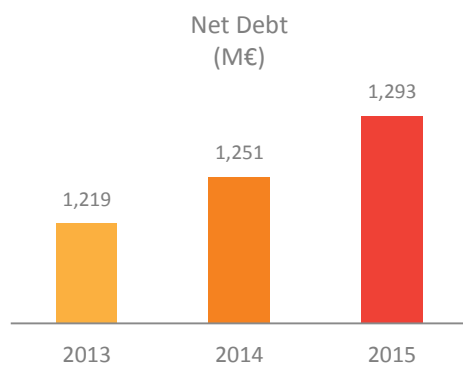


Underlying EBITDA: -13.1% in comparison to 2014



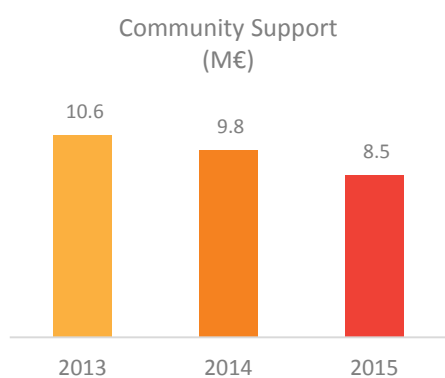


Net Debt: +3.4% in comparison to 2014

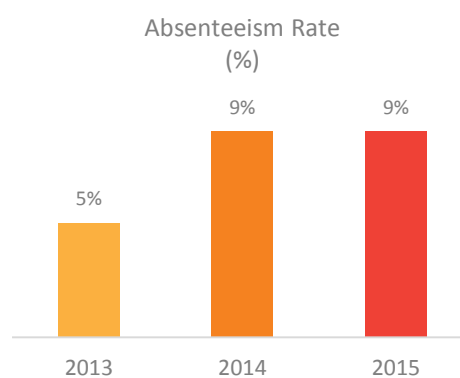


Social Performance

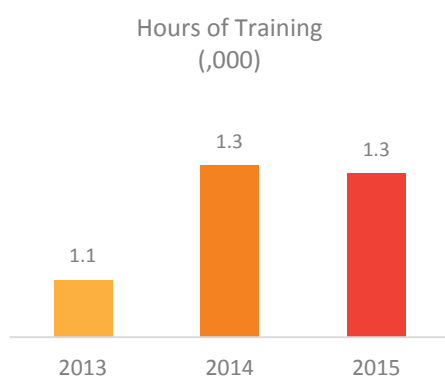
Community Support: -13.3% in comparison to 2014



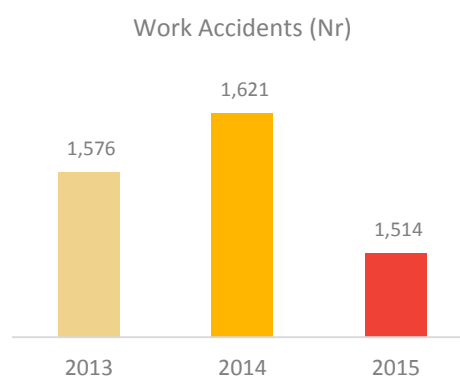
Absenteeism Rate: Same as 2014



Hours of Training: -1.1% in comparison to 2014



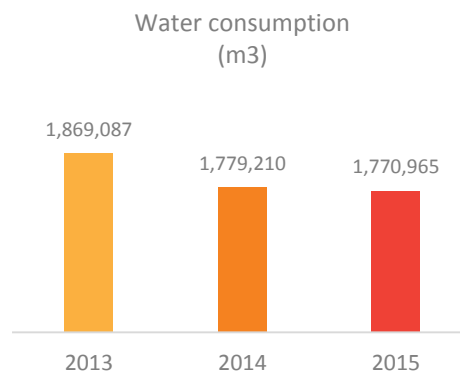
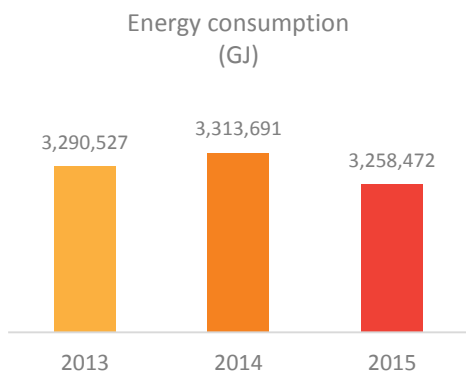
Work Accidents: -6.6% in comparison to 2014



Environmental Performance

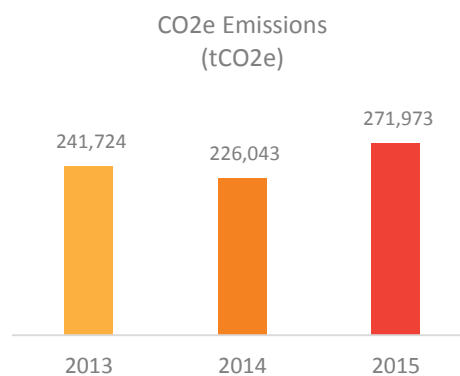
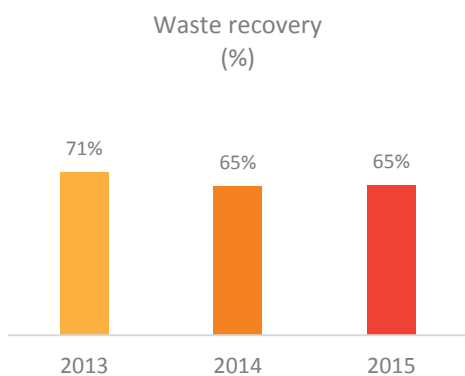
Energy consumption: -1.7% in comparison to 2014

Water consumption: -0.5% in comparison to 2014



Waste recovery: +0.3% in comparison to 2014

CO2e Emissions: +20.3% in comparison to 2014



5) Awards and External Recognition



The Carbon Disclosure Project has distinguished, for the 3rd consecutive year, Sonae's environmental commitment to the Environmental Performance and Leadership Index (CDLI), which demonstrated our environmental performance and the quality of the disclosed information reported.

Sonae (corporate level)

National Museology Award in the category of Patronage within the framework of the partnership with MNAC – Museu Chiado.



Sonae's Labour Relations Team was recognised as the best team at an international level in the category of Employment at the ILO European Counsel Awards 2015.

Sonae MC

Reader's Digest "Brands of Trust 2015" recognised Continente as a Brand of trust for the 13th consecutive year in the category of hyper/supermarkets. Continente was also distinguished as an Environmental Brand of Trust 2015 in the same category, for the 6th consecutive year. Well's was also distinguished, for the 2nd consecutive year, in the category of parapharmacy stores.



The project 'Missão Sorriso/Missão Continente' was awarded at the Retail Awards HS 2015 with an award in the category of best social and corporate responsibility campaign in the food retail sector.

At the Consumer Choice Awards 2015, promoted by Consumer Choice, Sonae MC was awarded in the following categories:

- Yämmi, in the food processing category;
- Continente, in the Hyper and Supermarket categories and as the Best Distribution Brand;
- Continente Magazine, in the category of Cookery Magazine;
- Meu Super, in the category of Supermarkets in Franchising;
- Well's, in the category of Health and Wellbeing stores.





The following Continente products were awarded in the international Vertex Awards in the category of package design:

- Continente Meats 100% National (gold medal)
- Continente Potatoes (silver medal)
- Cured Ham Taste of Portugal – Continente (bronze medal)

Continente Potatoes were honoured with a silver medal in the category of package design in the international Pentawards 2015.



Sonae SR



Reader's Digest "Brands of Trust 2015" recognised Sport Zone (for the 2nd consecutive year – in the category of sport and sport fashion stores), Worten (for the 6th consecutive year – in the category of non-food retail distribution and chain stores), and Zippy (for the 3rd consecutive year – in the category of children's clothing and childcare stores) as a Brand of Trust.

The project Código Dá Vinte, developed by Worten, won the Retail Award of Hypersuper Newspaper in the category of Social and Corporate Responsibility Campaign, as well as winning the bronze medal in the Social Responsibility category under the Efficiency prize.



Sport Zone, Worten and Zippy were with the Consumer Choice 2015 award, promoted by Consumer Choice.

Zippy was acknowledged in the 24th edition of the Masters of Distribution prize, promoted by the magazine Distribution Today, in the category of Social Responsibility, due to the solidarity project "Love in a Box".



The initiative "Kilos of Help", developed within the Worten Team project, was distinguished with an Honourable Mention in the 7th edition of the Green Project Awards.

Worten was the winner in the "Excellence in Quality" category, for its sales force management project awarded by the Kaizen Institute and the Portuguese Association for Quality (APQ).



Sonae Sierra



Norte Shopping was awarded with the honour of Best Shopping Centre in the category of Quality-Price Relation at the Best Buy Award Portugal.

Sonae Sierra was distinguished at the Forbes Green Awards for their environmental strategy developed in shopping centres under development and for the ParkLake and River Plaza Mall operations, in Romania.

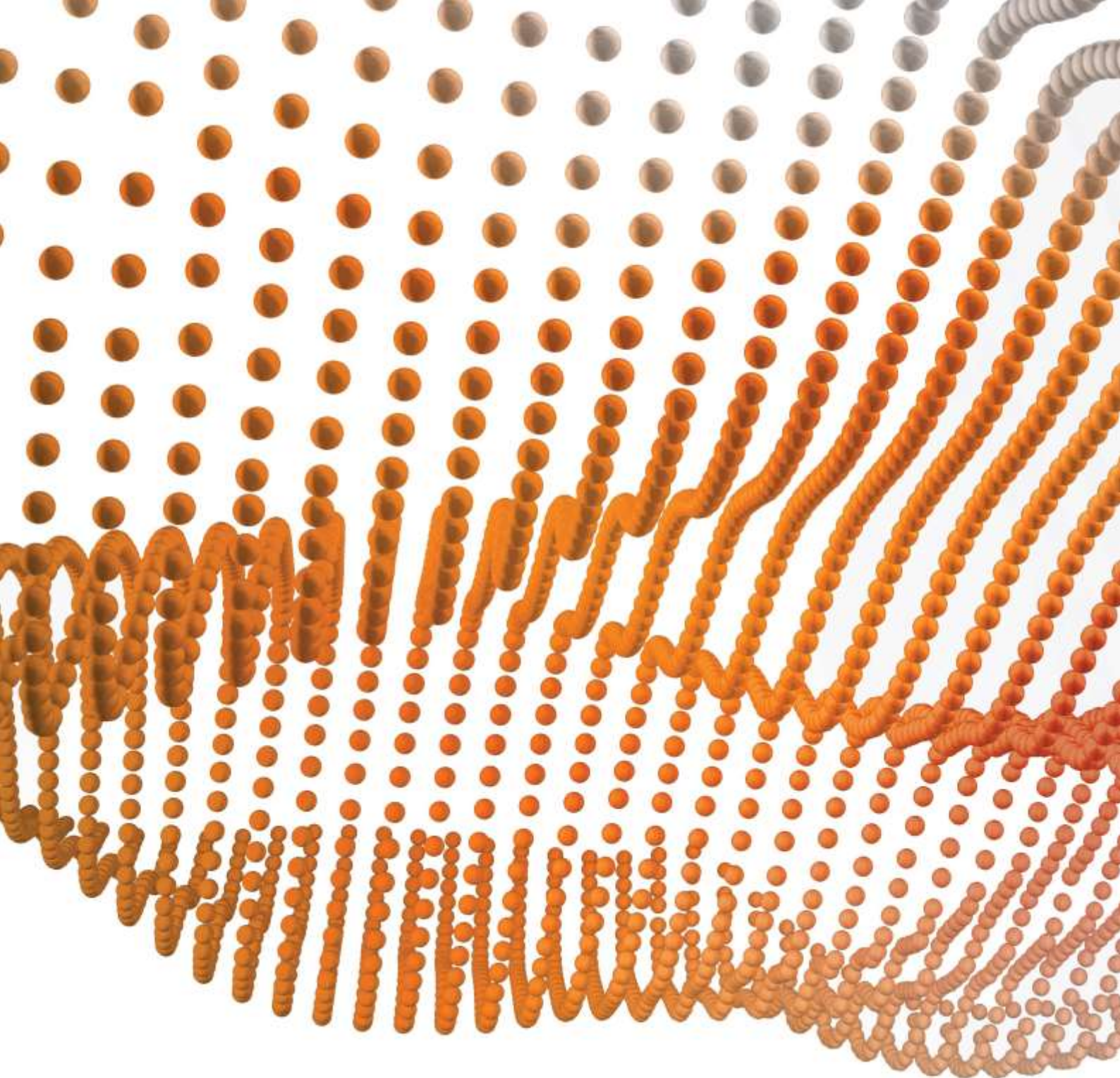


The shopping centres Freccia Rossa and Le Terazze, in Italy, were honoured at the CNCC Italy Awards with a Certificate of Merit in the category of Cause-Related Marketing.

Sonae Sierra was recognised in 2015 by GRESB – Global Real Estate Sustainability Benchmark with the following distinctions:

- 2nd place in the retail sector at the European level (unlisted companies)
- 7th place in the global retail ranking
- 12th place among European companies considering all of the activity sub-sectors

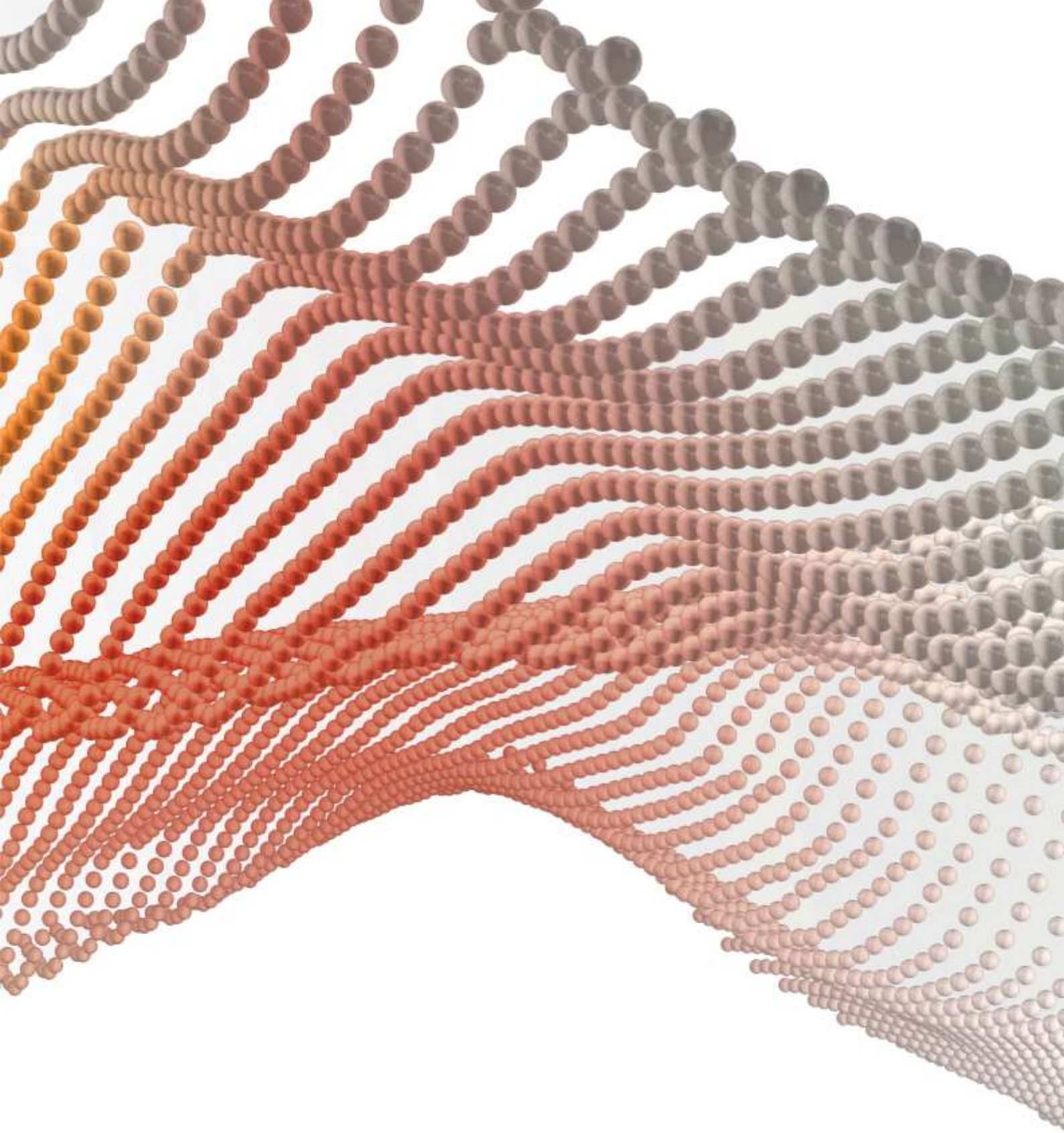




.....● SUSTAINABILITY
IN RETAIL

SONAE

IMPROVING LIFE



2. Sustainability in Retail

Message from the Sonae MC's CEO

2015 was a year marked by significant challenges for Sonae MC, however, we continued to stand by our customers and renewed their trust in us.

Aware that there is a new generation of consumers, with new habits and lifestyles, we remain committed to monitoring and promoting the activities of our producers, in order to ensure that every day the best and freshest products in the market reach our stores, at the best price.

With regard to our commitment to national production, in 2015 we took this challenge to new areas by relocating for example the entire Yämmi production to Portugal, training and empowering national partners and suppliers.

The year was also marked by the launch of Missão Continente, which extended the scope of its intervention to other areas beyond social responsibility, namely to activities of a social nature, the community and the environment, developed by Sonae MC.

The retail sector has proven to be increasingly challenging for companies that operate in it and, naturally, Sonae MC is not immune to this context. However, our commitment towards sustainability remains steadfast and improving the quality of life of our customers and the communities where we are present will always remain a priority.

Luís Moutinho



Message from the Sonae SR's CEO

The sustainability of Sonae SR's operations is critical in order to ensure the success of the internationalisation of our businesses. As it is a key growth driver, it is essential that we are able to guarantee a greater level of trust and transparency throughout the value chain to ensure that our customers, no matter where they are, receive our products always with the highest quality guaranteed.

For this purpose, throughout the year we have strengthened certification processes, audits and inspections of our suppliers, and have audited more than 120 suppliers of electronic products.

In 2015, we maintained our support for the community, continuing the social responsibility initiatives of our brands, namely, Zippy's 'Love in a Box', Worten's 'Equipa Worten Equipa' and 'Código DáVinte', and Sport Zone's 'Running Experience'.

We believe that by adopting a responsible attitude towards society, we are creating the right conditions to achieve important strategic advantages and, consequently, better positions in the markets in which we operate, therefore enhancing the growth of our business.

Miguel Mota Freitas

Trends in the retail sector

According to *RobecoSAM*¹, there are currently nine specific issues of particular importance for companies in the retail sector. These issues are aligned with our three sustainability pillars (Economic, Environmental and Social), as illustrated in the figure below:



Sonae aims to address these issues through its Sustainability Strategy (see chapter “Our Retail Sustainability Strategy (Triennium 2013-2015)”).

The retail sector is characterised by a high level of dynamism and volatility, primarily linked to the rising level of consumer demand. We strongly invest in aligning our supply to consumers’ needs and our constant innovation in the processes and products enhances our evolution to a more sustainable organisation, more capable of responding to the most recent trends inherent to the sector, in particular with regards to changes in the typical consumer profile. Taking these trends into account, we would like to highlight three issues that are particularly relevant for Sonae: (i) adaptation to consumers’ needs and profile; (ii) supply chain; and (iii) innovation.

1) Adapting to customers’ needs and profile

We have at our disposal a diversified and complete offer of products tailored to our customers’ needs, including our own brand products which, due to aspects such as quality and a highly competitive price, have increasingly become an obvious choice for customers. The latest trends in the industry include, amongst others, the following aspects relating to customer preferences:

¹ RobecoSAM *Industry Profiles - Retailing*, 2015

Adapting to Customers' Needs



a) Demand for more detailed information about products, particularly their nutritional contents and their origin/source

Due to the current ease of access to information, consumers attach more importance to the immediate information available on the products they purchase, in particular to labelling information. To address this aspect, we strive to increase the quantity and quality of information provided to consumers and displayed on product labels (e.g. point of origin detailed on the labels of textile products and nutritional traffic light labels on food products).

b) Growing concern for health and wellbeing, encouraging the consumption of healthier products that promote wellbeing and a healthy lifestyle

We are currently witnessing a growing concern for health and wellbeing, there is a clear customer trend to value and show preference for products that are consistent with a healthy lifestyle. We focus on ensuring that we include a variety of products with a nutritional content aimed at healthy lifestyles and that promote wellbeing (e.g., our range of dried fruit *Continente Wellness*). Additionally, we support and develop various initiatives in this field (e.g., The Hyper Healthy Movement).

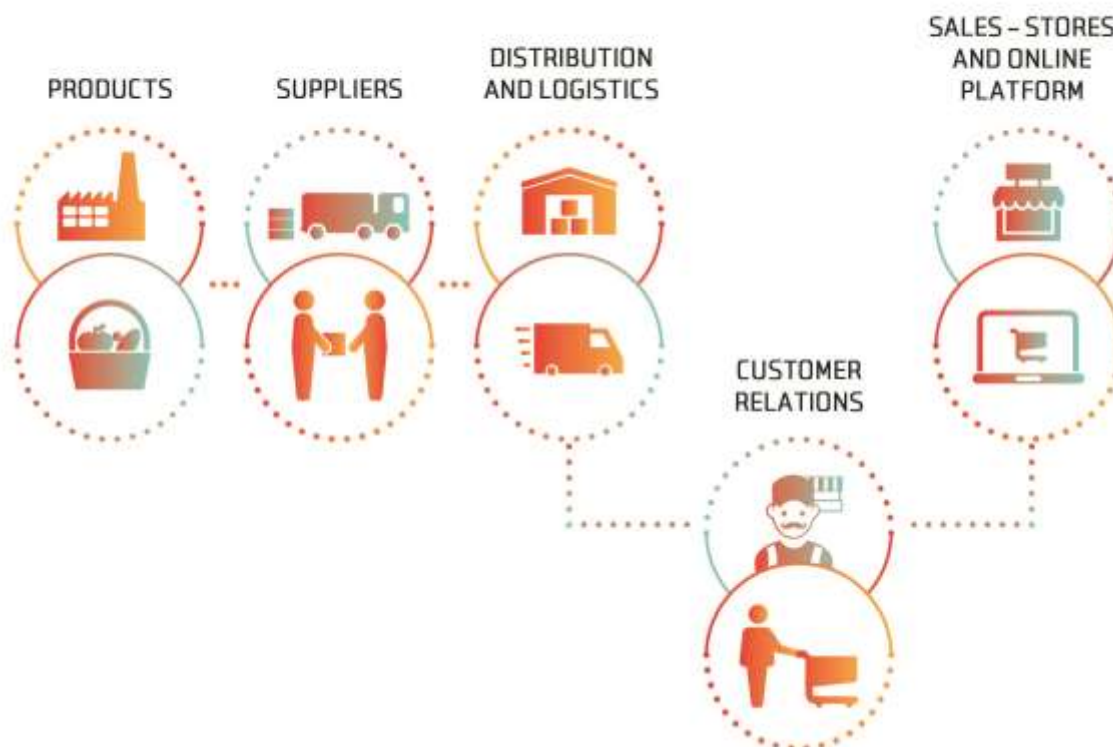
c) Preference for more sustainable consumption, giving priority to products with a reduced environmental impact

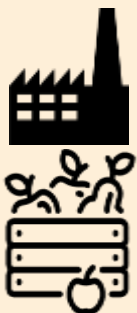
Today, consumers are more aware and conscious of the impact on the environment and their responsibility towards it. We promote the adoption of more sustainable and efficient practices such as reducing energy consumption or optimising the design and materials used for primary packaging and transportation, mainly in own brand products, aiming to safeguard the wellbeing of our planet. In 2015, we modified the sale packaging of specific product SKUs such as coffee capsules, yogurts and pizzas to reduce the materials used in them.

2) Supply Chain Management

Companies in the Retail Sector currently face a set of challenges related with supply chain management, namely regarding profit margins, operating efficiency, responsiveness to customers' demands, regulatory compliance, quality standards and commercialisation of products through multi-channel distribution. At Sonae, we place great importance on the optimisation of our supply chain, especially concerning our various suppliers and the alignment between supply chain management and the sustainability strategy of the organisation.

Supply Chain





Products

- The Continente Producers Club in 2015:
 - 217 million euros in purchases;
 - 136 thousand tonnes in purchases;
 - 234 members.



Suppliers

- 39% are national suppliers;
- 51% of suppliers audited according to financial environmental, social and employment criteria;
- 947 suppliers audited in 2015.



Distribution and Logistics

- 7 logistics warehouses;
- 35.760.348 Km travelled by the hired fleet for product distribution.



Sales – Stores and online platform

- 1.361 stores in 2015, an increase of 4% compared to 2014;
- 114.447 *Continente* online users;
- 442.190 home deliveries.



Customer Relations

- 4.831.818 – customers who have benefited from card/coupon discounts;
- 344 million euros – the total amount of savings made through card/coupon discounts;
- 8 – themed workshops held for customers under the Hyper healthy Movement in 2015;
- 113.000 – customers' complaints and suggestions analysed in 2015;
- Creation of the '*Universo Card*'.

Upstream: Products and Suppliers

With the objective of ensuring sustainability and transparency in the supply chain, we have established very close relations with our producers and suppliers.

Downstream: Distribution, Logistics and Sales

We focus on constantly improving the efficiency of our distribution network and our logistics infrastructure, as well as ensuring a highly customised experience adapted to our customers at every point of sale (stores and online) and in deliveries (home deliveries and drop-off points).

Customer Relations

We are highly committed to promoting close customer relations aiming to meet their needs and expectations. We are concerned with making available a suitable and targeted offer according to our the customers' preferences, making good use of our knowledge about their habits and providing them with a range of benefits including through cards and discount coupons or the newly released *Universo Card* (for more details on this card, see the "Increased Sharing and Promotion of Social Wellbeing – Close customer relations and benefits for our customers " in the chapter "Better Purpose").

3) Innovation in Retail

We consider innovation to be a crucial way to build a more sustainable organisation and to encourage the involvement, participation, creativity and talent of our employees.

3.1 Innovation Management

We have an Innovation Management Team in place devoted to a specifically defined mission and vision to enhance the growth of Sonae through Innovation.

Vision: Sonae is a company open to the world constantly identifying new ways to satisfy and surprise consumers

Mission: Facilitate value creation through the creation and testing of new ideas and solutions, supported through our relationship with our employees and partners

At the same time, we have an Innovation Committee responsible for boosting innovation in the Sonae retail companies and by encouraging the participation of all our employees in related activities, comprising of representatives from all the functional areas and coordinated by the Innovation Management Team.

3.2 Recognise and promote a culture of innovation with an international dimension

Sonae adopts and develops an open innovation approach, as we aim to involve not only the internal workforce but also educational institutions, research laboratories, technology transfer units, suppliers, customers, other retailers and start-ups in initiatives that promote innovation. Sonae retail area



businesses currently have over 160 partnerships for innovation worldwide involving universities, institutions and companies located in 29 countries in 4 different continents, 110 of these being European partners.

Annually, we produce the Sonae Innovation Retail Book, describing the best initiatives that Sonae promotes in this area. This book now has six editions and is distributed by more than 670 people scattered over more than 18 countries in 3 continents.

3.3 Events and Initiatives

In 2015, we developed several events and initiatives under the theme of Innovation and we would like to highlight the following:

BizShare – During 2015, two editions of this event were held, dedicated to sharing information and knowledge among 155 employees from different business areas of Sonae;

Creative Problem Solving (CPS) – This event focused on the exchange of experiences and promoted the sharing of new perspectives, with the involvement of 235 participants;

Study Tour – Six Sonae employees had the opportunity to participate in a guided visit in London, in order to observe best practices in 10 retail specialists and other areas related to the sector;

Strategic workshops (push and pull) – The strategic workshops held during 2015, enjoyed the participation of 295 participants in total.

ShineOn

- In 2015, over 100 employees participated in ShineOn and more than 190 ideas were generated.
- Since 2013, this event has led to the creation of 1,110 ideas.
- 4 projects being implemented in Portugal and Spain were presented in the 2015 edition.

4) Our Retail Sustainability Strategy (2013-2015 Triennium)

Our sustainability strategy for the period 2013 to 2015, named Our Way to a Sustainable Life, was characterised by a set of commitments, action axes and initiatives developed with the goal of addressing 6 priority areas organised into 3 main axes:



This strategy supports the sustainable development of our activities, as it is completely aligned with the strategic objectives of the organisation. In this sense, this strategy represents the main guide for the definition of specific targets and for the development of initiatives directed towards ensuring our compliance to the commitments we set ourselves for the 2013-2015 triennium.

Better Purpose – Commitments

- Promote the adoption of healthy life styles and keep Sonae's customers informed, providing them with the necessary knowledge they need to make nutritionally balanced and responsible choices
- Endeavour to promote social wellbeing in the communities where Sonae is present, contributing towards strengthening citizenship and social cohesion

Strategic Axes	Which material issues do they respond to?
Responsible offer and informed choice	Nutrition Public Health
Own brand product responsibility	Compliance / Product Quality Product adaptation and innovation Public health
Contribution to Sustainable Fishing	Preservation of natural resources Ethics in the supply chain
Increase sharing and promote social wellbeing	Combating food waste Healthy lifestyles Supporting local communities

Better Planet – Commitments Focus on continuous improvement in order to attain top environmental performance, not only as a differentiating factor but as a basic condition for the sustainable development of Sonae's business									
<table border="1"> <thead> <tr> <th>Strategic Axes</th><th>Which material issues do they respond to?</th></tr> </thead> <tbody> <tr> <td>Efficient management of environmental performance</td><td>Water, energy and GHG emissions Waste management Transport and distribution optimisation</td></tr> <tr> <td>Sonae's "Footprint"</td><td>Transport and distribution optimisation Water, energy and GHG emissions</td></tr> <tr> <td>Environmental impact of packaging</td><td>Packaging innovation and optimisation Transport and distribution optimisation</td></tr> </tbody> </table>	Strategic Axes	Which material issues do they respond to?	Efficient management of environmental performance	Water, energy and GHG emissions Waste management Transport and distribution optimisation	Sonae's "Footprint"	Transport and distribution optimisation Water, energy and GHG emissions	Environmental impact of packaging	Packaging innovation and optimisation Transport and distribution optimisation	
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Better People – Commitments - Promote well-being and invest in the development of employees' skills and expertise, continuously enriching Sonae's culture - Integrate sustainability into the supply chain and align supplier practices with Soane's policies									
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4.1 Materiality Review With the intention of ensuring the alignment of our sustainability strategy with the main sector trends and consumer preferences, in 2014, we carried out a materiality review which consisted of an analysis and an evaluation of a set of material issues for the fulfilment of our sustainability commitments. This materiality review was essentially based on three distinct components: analysis of stakeholders' expectations and opinions, specific sector trends and benchmarks taking into account the performance of several global reference players. These components allowed us to outline a set of material themes taking each business area into account (Sonae SR and Sonae MC), as well as the organisation boundaries ("Within Sonae" and "Outside of Sonae").									

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- Focus on continuous improvement in order to attain top environmental performance, not only as a differentiating factor but as a basic condition for the sustainable development of Sonae's business

Strategic Axes	Which material issues do they respond to?
Efficient management of environmental performance	Water, energy and GHG emissions Waste management Transport and distribution optimisation
Sonae's "Footprint"	Transport and distribution optimisation Water, energy and GHG emissions
Environmental impact of packaging	Packaging innovation and optimisation Transport and distribution optimisation

Better People – Commitments

- Promote well-being and invest in the development of employees' skills and expertise, continuously enriching Soane's culture
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MATERIAL THEMES	WITHIN SONAE		OUTSIDE SONAE
	SONAE SR	SONAE MC	
Environmental, labour and human rights criteria for suppliers	✓	✓	✓ All the suppliers
Transparency and trust throughout the value chain	✓	✓	✓ All the suppliers; Community; Regulators and governmental entities
Ethics in the supply chain	✓	✓	✓ All the suppliers; Community
Influence suppliers in the preservation of natural resources	✓	✓	✓ All the suppliers
Local Production	✓	✓	✓ CPC Suppliers and Own Brand; Community
Compliance/ Product quality	✓	✓	✓ All the suppliers, Customers and visitors; Media
Public health	✓	✓	✓ All the suppliers, Customers and visitors; Media; Regulators and government
New consumer interaction technologies	✓	✓	✓ Customers and visitors
Product adaption and innovation	✓	✓	✓ Customers and visitors; Community
Packaging innovation and optimisation	✓	✓	✓ Own brand suppliers; Other suppliers
Combating Food waste		✓	✓ Community
Nutrition		✓	✓ Own brand suppliers; Other suppliers; Customers and visitors; Regulators and government
Healthy lifestyles	✓	✓	✓ Customers and visitors
Support to local communities	✓	✓	✓ Community
Health and safety in stores	✓	✓	✓ Employees; Customers and visitors
Human capital management	✓	✓	
Water, energy and GHG emissions	✓	✓	✓ CPC; Sonae MC suppliers; Own brand
Waste management	✓	✓	✓ Own brand suppliers; Customers and visitors; Own brand
Transport and distribution optimisation	✓	✓	✓ Own brand suppliers; Customers and visitors; Own brand

This materiality review allowed us to conclude that our sustainability strategy continues to adapt to the trends and to the current reality of the retail sector, addressing the material issues most relevant to the organisation.

5) Overview of the Final Cycle (2013-2015 Triennium)		
Over the past three years, we sought to meet the commitments outlined in the sustainability strategy ‘Our Way to a Sustainable Life’. For this purpose, we promoted the development of actions and initiatives aligned with the sustainability strategy and strategic objectives of the organisation, covering the three pillars of sustainability (economic, environmental and social).		
Our dedication and effort in this aspect allowed us to achieve a greater degree of maturity in terms of our integrated sustainability management. We can claim that today we are a more sustainable organisation, with greater visibility regarding the impact of our activity and constantly aiming to contribute to a better world. The actions and initiatives undertaken during the last three years have enabled us to meet most of the goals and commitments we defined in our sustainability strategy.		
The end of this three-year period marks the beginning of a new cycle, which will feature a renewed sustainability strategy. Therefore, we will begin to work on developing a new roadmap with a set of ambitious goals, aligned with our business strategy and adapted to the current context, which will allow us to continue building an ever more sustainable organisation.		
5.1 The Main Results of our Commitment		
5.1.1 Better Purpose		
① Responsible Supply and Informed Choice		
Commitments 2013 - 2015	Achievements	Performance
Investing in partnerships with universities and other learning institutions and promoting internships related to food quality	<u>2013:</u> 7 internships and 6 partnerships <u>2014:</u> 6 internships and 6 partnerships <u>2015:</u> 2 internships and 1 partnership	●
Continue to promote a healthy lifestyle, providing more and better information and working together with the community	2013-2015: We developed several initiatives to promote a healthy lifestyle for our customers (e.g. Hyper Healthy Movement) and we strengthened the information on the labelling of various products (e.g. <i>The Nutritional Traffic Light</i>)	●
Ensure the maintenance of the certification of the suggestions and complaints system according to ISO 10002	<u>2013-2015:</u> We renewed this certification for the three-year period	●
Promote feedback on Food and Non-Food products, namely Well's and Note! (reporting platform on the use of products)	<u>2013-2015:</u> We developed the app <i>Continente +</i> (to obtain feedback from our employees) <u>2013-2015:</u> We maintained the suggestions and complaints system to obtain feedback from our customers	●
Invest in sensory analysis in order to promote, monitor and ensure the highest quality products	<u>2013-2015:</u> We carried out more than 60 thousand internal sensory analyses <u>2015:</u> We developed the initiatives “ <i>Taste and Approve</i> ” and “ <i>Sensory Memory</i> ”	●
Provide product information to ensure correct use by the end consumer	<u>2013-2015:</u> We provided information about the environment and safety, beyond that required by law on various products <u>2013-2015:</u> We included nutritional information on the labels of various food products (e.g. <i>The Nutritional Traffic Light</i>)	●
● Accomplished ● Partially accomplished ● Not accomplished		

Our dedication and effort in this aspect allowed us to achieve a greater degree of maturity in terms of our integrated sustainability management. We can claim that today we are a more sustainable organisation, with greater visibility regarding the impact of our activity and constantly aiming to contribute to a better world. The actions and initiatives undertaken during the last three years have enabled us to meet most of the goals and commitments we defined in our sustainability strategy.

5.1 The Main Results of our Commitment

① Responsible Supply and Informed Choice

● Accomplished ● Partially accomplished ● Not accomplished

② Responsibility in Own Brand Products

Commitments 2013 - 2015	Achievements	Performance
To provide a balanced supply of the different types of own brand products	<u>2013:</u> We launched the range Simple & Healthy and the coffee Origins <u>2014:</u> We launched the Light Potatoes ' <i>Continente Equilibrio</i> ' <u>2015:</u> We launched a range of dry fruits <i>Continente Wellbeing</i> and a range of meat of native breeds and 100% National Meat	●
Maintain the NP EN ISO 9001:2008 certification for the process of developing <i>Continente</i> own brand products	<u>2013-2015:</u> We renewed this certification for the three-year period	●
Certify the development process of Worten's own brand products, by NP EN ISO 9001:2008	<u>2013:</u> We achieved the certification <u>2014-2015:</u> We renewed this certification for the two years	●

● Accomplished ● Partially accomplished ● Not accomplished

③ Contribution to Sustainable Fishing

Commitments 2013 - 2015	Achievements	Performance
Raise customer awareness of fishing sustainability issues	<u>2013:</u> We reinforced the communication of the CCL label (Local Fishing Harbour Purchasing Certificate) in fresh fish stalls <u>2014:</u> We launched the project <i>Mr. Barros</i> , which aimed at raising awareness among customers concerning the purchase of products captured using sustainable fishing methods, which are controlled and local <u>2015:</u> The progress made during this year will be transmitted to customers in 2016	●
Give greater prominence to fish products captured using sustainable methods	<u>2013:</u> We increased fish captured from sustainable fishing methods to 31% <u>2014:</u> We increased the amount of fish produce on display and improved the exposure of the products through the <i>Mr. Barros</i> project <u>2015:</u> We have started the development of communication tools, in order to highlight products from sustainable fishing methods and we attached a Suppliers General Contract declaration from our suppliers on this issue	●
Raise the awareness of our cod suppliers about sustainable fishing certification	<u>2013:</u> We ensured that all cod suppliers were certified by the <i>Marine Stewardship Council</i> (MSC) <u>2014:</u> We maintained our commitment made with suppliers to use sustainable fishing methods <u>2015:</u> We attached a Suppliers General Contract declaration from our suppliers on this issue	●
Implement increasingly demanding sustainability requirements	<u>2013:</u> We transferred purchases from a location identified as a risk area by Greenpeace and we limited the purchase of plaice to the species and catch areas not identified on Greenpeace's Red List <u>2014:</u> We implemented the <i>Mr. Barros</i> project and reduced the items obtained through harmful fishing methods <u>2015:</u> We began to define a set of additional requisites to implement	●

● Accomplished ● Partially accomplished ● Not accomplished

④ Increased Sharing and Promotion of Social Wellbeing

Commitments 2013 - 2015	Achievements	Performance
Define Sonae's formal strategy for community support, including definition of strategic areas, goals and information reporting practices	<u>2014:</u> We initiated the development of the support strategy to the Community <u>2015:</u> We continued to work on the development of the support strategy to the Community	●

Continue with projects that have positive impacts on the community in the fields of Health and Sport, Education, Solidarity, Environmental Awareness, Culture, Science and Innovation	<u>2013-2015:</u> We developed various projects of this nature, such as ‘ <i>Missão Continente</i> ’ (<i>Continente</i>), <i>Equipa Worten</i> (<i>Worten</i>), Love-in-a-Box (Zippy), Make-a-Wish (Well’s) and Running Experience (Sport Zone)	
Continue with investment in the community	<u>2013:</u> Investment of 10.6 million euros <u>2014:</u> Investment of 9.8 million euros <u>2015:</u> Investment of 8.5 million euros Note: Sonae consolidated values	
Develop and promote volunteering in the company, through Sonae Activshare Programme diversifying the actions and facilitating access to them	<u>2013:</u> 1,800 volunteers involved <u>2014:</u> 1,737 volunteers involved <u>2015:</u> 916 volunteers involved	

● Accomplished ● Partially accomplished ● Not accomplished

① Management of Efficient Environmental Performance

● Accomplished ● Partially accomplished ● Not accomplished

②

Commitments 2013 - 2015	Achievements	Performance
Calculate the carbon footprint of selected products	<u>2013:</u> We started developing a carbon footprint calculation tool <u>2014:</u> The first carbon footprints were calculated for a set of 13 selected products in fruit, vegetables, butchery, fish stall and delicatessen areas <u>2015:</u> We started the upgrade of the calculation tool evolving from an excel basis for a computer-based platform due to the inherent complexity of this tool and we have extended the number of products to be assessed.	●
Implement a car sharing system	<u>2013-2014:</u> We conducted the initial phase of the development of the project <u>2015:</u> We have provided access to a car sharing platform at Sonae for our employees	●
Maintain the route optimisation procedure for home delivery orders, helping to reduce the carbon footprint	<u>2013-2015:</u> We maintained the km reduction efforts, thus optimising delivery routes during the three-year period	●
Replace tri-temperature vehicles with bi-temperature in home deliveries	<u>2013:</u> We replaced 100% of the tri-temperature vehicles with bi-temperature cars in home deliveries	●
Calculate the water footprint of selected products	<u>2013:</u> We started developing a carbon footprint calculation tool <u>2014:</u> We calculated the first carbon footprints for a set of 13 products in selected areas of fruits, vegetables, butchery, fish stall and delicatessen <u>2015:</u> We started the upgrade of the calculation tool evolving from an excel basis for a computer-based platform due to the inherent complexity of this tool, and we have extended the number of products to be assessed	●
Study and promote best practices in animal and vegetable production to reduce the carbon and water footprint of products from the <i>Continente</i> Producers Club	<u>2013-2015:</u> We continued to provide technical advice under the <i>Continente</i> Producers Club. It is expected that this aspect will be driven as a result of the implementation of the roll-out of the carbon and water footprint calculation tool.	●
Promote the reduction of the carbon footprint by shortening distances between the places where perishable products are produced and <i>Continente</i> stores, if feasible for the members of the <i>Continente</i> Producers Club (CPC)	<u>2013-2015:</u> We invested in the process of direct delivery, with special focus on fruits and vegetables and in the Delicatessen, there are some examples of shared logistics between CPC members.	●
Continue to focus on the installation of new independent energy generation plants that use renewable sources, according to investment capacity and applicable laws with regard to the mini-generation and microgeneration of energy	<u>2013:</u> We installed 13 new plants (113 total) <u>2014-2015:</u> We maintained our portfolio of 113 plants	●
Include environmental issues when monitoring customer satisfaction	<u>2013-2015:</u> included environmental issues in questionnaires for customers during this period	●
Include environmental issues in the monthly "Good Morning Meetings"	<u>2013-2015:</u> We continued to address environmental topics in our "Good Morning Meetings" throughout the three-year period	●

● Accomplished ● Partially accomplished ● Not accomplished

③

Commitments 2013 - 2015	Achievements	Performance
Reduce packaging materials of own brand products	<u>2013:</u> significantly reduced packaging materials <u>2014:</u> significantly reduced packaging materials (e.g. yogurts) <u>2015:</u> significantly reduced packaging materials (e.g., coffee capsules, natural yogurt Slim 0%, <i>Continente</i> pizzas)	●
Optimise shipping boxes in order to reduce packaging materials	<u>2013:</u> Optimise the shipping boxes of garbage bags “ <i>É Continente</i> ” (2 SKUs), <i>Continente</i> biscuits (1 SKU), <i>Continente</i> canned tuna (1 SKU) <u>2014:</u> We have changed the primary packaging and the shipping boxes of 309 products (reduction of cardboard and plastic from 8% to 15%) <u>2015:</u> We continued to work with suppliers on innovative solutions to reduce the use of cardboard and plastic in shipping boxes.	●

● Accomplished ● Partially accomplished ● Not accomplished

● Accomplished ● Partially accomplished ● Not accomplished

5.1.3 Better People

①

Commitments 2013 - 2015	Achievements	Performance
Increase the representation of women in management positions	<u>2013-2015:</u> We maintain the representation of women in over 50% of management positions globally and over 30% in Management and Top Management positions.	
Continuously monitor internal diversity indicators	<u>2013-2015:</u> We continuously monitor the internal diversity indicators such as representation by nationality, gender and age of those holding senior positions, as well as for most of the company	
Maintain strategic planning of Human Resources in the medium to long-term	<u>2013-2015:</u> In line with our strategic business planning cycle, the medium and long-term planning process of our human resources was carried out.	
Continue the internationalisation of the Human Resources policies and processes	<u>2013-2015:</u> Existence of policies and processes at the international level, particularly with regard to the management policies for performance, training and development policy, remuneration policy and international mobility policy.	
Keep streamlining the Human Resources structure in order to increase efficiency and achieve improved response to business requirements	<u>2013-2015:</u> The strategic HR axes during the 2013-2015 triennium, including all our actions and resources, were designed aiming at agility, efficiency and improved response to business needs.	

● Accomplished ● Partially accomplished ● Not accomplished

②

Commitments 2013 - 2015	Achievements	Performance
Implement a software tool to provide support to Sonae's Health and Safety Management System	<u>2013:</u> The software information tool, which supports Sonae's Health and Safety Management System, has been implemented.	●
Implement a software tool to support Occupational Medicine	<u>2015:</u> Occupational Medicine tool implemented	●
Promote health actions within the scope of internal social responsibility	<u>2013-2015:</u> Over the past three years, we have developed a series of actions aimed at meeting this commitment. Some examples developed in 2015 are the AED programme (automated external defibrillation) and Blood Donation/Bone Marrow initiatives	●
Keep our employees focused on healthy lifestyles	<u>2013-2015:</u> We have extended our actions beyond the predicated plan across the organisation, developing over the last few years, several actions for the units in response to identified needs	●
Continue to promote internal communication on issues related to Health, Wellbeing, Hygiene and Safety with our employees	<u>2013-2015:</u> We have complied with the internal communication plan on the issues relating to Health, Wellbeing, Hygiene and Safety among our employees	●
Create and distribute to suppliers a Supplier/Subcontractor Safety Manual, containing a description of good practices on this subject	<u>2014:</u> We began a "pilot" programme for the distribution of the "OHS Guide to Good Practices for Suppliers and Subcontractors" <u>2015:</u> We prepared two documents outlining safety rules and best practices to be implemented across Sonae to be distributed to services and subcontracted providers (OHS Requirements Manual - implemented in Cascais <i>Continente</i> as a "Pilot" project - and the Risk Manual - implemented in all Sonae units)	●

● Accomplished ● Partially accomplished ● Not accomplished

③

Commitments 2013 - 2015	Achievements	Performance
Implementation of the Supplier Manual, which includes the Supplier Policy and the Supplier Code of Conduct	<u>2013:</u> We developed the Supplier Manual and the Suppliers Code of Conduct	
Increase the number of own brand supplies audited, including qualification and selection audits	<u>2013:</u> 827 suppliers audited <u>2014:</u> 1,283 suppliers audited <u>2015:</u> 947 suppliers audited	
Increase in the number of textile suppliers with Social, Ethical and Environmental certification	<u>2013-2015:</u> Due to the priority of the internationalisation process and the costs involved, it was not possible to increase the number of certified textile suppliers	
Ensure the maintenance of the <i>Continente</i> Producers Club certification, in accordance with the technical specification of the Producers Club	<u>2013-2015:</u> We maintained the <i>Continente</i> Producers Club certification during this three-year period	
Creation of a formal procedure for the evaluation of non-conformities detected during supplier audits	<u>2013:</u> Assessment procedures of non-conformities found in supplier audits have been formalised.	

● Accomplished ● Partially accomplished ● Not accomplished

.....●

6) Better Purpose

6.1 Responsible Supply and Informed Choice

We are committed to ensuring the provision of a wide range of responsible products balanced in terms of quality, health and safety in order to meet the expectations of consumers and promote the adoption of a healthy lifestyle. At the same time, considering the need to access immediate information, inherent to the profile of today's consumers, we are concerned about ensuring that we provide the necessary information about our products, regarding their nutritional content, so that consumers can make an informed and appropriate choice according to their lifestyle.

6.1.1 Health and Nutrition

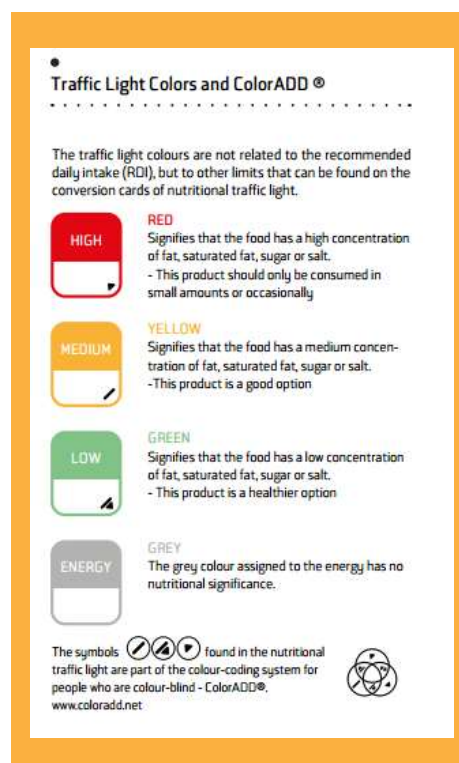
We are aware of our role to provide consumers, information that can facilitate their choice of quality food products that are healthy and safe. In this context, we have a Nutritional Policy based on recommendations of the World Health Organisation (WHO) and various national and international stakeholders, which act as a guide for the continuous improvement of the nutritional quality of our products and the promotion of healthier lifestyles.

In 2015, we continued the work carried out over the last years with some suppliers, to optimise the nutritional profile of certain categories of *Continente's* own brand products. In this way, we reduced the levels of salt, saturated fat, total fat and sugar and eliminated hydrogenated fats of various products.

6.1.2 Nutritional Information System

From a consumer's perspective, combining a choice of healthier foods with the most appropriate nutritional profile of their preference is not always easy. We see it as our responsibility to inform consumers about the nutritional content of food products, thereby improving their ability to make more informed and appropriate choices for a healthy lifestyle.

Nutritional Traffic Light - In 2015, we continued to use the Nutritional Traffic Light as the main way to inform consumers about the nutritional profile of our food products, allowing them a more accurate and intuitive understanding of total fat levels, saturated fat, sugar, salt and the calories in each product. Following the renewal of the labelling of *Continente's* own brand products in 2014, we continued the process of adding the colour identification system ColorADD® for those who are colour blind, onto the new and the redesigned products.



6.1.3 Hyper Healthy Movement

The Hyper Healthy Movement has been developed for five consecutive years so far, with the main objective of improving the eating habits of Portuguese families and motivating them to adopt healthy and active lifestyles. Since the beginning of this movement, more than 40 thousand customers have been advised and more than 1,000 awareness actions have been performed, with the participation of over 26 thousand participants. Furthermore, in recent years, we have established several partnerships, developed multiple campaigns promoting healthy and conscious eating habits, and participated in various conferences and events organised by different educational institutions and other entities, with the purpose of disseminating information about the Hyper Healthy Movement and the Nutritional Traffic Light and also promoting healthy eating habits and lifestyles.

In the first half of 2015, we held a total of 118 educational activities with 2,901 participants, mainly students from pre-school to secondary education students. These educational activities covered not only students but also adults, seniors and our employees. Furthermore, we promoted eight theme workshops for our customers under three different mottoes ("Active Ageing", "Heart Month" and "Fresh Summer Diets"). As part of these actions, we held a Personal Nutritional Shopper group with the presence of a nutritionist, responsible for explaining to our customers the best way of shopping in an informed and healthy way, followed by a show cooking demonstration, highlighting fresh products.

In order to promote the Hyper Healthy Movement further, in the second half of 2015, we went ahead with its repositioning. In line with a change in the main focus areas, all the activities within this movement have been incorporated into the initiatives undertaken by the newly created '*Missão Continente*'. During this period, we invested in educational communication to our customers through activities, such as the publication of 12 articles in *Continente's* Magazine, handing out brochures about our own brand's fresh products with nutritional information and we also developed other educational materials with many tips for our customers, such as product preservation methods in order to reduce food wastage in the home. In addition, we have tried to continue the ongoing optimisation of some product ranges and the creation of functional ranges (e.g., wellbeing range of oleaginous fruits).

Note: For more details on '*Missão Continente*', see the section "Sharing and Promotion of Social Wellbeing" in the chapter "*Better Purpose*".

6.2 Responsibility in own brand products

Considering our scope and geographical dimension, we are fully aware of our role as a driver of consumption practices and lifestyle of a large number of consumers. In this sense, we are serious about our responsibility in the development of own brand products.

Objectives of our Own Brand Development Process

- Consumer Satisfaction with our Own Brand products as a strong factor in business success;
- Guaranteeing that the development of our Own Brand Products is the result of an ongoing concern to comply with all the requirements, with thorough procedures, so that they can be part of the objectives themselves;
- Ensuring more professional organisation to improve operational efficiency, raise the company's productivity and ensure that our employees are highly satisfied in their work;
- Strengthening relationships with suppliers to ensure that the products obtained are of the desired quality;
- Strict compliance with the applicable regulations in all areas of our business

6.2.1 Quality and Product Safety

At Sonae, one of our priorities is to ensure the quality and safety of our own brand products, therefore we constantly control, monitor and develop the process. Thus, we strongly focus on four areas: (i) certification of the development of our own brand products, (ii) monitoring of quality and safety, (iii) labelling, and (iv) management of customer's feedback.

6.2.1.1 Certification of the development of our own brand products

In 2015, continuing our previous efforts, we revalidated the certification process of developing Sonae MC's own brands (including Well's) and Worten, according to the international standard for quality management NP EN ISO 9001:2008

6.2.1.2 Quality monitoring and safety of Own Brand products

We have a team of skilled internal and external professionals dedicated to carrying out periodic checks on products, including inspections, laboratory tests and audits, in order to ensure compliance with quality and safety standards based on the annual plans in place.

Compliance and quality checks of own brand products

Food Products	Non-Food Products	Textile	Sport	Electronics
87,179	9,556	43,886	23,008	703

Food Products

The management of own brand products, namely fresh products, implies a higher degree of complexity, in terms of control and monitoring due to the increased fragility of these types of products. In order to ensure their quality, these products are subjected to rigorous physicochemical, microbiological and sensorial analyses, and to an additional control during the trading period.

Bearing in mind that the criteria are increasingly demanding and rigorous with regard to quality assurance, safety and compliance, as such a repositioning of the food quality area in 2015 has been carried out. In this context, Sonae has allocated efforts to creating three specialised teams: (i) a team dedicated to suppliers; (ii) a team to monitor products upon reception; and (iii) in store product monitoring team.

These teams were responsible, during the year, for the audits of more than 100 suppliers, of more than 130 stores and for the evaluation of more than 4,500 products on sale.

Sensorial Memory: Our quality and research team has been focusing on the development of product evaluation actions. Different employees are assigned to different types of products, and are then responsible for periodically tasting and reporting any differences perceived in quality when the product is consumed, so that they can take steps to mitigate these fluctuations. During the year, more than 1,400 sensory tests, over 400 routine tests and 79,500 assessments were carried out.

Non-Food Products

For the products of the Non-food category, in 2015, over 9,500 compliance analyses were carried out, in order to ensure full compliance with the legal requirements, safety regulations and quality control. Annually, a series of certification processes are initiated for selected non-food products, in order to ensure their quality and performance. An example of this measure was the effort made in 2015 to ensure the quality and safety of the certification issued by TÜV Rheinland to *Continente* and *É Continente* alkaline battery brands.

Electronic Products

All products offered by Worten, including own brand products, are subject to strict quality and safety testing to ensure that they meet the legal and internal requirements. In order to ensure the quality, safety and even aesthetics compliance of all of our own brand products, inspections are carried out from production to the point of loading for distribution. In addition, all existing products in warehouses are subject to control actions through audits and inspections, with a subsequent biweekly survey of all failures/corrections in logistics operations in the warehouses. Items which are not accepted by customers are analysed, so that they can be retrieved for stock or for sale at outlets.

Textile and Sport Products

Following the activities in 2014, this year we remained focused on the internationalisation of our textiles and sports products. In this sense, we continued to allocate a significant part of our efforts to ensure compliance with the specific requirements of the different international markets, particularly in terms of quality and safety requirements in the product's development phase.

Certification of products for India: We conducted over 200 tests on different types of products to certify Azo dyes, for submission to the Indian authorities.

Certification of products for France: In compliance with the new performance and security standards, in 2015 we started the certification process on a series of bicycle models. This project is ongoing for the latest models.

For this purpose, we continued to perform laboratory tests before production, inspections in factories or in logistics warehouses before shipments and random tests on arrival at the warehouse. At the same time, we continued to carry out random toxicity tests in warehouses. Considering the results obtained in the tests performed, we continue to invest in improving the customisation process and the correction of product failures.

6.2.1.3 Own Brand Products Labelling

We are concerned with transmitting information on the labelling of our products with a high degree of simplicity and clarity, often through the use of symbols and icons for easier interpretation by the consumer, in order to allow customers to make an informed choice and ensure safe use of the product. In this sense, we even have a specific regulation for the labelling of various types of own brand products and we have developed a series of assessments and laboratory tests with the purpose of ensuring compliance



with the legal requirements for their future sale in domestic and foreign markets, where the labels are implemented.

Food Products

The labelling of *Continente* own brand items, in addition to representing a means to communicate the information pertaining to all the mandatory legal requirements such as the ingredients and respective quantities, has as one of its main objectives the promotion of healthy eating habits, simplifying the interpretation of the nutritional content of food and assisting the customer to make a nutritionally suitable choice, so we voluntarily adopted the nutritional traffic light. In addition, we have incorporated the ColorADD® code, so those who are colour-blind can identify colours and also make choices better aligned to their needs.

Non-Food Products

In the category of Non-Food Products, in 2015, English, Spanish, French and Slovenian languages were included on the labelling of own brand products. These measures were aimed to ensure the transmission of the mandatory information required and the disclosure of optional information as a way of improving the user experience for customers and to ensure the application of our quality and safety principles, in international markets.

Electronics Products

All products marketed in Worten's stores are labelled and packaged with certain information, namely the instruction manual, the warranty certificate with the respective conditions, the product's main characteristics and additional information.

Textile Products

In the development and preparation of the labelling of textile products, Sonae's quality assurance developed a checklist to ensure that all suppliers provide the necessary information. In this way, we can then provide all the relevant details so that our customers can make an informed choice. Additionally, concerning all of the labelling of Zippy and MO's products, the ColorADD® code is included, allowing colour-blind users to easily identify the respective colours through symbols, thus promoting social inclusion.



6.2.1.4 Customer Feedback

We have a Suggestions and Complaints Management System, whose certification has been renewed according to the NP EN ISO 10002: 2006. Through this system, in 2015 we received and analysed approximately 113 thousand complaints and suggestions regarding the various Sonae insignias, allowing us to identify a number of areas and opportunities for improvement and to implement various improvements.

We also provide access to our employees, customers, suppliers and the general public to the Sonae Ombudsman dedicated to interact with the different business areas, in order to address and manage, in due course, the claims, complaints or suggestions submitted to it.

Additionally, in order to be aware of our customers' opinion in relation to subjects like our business strategy and sustainability policy, we conducted a market study dedicated to these issues involving a total of 3,060 interviews with customers.

The feedback collected through the different sources is in turn embedded in the strategic decisions of our different businesses.

Sonae Ombudsman - provedoria@sonae.pt

6.2.2 New Products

Healthier Lifestyle – products which aim to promote healthy eating.

Take Away Soups without Potato



New Range of Cheese and Spreadable Fresh Cheese which are Lactose free



NOVA GAMA DE FRUTOS SECOS CONTINENTE BEM-ESTAR



Due to the wide variety of nutrients provided by dried fruits, essential to our health, *Continente* developed five dried fruit mixes that take into account the different health benefits sought by our customers.

Adapting to customers' needs – These are examples of innovative products, which are responding to the new consumption trends of our customers.

Launch of the Chef's Essentials range



New range of Frozen Fish
Simple and Healthy



Launch of Soups for the multi-purpose cooking machine



Butchery range 100% National Meat – To promote the recognition and sale of national products.

Just as Sonae has emphasized the importance of contributing to the development of the locations where it operates, our customers value and increasingly search for products that contribute to this purpose. In this sense, we have developed a range of products Butchery 100% National Meat, often associated with the quality of a typically Portuguese product. This product was awarded a gold medal at the Vertex Awards in the design category.

Also in this context, a new range of meat from native breeds was created to protect small producers of certain types of meat considered culinary heritage, in order to continue the production and preservation of Portuguese culture.



6.2.3 Projects and Initiatives

6.2.3.1 FAZ Project

In order to improve the quality standards of fruit and vegetables, and to make the value chain processes, that are associated with these kind of products, more efficient and sustainable, in 2014 we created the FAZ project. In 2015, we maintained our focus on this project and have been developing actions on the following components:

Sensorial panels: Throughout the year there was a strong focus on maximising the use of our various sensory laboratories, currently operating at 100%, and monitoring not only the fruit and vegetables, but other own brand products of the Fresh sector.

Direct deliveries from suppliers to the stores: As expected, in 2015, we increased the number of local suppliers with whom we have partnerships in the different locations where we operate. By promoting direct deliveries to stores, we contribute to reducing the logistics costs and environmental impacts, as well as guaranteeing greater freshness of the delivered products.

Technical monitoring programme for suppliers: This year, in addition to the chestnut and cherry monitoring programme, we have extended the scope of our follow-up actions, carried out by our quality technicians, to a wider range of products like strawberries, melon and various stone fruits. This initiative has had a huge impact on guaranteeing the quality of produce from our suppliers in these busier periods and, at the same time, has had a tremendous influence on strengthening relations between the suppliers and Sonae.

Furthermore, in relation to the FAZ Project, in 2014, a panel of experts with training and knowledge on specific fruit was formed, which in 2015, evolved into a routine analysis carried out by tasters, who represent the characteristics of our customers.



6.2.3.2 Taste and Approve

This project includes a set of large-scale tasting actions to leverage the perceived quality of Fresh products and to encourage closer customer relations, promoting our products through sampling. For this purpose, different activities were developed in four main areas:

Internal Dimension: We promoted our Fresh products among our employees with the objective of gathering their opinion on the quality of some of these products. There were four of these promotional actions in 2014 and we were able to reach 4,600 employees. In addition, through the Continente+ app, about 900 employees can regularly (i) evaluate Continente's own brand products, (ii) consult the historical testing results gathered, (iii) suggest new products. Through this application, besides having access to all of our own brand fresh products, our employees receive a weekly message suggesting the sampling of a particular product.

Sensebus: Our quality team went on an adventure, a journey that covered the country from North to South, to offer people from different urban centres the chance to experience the quality of some of our best own brand fresh products.

Store Trials: At the first stage of the Taste and Approve initiative, we offered our customers the opportunity to try out our Fresh products at 57 stores nationwide (*Continente, Continente Modelo and Continente Bom Dia*). The initiative was so well received that most stores adopted the policy of providing several weekly Fresh products for tasting.

Announcement of products available for sampling through leaflets: Every week, four Fresh products that can be tasted in store are promoted through leaflets.

During the implementation of this initiative throughout the year, we were able to involve about 22,600 customers in about 57 stores and 8 street locations, gathering about 95,400 reviews on 120 Fresh products.

6.2.3.3 Quality + Project

The Quality + Project aims to increase our customers' perception of the quality of our Non-food own brand products, by improving our suppliers' processes. In this context, performance, durability and usability tests are carried out in order to identify possible improvement actions and qualitative "quick wins" of our products and processes.

Suppliers reduce the chemicals used in our dishcloths
With the identification of qualitative "quick wins" through various tests and trials, we have reduced the amount of chemicals used in the manufacturing process of our own brand dishcloths, in order to improve the product performance and optimise the manufacturing costs.

6.2.3.4 Yämmi Project

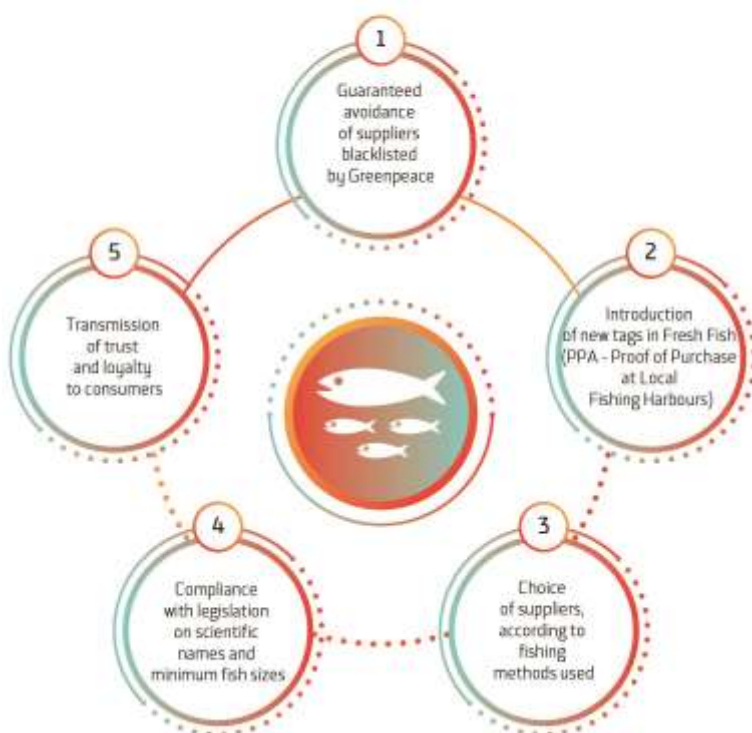
With the emergence of the *Yämmi* in 2013, we became the second distribution brand worldwide and the first in Portugal and Europe to launch a multi-purpose cooking machine. In 2015, *Continente* decided to capitalise on the success of this product to promote national production. For this purpose, we have set up a new project with the objective of developing national partners, providing them with the best international practices, and all the techniques and methods that are required for the high level performance of this machine. Through an investment greater than 1 million euros, we relocated the production to Portugal, preparing, training and even redesigning certain procedural structures of various suppliers. Thus, in 2015 we initiated a strong focus on the use of national talent as a fundamental pillar of the new internationalisation strategy for the *Yämmi*, involving 28 suppliers and various research partners, such as universities, during the development and industrialisation stages.

6.3 Contribution to Sustainable Fishing

The Sonae Policy of Sustainable Fishing is aimed not only to minimise the negative impacts that fishing activities have on marine biodiversity, but above all to promote the adoption of sustainable fishing practices, based on a set of operating principles and commitments that promote the protection of flora and fauna in ecosystems.

Advantages of the Sustainable Fishing Policy

Fishing Sustainability Policy



Measures that contribute towards Sustainable Fishing

Sonae applies a variety of measures to encourage the marketing of products based on sustainable practices and reduce the marketing of products from unsustainable practices.

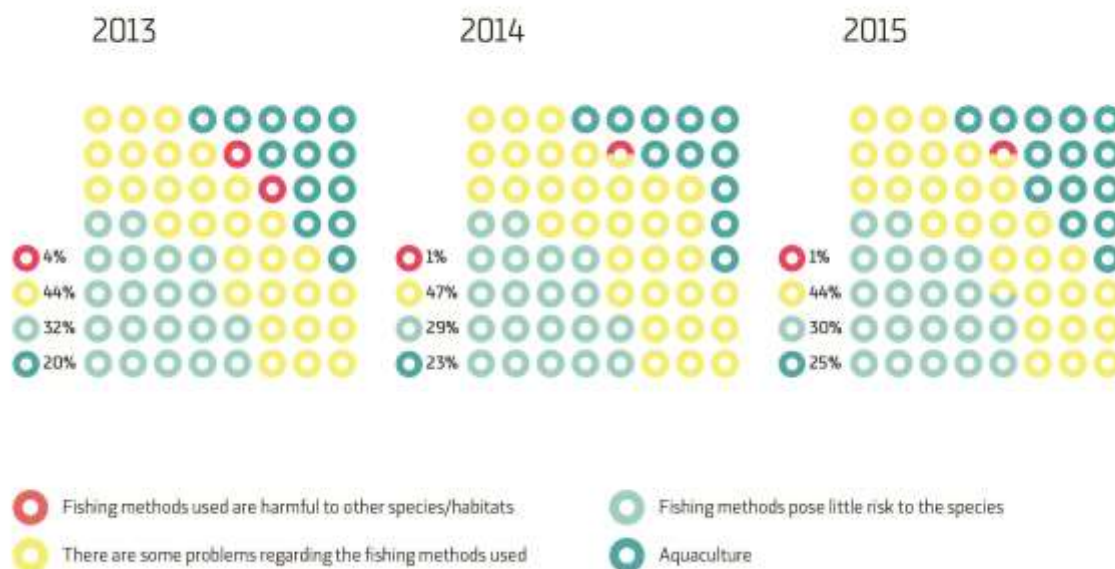
Measures Implemented to Enhance Sustainable Fishing



6.3.1 Traffic Light System

In order to promote the sales of fish species that were caught in a sustainable way and to assess more easily the sustainability of products sold by Sonae, through the fish retail unit, we developed a tool that has been used in recent years, known as the Traffic Light System. Through this system, we assign the colours red, yellow, green or blue depending on the fishing method used, thus simplifying the identification of the main fishing practices.

Traffic Light System



As a result of the work carried out over the last three years on promoting the use of sustainable fishing methods from our Fish retail units, we would like to highlight the reduction of the amount of fish captured using fishing methods that are harmful to other species or habitats (4% in 2013 to 1% in 2015), giving priority to suppliers that use fishing methods with less impact on existing species and ecosystems.

6.3.2 Sonae's Fish Supplier Requirements

In order to promote the adoption of sustainable practices along the value chain, the suppliers' responsibility is to fulfil a number of requirements when concluding a contract with Sonae, namely:

- (i) Comply with and meet the legally established maximum fish catch quotas;
- (ii) Operate their fishing equipment so as to avoid harm to the seabed and ecosystems;
- (iii) Act in accordance with the sustainable fish capture policy and;
- (iv) Only supply fish caught on vessels not "blacklisted" by Greenpeace with an undertaking to submit documentary proof of compliance whenever requested. Additionally, the documents accompanying the goods are required to include information on species, batch, capture zone and method. Moreover, this information and the vessel names, certificates, names of captains and port of landing must be updated on an annual basis.

Additionally, quality audits of suppliers are carried out to ensure the execution of the requirements set by Sonae.



6.3.3 Consumer Awareness

In addition to these measures and in line with the principle of responsible supply and informed choice, one of the primary goals of our Sustainable Fishing Policy is consumer awareness of the problems underlying non-sustainable fishing.

In this sense, we have implemented the following actions:

- (i) Provide greater degree of visibility to products from more sustainable fishing methods;
- (ii) Carry out awareness activities, lectures, events and partnerships within the Hyper Healthy Movement;
- (iii) Display the CCL Label (Local Fishing Harbour Purchasing Certificate) in fresh fish stalls and place explanatory posters of this label at the local fishing harbours;
- (iv) Promote sustainable fishing through contact with the MSC (Marine Stewardship Council).

6.4 Increased Sharing and Promotion of Social Wellbeing

Influenced by our sustainable dimension and strong culture of social and environmental responsibility, the various Sonae insignias in the retail sector have developed a series of actions and initiatives aimed at increased sharing and the promotion of social wellbeing by creating a positive impact on local communities.

6.4.1 'Missão Continente'

In 2015, '*Missão Continente*' was established, in order to raise awareness and mobilise people and communities in relation to social inclusion, economic development and respect for the environment. '*Missão Continente*' has evolved from '*Missão Sorriso*', which for more than a decade, focused on the development of social causes in the areas of child health, active aging and the fight against hunger. '*Missão Continente*' extends '*Missão Sorriso*' by embracing all of Sonae MC's corporate responsibility dimensions, namely activities of a social nature, the community and the environment. In order to better contribute to the development of communities and to improve the quality of life of Portuguese families, this initiative is divided into three strategic pillars: Raising Awareness, Community and "Smile".

Missão Continente main goals

Raising Awareness

- Raise awareness and encourage people to adopt healthier and more economical lifestyles
- Promote conscious consumption
- Mobilise for the development of national production
- Raise awareness of the relevance of environmental sustainability

Community

- Promote active aging
- Promote social inclusion by combating hunger and poverty
- Tackle food waste

Smile

- Tackle food waste
- Develop actions to support birth rates
- Promote child health in Portugal, through local support (health centres)

Some examples of initiatives with regard to the pillar of intervention:

The “Raising Awareness” pillar

This component focuses on the adoption and promotion of lifestyles that take into consideration many of today’s social and world challenges, from a social, economic and environmental perspective.

Gardens in Schools: In partnership with the Lisbon Town Council, ‘Missão Continente’ contributed to the creation of school gardens in Lisbon municipality in 10 basic education schools, as part of the campaign "vegetable gardens at schools ... vegetables on your plate," raising awareness of healthy eating habits.

The “Community” pillar

The Community component aims to contribute positively to cohesion and social welfare. In this sense, during 2015, we developed several actions in partnership with various organisations such as Caritas, Refood, DariAcordar and the Red Cross, which enabled ‘Missão Continente’ to contribute with:

- Donations of more than 3.5 M€;
- Collection from customers of food and products, which accounted for more than 200 thousand meals and donations of more than 500 thousand euros;

The “Smile” pillar

Food Collection: During a period of three days, ‘Missão Continente’ held in partnership with the Red Cross, a national Food Collection campaign, in which several hundred volunteers were in various *Continente* stores and *Meu Super* stores collecting essential goods contributions. Products and food offered accounted for about 200,000 meals and were then distributed to the neediest people, indicated by the representatives of the Portuguese Red Cross according to the most urgent needs of each region.



The Smile component, in addition to inheriting the name of the previous initiative (‘Missão Sorriso’), also focuses on child health, concentrating on the development of actions to support birth rates and promote family health in Portugal through local support.

‘Missão Continente Sorriso’: The promotion of maternal and child health in the health centres in Portugal, one of Missão Continente’s aims during 2015 was to raise funds by selling the book "The best family recipes" and the contribution of the population through premium-rate calls, totalling a final value exceeding 375,000 euros. For each book sold, ‘Missão Continente’ donated half the value of the winning projects of the annual ‘Missão Sorriso’ contest, voted by the Portuguese people from one of 58 projects.



6.4.2 Love in a Box

For the second consecutive year, ZIPPY, in partnership with the Portuguese Red Cross, launched the "Love in a Box" campaign, challenging children and their families to bring a smile to children in need during the Christmas season. The amount raised was converted into several child-care articles, clothing and footwear, which was in turn distributed by the various delegations of the Portuguese Red Cross, according to identified needs. In 2015, we took this initiative to Spain



6.4.3 Equipa Worten Equipa

Equipa Worten Equipa project was created in 2009, with the aim of reducing the needs of Portuguese social solidarity institutions and to promote a cleaner and sustainable environment. For each tonne of waste electrical and electronic equipment collected in Worten stores, we donate 50 euros in new equipment to charities across the country. Over the past few years, Equipa Worten Equipa has collected more than 30,000 tonnes of waste equipment and more than 17,000 new pieces of equipment, with a value over 1.5 M€, have been offered to more than 1,700 institutions, providing support to 410,000 people in need.



6.4.4 Código DáVinte

The "Dá Vinte" Code allows Worten customers at the checkout counter to select a "Dá Vinte" bar code card and donate multiples of 20 cents. Worten adds 20% to the value donated by the customers and the total is then donated to a charity organisation. In total, over the three editions, Worten has donated about 435 thousand euros to help those in need. Out of this amount, approximately 185 thousand euros were allocated to the construction of a new house to foster 16 families of children undergoing treatment at the Portuguese Institute of Oncology (IPO) of Porto, reaching 100 families per year.



6.4.5 Running Experience

In the context of promoting health and social wellbeing through sports activities, Sport Zone has developed a series of initiatives, such as half marathons, running events (e.g. Riverbank Run at Night), cycling workshops, and much more. One of the main events developed was the Sport Zone Running Experience, which to celebrate the month of Running (March), brought together customers and athletes from the Portuguese Athletics Federation in Lisbon and Porto, offering several Sport Zone customers the opportunity to network and to learn from some of the best sportsmen in the field



6.4.6 Make-a-Wish

Since Christmas of 2013, Well's and the Make-A-Wish Foundation have teamed up to help grant wishes, through various fundraising campaigns, to children and young people, who are victims of life-threatening medical conditions. In 2015, the campaign managed to collect a total of 90 thousand euros from the sale of Christmas label collections, for the amount of one euro. The funds raised reverted entirely to the Make-A-Wish Foundation



6.4.7 A standing commitment to our customers and customer benefits

6.4.7.1 *Universo* Card – all in one card

In order to take the benefits of progress and innovation to an increasing number of Portuguese families, in 2015, Sonae created the *Universo* Card that brings together all the benefits of the loyalty cards into a single card. Apart from being an upgrade from the *Continente* card and, becoming a discount platform, this card allows its members to access all programmes and enjoy all the advantages of the various Sonae and Galp stores. When paying with the *Universo* Card, customers receive discounts up to 16 cents per litre in Galp stations and a 1% discount on all purchases made in shops adhering to the MasterCard network in Portugal or abroad².

² For more information about *Universo* Card, consult the website: www.universo.pt

6.4.7.2 Delivers made to drop-off points

In 2015, Sonae began the development of an innovative network of deliveries in certain drop-off points to provide a greater level of convenience to its customers. The concept is based on allowing orders placed online to be collected at various drop-off points, giving all customers, who are working, not at home or simply do not have time in their routine to go to a *Continente* store, a chance to collect their purchases in a practical and simple way on the way home. This project is in a pilot phase and has a partnership with entities such as *Galp*, *Fertagus* and *Tagus Park*.

7) Better Planet

7.1 Efficient Management of Environmental Performance

7.1.1 Management and Environmental Best Practices

At Sonae, we promote the continuous improvement of our environmental management through the Environmental Certification Programme according to international standard NP EN ISO 14001:2004. The implementation of this programme in Portugal and Spain has allowed us to minimise our environmental impact, to improve our infrastructure and to strengthen the fulfilment of our legal obligations from an environmental perspective.

In 2015, we finished the year with 55 certifications according to standard NP EN ISO 14001: 2004, namely:

48 Stores	6 Warehouses	1 Industrial Facility
Sonae MC ▪ 26 <i>Continente</i> ▪ 8 <i>Continente</i> Modelo ▪ 2 <i>Continente</i> Bom Dia Sonae SR ▪ 12 Worten (3 of which are in Spain)	▪ All of the warehouses operating in Continental Portugal	▪ Meat Processing Centre

In 2015, we obtained 15 New Environmental Certifications NP EN ISO 14001:2004

12 *Continente* Stores: Barreiro, Beja, Évora, Guia, Loulé, Montijo, Portimão, Portimão 2, Seixal, Tavira, Telheiras and Vasco da Gama

3 Worten Stores: Guimarães, Braga e Portimão (*Retail Centr*)

Additionally, Sonae already has the Corporate Environmental Certification in our Retail area (Sonae MC & Sonae SR) according to the standard NP EN ISO 14001:2004, issued by Lloyd's Register.

All *Continente* and Worten stores are equipped with an Environmental *Tableau de Bord* an essential tool for monitoring the main environmental indicators – water, energy, fuel, and waste, amongst others.

Following the efforts carried out towards the continuous improvement of our buildings, having achieved LEED certification for Maia Tower Business Park (Gold level) and the *Continente Bom Dia* Store in S. João da Foz, in Oporto (Platinum level) and BREEAM certification for warehouses PLAZA I and II, we have applied, at the end of 2015, the Continente Matosinhos Store - which suffered a major refurbishment – to the LEED certification, hoping to be recognized in 2016.

7.1.2 Refrigerant Gases

In 2015, we proceeded with the environmental improvement programme of our cold production facilities, without forgetting the problematic usage of GHGs (Greenhouse Gases), to which we gave particular importance. Following our actions last year, we have been developing and implementing alternative solutions to the commonly used ones, aiming to drastically reduce or even eradicate the use of gases with a high GWP (Global Warming Potential), for instance the R404 and R427 gases.

We continue to develop and implement alternatives with regard to the substitution of these gases with “natural gases”, which continue to present a challenge in terms of efficiency, namely in warmer geographic regions, for instance in the southern European countries. We have been developing a set of initiatives that aim to promote the use of “natural gases” like R744 (CO₂), R290 and R717 (NH₃), complemented with other less harmful refrigerant gases like R134, or R407 and/or with Glycol. As a result, we ended 2015 with 29 stores, 15 more than in 2014, using R744 (CO₂) gas, complemented with the R134 gas, and 38 stores, 17 more than 2014, supported by the use of R290 gas in their cold production systems.

We followed this with two pilot projects using 100% “natural gases”, initiated in 2014, maintaining the learning curve of this delicate technology. These projects were implemented in hybrid cascade systems, using R744 (CO₂) – the production of negative cold temperatures – complemented with the R717 (NH₃) – production of positive cold temperatures and Glycol – in equipment and in the transportation of positive cold to equipment. The implementation of these projects is a demanding challenge, not only due to the nature of the ammonium (NH₃), but also because of its pioneering technology in non-industrialised facilities located in warm urban areas.

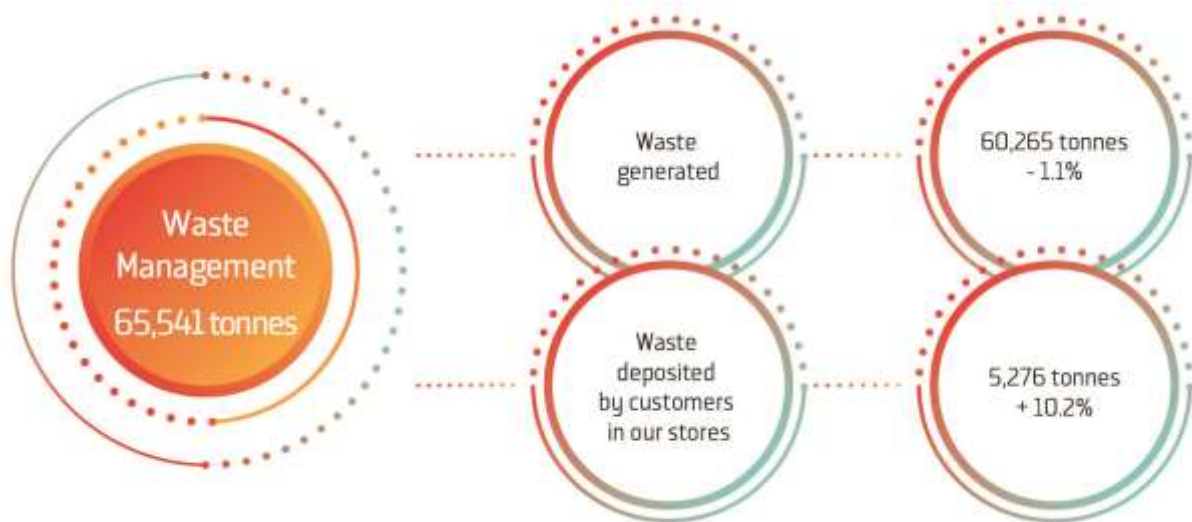
In 2015, we would like to highlight the beginning of a new pilot-project that aims to use R407 in retrofit operations, accelerating the replacement with R407 gas in facilities which were previously operated with the R404, which turns out to be the most aggressive for the Environment.

	2015	2014-2015	2013-2015
R404	65%	-9p.p.	-14p.p.
R427	2%	-2p.p.	-4p.p.
R407	2%	+2p.p.	+2p.p.
R134	7%	+2p.p.	+5p.p.
R290	8%	+3p.p.	+5p.p.
R744	6%	+3p.p.	+5p.p.
R717 (NH₃)/Glycol	2%	+0p.p.	+1p.p.
Glycol	7%	-1p.p.	-2p.p.

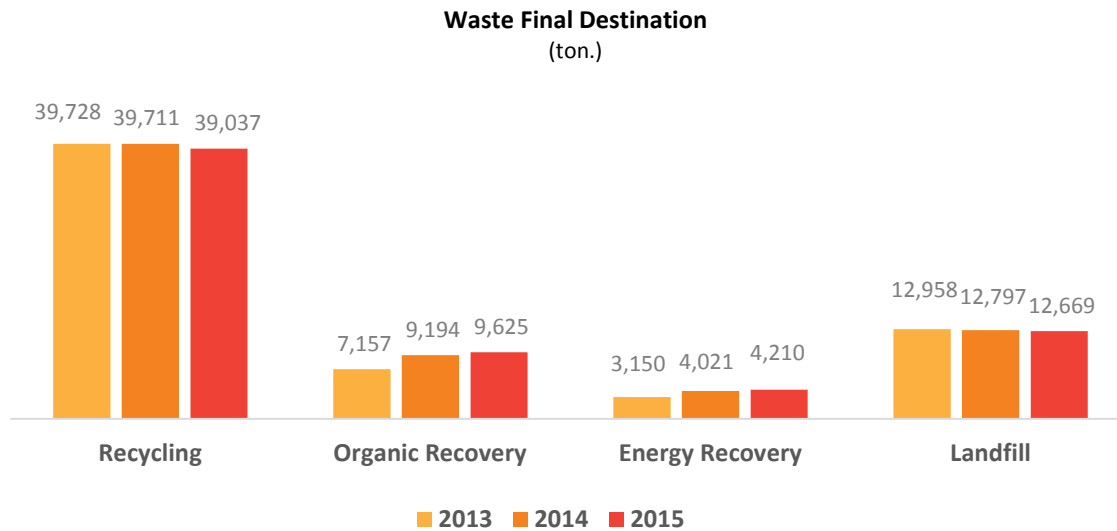
The values above show that between 2013 and 2015 there was a reduction of 18p.p. in the use of gases which are more harmful to the environment (with GWP higher than 1,500) and a proportional increase (18 p.p.) in the use of gases which are less harmful to the environment, demonstrating that within this combination of gases there was an increase of 11 p.p. in the use of “Natural Gases”.

7.1.3 Waste Management

Under the remit of waste management inherent in our environmental policy, we care as much with the waste resulting from our activity, as the waste deposited by customers in our stores. In 2015, we were responsible for the management of 65,541 tonnes of waste, representing an increase of 0.3% compared to 2014.



- After a general assessment of waste management in 2015, we would like to highlight the following: we registered an increase of 10.2% in the amount of waste deposited by Customers which we sent to Recovery, highlighting the categories of Used Clothes (+20%), Used Cooking Oils (+7%) and Used Corks (+24%). It is also worth mentioning the increase of around 26% in the amount of hazardous electric and electronical waste (WEEEs), deposited by our customers;
- In the management of non-hazardous waste, we would like to highlight a reduction in the amount of cardboard (-2.7%) and plastic generated (-9.8%), as a result of our efforts to minimise the environmental impact of the product packaging that we sell, namely our own brand products (see the section “Environmental impact of packaging” in this chapter);
- With regard to the recovery of MSW (Municipal Solid Waste), we recorded not only a reduction in production (regardless of the organic growth) but we also achieved the value 80.7% of waste sent to recovery. Although it is only a slight improvement compared to 2014 (+0.2%), this reflects an enormous effort due to the fact that we are on a significantly higher baseline with respect to the recovery rate of MSWs.



Considering the different projects and initiatives developed in 2015 with the goal of minimising our environmental impact that results from the waste produced along the whole value chain, we would like to highlight the following:

UTRAD³: Aims to recover electric and electronic products with small defects and flaws to be sold in Outlet stores instead of being sent to recycling. In 2015, the recovery rate of this type of product was of 82%, representing an increase of 12p.p. compared to 2014.

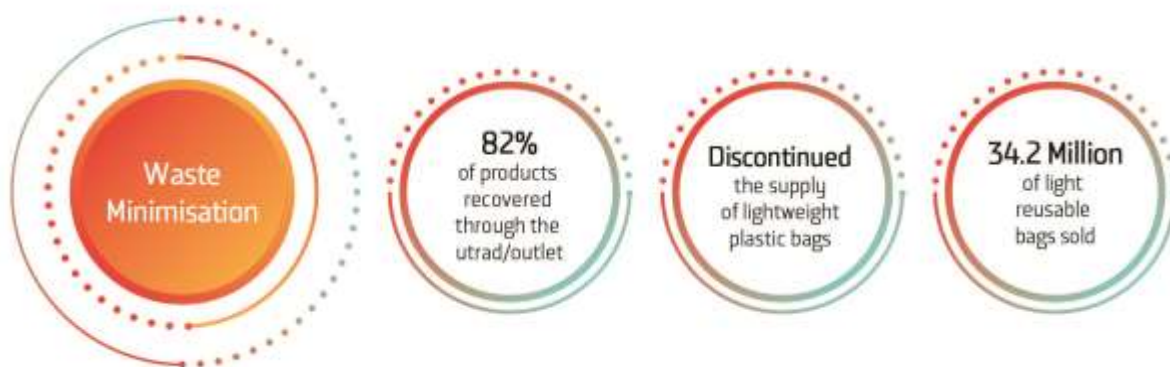
Encourage the use of recycled bags: in order to meet governmental reduction objectives of using lightweight plastic bags (bags with thickness less than 50 microns), we discontinued in 2015 the line of freely available plastic bags in the stores, replacing them with very wide range of reusable bags, costs they also differentiated.

To support our customers' habits change, we offered during the first month after discontinuing the supply of lightweight bags, 1 reusable bag in the first purchase. In total, we offered 1.9 million reusable bags.

As result, we sold around 26.6 million reusable light bags and registered an increase of 466% in the amount of reusable bags (*Continente* and *APED*) sold compared to 2014, notwithstanding the organic growth. When using a comparable set of stores, we registered an increase of 454% in the sale of these bags.

As a result of this change, we have put in Portuguese homes in 2015, 34.2 million reusable bags.

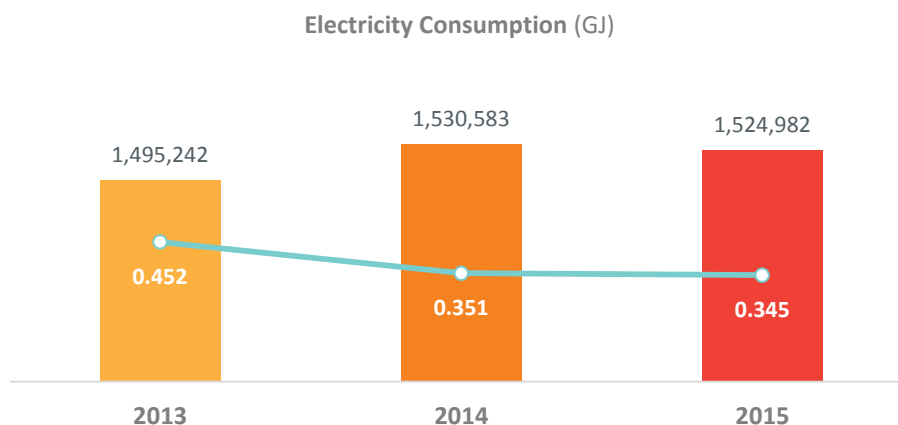
³ Treatment Unit for Depreciated Products (electric and electronic).



7.2 Sonae's Footprint

7.2.1 Energy

In 2015, an energy consumption of 2,015,351 GJ was recorded, representing an increase of 0.18% compared to 2014, with the majority of this consumption related to electricity (approximately 75.86%). In 2015, in Sonae's Retail Area (including stores, warehouses and manufacturing centres) the electrical energy consumption was 423.6 GWh (1,524,982 GJ), which represents a decrease of 0.4% compared to 2014, despite the growth of our store network. In relation to the specific electrical energy consumption (SEC) of all of the stores and warehouses by area of sales, we recorded a decrease from 0.351 to 0.346 GWh /1000 m² (SEC).



This result shows the positive influence of the energy efficiency initiatives applied throughout 2015, mainly associated to measures such as:

- Pilot project of dynamic consumption (test phase in 4 stores), providing automatic load shedding part of consumption during periods of unfavourable energy tariff, thus reducing consumption or consumption transfer between periods;
- Replacement of fluorescent lighting to LED in 16 stores;

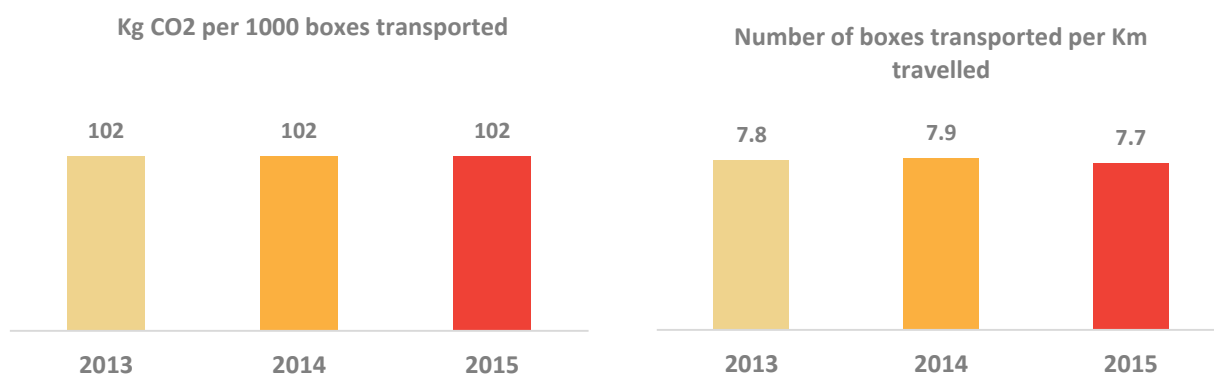
- Development and use of *CHECKWATTS* platforms – an energy consumption monitoring and management platform of energy consumption in stores – and *TELKI* platform- remote platform of store cold plants.

In addition to these initiatives, we still maintain the independent generation of energy from renewable sources. Our *Trevo* project includes a portfolio of 113 independent energy generation plants using renewable sources - 112 using photovoltaic panels (solar energy) and 1 using an aero generator (wind energy). In 2015, we recorded an increase of energy output from the power plants from 7,256.7 to 7,758.5 MWh, avoiding the emission of around 3,646 tonnes of CO₂ (an increase of around 7% compared to 2014).

7.2.2 Transport and logistics

With respect to minimising the environmental impact of our hired fleet, we work together with our transport service suppliers with the goal of improving the eco-efficiency of the vehicles used by the suppliers, ensuring a preference for more modern vehicles. At the end of 2015, around 77% of the hired vehicles complied with the Euro⁴ 5 Standard or higher, translating into an increase of 7p.p. and 11p.p. compared to 2014 and 2013, respectively. We would like to emphasise further that in 2015, we used for the first time vehicles that complied with the Euro 7 Standard, corresponding to 4% of the hired fleet. This fleet covered in total 35.8 million kilometres throughout 2015, resulting in an emission of 28,045 tonnes of CO₂ which represents an increase of around 0.2% compared with the value verified in 2014.

In relation to the pilot-project concerning the evaluation and use of Natural Gas Vehicles (NGV) which was initiated in 2014, we decided to discontinue this project throughout 2015 due to the fact that the use of these vehicles has not proven to be economically competitive, in comparison to diesel powered vehicles.



In terms of logistics efficiency, we have been looking to develop improvements both at the level of home deliveries and the supply to stores. Specifically regarding the supply to stores, we transported 7.7 boxes per kilometre travelled and we recorded emissions in the order of 103 kg of CO₂ per thousand transported boxes.

⁴ European Emissions Standard – a standard that regulates the emissions from commercial vehicles in the European Union (diesel and petrol). The vehicles with a standard of a higher value emit less emissions compared to lower standard vehicles (e.g.: vehicles with a Euro Standard 6 produce less emissions than vehicles with a Euro Standard 4).

7.2.3 Emission of Greenhouse Gases (GHG)

In 2015, overall GHG emissions were 244,272 tonnes of CO₂, an increase of approximately 25% compared with 2014.

Scope 1⁵ Emissions: the emissions associated with the consumption of fuels in 2015, recorded an increase of 2.9% in comparison to last year. This was mainly due to a slight increase in the consumption of diesel in the hired fleet responsible for the transportation of goods and also due to an increase in the diesel and petrol consumption by the vehicles used by our employees.

Scope 2⁶ Emissions: related to electrical energy consumption, which is the main source of GHG emissions. In 2015, we have recorded total CO₂e emissions of 204,648 tonnes, an increase of approximately 31% in comparison to 2014. This increase is mostly due to the fact that our energy suppliers have used fossil fuel energy sources more frequently, in particular charcoal, in energy production.

Scope 3⁷ Emissions: Following the reduction of the total waste generated, in 2015 the emissions under this scope recorded a decrease of about 0.6% compared with the value recorded in 2014, reverting the increasing tendency verified in the previous year.

Car Sharing Platform

In 2015 we initiated the implementation of the *car sharing* platform at Sonae. This initiative allows our employees to travel in a more economical and sustainable way when travelling on a professional basis. Contributing to the decrease of our ecological footprint through the reduction of CO₂ emissions and the reduction of travel costs, this initiative promotes the expansion of the knowledge and contacts network between employees. At the same time, for each 1000 Km saved, Sonae has committed to planting 15 trees in partnership with Quercus to balance out our carbon footprint.

CO2 Emissions
(ton CO₂e)

Scope	2013	2014	2015
Scope 1	33,900	34,834	35,659
Scope 2	158,308	156,573	204,648
Scope 3	3,974	3,989	3,965

■ 2013 ■ 2014 ■ 2015

⁵ Direct Emissions: emissions associated to fuel consumption at the level of the stores and the fleet hired for the transportation of goods and employees.

⁶ Indirect Emissions: emissions associated with electricity consumption.

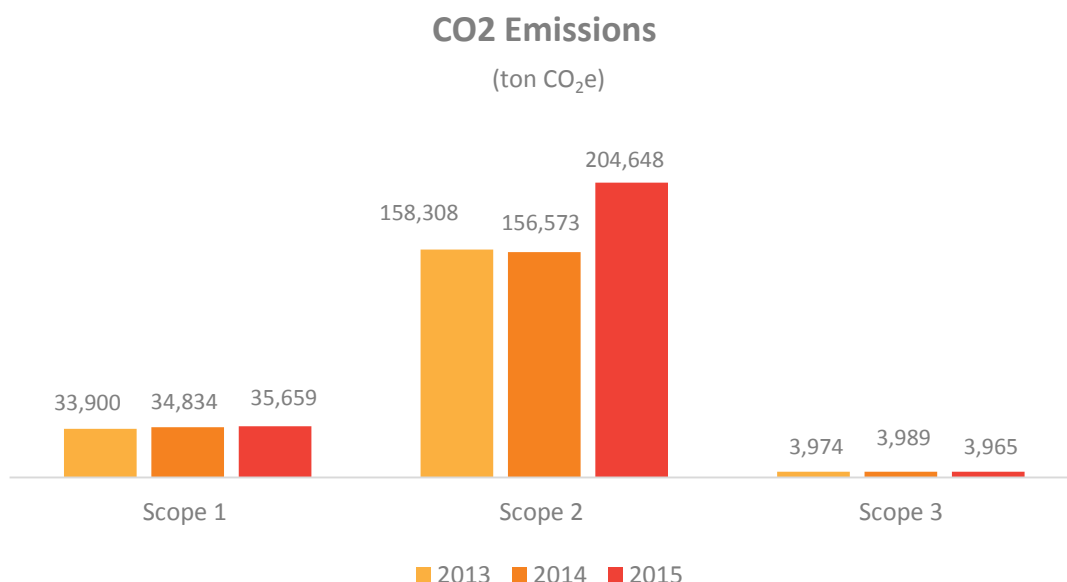
⁷ Other Indirect Emissions: emissions associated with waste management.

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Car Sharing Platform

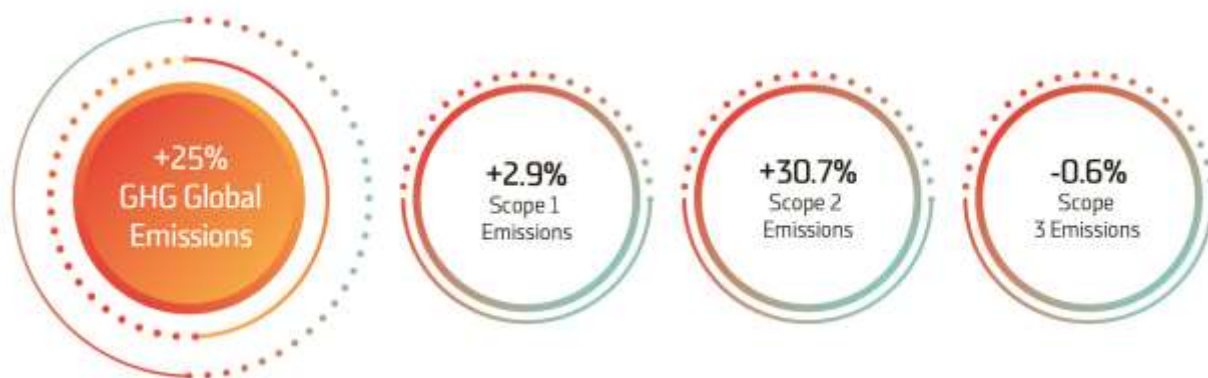
Scope 3⁷ Emissions: Following the reduction of the total waste generated, in 2015 the emissions under this scope recorded a decrease of about 0.6% compared with the value recorded in 2014, reverting the increasing tendency verified in the previous year.



⁶ Indirect Emissions: emissions associated with electricity consumption.

⁷ Other Indirect Emissions: emissions associated with waste management.

Evolution of GHG emissions compared with 2014



7.2.4 Water

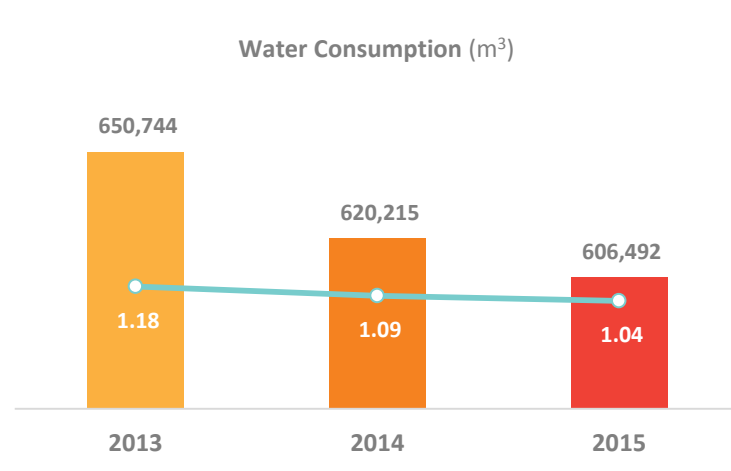
In 2015, we continued to focus on the development of projects devoted to the reduction and moderation of water consumption. In doing so, we focused our attention on aspects such as: (i) monitor equipment efficiency (malfunctions/theft) such as the flowmeters in all of the taps and urinal; (ii) control of the mains water pressure; (iii) use of efficient flush toilets; (iv) use of washing machines to wash mops and other various cleaning materials (v) timely control of leaks. In parallel, we have continued to increase our employees' awareness about the importance of moderation in the consumption of water.

Recycling of wastewater at the Meat Processing Centre

This project enables the reuse of water at the refrigeration towers, for watering gardens, outdoor washing and for the supply of deposits for the fire service. The Meat Processing Centre is currently reusing one part of the liquid effluent derived from its industrial process, after being treated at the Industrial Wastewater Treatment Plant (IWTP). On a yearly basis, about 18,180 m³ of water is reused.

We have maintained the initiative of recycling and reusing water in Sonae's Tower Service Centre located in Maia, which has received the GOLD LEED certification, whereby the water from locker rooms and washbasins is reused in the toilets, and the rainwater is captured and used in our irrigation systems. According to the project data, the reuse of water in this facility allows a saving of around 80% of the water consumption. Additionally, we initiated the systematic installation of urinals that do not use water, known as "waterless urinals", in the new stores and in the existing ones, which have been the subject of extensive remodelling.

Together with other measures, the initiatives referred to have allowed us to reach a total consumption of 606,492m³ of drinking water in the *Continente*, *Continente Modelo* and *Continente Bom Dia* supermarkets, representing a reduction of 2.2% compared with the previous year, notwithstanding the organic growth. There was a reduction of 6.2% in the consumption of drinking water, when using a comparable set of stores from last year.



With regard to the water consumption per store area, we noted a reduction of 4.6% compared with 2014, translating into a consumption of 1.04m³ per m² of sales area.

Carbon and Water footprint

In 2015, although we did not register any evolution concerning calculating the ecological footprint of new products, we followed up the development project which uses a Calculation Tool to calculate the Carbon and Water Footprint of Products. The following progress was made in relation to this project:

- We maintained the learning curve in the development of the tool.
- We started the development of a new computing tool for the calculation of footprints due to the inability of the previous tool to compute the complexity and the dimension of the desired calculation.
- We extended the knowledge of productive processes to new products.
- We developed a support tool for the Producers, in order to attain the necessary information.

7.2.5 Environmental Awareness

In 2015, we developed a set of initiatives with the aim of making our clients and our employees more aware of environmental issues, in particular concerning energy efficiency.

We continued to promote the commercialisation of more efficient equipment, with (i) sales of only equipment with an energy class D or higher; (ii) a reduction in the sale of equipment with energy class A+ and lower and (iii) an increase in the sale of equipment with energy class A++ and higher. Thus, 93% of the equipment sold in 2015 (including household appliances, televisions and vacuum cleaners) belonged to an energy class of level A or higher.

In 2015, in the same way as the previous years, Worten promoted a campaign with coupon discounts of 20% and 30% in the sale of more efficient household appliances belonging to A++ and A+++ energy classes, respectively. In partnership with Quercus, we offered our clients, through flyers and the website, efficiency tips on the use and maintenance of household appliances. The Equipa Worten Equipa projects, through the collection of WEEEs and Worten Resolve, through the increase of the life cycle of electric and electronical equipment, were able to significantly reduce the quantities of WEEs in the market.

With the aim of ensuring that our employees remain committed to environmental issues, we have continued to include the analysis of our environmental performance as one of the topics to discuss during daily kick-off meetings in food stores (Good Morning meetings). The environmental awareness initiatives promoted by Sonae MC, in 2015, were developed under the scope of the “Raising Awareness” pillar of ‘Missão Continente’. In this area, we conducted a number of initiatives with customers and employees focusing on the theme of environmental awareness.

Note: For more details on ‘Missão Continente’, see section “Increased Sharing and the Promotion of Social Wellbeing” from the chapter “Better Purpose”.

7.3 Environmental Impact of Packaging

In 2015, we continued the process of reducing the materials used concerning primary packaging and shipping boxes of controlled and own brand products. In this sense, we have made small changes in the primary packaging of certain own brand products with the objective of reducing the quantities of plastic and cardboard used in the packages. Simultaneously, we have continued to work together with our suppliers in order to find innovative solutions and to raise awareness about the importance of reducing the use of cardboard and plastic in the shipping boxes. With regard to the optimisation of sale packaging, we would like to highlight three projects carried out in 2015 referring to 3 different products of controlled brands, namely: 9 coffee capsule SKUs, 1 yogurt SKU and 8 *Continente* own brand pizza SKUs.

Examples of the reduction of packaging materials in 2015

Product	Material	Change	Reduction (Ton. /Year)
Coffee Capsules	Cardboard	Reduction of the cardboard used in the sale packaging.	4.1
	Plastic (<i>flowpack</i>)	Elimination of the interior plastic in the sale packaging.	3.2
Slim Natural Yogurt 0%	Cardboard	Reduction of the cardboard used in the sale packaging.	4.6

Regarding the project to reduce the amount of cardboard used on the packaging of 8 *Continente* own brand pizza SKUs, we achieved the following results (approximate values of weight reduction in cardboard):

5 Grams per package – five distinct SKUs (P *Romana* 350G, P 4 Cheeses 350G, P 4 Seasons 330G, P Ham and Cheese 350G and Hawaii 355G)

6.5 Grams per package – three distinct SKUs (*Carbonara* 400G, *Chouriço* 400G and *Bolognese* 400G)

8) Better People

8.1 Development of Human Capital

In 2015, we had 38,659 employees in the retail area, 67% were women and 7.2% were international employees, namely from Spain, Brazil, China and Turkey.

8.1.1 Attracting Talent Effectively

In the Retail segment, attracting talent effectively has two components: (i) Youth Talent and (ii) Specialised Talent (expansion of operations).

Youth Talent

At Sonae, talent management starts right away at the recruitment stage, where we aim to identify applicants with the most potential through the different programmes that we have in place concerning youth talent. With our programmes, we are committed to developing close relations with students from the time they start at university, as well as contributing in a significant way to their training through making suitable offers throughout their academic path.

Call for Solutions: is an open innovation programme that invites some final year Masters students from the best Portuguese and Spanish universities to carry out an internship at Sonae, contributing with ideas and disruptive solutions to overcome the challenges presented by Sonae's businesses. With two annual editions – one each academic semester – the internship takes place over a 4 to 5 month period and serves as the basis of a Masters' dissertation. In 2015, about 30 young students responded to our challenge and had the opportunity to carry out an internship at Sonae.



Call for Summer: is an internship programme, which takes place over a 1 to 3 month period (from July to September), whereby we invite students to undertake a summer internship at Sonae, participating in projects proposed by our businesses. With this programme, we intend to give students some experience in a real work environment for the first time. In 2015, there were 34 young people from Portuguese universities participating in this initiative.



Curricular and Professional Internships: The curricular internship programmes, which are encouraged in high schools/professional schools and universities, are a privileged opportunity for young people to have practical training with the guidance of more experienced professionals. For recent graduates, we promote professional internships whereby the young students, through direct integration in our teams, can apply the knowledge they have acquired during their academic education. Therefore, we are committed to their education and retention, according to our needs and with their performance during the internship period. In 2015, we promoted more than 1,400 curricular and professional internships, giving an opportunity to

students, recent graduates and some unemployed students, to become familiar with our day-to-day jobs and broaden their skills and abilities at our stores/units and central structures.

Specialised Talent (Expansion - Operations)

In 2015, we supported the expansion process of our business, through the attraction, recruitment and training of specialised teams for 31 new stores of different business segments (food and specialised retail). Of the 7,900 people interviewed telephonically, 1,112 were enrolled and trained, including new positions and transfers that resulted from internal mobility.

8.1.2 Performance Assessment

Upward Feedback: A bottom-up development tool that provides a unique opportunity for our employees to provide feedback to their leaders. Its purpose is to give every manager the necessary information so that they know how they are performing as Team Managers, thus allowing them to identify their strengths and weaknesses. During 2015, 2,302 managers were part of this process, both in Portugal and in Spain, an increase of 154 managers in comparison to last year.

Tracking Our Talent: It is a component of the Improving Our People programme, designed to monitor critical talent segments at various functional levels, namely employees with very high or very low levels of performance. In 2015, Tracking Our Talent covered 594 employees, in Portugal and in Spain.

Sonae Retail School: An example of our excellence in developing, qualifying, updating and certifying the fundamental skills required by numerous employees who are part of the retail segment. Sonae Retail School is structured on three pillars:

- Career – strictly related to our retail business segments, aiming at ensuring the required training for a sustainable career path;
- Depth – determining the levels of knowledge required for each one of the topics presented;
- Thematic topics – allowing the identification of the topics that should be studied by our employees.

Through Sonae Academies and Schools we have accomplished 1,155,257 training hours in 2015, reaching approximately 41,300 participants coming from all businesses and organizational levels.

Some examples of this Schools and Academies are: Perishables School, Continente School of Operations, Logistics School, Health School, Fashion Academy, Sport Zone Academy, Worten Academy. Among these, we can highlight:

Continente Perishables School: In line with the commitments of the Sonae Retail School to consolidate and diversify its portfolio in 2015, the new model of the Continente Perishables School aims to maintain levels of excellence and to be aligned with the needs of the business units and their teams. The new model was designed based on different assumptions, such as, innovation in training methods, models and locations; flexibility, adjusting the courses according to the needs of our employees and their teams; their scheduling requirements; and adaptability to the operational reality.



Continente School of Operations: it stands out as it is completely designed for the development of operational skills. It is distinguished as a School of "Practical Knowledge" for all critical processes of the Food business; valuing the "knowledge and experience" of the teams in the field; providing access to knowledge in a democratic manner, at any time and at any *Continente*, *Modelo Continente* and *Continente Bom Dia* store; based on engaging methodologies, which are easy to understand, such as training videos that show best operating practices, and training records that help Managers/coaches in the transfer and application of knowledge in day-to-day work. In 2015, about 13,000 employees attended the courses at the *Continente* School of Operations, with about 106,000 hours of training completed.

Fashion Academy: Launched in 2015, it was founded on a strong concept of internationalisation and directed towards focusing on the client and on the product. The mission of this academy is to develop the skills of our employees so that they can promote excellent levels of performance while responding to the different challenges of Zippy and MO, through the most varied educational methodologies (namely e-learning, on-site, on-the-job or forums for sharing ideas).

"For this academy to succeed it is very important that it is aligned with the needs of the business and our employees, to support the implementation of the strategy and, most importantly, to develop our people and teams professionally and personally."

Miguel Tolentino, Head of Sonae SR's Human Resources Department

As an example, we would like to highlight the launching of the **ZY VM WORLD** – a portal of communication and of data management – developed in partnership with the Visual Merchandising Team and with the Fashion Academy, where one can find all the information regarding Visual Merchandising and the Product. The **ZY VM WORLD** aims to organise data and to promote immediate access to educational material and to any required information, and therefore, form a channel of communication that reinforces the interaction between all participants.

Worten Training Academy (Portugal/Spain): The Worten Academy Spain and the Worten Academy Portugal aim to support the business, in a sustainable way, by developing, managing and applying knowledge acquired in the workplace, thereby ensuring the continuous improvement of performance levels and, consequently, the satisfaction of our customers. In these academies, with the objective of filling educational gaps, the pedagogical content is prioritised in order to allow each employee to develop their own skills in a progressive way, respecting the learning pace of each individual.

Worten Training Campus Portugal & Supplier Training Show Spain: Are the largest annual Worten training events and an excellent educational opportunity, aiming at reinforcing proximity to the suppliers. During these initiatives, which always have a large attendance, the suppliers share their educational programmes and the most recent technology news, with the goal of improving sales skills and providing a broader knowledge of their products and services. In 2015, we held two Worten Training Campus editions in Portugal and one Supplier Training Show Spain in Spain, making a total of 6 Portuguese and 5 Spanish editions.

Sonae Learning Centre: in 2015, we re-inaugurated the Sonae Learning Centre, an area that has been completely renovated and is conducive to the development of our employees and fully prepared to host training sessions, meetings and workshops, as well as internal and external events. This new area is equipped with modern technology and equipment, which are designed to provide higher quality and comfort to our employees and our partners. The Sonae Learning Centre has an auditorium with a capacity for 99 people, and five rooms to house a total of around 370 people.

Protocol signed with the Ministry of Education and Science

Through the Sonae Retail School, in 2015, Sonae and the Ministry of Education and Science signed a protocol of cooperation for the development of vocational courses in secondary education. This partnership aims to contribute to the development of young professionals with technical skills appropriate to the labour market and simultaneously reinforce Sonae' teams with professionals able to perform functions vital for the development of our business.

Validation of Skills in the Company – Sonae MC

In 2015, we introduced a pioneer project called the Validation of Skills, in partnership with the National Agency for Qualification and Vocational Education and Training (ANQEP) and the Union Training Centre and Professional Development (CEFOSAP). This project intends to broaden the concept “training in a real work environment”, which is already applied to the offers of double certification of the “National Qualifications System”, for the recognition, validation and certification of professional skills benefitting from the training provided by the companies as well as the work experience of our employees.

8.2 Well-being and Internal Satisfaction

8.2.1 Occupational Health and Promotion of Health

Occupational Health at Sonae aims to promote a culture of health protection in the workplace as a key issue regarding the company's sustainability.

It aims to promote healthy and safe working environments to ensure physical, mental and social health of all employees. Thus it contributes to the reduction of absenteeism, occupational diseases and accidents at work, improving productivity, motivation and job satisfaction.



Occupational Health

Sonae has an internal Medical Service, equipped with 160 medical offices located within the facilities of the company, where 99 health professionals collaborate, with a total of 32,844 hours of service provision per year. The clinical areas are equipped in accordance to the guidelines of the Directorate General of Health, complying with the legal and environmental requirements in this regard.

In 2015, we developed the following initiatives within the framework of Occupational Health:

Health Surveillance: we monitor our employees' health by carrying out medical examinations, according to the legislation and health needs. In 2015, we conducted 26,707 tests, 2,687 diagnostic tests and issued 15,516 electronic prescriptions.

Monitoring of Workplace Accidents: we acted in conjunction with the insurance companies in order to promote improved quality levels of the health providers network, with an impact on the reduction of the severity level and an improvement in the follow-up of workplace accidents.

Occupational Health Management System: we have implemented the IT system "Medicine One Business" at the company's medical offices, which allows the better management of activities and a better analysis of the indicators of occupational health (medical examinations, medical restrictions, occupational illnesses, pathology and life styles).

Plan for integrating new employees: when starting their jobs in the company, all new employees receive training concerning Workplace Medicine and Best Practices in Health.

Promotion of Health

In order to contribute to improving our employees' health, in 2015, we developed the following initiatives:

Vita Salutis Interactive Platform: an interactive platform that offers information on health-related topics, on a monthly basis, providing guidance for the adoption of healthy practices.

Health Campaigns: we implemented a course of action with the objective of raising awareness and involving our employees in relevant subjects regarding the promotion of health and wellbeing (Women's Day, May Month of the Heart, World Food Day, among others).

Psychosocial Risk Approach at Work: we proceeded with an analysis of the Psychosocial Factors and the Determinants of Work Activity of the Human Resources Directorate. This analysis enabled us to describe the psychosocial factors of our employees and to carry out diagnoses of the critical and favourable factors. In April, during the European Health and Safety Week, we provided information on this subject to all of our units.

Anti-Flu vaccination programme: flu vaccine free of charge to our employees and disclosure of good practices regarding its prevention.

Nutritional Counselling: promotion of nutritional advice actions through workshops, screenings and tastings, in collaboration with the Food Quality and Research Directorate.

Blood/Bone Marrow Donations: with an emphasis on social responsibility, the promotion of blood donations took place all over the country, in coordination with the Portuguese Blood and Transplant Institute (IPST).

“For several years, I have been donating my blood at the blood collection campaigns carried out by the Portuguese Blood Institute (IPS) in partnership with Sonae, at the company’s very own facilities. I think that this initiative should be highly praised and it is a way for the company to show concern for one more branch of social responsibility and, at the same time, disseminate information, raise awareness and invite our employees to join such a noble cause. Through this partnership with IPS, Sonae makes this opportunity more accessible, as going to a blood bank, due to time constraints, is not always easy.

Maria João Ramalho, Trainer – Sonae MC Logistics

Automated External Defibrillation (AED): Sonae has an AED Programme in 159 units, licensed by the National Medical Emergency Institute (INEM) and recognised as the largest one in Portugal. This programme aims to strengthen rapid reaction capacity and assistance provided in the case of cardiac arrest. The programme relies on 1,173 first-aid providers with specific AED training in accordance with the guidelines of the American Heart Association, with the quality control assured by an external company approved in Emergency Medicine.

“Last December at the Worten store in Beja, we had a customer who suffered from cardiac arrest, and was immediately given assistance in the store. As she did not respond to the attempts to revive her, we had to use AED, which made it possible to recover her vital signs and she was transported to the Hospital alive. This was only possible because of first-aid training we have received and because of the availability of the AED, which enabled us to be prepared to play our part in such an important mission that is: “being able to save lives”.

Francisco Bica, Store Manager – Worten (Beja)

8.2.2 Occupational Health and Safety (OHS)

At Sonae, we are committed to the implementation of a zero accident culture and we intend to ensure that the health and safety of our employees and customers is never at risk. Strategic and focused action is of maximum priority. The performance of Sonae’s OHS area focuses, above all, on the prevention of accidents, occupational illnesses and the improvement of the wellbeing of our employees.

In 2015, we developed the following initiatives:

S20 Project – Health and Safety in Operations: in partnership with *Dupont*, world-renowned partner in consulting on matters of Safety, the project S20 was established in March 2015 – Health and Safety in Operations with the aim of Changing the Safety Culture at Sonae MC. The actions carried out with this project and the consequent integration of OHS in the daily activity of operations have shown very positive results, with a decline of 9.78% in the Frequency rate, as well as a decrease in the Severity rate of 11.36%, at Sonae MC, compared to 2014.

Health and Safety Vision and Policy: in 2015, a Health and Safety Policy was developed with the aim of demonstrating the strong commitment of the top management to the issue of Health and Safety. It is



based on 5 major principles: (i) People at the centre of our efforts; (ii) Visible and Responsible Leadership; (iii) Prevention and Caution; (iv) Dedication and Resources; and (v) Expertise and Awareness.

Safety Preventive Observations Programme: this programme aims to increase the level of awareness concerning unsafe behaviours and also to promote good practices at the workplace, through the identification and observation of these behaviours and through the effective communication of the results of the observations to all of our employees.

OHS Leadership Training for Unit Directors: since July, 16 training sessions were provided to unit directors, therefore training 215 directors, and around 2,200 managers, in a total of 8,250 hours of training.

Annual Consultations for our Employees: we provide an annual consultation for our employees about Health and Safety at the Workplace, covering issues related to Health, Safety and Wellbeing. This inquiry had a response rate of about 94%, meaning 24,481 answers were obtained. The results are analysed and shared with the units for the subsequent setting of preventive measures, with the aim of improving workplace conditions and the wellbeing of our employees.

Ergonomic Studies project (Continente): Development of an ergonomic study project of logistics warehouses and manufacturing centres, at Sonae MC's units, in order to increase safety, health, wellbeing and the comfort of our employees, preventing musculoskeletal disorders.

Campaign "Caring is protecting. Your safety and wellbeing starts with you": In 2015, we launched the 5th edition of this campaign, which takes place throughout the month of April, with the objective of promoting a set of Health and Safety awareness actions, as well as contributing to several issues such as lowering the rate of absenteeism and accidents, improving levels of satisfaction and wellbeing in health and safety and increasing our employees' motivation concerning prevention and good practices in these areas.

Safety Alerts: The proactive sharing of information on health and safety, across the entire organisation, which aims to inform and raise awareness on the risks and the preventive measures necessary to mitigate this risk. This process of sharing information is carried out on a monthly basis via email to all units and also serves to support "on-the-job" training/awareness actions.

OHS Training: Knowing that training and information on occupational risks are a key awareness tool for all employees at Sonae, in 2015, 106,574 hours of training in OHS were conducted, reaching 115,741 employees.

8.2.3 Remuneration and Benefits

Flex Tu Eliges (Flex You Decide) - Spain: is a flexible remuneration programme for Sonae's employees in Spain, consisting of the voluntary and individual choice of part of the remuneration being paid through a range of benefits provided by the company with tax benefits for our employees. Those benefits are mainly of social nature: health insurance for oneself and one's family, nursery school vouchers and transportation, vocational training, among others. Through an online platform, accessible by our

employees anywhere, they can make choices according to their preferences and personal and family circumstances.

Advantage Programme for Sonae Employees: This programme aims to provide our employees access to privileged discounts on goods and services through partnerships with various entities operating in areas such as Banking and Insurance, Culture and Leisure, Health, Education and others. The increasing geographic reach and diversity of these partnerships allows even more employees to benefit from preferential and favourable conditions when accessing different products and services.

8.3 Supply Chain Responsibility

8.3.1 Supplier Evaluation

We have performed a review of all of our controlled brand suppliers. This assessment consists of calculating 7 different indicators that allow the suppliers' performance to be evaluated at different levels. One of the relevant indicators in this process consists of carrying out selection and qualification audits in order to ascertain compliance with our policies. Inclusion in the audit process is mandatory, except for certified suppliers whose origin is not included on our list of risk countries. If the country of origin is considered a risky one, this should be subject to an audit, regardless of having a valid certification. During the different evaluation stages, about 300 requirements are checked on aspects related to quality, ethics in the supply chain, environment, health and safety in factories, labour rights, among others that have to be met by our national and international suppliers. As a result of the audits carried out, depending on the relevance and assigned rating, strategies are defined for process optimisation and improvement actions implemented.

Suppliers of Food Products

In 2015, audits of 572 suppliers of food products were carried out. During this process, we confirmed the presence of 2 suppliers with results lower than expected in terms of identified non-conformities (rank D or E).

Suppliers of Non-Food Products

In 2015, audits of 251 suppliers of non-food products were carried out. During this process, we confirmed the presence of 12 suppliers with results lower than expected in terms of identified non-conformities (rank D or E). While some of these suppliers will be subject to the implementation of a Corrective Action Plan, others will cease their business relationship with Sonae. Until the completion of the action plans outlined, purchases from suppliers involved will be dependent on their progress. During 2016, a check of the state of execution of this very same plan will be performed, in order to ensure that the actions outlined are properly implemented. Within the framework of the compliance to the Corrective Action Plan, for the single supplier who recorded a grade that was below expectations in 2014, we ascertained that he has since carried out construction works in his factory, which eliminated the non-conformity issues. In the new audit carried out in 2015, this supplier had a positive score (83%).



Suppliers of Electronic Products

In 2015, audits of 124 suppliers of electronic products were carried out. During this process, we confirmed the presence of 22 suppliers with results lower than expected in terms of identified non-conformities (rank D or E). All of these suppliers are from a foreign origin.

Environmental audit of the suppliers' evaluation process

Sonae is certified under the NP EN ISO 14001:2004 standard and the process of evaluating suppliers and their compliance with the environmental legislation applicable to the audited products is conducted in accordance with that standard. In this context, the result of the environmental section of audits to suppliers is randomly checked in order to verify their compliance with the legislation in force.

8.3.2 Certification of Sonae Suppliers

The supplier's certification is a commitment between Sonae and its suppliers, in relation to the management of the quality of the products supplied. This process not only promotes an offer of higher quality to the end customer, but also encourages the development of closer relations between suppliers and Sonae, through the assessment of quality management and encouraging and monitoring the implementation of continuous improvement practices.

In addition to providing a higher level of trust and transparency and contributing to improvements in the reduction of supply costs, lead time⁸ and production processes, supplier certification also serves as a quality guarantee for the actual activity of the various suppliers, who through the recognition of a group the size of Sonae, will certainly make it easier to develop their own business.

To ensure certification, suppliers must have obtained a rating of "Excellent" in the Supplier Quality Index (IQF) in the last two years of activity and perform a strategically important role for Sonae, particularly in terms of the importance of product type and range provided, purchase history and future prospects of the business relationship that Sonae will develop with them.

8.3.3 Communication and Relations with the Suppliers

Sonae believes that, for the development of a more efficient and sustainable value chain, it is necessary to continuously encourage clear communication and maintain a good relationship based on transparency and trust with our suppliers. Sonae has a set of tools that facilitate the various interactions across the supply chain, which maximise not only trust but also respect, mutual value creation and quality of exchanged information, in particular:

- (i) The Code of Conduct for Suppliers defines a set of rules governing the relationship between Sonae and its suppliers, particularly in terms of working conditions, protection and environmental sustainability and quality and product safety;

⁸ Period between the time when the product enters the warehouses and when it leaves the inventory

- (ii) The Supplier Portal, which is an important channel of communication and one of the primary means for the establishment of a closer relationship, based on quick and easy access to information.

Additionally, we support a number of principles that have been shaping the development of the relations with our commercial partners, mainly:

- (iii) Greater level of mutual help with the improvements to be implemented by suppliers;
- (iv) More extensive knowledge of the conditions and manufacturing methods of suppliers;
- (v) Sharing of the IQF Report with suppliers in order to enable identification of areas of improvement.

In the context of the partnerships established with our suppliers, we promote the maximisation of skills between Sonae and its respective industrial partners, stimulating the acquisition of new skills and knowledge that contribute positively to generating jobs and business opportunities.

8.3.4 Electronic Suppliers

We are concerned with ensuring that all the internal and legal requirements, referring to electronic products, are disclosed not only internally but also to our suppliers, even before attempting to establish any form of business with them. Additionally, we ensure that all of Worten's own brand suppliers are subjected to an initial evaluation with the objective of ensuring compliance to the internal and external mandatory standards. This evaluation is carried out through initial audits of suppliers and specific tests (e.g.: electric safety, electromagnetic compatibility, energy efficiency, among others). In 2015, 124 foreign suppliers were audited from a total of 139 suppliers.

Electrical Safety: the Low Voltage Directive (LVD) is a European Union directive, which applies to all of our products. It defines a set of essential requirements in terms of the health and safety of products placed on the market. In this context, to ensure the safety of the product to the end customer, suppliers send us the tests conducted by their laboratory partners, and an initial sample for internal analysis.

Electromagnetic Compatibility: the Electromagnetic Compatibility Directive (EMC) is a European directive, which defines the electromagnetic compatibility requirements (e.g., limits on the electromagnetic emissions of equipment) that reduce disturbances and increase immunity to interferences, which is applicable to all our electronic products. In this context, we require our suppliers to send us the analyses performed by their laboratory partners.

Energy Efficiency: all the products in our portfolio are chosen by taking into account that their energy efficiency is the best possible one, according to the requirements of each line of product. In 2015, 53% of sales were class A and the remaining 47% were of a higher rank. The improvements in terms of the energy efficiency of the products we sell, is an improvement in terms of the reduction in energy consumption.

REACH: a European directive which identifies some Substances of Very High Concern (SVHC) that represent a health hazard and whose use should be avoided. In this sense, we ensure that all of our products meet the requirements of this directive, so that we eliminate the health risks to the customer.

8.3.5 Textile and Sport Suppliers

The Textile and Sports segments are particularly relevant to our internationalisation strategy. At Sonae, we have sought in recent years to expand the geographical scope of these two segments. Aware of the challenges inherent in this ambition, we allocate a large part of our resources to the development of actions aimed at ensuring that the entry requirements and commercialisation of our Textile and Sports products in the markets where we intend to expand to are completely fulfilled. This factor is especially important for foreign markets whose legislation and requirements are different from those existing in Portugal and the European Union. In this context, all of the own brand products of the Textiles and Sports segments are subject to an initial assessment and laboratory tests in order to ensure compliance with the legal requirements to sell in the domestic and foreign markets where the different brands are implemented. As we have focused on compliance with international requirements at the product level, it was not possible this year to resume the process of audits of the suppliers of Textile and Sports segments, however we are confident that this will be one of our priorities for the future when we reach a more mature stage in terms of the internationalisation process.

Product Labelling

Further to the progress we made last year, we have continued to work on the process of customisation and correction of products whilst in storage or in factories, particularly in terms of specific marking and labelling for foreign markets, when it is not possible to do the same during the manufacturing phase. In 2015, this issue was particularly relevant prior to the distribution of Textile products to Ecuador and Sports products to France.

At Sonae, we consider it essential to keep track of the manufacturing data and the source of our products. In this sense, we ensure that on the label of our products (Textile and Sports), information on the country of origin is included, as well as the tracking data in relation to the manufacturing of the product (e.g., supplier code, production batch, product reference, importers and brand managers).

8.3.6 Continente Producers Club

The *Continente* Producers Club (CPC) embodies Sonae's sustainable development vision by promoting regional development and employment, founded on projects that are ambitious, innovative and add economic and social value to our country. Launched in 1998, it has as its main objective to bring together Sonae and national producers and today represents an example of cooperation between economic agents and of our support to national production, combining their richness and quality with the dynamism of a chain that interacts with millions of customers across the country. The rigorous CPC's certification criteria, when compared to the sector in general, demonstrates the wide spectrum of demanding requirements, which are guaranteed through annual audits that aim to ensure compliance to parameters from the field to the production facilities.



At the end of 2015, the CPC registered a volume of purchases of 217 million euros, which is equivalent to 136 thousand tonnes, with 234 members covering 15 different areas.

Sonae started a revision process of the CPC Innovation Prize with the aim of stimulating innovation between the various CPC members, while bringing new competitive advantages and benefits to the winners of this competition. According to plan, this initiative will be resumed in 2016. During this year, we will assure the continuity of the CPC's certification, according to specific benchmarks.

Advantages of the *Continente* Producers Club

For the Customer

- Supply of products with the guarantee of quality, tracking and origin, ensured by Sonae following-up all stages of production, transportation and storage
- Fresher products due to the decrease of time between production and distribution
- Better quality/price relation of the supplied products
- Better and more information on products, considering the packaging and data normalisation of each product

For the Producer

- Guarantee of stock outflow, minimising the risks and uncertainties of the agricultural activity
- Better efficiency because of the market's feedback, allowing their production to be guided by current demand
- Increased representation concerning contact with official entities
- Support and technical counselling, scheduling and production planning
- Study visits and training on various topics of the different stages of the supply chain
- Recognition by customers

Involvement with Producers

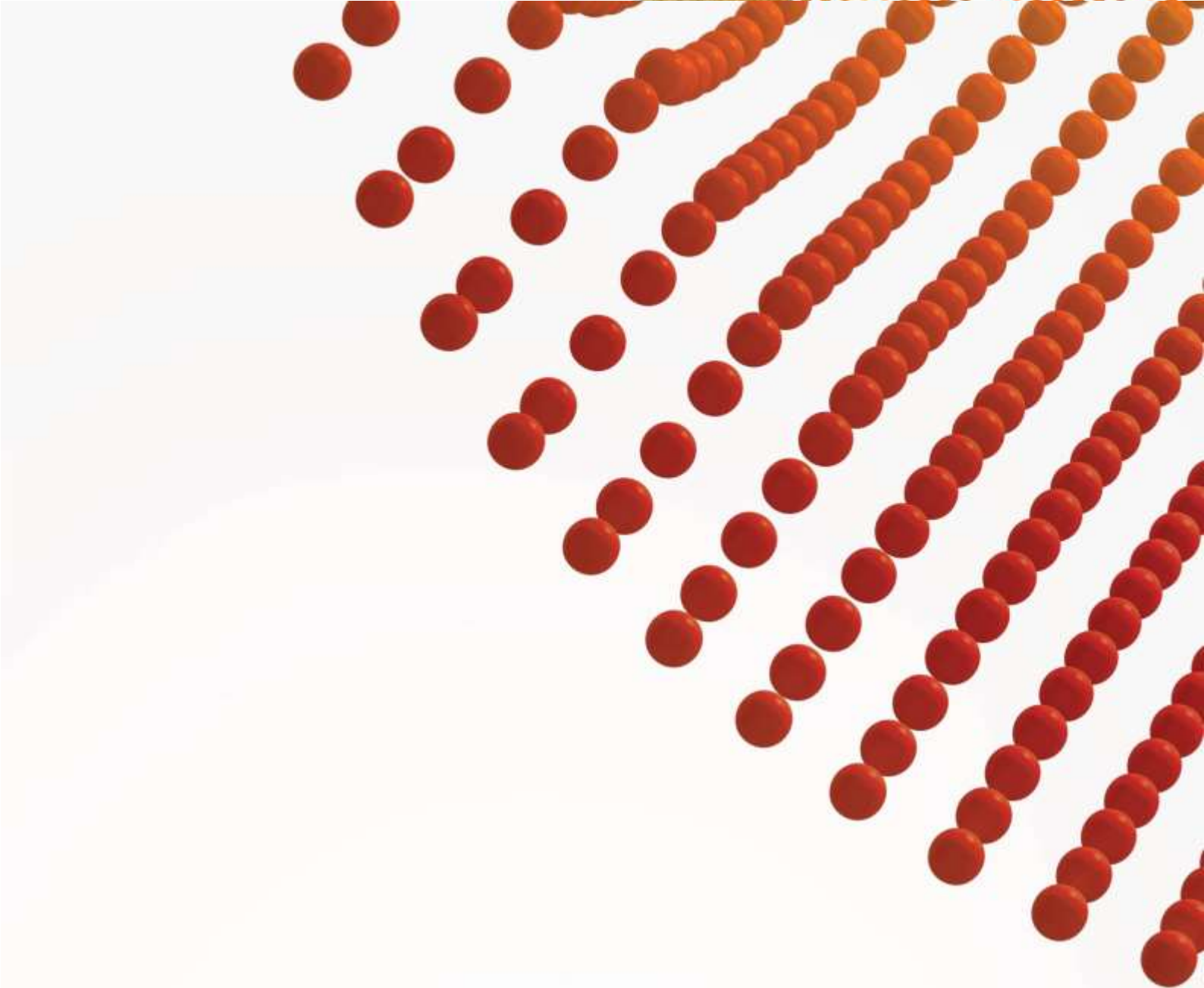
In 2015, CPC was mainly committed to monitor and promote the activities of its producers, focusing on the consolidation and integration of the commercial relations between Sonae and the main partners of CPC, and also placing emphasis on the development of partnerships among the producers. Within this remit, CPC promoted the launching of various challenges, training initiatives and knowledge exchange, from which we would like to highlight the following:

XVIII Annual Meeting of the *Continente* Producers Club: Within the framework of "Renew to Grow", this meeting was held during Santarém' National Agriculture Fair, which all of the CPC members attended. This initiative had the aim of making known the products of different suppliers, encouraging greater integration and knowledge exchange between them, and at the same time, communicating the CPC's new value proposal, through its role in the development of the agrifood sector, based on knowledge, technology and a focus on sustainable consumption.

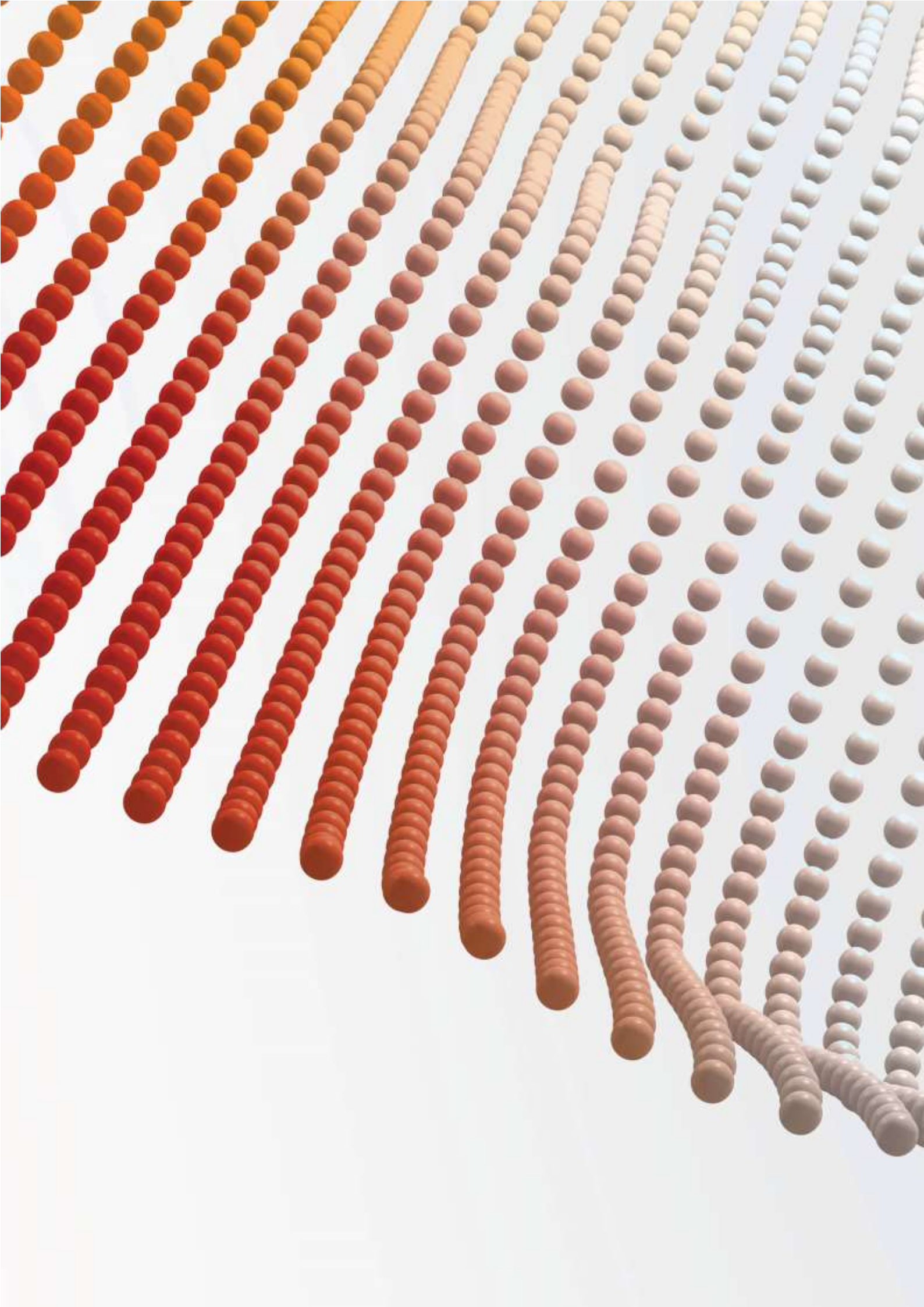
International Trip with the Cold Meat Producers: CPC offered an international benchmarking experience to 25 Cold Meat producers. CPC's International Visit gave these producers access to information on the best practices and procedures of some of the most significant and relevant players in the European market, giving them the opportunity to interact with new realities and companies in the sector.



Great Ideas: The CPC began to organise periodic knowledge and information sharing meetings on subjects relevant to the business, thereby stimulating new ideas and promoting the exchange of experiences between the various producers. In 2015, three meetings took place under the following themes: “The customer at the centre of the business”, “Supply chain” and “Combating food wastage”.



.....● SUSTAINABILITY
AT SONAE SIERRA



3. Sustainability at Sonae Sierra

Sonae Sierra's CEO Message

Sonae Sierra's performance exceeded expectations for 2015. Not only did we deliver impressive results across our key financial and operational indicators; we also made significant advances in our strategy, with important activity in terms of development, capital recycling and the expansion of our professional services business.

Fernando Guedes Oliveira

1) About Sonae Sierra

1.1 Global Vision

Motivated by our passion to contribute to increasing innovation and excitement in the shopping industry since 1989, Sonae Sierra has been interpreting trends and spearheading a movement that has defined the shopping centres of the future. We invest in retail assets and we provide services of investment, development, expansion and property management to clients in several geographic areas, mainly, Europe, South America, North Africa and Asia.

Vision: to be an international property company dedicated to serving the needs of our clients and retail real estate investors.

Mission: to develop and invest in sustainable retail assets and provide services on investment, development and property management for clients in geographies as diverse as Europe, South America, North Africa and Asia, while creating shared value for business and society.

We provide services to clients in 15 countries from 14 offices in Portugal, Germany, Algeria, Brazil, Colombia, Spain, Greece, Holland, Italy, Luxembourg, Morocco, Romania and Turkey.

Due to our commitment and effort, we achieved a net result of 142 million euros and a direct result of 61 million euros, an increase of 15,7% compared to 2014, driven by factors such as an improvement in operational performance, a growth in our professional services, a decrease of interest rates and effective financial risk management.

One of the main fundamental drivers of our operational performance of this year was the growth in tenant sales, both in our core markets in Southern Europe and in Brazil. As consumer confidence continued to strengthen, tenant sales in the European portfolio recorded an increase of 2.5% on a like-for-like basis. With this we improved occupancy rates in Spain, Italy and Romania and maintained a stable performance in Portugal and Germany, indicating that the overall operational performance of our portfolio was very positive. In Brazil, the quality of our portfolio was clearly evident, particularly in the context of deteriorating economic conditions, recording a 2.3% increase in tenant sales (in Reais) and maintaining a high average occupancy rate at 93%.

Remaining faithful to our commitment in executing our business strategy, in 2015 we increased our exposure to new development opportunities, recycling capital and strengthening the professional services component of our business. We would like to highlight the fact that, taking advantage of favourable investment market conditions, we have: (i) completed the successful disposal of *Zubiarte* in Spain (ii) sold the *Torre Occidente* office building in Portugal; (iii) and have started negotiations to sell our majority stakes in four assets in Iberia and Germany, while maintaining responsibility for their management. Sales such as these enable us to release capital to fund our expansion activities. On this front, we recently announced two exciting new ventures in Colombia and Germany and will proceed with the development of two others in Morocco and Spain.

Key Facts in 2015	45 shopping centres owned with an OMV of 6M€	80 shopping centres managed and/or leased	11 projects under development, including 4 for third parties
374,6 M€ rent received at owned shopping centres	433 million visits made to managed shopping centres	5,185 M€ tenant sales at shopping centres we manage	1,085 direct employees

1.2 Key Achievements

Development	Expanded our development services business in Morocco and Algeria and won our first contract in Tunisia; Announced an agreement with <i>Generali</i> Real Estate for the development and management of the <i>CityLife</i> Shopping District, in Milan; Signed 24 new development contracts with external clients in 10 different geographic areas.
Expansion	Proceeded on schedule and on budget with the building works of <i>ParkLake</i>, Romania, and concluded project financing; Announced our first direct investment in Colombia with the acquisition of a site in Cucuta in partnership with Central Control; Acquired a site in Nuremberg, Germany, for a mixed-use redevelopment scheme; Proceeded with the licensing of the Málaga Designer Outlet, in Spain (an expansion of our Plaza Mayor shopping centre).
Investment	Completed the sale of the Zubiarte, in Spain, and Torre Ocidente office building in Portugal; Began negotiations to sell majority stakes in four assets in Portugal, Spain and Germany (while retaining responsibility for management services); Reached a consensus with investors to proceed with a long-term solution for the Sierra Fund; Extended the life of the Sierra Portugal Fund for a further two years from 2018 until 2020; Concluded the refurbishment of <i>Norte</i> Shopping Centre in Porto and proceeded with the full refurbishment of Centro Vasco da Gama in Lisbon.
Management	Expanded our GLA under management with the signing of 13 new property management contracts with external clients in 6 geographic areas; Launched 'Rising Store' to support entrepreneurs in Portugal; Rolled out 'Bright' and 'Dive' eco-efficiency projects and implemented a water reuse system in several shopping centre sites.
Sonae Sierra Brazil	Inaugurated the expansion of <i>Parque D. Pedro</i> and <i>Uberlândia</i> Shopping Centres; Opened our first <i>COOP</i> Store in Brazil; Began negotiations to sell 100% of our stake in <i>Boavista</i> Shopping Centre.

1.3 Key Performance Indicators (KPIs)

KPIs	2013	2014	2015
OMV of owned assets (million €)	5,638	6,006	5,958
Consolidated Net Profit (million €)	3.6	96.3	141.7
EBIT (million €)	111	106	105
Number of tenant contracts under management	9.4	10.8	15.6
Average Occupancy Index (% by GLA, across our owned portfolio)	94.4	95.5	95.2
Real Estate NAV (million €)	1,000	1,115	1,180
GLA under management (thousands m ²)	2,303	2,307	2,298
Tenant satisfaction Index (scale of 1 ('not satisfied') to 6 ('very satisfied'))	4.6	4.6	4.7
Average hours of training per employee	32.2	39.8	41.5
Number of non-conformities per hour of reference SPO⁹	8.4	5.1	4.4
Global injury rate among Sonae Sierra workforce (direct employees and supervised employees)	5.79	3.27	1.85
Greenhouse gas (GHG) emissions of our owned portfolio and corporate offices (tCO ₂ e/m ² GLA)	0.021	0.017	0.016
Electricity efficiency (excluding tenants) of our owned portfolio (kWh/m ² mall and toilet area)	444	435	413
Water efficiency (excluding tenants) of our owned portfolio (litres/visit)	3.7	3.5	3.4
Total waste recycled as a proportion of waste produced (% by weight, across our owned portfolio)	59	58	62

2) Business Strategy

The Sonae Sierra business model is based on three strategic dimensions and was designed as to allow our business to expand, through a combination of new developments, acquisitions and the reinforcement of our services business lines.

In order to ensure the sustainable management of our resources and partnerships, which we depend on in the medium and long-term, these strategic dimensions are based on five sustainability priorities (as described on the following pages), which translates into the simultaneous implementation of the business

⁹ Safety, health and environment Preventive Observations (SPO) are a form of safe behaviour audits undertaken at our shopping centres in operation

and sustainability strategies. Through this strategic integration, we aim to create a virtuous circle in which we address the main sustainability risks and challenges facing our operations, in order to safeguard our business.

At the end of 2015, we shifted the focus of our business model to place greater emphasis on our services business as we evolve to become a more customer-centric, outward-looking company. Embedded within this operating context, our business strategy comprises of three axes that support this shift: reducing the capital invested in our core portfolio, increasing our exposure to new development opportunities and enhancing our service delivery.

Three strategic dimensions

3 Strategic Dimensions



i) Capital Allocation

We aim to increase our exposure to developments in Europe and emerging markets. This will be achieved through a combination of acquiring exposure to new development opportunities and reducing our exposure to investment properties. We will also shift from a shopping centre focus to exploring urban regeneration and mixed-use development opportunities that are retail-centred. We will reduce the financial capital invested over the long-term through our capital light strategy and investors will be invited to share the risk and return.

ii) Professional Services

We have affected a paradigm shift in our business model to become an outward-looking, client-focused company. Within this model, we will intensify our focus on providing real estate services to clients. When executed alongside our disciplined approach concerning the use of capital, service provision allows us to maximise returns, enter new markets and build new relationships. This in turn enables us to optimise the resources of the company under market fluctuations and improve know-how on markets, partners and projects.



iii) Capital Light Approach

Future growth will be pursued on a capital-light basis. This means minimising the capital invested in a given operation through leveraging and the use of partnerships to share risk and maximise returns through service delivery. This will be achieved by:

- Selling new projects after completion, preferably through Investment Management, which will keep a minority position;
- Reducing our investment in our core portfolio to a minority position through which we can ensure a foothold to provide management services.

This approach will enable us to recycle capital to finance new developments.

3) Sustainability Strategy

We have identified five long-term sustainability priorities that aim to complement our business strategy and safeguard the creation of shared value, namely: (i) safe people and eco-efficiency, (ii) resource resilience, (iii) prosperous retailers, (iv) leveraging knowledge and (v) sustainable lifestyles.

i) Safe People and Eco-Efficiency

We ensure that the assets we manage are consistently managed to the highest standards of safety and eco-efficiency is a day-to-day priority for Sonae Sierra as a means to safeguard human and natural capital. We operate an integrated Safety, Health and Environment Management System (SHEMS) which enables us to effectively manage the main environmental aspects and safety and health risks during the lifecycle of a shopping centre. Through our SHEMS, we provide a better service and/or workplace for investors, tenants, shopping centre visitors, professional services clients, our employees and suppliers, whilst reducing operating costs for our business.

Under the scope of Safety and Eco-efficiency, we have identified long-term objectives supported by annual targets to drive continuous improvement across the five impact areas: (i) energy and climate, (ii) water, (iii) waste, (iv) biodiversity and habitats and (v) safety and health.

ii) Resource Resilience

To order to ensure the future value of our assets and practices, we have set long-term objectives based on energy independence, reusing water on our sites and exploiting the latest innovations and technology in natural resource management so that we can to rethink our processes. This will protect our assets against natural resource shortages and cost increases, and reduce operating costs in the short to medium-term through alternative energy and water management strategies.

iii) Prosperous Retailers

We are taking action to partner with current and potential tenants to make their businesses more resilient, in particular enabling small, local and sustainable businesses to thrive in circumstances in which they might not have done so otherwise. At the same time, this approach supports our business strategy

by allowing us to promote new concepts that deliver unique experiences to customers. Consequently, we can sustain our income streams and maintain innovation at the heart of Sonae Sierra's business values.

iv) Leveraging Knowledge

We aim to empower our employees by developing their skills and knowledge, unleashing their potential on an individual basis and raising the standard of knowledge attainment at a collective level in the communities where we operate. By doing so, we can enhance the intellectual capital of our organisation and the external pool of talent from which we aim to attract ambitious people to join our workforce. These efforts become all the more important as we consolidate our position as a client-services business whose main competitive advantage lies in our people's ability to provide successful solutions to the challenges posed by our clients.

v) Sustainable Lifestyles

By creating a sense of belonging for our employees and investing in goods and services that promote health, well-being and environmental and community responsibility values, we aim to encourage our visitors to make sustainable choices and support social and environmental responsibility initiatives.

This approach enables us to increase visitors' satisfaction and loyalty, thereby increasing footfall in our shopping centres as we visibly support health, wellbeing and environmentally-conscious behaviour.

4) Sustainability Performance in 2015

Given that our mission is to create shared value, it is of paramount importance that sustainability initiatives can be demonstrated to add tangible value to our assets and our business.

It is clear that sustainability aspects have risen up on the agenda for real estate investors in recent years, and tools such as the Global Real Estate Sustainability Benchmark (GRESB¹⁰) have become pivotal in highlighting trends and assessing the performance of real estate funds in terms of environmental and socio-economic sustainability criteria. We have been a leading contributor to the GRESB since its outset and have achieved a Green Star rating for the past five years.

At present, we can at best testify that the performance of our shopping centres across a wide range of financial and non-financial indicators is appreciated by some investors, and that investors, banks and other providers of capital require increasing evidence of our effective management of sustainability aspects. Consequently, we have been motivated to seek continuous improvements in the sustainable operation of our assets, requiring dedicated resource allocation in terms of investments and CAPEX¹¹ to enhance the sustainability of new projects and shopping centres in operation.

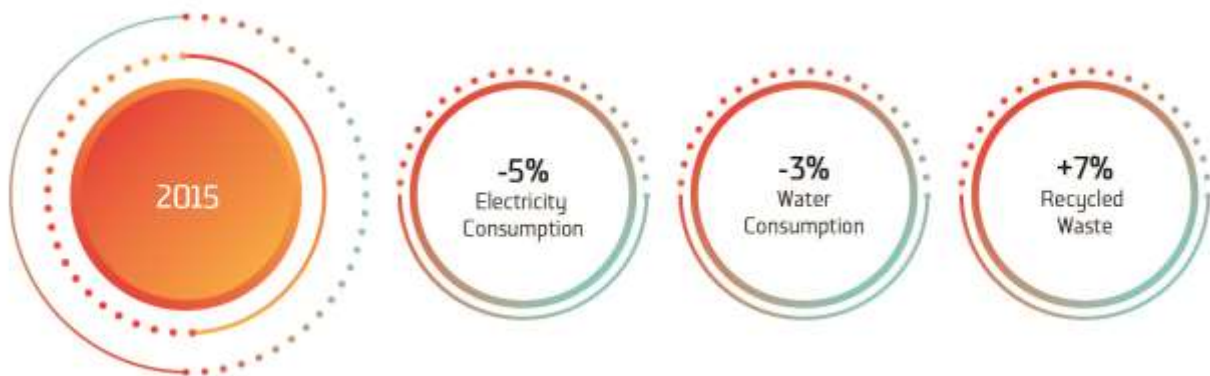
Our approach to sustainability, combined with our capacity for innovation, means that we have achieved meaningful results in terms of utilities cost reductions through initiatives such as the roll out of LED

¹⁰ GRESB - Global Real Estate Sustainability Benchmark.

¹¹ CAPEX – Capital Expenditures (Despesas de Capital)

lighting in car parks and the creation and use of sophisticated utilities consumption modelling software. The reduction in utilities consumption represents a combined cost saving of €1.7 million in 2015 alone. 2015 saw us continue to improve our shopping centres' eco-efficiency across all key environmental indicators:

Lead environmental indicators compared to 2014



4.1 Safe People and Eco-Efficiency

In 2015, we improved the operational efficiency of our shopping centres, enabling us to make significant progress towards our long-term environmental performance goals. Thereby, we achieved a positive evolution of our goals which cover greenhouse gas emissions, energy usage, water consumption and waste:

GHG Emissions

In 2015, we registered a GHG emissions rate of 0.016 tonnes of CO₂e per m² of GLA, a 6% reduction compared to 2014. Overall, we have achieved a reduction of 80% since 2005, our baseline year, and are on track to achieve our long-term goal of 85% reduction by 2020.

Energy

Our average electricity consumption in 2015 was 413 kWh per m² of mall and toilet area, a 5% reduction compared to 2014. Considering the evolution in recent years, we remain on track to meet our long-term goal to attain a maximum electricity consumption of 400 kWh per m² by 2020.

Applying the Bright¹² modelling tool at Le Terrazze identified potential savings of €163,000 - equivalent to 27 per cent of the shopping centre's electricity bill - through a series of straightforward procedural changes and technical modifications.

Water

¹² Bright – A theoretical model for data generation for energy consumption optimisation.

In 2015, our shopping centre had an average water consumption of 3.4 litres per visit, a 3% reduction compared to 2014. With this result we remain on track to meet our long-term objective to achieve a maximum level of water consumption of 3 litres per visit by 2020.

Waste and Recycling

In 2015, we achieved an average recycling rate of 62% across our global portfolio, with a 20% proportion of waste (by weight) sent to landfill. Our long-term objective is to ensure that we maintain a recycling rate of at least 65% and a proportion of waste (by weight) sent to landfill of 18% by 2020.

At zero investment cost, *Max Center* introduced a range of measures to increase its recycling rate and generate sustained reductions in waste management costs while providing a safer and cleaner work environment for management staff and suppliers.

Health and Safety

In 2015, we launched a ground-breaking competition, the “Segurarte”, aiming to use public art as a way to promote the safe use of escalators. This initiative was applied in Portugal and it will be replicated in other locations if it succeeds here.

We have noted a reduction in accidents involving visitors in our shopping centres. By analysing the SPO indicator in a range of reference shopping areas, we also verified an improvement in our shopping centres in terms of safety-conscious behaviour.

Notwithstanding the improvements verified in 2015, unfortunately we had to report the fatality of a supplier during the installation of a skylight in one of our shopping centres. In response to this incident, we approved a set of changes to the procedures which intend to make it compulsory to use safety nets in any work carried out at a high altitude.

Following our continuing concern with the number of incidents involving suppliers in recent years, in 2015, we conducted a detailed study and analysis about this subject in order to identify the main causes of why these accidents happened and implement more appropriate solutions in the future.

We launched a new award in Portugal and Brazil to encourage service suppliers to ‘think safety first’ and promote safety best practices. The results have exceeded our expectations: we achieved a participation rate of 60% in both countries demonstrating the commitment of our suppliers to improving safety and health issues.

4.2 Resource Resilience

At Sonae Sierra, we have a working group with the purpose of investigating potential lines of action focusing on alternative energy and water supply strategies – the Resource Resilience Working Group. The working group identified three potential lines of action including on-site renewable energy generation, converting tenant waste to energy and the rollout of water recycling and reuse systems. In 2015, converting tenant waste to energy and on-site renewable energy were not deemed economically viable. We did however proceed with the roll out of water reuse and rainwater harvesting systems, and a



number of actions designed to improve water efficiency and reduce water consumption were incorporated into our SHEMS.

4.3 Prosperous Retailers

Within the framework of our sustainability axis based on the prosperity of our retailers, we have the objective of implementing the *COOP* Store concept in 9 vacant units and achieving a 2% occupancy rate of vacant units in Brazil, Germany, Portugal, Romania and Spain. The *COOP* Store concept is a space composed of small businesses in this same store, allowing tenants to share the commercial area and spread the associated operational costs. This type of initiative reflects our goal of supporting small businesses and start-ups through investment in cooperative business models. During 2015, we opened 11 *Coop* Stores at shopping centres in Brazil, Portugal, Romania and Spain. Together, the *Coop* Stores generated sales of more than €171,000.

Other initiatives developed in 2015 that aim to promote tenants' prosperity is the Rising Store. The objective is to support and collaborate with entrepreneurs by helping them to set up their own business and bring their innovative ideas to our shopping centres. This initiative is presented as a contest which offers support to develop the winner's business plan and a rent free space for six months in one of our 13 shopping centres in Portugal. Additionally, there is the possibility to extend the rent contract for up to six months at a special fee.

4.4 Leveraging Knowledge

During 2015, various activities were organised with the intent of leveraging knowledge, namely:

We Share: During 2015, 116 employees participated in the We Share training programmes covering topics such as work life balance, transaction prices in a shopping centre and the power of social media communications.

Sierra with Universities: Four projects were completed in Portugal and Spain based on shared and created knowledge in partnership with several universities. At the end of 2015, three projects in this framework were still ongoing in Brazil, Portugal and Spain.

Sierra with Communities: At the end of the year, in *Freccia Rossa*, we began the development of a project based on knowledge sharing as a way of consolidating relationships between Sonae and local entities. This Project has already led to improved relations between the shopping centre and the local civil protection agency.

Engage Value Chain through Knowledge: This new Project was initiated with the objective of developing our tenants' business aptitudes in Hofgarten Solingen, in Germany. The project involves a contest and training course to help tenants improve their window displays, with the goal being to help them attract more customers and improve the overall shopping experience for visitors.

4.5 Sustainable Lifestyles

In the context of trying to involve local communities in our activity, we possess a CAPs¹³ programme with the objective of making sure that local communities are consulted on, and involved in, the development and operation of our shopping centres in a way that creates long-term relationships and is sensitive to local cultural considerations. In order to select CAP members, we identify local stakeholder groups and invite them to participate based on the issues that are relevant to them. Our local shopping centre teams are empowered to develop actions in response to issues raised through the CAPs, using the part of the shopping centre marketing budget which is available for community projects.

At Sonae Sierra, we have a working group specially focused on the promotion of sustainable lifestyles (Sustainable Lifestyles Working Group), it is responsible for planning and overseeing the implementation of our actions in relation to this long-term priority “Sustainable Lifestyles”, aligned with our sustainability strategy. The group consists of members from regional marketing teams (Portugal and Spain), one member of the sustainability office and one member from the corporate marketing team. The group meets regularly to discuss existing strategies and identify areas for improvement, as well as develop new campaigns.

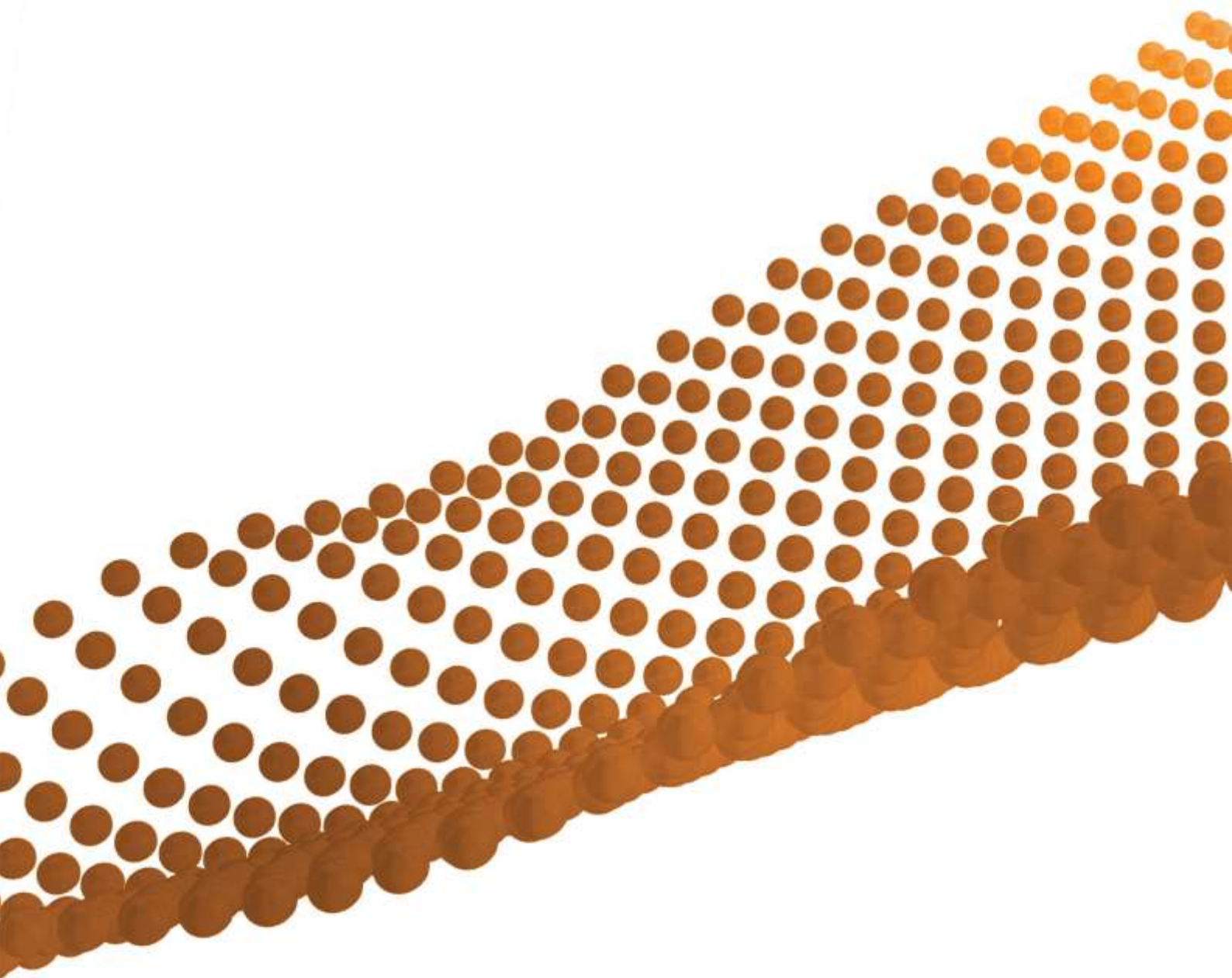
In recent years, we have been continuously developing work in line with our business and sustainability strategies guidelines and objectives, putting us in a prime position to ensure the long-term future of our businesses, by creating shared value for our business and for the society.

For more information about our sustainability performance, please consult our “Economic, Environmental and Social Report 2015” available on the following link:

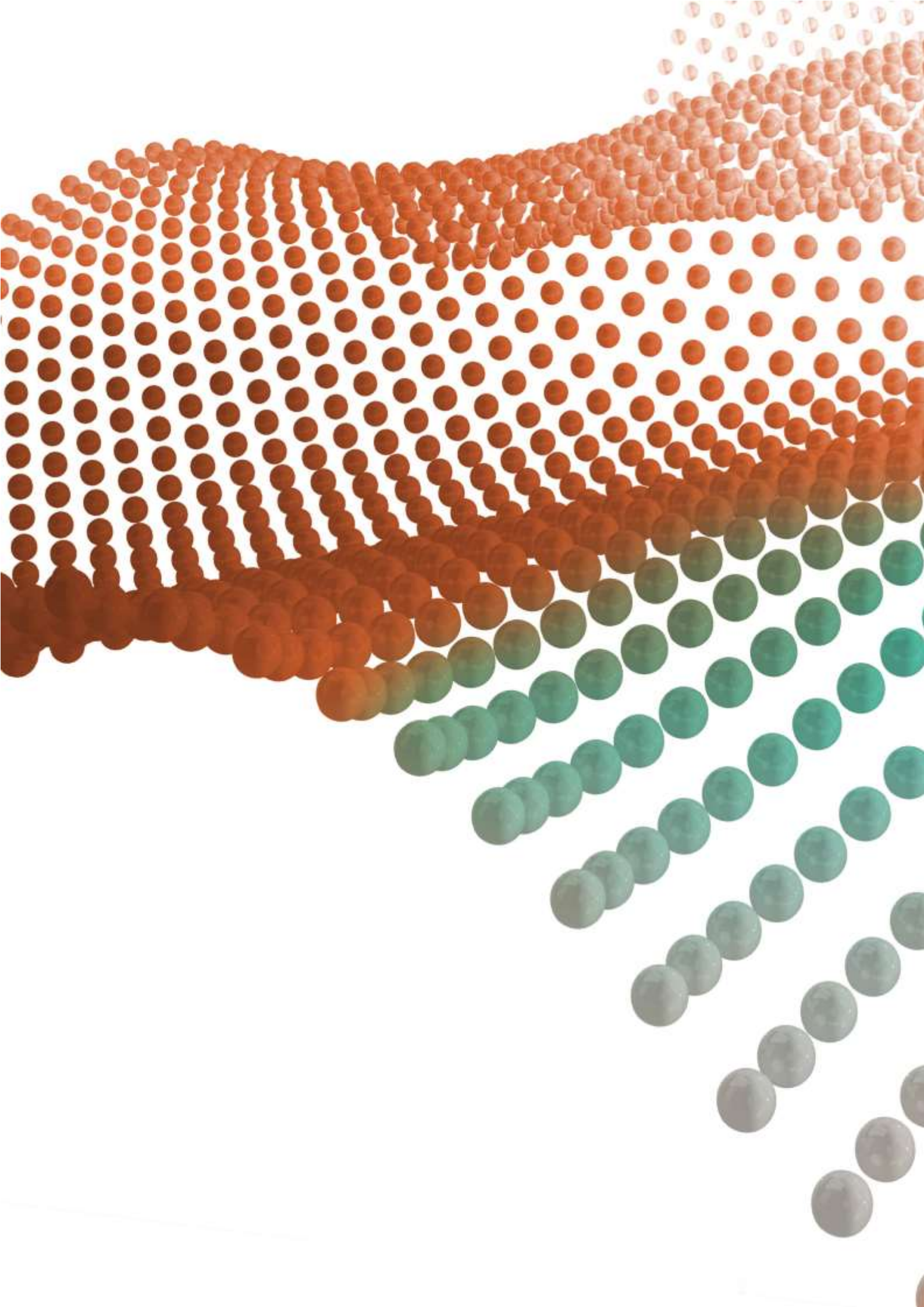
<http://www.sonaesierra.com/pt-pt/sustentabilidade/sustentabilidade.aspx>

¹³ CAP - Community Advisory Panels.





.....● APPENDIX



4. Appendix

Compliance with Principles and Membership of Associations and Partnerships with Organisations



GRI Indicators

GRI Indicator	Description	UN Global Compact	Source	GRI Indicator

STREATEGY AND ANALYSIS

G4-1		Message from the Chairman of the Board of Directors about the relevance of sustainability to the organisation and its strategy		Sustainability Report, page 6 Management Report 2015 pages 15-16
G4-2		Description of key impact, risks and opportunities related to the company's activity		Sustainability Report 2015 pages 7-11 and 37-53

ORGANISATIONAL PROFILE

G4-3		Name of the reporting organisation		Créditos
G4-4		Principal brands, products and services		Sustainability Report 2015 page 9
G4-5		Location of the headquarters of the organisation		Sonae, SGPS. SA has its head office at Lugar de Espido, Via Norte Maia-Portugal
G4-6		Number of countries where the organisation operates along with countries where major operations or operations that are specifically relevant to the sustainability issues covered in the report are carried out		Sustainability Report 2015 page 10
G4-7		Type and legal nature of property		Sustainability Report 2015 page 10
G4-8		Markets covered		Sustainability Report 2015 pages 8-10
G4-9		Scale of the reporting organisation		Sustainability Report 2015 pages 8-10, 41-23
G4-10		Total labour force	Principle 6	-

TOTAL LABOUR FORCE		2015
Type of contract		
Permanent contracts (No.)		26,685
Male		8,281
Female		18,404
Temporary contracts (No.)		11,582
Male		4,297
Female		7,285
Employees total (No.)		38,267
Type of job		
Full-time (No.)		27,290
Male		9,473
Female		17,817
Part-time (No.)		10,977
Male		3,105
Female		7,872
Employees Total (No.)		38,267
Region		
Portugal (No.)		35,854
Male		11,553
Female		24,301
Spain (No.)		1,925
Male		825
Female		1,100
China (No.)		34
Male		15
Female		19
Brazil (No.)		438
Male		174
Female		264
Turkey (No.)		16
Male		11
Female		5
International Total (No.)		2,413
Employees Total (No.)		38,267

GRI Indicator	Description	UN Global Compact	Source	GRI Indicator

ORGANISATIONAL PROFILE

G4-11		Proportion of employees covered by the Collective Bargaining Agreement	Principle 3	-
G4-12		Description of the value chain		Sustainability Report 2015 pages 41-43
G4-13		Major changes that have occurred during the reporting period regarding dimension, organisational structure or the shareholder structure		Sustainability Report 2015 page 9

COMMITMENTS WITH EXTERNAL INITIATIVES

G4-14		Precautionary principle of the organisation	Principle 7	Corporate Governance Report 2015 pages 54-65
G4-15		Letters, principles and other initiatives, developed externally, with an environmental, economic and social character which the organisation subscribes to and defends	Principles 1 to 10	Sustainability Report 2015 pages 21-26 http://www.sonae.pt/en/sustainability/other-sustainability-messages/
G4-16		Significant participation in associations and/or national/international organisations		Sustainability Report 2015 page 109

REPORT PARAMETERS

SCOPE AND LIMITATIONS OF THE REPORT

G4-17		Operational structure of the organisation and main operating divisions, subsidiaries and joint ventures		Sustainability Report 2015 pages 7-10
G4-18		Process for defining the content of the report		Sustainability Report 2015 pages 3 and 45-47
G4-19		Material aspects for the report		Sustainability Report 2015 pages 45-47
G4-20 / G4-21		Boundary of the report; Specific limitations on the scope or boundary of the report; Basis for preparation of the report concerning joint ventures, subsidiaries, leased premises, assigned operations and external services, in addition to other entities that could significantly affect the comparison between different periods and/or organisations		Sustainability Report 2015 pages 3 e 45-47
G4-22		Explanation of the effect of any revisions to information provided in earlier reports and the reasons for such revisions		Sustainability Report 2015 page 3
G4-23		Significant changes in relation to previous reporting periods in terms of scope, boundary or measurement methods.		Sustainability Report 2015 pages 3 e 45-47

RELATIONSHIP WITH STAKEHOLDERS

GRI Indicator	Description	UN Global Compact	Source	GRI Indicator
G4-24		Relationship with groups that are involved with the organisation as stakeholders		Sustainability Report 2015 page 12
G4-25		Basis for identification and selection of stakeholders to be involved		Sustainability Report 2015 page 12
G4-26		Approaches used to involve stakeholders, including frequency of involvement, by type and by groups, of stakeholders		Sustainability Report 2015 page 12
G4-27		Key issues and concerns identified through stakeholder involvement, and actions taken by the organisation in the treatment of these issues and concerns, namely by means of reports.		Sustainability Report 2015 pages 45-47 <u>Clients</u> – 48-49, 54-55, 66, 69-70, 78 <u>Community</u> – 21-26, 49-50, 66-70 <u>Suppliers</u> – 49, 53, 54, 63-65, 79, 87-92 <u>Employees</u> – 52-53, 80-87

REPORT PROFILE

G4-28		Period covered by information provided in the report		Sustainability Report 2015 page 3
G4-29		Date of last report published		Sustainability Report 2015 page 3
G4-30		Period between publication of reports		Sustainability Report 2015 page 3
G4-31		Contact for questions regarding the report or its contents		Sustainability Report 2015 page 3

TABLE OF CONTENTS OF THE GRI

G4-32		Table of contents of the GRI Table		GRI Table

VERIFICATION

G4-33		Current policies and practices with regard to the search for an independent assurance process to accompany the Sustainability Report		Sustainability Report 2015 pages 3

GOVERNANCE

G4-34		Governance structure of the organisation, including committees reporting to the highest level body of governance and responsible for specific tasks, such as determining strategy or supervision of the organisation		Sustainability Report 2015 pages 20-21 Corporate Governance Report 2015 pages 14-22, 29-30
G4-39		Role of the President		Corporate Governance Report 2015 pages 14-22
G4-38		Independent and/or non-executive directors		Corporate Governance

				Report 2015 pages 18-19
G4-37 / G4-49 / G4-53		Mechanisms for shareholders and employees to submit recommendations or directions to the highest level body of governance		Sustainability Report 2015 page 12 Corporate Governance Report 2015 pages 25-30
G4-51		Relationship between compensation for members of the highest level body of governance, the directors and executives (including decision-making arrangements), and the performance of the organisation (including social and environmental performance)		Corporate Governance Report 2015 pages 68-84
G4-41		Processes in place for the highest level body of governance to avoid conflicts of interests		Sustainability Report 2015 pages 19, 29 Corporate Governance Report 2015 pages 49-52
G4-40		Process for determining the qualifications and expertise of the members of the highest level body of governance to define the strategy of the organisation with respect to issues related to economic, environmental and social performance		Corporate Governance Report 2015 pages 19-20
G4-44		Processes for evaluating the performance of the highest level body of governance, with particular emphasis on economic, environmental and social performance		Corporate Governance Report 2015 pages 31
G4-45 / G4-47		Processes of the highest level body of governance to supervise the methods with which the organisation performs the identification and management of economic, environmental and social performance, the identification and management of relevant risks and opportunities, as well as adherence or compliance with internationally accepted standards, codes of conduct and principles	Principles 1 to 10	Corporate Governance Report 2015 pages 16-40

ETHICS AND INTEGRITY

G4-56		Internal development of statements of principles or missions, conduct codes and principles that are considered relevant for the economic, environmental and social performance, as well as the implementation phase	Principle 10	Sustainability Report 2015 pages 8, 19, 88-89 http://www.sonae.pt/en/sustainability/other-sustainability-messages/

ECONOMIC PERFORMANCE INDICATORS

GRI Indicator	Description	UN Global Compact	Source	GRI Indicator

ASPECT: ECONOMIC PERFORMANCE

Disclosure on Management Approach (DMA)

Sustainability Report 2015, pages 47, 49-50,
66-70

EC1	Direct economic value generated and distributed	-	-

	2013	2014	2015
ECONOMIC VALUE GENERATED (€)	5,266,866,194	5,499,753,907	5,698,021,018
Revenues	5,266,866,194	5,499,753,907	5,698,021,018
ECONOMIC VALUE DISTRIBUTED (€)	5,098,249,702	5,315,251,372	5,586,458,586
Operational Costs	4,282,097,899	4,489,053,659	4,698,862,411
Salaries and benefits of Employees	611,849,153	651,134,468	665,354,195
Payments to Investors	170,434,890	146,552,959	198,340,061
Payments to the State	23,278,422	18,702,110	15,440,829
Donations and other community investments	10,589,338	9,808,176	8,461,090
ACCUMULATED ECONOMIC VALUE (€)	168,616,491	184,502,535	111,562,433

Scope of Report: Sonae

EC2	Financial implications, risks and opportunities on organisation's activities due to climate change	Principle 7	-

For detailed information on the financial implications and other risks and opportunities due to climate change, please see Sonae's response to the *Carbon Disclosure Project 2015*, available at:

<https://www.cdp.net/sites/2015/59/17359/Climate%20Change%202015/pages/DisclosureView.aspx>

Scope of Report: Sonae

EC3	Coverage of obligations for the organisation concerning the Benefit Plan	-	-

Sonae's Retail sector has no retirement plan for its employees.

Scope of Report: Retail

EC4	Significant financial assistance received from the state	-	-

The support received from the state through subsidies, investment subsidies and tax benefits totalled 11,135,694€.

Scope of Report: Sonae

ASPECT: MARKET PRESENCE

Disclosure on Management Approach (DMA)

Source
Sustainability Report 2015, pages 47, 49, 53,
63-65, 87-92

EC6	Proportion of employees for senior positions hired locally	Principle 6	-

Occupation of operational functions by elements of the community that are part of the business units.

	2013	2014	2015
No. of senior managers(No.)	57	76	84
No. of senior managers originating from the local community (No.)	56	75	83
Proportion of senior managers originating from the local community (%)	98%	99%	99%

Scope of Report: Retail

ASPECT: INDIRECT ECONOMIC IMPACT

DISCLOSURE ON MANAGEMENT APPROACH (DMA)

Source
Sustainability Report 2015, pages 47, 49-50,
53, 63-65, 87-92

EC7	Development and impact of investments in infrastructures and services provided	-	-

The support to the community includes the donations and contributions offered by Sonae, mainly for the public benefit, supporting 1,577 institutions which represented an investment of 8.5 million euros.

Scope of Report: Sonae

EC8	Significant indirect economic impacts, inclusively the extension of the impacts	-	-

See Sustainability Report, sections “Community” (pages 18 to 23) and “Better Purpose – Multiplication of the sharing and promotion of the social well-being” (pages 67 to 69).

Scope of Report: Sonae

ASPECT: PROCUREMENT PRACTICES

EC9	Policy, practices and proportion of the expenses on local suppliers, in important operational units	-	-

	2015
Total supplier expenditure (€)	4,277,344,676
Total expenditure with foreign suppliers (€)	906,158,897
Total expenditure with domestic suppliers (€)	3,371,185,779
Proportion of expenditure with domestic suppliers (%)	79%

Scope of Report: Retail

ENVIRONMENTAL PERFORMANCE INDICATORS

ASPECT: MATERIALS

Disclosure on Management Approach (DMA)

Source
Sustainability Report 2015,
pages 47, 52, 79

EN1	Consumption of materials per weight or volume	Principles 7 e 8	-

Sonae promotes the reduction of the consumption of materials associated with the value chain, more specifically, regarding the packages of the products distributed. For this, Sonae encourages its suppliers to follow a series of initiatives to reduce the materials associated not only with the primary packaging of the product itself, but also with shipping boxes. These initiatives are applicable to all the suppliers in general and are described with greater detail in chapter “Better Planet – Environmental impact of the packages” (page 79).

Scope of Report: Retail - Portugal

ASPECT: ENERGY

Disclosure on Management Approach (DMA)

Source
Sustainability Report 2015,
pages 47, 74-75

EN3	Energy consumption within the organisation	Principles 7 e 8	-

Evolution of the energy consumption within the organisation per type	2013	2014	2015
Natural gas consumption – Stores (m ³)	439,012	410,617	345,539
Propane consumption (t)	47	46	45
Diesel consumed by stores (litres)	128,786	131,464	131,355
Electricity consumption in stores (MWh)	408,502	415,666	414,260
Electricity consumption in production centres (MWh)	6,843	9,496	9,346
Electricity consumption (MWh)	415,345	425,162	423,606

Evolution of the energy consumption within the organisation per type (GJ)	2013	2014	2015
Natural gas consumption – Stores (GJ)	16,884	15,792	13,283
Propane consumption (GJ)	2,300	2,216	2,185
Diesel consumed by stores (GJ)	4,799	4,899	4,865
Fuel consumption within the organisation (GJ)	23,983	22,907	20,333
Electricity Consumption (GJ)	1,495,242	1,530,583	1,524,982
Energy consumption within the organisation (GJ)	1,519,225	1,553,491	1,545,315

Production of electricity through renewable energy sources	2013	2014	2015
Electricity produced by renewable energy sources (MWh)	6,018	7,257	7,759
Electricity produced by renewable energy sources (GJ)	21,665	26,124	27,931

Sonae sells all electricity produced by renewable energy sources to the Portuguese national grid.

Conversion Factor

Energy	Unit	Factor (2015)	Source (2015)
Natural Gas	PCI (GJ/m ³)	0.03844	Table of lower heating values, emission factors and CO ₂ oxidation factors used in the Portuguese Inventory Report on Greenhouse Gases published in 2013.
Propane Gas	PCI (GJ/t)	48.55	Table of lower heating values, emission factors and CO ₂ oxidation factors used in the Portuguese Inventory Report on Greenhouse Gases published in 2013.
Diesel	PCI (GJ/t)	37.04	APA - Portuguese National Inventory Report on Greenhouse Gases Table of lower heating values, emission factors and CO ₂ oxidation factors used in the Portuguese Inventory Report on Greenhouse Gases published in 2013.
Electricity	(GJ/MWh)	3.6	International Energy Agency

Electricity consumption per sales area (GWh/100 m²)	2013	2014	2015
Store area (1000 m ²)	904	910	925
Electricity consumption per store area (GWh/1000m ²)	0.45	0.35	0.35

Scope of Report: Retail - Portugal

EN4	Energy consumption outsider the organisation	Principle 8	-

Evolution of the energy consumption outsider the organisation per type	2013	2014	2015
Diesel consumer by contracted fleet (litres)	9,734,121	10,115,992	10,106,582
Diesel consumed by staff vehicles (litres)	2,016,480	1,973,049	2,357,667
Petrol consumed by staff vehicles (litres)	21,469	12,411	14,111
Vehicular natural gas consumption from the fuel supply (m ³)	-	37,403	75,256

Evolution of the energy consumption outsider the organisation per type (GJ)	2013	2014	2015
Diesel consumed by contracted fleet (GJ)	362,730	376,960	374,350
Diesel consumed by staff vehicles (GJ)	75,142	73,523	87,328
Petrol diesel consumed by staff vehicles (GJ)	721	417	466
Vehicular natural gas consumption from the fuel supply (GJ)	-	1,439	2,893
Total energy consumption outsider the organisation (GJ)	438,593	452,339	465,037

Conversion factor

Energy	Unit	Factor (2015)	Source (2015)
Natural gas	PCI (GJ/m ³)	0,03844	Table of lower heating values, emission factors and CO2 oxidation factors used in the Portuguese Inventory Report on Greenhouse Gases published in 2011
Diesel	PCI (GJ/t)	37,0402	Table of lower heating values, emission factors and CO2 oxidation factors used in the Portuguese Inventory Report on Greenhouse Gases published in 2011
Petrol	PCI (GJ/t)	33,00	Table of lower heating values, emission factors and CO2 oxidation factors used in the Portuguese Inventory Report on Greenhouse Gases published in 2011

Scope of Report: Retail - Portugal

EN5	Energy Intensity	Principle 8	-

	2013	2014	2015
Total energy consumption (GJ)	1,957,818	2,006,792	2,010,351
Turnover (M€)	4,821	4,974	5,014
Ratio of energy intensity (GJ/M€)	406	403	401

Note: Disclosed indicator only from 2014, according to GRI G4 guidelines

Scope of Report: Retail

EN6	Energy saved due to improvements in conservation and efficiency	Principles 8 e 9	-

Please see Sonae Sustainability Report 2015, “Better Planet - Energy”, page 74.

Scope of Report: Retail

EN7	Reduction of the energy requirements for products and services	Principles 8 e 9	-

Please see Sonae Sustainability Report 2015, “Better Planet - Environmental Awareness” pages 78 to 79, for greater detail regarding the developed initiatives to provide products and services with low energy consumption.

Number of sold products er level of energy efficiency – category A or higher (No.)	2013	2014	2015
Household appliances (category A or higher	221,528	364,126	546,647
Category A++++++	-	-	340
Category A++++++	-	-	427
Category A+++++	-	-	359
Category A++++	32	5,995	9,233
Category A+++	29,342	64,001	105,237
Category A++	30,360	45,471	106,013
Category A+	144,928	228,271	285,895
Category A	16,866	20,388	39,143
TELEVISIONS (CATEGORY A OR HIGHER)	210,344	468,923	252,607
Category A++++++			340
Category A++++++			427
Category A+++++			359
Category A++++			
Category A+++			
Category A++	12,009	21,145	10,964
Category A+	71,875	185,912	84,236
Category A	126,460	261,866	157,407
VACUUM CLEANERS (CATEGORY A OR HIGHER)	-	3,210	11,649
Category A++++++			
Category A++++++			
Category A+++++			
Category A++++			
Category A+++			
Category A++			
Category A+			
Category A		3,210	11,649
Total of sold products (category A or higher)	431,872	836,259	810,903

Scope of Report: Retail - Portugal

ASPECT: WATER

Disclosure on Management Approach (DMA)

Source
Sustainability Report 2015,
pages 47, 77-78

EN8	Total of water consumption segmented per source	Principles 7 e 8	-

	2013	2014	2015
Total of water consumption (m3)	650,744	620,215	606,492
Evolution of the water consumption from the public network per sales area (m3/m2)	2013	2014	2015
Store area (1000 m ²)	553,642	569,004	583,165
Water consumption of the public mains supply per store area(m ³ /m ²)	1.18	1.09	1.04

Acopie of Report: Food stores (Continente, Continente Modelo and Continente Bom dia) – Retail

EN10	Percentage and total volume of recycled and reused water	Principle 8	-

An initiative of water recycling and reutilization at the Tower of the Sonae Service Centre located at Maia, with a GOLD classification from the LEED certification, where the water of the shower rooms and lavatories are reused in the toilets and the rainwater is captured and used in the irrigation system. According to the data of the project, the water reuse in this building allows to save around 80% of water consumption.

Waste water reuse project in the Meat Processing Centre, for use in cooling towers, the watering, outdoor washes and supply of deposits for the fire service. Currently, and as provided in the solution implemented, the CPC is reusing a portion of the liquid effluent from its industrial process after treatment at the WWTP.

On an annual basis approximately 18,180 m3 of water is reused:

- A volume of approximately 15,480 m3 / year, used to supply its two cooling towers, and;
- A volume of approximately 2,700 m3 / year, used for irrigation, for outdoor cleaning and supply of deposits in the fire service.

Scope of Report: Retail – Portugal

ASPECT: BIODIVERSITY

Management approach (DMA – Disclosure on Management Approach)

Source
Sustainability Report 2015,
pages 47, 49, 63-65

EN11	Location in or adjacent to protected areas	Principle 8	-

The retail business has no premises in areas classified as high-biodiversity habitats.

Scope of Report: Retail

EN12	Impacts on biodiversity	Principle 8	-

Please see Sonae Sustainability Report 2015, section “Contribution towards sustainable fishing” – pages 63 to 65.

Scope of Report: Retail

EN13	Protected restored habitats	Principle 8	-

No activities were carried out that might modify and cause the need for restoration of surrounding habitats.

The Fishing Policy penalizes fishing methods that are destructive to the habitats (e.g.: bottom trawling).

Scope of Report: Retail

ASPECT: EMISSIONS, EFFLUENTS AND WASTE

Management approach (DMA – Disclosure on Management Approach)

Source
Sustainability Report 2015,
pages 45-46, 49, 66-70

EN15	Direct and indirect Greenhouse Gas emissions (scope 1)	Principles 7 e 8	-

Evolution of the GHG emissions (scope 1), per source	2013	2014	2015
Emissions associated with the consumption of natural gas (t CO2e)	947	967	916
Emissions associated with the consumption of propane (t CO2e)	145	140	138
Emissions associated with the consumption of diesel by stores (t CO2e)	355	363	361
Emissions associated with the consumption of diesel by vehicles for transporting goods (t CO2 e)	26,842	27,895	27,739
Emissions associated with the consumption of diesel by staff vehicles (t CO2e)	5,560	5,441	6,471
Emissions associated with the consumption of petrol by staff vehicles (t CO2e)	50	29	34
Total of GHG emissions – direct (t CO2e)	33,900	34,834	35,659

Scope of Report: Retail - Portugal

EN16	Indirect Greenhouse Gas emissions (scope 2)	Principles 7 e 8	-

Evolution of the GHG emissions (scope 2), per source	2013	2014	2015
Emissions associated with electricity consumption - Indirect (t CO2e)	158,308	156,572	204,648

Proportion of electricity consumed from different suppliers in 2014

Electricity - Suppliers	%	CO ₂ (g/kWh)	Observation
EDP SU	0.93%	185.49	Value published in website of EDP SU - Year201
GF FENOSA	1.22%	370.81	Value provided by GN FENOSA - last 12 months available - Dec 14/ Nov 15
RAM-MADEIRA	4.89%	452.19	Value provided by EDM - last 12 months available - Dec 14 / Nov 15
ENDESA	92.55%	489.50	Value reported in website of ENDESA - Year 2015
GALP	0.40%	420.22	Value provided by GALP –last 12 months available - Aug 14 / Jul 15
TOTAL	100.00%	483.11	

Scope of Report: Retail – Portugal

EN17	Other indirect Greenhouse Gas emissions (scope 3)	Principles 7 e 8	-

GHG emissions (Scope 3), per source	2013	2014	2015
Emissions related to energy recovery (t CO ₂ e)	66	84	88
Emissions related to organic recovery (t CO ₂ e)	150	193	202
Emissions related to landfill (t CO ₂ e)	3,758	3,711	3,674
Emissions Scope 3 - Waste management (t CO₂e)	3,974	3,989	3,965

	FE (t CO ₂ /t waste)	Source (2015)
Energy recovery	0.021	In accordance with Government GHG Conversion Factors for Company Reporting, 2013: Methodology Paper for Emission Factors (July 2013), no changes in factors associated with waste in 2013 compared to 2012.
Organic recovery	0.021	
Landfill	0.290	

Scope of Report: Retail – Portugal

EN18	Intensity of the greenhouse gas emissions (GHG)	Principles 7 e 8	-

GHG Emissions (Scope 3), by source	2013	2014	2015
Total of GHG emissions (t CO ₂)	196,182	195,395	244,272
Turnover (M€)	4,821	4,974	5,014
Ratio of GHG emissions intensity (t CO₂/ M€)	41	39	49

Note: Disclosed indicator only from 2014, according to the GRI G4 guidelines.

Scope of Report: Retail

EN19	Initiatives to reduce the greenhouse gas emissions and the reduction obtained	Principles 8 e 9	-

See answer in EN6 indicator

Emissions avoided by the aid of the electricity produced through renewable energy sources (t CO2 e)

	2013	2014	2015
Redução evitada (t CO2 e)	2,830	3,411	3,647

Scope of Report: Retail

EN20 Emissions of ozone-depleting substances by weight

Principles
7 e 8

-

Scope of Report: Retail

	2013	2014	2015
Total quantity of R22 released due to leaks (kg)	1.080	860	0
CFC (tones of CFC-11 equivalent)	0,059	0,047	0

Scope of Report: Retail

EN21 NOx, SOx and other atmospheric emissions

Principles
7 e 8

-

	2013	2014	2015
NOx emissions - Diesel consumed by stores (t)	3.84	3.92	3.89
NOx emissions - Diesel consumed by vehicles for transporting goods (t)	290.18	301.57	299.48
NOx emissions - Diesel consumed by staff vehicles (t)	60.11	58.82	69.86
NOx emissions - Petrol consumed by staff vehicles (t)	0.43	0.25	0.28
Total NOx emissions (t)	354.57	364.56	373.51
SO2 emissions - Diesel consumed by stores (t)	1.01	1.03	1.02
SO2 emissions - Diesel consumed by vehicles for transporting goods (t)	76.17	79.16	78.61
SO2 emissions - Diesel consumed by staff vehicles (t)	15.78	15.44	18.34
SO2 emissions - Petrol consumed by staff vehicles (t)	0.05	0.03	0.03
Total SO2 emissions (t)	93.02	95.66	98.01

Emission factors

	NOx	SO ₂	Unidade	Fonte
Diesel	0.8	0.21	kg/GJ	IPCC 2006
Petrol	0.6	0.075	kg/GJ	IPCC 2006

Note: Calculation for this indicator takes into account figures reported in the EN3 and EN4 indicators.

Scope of Report: Retail – Portugal

EN22	Total water discharge by quality and destination	Principle 8	-

Sonae does not possess measurement methods for waste water. For this reason, the frequently used engineering principle which states that 80% of consumed water results in waste water was applied.

	2013	2014	2015
Discharged liquid effluents volume (m ³)	520,595	496,172	485,194

Regarding waste water treatment, most waste water generated at the company's premises is discharged into public sewers, except for the waste water from three stores (Vagos, Cancela and Ribeira Brava) and the waste water from five distribution centres (Azambuja, Plaza I, Plaza II, C1 and C2) where this is not possible because of the absence of public sewer infrastructures. The aforementioned premises are equipped with waste water treatment plants that treat the waste water biologically (secondary treatment).

Scope of Report: Food stores – Retail– Portugal

EN23	Essencial	Total weight of waste by type and disposal method	Principle 8	-

	2013	2014	2015
Hazardous waste (t)	1,369	1,737	2,175
Recovery (t)	1,369	1,737	2,175
Elimination (t)	0	0	0
Non-hazardous waste (t)	61,624	63,986	63,366
Recovery (t)	48,666	51,189	50,697
Elimination (t)	12,958	12,797	12,669
Total volume of waste (t)	62,993	65,723	65,541

	2013	2014	2015
Recovery rate of waste (%)	79.4%	80.5%	80.7%

	2015
Waste generated by Sonae activity (t)	60,265
Waste deposited by the customers at the stores(t)	5,276
Total of waste (t)	65,541

Scope of report: Includes distribution centres and Portuguese retail stores. Maxmat stores and stores in shopping centres, where waste is managed by the shopping centre itself, are not included in the scope of this report.

Scope of Report: Retail

EN24	Total number and volume of significant spills	Principle 8	-

A Sonae Sonae considers a spill to be significant only if it affects the environment outside the premises. Since this situation has never risen, no significant spills have occurred during retail operations.

Scope of Report: Retail

ASPECT: PRODUCTS AND SERVICES

Disclosure on Management Approach (DMA)

Source
Sustainability Report 2015,
pages 47, 50-52, 70-79

EN27	Mitigate environmental impact of products and services	Principle 7 a 9	-

Please see Sonae Sustainability Report, chapter Better Planet (pages 70-79).

Eco-efficiency of the contracted fleet (% of vehicles per accomplished standard)	2013	2014	2015
EURO 3 standard	6%	2%	2%
EURO 4 standard	28%	28%	21%
EURO 5 standard	66%	58%	47%
EURO 6 standard	0%	13%	25%
EURO 7 standard	-	-	4%

Scope of Report: Retail

EN28	Recoverable percentage of products sold and their respective packaging.	Principle 8	-

100% of the packaging of the products produced are recyclable.

Scope of Report: Retail

ASPECT: COMPLIANCE

Disclosure on Management Approach (DMA)

Source
Sustainability Report 2015,
pages 47, 49, 55-63

EN29	Fines and non-monetary sanctions for non-compliance with environmental laws and regulations	Principle 8	-

Sonae considers a fine to be significant when total monetary value equals or exceeds 12,000€, since this corresponds to the minimum fine for a serious environmental infringement (Law no. 114/2015, of August 28). In the Retail sector there were no significant fines in 2015.

Scope of Report: Retail – Portugal

ASPECT: TRANSPORT

EN30	Significant environmental impacts as a result of transport	Principle 8	-

See Sustainability Report 2015, pages 74 to 75.

Scope of Report: Retail – Portugal

ASPECT: ENVIRONMENTAL EVALUATION OF SUPPLIERS

EN32	Evaluated suppliers according to the environmental criteria	Principle 8	-

	2013	2014	2015
Non-food retail			
Total No. of qualified suppliers (No.)	-	229	256
No. of national qualified suppliers (No.)	-	83	91
No. of foreign qualified suppliers (No.)	-	146	165
Total percentage of qualified suppliers (%)	-	41%	45%
Percentage of national qualified suppliers (%)	-	55%	63%
Percentage of foreign qualified suppliers (%)	-	35%	39%
Electronics			
Total No. of qualified suppliers (No.)	-	-	139
No. of national qualified suppliers (No.)	-	-	5
No. of foreign qualified suppliers (No.)	-	-	134
Total percentage of qualified suppliers (%)	-	-	100%
Percentage of national qualified suppliers (%)	-	-	100%
Percentage of foreign qualified suppliers (%)	-	-	100%
Food Retail			
Total No. of qualified suppliers (No.)	-	714	573
No. of national qualified suppliers (No.)	-	442	376
No. of foreign qualified suppliers (No.)	-	272	197
Total percentage of qualified suppliers (%)	-	84%	84%
Percentage of national qualified suppliers (%)	-	80%	81%
Percentage of foreign qualified suppliers (%)	-	92%	90%

Note: Indicator reported from 2014, according to GI-G4 guidelines.

Scope of Report: Retail – Portugal

SOCIAL PERFORMANCE INDICATORS – LABOUR

GRI Indicator	Description	UN Global Compact	Source

ASPECT: EMPLOYMENT

Disclosure on Management Approach (DMA)

Sustainability Report 2015, pages
47, 52, 80-83

LA1	Total of entries, exits and turnover rate of the employees, divided by gender and age group	Principle 6	-

New recruitments (No.)	2013			2014			2015		
	Male	Female	TOTAL	Male	Female	TOTAL	Male	Female	TOTAL
<18 Years	2	1	3	0	0	0	0	0	0
18 to 34 years	4,806	8,024	12,830	6,179	9,543	15,722	7,528	12,838	20,366
35 to 44 years	251	685	936	423	789	1,212	3,043	7,844	10,887
45 to 54	79	219	298	81	141	222	1,438	3,884	5,322
55 to 64 years	17	22	39	10	10	20	406	858	1,264
≥ 65 Years	2	1	3	0	0	0	15	12	27
TOTAL	5,157	8,952	14,109	6,693	10,483	17,176	12,430	25,436	37,866

Rate of new recruitment (%)	2013			2014			2015		
	Male	Female	TOTAL	Male	Female	TOTAL	Male	Female	TOTAL
<18 Years	0	0	0	0	0	0	0	1	1
18 to 34 years	71%	66%	68%	80%	72%	75%	6.239	9.488	15.727
35 to 44 years	9%	9%	9%	14%	10%	11%	375	845	1.220
45 to 54	6%	7%	6%	6%	4%	4%	81	194	275
55 to 64 years	6%	4%	5%	3%	1%	2%	6	18	24
≥ 65 Years	17%	50%	21%	0%	0%	0%	0	2	2
TOTAL	47%	38%	41%	53%	41%	45%	6.701	10.548	17.249

Turnover rate (%)	2013			2014			2015		
	Male	Female	TOTAL	Male	Female	TOTAL	Male	Female	TOTAL
<18 Years	0%	0%	0%	0%	0%	0%	0%	0%	0%
18 to 34 years	13%	22%	34%	15%	23%	38%	24%	16%	41%
35 to 44 years	1%	2%	3%	1%	2%	4%	3%	1%	4%
45 to 54	0%	1%	1%	0%	0%	1%	1%	0%	1%
55 to 64 years	0%	0%	0%	0%	0%	0%	0%	0%	0%
≥ 65 Years	0%	0%	0%	0%	0%	0%	0%	0%	0%
TOTAL	14%	24%	38%	17%	26%	43%	28%	18%	46%

Number of contracted employees who left during the period covered by the report (nº)	2013			2014			2015		
	Male	Female	TOTAL	Male	Female	TOTAL	Male	Female	TOTAL
<18 Years	2	1	3	0	0	0	0	1	1
18 to 34 years	2,854	4,750	7,604	2,579	3,874	6,453	3,796	5,434	9,230
35 to 44 years	115	374	489	517	885	1,402	191	527	718
45 to 54	24	80	104	92	111	203	55	132	187
55 to 64 years	4	10	14	9	10	19	4	11	15
≥ 65 Years	0	0	0	3	1	4	0	1	1
TOTAL	2,999	5,215	8,214	3,200	4,881	8,081	4,046	6,106	10,152

Scope of Report: Retail – Portugal

LA3	Return to work and retention rates after parental leave	Principles 1, 3 e 6	-

Portugal	2013			2014			2015		
	Male	Female	TOTAL	Male	Female	TOTAL	Male	Female	TOTAL
Number of employees entitled to parental leave	10,996	23,486	34,482	11,469	24,268	35,737	11,553	24,301	35,854
Number of employees who benefited from parental leave	428	1,162	1,590	463	1,121	1,584	565	1,196	1,761
Number of employees who returned to work after completion of parental leave	423	1,160	1,583	460	1,119	1,579	435	753	1,188
Number of employees who returned to work after completion of parental leave and continue to work for the Company 12 months after returning	455	1,242	1,697	409	1,136	1,545	412	819	1,231
Take-up rate (%)	4%	5%	5%	4%	5%	4%	5%	5%	5%
Rate of return (%)	99%	99,8%	99,6%	99%	100%	100%	77%	63%	67%
Rate of retention (%)	99%	99%	99%	96%	98%	97%	73%	68%	70%

Spain	2013			2014			2015		
	Male	Female	TOTAL	Male	Female	TOTAL	Male	Female	TOTAL
Number of employees entitled to parental leave	-	-	-	-	-	-	825	1,100	1,925
Number of employees who benefited from parental leave	-	-	-	-	-	-	32	90	122
Number of employees who returned to work after completion of parental leave	-	-	-	-	-	-	27	55	82
Number of employees who returned to work after completion of parental leave and continue to work for the Company 12 months after returning	-	-	-	-	-	-	20	31	51
Take-up rate (%)	-	-	-	-	-	-	4%	8%	6%
Rate of return (%)	-	-	-	-	-	-	84%	61%	67%
Rate of retention (%)	-	-	-	-	-	-	63%	34%	42%

Scope of Report: Retail – Portugal and Spain

ASPECT: OCCUPATIONAL HEALTH AND SAFETY

Disclosure on Management Approach (DMA)

Source
Sustainability Report 2015, pages 47, 53, 83-86

LA6	Types of injuries, days lost, index of absenteeism and number of deaths work-related, divided by gender	Principle 1	-

Portugal	2013			2014			2015		
	Male	Female	TOTAL	Male	Female	TOTAL	Male	Female	TOTAL
Total workable hours by all employees (h)	19,271,281	40,300,001	59,571,282	20,373,226	42,213,397	62,586,623	20,227,295	42,049,582	62,276,877
Number of deaths	0	0	0	0	1	1	2	1	3
Number of accidents in the workplace	ND	ND	1,401	ND	ND	1,424	399	875	1,274
Number of accidents during travel between home and work	ND	ND	169	ND	ND	190	52	119	171
TOTAL ACCIDENTS (No.)	ND	ND	1,570	ND	ND	1,614	451	994	1,445
RATE OF ACCIDENTS (%)	ND	ND	0.003%	ND	ND	0.003%	0.002%	0.002%	0.002%
Number of days of absence due to professional accidents (d)	ND	ND	25,989	ND	ND	27,978	7,981	16,803	24,784
RATE OF DAYS LOST DUE TO PROFESSIONAL ACCIDENTS (%)	ND	ND	0,04%	ND	ND	0,04%	0,04%	0,04%	0,04%
Number of days of absence due to professional diseases (d)	ND	ND	354	ND	ND	328	ND	ND	363
RATE OF PROFESIONAL DISEASES (%)	ND	ND	0%	ND	ND	0.001%	ND	ND	0.001%
Total number of days lost (d)	ND	ND	25.989	ND	ND	28.306	ND	ND	25.147
RATE OF LOST DAYS (%)	ND	ND	0.04%	ND	ND	0.05%	ND	ND	0.04%
Number of hours of absence (h)	534,089	2,702,543	3,236,632	621,757	3,090,008	3,711,765	673,142	3,315,934	3,989,076
TAXA DE ABSENTEEISM RATE (%)	3%	7%	5%	3%	7%	6%	3%	8%	6%

Spain	2013			2014			2015		
	Male	Female	TOTAL	Male	Female	TOTAL	Male	Female	TOTAL
Total workable hours by all employees (h)	-	-	-	-	-	-	1,203,349	1,608,501	2,811,850
Number of deaths	-	-	-	-	-	-	0	0	0
Number of accidents in the workplace	-	-	-	-	-	-	16	32	48
Number of accidents during travel between home and work	-	-	-	-	-	-	9	8	17
TOTAL ACCIDENTS (No.)	-	-	-	-	-	-	25	40	65
RATE OF ACCIDENTS (%)	-	-	-	-	-	-	0.002%	0.002%	0.002%
Number of days of absence due to professional accidents (d)	-	-	-	-	-	-	915	564	1.479
RATE OF DAYS LOST DUE TO PROFESSIONAL ACCIDENTS (%)	-	-	-	-	-	-	0.08%	0.04%	0.05%
Number of days of absence due to professional diseases (d)	-	-	-	-	-	-	-	-	-
RATE OF PROFESSIONAL DISEASES (%)	-	-	-	-	-	-	-	-	-
Total number of days lost (d)	-	-	-	-	-	-	1.265	832	2.097
RATE OF LOST DAYS (%)	-	-	-	-	-	-	0.11%	0.05%	0.07%
Number of hours of absence (h)	-	-	-	-	-	-	27.592	134.328	161.920
TAXA DE ABSENTEEISM RATE (%)	-	-	-	-	-	-	2%	8%	6%

Estas These rates are determined according to the following methodology:

Accident rate = (number of accidents/Total workable hours by all employees) x 100;

Rate of days lost due to professional accidents = (No. of days absent per professional accident/Total workable hours by all employees) x 100;

Rate of lost days = (Number of lost days/Total workable hours by all employees) x 100;

Rate of professional diseases = (No. of days absent due to professional diseases/Total workable hours by all employees) x 100;

Absenteeism rate = (Hours of absenteeism/Total workable hours by all employees) x 100.

Scope of Report: Retail – Portugal and Spain

LA7	Employees with high incidence or high risk of work-related diseases	Principle 1	-

Como As part of a preventive strategy of health and safety management, initiatives were developed aimed at employees with high incidence or high risk of work-related diseases, namely:

1. Project of ergonomic studies (Continente);
2. Safety Alerts (e.g.: employees operating compacters);
3. Safety Preventive Observations Programme;
4. Campaign “Abril, Segurança Mil” (April focused on Maximum Safety) – Promotion of a set of awareness actions within the scope of Health and Safety, with the primary objective of stimulating initiatives to improve the comprehension and management of stress and psychosocial risks related to work.

See details regarding the prevention of the employees’ work-related diseases in section “Well-being and internal satisfaction” from the chapter “Better People” of the Sustainability Report 2015.

ADVISORY PROGRAMMES	2015 No participants
Women’s Day - 08 March	Total Employees
Therapeutic massages at work place (European Week OHS)	96
Sonae Happy Video(European Week OHS)	Total Employees
Healthy Life styles (European Week OHS)	Total Employees
Labour Gymnastics (European Week OHS)	Total Employees
May – Heart Month	Total Employees
May - Heart Month - FP Cardiology	Total Employees
Trip safety	Total Employees
World Food Day	Total Employees
World Food Day (Centre DOP units)	462
Flu	Total Employees
Flue (vaccination)	5,322
Ergonomics and Psychosocial Risks at Work Consultation of Employees	Total Employees
Ergonomics and Psychosocial Risks at Work diagnosis in HRD	206
Smoking	Total Employees
Vision	Total Employees
Pregnancy	Total Employees
Stress	Total Employees
Child Obesity in Portugal	Total Employees
Hypertension	Total Employees
Diabetes	Total Employees
Skin Cancer	Total Employees
Breast Cancer	Total Employees
Cholesterol	Total Employees
Allergies	Total Employees

CONTROL AND PREVENTION PROGRAMMES	No. of participants
Audit Programme of health and safety at work	All units
OTHER SOCIAL RESPONSABILITY ACTIONS	No. of participants
Portuguese Institute of Blood and Transplantation - Samples	410 employees
DAE Program Sonae Investments	1.302.277.772 (employees and clients)
Hazard simulation (DAE program Sonae Investments)	171

Scope of Report: Retail

Disclosure on Management Approach (DMA)

Source
Sustainability Report 2015, pages 47, 52, 80-83

LA9	Training	Principle 6	-

Total number of employees by position (No.)	2013			2014			2015		
	Male	Female	TOTAL	Male	Female	TOTAL	Male	Female	TOTAL
Executives/Directors	361	168	529	388	178	566	410	197	607
Senior management	79	109	188	108	130	238	147	100	247
Middle management	1,248	1,470	2,718	1,290	1,559	2,849	1,305	1,618	2,923
Highly-skilled and skilled employees	6,009	15,810	21,819	6,026	15,810	21,836	5,790	15,418	21,208
Semi-skilled employees	264	916	1,180	289	980	1,269	323	1,144	1,467
Unskilled employees	103	71	174	100	58	158	91	58	149
Trainees/Apprentices	2,933	4,941	7,874	3,268	5,553	8,821	3,487	5,766	9,253
Sonae SR (Not in Portugal)	-	-	2,641	-	-	2,155	-	-	1,925
TOTAL	10,997	23,485	37,123	11,469	24,268	37,892	11,553	24,301	37,779

Total number of hours of training (h)	2013			2014			2015		
	Male	Female	TOTAL	Male	Female	TOTAL	Male	Female	TOTAL
Executives/Directors	18,562	7,937	26,498	17,457	8,785	26,242	17,063	8,697	25,760
Senior management	2,083	2,624	4,707	2,787	3,910	6,697	4,465	6,655	11,120
Middle management	49,834	56,275	106,108	55,237	62,558	117,795	54,813	67,939	122,752
Highly-skilled and skilled employees	153,972	393,461	547,434	191,803	502,350	694,153	195,061	452,260	647,321
Semi-skilled employees	5,390	23,892	29,281	7,692	28,520	36,212	10,279	31,887	42,166
Unskilled employees	1,614	858	2,472	2,684	1,446	4,130	2,785	1,256	4,041
Trainees/Apprentices	105,464	197,106	302,571	124,062	219,277	343,340	117,760	184,337	302,097
Sonae SR (Not in Portugal)	-	-	51,871	-	-	63,583	-	-	85,609
TOTAL	336,919	682,152	1,070,942	401,721	826,847	1,292,151	402,226	753,031	1,240,866

Total number of hours of training by position and gender	2013			2014			2015		
	Male	Female	TOTAL	Male	Female	TOTAL	Male	Female	TOTAL
Executives/Directors	51	47	50	45	49	46	42	44	42
Senior management	26	24	25	26	30	28	30	67	45
Middle management	40	38	39	43	40	41	42	42	42
Highly-skilled and skilled employees	26	25	25	32	32	32	34	29	31
Semi-skilled employees	20	26	25	27	29	29	32	28	29
Unskilled employees	16	12	14	27	25	26	31	22	27
Trainees/Apprentices	36	40	38	38	39	39	34	32	33
Sonae SR (Not in Portugal)	-	-	20	-	-	25	-	-	44
TOTAL	31	29	29	30	31	30	35	31	33

Scope of Report: Retail – Portugal + Sonae SR (Spain, except Canaries)

LA10	Programmes for skills management	-	-

	2013	2014	2015
TOTAL ACTIVITIES	109,195	164,566	209,473

PROGRAMMES 2015

	No. activities PT	No. hours
Administrative academy	276	3,063
ISI Academy	46	1,899
Commercial Academy	216	5,552
Auditing and Procedures Academy	17	2,122
Academy For Interdisciplinary Skills	668	23,815
Sport zone Academy	11,127	35,999
WORTEN Academy	12,584	10,130
Reception and Integration	128	2,974
Universo Card	41,832	40,664
Driving Forklifts and Machines	273	3,895
Production Centre School	197	6,117
Logistics School	1,933	18,128
Continente Operations School	6,096	119,809
Perishables School	15,403	220,068
Health School	5,310	32,305
FASHION ACADEMY	17,746	21,698
DAE Training and First Aid	99	3,026
Training in Processes/Systems (Workflows, SAP, Retek, Supply Chain, Loss)	7,960	26,664
Technical training in supply/products/campaign	21,126	29,127
Security training	7	1,152
Environmental Management	1,960	4,849

IOP-Performance Evaluation	165	2,914
IOW/Continual improvement/Kaizen	24,947	326,523
MANAGEMENT & LEADERSHIP ACADEMY	102	19,673
MEAT HANDLERS	487	11,579
SUSTAINABLE MAINTAINANCE	7	5
NOTE 10	1,872	1,551
OMNISCANAL WORTEN	6,606	13,339
INCENTIVES PLAN BAGGA	216	192
BAGS FOR LIFE	1,394	2,253
Security and Health at work	8,628	43,270
SMILE	18	464
WORTEN TRAINING CAMPUS	7,173	15,421
Other Activities	12,854	105,022
TOTAL ACTIVITIES	209,473	1,155,257

Scope of Report: Retail - Portugal

LA11	Percentage of employees who receive regular performance assessments	Principles 6	-

The performance assessments process is applicable to all of Sonae's employees in Portugal.

Scope of Report: Retail - Portugal

LA12	Workforce by gender, age and ethnic minority	Principles 1 a 6	-

Portugal	2015			
	Age	Mail	Female	TOTAL
Executives/ Directors	<18 Years	-	-	0
	18 to 34 years	26	7	33
	35 to 44 years	170	103	273
	45 to 54 years	152	76	228
	55 to 64 years	60	11	71
	≥ 65 years	2	-	2
	TOTAL	410	197	607
Senior management	<18 Years	-	-	0
	18 to 34 years	27	17	44
	35 to 44 years	82	58	140
	45 to 54 years	26	19	45
	55 to 64 years	12	6	18
	≥ 65 years	-	-	0
	TOTAL	147	100	247
Middle management	<18 Years	-	-	0
	18 to 34 years	428	514	942
	35 to 44 years	538	759	1,297
	45 to 54 years	274	297	571
	55 to 64 years	63	48	111
	≥ 65 years	2	-	2
	TOTAL	1,305	1,618	2,923

Highly-skilled and skilled employees	<18 Years	-	-	0
	18 to 34 years	2,892	5,512	8,404
	35 to 44 years	1,784	5,920	7,704
	45 to 54 years	856	3,232	4,088
	55 to 64 years	249	744	993
	≥ 65 years	9	10	19
	TOTAL	5,790	15,418	21,208
Semi-skilled employees	<18 Years	-	-	0
	18 to 34 years	206	668	874
	35 to 44 years	67	333	400
	45 to 54 years	37	118	155
	55 to 64 years	13	25	38
	≥ 65 years	-	-	0
	TOTAL	323	1,144	1,467
Unskilled employees	<18 Years	-	-	0
	18 to 34 years	11	9	20
	35 to 44 years	45	18	63
	45 to 54 years	32	23	55
	55 to 64 years	2	8	10
	≥ 65 years	1	-	1
	TOTAL	91	58	149
Trainees/Apprentices	<18 Years	-	-	0
	18 to 34 years	3,327	5,261	8,588
	35 to 44 years	130	412	542
	45 to 54 years	27	82	109
	55 to 64 years	3	9	12
	≥ 65 years	-	2	2
	TOTAL	3,487	5,766	9,253
TOTAL EMPLOYEES (No.)		11,553	24,301	35,854

Spain	2015			
	Age	Mail	Female	TOTAL
Executives/ Directors	<18 Years	-	-	0
	18 to 34 years	-	-	0
	35 to 44 years	2	-	2
	45 to 54 years	1	-	1
	55 to 64 years	-	-	0
	≥ 65 years	-	-	0
	TOTAL	3	-	3
Senior management	<18 Years	-	-	0
	18 to 34 years	-	-	0
	35 to 44 years	7	-	7
	45 to 54 years	3	-	3
	55 to 64 years	-	-	0
	≥ 65 years	-	-	0
	TOTAL	10	-	10
Middle management	<18 Years	-	-	0
	18 to 34 years	87	52	139
	35 to 44 years	83	33	116
	45 to 54 years	8	7	15
	55 to 64 years	1	-	1
	≥ 65 years	-	-	0
	TOTAL	179	92	271

Highly-skilled and skilled employees	<18 Years	-	-	0
	18 to 34 years	203	417	620
	35 to 44 years	72	158	230
	45 to 54 years	16	19	35
	55 to 64 years	1	5	6
	≥ 65 years	-	-	0
	TOTAL	292	599	891
Semi-skilled employees	<18 Years	-	-	0
	18 to 34 years	2	-	2
	35 to 44 years	3	-	3
	45 to 54 years	-	-	0
	55 to 64 years	-	-	0
	≥ 65 years	-	-	0
	TOTAL	5	-	5
Unskilled employees	<18 Years	-	-	0
	18 to 34 years	-	-	0
	35 to 44 years	-	-	0
	45 to 54 years	-	-	0
	55 to 64 years	-	-	0
	≥ 65 years	-	-	0
	TOTAL	-	-	-
Trainees/Apprentices	<18 Years	-	-	0
	18 to 34 years	292	359	651
	35 to 44 years	37	39	76
	45 to 54 years	5	9	14
	55 to 64 years	2	2	4
	≥ 65 years	-	-	0
	TOTAL	336	409	745
TOTAL EMPLOYEES (No.)		825	1,100	1,925

Scope of Report: Retail – Portugal and Spain

LA13	Ratio between basic salaries and the wages of women and men	Principles 1 a 6	-

Portugal	2013	2014	2015
Ratio of average compensation per employee category (F/M)			
Executives/Directors	0.79	0.80	0.81
Senior management	0.90	0.91	0.96
Middle management	0.87	0.88	0.91
Highly-skilled and skilled employees	0.98	0.99	0.98
Semi-skilled employees	0.87	0.90	0.94
Unskilled employees	0.86	0.90	0.90
Trainees/Apprentices	1.00	1.00	1.00
TOTAL	0.78	0.80	0.90

Portugal	2013	2014	2015
Ratio of the average base salary per functional category (F/M)			
Executives/Directors	0.79	0.81	0.82
Senior management	0.90	0.91	0.96

Middle management	0.87	0.88	0.91
Highly-skilled and skilled employees	0.98	0.99	0.99
Semi-skilled employees	0.87	0.90	0.94
Unskilled employees	0.88	0.90	0.90
Trainees/Apprentices	1.00	1.00	1.00
TOTAL	0.77	0.80	0.90

Spain	2013	2014	2015
Ratio of average compensation per employee category (F/M)			
Executives/Directors	-	-	-
Senior management	-	-	-
Middle management	-	-	1.06
Highly-skilled and skilled employees	-	-	1.03
Semi-skilled employees	-	-	-
Unskilled employees	-	-	-
Trainees/Apprentices	-	-	1.03
TOTAL	-	-	1.11

Spain	2013	2014	2015
Ratio of the average base salary per functional category (F/M)			
Executives/Directors	-	-	-
Senior management	-	-	-
Middle management	-	0.99	1.07
Highly-skilled and skilled employees	-	0.99	1.02
Semi-skilled employees	-	0	0
Unskilled employees	-	-	-
Trainees/Apprentices	-	1.00	1.03
TOTAL	-	0.91	1.11

Note: Data referring to Spain reported only after 2014.

Scope of Report: Retail – Portugal and Spain

ASPECT: EVALUATION OF THE SUPPLIERS FOR LABOUR PRACTICES

LA14	Evaluated suppliers based on criteria referring to the labour practices	-	-

	2013	2014	2015
Non-food retail			
Suppliers (No.)	-	560	572
Domestic	-	146	144
Foreign	-	414	428
Qualified suppliers (No.)	-	225	251

Domestic	-	79	86
Foreign	-	146	165
Total percentage of qualified suppliers (%)	-	40%	44%
Percentage of national qualified suppliers (%)	-	54%	60%
Percentage of foreign qualified suppliers (%)	-	35%	39%
Electronics			
Suppliers (No.)	-	-	139
Domestic	-	-	5
Foreign	-	-	134
Total No. of qualified suppliers (No.)	-	-	139
Domestic	-	-	5
Foreign	-	-	134
Total percentage of qualified suppliers (%)	-	-	100%
Percentage of national qualified suppliers (%)	-	-	100%
Percentage of foreign qualified suppliers (%)	-	-	100%
Food Retail			
Suppliers (No.)	-	849	683
Domestic	-	552	465
Foreign	-	297	218
Qualified suppliers (No.)	-	714	573
Domestic	-	442	376
Foreign	-	272	197
Total percentage of qualified suppliers (%)	-	84%	84%
Percentage of national qualified suppliers (%)	-	80%	81%
Percentage of foreign qualified suppliers (%)	-	92%	90%

Note: Indicator reported from 2014, according to GRI-G4 guidelines.

Scope of Report: Retail

INDICATORS OF HUMAN RIGHTS

GRI Indicator	Description	UN Global Compact	Source

ASPECT: INVESTMENT PRATICES AND PURCHASING PROCEDURES

Disclosure on Management Approach (DMA)

Source
Sustainability Report 2015, pages 47, 53, 87-92

HR1	Investment agreements and contracts with human rights clauses	Principles 1, 2 e 6	-

Supply contracts include a clause requiring the vendor to state the following, 'The vendor shall comply with all standards and legislation applicable to work performed by minors, human rights and the prohibition of discrimination against its employees, for any reason whatsoever'. This clause is included in the following contracts in the retail sector: general supply contracts, supply contracts in the health sector, supply contracts for consumables, wholesale brand supplier contracts and all other standard supply contracts in our system.

Scope of Report: Retail

HR2	Training on policies and practices of Human Rights	Principles 1 e 6	-

In 2015, a total of 23,508 Retail employees (61% of the total) received training on policies and procedures of the organisation regarding human rights issues. A total of 74,436 hours were dedicated training in this scope.

Scope of Report: Retail

ASPECT: NON-DISCRIMINATION

HR3	Incidents of discrimination and actions taken	Principles 1 2 e 6	-

In 2015, there weren't any cases of corruption or discrimination at Sonae.

Scope of Report: Retail

ASPECT: FREEDOM OF ASSOCIATION AND THE RIGHT TO COLECTIVE BARGAINING

HR4	Freedom of association and the right to collective bargaining	Principles 1 e 3	-

There are no activities at Sonae where the right to exercise freedom of association and collective bargaining is under risk.

Scope of Report: Retail

ASPECT: CHILD LABOUR

HR5	Risk for incidents of child labour	Principles 1,2 e 5	-

As a matter of policy, no under-age personnel may be recruited. On rare occasions and under strict compliance with the law, personnel between 16 and 18 years old may be recruited.

Scope of Report: Retail

ASPECT: FORCED LABOUR AND SLAVERY

HR6	Risk of occurrence of forced labour and slavery	Principles 1,2 e 4	-

At Sonae, there isn't any forced labour. The risks of the value chain are minimized by processes of existing control.

Scope of Report: Retail

ASPECT: EVALUATION

HR9	Operations submitted to evaluations of the human rights	Principles 1 a 7	-

In 2015, no operation was recorded that had been object of re-evaluations of the Human Rights and/or evaluations of impact in this aspect.

Scope of Report: Retail

ASPECT: EVALUATION OF SUPPLIERS IN HUMAN RIGHTS

HR10	Essencial	Evaluated suppliers based on criteria related with Human Rights	Principles 1,2 e 6	-

	2013	2014	2015
Non-food retail			
Suppliers (No.)	-	560	572
Domestic	-	146	144
Foreign	-	414	428
Qualified suppliers (No.)	-	225	251
Domestic	-	79	86
Foreign	-	146	165
Total percentage of qualified suppliers (%)	-	40%	44%
Percentage of national qualified suppliers (%)	-	54%	60%
Percentage of foreign qualified suppliers (%)		35%	39%
Food Retail			
Suppliers (No.)	-	849	683
Domestic	-	552	465
Foreign	-	297	218
	-	714	573
Domestic	-	442	376
Foreign	-	272	197
Total percentage of qualified suppliers (%)	-	84%	84%
Percentage of national qualified suppliers (%)	-	80%	81%
Percentage of foreign qualified suppliers (%)		92%	90%
Electronics			
Suppliers (No.)	-	-	139
Domestic	-	-	5
Foreign	-	-	134
Qualified suppliers (No.)	-	-	139
Domestic	-	-	5
Foreign	-	-	134

Total percentage of qualified suppliers (%)	-	-	100%
Percentage of national qualified suppliers (%)	-	-	100%
Percentage of foreign qualified suppliers (%)	-	-	100%

Note: Indicator reported from 2014, according to GRI-G4 guidelines.

Scope of Report: Retail

GRI Indicator	Description	UN Global Compact	Source

ASPECT: HEALTH AND SAFETY OF THE CUSTOMER

Disclosure on Management Approach (DMA)

Source
Sustainability Report 2015, pages 47, 55-63

PR1	Assessment of the impact of products on health and safety	-	-

Temos We take into consideration the impact on health and safety of our own-brand products (food, non-food, sport, textiles and electronics) throughout every stage of their life cycle. In terms of electronic products, for example, we carry out product development, packaging and instructions in cooperation with the manufacturer. The entire manufacturing process is subjected to various inspections. In terms of foodstuffs, we carry out R&D on the products, for example, to perfect their nutritional qualities.

Assessment of impact per stage in the life cycle	2015				
	Food	Non food	Textiles	Sports	Electronics
Supplier audits					
Total number of suppliers	683	572	262	191	139
Domestic	465	144	82	23	5
Foreign	218	428	180	168	134
Total number of suppliers audited	572	251	0	0	124
Domestic	375	86	0	0	0
Foreign	197	165	0	0	124
Total percentage of suppliers audited (%)	83.7%	43.9%	0%	0%	89.2%
Percentage of domestic suppliers audited (%)	80.6%	59.7%	0%	0%	0.0%
Percentage of foreign suppliers audited (%)	90.4%	38.6%	0%	0%	92.5%

Assessment of impact per stage in the life cycle	2015				
	Food	Non food	Textiles	Sports	Electronics
Total number of analyses	87,179	9,556	43,886	23,008	703
Internal laboratories	81,929	3,780	37,206	19,268	495
External laboratories	5,250	5,776	6,680	3,740	208

Scope of Report: Retail

ASPECT: LABELLING OF PRODUCTS AND SERVICES

Disclosure on Management Approach (DMA)

Source
Sustainability Report 2015, pages 47, 52, 55-63

PR3	Complementary	Labelling of products and services	-	-

Ver See details about the labels of the own-brand products of the section of the Sustainability Report 2014 “Better Purpose – Responsibility in the own-brand products” pages 55 to 62.

Information in the labelling of the own-brand products – Non-food	2015
Origin of the product or service	Yes
Composition, with special attention to substances that are potentially harmful to the environment or society.	Yes
Safe and correct use of the product or service	Yes
Elimination of the product and underlying environmental and social impacts	Yes
Total No. of categories of products with a specific labelling (No.)	191
Total No. of categories of products (No.)	386
Percentage of categories of products with specific labelling (%)	49

Scope of Report: Retail

PR5	Customer satisfaction	-	-

Number of suggestions and complaints registered per brand	2013	2014	2015
Continente	64,943	67,930	48,148
Continente Modelo	-	-	15,409
Continente Bom Dia	-	-	3,294
MO	7,466	6,900	6,632
Zippy	2,237	2,317	2,390
Worten	21,449	16,703	20,964
Vobis	28	-	-
Sport Zone	2,198	6,545	9,454
Well's	4,525	5,223	5,834
Bom Bocado / Bagga	342	382	421
Note!	76	118	146
Loop	1	-	-
Others	893	677	101
Total	104,158	106,795	112,793

Scope of Report: Retail

ASPECT: MARKETING COMMUNICATIONS

PR6	Sales of banished or disputed products	-	-

Sonae has endorsed, since 2009, the Food Industry's Commitments on Diet, Physical Activity relative to advertising and marketing directed at children. These commitments, developed by FIPA (Federation of Portuguese Food and Drink Industries) and APAN (Portuguese Association of Advertisers) aim to change the type of foods and drinks advertised via television, press or internet aiming at children under the age of 12.

In addition, Sonae does not sell any type of contested or banished products, in any geographic market in which operates.

Scope of Report: Retail

ASPECT: COMPLIANCE

Disclosure on Management Approach (DMA)

Source
Sustainability Report 2015, pages 47, 55-63

PR9	Value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	-	-

	2013	2014	2015
Total number of administrative or judicial sanctions for failing to comply with laws or regulations concerning the provision and use of products and services	69	66	33
Total monetary value of significant fines (€)	90,096	130,886	81,676

Scope of Report: Retail

INDICATORS OF SOCIAL PERFORMANCE - SOCIETY

Indicador GRI	Descrição	UN Global Compact	Fonte

ASPECT: COMMUNITY

Disclosure on Management Approach (DMA)

Source
Sustainability Report 2015, pages 47, 49-50, 66-70

SO1	Involvement with the local community	Principle 1	-

Existem The impact and benefits of activities for communities have been measured on numerous occasions. From the moment that it is decided to install a new facility, it is necessary to engage local entities and authorities in order to obtain licences and permits and ensure measures are taken to minimise any negative impact on local communities. During such activities, a wide number of initiatives are developed to support local communities, both centrally and by each brand, promoting well-being and social cohesion in these communities. These initiatives are often carried out in partnership with local authorities.

Information on these initiatives, as well as examples will be described in the report (pages. 18-23 e 67-69 of the Sustainability Report 2015).

Note: See indicators EC7 and EC8.

Scope of Report: Retail

ASPECT: CORRUPTION

Disclosure on Management Approach (DMA)

Source
Sustainability Report 2015, pages 47, 49, 52-

SO3	Business units analysed for risks related to corruption	Principle 10	-

Sonae adopted the international methodology Enterprise Risk Management – Integrated Framework (COSO) to deal with its risk management process. This permits us to identify the various types of risks and threats to business development, both at a strategic and operational level. Since the risk of corruption has not been identified as a business priority, no assessments were conducted in this area. The Code of Conduct and Ethics for the retail sector also takes this risk into consideration, but no situations of this type were reported.

Scope of Report: Retail

SO4	Training in anti-corruption procedures and practices	Principle 10	-

Although the risk of corruption is not considered a priority risk for the business, in 2015 there was training related with the policies and practices of anti-corruption to 2.958 employees, not managers.

Scope of Report: Retail - Portugal

SO5	Medidas tomadas em resposta a casos de corrupção	Principle 10	-

No cases of corruption were recorded in 2015.

Scope of Report: Retail

ASPECT: COMPLIANCE

Disclosure on Management Approach (DMA)

Source
Sustainability Report 2015, pages 47, 53, 87-92

SO8	Fines and non-monetary sanctions for non-compliance with laws and regulations	-	-

	2015
Total value of the fines and penalties (€)	1,891 €
Total No. of non-monetary sanctions (No.)	0
Total No. of proceedings filed against the company (No.)	2
Scope of Report: Retail - Portugal	

ASPECT: EVALUATION OF THE SUPPLIERS REGARDING THE IMPACTS IN THE SOCIETY

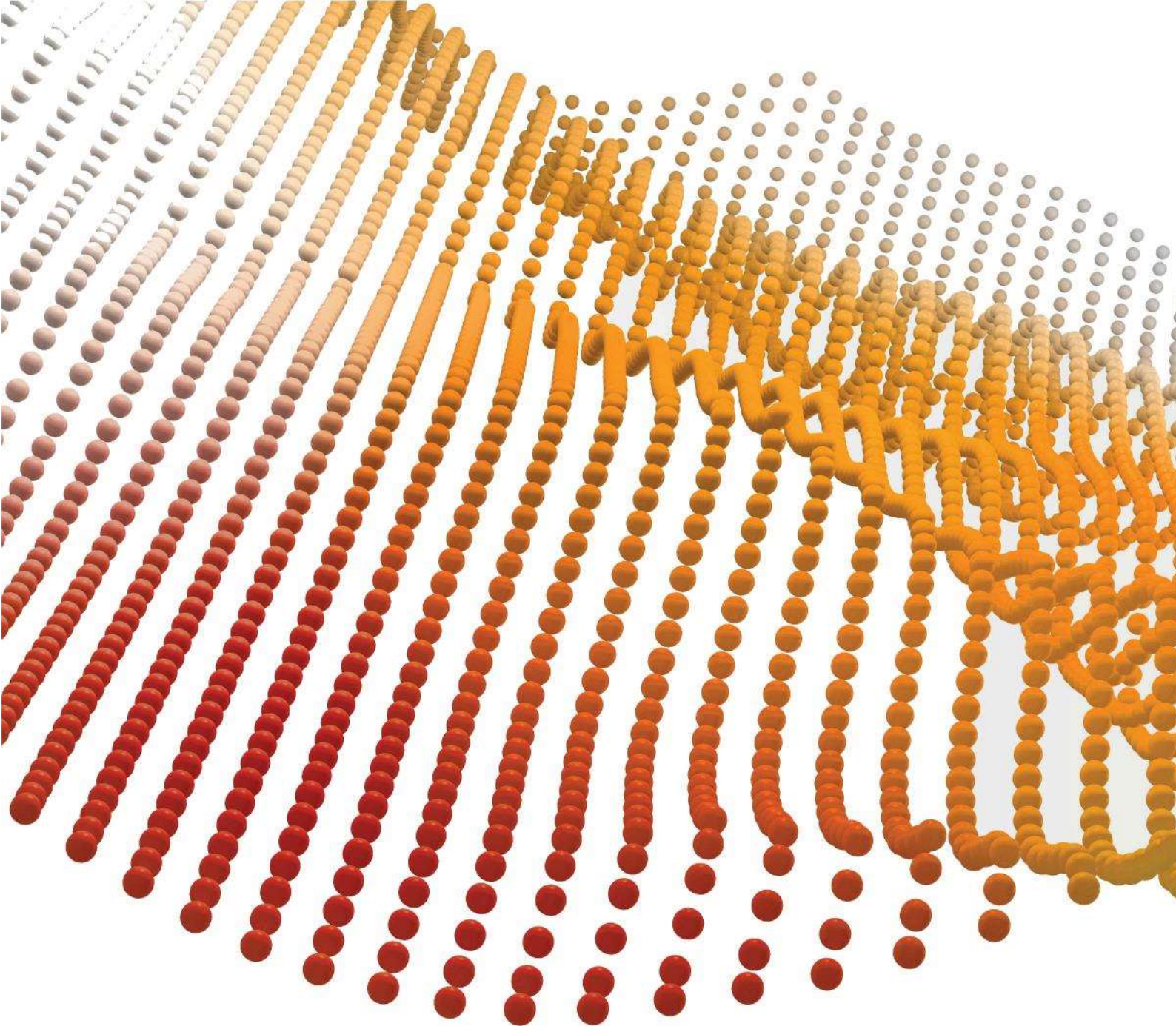
SO9	Evaluated suppliers based on criteria referring to the impacts on society	-	-

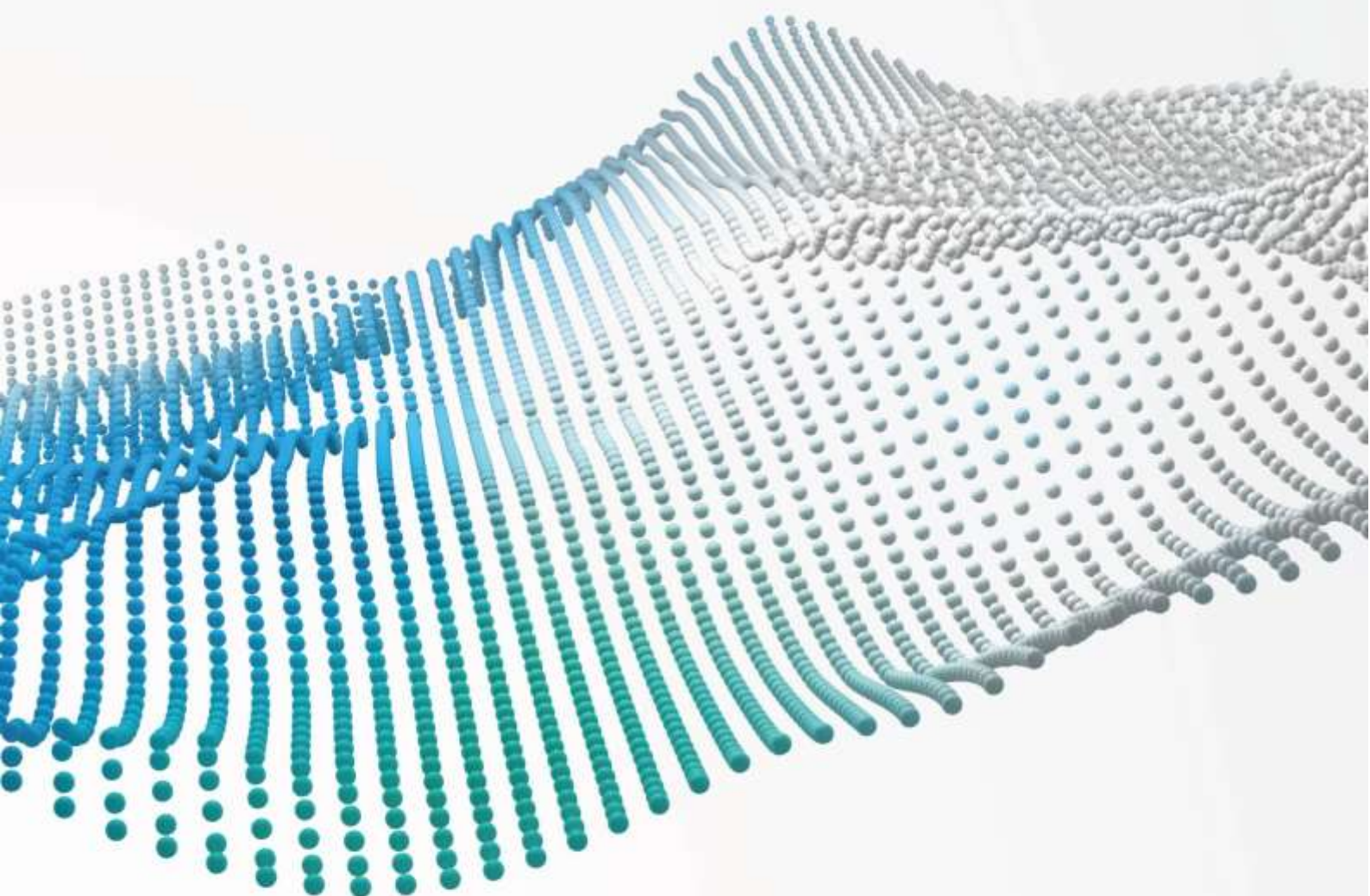
	2013	2014	2015
Non-food retail			

Total No. of suppliers with D and E qualification (No.)	-	6	12
Domestic	-	0	1
Foreign	-	6	11
Total percentage of suppliers with D and E qualification (%)	-	1%	2%
Percentage of national suppliers with D and E qualification (%)	-	0%	0%
Percentage of foreign suppliers with D and E qualification (%)	-	1%	2%
Food Retail			
Total No. of suppliers with D and E qualification (No.)	-	0	2
Domestic	-	0	2
Foreign	-	0	0
Total percentage of suppliers with D and E qualification (%)	-	0%	1%
Percentage of national suppliers with D and E qualification (%)	-	0%	1%
Percentage of foreign suppliers with D and E qualification (%)	-	0%	0%
Electronics			
Total No. of suppliers with D and E qualification (No.)	-	-	22
Domestic	-	-	0
Foreign	-	-	22
Total percentage of suppliers with D and E qualification (%)	-	-	18%
Percentage of national suppliers with D and E qualification (%)	-	-	0%
Percentage of foreign suppliers with D and E qualification (%)	-	-	18%

Note: Indicator reported from 2014, according to GRI-G4 guidelines.

Scope of Report: Retail





SONAE FINANCIAL REPORT '15

CORPORATE GOVERNANCE REPORT



IMPROVING LIFE



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PART II

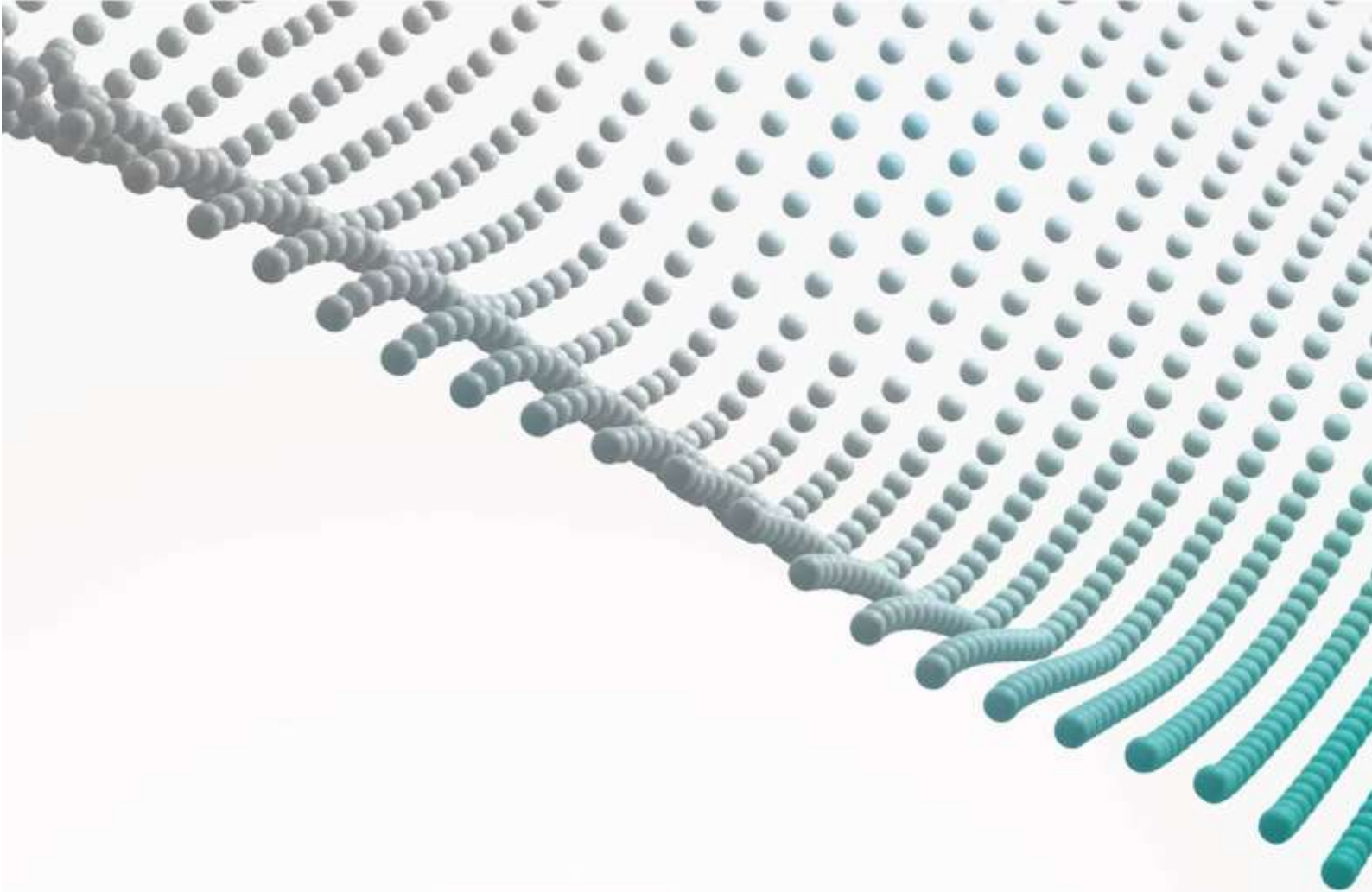
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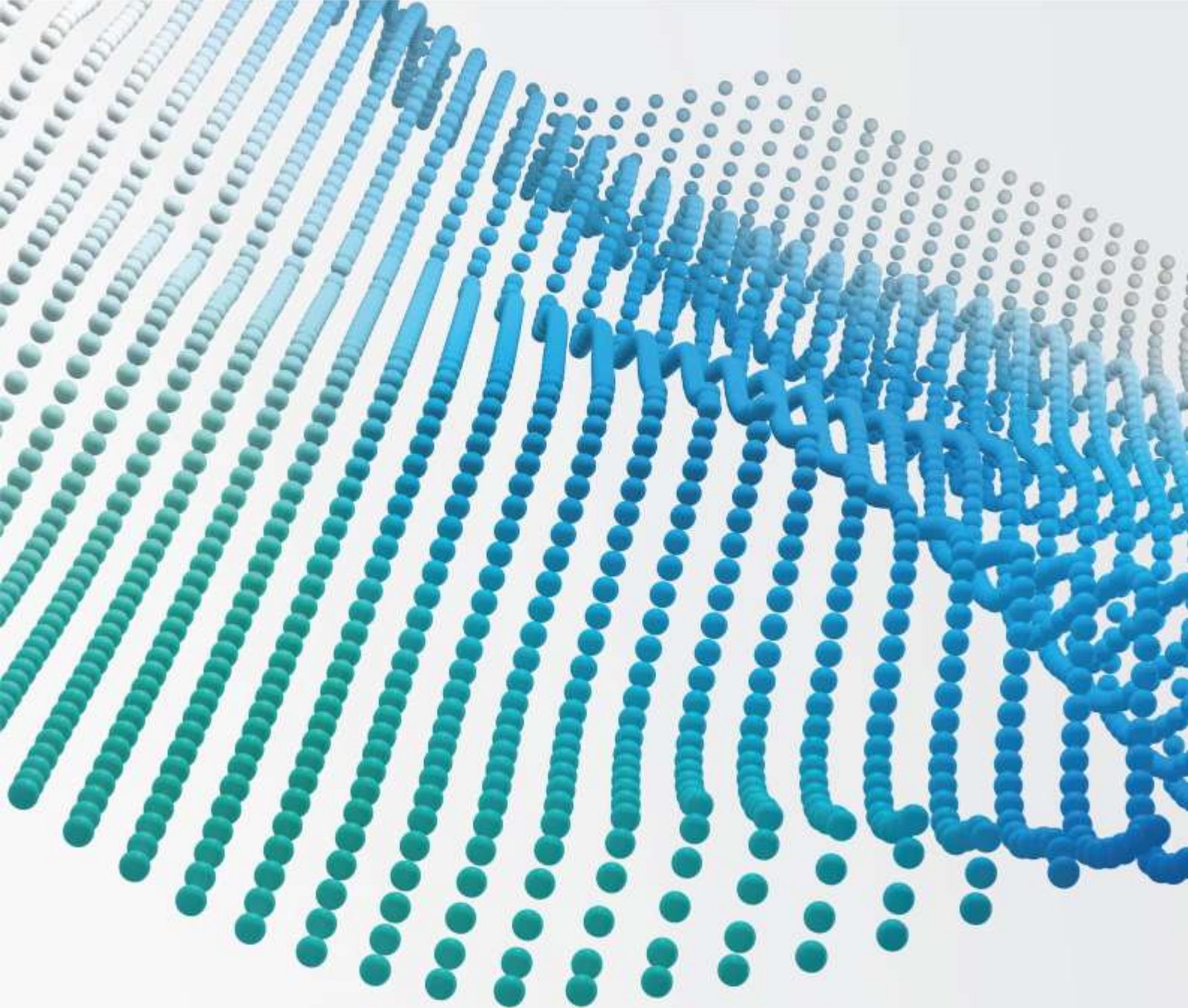


PART I

MANDATORY INFORMATION ON SHARE CAPITAL STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE



IMPROVING LIFE



A. Shareholder Structure

I - Share Capital Structure

1. Share Capital Structure

The Company's share capital is 2,000,000,000 euro, fully subscribed and paid up, divided into 2,000,000,000 nominative ordinary shares, each with a nominal value of one euro.

The distribution of share capital and respective voting rights among the owners of qualified shareholdings is, to the best of the Company's knowledge, listed below in section II.7.

All the shares representing the Company's share capital are admitted to trading on the Euronext Lisbon regulated market.

2. Restrictions on the transfer and ownership of shares

There are no restrictions on the ownership or transfer of Company's shares.

3. Own Shares – number, percentage of share capital they represent and percentage of voting rights that would correspond to own shares

On 31st December 2015, the Company indirectly held, through a subsidiary, 137,859 own shares, representing 0.0069% of the Company's share capital, which would correspond to the same percentage of voting rights.

4. Significant agreements with ownership clauses

There are no agreements executed by the Company incorporating clauses with the aim of setting up defensive measures to a change in its shareholder control or that cease in case of a change of the Company's control following a takeover bid.

The majority of the share capital of the Company is attributable to a single shareholder.

The shareholders' agreement executed between the Company and Grosvenor Group Limited ("Grosvenor"), relating to Sonae Sierra, SGPS, SA, gives Grosvenor the power to terminate the agreement in the case of a change of control of the Company, but only in the particular and exclusive situation of the Company ceasing to be directly or indirectly controlled by its present reference shareholder or any of his relatives.

This clause applies in the same way should a change of control occur in Grosvenor.



The effects of terminating the agreement include the exercise of a call option, the sharing of assets or sale of the company Sonae Sierra, SGPS, SA.

5. Defensive measures in case of change of control

No defensive measures were adopted by the Company.

6. Shareholders' Agreements

The Board of Directors has no knowledge of any joint venture agreements involving the Company.

II - Shareholdings and holdings of bonds

7. Qualified shareholdings

On 31st December 2015, relying on the notices received by the Company pursuant to article 16 of the Portuguese Securities Code, the owners of qualified shareholdings, the respective attributable share capital and voting rights percentage, as well as the source and grounds for such attribution, were the following:

Qualified shareholdings

Shares held and voting rights, attributable to shareholders owning 2% or more of the share capital of Sonae - SGPS, SA, calculated in accordance with article 20 of the Portuguese Securities Code, as required by article 8, paragraph 1, subparagraph b), of the Portuguese Securities Market Commission (CMVM) Regulation no. 05/2008:

Shareholder	Nr. of shares	Nr. of shares and voting rights*	% of exercisable voting rights**
Efanor Investimentos, SGPS, SA (I)			
Directly	200,100,000	10.0050%	10.0057%
By Pareuro, BV (controlled by Efanor Investimentos, SGPS, SA)	849,533,095	42.4767%	42.4796%
By Maria Margarida Carvalhais Teixeira de Azevedo (Director of Efanor Investimentos, SGPS, SA)	14,901	0.0007%	0.0007%
By Maria Cláudia Teixeira de Azevedo (Director of Investimentos, SGPS, SA)	204,678	0.0102%	0.0102%
By Migracom, SA (company controlled by Efanor Investimentos, SGPS, SA's Director Duarte Paulo Teixeira de Azevedo)	2,464,337	0.1232%	0.1232%
By Linhacom, SGPS, SA (company controlled by Efanor Investimentos, SGPS, SA's Director Maria Cláudia Teixeira de Azevedo)	439,314	0.0220%	0.0220%
Total attributable to Efanor Investimentos, SGPS, SA	1,052,756,325	52.6377%	52.6415%
Banco BPI, SA			
Banco Português de Investimento, SA	365,199	0.0183%	0.0183%
Fundos de Pensões do Banco BPI	40,071,372	2.0036%	2.0037%
BPI Vida - Companhia de Seguros de Vida, SA	4,751,416	0.2376%	0.2376%
Total attributable to Banco BPI, SA (II)	178,039,855	8.9020%	8.9026%
Fundação Berardo, Instituição Particular de Solidariedade Social			
	49,849,514	2.4925%	2.4926%
Total attributable to Fundação Berardo, Instituição Particular de Solidariedade Social	49,849,514	2.4925%	2.4926%

Source: communications received by the Company regarding qualified shareholdings up to 31st December 2015.

* Voting rights calculated based on the Company's share capital with voting rights, as per subparagraph b) of paragraph 3 of article 16 of the Portuguese Securities Code.

** Voting rights calculated based on the Company's share capital with voting rights that are not subject to suspension of exercise.

(I) Belmiro Mendes de Azevedo is, according to subparagraph b) of paragraph 1 of article 20 and paragraph 1 of article 21, both of the Portuguese Securities Code, the "ultimate beneficial owner", as he is the controlling shareholder of Efanor Investimentos, SGPS, SA and the latter wholly owns Pareuro BV.

(II) total number of voting rights attributed to Banco BPI, SA as per article 20 of the Portuguese Securities Code.

This information is disclosed in an Appendix to the Management Report.

Updated information regarding qualified shareholdings is available at the Company's website, <http://www.sonae.pt/en/investors/shareholder-structure/>.

8. Number of shares and bonds held by the members of the statutory governing bodies, submitted pursuant to paragraph 5 of Article 447 of the Portuguese Companies Act

This information is disclosed in an Appendix to the Management Report, as follows:

[Article 447 of the Portuguese Companies Act and Article 14, paragraph 7, of the Portuguese Securities Commission \(CMVM\) Regulation no. 05/2008](#)

Disclosure of the number of held shares and other securities issued by the Company and of the transactions executed over such securities, during the financial year in analysis, by the members of the statutory

governing and auditing bodies and by people discharging managerial responsibilities ("dirigentes"), as well as by people closely connected with them pursuant to article 248 B of the Portuguese Securities Code:

	Additions		Reductions		Position at	Balance as of
	Date	Quantity	Aver. Price €	Quantity	Aver. Price €	Quantity
Duarte Paulo Teixeira de Azevedo (*) (**)						
(***)						
Efanor Investimentos, SGPS, SA (1)					Minority	
Migracom, SA (4)					Dominant	
Sonae, SGPS, SA (3)						0
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	19/05/2015	862,399	0.064			
Sale	17/12/2015			1,000,000	1.071	
Sale	28/12/2015			790,053	1.060	
Closely connected person						530 (a)
Ângelo Gabriel Ribeirinho dos Santos						
Paupério (*)						
Sonae, SGPS, SA (3)						0
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	18/05/2015	751,429	0.064			
Sale	23/12/2015			1,521,855	1.077	
Enxomil - SGPS, SA (10)					Dominant	
Continente Bonds - 7 % - 2015						0 (b)
Reimbursement at maturity	25/07/2015			150,000	1.000	
Belmiro Mendes de Azevedo (**)						
Efanor Investimentos, SGPS, SA (1)					Dominant	
Continente Bonds - 7 % - 2015						0
Sale	09/01/2015			300,000	1.025	
Reimbursement at maturity	25/07/2015			576,990	1.000	
Maria Margarida Carvalhais Teixeira de Azevedo (**)						
Efanor Investimentos, SGPS, SA (1)					Minority	
Sonae, SGPS, SA (3)						14,901
Maria Cláudia Teixeira de Azevedo (**)						
(***)						
Efanor Investimentos, SGPS, SA (1)					Minority	
Sonae, SGPS, SA (3)						204,678
Shares purchased under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	18/05/2015	195,183	0.064			
Sale	18/05/2015			195,000	1.260	
Sale	19/05/2015			183	1.260	
Linhacom, SGPS, SA (6)					Dominant	

	Additions			Reductions		Position at 31.12.2015	Balance as of 31.12.2015
	Date	Quantity	Aver. Price. €	Quantity	Aver. Price. €		Quantity
(1) Efanor Investimentos, SGPS, SA							
Sonae, SGPS, SA (3)							200,100,000
Pareuro, BV (2)						Dominant	
(2) Pareuro, BV							
Sonae, SGPS, SA (3)							849,533,095
(3) Sonae, SGPS, SA							
Sonae, SGPS, SA (own shares)							0
Purchase	30/01/2015	118,820	1.173				
Sale	08/05/2015			112,270	1.262		
Sale	15/05/2015			4,704,897	1.278		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	19/05/2015			862,399	0.064		
Sonae Investments, BV (7)						Dominant	
Sontel, BV (8)						Dominant	
Sonaecom, SGPS, SA (9)						Dominant	
(4) Migracom, SA							
Sonae, SGPS, SA (3)							2,464,337
Sale	19/05/2015			247,362	1.264		
Sale	20/05/2015			300,037	1.254		
Sale	21/05/2015			315,000	1.251		
Purchase	17/12/2015	1,000,000	1.071				
Purchase	28/12/2015	790,053	1.060				
Imparfin - Investimentos e Participações Financeiras, SA (5)						Minority	
(5) Imparfin - Investimentos e Participações Financeiras, SA							
Sonae, SGPS, SA (3)							4,105,280
Continente Bonds - 7 % - 2015							0
Reimbursement at maturity	25/07/2015			100,000	1.000		
(6) Linhacom, SGPS, SA							
Sonae, SGPS, SA (3)							439,314
Imparfin - Investimentos e Participações Financeiras, SA (5)						Minority	
(7) Sonae Investments BV							
Sontel BV (8)						Dominant	
(8) Sontel BV							
Sonaecom, SGPS, SA (9)						Dominant	
(9) Sonaecom SGPS, SA							
Sonae, SGPS, SA (own shares)							137,859
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	20/03/2015			323,039	1.395		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	18/05/2015			946,612	1.278		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	18/05/2015			837,438	1.277		
Shares delivered under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	22/07/2015			5,007	1.284		
(10) Enxomil - SGPS, SA							
Sonae, SGPS, SA (3)							2,021,855
Purchase	23/12/2015	1,521,855	1.077				
Continente Bonds - 7 % - 2015							0
Reimbursement at maturity	25/07/2015			400,000	1.000		

(*) Member of the Board of Directors of Sonae, SGPS, SA

(**) Member of the Board of Directors of Efanor Investimentos SGPS, SA (directly and indirectly dominant company) (1)

(***) Member of the Board of Directors of Imparfin - Investimentos e Participações Financeiras, SA (5)

(a) article 248 B, paragraph 4), subparagraph a), Securities Code - family member who resides with the person discharging managerial responsibilities for more than a year

(b) held by spouse



9. Powers of the Board of Directors on share capital increases

The powers given by the Articles of Association for the Board of Directors to increase the Company's share capital were withdrawn in April 2011. As from that date, these powers are held exclusively by the Shareholders' General Meeting.

10. Relevant business relationship between owners of qualified shareholdings and the Company

There are no existing relevant business relationships between the Company and owners of notified qualified shareholdings.

Without prejudice to the aforementioned, Bank BPI, SA maintains a business relationship with the Company within the scope of the Company's corporate purpose, under market conditions and alongside with other national and international financial institutions.

B. Governing Bodies and Committees

I - Shareholders' General Meeting

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

11. Board of the Shareholders' General Meeting: members and mandate

The Shareholders' General Meetings are directed by a Board elected by the shareholders for a four-year mandate which begins and ends within the same calendar mandate as that of the other statutory governing bodies.

The members of the Board of the Shareholders' General Meeting elected for the 2011-2014 mandate – corresponding to their second term in office, as the first mandate in office ran from 2007 to 2010 - were re-elected for the second time, following a resolution taken at the Shareholders' Annual General Meeting held on 30th April 2015, for the present four-year term 2015-2018.

Board of the Shareholders' General Meeting

Manuel Cavaleiro Brandão, Chairman

Maria da Conceição Cabaços, Secretary

b) Exercising voting rights**12. Restrictions on voting rights****12.1 Restrictions on voting rights depending on the number or percentage of shares ownership**

The Company's share capital is entirely made up of a single class of common shares, in which one share equals one vote, and where there are no statutory limitations on the exercise of the voting rights by any shareholder. Share blocking is not required in order to attend the Shareholders' General Meeting. In compliance with the applicable legal rules, the "Registry date" is the key moment in time for the proof of the shareholder's legal entitlement to exercise attendance and voting rights at the Shareholders' General Meeting. The "Registry Date" is also the decisive time reference regarding the application of the voting and attendance rule for professional shareholders who own shares in their own name but on behalf of their respective clients.

12.2 Representation

The right to vote by proxy and the way in which this right is exercised is described in the respective notices convening Shareholders' General Meetings, in accordance with the law and the Company's Articles of Association.

Shareholders can be represented at Shareholders' General Meetings by presenting a written representation document before the meeting begins, addressed and delivered to the Chairman of the Board of the Shareholders' General Meeting, stating the name and address of the proxy and the date of the meeting. The abovementioned information may be sent by using an electronic email address provided by the Company.

A shareholder can nominate different proxies for each group of shares held in different securities accounts, without prejudice to the principle of one share one vote, in accordance with article 385 of the Portuguese Companies Act. Shareholders who professionally own shares in their own name but on behalf of their respective clients can vote in different ways.

The Company provides appropriate information on its website, at <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders/> to enable shareholders, who wish to be represented, to give their voting instructions to their respective proxies. Such information, which includes the proposals to be submitted to the Shareholders' General Meeting and a template of a representation letter, is disclosed on the website, within the legally established time limits.

12.3 Vote in writing

Shareholders can vote in writing in relation to all items on the agenda of the Shareholders' General Meeting. Without prejudice to prior obligation of proving shareholding legal entitlement, written votes will only be taken into account when received at the Company's head office by registered post, with acknowledgement of receipt addressed to the Chairman of the Board of the Shareholders' General Meeting or by electronic means, at least three business days prior to the General Meeting. The voting ballot, if sent by registered post,



must be signed by the owner of the shares or by a legal representative. In the case of an individual, it should be accompanied by an authenticated copy of his/her identity card. In the case of a corporate entity, the signature should be authenticated with confirmation that the signatory is duly authorised and mandated for that purpose. If the ballot is sent by electronic means, it must respect the requirements and procedures established by the Chairman of the Board of the Shareholders' General Meeting as set out in the notice of the meeting, in order to ensure an equivalent level of security and authenticity.

It is the responsibility of the Chairman of the Board of the Shareholders' General Meeting, or the person replacing him, to verify compliance with written voting requirements, and those written votes which do not fulfil such requirements, will not be accepted and will be treated as null and void.

12.4 Voting by electronic means

Shareholders have had the right to vote electronically and the manner by which such right can be exercised is set out in the notice convening the Shareholders' General Meeting. A template for requesting the technical information necessary for exercising the shareholders' right to vote by electronic means is also available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders/>.

13. Maximum percentage of voting rights that may be exercised by a single shareholder or by a group of shareholders that are related to the latter as set forth in paragraph 1 of Article 20 of the Portuguese Securities Code

In accordance with the Company's Articles of Association, there is no limitation on the number of votes that may be held or exercised by a single shareholder or group of shareholders.

14. Deliberative Quorum

Under the terms of the Company's Articles of Association, the Shareholders' General Meeting may only adopt resolutions on the first occasion that it is convened, if shareholders holding more than 50% of the Company's share capital are present or represented.

If that quorum is not met and the meeting is reconvened, resolutions may be adopted by the Shareholders' General Meeting regardless of the number of shareholders present or represented and of the percentage of share capital held.

The rules regarding the deliberative quorum comply with the Portuguese Companies Act.

II - Management and Supervision

a) Composition

15. Identification of the adopted governance model

The Company follows a one-tier governance model, where the management structure lies with the Board of Directors, and the supervisory structure includes a Statutory Audit Board and a Statutory External Auditor.

The Board of Directors is responsible for ensuring the management of the Company's business, exercising all management acts pertaining to the Company's corporate purpose, setting strategic guidelines and appointing and generally supervising the activity of the Executive Committee and of its specialised committees.

The Board of Directors' assessment is that the adopted corporate governance model is adequate to the performance of the governing bodies' duties, ensuring, in a well-balanced manner, their respective functional independence and interaction. Additionally, the specialised committees assigned to matters of particular relevance, maximise the quality of the Board of Directors' performance, ensuring the effectiveness of its decision-making process.

16. Rules for nominating and replacing Board Members

The members of the Board of Directors, under the terms of the Portuguese law and the Company's Articles of Association, are elected to the Board of Directors, in accordance with the proposal approved at the Shareholders' General Meeting.

Under the terms set forth in the Company's Articles of Association it is allowed for one director to be individually elected if there are proposals submitted by shareholders who, either by themselves or together with other shareholders, hold shares representing between ten and twenty percent of the share capital. The same shareholder cannot undersign more than one list. Each proposal should identify at least two eligible persons. If there are several proposals submitted by different shareholders or groups of shareholders, voting will take place on all lists.

The Company's Articles of Association establish, in accordance with the applicable law, that the Board of Directors may co-opt a substitute in case of the death, resignation, temporary or permanent incapacity, or lack of availability of any member, as long as the vacating Board member has not being elected under the above described minority rule (in which case a new election shall take place). Such appointment is, nonetheless, subject to ratification by the shareholders at the next Shareholders' General Meeting.

As part of the Board of Directors' power to co-opt, the Board Nomination and Remuneration Committee is responsible for proposing potential candidates with the suitable profile for Board roles.

The definitive absence, for whatever reason, of a replacement director individually elected according to the abovementioned special minority rules, determines that a new election must take place at the Shareholders' General Meeting.

The Board of Directors is responsible for the election of its Chairman.

The Proposal for the Selection and Assessment Policy for Membership of the Statutory Governing Bodies was approved at the Shareholders' Extraordinary General Meeting held on 16th December 2015, in compliance with Articles 30 to 32 of the General Regime of Credit Institutions and Financial Companies ("Regime Geral das Instituições de Crédito e Sociedades Financeiras" - RGICSF). Such policy shall remain in force for as long as the Company remains within the scope of the RGICSF, as it indirectly holds the majority of the voting rights of the financial entity Sonaegest-Sociedade Gestora de Fundos de Investimento, SA.

The abovementioned policy is available at the Company's website, <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders/>, referred as Proposal number two of the Shareholders' Extraordinary General Meeting held on 16th December 2015.

17. Composition of the Board of Directors

Under the terms of the Company's Articles of Association, the Board of Directors can be composed of an odd or even number of members, between three and eleven, elected by the shareholders at the Shareholders' General Meeting, having the Chairman of the Board of Directors a casting vote.

During 2015, the composition of the Board of Directors was subject to the following changes:

Board of Directors

A – Members appointed to the Board of Directors for the mandate of 2011-2014 and who left office at the Shareholders' Annual General Meeting, held on 30th April 2015

Belmiro Mendes de Azevedo

Álvaro Carmona e Costa Portela

Álvaro Cuervo Garcia

Michel Marie Bon

Bernd Hubert Joachim Bothe

B – Members appointed to the Board of Directors for the present mandate of 2015-2018, elected at the Shareholders' Annual General Meeting held on 30th April 2015:

Duarte Paulo Teixeira de Azevedo*

Ângelo Gabriel Ribeirinho dos Santos Paupério*

José Manuel Neves Adelino*

Andrew Eustace Clavering Campbell**

Christine Cross*

Tsega Gebreyes**

Marcelo Faria de Lima**

Dag Johan Skattum***

Margaret Lorraine Trainer***

* members who held office during the mandate of 2011-2014, being re-elected by resolution taken at the Shareholders' Annual General Meeting held on 30th April 2015.

** members elected for the mandate of 2015-2018, by resolution taken at the Shareholders' Annual General Meeting, held on 30th April 2015.

***members elected to complete the current 2015-2018 mandate, by resolution taken at the Shareholders' Extraordinary General Meeting held on 16th December 2015.

The members of the Board of Directors were initially appointed as follows:

Appointment to the Board of Directors	First appointment	End of mandate
Duarte Paulo Teixeira de Azevedo	2000	2018
Ângelo Gabriel Ribeirinho dos Santos Paupério	2000	2018
José Manuel Neves Adelino	2007	2018
Andrew Eustace Clavering Campbell*	2015*	2018
Christine Cross	2009	2018
Tsega Gebreyes*	2015*	2018
Marcelo Faria de Lima*	2015*	2018
Dag Johan Skattum**	2015**	2018
Margaret Lorraine Trainer**	2015**	2018

* elected at the Shareholders' Annual General Meeting held on 30th April 2015.

** elected at the Shareholders' Extraordinary General Meeting held on 16th December 2015.

18. Distinction between executive and non-executive members of the Board of Directors

Board of Directors

Duarte Paulo Teixeira de Azevedo	Chairman of the Board of Directors and Co-Chairman of the Executive Committee
Ângelo Gabriel Ribeirinho dos Santos Paupério	Co-Chairman of the Executive Committee
José Manuel Neves Adelino	Senior Independent Non-Executive Director
Andrew Eustace Clavering Campbell	Independent Non-Executive Director
Christine Cross	Independent Non-Executive Director
Tsega Gebreyes	Independent Non-Executive Director
Marcelo Faria de Lima	Independent Non-Executive Director
Dag Johan Skattum	Independent Non-Executive Director
Margaret Lorraine Trainer	Independent Non-Executive Director

In the composition of the Board of Directors, a balance is maintained between the number of Executive Directors and the number of Non-Executive Directors. All of the present seven Non-Executive Board Members are independent, in accordance with the independence criteria set out in paragraph 18.1 of Appendix I to the CMVM Regulation no. 4/2013 and CMVM Recommendation II.1.7 (2013).

Considering that the Chairman of the Board of Directors also carries out executive duties, under the provisions of paragraph 2 of Article 1 and Article 13 of the Internal Regulation of the Board of Directors (available at the Company's website <http://www.sonae.pt/en/investors/corporate-governance/>), the director José Manuel Neves Adelino was appointed as Senior Independent Non-Executive Director, upon resolution of the Board taken in the meeting held on 4th May 2015. In that capacity, this Director has to carry out the following duties:

- coordinate, in accordance with Corporate Governance best practices, the effective performance of the Non-Executive Directors' duties, whether within the Board of Directors or within the Board's specialised committees, in order to guarantee strengthened conditions for the independent and informed exercise of such directors' duties;



- ensure the existence of a continuous flow of information, necessary for the fulfilment of the legal and statutory duties inherent to the Non-Executive Directors' activities, through the adoption and timely compliance of transparent information-sharing procedures by the Executive Committee;
- supervise compliance of an information disclosure process which ensures a time-efficient access of the remaining governing bodies and committees to the necessary information for the execution of their legal and statutory duties, with the particular disclosure of all the convening notices, minutes and documentation supporting the decision-making;
- ensure the execution of scope and mission of the Ethics Committee, since the Senior Independent Non-Executive Director also chairs this Committee.

19. Professional qualifications and curricular references of the members of the Board of Directors

The *curricula* of the members of the Board of Directors are disclosed in Appendix I of this Report.

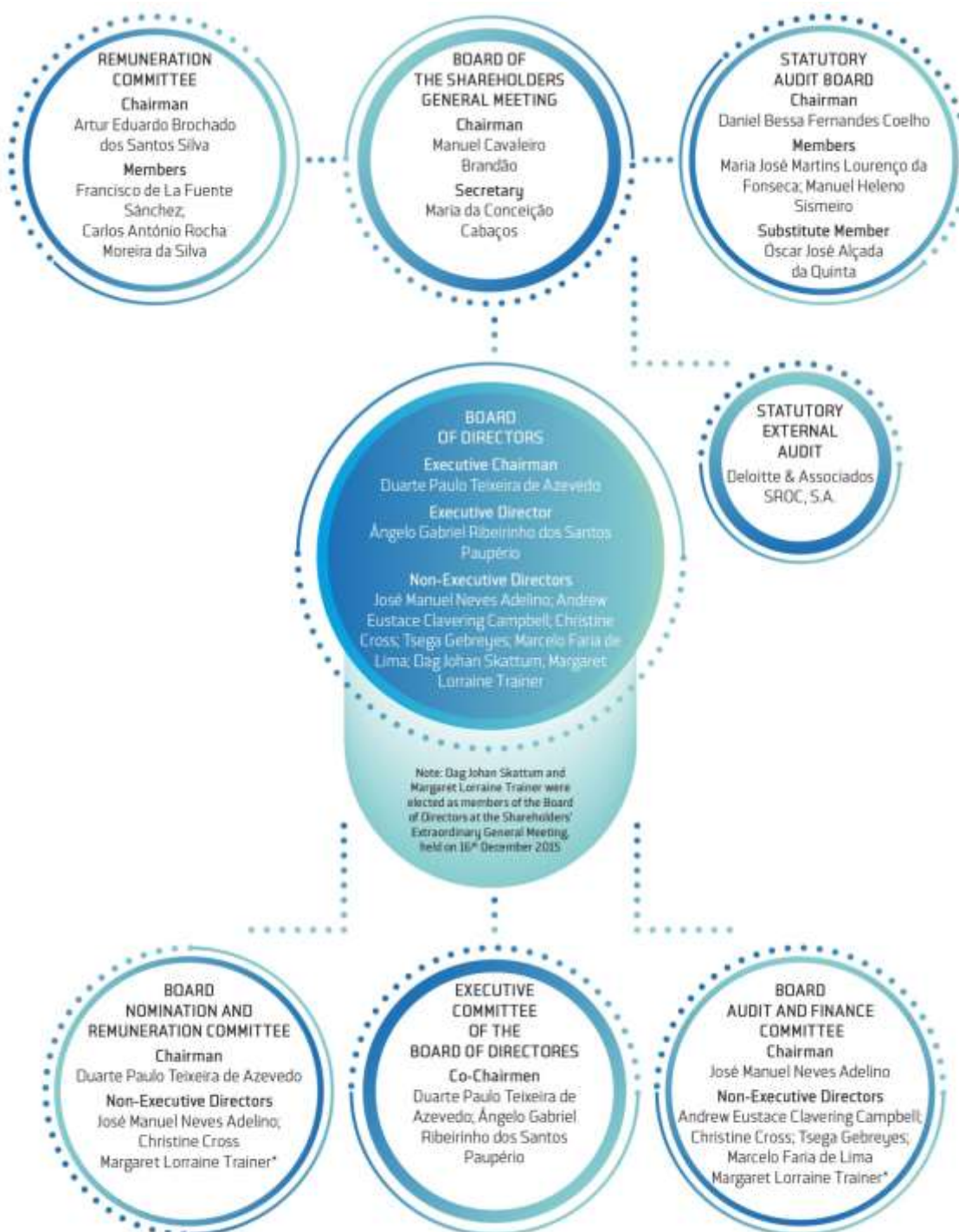
20. Usual and significant family, business and commercial relationships between members of the Board of Directors and shareholders with attributed qualified shareholdings

The Chairman of the Board of Directors and Co-Chairman of the Executive Committee, Duarte Paulo Teixeira de Azevedo, is a shareholder and member of the Board of Directors of Efanor Investimentos, SGPS, SA, legal entity holding the majority of the voting rights of the Company. He is the son of Belmiro Mendes de Azevedo, to whom is indirectly attributed the control of the share capital and voting rights of Efanor Investimentos, SGPS, SA.

To the best of the Company's knowledge, there are no other significant or usual family, business and commercial relationships between shareholders with attributed qualified shareholdings higher than 2% of the voting rights, and the members of the Board of Directors.

21. Division of powers between the different boards, committees and/or departments within the Company, including the delegation of powers, particularly with regards to the delegation of the Company's daily management

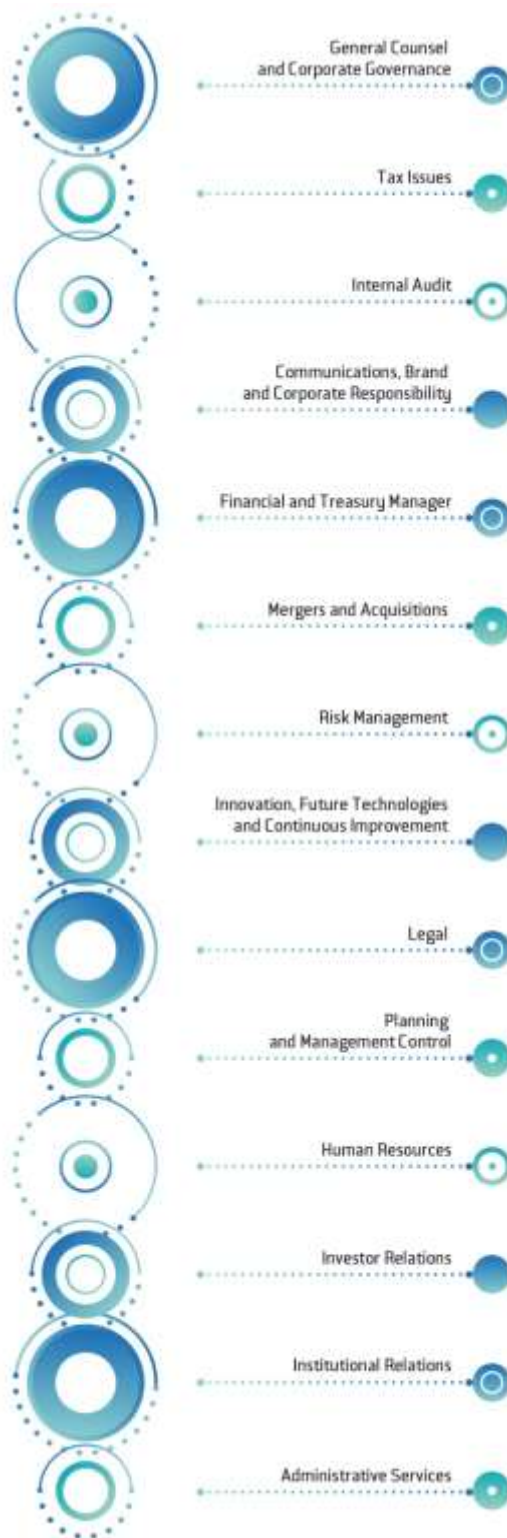
Competencies are divided among the various statutory governing bodies, in accordance with the following terms:



*Note: Margaret Lorraine Trainer is a member of this Committee since 19th January 2016 following a deliberation of the Board of Directors.

*Note: Margaret Lorraine Trainer is a member of this Committee since 19th January 2016 following a deliberation of the Board of Directors.

The corporate structure is supported by the following functional structures:



General Counsel and Corporate Governance Department

Main responsibilities:

- (i) Provide legal advice to Sonae's business activity;
- (ii) Manage the relations with Euronext Lisbon, the Portuguese Securities Market Commission (CMVM) and with the shareholders in relation to legal matters;
- (iii) Manage the legal aspects of Corporate Governance and monitor the best corporate governance practice compliance;
- (iv) Coordinate and share legal knowledge in order to align the Company's position with that of other Sonae companies.

Tax Issues Department

Main responsibilities:

- (i) Develop, provide training for and share the tax skills within Sonae's business units;
- (ii) Take part in defining tax strategy and objectives, in particular by giving support to the international expansion of the businesses;
- (iii) Provide tax support to the Mergers and Acquisitions activity as well as to restructuring operations;
- (iv) Manage Institutional Relations, namely the proactive management of tax matters relating to Sonae business units;
- (v) Optimise Sonae's tax efficiency, namely by:
 - a. Controlling and monitoring tax procedures among all of Sonae's business units;
 - b. Ensuring compliance with all tax requirements by all companies;
 - c. Controlling all group Companies' fiscal consolidation within Sonae.
- (vi) Manage Sonae's price transfer dossier;
- (vii) Monitor all open litigation with the tax authorities;
- (viii) Provide tax consultancy to the businesses by analysing several tax matters.



Internal Audit Department

Main responsibilities:

- (i) Perform internal audits (compliance, processes, food safety and information systems) of Sonae's corporate centre and core businesses;
- (ii) Provide operational support to Sonae's Audit Committee.

Communications, Brand and Corporate Responsibility Department

Main responsibilities:

- (i) Manage the institutional image of Sonae and its brand;
- (ii) Manage Sonae's External Communications, namely the Company's online presence and relationship with the media – coordinate messages and lines of communication;
- (iii) Manage Sonae's Internal Communications;
- (iv) Manage the Corporate Responsibility Department, including data compilation, sustainability initiatives and volunteering actions.

Financial and Treasury Manager Department

Main responsibilities:

- (i) Optimise the finance function of the Company and of its retail business units, proposing and implementing appropriate financial management policies;
- (ii) Conduct all financing operations for Sonae and the retail businesses, and provide advice and support on other financing operations of Sonae (with the exception of Sonae Sierra, NOS, SGPS, SA and Sonaecom) on request, in coordination with those members of the Board Directors with responsibility for the financing of Sonae businesses;
- (iii) Negotiate and contract financing operations and banking products and services for the Company and for its retail business units;
- (iv) Manage the treasury of the Company and its retail businesses;
- (v) Manage the financing risk of the Company and its retail businesses;
- (vi) Support the different functional areas to allocate capital and manage financial risks;
- (vii) Provide support on Merger, Acquisition and Demerger operations;
- (viii) Provide support to Sonae's businesses on money market, interest rate or exchange rate transactions;

- (ix) Support the work of Sonae's Finance Committee.

Mergers and Acquisitions Department

Main responsibilities:

- (i) Core businesses and corporate M&A planning and execution across the Sonae Group;
- (ii) Identification, assessment, due diligence, negotiations and closing of acquisitions, divestitures and joint ventures across the Sonae Group;
- (iii) Reinforcing Sonae's business networking with industry players and key M&A players.

Risk Management Department

Main responsibilities:

- (i) Promote a culture of risk awareness throughout the organisation;
- (ii) Develop the risk management policy and keep it up to date;
- (iii) Develop, implement, review and maintain risk management processes and methodologies;
- (iv) Coordinate risk management activities and report its results;
- (v) Identifying critical risks and monitoring the development and implementation of risk indicators and risk reduction measures;
- (vi) Developing procedures for assessing risks, particularly contingency and business succession planning;
- (vii) Support Sonae's Risk Management Consultation Group.

Innovation, Future Technologies and Continuous Improvement Department

Main responsibilities:

To enhance business performances, and provide world-class purchasing and consumer experiences in Sonae's retail companies, by means of:

- (i) Innovation – to facilitate, amplify and accelerate the flow of innovation through the active and extensive participation of employees and through close and open cooperation with partners;
- (ii) Future Technologies – to identify, assess and experiment emerging technologies and their corresponding "case studies" in the scope of our retail activities, in order to issue recommendations regarding their implementation;

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- (iii) Continuous Improvement – to implement and foster the culture and practice of continuous improvement, under the framework of our IOW (Improving our Work) model, within the Corporate Centre and Sonae RP.

Legal Department

Main responsibilities:

- (i) Monitor, control and ensure the legality of retail and wholesale business activities, including the health, restaurant, franchising and real estate asset areas;
- (ii) Prepare and/or analyse contracts that maximise safety and reduce legal risks and potential costs;
- (iii) Corrective and preventive management of all issues relating to intellectual property used by the different businesses such as patents, models/industrial designs, brands, logotypes, marketing slogans, software and domains management;
- (iv) Provide legal support, on a daily basis, to stores/shopping centres, namely when they are subject to inspections and visits carried out by government and other official entities (such as the ASAE, Municipalities, Infarmed, among others), as well as to resolve conflicts with customers;
- (v) Coordinate and provide legal support related to supervisory procedures, regulation and auditing processes carried out by the Portuguese Competition Authority, regarding the retail and wholesale businesses activities;
- (vi) Drafting all minutes and/or execute all necessary public deeds registry and notary acts required by the businesses, as well as its translation and legalisation, whether of a commercial, real estate, corporate or civil nature;
- (vii) Manage all legal actions and corporate retail processes in pre-litigation and litigation phases;
- (viii) Rendering assistance regarding the various licenses/permits/authorisations required by the businesses;
- (ix) Supervising the privacy policies, personal data protection issues and supervising the compliance of the several databases with the applicable law and regulatory procedures, whether personal data is collected within sales conducted in retail stores or online;
- (x) Follow up on Portuguese and European legislative developments, relevant to the retail, wholesale and real estate businesses;
- (xi) Legal monitoring of the management of retail customer complaints both in retail stores and shopping centres of retail real estate operations;

- (xii) Provide legal advice to domestic and international retail and to retail real estate operations, as well as analysing new national and international operations, particularly in the latter the legal environment of the countries analysed, through interaction with the local lawyers;
- (xiii) Mergers, spin-offs, acquisitions, dissolutions and liquidations.

Planning and Management Control Department

Main responsibilities:

- (i) Support the development of the corporate and business units strategy;
- (ii) Promote, lead and execute the annual, strategic planning cycle;
- (iii) Lead and monitor the execution of the annual budgeting process, as well as providing reporting on achievement of the budget;
- (iv) Challenge the businesses and corporate areas on their objectives in order to constantly improve and optimise Sonae's business efficiency, performance and results;
- (v) Prepare and analyse management information about the individual businesses, as well as at a consolidated level on a monthly, quarterly and annual basis, analysing variances to budget and proposing correctives measures;
- (vi) Provide support to decisions about the allocation of capital to existing businesses and to new business opportunities: responsible for the calculation and analysis of capital invested and the return on capital invested;
- (vii) Guarantee the sharing of the latest trends, best practices and information between the different businesses and corporate areas;
- (viii) Monitor, interpret and share relevant macroeconomic insight and forecasts with the several businesses.

Human Resources Department

Main responsibilities:

- (i) Manage Sonae's top management human resources: Chairman of Sonae's Human Resources Consultative Group; support the top management human resources of the Executive Committee;
- (ii) Supervise Sonae's human resources management department, the main duties of which are to:
 - a. Define and implement human resources strategy, planning and talent management;
 - b. Support Sonae's top management to define human resources policies at various levels;

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- c. Ensure the working of processes concerning recruitment, selection, training, performance/development management, people administration management, Sonae's employees salary processing and Sonae's Human Resources budgeting and reporting;
 - d. Manage the areas of Medicine, Hygiene and Safety at Work;
 - e. Provide the procedural and legal labour law framework for the businesses;
 - f. Provide support to projects, offices and international businesses;
 - g. Represent the Company in contacts with official entities and associations connected with this area;
 - h. Provide HR services to other Sonae's business units.

Investor Relations Department

Main responsibilities:

- (i) Manage the relationship between Sonae and the financial community through the continuous preparation and disclosure of relevant and up to date information about the Company;
- (ii) Support the Executive Committee and the Board Directors, providing them with relevant information about the capital market;
- (iii) Support External Communication, contributing towards providing a consistent corporate message to the capital markets.

Institutional Relations Department

Main Responsibilities:

- (i) Support the management of Sonae's institutional relations with the government, European institutions, public entities and non-governmental entities;
- (ii) Represent Sonae in Associations, Forums and events (in Portugal and abroad) and manage requests for information from these institutions.

Administrative Services Department

Main responsibilities:

- (i) Efficiently manage all administrative processes of the Company's and its businesses units;
- (ii) Ensure the effective control of the processes, transactions, reliability and timely reporting of financial, tax and management information;
- (iii) Effectively manage the administrative procedures relating to Accounts Payable, Accounts Receivable, Cash and Banks, Inventory and Tangible Assets;

- (iv) Book all accounting transactions and prepare the individual and consolidated financial statements of Sonae companies.

There Company is also composed of the following knowledge sharing specialised committees:

Finance Committee

Sonae's Finance Committee is chaired by Ângelo Paupério (Co-CEO), being composed of the directors responsible for corporate finance from each of Sonae's businesses, as well as the managers of the Company's corporate centre, who are relevant to the subjects on each meeting's agenda. The Committee meets monthly to review and coordinate financial risk management policies, banking relationships and other matters related to corporate finance.

Audit committee

Sonae's Audit Committee assists the Executive Committee in defining policies, reviewing and coordinating the activities of Internal and External Audit, and reviewing the internal control processes and systems. This committee, which meets quarterly, is chaired by Ângelo Paupério (Co-CEO), and includes Board members and Internal Audit Managers responsible for this audit role in the Company and in its businesses, the Group Corporate Governance Officer, the Group Chief Risk Officer, Sonae MC's CFO and Sonae SR's CFO.

Sonae's Risk Management Consultation Group

Sonae's Risk Management Consultation Group assists the Executive Committee in defining risk management policies, having the duty to propose methodologies, standards and tools, aligned with best practice and international standards, to follow up and coordinate risk management activities, and to promote risk management expertise and knowledge sharing amongst Sonae companies. This Group, which meets quarterly, is chaired by Luis Filipe Reis (advisor to the Executive Committee) and includes the Board members responsible for corporate finance and the Risk Managers responsible for this role in the Company and in its businesses, the Group Corporate Governance Officer, the Group Chief Internal Auditor and the Group Insurance Manager.

Other than Sonae's Risk Management Consultation Group, there are also the following theme specific advisory groups, with competencies in the following areas:

- **FINOV**, a forum dedicated to innovation, with the purpose of stimulating and supporting an innovation driven culture at Sonae, capable of sustaining high levels of value creation;
- **Sustainability Forum**, with the purpose of sharing sustainability knowledge and best practices, increasing awareness across Sonae and identifying relevant common issues to encourage synergies and cohesion in the management of the various challenges in this area;
- **Planning and Control Methodologies Forum**, with the purpose of promoting and discussing the implementation of best control methodologies across the Company;

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- **Legal Forum**, with the purpose of sharing experience and knowledge among legal teams, promoting the wide discussion of essential legal topics and a common approach to legal interpretations and procedures;
 - **Human Resources Forum**, with the purpose of promoting and discussing the implementation of best human resources policies across the Company;
 - **Marketing and Communication Forum**, with the purpose of coordinating negotiations with Media companies, as well as promoting the sharing of best practices in Marketing at specific seminars;
 - **Engineering, Construction and Safety Forum**, with the purpose of promoting and discussing the implementation of best practices in engineering and construction activities across the Company, with a special focus on matters and issues related to health and safety;
 - **Negotiation Forum**, with the purpose of presenting, analysing and discussing negotiation strategies, identifying opportunities for joint negotiations and sharing experiences and knowledge.

Each of these informal bodies meets several times during the year and often organises seminars, workshops and internal training courses.

b) Functioning

22. Internal Regulation of the Board of Directors

The Internal Regulation of the Board of Directors is available for consultation at the Company's website - <http://www.sonae.pt/en/investors/corporate-governance/>.

23. Number of meetings held and attendance level of each member of the Board of Directors

The Board of Directors meets at least four times a year, as required by the Company's Articles of Association and its Internal Regulation, and whenever the Chairman or two Board members call a meeting. The quorum for any Board meeting requires that the majority of the Board Members are present or represented by proxy.

Decisions are taken by a majority of the votes cast. When the Board of Directors is composed of an even number of members and there is a tied vote, the Chairman has a casting vote.

The Board of Directors receives information about the items on the agenda for the meeting at least seven days beforehand, and receives supporting documents for any given meeting with at least two days in advance.

Minutes are recorded in a minute book.

During 2015, 7 (seven) Board meetings were held, and the overall attendance rate was of 100%.

24. Competent Bodies of the Company to appraise the performance of Executive Directors

The Shareholders' Remuneration Committee, appointed at the Shareholders' General Meeting, is the committee responsible for approving the remuneration of the Board members and of other statutory governing bodies, on behalf of the shareholders, under the terms specified in the remuneration policy approved by the shareholders at the Shareholders' General Meeting.

The Board Nomination and Remuneration Committee (BNRC) supports the Shareholders' Remuneration Committee in carrying out its duties regarding the remuneration of the statutory governing bodies of the Company. In the execution of this duty, the BNRC and the Shareholders' Remuneration Committee may also be supported by international consultants of recognised competency. The independence of such consultants is ensured by the fact that they are not bound in any way to the Board of Directors, to the Company and to the Group, as well as by their broad experience and market recognition.

25. Predetermined criteria for evaluating the performance of Executive Directors

The performance evaluation of Executive Directors is based on predetermined criteria, consisting of objective performance indicators established for each period and aligned with the Group strategy of growth and the business performance with a medium and long-term perspective.

Such indicators consist in business, economic and financial KPIs (Key Performance Indicators) and are divided into company, department and individual KPIs.

The business KPIs include economic and financial indicators based on the budget, on the performance of each business unit, as well as on the consolidated performance of Sonae.

In turn, the department business KPIs are similar in nature to the previous ones, assessing the performance of the Executive Director in the business.

The personal KPIs, which may include subjective and objective indicators, are determined by the compliance of individual obligations and commitments assumed by the Executive Director.

26. Availability of the members of the Board of Directors

Information on other positions simultaneous held by members of the Board of Directors in other entities, whether or not in Sonae Group, as well as information on other relevant activities exercised during 2015, is disclosed in Appendix I to the present Report.

c) Committees within the Board of Directors

27. Identification of Committees created by the Board of Directors

The Board of Directors has created three Committees: the Executive Committee, the Audit and Finance Committee and the Board Nomination and Remuneration Committee.



Its Internal Regulation is available for consultation at the Company's website - <http://www.sonae.pt/en/investors/corporate-governance/>.

Furthermore, the Board of Directors has, since the previous mandate, appointed the Ethics Committee with specific competencies in promoting the Code of Ethics and Conduct, which is available for consultation at the Company's website <http://www.sonae.pt/en/investors/corporate-governance/>.

27.1 Role and Duties of the Executive Committee

The Executive Committee has all the necessary powers to manage the Company on a day-to-day basis, as per the terms of the delegation of powers and competencies granted by the Board of Directors.

The following matters were excluded from the terms of delegation by the Board of Directors and are considered to be matters exclusively subject to the Board of Directors' resolution:

- (i) to appoint the Chairman of the Board of Directors;
- (ii) to co-opt a substitute for a member of the Board of Directors;
- (iii) to request the convening of the Shareholders' General Meetings;
- (iv) to approve, under the terms set forth by the applicable law, the Annual Report and Financial Statements;
- (v) to grant any personal or asset secured guarantees;
- (vi) to decide on any change to the Company's registered office or to approve any share capital increases;
- (vii) to decide on mergers, de-mergers or modifications to the corporate structure of the Company;
- (viii) to approve the management strategy of the business portfolio;
- (ix) to approve the annual budget of the Company as well as the financial plan and any significant changes thereto.

28. Composition of the Executive Committee

The Executive Committee is composed of members from the Board of Directors, as follows:

Management Team

Duarte Paulo Teixeira de Azevedo, Co-Chairman

Ângelo Gabriel Ribeirinho dos Santos Paupério, Co-Chairman

28.1 Operating Rules of the Executive Committee

The Executive Committee meets at least once every month and additionally whenever any of its members convenes a meeting by writing, with the minimum antecedence of three days prior to the date of the meeting. The quorum for any Executive Committee meeting requires that all of its members are present or represented by proxy. The Executive Committee receives information about items on the agenda for the meeting at least 7 days in advance of the meeting, and receives supporting documents for any given meeting at least 2 days in advance.

The Executive Committee presents a summary in Portuguese and English of the main topics it has discussed and the decisions taken, which is included among the documents distributed to Board members at each Board of Directors meeting.

The Executive Committee can set up internal committees, which will operate dependently to the Executive Committee, to monitor particular matters.

Whenever deemed convenient, the Executive Committee may submit to the consideration of the Board of Directors any matter within its competencies.

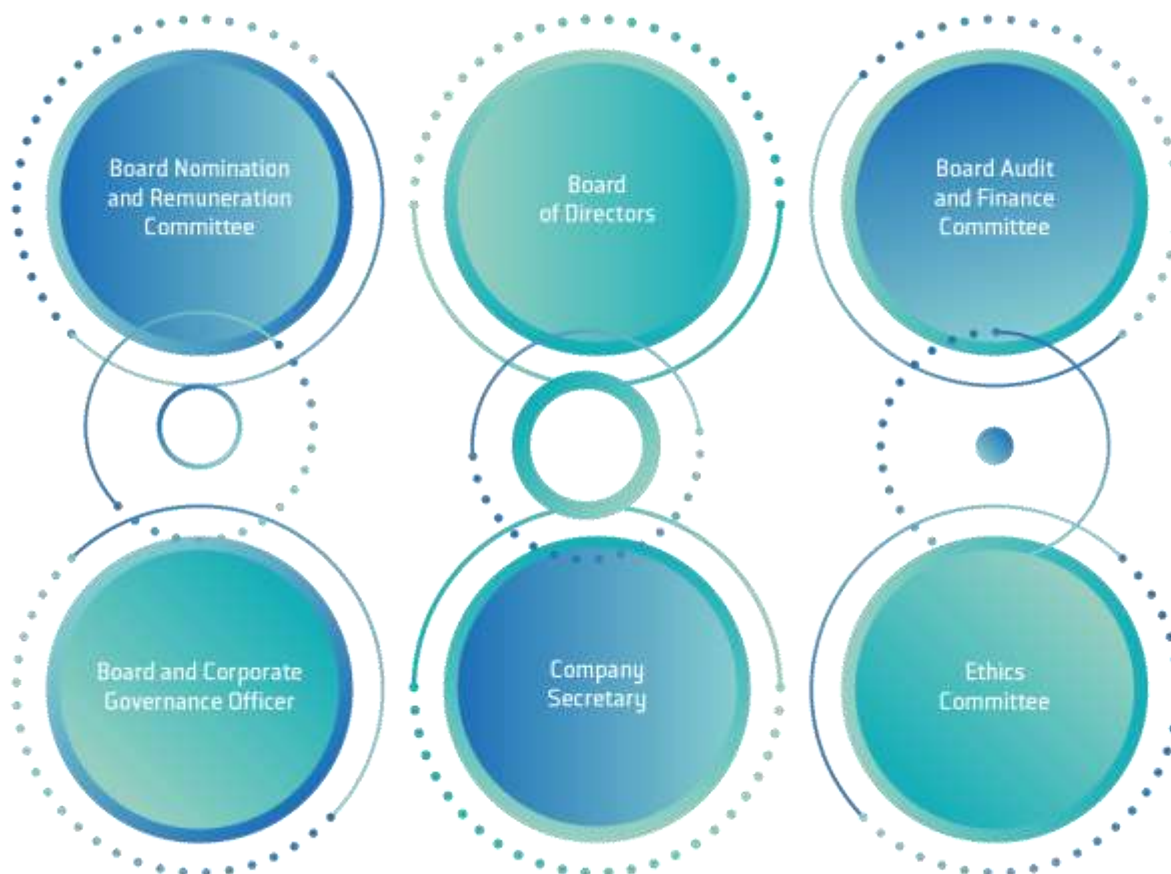
The decisions taken by the Executive Committee, and the announcement of the meetings to be held, are communicated to the remaining members of the Statutory Governing Bodies, including the Senior Independent Non-Executive Director and to the Chairman of the Statutory Audit Board.

Whilst carrying out its general duty of ensuring access to fully adequate information regarding the correct assessment of its own overall performance, the Executive Committee must deliver periodic reports on its activity to the remaining members of the Statutory Governing Bodies. The Committee must provide answers to their inquiries, in a timely and thoroughly manner, as well as implementing procedures aimed at facilitating the exercise of legal and statutory competencies attributed to such statutory governing bodies.

The members of the Executive Committee must consult the Board of Directors before accepting executive duties in Companies that are not part of Sonae Group, with the exception granted to those that are authorised by the Shareholders' General Meeting, in compliance with the principles adopted by the Company regarding the prevention of conflicts of interest.

Minutes are recorded in the respective minutes book.

29. Internal Committees and Advisory Groups of the Board of Directors



Board Audit and Finance Committee (“BAFC”)

Role

The BAFC is an internal committee appointed by the Board of Directors, composed of Independent Non-Executive Directors, and its terms of reference are set out in procedures approved by the Board of Directors.

The BAFC is responsible for providing support to the Board of Directors and monitoring and evaluating the activity of the Executive Committee in carrying out its management responsibilities, not overstepping the Statutory Audit Board’s duties and responsibilities as an auditing body.

The BAFC regularly reports to the Board of Directors about its work, the conclusions that it has reached and proposes plans of action with the goal of proactively ensuring internal control and the functioning of the Company’s risk management system.

The duties of the BAFC, as an internal committee of the Board of Directors, are to:

- (i) Review the Company's annual and interim financial statements and earnings announcements to the market, and report its findings to the Board of Directors, giving the necessary support to the financial statements approval process;
- (ii) Advise the Board on its reports to shareholders and financial markets to be included in the Company's Annual and Half-year Financial Statements, as well as in the preparation of the quarterly earnings announcements;
- (iii) Advise the Board - including the evaluation of suggestions made by the Statutory Audit Board - on the adequacy and quality of information provided by the Executive Committee, and the systems and standards of internal business control applied by the Company;
- (iv) Monitor Internal Audit activity, in conjunction with plans validated by the Statutory Audit Board, reach conclusions and put these forward for consideration to the Board of Directors;
- (v) Assess operational procedures in order to ensure that internal control, effective management of risks, the timely distribution of information and the reliability of the process of preparing and disclosing financial information are monitored;
- (vi) Ensure the smooth flow of information with the Statutory Audit Board and process any requests made by it to the Board of Directors;
- (vii) Ensure that the Corporate Governance policies adopted by the Company are complied with, and that financial reporting standards and practices are adhered to;
- (viii) Monitor formal and informal key financial indicators reported about the Company, including reports published by rating agencies;
- (ix) Give its opinion about significantly relevant transactions made by the Company with related parties.

Composition

The BAFC is composed of six members appointed by the Board of Directors. All members are Independent Non-Executive Directors. The composition of the Board Audit and Finance Committee during 2015 was as follows:

Board Audit and Finance Committee

A – Members of the Board Audit and Finance Committee during the mandate of 2011-2014 and who left office at the Shareholders' Annual General Meeting held on 30th April 2015:

Michel Marie Bon

Álvaro Cuervo Garcia

Bernd Hubert Joachim Bothe

B – Members of the Board Audit and Finance Committee for the present mandate of 2015-2018:

José Manuel Neves Adelino	Chairman – Non-Executive Independent
Andrew Eustace Clavering Campbell	Non-Executive Independent
Christine Cross	Non-Executive Independent
Tsega Gebreyes	Non-Executive Independent
Marcelo Faria de Lima	Non-Executive Independent
Margaret Lorraine Trainer*	Non-Executive Independent

**member elected for this Committee following a resolution of the Board of Directors approved on 19th January 2016.*

Operating Rules

The BAFC meets at least five times a year and additionally whenever its Chairman, the Board of Directors or the Executive Committee deem necessary.

Minutes of all BAFC meetings are prepared and distributed to other Board members.

Board Nomination and Remuneration Committee (“BNRC”)

Role

The BNRC operates according to the Internal Regulation of the Board of Directors, and is responsible for:

- (i) Identifying potential candidates for appointment to the Board of Directors (in particular when the Board decides to co-opt a Board member) and provide oversight of succession planning, contingency planning and talent management in general for Board members and other senior management positions;
- (ii) Giving feedback, to the Board of Directors, on the proposed remuneration and compensation policy prepared by the Executive Committee and to be subsequently submitted to the Board of Directors for review, before the Board submits a final proposal to the Shareholders' Remuneration Committee for their approval and subsequent inclusion in the agenda of the Shareholders' Annual General Meeting to obtain the approval of shareholders;
- (iii) Analysing, when required by the approved internal processes, proposals for the remuneration of the Board of Directors, to be present and approved by the Shareholders' Remuneration Committee. All

proposals must be in line with the Company's Remuneration and Compensation Policy approved at the Shareholders' General Meeting;

- (iv) Supervising the remuneration resolutions taken by the Executive Committee for the group senior executives and senior executives who report directly to the Executive Committee;
- (v) Advising the Board on advance disclosures made by members of the Board of Directors in relation to accepting Outside Directorships and Other Significant Roles or Activities, as required by the Company's approved Conflicts of Interest Policy.

The BNRC shares with the Shareholders' Remuneration Committee access to specialist third party services from suitable entities recognised in the market as being competent and independent.

Composition

The BNRC is composed of the Chairman of the Board of Directors, and three Independent Non-Executive Directors, also appointed from among the Board of Directors, having, during the year of 2015, its composition been as follows:

Board Nomination and Remunerations Committee

A – Members of the Board Nomination and Remunerations Committee during the mandate of 2011-2014 and who left office at the Shareholders' Annual General Meeting, held on 30th April 2015:

Belmiro Mendes de Azevedo

Michel Marie Bom

B – Members representing the Board Nomination and Remunerations Committee for the present mandate of 2015-2018:

Duarte Paulo Teixeira de Azevedo	Chairman – Executive Non-Independent

José Manuel Neves Adelino	Non-Executive Independent

Christine Cross	Non-Executive Independent

Margaret Lorraine Trainer*	Non-Executive Independent

* member elected for this Committee following a resolution of the Board of Directors approved on 19th January 2016.

Operating Rules

The BNRC meets at least once a year and additionally whenever its Chairman or the Board of Directors deem necessary. In addition to the formal meetings, BNRC members keep in touch through various forms of long distance communication. Minutes are kept of all meetings of this Committee.

Ethics Committee

Following the approval of the Code of Ethics and Conduct in 2013, Sonae's Board of Directors appointed an Ethics Committee with the following main tasks:

- To promote and disseminate the Code of Ethics and Conduct to its main target audience;

- Consider and answer questions sent by the members of the Statutory Governing Bodies of the Group's companies, as well as those sent by employees, partners or third parties which fall within its scope, making recommendations it deems appropriate to the nature of each case;
- Check the existence of internal mechanisms to report irregularities and practices that violate the Company's Code of Ethics and Conduct, ensuring their compliance with the law, particularly in terms of confidentiality, the handling of information and the non-existence of reprisals for participants;
- Propose to the Board of Directors, after consulting the Company's Executive Committee, the approval of changes to the Code of Ethics and Conduct, whenever considered appropriate;
- Issue clarifications regarding the interpretation of provisions in the Code of Ethics and Conduct, on its own initiative, or after being requested to do so, by members of the Statutory Governing Bodies or employees;
- Receive, evaluate and forward reports of irregularities, received on a non-anonymous basis, to the respective responsible Statutory Governing Body, whenever the Ethics Committee considers such irregularities as violations of the Code of Ethics and Conduct;
- Regulate its operation and regularly report its activities to the Board of Directors, and the entities it is legally bound to report to, according to legislation or the Corporate Governance model adopted.

Sonae's Code of Ethics and Conduct is available at the Company's website <http://www.sonae.pt/en/investors/corporate-governance/>.

Composition

Ethics Committee

José Manuel Neves Adelino Chairman	Non-Executive Independent Director
José Côte-Real	Head of Human Resources Department
José Luís Amorim	Ombudsman
Luzia Gomes Ferreira	Head of General Counsel and Corporate Governance Department
David Graham Shenton Bain Secretary	Board and Corporate Governance Officer

Operating Rules

The Ethics Committee meets at least twice every year and whenever its Chairman or two of its members convene a meeting. In addition to formal meetings, and if deemed necessary, the Ethics Committee's members keep in touch through various forms of long distance communication. Minutes are kept of all the Committee's meetings.

Board and Corporate Governance Officer (“BCGO”)

Main duties of the BCGO:

- (i) Ensure the smooth running of the Board of Directors and Board Committees;
- (ii) Participate in Board Meetings and relevant Board Committee Meetings and, when appointed, serve as a member;
- (iii) Facilitate the acquisition of information by all Board and Committee members;
- (iv) Support the Board in defining its role, objectives and operating procedures;
- (v) Take a leading role in organising Board evaluations and assessments;
- (vi) Keep under close review all Legislative, Regulatory and Corporate Governance issues;
- (vii) Support and challenge the Board of Directors to achieve the highest standards in Corporate Governance;
- (viii) Support the proceedings adopted by the Board of Directors to ensure that the stakeholders and the minority shareholders’ interests are taken into account by the Board when important business decisions are being taken;
- (ix) Support the procedure to nominate and appoint Directors and assist in the induction of new Directors;
- (x) Act as a primary point of contact and source of advice and guidance for, particularly, Non-Executive Directors regarding the Company and its activities;
- (xi) Facilitate and support the independent Non-Executive Directors to assert their independence;
- (xii) Ensure compliance with the CMVM Recommendations for Portuguese listed companies;
- (xiii) Participate in making arrangements for and managing the whole process of Shareholders’ General Meetings;
- (xiv) Participate in the arrangement of insurance cover for members of the statutory governing bodies;
- (xv) Participate, on behalf of the Company, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.

BCGO reports to the Board of Directors through its Chairman as well as, when appropriate, through the Senior Independent Non-Executive Director.



Company Secretary

The Company Secretary is responsible for:

- (i) Keeping the formal minute books and attendance lists at the Shareholders' General Meetings;
- (ii) Forwarding the legal documentation to convene the Shareholders' General Meetings;
- (iii) Supervising the preparation of supporting documentation for the Shareholders' General Meetings and the meetings of the Board of Directors and preparing the respective formal minutes;
- (iv) Providing feedback, pursuant to the applicable legal provisions, to Shareholders' requests for information;
- (v) Legally registry any act or resolutions of the Company's Statutory Governing Bodies.

29.1 Activity developed by the Committees created by the Board of Directors

Non-Executive Directors bring an independent position to the continuous monitoring of the Executive Committee, with an important influence in the decision-making process and in the development of strategy and policy, both within the Board of Directors, as well as in the specialised committees of the Board of which they are a part (BAFC and BNRC).

During 2015, the Executive Committee managed the Company on a day-to-day basis, monitoring the business activity and enhancing strategic decision-making in accordance with the Board of Directors' competencies and within the framework of its respective power delegation.

The Executive Committee reports to the Board of Directors and remaining governing bodies on the work performed during the financial year, providing information on the adopted resolutions and the main actions implemented for the fulfilment of its competencies and duties.

The Ethics Committee has carried out its duties and continued to pursue its mission of disseminating the Code of Ethics and Conduct, issuing recommendations as to answer questions sent by members of the Governing Bodies, and reporting its activity to the Board of Directors.

III - Audit

a) Composition during 2015 financial year

Statutory Audit Board

A – Members of the Statutory Audit Board during the mandate of 2011-2014 and who left office at the Shareholders' Annual General Meeting held on 30th April 2015

Arlindo Dias Duarte da Silva

Jorge Manuel Felizes Morgado

B- Members elected for the mandate of 2015-2018:

Daniel Bessa Fernandes Coelho
Chairman*

Maria José Martins Lourenço da Fonseca**

Manuel Heleno Sismeiro**

Óscar José Alçada da Quinta*
Substitute

* members who held office during the mandate of 2011-2014, being re-elected by resolution approved at the Shareholders' Annual General Meeting held on 30th April 2015.

** members elected for the mandate of 2015-2018, following a resolution approved at the Shareholders' Annual General Meeting held on 30th April 2015.

30. Identification of the Supervisory Bodies

The Statutory Audit Board and the Statutory External Auditor are, in the currently adopted governance model, the Auditing bodies of the Company.

31. Composition

In accordance with the Company's Articles of Association, the Statutory Audit Board shall be composed of an odd or even number of members, with a minimum number of three members and a maximum number of five members, elected for a four-year mandate. One or two substitutes may be appointed if the Board is made up of three or more members, respectively.

The Statutory Audit Board members are elected at the Shareholders' General Meeting.

If the Shareholders' General Meeting fails to elect the members of the Statutory Audit Board, the Board of Directors must, and any shareholder may, petition the courts for the appointment thereof.

If the Shareholders' General Meeting does not designate the Chairman of the Statutory Audit Board, the Chairman shall be appointed by the members of the Statutory Audit Board.

If the Chairman leaves office prior to the end of the mandate for which he was elected, the other members must choose a substitute to exercise these duties until the end of its mandate.

35. Statutory Audit Board Meetings

Decisions are taken by simple majority, having the Chairman a casting vote if the Statutory Audit Board is composed of an even number of members.

The Statutory Audit Board meets at least four times a year and every time the Chairman or two of its members convene a meeting. In addition to the formal meetings, and if necessary, the members of the Statutory Audit Board maintain contact through long distance communications.

During 2015, 5 meetings were held, with an overall attendance rate of 100%. Minutes of all meetings of the Statutory Audit Board were recorded.

36. Availability of the Statutory Audit Board members

Information on other positions simultaneously held by members of the Statutory Audit Board in other entities, whether or not in Sonae's group, as well as information on other relevant activities exercised during the present mandate, are disclosed in Appendix I to the present Report.

c) Duties and Competencies

37. Role of the Statutory Audit Board in the hiring of additional services from the External Auditor

The Statutory Audit Board is responsible for the approval of additional audit services from the Statutory External Auditor.

To that effect and in compliance with the previously adopted policy, the Statutory Audit Board establishes, in the first meeting of each year, a work plan and timetable, comprising among other subjects, the coordination of tasks with the Statutory External Auditor including:

- Approval of the annual work plan of the Statutory External Auditor;
- Follow-up of work performed and review of conclusions of the audit work and of interim and annual statutory audits;
- Overseeing the independence of the Statutory External Auditor;
- Decision on the approval of the provision of services other than those related to audit, in compliance with 2013 CMVM Recommendation IV.2;
- Statutory External Auditor's annual activity assessment in compliance with 2013 CMVM Recommendation II.2.3.

In the assessment of criteria that supports the hiring of additional work from the Statutory External Auditor, the Statutory Audit Board confirms the existence of the following safeguards:

- the hiring of additional services does not affect the independence of the External Auditor;

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- the other additional services, other than the audit and the compliance and assurance services should not have a greater value than 30% of the total value of services provided;
 - the tax advisory services and other services are provided with high quality, autonomy and independence from the executed under the audit process;
 - the fulfilment of necessary assurances to guarantee independence and impartiality;
 - as from the 1st January 2016, the services provided are in strict compliance with the terms established by Law no. 140/2015, of 7th September, which approves the new Statute of the Portuguese Institute of the Statutory Auditors.

38. Other duties carried out by the Statutory Supervising Bodies

38.1 Statutory Audit Board

The Statutory Audit Board is the Company's supervisory body and its duties include, amongst others:

- (i) Supervising the management of the Company;
- (ii) Ensuring that the law, the Company's Articles of Association and internal procedures are observed;
- (iii) Verifying the regularity of all books, accounting registers and supporting documents;
- (iv) Verifying, whenever deems convenient, and in the manner deemed appropriated, the extension of cash and of stock of any kind of goods or other values that belong to the Company or that were received by the Company as a guarantee, deposit or otherwise;
- (v) Verifying the accuracy of the financial statements, monitoring the process of preparation and disclosure of financial information and presenting recommendations aimed at insuring their integrity;
- (vi) Verifying of the accounting policies and valuation criteria adopted by the Company are conducive to a correct evaluation of its assets and results;
- (vii) Drawing up an annual report for shareholders on the supervision of the Company, including a description of audit work carried out, possible restrictions encountered in the course of that work, and issuing a statement of opinion on the annual report, accounts and proposals presented by the management;
- (viii) Convening the Shareholders' General Meeting, whenever the Chairman of the Board of the Shareholders' General Meeting fails to do this in circumstances when it was necessary;
- (ix) Supervising the efficiency of the risk management system, the internal control system and the internal audit function;

- (x) Receiving notification of irregularities presented by shareholders, Company's employees or others;
- (xi) Appointing and hire services from experts to help one or more of its members in the exercise of their duties. The hiring and fees of these experts should take in consideration the importance of the subjects appointed and the financial situation of the Company;
- (xii) Acting as the primary interface of the Company with the External Auditor, and proposing his appointment or replacement, as well as his remuneration to the Shareholders' General Meeting, as well as the review of his performance, while ensuring that the right conditions exist within the Company for the External Auditor to appropriately carry out his work, being the first point of contact with the auditor and the first to receive audit reports, without prejudice of the duties and competencies of the Board of Directors on this subject;
- (xiii) Supervising the auditing of the Company's financial statements;
- (xiv) Supervising the existence and maintenance of the Statutory External Auditors' independence;
- (xv) Approving any audit or non-audit services to be provided by the External Auditor and approve its remuneration. The provision of such services, as from 1st January 2016, shall be in strict compliance with the rules applying to the provision of such services, in accordance with the established by Law no. 140/2015, of 7th September;
- (xvi) Issuing a specific report if the auditors have not been replaced at the end of two mandates, giving due consideration to the degree of independence of the auditor under these circumstances and the advantages and costs of replacing them;
- (xvii) Supervising the activity carried out by the internal audit;
- (xviii) Giving a prior opinion about transactions involving significant business conducted between the Company and shareholders holding qualified shareholdings, or entities with which these are related, in the terms set forth in article 20 of the Portuguese Securities Code, and according to procedures and criteria to be defined by the Board;
- (xix) As from the 1st January 2016, the supervisory governing body is subject to compliance with the competencies and duties established by Law no. 148/2015, of 9th September, which approves the Legal Framework of Auditing Supervision, transposing into national law the Directive 2014/56/EC of the European Parliament and of the Council, of 16th April 2014, amending Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts, ensuring the execution into national law of Regulation (EU) 537/2014 of the European Parliament and of the Council, of 16th April 2014, on specific requirements regarding statutory audit of public interest entities, namely those under article 3 of the preamble decree and article 24 of the Regime;

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- (xx) Comply with any other attributions defined by the applicable law or the Company's Articles of Association.

In order to carry out its duties, the Statutory Audit Board has a meeting at the beginning of each financial year to plan out the year's work. This plan includes:

A - Monitoring the business activity of the Company and the interaction with the Executive Committee and the Board of Directors through the Board Audit and Finance Committee, in particular:

- Assessing how the internal control and risk management systems are working;
- Assessing the financial statements and the disclosure of financial information;
- Issuing opinions and recommendations.

B - Supervising the activity of Internal Audit and Risk Management, covering:

- Annual activity plan;
- Receiving periodic reports on their activity;
- Evaluating results and conclusions reached;
- Checking and evaluating the existence of possible irregularities that have been forwarded to them;
- Issuing guidelines, as and when deemed appropriate.

C- Information on irregularities (whistleblowing):

Follow up on the work of the Ombudsman, on a half yearly basis, approving procedures for the receiving and handling of complaints and/or communication of irregularities and critically evaluating the manner in which complaints are managed and resolved.

The Statutory Audit Board is also responsible for receiving irregularities in strict accordance with article 420, paragraph 1, subparagraph j), of the Portuguese Companies Act, whether directly addressed to it, or reported to the Ethics Committee or another governing body.

38.2 Statutory External Auditor

The Statutory External Auditor is the statutory supervisory body responsible for legally certifying the Company's financial statements. His main responsibilities are:

- (i) Verifying the accuracy of all books of account, accounting transactions and supporting documents;
- (ii) Whenever it deems convenient and by the means that it considers to be appropriate, verifying the accuracy of cash and stocks of any kind, of the assets or securities belonging to the Company or received by it by way of guarantee, deposit or other purpose;
- (iii) Verifying the accuracy of the financial statements, and expressing an opinion on them in the Accounts Legal Certification and in the Statutory Auditor Board's Report;

- (iv) Verifying whether the accounting policies and valuation criteria used lead to a fair valuation of the assets and results of the Company;
- (v) Carrying out any examinations and checks necessary to the audit and legal certification of the accounts and carry out all procedures required by law;
- (vi) Verifying the application of remuneration policies and systems, and the effectiveness and working of internal control procedures, reporting any weaknesses to the Statutory Audit Board in accordance with, and within the limits of his legal and procedural duties;
- (vii) Attesting if the Company's Governance Report includes the information referred to in article 245 of the Portuguese Securities Code.

As from the 1st January 2016, the duties and services provided by the Statutory External Auditor are in strict compliance with the new Statute of the Portuguese Institute of the Statutory Auditors, under the terms established by Law no. 140/2015, of 7th September.

IV - Statutory external auditor

39. Identification

The Company's Statutory External Auditor is Deloitte & Associados, SROC, S. A., and is represented by António Marques Dias.

40. Permanence in Functions

The Statutory External Auditor has completed its third four-year mandate in 2014, and was re-elected for a new mandate, based on a proposal by the Statutory Audit Board, presented to and approved by the Shareholders' Annual General Meeting held on 30th April 2015.

The proposal for the re-election of Deloitte & Associados, SROC, SA for a new mandate, which was presented by the Statutory Audit Board to the Shareholders' General Meeting, was, in accordance with the terms recommended, supported by its analysis made in relation to the preservation of the independence status of the auditor and the disadvantages of replacing it.

Follows the transcription of the proposal presented by the Statutory Audit Board at the Shareholders' Annual General Meeting, held on 30th April 2015, available for consultation at the Company's website <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders/>:

"Aiming at the exercise of its responsibility towards the proposal for the nomination of the Statutory External Auditor to the Shareholders' General Meeting, the Statutory Audit Board performed a detailed analysis, having concluded that the competence, reputation, and experience of the actual Statutory External Auditor, and the independency with which it has been exercising its attributions, support the option of its continuation, seeing that continuation in office does not affect its independency, nor does it generate costs of



replacement arising from the loss of its historical record of knowledge and from its importance for the efficiency of the audit and review, as long as the independence and impartiality of action is assured, as it is the case.

Additionally, the representing partner of the Statutory External Auditor Company in exercising, took up his assignment in the year of 2011, under a policy of rotation, which becomes effective according with the best practices of compliance, assumed by this Statutory Audit Board, namely the implementation of the Recommendation IV.3 of the Portuguese Securities Commission (CMVM) Corporate Governance Code.

In preparing this proposal, the Statutory Internal Auditor considered the publication of the EU Regulation no. 537/2014, which determines a limit of 10 ten years regarding the duration of the Statutory External Auditor mandate, having the Member States the possibility to reduce such period, and additionally establishes a transitorily regime that, in the Company's case, makes the rotation of the External Auditor mandatory, only, in the year of 2023.

Considering all the factors in equation, it was unanimously deliberated by the Statutory Audit Board, to propose to the Board of Directors the re-election, towards a new mandate, of the current Statutory External Auditor, being the Statutory Audit Board convinced that its permanence exercising its attributions does not eliminate or condition the integrity and independency with which it has been exercising them."

The above described permanence period in functions also applies to wholly owned subsidiaries of the Company.

41. Other services provided to the Company

Deloitte & Associados, SROC, S.A is the Company's External Auditor and provides, under the supervision of the Statutory Audit Board, among other services, assurance and tax consulting services.

V - External auditor

42. Identification

The Company's External Auditor is, in compliance with the article 8 of the Portuguese Securities Code, Deloitte & Associados, SROC, SA, registered with no. 231 at the Securities Market Commission, and represented by António Marques Dias.

43. Permanence in Functions

The External Auditor has completed its third four-year mandate in 2014, and was re-elected for a new mandate in 2015, based on a proposal presented by the Statutory Audit Board. The representing partner was replaced in 2011.

The Statutory Audit Board has grounded its decision of proposing the renewal of the External Auditor's mandate, on the motivation previously exposed in paragraph 40, which is set forth herein.

The above described permanence period in functions also applies to Sonae Group companies.

44. Policy and frequency of rotation of the External Auditor

The Statutory Audit Board has adopted the principle of not replacing the External Auditor after the end of two four-year mandates if, after careful assessment, it has concluded that the supervisory of its activity after that said period does not interfere with the independence of the External Auditor, and the advantages and costs of renewing the mandate outweigh its replacement.

Without prejudice to the abovementioned assessment made by the Statutory Audit Board regarding the re-election of the External Auditor Deloitte & Associados, SROC, SA, compliance was ensured in 2011 as to the obligation to rotate the representing partner of Deloitte with responsibility for the direct execution of the accounts revision, having such representing partner kept such position with the re-election of Deloitte as the Company's External Auditor at the Shareholders' Annual General Meeting held on 30th April 2015.

As from the 1st January 2016, the term of the mandate is subject to the rules established by Law no. 140/2015, of 7th September, which approves the new Statute of the Portuguese Institute of the Statutory Auditors, namely its article 54, without prejudice to the maintenance of duties carried out until the end of the current mandate and the appointed time in accordance with article 3, paragraph 5 of the abovementioned law.

45. Statutory Governing Body responsible for the External Auditor's assessment

The Statutory Audit Board oversees the performance of the External Auditor and the work developed during each exercise, considers and approves the additional work to be provided and, annually, prepares an overall appraisal of the External Auditor, which includes an assessment of their independence.

46. Additional work, other than audit services, performed by the External Auditor and respective hiring process

Additional auditing services were provided by the External Auditor to the Company, and to Sonae Group companies, in accordance with the previously defined policy, specifically approved by the Statutory Audit Board, which recognised that the hiring of additional services did not affect the independence of the External Auditor, and were in the general interests of the Company, given the expertise of the service provider, the quality of the services provided in the areas concerned and the provider's knowledge of the Company and the Group.

As an additional safeguard, the following measures were taken:

- The additional Compliance and Assurance Services did not expressively make up more than 30% of the total value of services provided;
- Tax consultancy services and other services were provided by different teams from those involved in the audit work;
- Total annual fees paid in Portugal by Sonae to the Deloitte Group in 2015 represented less than 1% of their overall fees in Portugal;
- The quality system used by Deloitte (internal control), according to the information provided by the Company, monitors the potential risks of a loss of independence and possible conflicts of interest with Sonae, while also ensuring that the quality of the services provided are in compliance with the rules of ethics and independence.

The Statutory External Auditor sent to the Statutory Audit Board, under the provisions of paragraph 6 of Article 24 of Law no. 148/2015, of 9th September, which approves the Legal Framework of Auditing Supervision, a statement of independence, in which the services rendered by him or by other entities and the precautionary measures taken are described. These measures are duly considered by the Statutory Audit Board, whose responsibility it is to give an opinion on their adequacy.

47. Remuneration of the External Auditor

The remuneration paid to the Statutory External Auditor and to the External Auditor, Deloitte & Associados, SROC, SA, by proposal of the Statutory Audit Board, and to other individuals and entities of the same company network, supported by the Company and/or by corporate entities in a control relation with the latter, are as follows, analysed by type of service:

Remuneration paid by the Company	2014*		2015*	
Statutory Audit and Accounts Certification	29,503	100%	29,641	100%
Total	29,503	100%	29,641	100%

*Amounts in euros.

Remuneration paid by the Group's Companies	2014*		2015*	
Statutory Audit and Accounts Certification	1,044,174	66%	1,249,563	59%
Other Compliance and Assurance Services	233,435	14%	657,879	30%
Tax Consultancy Services	0	0%	118,717	0%
Other services	313,093	19%	99,655	19%
Total	1,590,702	100%	2,125,814	100%

*Amounts in euros.

C. Internal Organisation

I - Articles of Association

48. Rules applicable in the case of amendments to the Company's Articles of Association

Amendments to the Company's Articles of Association follow the terms set out in the Portuguese Companies Act, requiring a majority of two thirds of the votes cast for such a resolution to be approved at a Shareholders' General Meeting.

For a Shareholders' General Meeting to be held, in the first occasion it is convened, the Company's Articles of Association require that a minimum of 50% of the issued share capital should be present or represented at the meeting.

II - Reporting irregularities (whistleblowing)

49. Policy on reporting Irregularities

Sonae's values and principles are widely spread and deeply rooted in its business culture, and form the basis of its actions. These are founded upon principles of awareness and absolute respect for the rules of good conduct in the management of conflicts of interest and duties of diligence and confidentiality in dealings with third parties. The Company's values and principles can be consulted at - <http://www.sonae.pt/en/investors/corporate-governance/>.

Reporting to the Statutory Audit Board

All reports of irregularities can be directly addressed, in writing, to the Statutory Audit Board to the following address: Lugar do Espido, Via Norte, 4470-157 Maia, as provided at the Company's website - <http://www.sonae.pt/en/contacts/>.

Code of Ethics and Conduct

The Board of Directors approved a new version of the Sonae Code of Ethics and Conduct, which was published in December 2013. In accordance with Sonae's principles and values, the Code of Ethics and Conduct establishes rules of conduct as well as the ethical and moral principles and conventions to be complied with by the Board of Directors, other Statutory Governing Bodies and employees, while carrying out their duties in all Group business units, and extends to their relationship with clients, suppliers and other stakeholders. It also applies to third-party entities, contracted by or acting on behalf of Sonae, whenever the Company may be held accountable for their actions.

The Sonae Code of Ethics and Conduct is available at:

<http://www.sonae.pt/en/investors/corporate-governance/>.



The Code of Ethics and Conduct was created with the fundamental objectives of:

- (a) Establishing principles that guide the activities of the Sonae Group of companies, and setting rules of ethical and moral nature that are expected to guide the behaviour of all of its employees and Statutory Governing Bodies. It includes promoting the adoption of ethical and moral principles and conventions by our partners;
- (b) Promoting and encouraging the adoption of the guiding principles and rules of conduct defined in the Code of Ethics and Conduct, which reflect the Company's values regarding the relationships between employees, Governing Bodies, Sonae and its remaining stakeholders;
- (c) Consolidating Sonae's institutional image, which is characterised by determination, dynamism, enthusiasm, creativity and openness.

In addition to the Code of Ethics and Conduct, Internal regulations covering conflicts of interest and related party transactions also remains in force.

Employees are also made aware internally of the Code of Ethics and Conduct, which appears in periodic communications within the Sonae companies. During 2015, as in the previous years, the Company promoted e-learning internal training courses concerning business ethics, covering whistleblowing policies and procedures, clarifying staff responsibilities as well as the company's management bodies, and presenting practical examples of situations involving: conflicts of interest, privacy, information confidentiality and integrity, staff relationships and those with suppliers and business partners. During 2015, the referred e-learning training courses were made available to Sonae Group companies' employees and members of the Statutory Governing Bodies.

The Ethics Committee has the responsibility of receiving and forwarding reports involving members of the Governing bodies, the Ombudsman, Investors in a broad sense, and any other matter considered to be worthy of investigation.

The Ethics Committee forwards to the Statutory Audit Board any reports that might indicate alleged irregularities, under the terms established in Article 420, paragraph 1, subparagraph j) of the Portuguese Companies Act.

Any report of irregularities must be sent, on a non-anonymous basis, to the email address of the Ethics Committee: comissaoetica@sonae.pt.

The Ombudsman has the responsibility of receiving and assessing reports of irregularities namely related with the Company' standards, provision of services to clients/suppliers, involving employees, clients or suppliers and other service providers to the relevant bodies.

The Ombudsman delivers a six-monthly summary to the Statutory Audit Board, disclosing the irregularities reported and actions taken.

Reports addressed to the Ombudsman can be sent to his email address: provedoria@sonae.pt.

III - Internal Control and Risk Management

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

Risk Management is deeply rooted in Sonae's culture and is one of its key Corporate Governance practices. It forms part of all management processes and is the responsibility of all employees of Sonae, at all levels of the organisation.

The main goal of Risk Management is to create value by managing and controlling opportunities and threats that can affect business objectives and the going concern of Sonae's businesses. Risk Management, alongside with Environmental Management and Social Responsibility, are pillars of sustainable development in the sense that better understanding and more effective management of risks contribute to the sustainable development of businesses.

Risk Management is the responsibility of all Sonae's managers and employees, and is supported by the Risk Management, Internal Audit and Planning and Management Control Departments, at all levels of the organisation, and through specialised teams, which report directly to their respective Boards of Directors.

The Risk Management department's mission is to help companies reach their objectives via a systematic and structured approach in identifying and managing risks and opportunities.

The Internal Audit department identifies and evaluates the effectiveness and efficiency of management and control of business processes and information systems. The Internal Audit department is supervised by the Statutory Audit Board.

The Management Planning and Control department promotes and supports the integration of risk management into the management and planning control processes of the Company's businesses.

Financial and accounting information reliability and integrity risks are also evaluated and reported upon by the External Audit activity.

51. Hierarchy/or functional relationships with other Company's Bodies

The Statutory Audit Board monitors the internal control and risk management systems, supervises its activity plan, receives periodic reports on the work performed, assesses the results and conclusions drawn and gives guidelines as it deems necessary.

The External Auditor verifies the effectiveness and functioning of internal control procedures in accordance with the work plan appointed by the Statutory Audit Board, to which it reports the conclusions drawn.

The Board of Directors, through the Board Audit and Finance Committee, monitors the Internal Audit and Risk Management activities.



52. Other Functional Areas with Risk Control Competencies

Each one of the Group's functional structures takes responsibility in controlling and monitoring risks related with their duties, namely the Planning and Management Control, Board Audit and Finance Committee, Legal Advisory and Corporate Governance, Finance, Tax, Legal, Human Resources, Communication, Brand and Corporate Responsibility, Institutional Relations, Investor Relations, Administrative and Innovation, Future Technology and Continuous Improvement departments.

53. Identification and Classification of Main Risks

Economic Risks

Macro-economic Influences:

The current global adverse economic environment, and in particular the economic downturn in Portugal, with significant reductions in levels of private and public consumption, impacts Sonae's businesses. Several initiatives have been launched to mitigate this risk, which include inter alia internationalization of main businesses, stricter cost control measures, launching of innovative and alternative offers, and adapting to the adverse economic context by launching promotions and products tailored to the changing consumer needs.

Competition:

The main competition risks are the entrance of new competitors, mergers and acquisitions opportunities, the repositioning of current competitors or the actions they might take to reposition themselves to win new markets and gain market share (price conditions, promotional activity, new businesses, innovation). The inability to be competitive in areas such as pricing, product range, quality and service can have a negative impact on the financial results of the Group. In order to minimize this risk, Sonae constantly benchmarks competitor's actions and invests in improved or new formats, businesses and products/services in order to always offer its customers innovative proposals.

Customers:

One of the fundamental risk factors is the possibility of changes in consumer behaviour, especially as a consequence of economic and social factors. Customers frequently change their expectations and preferences, which imply a continuous adaptation and optimization of business concepts and offers.

In order to anticipate consumer needs and market trends, Group companies analyse information about consumer behaviour on a regular basis with more than 100,000 customers interviewed per year. The introduction of new products, concepts and technologies is always tested using pilot schemes before being implemented globally. The Group also invests in the refurbishment of stores and of shopping centres and in launching IT services (including transactional sites) to ensure that they retain their attractiveness for customers and cope with the pace of technological innovation challenges.

Brand:

The risks associated with brands come from the negative impacts arising from extraordinary events affecting image and reputation. The Group periodically monitors brand image value, their attributes and their reputation through customer opinion surveys, research by specialist entities and market studies. The Group also performs continuous follow-up of brand reputation, namely through press analysis, opinion articles issued by the media and in blogs. Sonae's brands are regularly granted national and international awards, which recognize excellence in specific products/services, business processes and innovation achievements.

In 2015, preventive and safety audits were conducted in different locations of the business units. In the main business units, tests and simulations were made to emergency and preventive systems and plans, usually in the presence of civil protection services, security forces and fire brigades. The development and implementation of security standards, and related monitoring and self-assessment procedures (Control Risk Self-Assessment) also continued.

Sonae considers Safety and Health as an essential part of the sustainable development of its businesses. It motivates its staff and is a differentiating driver of our success. Aware of the importance that the preservation of lives and assets has as a fundamental pillar of sustainability and business growth, Sonae developed Social Responsibility actions through a strong commitment in the prevention of work accidents, eliminating and/or minimizing their causes and promoting permanent attention to Safety and Health.

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The Health and Safety department of Sonae Retail Business Units, is a strategic business partnership, whose activity is focused not only in the prevention of accidents and occupational illnesses, but also in the improvement of working conditions to ensure the staff well-being and, consequently, enhancing their performance and productivity level.



As a consequence of the evaluation in 2014 of Safety Management at Sonae MC, performed by DuPont, internationally renowned partner in the area of Health and Safety, a project was launched in 2015 to develop and implement actions that were identified in that evaluation.

The above-mentioned project, named S20 – Health and Safety in the operations, has the main purpose of promoting an internal Group culture of health and safety at work, allowing Sonae MC to be recognised as a benchmark for health and safety at work standards in the retail sector.

One of the initiatives developed was the approval by Sonae MC's top management, of a Vision and a Health and Safety Policy, from which we highlight: "The health and safety of our employees, customers and partners is non-negotiable in our company".

Additionally to the Vision and Policy, several other initiatives were undertaken: training of all top management at Sonae MC, including directors as well as managers in Health and Safety leadership; implementation of a Safety Preventive Observations program aiming at observing and correcting unsafe behaviour through feedback and monitoring in the field of employees; and the definition of clearer and more robust safety procedures.

The abovementioned actions and the subsequent integration of Health and Safety at Work in daily operations, have generated outstanding results in 2015, with a decrease of 9.78% in the frequency index and of 11.36% in Sonae MC's work accident severity index, compared with 2014.

Safety and Health management at Sonae Sierra aims to prevent and anticipate accidents, thus protecting its employees and all relevant stakeholders (including visitors, tenants and suppliers).

"Zero accidents" is the objective to which Sonae Sierra aspires through the implementation of its corporate Safety, Health and Environment Management System.

The set-up of Sonae Sierra's Safety and Health culture began with the PERSONÆ Project in 2004, whose final output was a cross-organizational Safety and Health culture within Sonae Sierra. This required implementing processes and actions, strictly aligned with the corporate Safety and Health policy and objectives, aimed at minimizing and controlling all people related risks that arise from Sonae Sierra activities in all Shopping Centres in operation and in all Development Projects. In total, within the PERSONÆ project, 5 million euros were invested and the project involved more than 70,000 people among Sonae Sierra employees and tenants in Portugal, Spain, Italy, Germany, Greece and Brazil. This project, concluded in 2008, has evolved into Sonae Sierra's Safety, Health and Environment Management System, which continues to hail the same high standards and commitment levels to minimize people related risks.

This effort was recognised through Sonae Sierra's corporate OHSAS 18001 certification in 2008, which was the first ever awarded in Europe to a Shopping Centre company. OHSAS 18001 certifications were additionally attained for all new development projects since 2009 and the 34 Shopping Centres currently in operation are individually certified with OHSAS 18001.

Regarding additional external recognition, in 2011 Sonae Sierra was a Dupont Safety Awards finalist, for its exemplary performance and dedication to build safer Shopping Centres for children. Sonae Sierra was also distinguished in that year at the “European Risk Management Awards” in the “Most Innovative Use of IT or other Technology” category, for its Inspections System in the Safety and Health area. In 2009, Sonae Sierra has also been granted the European Risk Management Award for “Best Training Program” and, in 2007, the Dupont Safety Award for Visible Management Commitment.

In 2015, Sonae Sierra has reduced the number of its workforce work accidents (per million hours worked) by 43%, due to a significant commitment to the prevention of *in itinere* incidents, which represent the most frequent form of accident. The severity of this type of incident has also reduced significantly to 63%. Regarding Sonae Sierra construction sites, although there is a record of 3 occupational accidents with construction contractors, we consider 2015 to be a well-performing year in terms of Safety and Health. We further noted a slight decrease in the number of accidents with medical care amongst our Shopping Centres visitors, mainly resulting from falls in the pavements. This has been identified as a priority issue to be addressed during 2016.

Sonae signed the World Safety Declaration at the end of 2005, making a worldwide commitment by its businesses towards safety at work. Sonae was one of the founder members together with major worldwide corporations.

Business continuity management:

In Sonae Core businesses, projects and programmes continued to be developed in order to guarantee the continuity of operations and information systems, through defining, revising and implementing procedures and processes to prepare for crisis and catastrophic scenarios, particularly through developing emergency, contingency and recovery plans for business and information systems.

Environmental risks:

In the area of environmental risks, several environmental certifications have been obtained, audits were performed and improvement actions were implemented as part of Environmental Management Systems processes in the Group’s sub-holdings.

Sonae Investimentos has been awarded certification for its corporate Environmental Management System in 2007 according to the ISO 14001 standard by Lloyds Register Quality Assurance. Since then, the EMS has been annually audited and its certification maintained. In 2010, the EMS was adapted to the new Sonae Retail organization, and again has been certified. This program, among others factors, enables day-to-day environmental risks of the company’s business to be managed.

In addition, and during 2015, Sonae Retail has continued its program of environmental certification of operational units, adding 12 new Continente Hypermarkets and 2 Worten units. At the end of 2015, Sonae Retail holds, in Portugal, 52 certifications (26 Continente, 8 Continente Modelo, 2 Continente Bom Dia, 9 Worten and 6 Warehouses, plus the Meat Processing Centre), as well as 3 Worten units in Spain. These certified operational units act as environmental flagships for all other units.



Sonae Sierra's Safety, Health and Environment Management System covers these risks for all Sonae Sierra's activities, including procurement, construction and the operation of Shopping Centres.

In 2015, 91% of Sonae Sierra Shopping Centres were individually granted ISO 14001 certification, setting the grounds for the following corporate achievements, in the period 2002 to 2015:

- Electricity consumption fell 43%;
- Recycling rates increased from 21% to 61% of total waste generated;
- Water efficiency improved 20%.

During the development phase of Shopping Centres, 26 of Sonae Sierra's construction projects were granted individual ISO 14001 certification for their outstanding environmental practices during construction.

As a significant highlight of 2015 performance, the Global Real Estate Sustainability Benchmark (GRESB) Foundation granted, once again, Sonae Sierra with the Green Star label. Based on GRESB evaluation criteria, Sonae Sierra was granted the 2nd place, regarding its European peer group, and the 7th place, regarding retail sector entities. This internationally recognised ranking awarded Sonae Sierra's sustainable strategy, with a vision that encompasses environmental and social measures, as well as economic profitability.

Change Project Risks:

Risks associated with critical business processes and major change projects, especially the introduction of new processes and major changes to information systems, were assessed and monitored, both as part of Risk Management work as well as Internal Audit activity.

Insurable risks:

In relation to the transfer of insurable risks (technical and operational), the objective of rationalizing the financial transfer of these types of risk continued, either by searching to establish a tailored insurance capital structure for the capital sums at risk, based on the constant changes in the businesses involved, or by reaching even greater critical mass for the kinds of risks involved. Insurance coverage and retention levels have also been optimised in accordance with the needs of each business, ensuring internally effective insurance management worldwide, using Brokers Link, Sonae's worldwide insurance brokerage network, coordinated by MDS, Sonae's insurance consultants.

Food safety risks:

In Sonae MC, a programme of food safety audits was implemented and consolidated in stores, cafeterias, warehouses and production centres, leading to reporting of main conclusions and recommendations for corrective actions.

This audit programme has the goal of checking systematically compliance with food safety regulations and internal procedures.

In 2015, 1150 food safety audits were performed.

Information, Information Systems and Communication Risks

Sonae's businesses Information Systems are characterised as being broad ranging, distributed and heterogeneous. From the information security point of view, several risk reduction actions have been developed to ensure confidentiality, availability and integrity of information, including: implementing high availability systems and network infrastructure redundancy; controlling the quality of flows between applications; managing accesses and profiles; and strengthening mechanisms for data network perimeter protection.

During 2015, several information systems security awareness-training sessions were undertaken, with the presence of staff at all levels and of all functions. Towards the end of 2012, Sonae adhered to the World Economic Forum Partnering for Cyber Resilience initiative, pledging to follow its principles and guidelines.

During 2015, information systems audits were carried out, in several domains that support main business processes with the objective of identifying and correcting potential vulnerabilities that can have a negative impact in the business and in the protection of information. In addition, information systems management and governance audits were also undertaken, using *framework Cobit V5* as a reference.

Financial Risks

Sonae's businesses are exposed to a variety of financial risks related to its business activities, including interest rate risk, foreign currency risks, liquidity risk, credit risk and counterparty risk. These risks are detailed further in the notes to the Sonae consolidated financial statements. Due to the varied nature of the different Sonae businesses, exposure to these risks may vary from business to business, and thus there is no Group level risk management policy covering all activities of the Group. Instead, the Group prefers to develop individual risk policies adapted to each business. The Group is also exposed to debt and equity markets fluctuations. During 2015, and in order to minimize potential adverse effects of the volatility of financial markets, in addition to individual policies to manage each identified financial risk and control mechanisms to identify and quantify such exposures, Sonae's businesses may also use derivative instruments to hedge certain exposures related to their operating business or, particularly in the case of credit risk, transfer such risk to third parties, through credit insurance, bank guarantees or standby letters of credit, amongst other similar instruments. Each Board at business level approves financial risk policies and each business's Financial & Treasury Department identify and monitor exposures. Exposures are also monitored by the Finance Committee, at which a consolidated exposure analysis is reviewed and reported on a monthly basis, and guidelines for risk management policies are defined and regularly reviewed.

The system implemented thus ensures that at any moment the appropriate policies for managing financial risk are adopted so that there is no adverse impact on Sonae Group's strategic objectives.

Sonae Group's position in relation to financial risks is conservative and cautious, and when derivative instruments are used to hedge certain exposures related to its normal operating business, the Group follows a policy of not entering into derivatives or other financial instrument arrangements that are unrelated to its operating business and have speculative purposes.



Legal, Tax and Regulatory Risks

Sonae and its businesses have the support of legal and tax departments permanently dedicated to the respective activities and under management's supervision, and exercising their competencies in interaction with other functions and departments, in order to pre-emptively ensure the protection of Sonae's and its businesses interests in compliance with their legal obligations and best corporate governance practices.

The teams in these departments have specialised training and participate in in-house and external training courses to update their knowledge.

Legal and tax advice is also provided, nationally and internationally, by outsourced resources selected from firms with established reputations and which have the highest standards of competency, ethics and experience.

The Company's more relevant pending litigation is identified in the notes to the Sonae consolidated financial statements.

Sonae and its businesses are obliged to comply with national and international laws and regulations for each market in which they operate, aiming to ensure: consumer safety and protection, employees' rights, environmental protection and compliance with local and country planning regulations, compliance with sector regulations and the maintenance of open and competitive markets. Due to this fact, Sonae is naturally exposed to the risk of changes in law and regulations that may impact business as usual and consequently affect or impede the achievement of its strategic objectives.

The Sonae Group acts in constant collaboration with the authorities in order to comply with laws and regulations. Such collaboration takes in some cases the form of comments on public consultation launched by national or international authorities. Moreover, the growing international presence of Sonae's companies involves specific risks related to the different nature of local legal frameworks.

54. Description of risk management processes: identification, assessment, monitoring, control and management

Risk Management is integrated into Sonae's entire planning process, as a structured and disciplined approach that aligns strategy, processes, people, technologies and knowledge. Its goal is to identify, evaluate and manage uncertainties and threats that Sonae's business units face in the pursuit of their business objectives and value creation.

Sonae's management and monitoring of its main risks are achieved through different approaches, including:

- (i) As part of strategic planning, risks of the existing business portfolio, as well as those of new businesses and of relevant projects, are identified and evaluated, and strategies to manage those risks are defined;

- (ii) At the operational level business risks, and planned actions to manage those risks, are identified and evaluated, and are included and monitored in business unit and functional unit parts;
- (iii) For risks that cross business unit boundaries, such as large-scale organisational changes and contingency and business continuity plans, structural risk management programmes are developed involving all those responsible for the relevant units and functions;
- (iv) As far as risks to tangible assets and people are concerned, audits are carried out at the main business units. Preventive and corrective actions are implemented for the risks identified. The financial cover of insurable risks is reassessed on a regular basis;
- (v) Financial risk management is carried out and monitored as part of the activity of the Company's and its businesses. Their work is reported to, coordinated with and reviewed by the Finance Committee and the Audit and Finance Committee of the Board of Directors;
- (vi) Management of legal risks is carried out and monitored by the legal and tax departments.

The risk management process is supported by a consistent and systematic methodology, based on international standards, including the following:

- (i) Defining and grouping risks (risk dictionary, definition, business risk matrix and a common language);
- (ii) Systematically identifying the risks that can potentially affect the organisation (risk sources);
- (iii) Evaluating the level of importance and managing the prioritisation of risks as a function of their impact on the objectives of the business, and the likelihood of the risks occurring;
- (iv) Identifying the causes for the most important risks;
- (v) Evaluating strategic risk management options (e.g. accept, avoid, treat, and transfer);
- (vi) Developing and implementing a risk management action plan to be integrated into the management and planning procedures of the units and functions of Sonae's businesses;
- (vii) Monitoring how risks evolve and report on progress made in the implementation of action plans.

Internal audit and risk management training and development

With regard to the Internal Audit function, in 2015 Sonae continued to support employee training for those who voluntarily put themselves forward for international certification programmes promoted by the IIA (The Institute of Internal Auditors) - Certified Internal Auditor (CIA) and Certification in Control Self-Assessment (CCSA). At the end of 2015, 37 certifications existed as follows:



1	CIA	Certified Internal Auditor (IIA - The Institute of Internal Auditors);	6	CRMA	Certification in Risk Management Assurance
2	CCSA	Certification in Control Self-Assessment (IIA - The Institute of Internal Auditors);	7	CRISC	Certified in Risk and Information Systems Control
3	CISA	Certified Information Systems Auditor (ISACA - Information System Audit and Control Association);	8	CEH	Certified Ethical Hacker
4	ISMS	Certification in Information Security Management System BS ISO/IEC 27001:2005 (British Standards Institution);	9	SNCP	Security Certified Network Professional
5	CISM	Certified Information Security Management (ISACA - Information System Audit and Control Association);	10	Cobit 5	Assessor

Additionally, one of our food safety auditors detains the EN ISO 22000:2005 and NP EN ISO 19011:2012 Certifications.

2. The importance of continuous training, and the existence within the Group of people with knowledge and skills to train others (some of whom teach regularly outside the Group) were the basis for the establishment of the Internal Audit Academy, which has the following guidelines: definition of functional job descriptions; listing of core skills required for each function (technical and behavioural) and the training strategy for each function. Between 2013 and 2015, 22 training sessions were carried out, involving multidisciplinary teams and a total of 2,674 hours.

3. With regard to the development of the Risk Management function, in 2015 Sonae continued to support employee training for those who voluntarily put themselves forward for international certification programmes. Currently, Sonae Group staff also have the following professional certifications: Certified Risk Management Assurance (CRMA), promoted by the IIA (The Institute of Internal Auditors), Certification in Risk Management by IRM (Institute of Risk Management) and BS 25999 Business Continuity Management, by the British Standards Institute.

Sonae is one of the organisations with the most certified employees in internal audit and risk management in Portugal. In 2016, Sonae will continue to support this important training programme, and the international

development and qualification of its internal audit and risk management staff, in line with international best practices.

Actions undertaken in 2015

In 2015, the annual Enterprise Wide Risk Management activities focused mostly on monitoring the implementation of action plans and the assessment of their impact in risk perception.

This process, across the entire Group, is supported by an internally developed application tool, which is based on the COSO International Standard.

Information system processes risk assessment was launched, using the Cobit V5 international framework.

The Risk Management Department continued to support management of risks in main organizational projects, as well as in the design of crisis management and business continuity plans. For this purpose, a crisis management application was developed to support the crisis management process.

Physical safety, customer safety and security audit programmes were also implemented and fire prevention training events were held.

55. Description of the main features of Sonae's risk management and internal control systems in relation to the preparation and disclosure of financial information

The existence of an effective internal control environment, particularly with regard to financial reporting, is a commitment of the Sonae Board of Directors; identifying and improving the critical processes in terms of preparing and reporting financial information, keeping in mind the objectives of transparency, consistency, simplicity, reliability and materiality. The objective of the internal control system is to obtain reasonable assurance relating to the preparation of financial statements, complying with accounting principles and adopted policies, and warranting the quality of financial reporting.

The accuracy of financial information is ensured by the clear segregation of duties between the preparers and its users, and the execution of several control procedures during the process of preparing and disclosing financial information.

The internal control system for the accounting department and the preparation of financial statements includes several key controls, namely:

- The process of reporting financial information is documented, the risks and key controls are identified. The criteria used in the process of preparing and reporting financial information are established and periodically reviewed;
- There are three types of control: High-level controls (entity level controls), information system controls and process controls. Those include a group of procedures related to the execution, supervision, and monitoring and improvement of processes, with the main objective of preparing the financial reporting of the Company;

- 
- Accounting principles used are disclosed in the notes to the financial statements and are fundamental bases of the internal control system;
 - The business plans and budgets, and procedures and records of Group companies allow a reasonable assurance that the transactions executed are properly approved by management, and recorded in compliance with accounting principles, also ensuring that the Company maintains proper record of its assets with their existence reconciled with the accounting records;
 - Financial information is reviewed regularly by the management of each business unit and by the persons in charge of the profit centres, ensuring continuous monitoring and related budget control;
 - During the process of preparing and reviewing financial information, detailed schedules are established and shared with the areas involved, and all documents are reviewed in detail, including the review of principles used, verifying the accuracy of the information and its consistence with principles and policies defined and followed in previous periods;
 - With regard to the separate entities, accounting records and financial statements are prepared by the different functions of administrative and accounting services, which warrant the recording of business processes transactions and the recording of balances of assets, liabilities and equity captions. Financial statements are prepared by certified accountants of each company and reviewed by the Planning and Control and Tax departments;
 - Consolidated financial statements are prepared quarterly by the departments of the administrative services (consolidation team) of each sub-holding and holding corporate centre. This process represents an additional control of the reliability of financial information, as regards the consistent application of accounting principles, cut-off procedures and control of related parties transactions and balances;
 - The Management Report is prepared by the Investors Relations department and contributed to, and reviewed by, several business and support departments. The Corporate Governance Report is prepared by the General Counsel and Corporate Governance department;
 - The Group financial statements are prepared under the supervision of the Executive Committee. The documents that constitute the Annual Report and Accounts are sent for review and approval by the Sonae Board of Directors. Once approved, the documents are sent to the External Auditor who issues the accounts legal certification and its report;
 - The process of preparing separate and consolidated financial information and the Management Report is also supervised by the Statutory Audit Board and by the Board Finance and Audit Committee of the Board of Directors. These bodies meet quarterly to review the individual and consolidated financial statements and the management report. The Statutory External Auditor presents the main conclusions of the work carried out regarding the yearly financial information, directly to the Statutory Audit Board and to the Board Finance and Audit Committee;
 - All the persons involved in analysis of company financial information are included in the list of persons with access to inside information, and are informed about the nature of their obligations, as well as possible sanctions resulting from the inappropriate use of such information;
 - Internal rules applicable to the disclosure of financial information aim to warrant that information is disclosed to the market in a timely manner, in order to prevent information asymmetry.

- Among the risks that may materially affect the financial and accounting report, the following are worth highlighting:
 - Accounting estimates – major accounting estimates are described in the Appendix to the financial statements. Estimates are based on information available during the preparation of the financial statements and in the best knowledge and experience of past and present events;
 - Balances and transactions with related parties – balances and transactions with related parties are disclosed in the notes to the financial statements. These transactions are related mainly to the operational activities of the Group, and to the granting and obtaining of loans under arm's length conditions;
- In the Appendix to the financial statements additional information is disclosed regarding the abovementioned risks among others, as well as how they were mitigated.
- Sonae adopts several principles related to continuous improvement of the system of internal control of financial risks, including:
 - Improvement in the documentation of controls – following action taken in previous years, Sonae continued to improve the documentation and systematization of risks and internal control system related to the preparation of financial information in 2015. This includes the identification of risk causes (inherent risk), the identification of processes of higher material importance, the documentation of controls, and the analysis of residual risk after the execution and implementation of the potential control improvements;
 - Compliance analysis – the Legal department and the Corporate Governance Officer, working together with the Administrative Services, Investor Relations, Internal Audit and Risk Management departments, and, if necessary, other departments, coordinate the periodic analysis of compliance with legal requirements and regulations regarding governance processes and corresponding financial information that are reported on the Management Report and on the Corporate Governance Report.

IV - Investor relations

56. Investor Relations Department

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

In strict compliance with law and regulations, the Company keeps its shareholders and the market informed on all relevant facts concerning its activities, minimising delays between their occurrence and disclosure. The Company has fulfilled this commitment to the market over the years.

The department regularly prepares presentations to the financial community. Communications covering the quarterly, half year and annual results, as well as important announcements disclosing or clarifying any



relevant event that could influence the share price, are issued to the market. On request, it provides clarification about the Company's activities, by answering questions sent by email or by taking phone calls.

In addition to the existence of the Investors Relations Department, all information is made publicly available on the Internet at the Portuguese Securities Market Commission site (www.cmvm.pt) and on the Company's own website (<http://www.sonae.pt/en/investors/releases-to-the-market/>). Additionally, at the website <http://www.sonae.pt/en/investors> it is provided general information about Sonae, as stipulated in article 3 of the CMVM Regulation no. 4/2013, but also other relevant information, including:

- Institutional and other presentations of Sonae to the financial community;
- Quarterly, half yearly and annual results for the last five years;
- Sustainability Report;
- Corporate Governance Report;
- Names of managers of the investor relations department, as well as their contact details;
- The Company's share performance on the Portuguese Stock Exchange;
- Notice of Shareholders' Annual General Meetings;
- Annual financial calendar, including Shareholders' General Meetings and the dates of disclosure of annual, half-yearly and quarterly results.

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

Any interested party may contact the Investor Relations department via the following means:

Patrícia Vieira Pinto

Investor Relations Manager

Tel: (+351) 22 010 47 94

Fax: (+351) 22 948 77 22

Email: investor.relations@sonae.pt / pavpinto@sonae.pt

Address: Lugar do Espido Via Norte 4471-909 Maia Portugal

Site: www.sonae.pt

The Company believes that the procedures described above ensure continuous contact with the market, respecting the principles of equal treatment of all shareholders and equal access to information for investors.

57. Legal representative for Capital Market Relations

The legal representative for Capital Market Relations is Luzia Leonor Borges e Gomes Ferreira, with the following contacts:

Tel: +351 220104706

Fax: +351 229487722

Email: investor.relations@sonae.pt

Address: Lugar do Espido, Via Norte, 4471-909 Maia Portugal

58. Information Requests

During 2015, the Investor Relations Department received 714 information requests, as opposed to the 440 received during 2014.

The average response time, is of 2 working days. Notwithstanding, the complexity of the matter may determine an extended response time.

V - Website

59. Address

Company's website: <http://www.sonae.pt/en/>

60. Location of the information mentioned in Article 171 of the Portuguese Companies Act

Website: <http://www.sonae.pt/en/investors/corporate-governance/>.

61. Location for the provision of the Articles of Association, Bodies and Committees' Regulations

Website: <http://www.sonae.pt/en/investors/corporate-governance/>.

62. Location for the provision of information about the identity of the Statutory Governing Bodies, the representative for market relations, the Investor Relations Department, functions and means of contact

Website: <http://www.sonae.pt/en/investors/corporate-governance/> and <http://www.sonae.pt/en/contacts> .

63. Location for the provision of accounting documents and calendar of corporate events

Accounting Documents - <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders> and <http://www.sonae.pt/en/investors/financial-data/>.

Calendar of corporate events- <http://www.sonae.pt/en/investors/financial-calendar/>.



64. Location for the provision of the notices for Shareholders' General Meetings and all related information

Website: <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders>.

65. Location where the historical archives are available with resolutions adopted at the Shareholders' General Meeting, the represented share capital and the voting results, with reference to the previous 3 years

Website: <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders>.

D. Remuneration

I - Competency

66. Competency for determining the remuneration of Statutory Governing Bodies, Executive Directors and the Company's persons discharging managerial responsibilities ("dirigentes")

The Shareholders' Remuneration Committee is responsible for approving the remuneration of Board members and of other Statutory Governing Bodies and persons discharging managerial responsibilities, on behalf of shareholders, under the terms specified in the compensation policy approved by the shareholders at the Shareholders' General Meeting.

The Board Nomination and Remuneration Committee, previously identified in sections 15 to 29, supports the Shareholders' Remuneration Committee to carry out its duties.

II - Remuneration Committee

67. Composition of the Remuneration Committee, identification of other individuals and entities hired to provide support and advisors' statement of independence

The Shareholders' Remuneration Committee is composed of three members, elected at the Shareholders' General Meeting for a four-year mandate from 2015 to 2018. During 2015, the Shareholders' Remuneration Committee composition varied as follows:

Shareholders' Remuneration Committee

A – Members representing the Shareholders' Remuneration Committee during the mandate of 2011-2014 and who left office at the Shareholders' Annual General Meeting, held on 30th April 2015

Belmiro Mendes de Azevedo

B- Members elected for the current mandate of 2015-2018:

Artur Eduardo Brochado dos Santos Silva*

Francisco de La Fuente Sánchez*

Carlos António Rocha Moreira da Silva**

** members who held office during the mandate of 2011-2014, being re-elected following a resolution approved at the Shareholders' Annual General Meeting held on 30th April 2015.*

*** member elected for the mandate of 2015-2018, following a resolution approved at the Shareholders' Annual General Meeting held on 30th April 2015.*

The members of the Remuneration Committee are independent from the Board of Directors or any other interests group.

The Shareholders' Remuneration Committee resorts to benchmark studies on remuneration practices annually disclosed by the internationally renowned consultants Hay Group and Mercer, in order to ensure that the statutory governing bodies' remuneration policy, to be submitted to the approval of the Shareholders' Annual General Meeting, fulfils comparable market standards. During 2015, the Remuneration Committee did not hire any third party consultants.

68. Knowledge and experience of the members of the Shareholders' Remuneration Committee

The experience and professional qualifications of the members of the Shareholders' Remuneration Committee allows them to carry out their duties in a rigorous and competent manner, each of them having the appropriate skills to carry out their duties. Said qualifications are available for consultation at <http://www.sonae.pt/en/investors/corporate-governance/>.

III - Remuneration Structure

69. Description of the remuneration policy of the board of directors and the supervisory board, as provided for in article 2 of Law 28/2009, of 19th June

69.1 Principles

Sonae's remuneration policy is structured in order to find a balance between the performance of Executive Directors in relation to goals established for them, and the Company's positioning in the market and comparable situations. Proposals for the remuneration of members of the statutory governing bodies are prepared taking into account:

- Overall market comparisons;
- Practices of comparable companies, including other segments of Sonae that are in comparable situations;

- 
- Each Executive Director's responsibilities and assessments made of their performance.

Remuneration policy constitutes therefore a formal means of aligning the interests of the Company's management with those of the shareholders, such that, among the various component parts of the remuneration package, the variable component, the value of which depends on the individual's and the Sonae's performance, is given high importance. A management approach focusing on the long-term interests of the Company in which business risks are carefully considered, is thus encouraged.

The remuneration policy includes control mechanisms, which consider the link between individual and group performance, in such a manner as to avoid behaviours which are likely to involve excessive risk. This goal is also achieved by limiting the maximum value of each Key Performance Indicator (KPI).

The remuneration policy applicable to Sonae's Statutory Governing Bodies is approved in advance by the shareholders at the Shareholders' General Meeting. The body responsible for presenting the Remuneration proposal and approving the remuneration of both executive and non-executive members of the Board of Directors and of the other Statutory Governing Bodies of the Company, is the Shareholders' Remuneration Committee, fully composed of independent members. The Committee's members are elected and remuneration decided upon also at the Shareholders' General Meeting.

The Board Nomination and Remuneration Committee gives support to the Shareholders' Remuneration Committee in the determination of the Executive Directors' remuneration, by presenting remuneration proposals based upon the relevant data requested by the Shareholders' Remuneration Committee.

As part of the Company's principles of corporate governance, guidelines have been established for remuneration policy.

The Remuneration and Compensation Policy currently in operation was approved at the Shareholders' Annual General Meeting held on 30th April 2015, and is based on the following principles, consistent with the principles previously adopted.

Remuneration Policy Features:

Competitiveness:

- In determining the Remuneration and Compensation Policy of the Statutory Governing Bodies of the Company, the main goal is to attract talent with high level of performance that represents a valuable and material contribute to the sustainability of the Company's business. The Policy is defined by benchmarking against the global market and with the practices of comparable companies, being this information furnished by the main surveys performed for Portugal and other European markets, in particular those prepared by Mercer and Hay Group.
- Accordingly, the remuneration parameters for members of the Statutory Governing Bodies are determined and periodically revised in line with the remuneration practices of national and internationally comparable companies, with the aim of aligning with the market practice the

potential maximum amount of remuneration, both individually as well as in aggregated terms, to be paid to the members of the statutory governing bodies. When making such analysis, the remuneration of the members of the statutory governing bodies shall consider, namely, alongside other factors, the profile and the background of the member, the nature and the description of the role and the competencies of the statutory governing body and the member itself, as well as the degree of direct correlation between the individual performance and the business performance. The Policy is defined by benchmark with the global market and the practices of comparable companies, being this information furnished by the main surveys performed for Portugal and other European markets, in particular those prepared by Mercer and Hay Group.

- For the assessment of the market practice reference values, it is considered the average compensation for Europe's top tier executives. The companies that are considered to be comparable companies are those with securities traded at Euronext Lisbon regulated market.

Orientation for performance:

- The Policy establishes the attribution of bonus calculated considering the level of success of the Company. The variable component of the remuneration is structured in a way to establish a connection between the bonus attributed and the level of performance either individual, either collective. In the case the predefined objectives, measured by business and individual KPIs are not accomplished, the amount of short and medium incentives, will be totally or partially reduced.

Alignment with the interests of shareholders:

- Part of the variable bonus of the Executive Directors is composed of a period of four years, which includes the relevant year and a three-year deferral period, being the amount conditioned by the evolution of the price of shares and by the level of achievement of the medium-term objectives during the deferring period. This way, it is ensured an alignment of the director with the shareholder's interests and with the medium-term performance, aiming the sustainability of the business.

Transparency:

- Every aspects of the remuneration structure are clear and openly published, either internal as well as externally, through the publicity of the documentation in the Company's website. This communication process contributes to promote equity and independency.

Reasonableness:

- The Policy intends to ensure a balance between Sonae's interests, the market position, the members of the governing bodies' expectations and motivations, as well as focusing on talent retention.
- The Remuneration and Compensation Policy of the Statutory Governing Bodies and of other persons discharging managerial responsibilities adheres to European Community directives, to Portuguese national law and to the recommendations of the Portuguese Securities Market Commission (CMVM).

- The Remuneration and Compensation Policy currently in operation was approved at the Shareholders' Annual General Meeting that took place on 30th April 2015, continuing the policy consistently followed previously, and is based on the following principles:
 - No compensation payments to board directors or members of statutory governing bodies related to the cessation of their duties, whether their resignation occurs according to their original mandate or whether it is anticipated for whatever reason, without prejudice to the obligation of the Company to comply with any relevant legislation in force in this area;
 - Non-existence of any specific system of benefits, in particular relating to retirement, in favour of members of the Board of Directors, supervisory bodies and other persons discharging managerial responsibilities;
 - When applying the Remuneration and Compensation Policy, consideration is given to roles and responsibilities performed in affiliated companies.

69.2 Competitiveness of the Remuneration Policy

The remuneration package applicable to Executive Directors is based on comparisons with the market, using market studies on top managers' remuneration packages in Portugal and across Europe, seeking, regarding comparable market situations, to ensure that fixed remuneration is equal to the median market value and the total remuneration is close to the market third quartile.

Who are our benchmark/peer group companies?

- At Sonae, remuneration policy is determined by comparison with the overall market and the practices of comparable companies. This information is obtained from the main remuneration surveys carried out independently for Portugal and the principal European markets. Currently, the market surveys conducted by Mercer and the Hay Group are used as references.
- The average value for top managers in Europe is used to determine the figures for the overall market. The companies that make up the pool of comparable companies are those included in the Portuguese stock market index, the PSI-20.

69.3 Risk Control in relation to remunerations

Sonae reviews its remuneration policy annually as part of its risk management process in order to ensure that it is entirely consistent with its desired risk profile. During 2015, no problems relating to payment practice were found that posed significant risks to Sonae.

In designing remuneration policy, care has been taken not to encourage excessive risk-taking behaviour, attributing significant importance, but at the same time a balanced approach, to the variable component, thus closely linking individual remuneration to group performance.

Sonae has in place internal control procedures concerning remuneration policy, which target the identification of potential risks.

Firstly, the remuneration structure is designed in such a way as to discourage excessive risk-taking behaviour to the extent that remuneration is linked to the evaluation of performance. The existence of objective KPI constitutes an efficient control mechanism.

Secondly, Sonae does not allow contracts to be signed that would minimise the importance of the MTPB plan. This policy includes forbidding any transaction that might eliminate or mitigate the risk of share price variations.

69.4 Remuneration Policy Approval Process

The Board Nomination and Remuneration Committee submits remuneration proposals for the members of the Board of Directors to the Shareholders' Remuneration Committee, in accordance with the approved internal procedure.

Month	Remuneration Cycle
January	Reception of market surveys and benchmarking of remuneration trends and expectations using external benchmarking studies.
March	Board Nominations and Remuneration Committee (BNRC) Meeting in mid-March: Closing of prior year and preparation for the current year, reviewing: -Annual Appraisal Process; -Remuneration Policy Proposal; -Proposals for the award of variable remuneration for 2014, including the deferred component; -Proposals for fixed remuneration for 2015; -Proposals for variable remuneration target values for performance in 2015. Shareholders' Remuneration Committee (SRC) Meeting later in March, after the BNRC has met: Closing prior year and preparing current year, <u>approving or deciding</u> the following: -Proposals for the award of variable remuneration for 2014, including the deferred component; -Proposals for fixed remuneration for 2015; - Proposals for variable remuneration target values for performance in 2015.
April	Shareholders' Annual General Meeting in late April: Shareholders vote on Remuneration Policy proposed by the SRC.
May	SRC Meeting in early May: Only if Board membership or responsibility changed at the Shareholders' Annual General Meeting.
June to October	BNRC Reporting: Update on current year KPIs (if necessary). SRC Meeting: Only if there are any Board membership or responsibility changes.
November	BNRC Meeting: -Progress on current year KPIs (if required); -Review status of Medium Term Variable Remuneration plans and shares retained; -Review of Talent Management, and Contingency and Succession Planning; -Review Nomination Process (if required); -Review BNRC Terms of Reference and Annual Plan for next year; -Review Compensation Policy, including MTIP. SRC Meeting: Only if there are any Board membership or responsibility changes.
December	BNRC Reporting: Update on current year KPIs (if required); SRC Meeting: Only if there are any Board membership changes.

70. Remuneration of the members of the Board of Directors

70.1 Executive Directors

The remuneration of Executive Directors is determined according to the level of responsibility of the member of the Board of Directors involved and is subject to annual review.

Above and beyond the fixed remuneration, Executive Directors are also entitled to a variable remuneration, in accordance with Sonae's Remuneration Policy.

Variable remuneration is awarded in the first quarter following the year to which it relates and linked to performance in the prior year, and aims to guide and compensate Executive Board Directors for achieving predefined objectives. It is divided into two equal parts:

- a) Short term variable Performance Bonus (STPB) paid in cash in the first half of the year following the year to which it relates. It may, however, upon the decision of the Shareholders Remuneration Committee, be paid, within the same deadline, in shares, subject to the terms and conditions set forth below for the Medium Term Performance Bonus – see section 71 for further details;
- b) Medium term variable Performance Bonus (MTPB), paid after a deferral period of 3 years and on the year that follows - see sections 71, 72 and 73 for further details.

The various components of the annual remuneration – fixed and variable - are summarised in the following table:

	Components	Description	Objective	Market Positioning
Fixed	Base salary	Annual salary (in Portugal the annual fixed salary is paid in 14 monthly amounts);	Appropriate to the hierarchical level and responsibility of the director.	Median
Variable	Short Term Performance Bonus (STPB)	Performance bonus paid in the first quarter of the following year, after calculation of the financial results for the financial year.	Aims to ensure the competitiveness of the remuneration package and link remuneration to Company objective.	Third Quartile
	Medium Term Performance Bonus (MTPB)	Compensation deferred for three years, the amount awarded linked to market share price.	Aims to link remuneration to long-term performance and provide alignment with shareholders.	Third Quartile

The payment in cash of the bonus incentive may be executed by any way of fulfilling the obligation as permitted by law and by the Company's articles of association.

Currently, no scheme involves the award of share purchase options.

70.2 Non-Executive Directors

The remuneration of Non-Executive members of the Board of Directors is exclusively composed of fixed values determined by reference to market values, accordingly with the following principles: (i) attribution of a Fixed Remuneration depending on the presence in the meetings of the Board of Directors, the Remuneration and Nomination Committee and the Audit and Finance Committee; (ii) attribution of an annual responsibility allowance. No variable bonus of any kind is paid to Non-Executive Directors.

This remuneration is paid quarterly.

71. Variable Remuneration of the Executive Directors

Variable remuneration is of a discretionary nature and, in view of the fact that it is dependent on the achievement of objectives, payment is not guaranteed. Variable remuneration is determined annually with the value based on a predefined goal of between 30% and 60% of total annual remuneration (fixed remuneration plus variable remuneration target values).

The variable component is determined by evaluating a number of performance indicators concerning the different businesses, namely economic and finance indicators – “Key Performance Indicators of Business Activity” (Business KPIs). The KPIs and their specific importance in determining the effective remuneration ensure the alignment of the Executive Directors with the strategic objectives defined and the fulfilment of the legal requirements applied to the activity of the Company.

The amount of each bonus has a minimum of 0% and a maximum limit of 140% of the predefined bonus objective.

72. Deferred payment of the remuneration’s variable component

The payment of at least 50% (fifty percent) of the remuneration’s variable component is deferred after a 3 (three) year period, in a total of 4 years, under the terms described in the previous section 70.1 (Medium Term Performance Bonus).

73. Criteria that underlies the allocation of variable remuneration in shares and their maintenance

1. Main features of the Medium Term Performance Bonus (MTPB)

MTPB is one of the components of Sonae’s remuneration policy. This component distinguishes itself from the remaining since it is restrict and voluntary, and its attribution is subject to the eligibility criteria hereby described.

MTPB allows the beneficiaries to share with shareholders the value generated through their involvement in the strategy and management of Sonae's businesses in the just measure of the results of their annual assessment of performance.

2. MTPB Scheme

MTPB aligns the interest of Executive Directors with the organisation's objectives, reinforcing their compromise and strengthening their view over the importance of their performance for Sonae, and expressed in Sonae share market capitalisation.

3. Eligibility

Sonae and Sonae affiliate companies' Executive Directors are eligible for attribution of MTPB. Under the terms of the remuneration policy approved by the Board of Directors, employees, to whom this policy applies, may also be eligible for the MTPB.

Eligible Members	Reference value for medium term bonus plan (% total objective variable remuneration)
Sonae Executive Directors	At least 50%
Sonae Business Units Executive Directors	At least 50%
Employees	To be defined by each Company's Board of Directors

4. Duration of the MTPB plan

The MTPB plan contemplates a four-year period, which includes the relevant year and a three-year deferral period. As from the third consecutive plan, it will occur in each moment the overlapping of three three-year plans.

5. Valuation of the of MTPB plan

The MTPB is based on the attributed value, and is subject to the following variation factors: (i) the representative share price, (ii) dividend corrective action or share capital variation, and (iii) the degree of achievement of medium term KPIs.

The share price of the Company on the Portuguese stock exchange is used to establish the value of MTPB, using as a benchmark the most favourable price, equal to the closing price on the first business day after the Shareholders' General Meeting, or the average price (using for this average the closing price for the 30 days prior to the date of the Shareholders' General Meeting).

If, subsequently to being awarded the right to this kind of remuneration and before exercising this right, dividends are distributed, changes are made to the nominal value of shares, the Company's share capital is changed or any other change is made to the Company's capital structure, then the number of MTPB shares will be adjusted to an equivalent number, taking into account the impact of these changes.

During the deferral period, the amount of the bonus, converted into shares, may additionally be adjusted to match the success degree in achieving medium terms KPIs, in order to ensure the continued alignment with the business medium terms sustainability objectives.

In line with the policy for enhancing the alignment of Executive Directors with the company's medium term interests, the Shareholders' Remuneration Commission may, in its absolute discretion, graduate the discount percentage to be granted to the Executive Directors for the acquisition of company's shares, by determining that Executive Directors contribute to the acquisition in an amount corresponding, at the maximum, to 5% of the share market price at the transfer date. The remaining employees to whom such right has been conferred, may acquire shares under the terms defined by each Company's Board of Directors.

6. Delivery by the Company

At the moment of the exercise of the share acquisition right under MTPB, the Company reserves itself the right of delivering, in substitution of the shares, the cash equivalent amount to the share market value at the date of the exercise of the right.

7. MTPB plan vesting

The MTPB plan contemplates a four-year period, which includes the relevant year and a three-year deferral period.

8. Termination of the MTPB plan

The right to acquire shares attributed under the MTPB plan expires when the beneficiary no longer works with Sonae before the end of the vesting period, without prejudice to the provisions set forth in the following paragraphs.

The right to receive payment may however remain in case of permanent disability or decease, with the due amount being paid to the member of the Board of Directors or to his/her heirs at the normal time for payment at the vesting period.

If the beneficiary retires, any right to awards can be exercised on the due date of payment.

In order to ensure the effectiveness and transparency of the objectives of the Remuneration and Compensation Policy, it was determined that the Executive Directors:

- shall not sign contracts with the Company or with third parties that would have the effect of mitigating the risks inherent in the variable nature of the remuneration that the Company has established for them;
- shall not dispose of, during the period of their mandate, nor will dispose of during any new mandate, shares in the Company, which they have acquired the right through the award of variable remuneration up to a maximum of two times the value of their total annual remuneration, with the exception of those that have to be disposed of to pay any taxes resulting from profits made on these same shares.



74. Criteria that underlies the allocation of variable remuneration in options

The Company did not establish any variable remuneration in options.

75. Main parameters and reasoning concerning annual bonuses and any other non-cash benefits

Main parameters and reasoning about variable remuneration are detailed in the above paragraph 71.

76. Main characteristics of complementary pension or early retirement schemes for the Directors approved at the Shareholders' General Meeting

The Company does not have any complementary pension or early retirement schemes for Directors, nor does it attribute any relevant non-pecuniary benefit.

IV - Disclosure of remuneration

77. Indication of the annual remuneration earned, in aggregate and individual amount, by the Company's members of the Board of Directors

Directors' remuneration, awarded by the Company during the year 2014 and 2015, is summarised in the charts below:

INDIVIDUAL DETAIL	2014*				2015*			
	FIXED REMUNERATION	STPB	MTPB	TOTAL	FIXED REMUNERATION	STPB	MTPB	TOTAL
EXECUTIVE DIRECTORS								
DUARTE PAULO TEIXEIRA DE AZEVEDO (1)	493,800	389,400	389,400	1,272,600	357,300	264,600	264,600	886,500
ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO (2)	251,082	188,800	188,800	628,682	276,800	190,500	190,500	657,800
SUB-TOTAL	744,882	578,200	578,200	1,901,282	634,100	455,100	455,100	1,544,300
NON-EXECUTIVE DIRECTORS								
BELMIRO MENDES DE AZEVEDO (3)	435,900			435,900	144,977			144,977
ÁLVARO CARMONA E COSTA PORTELA (3)	33,950			33,950	10,993			10,993
ÁLVARO CUERVO GARCIA (3)	37,050			37,050	12,273			12,273
MICHEL MARIE BON (3)	39,160			39,160	13,207			13,207
JOSÉ MANUEL NEVES ADELINO	37,150			37,150	58,030			58,030
BERND HUBERT JOACHIM BOTHE (3)	36,750			36,750	12,273			12,273
CHRISTINE CROSS	37,530			37,530	45,807			45,807
ANDREW EUSTACE CLAVERING CAMPBELL (4)	-			-	31,900			31,900
TSEGA GEBREYES (4)	-			-	35,233			35,233
MARCELO FARIA DE LIMA (4)	-			-	35,133			35,133
DAG JOHAN SKATTUM (5)	-			-	-			-
MARGARET LORRAINE TRAINER (5)	-			-	-			-
SUB-TOTAL	657,490			657,490	399,826			399,826
TOTAL	1,402,372	578,200	578,200	2,558,772	1,033,926	455,100	455,100	1,944,126

* Amounts in Euros.

(1) Remuneration for 2015 was reduced proportionally to reflect anticipated time commitment at Sonae during the year.

(2) Also received remuneration from subsidiaries of the Company, as reflected in section 78.

(3) Left office following the Shareholders' Annual General Meeting held on 30th April 2015, having been remunerated until such date.

(4) Member appointed at the Shareholders' Annual General Meeting held on 30th April 2015, being remunerated since 1st May 2015.

(5) Member appointed at the Shareholders' Extraordinary General Meeting held on 16th December 2015, being remunerated since 1st January 2016.

Open MTPB plans attributed to the Executive Directors:

EXECUTIVE DIRECTORS	PLAN (PERFORMANCE YEAR)	AWARD DATE	VESTING DATE	AMOUNT VESTED IN 2015*	OPEN PLANS VALUE AT AWARD DATE* **	OPEN PLANS VALUE AT 31 DECEMBER 2015* **
Duarte Paulo Teixeira de Azevedo	2011	March 12	March 15	1,047,039		
	2012	March 13	March 16		325,900	624,905
	2013	March 14	March 17		496,100	423,664
	2014	March 15	March 18		389,400	333,753
	Total			1,047,039	1,211,400	1,382,322
Ângelo Gabriel Ribeirinho dos Santos Paupério	2011	March 12	March 15	912,310		
	2012	March 13	March 16		303,700	521,486
	2013	March 14	March 17		408,800	350,488
	2014	March 15	March 18		313,900	271,287
	Total			912,310	1,026,400	1,143,261
TOTAL				1,959,349***	2,237,800	2,525,583

* Amounts in Euros.

** Calculated considering the share market closing price of 2015 last trading day.

*** All open plans were paid off for a total of 1,959,349 Euros.

78. Any amounts paid by other controlled or group companies, or those under shared control

Directors' remuneration, awarded by the Company during the year 2014 and 2015, is summarised in the chart below:

INDIVIDUAL DETAIL	2014*				2015*			
	FIXED REMUNERATION	STPB	MTPB	TOTAL	FIXED REMUNERATION	STPB	MTPB	TOTAL
EXECUTIVE DIRECTORS								
DUARTE PAULO TEIXEIRA DE AZEVEDO								
ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO	162,018	125,100	125,100	412,218	183,900	142,600	142,600	469,100
SUB-TOTAL	162,018	125,100	125,100	412,218	183,900	142,600	142,600	469,100
NON-EXECUTIVE DIRECTORS								
BELMIRO MENDES DE AZEVEDO (1)								
ÁLVARO CARMONA E COSTA PORTELA (1)								

ÁLVARO CUERVO GARCIA (1)									
MICHEL MARIE BON (1)									
JOSÉ MANUEL NEVES-ADELINO									
BERND HUBERT JOACHIM BOTHE (1)									
CHRISTINE CROSS									
ANDREW EUSTACE CLAVERING CAMPBELL (2)									
TSEGA GEBREYES (2)									
MARCELO FARIA DE LIMA (2)									
DAG JOHAN SKATTUM (3)									
MARGARET LORRAINE TRAINER (3)									
SUB-TOTAL									
TOTAL	162,018	125,100	125,100	412,218	183,900	142,600	142,600	469,100	

* Amounts in Euros.

(1) Member that left office at the Shareholders' Annual General Meeting, held on 30th April 2015.

(2) Member appointed at the Shareholders' Annual General Meeting held on 30th April 2015.

(3) Member appointed at the Shareholders' Extraordinary General Meeting held on 16th December 2015.

79. Remuneration paid in the form of profit sharing and/or bonus payments

The Short Term Performance Bonus (STPB) awarded to the Executive Directors is disclosed in the remuneration chart, presented above in paragraph 77. No remuneration was paid in the form of profit sharing.

80. Compensation paid or owed to former Executive Directors following loss of office

During 2015, no compensation was paid or owed to former Executive Directors in relation to early loss of office.

81. Remuneration of the Statutory Audit Board

The remuneration of the members of the Statutory Audit Board is made up of fixed annual fees, based on the Company's financial situation and market practice, and does not include any variable remuneration. The amount of fixed annual remuneration for members of this body in 2015 was as follows:

Member of the Statutory Audit Board	2014*	2015*
A- Members representing the Statutory Audit Board during the mandate of 2011-2014 and who left office at the Shareholders' Annual General Meeting, held on 30th April 2015:		
Arlindo Dias Duarte Silva**	7,900	2,000
Jorge Manuel Felizes Morgado**	7,900	2,000
B- Members representing the Statutory Audit Board for the present mandate of 2015-2018, elected at the Shareholders' Annual General Meeting, held on 30th April 2015:		

Daniel Bessa Fernandes Coelho***	9,900	12,567
Manuel Heleno Sismeiro****		8,400
Maria José Martins Lourenço da Fonseca****		8,400
Óscar José Alçada da Quinta***		
Total	25,700	33,367

* Amounts in euros

** members who left office after the Shareholders' Annual General Meeting, held on 30th April 2015, having been remunerated until such date.

***members who held office during the mandate of 2011-2014, being re-elected by resolution approved at the Shareholders' Annual General Meeting, held on 30th April 2015.

**** members elected for the mandate of 2015-2018, by resolution approved at the Shareholders' Annual General Meeting, held on 30th April 2015, being remunerated since that date.

82. Remuneration of the Chairman of the Board of the Shareholders' General Meeting

The remuneration of the members of the Board of the Shareholders' General Meeting is made up of a fixed fee, as follows:

Board of the Shareholders' General Meeting	2014*	2015*
Manuel Eugénio Pimentel Cavaleiro Brandão	7,500	7,500
Maria Conceição Henriques Fernandes Cabaços	2,500	2,500
Total	10,000	10,000

* Amounts in euros.

V - Agreements with remuneration implications

83. Contractual limitations on compensations to be paid upon the director's dismissal without due cause and its relation with the variable component of the remuneration

There are no agreements in place with members of the Board of Directors and/or persons discharging managerial responsibilities, that establish amounts to be paid in case of dismissal without due cause, without prejudice to the applicable legal provisions.

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

There are no agreements made between the company and members of the Board of Directors, that provide for compensation in cases of dismissal, unfair dismissal or termination of employment following a change in Company control.

VI - Share Attribution Plans or Stock Options

85. Identification of the plan and recipients

The share attribution plan includes the medium-term variable remuneration and their main recipients are the Executive Directors, in terms detailed above in paragraph 73, as well as employees of group companies, in accordance to terms and conditions to be defined by the respective Boards of Directors.

86. Plan Features

A thorough description of the share attribution plan is detailed above in paragraphs 71, 72 and 73.

The remuneration policy for the statutory governing bodies as well as the current share attribution plan, were approved at the Company's Shareholders' Annual General Meeting, held on 30th April 2015, as per the terms of the proposal presented by the Shareholders' Remuneration Committee, in compliance with article 2, Law no. 29/2009 of 19 June and 2013 CMVM Recommendation II.3.4.

The remuneration policy under proposal of the Shareholders' Remuneration Committee, approved the non-transfer of shares accessed by the Company's Executive Directors via MTPB, in accordance with the 2013 CMVM Recommendation III.6.

Information on resolutions taken at the Shareholders' Annual General Meeting can be found in <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders>.

The MTPB plans of Sonae's Executive Board directors, in progress in 2015, can be summarised as follows:

	Aggregated number of plans	Total	
		Number of Shares	Euros
Outstanding at 31.12.2014:	5	2,054,146	2,103,446
Movements in the year:	1	-360,496	-328,501
Awarded	2	452,426	578,200
Vested	-1	-862,399	-1,047,039
Cancelled/Lapsed/Adjustments(1)	0	49,477	140,337
Outstanding at 31.12.2015:	6	1,693,650	1,774,945

(1) Changes in the number of shares due to dividend payments and changes in the value due to shares price changes

Sonae SGPS Share Plan Outstanding during 2015	Vesting Period			At 31 December de 2015	
	Share Price at Award Date	Award Date	Vesting Date	Aggregate number of participants	Number of Shares
2012 Plan	0.401	March 2012	March 2015	20	0
2013 Plan	0.701	March 2013	March 2016	20	3,042,225
2014 Plan	1.343	March 2014	March 2017	19	1,875,827
2015 Plan	1.278	March 2015	March 2018	19	1,390,265

The present chart does not include information regarding the directors of Sonaecom and Sonae Sierra

87. Option rights granted to acquire shares (“stock options”) where the beneficiaries are company employees

No option rights to acquire shares were granted.

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

There are no control mechanisms established to control employee participation in the Company’s capital.

E. Relevant Transactions with Related Parties

I - Mechanism of control procedures

89. Mechanisms for monitoring transactions with related parties

Sonae endeavours to carry out transactions with related parties based on principles of rigour and transparency, and in strict observance of the rules of market competition. Such transactions are subject to specific internal procedures based on mandatory standards, in particular transfer pricing rules, or on voluntarily adopted internal systems of checks and balances – for example, formal validation or reporting processes, depending on the value of the transaction in question.

In this regard, the Company has adopted specific procedures in order to prevent conflicts of interest, promoting communication between the Board Finance and Audit Committee of the Board of Directors, the Statutory Audit Board and the Executive Committee, which provides the necessary clarifications to assure that transactions are concluded under normal market conditions.

90. Transactions subjected to control during 2015

As stated in section 10 above, there were not, during 2015, any significant relations, of a commercial nature or otherwise, between qualified shareholders and the Company. The executed transactions, without any significant relevance, fall within the Company's scope of activity, were executed on arm's length conditions and side-by-side with other equivalent transactions executed with national and international parties, as described in the Appendix to the Consolidated Financial Statements' according to the information provided in section 92. The Company did not execute any transaction with any member of the management or audit bodies during 2015.

91. Description of the procedures and criteria for intervention of the Statutory Audit Board, for the purpose of preliminary assessment of the business carried out between the Company and holders of qualified shareholdings or entities that are in a relation with them, under the terms of article 20 of the Portuguese Securities Code

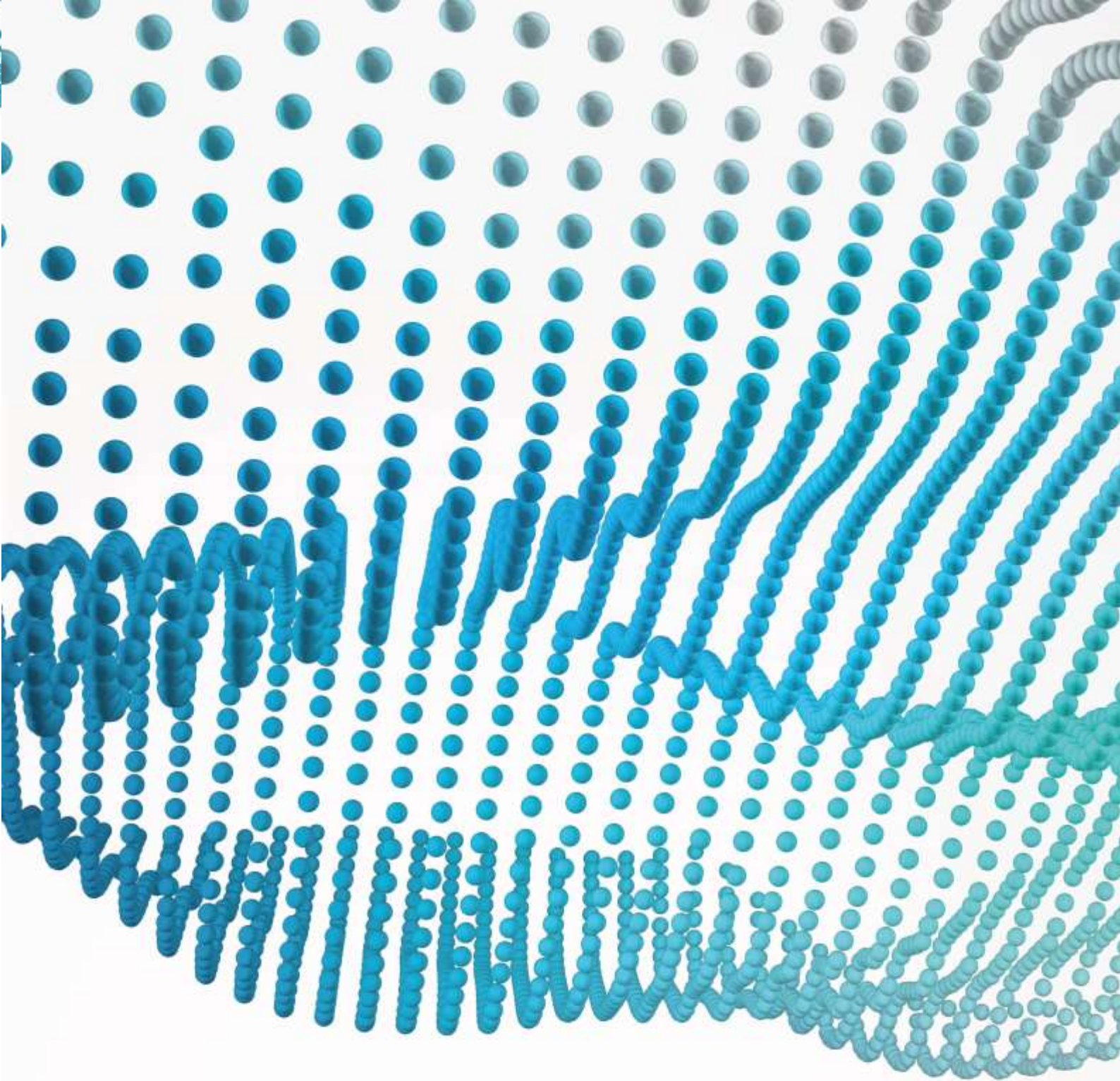
Transactions of a value exceeding 100 million euros with owners of qualified shares or with entities related in any way with them, under the terms of article 20 of the Portuguese Securities Code, are subject to a formal prior opinion by the Board Finance and Audit Committee and the Statutory Audit Board.

In addition, all transactions with related parties in excess of 10 million euros, are also reported to these two entities every six months by the secretary of the Executive Committee.

II - Elements related to transactions

92. Information on transactions with related parties

Information on transactions with related parties, in accordance with IAS 24, can be found in note 43 of the 2015 Consolidated Financial Statements' Appendix.

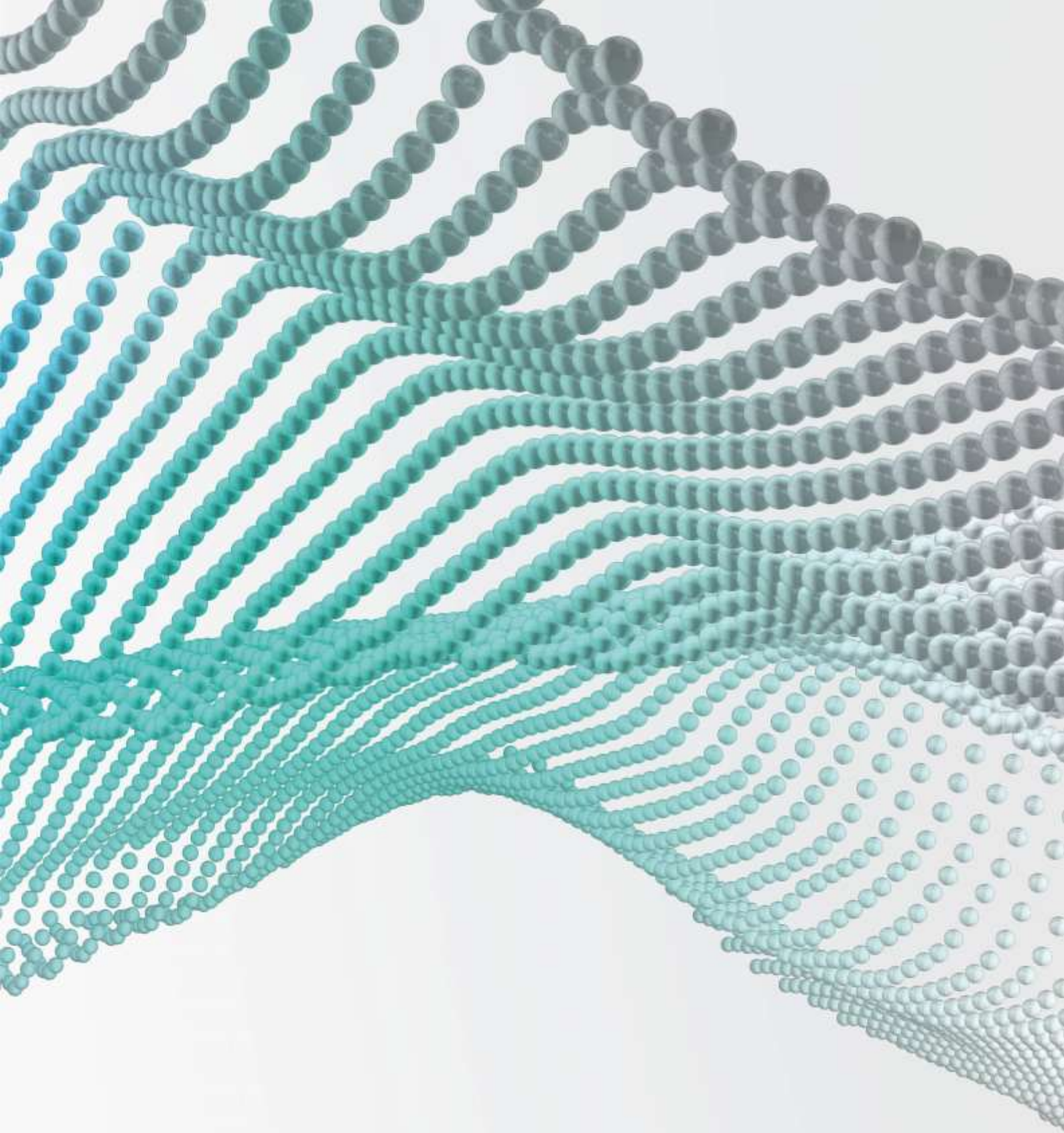


PART II

STATEMENT OF COMPLIANCE

SONAE

IMPROVING LIFE





1. Identification of the adopted Corporate Governance Code

The Corporate Governance Report provides a description of the Corporate Governance structure and practices followed by the Company under the terms of article 245-A of the Portuguese Securities Code and information duties required by the Portuguese Securities Commissions (CMVM) Regulation no. 4/2013, of 1st August. The Report additionally discloses, in light of the principle of comply or explain, the terms of compliance by the Company with the CMVM Recommendations contained in the CMVM Corporate Governance Code (2013).

The Report should be read as an integral part of the Annual Management Report and the Individual and Consolidated Financial Statements for the financial year of 2015.

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

Per the duration of the financial year to which this Report relates, the Company continued to adopt and apply CMVM Recommendations on Corporate Governance as disclosed in July 2013.

All of the rules and regulations mentioned in this Report are publicly available at www.cmvm.pt

Unless otherwise expressly stated, all remissions to be read as being made to the Report itself.

2. Analysis of compliance with the adopted Corporate Governance Code

I - Voting and corporate control

I.1 Companies shall encourage shareholders to attend and vote at general meetings, namely by not setting an excessively large number of shares required for having the right to one vote, and by implementing the means necessary to exercise the voting right by post and electronically.

RECOMMENDATION FULLY ADOPTED

The Company encourages its shareholders to participate in General Meetings, in particular by assigning to each share one vote, not limiting the number of votes that may be held or exercised by each shareholder and by making available to shareholders the means necessary to exercise written voting or voting by electronic means.

Additionally, the Company publishes on its website, from the date of notice for convening each Shareholders' General Meeting, standard documentation for attending the Shareholders' General Meeting, thereby facilitating the shareholders' compliance with the applicable legal attendance requirements. To this effect, the Company also makes available a specific email address to answer shareholders' enquiries. The Company allocates, as well, a work team especially dedicated to providing assistance to the Chairman of the Shareholders' General Meeting and to shareholders overall.

I.2 Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including setting a resolution-fixing quorum greater than that required by law.

RECOMMENDATION FULLY ADOPTED

The Company's Articles of Association do not set a resolution-fixing quorum that exceeds that fixed by law.

I.3 Companies shall not establish mechanisms that might cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly substantiated in terms of long term interests of shareholders.

RECOMMENDATION FULLY ADOPTED

No such mechanisms have been adopted or established.

I.4 The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in agreement with other shareholders, shall also foresee that, at least every five years, the maintenance of such bylaw provision shall be subject to a resolution at the General Meeting – with no requirements for an aggravated quorum as compared to the legal one – and that in said resolution, all votes issued be counted, without applying said restriction.

RECOMMENDATION NOT APPLICABLE

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

I.5 Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board of Directors and are able to impair the free transfer of shares and the free assessment by shareholders of the performance of Board members, shall not be adopted.

RECOMMENDATION FULLY ADOPTED

The Company does not unilaterally adopt policies that have the effect provided in any of the restrictions listed in this recommendation. The contracts concluded by the Company reflect the defence of its social interest in order to achieve long terms business sustainability considering market conditions.

II – Supervision, management and audit

II.1 SUPERVISION AND MANAGEMENT

II.1.1 Within the limits established by law, and unless the company is of a reduced size, the board of directors shall delegate the daily management of the company, and the delegated duties should be identified in the Annual Report on Corporate Governance.



RECOMMENDATION FULLY ADOPTED

The Board of Directors has delegated the daily management of the Company to the Executive Committee, the role and competencies of which are described in the present Corporate Governance Report (please refer to sections 27 and 28).

II.1.2 *The Board of Directors shall ensure that the company acts in accordance with its goals and should not delegate its duties, as regards the following: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions considered to be strategic due to the amount, risk and particular characteristics involved.*

RECOMMENDATION FULLY ADOPTED

The powers not delegated by the Board of Directors are described in the present Report and comply with the rules contained in this recommendation (please refer to section 27.1).

II.1.3 *In addition to its supervisory duties, the General and Supervisory Board shall take full responsibility at corporate governance level, whereby, either through the statutory provision, or equivalent, it must be established, as a mandatory requirement, that this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of the company's key policies.*

RECOMMENDATION NOT APPLICABLE

The adopted governance model does not include a General and Supervisory Board.

II.1.4 *Unless the company is of a reduced size, and depending on the adopted model, the Board of Directors and the General and Supervisory Board shall create the necessary committees in order to:*

- a) Ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as of its own overall performance. And further yet, the performance of all existing Committees;*
- b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies measures to be implemented with a view to their improvement.*

RECOMMENDATION FULLY ADOPTED

The Board of Directors has set up two specialised committees, as to ensure the effectiveness and the quality of the work performed. The committees currently in existence are the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee and their respective competencies are detailed in this Report (please refer to section 29).

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

RECOMMENDATION FULLY ADOPTED

The Board of Directors has established internal risk control systems with appropriate components (please refer to sections 50-55).

II.1.6 *The Board of Directors shall include a sufficient number of non-executive members, whose role is to ensure effective monitoring, supervision and assessment of the activity of the remaining members of the board.*

RECOMMENDATION FULLY ADOPTED

The Board of Directors has a total number of nine members, seven of which are non-executive members (please refer to section 18).

II.1.7 *The non-executive members of the management body shall include a number of independent members as appropriate, taking into account the adopted corporate governance model, the size of the company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and the members of the Audit Committee shall be assessed under the terms of the legislation in force. The other members of the Board of Directors are considered independent, if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, namely due to:*

- a. Having been an employee of the company or of a company holding a controlling or group relationship with the latter, within the last three years;*
- b. Having, in the past three years, provided services or established a commercial relationship with the company or company which is in a control or group relationship with the latter, either directly, or as a partner, board member, manager or director of a legal person;*
- c. Being paid by the company or by a company with the latter in a control or group relationship, other than the remuneration paid for the exercise of Board member functions;*
- d. Living with a partner or being spouse, relative or any next of kin relative, either direct or up to and including the third degree of collateral affinity, of board members or natural persons that are direct and indirectly holders of qualifying holdings;*
- e. Being a qualifying shareholder or representative of a qualifying shareholder.*

RECOMMENDATION FULLY ADOPTED

The Board of Directors is composed of seven independent Non-Executive Directors who meet the independence criteria set out in this recommendation (please refer to section 18).

The maintenance of the independence degree is periodically assessed, and independent directors are requested to promptly report any event that might compromise the loss of said quality.



II.1.8 *When executive directors are requested by other Board members to supply information, the former shall do so in a timely and appropriate manner.*

RECOMMENDATION FULLY ADOPTED

The Executive Committee periodically makes available to the Board of Directors the content of all resolutions taken, during the year. The Executive Directors provide all the clarifications necessary to the exercise of the duties of the Non-Executive Directors, as well as to the members of the others statutory governing bodies, when required to do so, or by its own initiative.

II.1.9 *The Chairman of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Financial Matters Committee, the convening notices and minutes of the relevant meetings.*

RECOMMENDATION FULLY ADOPTED

All information regarding the meetings held is provided to all the members of the Board of Directors and to the Chairman of the Statutory Audit Board.

Furthermore, considering that the Chairman of the Board is also Co-Chairman of the Executive Committee, the Board of Directors has appointed a Senior Independent Non-Executive Director who, under the terms of the Board of Directors' Internal Regulation and in accordance with the Corporate Governance best practices, ensures, in a timely and suitable manner, the proper flow of information for the exercise of the legal and statutory role of all the remaining governing bodies and committees, facilitating, in a non-restrictive way, the necessary resources for the access to all the convening notices, minutes and documentation of the relevant decision-making process.

II.1.10 *Should the Chairman of the Board of Directors carry out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination and the conditions of other non-executive members' work, so that said non-executive members can make independent and informed decisions or set up an equivalent mechanism to ensure such coordination.*

RECOMMENDATION FULLY ADOPTED

The Chairman of the Board of Directors performs an executive role as the Co-CEO. To reinforce the existence of conditions for an independent and informed performance of the Non-Executive Directors' role and upon resolution of the Board of Directors taken in the meeting held on 4th May 2015, the director José Manuel Neves Adelino was appointed Senior Independent Non-Executive Director. Under the provisions of paragraph 2 of Article 1 and Article 13 of the Internal Regulation of the Board of Directors (available for consultation at the Company's website <http://www.sonae.pt/en/investors/corporate-governance/>), the Senior Independent Non-Executive Director has the responsibility to coordinate the work of the Non-Executive Directors', both at Board level as well at Board's specialised committees, in order to guarantee the existence of the necessary conditions to underpin an independent and informed performance of their non-executive role, and also to ensure the continuous flow of information for the proper fulfilment of their legal and statutory duties.

The Board of Directors proactively ensures the working of the internal control and risk management systems. The Statutory Audit Board evaluates the effectiveness of these systems, proposing measures to optimise their performance, as deemed necessary, and giving its opinion on these systems in its annual report and



opinion, as attached to the Company's Annual Management Report and accounts. Details are available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/>.

II.2.5 The Audit Committee, the General and Supervisory Board and the Supervisory Board should decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential irregularities.

RECOMMENDATION FULLY ADOPTED

The Statutory Audit Board establishes, together with the internal audit department, a plan of action, supervises its activities, receives periodic reports on the work performed, assesses the results and conclusions drawn, checks for possible irregularities, and gives guidelines as it deems necessary (please refer to section 38).

II.3 REMUNERATION APPROVAL

II.3.1 All members of the Remuneration Committee or equivalent shall be independent from the executive members of the board and shall include at least one member with knowledge and experience in remuneration policy.

RECOMMENDATION FULLY ADOPTED

The three appointed members of the Shareholders' Remuneration Committee are independent and act in that capacity, thus fulfilling the necessary conditions for the body's independent performance and decision-making process of that body. All the members of the Shareholders' Remuneration Committee have relevant and sufficient knowledge and experience in the field of remuneration policies.

II.3.2 Any natural or legal person that provides or has provided services in the last three years to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related to them through an employment or provisions of services contract.

RECOMMENDATION FULLY ADOPTED

It is the Shareholders' Remuneration Committee policy to hire internationally recognised consultants to provide support in the carrying out of its duties. The independence of such consultants is ensured by the fact that they are not in any way related to the Board of Directors, to the Company or to the Group, and by their self-evident broad experience and recognised market (please refer to section 67).

II.3.3 The statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law No. 28/2009 of 19th June, shall contain, in addition to the content therein stated, adequate information on:

- a) Identification and explanation of the criteria for determining the remuneration granted to the members of the governing bodies;*
- b) Information regarding the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate terms, to be paid to the members of the corporate bodies, and also the identification of the circumstances whereby these maximum amounts may be payable;*
- d) (sic) Information regarding the enforceability or unenforceability of payments for board members dismissal or termination of appointment.*

RECOMMENDATION FULLY ADOPTED

The statement on the Company's remuneration policy was presented to the Shareholders' Annual General Meeting of 30th April 2015 and includes the information referred to in this recommendation. Payments for the dismissal or termination of appointment of directors are not, subject to the applicable legal provisions, enforceable.

The statement on the remuneration policy is available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/shareholders/>.

II.3.4 A proposal for approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the information necessary for a proper appraisal of the plan.

RECOMMENDATION FULLY ADOPTED

The medium term variable remuneration plan, including its implementation, was approved at the Shareholders' Annual General Meeting, held on 30th April 2015 and is available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/>.

II.3.5 Approval of any retirement benefit scheme established for members of the statutory governing bodies must be submitted to the General Meeting's approval. The proposal shall contain all the information necessary for the correct assessment of the system.

RECOMMENDATION NOT APPLICABLE

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

III - Remuneration

III.1 The remuneration of the executive members of the board shall be based on actual performance and shall discourage excessive risk taking.

RECOMMENDATION FULLY ADOPTED



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

The Company's Remuneration Policy, approved at the Shareholders' Annual General Meeting held on 30th April 2015, is available on the Company's website at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> and is further described in sections 69-76 of this Report.

III.2 *The remuneration of the non-executive Board members and the members of the supervisory board, shall not include any component whose value depends on the performance of the company or of its value.*

RECOMMENDATION FULLY ADOPTED

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

The Company's remuneration policy was approved at the Shareholders' Annual General Meeting, held on 30th April 2015, and is available on the Company's website at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> and is further described in sections 69-76 of this Report.

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

RECOMMENDATION FULLY ADOPTED

The remuneration components are disclosed in the Company's remuneration policy, which was approved at the Shareholders' Annual General Meeting held on 30th April 2015, and is available on the Company's website at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> and is further described in sections 69-76 of this Report.

The remuneration policy provides a solid relationship between the fixed and variable component of the remuneration which is suitable to the Company and group profile, as annually approved and confirmed at the Shareholders General Meeting.

III.4 *A significant part of the variable remuneration should be deferred for a period of no less than three years and its payment should depend on the continued positive performance of the company during said period.*

RECOMMENDATION FULLY ADOPTED

The remuneration policy, proposed by the Shareholders' Remuneration Committee and approved at the Shareholders' Annual General Meeting, held on 30th April 2015 (available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/>), respects the deferral period contained in this recommendation and its vesting value is dependent on the Company's performance during said period, as detailed in sections 69-76 of this Report.

III.5 *Members of the Board of Directors shall not enter into contracts with the company or third parties which intend to mitigate the risk inherent to remuneration variability set by the company.*

RECOMMENDATION FULLY ADOPTED

The remuneration policy, proposed by the Shareholders' Remuneration Committee, and approved at the Shareholders' General Meeting held on 30th April 2015, as in previous years, addresses the principle defined in this recommendation (please refer to sections 69-76 of this Report). It is available for consultation on the Company's website: <http://www.sonae.pt/en/investors/shareholders-general-meetings/>.

III.6 *Until the end of their mandate, executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the overall annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares.*

RECOMMENDATION FULLY ADOPTED

The remuneration policy approved at the Shareholders' General Meeting held on 30th April 2015 enshrined the principle set forth in this recommendation (please refer to sections 69-76 of this Report and <http://www.sonae.pt/en/investors/shareholders-general-meetings/>).

III.7 *If the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.*

RECOMMENDATION NOT APPLICABLE

The approved remuneration policy does not include the allocations of options.

III.8 *When the removal of the board member is not due to a serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due to inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.*

RECOMMENDATION FULLY ADOPTED

The Company fully complies with this recommendation in its policy (please refer to sections 69-76 of this Report).

IV - Auditing

IV.1 *The external auditor shall, within the framework of its duties, verify the implementation of remuneration policies and systems of the corporate bodies, as well as the efficiency and effectiveness of the internal control mechanisms, reporting any deficiencies to the company's supervisory body.*

RECOMMENDATION FULLY ADOPTED

The Statutory External Auditor discloses the activities carried out during 2015 financial year in its annual audit report, which is subject to approval at the Shareholders' Annual General Meeting, and is available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/>.



IV.2 *The company or any other entities with the latter in a control relationship, shall not engage the external auditor or any entity with the latter in a group relationship or which is part of the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance – said value should not exceed more than 30% of the total value of services rendered to the company.*

RECOMMENDATION FULLY ADOPTED

The services provided by the Statutory External Auditor were approved by the Statutory Audit Board safeguarding the guarantee of the independence of the Statutory External Auditor (please refer to section 47).

IV.3 *Companies shall support auditor rotation at the end of two or three terms of office, depending on whether they last for four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.*

RECOMMENDATION FULLY ADOPTED

The Statutory External Auditor was re-elected at the Shareholders' Annual General Meeting held on 30th April 2015, based on a proposal by the Statutory Audit Board which was grounded on the recommended principles. Said proposal is available at <http://www.sonae.pt/en/investors/shareholders-general-meetings/> and on section 40 of this Report.

V - Conflicts of interests and transactions with related parties

V.1 *In relation to business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with article 20 of the Securities Code, such business should be conducted on an arm's length basis.*

RECOMMENDATION FULLY ADOPTED

Sonae endeavours to carry out transactions with related parties based on principles of rigour and transparency, and in strict observance of the rules of market competition. Such transactions are subject to specific internal procedures based on mandatory standards, in particular transfer pricing rules, or on voluntarily adopted internal systems of checks and balances – for example, formal validation or reporting processes, depending on the value of the transaction in question.

V.2 *Significant business conducted between the company and shareholders with qualified shareholdings, or entities with which these are related, in accordance with paragraph 1 of article 20 of the Securities Code, should be subject to prior comment and opinion by the audit board. This entity must establish the necessary criteria to define the relevant level of significance of the business involved and the scope of its involvement.*

RECOMMENDATION FULLY ADOPTED

Sonae has approved, and has in place, a formal internal procedure that involves obtaining an opinion from the Statutory Audit Board and from the Board Audit and Finance Committee prior to the Executive Committee doing business with qualified shareholders or with entities with which they are related to, according to the terms of article 20 of the Portuguese Securities Code, in cases where the transaction involved is greater than 100 million euros. In addition, for all transactions with the abovementioned parties in excess of 10 million euros, reports are submitted to these two entities every six months.

VI - Information

VI.1 *Companies shall provide, via their websites in both Portuguese and English version, access to information on their progress as regards the economic, financial and governance standing.*

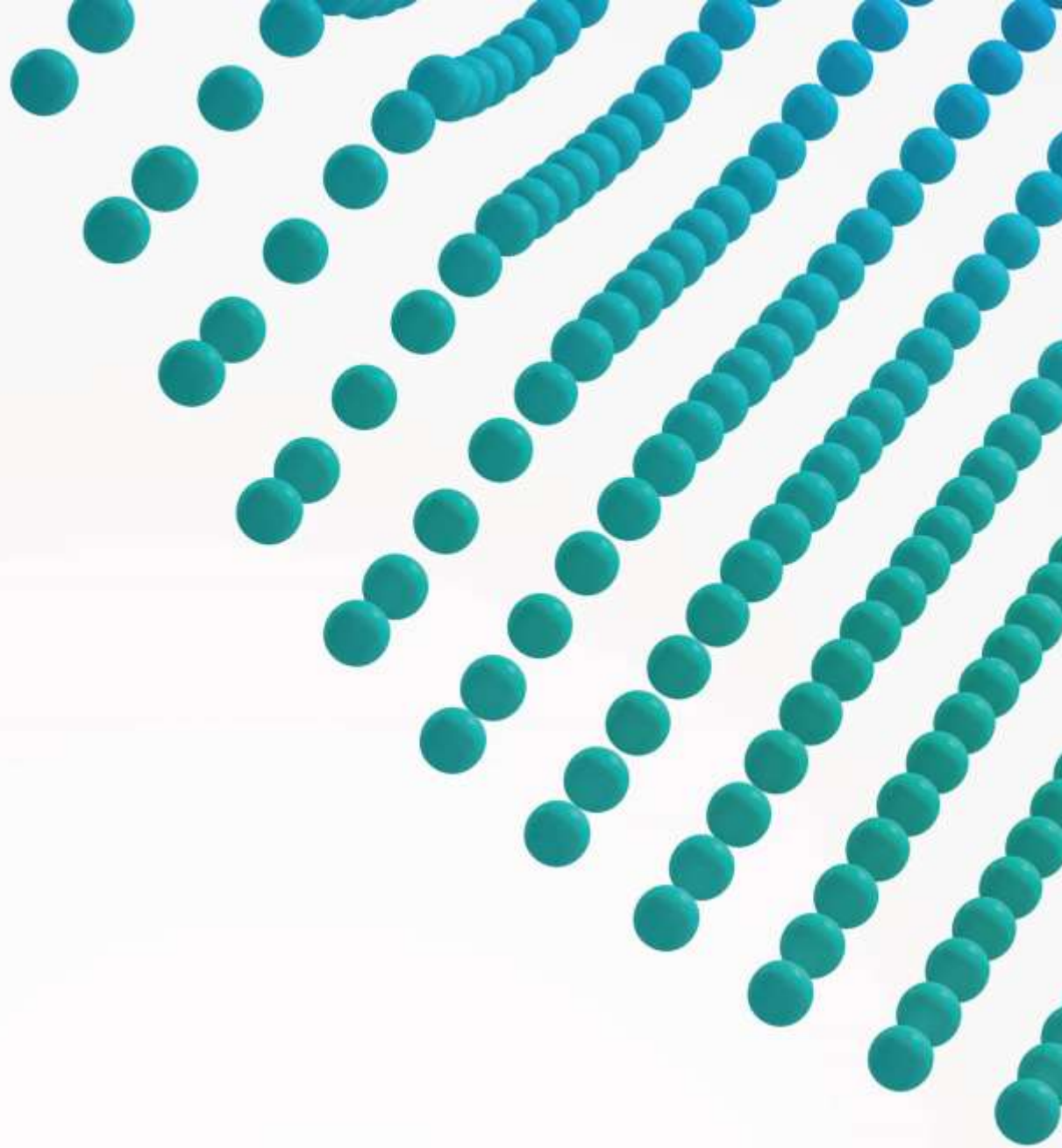
RECOMMENDATION FULLY ADOPTED

All of the information indicated above is available both in the English and the Portuguese version at the Company's website - <http://www.sonae.pt/en/investors/>

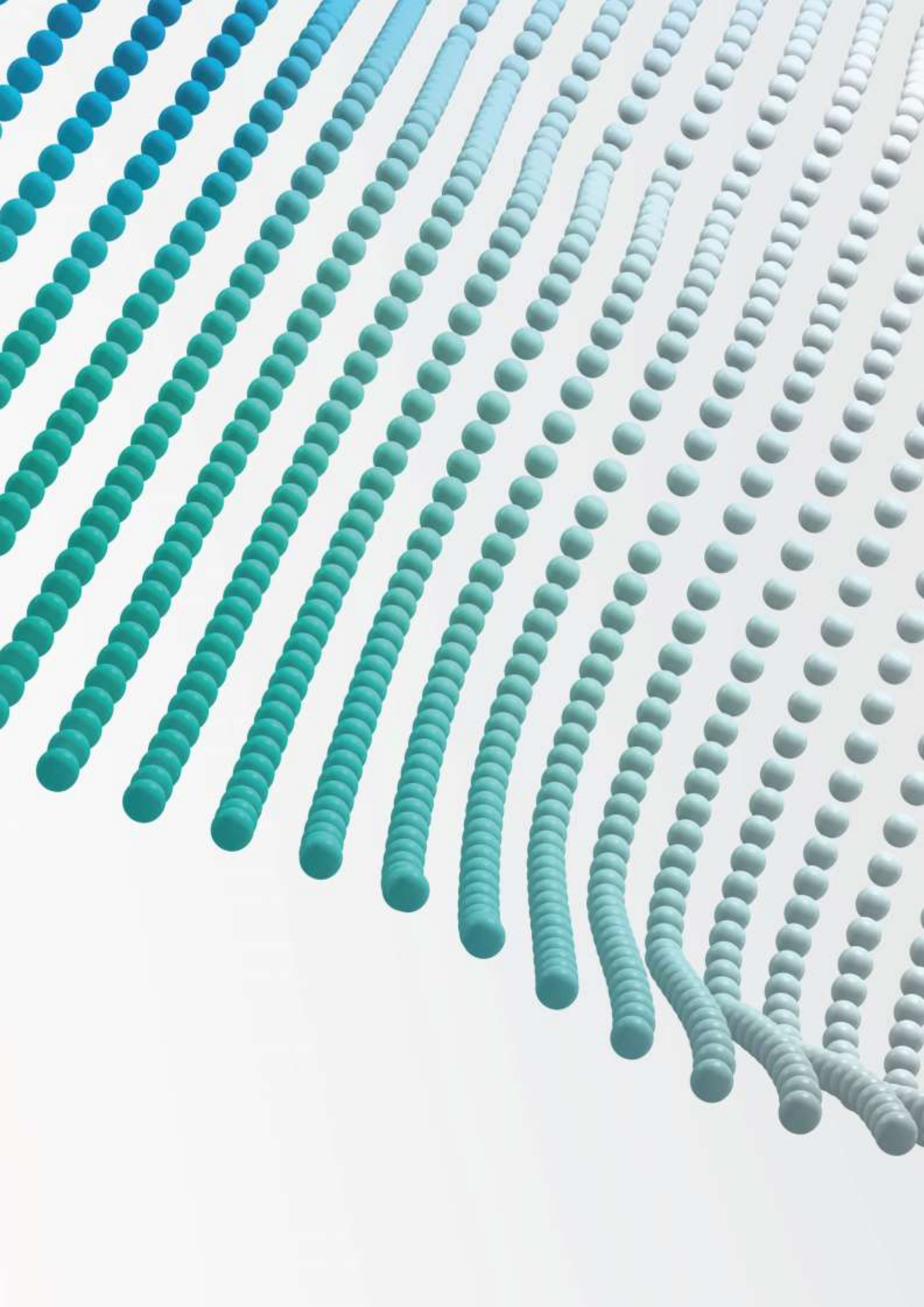
VI.2 *Companies shall ensure the existence of an investor support and market liaison office, capable of responding to investors' requests in a timely manner. A record of the submitted requests and their processing shall be kept.*

RECOMMENDATION FULLY ADOPTED

The Company has an Investor Relations Department that provides regular and relevant information to the investors and financial community, and keeps an updated record of all relevant interactions which might optimise the quality of its performance.



.....● APPENDIX I



1 - Board of Directors

1.1 Professional qualifications and curricular references

DUARTE PAULO TEIXEIRA DE AZEVEDO

Date of Birth

31st December 1965

Education

1986	Degree in Chemical Engineering – Federal Polytechnic School of Lausanne
1989	Master in Business Administration – Porto Business School

Executive Education

1994	Executive Retailing Program – Babson College
1996	Strategic Uses of Information Technology Program – Stanford Business School
2002	Breakthrough Program for Senior Executives – Lausanne - IMD
2008	Proteus Programme – London Business School
2012	Corporate Level Strategy – Harvard Business School

Professional Experience

Group Sonae

1988-1990	Analyst and Project manager of new investments at Sonae Tecnologias de Informação
1990-1993	Organisational Development Project Manager and New businesses Commercial Manager for Portugal at Sonae Indústria (Wood Based Panels)
1993-1996	Head of Strategic Planning and Control and Organisational Development of Sonae Investimentos – SGPS, SA (currently Sonae - SGPS, SA)
1996-1998	Executive Board Director of Modelo Continente Hipermercados (Merchandising, IT and Marketing Retail)
1998-2000	CEO of Optimus - Telecomunicações, SA (Mobile Operator)
1998-Abril 2007	Executive Director of Sonae - SGPS, SA
2000-2007	CEO of Sonaecom, SGPS, SA
2002-2007	Chairman of the Supervisory Board of Público Comunicação Social, SA
2003-2007	Chairman of the Supervisory Board of Glunz, AG
2004-2007	Chairman of the Board of Directors of Tableros de Fibras, SA (Tafisa)
2007-2014	Chairman of the Board of Directors of Sonaecom, SGPS, SA
2007-April 2015	CEO of Sonae – SGPS, SA
2007 – March 2015	Member of the Board of Directors of Sonae Industria, SGPS, SA
2008-2014	Chairman of the Board of Directors of MDS, SGPS, SA
2009-2013	Chairman of the Board of Directors of Sonaegest – Sociedade Gestora de Fundos de Investimento, SA
2010-2013	Chairman of the Board of Directors of Sonae RP – Retail Properties, SA
Since April 2015	Chairman of the Board of Directors and Co-CEO of Sonae - SGPS, SA

Other Entities

1989-1990	Member of the Executive Committee of APGEI (Portuguese Association of Industrial Engineering and

	Management)
2001-2002	Chairman of Apritel – Associação dos Operadores de Telecomunicações (Association of Electronic Telecommunication Companies)
2001-2008	Member of the Supervisory Board of Porto Business School
2003	Co-author of the book “Reformar Portugal “ (Reforming Portugal)
2004-2009	Member of the Advisory Board “Compromisso Portugal”, movimento independente para implementação da reforma política
2004-2011	Member of the Supervisory Board of IPCG – Instituto Português do Corporate Governance
2006-2013	Member of the Founding Members Board of Casa da Música
2008-2009	Member of the Supervisory Board of AEP – Portuguese Entrepreneurship Association
2009-2014	Member of the Board of Curators of AEP - Portuguese Entrepreneurship Association
2009-2015	Chairman of the Board of Curators of Oporto University
2012-2015	Director of Cotec
Since 2008	Member of the European Round Table of Industrialists (ERT)
Since 2013	Member of International Advisory Board of Allianz SE
Since 2015	Member of Consejo Iberoamericano para la Productividad y la Competitividad

ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO

Date of Birth

14th September 1959

Education

1982	Graduate in Civil Engineering - FEUP
1988-1989	Master in Business Administration- MBA (Porto Business School)

Professional Experience

1982-1984	Structural Design Project Manager at Tecnopor (Civil Engineering)
1984-1989	Manager at EDP (Energy)
1989-1991	Leader of the Television Project Team at Sonae Tecnologias de Informação
1991-1994	Head of Planning and Control at Sonae Investimentos - SGPS, SA (currently Sonae - SGPS, SA)
1994-1996	Director of several businesses within Sonae Distribuição SGPS, SA (currently Sonae Investimentos - SGPS, SA) (Retail)
1996-2007	CFO of Sonae Distribuição SGPS, SA (currently Sonae Investimentos - SGPS, SA) and Director of Modelo Continente, SGPS, SA and several of its affiliates (Retail)
1996-2007	Executive Vice Chairman and CFO of Sonae - SGPS, SA, Executive Director of Sonae Capital, SGPS, SA and Chairman of the Finance Committee of Sonae - SGPS, SA
2004-2009	Director of MDS – Corretor de Seguros, SA
2007-April 2015	Vice-CEO of Sonae – SGPS, SA
2011-2015	Board of Governors of Porto Business School
Since 2007	Member of the Board of Directors of MDS, SGPS, SA (Chairman of the Board of Directors since October 2014)
Since 2007	Executive Chairman of the Board of Directors of Sonaecom, SGPS, SA
Since 2007	Member of the Board of Directors of Sonae Sierra, SGPS, SA
Since 2007	Member of the Board of Directors of Sonae Investimentos, SGPS, SA

Since April 2015	Co-CEO of Sonae - SGPS, SA

JOSÉ MANUEL NEVES ADELINO

Date of Birth

19th March 1954

Education

1976	Degree in Finance, Universidade Técnica de Lisboa
1981	DBA, Finance, Kent State University

Professional Experience

1978-1981	Teaching Fellow, Kent State University
1981-1986	Member of the Directive Council, Faculty of Economics, Universidade Nova de Lisboa
1981-2012	Professor, Faculty of Economics, Universidade Nova de Lisboa
1986-1989	Assistant Professor, Portuguese Catholic University
1987-1989	Assistant Professor, Bentley College
1988	Assistant Professor, ISEE
1990-1996	Dean, MBA Program and Executive Program, Faculty of Economics, Universidade Nova de Lisboa
1992-1994	Member of the Board of Directors, BPA
1994-2002	Member of the Management Board of the Deposit Guarantee Fund
1999-2002	Dean, Faculty of Economics, Universidade Nova de Lisboa
1999-2004	Member of the Global Advisory Board of Sonae - SGPS, SA
2003-2006	Member of the Board, Chairman of the Audit Committee of EDP
2003-2006	Strategy Advisory Board of PT
2003-2007	Member of the Remuneration Committee of Sonae - SGPS, SA
2003-2010	Member of the Investment Committee of Fundo Caravela
2008-2014	Member of the Statutory Audit Board at Banco BPI
2010-2014	Member of the Board of Directors of Cimpor
2012-2014	Finance and Investment Director - Calouste Gulbenkian Foundation

ANDREW EUSTACE CLAVERING CAMPBELL

Date of Birth

3rd August 1950

Education

1969-1973	Edinburgh University – MA in Economics
1976-1978	Harvard Business School - MBA

Professional Experience

1978-1984	Mckinsey & Co, Consultant
1984-1987	Professor at the London Business School
Since 1987	Director of Ashridge Strategic Management Centre Part of Ashridge Business School
Since 2014	Director of Campbell Associates Consulting Ltd

CHRISTINE CROSS**Date of Birth**13th June 1951**Education**

1973	B.Ed. (Distinction), Food Science and Nutrition, Newcastle University
1983	MSc in Food Science (Distinction), University of Reading
1990	Open University (OU) - Degree in Management Studies

Professional Experience

1975-1978	Edinburgh University - Lecturer in Food and Nutrition
1979-1985	Bath SPA University College – Senior Lecturer
1985-1989	Bath SPA University College – Principal Lecturer and Dean of BSc (Hons) Programme
1989-2003	Tesco PLC
1989-1990	Head of Consumer Services
1990-1994	Divisional Director, Technical Services
1994-1997	Commercial Director
1998-2002	World Non Food Retail Procurement Director
2002-2003	Group Business Development Director
1997-2003	Visiting Professor, University of Ulster, Consumer Studies
2002-2005	Non-Executive Director George Wimpey, plc
2003-2011	Non-Executive Director (Member of the Nomination and Remuneration Committee) of Sobeys Inc, Canada
2005-2006	Non-Executive Director Fairmont Hotels Inc
2005-2014	Non-Executive Director (Member of the Audit, Remuneration and Nomination Committee) Next plc
2006-2013	Retail Advisor of Apax Private Equity
2006-2014	Retail Advisor of Warburg Pincus Private Equity
2007-2009	Visiting Professor, University of Hull Business School
2008-2009	Non-Executive Director of Premier Foods plc
2010-2013	Chief Retail Advisor, PwC
2012-2015	Non-Executive Director (PPC Chair), Woolworths (Australia) plc
2014-2015	Board Advisor of Javelin ecommerce
Since 2003	Director of Christine Cross Ltd (retail independent consultancy firm)
Since 2009	Non-Executive Director of Plantasjen (Apax PE)
Since December	Non-Executive Directors of Kathmandu (New Zealand) plc

2012	
Since August 2013	Consultant at MHJL
Since January 2014	Non-Executive Director at Brambles (Australia) plc
Since October 2014	Non-Executive Director at Fenwick (UK)
Since May 2015	Consultant at River Island
Since March 2016	Non-Executive Director at Hilton Food Group

TSEGA GEBREYES

Date of Birth

14th December 1969

Education

1986-1990	Rhodes College Awarded Dual-Degree Received highest honors distinction for major in economics and cum laude for major in International Studies Received Summa Cum Laude distinction for a senior thesis Elected president of Economics Honor Society and member of International Studies Honor Society Appointed Editor of Economics Journal and elected President of Investment Group, a student managed fund Received Sophomore Woman of the Year award and the Ralph C. Hon Leadership award. Elected member of two leadership honor societies Appointed member of college's Board of Trustees Elected Student Government class representative and appointed President of New York area Alumni Club
1994-1996	Harvard University Graduate School of Business Administration Candidate for Master in Business Administration degree, June 1996 Project team leader for Volunteer Consulting Organization, client: National Foundation for Teaching Entrepreneurship. Elected section student Career Representative Project team member for European Business Conference Member of Finance Club and Venture Capital Club

Professional Experience

1990-1994	Citicorp Securites, INC Capital Markets: Associate Received special appointment to core team of six professionals who structured investment grade, tradable securities from a \$1 billion fund of non-investment grade, airline industry related, financial assets Co-designed and built extensive financial models to value each class of cash flow. Analysed alternatives and developed a method for measuring return volatility and correlation with other financial instruments. Persuaded rating agency to assign investment grade rating to a large portion of the fund Jointly marketed non-investment grade portion of the fund to principal and hedge funds. Identified investor concerns, developed alternative solutions, selected best alternative and convinced investors and project team members of its merit Researched, analysed and integrated legal, tax, accounting and investor restrictions across several country jurisdictions to develop an optimal fund structure. Jointly-persuaded senior management to underwrite \$1B of assets

	Executed due diligence and independently valued debt and equity instruments purchased for inclusion in the fund
1995-1996	Mckinsey & Company, INC. Business Strategy Associate Member of team that explored diversification strategy for a major English food retail chain. Designed economic analysis of proposition and estimated market potential. Authored and presented findings to senior client managers. Evaluated product/market fit for major U.K. clothing retail chain. Performed market research, analysed store operations and identified drivers of success
1996-2000	New Africa Opportunity Fund, LLP (re-named Zeypher Opportunity Fund, LLP) Partner OPIC-backed private equity fund focused on making investments in SADC region in Africa Founding partner Responsible for identifying, analyzing and selecting investments within the Northern SADC countries Reviewed and selected investments in wide range of industries with primary focus on telecommunication, media, financial institutions, services and fast moving consumer goods sectors Jointly marketed the Fund to investors to close \$120 million fund from US investors; raised \$40 million in equity to underpin the OPIC guarantee of \$80 million Established a regional office in Kenya to support activities Provided support to the various portfolio companies as a Board director and through managing fundraising activities, identifying strategic partners and recruiting talent
2000-2007 2001	Celtel International BV/Zain Director Mobile Commerce and New Product Development Developed mobile commerce business strategy and manage business operations and service deployment Deployed payment processing business with 30% enterprise value increase on organization Managed private equity placement efforts during 2000-1Q 2001 Implemented first African mobile payment operation for Celtel Worked on design of global roll out plan for Pan-African expansion
2003	Chief Business Development and Mergers & Acquisitions Officer Member of executive management team reporting to Board Participated in setting strategy and reviewing overall performance as a member of executive management team Served on Boards of subsidiary companies to support general corporate governance Responsible for identifying and acquiring businesses in new countries Responsible for identifying new lines of business and areas of new growth within existing countries Lead negotiations, analysis and relationship development to create entry into new area of expansion
2005	Chief Strategy and Development officer Member of executive management team reporting to Board Continued previous responsibilities in addition to taking oversight for strategy and communications Completed a number of acquisitions and investments in mobile companies across Africa, including \$1.2 billion in Nigeria; \$ 100 million in Madagascar; \$250 million in Kenya; \$40 million in Tanzania Led M&A sale of Celtel to MTC which resulted in \$3.4 billion to shareholders
2007	Senior Group Advisor Provided business development support and advice. Sat on various boards representing companies, including: Celtel Kenya Board Member, Chair, Audit Committee Celtel Ghana advisor Celtel Nigeria Board Member, Audit Committee
2007-Present	Satya Capital Founding Director, Managing Partner Investment Group focused on private equity opportunities in Africa Established business with responsibility for full range of activities ranging from legal & office set-up to recruitment of other partners and Investment Professionals Defined investment strategy, recruited Board and sector advisors and Investors Raised \$200 million seed funding and planning to raise additional \$400-600 million

MARCELO FARIA DE LIMA

Date of Birth

1st December 1961

Education

1981-1985 Pontifical Catholic University of Rio de Janeiro, Rio de Janeiro, Brazil, Degree in Economics

Professional Experience

1988-1989	Professor, Pontifical Catholic University of Rio de Janeiro, Rio de Janeiro, Brazil
1989-1996	Commercial Banker of ABN AMRO Bank, São Paulo, Brazil/ Chicago, United States
1996-1998	Vice-Chairman of Banco Garantia, São Paulo, Brazil Investments Bank
1998-2000	Manager of Donaldson, Lufkin & Jenrette, São Paulo, Brazil Investments Bank
2000	Co-founder and CEO of Areartil, São Paulo, Brazil Internet gateway for property business
2000-2003	Co-founder and CEO of EugênioWG, São Paulo, Brazil Advertising Agency
2002-2005	Member of the Board of Directors of Neovia Telecomunicações SA, São Paulo, Brazil Wi-Fi Company/ WiMax at São Paulo State
Since February 2003	Shareholder and Co-founder of Artesia Gestão de Recursos SA, São Paulo, Brazil Company authorised by CVM – Securities and Exchange Commission of Brazil for the professional exercise of the Management of the Securities Investors Portfolio
Since January 2004	Chairman of the Board of Directors of Metalfrio Solutions SA, São Paulo, Brazil Public company, with shares negotiated in BM&FBovespa under the ticker FRI03, it is a Brazilian multinational company, and one of the world's largest manufacturers of commercial refrigeration equipment Plug-In type, operating in Brazil, United States of America, Mexico, Denmark, Turkey, Russia, Ukraine, Indonesia and India, with annual income of over R\$ 800 million
Since July 2007	Vice-Chairman of the Board of Directors of Produquímica Indústria e Comércio SA, São Paulo, Brazil Leadership company in the solutions production in micronutrient, for agriculture and animal food, which also produces ingredients for the treatment of water for industrial processes, with annual income of over R\$ 800 million
Since January 2008	Vice-Chairman of the Board of Directors of Restoque Comércio e Confecções de Roupas SA, São Paulo, Brazil Public company, with shares negotiated at BM&FBovespa under the ticker LLIS3, it is one of the largest retail companies in the high pattern apparel and accessories sector, cosmetics and decoration articles, in Brazil, with annual income of over R\$ 1.000 million
Since March 2008	Chairman of the Board of Directors of Klimasan Klima Sanayi ve Ticaret A.Ş. Izmir, Turkey Public company, duly registered in Turkey's Capital Markets Board, being its shares negotiated at Istanbul Stock Exchange under the ticker KLMSN. Company controlled by Metalfrio Solutions SA, Klimasan operates in the commercial refrigeration sector, Plug-In type
Since Dezember 2009	Member of the Board of Directors of C1 Financial Inc., Saint Petersburg, Florida, United States Public company, duly registered in the Securities and Exchange Commission of the United States, being its shares negotiated at NYSE under the ticker BNK. Commercial Bank acting in Florida, United States, with total assets in an amount higher than US\$ 1.500 million
Since November 2013	Member of the Board of Directors of TRX Investimentos Imobiliários S.A., São Paulo, Brazil Company that invests, develops, finances, and manages, owned or third parties', property assets, with assets under management with a total amount of approximately R\$ 4.000 million

DAG JOHAN SKATTUM

Date of Birth

19th April 1961

Education

1980	Gjovik, Norway, High School, Science
1984	Allegheny College, Meadville, PA (USA), Bachelor of Arts
1986	Simon School of Business, University of Rochester, Rochester, NY (USA), MBA

Professional Experience

1986-2007	J.P.Morgan Various roles, including head of North American M&A and European M&A
2007-2013	Partner London office of TPG
2013-2014	Consulting business of Abingdon Partners LLC
2013-2014	Managing Director of One Thousand & Voices
2000 - Present	Allegheny College Trusted advisor to prior and current President of the college Co-chair capital campaign
2011 - Present	Right to Play Member of the Board of Directors (Toronto, Canada HQ) Member of the board of Directors at the UK and the US Chairman of the Human Resources Committee Chair of CEO succession committee (office not held until the term of the mandate) and Chairman of the CEO's Integration Committee Trusted advisor to CEO and Founder (on going)
2012 - Present	Myelona Institute, Little Tock, Arkansas Vice Chairman of the Board of Directors Co-chaired CEO succession committee of the board Trusted advisor to prior and current director of cancer institute (on going)
2014 - Present	Nabors Industries Member of the Board of Directors recruited for expertise in corporate finance and strategy (on going)
January 2015 Present	Vice-Chairman of J.P.Morgan Limited

MARGARET LORRAINE TRAINER

Date of Birth

13th March 1952

Education

1970-1971	Diplome Superieur, Sorbonne Paris
1971-1975	M.A.(2i) French, St Andrews University

Professional Experience

1975-1990	Citibank NA
1975-1986	H.R. roles of both specialist and generalist natures
1986-1988	Chief of Staff to Head of UK Treasury A non-HR role including assignments in capital hedging, risk assessment, speech writing, and foreign exchange and funding limits management
1988-1989	Head of HR UK and N. Europe, London
1989-1990	Head of HR for EMEA based in Frankfurt
1990-1994	London Stock Exchange Head of Human Resources and member of the Executive Board, responsible for formulating strategy and leading the Exchange from being a trade association to an organisation using current commercial practices
1994-2000	Coutts Natwest Group Head of Human Resources and Organisation Development responsible for all HR activities in International Private Banking
2001-2006	De Beers LV Ltd Member of the start up team for this joint venture created in 2001 between LVMH and De Beers to launch a global retail diamond jewellery business, advising on organisation and people strategy
2005-2013	Aegis PLC Non Executive Director and Chairman of Remuneration Committee (since 2010)
2006-2008	Manchester Square Partners Working with the founding partners to support them in developing a search-based business mentoring practice at and around board level
2008-2015	Sonae - SGPS, SA Advice to Chairman Providing board level succession planning services, and director development
2013-2015	Colt SA Non-Executive Director and from 2014 chair of Remuneration Committee. Member of Nomination committee. Fidelity purchased all the independent shareholdings and independent directors stood down
2010-Present	Jupiter Fund Management PLC Non-Executive Director and member of the Audit Committee and the Nomination committee. Senior Independent Director and Chairman of Remuneration Committee
2013-Present	Essentra PLC Non-executive Director and, from 2014, Chairman of the Remuneration Committee. Member of the Audit Committee and the Nomination Committee

1.2 Positions held in other entities

DUARTE PAULO TEIXEIRA DE AZEVEDO

Offices held in other companies within Sonae:

Chairman of the Board of Directors of Sonae Sonae Investimentos, SGPS, SA
Chairman of the Board of Directors of Sonae MC – Modelo Continente, SGPS, SA
Chairman of the Board of Directors of Sonae – Specialised Retail, SGPS, SA
Chairman of the Board of Directors of Sonae Center Serviços II, SA
Chairman of the Board of Directors of Sonae Sierra, SGPS, SA

Offices held in other entities outside Sonae:

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

Chairman of the Board of Directors of Migracom, SGPS, SA
Member of the Board of Directors of Efanor Investimentos, SGPS, SA
Member of the Board of Directors of Imparfin, SGPS, SA
Member of the European Round Table of Industrialists (ERT)
Member of International Advisory Board of Allianz SE
Member of Consejo Iberoamericano para la Productividad y la Competitividad

ÂNGELO GABRIEL RIBEIRINHO DOS SANTOS PAUPÉRIO

Offices held in other companies within Sonae:

Chairman of the Board of Directors and Executive Director of Sonaecom, SGPS, SA
Chairman of the Board of Directors of Sonae Investment Management – Software and Technology, SA (previously Sonaecom – Sistemas de Informação, SGPS, SA)
Chairman of the Board of Directors of Sonaecom - Serviços Partilhados, SA
Chairman of the Board of Directors of Público - Comunicação Social, SA
Member of the Board of Directors of ZOPT, SGPS, SA
Member of the Board of Directors of NOS, SGPS, SA
Chairman of the Board of Directors of Sonaegest - Sociedade Gestora de Fundos de Investimento, SA
Chairman of the Board of Directors of Sonaerp - Retail Properties, SA
Chairman of the Board of Directors of Sonae Financial Services, SA
Vice-Chairman of the Board of Directors of Sonae - Specialised Retail, SGPS, SA
Vice-Chairman of the Board of Directors of Sonae MC - Modelo Continente, SGPS, SA
Member of the Board of Directors of Sonae Investimentos, SGPS, SA
Member of the Board of Directors of Sonae Center Serviços II, SA
Executive Director of Sonae Investments, BV
Executive Director of Sontel BV
Chairman of the Board of Directors of MDS, SGPS, SA
Chairman of the Board of Directors of MDS AUTO, Mediação de Seguros, SA
Chairman of the Board of Directors of Sonae RE, SA
Member of the Board of Directors of Sonae Sierra, SGPS, SA

Offices held in other entities outside Sonae:

Member of the Board of Governors of Universidade Católica Portuguesa
Chairman of the Board of Directors of APGEI (Portuguese Association of Engineering and Management)
Member of the Board of Directors of Love Letters – Galeria de Arte, SA
Sole Director of Enxomil, SGPS, SA
Sole Director of Enxomil, Sociedade Imobiliária, SA
Sole Director of STTR – Construção e Imóveis, SA



JOSÉ MANUEL NEVES ADELINO

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Member of the Board of Directors of the Calouste Gulbenkian Foundation

Academic Offices held:

Professor of Finance, Faculty of Economics, Universidade Nova de Lisboa (retired)

Visiting Professor, Bentley College

ANDREW EUSTACE CLAVERING CAMPBELL

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Director of Ashridge Strategic Management Centre Part of Ashridge Business School

Director of Campbell Associates Consulting Ltd

CHRISTINE CROSS

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Director of Christine Cross Ltd

Non Executive Director of Plantasjen (Apax PE)

Non Executive Director Kathmandu (New Zealand) plc

Advisor Board of MHJL

Non Executive Director Brambles (Australia) plc

Non Executive Director Fenwick (UK)

Advisor Board of River Island

Non-Executive Director of Hilton Food Group

TSEGA GEBREYES

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Founding Director, Managing Partner of Satya Capital

MARCELO FARIA DE LIMA**Offices held in other companies within Sonae:**

None

Offices held in other entities outside Sonae:

Shareholder and Co-founder of Artesia Gestão de Recursos SA

Chairman of the Board of Directors of Metalfrio Solutions SA

Vice-Chairman of the Board of Directors of Produquímica Indústria e Comércio SA

Vice-Chairman of the Board of Directors of Restoque Comércio e Confecções de Roupas SA

Chairman of the Board of Directors of Klimasan Klima Sanayi ve Ticaret AŞ

Member of the Board of Directors of C1 Financial Inc.

Member of the Board of Directors of TRX Investimentos Imobiliários SA

DAG JOHAN SKATTUM**Offices held in other companies within Sonae:**

None

Offices held in other entities outside Sonae:

Allegheny College

Trusted advisor to prior and current President of the college

Right to Play

Member of the Board of Directors (Toronto, Canada HQ)

Member of the Board of Directors at the UK and the US

Chairman of the Human Resources committee

Chair of CEO succession committee (not completed) and Chairman of the CEO's Integration Committee

Trusted advisor to CEO and Founder (on going)

Myelona Institute, Little Tock, Arkansas

Vice Chairman of the Board of Directors

Co-chaired CEO succession committee of the board

Trusted advisor to prior and current director of cancer institute (on going)

Member of the Board of Directors of Nabors Industries

Vice-Chairman of J.P. Morgan Limited

MARGARET LORRAINE TRAINER**Offices held in other companies within Sonae:**

None

Offices held in other entities outside Sonae:

Non-Executive Director and member of Audit Committee and Nomination Committee, as well as Senior Independent Director and Chairman of Remuneration Committee of Jupiter Fund Management PLC

Non-executive Director, Chair of Remuneration Committee and Member of Audit and Nomination Committees of Essentra PLC

2 - Statutory Audit Board

2.1 Professional qualifications and curricular references

DANIEL BESSA FERNANDES COELHO

Date of Birth

6 May 1948

Education

1970	Degree in Economics – University of Oporto
1986	Phd in Economics – Universidade Técnica de Lisboa

Professional Experience

1970-2009	Lecturer at the University of Oporto:
1970-1999	- Faculty of Economics
1988-2000	- ISEE (Institute for Entrepreneurship Studies)
1989-2002	- Faculty of Engineering
2000-2008	- EGP (currently Porto Business School)
2008-2009	- EGP – University of Porto Business School (currently Porto Business School)
2009	- Faculty of Economics
1978-1979	Dean of the Faculty of Economics of the University of Oporto
1983-2015	Economists - Liberal professional
1989-1990	Chairman of the Founding Committee of the School of Technology and Management of the Polytechnic Institute of Viana do Castelo
1990-1995	Vice-Dean for the Financial Management Guidance of the University of Oporto
1995-1996	Minister of Economy of the Portuguese Government
1996-2006	Non-Executive Director of CELBI - Celulose Beira Industrial
1997-1999	Non-Executive Director of INPARSA – Indústrias e Participações, SGPS, SA
1997-2007	Chairman of the Statutory Audit Board of SPGM - Investment Company
1997-2008	Director of Finibanco, SA
1999-2002	Chairman of the Board of the Shareholder's General Meeting of APDL –Management of Douro and Leixões Ports
2000-2012	Chairman of the Advisory Board of IGFCSS – Portuguese Institute for Welfare Funds Management
2001-2003	Advisory member of the Consulting council of Electric and Telephone Conductors Industries F. Cunha Barros, SA
2001-2011	Director of Finibanco Holding, SGPS, SA
2003-2015	Member of the Board of Directors of Bial Foundation
2004-2013	Non-Executive Director of Efacec Capital, SGPS, SA
2007-2010	Member of the Advisory Board of Microprocessador, SA
2007-2011	Member of the Board of Directors of the Agency for Investment and External Commerce of Portugal

	- AICEP, E.P.E.
2008-2015	Member of the Investment Committee Member of PVCI – Portuguese Venture Capital Initiative, entity created by FEI – European Investment Fund
2009-2015	Managing Director of COTEC Portugal, Business Association for Innovation
2011-2012	Member of the Supervisory Board of Banco Comercial Português, SA

MARIA JOSÉ MARTINS LOURENÇO DA FONSECA

Date of Birth

4 September 1957

Education

1984	Degree in Economics at Faculty of Economics of University of Porto, having received the award Doutor António José Sarmiento attributed to the best student in Accounting Theory
1987	Post graduate Program in European Studies at European Studies Center, Catholic University of Portugal – Oporto
1992	Participation in Young Managers Programme at INSEAD – European Institute of Business Administration, Fontainebleau
2002	Master in Business Science at Faculty of Economics of University of Porto, with specialisation in Accounting and Management Control Dissertation with the theme “Enquadramento Contabilístico de elementos intangíveis de natureza ativa” Orientation: Professor José Rodrigues Jesus
2015	PhD candidate in the Business Science PhD Program at Faculty of Economics of University of Porto, with specialisation in Accounting and Management Control Dissertation with the theme: “Carbon Financial Accounting: Evaluating the “Disciplinarian effect” of standards and markets on disclosure practices of EU-15 listed firms” Orientation: Professor Patrícia Teixeira Lopes

Professional Experience

1984-1985	Assistant Professor at Faculty of Economics of University of Porto, having lectured the Microeconomic subject
1985-1996	Enter in BPI – Banco Português de Investimentos, S.A., as Technician in Economic Studies and Planning Consultant (1985/90) having subsequently exercised the role of Senior Analyst in Banca de Empresas field (1990/92) and being vice-manager in Banca de Empresas field (1992/96)
1991-1999	Assistant Professor at Faculty of Economics of University of Porto, having lectured multiple subjects in the Accounting area
1996-2006	Cooperation with the Portuguese Institute of Statutory Auditors, as trainer for the External Auditor Preparatory Course
1996/...	Professor at School of Economics and Management, Catholic University of Portugal – CRP, in Accounting area Currently, teaches the “Financial Accounting” subject, in the degrees of Economics and Management, and is responsible for the subject “International Accounting”, in the Auditing and Taxation Master Program Exercises teaching activity at Católica Porto Business School, in the Accounting area Responsible for the “Financial Accounting” subject in multiple post-graduation Programs and advance training programs (GP in Management for lawyers, GP in Health Care Units Management, GP in Organization and Event Management, Executive Master Business Information, General Degree in Management), at EGE – Atlantic Business School (Business Management School founded by Catholic University of Portugal – CRP, by Universidade de Aveiro and by the Portuguese Entrepreneurial Association)
2002-2008	Cooperation with the Certified Public Accountant Association (OTOC), in the field of professional formation, having ministered, during this period, multiple formation actions in Accounting (SNC –

	Project: O Novo Normativo Contabilístico Nacional – Enquadramento e 1ª Aplicação das NCRF, 2008; Contabilidade Orçamental, 2006; Demonstrações dos Fluxos de Caixa, 2005; Elaboração das Demonstrações Financeiras, 2004; NIC 37 – Provisões, Passivos e Ativos Contingentes, 2004; A Contabilização de Existências, 2004; Constituição, Dissolução, Liquidação e Transformação de Sociedades, 2004; Impostos Diferidos, 2003; Análise das Demonstrações Financeiras, 2002; Os Aspetos Contabilísticos e Fiscais do Imobilizado, 2002)
2008-2009	Cooperation with the Portuguese Institute of Statutory Auditors, in the field of professional formation, having ministered, during this period, continuous formation about the International Finance Reporting Standards (New Standards from IASB and Change of the Previous ones – Annual Improvements to IFRSs)
2008/...	Exercise of consulting activity through the Research Centre in Management Applied Economics (CEGEA) at Catholic University of Portugal – CRP
2015	Member of the Selection Board for the Oral Tests for External Auditor (ROC) Trainer in Preparation Course ROC

MANUEL HELENO SISMEIRO

Date of Birth

5 January 1945

Education

1964	Accountant, ICL, Lisbon
1971	Graduation in Finance, ISCEF, Lisbon

Professional Experience

1965-1966	Industrial and Commercial School of Leiria: Accounting and Commercial Calculus teacher in the general Commerce course
1970-1971	Banc of Agriculture: performed functions at the Organization and Methods division
1971-1981	Instituto Superior de Economia, Lisboa: assistant of Mathematics, Statistics, Econometry and Operational Investigation
1974-1975	Arthur Young & Co: already qualified and registered as Statutory Auditor and audit assistant
1974-1976	University Catholic of Lisbon: assistant (first year) and regent (second year) of Accountancy in the Business Administration course
1980-2008	Banco Borges & Irmão: performed functions at the Economic Studies Department and at the Control Department of associated companies
1977-1980	CTT – Correios e Telecomunicações de Portugal: Responsible for the Warehouse Management and Control division. Responsible for stock management of central warehouses and of a project aimed at implementing a computer tool for stock management and control
1980-2008	Partner of Coopers & Lybrand and of Bernardes, Sismeiro & Associados, since 1998 PricewaterhouseCoopers - auditors and statutory auditors. Responsible for the audit and statutory audit in several industries. More important companies: Sonae (group); Amorim (group); Unicer (group); Sogrape (group); Barros (group); TMG (group); Lactogal (group); Aveleda (group); RAR (group); Cires; Ford; REN Responsible for the management of the Oporto office of the mentioned companies - 1982 at 2008 Manager of the Audit department in the period 1998-2002 and member of the management board of PricewaterhouseCoopers, in the same period
2014	Chairman of the Statutory Audit Board of Sonae Investimentos, SGPS, SA
Since July 2008	Consultant, namely or internal audit and internal control
Since 2014	Chairman of the Statutory Audit Board of OCP Portugal – Produtos Farmacêuticos, SA
Since 2015	Chairman of the Statutory Audit Board of Sonae Indústria, SGPS, SA

Since 2015	Chairman of the Statutory Audit Board of Sonae Capital, SGPS, SA
Since 2015	Chairman of the Statutory Audit Board of BBI - Banif Banco de Investimento, SA
Since 2015	Chairman of the Shareholder's General Meeting Segafredo Zanetti (Portugal) – Comercialização e Distribuição de Café, SA

2.2 Positions held in other entities

DANIEL BESSA FERNANDES COELHO

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Chairman of Statutory Audit Board at Galp Energia, SGPS, SA

Chairman of Statutory Audit Board at Bial – Portela e Companhia, SA

MARIA JOSÉ MARTINS LOURENÇO DA FONSECA

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

Professor at the Faculty of Economics and Management, Catholic University of Portugal – Oporto Regional Center

MANUEL HELENO SISMEIRO

Offices held in other companies within Sonae:

None

Offices held in other entities outside Sonae:

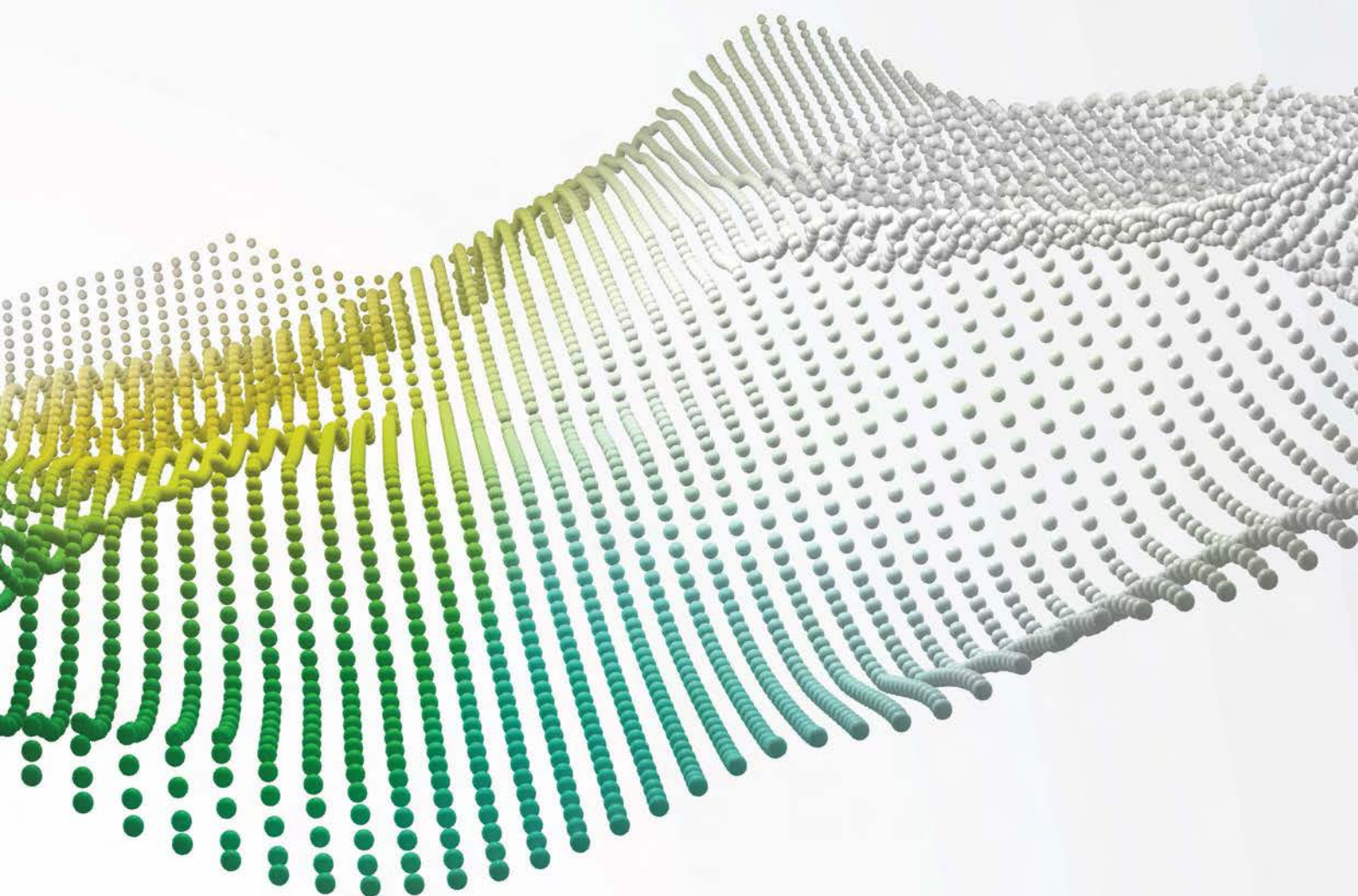
Chairman of the Statutory Audit Board of Sonae Indústria, SGPS, SA

Chairman of the Statutory Audit Board of Sonae Capital, SGPS, SA

Chairman of the Statutory Audit Board of OCP Portugal – Produtos Farmacêuticos, SA

Chairman of the Statutory Audit Board of BBI - Banif Banco de Investimento, SA

Chairman of the Shareholder's General Meeting Segafredo Zanetti (Portugal) – Comercialização e Distribuição de Café, SA



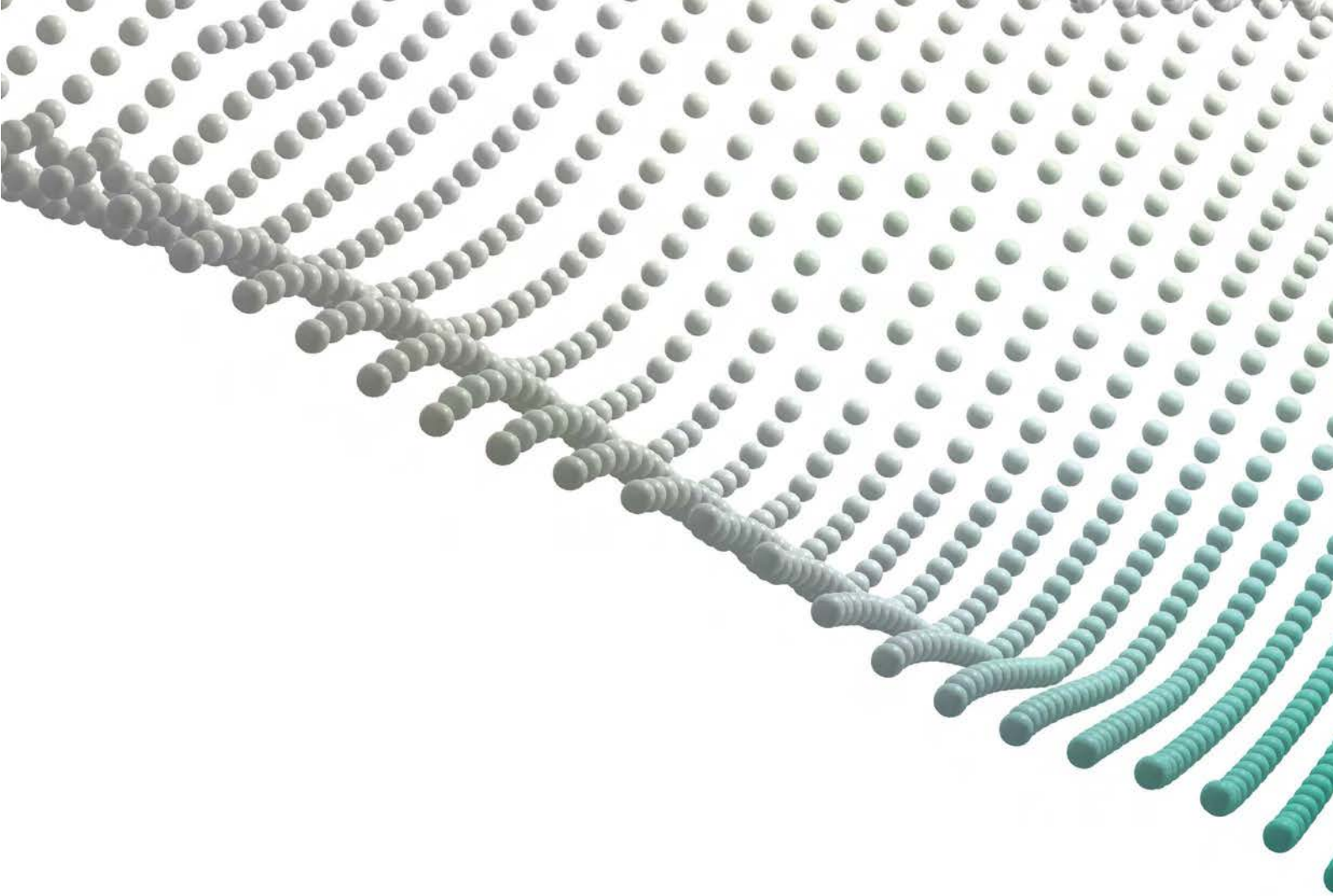
SONAE FINANCIAL REPORT '15

FINANCIAL STATEMENTS

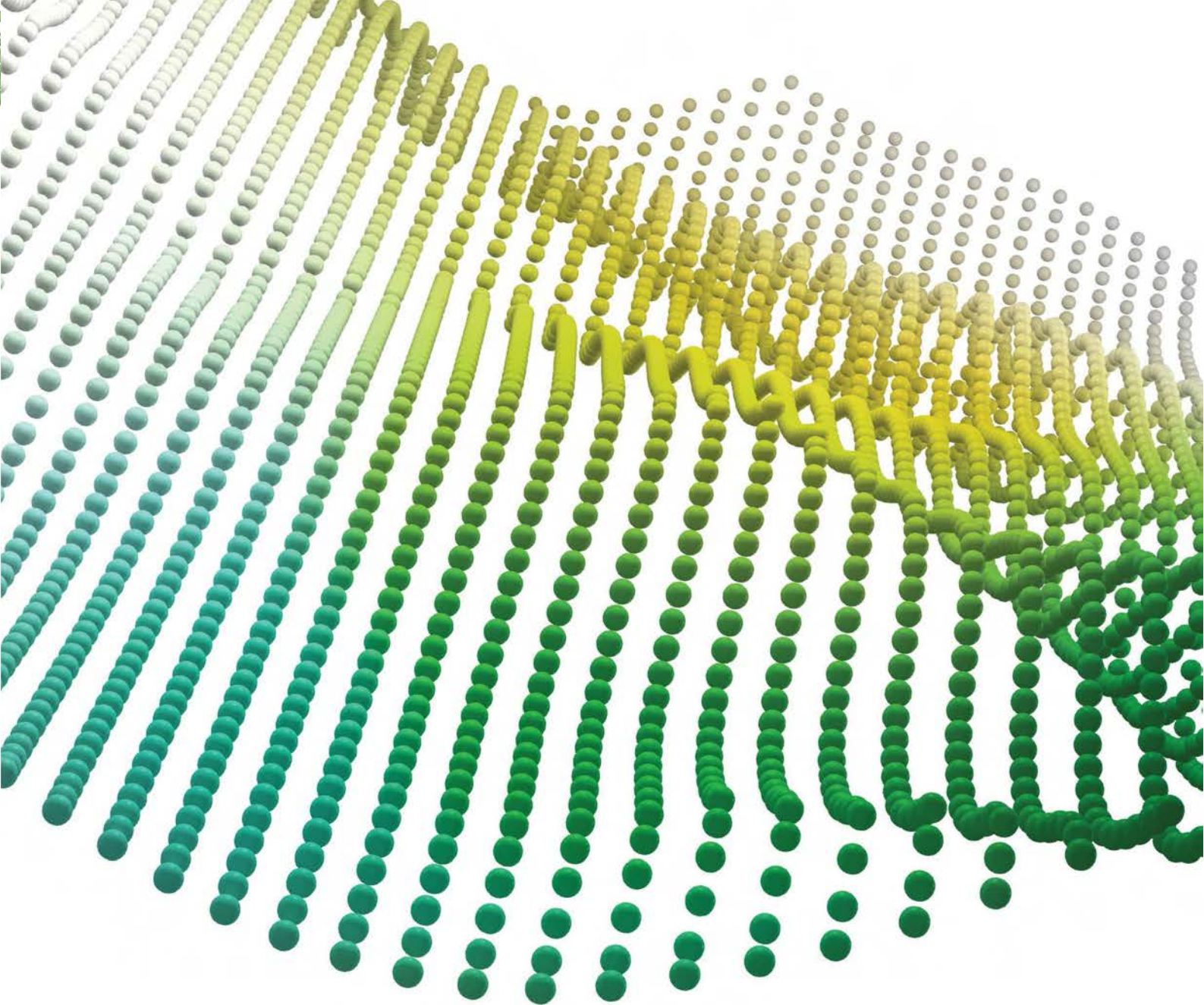


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.....● CONSOLIDATED
FINANCIAL STATEMENTS



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015 AND 2014

(Amounts expressed in euro)

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

ASSETS	Notes	31 Dec 2015	31 Dec 2014 Restated Note 4	01 Jan 2014 Restated Note 4
NON-CURRENT ASSETS:				
Tangible assets	10	1,543,114,788	1,801,947,881	1,827,164,403
Intangible assets	11	244,450,349	230,959,888	202,854,156
Investment properties		919,609	960,206	1,001,735
Goodwill	12	624,543,913	610,590,464	610,187,858
Investments in joint ventures and associates	6	1,214,889,100	1,202,626,712	1,144,792,015
Other investments	7, 9 and 13	29,549,661	30,566,117	31,991,837
Deferred tax assets	20	63,869,618	89,951,943	123,159,864
Other non-current assets	9 and 14	31,610,627	29,100,433	31,970,613
Total Non-Current Assets		3,752,947,665	3,996,703,644	3,973,122,481
CURRENT ASSETS:				
Inventories	15	634,764,894	602,976,230	588,949,862
Trade account receivables	9 and 16	96,577,303	79,543,281	78,261,378
Other debtors	9 and 17	78,506,544	63,602,768	102,461,173
Taxes recoverable	18	78,953,427	59,602,785	72,028,213
Other current assets	19	86,583,787	104,049,629	71,537,318
Investments	9 and 13	82,430,974	61,662,961	202,484,454
Cash and cash equivalents	9 and 21	282,751,583	588,596,792	366,308,918
Total Current Assets		1,340,568,512	1,560,034,446	1,482,031,316
Non-Current Assets held for sale	22	131,044,138	-	-
TOTAL ASSETS		5,224,560,315	5,556,738,090	5,455,153,797
EQUITY AND LIABILITIES				
EQUITY:				
Share capital	23	2,000,000,000	2,000,000,000	2,000,000,000
Own shares	23	(123,493,932)	(136,273,735)	(126,945,388)
Legal reserve	23	244,211,592	196,260,390	188,285,864
Reserves and retained earnings	23	(637,533,495)	(531,794,080)	(517,589,162)
Profit/(Loss) for the period attributable to the equity holders of the Parent Company		175,306,228	143,838,207	-
Equity attributable to the equity holders of the Parent Company		1,658,490,393	1,672,030,782	1,543,751,314
Equity attributable to non-controlling interests	24	136,303,721	160,200,533	342,976,312
TOTAL EQUITY		1,794,794,114	1,832,231,315	1,886,727,626
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Loans	9 and 25	566,306,612	284,308,122	241,163,840
Bonds	9 and 25	697,562,099	612,965,560	1,113,399,900
Obligation under finance leases	9, 25 and 26	3,231,481	4,754,587	7,980,489
Other loans	9 and 25	5,764,682	4,981,858	53,936
Other non-current liabilities	9 and 28	36,028,880	44,060,068	51,247,881
Deferred tax liabilities	20	72,759,772	94,392,315	121,095,969
Provisions	33	38,810,058	36,489,900	50,659,919
Total Non-Current Liabilities		1,420,463,584	1,081,952,410	1,585,601,934
CURRENT LIABILITIES:				
Loans	9 and 25	258,655,767	113,873,438	65,791,907
Bonds	9 and 25	49,962,081	826,032,837	159,962,358
Obligation under finance leases	9, 25 and 26	3,691,782	4,720,839	4,314,843
Other loans	9 and 25	1,953,298	1,450,607	3,869,633
Trade creditors	9 and 30	1,161,697,200	1,151,006,417	1,162,317,682
Other creditors	9 and 31	199,513,809	209,573,983	313,313,588
Taxes and contributions payable	18	92,269,879	91,254,837	55,757,125
Other current liabilities	32	238,474,811	240,917,211	214,668,594
Provisions	33	3,083,990	3,724,196	2,828,507
Total Current Liabilities		2,009,302,617	2,642,554,365	1,982,824,237
TOTAL LIABILITIES		3,429,766,201	3,724,506,775	3,568,426,171
TOTAL EQUITY AND LIABILITIES		5,224,560,315	5,556,738,090	5,455,153,797

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2015 AND 2014

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)	Notes	31 Dec 2015	31 Dec 2014
Sales	36	4,825,931,588	4,795,621,661
Services rendered	36	188,311,035	178,504,839
Income or expense relating to investments	37	(6,366,703)	8,786,829
Gains and losses on investments recorded at fair value through results	13 and 38	22,135,189	(3,129,894)
Financial income	38	19,337,242	10,445,566
Other income	39	683,825,179	525,725,408
Cost of goods sold and materials consumed	15	(3,955,037,096)	(3,781,374,723)
Changes in stocks of finished goods and work in progress		(46,783)	(98,002)
External supplies and services	40	(654,546,532)	(640,768,083)
Staff costs	41	(665,354,195)	(651,134,468)
Depreciation and amortisation	10 and 11	(173,003,291)	(170,831,196)
Provisions and impairment losses	33	(13,074,208)	(11,572,691)
Financial expense	38	(73,668,281)	(87,498,526)
Other expenses	42	(89,278,783)	(66,910,853)
Share of results of joint ventures and associated companies	6	88,531,189	64,408,422
Profit/(Loss) before taxation		197,695,550	170,174,289
Taxation	43	(20,919,599)	(24,660,421)
Profit/(Loss) after taxation		176,775,951	145,513,868
Attributable to:			
Equity holders of the parent company		175,306,228	143,838,207
Non-controlling interests	24	1,469,723	1,675,661
		176,775,951	145,513,868
Profit/(Loss) per share			
Basic	45	0.097429	0.078888
Diluted	45	0.090784	0.075445

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIODS ENDED 31 DECEMBER 2015 AND 2014

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)	Notes	31 Dec 2015	31 Dec 2014
Net Profit / (Loss) for the period		176,775,951	145,513,868
Items that maybe reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(5,082,830)	770,930
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method	6.4	(51,195,018)	6,448,699
Changes on fair value of available-for-sale financial assets	7 and 13	-	1,298,489
Changes in hedge and fair value reserves		(1,499,185)	1,327,112
Deferred taxes related with other components of comprehensive income		365,245	(643,225)
Others		109,304	(189,587)
		(57,302,484)	9,012,418
Items that maybe reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale assets	7 and 13	2,247,800	-
		(55,054,684)	9,012,418
Total comprehensive income for the period		121,721,267	154,526,286
Attributable to:			
Equity holders of parent company		123,215,319	151,822,696
Non controlling interests		(1,494,052)	2,703,589

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31 DECEMBER 2015 AND 2014

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails.)

(Amounts expressed in euro)	Notes	Share Capital	Own Shares	Legal Reserve	Reserves and Retained Earnings					Total	Net Profit/(Loss)	Total	Non controlling Interests (Note 24)	Total Equity
					Currency Translation Reserve	Investments Fair Value Reserve	Hedging Reserve	Option Premium Convertible Bonds	Other Reserves and Retained Earnings					
Attributable to Equity Holders of Parent Company														
Balance as at 1 January 2014		2,000,000,000	(126,945,388)	188,285,864	2,759,902	(1,773,499)	723,822	-	(818,244,626)	(816,534,401)	318,979,514	1,563,785,589	344,325,829	1,908,111,418
Effect of Restatement	4	-	-	-	-	-	-	-	(20,034,275)	(20,034,275)	-	(20,034,275)	(1,349,517)	(21,383,792)
Balance as at 1 January 2014 - Restated		2,000,000,000	(126,945,388)	188,285,864	2,759,902	(1,773,499)	723,822	-	(838,278,901)	(836,568,676)	318,979,514	1,543,751,314	342,976,312	1,886,727,626
Total comprehensive income for the period		-	-	-	615,916	649,375	643,044	-	6,076,154	7,984,489	143,838,207	151,822,696	2,703,589	154,526,285
Appropriation of consolidated net profit of 2013														
Transfer to legal reserves and retained earnings		-	-	7,974,526	-	-	-	-	311,004,988	311,004,988	(318,979,514)	-	-	-
Dividends distributed		-	-	-	-	-	-	-	(65,351,598)	(65,351,598)	-	(65,351,598)	(270,007)	(65,621,605)
Income distribution		-	-	-	-	-	-	-	-	-	-	-	(1,732,571)	(1,732,571)
Acquisition of own shares	23	-	(20,679,050)	-	-	-	-	-	-	-	-	(20,679,050)	-	(20,679,050)
Obligation fulfilled by share attribution to employees	29	-	11,350,703	-	-	-	-	-	355,396	355,396	-	11,706,099	60,527	11,766,626
Partial disposal or aquisitions of affiliated companies	24	-	-	-	-	-	-	-	28,598,855	28,598,855	-	28,598,855	(183,537,317)	(154,938,462)
Valuing bond conversion option in Sonae shares	25	-	-	-	-	-	-	22,313,000	-	22,313,000	-	22,313,000	-	22,313,000
Others		-	-	-	-	-	-	-	(130,534)	(130,534)	-	(130,534)	-	(130,534)
Balance as at 31 December 2014 - Restated		2,000,000,000	(136,273,735)	196,260,390	3,375,818	(1,124,124)	1,366,866	22,313,000	(557,725,640)	(531,794,080)	143,838,207	1,672,030,782	160,200,533	1,832,231,315
Balance as at 1 January 2015		2,000,000,000	(136,273,735)	196,260,390	3,375,818	(1,124,124)	1,366,866	22,313,000	(557,725,640)	(531,794,080)	143,838,207	1,672,030,782	160,200,533	1,832,231,315
Total comprehensive income for the period		-	-	-	(2,240,017)	1,124,124	(1,093,916)	-	(49,881,100)	(52,090,909)	175,306,228	123,215,319	(1,494,052)	121,721,267
Appropriation of consolidated net profit of 2014														
Transfer to legal reserves and retained earnings		-	-	47,951,202	-	-	-	-	95,887,005	95,887,005	(143,838,207)	-	-	-
Dividends distributed		-	-	-	-	-	-	-	(68,258,971)	(68,258,971)	-	(68,258,971)	(1,569,568)	(69,828,539)
Reserves distributed		-	-	-	-	-	-	-	(72,420,965)	(72,420,965)	-	(72,420,965)	-	(72,420,965)
Income distribution		-	-	-	-	-	-	-	-	-	-	-	(1,031,352)	(1,031,352)
Acquisition of own shares	23	-	(139,401)	-	-	-	-	-	-	-	-	(139,401)	-	(139,401)
Obligation fulfilled by share attribution to employees	29	-	9,365,882	-	-	-	-	-	(5,380,063)	(5,380,063)	-	3,985,819	(4,655)	3,981,164
Partial cancellation of Cash Settled Equity Swap	23	-	3,553,322	-	-	-	-	-	760,722	760,722	-	4,314,044	-	4,314,044
Partial disposal or aquisitions of affiliated companies	24	-	-	-	-	-	-	-	(4,186,728)	(4,186,728)	-	(4,186,728)	(28,557,533)	(32,744,261)
Capital increase		-	-	-	-	-	-	-	-	-	-	-	8,763,414	8,763,414
Others		-	-	-	-	-	-	-	(49,506)	(49,506)	-	(49,506)	(3,066)	(52,572)
Balance as at 31 December 2015		2,000,000,000	(123,493,932)	244,211,592	1,135,801	-	272,950	22,313,000	(661,255,246)	(637,533,495)	175,306,228	1,658,490,393	136,303,721	1,794,794,114

The accompanying notes are part of these consolidated financial statements.

The Board of Directors

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2015 AND 2014

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2015	31 Dec 2014
OPERATING ACTIVITIES			
Cash receipts from trade debtors		5,013,539,109	4,980,380,801
Cash paid to trade creditors		(4,054,184,888)	(4,034,044,307)
Cash paid to employees		(671,314,787)	(640,032,077)
Cash flow generated by operations		288,039,434	306,304,417
Income taxes (paid) / received		(33,892,523)	12,701,881
Other cash receipts and (payments) relating to operating activities		(6,746,260)	37,451,125
Net cash flow from operating activities (1)		247,400,651	356,457,423
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	46	-	18,285,861
Tangible assets	10	184,933,799	14,519,345
Intangible assets		186,131	285
Interests and similar income		8,815,606	6,635,049
Loans granted		64,417,098	9,578,370
Dividends		17,806,327	19,377,628
Others		13,130,359	4,758,634
		289,289,320	73,155,172
Cash Payments arising from:			
Investments	46	(31,550,174)	-
Tangible assets and investment properties		(172,207,335)	(137,832,733)
Intangible assets		(38,568,231)	(39,323,091)
Loans granted		(49,092,000)	(9,763,370)
Others		(1,241,818)	(2,693,211)
		(292,659,558)	(189,612,405)
Net cash used in investment activities (2)		(3,370,238)	(116,457,233)
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		3,740,823,091	3,165,793,536
Capital increases, additional paid in capital and share premiums	46	30,174,078	1,829,278
Others	25	-	22,313,000
		3,770,997,169	3,189,935,814
Cash Payments arising from:			
Loans obtained		(4,026,948,010)	(2,916,082,403)
Investments	46	(82,957,645)	(120,583,329)
Interests and similar charges		(66,697,109)	(77,941,467)
Dividends and distributed reserves	47	(152,941,623)	(71,564,160)
Purchase of own shares	23	(139,401)	(18,208,035)
Others		(2,299,493)	(2,156,783)
		(4,331,983,281)	(3,206,536,177)
Net cash used in financing activities (3)		(560,986,112)	(16,600,363)
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(316,955,699)	223,399,827
Effect of foreign exchange rate		1,175,450	997,671
Cash and cash equivalents at the beginning of the period	21	588,271,612	365,869,456
Cash and cash equivalents at the end of the period	21	270,140,463	588,271,612

The accompanying notes are part of these financial statements.

The Board of Directors



SONAE, SGPS, SA

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

(Translation of consolidated financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts stated in euro)

1 INTRODUCTION

SONAE, SGPS, SA ("Sonae Holding") has its head-office at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal, and is the parent company of a group of companies, as detailed in Notes 5 to 7 the Sonae Group ("Sonae"). Sonae's operations and operating segments are described in Note 48.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accompanying consolidated financial statements are as follows:

2.1 Basis of presentation

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union and applicable to economic periods beginning on 1 January 2015, issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS Interpretations Committee ("IFRS - IC") or by the previous Standing Interpretations Committee ("SIC"), as adopted by the European Union as at the consolidated financial statements issuance date.

The accompanying consolidated financial statements have been prepared from the books and accounting records of the company, subsidiaries, joint ventures and associates, adjusted in the consolidation process, on a going concern basis and under the historical cost convention, except for some financial instruments and investment properties, which are stated at fair value.

Additionally, for financial reporting purposes, fair value measurement is categorized in Level 1, 2 and 3, according to the level in which the used assumptions are observable and its significance, in what concerns fair value valuation, used in the measurement of assets/liabilities or its disclosure.

Level 1 – Fair value is determined based on active market prices for identical assets/liabilities;

Level 2 - The fair value is determined based on other data other than market prices identified in Level 1 but they are possible to be observable; and

Level 3 - Fair value measurements derived from valuation techniques, whose main inputs are not based on observable market data.

New accounting standards and their impact in these consolidated financial statements:

Up to the date of approval of these consolidated financial statements, the European Union endorsed the following standards, interpretations, amendments and revisions some of which become mandatory during the year 2015:

With mandatory application during the year 2015:	Effective date (for financial years beginning on/after)
IFRIC 21 – (Levies)	01 Jul 2014
Annual Improvements to IFRS (cycle 2011-2013)	01 Jan 2015

These standards were applied for the first time by the Group in 2015 and there is no significant impact on these financial statements.

The following standards, interpretations, amendments and revisions were endorsed by the European Union and are mandatory in future financial years:

With mandatory application after 2015:	Effective date (for financial years beginning on/after)
IAS 19 (Amendment) – (Defined benefit Plans: Employee Contributions)	01 Feb 2015
Annual Improvements to IFRS (cycle 2010-2012)	01 Feb 2015
Annual Improvements to IFRS (cycle 2012-2014)	01 Jan 2016
IFRS 11 (Amendments) – Accounting for Acquisitions of Interests in Joint Operations	01 Jan 2016
IAS 1 (Amendment) – Presentation of Financial Statements (Disclosures)	01 Jan 2016
IAS 16 and IAS 38 (Amendment) – (Clarification of Acceptable Methods of Depreciation and Amortisation)	01 Jan 2016
IAS 16 (Amendments) – Tangible Assets and IAS 41 (Amendments) – Bearer Plants	01 Jan 2016
IAS 27 (Amendments) – Equity Method in Separate Financial Statements	01 Jan 2016

The Group did not proceed to the early adoption of any of these standards on the financial statements for the year ended on the 31 December 2015, since their application is not yet mandatory. There is no estimated significant impact on the accounts resulting from their application.

The following standards, interpretations, amendments and revisions were not endorsed by the European Union:

With mandatory application after 2015:	Effective date (for financial years beginning on/after)
IFRS 9 – (Financial instruments – classification and measurement)	01 Jan 2018
IFRS 14 – (Regulatory Deferral Accounts)	01 Jan 2016
IFRS 15 – (Revenue from Contracts with Customers)	01 Jan 2018
IFRS 16 – Leases (recognition and measurement principles)	01 Jan 2019
IFRS 10, IFRS12 and IAS 28 (Amendment) – (Clarification of several issues regarding the application of the consolidation requirement by investment entities)	Undefined
IFRS 10 e IAS 28 (Amendment) – (Elimination of the inconsistency between the requirements of these standards when dealing with the sale or contribution of assets between an investor and its associate or joint venture)	Undefined

The Group did not proceed with the early implementation of any of these standards in the financial statements for the year ended 31 December 2015 due to the fact that their application is not mandatory, lying in the process of analyzing expected effects of those standards that, with exception of IFRS 9, IFRS 15 and IFRS 16 are not expected to reflect significant impacts.

2.2 Consolidation Principles

The consolidation methods adopted by Sonae are as follows:

a) Investments in Sonae companies

Investments in companies in which Sonae owns, directly or indirectly, control are included in the consolidated financial statements using the full consolidation method.

Sonae has control of the subsidiary when the company fulfils the following conditions cumulatively: i) has power over the subsidiary; ii) is exposed to, or has rights, to variable results from its involvement with the subsidiary; and iii) the ability to use its power to affect its returns.

Sonae reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the control conditions listed above.

Equity and net profit attributable to minority shareholders are shown separately, under the caption non-controlling interests, in the consolidated statement of financial position and in the consolidated income statement, respectively. Companies included in the consolidated financial statements are listed in Note 5.

The comprehensive income of an associated is attributable to the Sonae Group owners and non-controlling interests, even if the situation results in a deficit balance at the level of non-controlling interests.

Assets and liabilities of each Sonae subsidiary are measured at their fair value at the acquisition date or control assumption, such measurement can be completed within twelve months after the date of acquisition. The excess of the consideration transferred plus the fair value of any previously held interests and non-controlling interests over the fair value of the identifiable net assets acquired is recognized as goodwill (Note 2.2.c)). Any excess of fair value of identifiable assets over consideration transferred, previously held interest and non-controlling interests recognized as income in profit or loss for the period of acquisition in the caption "Other income", after reassessment of the estimated fair value attributed to the net assets acquired. The Sonae Group will choose on transaction-by-transaction basis, the fair measurement of non-controlling interests, (i) according to the non-controlling interests share assets, liabilities and contingent liabilities of the acquired, or (ii) according to their fair value.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of gain of control or up to the effective date of loss of control, as appropriate.

Adjustments to the financial statements of Sonae companies are performed, whenever necessary, in order to adapt accounting policies to those used by Sonae. All intra-group transactions, balances, income and expenses and distributed dividends are eliminated on the consolidation process.

b) Investments in jointly controlled companies and associated companies

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement instead of rights to the assets and obligations for the liabilities of the joint arrangement. Joint control is obtained by contractual provision and exists only when the associated decisions have to be taken unanimously by the parties who share control.

In situations where the investment or financial interest and the contract concluded between the parties allows the entity holds joint control directly on the active or detention rights obligations inherent liabilities related to this agreement, it is considered that such joint agreement does not correspond to a joint venture but rather a jointly controlled operation. As at 31 December 2015 and 2014 the Group not held jointly controlled operations.

Financial investments in associated companies are investments where Sonae has significant influence. Significant influence (presumed when contributions are above 20%) is the power to participate in the financial and operating decisions of the entity, without, however, holding control or joint control over those decisions.

Investments in joint ventures and associates are recorded under the equity method.

Under the equity method, investments are recorded at cost, adjusted by the amount corresponding to Sonae in comprehensive income (including net profit for the period) of jointly controlled entities and associates, against the Group's comprehensive income or gains or losses for the year as applicable, and dividends received.



The excess of cost of acquisition over the fair value of identifiable assets and liabilities of each joint venture and associate at the acquisition date is recognized as goodwill (Note 2.2.c)), and is kept under which is included in the caption Investment in jointly controlled and associated companies. Any excess of Sonae's share in the fair value of the identifiable net assets acquired over cost are recognized as income in the profit or loss for the period of acquisition, after reassessment of the estimated fair value of the net assets acquired under the caption "Share of results of joint ventures and associates undertakings".

An assessment of investments in jointly controlled and associated companies is performed when there is an indication that the asset might be impaired being any impairment loss recorded in the income statement. Impairment losses recorded in prior years that are no longer justifiable are reversed.

When Sonae's share of losses exceeds the carrying amount of the investment, the investment is reported at null value and recognition of losses is discontinued, unless Sonae is committed beyond the value of its investment. In these situations impairment is recorded for that amount.

Sonae's share in not performed gains not related arising from transactions with jointly controlled and associated companies are eliminated in proportion to Sonae's interest in the above mentioned entities against the investment on the same entity. Unrealized losses are as well eliminated, but only to the extent that there is no evidence of impairment of the asset transferred.

When the not performed gains or losses on transactions correspond to business activities, and taking into consideration the inconsistency existing between currently the requirements of IFRS 10 and IAS 28, Sonae, taking into account the defined in amendment to IFRS 10 and IAS 28 proceeds to full gain/loss recognition in situations where there is loss of control of that business activity as a result of a transaction with a joint venture.

Investments in jointly controlled and associated companies are disclosed in Note 6.

c) Goodwill

The excess of consideration transferred in the acquisition of investments in subsidiaries, jointly controlled and associated companies plus the amount of any non-controlling interests (in the case of affiliated companies) over Sonae's share in the fair value of the identifiable assets, liabilities and contingent liabilities of those companies at the date of acquisition, when positive, is shown as goodwill (Note 12) or as Investments in jointly controlled and associated entities (Note 6). The excess of the consideration transferred in the acquisition of investments in foreign companies the amounts of any non-controlling interests (in the case of affiliated companies) over the fair value of their identifiable assets, liabilities and contingent liabilities at the date of acquisition is calculated using the functional currency of each of those companies. Translation to the Sonae's functional currency (Euro) is made using the closing exchange rate. Exchange rate differences arising from this translation are recorded and disclosed in "Currency translation reserves".

Future contingent consideration is recognized as a liability, at the acquisition-date, according to its fair value, and any changes to its value are recorded as a change in the goodwill, but only as long as they occur during the measurement period (until 12 months after the acquisition-date) and as long as they relate to facts and circumstances prior to that existed at the acquisition date, otherwise these changes must be recognized in profit or loss on the income statement.

Transactions regarding the acquisition of additional interests in a subsidiary after control is obtained, or the partial disposal of an investment in a subsidiary while control is retained, are accounted for as equity transactions impacting the shareholders' funds captions, and without giving rise to any additional goodwill and without any gain or loss recognised.

When a disposal transaction generates a loss of control, assets and liabilities of the entity are derecognised, any interest retained in the entity sold is be remeasured at fair value and any gain or loss calculated on the sale is recorded in results.

Goodwill is not amortised, but it is subject to impairment tests on an annual basis or whenever there are indications of impairment to check for impairment losses to be recognized. Net recoverable amount is determined based on business plans used by Sonae management or on valuation reports issued by independent entities namely for real estate assets. Goodwill impairment losses recognized in the period are recorded in the income statement under the caption "Provisions and impairment losses".

Impairment losses related with goodwill will not be reversed.

The goodwill, if negative is recognized as income in the profit or loss for the period, at the date of acquisition, after reassessment of the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

d) Translation of financial statements of foreign companies

Assets and liabilities denominated in foreign currencies in the financial statements of foreign companies are translated to euro using exchange rates at date of the statement of financial position. Profit and loss and cash flows are converted to euro using the average exchange rate for the period. Exchange rate differences originated after 1 January 2004 are recorded as equity under "Translation Reserves" in "Other Reserves and Retained Earnings". Exchange rate differences that were originated prior to 1 January 2004 (date of transition to IFRS) were written-off through "Retained Earnings".

Goodwill and fair value adjustments arising from the acquisition of foreign companies are recorded as assets and liabilities of those companies and translated to euro using exchange rates at the statement of financial position date.

Whenever a foreign company is sold (totally or partially), accumulated exchange rate differences are recorded in the income statement as a gain or loss on the disposal, in the caption Investment income, when there is a control loss; in the case where there is no control loss, it is transferred to non-controlling interests.

Exchange rates used on translation of foreign group, jointly controlled and associated companies are listed below:

	31 Dec 2015		31 Dec 2014	
	End of exercise	Average of exercise	End of exercise	Average of exercise
US Dollar	0.91853	0.90177	0.82366	0.75375
Swiss Franc	0.92293	0.93717	0.83167	0.82331
Pound Sterling	1.36249	1.37800	1.28386	1.24073
Brazilian Real	0.23193	0.27451	0.31049	0.32063
Australian Dollar	0.67128	0.67815	0.67435	0.67961
Chilean Peso	0.00130	0.00138	0.00136	0.00132
Mexican Peso	0.05287	0.05693	0.05597	0.05665
Singapore Dollar	0.64863	0.65611	0.62274	0.59477
Turkish Lira	0.31481	0.33228	0.35311	0.34430
Polish Zloty	0.23453	0.23915	0.23402	0.23895

2.3 Tangible assets

Tangible assets acquired up to 1 January 2004 (transition date to IFRS) are recorded at acquisition or production cost, or revalued acquisition cost, in accordance with generally accepted accounting principles in Portugal until that date, net of depreciation and accumulated impairment losses.

Tangible assets acquired after that date is recorded at acquisition cost, net of depreciation and accumulated impairment losses.

Depreciation is calculated on a straight line basis, according to the estimated life cycle for each group of goods, starting from the date the asset is available for use in the necessary conditions to operate as intended by the management, and recorded against the income statement caption "Depreciation and amortization" in the consolidated income statements.

Impairment losses identified in the recoverable amounts of tangible assets are recorded in the year in which they arise, by a corresponding charge against, the caption "Provisions and impairment losses" in the profit and loss statement.

The depreciation rates used correspond to the following estimated useful lives:

	Years
Buildings	10 to 50
Plant and machinery	10 to 20
Vehicles	4 to 5
Tools	4 to 8
Fixture and fittings	3 to 10
Other tangible assets	4 to 8

Maintenance and repair costs relating to tangible assets are recorded directly as expenses in the year they are incurred.

Tangible assets in progress represent fixed assets still under construction-development and are stated at acquisition cost net of impairment losses. These assets are depreciated from the date they are completed or become ready for use.

Gains or losses on sale or disposal of tangible assets are calculated as the difference between the selling price and the carrying amount of the asset at the date of its sale-disposal. These are recorded in the income statement under either "Other income" or "Other expenses".

2.4 Investments properties

The group's investment properties are mainly property held by Sonae Sierra and its subsidiaries which are recorded under the equity method (Note 6).

Investment properties consist, mainly, in buildings and other constructions held to earn rentals or capital appreciation or both, rather than for use in the production or supply of goods or services or for administration purposes or for sale in the ordinary course of business.

Investment properties are recorded at their fair value based on half-yearly valuations performed by an independent assessor. Changes in fair values of investment properties are accounted for in the period in which they occur, in the income statement.

Assets which qualify as investment properties are recognized as such when they start being used or, in the case of the investment properties in progress, when their development is considered irreversible, as mentioned in the above conditions. Until the moment the asset is qualified as investment property, the same asset is booked at historical or production cost in the same way as a tangible asset (Note 2.3). Since that moment, the investment properties in progress are recorded at their fair value. The difference between cost (of acquisition or production) and the fair value at that date is accounted for in the consolidated income statement.

Expenses incurred with investment properties in use, namely maintenance, repairs, insurance and property taxes are recognised as an expense in the statement of profit and loss for the year to which they relate. The improvements estimated to generate additional economic benefits are capitalised.

2.5 Intangible assets

Intangible assets are stated at acquisition or production cost, net of depreciation and accumulated impairment losses. Intangible assets are only recognized if it is probable that future economic benefits will flow from them, if they are controlled by Sonae and if their cost can be reasonably measured.

Research expenditure associated with new technical knowledge is recognized as an expense recorded in the income statement when it is incurred.

Expenditure on development is recognized as an intangible asset if Sonae demonstrates the technical feasibility and its intention to complete the asset, its ability to sell or use it and the probability that the



asset will generate future economic benefits. Expenditure on development which does not fulfil these conditions is recorded as an expense in the period in which it is incurred.

Internal costs associated with maintenance and development of software is recorded as an expense in the period in which they are incurred. Only costs directly attributable to projects for which the generation of future economic benefits for Sonae is probable are capitalized as intangible assets. According to this assumptions, the costs are initially accounted for as expenses, being capitalized as intangible assets by mean of "Own work capitalized"

The expenses incurred with the acquisition of client portfolio's (attributed value relating to the allocation of the purchasing price in business activity concentration) are stated as intangible assets and amortized on straight-line bases, during the average estimated period of portfolio's client retention.

Brands and patents are recorded at their acquisition cost and are amortized on a straight-line basis over their respective estimated useful life. When the estimated useful life is undetermined, they are not depreciated but are subject to annual impairment tests.

Amortization is calculated on a straight-line basis, as from the date the asset is first used, over the expected useful life which usually is between 3 and 7 years and recorded in the caption of " Depreciations and Amortizations", in the income statement.

2.6 Accounting for leases

Lease contracts are classified as (i) a finance lease if the risks and rewards incidental to ownership lie with the lessee and (ii) as an operating lease if the risks and rewards incidental to ownership do not lie with the lessee.

The analysis of the transfer of risks and rewards of ownership of the asset takes into account several factors, including whether or not ownership is contractually conditioned to assume ownership of the asset, the value of minimum future payments over the contract, nature of the leased asset and the duration of the contract taking into consideration the possibility of renewal, when that renewal is considered to be probable.

Whether a lease is classified as finance or an operating lease depends on the substance of the transaction rather than the form of the contract.

a) Accounting for leases where Sonae is the lessee

Tangible assets acquired under finance lease contracts and the related liabilities are recorded in accordance with the financial method. Under this method the tangible assets, the corresponding accumulated depreciation and the related liability are recorded in accordance with the contractual financial plan at fair value or, if less, at the present value of payments. In addition, interests included in lease payments and the depreciation of the tangible assets is recognized as expenses in the profit and loss statement for the period to which they relate.

In operating leases, rents are recognized as expenses in the income statement on a straight line basis over the lease period.

Possible incentives received related with leases are recorded as liabilities and recognized in a straight line over the lease period. Similarly amounts to be offset against future income are recognized as assets and reversed over the lease period.

b) Accounting for leases where Sonae is the lessor

The accounting for leases where Sonae is the lessor, the value of allocated goods is kept on Sonae statement of financial position and income is recognized on a straight line basis over the period of the lease contract.

c) The accounting treatment of Sale and Leaseback operations

The accounting treatment of Sale and Leaseback operations depends on the substance of the transaction by applying the principles explained previously on lease agreements. In case of sale of assets followed by operating lease contracts, the Company recognizes a gain related with the fair value of the asset sold deducted from the book value of the leased asset. In situations where the assets are sold for an amount higher than its fair value or when the Group receives a higher price as compensation for expenses to be incurred, namely with costs that are traditionally the owner's responsibility, such amounts is deferred over the lease period.

2.7 Non-current assets held for sale

The non-current assets (or disposal group) are recorded as held for sale if it is expected that the book value will be recovered through the sale and not through the use in the operations. This condition is achieved only if the sale is highly probable and the asset (or disposal group) is available for the immediate sale in the actual conditions. Additionally, there must be in progress actions that should allow concluding the sale within 12 months counting from the classification's date in this caption. The non-current assets (or disposal group) recorded as held for sale are booked at the lower amount of the historical cost or the fair value deducted from costs, not being amortised after being classified as held for sale.

2.8 Government grants and other public entities

O Government grants are recorded at fair value when there is reasonable assurance that they will be received and that Sonae will comply with the conditions attaching to them.

Grants received as compensation for expenses, namely grants for personnel training, are recognized as income in the same period as the relevant expense.

Grants related to depreciable assets are disclosed as "Other non-current liabilities" and are recognized as income on a straight-line basis over the expected useful lives of those underlying assets.

2.9 Impairment of non-current assets, except for Goodwill

Assets are assessed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.



Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement under Provisions and impairment losses.

The recoverable amount is the higher of an asset's fair value net of costs to sell and its value in use. Fair value net of costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit to which the asset belongs.

In situations where the use of the asset will be expectedly discontinued (stores to be closed on the remodeling processes) the Group performs a review of the asset's useful life after considering its impact on the value of use of that asset for terms of impairment analysis, particularly on the net book value of the assets to derecognise.

Reversal of impairment losses recognized in prior exercises is only recorded when it is concluded that the impairment losses recognized for the asset no longer exist or have decreased. This analysis is performed whenever there is an indication that the impairment loss previously recognized has been reversed. The reversal is recorded in the income statement as Operational income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for that asset in prior years.

2.10 Financial expenses relating to loans obtained

Financial expenses relating to loans obtained are generally recognised as expenses on an accruals basis.

Financial expenses related to loans obtained for the acquisition, construction or production of fixed assets are capitalised as part of the cost of the assets. These expenses are capitalised starting from the time of preparation for the construction or development of the asset and are interrupted when the assets are ready to operate, at the end of the production or construction phases or when the associated project is suspended. Any income earned on funds temporarily invested pending their expenditure on the qualifying asset, is deducted from the financial expenses that qualify for capitalisation.

2.11 Inventories

Consumer goods and raw materials are stated at the lower of cost deducted from discounts obtained and net realisable value. Cost is determined on a weighted average basis.

Differences between cost and net realisable value, if negative, are shown as expenses under the caption "Cost of goods sold and materials consumed", as well as Impairment Reversions.

2.12 Provisions

Provisions are recognized when, and only when, Sonae has an obligation (legal or constructive) resulting from a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of that obligation. Provisions are reviewed and adjusted at the statement of financial position date to reflect the best estimate as of that date.

Restructuring provisions are recorded by Sonae whenever a formal and detailed restructuring plan exists and that plan has been communicated to the parties involved.

2.13 Financial instruments

Sonae classifies the financial instruments in the categories presented and conciliated with the Consolidated Statement of financial position disclosed in Note 9.

a) Investments

Investments are classified into the following categories:

- Held to maturity
- Investments measured at fair value through profit or loss
- Available-for-sale

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the statement of financial position date. Investments classified as held to maturity have defined maturities and Sonae has the intention and ability to hold them until the maturity date.

The investments measured at the fair value through profit or loss include the investments held for trading that Sonae acquires with the purpose of trading in the short term. They are classified in the consolidated statement of financial position as current investments.

Sonae classifies as available-for-sale investments those that are neither included as investments measured at fair value through profit or loss neither as investments held to maturity. These assets are classified as non-current assets, except if the sale is expected to occur within 12 months from the date of classification.

All purchases and sales of investments are recognized on the trade date, independently of the settlement date.

Investments are recorded at acquisition value, usually, which is the fair value of the consideration paid for them, including transaction costs apart from investment measured at fair value through results, in which the investments are initially recognized at fair value and transaction costs are recognized in the income statement.

After initial recognition, investments measured at fair value through profit or loss are subsequently revalued at fair value, without any deduction for transaction costs which may be incurred on sale, by



reference to their listed market price at the statement of financial position date. Available-for-sale not listed and whose fair value cannot be reliably measured, are recorded at cost less impairment losses.

Gains or losses arising from a change in fair value of available-for-sale investments are recognized directly in equity, under "Investments Fair value reserve", until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is transferred to net profit or loss for the period. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment.

Equity instruments classified as available for sale are considered to be impaired if there is a significant or prolonged decline in its fair value below its acquisition cost.

Gains or losses arising from a change in fair value of investments measured at fair value through the income statement are recorded in the caption "gains and losses in investments recorded at fair value through results" of consolidated profit results.

Held to maturity investments are carried at amortised cost using the effective interest rate, net of capital reimbursements and interest income received.

b) Loans and non-current accounts receivable

Loans and non-current accounts receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

These financial investments arise when Sonae provides money, goods or services directly to a debtor with no intention of trading the receivable.

Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the statement of financial position date, when they are classified as non-current assets. Loans and receivables are included in the captions presented in Note 9.

c) Trade accounts receivable and other accounts receivable

"Trade accounts receivable" and "Other accounts receivable" are recorded at their nominal value and presented in the consolidated statement of financial position net of eventual impairment losses, recognized under the allowance account Impairment losses on accounts receivable, in order to reflect its net realisable value. These captions, when classified as current, do not include interests because the effect of discounting would be immaterial.

Impairment is recognized if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received. Therefore, each Sonae company takes into consideration market information that indicates:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

When it's not feasible to assess the impairment for every single financial asset, the impairment is assessed on a collective basis. Objective evidence of impairment of a portfolio of receivables could include Sonae's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the receipt of the full amount is expected to be within one year the discount is considered null as it is immaterial.

d) Classification as equity or liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

Equity instruments are contracts that evidence a residual interest in the assets of Sonae after deducting all of its liabilities. Equity instruments issued by Sonae are recorded at the proceeds received, net of direct issue costs.

e) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments. Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.10. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

Funding on the form of commercial paper are classified as non-current, when they have guarantees of placing for a period exceeding one year and it is the intention of the group to maintain the use of this form of financing for a period exceeding one year.

f) Loans convertible into shares

The component parts of compound instruments, namely convertible bonds, issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is estimated by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity. The conversion option classified as equity will remain in equity until the conversion option is exercised. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retained profits/ other equity. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.



Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds.

g) Trade accounts payable and other creditors

Accounts payable are stated at their nominal value, as they do not bear interests and the effect of discounting is considered immaterial.

h) Confirming

Some subsidiaries within the retail business maintain agreements with financial institutions in order to enable its suppliers to an advantageous tool for managing its working capital by the confirmation by these subsidiaries of the validity of invoices and credits that these suppliers hold over these companies.

Under these agreements, some suppliers freely engage into contracts with these financial institutions that allow them to anticipate the amounts receivable from these retail subsidiaries, after confirmation of the validity of such receivables by these subsidiaries.

These retail subsidiaries consider that the economic substance of these financial liabilities does not change, therefore these liabilities are kept as accounts payable to Suppliers until the normal maturity of these instruments under the general supply agreement established between the company and the supplier, whenever (i) the maturity corresponds to a term used by the industry in which the company operates, this means that there are no significant differences between the payment terms established with the supplier and the industry , and (ii) the company does not have net costs related with the anticipation of payments to the supplier when compared with the payment within the normal term of this instrument. In some situations such subsidiaries receive a commission from the financial institutions.

In the due date of such invoice, the amount is paid by the subsidiaries to the financial institution regardless whether or not it anticipated those amounts to the suppliers.

i) Derivatives

Sonae uses derivatives in the management of its financial risks to hedge such risks and-or in order to optimize the funding costs.

Derivatives classified as cash flow hedging instruments are used by the Sonae mainly to hedge interest risks on loans obtained and exchange rate. Conditions established for these cash flow hedging instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. The inefficiencies, if any, are accounted under "Financial income" or "Financial expenses" in the consolidated income statement.

Sonae's criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- The hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- The effectiveness of the hedge can be reliably measured;
- There is adequate documentation of the hedging relationships at the inception of the hedge;

- The transaction being hedged is highly probable.

Cash flow hedge instruments used by the Sonae to hedge the exposure to changes in interest and exchange rates of its loans are initially accounted for at cost, if any, which corresponds to its fair value, and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption "Hedging reserves", and then recognized in the income statement over the same period in which the hedged instrument affects profit or loss.

The accounting of hedging derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption Hedging reserve are transferred to profit or loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction or stay in equity if there is a high probability that the hedge transaction will occur. Subsequent changes in the revaluations are recorded in the income statement.

Sonae also uses financial instruments with the purpose of cash flow hedging, that essentially refer to exchange rate hedging ("forwards") of loans and commercial operations. If they configure a perfect hedging relation, hedge accounting is used. In certain situations such as loans and other commercial operations, they do not configure perfect hedging relations, and so do not receive hedge accounting treatment, although they allow in a very significant way, the reduction of the loan and receivable-payable exchange volatility, nominated in foreign currency.

Sonae may agree to become part of a derivative transaction in order to hedge cash-flows related to exchange rate risk. In some cases, these derivatives may not fulfil the criteria for hedging accounting under IAS 39, and if so changes in their fair value are recognized in the income statement.

In some derivative transactions Sonae does not apply "hedge accounting", although they intend to hedge cash-flows (currency "forward", interest's rate option or derivatives including similar clauses). They are initially accounted for at value, and subsequently adjusted to the corresponding fair value, determined by specialized software. Changes in fair value of these instruments are recognized in the income statement under "Financial income" and "Financial expenses".

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics of the host contract, and these are not stated at fair value, gains and losses which are not realizable are recorded in the Income Statement.

Sonae may agree to become part of a derivative transaction in order to fair value hedge some interest rate exposure. In these cases, derivatives are recorded at fair value through profit or loss and the effective portion of the hedging relationship is adjusted in the carrying amount of the hedged instrument, if not stated at fair value (namely loans recorded at amortised cost), through profit or loss.

j) Own shares

Own shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of own shares are recorded in "Other reserves", included in "Others reserves and retained earnings".

k) Cash and cash equivalents

Amounts included under the caption "Cash and cash equivalents" correspond to amounts held in cash and term bank deposits and other treasury applications, which mature in less than three months, and where the risk of change in value is insignificant.



The caption “Cash and cash equivalents” in the consolidated cash flow statement also includes bank overdrafts, which are reflected in the consolidated balance sheet caption in “Other loans”.

All the amounts included in this caption can be reimbursed at demand as there are no pledges or guarantees over these assets.

2.14 Shared based-payments

Share-based payments result from deferred performance bonus plans that are referenced to Sonae share price and/or that of its publicly listed affiliated companies and vest within a period of 3 years after being granted.

When the plans set out by Sonae are settled through the delivery of treasury shares, the value of this responsibility is determined at the time of assignment based on the fair value of shares allotted and recognized during the period of deferment of each plan. The responsibility is posted in equity, in the caption “Other revenues and retained earnings” against “staff costs”.

When the settlement is made in cash, the value of these responsibilities are determined on the grant date (usually in April of each year) and subsequently remeasured at the end of each reporting period, based on the number of shares or options granted and the corresponding fair value at the closing date. These obligations are stated as staff costs and other current and non-current liabilities on a straight line basis, between the date the shares are granted and their vesting date, taking into consideration the time elapsed between these dates.

2.15 Contingent assets and liabilities

Contingent assets are not recorded in the consolidated financial statements but disclosed when future economic benefits are probable.

Contingent liabilities are not recorded in the consolidated financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

2.16 Income tax and other tax

The tax charge for the year is determined based on the taxable income of companies included on consolidation and considers deferred taxation.

Current income tax is determined based on the taxable income of companies included on consolidation, in accordance with the tax rules in force in the respective country of incorporation.

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore are expected to apply when the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized

and expected to reverse in the same period. At each statement of financial position date a review is made of the deferred tax assets recognized, being reduced whenever their future use is no longer probable.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity. In these cases the corresponding deferred tax is recorded in equity.

The value of taxes recognised in the financial statements correspond to the understanding of Sonae on the tax treatment of specific transactions being recognised liabilities relating to income taxes or other taxes based on interpretation that is performed and what is meant to be the most appropriate.

In situations where such positions will be challenged by the tax authorities as part of their skills by your interpretation is distinct from Sonae, such a situation is the subject of review. If such a review, reconfirm the positioning of the Group concluded that the probability of loss of certain tax process is less than 50% Sonae treats the situation as a contingent liability, i.e. is not recognized any amount of tax since the decision more likely is that there will be no place for the payment of any tax. In situations where the probability of loss is greater than 50% is recognized a provision, or if the payment is recognized the cost associated.

In situations in which payments were made to Tax Authorities under special schemes of regularization of debts, in which the related tax is Income Tax, and that cumulatively keep the respective lawsuits in progress and the likelihood of success of such lawsuits is greater than 50%, such payments are recognized as assets, as these amounts correspond to determined amounts, which will be reimbursed to the entity, (usually with interests) or which may be used to offset the payment of taxes that will be due by the group, in which case the obligation in question is determined as a present obligation.

2.17 Accrual basis and revenue recognition

Revenue from the sale of goods is recognized in the income statement when the risks and benefits have been transferred to the buyer and the amount of the revenue can be measured reasonably. Sales are recognized net of sales taxes and discounts and other expenses arising from the sale, and are measured as the fair value of the amount received or receivable.

Revenue associated with extended warranties operations, which are granted for a period of 1 to 3 years, after the legally binding warranty of 2 years, by the specialized retail operating Segment, and are recognized in a straight line basis over the warranty lifetime period. The revenue associated with warranties sold but for which the legal binding warranty hasn't yet expired is accounted under the captions of the Statement of Financial Position "Other non-current liabilities" and "Other current liabilities" (Notes (28 and 32).

The revenues and costs of the consultancy projects developed in the information systems consultancy segment are recognised in each period, according to the percentage of completion method.

The income related to the commissions generated by the insurance mediation activity is recorded at the moment of the premium payment by the policyholder. No premium is accounted before it has been received. In that moment, Sonae posts a liability related with the obligation to transfer the insurance premium net of commissions, to the respective insurance company.

In cases where the premium is directly paid to the insurance company, Sonae records its commission in the moment in which is informed of the premium payment by the policyholder to the insurance company.



The deferral of revenue related with customer loyalty plans, awarding discounts on future purchases, by the food Retail Operating Segment, is quantified taking into account the probability of exercising the above mentioned discounts and are deducted from revenue when they are generated. The corresponding liability is presented under the caption other creditors.

Dividends are recognized as income in the year they are attributed to the shareholders.

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

“Other current assets” and “Other current liabilities” include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but will only correspond to income or expenses of future years, when they will be recognized in the income statement.

2.18 Balances and transactions expressed in foreign currencies

Transactions are recorded in the separate financial statements of the subsidiaries in the functional currency of the subsidiary, using the rates in force on the date of the transaction.

At each statement of financial position date, all monetary assets and liabilities expressed in foreign currencies are translated to the functional currency of each foreign company at the exchange rates as at that date. All non-monetary assets and liabilities recorded at fair value and stated in foreign currencies are converted to the functional currency of each company, using the exchange rate at the date the fair value was determined.

Exchange gains and losses arising from differences between historical exchange rates and those prevailing at the date of collection, payment or the date of the statement of financial position, are recorded as income or expenses of the period, except for those related to non-monetary assets or liabilities, for which adjustments to fair value are directly recorded under equity.

When Sonae wants to reduce currency exposure, it negotiates hedging currency derivatives (Note 2.13.g)).

2.19 Subsequent events

Events after the statement of financial position date that provide additional information about conditions that existed at the statement of financial position date (adjusting events), are reflected in the consolidated financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes to the consolidated financial statements when material.

2.20 Judgements and estimates

The most significant accounting estimates reflected in the consolidated income statements include:

- a) Useful lives of the tangible and intangible assets;
- b) Impairment analysis of goodwill in investments in associated companies and jointly controlled

entities and of tangible and intangible assets;

- c) Recognition of adjustments on assets, provisions and contingent liabilities;
- d) Determining the fair value of investment properties and derivative financial instruments;
- e) Recoverability of deferred tax assets;
- f) Valuation at fair value of assets, liabilities and contingent liabilities in business combination transactions.

Estimates used are based on the best information available during the preparation of consolidated financial statements and are based on best knowledge of past and present events. Although future events are neither controlled by Sonae nor foreseeable, some could occur and have impact on the estimates. Changes to estimates that occur after the date of these consolidated financial statements, will be recognized in net income, in accordance with IAS 8, using a prospective methodology.

The main estimates and assumptions in relation to future events included in the preparation of consolidated financial statements are disclosed in the corresponding notes.

2.21 Insurance and reinsurance contracts

In order to optimise insurance costs, Sonae, through a wholly owned subsidiary, enters into reinsurance operations over non-life insurance contracts entered into by subsidiaries and related of the Efanor Group.

The subsidiary of Sonae acts like an intermediate in the assurance operations as a way to optimise insurance coverage and retention levels in accordance with the needs of each business, ensuring effective insurance management worldwide. The retained risk is immaterial in the context of reinsurance carried out.

Premiums written on non-life insurance contracts and associated acquisition costs are recognized as income and cost on a prorata basis over the term of the related risk periods, through changes in the provision for unearned premiums.

The provision for unearned premiums (Note 33) reflects the portion of non-life insurance premiums written attributable to future years, namely the portion corresponding to the period between the statement of financial position date and the end of the period to which the premium refers. It is calculated, for each contract in force.

In Provision for claims (Note 33) is recorded the estimated amounts payable for claims, including claims that have been incurred but not reported and future administrative costs to be incurred on the settlement of claims under management. Provisions for claims recorded by Sonae are not discounted.

Reinsurer's share of technical provisions (Assets – Note 33) are determined by applying the above described criteria for direct insurance, taking into account the percentages ceded, in addition to other clauses existing in the treaties in force.

At each statement of financial position date, Sonae assess the existence of evidence of impairment on assets originated by insurance or reinsurance contracts.



2.22 Segment information

Information regarding operating segments identified is included in Note 48.

2.23 Legal reserves, other reserves and retained earnings

Legal reserves:

Portuguese commercial legislation requires that at least 5% of annual net profit must be appropriated to a legal reserve, until such reserve reaches at least 20% of the share capital. This reserve is not distributable, except in the case of liquidation of the Company, but it may be used to absorb losses, after all the other reserves are exhausted, or to increase the share capital.

Hedging reserve:

The Hedging reserve reflects the changes in fair value of “cash flow” hedging derivatives that are considered as effective (Note 2.13.g) and is not distributable or used to cover losses.

Currency translation reserve:

The currency translation reserve corresponds to exchange differences relating to the translation from the functional currencies of the Sonae's foreign subsidiaries and joint ventures into Euro, in accordance with the accounting policy described in Note 2.2.d).

Fair value reserve:

This reserve arises on the revaluation of available-for-sale financial assets as mentioned in Note 2.13.a).

Reserves for the medium-term incentive plan are included in “other reserves”.

According to IFRS 2 – “Share-based Payments”, responsibility with the medium-term incentive plans settled through delivery of own shares is recorded, the credit, under the caption Reserves for the medium-term incentive plan, and is not distributable or used to cover losses.

2.24 Option premium embedded in convertible bonds

The balance recognized in equity corresponds to the initial fair value valuation of the equity component that fulfils with the definition of equity instrument (Note 2.13.d)). This reserve is not distributable, being transferred to retained earnings or to “Other reserves”, at maturity date, or being recognized as premium in the event of conversion into the company's own shares.

3 FINANCIAL RISK MANAGEMENT

3.1 Introduction

The ultimate purpose of financial risk management is to support Sonae in the achievement of its strategy, reducing unwanted financial risk and volatility and mitigate any negative impacts in the income statement arising from such risks. Sonae's attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae does not enter into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

Due to its diversified nature Sonae is exposed to a variety of financial risks, consequently each Sub-holding is responsible for, where applicable, setting its own financial risk management policies, to monitor their own exposure and to implement their approved policies. Therefore for some risks there are not Sonae global risk management policies, but rather, where appropriate, customized risk management policies at Sub-holding level, existing, however, common guiding principles. Financial risk management policies are approved by each Executive Committee and exposures are identified and monitored by each Sub-holding Finance Department. Exposures are also monitored by the Finance Committee as mentioned in the Corporate Governance Report.

The Finance Committee coordinates and reviews, amongst other responsibilities, global financial risk management policies. The Finance Department of Sonae Holding is responsible for consolidating and measuring the Company's financial risk exposure, being also responsible for assisting each Sub-holding in managing their own currency, interest rate, liquidity and refinancing risks through the Corporate Dealing Desk. Exposures are recorded in a main system (Treasury Management System). Risk control and reporting is carried out both at Sub-holding level, on a daily basis and on a consolidated basis for the monthly Finance Committee meeting.

3.2 Credit Risk

Credit risk is defined as the probability of a counterparty defaulting on its contractual obligations resulting in a financial loss. It is shown in two major ways:

3.2.1) Credit risk arising from Financial Instruments

The credit risk management related to the Financial Instruments (investments and deposits in banks and other financial institutions or resulting from derivative financial instruments entered during the normal hedging activities) or loans to subsidiaries and associates, there are principles for all Sonae companies:

- Only carry out transactions (short term investments and derivatives) with counterparties that have a high national and international prestige and based on their respective rating notations taking into consideration the nature, maturity and size of the operations;
- Sonae only enters into eligible and approved financial instruments. The definition of the eligible instruments, for the investment of temporary excess of funds or derivatives, was made in a conservative approach (essentially consisting in short term monetary instruments, in what excess of funds is concerned and instruments that can be split into components and that can be properly fair valued, with a loss cap);

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- In relation to excess funds: i) those are preferentially used, whenever possible and when more efficient to repay debt, or invested preferably in instruments issued by existing relationships banks in order to reduce exposure on a net basis, and ii) may only be applied in pre-approved instruments;
 - In some cases Sub-holdings can define more strict rules regarding counterparty exposure or more conservative policies;
 - Any departure from the above mentioned policies needs to be pre-approved by the respective Executive Committee/Board of Directors.

Regarding to the policies and minimum credit rating, Sonae does not expect any material failure in contractual obligation from its external counterparties nevertheless exposure to each counterparty resulting from financial instruments and the credit rating of potential counterparties is regularly monitored by the Sub-holding Finance Department and any departure is promptly reported to the respective Executive Committee/Board of Directors and to the Sonae Finance Committee.

3.2.2) Credit risk in operational and commercial activities of each business

In this case due to each business characteristics and consequently of different credit risk typology, each sub-holding determines the most appropriate policy, as described above. However the policies follow the same wide principles of: prudence, conservatism, and the implementation of control mechanism.

- Retail

Credit risk is very low, considering that most transactions are made in cash. In the remaining, in the relationship with customers is controlled through a system of collecting quantitative and qualitative information, provided by high prestige and liable entities that provide information on risks by obtaining suitable guarantees, aimed at reducing the risk of granting credit. Credit risk arises in the relationship with suppliers as a result of advances or debits for discounts and is mitigated by the expectation to maintain the business relationship.

- Sonae IM

The Multimedia and Information Systems business exposure to credit risk is mainly associated with the accounts receivable related to current operational activities. The credit risk management purpose is to guarantee that the amounts owed by debtors are effectively collected within the periods negotiated without influencing the financial health of the Sub-holding. Sonaecom uses credit rating agencies and has specific departments responsible for risk control, collections and management of processes in litigation, which all contribute to the mitigation of credit risk.

In the remaining business of investment management the credit risk in the context of the current operating activity is controlled through a system of collecting qualitative and financial information provided by recognized entities that supply information of risks, which allow to evaluate the viability of the of customers in fulfilling their obligations, aimed at reducing the risk of concession credit.

- Sonae Sierra – Joint venture

The credit risk results essentially of the risk of credit of the tenants of the commercial centers managed by Sub-holding and of the other debtors. Shopping Centre storekeepers credit risk monitoring is made by the

adequate assessment of risk before the storekeepers are accepted and by the establishment of conservative credit limits for each storekeeper.

- NOS – Joint venture

NOS is subject to credit risk in its operating and treasury activities. The credit risk associated with operations is essentially related to services provided to customer's credits. This risk is monitored on a regular basis business, with the goal of management is: i) limit the credit granted to customers, considering the average collection period of each client; ii) monitor the evolution of the level of credit granted; and iii) perform impairment tests to receivables on a regular basis.

- Sonae Holding

A Sonae Holding is a company without any relevant commercial or trade activity, other than the normal activities of a portfolio manager. As such, it is only exposed, on a regular basis, to credit risk resulting from its investing activities (holding cash and cash equivalents instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities) in accordance with the principles mentioned in note 3.2.1).

Additionally Sonae Holding may also be exposed to credit risk as a result of its portfolio manager activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis under the supervision of the Executive Committee (requesting bank guarantee, escrow accounts, obtaining collaterals, amongst others).

The amount related to customers, other debtors and other assets presented in Financial Statements, which are net of impairment losses represent Sonae exposure to credit risk.

3.3 Liquidity risk

Sonae has the need, regularly, to raise external funds to finance its activities and investing plans. It holds a long term diversified portfolio, essentially made of, loan's and structured facilities, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2015, the total gross debt (excluding shareholders loans) was 1,587 million euro (on 31 December 2014 was 1,853 million euro) excluding the contributions of Shopping Centers and NOS operating segments measured by the equity method.

The purpose of liquidity risk management is to ensure, at all times, that Sonae has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy. Given the dynamic nature of its activities, Sonae needs a flexible financial structure and therefore uses a combination of:

- Maintaining with its relationship banks, a combination of short and medium term committed credit facilities, with sufficiently comfortable previous notice cancellation periods with a range that goes up to 360 days;
- Maintenance of commercial paper programs with different periods and terms, that allow, in some cases, to place the debt directly in institutional investors;

- Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;
- Diversification of financing sources and counterparties;
- Ensuring an adequate average debt maturity, by issuing long term debt and avoiding excessive concentration of scheduled repayments. At the end of 2015, Sonae's average debt maturity was approximately 3.1 years (2014: 2.2 years) excluding the contributions of joint ventures Shopping Centers business and NOS activities and Travel operating segments consolidated by the equity method;
- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;
- Where possible, by pre financing forecasted liquidity needs, through transactions with an adequate maturity;
- Management procedures of short-term applications, assuring that the maturity of the applications will match with foreseen liquidity needs (or with a liquidity that allows to cover unprogrammed disbursements, concerning investments in assets), including a margin to hedge forecasting deviations. The margin of error needed in the treasury department prediction, will depend on the confidence degree and it will be determined by the business. The reliability of the treasury forecasts is an important variable to determinate the amounts and the periods of the market applications-borrowings.

The maturity of each major class of financial liabilities is presented in Notes 25, 26, 30, and 31, based on the undiscounted cash flows of financial liabilities based on the earliest date on which Sonae can be required to pay ("worst case scenario").

Sonae maintains a liquidity reserve in the form of credit lines together with the banks with which there are activities. This is to ensure the ability to meet its commitments without having to refinance itself in unfavorable terms. In 31 December 2015, the consolidated loan amount maturing in 2016 is of 313 million euro (947 million euro maturing in 2015) and in 31 December 2015 Sonae had 123 million euro available in consolidated credit lines (331 million euro in 2014) with commitment less than or equal to one year and 341 million euro (488 million euro in 2014) with a commitment greater than one year.

Additionally, Sonae held, as at 31 December 2015, cash and cash equivalents and current investments amounting to 283 million euro (589 million euro as at 31 December 2014). Consequentially, Sonae expects to meet all its obligations by means of its operating cash flows and its financial assets as well as from drawing existing available credit lines, if needed.

3.4 Interest rate risks

3.4.1) Policies

As each Sub-holding operates in different markets and in different business environments, there is no single policy applicable to Sonae, but rather policies adjusted to each Sub-holding exposure which one described below. As previously mentioned, Sonae exposure is regularly monitored by the Finance Committee, at a group level, and at each Sub-holding level. Although there is no wide risk management

interest rate policy in what concerns the derivatives negotiation, there are principles that have to be followed by all the companies and that are referred below:

- Sonae hedging activities do not constitute a profit-making activity and derivatives are entered into without any speculation purpose;
- For each derivative or financial instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be consistent with the settlement dates of the hedging instruments to avoid any mismatch and hedging inefficiencies;
- For each derivative or financial instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be a perfect match between the base rate: the base rate used in the derivative or hedging instrument should be the same as that of the hedged facility / transaction;
- Since the beginning of the transaction, the maximum cost of the hedging operation is known and limited, even in scenarios of extreme change in market interest rates, so that the resulting interest rates are within the cost of the funds considered in Sonae's business plans (or in extreme scenarios are not worse than the underlying cost of the floating rate);
- The counterparties of hedging instruments are limited to institutions of high prestige, national and international recognition and based on respective credit ratings, as described in 3.2. above. It is Sonae policy that, when contracting such instruments, preference should be given to financial institutions that form part of Sonae's relationships, whilst at the same time obtaining quotes from a sufficient large sample of banks to ensure optimum conditions;
- In determining the fair value of hedging operations Sonae uses certain methods, such as option valuation and discounted future cash flow models, using assumptions based on market interest rates, foreign exchange rates, volatility among others prevailing at the statement of financial position date. Comparative financial institution quotes for specific or similar instruments are used as benchmark for the valuation;
- All transactions have to be documented under ISDA's Agreements (International Swaps and Derivatives Association);
- All transactions which do not follow the rules mentioned above have to be individually approved by the respective Executive Committee/ Board of Directors, and reported to Finance Committee, namely transactions entered into with the purpose of optimizing the cost of debt when deemed appropriate according to prevailing financial market conditions.

- Retail

Sub-holding exposure to interest rates arises mainly from long term loans which bear interests at Euribor plus spread.

Sonae Investimentos purpose is to limit cash-flows volatility and results, considering the profile of its operational activity, by using an appropriate mix of fixed and variable interest rate debt. Sonae Group policy allows the use of interest rate derivatives to decrease the exposure to Euribor fluctuations but does not allow for trading purposes.

- Sonae IM

In the Business Multimedia and Information Systems total debt is indexed to variable rates, exposing the total cost of debt to a high risk of volatility. The impact of this volatility on the Group result or on its shareholders' equity is mitigated by the effect of the following factors (i) relatively low level of financial leverage; (ii) possibility of using interest rate hedging derivative instruments, as mentioned below; (iii) possible correlation between the market interest rates levels and economic growth, the latter having a positive effect on other lines of the Sub-holding consolidated results (namely operational), thus partially offsetting the increase of financial costs ("natural hedge"); and (iv) the availability of consolidated liquidity or cash, also bearing interests at variable rates.

In the remaining business of investment management exposure to interest rate arises essentially from short-term bank loans or loans payable to shareholders, which bears interests at Euribor market rates. The impact of this volatility on income or equity is mitigated by the following factors: (i) controlled financial leverage with conservative use of bank lending; (ii) probable correlation between the market interest rate levels and economic growth, the latter having a positive effect on other lines of the operating segment results (namely operational), thus partially offsetting the increased financial costs ("natural hedge").

- Sonae Sierra – Joint ventures

Sonae Sierra's income and operating cash-flows are substantially independent of changes in market interests rates, as its cash and cash equivalents and its financing granted to other companies of the Group are dependent only of the evolution of the interest rates in Euro, which have had a minimum change.

In relation to long-term borrowings and in order to hedge the volatility of long term interest rates, Sonae Sierra uses, whenever appropriate, cash flow hedge instruments (swaps or zero cost collars), which represent perfect hedges of those long-term borrowings. In certain long-term borrowings Sonae Sierra chose to have a fixed interest rate in the first years of the financing agreement and will study afterwards the possibility to negotiate interest rate swaps or zero cost collars for the remaining period.

- NOS – Joint ventures

The borrowings of NOS, except bonds, have variable interest rates, which exposes the group to the risk of cash flows interest rates. NOS has adopted a hedging policy by hiring "swap" interest rate to cover future payments of interest bonds and other loans.

- Sonae Holding and others

Sonae Holding is exposed to cash flow interest rate risk in respect of items in the statement of financial position (Loans and Short Term Investments) and to fair value interest rate risk as a result of interest rate derivatives (swaps and options). A significant part of Sonae Holding debt bears variable interest rates, and interest rate derivatives may be entered into to convert part of the variable rate debt into fixed rate (usually through interest rate swaps), or to limit the maximum rate payable (usually through the use of caps).

Sonae Holding mitigates interest rate risk by adjusting the proportion of its debt that bears fixed interest to that which bears floating interest although without a fixed goal or percentage to achieve, since hedging interest rate risk usually has an opportunity cost associated. Therefore a more flexible approach is considered preferable to a more strict traditional approach. Part of the risk is also mitigated by the fact that

Sonae Holding grants loans to its subsidiaries as part of its normal activities and thus there may be some degree of natural hedging on a company basis, since if interest rates increase the additional interest paid would be partially offset by additional interest received.

Sonae Holding hedging activities do not constitute a profit-making activity and derivatives are deemed to be entered into without any speculation purpose. Strict rules are observed in relation to any derivative transaction entered into.

Sonaeacom's Board of Directors approves the terms and conditions of the funding with a significant impact on Sonaeacom, based on an analysis of the debt structure, the inherent risks and the different options in the market, particularly as regards the type of interest rate (fixed / variable). Under this policy, the Executive Committee is responsible for decisions regarding the contracting of occasional interest rate hedging derivative financial instruments, through monitoring the conditions and alternatives that exist in the market.

3.4.2.) Sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of variable interest rate financial instruments (the interest payments of which are not designated as hedged items of cash flow hedges against interest rate risks). As a consequence, these instruments are included in the calculation of income-related sensitivities;
- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognized at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortized cost are not subject to interest rate risk as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity;
- Changes in the market interest rate of interest rate derivatives that are not part of a hedging relationship as set out in IAS 39 affect other financial income or expense (gain/loss in change of the derivatives fair value) therefore it has taken into consideration in the sensitivity calculations for changes in interest rate;
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;

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- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under these assumptions, if euro interest rate of denominated financial instruments had been 75 basis points higher, the consolidated net profit before tax of Sonae for the period ended as at 31 December 2015 would decrease by approximately 7 million euro, (7.2 million euro decrease as at 31 December 2014).

3.5 Exchange rate risk

3.5.1) Policies

Sonae operates at an international level, having subsidiaries that operate in different jurisdictions, and so it is exposed to foreign exchange rate risk. As each Sub-holding operates in different markets and in different business environments, there is no standard policy for Sonae, but rather individual policies for each Sub-holding which are stated below. Sonae's currency exposures are divided into two levels: transaction exposures (foreign exchange exposures relating to contracted cash flows and statement of financial position items where changes in exchange rates will have an impact on earnings and cash flows) and translation exposure (equity in foreign subsidiaries). Although there is not global management exchange rate risk policy in what concerns hiring derivatives to managing exchange interest risk, it also applies to all group companies, with the necessary adaptations, the principles referred at 3.4.1).

- Retail

The impact on the financial statements of changes in exchange rate is immaterial, as the most part of the transactions are denominated in euro. Sonae Investimentos is mainly exposed to exchange rate risk through transactions relating to acquisitions of goods in international markets, which are mainly in US Dollars.

The exchange risk management purpose is to provide a stable decision platform when deciding and negotiating the purchases of inventories establishing fixed exchange rates. The hedging accompanies all the purchase process, since procurement up to the formal agreement of purchase.

The exchange risk exposure is monitored through the purchase of forwards with the goal of minimizing the negative impacts of volatility in exposure level as a consequence of changes of the amounts of imports denominated in other currencies rather than euro.

- Sonae IM

In the Business Multimedia and Information Systems operates internationally, having subsidiaries that operate in Brazil, United Kingdom, Poland, United States of America, Mexico, Australia, Egypt, Malaysia, Chile, Panama, Singapore among others and so it is exposed to foreign exchange rate risk.

Foreign exchange risk management seeks to minimize the volatility of investments and transactions made in foreign currency and contributes to reduce the sensitivity of Sonaecom results to changes in foreign exchange rates.

Whenever possible, Sonaecom uses natural hedges to manage exposure, by offsetting credits granted and credits received expressed in the same currency. When such procedure is not possible, Sonaecom adopts derivatives financial hedging instruments.

Sonaecom exposure to exchange rate risk results mainly from the fact that some of its subsidiaries report in currencies other than the Euro, the risk relating to the operations being insignificant.

Insurance brokerage activity is developed in different countries. When transactions are made in a different currency than the one in the country where the entity operates, exposure to exchange rate risk is minimized by hiring hedging derivatives.

For the remaining of this business segment the impact on the financial statements of changes in exchange rate is immaterial, since most part of the transactions are denominated in euro.

- Sonae Sierra – Joint ventures

The main activity of each company is developed inside its country of origin and consequently the majority of the company transactions are maintained in its functional currency. The policy to hedge this specific risk is to avoid, if possible, the contracting of services in foreign currency.

- NOS – Joint ventures

The risk of exchange rate is mainly related to exposure resulting from payments made to terminal equipment suppliers and producers of audio-visual content for the TV business by subscription and audio-visual, respectively. Commercial transactions between NOS and these suppliers are denominated mostly in American dollars.

Considering the balance of accounts payable resulting from transactions denominated in currencies other than the functional currency of the group, NOS hires or can hire financial instruments such as short-term currency forwards to hedge the risk associated with these balances.

- Sonae Holding

Due to the nature of holding company, Sonae Holding, has very limited transaction exposure to foreign exchange risk. Normally, when such exposures arise foreign exchange risk management seeks to minimize the volatility of such transactions made in foreign currency and to reduce the impact on the Profit and loss of exchange rate fluctuations. When significant material exposures occur with a high degree of certainty, Sonae Holding hedges such exposures mainly through forward exchange rate contracts. For uncertain exposures, options may be considered, subject to previous approval from the company's Executive Committee.

3.5.2) Exposure and sensitivity analysis

As at 31 December 2015 and 2014 the assets and liabilities denominated in a currency different from the subsidiary functional currency where the following (amounts in euro):

	Assets		Liabilities	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Euro	-	-	5,655,979	2,899,898
Brazilian Real	-	9,184,835	327,020	7,266,618
British Pound	1,256,083	716,621	117,870	417,777
US Dollar	13,646,832	13,228,324	25,242,695	22,488,288
Other Currencies	614,588	2,962,847	421,214	509,391

The amounts presented above, only include assets and liabilities expressed in different currency than the functional currency used by the affiliated or jointly controlled company. Therefore it does not represent any risk of financial statements translation. Due to the short-term character of the majority of monetary assets and liabilities and the magnitude of its net value, the exposure to currency risk is immaterial and therefore a sensitivity analysis to changes in the exchange rate isn't presented.

3.6 Price and capital market risks

Sonae is exposed to equity price risk arising from equity investments, held for strategic rather than for trading purposes as the group does not actively trade these investments, which are disclosed in Note 7.

Sonae is exposed to risks arising from changes in Sonae Holding share price due responsibilities related with the remuneration policy described in Sonae Corporate Governance report, as explained in Note 29.

In 2007, Sonae entered into a Total Return Swap (TRS) with Sonae Holding shares as underlying. As explained in Note 23 the Total Return Swap precluded the derecognition of those treasury shares, and as such a change in the Sonae share price could have an impact on the cash flows by means of TRS cash settlements. If Sonae price had been 1% higher/lower, it would not have additional receiving/payments (in 31 December 2014, Sonae would not have additional receiving/payments).

In the investment NOS, SGPS, SA, a variation of 10% in value of the share price would have an impact on profit and loss of 8 million euro (in 31 December 2014 5.8 million euro).

3.7 Capital risk

The capital structure of Sonae, determined by the proportion of equity and net debt is managed in order to ensure continuity and development of its operations, maximize the return on shareholders and optimize financing costs.

Sonae periodically monitors its capital structure, identifying risks, opportunities and the necessary adjustment measures for the achievement of these objectives.

Sonae presented in 2015 an average gearing (countable) of 0.8 x (0.8 x in 2014). The average gearing at market values in 2015 was 0.6 x (0.6 x in 2014).

4 RESTATEMENT OF FINANCIAL STATEMENT

Under the Special Regime of Debt Adjustments to Tax Authorities and Social Security (Decree Law No. 248-A of 2002 (PMFL) and Decree Law No. 151-A/2013 (RERD)), Sonae has voluntarily made payments in the past years relating to additional tax assessments, for which, Sonae had already appealed to the competent courts.

Until the time of those payments the assessment made which has not changed since then, is that these claims correspond to contingencies in which the probability of being decided against Sonae intents is remote and that such claims are motivated by different interpretations of the applicable tax legislation, hence corresponding to uncertain tax positions. As a result of this evaluation made by the Group, these claims were disclosed in the Notes to the financial statements, as these claims correspond to contingent liabilities.

Amounts paid under those programs were accounted for as assets under the caption "Other debtors", according to IAS 12 - Income taxes in the case of amounts related with IRC (Portuguese Income Tax). In what concerns payments of other taxes, and considering that applicable accounting standards are silent in relation with those, Sonae applied by analogy the accounting policy, meaning that these payments were also accounted for as assets.

However, during the verification process of 2012 accounts, CMVM disagreed with Sonae's interpretation and requested the restatement of the financial statements for the 1st quarter of 2015 in what concerns to payments made of taxes, arguing that the tax payments which exclude income tax should be considered contingent assets. Although disagreeing with the CMVM's positioning, Sonae performed the restatement of the financial statements for that period, which had no impact in the income statement and has an immaterial impact in the statement of financial position.

The impact of the restatement in the statement of financial position can be analysed as follows:

Amounts in thousands of euros	31 December 2014			01 January 2014		
	Before the restatement	Restated of PMFL and RERD	After the restatement	Before the restatement	Restated of PMFL and RERD	After the restatement
Assets						
Tangible and intangible assets	2,032,908	-	2,032,908	2,030,018	-	2,030,018
Goodwill	610,590	-	610,590	610,188	-	610,188
Investments	1,233,193	-	1,233,193	1,176,784	-	1,176,784
Deferred tax assets	89,952	-	89,952	123,160	-	123,160
Other non-current assets	50,730	(20,669)	30,061	32,972	-	32,972
Non-current assets	4,017,373	(20,669)	3,996,704	3,973,122	-	3,973,122
Current assets	1,560,749	(715)	1,560,034	1,503,415	(21,384)	1,482,031
Total assets	5,578,122	(21,384)	5,556,738	5,476,537	(21,384)	5,455,153
Liabilities						
Borrowings	907,010	-	907,010	1,362,598	-	1,362,598
Other non-current liabilities	174,942	-	174,942	223,004	-	223,004
Non-current liabilities	1,081,952	-	1,081,952	1,585,602	-	1,585,602
Borrowings	946,078	-	946,078	233,939	-	233,939
Other current liabilities	1,696,477	-	1,696,477	1,748,885	-	1,748,885
Total current liabilities	2,642,555	-	2,642,555	1,982,824	-	1,982,824
Total liabilities	3,724,507	-	3,724,507	3,568,426	-	3,568,426
Shareholders' funds excluding non-controlling interests	1,692,872	(20,841)	1,672,031	1,563,785	(20,034)	1,543,751
Non-controlling interests	160,743	(543)	160,200	344,326	(1,350)	342,976
Total shareholders' funds	1,853,615	(21,384)	1,832,231	1,908,111	(21,384)	1,886,727
Total shareholders' funds and liabilities	5,578,122	(21,384)	5,556,738	5,476,537	(21,384)	5,455,153

5 GROUP COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT

Group companies included in the consolidated financial statements, their head offices and percentage of share capital held by Sonae as at 31 December 2015 and 31 December 2014 are as follows:

COMPANY	Head Office	Percentage of capital held			
		31 Dec 2015		31 Dec 2014	
		Direct*	Total*	Direct*	Total*
Sonae - SGPS, S.A.	Maia	HOLDING	HOLDING	HOLDING	HOLDING
Retail					
1) Aduanas Caspe, S.L.U.	a) Zaragoza (Spain)	100.00%	100.00%	-	-
Arat Inmuebles, SA	a) Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Azulino Imobiliária, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
BB Food Service, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Bertimóvel - Sociedade Imobiliária, SA	a) Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Bom Momento - Restauração, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Canasta - Empreendimentos Imobiliários, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Chão Verde - Sociedade de Gestão Imobiliária, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Citorres - Sociedade Imobiliária, SA	a) Maia (Portugal)	100.00%	100.00%	100.00%	100.00%

1)	Comercial Losan Polonia SP Z.O.O	a)	Warsaw (Poland)	100.00%	100.00%	-	-
1)	Comercial Losan, S.L.U.	a)	Zaragoza (Spain)	100.00%	100.00%	-	-
	Contibomba - Comércio e Distribuição de Combustíveis, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Contimobe - Imobiliária de Castelo de Paiva, SA	a)	Castelo de Paiva (Portugal)	100.00%	100.00%	100.00%	100.00%
	Continente Hipermercados, SA	a)	Lisbon (Portugal)	100.00%	100.00%	100.00%	100.00%
	Cumulativa - Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Discovery Sports, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
2)	Elergone Energias, Lda	a)	Matosinhos (Portugal)	75.00%	75.00%	-	-
	Farmácia Selecção, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Fashion Division, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Fashion Division Canárias, SL	a)	Tenerife (Spain)	100.00%	100.00%	100.00%	100.00%
	Fozimo - Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Fundo de Investimento Imobiliário Fechado Imosede	a)	Maia (Portugal)	100.00%	100.00%	77.43%	77.43%
	Fundo de Investimento Imobiliário Imosonae Dois	a)	Maia (Portugal)	97.92%	97.92%	98.56%	98.56%
1)	Global Usebti, S.L.	a)	Zaragoza (Spain)	100.00%	100.00%	-	-
	HighDome PCC Limited (Cell Europe)	a)	Valletta (Malta)	100.00%	100.00%	100.00%	100.00%
	Igimo – Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Iginha – Sociedade Imobiliária, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Imoconti – Sociedade Imobiliária, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Imoestrutura – Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Imomuro – Sociedade Imobiliária, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Imoresultado – Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Imosistema – Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Infofield – Informática, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
1)	Losan Colombia, S.A.S	a)	Bogota (Colombia)	100.00%	100.00%	-	-
1)	Losan Overseas Textile, S.L	a)	Zaragoza (Spain)	100.00%	100.00%	-	-
1)	Losan Tekstil Urunleri V e Dis Ticaret, L.S.	a)	Istanbul (Turkey)	100.00%	100.00%	-	-
	Marcas MC, zRT	a)	Budapest (Hungary)	100.00%	100.00%	100.00%	100.00%
3)	MJB Design, Lda	a)	Maia (Portugal)	100.00%	100.00%	-	-
	MJLF - Empreendimentos Imobiliários, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Modalfa - Comércio e Serviços, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
	Modalloop - Vestuário e Calçado, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Modelo Continente Hipermercados, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
	Modelo Continente International Trade, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
	Modelo Hiper Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%



Modelo.com - Vendas p/Correspond., SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Pharmaconcept – Actividades em Saúde, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Pharmacontinente - Saúde e Higiene, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Ponto de Chegada – Sociedade Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Predicomercial - Promoção Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Predilugar- Promoção Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
SDSR – Sports Division SR, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Selifa - Empreendimentos Imobiliários de Fafe, SA	a)	Maia (Portugal)	100.00%	100,00%	100.00%	100.00%
Sempre à Mão - Sociedade Imobiliária, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Sesagest - Proj.Gestão Imobiliária, SA	a)	Porto (Portugal)	100.00%	100.00%	100.00%	100.00%
SIAL Participações, Ltda	a)	São Paulo (Brazil)	100.00%	100.00%	100,00%	100.00%
Socijofra - Sociedade Imobiliária, SA	a)	Gondomar (Portugal)	100.00%	100.00%	100.00%	100.00%
Sociloures - Sociedade Imobiliária, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Soflorin, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae Capital Brasil, Lda	a)	São Paulo (Brazil)	100.00%	100.00%	100.00%	100.00%
Sonae Center Serviços II, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae Investimentos, SGPS, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae MC – Modelo Continente SGPS, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae Retalho Espanha - Servicios Generales, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Sonae SR Malta Holding Limited	a)	Valletta (Malta)	100.00%	100.00%	100.00%	100.00%
Sonaegest-Soc.Gest.Fundos Investimentos, SA	a)	Maia (Portugal)	100.00%	90.00%	100.00%	90.00%
Sonaerp - Retail Properties, SA	a)	Porto (Portugal)	100.00%	100.00%	100.00%	100.00%
SONAESR – Serviços e Logística, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae Specialized Retail, SGPS, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Sondis Imobiliária, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonvecap, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sport Zone Canárias, SL	a)	Tenerife (Spain)	60.00%	60.00%	51.00%	51.00%
Sport Zone Espanha - Comércio de Articulos de Deporte, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Sport Zone spor malz.per.satis ith.ve tic.ltd.sti	a)	Istanbul (Turkey)	100.00%	100.00%	100.00%	100.00%
Têxtil do Marco, SA	a)	Marco de Canaveses (Portugal)	92.76%	92.76%	92.76%	92.76%
1) Usebti Textile México S.A. de C.V.	a)	Mexico City (Mexico)	100.00%	100.00%	-	-
Valor N, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Worten Canárias, SL	a)	Tenerife (Spain)	60.00%	60.00%	51.00%	51.00%

Worten - Equipamento para o Lar, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Worten España Distribución, S.L.	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Zippy - Comércio e Distribuição, SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Zippy - Comércio Y Distribución, SA	a)	Madrid (Spain)	100.00%	100.00%	100.00%	100.00%
Zippy çocuk malz.dag.ith.ve tic.ltd.sti	a)	Istanbul (Turkey)	100.00%	100.00%	100.00%	100.00%
ZYEvolution-Invest.Desenv., SA	a)	Matosinhos (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae IM						
4) Accive Insurance – Consultoria e Franchising, Lda	a)	Porto (Portugal)	100.00%	35.01%	-	-
4) Accive Insurance – Corretor de Seguros, SA	a)	Porto (Portugal)	70.00%	35.01%	-	-
ADD Avaliações Engenharia de Avaliações e Perícias, Ltda	a)	Santa Catarina (Brazil)	100.00%	50.01%	100.00%	50.01%
Cape Technologies Limited	a)	Dublin (Ireland)	100.00%	89.97%	100.00%	89.97%
Digitmarket - Sistemas de Informação, SA	a)	Maia (Portugal)	75.10%	67.56%	75.10%	67.56%
Herco Consultoria de Risco e Corretora de Seguros, Ltda	a)	Santa Catarina (Brazil)	100.00%	50.01%	100.00%	50.01%
Herco, Consultoria de Risco, SA	a)	Maia (Portugal)	100.00%	50.01%	100.00%	50.01%
HighDome PCC Limited	a)	Valletta (Malta)	100.00%	50.01%	100.00%	50.01%
Itrust – Cyber Security and Intelligence, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
Larim Corretora de Resseguros Ltda	a)	Rio de Janeiro (Brazil)	99.99%	50.01%	99.99%	50.01%
Lazam/mds Correctora Ltda	a)	São Paulo (Brazil)	100.00%	50.01%	100.00%	50.01%
5) Lookwise, S.L.U.	a)	Navarra (Spain)	100.00%	69.99%	100.00%	53.98%
6) MDS África, SGPS, SA	a)	Porto (Portugal)	100.00%	50.01%	-	-
MDS - Corretor de Seguros, SA	a)	Porto (Portugal)	100.00%	50.01%	100.00%	50.01%
MDS Affinity-Sociedade de Mediação Lda	a)	Porto (Portugal)	100.00%	50.01%	100.00%	50.01%
MDS Auto - Mediação de Seguros, SA	a)	Porto (Portugal)	50.01%	25.01%	50.01%	25.01%
Mds Knowledge Centre, Unipessoal, Lda	a)	Lisbon (Portugal)	100.00%	50.01%	100.00%	50.01%
MDS Malta Holding Limited	a)	Valletta (Malta)	100.00%	50.01%	100.00%	50.01%
MDS RE – Mediador de resseguros, SGPS, SA	a)	Porto (Portugal)	100.00%	50.01%	100.00%	50.01%
MDS, SGPS, SA	a)	Maia (Portugal)	50.01%	50.01%	50.01%	50.01%
Modelo - Distribuição de Materiais de Construção, SA	b)	Maia (Portugal)	50.00%	50.00%	50.00%	50.00%
PCJ-Público, Comunicação e Jornalismo, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
Praesidium Services Limited	a)	Berkshire (U.K.)	100.00%	89.97%	100.00%	89.97%
Público - Comunicação Social, SA	a)	Porto (Portugal)	100.00%	89.97%	100.00%	89.97%
RSI Corretora de Seguros, Ltda	a)	São Paulo (Brazil)	100.00%	50.01%	100.00%	50.01%
7) S21 Sec Barcelona, S.L.	a)	Barcelona (Spain)	100.00%	69.99%	100.00%	53.98%
S21 Sec Brasil, Ltda	a)	São Paulo (Brazil)	99.99%	69.98%	99.99%	53.97%

8)	S21 Sec Ciber Seguridad SA de CV	a)	Mexico City (Mexico)	100.00%	69.86%	50.00%	26.96%
5)	S21 Sec Frau d Risk Management, S.L.	a)	Navarra (Spain)	100.00%	69.99%	100.00%	53.98%
	S21 Sec Gestion, SA	a)	Navarra (Spain)	77.80%	69.99%	60.00%	53.98%
7)	S21 Sec Inc.	a)	Texas (USA)	100.00%	69.99%	100.00%	53.98%
	S21 Sec Information Security Labs, S.L.	a)	Navarra (Spain)	100.00%	69.99%	100.00%	53.98%
5)	S21 Sec Institute, S.L.	a)	Guipuzcoa (Spain)	100.00%	69.99%	100.00%	53.98%
	S21 Sec México, SA de CV	a)	Mexico City (Mexico)	99.87%	69.89%	99.87%	53.91%
	S21 Sec SA de CV	a)	Mexico City (Mexico)	99.99%	69.98%	99.99%	53.98%
	Saphety – Transacciones Electronicas SAS	a)	Bogota (Colombia)	100.00%	78.27%	100.00%	78.27%
	Saphety Brasil Transações Eletrônicas Lda	a)	São Paulo (Brazil)	100.00%	78.27%	100.00%	78.27%
	Saphety Level - Trusted Services, SA	a)	Maia (Portugal)	86.99%	78.27%	86.99%	78.27%
5)	Servicios de Inteligencia Estrategica Global, S.L.	a)	Navarra (Spain)	100.00%	69.99%	100.00%	53.98%
	Sonaecom-Cyber Security and Int., SGPS,SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
	Sonaecom - Serviços Partilhados, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
	Sonaecom - Sistemas de Información España, SL	a)	Madrid (Spain)	100.00%	89.97%	100.00%	89.97%
	Sonaecom BV	a)	Amsterdam (Netherlands)	100.00%	89.97%	100.00%	89.97%
	Sonaecom, SGPS, SA	a)	Maia (Portugal)	90.15%	89.97%	90.15%	89.97%
9)	Sonae Investment Management - Software and Technology, SGPS, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
	Sonaetelecom, BV	a)	Amsterdam (Netherlands)	100.00%	89.97%	100.00%	89.97%
	Tecnológica Telecomunicações, Ltda	a)	Rio de Janeiro (Brazil)	99.99%	89.87%	99.99%	89.87%
	Tlantic, BV	a)	Amsterdam (Netherlands)	72.10%	72.10%	77.66%	77.66%
	Tlantic Portugal - Sistemas de Informação, SA	a)	Maia (Portugal)	100.00%	72.10%	100.00%	77.66%
	Tlantic Sistemas de Informação, Ltda	a)	Porto Alegre (Brazil)	100.00%	72.10%	100.00%	77.66%
	We Do Brasil Soluções Informáticas, Ltda	a)	Rio de Janeiro (Brazil)	99.91%	89.88%	99.91%	89.88%
	We Do Consulting - Sistemas de Informação, SA	a)	Maia (Portugal)	100.00%	89.97%	100.00%	89.97%
	We Do Poland Sp.Z.o.o.	a)	Poznan (Poland)	100.00%	89.97%	100.00%	89.97%
	We Do Technologies (UK) Limited	a)	Berkshire (U.K.)	100.00%	89.97%	100.00%	89.97%
	We Do Technologies Americas, Inc.	a)	Delaware (USA)	100.00%	89.97%	100.00%	89.97%
	We Do Technologies Australia PTY Limited	a)	Sydney (Australia)	100.00%	89.97%	100.00%	89.97%
	We Do Technologies Egypt Limited Liability Company	a)	Cairo (Egypt)	100.00%	89.97%	100.00%	89.97%
	We Do Technologies Mexico S. de RL	a)	City Mexico (Mexico)	100.00%	89.97%	100.00%	89.97%
	We Do Technologies BV	a)	Amsterdam (Netherlands)	100.00%	89.97%	100.00%	89.97%

Others

Libra Serviços, Lda	a)	Funchal (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae Investments, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%
Sonae RE, SA	a)	Luxembourg	99.92%	99.92%	99.92%	99.92%
Sonaecenter Serviços, SA	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Sonae Financial Services, S.A.	a)	Maia (Portugal)	100.00%	100.00%	100.00%	100.00%
Sontel, BV	a)	Amsterdam (Netherlands)	100.00%	100.00%	100.00%	100.00%

*the percentage of capital held "Total" is the total percentage of interest held by the group; the percentage of capital held

*"Direct" corresponds to the percentage that subsidiary(s) which hold(s) participation, hold(s) the share capital of that company.

a) Control held by majority of voting rights which gives power of relevant activities

b) Control held by majority of Board members;

- 1) Company acquired in 19 November 2015, integrated in the consolidated financial statements as of 31 December 2015;
- 2) Company acquired in 2 November 2015, integrated in the consolidated financial statements since that date;
- 3) Company acquired in 31 de May de 2015, integrated in the consolidated financial statements since that date;
- 4) Company acquired in 7 de January de 2015, integrated in the consolidated financial statements since that date;
- 5) Company merged in S21 Sec Gestion, SA;
- 6) Company created during the period;
- 7) Company liquidated during the period;
- 8) S21sec group Gestion SA has acquired 50% shareholding of the company S21 Sec Ciberseguridad SA de CV, allowing the latter to be included by the full consolidation method, since July 2015;
- 9) Ex- Sonaecom - Sistemas de Informação, SGPS, SA.

These entities are consolidated using the full consolidation method.

6 JOINT VENTURES AND ASSOCIATED COMPANIES

6.1 Detail of book value of Investment in joint ventures and associates

The value of investments in joint ventures and associates can be analyzed as follows:

COMPANY	31 Dec 2015	31 Dec 2014 Restated
Shopping Centres		
Sonae Sierra SGPS, SA (consolidated)	499,327,197	479,194,133
Telecommunications		
ZOPT, SGPS, SA (consolidated)	710,450,710	720,819,992
Sonae IM		
1) Raso SGPS, SA (consolidated)	-	-
Unipress - Centro Gráfico, Lda	580,205	972,982
SIRS - Sociedade Independente de Radiodifusão Sonora, SA	-	-
Intelligent Big Data, S.L.	-	-
2) S21Sec Ciber seguridad SA de CV	-	-
Investments in joint ventures	1,210,358,112	1,200,987,107
Retail		
Sempre a Postos - Produtos Alimentares e Utilidades, Lda	1,236,445	1,180,061
APOR - Agência para a Modernização do Porto, S.A.	373,147	417,799
3) Ulabox, SL	2,879,651	-
Sonae IM		
Brokerslink Management AG	41,745	41,745
Investment in associates companies	4,530,988	1,639,605
Total	1,214,889,100	1,202,626,712

- 1) As at 29 June 2015, the Group acquired the remaining 50% of Raso SGPS, SA and classified this investment as a non-current asset held for sale (Note 22), in October the sale was realized ;
- 2) S21sec group Gestion SA has acquired 50% shareholding of the company S21 Sec Ciberseguridad SA de CV, allowing the latter to be included by the full consolidation method since July 2015;
- 3) Associated acquired during the period.

6.2 Detail of joint ventures and associated companies

Joint ventures and associated companies, their head offices and percentage of share capital held as at 31 December 2015 and 31 December 2014 are as follows:

6.2.1 Joint ventures

COMPANY		Percentage of capital held				
		31 Dec 2015		31 Dec 2014		
		Direct*	Total*	Direct*	Total*	
1)	Sonae Sierra	Head Office				
	3shoppings - Holding, SGPS, SA	Maia (Portugal)	100.00%	25.05%	100.00%	25.05%
	8ª Avenida Centro Comercial, SA	Maia (Portugal)	100.00%	23.75%	100.00%	23.75%
	Adlands BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%
	Aegean Park Constructions Real Estate and Development, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
	ALBCC – Albufeirashopping – Centro Comercial, SA	Maia (Portugal)	100.00%	23.75%	50.00%	11.88%
	ALEXA Administration GmbH	Berlin (Germany)	100.00%	25.00%	100.00%	25.00%
	ALEXA Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	ALEXA Shopping Centre GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Algarveshopping - Centro Comercial, SA	Maia (Portugal)	100.00%	25.05%	100.00%	25.05%
	ARP Alverca Retail Park, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Arrábidasshopping - Centro Comercial, SA	Maia (Portugal)	100.00%	23.75%	50.00%	12.53%
	Avenida M-40, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Beralands BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Campo Limpo Lda	S. Paulo (Brazil)	20.00%	3.33%	20.00%	3.33%
	Cascaishopping - Centro Comercial, SA	Maia (Portugal)	100.00%	28.62%	100.00%	28.62%
	Cascaishopping Holding I, SGPS, SA	Maia (Portugal)	100.00%	28.62%	100.00%	28.62%
	CCCB Caldas da Rainha - Centro Comercial,SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Centro Colombo - Centro Comercial, SA	Maia (Portugal)	100.00%	12.53%	100.00%	12.53%
	Centro Vasco da Gama - Centro Comercial, SA	Maia (Portugal)	50.00%	12.53%	50.00%	12.53%
	CITIC Capital Sierra (Hong Kong) Limited	Hong Kong (China)	50.00%	25.00%	50.00%	25.00%
	CITIC CAPITAL SIERRA Property Management (Shanghai) Limited	Shanghai (China)	50.00%	25.00%	50.00%	25.00%
	Coimbrashopping - Centro Comercial, SA	Maia (Portugal)	100.00%	25.05%	100.00%	25.05%

	Colombo Towers Holding, BV	The Hague (Netherlands)	50.00%	25.00%	50.00%	25.00%
3)	DOC Malaga Holdings S.L.	Madrid (Spain)	50.00%	12.53%	-	-
3)	DOC Malaga SITECO S.L.U.	Madrid (Spain)	100.00%	12.53%	-	-
	Dortmund Tower GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Dos Mares - Shopping Centre, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Dos Mares - Shopping Centre, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Estação Viana - Centro Comercial, SA	Viana do Castelo (Portugal)	100.00%	25.05%	100.00%	25.05%
	Freccia Rossa - Shopping Centre, Srl	Milan (Italy)	50.00%	25.00%	50.00%	25.00%
	Fundo de Investimento Imobiliário Parque Dom Pedro Shopping Center	Rio de Janeiro (Brazil)	50.00%	10.34%	50.00%	10.34%
	Fundo de Investimento Imobiliário Shopping Parque Dom Pedro	Rio de Janeiro (Brazil)	87.61%	15.78%	87.61%	15.78%
	Gaiashopping I - Centro Comercial, SA	Maia (Portugal)	100.00%	23.75%	50.00%	12.53%
	Gaiashopping II - Centro Comercial, SA	Maia (Portugal)	100.00%	23.75%	100.00%	12.53%
	Gli Orsi Shopping Centre 1, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Guimarãeshopping - Centro Comercial, SA	Maia (Portugal)	100.00%	25.05%	100.00%	25.05%
	Harvey Dos Iberica, SL	Madrid (Spain)	50.00%	12.53%	50.00%	12.53%
	Iberian Assets, SA	Madrid (Spain)	49.78%	12.48%	49.78%	12.48%
	Ioannina Development of Shopping Centres, SA	Athens (Greece)	100.00%	50.00%	100.00%	50.00%
	Land Retail, BV	Amsterdam (Netherlands)	100.00%	32.19%	100.00%	32.19%
	Larissa Development of Shopping Centres, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
	LCC – Leiriashopping – Centro Comercial, SA	Maia (Portugal)	100.00%	23.75%	100.00%	23.75%
	Le Terrazze – Shopping Centre 1, Srl	Milan (Italy)	50.00%	5.00%	50.00%	5.00%
	Loop 5 - Shopping Centre GmbH	Dusseldorf (Germany)	50.00%	25.00%	50.00%	25.00%
	Loureshopping – Centro Comercial, SA	Maia (Portugal)	50.00%	11.88%	50.00%	11.88%
	Luz del Tajo - Centro Comercial, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Luz del Tajo, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Madeirashopping - Centro Comercial, SA	Funchal (Portugal)	50.00%	12.53%	50.00%	12.53%
	Maiashopping - Centro Comercial, SA	Maia (Portugal)	100.00%	25.05%	100.00%	25.05%
	Microcom Doi, Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Münster Arkaden, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Norte Shopping Retail and Leisure Centre, BV	Amsterdam (Netherlands))	50.00%	12.53%	50.00%	12.53%

	Norteshopping - Centro Comercial, SA	Maia (Portugal)	100.00%	12.53%	100.00%	12.53%
	Pantheon Plaza BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%
	Paracentro - Gestão de Galerias Comerciais, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Park Avenue Development of Shopping Centers, SA	Athens (Greece)	100.00%	25.00%	100.00%	25.00%
	Parklake Shopping, SA	Bucharest (Romania)	50.00%	25.00%	50.00%	25.00%
	Parque Atlântico Shopping - Centro Comercial SA	Ponta Delgada (Portugal)	50.00%	12.53%	50.00%	12.53%
	Parque D. Pedro 1, BV Sarl	Luxembourg	100.00%	25.00%	100.00%	25.00%
	Parque de Famalicão - Empreendimentos Imobiliários, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Pátio Boavista Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Campinas Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Goiânia Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Londrina Empreendimentos e Participações, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio São Bernardo Shopping Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Sertório Shopping, Ltda	Manaus (Brazil)	100.00%	16.66%	100.00%	16.66%
	Pátio Uberlândia Shopping, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Plaza Eboli - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Plaza Mayor Parque de Ócio, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Parque de Ócio, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Shopping, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Plaza Mayor Shopping, SA	Madrid (Spain)	100.00%	25.05%	100.00%	25.05%
	PORTCC – Portimãoshopping – Centro Comercial, SA	Maia (Portugal)	100.00%	23.75%	50.00%	11.88%
1)	Project SC 1, BV	Amsterdam (Netherlands)	50.00%	25.00%	50.00%	25.00%
	Project Sierra 10 BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 11 BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 12 BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 2, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra 8, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
4)	Project Sierra Cúcuta, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Four, SA	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%

	Project Sierra Germany 2 (two), Shopping Centre, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Germany 4 (four), Shopping Centre, GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 1, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Spain 2 - Centro Comercial, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
	Project Sierra Two, Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
3)	Proyecto Cúcuta S.A.S	Santiago de Cali (Colombia)	50.00%	25.00%	-	-
	Rio Sul – Centro Comercial, SA	Lisbon (Portugal)	50.00%	11.88%	50.00%	11.88%
	River Plaza BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	River Plaza Mall, Srl	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	SC Aegean, BV	Amsterdam (Netherlands))	50.00%	25.00%	50.00%	25.00%
	Serra Shopping – Centro Comercial, SA	Lisbon (Portugal)	50.00%	11.88%	50.00%	11.88%
	Shopping Centre Colombo Holding, BV	Amsterdam (Netherlands)	50.00%	12.53%	50.00%	12.53%
	Shopping Centre Parque Principado, BV	Amsterdam (Netherlands)	100.00%	25.05%	100.00%	25.05%
	Sierra Asia Limited	Hong Kong	100.00%	50.00%	100.00%	50.00%
	Sierra Berlin Holding BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Brazil 1, BV	Amsterdam (Netherlands)	100.00%	25.00%	100.00%	25.00%
	Sierra Central, S.A.S.	Santiago de Cali (Colombia)	50.00%	25.00%	50.00%	25.00%
	Sierra Cevital Shopping Center, Spa	Algeria	49.00 %	24.50%	49.00 %	24.50%
5)	Sierra Core Assets Holdings, BV	Amsterdam (Netherlands)	50.00%	25.05%	-	-
	Sierra Developments Holding, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Developments, SGPS, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Sierra European Retail Real Estate Assets Holdings, BV	Amsterdam (Netherlands)	50.10%	25.05%	50.10%	25.05%
	Sierra Germany GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Sierra GP, Limited	Guernsey (U.K.)	100.00%	50.00%	100.00%	50.00%
	Sierra Greece, SA	Athens (Greece)	100.00%	50.00%	100.00%	50.00%
	Sierra Investimentos Brasil Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Sierra Investments (Holland) 1, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments (Holland) 2, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%

	Sierra Investments Holding, BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Investments SGPS, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
	Sierra Italy, Srl	Milan (Italy)	100.00%	50.00%	100.00%	50.00%
	Sierra Management, SGPS, SA	Maia (Portugal)	100.00%	50.00%	100.00%	50.00%
1)	Sierra – OST Property Management, SA	Moscow (Russia)	100.00%	25.00%	100.00%	25.00%
	Sierra Portugal, SA	Lisbon (Portugal)	100.00%	50.00%	100.00%	50.00%
	Sierra Project Nürnberg BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Real Estate Greece BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Romania Shopping Centers Services, SRL	Bucharest (Romania)	100.00%	50.00%	100.00%	50.00%
	Sierra Turkey Gayrimenkul Yönetim Pazarlama ve Danışmanlık Anonim Şirket	Istanbul (Turkey)	100.00%	50.00%	100.00%	50.00%
	Sierra Services Holland BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Services Holland 2 BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Sierra Solingen Holding GmbH	Dusseldorf (Germany)	100.00%	50.00%	100.00%	50.00%
	Sierra Spain – Shopping Centers Services, SA	Madrid (Spain)	100.00%	50.00%	100.00%	50.00%
5)	Sierra VdG Holding BV	Amsterdam (Netherlands)	100.00%	25.05%	-	-
	Sierra Zenata Project B.V.	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Solingen Shopping Center GmbH	Dusseldorf (Germany)	100.00%	25.00%	100.00%	25.00%
	Sonae Sierra Brasil, SA	São Paulo (Brazil)	66.65%	16.66%	66.65%	16.66%
	Sonae Sierra Brazil, BV Sarl	Luxembourg	50.00%	25.00%	50.00%	25.00%
	Sonae Sierra, SGPS, SA	Maia (Portugal)	50.00%	50.00%	50.00%	50.00%
	SPF - Sierra Portugal	Luxembourg	100.00%	50.00%	100.00%	50.00%
	SPF - Sierra Portugal Real Estate, Sarl	Luxembourg	47.50%	23.75%	47.50%	23.75%
2)	Torre Ocidente - Imobiliária, SA	Maia (Portugal)	50.00%	12.50%	50.00%	12.50%
	Unishopping Consultoria Imobiliária, Ltda	São Paulo (Brazil)	100.00%	16.66%	100.00%	16.66%
	Via Catarina - Centro Comercial, SA	Maia (Portugal)	50.00%	12.53%	50.00%	12.53%
6)	Vuelta Omega, S.L.	Madrid (Spain)	100.00%	12.53%	100.00%	12.53%
	Weierstadt Shopping BV	Amsterdam (Netherlands)	100.00%	50.00%	100.00%	50.00%
	Zenata Commercial Project, SA	Mohammedia (Morocco)	100.00%	5.5%	100.00%	5.5%
2)	Zubiarte Inversiones Inmobiliarias, SA	Madrid (Spain)	49.83%	12.48%	49.83%	12.48%

ZOPT (NOS)

	Big Picture 2 Films, SA	Oeiras (Portugal)	20.00%	4.50%	20.00%	4.50%
	Canal 20 TV, SA	Madrid (Spain)	50.00%	11.25%	50.00%	11.25%
1)	Distodo – distribuição e Logística, Lda	Lisbon (Portugal)	50.00%	11.25%	50.00%	11.25%
	Dreamia Holding BV	Amsterdam (Netherlands)	50.00%	11.25%	50.00%	11.25%
	Dreamia Serviços de Televisão, SA	Lisbon (Portugal)	100.00%	11.25%	100.00%	11.25%
	Empracine – Empresa Promotora de Atividades Cinematográficas, Lda	Lisbon (Portugal)	100.00%	22.50%	100.00%	22.50%
	FINSTAR – Sociedade de Investimentos e Participações, SA	Luanda (Angola)	30.00%	6.75%	30.00%	6.75%
	Lusomundo – Sociedade de investimentos imobiliários, SGPS, SA	Lisbon (Portugal)	99.87%	11.25%	99.87%	11.25%
1)	Lusomundo España, SL	Madrid (Spain)	100.00%	22.50%	100.00%	22.50%
	Lusomundo Imobiliária 2, SA	Lisbon (Portugal)	99.87%	22.47%	99.87%	22.47%
	Lusomundo Moçambique, Lda	Maputo (Mozambique)	100.00%	22.50%	100.00%	22.50%
5)	NOS Inovação, SA	Matosinhos (Portugal)	100.00%	22.50%	-	-
9)	NOS Sistemas, SA	Maia (Portugal)	100.00%	22.50%	100.00%	22.50%
5)	NOS Sistemas España, SL	Madrid (Spain)	100.00%	22.50%	-	-
	MSTAR, SA	Maputo (Mozambique)	30.00%	6.75%	30.00%	6.75%
	NOS Açores Comunicações, SA	Ponta Delgada (Portugal)	83.82%	18.86%	83.82%	18.86%
	NOS Communications Sàrl	Luxembourg	100.00%	22.50%	100.00%	22.50%
	NOS Comunicações, SA	Lisbon (Portugal)	100.00%	22.50%	100.00%	22.50%
	NOS Lusomundo Audiovisuais, SA	Lisbon (Portugal)	100.00%	22.50%	100.00%	22.50%
	NOS Lusomundo Cinemas, SA	Lisbon (Portugal)	100.00%	22.50%	100.00%	22.50%
	NOS Lusomundo TV, Lda	Lisbon (Portugal)	100.00%	22.50%	100.00%	22.50%
	NOS Madeira Comunicações, SA	Funchal (Portugal)	77.95%	17.54%	77.95%	17.54%
7)	NOS Technology – Conceção Construção e Gestão de Redes de Comunicação, SA	Matosinhos (Portugal)	100.00%	22.50%	100.00%	22.50%
8)	NOS Towering – Gestão de Torres de Telecomunicações, SA	Maia (Portugal)	100.00%	22.50%	100.00%	22.50%
	NOS SGPS, SA	Lisbon (Portugal)	52.15%	22.50%	52.15%	22.50%
	NOSPUB – Publicidade e Conteúdos, SA	Lisbon (Portugal)	100.00%	22.50%	100.00%	22.50%
	Per-Mar – Sociedade de Construções, SA	Maia (Portugal)	100.00%	22.50%	100.00%	22.50%
	Sport TV Portugal	Lisbon (Portugal)	50.00%	11.25%	50.00%	11.25%
	Sontária – Empreendimentos Imobiliários, SA	Maia (Portugal)	100.00%	22.50%	100.00%	22.50%
	Teliz Holding, BV	Amstelveen (Netherlands)	100.00%	22.50%	100.00%	22.50%

	Upstar Comunicações, SA	Vendas Novas (Portugal)	30.00%	6.75%	30.00%	6.75%
	ZAP Cinemas, SA	Luanda (Angola)	100.00%	6.75%	100.00%	6.75%
	ZAP Media, SA	Luanda (Angola)	100.00%	6.75%	100.00%	6.75%
	ZAP Publishing, SA	Luanda (Angola)	100.00%	6.75%	100.00%	6.75%
	ZON Finance BV	Amsterdam (Netherlands)	100.00%	22.50%	100.00%	22.50%
	ZOPT, SGPS, SA	Porto (Portugal)	50.01%	44.98%	50.01%	44.98%
Sonae IM						
10)	Equador & Mendes - Agência de Viagens e Turismo, Lda	Lisbon (Portugal)	75.00%	75.00%	75.00%	37.50%
	Intelligent Big Data, SL	Guipuzcoa (Spain)	50.00%	35.00%	50.00%	26.99%
10)	Movimentos Viagens - Viagens e Turismo, Sociedade Unipessoal, Lda	Lisbon (Portugal)	100.00%	100.00%	100.00%	50.00%
10)	Nova Equador Internacional, Agência de Viagens e Turismo, Lda	Lisbon (Portugal)	100.00%	100.00%	100.00%	50.00%
10)	Nova Equador P.C.O. e Eventos, Sociedade Unipessoal, Lda	Lisbon (Portugal)	100.00%	100.00%	100.00%	50.00%
10)	Raso SGPS, SA	Lisbon (Portugal)	100.00%	100.00%	50.00%	50.00%
10)	Raso - Viagens e Turismo, SA	Lisbon (Portugal)	100.00%	100.00%	100.00%	50.00%
10)	Raso II - Viagens e Turismo, Unipessoal, Lda	Lisbon (Portugal)	100.00%	100.00%	100.00%	50.00%
11)	S21 Sec Ciber Seguridad SA de CV	Mexico City (Mexico)	100.00%	69.86%	50.00%	26.96%
	SIRS - Sociedade Independente de Radiodifusão Sonora, SA	Porto (Portugal)	45.00%	40.49%	45.00%	40.49%
	Unipress - Centro Gráfico, Lda	Vila Nova de Gaia (Portugal)	50.00%	44.99%	50.00%	44.99%
10)	Viagens y Turismo de Geotur España, S.L.	Madrid (Spain)	100.00%	100.00%	100.00%	50.00%

*the percentage of capital held "Total" is the total percentage of interest held by the group; the percentage of capital held "Direct" corresponds to the percentage that subsidiary(s) which hold(s) a participation, hold(s) the share capital of that company.

- 1) Company liquidated during the period;
- 2) Company sold during the period;
- 3) Company acquired during the period;
- 4) Ex - Project Sierra Spain 3, BV;
- 5) Company created in the period;
- 6) In December 2015 the company merged in the society Harvey Dos Iberia S.L.;
- 7) Ex - Be Artis - Conceção Construção e Gestão de Redes de Comunicação, SA;
- 8) Ex - Be Towering - Gestão de Torres de Telecomunicações, SA;
- 9) Ex - Mainroad - Serviços em Tecnologias de Informação, SA;

10) As at 29 June 2015, the Group acquired the remaining 50% of Raso SGPS, SA and classified this investment as a non-current asset held for sale (Note 22). In October 2015, the Group proceeded with the sale;

11) S21sec group Gestion SA has acquired 50% shareholding of the company S21 Sec Ciberseguridad SA de CV, allowing the latter to be included by the full consolidation method, since July 2015 (Note 5).

6.2.2 Associated companies

COMPANY		Percentage of share capital held				
		31 Dec 2015		31 Dec 2014		
		Direct*	Total*	Direct*	Total*	
1)	Retail					
	APOR – Agência para a Modernização do Porto, S.A.	Porto (Portugal)	22.75%	22.75%	22.75%	22.75%
	Sempre a Postos - Produtos Alimentares e Utilidades, Lda	Lisbon (Portugal)	25.00%	25.00%	25.00%	25.00%
	Ulabox, S.L.	Barcelona (Spain)	28.57%	28.57%	-	-
	Sonae IM					
	Brokerslink Management AG	Switzerland	20.00%	20.00%	20.00%	20.00%

*the percentage of capital held "Total" is the total percentage of interest held by the group; the percentage of capital held

*"Direct" corresponds to the percentage that subsidiary(s) which hold(s) participation, hold(s) the share capital of that company.

1) Associated Company acquired in the period.

Jointly controlled companies and associated companies were included in the consolidated financial statements by the equity method.

6.3 Financial indicators of participations

6.3.1 Joint Ventures

As at 31 December 2015 and 2014, summary financial information of joint ventures of the group can be analyzed as follows:

31 Dec 2015			
Joint ventures	Sonae Sierra SGPS, SA (consolidated)	ZOPT, SGPS, SA (consolidated)	Others
Assets			
Investment properties	286,938,906	697,557	-
Tangible assets	1,230,400	1,218,762,526	1,557,119
Intangible assets	2,705,989	639,261,319	13,213
Goodwill	4,273,686	1,749,506,673	-
Investments in joint ventures and associates	905,893,688	264,465,220	-
Other non-current assets	120,895,811	145,726,069	97
Non-current assets	1,321,938,480	4,018,419,364	1,570,429
Cash and cash equivalents	73,040,437	21,504,911	71,511
Other current assets	47,206,085	465,454,752	1,908,042
Current assets	120,246,522	486,959,663	1,979,553
Assets classified as available for sale	870,360,745	-	-
Total assets	2,312,545,747	4,505,379,027	3,549,982
Liabilities			
Borrowings	171,839,762	979,421,660	1,698,657
Other non-current liabilities	40,582,022	257,648,405	5,306
Non-current liabilities	212,421,784	1,237,070,065	1,703,963
Borrowings	60,196,509	180,262,683	26,262
Other current liabilities	158,012,185	582,696,254	1,233,012
Total current liabilities	218,208,694	762,958,937	1,259,274
Liabilities directly associated with assets classified as available for sale	424,352,495	-	-
Total liabilities	854,982,973	2,000,029,002	2,963,237
Equity attributable to the equity holders of the Parent Company	938,240,752	1,258,356,499	586,745
Non-controlling interests	519,322,022	1,246,993,526	-
Total equity	1,457,562,774	2,505,350,025	586,745
Total equity and liabilities	2,312,545,747	4,505,379,027	3,549,982

31 Dec 2014				
Joint ventures	Sonae Sierra SGPS, SA (consolidated)	ZOPT, SGPS, SA (consolidated)	Raso SGPS, SA (consolidated)	Others
Assets				
Investment properties	891,623,837	708,000	-	-
Tangible assets	1,516,133	1,198,203,256	1,884,239	2,247,298
Intangible assets	2,879,479	638,078,896	354,896	8,042
Goodwill	7,192,675	1,758,031,673	44,061,369	-
Investments in joint ventures and associates	928,564,893	306,839,602	-	-
Other non-current assets	121,771,782	164,504,895	1,022,681	74
Non-current assets	1,953,548,799	4,066,366,322	47,323,185	2,255,414
Cash and cash equivalents	71,650,755	29,772,399	272,015	224,346
Other current assets	70,387,686	454,626,177	19,038,019	2,042,021
Current assets	142,038,441	484,398,576	19,310,034	2,266,367
Total assets	2,095,587,240	4,550,764,898	66,633,219	4,521,781
Liabilities				
Borrowings	468,203,070	621,056,820	-	2,324,989
Other non-current liabilities	157,802,112	276,085,087	431,466	5,306
Non-current liabilities	626,005,182	897,141,907	431,466	2,330,295
Borrowings	38,721,438	505,749,000	3,560,801	26,262
Other current liabilities	123,568,773	601,608,100	34,169,436	1,705,815
Total current liabilities	162,290,211	1,107,357,100	37,730,237	1,732,077
Total liabilities	788,295,393	2,004,499,007	38,161,703	4,062,372
Equity attributable to the equity holders of the Parent Company	897,974,623	1,276,520,350	28,508,963	459,409
Non-controlling interests	409,317,224	1,269,745,541	(37,447)	-
Total equity	1,307,291,847	2,546,265,891	28,471,516	459,409
Total equity and liabilities	2,095,587,240	4,550,764,898	66,633,219	4,521,781

	31 Dec 2015		
Joint ventures	Sonae Sierra SGPS, SA (consolidated)	ZOPT, SGPS, SA (consolidated)	Others
Turnover	191,895,202	1,429,868,680	3,916,769
Other operating income	107,528,574	14,436,914	37,121
	299,423,776	1,444,305,594	3,953,890
External supplies and services	(94,180,375)	(183,816,507)	(1,258,141)
Amortisation	(1,129,315)	(387,505,327)	(762,549)
Other operating costs	(53,884,018)	(741,977,063)	(1,888,218)
	(149,193,708)	(1,313,298,897)	(3,908,908)
Financial income	6,461,053	-	372
Financial expense	(22,399,768)	(32,172,386)	(10,439)
Financial results	(15,938,715)	(32,172,386)	(10,067)
Results of joint ventures and associated companies	159,528,729	-	-
Income taxation	(33,726,326)	(27,024,745)	(14,302)
Consolidated net income/(loss) for the year	260,093,756	71,809,566	20,613
Attributable to:			
Equity holders of the Parent Company	141,745,133	35,951,643	20,613
Non-controlling interests	118,348,623	35,857,923	-
	260,093,756	71,809,566	20,613
Other comprehensive income for the period	(75,930,658)	(41,409,367)	-
Total comprehensive income for the period	184,163,098	30,400,199	20,613

	31 Dec 2014			
Joint ventures	Sonae Sierra SGPS, SA (consolidated)	ZOPT, SGPS, SA (consolidated)	Raso SGPS, SA (consolidated)	Others
Turnover	186,118,629	1,368,684,000	36,755,779	4,403,707
Other operating income	47,676,301	15,245,506	2,342,339	115,590
	233,794,930	1,383,929,506	39,098,118	4,519,297
External supplies and services	(92,149,626)	(186,985,162)	(27,037,181)	(1,998,624)
Amortisation	(1,506,264)	(360,381,107)	(825,828)	(801,287)
Other operating costs	(71,662,301)	(708,410,393)	(10,598,642)	(1,876,210)
	(165,318,191)	(1,255,776,662)	(38,461,651)	(4,676,121)
Financial income	4,633,929	218,000	38,958	46,619
Financial expense	(26,676,611)	(52,184,040)	(992,307)	(54,984)
Financial results	(22,042,682)	(51,966,040)	(953,349)	(8,365)
Results of joint ventures and associated companies	154,077,563	-	-	-
Income taxation	(14,422,537)	(13,342,644)	83,919	(21,066)
Consolidated net income/(loss) for the year	186,089,083	62,844,160	(232,963)	(186,255)
Attributable to:				
Equity holders of the Parent Company	96,310,817	31,270,994	(237,586)	(186,255)
Non-controlling interests	89,778,266	31,573,166	4,623	-
	186,089,083	62,844,160	(232,963)	(186,255)
Other comprehensive income for the period	9,193,041	31,099,000	-	-
Total comprehensive income for the period	195,282,124	93,943,160	(232,963)	(186,255)

6.3.2 Associates

As at 31 December 2015 and 2014, summary financial information of associated companies of the group can be analyzed as follows:

	31 Dec 2015			31 Dec 2014 Restated	
Associates	Sempre a Postos	Ulabox	Others	Sempre a Postos	Others
Non-current assets	1,778,633	1,923,349	18,619	2,407,920	9,394
Current assets	10,076,920	2,548,955	1,679,225	9,551,507	1,911,071
Non-current liabilities	8,594	-	-	17,263	-
Total current liabilities	6,901,181	103,517	57,638	7,221,921	83,985
Equity	4,945,778	4,368,787	1,640,206	4,720,243	1,836,480



Associates	31 Dec 2015			31 Dec 2014	
	Sempre a Postos	Ulabox	Others	Sempre a Postos	Others
Turnover	51,477,596	3,738,298	71,680	49,085,266	126,952
Other operating income	3,917,030	994,534	279	4,690,148	-
Operating costs	(53,556,308)	(7,065,594)	(301,497)	(52,194,919)	(266,560)
Financial results	13,681	(39,010)	33,263	(4,955)	53,079
Income taxation	(440,218)	577,431	(32)	(389,299)	(42)
Consolidated net income/(loss) for the year	1,411,781	(1,794,341)	(196,307)	1,186,246	(86,571)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	1,411,781	(1,794,341)	(196,307)	1,186,246	(86,571)

6.4 Movements occurred in the period

During the year ended at 31 December 2015 and 2014, movements in investments in joint ventures and associates are as follows:

	31 Dec 2015			31 Dec 2014 Restated		
	Proportion on equity	Goodwill	Total investment	Proportion on equity	Goodwill	Total investment
Joint ventures and associates companies						
Initial balance as at January,1	621,439,679	579,547,428	1,200,987,107	593,918,408	549,973,662	1,143,892,070
Acquisitions during the period	-	-	-	1,500	-	1,500
Transfer to assets held for sale (Note 22)	7,794,938	(10,057,629)	(2,262,691)	-	-	-
Equity method						
Gains or losses in joint controlled and associated companies	88,591,530	-	88,591,530	65,093,970	(1,099,909)	63,994,061
Alocation goodwill	-	-	-	(36,702,250)	36,702,250	-
Distributed dividends	(28,008,250)	-	(28,008,250)	(7,320,649)	-	(7,320,649)
Effect in equity capital and non-controlling interests	(51,212,274)	-	(51,212,274)	6,448,699	-	6,448,699
Impairment in joint ventures	-	2,262,691	2,262,691	-	(6,028,574)	(6,028,574)
	638,605,623	571,752,490	1,210,358,113	621,439,679	579,547,428	1,200,987,107
Investments in associates companies						
Initial balance as at January,1	1,502,111	137,494	1,639,605	899,945	-	899,945
Constitutions during the period	-	-	-	41,745	-	41,745
Acquisitions during the period (Note 46)	1,644,681	1,586,348	3,231,029	162,506	137,494	300,000
Equity method						
Gains or losses in joint controlled and associates companies	(60,341)	-	(60,341)	414,361	-	414,361
Distributed dividends	(296,562)	-	(296,562)	(16,446)	-	(16,446)
Effect in equity capital and non-controlling interests	17,256	-	17,256	-	-	-
	2,807,145	1,723,842	4,530,987	1,502,111	137,494	1,639,605
Total	641,412,768	573,476,332	1,214,889,100	622,941,790	579,684,922	1,202,626,712

The value of the "Effect of equity and non-controlling interests" includes:

- 40 million euro relating to currency translation reserve related to the devaluation of real in Brazil; and
- 9.5 million euro relating to currency translation reserve related to financial participation in which NOS have in the Finstar in Angola.

The amount of dividends distributed related to Joint ventures investments includes 12,192,750 euro from Sonae Sierra and 15,815,500 euro from ZOPT.

For the year ended 31 December 2014, the caption "Impairment in joint ventures" refers to the effect of impairment losses made in the period for the joint venture Raso SGPS, S.A.

The measurement of the existence or not of impairment in investments in joint ventures companies is determined as follows:

- Regarding the telecommunications Segment (ZOPT), the existence or not of impairment is determined taking into consideration the business plan approved by the Board of Directors, whose implicit average growth rate of operating margin grows until 4.7%, the discount rate used is 7.25 and growth rate in the perpetuity is 1.5% and the average of evaluations carried out by external analysts (researches); and
- Regarding Sonae Sierra the impairment tests are made by comparison with the "Net Asset Value ", this results from the valuation of investment properties at market value and does not include the deferred taxes on unrealized capital gains.

In addition to the effects reported in Note 43, the consolidated financial statements of ZOPT have a significant exposure to the African market, namely through financial investments that the Group holds in associated companies operating in the Angolan and Mozambican markets, which are engaged in providing satellite television services and fiber. The book value of these associates in the financial statements of ZOPT in 31 December 2015 reached approximately 223 million euro, which is included in "Investments in Associates" caption above (Note 6.3.1). The Group carried out impairment tests for those assets, which are denominated in the currencies of those countries, respectively, Kwanzas and Metical, considering the business plans approved for a period of five years, which include average revenue growth rates for that period of 9.7% (Angola) and 5.7% (Mozambique), growth rate in perpetuity 8% and discount rate ("WACC") of 16% in both countries. Current economic conditions regarding those markets uncertainty, especially in the foreign exchange market and the restriction of foreign currency transfer, with particular focus in Angola, introduces an additional degree of variability meaning that the assumptions could significantly impact the estimates considered. These impairment tests resulted in a valuation of those assets in approximately 0.5 % above its book value.

Contingent liabilities related to joint ventures are disclosed in Note 49, as well as more detailed information about them.

7 OTHER NON-CURRENT INVESTMENTS

Other non-current investments, their head offices, percentage of share capital held and book value as at 31 December 2015 and 2014, are as follows:

		Percentage of share capital held					
		31 Dec 2015		31 Dec 2014		Statement of financial position	
Company	Head Office	Direct	Total	Direct	Total	31 Dec 2015	31 Dec 2014 Restated
Retail							
Dispar - Distrib. de Participações, SGPS, SA	Lisbon	14.28%	14.28%	14.28%	14.28%	9,976	9,976
Insco - Insular de Hipermerc., SA	Ponta Delgada	10.00%	10.00%	10.00%	10.00%	898,197	898,197
Solferias- Operadores Turísticos, SA	Lisbon	11.11%	11.11%	11.11%	11.11%	133,162	133,162
MOVVO, SA	Porto	16.00%	16.00%	9.09%	9.09%	800,000	400,000
Sonae IM							
Lusa - Agên. de Notícias de Portugal, SA	Lisbon	1.38%	1.24%	1.38%	1.24%	75,069	97,344
Cooper Gay Swett & Crawford Ltd	London	9.72%	4.86%	9.72%	4.86%	15,249,229	16,766,584
Other investments						12,384,028	12,260,854
Total						29,549,661	30,566,117

The financial participation in Cooper Gay Sweet & Crawford Ltd was measured at its fair value as at 31 December 2015 taking into consideration the multiples of EBITDA or multiples of sales by region and the transaction price of the North American operation sold in February 2016. This valuation resulted in a reduction of the financial investment in 1.5 million euro and on the accounting of an impairment of 3.8 million euro (Note 37), which includes the transfer of fair value reserves to profit and loss - impairment for the year, in the amount of 2.2 million euro. The valuation of this equity investment in 2014 was based on taking into consideration the EBITDA from other companies with the same activity deducted from its debt amount. Both valuations correspond to a Level 3 of Fair value hierarchy.

As at 31 December 2015 the caption “Other investments” includes, among others, 9,996,932 euros (10,000,046 euros in 31 December 2014) related to deposited amounts on an Escrow Account which is applied in investment funds with superior rating, which is a guarantee for contractual liabilities assumed in the disposal of a Brazil Retail business and for which provisions were recorded in the applicable situations (Note 33 and 34).

Although in accordance with the deadlines contractually established, the Escrow Account should have already been released by the buyer, that didn’t happen as there are some points of disagreement on the use of the Escrow Account, namely as whether or not, to retain the Escrow Account for on-going fiscal procedures that have not yet been decided (Note 34). It is the understanding of the Board of Directors, based on legal opinions of Brazilian and Portuguese lawyers that the reason attends to Sonae.

As at 31 December 2015, with the exception of Cooper Gay Sweet & Crawford, Ltd and the above mentioned Escrow Account, these amounts represent financial investments of immaterial value in unlisted companies and in which the Group doesn’t hold significant influence. Their cost of acquisition was considered to be a reasonable approximation to its fair value, adjusted, if applicable, by impairments identified.

8 CHANGES IN CONSOLIDATION PERIMETER

Major acquisitions of companies in the period ended at 31 December 2015 were as follows:

		Percentage of share capital held	
		At acquisition date	
Company	Head Office	Direct	Total
Retail			
MJB - Design, Lda	Maia (Portugal)	100.00%	100.00%
Elergone Energias, Lda	Matosinhos (Portugal)	75.00%	75.00%
Losan Group			
Aduanas Caspe, S.L.U.	Zaragoza (Spain)	100.00%	100.00%
Comercial Losan Polonia SP. Z.O.O.	Warsaw (Poland)	100.00%	100.00%
Comercial Losan, S.L.U.	Zaragoza (Spain)	100.00%	100.00%
Global Usebti, S.L.	Zaragoza (Spain)	100.00%	100.00%
Losan Colombia, S.A.S.	Bogota (Colombia)	100.00%	100.00%
Losan Overseas Textile, S.L.	Zaragoza (Spain)	100.00%	100.00%
Losan Tekstil Urun.V E Dis Ticaret, L.S.	Istanbul (Turkey)	100.00%	100.00%
Usebti Textile México S.A. de C.V.	Mexico City (Mexico)	100.00%	100.00%
Sonae IM			
S21Sec Ciber seguridad SA de CV	Mexico City (Mexico)	100.00%	69.99%
Accive Insurance-Corretor de Seguros, SA	Porto (Portugal)	70.00%	35.01%
ACCIVE Insurance Cons. e Franchising,Lda	Porto (Portugal)	100.00%	35.01%

The effects of these acquisitions on the consolidated financial statements can be analyzed as follows:

Amounts in euro	Retail							
	Losan Group				Others			
	Financial Position before acquisition	Adjustments to fair value	Fair value	31 Dec 2015	Financial Position before acquisition	Adjustments to fair value	Fair value	31 Dec 2015
Net acquired assets								
Tangible and intangible assets (Note 10 and 11)	5,016,462	-	5,016,462	5,016,462	44,434	-	44,434	41,142
Inventories (Note 15)	13,451,587	-	13,451,587	13,451,587	214,901	-	214,901	359,035
Deferred tax assets (Note 20)	309,948	-	309,948	309,948	-	-	-	14,678
Other assets	15,681,488	-	15,681,488	17,681,488	1,131,965	-	1,131,965	1,049,238
Cash and cash equivalents	12,006,623	-	12,006,623	10,006,623	415,445	-	415,445	268,675
Non recurrent loans	(8,145,659)	-	(8,145,659)	(8,145,659)	(196)	-	(196)	(1,319)
Deferred tax liabilities (Note 20)	(359,764)	-	(359,764)	(359,764)	-	-	-	(269)
Other liabilities	(14,765,358)	-	(14,765,358)	(14,765,358)	(888,640)	-	(888,640)	(664,171)
Total net acquired assets	23,195,327	-	23,195,327	23,195,327	917,909	-	917,909	1,067,009
Goodwill			19,055,699				1,195,075	
Non-controlling interests (Note 24)			-				140,624	
Fair value participation held before the acquisition			-				-	
Acquisition price			42,251,026				1,972,360	
Effective cash paid			42,251,026				1,103,623	
Future cash paid			-				868,737	
			42,251,026				1,972,360	
Net cash flow resulting from the acquisition (Note 46)								
Effective cash paid			(42,251,026)				(1,103,623)	
Cash and cash equivalents acquired			12,006,623				415,445	
			(30,244,403)				(688,178)	

Amounts in euro	Sonae IM			
	Financial Position before acquisition	Adjustments to fair value	Fair value	31 Dec 2015
Net acquired assets				
Tangible and intangible assets (Note 10 and 11)	5,852	444,484	450,336	419,596
Inventories (Note 15)	-	-	-	-
Deferred tax assets (Note 20)	-	-	-	8,334
Other assets	895,665	-	895,665	624,301
Cash and cash equivalents	84,221	-	84,221	204,981
Non recurrent loans	(135,218)	-	(135,218)	(298,016)
Deferred tax liabilities (Note 20)	-	-	-	-
Other liabilities	(1,574,831)	-	(1,574,831)	(1,455,395)
Total net acquired assets	(724,311)	444,484	(279,827)	(496,199)
Goodwill			369,402	
Non-controlling interests (Note 24)			76,068	
Shareholder's loans, treasury operations and interests			233,503	
Acquisition price			247,010	
Effective cash paid			247,010	
Future cash paid			-	
			247,010	
Net cash flow resulting from the acquisition (Note 46)				
Effective cash paid			(247,010)	
Cash and cash equivalents acquired			84,221	
			(162,789)	

Amounts in euro	Retail					
	Losan		Others		Sonae IM	
	Since acquisition date	12 months	Since acquisition date	12 months	Since acquisition date	12 months
Sales and services	-	65,520,069	1,169,361	3,004,589	843,844	926,128
Other income	-	1,031,282	316,434	135,010	-	3,657
Cost of sales	-	(38,223,757)	(554,039)	(1,020,522)	-	-
External supplies and services	-	(17,841,096)	(562,280)	(1,205,974)	(779,672)	(1,261,038)
Staff costs	-	(7,926,676)	(316,516)	(700,044)	(136,034)	(150,189)
Depreciation and amortisation	-	(737,824)	(3,912)	(15,542)	(38,172)	(39,690)
Other expenses and losses	-	(658,752)	(14,924)	(27,357)	(83,892)	(90,640)
Net financial income	-	2,149,537	(2,928)	(17,779)	(68,059)	(68,933)
Profit/loss before taxation	-	3,312,783	31,196	152,381	(261,985)	(680,705)
Taxation	-	(844,958)	12,987	12,987	-	8,334
Net Income	-	2,467,825	44,183	165,368	(261,985)	(672,371)

Losan Group, a multinational group with its headquarters in Spain is specialized in wholesale business of children's wear. This acquisition aims to improve Sonae's ability in the supply chain and strengthen the international expansion capacity of Sonae through the wholesale channels. These companies were incorporated as at 31 December 2015. This was the date from which Sonae began to exercise control over the activities of this Group.

Following the acquisition of these companies, with the exception of Losan Group, a preliminary assessment was made regarding the fair value of the assets acquired and the liabilities assumed. Regarding the acquired companies belonging to Losan Group and given the proximity of the end of the year it has not yet been possible to complete the fair value allocation or the calculation of goodwill which will be made in the maximum period of 12 months from the date of acquisition. The purchase price allocation can be done within one year of the date of acquisition as allowed by IFRS3 - Business Combinations.

9 FINANCIAL INSTRUMENTS BY CLASS

The financial instruments classification according to policies disclosed in Note 2.13 can be detailed as follows:

Financial assets	Notes	Loans and accounts receivable	Assets at fair value through the income statement	Available for sale	Derivates (Note 27)	Sub-total	Assets not converted by IFRS 7	Total
As at 31 December 2015								
Non-current assets								
Other investments	7 and 13	9,996,932	-	19,552,729	-	29,549,661	-	29,549,661
Other non-current assets	14	12,463,292	-	-	-	12,463,292	19,147,335	31,610,627
		22,460,224	-	19,552,729	-	42,012,953	19,147,335	61,160,288
Current assets								
Trade receivables	16	96,577,303	-	-	-	96,577,303	-	96,577,303
Other debtors	17	68,521,667	-	-	-	68,521,667	9,984,877	78,506,544
Investments	13	128,080	79,796,807	-	2,506,087	82,430,974	-	82,430,974
Cash and cash equivalent	21	282,751,583	-	-	-	282,751,583	-	282,751,583
		447,978,633	79,796,807	-	2,506,087	530,281,527	9,984,877	540,266,404
		470,438,857	79,796,807	19,552,729	2,506,087	572,294,480	29,132,212	601,426,692
As at 31 December 2014 Restated								
Non-current assets								
Other investments	7 and 13	10,000,046	-	20,566,071	-	30,566,117	-	30,566,117
Other non-current assets	14	22,496,822	-	-	-	22,496,822	6,603,611	29,100,433
		32,496,868	-	20,566,071	-	53,062,939	6,603,611	59,666,550
Current assets								
Trade receivables	16	79,543,281	-	-	-	79,543,281	-	79,543,281
Other debtors	17	63,602,768	-	-	-	63,602,768	-	63,602,768
Investments	13	56,122	57,611,618	-	3,995,221	61,662,961	-	61,662,961
Cash and cash equivalent	21	588,596,792	-	-	-	588,596,792	-	588,596,792
		731,798,963	57,611,618	-	3,995,221	793,405,802	-	793,405,802
		790,504,675	57,611,618	20,566,071	3,995,221	846,468,741	6,603,611	853,072,352

Financial liabilities	Notes	Derivates (Note 27)	Financial liabilities recorded at amortised cost	Sub-total	Liabilities not covered by IFRS 7	Total
As at 31 December 2015						
Non-current liabilities						
Bank loans	25	-	566,306,612	566,306,612	-	566,306,612
Bonds	25	-	697,562,099	697,562,099	-	697,562,099
Obligations under finance	25 and 26	-	3,231,481	3,231,481	-	3,231,481
Other loans	25	-	5,764,682	5,764,682	-	5,764,682
Other non-current liabilities	28	-	5,481,467	5,481,467	30,547,413	36,028,880
		-	1,278,346,341	1,278,346,341	30,547,413	1,308,893,754
Current liabilities						
Bank loans	25	-	258,655,767	258,655,767	-	258,655,767
Bonds	25	-	49,962,081	49,962,081	-	49,962,081
Obligations under finance	25 and 26	-	3,691,782	3,691,782	-	3,691,782
Other loans	25	860,503	1,092,795	1,953,298	-	1,953,298
Trade creditors	30	-	1,161,697,200	1,161,697,200	-	1,161,697,200
Other creditors	31	-	199,513,809	199,513,809	-	199,513,809
		860,503	1,674,613,434	1,675,473,937	-	1,675,473,937
		860,503	2,952,959,775	2,953,820,278	30,547,413	2,984,367,691
As at 31 December 2014 Restated						
Non-current liabilities						
Bank loans	25	-	284,308,122	284,308,122	-	284,308,122
Bonds	25	-	612,965,560	612,965,560	-	612,965,560
Obligations under finance	25 and 26	-	4,754,587	4,754,587	-	4,754,587
Other loans	25	-	4,981,858	4,981,858	-	4,981,858
Other non-current liabilities	28	-	15,408,596	15,408,596	28,651,472	44,060,068
		-	922,418,723	922,418,723	28,651,472	951,070,195
Current liabilities						
Bank loans	25	-	113,873,438	113,873,438	-	113,873,438
Bonds	25	-	826,032,837	826,032,837	-	826,032,837
Obligations under finance	25 and 26	-	4,720,839	4,720,839	-	4,720,839
Other loans	25	582,869	867,737	1,450,607	-	1,450,607
Trade creditors	30	-	1,151,006,417	1,151,006,417	-	1,151,006,417
Other creditors	31	-	209,573,983	209,573,983	-	209,573,983
		582,869	2,306,075,251	2,306,658,120	-	2,306,658,120
		582,869	3,228,493,974	3,229,076,843	28,651,472	3,257,728,315

Financial instruments recognized at fair value

The Group applies IFRS 13 - Fair Value Measurement. This standard requires that the fair value is disclosed in accordance with the fair value hierarchy:

	31 Dec 2015			31 Dec 2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value						
Investments	79,796,807	-	15,249,229	57,661,618	-	16,766,584
Derivatives	-	2,506,087	-	-	3,995,221	-
	79,796,807	2,506,087	15,249,229	57,661,618	3,995,221	16,766,584
Financial liabilities measured at fair value						
Derivatives	-	860,503	-	-	582,869	-
	-	860,503	-	-	582,869	-

10 TANGIBLE ASSETS

During the periods ended as at 31 December 2015 and 2014, the movements in tangible assets as well as accumulated depreciation and impairment losses are made up as follows:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others tangibles assets	Tangible assets in progress	Total tangible assets
Gross costs:							
Opening balance as at 1 January 2014	1,659,329,823	1,248,692,623	21,511,456	115,197,852	39,830,064	31,848,923	3,116,410,740
Investment	6,139,911	2,090,982	149,878	463,043	99,368	140,272,970	149,216,152
Acquisitions of subsidiaries	928,630	631,866	39,669	2,467,953	127,207	-	4,195,325
Disposals	(10,087,651)	(68,228,346)	(446,040)	(4,536,204)	(2,296,721)	(4,611,868)	(90,206,830)
Disposals of subsidiaries	(8,466,427)	(2,107,714)	(3,492)	(1,766,740)	(769)	(87,732)	(12,432,874)
Exchange rate effect	(25,936)	58,729	(59)	197,101	(5)	3,210	233,040
Transfers	20,719,728	105,800,785	1,254,039	9,415,761	2,566,106	(140,118,989)	(362,570)
Opening balance as at 1 January 2015	1,668,538,078	1,286,938,925	22,505,451	121,438,766	40,325,250	27,306,514	3,167,052,983
Investment	7,575,725	1,947,749	60,340	1,036,837	28,021	155,389,676	166,038,348
Acquisitions of subsidiaries (Note 8)	5,088,587	1,274,558	401,035	2,099,195	933,097	-	9,796,472
Disposals	(171,141,961)	(74,262,342)	(1,475,015)	(9,248,179)	(1,829,783)	(9,287,537)	(267,244,817)
Exchange rate effect	(343,103)	(118,071)	(88,116)	(677,368)	(3,033)	(1,357)	(1,231,048)
Transfers	(169,686,894)	115,995,429	1,582,589	14,980,205	3,513,549	(149,152,440)	(182,767,562)
Closing balance as at 31 December 2015	1,340,030,432	1,331,776,248	22,986,284	129,629,456	42,967,101	24,254,856	2,891,644,376
Accumulated depreciation and impairment losses							
Opening balance as at 1 January 2014	409,943,585	737,980,900	17,601,163	88,846,577	34,874,112	-	1,289,246,337
Depreciation of period	25,501,948	102,450,479	1,203,258	10,326,377	2,445,226	-	141,927,288
Impairment losses of the period (Note 33)	-	1,479,167	-	-	-	-	1,479,167
Acquisitions of subsidiaries	815,248	600,391	9,654	2,404,872	68,800	-	3,898,965
Disposals	(517,459)	(54,868,370)	(424,981)	(4,119,986)	(2,250,040)	-	(62,180,836)
Disposals of subsidiaries	(4,102,561)	(1,668,613)	(3,492)	(1,443,300)	(769)	-	(7,218,735)
Exchange rate effect	(30,272)	43,568	1,667	137,469	(4)	-	152,428
Transfers	1,182,818	(2,337,108)	(4,620)	(929,100)	(111,502)	-	(2,199,512)
Opening balance as at 1 January 2015	432,793,307	783,680,414	18,382,649	95,222,909	35,025,823	-	1,365,105,102
Depreciation of period	23,807,895	104,278,761	1,179,174	10,229,281	2,469,045	-	141,964,156
Impairment losses of the period (Note 33)	-	1,198,626	(3,369)	68,526	5,392	-	1,269,175
Acquisitions of subsidiaries (Note 8)	1,923,295	1,154,741	362,563	1,438,103	591,458	-	5,470,160
Disposals	(37,525,897)	(61,420,408)	(1,404,618)	(8,699,390)	(1,774,506)	-	(110,824,819)
Exchange rate effect	(308,298)	(57,423)	(52,348)	(492,214)	(1,308)	-	(911,591)
Transfers	(53,327,632)	(728,587)	58,933	22,350	432,341	-	(53,542,595)
Closing balance as at 31 December 2015	367,362,670	828,106,124	18,522,984	97,789,565	36,748,245	-	1,348,529,588
Carrying amount							
As at 31 December 2014	1,235,744,771	503,258,511	4,122,802	26,215,857	5,299,427	27,306,514	1,801,947,881
As at 31 December 2015	972,667,762	503,670,124	4,463,300	31,839,891	6,218,856	24,254,856	1,543,114,788

The investment includes the acquisition of assets of approximately 164 million euro (148 million euro in 2014), associated with the opening and remodeling of stores of Sonae retail operating segments.

Disposals of the period can be analyzed as follow:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others tangibles assets	Tangible assets in progress	Total tangible assets
Gross costs:							
Disposals	(7,211,982)	(66,727,064)	(1,475,015)	(9,248,179)	(1,829,783)	(9,287,537)	(95,779,560)
Sale and Leaseback	(163,929,979)	(7,535,278)	-	-	-	-	(171,465,257)
Closing balance as at 31 December 2015	(171,141,961)	(74,262,342)	(1,475,015)	(9,248,179)	(1,829,783)	(9,287,537)	(267,244,817)
Accumulated depreciation and impairment losses							
Disposals	(7,021,353)	(54,554,708)	(1,404,618)	(8,699,390)	(1,774,506)	-	(73,454,574)
Sale and Leaseback	(32,179,103)	(6,865,700)	-	-	-	-	(39,044,804)
Closing balance as at 31 December 2015	(39,200,456)	(61,420,408)	(1,404,618)	(8,699,390)	(1,774,506)	-	(112,499,378)
Carrying amount							
Disposals	(190,629)	(12,172,356)	(70,397)	(548,789)	(55,277)	(9,287,537)	(22,324,986)
Sale and Leaseback	(131,750,876)	(669,578)	-	-	-	-	(132,420,453)

During the period several sale and leaseback transactions were accounted for by the Group (see Note 35 - Operating Leases). The accounting values of the disposed assets, approximately, 132.4 million euro, are disclosed as disposals and correspond to 15 real estate food retail assets located in Portugal. These operations resulted in a cash inflow of 184.7 million euro and generated a net capital gain of (Note 32) approximately, 42.3 million euro (Note 39).

The lease agreements of the related assets were considered operating leases, taking into account the indicators traditionally used to determine the nature of the lease agreements as defined in IAS 17. These contracts have an initial term of 20 years, with the possibility of being extended, at market conditions, for four additional periods of 10 years. The Board of Directors considers that the assets will only be leased for

the initial period of 20 years, which is less than the expected remaining life of the assets linked with this transaction. It was also considered that there is no repurchase obligation regarding the asset linked with the lease agreements, that the acquisition options are only exercisable at market prices, and the present value of minimum payments of the lease contract.

In disposals are still included 7 million euro related to the restructuring process of stores in Sonae SR, related with new stores concepts, mainly in Spain. This process led to the usage of impairment losses of approximately 7.8 million euro accounted for in previous years.

Transfers include the net amount of 131 million euro of net assets transferred to "Non-current assets held for sale" during the period, relating to real estate assets of the Food Retail Segment and Worten Spain retail stores, whose sale took place in 2016 (Note 22).

Most real estate assets from Sonae RP (Note 48), as at 31 December 2015 and 2014, which are recorded at acquisition cost deducted of amortization and impairment charges, were evaluated by independent appraisers (Jones Lang LaSalle). These evaluations were performed using the income method, using yields between 7.00% and 9.25 % (7.25% and 9.25 % in 2014), where the fair value of the property is in "Level 3" hierarchy - according to the classification given by IFRS 13. Such assessments support the value of the assets as at 31 December 2015. There were no impairments recorded during the period.

The most significant values under the caption "Tangible assets in progress" refer to the following projects:

	31 Dec 2015	31 Dec 2014 Restated
Refurbishment and expansion of stores in the retail businesses located in Portugal	17,356,382	16,674,838
Refurbishment and expansion of stores in the retail businesses located in Spain	1,030,144	1,166,105
Projects "Continente" stores for which advance payments were made	2,968,500	8,879,900
Information systems	-	23,998
Others	2,899,830	561,673
	24,254,856	27,306,514

The caption "Impairment losses for tangible assets" can be detailed as follows:

	Land and Buildings	Plant and Machinery	Vehicles	Fixtures and Fittings	Others tangible assets	Total tangible assets
Impairment losses						
Opening balance as at 1 January 2015 Restated	100,337,989	42,728,624	32,341	423,410	101,003	143,623,367
Impairment losses of the period (Note 33)	-	1,182,356	137	80,471	6,211	1,269,175
Disposals	(550,172)	(11,507,587)	(7,165)	(110,601)	(17,484)	(12,193,009)
Transfers	(4,996)	776,383	9,017	15,170	(1,128)	794,446
Closing balance as at 31 December 2015	99,782,821	33,179,776	34,330	408,450	88,602	133,493,979

11 INTANGIBLE ASSETS

In the years ended at 31 December 2015 and 2014, the movement occurred in intangible assets and in the corresponding accumulated amortisation and impairment losses, was as follows:

	Patents and other similar rights	Software	Other intangible assets	Intangible assets in progress	Total intangible assets
Gross assets:					
Opening balance as at 1 January 2014	115,657,930	226,196,642	47,428,954	29,084,967	418,368,493
Investment	117,195	1,444,584	43,972	46,879,398	48,485,149
Acquisitions of subsidiaries	-	20,680,062	-	-	20,680,062
Disposals	(440,114)	(1,005,864)	-	(349,820)	(1,795,798)
Disposals of subsidiaries	(26,071)	(1,638,360)	-	-	(1,664,431)
Exchange rate effect	677,067	478,601	292,218	106,614	1,554,500
Transfers	624,214	37,049,744	9,287	(37,902,058)	(218,813)
Opening balance as at 1 January 2015	116,610,221	283,205,409	47,774,431	37,819,101	485,409,162
Investment	86,237	1,983,007	325,319	45,010,421	47,404,984
Acquisitions of subsidiaries (Note 8)	18,486	3,741,493	-	582,266	4,342,245
Disposals	(69,930)	(1,076,304)	-	(378,569)	(1,524,803)
Exchange rate effect	551,178	(573,953)	(6,463,658)	111,199	(6,375,234)
Transfers	596,172	52,186,223	(55,813)	(53,026,617)	(300,035)
Closing balance as at 31 December 2015	117,792,364	339,465,875	41,580,279	30,117,801	528,956,319
Accumulated depreciation and impairment losses					
Opening balance as at 1 January 2014	32,462,492	158,427,893	24,623,952	-	215,514,337
Depreciation of the period	4,625,559	21,634,470	2,619,450	-	28,879,479
Acquisitions of subsidiaries	-	12,264,460	-	-	12,264,460
Disposals	(437,047)	(902,400)	-	-	(1,339,447)
Disposals of subsidiaries	(24,812)	(1,469,232)	-	-	(1,494,044)
Exchange rate effect	464,510	174,882	38,384	-	677,776
Transfers	32,352	(120,647)	35,008	-	(53,287)
Opening balance as at 1 January 2015	37,123,054	190,009,426	27,316,794	-	254,449,274
Depreciation of the period	1,724,308	27,196,104	2,094,835	-	31,015,247
Acquisitions of subsidiaries (Note 8)	11,921	3,145,404	-	-	3,157,325
Disposals	(68,519)	(753,849)	-	-	(822,368)
Exchange rate effect	471,136	(580,390)	(3,193,574)	-	(3,302,828)
Transfers	(444,179)	453,499	-	-	9,320
Closing balance as at 31 December 2015	38,817,721	219,470,194	26,218,055	-	284,505,970
Carrying amount					
As at 31 December de 2014	79,487,167	93,195,983	20,457,637	37,819,101	230,959,888
As at 31 December de 2015	78,974,643	119,995,681	15,362,224	30,117,801	244,450,349

As at 31 December 2015 the Investment related to intangible assets in progress includes 45 million euro related to IT projects and development software (47 million at 31 December 2014). Within that amount it is included 12.3 million euro of capitalizations of personnel costs related to own work (about 10.8 million euro in 31 December 2014) (Note 39).

The caption intangible assets in progress includes a 3.3 million euro asset related to an E-Commerce project, a 2.6 million euro project related with a B2B project (Business to Business), a 2.1 million euro project related to the operationalization of new features to systems related with loyalty programs and a 1.7 million euro MDM project (Master Data Management).

Additionally the caption "Patents and other similar rights" include the acquisition cost of a group of brands with indefinite useful lives among which the "Continente" brand, acquired in previous years, amounting to 75,000,000 euro (the same amount as in 2014).

Sonae performs annual impairment tests over the brands, and obtained for this purpose an independent assessment of Continente brand made by independent appraisers (Interbrand). This evaluation supports the accounting value of the asset as at 31 December 2015, not being recorded any impairment in the year.

12 GOODWILL

Goodwill is allocated to each operating segment and within each segment to each of the homogeneous groups of cash generating units as follows:

- Retail - Goodwill is allocated to each operating business segment, Sonae MC and Sonae SR, being afterwards distributed by each homogenous group of cash generating units, namely to each insignia within each segment and country, distributed by country and each of the properties in case of operating segment Sonae RP;
- Sonae IM - This segment's Goodwill is mainly related to: (i) Information Systems business; (ii) Insurance business including values generated previous to the date of the adoption of IFRS and supported by the value of the customer portfolio (Portugal) as well as with the subsequent business combination acquired in Brazil;

At 31 December 2015 and 2014, the caption “Goodwill” was made up as follows by insignia and country:

Insignia	31 Dec 2015				
	Portugal	Spain	Brazil	Other countries	Total
Sonae MC	478,207,362	-	-	-	478,207,362
Sonae SR					
electronics	65,283,532	-	-	-	65,283,532
fashion	8,736,484	18,363,680	-	692,021	27,792,185
sports	10,957,847	-	-	-	10,957,847
Sonae RP	2,906,853	-	-	-	2,906,853
Sonae IM					
MDS	9,096,498	-	17,693,326	-	26,789,824
Information Systems and Multimedia	778,944	-	7,090	11,820,276	12,606,310
	575,967,520	18,363,680	17,700,416	12,512,297	624,543,913

Insignia	31 Dec 2014 Restated			
	Portugal	Brazil	Other countries	Total
SonaeMC	476,659,057	-	-	476,659,057
Sonae SR				
electronics	65,283,532	-	-	65,283,532
fashion	8,736,484	-	-	8,736,484
sports	10,957,847	-	-	10,957,847
Sonae RP	3,669,165	-	-	3,669,165
Sonae IM				
MDS	9,221,508	24,053,063	-	33,274,571
Information Systems and Multimedia	778,944	7,090	11,223,775	12,009,808
	575,306,536	24,060,153	11,223,775	610,590,464

During the year ended in 31 December 2015 and 2014, movements occurred in Goodwill as well as in the corresponding impairment losses, are as follows:

	31 Dec 2015	31 Dec 2014 Restated
Gross value:		
Opening balance	625,358,011	624,540,640
Goodwill generated in the period (Note 8)	20,620,177	-
Disposals	(409,081)	-
Other variations	-	306,962
Currency translation	(5,951,170)	512,734
Write-off	-	(2,325)
Closing balance	639,617,937	625,358,011
Accumulated impairment		
Opening balance	14,767,547	14,352,782
Increases	396,829	414,765
Currency translation	(90,352)	-
Closing balance	15,074,024	14,767,547
Carrying amount	624,543,913	610,590,464

The evaluation of the existence, or not, of impairment losses in goodwill is made by taking into account the cash-generating units, based on the most recent business plans duly approved by the Group's Board of Directors, which are made on an annual basis prepared with cash flow projections for periods of five years, unless there is evidence of impairment, in which case the analysis is done in shorter periods of time.

During the periods ended at 31 December 2015 and 2014, Sonae tested for goodwill impairment, having as a result of that analysis, recorded impairment losses as follows:

	31 Dec 2015	31 Dec 2014 Restated
Sonae MC	-	97,306
MDS	396,829	317,459
	396,829	414,765

The main assumptions used in the above mentioned business plans are detailed as follows for each of Sonae operating segments.

Retail

For this purpose the Sonae MC and Sonae SR operating segments in Portugal use internal valuation of its business concepts, using annual planning methodologies, supported in business plans that consider cash flow projections for each unit which depend on detailed and properly supported assumptions. These plans take into consideration the impact of the main actions that will be carried out by each business concept as well as a study of the resources allocation of the company.

The recoverable value of cash generating units is determined based on its value in use, which is calculated taking into consideration the last approved business plans which are prepared using cash flow projections for periods of 5 years.

In what concerns Spain, the Group only from 2015 onwards presents goodwill which was generated with the acquisition of Losan (Note 8). The fair value allocation of assets, liabilities and contingent liabilities, for this operation, has not been performed at this date, given the late acquisition date in the year.

The case scenarios are elaborated with a weighted average cost of capital and with a growth rate of cash-flows in perpetuity that can be detailed as follows:

	31 Dec 2015			31 Dec 2014		
	Average capital cost	Growth rate in perpetuity	Compound growth rate sales	Average capital cost	Growth rate in perpetuity	Compound growth rate sales
Sonae MC	9% to 10%	<= 2%	-0.7%	9% to 10%	<= 1%	-0.2%
Sonae SR						
electronics	9% to 11%	<= 1%	3.1%	9% to 11%	<= 1%	3.6%
fashion	9% to 11%	<= 1%	5.8%	9% to 11%	<= 1%	3.6%
sports	9% to 11%	<= 1%	6.5%	9% to 11%	<= 1%	5.2%
Sonae IM (excluding Information Systems, Multimedia and Insurance)	9% to 10%	<= 1%	5.6%	9% to 10%	<= 1%	4.8%

Sonae IM

The main assumptions used in segment of Sonae IM are:

Information Systems

In the area of information systems, the assumptions used are essentially based on the various businesses of the Group and the growth of the several geographic areas where the Group operates. The average growth rate used to the turnover of 5 years was 12.9%. The discount rates used were based on the estimated weighted average cost of capital, which depends on the business segment of each subsidiary, as indicated in the table below. In perpetuity, the Group considered a growth rate between 1% and 3% in the area of information systems. In situations where the measurement of the existence, or not, of impairment is made based on the net selling price, values of similar transactions and other proposals made are used.

	31 Dec 2015			31 Dec 2014		
	Basis of recoverable amount	Discount rates	Growth rate in perpetuity	Basis of recoverable amount	Discount rates	Growth rate in perpetuity
Information Systems	value of use	10,5%	1,0%	value of use	10,5%	2,0%
Multimedia	value of use	9,0%	0%	value of use	9,0%	0%

For the sector of Information Systems, in digital security area (Cybersecurity), a growth rate used was 3%.

Insurance

Goodwill generated in Portugal was exclusively allocated to business insurance client portfolio, as consequence, the impairment analysis is made using the estimated profitability of the mentioned portfolio, being the main assumptions as follows:

	31 Dec 2015		31 Dec 2014	
	Portugal	Brazil	Portugal	Brazil
Sales increase rate during the projected period	4% to 6%	10% to 12%	4% to 8,4%	9,5% to 14%
Perpetuity growth rate	2%	4.0%	2%	4.0%
Discount rate used	7.5%	15.8%	7.3%	15.1%

The analyses of the impairment indices and the review of the impairment projections and tests of Sonae have not lead to clearance losses, during the year ended at 31 December 2015. For the sensitivity analyses made, required in the IAS 36 - Impairment of Assets, have not lead to material changes of the recoveries, so not result material additional impairments.

13 OTHER INVESTMENTS

As at 31 December 2015 and 2014, the movements in "Other investments" made up as follows:

	31 Dec 2015		31 Dec 2014 Restated	
	Non current Note 7	Current	Non current Note 7	Current
Other investments:				
Fair value (net of impairment losses) as at 1 January	30,566,117	57,667,740	31,991,837	202,448,455
Acquisitions in the period	403,000	128,228	683,362	17
Disposals in the period	-	(6,270)	(3,435,848)	(141,650,837)
Increase/(Decrease) in fair value	(1,419,456)	22,135,189	1,326,766	(3,129,895)
Fair value (net of impairment losses) as at 31 December	29,549,661	79,924,887	30,566,117	57,667,740
Derivative financial instruments (Note 27)				
Fair value as at 1 January	-	3,995,221	-	35,999
Acquisitions in the period	-	-	-	3,761,187
Changes in perimeter	-	522,124	-	-
Increase/(Decrease) in fair value	-	(2,011,258)	-	198,035
Fair value as at 31 December	-	2,506,087	-	3,995,221
	29,549,661	82,430,974	30,566,117	61,662,961

The amount of increase/(decrease) in fair value in the caption "Other non-current investments" is related to the measurement at fair value of the investment in Cooper Gay Sweet & Crawford 1,517,355 euro (1,298,490 euro at 31 December 2014) (Note 7).

Under the caption "Other non-current financial investments" an amount of 9,996,932 euro (10,000,046 euro at 31 December 2014) is recorded related to deposited amounts on an Escrow Account (Note 7).

Under the caption "Other investments" on current assets, an amount of 79,796,807 euro (57,661,618 euro as at 31 December 2014) is recorded related to NOS shares that resulted from the merger between Optimus SGPS and ZON. This investment is recorded at fair value through profit or loss, since it is the initial classification of an asset held for a sale purpose in a short-time. In accordance with the 'Shareholders Agreement', these shares neither concedes any additional vote right or affect the shared control situation with NOS, SGPS, S.A.

The amount of increase / (decrease) in fair value under the caption "Other investments" on current asset, is mainly related with the accounting of fair value over the equity investment on NOS in the amount of 22,135,189 euro (3,129,894 euro at 31 December 2014). The fair value of this investment is determined based on the market price of NOS shares and the respective changes are recorded in the consolidated income statement.

The decreases at 31 December 2014 represent the counterpart in NOS shares provided for the terms of trade of the General Public and Voluntary Offer for acquisition of own shares. As a result of this offering Sonaeacom reduced its investment in NOS shares in 26,476,792 shares (EUR 141,650,837), and now holds 11,012,532 shares representing the share capital of NOS, corresponding to a share of 2.14%.

The Other non-current Investments are recorded at acquisition cost net of impairment losses. It is Sonae understanding that no reliable fair value estimate can be made as there is no market data available for these investments. The heading of “Other non-current Investments” includes 3,185,404 euro (3,799,487 euro in 31 December 2014) of investments recorded at acquisition cost net of impairment losses for the same reasons.

The Other non-current Investments are net of impairment losses amounting to 369,248 euro (273,261 euro in 31 December 2014) (Note 33).

14 OTHER NON - CURRENT ASSETS

As at 31 December 2015 and 2014, “Other non-current assets” are detailed as follows:

	31 Dec 2015			31 Dec 2014 Restated		
	Gross Value	Accumulated impairment losses (Note 33)	Carrying Amount	Gross Value	Accumulated impairment losses (Note 33)	Carrying Amount
Loans granted to related parties	-	-	-	3,570	-	3,570
Trade accounts receivable and other debtors						
Legal deposits	605,316	-	605,316	823,044	-	823,044
Recognition of the value to be received from Carrefour	-	-	-	7,948,164	-	7,948,164
Cautions	4,633,112	-	4,633,112	5,173,020	-	5,173,020
Special regime for payment of tax and social security	6,240,960	-	6,240,960	7,820,568	-	7,820,568
Receivables from sale of financial investments (Note 22)	527,618	-	527,618	-	-	-
Others	456,286	-	456,286	728,456	-	728,456
	12,463,292	-	12,463,292	22,493,252	-	22,493,252
Total financial instruments (Note 9)	12,463,292	-	12,463,292	22,496,822	-	22,496,822
Reinsurer's' share of technical provisions	19,103,740	-	19,103,740	6,545,163	-	6,545,163
Other non-current assets	43,595	-	43,595	58,448	-	58,448
	31,610,627	-	31,610,627	29,100,433	-	29,100,433

The amount receivable from Carrefour as at 31 December 2014 was received by Wall-Mart and deducted by the Group to the liabilities recorded related to contingencies assumed by the Group on disposal of the subsidiary Sonae Distribuição Brasil, S. A. (Note 33).

The amount disclosed as 'Special regime for payment of tax and social security debts' corresponds to taxes voluntarily paid which were previously disputed and subject to reimbursement claims. The tax litigations are still in progress, although following the payment of guarantees previously given where canceled. No impairment loss was recorded since it's the Board of Directors understanding that the decisions over the appeals will be in favor of Sonae (Note 4).

The Reinsurer's' share of technical provisions refer to non-life insurance ceded to reinsurance companies by a captive subsidiary. The provisions for outstanding claims amounted to 19,103,740 euro (6,545,163 euro as at 31 December 2014) (Note 33).

15 INVENTORIES

As at 31 December 2015 and 2014, inventories are as follows:

	31 Dec 2015	31 Dec 2014 Restated
Raw materials and consumables	1,511,622	1,005,942
Goods for resale	663,771,737	632,438,397
Finished and intermediate goods	332,646	413,127
Work in progress	245,455	205,856
	665,861,460	634,063,322
Accumulated adjustments in inventories	(31,096,566)	(31,087,092)
	634,764,894	602,976,230

Cost of goods sold as at 31 December 2015 and 2014 amounted to 3,955,037,096 euro and 3,781,374,723 euro, respectively, and may be detailed as follows:

	31 Dec 2015	31 Dec 2014 Restated
Opening balance	633,444,339	620,900,851
Acquisitions of subsidiaries (Note 8)	13,451,587	-
Purchases	3,982,733,338	3,802,651,897
Adjustments	(7,492,791)	(7,150,317)
Closing balance	665,283,359	633,444,339
	3,956,853,114	3,782,958,092
Adjustments in inventories	(1,816,018)	(1,583,369)
	3,955,037,096	3,781,374,723

As at 31 December 2015 and 2014 the caption “adjustments” relates primarily to adjustments regarding donations to social welfare institutions conducted by the Retail operating segment.

16 TRADE ACCOUNTS RECEIVABLE

As at 31 December 2015 and 2014, trade accounts receivable are detailed as follows:

Trade accounts receivable and doubtful accounts	31 Dec 2015			31 Dec 2014 Restated		
	Gross Value	Impairment losses (Note 33)	Carrying Amount	Gross Value	Impairment losses (Note 33)	Carrying Amount
Retail						
Sonae MC	37,993,222	(3,422,303)	34,570,919	26,249,142	(3,073,346)	23,175,796
Sonae SR	21,854,342	(578,359)	21,275,983	15,798,802	(657,384)	15,141,418
Sonae RP	223,804	(47,024)	176,780	86,206	(47,024)	39,182
Sonae IM	42,714,138	(2,672,126)	40,042,012	44,255,875	(3,763,175)	40,492,700
Sonae Holding	511,609	-	511,609	694,185	-	694,185
	103,297,115	(6,719,812)	96,577,303	87,084,210	(7,540,929)	79,543,281

Sonae’s exposure to credit risk is mainly related to accounts receivable arising from its operational activity. The amounts presented on the statement of financial position are net of impairment losses that were estimated based on Sonae’s past experience and on the assessment of current economic conditions. It’s Sonae understanding that the book value of the accounts receivable does not differ significantly from its fair value.



As at 31 December 2015 there is no indication that the debtors of trade accounts receivable not due will not fulfil their obligations on normal conditions, thus no impairment loss was recognized.

As at 31 December 2015 and 2014, the ageing of the trade receivables are as follows:

	Trade Receivables			
31 Dec 2015	Retail	Sonae IM	Sonae Holding	Total
Not due	15,054,297	19,373,649	511,609	34,939,555
Due but not impaired				
0 - 30 days	6,098,410	7,029,685	-	13,128,095
30 - 90 days	32,019,789	3,011,148	-	35,030,937
+ 90 days	2,851,186	10,627,530	-	13,478,716
Total	40,969,385	20,668,363	-	61,637,748
Due and impaired				
0 - 90 days	56,356	16,946	-	73,302
90 - 180 days	50,060	-	-	50,060
180 - 360 days	302,220	141,184	-	443,404
+ 360 days	3,639,051	2,513,995	-	6,153,046
Total	4,047,687	2,672,125	-	6,719,812
	60,071,369	42,714,137	511,609	103,297,115

	Trade Receivables			
31 Dec 2014	Retail	Sonae IM	Sonae Holding	Total
Not due	16,006,738	17,412,859	694,184	34,113,781
Due but not impaired				
0 - 30 days	4,564,121	6,180,372	-	10,744,493
30 - 90 days	14,452,095	4,641,306	-	19,093,401
+ 90 days	3,333,444	10,601,441	-	13,934,885
Total	22,349,660	21,423,119	-	43,772,779
Due and impaired				
0 - 90 days	20,263	335,158	-	355,421
90 - 180 days	38,037	65,926	-	103,963
180 - 360 days	95,790	481,317	-	577,107
+ 360 days	3,623,663	4,537,496	-	8,161,159
Total	3,777,753	5,419,897	-	9,197,650
	42,134,151	44,255,875	694,184	87,084,210

In determining the recoverability of trade receivables, Sonae considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the large number of customers. Accordingly, it is considered that the risk of not recovering the trade receivables is not higher than the allowance for doubtful debts.

Additionally, Sonae considers that the maximum exposure to the credit risk is the amount presented in the consolidated statement of financial position.

17 OTHER DEBTORS

As at 31 December 2015 and 2014, other debtors are as follows:

	31 dez 2015	31 Dec 2014 Restated
Granted loans to related companies	22,061	8,776,377
Other debtors		
Trade creditors - debtor balances	37,379,130	47,075,248
Dividends to be received of jointly controlled companies	12,192,750	-
Amounts receivable from insurers and policyholders	3,047,910	778,831
Disposal of tangible assets	2,304,243	-
Disposal of financial investments	2,642,097	-
Vouchers and gift cards	1,214,062	2,222,783
VAT recoverable on real estate assets and vouchers discounts	2,560,040	3,313,110
Advances to suppliers	852,495	350,481
Reinsurance operations	41,720	864,209
Other current assets	17,831,204	15,177,341
	80,065,651	69,782,003
Accumulated impairment losses in receivables (Note 33)	(11,566,045)	(14,955,612)
Total of financial instruments (Note 9)	68,521,667	63,602,768
Other current assets	9,984,877	-
	78,506,544	63,602,768

Granted loans to related companies bear interests at market rates and do not have defined maturity but are deemed to be received within twelve months.

The amounts disclosed as “Trade creditors - debtor balances” relate with commercial discounts billed to suppliers, to be net settled with future purchases - mainly in the retail segment.

The amount in “Other Current Assets” will be compensated with payments related with a lease of a retail store.

As at 31 December 2015 and 2014, the ageing of other debtors is as follows:

	Other Debtors	
	31 dez 2015	31 Dec 2014 Restated
Not due	41,279,042	8,925,159
Due but not impaired		
0 - 30 days	13,452,794	12,844,878
30 - 90 days	19,866,278	28,295,215
+ 90 days	3,805,138	4,761,139
Total	37,124,210	45,901,232
Due and impaired		
0 - 90 days	682,978	1,429,860
90 - 180 days	380,238	269,585
180 - 360 days	1,042,992	606,960
+ 360 days	9,541,068	12,649,207
Total	11,647,276	14,955,612
	90,050,528	69,782,003

As at 31 December 2015 there is no indication that the debtors not due will not fulfil their obligations on normal conditions, thus no impairment loss was recognized.

The carrying amount of “other debtors” is estimated to be approximately its fair value.

18 TAXES RECOVERABLE AND TAXES AND CONTRIBUTIONS PAYABLE

As at 31 December 2015 and 2014, Taxes recoverable and taxes and contributions payable are made up as follows:

	31 Dec 2015	31 Dec 2014 Restated
Debtors values		
Income taxation	43,523,620	30,484,743
VAT	33,518,626	27,137,468
Other taxes	1,911,181	1,980,574
	<u>78,953,427</u>	<u>59,602,785</u>
Creditors values		
Income taxation	24,919,444	23,529,994
VAT	49,308,109	49,609,484
Staff income taxes withheld	5,358,441	5,414,437
Social security contributions	11,806,258	11,970,877
Other taxes	877,627	730,045
	<u>92,269,879</u>	<u>91,254,837</u>

19 OTHER CURRENT ASSETS

As at 31 December 2015 and 2014, “Other current assets” is made up as follows:

	31 Dec 2015	31 Dec 2014 Restated
Invoices to be issued	10,390,059	8,326,110
Commercial discounts	47,174,036	58,952,301
Deferred costs - supplies and services	11,503,748	13,185,897
Deferred costs - rents	6,155,172	6,270,434
Commissions to be received	928,439	2,485,121
Other current assets	10,432,333	14,829,766
	<u>86,583,787</u>	<u>104,049,629</u>

The caption "Commercial discounts" refers to promotional campaigns carried out in the retail operating segment stores and reimbursed by Sonae suppliers (Note 39).

20 DEFERRED TAXES

Deferred tax assets and liabilities as at 31 December 2015 and 2014 are as follows, split between the different types of temporary differences:

	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2015	31 Dec 2014 Restated	31 Dec 2015	31 Dec 2014 Restated
Difference between fair value and acquisition cost	6,127,552	6,216,291	24,586,821	26,314,693
Temporary differences on tangible assets and intangible	1,622,953	1,816,225	43,830,296	44,149,035
Provisions and impairment losses not accepted for tax purposes	9,009,843	12,896,112	-	-
Write off of tangible and intangible assets	73,408	1,818,696	-	-
Valuation of hedging derivatives	242,174	73,443	364,824	574,288
Amortisation of Goodwill for tax purposes	-	-	-	18,613,423
Revaluation of tangible assets	-	-	1,166,623	1,292,518
Tax losses carried forward	41,618,697	63,338,474	-	-
Reinvested capital gains/(losses)	-	-	547,219	1,256,610
Tax Benefits	2,222,202	3,258,977	-	-
Others	2,952,789	533,725	2,263,989	2,191,748
	63,869,618	89,951,943	72,759,772	94,392,315

During the periods ended 31 December 2015 and 2014, movements in deferred tax assets and liabilities are as follows:

	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2015	31 Dec 2014 Restated	31 Dec 2015	31 Dec 2014 Restated
Opening balance	89,951,943	123,159,864	94,392,315	121,095,969
Effects in net income:				
Difference between fair value and acquisition cost	(88,739)	475,587	(622,489)	(1,136,543)
Temporary differences on tangible assets and intangible	(193,272)	478,864	404,836	5,795,804
Provisions and impairment losses not accepted for tax purposes	(4,705,321)	(4,806,761)	-	-
Provisions and impairment losses transfer	-	(17,445,738)	-	(17,445,738)
Write-off of tangible and intangible assets	(1,745,288)	(1,827,162)	-	-
Revaluation of tangible assets	-	-	(119,141)	(134,495)
Tax losses carried forward	(21,818,382)	8,964,261	-	-
Amortization of goodwill for tax purposes	-	-	-	(2,791,950)
Write off of goodwill for fiscal purposes	-	-	(18,613,422)	-
Reinvested capital gains/(losses)	-	-	(662,714)	(131,501)
Changes in tax rates	(53,477)	(16,744,767)	(825,316)	(11,919,354)
Tax Benefits	(1,036,775)	(1,205,951)	-	-
Others	3,510,835	(1,027,082)	(213,402)	583,339
	(26,130,419)	(33,138,749)	(20,651,648)	(27,180,438)
Effects in equity:				
Valuation of hedging derivatives	66,572	(96,171)	(311,623)	492,250
Others	(328,426)	(847,670)	(1,029,036)	62,055
	(261,854)	(943,841)	(1,340,659)	554,305
Acquisitions of subsidiaries (Note 8)	309,948	1,044,217	359,764	-
Disposals of subsidiaries	-	(169,548)	-	(77,521)
Closing Balance	63,869,618	89,951,943	72,759,772	94,392,315

As at 31 December 2015, the tax rate to be used in Portuguese companies, for the calculation of the deferred tax assets relating to tax losses is 21%. The tax rate used to calculate deferred taxes in temporary differences in Portuguese companies is 22.5% increased by the state surcharge in companies in which the expected reversal of those deferred taxes will occur when those rates will be applicable. For companies or branches located in other countries, rates applicable in each jurisdiction were used.

As at 31 December 2015 and 2014, and in accordance with the tax statements presented by companies that recorded deferred tax assets arising from tax losses carried forward and using exchange rates effective at that time, tax losses carried forward can be summarized as follows:

	31 Dec 2015			31 Dec 2014		
	Tax losses carried forward	Deferred tax assets	Time limit	Tax losses carried forward	Deferred tax assets	Time limit
With limited time use						
Generated in 2009	-	-	2015	114,601	24,066	2015
Generated in 2011	-	-	2015	994,069	227,320	2015
Generated in 2014	1,194,236	250,790	2026	1,194,236	250,790	2026
Generated in 2015	230,791	48,466	2027	-	-	2027
	1,425,027	299,256		2,302,906	502,176	
Without limited time use	151,590,107	37,927,462		-	-	
With a time limit different from the above mentioned	10,258,659	3,391,979		249,624,509	62,836,298	
	163,273,793	41,618,697		251,927,415	63,338,474	

As at 31 December 2015 and 2014, deferred tax assets resulting from tax losses carried forward were assessed against each company's business plans, which are regularly updated, and available tax planning opportunities. Deferred tax assets have only been recorded to the extent that future taxable profits will arise which might be offset against available tax losses or against deductible temporary differences. The main assumptions used in those business plans are described in Note 12.

As at 31 December 2015 deferred tax assets related to tax losses generated in current and previous years, by Modelo Continente Hipermercados, S.A. Spanish Branch of Retail operating segment, amount to 35.1 million euro (54.3 million euro as at 31 December 2014). The mentioned tax losses can be recovered within the Income Tax Group established in Spain, according to Spanish law. Modelo Continente Hipermercados, S.A. Spanish Branch, as at 31 December 2015 and 2014, was the dominant entity within the group of companies taxed in accordance with the Spanish regime for taxing groups of companies.

Additionally Spanish law allows the annual deduction, for tax purposes, of 5% of goodwill recognized on the acquisition of foreign based companies before 21 December 2007, however in 2012 and 2013 this rate was reduced to 1%. Sonae has accounted deferred tax liabilities relating to goodwill depreciation performed for tax purposes, generated with the acquisition of Continente Hipermercados (ex-Carrefour Portugal) until 31 december 2014.

In 2010 and 2011, Spanish Tax authorities notified Modelo Continente S.A. Spanish Branch of a decrease in 2008 and 2009 tax losses incurred, amounting to approximately 23.3 million euro, challenging the deduction of Goodwill depreciation, generated on the acquisition of Continente Hipermercados for each of the mentioned years. That branch appealed to the proper Spanish Authorities (Tribunal Economico Administrativo Central de Madrid) in 2010 and 2011 respectively, and it is the Board of Directors understanding that the decision will be favorable to the Group, thus maintaining the recognition of deferred tax assets and deferred tax liabilities related with Goodwill. In 2012 the Company interposed an appeal to the National Court in Spain ("Audiencia Nacional Espanha"), due to a decision opposite to the claims and estimates of the Company, by the Economic and Administrative Central Court of Madrid, for the notification for fiscal year of 2008.

In 2014 following an additional inspection for fiscal years 2008 to 2011, Spanish Tax authorities corrected tax losses carried forward regarding goodwill depreciation and financial expenses that resulted from the acquisition of Continente Hipermercados S.A.. Although in complete disagreement, Sonae carried out the tax returns correction until 2012 and appealed, in 2015, to the proper Spanish Authorities (Tribunal

Económico-Administrativo em Espanha). Tax reports for 2012 to 2014 were corrected and the same procedure will be followed for 2015, and in subsequent periods, until a decision on the pending litigations is made by the proper authorities.

In 2015, the Spanish Authorities (Tribunal Económico-Administrativo Central em Espanha) decided in court against the Group's intentions, and Sonae, despite having appealed to the Supreme Court, the Group, as a matter of prudence, decided to reverse the deferred tax assets recognized in the financial statements from 2008 to 2011 in the amount of 36 million euro, and deferred tax liabilities related to amortization of goodwill for tax purposes in the amount of 18.6 million euro.

The recoverability of the previously mentioned deferred tax assets, regarding Sonae operations in Spain is supported by the analysis of the recoverable amount of the cash-generating units for the specialized retail formats in Spain based on their value in use, obtained from business plans with a 10-year projection period, assuming it is the most realistic and appropriate deadline for the implementation of the strategy of internationalization of Sonae in the specialized retail segment, taking into consideration not only the nature of the products in question (more discretionary character) but also the current macro-economic conditions. The Business plans also consider the acquisition of Grupo Losan in Spain as well as sales operations of real estate assets in Spain already fulfilled in 2016.

Main assumptions used in the business plans of the retail companies are a compound growth rate of 11.2% over a 10 year period (12% in 2014) and a growth rate in perpetuity less than or equal to 1%. The discount rates used are based on the weighted average cost of capital which falls between 9% and 11%.

It is the Board of Directors understanding, considering the existing business plans for each of the companies, that such deferred tax assets are fully recoverable.

As at 31 December 2015, there was tax losses carried forward, amounting to 312.7 million euro (372.3 million euro in 2014) for which no deferred tax assets were recognized due to uncertainties of their future use.

	31 Dec 2015			31 Dec 2014		
	Tax losses carried forward	Deferred tax credit	Time limit	Tax losses carried forward	Deferred tax credit	Time limit
With limited time use						
Generated in 2009	-	-	2015	10,546,946	2,277,819	2015
Generated in 2010	-	-	2014	5,396,528	1,189,522	2014
Generated in 2011	-	-	2015	7,520,472	1,615,477	2015
Generated in 2012	8,379,732	1,759,744	2017	11,599,479	2,566,889	2017
Generated in 2013	3,957,748	831,127	2018	18,046,606	4,100,873	2018
Generated in 2014	5,856,149	1,229,791	2026	5,705,078	1,236,359	2026
Generated in 2015	2,629,640	552,224	2027	-	-	2027
	20,823,269	4,372,886		58,815,109	12,986,939	
Without limited time use	189,969,957	48,704,159		38,355,276	10,668,429	
With a time limit different from the above mentioned	101,948,790	25,518,479		275,096,290	68,760,368	
	312,742,016	78,595,524		372,266,675	92,415,736	

21 CASH AND CASH EQUIVALENTS

As at 31 December 2015 and 2014, Cash and cash equivalents are as follows:

	31 Dec 2015	31 Dec 2014 Restated
Cash at hand	9,325,162	7,790,919
Bank deposits	115,357,583	399,994,990
Treasury applications	158,068,838	180,810,883
Cash and cash equivalents on the statement of financial position	282,751,583	588,596,792
Bank overdrafts (Note 25)	(12,611,120)	(325,180)
Cash and cash equivalents in the statement of cash flows	270,140,463	588,271,612

Bank overdrafts are disclosed in the statement of financial position under Current bank loans.

22 NON-CURRENT ASSETS AVAILABLE FOR SALE

As at 30 June 2015 the financial investment in Raso SGPS was classified as non-current assets available for sale. The valuation of this asset was based on the assessment made for the acquisition, on 29 June 2015, of the remaining 50% of the share capital of Raso SGPS. In October 2015 it was completed the sale of the financial investment to Springwater Tourism Group, S.A. The consolidated impacts for this transaction can be summarized as follows:

	Value in Euro
Value of the disposal	8,000,815
Financial participation transferred of Joint ventures for Assets held for sale (Note 6)	2,262,691
Impairment losses Reversal in Joint ventures (Note 6)	(2,262,691)
Acquired financial participation	2,262,691
Financial operations disposed of (net of impairment losses)	10,001,948
Total value of assets disposed of	12,264,639
Loss generated in the operation	(4,263,824)
Receipts (Note 46)	5,000,000
Outstanding value	3,000,815
	8,000,815

On 29 January 2016, Sonae subsidiaries include in Sonae RP segment, have promised to sell and leaseback 12 food retail real estate assets located in Portugal. This operation totaled 164 million euro and was finalized on February 215, 2016.

On March 1, 2016, Sonae performed a Sale and Leaseback transaction of three Worten stores in Spain, located in Madrid, Barcelona and Valencia. This transaction amounted to 26.8 million euro.

Considering that both transactions were in advanced negotiations as at 31 December 2015, we've transferred the carrying amount of the referred assets amounting to 131 million euro to "Non-current Assets held for sale" (Note 10).



23 SHARE CAPITAL

Share Capital

As at 31 December 2015, the share capital, which is fully subscribed and paid for, is made up of 2,000,000,000 ordinary shares, which do not have the right to a fixed dividend, with a nominal value of 1 euro each.

Cash Settled Equity Swap

On 15th November 2007, Sonae Holding sold 132,856,072 Sonae Holding shares directly owned by the Company. The shares were sold in a market operation at the unit price of 2.06 euro per share and resulted on a cash inflow (net of brokerage commissions) of 273,398,877 euro.

On the same date, Sonae Investments, BV wholly owned by Sonae Holding entered into a derivative financial instrument - Cash Settled Equity Swap - over a total of 132.800.000 Sonae Holding shares, representative of 6.64% of its capital.

This transaction has strictly financial liquidation, without any duty or right for the Company or any of its associated companies in the purchase of these shares. This transaction allows Sonae Investments BV to totally maintain the economic exposure to the sold shares.

In this context, although legally all the rights and obligations inherent to these shares have been transferred to the buyer. Sonae Holding did not derecognize their own shares, recording a liability in the caption "Other current liabilities" (Note 31). According to the interpretation made by Sonae of the IAS 39, applied by analogy to own equity instruments, the derecognition of own shares is not allowed as the group maintains the risks and rewards arising on the instruments sold.

Consequently, Sonae maintains in its capital acquisition cost of the shares that remain covered by the contract.

In November 2014, was made a renewal for an additional period of one year renewable automatically, keeping the remaining conditions unchanged.

Considering the operations mentioned above, the amount of the liability recorded amounts to 103,602,523 euro (Note 31) (103,720,163 euro as at 31 December 2014) reflecting the market value of 118,663,355 Sonae Holding shares.

The value of these liabilities is adjusted at the end of each month by the effect of Sonae Holding share price variation being recognized an asset / liabilities current in order to present the right / obligation related to the receipt / financial liquidation that occurs on a monthly basis.

Additionally, the costs related to the "floating amount" based on Euribor 1 month are recognized in the income statement.

The value to get established on the basis of dividends and reserves distributed by Sonae is credited in equity to offset the charge of the distribution. The amount of dividends on Sonae SGPS, SA shares during the year ending 31 December 2015 amounted to 4,573,728 euro (4,248,402 euro in 2014), and distributed reserves of 4,360,227 euro that was credited to equity.

Own Shares

During the period were acquired 118,820 own shares by the group by an amount of 139,401 euro.

Capital Structure

As at 31 December 2015, the following entities held more than 20% of the subscribed share capital:

Company	%
Efanor Investimentos, SGPS, SA and subsidiaries	52.48

24 NON-CONTROLLING INTERESTS

As at 31 December 2015 and 2014, “Non-controlling interests” are detailed as follows:

COMPANY	31 Dec 2015				
	Equity	Profit/(Loss) for the period	Book value of non-controlling interests	Proportion in income attributable to non-controlling interests	Dividends attributable to non-controlling interests
Retail					
Real Estate Investment Funds	129,481,158	22,506,516	1,698,470	727,499	(1,031,352)
Others	47,902,622	2,420,670	22,701,912	863,507	(56,603)
Investment Management					
Sonaecom, SGPS, SA (consolidated)	1,003,586,540	34,567,046	99,283,284	2,035,502	(1,418,022)
MDS, SGPS, SA	23,077,858	(4,395,487)	12,619,188	(2,157,187)	(94,943)
Others	1,083,881	500,468	867	402	-
Total	1,205,132,059	55,599,213	136,303,721	1,469,723	(2,600,920)

COMPANY	31 Dec 2014 Restated				
	Equity	Profit/(Loss) for the period	Book value of non-controlling interests	Proportion in income attributable to non-controlling interests	Dividends attributable to non-controlling interests
Retail					
Real Estate Investment Funds	294,164,884	15,753,397	33,315,355	1,326,349	1,732,571
Others	42,843,645	323,395	19,654,291	(71,221)	66,437
Investment Management					
Sonaecom, SGPS, SA (consolidated)	1,001,980,222	27,336,516	99,447,776	2,028,375	19,920
MDS, SGPS, SA	13,484,185	(3,307,449)	7,782,645	(1,606,504)	183,650
Others	583,413	(1,672,426)	466	(1,338)	-
Total	1,353,056,349	38,433,433	160,200,533	1,675,661	2,002,578

Movements in non-controlling interests during the periods ended as at 31 December 2015 and 2014 are as follows:

	31 Dec 2015					
	Retail		Investment Management		Others	Total
	Real Estate Investment Funds	Others	Sonaecom, SGPS, SA	MDS, SGPS, SA	Others	Total
Opening balance as at 1 January	33,315,355	19,654,291	99,447,776	7,782,645	466	160,200,533
Distributed dividends	-	(56,603)	(1,418,022)	(94,943)	-	(1,569,568)
Distributed Investment Funds	(1,031,352)	-	-	-	-	(1,031,352)
Acquisition in subsidiary (Note 8)	-	140,624	-	76,068	-	216,692
Change in percentage of subsidiaries	(31,313,014)	2,138,016	400,773	-	-	(28,774,225)
Change in currency translation reserve	-	(71,026)	11,176	(2,782,962)	-	(2,842,812)
Participation in other comprehensive income (net of tax) related to joint ventures and associated companies included in consolidation by the equity method	-	-	(1,257,235)	-	-	(1,257,235)
Change in fair value of investments available for sale (Note 7)	-	-	-	1,123,676	-	1,123,676
Delivery of shares to employees to settle the obligation	-	(16,828)	103,590	(91,417)	-	(4,655)
Increase of capital	-	-	-	8,763,414	-	8,763,414
Changes in hedging reserves	-	(40,024)	-	-	-	(40,024)
Others	(18)	89,955	(20,276)	(20,107)	-	49,554
Profit for the period attributable to non-controlling interests	727,499	863,507	2,035,502	(2,157,187)	402	1,469,723
Closing balance as at 31 December	1,698,470	22,701,912	99,303,284	12,599,187	868	136,303,721

	31 Dec 2014 Restated					
	Retail		Investment Management		Others	Total
	Real Estate Investment Funds	Others	Sonaecom, SGPS, SA	MDS, SGPS, SA	Others	Total
Opening balance as at 1 January	36,911,525	19,668,310	279,177,885	7,321,316	1804	343,080,840
Distributed dividends	-	(66,437)	(19,920)	(183,650)	-	(270,007)
Distributed Investment Funds	(1,732,571)	-	-	-	-	(1,732,571)
Changes of increased shareholding by acquisitions	(3,189,948)	-	(182,414,295)	1,260,355	-	(184,343,888)
Change in currency translation reserve	-	5,558	42,389	107,066	-	155,013
Obligation fulfilled by share attribution to employees	-	77,238	(12,231)	(4,479)	-	60,528
Change in fair value of investments available for sale	-	-	-	649,115	-	649,115
Changes in hedging reserves	-	40,843	-	-	-	40,843
Others	-	-	645,573	239,426	-	884,999
Profit for the period attributable to non-controlling interests	1,326,349	(71,221)	2,028,375	(1,606,504)	(1,338)	1,675,661
Closing balance as at 31 December	33,315,355	19,654,291	99,447,776	7,782,645	466	160,200,533

As at 31 December 2015 were acquired 42.949 participation units of Fundo de Investimento Imobiliário Fechado Imosede by the amount of 34.1 million euro to a related entity.

On 5 February 2014, Sonaecom made public the decision to launch a general and voluntary tender offer for the acquisition of shares representing the share capital of Sonaecom.

The offer was general and voluntary, with the offered obliged to acquire all the shares that were the object of the offer and were, until the end of the respective period, subject to valid acceptance by the recipients.

The period of the offer, during which sales orders were received, ran for two weeks, beginning on 6 February and ending on 19 February 2014.

On 20 February 2014, the results of the offer were released. The level of acceptance reached 62%, corresponding to 54,906,831 Sonaecom shares. In 2014 Sonaecom reduced its share capital in circa 136 million euro, as a result of the extinction of acquired shares (54,906,831 shares) and reduction of the nominal value of the remaining shares representing the capital of Sonaecom from 1 to 0.74 euros per share, resulting in an increase in the proportion of detention by the Sonae and consequently a significant reduction of the non-controlled interests, which is included in the above table in section "percentage variation for acquisition of shares" in the period ended 31 December 2014.

As a counterpart of the own Shares acquired in the process of General and voluntary public offering the 26,476,792 shares representing the delivered Sonaecom capital of NOS that were recorded in the balance sheet by 141,650,837 euro (Note 13) and the amount of 19,632 euros in cash. Additionally during the year the Group acquired shares in Sonaecom directly by amount of 9,895,571 euro.

The acquisitions mentioned above had the following impacts at the level of the financial statements:

	Additional acquisitions / disposals		
	Imosede	Others	Total
Additional percentage acquired	22.57%		
Share of the acquired / disposed equi	31,313,014	(2,755,481)	28,557,533
Aquisition / disposal cost	(34,082,452)	1,338,191	(32,744,261)
Impact on equity	(2,769,438)	(1,417,290)	(4,186,728)

In 31 December 2015 and 2014, aggregate financial information of subsidiaries with Interests without control is as follows:

	31 Dec 2015					
	Retail		Investment Management		Others	Total
	Real Estate Investment Funds	Others	Sonaecom, SGPS, SA (consolidated)	MDS, SGPS, SA (consolidated)	Others	
Total Non-Current Assets	133,323,996	45,503,828	749,082,651	53,545,741	20,980,999	1,002,437,215
Total Current Assets	6,550,991	39,730,566	317,293,705	18,940,941	1,009,199	383,525,402
Total Non-Current Liabilities	615,165	9,933,407	13,241,024	25,711,189	20,463,598	69,964,383
Total Current Liabilities	9,778,664	27,398,365	49,548,792	23,697,635	442,719	110,866,175
Equity	129,481,158	47,902,622	1,003,586,540	23,077,858	1,083,881	1,566,793,175

	31 Dec 2014 Restated					
	Retail		Investment Management		Others	Total
	Real Estate Investment Funds	Others	Sonaecom, SGPS, SA (consolidated)	MDS, SGPS, SA (consolidated)	Others	
Total Non-Current Assets	304,679,487	47,296,936	837,122,634	75,096,990	8,499,162	1,272,695,209
Total Current Assets	4,772,853	48,929,494	339,602,598	26,945,625	2,937,732	423,188,302
Total Non-Current Liabilities	3,473,011	20,775,813	81,028,842	54,095,421	8,798,400	168,171,487
Total Current Liabilities	11,814,445	32,606,972	93,716,168	34,463,008	2,055,082	174,655,675
Equity	294,164,884	42,843,645	1,001,980,222	13,484,185	583,413	2,038,710,672

	31 Dec 2015					
	Retail		Investment Management		Others	Total
	Real Estate Investment Funds	Others	Sonaecom, SGPS, SA (consolidated)	MDS, SGPS, SA (consolidated)	Others	
Turnover	18,740,471	136,111,120	142,832,610	45,545,815	36,110	343,266,126
Other operating income	11,475,198	4,621,986	7,489,093	1,039,865	610,783	25,236,925
Other income / expense	-	44	19,188,334	(4,163,024)	(8,576)	15,016,778
Operating expenses	(4,617,231)	(137,243,815)	(136,487,184)	(48,766,152)	(202,464)	(327,316,846)
Financial results	8,286	(873,753)	23,022,022	(2,449,218)	47,803	19,755,140
Taxation	(3,100,208)	(194,868)	(2,289,495)	234,203	8,236	(5,342,132)
Consolidated profit/(Loss) for the period	22,506,516	2,420,670	34,567,046	(4,395,487)	500,468	55,599,213
Other comprehensive income for the period	-	(111,050)	(1,173,324)	(1,679,400)	-	(2,963,774)
Total comprehensive income for the period	22,506,516	2,309,620	33,393,722	(6,074,887)	500,468	52,635,439

	31 Dec 2014					
	Retail		Investment Management		Others	Total
	Real Estate Investment Funds	Others	Sonae, SGPS, SA (consolidated)	MDS, SGPS, SA (consolidated)	Others	
Turnover	32,017,985	126,054,804	143,533,704	46,392,894	(1,672,843)	346,326,543
Other operating income	(182,665)	3,143,178	7,387,344	1,448,586	3,046,800	14,843,243
Other income / expense	-	205	29,502,193	(64,950)	430	29,437,878
Operating expenses	(9,081,703)	(127,095,150)	(149,688,037)	(49,383,060)	(3,173,581)	(338,421,531)
Financial results	143,783	(1,174,482)	(2,590,697)	(3,101,821)	148,748	(6,574,469)
Taxation	(7,144,003)	(605,160)	(807,990)	1,400,902	(21,980)	(7,178,231)
Consolidated profit/(Loss) for the period	15,753,397	323,395	27,336,516	(3,307,449)	(1,672,426)	38,433,433
Other comprehensive income for the period	-	46,401	287,290	694,238	-	1,027,928
Total comprehensive income for the period	15,753,397	369,796	27,623,805	(2,613,211)	(1,672,426)	39,461,361

25 LOANS

As at December 2015 and 2014, loans are made up as follows:

	31 Dec 2015		31 Dec 2014 Restated	
	Outstanding amount		Outstanding amount	
	Current	Non Current	Current	Non Current
Bank loans				
Sonae, SGPS, SA / 2012	-	-	1,961,683	-
Sonae, SGPS, SA / 2012/2015	-	-	75,000,000	-
Sonae, SGPS, SA - commercial paper	159,300,000	180,000,000	-	135,000,000
Sonae Investimentos, SGPS, SA - commercial paper	60,000,000	160,000,000	-	30,000,000
Sonae Investimentos affiliated /2011/2016	-	-	20,000,000	35,000,000
Sonae Investimentos affiliated /2014/2020	-	50,000,000	-	-
Sonae Investimentos affiliated /2015/2020	-	55,000,000	-	-
Sonae Investimentos affiliated /2015/2019	-	25,000,000	-	-
Sonae Holding affiliated /2014/2018	-	40,000,000	-	40,000,000
Sonae Holding affiliated /2014/2021	-	30,000,000	-	20,000,000
MDS, SGPS, SA - commercial paper	5,250,000	14,950,000	4,500,000	15,750,000
MDS SGPS, SA affiliated / 2011/2016	3,131,055	3,247,020	7,462,350	5,353,425
Others	18,363,592	8,631,589	4,865,904	3,974,007
	246,044,647	566,828,609	113,789,937	285,077,432
Bank overdrafts (Note 21)	12,611,120	-	325,180	-
Up-front fees beard with the issuance of borrowings	-	(521,997)	(241,679)	(769,310)
Bank loans	258,655,767	566,306,612	113,873,438	284,308,122
Bonds				
Bonds Sonae SGPS / 2010/2015	-	-	250,000,000	-
Bonds Sonae SGPS / 2014/2018	-	60,000,000	-	60,000,000
Bonds Sonae SGPS / 2014/2020	-	50,000,000	-	50,000,000
Bonds Sonae SGPS / 2015/2022	-	100,000,000	-	-
Bonds Continente -7% /2012/2015	-	-	197,293,166	-
Bonds Sonae Investments BV / 2014/2019	-	194,535,791	-	190,187,000
Bonds Sonae Investimentos SGPS / Agosto 2007/2015	-	-	200,000,000	-
Bonds Sonae Investimentos SGPS / Setembro 2007/2015	-	-	155,000,000	-
Bonds Sonae Investimentos SGPS/ 2012/2017	50,000,000	95,000,000	25,000,000	145,000,000
Bonds Sonae Investimentos SGPS/ Junho 2013/2018	-	50,000,000	-	50,000,000
Bonds Sonae Investimentos / Dezembro 2013/2018	-	-	-	75,000,000
Bonds Sonae Investimentos / Dezembro 2014/2020	-	-	-	50,000,000
Bonds Sonae Investimentos / Dezembro 2015/2020	-	50,000,000	-	-
Bonds Sonae Investimentos/ May 2015/2020	-	75,000,000	-	-
Bonds Sonae Investimentos/ December 2015/2020	-	30,000,000	-	-
Up-front fees beard with the issuance of borrowings	(37,919)	(6,973,692)	(1,260,329)	(7,221,440)
Up-front fees beard with the issuance of borrowings	49,962,081	697,562,099	826,032,837	612,965,560
Other loans	1,092,795	5,764,682	867,737	4,981,858
Derivates (Note 27)	860,503	-	582,869	-
Other loans	1,953,298	5,764,682	1,450,606	4,981,858
Obligations under finance leases (Note 26)	3,691,782	3,231,481	4,720,839	4,754,587
	314,262,928	1,272,864,874	946,077,720	907,010,127

In June 2014 a subsidiary of Sonae SGPS, SA issued bonds which may be convertible (Sonae Investments BV 2014/2019) in Sonae shares already issued and fully subscribed or to be later on issued.

The fair value of the Equity component of this compound instrument was valued at 22,313,000 euro at 31 December 2014 and it was determined by an independent entity from Sonae, taking into consideration the fair value of similar non-convertible financial instruments, having been estimated a market interest rate to establish the amortized cost of this financial liability. This process of measurement represents a Level 3 fair value measurement according to IAS 39. The liability component is recorded at the amortized cost based on the market rate.

The Bonds were issued at par with a nominal value of 100,000 euro per bond, (2.105 euro per bond) with a maturity of 5 years and with a fixed coupon of 1.625% per year, paid in arrears and semi-annually.

The bonds can be converted at the request of the bondholder when the quote of Sonae SGPS, SA, in accordance with the technical data sheet, exceeds 1,656 euro per share, which price is subject to adjustments in accordance with market practices, in particular when the dividend exceeds 0.0287 euro per share.

It is estimated that the book value of all loans does not differ significantly from its fair value, determined based on discounted cash flow methodology, with the exception the convertible bond loan into shares whose fair value is determined by the market price at the balance sheet date.

Bonds and bank loans bear an average interest rate of 2.05% as at 31 December 2015 (3.02% as at 31 December 2014). Most of the bonds and bank loans have variable interest rates indexed to Euribor.

The derivatives are recorded at fair value (Note 27).

The loans face value, maturities and interests are as follows (including obligations under financial leases):

	31 Dec 2015		31 Dec 2014 Restated	
	Capital	Interests	Capital	Interests
N+1 ^{a)}	313,440,344	29,983,095	946,996,859	54,186,812
N+2	225,888,798	23,804,943	97,285,988	27,623,760
N+3	193,792,207	19,056,285	120,308,534	21,081,994
N+4	331,879,992	11,253,904	300,363,593	16,748,542
N+5	377,426,614	7,563,322	316,273,051	4,767,277
After N+5	167,337,162	2,915,204	101,082,711	2,937,413
	1,609,765,117	94,576,753	1,882,310,736	127,345,798

a) Includes amounts drawn under commercial paper programs when classified as current liabilities.

The maturities above were estimated in accordance with the contractual terms of the loans, and taking into account Sonae's best estimated regarding their reimbursement date and include the amount to be paid in 2019 related to the convertible bond updated to the given date.

As at 31 December 2015 there are financial covenants included in borrowing agreements at market conditions, and which at the date of this report are in regular compliance.

As at 31 December 2015, Sonae has, as detailed below, cash and cash equivalents in the amount of 283 million euro (589 million euro in 2014) and available credit lines as follows:

	31 Dec 2015		31 Dec 2014 Restated	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Unused credit facilities				
Retail	60,806,401	340,000,000	173,260,000	452,500,000
Sonae IM	2,481,663	1,050,000	4,820,165	-
Sonae Holding	59,395,242	-	152,695,242	35,000,000
	122,683,306	341,050,000	330,775,407	487,500,000
Agreed credit facilities				
Retail	142,060,000	535,000,000	173,260,000	482,500,000
Sonae IM	7,505,648	17,250,000	9,755,648	13,750,000
Sonae Holding	143,695,242	180,000,000	152,695,242	170,000,000
	293,260,890	732,250,000	335,710,890	666,250,000

26 OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2015 and 2014, Obligations under finance leases are as follows:

Obligations under finance leases	Minimum finance lease payments		Present value of minimum finance lease payments	
	31 Dec 2015	31 Dec 2014 Restated	31 Dec 2015	31 Dec 2014 Restated
Amounts under finance leases:				
N+1	3,856,053	4,979,862	3,691,782	4,720,839
N+2	1,377,738	2,282,103	1,323,273	2,157,530
N+3	806,098	1,067,832	777,559	1,025,040
N+4	538,020	570,429	522,957	549,418
N+5	432,708	429,194	426,493	414,926
After N+5	181,697	614,958	181,199	607,673
	7,192,314	9,944,378	6,923,263	9,475,426
Future Interests	(269,051)	(468,952)		
	6,923,263	9,475,426		
Current obligations under finance leases			3,691,782	4,720,839
Non-current obligations under finance leases			3,231,481	4,754,587

Finance leases contracts are agreed at market interest rates, have defined periods and include an option for the acquisition of the related assets at the end of the period of the agreement.

As at 31 December 2015 and 2014, the fair value of finance leases is close to its carrying amount.

Obligations under finance leases are guaranteed by related assets.

As at 31 December 2015 and 2014, accounting net value of assets acquired under finance leases can be detailed as follows:

Property leasing object	31 Dec 2015	31 Dec 2014 Restated
Lands and buildings	11,086,165	11,293,262
Plant and machinery	551,691	787,995
Vehicles	19,079	-
Fixture and Fittings	901,114	1,006,903
Total tangible assets	12,558,049	13,088,160
Software	359,947	174,770
Total intangible assets	359,947	174,770
	12,917,996	13,262,930

As at 31 December 2015, the acquisition cost of tangible and intangible assets amounted to 30,110,337 euro (33,110,946 euro as at 31 December 2014).

Among the assets leased there are net assets amounting to 10,816,240 euro related to Worten stores in Spain that were transferred to the caption "Non-Current Assets Held for Sale".

27 DERIVATIVES

Exchange rate derivatives

Sonae uses exchange rate derivatives, essentially to hedge future cash flows that occur in the next 12 months.

Sonae entered into several exchange rate forwards in order to manage its exchange rate exposure.

As at 31 December 2015 the exchange rate derivatives considered of speculation reach the value of 522,124 euro.

The fair value of exchange rate derivatives hedging instruments, calculated based on present market value of equivalent financial instruments of exchange rate, is 860,503 euro as liabilities (582,869 euro as at 31 December 2014) and 1,983,962 euro as assets (3,995,221 euro As at 31 December 2014).

The computation of the fair value of these financial instruments was made taking into consideration the present value at statement of financial position date of the forward settlement amount in the maturity date of the contract. The settlement amount considered in the valuation, is equal to the currency notional amount (foreign currency) multiplied by the difference between the contracted forward exchange rate and the forward exchange market rate at that date as at the valuation date.

Losses in the period arising from changes in the fair value of instruments that do not qualify for hedging accounting treatment were recorded directly in the income statement in the captions "Others Financial income" or "Financial expenses".

Gains and losses for the year associated with the change in market value of derivative instruments are recorded under the caption "Hedging reserve" when considered cash flow hedging and when considered as fair value hedging are recorded under the caption "Financial income" or "Financial expenses".

Interest rate derivatives

Sonae does not have any interest rate hedging derivatives recorded as at 31 December 2015.

Interest rate and exchange rate derivatives

As at 31 December 2015 no contracts existed, related to interest rate and exchange rate derivatives simultaneously.

Fair value of derivatives

The fair value of derivatives is detailed as follows:

	Assets		Liabilities	
Hedging derivatives	31 Dec 2015	31 Dec 2014 Restated	31 Dec 2015	31 Dec 2014 Restated
Derivatives not qualified as hedging				
Exchange rate	1,983,963	3,995,221	860,503	582,869
Interest rate	-	-	-	-
Derivates qualified as pending				
Exchange rate	522,124	-	-	-
	2,506,087	3,995,221	860,503	582,869

28 OTHER NON-CURRENT LIABILITIES

As at 31 December 2015 and 2014 “Other non-current liabilities” are made up as follows:

	31 Dec 2015	31 Dec 2014 Restated
Shareholders loans	2,780,947	11,269,332
Fixed assets suppliers	604,822	1,429,022
Other non-current liabilities	2,095,698	2,710,242
Financial instruments (Note 9)	5,481,467	15,408,596
Deferral of the disposal of the extended warranties (Note 2.17)	28,196,895	25,905,981
Accruals and deferrals	2,350,518	2,745,491
Other non-current liabilities	36,028,880	44,060,068

The caption “Shareholder loans” relates to loans in affiliated undertakings in the Retail, and Investment Management operating segments. These liabilities do not have a defined vesting date and bear interests at variable market rates.

The carrying amount of “Other non-current liabilities” is estimated to be approximately its fair value.

29 SHARE-BASED PAYMENTS

In 2015 and in previous years, Sonae in accordance with the remuneration policy described in the corporate governance report granted deferred performance bonuses to its directors and eligible employees. These are either based on shares to be acquired at nil cost or with discount, three years after they were attributed to the employee, or based on share options with the period price equal to the share price at the grant date, to be exercised three years later. In both cases, the acquisition can be exercised during the period commencing on the third anniversary of the grant date and the end of that year.

As at 31 December 2015, all Sonae Holding share plans responsibilities are accounted in the statement of financial position under "other reserves" and in the Profit and Loss statement under caption "staff costs". They are recognized at the shares fair value on the grant date, concerning the 2015, 2014 and 31 December 2013. Share-based payments costs are recognized on a straight line basis between the grant and the settlement date.

As at 31 December 2015 and 2014, the number of attributed shares related to the assumed responsibilities arising from share based payments, which have not yet vested, can be detailed as follows:

Grant year	Vesting year	Sonae SGPS		Number of shares	
		Number of participants	Share price on date of assignment	31 Dec 2015	31 Dec 2014
2012	2015	-		-	7,760,310
2013	2016	102	0.701	5,404,038	5,165,022
2014	2017	249	1.024	4,306,697	4,486,082
2015	2018	274	1.048	3,784,460	-
				13,495,195	17,411,414

During the period ending 31 December 2015 the movements on the above mentioned share based plans were the following:

	Sonae Shares	
	Aggregate number of participants	Number of shares
Balance as at 31 January 2014	458	17,411,414
Grant	280	4,126,769
Vesting	(96)	(9,208,149)
Canceled / extinct / corrected / transferred ⁽¹⁾	(17)	1,165,161
Closing balance as at 31 December 2015	625	13,495,195

(1) Corrections are made on the basis of the dividend paid and the changes of share capital and other equity adjustments.

As at 31 December 2015 and 2014, the fair value of total liabilities on the date of allocation arising from share based payments, which have not yet vested, may be summarized as follows:

Grant year	Vesting year	Fair value *	
		31 Dec 2015	31 Dec 2014
		Sonae SGPS	Sonae SGPS
2012	2015	-	3,186,570
2013	2016	5,663,432	2,471,718
2014	2017	3,008,946	1,567,999
2015	2018	1,322,038	-
Total		9,994,416	7,226,287

* Share market value as of 31 December 2015 and 2014.

As at 31 December 2015 and 2014 the financial statements include the following amounts corresponding to the period elapsed between the date of granting and those dates for each deferred bonus plan, which has not yet vested:

	31 Dec 2015	31 Dec 2014
Recorded in staff costs in the current period	2,024,040	2,138,436
Recorded in previous years	6,312,164	5,643,369
	8,336,204	7,781,805
Recorded value in Other reserves	8,336,204	7,781,805
	8,336,204	7,781,805

30 TRADE CREDITORS

As at 31 December 2015 and 2014 Trade creditors are as follows:

		Payable to	
	31 Dec 2015	up to 90 days	more than 90 days
Trade creditors - current account			
Retail			
Sonae MC	672,080,115	671,991,088	89,027
Sonae SR	362,821,709	362,815,035	6,674
Sonae RP	142,412	142,412	-
Sonae IM	28,757,748	28,733,517	24,231
Sonae Holding	155,778	155,778	-
	1,063,957,762	1,063,837,830	119,932
Trade creditors - Invoice Accruals	97,739,438	97,739,438	-
	1,161,697,200	1,161,577,268	119,932

		Payable to	
	31 Dec 2014 Restated	up to 90 days	more than 90 days
Trade creditors - current account			
Retail			
Sonae MC	671,895,962	671,701,708	194,254
Sonae SR	345,155,124	344,929,499	225,625
Sonae RP	1,586,786	1,565,145	21,641
Sonae IM	30,383,110	30,342,025	41,085
Sonae Holding	162,891	162,891	-
	1,049,183,873	1,048,701,268	482,605
Trade creditors - Invoice Accruals	101,822,544	101,822,544	-
	1,151,006,417	1,150,523,812	482,605

As at 31 December 2015 and 2014 this account includes amounts payable to suppliers resulting from Sonae operating activity. The Board of Directors believes that the fair value of these balances does not differ significantly from its book value and the effect of discounting these amounts is not material.

The company maintains cooperation agreements with financial institutions in order to enable retail segment suppliers, Sonae MC and Sonae SR, to access to an advantageous tool for managing their working capital, upon confirmation by Sonae of the validity of credits that suppliers hold on it. Under these agreements, some suppliers freely engage into contracts with these financial institutions that allow them to anticipate the amounts receivable from these retail subsidiaries, after confirmation of the validity of such receivables by these companies. These retail subsidiaries consider that the economic substance of these financial liabilities does not change, therefore these liabilities are kept as accounts payable to Suppliers until the normal maturity of these instruments under the general supply agreement established between the company and the supplier, whenever (i) the maturity corresponds to a term used by the industry in which the company operates, this means that there are no significant differences between the payment

terms established with the supplier and the industry , and (ii) the company does not have net costs related with the anticipation of payments to the supplier when compared with the payment within the normal term of this instrument.

31 OTHER CREDITORS

As at 31 December 2015 and 2014, the caption “Other creditors” is detailed as follows:

	31 Dec 2015	Payable to		
		up to 90 days	90 to 180 days	more than 180 days
Fixed assets suppliers	44,750,697	42,948,045	486,180	1,316,472
Other debts	154,763,112	43,421,700	6,639,830	104,701,582
	199,513,809	86,369,745	7,126,010	106,018,054
Related undertakings	-	-	-	-
	199,513,809	86,369,745	7,126,010	106,018,054

	31 Dec 2014 Restated	Payable to		
		up to 90 days	90 to 180 days	more than 180 days
Fixed assets suppliers	51,209,073	48,462,226	1,987,676	759,171
Other debts	158,364,910	50,830,930	2,983,174	104,550,806
	209,573,983	99,293,156	4,970,850	105,309,977
Related undertakings	-	-	-	-
	209,573,983	99,293,156	4,970,850	105,309,977

The caption “Other debts” includes:

- 103,602,523 euro (103,720,163 euro as at 31 December 2014) relating to the fair value of the shares covered by Sonae Holding financial derivative referred to in Note 23;
- 14,219,757 euro (22,150,238 euro as at 31 December 2014) of attributed discounts not yet redeemed related to loyalty card "Cartão Cliente";
- 14,365,559 euro (14,150,325 euro as at 31 December 2014) related to vouchers, gift cards and discount tickets not yet redeemed;
- 3,176,938 euro (4,253,041 euro as at 31 December 2014) related to amounts payable to Sonae Distribuição Brasil. S.A. buyer as result of responsibilities assumed with that entity (Note 33);
- 7,174,939 euro (3,733,328 euro as at 31 December 2014) relating to amounts payable to insurance companies, insurance buyers and insurance agents; and
- 386,111 euro (1,961,471 euro as at 31 December 2014) relating to amounts payable associated to reinsurance operations;

As at 31 December 2015 and 2014, this caption includes payable amounts to other creditors and fixed assets suppliers that do not bear interest. The Board of Directors understands that the fair value of these payables is similar to its book value and the result of discounting these amounts is immaterial.

32 OTHER CURRENT LIABILITIES

As at 31 December 2015 and 2014, “Other current liabilities” are made up as follows:

	31 Dec 2015	31 Dec 2014 Restated
Holiday pay and bonuses	111,077,895	112,595,262
Other external supplies and services	41,018,028	42,087,790
Deferred Revenue of warranty extension (Note 2.17)	24,471,084	17,120,641
Marketing expenses	14,159,475	12,626,443
Charges made on the sale of real estate (Note 2.6.c)	10,031,166	-
Advance receipts from Trade Receivables	8,407,899	7,790,558
Rentals	6,773,465	9,237,451
Expenses on purchases	5,270,530	6,922,403
Interest payable	5,022,010	14,903,532
Insurance payable	1,745,005	3,471,459
Others	10,498,255	14,161,672
	238,474,811	240,917,211

33 PROVISIONS AND ACCUMULATED IMPAIRMENT LOSSES

Movements in Provisions and impairment losses over the period ended 31 December 2015 and 2014 are as follows:

Caption	Balance as at 31 Dec 2014 Restated	Increase	Decrease	Transfers and other mouvements	Balance as at 31 Dec 2015
Accumulated impairment losses on investments (Note 6,7 and 13)	6,301,835	1,613,342	(2,262,691)	(3,765,883)	1,886,603
Impairment losses on fixed tangible assets (Note 10)	143,623,367	1,269,175	(11,398,562)	70,383	133,564,363
Impairment losses on intangible assets	1,497,101	-	(77)	-	1,497,024
Accumulated impairment losses on trade account receivables (Note 16)	7,540,929	1,814,275	(2,635,392)	-	6,719,812
Accumulated impairment losses on other current debtors (Note 17)	14,955,612	1,550,358	(4,939,925)	-	11,566,045
Non - current provisions	36,489,900	21,727,202	(15,607,913)	(3,799,131)	38,810,058
Current provisions	3,724,196	1,105,083	(1,745,289)	-	3,083,990
	214,132,940	29,079,435	(38,589,849)	(7,494,631)	197,127,895

Caption	Balance as at 31 dec 2013 Restated	Increase	Decrease	Discontinued operations	Balance as at 31 Dec 2014 Restated
Accumulated impairment losses on investments (Note 6 and 13)	2,358,392	6,044,780	(2,101,337)	-	6,301,835
Impairment losses on fixed tangible assets (Note 10)	152,883,610	1,479,167	(10,739,410)	-	143,623,367
Impairment losses on intangible assets	1,497,119	-	(18)	-	1,497,101
Accumulated impairment losses on trade account receivables (Note 16)	7,025,140	1,155,470	(1,139,701)	500,020	7,540,929
Accumulated impairment losses on other debtors (Note 17)	14,460,950	1,961,804	(1,467,142)	-	14,955,612
Non - current provisions	50,659,919	5,744,616	(20,187,901)	273,266	36,489,900
Current provisions	2,828,507	905,905	(10,216)	-	3,724,196
	231,713,637	17,291,742	(35,645,725)	773,286	214,132,940

As at 31 December 2015 and 2014 increases in Provisions and impairment losses are as follows:

	31 Dec 2015	31 Dec 2014
Provisions and impairment losses in the income statement	13,074,208	11,572,691
Provisions for severance payments	2,089,303	-
Impairment losses on "Other investments" (Note 7)	1,613,342	-
Technical reinsurance provisions	11,665,197	-
Goodwill (Note 12)	-	(414,765)
Impairment in joint ventures (Note 6.3)	-	6,028,574
Others	637,385	569,324
	29,079,435	17,755,824

As at 31 December 2015 and 2014 the value of decreases in provisions and impairment losses can be detailed as follows:

	31 Dec 2015	31 Dec 2014
Provisions and impairment losses reversal (Note 39)	(11,112,665)	(9,477,071)
Direct use of impairments on accounts receivable	(3,331,669)	(9,464,030)
Direct use of Brazil provisions	-	(2,433,450)
Compensation receivable from Walmart	(9,607,850)	-
Direct use of technical provisions on reinsurance	-	(9,317,691)
Direct use and reversals recorded in tangible assets	(10,695,475)	(2,134,362)
Impairment reversal in investments	(2,262,691)	(2,101,337)
Others responsibilities	(1,579,499)	(1,181,866)
	(38,589,849)	(36,109,807)

As at 31 December 2015 and 2014, the provisions current and non-current details are as follows:

	31 Dec 2015	31 Dec 2014
Technical provisions on reinsurance (a)	20,463,598	8,798,400
Future liabilities relating to retail subsidiaries operations in Brazil sold (b)	6,779,929	12,584,983
Clients Guarantees (c)	3,363,334	8,773,796
Judicial claims	3,558,791	3,225,191
Others responsibilities	7,728,396	6,831,726
	41,894,048	40,214,096

- a) Amounts included in "Technical provisions on reinsurance" relate to a group company that operates in the non-life reinsurance industry in which the amount of the provision is related to provisions for outstanding claims. The amount to be recovered from the reinsurance companies is recorded in the captions "Reinsurer's share of technical provisions" (Note 14) and "Other Debtors" (Note 17).
- b) The caption non-current provisions includes 6,779,929 euro (12,584,983 euro as at 31 December 2014), relating to non-current contingencies assumed by the Company, when selling its subsidiary Sonae Distribuição Brasil, S.A. in 2005. This provision is being used as costs are incurred, and it's recorded taking into account the best estimate of costs to be incurred which results from a significant number of civil and labor lawsuits of reduced amount. During 2015, the group made an estimate change taking into consideration the outcome of recent lawsuits, with the buyer of the former subsidiary in Brazil, with respect to the related contingencies, having reinforced the provision in 23,700,000 reais (6,505,887 euro). Additionally during the year the Group proceeded with the offsetting of a provision of contingencies in Brazil, with an amount of 9,607,850 euro received during this year from Carrefour. This amount received included accrued interests of amounts wrongly received by that entity as a result of the usage of a bank guarantee in previous periods, which was contested at that time by the group.

- c) The caption non-current provisions and current provisions and the movement in the period in provisions, also includes the estimated liabilities incurred by the Group on the sale of warranty extension programs on products traded by the Specialized Retail operating segment in the amount of 3,363,334 euro (8,773,796 euro As at 31 December 2014). These extensions are granted for a period of one to three years after the end of the legal mandatory warranty provided by the manufacturers.

Impairment losses are deducted from the book value of the corresponding asset.

34 CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2015 and 2014, major contingents liabilities exposed are as follows:

- Guarantees and sureties given

	31 Dec 2015	31 Dec 2014
Guarantees given:		
on tax claims	1,083,444,776	996,154,187
on judicial claims	695,238	356,420
on municipal claims	8,268,603	6,383,942
contract by proper compliments	17,445,799	18,877,053
others guarantees	4,824,720	5,869,196

a) Tax claims

The main tax claims with bank guarantees given or sureties associated are as follows:

- Some retail operating segment subsidiaries of the Company granted guarantees in favor of the Portuguese Tax Administration, associated with tax claims for additional VAT payment amounting to 520 million euro (466.1 million euro as at 31 December 2014) related to the period from 2004 to 2013, which the Company has presented, or has the intention of presenting, a tax appeal. The increase in the value of guarantees and securities provided in relation to the previous year, mainly result from additional tax assessments over 2012 and 2013. Portuguese tax authorities claim that the Company should have invoiced VAT related to promotional discounts invoiced to suppliers which depend on the purchases made by the Group during the year, as it considers that the discounts correspond to services rendered by the company. Tax authorities also claim that the company should not have deducted VAT from discount vouchers used by its non-corporate clients.
- The caption guarantees given on tax claims include guarantees granted, in the amount of 144.3 million euro (108 million euro as at 31 December 2014), in favor of Tax authorities regarding 2007 up to 2012. Concerning these guarantees, the most significant amount relates to an increase in equity arising on the disposal of own shares to a third party in 2007, as well as to the disregard of the reinvestment concerning capital gains in share disposal, and the fact that demerger operations must be disregarded for income tax purposes. The Company has presented an appeal against this additional tax claim, being the Board of Directors understanding, based on its advisors assessment, that such appeal will be favorable.
- Sureties in the amount of, approximately, 60 million euro as a result of a tax appeal presented by the Company concerning an additional tax assessment by Tax authorities, relating to 31 December 2005, following the correction of taxable income for that period as Tax authorities did not accept the recognition of tax losses incurred after the liquidation of a subsidiary of Sonae Investimentos, since it considered that

the cover of losses in that subsidiary should not be part of its acquisition cost, which is not in accordance with previous assessments of Tax Authorities.

- Sureties in the amount of, approximately 50 million euro, following a tax appeal presented by the Company concerning additional tax assessments made by Tax authorities, relating to 31 December 2002, which refer to the non-acceptance by Tax authorities of tax losses arising on the sale and liquidation of a subsidiary of the Group.
- Fiscal lawsuit related to rent tax, concerning a subsidiary of the Company in Brazil, in the amount of, approximately, 15.2 million euro (65.6 million Brazilian real), which is being judged by a tax court, for which there were granted guarantees in the amount of 31.3 million euro (135 million Brazilian real). The difference between the value of the contingency and the value of the guarantee relates with the update of the related responsibility.

b) Contingent assets and liabilities related to tax claims paid under regularization programs of tax debts

Within the framework of regularization of tax debts to Tax Authorities, (Outstanding Debts Settlement of Tax and Social Security - Decree of Law 151-A/2013 e Decree of Law 248-A), the Group made tax payments in the amount of, approximately, 28.5 million euro, having the respective guarantees been eliminated. The related tax appeals continue in courts, having the maximum contingencies been reduced through the elimination of fines and interests related with these tax assessments.

As permitted by law, the Group maintains the legal proceedings, in order to establish the recovery of those amounts, having recorded as an asset the amounts related with income taxes paid under those plans (Note 4 and Note 14), and having been corrected by the amounts corresponding to the remaining taxes, according to the described in Note 4.

c) Other contingent liabilities

- Contingent liabilities related to discontinued activities in subsidiaries in Brazil

In addition to the previously disclosed guarantees, as a consequence of the sale of a subsidiary in Brazil, Sonae guaranteed to the buyer of the subsidiary all the losses incurred by that company arising on unfavorably decisions not open for appeal, concerning tax lawsuits on transactions that took place before the sale date (13 December 2005) and that exceed 40 million euro. As at 31 December 2015, the amount claimed by the Brazilian Tax Authorities, concerning the tax lawsuits still in progress, which the company's lawyers assess as having a high probability of loss, plus the amounts already paid (28.5 million euro) related to programs for the Brazilian State of tax recovery, amount to near 31.4 million euro (39.8 million euro at 31 December 2014).

Furthermore, there are other tax assessments totaling 44.5 million euro (86.4 million euro as at 31 December 2014) for which the Board of Directors, based on its lawyers' assessment, understands will not imply future losses to the former subsidiary.

- Contingent liabilities related to joint ventures are disclosed in Note 49.

No provision has been recorded to face risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result for Sonae.

35 OPERATIONAL LEASE

Minimum lease payments (fixed income) arising from operational leases, in which the Group acts as a lessor, recognized as income during the period ended 31 December 2015 and 2014 amounted to 8,044,681 euro and 8,106,512 euro, respectively.

Additionally, at 31 December 2015 and 2014, Sonae had operational lease contracts, as a lessor, whose minimum lease payments (fixed income) had the following payment schedule:

	31 Dec 2015	31 Dec 2014 Restated
Due in:		
N+1 automatically renewal	2,540,507	2,600,307
N+1	4,206,117	3,588,656
N+2	3,800,458	2,990,918
N+3	3,101,846	2,651,038
N+4	1,942,667	2,162,392
N+5	1,203,964	1,126,289
After N+5	3,617,576	1,965,342
	20,413,135	17,084,942

Rents arising from operational leases, in which Sonae acts as a lessee, during the period ended 31 December 2015, amounted to 109,089,103 euro (105,343,717 euro as at 31 December 2014).

Additionally, at 31 December 2015 and 2014, Sonae had operational lease contracts, as a lessee, whose minimum lease payments had the following payment schedule:

	31 Dec 2015	31 Dec 2014 Restated
Due in:		
N+1 automatically renewal	22,012,049	11,086,670
N+1	95,153,393	90,517,364
N+2	89,505,303	80,485,473
N+3	85,156,859	72,603,220
N+4	77,672,139	64,923,766
N+5	82,676,284	56,840,753
After N+5	675,098,903	452,318,044
	1,127,274,930	828,775,290

At the end of the lease period, the Group has, in certain contracts, the possibility of exercising the option to acquire the assets at its fair value.

36 TURNOVER

As at 31 December 2015 and 2014, Turnover is made up as follows:

	31 Dec 2015	31 Dec 2014
Sale of goods	4,816,617,320	4,785,700,986
Sale of products	9,314,268	9,920,675
	4,825,931,588	4,795,621,661
Services rendered	188,311,035	178,504,839
Turnover (Note 48)	5,014,242,623	4,974,126,500

37 GAINS OR LOSSES ON INVESTMENTS

As at 31 December 2015 and 2014, Gain or losses Investment is made up as follows:

	31 Dec 2015	31 Dec 2014
Dividends	1,694,266	1,473,483
Raso SGPS disposal (Note 22)	(4,263,823)	-
Mainroad disposal	-	12,820,726
Fozmassimo disposal	-	297,373
Others	-	-
Gains / (losses) on the sale of investments in subsidiaries, joint ventures and associates	(4,263,823)	13,118,099
Gains / (losses) on the sale of investments on available for sale	-	-
Others	(31,991)	99,290
Impairment of investments in associates	-	124,531
Impairment of investments in joint ventures (Note 6)	-	(6,028,574)
Impairment of investments in assets available for sale (Note 7 and 13)	(3,765,155)	-
Impairment reversal/(losses) on investments	(3,765,155)	(5,904,043)
Total income and (expenses) related to investments	(6,366,703)	8,786,829

38 NET FINANCIAL EXPENSES

As at 31 December 2015 and 2014, Net financial expenses are as follows:

	31 Dec 2015	31 Dec 2014
Expenses		
Interest payable		
related with bank loans and overdrafts	(13,621,585)	(15,364,241)
related with non convertible bonds	(32,764,404)	(42,262,611)
related with financial leases	(213,873)	(299,532)
related with hedge derivatives	-	(1,331,354)
others	(6,215,634)	(8,324,578)
	(52,815,496)	(67,582,316)
Exchange losses	(8,537,491)	(4,166,491)
Up front fees and commissions related to loans	(10,456,472)	(11,726,913)
Others	(1,858,822)	(4,022,806)
	(73,668,281)	(87,498,526)
Income		
Interest receivable		
related with bank deposits	116,486	468,617
others	4,029,812	1,163,683
	4,146,298	1,632,300
Exchange gains	8,157,789	5,511,330
Payments discounts received	90,737	100,639
Other financial income	6,942,418	3,201,297
	19,337,242	10,445,566
Fair value adjustment of investments registered at fair value on the income statement (Note 13)	22,135,189	(3,129,894)
Net financial expenses	(32,195,850)	(80,182,854)

39 OTHER INCOME

As at 31 December 2015 and 2014, the caption "Other Income" is made up as follow:

	31 Dec 2015	31 Dec 2014
Supplementary income	555,390,084	452,080,979
Prompt payment discounts obtained	23,076,701	21,789,570
Foreign currency exchange gains	30,572,567	14,370,596
Own work capitalised (Note 11)	12,276,842	10,812,934
Gains on sales of assets	43,308,584	2,348,822
Impairment losses reversals (Note 33)	11,112,665	9,477,071
Insurance claims	890,711	6,230,514
Subsidies	431,540	657,494
Outros	6,765,485	7,957,428
	683,825,179	525,725,408

The caption "Supplementary income" relates mainly to promotional campaigns carried out in the stores of retail segment, reimbursed by the suppliers of Sonae.

Under the caption of "Gains on sales of assets" are included gains related to the operation of "Sale & Leaseback" amounting to 42.4 million euro (Note 10).

40 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2015 and 2014, External supplies and services are as follows:

	31 Dec 2015	31 Dec 2014
Rents	142,666,036	137,905,635
Publicity	108,893,120	104,962,767
Electricity	56,931,700	57,261,623
Transports	50,445,107	53,915,951
Services	69,669,969	63,436,540
Subcontracts	21,154,581	26,946,640
Maintenance	25,609,264	22,536,127
Costs with automatic payment terminals	10,826,709	20,156,588
Security	19,875,601	20,404,296
Cleaning up services	21,198,159	20,530,253
Consumables	13,695,024	17,990,816
Travel expenses	17,527,290	15,527,393
Commissions	9,065,282	8,644,482
Insurances	6,140,400	5,412,984
Communications	12,399,213	11,138,200
Home delivery	5,979,094	5,696,255
Others	62,469,983	48,301,533
	654,546,532	640,768,083

41 STAFF COSTS

As at 31 December 2015 and 2014, Staff costs are as follows:

	31 Dec 2015	31 Dec 2014
Salaries	522,311,584	513,808,710
Social security contributions	110,442,393	108,503,670
Insurance	10,955,309	10,601,327
Welfare	3,857,910	3,930,623
Other staff costs	17,786,999	14,290,138
	665,354,195	651,134,468

42 OTHER EXPENSES

As at 31 December 2015 and 2014, other expenses are as follows:

	31 Dec 2015	31 Dec 2014
Exchange differences	31,263,453	13,828,513
Other taxes	11,027,558	7,477,401
Losses on the sale and write-off of assets	14,765,443	13,197,265
Municipal property tax	2,043,768	2,440,309
Donations	7,381,047	7,309,807
Doubtful debts written-off	197,395	30,766
Others	22,600,119	22,626,792
	89,278,783	66,910,853

43 INCOME TAX

As at 31 December 2015 and 2014, income tax is made up as follows:

	31 Dec 2015	31 Dec 2014
Current tax	15,440,828	18,702,110
Deferred tax (Note 20)	5,478,771	5,958,311
	20,919,599	24,660,421

The reconciliation between the profit before Income tax and the tax charge for the years ended 31 December 2015 and 2014 is as follows:

	31 Dec 2015	31 Dec 2014
Profit before income tax	197,695,549	170,174,287
Difference between capital (losses)/gains for accounting and tax purposes	(70,239,866)	32,881
Gains or losses in jointly controlled and associates companies (Note 6)	(88,531,190)	(64,408,422)
Impairment of goodwill (Note 12)	396,829	414,765
Provisions and impairment losses not accepted for tax purposes	6,545,056	7,745,335
Others	(2,580,635)	-
Taxable Profit	43,285,743	113,958,847
Use of tax losses that have not originated deferred tax assets	(26,023,297)	(4,167,840)
Recognition of tax losses that have not originated deferred tax assets	234,335	27,149,164
	17,496,781	136,940,171
Income tax rate in Portugal	21%	23%
	3,674,324	31,496,240
Effect of different income tax rates in other countries	(11,587,767)	(16,258,774)
Effect of the write-off of deferred taxes (Note 20)	17,404,712	2,432,266
Effect of increases or decreases in deferred taxes	151,107	-
Effect of change in tax income rate in the calculation of deferred taxes	-	5,181,180
Use of tax benefits	(1,858,220)	(4,148,279)
Under/(over) Income tax estimates	(3,731,368)	(1,603,599)
Autonomous taxes and tax benefits	3,140,140	2,899,212
Municipality surcharge	12,006,625	6,040,546
Others	1,720,046	(1,378,370)
Income tax	20,919,599	24,660,421

44 RELATED PARTIES

Balances and transactions with related parties during the periods ended 31 December 2015 and 2014 are as follows:

Transactions	Sales and services rendered		Purchases and services obtained	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Parent Company	224,026	184,225	772,551	836,787
Jointly controlled companies	18,209,969	19,344,033	48,314,600	50,943,908
Associated companies	33,145,186	31,321,917	2,424,400	1,290,103
Other related parties	63,239,983	68,337,190	23,055,149	21,429,399
	114,819,164	119,187,365	74,566,700	74,500,197

Transactions	Interest income		Interest expenses	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Parent Company	-	-	72,256	45,542
Jointly controlled companies	332,379	366,627	-	36,492
Associated companies	-	-	-	-
Other related parties	-	-	322,393	432,349
	332,379	366,627	394,649	514,383

Balances	Accounts receivable		Accounts payable	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Parent Company	65,568	50,317	611,479	811,187
Jointly controlled companies	16,621,469	9,493,428	10,403,025	14,396,132
Associated companies	4,024,521	2,661,852	1,868,694	707,447
Other related parties	17,816,186	13,608,891	7,431,116	13,528,802
	38,527,744	25,814,488	20,314,314	29,443,568

Balances	Loans			
	Obtained		Granted	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Parent Company	-	-	-	-
Jointly controlled companies	1,000	-	-	8,768,402
Associated companies	-	-	-	-
Other related parties	2,887,573	11,502,456	3,570	-
	2,888,573	11,502,456	3,570	8,768,402

The caption “Other related parties” includes Sonae Sierra SGPS, SA, Zopt SGPS, SA, Sonae Industria, SGPS, SA and Sonae Capital, SGPS, SA affiliated, associated and jointly controlled companies, and also other shareholders of affiliated companies or jointly controlled companies of Sonae, as well as other affiliated companies of the ultimate parent company Efanor Investimentos, SGPS, SA.

During 2015, the Group increased the percentage held in Fundo de Investimento Imobiliário Fechado Imosede, through the acquisition of 22.57% of its share capital, to a related party for an amount of 34.1 million euro (in 2014 there was a 3.28% increase of the percentage of share capital held for an amount of 5 million euro).

In September 2014, the subsidiary Mainroad – Serviços em tecnologia de informação, SA, was disposed to the group company NOS Comunicações, S.A. for 14 million euros.

Members of the Board of Directors and Strategic Direction were attributed the following remuneration in 2015 and 2014:

	31 Dec 2015		31 Dec 2014	
	Board of Directors	Strategic direction (a)	Board of Directors	Strategic direction (a)
Short-term employee benefits	1,489,027	6,458,079	2,307,752	7,948,064
Share-based payments	455,100	1,955,300	756,716	2,298,044
	1,944,127	8,413,379	3,064,468	10,246,108

(a) Includes personnel responsible for the strategic management of the companies of Sonae (excluding members of the Board of Directors of Sonae Holding);

(b) Includes personnel of Sonae Sierra and ZOPT.

45 EARNING PER SHARE

Earnings per share for the periods ended 31 December 2015 and 2014 were calculated taking into consideration the following amounts:

	31 Dec 2015	31 Dec 2014
Net profit		
Net profit taken into consideration to calculate basic earnings per share (consolidated profit for the period)	175,306,228	143,838,207
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	7,568,999	4,106,995
Net profit taken into consideration to calculate diluted earnings per share	182,875,227	147,945,202
Number of shares		
Weighted average number of shares used to calculate basic earnings per share	1,877,002,993	1,875,387,885
Effect of dilutive potential ordinary shares from convertible bonds	127,113,527	71,142,333
Outstanding shares related with share based payments	13,495,195	17,411,414
Shares related to performance bonus that can be bought at market price	(3,211,968)	(2,981,312)
Weighted average number of shares used to calculate diluted earnings per share	2,014,399,747	1,960,960,320
Earnings per share		
Basic	0.097429	0.078888
Diluted	0.090784	0.075445

The 2015 average number of shares considers 118,663,355 Sonae Holding shares (123,579,306 in 31 December 2014) as treasury shares (Note 23).

46 CASH RECEIPTS AND CASH PAYMENTS TO INVESTMENTS

As at 31 December 2015 and 2014, cash receipts and cash payments related to investments can be detailed as follows:

- Investment Activities

Receipts	31 Dec 2015	31 Dec 2014
Disposal of Mainroad	-	13,354,926
Disposal of Fozmassimo	-	2,958,463
Acquisition of S21 Group	-	1,972,472
	-	18,285,861

Payments	31 Dec 2015	31 Dec 2014
Acquisition of Losan Group (Note 8)	30,446,460	-
Acquisition of MJB - Design, Lda (Note 8)	916,123	-
Acquisition of Elergone Energias, Lda	187,591	-
	31,550,174	-

- Financing Activities

Receipts	31 Dec 2015	31 Dec 2014
Disposal of Raso SGPS	29,000,000	-
Disposal of Imosonae Dois fund units	1,173,697	1,829,278
Others	381	-
	30,174,078	1,829,278

Payments	31 Dec 2015	31 Dec 2014
Acquisition of Imosede's fund units	34,082,452	5,000,134
Acquisition of a participation in Ulabox (Note 8)	3,231,029	-
Acquisition of the other 50% Raso SGPS, SA	3,888,849	-
Capital increase in Raso SGPS	41,000,000	-
Payment to a subsidiary of France Telecom for the 20% of Sonaecom (Note 30)	-	104,746,605
Acquisition of Sonaecom's shares	-	9,895,571
Others	755,315	941,019
	82,957,645	120,583,329

47 DIVIDENDS

In the Shareholders Annual General Meeting held on 30 April 2015, the payment of a gross dividend of 0.0365 euro per share (0.0348 euro per share in 2014) corresponding to a total of 73,000,000 euro (69,600,000 euro at 2014) was approved.

As at 16 December 2015 Extraordinary General Meeting it was decided to distribute free reserves in the amount of 77,000,000 euro corresponding per share the gross amount of 0.0385 euro.

48 SEGMENT INFORMATION

Sonae is mainly a retail company with two major partnerships in the areas of Shopping Centres (Sierra) and Telecommunications (NOS). The following operating segments were identified:

In retail, the group has three segments:

- Sonae MC is our food retail unit, operating 509 stores directly and 237 stores operated under franchise and joint venture agreements under Continente, Continente Modelo, Continente Bom Dia, Meu Super business concepts and even some adjacent business concepts Bom Bocado / Bagga / Note! / Makenotes and Well's;
- Sonae SR is our specialised retail unit, with a presence in the electronics, sports and fashion market, operating 515 stores directly and 80 stores under franchising agreements, under the Worten insignia, Sport Zone, MO and Zippy;

- Sonae RP is our retail real estate unit which actively manages retail real estate properties of Sonae, composed mainly of stores operating under the brand Continente and under other brands of Sonae SR.

Sonae FS is a new business unit, which coordinates financial services. This segment includes the newly created “Cartão Universo”, the “Cartão Dá”, Continente Money Transfer and credit services in store. In the sequence of getting a license from the Bank of Portugal to operate as an electronic currency operation, Sonae FS created the “Cartão Universo” in order to be able to offer payment services and issuing credit cards. Sonae FS was designated as the main issuer of Mastercard, which allows issuing MasterCard cards in their own name. The structure of this new segment is already created, but only in 2016 will initiate the reporting of financial and operational indicators.

Sonae IM includes Bizdirect, Saphety, Wedo Technologies and S21sec (Telecommunications Technology), Movvo (Retail Technology), Maxmat (bricolage and construction materials), MDS (insurance broker), Tlantic (retail) software and Publico (media).

In addition to the operating segments above mentioned Sonae still has two major partnerships Sonae Sierra and ZOPT (includes NOS) whose relevant information is disclosed in Note 49.

These operating segments have been identified taking into consideration that each of these segments has separate identifiable revenues and costs, separate financial information is produced, and its operating results are reviewed by management on which it makes decisions.

We are present in 72 countries, including operations, services rendered to third parties, offices, franchising and partnerships.

The main operating segment information for the years ended 31 December 2015 and 2014 can be detailed as follows:

Turnover	31 Dec 2015	Inter-segment	31 Dec 2014	Inter-segment
Sonae MC	3,490,025,696	(1,983,822)	3,460,812,214	(2,081,079)
Sonae SR	1,294,305,186	(33,138,693)	1,289,721,730	(34,601,862)
Sonae RP	121,266,202	(112,270,462)	126,341,851	(118,077,443)
Sonae IM	248,979,341	(14,928,074)	251,843,895	(17,067,954)
Other, eliminations and adjustments	(140,333,801)	(160,000)	(154,593,190)	(160,000)
Total consolidated	5,014,242,624	(162,481,051)	4,974,126,500	(171,988,338)

	Depreciation and amortisation		Provisions and impairment losses		EBIT	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Sonae MC	85,806,855	84,088,262	1,939,973	1,611,558	119,760,878	151,068,014
Sonae SR	44,883,574	43,078,974	2,949,432	4,104,936	(56,947,385)	(51,238,382)
Sonae RP	27,487,028	29,079,082	-	52,107	121,207,518	88,619,925
Sonae IM	14,770,909	12,027,324	1,678,916	3,125,552	(4,579,149)	7,378,145
Other, eliminations and adjustments ⁽¹⁾	54,925	2,557,553	-	1,318,690	26,345,809	32,451,541
Total direct consolidated	173,003,291	170,831,196	6,568,321	10,212,843	205,787,671	228,279,243

	Net financial expenses ⁽²⁾		Income tax ⁽²⁾	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Retail	(53,670,088)	(66,406,529)	19,880,913	28,322,809
Sonae IM	(1,612,492)	(2,847,826)	2,055,292	(628,591)
Holding ⁽¹⁾	(1,629,189)	(7,798,605)	(1,016,606)	(3,033,797)
Total consolidated	(56,911,769)	(77,052,960)	20,919,599	24,660,421

	Investment (CAPEX)		Invested capital	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Sonae MC	113,771,108	104,726,899	533,730,705	485,808,706
Sonae SR	111,310,822	62,623,328	152,234,943	115,932,567
Sonae RP	60,418,121	26,548,369	1,046,536,798	1,199,634,469
Sonae IM	11,317,601	15,459,639	132,664,890	150,810,821
Other, eliminations and adjustments ⁽¹⁾	3,016,966	146,149,472	1,222,465,641	1,130,937,444
Total consolidated	299,834,618	355,507,707	3,087,632,977	3,083,124,007

	Total net debt ⁽²⁾	
	31 Dec 2015	31 Dec 2014
Retail	643,978,322	663,985,053
Sonae IM	39,546,259	63,726,166
Holding ⁽¹⁾	609,314,264	523,181,455
Total consolidated	1,292,838,845	1,250,892,674

- 1) Include Sonae Individual accounts;
- 2) These captions are accompanied by management in a more aggregated form, and not allocated to individual operating segments identified above;

The caption "Eliminations Adjustments and Others" can be analyzed as follows:

	Turnover		EBIT	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Inter-segment income	(162,481,051)	(171,988,338)	-	-
Contribution from companies not included in the segments	22,147,250	17,395,148	(22,646,540)	(9,401,692)
Equity method	-	-	48,195,730	42,444,159
Others	-	-	796,619	(530,591)
Other, eliminations and adjustments	(140,333,801)	(154,593,190)	26,345,809	32,511,876

	Investment		Invested capital	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Inter-segment balances	-	-	105,470,783	51,932,321
Dividends available	-	-	12,192,750	-
Investments	2,262,690	141,650,837	1,214,889,100	1,202,626,712
Cash settled equity swap ⁽³⁾	-	-	(103,720,530)	(103,720,530)
Others	754,276	4,498,635	(6,366,462)	(19,901,059)
Other, eliminations and adjustments	3,016,966	146,149,472	1,222,465,641	1,130,937,444

- 3) Financial Instrument reported in Note 22.

All performance measures are reconciled to the financial statements in note 50.

Glossary:

Net Invested capital = Total net debt + total shareholder funds;

Net debt = Bonds + bank loans + other loans + shareholder loans + financial leases - cash, bank deposits, current investments, excluding the participation of 2.14% in NOS, and other long term financial applications.

Other eliminations and adjustments = Intra-groups + consolidation adjustments + contributions from other companies not included in the disclosed segments by do not fit in any reportable segment, ie are included in addition to Sonae SGPS companies identified as "Other" in Note 5.

Investments (CAPEX) = Investments in tangible and intangible assets and investments in acquisitions; Non-current assets and turnover by geographic market can be detailed as follows:

Destination market	31 Dec 2015		31 Dec 2014 Restated	
	Non-current assets	Sales and services rendered	Non-current assets	Sales and services rendered
Portugal	3,691,581,995	4,543,057,011	3,743,512,541	4,534,329,369
Spain	134,679,867	338,037,728	116,602,956	331,653,873
France	-	41,757,068	-	25,962,763
United Kingdom	-	3,792,569	-	2,942,928
Germany	-	2,866,129	-	1,415,033
Italy	-	488,730	-	1,065,673
Brazil	22,571,204	32,544,002	78,685,795	31,910,327
Other European countries	24,474,143	14,353,258	49,010,528	11,610,199
Rest of the world	10,684,593	37,346,128	8,891,824	33,236,335
	3,883,991,802	5,014,242,623	3,996,703,644	4,974,126,500

49 INFORMATION RELATING JOINT-VENTURES

The amounts of assets, liabilities and profit and losses related to joint ventures are disclosed in Note 6. Taking into account Sonae Sierra and ZOPT financial statements relevance and considering that Sonae Sierra and ZOPT are consolidated by the equity method, the most relevant facts are detailed as follows (amounts disclosed correspond to Sierra and ZOPT figures – 100%).

Group Sonae Sierra

a) Investment properties

The movement in investment properties, during the years ended 31 December 2015 and 2014 was as follows:

Amounts in thousands of euro	Investment properties				
	In Operation	"Fit Out"	under development at cost	Advances	Total
Opening balance as at 1 January 2014	831,714	2,148	63,709	1,725	899,296
Increases	626	-	5,309	-	5,935
Receivables	-	50	-	-	50
Impairments and write-off	-	-	(24,096)	-	(24,096)
Sales	-	-	(21,459)	-	(21,459)
Fit-out receivables	-	(269)	-	-	(269)
Variation in fair value on the investment properties between years:					
- Gains	36,114	38	-	-	36,152
- Losses	(3,974)	(40)	-	-	(4,014)
Currency translation differences	-	-	29	-	29
Closing balance as at 1 January 2015	864,480	1,927	23,492	1,725	891,624
Increases	4,389	-	21,727	-	26,116
Receivables	-	612	-	-	612
Impairments and write-off	-	-	-	-	-
Sales	-	-	-	-	-
Fit-out receivables	-	(333)	-	-	(333)
Variation in fair value on the investment properties between years:					
- Gains	96,253	244	-	-	96,497
- Losses	-	(148)	-	-	(148)
Movements for assets available for sale	(725,259)	(1,697)	-	-	(726,956)
Currency translation differences	-	-	(473)	-	(473)
Closing balance as at December 2015	239,863	605	44,746	1,725	286,939

The amount of 727 million euro recorded in “Transfers to assets held for sale” refers to assets that are classified as assets held for sale (see c below).

At 31 December 2015 and 2014 investment properties in operation and the information about the fair value assessment can be detailed as follows:

	31 Dec 2015			31 Dec 2014 Restated		
	10 years "discount rate"	Yields	thousands of euro	10 years "discount rate"	Yields	thousands of euro Level 3
Portugal / Spain	9.30% and 11.41%	7.55% and 9.50%	132,115	8.90% and 14,35%	6.90% and 12.35%	758,158
Other European countries	9.05% and 10.30%	7.30% and 8.50%	107,748	9.60% and 10.30%	7.40% and 8.50%	106,322
			239,863			864,480

The fair value of each investment property was determined by means of a valuation as of the reporting date made by independent specialized entities (Cushman & Wakefield and CBRE).

The valuation of these investment properties was made in accordance with the Practice Statements of the RICS Appraisal and Valuation Manual published by The Royal Institution of Chartered Surveyors (“Red Book”), located in England.

The methodology used to compute the market value of the investment properties consists in preparing 10 years projections of income and expenses of each shopping center added to the residual value, corresponding to a projected net income at year 11 and a return market rate (“Exit yield” or “cap rate”). These projections are then discounted to the valuation date using a discount market rate. Projections are intended to reflect the actual best estimate of the value regarding future revenues and costs of each shopping centre. Both the return rate and discount rate are defined in accordance to the local real estate and institutional market conditions, being the reasonableness of the market value obtained in accordance to the methodology referred above, tested also in terms of initial return using the estimated net income for the first year of projections.

In the valuation of investment properties, some assumptions, that in accordance with the Red Book are considered to be special, were in addition considered, namely in the case of recently inaugurated shopping centres, in which the possible costs still to be incurred were not considered, as the accompanying financial statements already include a provision for them.

In terms of fair value hierarchy as defined in IFRS 13 investment properties of Sonae Sierra which are valued at fair value are all within Level 3.

The relationship of unobservable inputs to fair value can be described as follows:

- a decrease in the estimated annual rent will decrease the fair value;
- an increase in the discount rates and the capitalization rates will decrease the fair value.

As mentioned in the valuation reports of the investment properties prepared by independent specialized entities, the assessment of their fair value took into account the definition of fair value in IFRS 13, which is consistent with the definition of market value defined by the investment properties valuation international standards.

b) Goodwill

The goodwill on shopping centres segment is allocated to the companies with investment properties. The impairment tests of goodwill are based on the Net Asset Value (“NAV”) of the shares held, at each reporting date.

The “NAV” corresponds to evaluation at fair value, at each reporting date, of the net assets of the subsidiary excluding deferred tax liabilities arising on unrealized gains on investment properties, at the market value (Open Market Value).

c) Assets classified as held for sale

In line with its strategy of capital recycling, the Group in the second half 2015, decided to reduce its interest in a number of property companies.

The open market value (OMV) of these properties is 727 million euro and the corresponding related net assets are 446 million euro.

Sonae Sierra holds these property companies with other investors. Sonae Sierra proportion over OMV of these property companies amounts to 388 million euro and 233 million euro Net assets value .

Sonae Sierra plans to reduce its position to economic interest positions to percentages from 10% to 25%, depending on the properties, and to keep the asset and property management agreements.

Assuming that these transactions take place according to planned, the economic interest of the Group in these property companies could be reduced to around 140 million euro in terms of OMV and 90 million euro in terms of net assets.

d) Contingent liabilities

As of 31 December 2015 and 2014, the main contingent liabilities relate to the following situations:

- i. In 2014 the Group has agreed to pay up to the amount of 4 million euro in case of breach of the obligations undertook under the pre sales and purchase agreement between Parklake Shopping SA and Carrefour Romania SA.
- ii. In 2015 the Group has agreed with the bank that granted the loan to Parklake Shopping SA for the construction of the shopping centre Parklake the payment of the debt service in the maximum amount 9.2 million euro, in case the company is not able to comply with its obligations.
- iii. In December 2013 Gli Orsi received a tax notification, whereby it is asked to pay the amount of 19.5 million euro, related with real estate transfer tax in the amount of 9.5 million euro and 10 million euro related with penalties and interest, plus court agent fees amounting to 1 million euro. Based on the opinion of the tax expert there are valid reasons to consider the claim ungrounded, and so the Group has appealed to the Supreme Court. In the specific case of the penalties requested by the tax authorities, the tax expert understands that no penalty is due. To face this contingency, the Sonae Sierra has expensed in 2013 an amount of 10.4



million euro (corresponding to real estate transfer tax (9.5 million euro) plus court agent fee (1 million euro)).

- iv. Between 2008 – 2014, Sonae Sierra has received tax notifications regarding the tax deductibility of interest expenses on loans obtained, concerning the years 2004 and 2005 and 2007, to 2010, in the total amount of 12 million euro. All these tax notifications were claimed by Sonae Sierra and guarantees in the same amount were granted by the subsidiary Sierra Investments, SGPS, S.A. to the Portuguese tax administration. No provision was recorded because the Board of Directors understands that the risk of these tax contingencies is unlikely. For the year of 2004, Sonae Sierra has already received a favorably first court decision and on 20 January 2015 Sonae Sierra was notified of a second favorably court decision; given this court decision the tax related to the non-deductible interest regarding 2004 (1 million euro) is no longer a tax contingency; these facts corroborates the Group's assessment of these contingencies.
- v. In 2010 the Group has agreed with the syndicate of banks that granted the loan to Gli Orsi Shopping Centre 1, Srl for the construction of the shopping centre Gli Orsi the payment of the debt service in the maximum amount 6.2 million euro, in case the company is not able to comply with its obligations.

Additionally, as at 31 December 2015 and 2014 the bank guarantees granted to third parties were as following:

	31 Dec 2015	31 Dec 2014
Bank Guarantees (thousands of euro):		
relating to tax processes in course	2,513	3,785
relating to legal processes in course	74	199
to complete the construction of several projects	765	660
to secure claims of the buyer of the Münster asset	-	19,000
others guarantees	3,585	5,342

No provision has been made for any liability arising from the tax and legal processes mentioned above, as the Board of Directors believes that the corresponding risk is not probable.

e) Commitments from the disposal of subsidiaries subject to price revision

Following the sale of 49.9% of Sierra European Retail Real Estate Assets Holdings BV's ("Sierra BV") share capital to a group of Investors, in 2003, Sonae Sierra has agreed to revise the sale price of such shares in the event of a sale, to third parties, of some of the shopping centres owned by subsidiaries of Sierra BV (subject to some conditions).

This disposal may take the form of asset sale or sale of shares of the company, directly or indirectly, owns the asset.

The price revision can occur both with a sale of the asset (investment property in the case) or with a sale of the shares of the company that is, directly or indirectly, the owner of such asset.

The price revision will be made by Sonae Sierra to the Investors in Sierra Fund or to Sierra BV if, in a relevant sale, discounts related to deferred taxes on capital gains have been made.

The price revision will be dependent on the percentage ownership in the company that owns the asset, the Investors' ownership percentage in Sierra BV (and in case of a sale of shares adjusted by a 50% discount) and is limited to:

- i. in the case of the asset sale, a maximum amount of 118.3 million euro;
- ii. in the case of a sale of shares of the company that directly or indirectly owns the asset, a maximum amount of 59.1 million euro;
- iii. in the case of a sale of shares of the company that directly or indirectly owns the asset, the price revision plus the selling price, cannot result in a revised price that is greater than the proportion of the Net Asset Value.

Similar commitments were granted by Sonae Sierra in relation to the companies transferred to Sierra BV after 2003 and to CBRE companies regarding the sale of 50% of Vasco da Gama.

These commitments are valid while the current agreements with the other stockholders of Sierra BV are maintained.

Furthermore, Sonae Sierra has the right to make a proposal for the acquisition of the asset or the shares at stake before they are offered for sale to a third party.

In accordance with the agreements made between the shareholders of Sierra BV at the time of its incorporation in 2003, it was agreed that Sierra BV should exist for an initial period of 10 years (that ends in October 2013), that could be extended by two additional periods of one year starting in 2013. On September 2013 all the shareholders of Sierra BV approved an amendment agreement relating to the continuation of the operations of the Fund with a long-stop date until October 2018. The Group continues to study several alternatives to dispose of the properties held by Sierra BV, but there are no intentions to proceed with forced asset sales.

In accordance with the agreements made between the shareholders of SPF at the time of its incorporation in 2008, it was agreed that SPF should exist for a period of 10 years (that will end in 2018), having the non-Sonae Sierra shareholders the option to redeem its shares, provided that some conditions are met. Additionally, during the year ended 31 December 2015 was agreed between the shareholders the extent of the fund until 2020.

The Group believes that the direct sale of the asset is a less attractive solution as it is subject to certain liabilities that are not crystalized in the event of a sale of the shares.

Group ZOPT

The consolidated financial statements of ZOPT (joint venture that controls NOS) and NOS as at 31 December 2015 and 2014, incorporated in the financial statements of Sonae through ZOPT by the equity method (Note 6).

The value of ZOPT income statement results from NOS net income, the net result of ZOPT, the impact on income of the fair value allocation to the assets and liabilities acquired by ZOPT.



a) Provision of ZOPT Group

The processes described below are provisioned in the consolidated accounts of ZOPT, given the level of risk identified.

Processes with regulators:

- i. On 8 July 2009, NOS SA (named ZON TV Cabo), was notified by the Competition Authority (AdC) in connection with infringement proceeding relating to availability of channels TV CINES, requesting NOS SA to comment on the content of the notification, which it did in good time. The case is currently at the fact-finding stage in AdC and various information has been requested, to which NOS has responded. If it is concluded that an infringement has occurred, the AdC may levy a fine not exceeding 10% of the company's turnover in last year of infringement, being the same provisioned, given the level of risk in ZOPT group.
- ii. In 2011, PT brought an action in Lisbon Judicial Court against NOS SA, claiming payment of Euro 10.3 million, as compensation for alleged undue portability of NOS SA in the period between March 2009 and July 2011. NOS SA lodged a contest and reply and completion of proof is in progress, that the Court came to judge without effect.

In 2011, NOS SA brought an action in Lisbon Judicial Court against PT, claiming payment of Euro 22.4 million, for damages suffered by NOS SA, arising from violations of the Portability Regulation by PT, in particular, the large number of unjustified refusals of portability requests by PT in the period between February 2008 and February 2011. The court declared the compulsory performance of expert evidence, which is currently underway.

It is the understanding of the Board of Directors of NOS, supported by lawyers who monitor the process, that there is, in substance, a good chance of NOS SA winning the action, due to the fact that PT has already been convicted for the same offense, by ICP – ANACOM. However, it is impossible to determine the outcome of the action.

- iii. Infringement proceedings in the amount of approximately Euro 4.5 million euro, established by the National Commission for Data Protection ("CNPd") against NOS SA subsidiary, for alleged violations of rules relating to legal protection of data. During the project phase of decision, NOS SA argued, firstly, a set of procedural irregularities and, secondly, a set of fact and law arguments that the Board understood to impose a final decision to dismiss the case. However, on 16 January 2014, NOS SA received a settlement notice regarding the fine imposed by the CNPD, against which appealed to the courts. On 8 September 2014, the Court for Competition, Regulation and Supervision ("Tribunal da Concorrência, Regulação e Supervisão") reduced the value of the fine to 600 thousand euro. NOS SA appealed against this decision. As a consequence of this decision, the provision was reduced by Euro 3.9 million euro, affecting the net income/(loss) of the year ended in 2014. On 5 February 2015, the Lisbon Court of Appeal set the fine at Euro 100 thousand euros, a decision which became final and unappealable. NOS reverted the provision in the amount of 500 thousand euro and paid the fine in April 2015.
- iv. Infringement proceedings due to an alleged failure, by NOS SA, to apply the resolutions taken by ANACOM on 26 October 2005, concerning termination rates for fixed calls. Following a deliberation of Board of Directors of the regulator, in April 2012, a fine of approximately 6.5 million euro was applied to NOS SA; NOS SA has appealed for the judicial review of the decision and the court has declared the process's nullity, in January 2014 (violation of NOS, SA's right of defense). In April 2014 ANACOM has

notified NOS SA of a new judicial process, based on the same accusations. This process is a repetition of the initial one. In September 2014, ANACOM, based on the same facts, fine on NOS SA in the amount of 6.5 million euro. This decision was contested by NOS SA. In May 2015, it was acquitted, which revoked the decision by ANACOM and the fine which had been applied. ANACOM appealed the decision and the process is currently on appeal in Lisbon Court of Appeal.

- v. Supplementary capital - The tax authorities are of the opinion that NOS SA has broken the principle of full competition under the terms of (1) of article 58 of the Corporate Tax Code (CIRC), by granting supplementary capital to its subsidiary NOS Towering, without having been remunerated at a market interest rate. In consequence, it has been notified, with regard to the years 2004, 2005, 2006 and 2007, of corrections to the determination of its taxable income in the total amount of 20.5 million euro. NOS SA contested the decision with regard to all the above mentioned years. As for the year 2007, the Fiscal and Administrative Court of Oporto has already decided unfavorably. The company has contested this decision.
- vi. Future credits transferred - For the year ended at 31 December 2010, the subsidiary NOS SA was notified of the Report of Tax Inspection, where it is considered that the increase, when calculating the taxable profit for the year 2008, of the amount of 100 million euro, with respect to initial price of future credits transferred to securitization, is inappropriate. Given the principle of periodization of taxable income, NOS SA was subsequently notified of the improper deduction of the amount of 20 million euro in the calculation of taxable income between 2009 and 2013 (tax inspection report received in January 2015). Given that the increase made in 2008 was not accepted due to not complying with Article 18 of the CIRC, also in the years following, the deduction corresponding to credits generated in that year, will eliminate the calculation of taxable income, to meet the annual amortization hired as part of the operation (20 million per year during 5 years). NOS SA challenged the decisions regarding 2008, 2009, 2010, 2011 and 2012 fiscal year. Regarding the year 2008, the Administrative and Fiscal Court of Porto has already decided unfavorably, in March 2014. The company has appealed.
- vii. Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU):
The Extraordinary contribution toward the fund for the compensation of the net costs of the universal service of electronic communications (CLSU) is legislated in Articles 17 to 22 of Law nr 35/2012, of 23 August. From 1995 until June 2014, PT Comunicações, SA (PTC) was the sole provider for the universal service of electronic communications, having been designated administratively by the government, i.e without a tender procedure, which constitutes an illegality, as acknowledged by the European Court of Justice who, through its decision taken in June 2014, condemned the Portuguese State to pay a fine of 3M € for illegally designating Portugal Telecom. In accordance with Article 18 of the abovementioned Law 35/2012, the net costs incurred by the operator responsible for providing the universal service, approved by IPC-ANACOM, must be shared between other companies who provide, in national territory public communication networks and publicly accessible electronic communications services. NOS is therefore within the scope of this extraordinary contribution given that PTC has been requesting the payment of CLSU to the compensation fund of the several periods during which it was responsible for providing the services. The compensation fund can be activated to compensate the net costs of the electronic communications universal service, relative to the period before the designation of the provider by tender, whenever, cumulatively (i) there are net costs, considered excessive, the amount of which is approved by ICP-ANACOM, following an audit to their preliminary calculation and support documents, which are provided by the universal service provider, and (ii) the universal service provider requester the Government compensation for the net costs approved under the terms previously mentioned.



In 2013, ANACOM deliberated to approve the final results of the CLSU audit presented by PTC, relative to the period from 2007 to 2009, in a total amount of 66.8 million euro, contested decision by the Company. In January ANACOM issued the settlement notes in the amount of 18.6 million euro related to NOS which a bail was presented by NOS SGPS to avoid Tax Execution Proceedings.

In 2014, ANACOM deliberated to approve the final results of the CLSU audit by PTC, relative to the period from 2010 to 2011, in a total amount of 47 million euro, a decision also contested by NOS. In February 2016 were emitted the settlement notes to the Company in amount of 13 million euro which will be contested by NOS.

In 2015, ANACOM deliberated to approve the final results of the CLSU audit by PTC relative to the period 2012 in the amount of 20 million euro. This decision was also contested by NOS.

In the same year, 2015, ANACOM also deliberated to approve the final results of the CLSU audit by PTC, relative to the period 2013 in the same amount of 20 million euro, which will be contested by NOS.

It is expected that the PTC will submit to ANACOM the CLSU incurred calculations in the period between January and June 2014.

It is the opinion of the Board of Directors of NOS that these extraordinary contributions to CLSU of service providing by PTC (not designated through a tender procedure) violates the Directive of Universal Service. Moreover, considering the existing legal framework since NOS began its activity, the request of payment of the extraordinary contribution violates the principle of the protection of confidence, recognised on a legal and constitutional level in Portuguese domestic law. For these reasons, NOS will continue judicially challenge the liquidation of each extraordinary contributions, once the Board of Directors is convinced it will be successful in all challenges, both future and already undertaken.

Regardless of the belief of the Board of Directors of NOS, was attributed, in 2014, in the Goodwill allocation period provided by IFRS 3, a provision to remedy this situation, with regard to possible liability to the date of the merger.

b) Legal actions and contingent assets and liabilities of ZOPT Group

i. Legal actions with regulators

NOS SA, NOS Açores and NOS Madeira brought actions for judicial review of ICP-ANACOM's decisions in respect of the payment of the Annual Fee (for 2009, 2010, 2011, 2012, 2013, 2014 and 2015) for carrying on the business of Electronic Communications Services Networks Supplier in the amounts, respectively, of (i) 1.9 million euro, 3.8 million euro, 6 million euro, 6.3 million euro, 7.3 million euro, 7.4 million euro and 7.3 million euro; (ii) 29 thousand euro, 60 thousand euro, 95 thousand euro, 95 thousand euro, 104 thousand euro, 107 thousand euro and 98 thousand euro; (iii) 40 thousand euro, 83 thousand euro, 130 thousand euro, 132 thousand euro, 149 thousand euro, 165 thousand euro and 161 thousand euro, and seeking reimbursement of the amounts meanwhile paid in connection with the enforcement proceedings. This fee is a percentage decided annually by ANACOM (in 2009 it was 0.5826%) of operators' electronic communications revenues. The scheme is being introduced gradually: $\frac{1}{3}$ in the first year, $\frac{2}{3}$ in the second year and 100% in the third year. NOS SA, NOS Açores and NOS Madeira claim, in addition to defects of unconstitutionality and illegality, that only revenues from the electronic communications business per se, subject to regulation by ICP - ANACOM, should be considered for the purposes of the application of the percentage and the calculation of the fee payable, and that revenues from television content should be excluded.

On 18 December 2012 a ruling was passed on the proceedings instigated by NOS SA for 2009, for which the appeal was upheld, with no prior hearing, condemning ICP-ANACOM to pay the costs. ICP-ANACOM appealed and by decision of July 2013 was not upheld. The other processes are awaiting trial and/or decision.

ii. Tax Authorities

During the course of the 2003 to 2015, some companies of the NOS Group were the subject of tax inspections for the 2001 to 2013 financial years. Following these inspections, NOS, as the controlling company of the Tax Group, and companies not covered by Tax Group, were notified of the corrections made to the Group's tax losses, to VAT and stamp tax and to make the payments related to the corrections made to the above exercises. The total amount of the notifications is about 21.8 million euro. Note that the Group considered that the corrections were unfounded, and contested the amounts mentioned. The Group provided the bank guarantees demanded by the Tax Authorities in connection with these proceedings.

At end of year 2013 and taking advantage of the extraordinary settlement scheme of tax debts, the Group settled 7.7 million euro. This amount was recorded as 'taxes receivable' non-current net of the provision recorded in the amount of 3.5 million euro.

As belief of the Board of Directors of the NOS group, supported by our lawyers and tax advisors, the risk of loss of these proceedings is not likely and the outcome thereof will not affect materially the consolidated position.

iii. Actions against SPORT TV

- SPORT TV Portugal, S.A. was fined by the Competition Authority to the value of Euro 3.7 million euro for the alleged abuse of its dominant position in the domestic market of subscription channels with premium sport content.

SPORT TV is not in agreement with the decision and has therefore decided to appeal against the same to the competent judicial authorities. Meanwhile, the Court of Competition, Regulation and Supervision altered the value to Euro 2.7 million euro. Sport TV has appealed to the 'Tribunal da Relação' (Court of Appeal) which has rejected said appeal as unfounded. Sport TV contested that decision.

- Action brought by Cogeco Cable Inc., former shareholder of Cabovisão, against Sport TV, NOS SGPS and a third, requesting, among others: (i) joint condemnation of the three institutions to pay compensation for damages caused by anti-competitive conduct, guilty and illegal, between 3 August 2006 and 30 March 2011, specifically for the excess price paid for Sport TV channels by Cabovisão, in the amount of Euro 9.1 million; (ii) condemnation for damages corresponding to the remuneration of capital unavailable, in the amount Euro 2.4 million; and (iii) condemnation for damages corresponding to the loss of business from anti-competitive practices of Sport TV, in connection with the enforcement proceedings. The NOS Group contested the action, waiting for trial.

It is the understanding of the Board of Directors, supported by lawyers who monitor the process, that, in substance, it is unlikely that NOS SA is responsible in this action.

- Cabovisão brought an action against the SPORT TV, in which it requests compensation from the latter for alleged losses resulting from abuse of a dominant position in amount of 18 million euro, more capital and interest that will win from 31 December 2014 and profits. The Board of Directors of Sport TV and lawyers, who monitor the process, predict a favourably outcome, not estimating impacts in the accounts, in addition to those already registered.



iv. Contractual Penalties

The general conditions that affect the agreement and termination of this contract between NOS and its clients, establish that if the products and services provided by the client can no longer be used prior to the end of the binding period, the client is obliged to immediately pay damages.

Until 31 December 2014, revenue from penalties, due to inherent uncertainties was recorded only at the moment when it was received, so at 31 December 2015, the receivables by NOS SA, NOS Madeira and NOS Açores amount to a total of Euro 111.2 thousand. During the period ended on 31 December 2015 Euro 4.7 million euros related to 2014 receivables were received and recorded in the income statement.

From 1 January 2015, Revenue from penalties is recognised taking into account an estimated collectability rate taking into account the Group's collection history. The penalties invoiced are recorded as accounts receivable and amounts determined as uncollectible are recorded as impairment by deducting revenue recognized upon invoicing.

v. Interconnection tariffs

At 31 December 2015, accounts receivable and accounts payable include 37.1 million euro and 29.9 million euro, respectively, resulting from a dispute between the subsidiary NOS SA and, essentially, the operator MEO – Serviços de Comunicação e Multimédia, S.A. (previously named TMN – Telecomunicações Móveis Nacionais, S.A.), in relation to the indefiniteness of interconnection tariffs, recorded in the year ended at 31 December 2001. In the lower court, the decision was favourable to NOS SA. The “Tribunal da Relação” (Court of Appeal), on appeal, rejected the intentions of MEO. However, MEO again appealed to the “Supremo Tribunal de Justiça” (Supreme Court), for final and permanent decision, who upheld the decision of the “Tribunal da Relação” (Court of Appeal), thus concluding that the interconnection prices for 2001 were not defined. The settlement of outstanding amounts will depend on the price that will be established.

c) Other commitments ZOPT Group

In December 2015, NOS Group signed a contract with Sport Lisboa e Benfica - Futebol SAD and Benfica TV, SA of television rights of home games of the Benfica SAD senior team to the league NOS and transmission and distribution rights of Benfica TV channel. The contract will start in the sports season 2016/2017 and an initial duration of three years and may be renewed by decision of either party to a total of 10 sports seasons, reaching hand global financial amount to 400 million euros, divided into progressive annual amounts.

Also in December 2015, the NOS Group signed a contract with Sporting Clube de Portugal - Futebol SAD and Sporting Comunicação e Plataformas, S.A. for the assignment of the following rights:

1. Television and multimedia rights of home games of the Sporting SAD senior team;
2. Right to explore the static and virtual advertising of José Alvalade Stadium;
3. Right of Transmission and Distribution Sporting TV channel;
4. Right to be its main sponsor.

The contract will last 10 seasons as regards the rights indicated in 1) and 2) above, starting in July 2018, 12 seasons in the case of the rights mentioned in 3) starting in July 2017 and 12 and a half seasons in the case of the rights mentioned in 4) beginning in January 2016, amounting to overall financial contribution to the amount of 446 million euro, divided into progressive annual amounts.

Also in December 2015, the NOS Group signed contracts of assignment of television rights credits of Senior home football games with the following sports clubs:

1. Associação Académica de Coimbra – Organismo Autónomo de Futebol, SDUQ, Lda
2. Os Belenenses Sociedade Desportiva Futebol, SAD
3. Clube Desportivo Nacional Futebol, SAD
4. Futebol Clube de Arouca – Futebol, SDUQ, Lda
5. Futebol Clube de Paços de Ferreira, SDUQ, Lda
6. Marítimo da Madeira Futebol, SAD
7. Sporting Clube de Braga – Futebol, SAD
8. Vitória Futebol Clube, SAD

The contracts are all beginning in 2019/2020 sports season and last up to 7 seasons, with the exception of the contract with Sporting Clube de Braga - Futebol, SAD which lasts 10 seasons.

The Sonaecom Board of Directors believes that the above processes may result in contingencies that affect the NOS group's accounts are properly provisioned, given the degree of risk in the consolidated accounts of Sonaecom.

50 PRESENTATION OF CONSOLIDATED INCOME STATEMENT

In the Management Report, and for the purposes of calculating financial indicators as EBIT, EBITDA and underlying EBITDA the consolidated income statement is divided between Direct Income and Indirect Income.

The Indirect Income includes the contribution of Sonae Sierra, net of taxes that result from: (i) valuation of investment properties; (ii) gains (losses) with the sale of financial investments, joint ventures or associates; (iii) impairment losses relating to non-current assets (including goodwill) and (iv) provisions for assets at risk. Additionally and with regard to the portfolio of Sonae: (i) impairment of real estate assets for retail, (ii) decreases in goodwill, (iii) provisions (net of tax) for possible future liabilities, and impairments related to noncore investments, businesses and discontinued assets (or to be discontinued / repositioned), (iv) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (v) other irrelevant issues.

The value of EBITDA and EBIT are calculated with the direct income component, excluding the indirect contributions.

The reconciliation between consolidated income and direct-indirect income for the periods ended 31 December 2015 and 2014 can be summarized as follows:

	31 Dec 2015			31 Dec 2014		
	Consolidated	Indirect Income	Direct Income	Consolidated	Indirect income	Direct income
Turnover	5,014,242,623	-	5,014,242,623	4,974,126,500	-	4,974,126,500
Investment income						
Dividends and others adjustments	1,694,266	1,542,101	152,165	1,473,483	1,321,885	151,598
Impairments losses	(8,028,978)	(8,028,978)	-	-	-	-
Others	(31,991)	-	(31,991)	7,313,346	-	7,313,346
Others income						
Impairment losses Reversal	4,842,359	(471,539)	5,313,898	2,457,537	-	2,457,537
Others	675,321,257	-	675,321,257	523,267,871	-	523,267,871
Total income	5,688,039,536	(6,958,416)	5,694,997,952	5,508,638,737	1,321,885	5,507,316,852
Total expenses	(5,366,883,192)	(2,919,593)	(5,363,963,599)	(5,124,201,099)	-	(5,124,201,099)
Depreciation and amortisation	(173,003,291)	-	(173,003,291)	(170,831,196)	-	(170,831,196)
Gains and Losses on tangible and intangible asset	(13,017,198)	-	(13,017,198)	(10,847,594)	-	(10,847,594)
Impairment losses and provisions						
Provisions for warranty extensions	5,410,462	-	5,410,462	(726,942)	-	(726,942)
Unusual provisions and impairments	(6,505,887)	(6,505,887)	-	(1,359,848)	(1,359,848)	-
Others	(6,568,321)	-	(6,568,321)	(9,485,901)	-	(9,485,901)
Profit before financial results and results of joint ventures and associates	127,472,109	(16,383,896)	143,856,005	191,186,157	(37,963)	191,224,120
Unusual results	13,888,102	-	13,888,102	(5,237,436)	-	(5,237,436)
Gains and losses on investments recorded at fair value through results	22,135,189	22,135,189	-	(3,129,894)	(3,129,894)	-
Financial profits/(loss)	(54,331,039)	2,580,730	(56,911,769)	(77,052,960)	-	(77,052,960)
Share of results of joint ventures and associated undertakings						
Sonae Sierra	70,872,567	40,335,459	30,537,108	48,312,480	21,964,263	26,348,217
ZOPT	17,975,720	-	17,975,720	15,809,426	-	15,809,426
Others	(317,098)	-	(317,098)	286,516	-	286,516
Profit before income tax	197,695,550	48,667,482	149,028,068	170,174,289	18,796,406	151,377,883
Income Tax	(20,919,599)	-	(20,919,599)	(24,660,421)	-	(24,660,421)
Profit/(Loss) for the period	176,775,951	48,667,482	128,108,469	145,513,868	18,796,406	126,717,462
Attributable to equity holders of Sonae	175,306,228	48,667,482	126,638,746	143,838,207	18,796,406	125,041,801
Non-controlling interests	1,469,723	-	1,469,723	1,675,661	-	1,675,661
"Underlying" EBITDA (a)			330,978,752			379,779,676
EBITDA (b)			393,062,584			416,986,399
EBIT (c)			205,787,672			228,339,578

(a) EBITDA = total direct income - total direct expenses - reversal of direct impairment losses + Share of results in joint ventures and associated undertakings (Sonae Sierra direct results, and Zopt) + unusual results.

(b) "Underlying" EBITDA = EBITDA – effect of share result in joint ventures and associated undertakings –non-recurrent results.

(c) EBIT = EBT - financial results

(d) EBT = Direct results before non-controlling interests and taxes

(e) Direct income = Results excluding contributions to indirect income

(f) Indirect income = Includes Sonae Sierra's results, net of taxes, arising from: (i) investment properties valuations; (ii) capital gains (losses) on the sale of financial investments, joint ventures or associates; (iii) impairment losses for noncurrent assets (including goodwill) and; (iv) provision for assets at risk. Additionally and with regard to the portfolio of Sonae: (i) impairment of real estate assets for retail, (ii) decrease in goodwill, (iii) provisions (net of tax) for possible future liabilities and impairments related with non-core financial investments, businesses, discontinued assets (or be discontinued / repositioned), (iv) valuation results based on the methodology "mark-to-market" of other current investments that will be sold or traded in the near future and (v) other irrelevant issues.



Indirect income could be analyzed as follows:

Indirect income	31 Dec 2015	31 Dec 2014
Indirect income of Sonae Sierra	40,335,459	21,964,263
Measurement of NOS at fair value	22,135,189	(3,129,894)
Provision for contingencies in Brazil (Note 32)	(6,505,887)	(1,359,848)
Loss on disposal of "non-current assets held for sale" Note(22)	(4,263,823)	-
Impairment of financial investments (Note 7 and 13)	(3,765,155)	-
Dividends of joint ventures	1,542,101	1,321,885
Others	(810,402)	-
Total	48,667,482	18,796,406

"Underlying EBITDA" could be analysed as follows:

	31 Dec 2015	31 Dec 2014
Direct EBITDA	393,062,584	416,986,399
Share of results of joint ventures and associated undertakings	(48,195,730)	(42,444,159)
Other expenses considered non-recurring	(13,888,102)	5,237,436
"Underlying" Direct EBITDA	330,978,752	379,779,676

51 SUBSEQUENTE EVENTS

On January 29, 2016 Sonae RP has concluded an agreement promising to sell and leaseback transaction of 12 food retail assets located in Portugal. This operation will totalize 164 million euro and corresponds to assets whose net book value is estimated at 114.4 million euro. This transaction was completed at 25 February 2016. These assets are classified as non-current assets held for sale (Note 22).

On 25 of February 2016 Sonae proceeded to issue of a bond loan, by private placement, amounting to 60 million euro, without guarantees, for a period of 7 years. On this same date, Sonae acquired and amortized 600 bonds, corresponding to the total bond issuance "SONAE SGPS 2014-2018", issued on 25 July 2014 in the total amount of 60 million euro.

On March 1, 2016 Sonae RP completed the sale transaction and leaseback of three stores Worten Spain in the cities of Madrid, Barcelona and Valencia. This transaction amounted to 26.8 million euro and the assets have a net book value added of 17.1 million euro. These assets are classified as non-current assets held for sale (Note 22).

On February 6, 2016 the Group and its investment partners Foncière Euris and Rallye sold 91% of their interest in the Loop 5 - Shopping Centre, GmbH (owner of the shopping centre LOOP5 located in Weiterstadt, Germany) to Deutsche Asset Management. The Group will maintain a minority position of 9% and it will continue to be responsible for the shopping centre's management.

On March 3, 2016 Sonae Sierra and Madison International Realty, announced that Madison acquired a 25% stake in the Sierra Portugal Real Estate (the "Fund") from Sonae Sierra. Following the transaction, Sonae Sierra retains a 22.501% stake in the Fund and will continue to manage both the Fund and the individual assets within it.

The adjustment of assets and liabilities in foreign currency in Angola associates (detained by ZOPT) and the conversion of financial statements of these companies for Euro was made using the exchange rate published by the National Bank of Angola on December 31, 2015. On January 4, 2016 (the first working day of 2016), the kwanza depreciated approximately 14% against the Euro. Arising from that devaluation and based the position of assets and liabilities denominated in foreign currency in these companies and the value of your net assets, Sonaecom will register under "Gains and losses in associated companies and



companies jointly controlled" a loss of 1 million Euro, and the caption of equity "exchange rate conversion reserves" included under "Reserves" will be reduced by approximately 7 million euro.

52 APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Board of Directors on 15 March 2016 nevertheless they are still subject to approval at the Shareholders Annual General Meeting.

The Board of Directors

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Andrew Eustace Clavering Campbell

Christine Cross

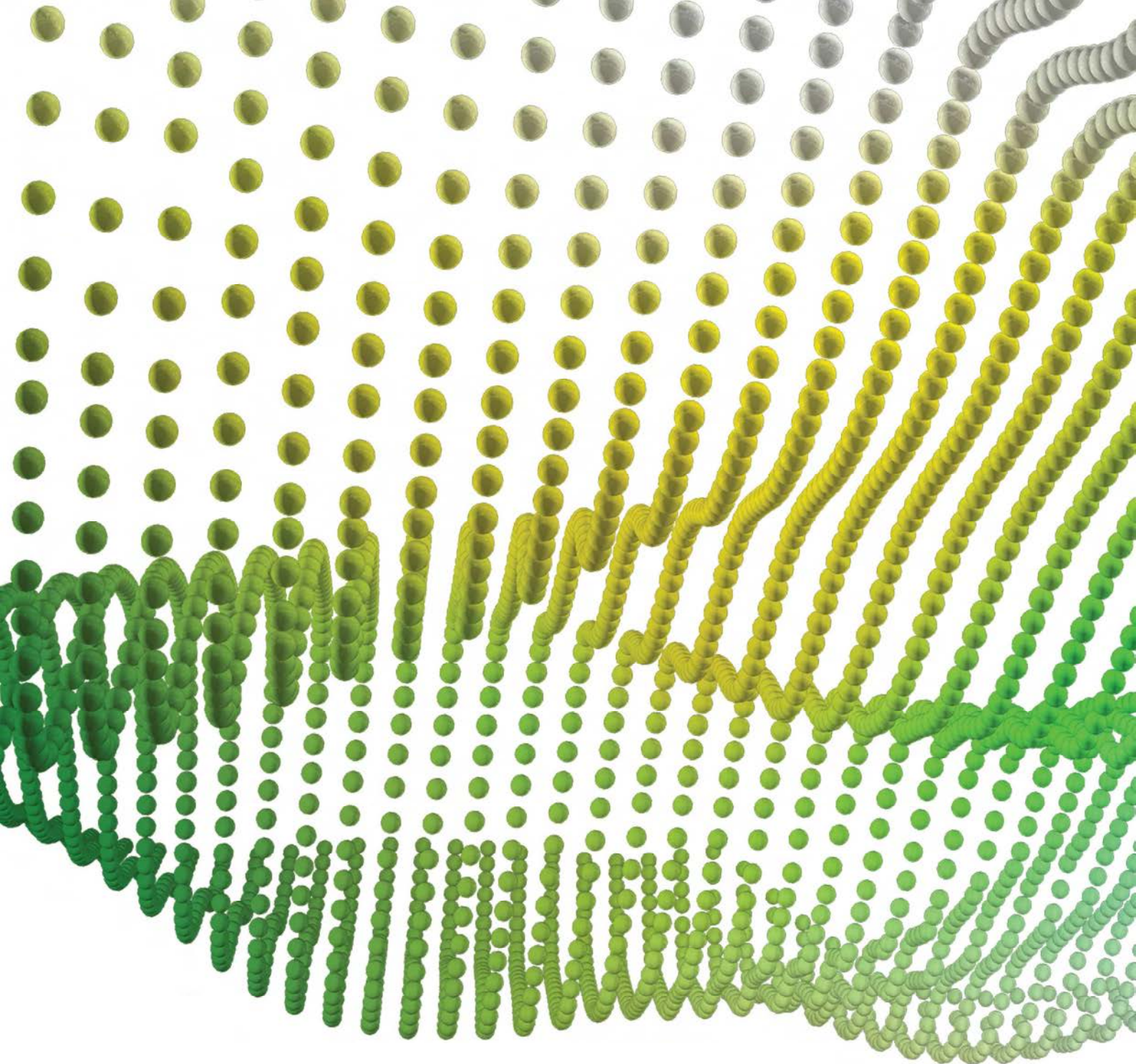
Dag Johan Skattum

José Manuel Neves Adelino

Marcelo Faria de Lima

Margaret Lorraine Trainer

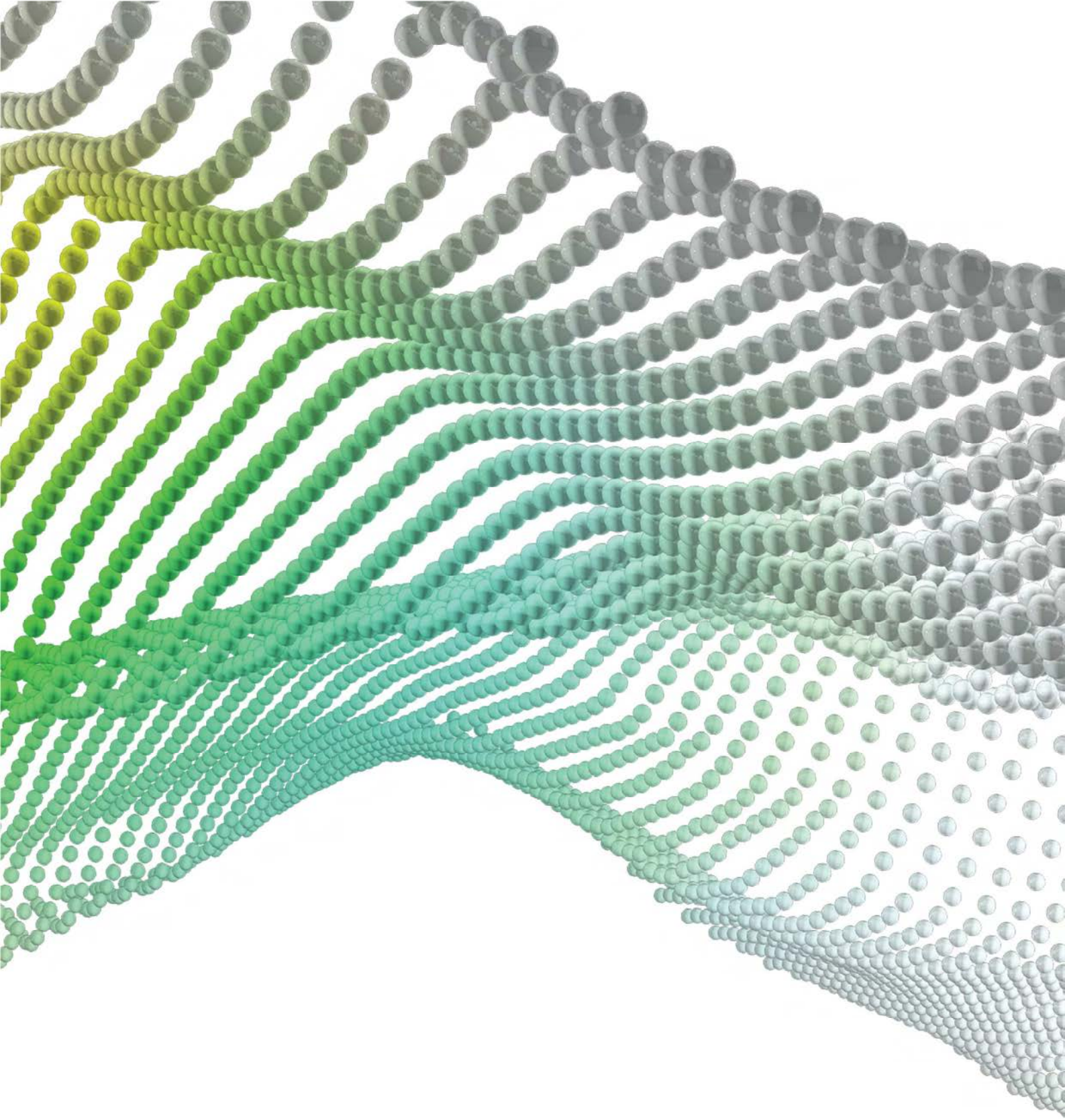
Tsega Gebreyes



.....● INDIVIDUAL
FINANCIAL STATEMENTS



IMPROVING LIFE



INDIVIDUAL STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 AND 2014

(Translation of individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2015	31 Dec 2014
ASSETS			
NON-CURRENT ASSETS:			
Tangible assets	6	90,243	111,859
Intangible assets	7	2,153	5,695
Investments in subsidiaries, associates and joint ventures	4, 8	3,936,004,695	2,357,749,457
Other investments	4, 9	29,617,075	29,139,425
Other non-current assets	4, 10	347,400,000	462,400,000
Total non-current assets		4,313,114,166	2,849,406,436
CURRENT ASSETS:			
Trade account receivables	4, 11	500,159	708,819
Other debtors	4, 12	44,464,350	1,846,600,011
Taxes recoverable	13	25,714,649	6,923,993
Other current assets	4, 14	2,166,828	3,644,195
Cash and cash equivalents	4, 15	390,501	292,422,049
Total current assets		73,236,487	2,150,299,067
TOTAL ASSETS		4,386,350,653	4,999,705,503
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	16	2,000,000,000	2,000,000,000
Treasury shares	17	-	(6,857,332)
Legal reserves	18	244,211,592	196,260,390
Hedging reserve, fair value reserve and other reserves	19	1,604,617,615	760,580,389
Profit / (Loss) for the year		(279,672,410)	959,024,034
TOTAL EQUITY		3,569,156,797	3,909,007,481
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bonds	4, 21	207,406,442	107,999,258
Bank loans	4, 21	180,000,000	135,000,000
Total non-current liabilities		387,406,442	242,999,258
CURRENT LIABILITIES:			
Bonds	4, 21	-	446,308,102
Bank loans	4, 21	159,300,000	76,778,859
Trade accounts payable	4	403,764	283,747
Loans obtained from group companies	4, 22	201,328,447	274,584,173
Other creditors	4, 23	42,828,123	20,883,345
Taxes and contributions payable	13	20,205,511	10,692,297
Other current liabilities	4, 24	5,721,569	18,168,241
Total current liabilities		429,787,414	847,698,764
TOTAL EQUITY AND LIABILITIES		4,386,350,653	4,999,705,503

The accompanying notes are part of these individual financial statements.

The Board of Directors

INDIVIDUAL INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Translation of individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2015	31 Dec 2014
Services rendered	28	469,550	477,612
Gains or losses on investments	29	(313,337,590)	964,856,982
Financial income	30	74,936,517	40,426,250
Other income		2,327,577	3,270,313
External supplies and services	31	(3,552,258)	(3,435,509)
Staff costs	32	(2,156,795)	(2,928,789)
Depreciation and amortisation	6, 7	(34,266)	(40,991)
Financial expense	30	(30,689,583)	(45,949,537)
Other expenses		(732,369)	(420,466)
Profit/(Loss) before taxes		(272,769,217)	956,255,865
Taxation	33	(6,903,193)	2,768,169
Profit/(Loss) after taxes		(279,672,410)	959,024,034
Profit/(Loss) per share			
Basic	34	(0.140748)	0.480829
Diluted	34	(0.140662)	0.480435

The accompanying notes are part of these individual financial statements.

The Board of Directors

INDIVIDUAL STATEMENT OF NET INCOME AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Translation of the individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2015	31 Dec 2014
Net Profit / (Loss) for the year		(279,672,410)	959,024,034
Changes on fair value of available-for-sale financial assets	8, 9	83,232,889	(31,934,959)
Transfer of fair value of available-for-sale financial assets to the income statement		-	(371,403,860)
Changes in fair value of derivatives used in cash flow hedges		-	(1,163,254)
Other comprehensive income for the year		83,232,889	(404,502,073)
Total comprehensive income for the year		(196,439,521)	554,521,961

The accompanying notes are part of these individual financial statements.

The Board of Directors

INDIVIDUAL STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED AS AT 31 DECEMBER 2015 AND 2014

(Translation of the individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	Share capital	Treasury shares	Legal reserve	Reserves and retained earnings					Net Profit/(Loss)	Total
					Fair value reserve	Hedging reserve	Share based payments reserve	Free reserves	Total reserves and retained earnings		
Balance as at 1 January 2014		2,000,000,000	-	188,285,864	580,329,718	1,163,254	703,468	500,735,979	1,082,932,419	159,490,511	3,430,708,794
Total comprehensive income for the year		-	-	-	(403,338,819)	(1,163,254)	-	-	(404,502,073)	959,024,034	554,521,961
Appropriation of profit of 2013:											
Transfer to legal reserves and other reserves	18	-	-	7,974,526	-	-	-	81,915,985	81,915,985	(89,890,511)	-
Dividends distributed	36	-	-	-	-	-	-	2,569	2,569	(69,600,000)	(69,597,431)
Purchase of treasury shares	17	-	(12,685,847)	-	-	-	-	-	-	-	(12,685,847)
Sale of treasury shares	17	-	5,263,235	-	-	-	-	135,207	135,207	-	5,398,442
Share based payments	20	-	-	-	-	-	632,934	-	632,934	-	632,934
Shares sold under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	17, 20	-	565,280	-	-	-	(550,800)	14,148	(536,652)	-	28,628
Balance as at 31 December 2014		2,000,000,000	(6,857,332)	196,260,390	176,990,899	-	785,602	582,803,888	760,580,389	959,024,034	3,909,007,481
Balance as at 1 January 2015		2,000,000,000	(6,857,332)	196,260,390	176,990,899	-	785,602	582,803,888	760,580,389	959,024,034	3,909,007,481
Total comprehensive income for the year		-	-	-	83,232,889	-	-	-	83,232,889	(279,672,410)	(196,439,521)
Appropriation of profit of 2014											
Transfer to legal reserves and other reserves	18	-	-	47,951,202	-	-	-	838,072,832	838,072,832	(886,024,034)	-
Dividends distributed	36	-	-	-	-	-	-	5,215	5,215	(73,000,000)	(72,994,785)
Free reserves distributed	36	-	-	-	-	-	-	(76,994,692)	(76,994,692)	-	(76,994,692)
Purchase of treasury shares	17	-	(139,401)	-	-	-	-	-	-	-	(139,401)
Sale of treasury shares	17	-	5,912,942	-	-	-	-	241,601	241,601	-	6,154,543
Share based payments	20	-	-	-	-	-	508,066	-	508,066	-	508,066
Shares sold under the terms of the Annual Performance Bonus Plan and Medium Term Incentive Plans	17, 20	-	1,083,791	-	-	-	(335,400)	(693,285)	(1,028,685)	-	55,106
Balance as at 31 December 2015		2,000,000,000	-	244,211,592	260,223,788	-	958,268	1,343,435,559	1,604,617,615	(279,672,410)	3,569,156,797

The accompanying notes are part of these individual financial statements.

The Board of Directors

INDIVIDUAL STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(Translation of the individual financial statements originally issued in Portuguese. In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)	Notes	31 Dec 2015	31 Dec 2014
OPERATING ACTIVITIES			
Cash receipts from trade debtors		678,024	236,262
Cash paid to trade creditors		(3,595,661)	(3,192,319)
Cash paid to employees		(1,805,544)	(2,197,827)
Cash flow generated by operations		(4,723,181)	(5,153,884)
Income taxes (paid) / received		2,298,925	1,940,266
Other cash receipts and (payments) relating to operating activities		2,961,673	1,817,283
Net cash flow from operating activities (1)		537,417	(1,396,335)
INVESTMENT ACTIVITIES			
Cash receipts arising from:			
Investments	35	1,815,901,002	-
Tangible assets		52	1,450
Interest and similar income		77,000,500	35,550,485
Dividends	12, 29	14,826,535	44,791,523
Others		643,124	1,664,473
Loans granted		4,478,376,788	2,273,590,285
		6,386,748,001	2,355,598,216
Cash payments arising from:			
Investments	35	(1,836,500,000)	(114,642,176)
Tangible assets		(9,032)	(2,428)
Intangible assets		(80)	-
Loans granted		(4,363,376,788)	(2,263,923,734)
		(6,199,885,900)	(2,378,568,338)
Net cash used in investment activities (2)		186,862,101	(22,970,122)
FINANCING ACTIVITIES			
Cash receipts arising from:			
Loans obtained		2,939,352,786	2,419,962,856
Sale of treasury shares	17	6,209,650	5,421,454
		2,945,562,436	2,425,384,310
Cash payments arising from:			
Loans obtained		(3,232,563,361)	(2,085,615,517)
Interest and similar charges		(42,334,064)	(36,939,333)
Dividends	36	(149,955,750)	(69,595,270)
Purchase of treasury shares	17	(139,401)	(12,685,847)
		(3,424,992,576)	(2,204,835,967)
Net cash used in financing activities (3)		(479,430,140)	220,548,343
Net increase in cash and cash equivalents (4) = (1) + (2) + (3)		(292,030,622)	196,181,886
Cash and cash equivalents at the beginning of the year	15	292,421,123	96,239,237
Cash and cash equivalents at the end of the year	15	390,501	292,421,123

The accompanying notes are part of these individual financial statements.

The Board of Directors



SONAE, SGPS, SA

NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

(Translation of the individual financial statements originally issued in Portuguese.

In case of discrepancy the Portuguese version prevails)

(Amounts expressed in euro)

1 INTRODUCTION

SONAE, SGPS, SA ("the Company" or "Sonae"), has its head-office at Lugar do Espido, Via Norte, Apartado 1011, 4470-909 Maia, Portugal.

The individual financial statements are presented as required by Commercial Companies Code. According to Decree-Law 158/2009 of 13 July, the company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS – EU).

Consolidated financial statements are also presented in accordance with applicable legislation.

2 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the accompanying individual financial statements are as follows:

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. This standards were issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") or by the previous Standing Interpretations Committee ("SIC"), that have been adopted by the European Union.

Interim financial statements are presented quarterly, in accordance with IAS 34 – "Interim Financial Reporting".

The accompanying financial statements have been prepared from the books and accounting records on a going concern basis and under the historical cost convention, except for financial instruments and investment properties which are stated at fair value.

New accounting standards and their impact in the financial statements

Up to the approval date of these financial statements, the European Union endorsed standards, interpretations, amendments and revisions, some of which have become effective during the year 2015. These changes are presented in Note 2 of the notes to the consolidated financial statements. The adoption, during 2015, of the mentioned standards did not produce relevant impacts on the Company financial statements, since they aren't applicable to the Individual financial statements of the Company.

Additionally, there are standards that have been approved for adoption in the periods started on or after 1 January 2016, and standards not yet approved by the European Union. The company did not early adopt any of the mentioned standards and do not expect significant impacts in the individual financial statements of the company from the application of those standards, with the possible exception of IFRS 9. The impacts of this standard are under analysis as at this date. The description of these standards is presented in Note 2 of the notes to the consolidated financial statements.

2.2 Tangible assets

Tangible assets are recorded at acquisition cost in accordance with generally accepted accounting principles in Portugal until that date, net of depreciation and accumulated impairment losses.

Depreciation charges for the year are calculated on a straight line basis over the useful life of each asset in the caption depreciation and amortisation.

The impairment losses in the realisable value of tangible assets are recorded in the year they arise in the caption of the income statement - impairment losses.

2.3 Intangible assets

Intangible assets are stated at acquisition cost, net of amortisation and accumulated impairment losses. Intangible assets are only recognised if it is probable that future economic benefits will flow from them, if they are controlled by the Company and if their cost can be reliably measured.

Depreciation charges for the year are calculated on a straight line basis over the useful life of each asset in the caption depreciation and amortization.

2.4 Borrowing costs

Borrowing costs are usually recognised as an expense in the period in which they are incurred on an accruals basis in accordance with effective interest rate method.



2.5 Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case the sale must be highly probable and the asset or disposal group is available for immediate sale in its present condition. In addition, the sale should be expected to occur within 12 months from the date of classification.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. These assets are not depreciated.

2.6 Financial instruments

The Company classifies the financial instruments in the categories presented and conciliated with the statement of financial position disclosed in Note 4.

a) Investments

Investments are classified into the following categories:

Held to maturity

Investments measured at fair value through profit or loss

Available for sale

Held to maturity investments are classified as non-current assets unless they mature within 12 months of the statement of financial position date. Investments classified as held to maturity have defined maturities and the Company has the intention and ability to hold them until the maturity date. Investments measured at fair value through profit or losses are classified as current assets. Available for sale investments are classified as non-current assets.

Equity investments in subsidiaries, associates and jointly controlled companies are classified as available for sale.

The investments measured at fair value through profit or loss include the investments held for trading that the company acquires for sale in a short period of time, and are classified in the statement of financial position as current assets.

The Company classifies as available for sale those investments that are neither included as investments measured at fair value through profit or loss nor as investments held to maturity. These assets are classified as non-current assets, except if the sale is expected to occur within 12 months from the date of classification.

All purchases and sales of investments are recognized on the trade date, independently of the settlement date.

Investments are initially measured at fair value, which is considered to be the fair value of the consideration paid for them, including transaction costs, in the case of available for sale investments.

Available for sale investments and investments measured at fair value through profit or loss are subsequently measured at fair value, without any deduction for transaction costs which may be incurred on sale, by reference to their quoted market price or independent valuation at the statement of financial position date. Available for sale investments that do not have a quoted market price and whose fair value cannot be reliably measured are stated at cost or last reliable fair value measurement, less impairment losses.

Gains or losses arising from a change in fair value of available for sale investments are recognised directly in equity, under fair value reserve, until the investment is sold or otherwise disposed of, or until it is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is transferred to net profit or loss.

Gains or losses arising from a change in fair value of investments measured at fair value through profit or loss are recorded in the income statement captions financial gains or losses on investments.

Held to maturity investments are carried at amortised cost using the effective interest rate, net of capital reimbursements and interest income received.

b) Loans and accounts receivable

Loans and accounts receivable are recorded at amortised cost using the effective rate method net of accumulated impairment losses, in order to reflect its realisable value.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

These financial investments arise when the Company provides money or services directly to a debtor with no intention of trading the receivable.

Loans and receivables are recorded as current assets, except when its maturity is greater than 12 months from the statement of financial position date, situations when they are classified as non-current assets. Loans and receivables are included in the captions presented in Note 4.

c) Trade accounts receivable

Receivables are stated at net realisable value corresponding to their nominal value less impairment losses (recorded under the caption impairment losses in accounts receivable).

Impairment is recognised if there is objective and measurable evidence that, as a result of one or more events that occurred, the balance will not be fully received.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the



financial asset's original effective interest rate. If the receipt of the full amount is expected to be within one year the discount is considered null as it is immaterial.

d) Classification as equity or liability

Financial liabilities and equity instruments are classified and accounted for based on their contractual substance, independently from the legal form they assume.

Equity instruments are contracts that evidence a residual interest in the assets of Sonae after deducting all of its liabilities. Equity instruments issued by Sonae are recorded by the amount of proceeds received, net of direct issuance costs.

e) Loans

Loans are recorded as liabilities at their nominal value, net of up-front fees and commissions related to the issuance of those instruments which corresponds to their fair value at transaction date.

Financial expenses are calculated based on the effective interest rate and are recorded in the income statement on an accruals basis, in accordance with the accounting policy defined in Note 2.8. The portion of the effective interest charge relating to up-front fees and commissions, if not paid in the period, is added to the book value of the loan.

Borrowings on the form of commercial paper are classified as non-current, when the Company has guarantees of placing for a period exceeding one year and it is its' intention to maintain the use of this form of financing for a period exceeding one year.

f) Trade accounts payable

Trade accounts payable are stated at their nominal value, since it relates to short term debt, and its discount effect is estimated to be immaterial.

g) Derivatives

The Company uses derivatives in the management of its financial risks to hedge such risks and/or in order to optimise funding costs, in accordance with Management interest rate risk policy described in point 3.4.1.

Derivatives classified as cash flow hedge instruments are used by the Company mainly to hedge interest rate risks on loans obtained. Conditions established for these cash flow hedge instruments are identical to those of the corresponding loans in terms of base rates, calculation rules, rate setting dates and repayment schedules of the loans and for these reasons they qualify as perfect hedges. The gain or loss relating to the ineffective portion of the hedge, if any, is recorded in the income statement under financial income or expenses.

The Company's criteria for classifying a derivative instrument as a cash flow hedge instrument include:

- the hedge transaction is expected to be highly effective in offsetting changes in cash flows attributable to the hedged risk;
- the effectiveness of the hedge can be reliably measured;
- there is adequate documentation of the hedging relationships at the inception of the hedge;
- the transaction being hedged is highly probable.

Cash flows hedge instruments used by the Company to hedge the exposure to changes in interest of its loans are initially accounted for at cost, if any which corresponds to its fair value, and subsequently adjusted to their corresponding fair value. Changes in fair value of these cash flow hedge instruments are recorded in equity under the caption hedging reserves, and then recognised in the income statement over the same period in which the hedged instrument affects profit or loss.

Hedge accounting of derivative instruments is discontinued when the instrument matures or is sold. Whenever a derivative instrument can no longer be qualified as a hedging instrument, the fair value differences recorded in equity under the caption hedging reserve are transferred to profit or loss of the period or to the carrying amount of the asset that resulted from the hedged forecast transaction. Subsequent changes in fair value are recorded in the income statement.

Derivatives entered into in accordance with interest rate risk management policy described in point 3.4.1 and not eligible for hedge accounting (mainly interest rate option), are initially recorded at cost, which corresponds to fair value at inception, and then, remeasured at fair value through profit and loss under financial income or expenses captions.

When embedded derivatives exist, they are accounted for as separate derivatives when the risks and the characteristics are not closely related to economic risks and characteristics of the host instruments, and this is not stated at fair value through profit or loss.

h) Treasury shares

Treasury shares are recorded at acquisition cost as a reduction to equity. Gains or losses arising from sales of treasury shares are recorded in other reserves.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, term deposits and other treasury applications which mature in less than three months and are subject to insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents also include bank overdrafts, which are included in the statement of financial position caption of current bank loans.

j) **Effective interest rate method**

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period.

k) **Impairment**

Financial assets, other than investments measured at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Equity instruments classified as available for sale are considered to be impaired if there is a significant or prolonged decline in its fair value below its acquisition cost.

For non-listed equity instruments determining whether the investment is impaired requires an estimation of the value in use of the investment. The value in use calculation requires the entity to estimate the future cash flows expected to arise for the entity and a suitable discount rate in order to calculate present value.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For investments of non-listed subsidiaries, which are measured at acquisition cost less impairment (equity investments and loans granted) the impairment analysis is based on the fair value estimate of its net assets, mainly equity investments in other Company's subsidiaries, less the subsidiaries liabilities measured at fair value.

The above mentioned estimate is based on the fair value computation of the value in use of its holdings by means of discounted cash flow models.

It is the Board of Directors understanding that the use of the above mentioned methodology is adequate to conclude on the eventual existence of financial investments impairment as it incorporates the best available information as at the date of the financial statements.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of equity available for sale securities, impairment losses previously recognised through profit or loss are not reversed. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

2.7 Contingent assets and liabilities

Contingent assets are not recorded in the financial statements but disclosed when future economic benefits are probable.

Contingent liabilities are not recorded in the financial statements. Instead they are disclosed in the notes to the financial statements, unless the probability of a cash outflow is remote, in which case, no disclosure is made.

2.8 Revenue recognition and accrual basis

Revenue from services rendered is recognised in the income statement in the period they are performed.

Dividends are recognised as income in the year they are attributed to the shareholders.

Income and expenses are recorded in the year to which they relate, independently of the date of the corresponding payment or receipt. Income and expenses for which their real amount is not known are estimated.

Other current assets and other current liabilities include income and expenses of the reporting year which will only be invoiced in the future. Those captions also include receipts and payments that have already occurred but that correspond to income or expenses of future years, when they will be recognized in the income statement.

2.9 Subsequent events

Events after the statement of financial position date that provide additional information about conditions that existed at the statement of financial position date (adjusting events), are reflected in the financial statements. Events after the statement of financial position date that are non-adjusting events are disclosed in the notes when material.

2.10 Judgements and estimates

The most significant accounting estimates reflected in the financial statements are as follows:

- a) Record of adjustments to the value of assets and provisions;
- b) Impairment analysis of financial investments and loans granted to affiliated and associated companies;

Estimates used are based on the best information available during the preparation of these financial statements and are based on the best knowledge of past and present events. Although future events are not controlled by the Company and are not foreseeable, some could occur and have impact on the estimates. Therefore and due to this uncertainty the outcome of the transactions being estimated may differ from the initial estimate. Changes to the estimates used by management that occur after the



approval date of these consolidated financial statements, will be recognised in net income prospectively, in accordance with IAS 8.

The main estimates and assumptions in relation to future events included in the preparation of these financial statements are disclosed in the correspondent notes, if applicable.

2.11 Share-based payments

Deferred performance bonus plans are indexed to Sonae share price and are classified as share-based payments. These bonus plans vest within a period of 3 years after being granted.

Share-based payments are measured at fair value on the date they are granted (usually in March of each year).

The settlement of plans is made by the delivery of Sonae shares, although the Company has an option to settle in cash, and the value of each plan is determined as at the grant date based on fair value of shares granted and cost is recognized rateably during the period of each plan. The fair value of the plan is recognized as staff costs against equity.

2.12 Income tax

Sonae from 2014 is taxed in accordance with Special Regime of Taxing Groups of Companies (Parent company). Each company included in this regime records income tax for the year in its individual accounts in the caption “group companies”. When a subsidiary contributes with a tax loss, it reflects, in its individual accounts, the amount of tax corresponding to the loss to be compensated by the profits of the other companies covered by this regime.

Deferred taxes are calculated using the statement of financial position liability method, reflecting the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are calculated and annually remeasured using the tax rates that have been enacted or substantively enacted and therefore expected to apply in the periods when the temporary differences are expected to reverse.

Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be used, or when taxable temporary differences are recognized and expected to reverse in the same period. At each statement of financial position date an assessment of the deferred tax assets recognized is made, being reduced whenever their future use is no longer probable.

Deferred tax assets and liabilities are recorded in the income statement, except if they relate to items directly recorded in equity. In these cases the corresponding deferred tax is recorded in equity.

2.13 Transactions with related parties

Transactions with related parties are performed at arm’s length conditions, and the gains or losses arising on those transactions are recognized and disclosed in Note 27.

3 FINANCIAL RISK MANAGEMENT

3.1 Introduction

The ultimate purpose of financial risk management is to support the Company in the achievement of its strategy by reducing unwanted financial risk and volatility and mitigate any negative impacts in the profit or loss statement arising from such risks.

The Group's attitude towards financial risk management is conservative and cautious. Derivatives are used to hedge certain exposures related to its operating business and, as a rule, Sonae does not enter into derivatives or other financial instruments that are unrelated to its operating business or for speculative purposes.

Financial risk management policies are approved by the Sonae Executive Committee. Exposures are identified and monitored by the Finance Department. Exposures are also monitored by the Finance Committee as noted in the Corporate Governance Report.

3.2 Credit risk

Credit risk is defined as the probability of a counterparty defaulting on its payment contractual obligations resulting in a financial loss. Sonae is a holding company without any relevant commercial or trade activity, other than the normal activities of a portfolio manager. As such, it is only exposed, on a regular basis, to credit risk resulting from its investing activities (holding cash and cash equivalent instruments, deposits with banks and financial institutions or resulting from derivative financial instruments entered into in the normal course of its hedging activities) or from its lending activities to subsidiaries.

Additionally, Sonae may sometimes also be exposed to credit risk as a result of its portfolio management activities (buying or selling investments), but in those exceptional situations risk reducing mechanisms and actions are implemented on a case by case basis (bank guarantees, escrow accounts, collaterals, among others) under the supervision of the Executive Committee.

In order to reduce the probability of counterparties default Sonae transactions (short term investments and derivatives) are only concluded in accordance with the following principles:

- Only carry out transactions (short term investments and derivatives) with counterparties that have been selected based on its high national and international reputation, and taking, into account its rating notations and the nature, maturity and extension of the operations;
- Sonae should only invest in previously authorized financial instruments. The definition of the eligible instruments, for the investment of temporary excess of funds or derivatives, was made with a conservative approach (essentially consisting in short term monetary instruments, in what excess of funds is concerned and instruments that can be split into components and that can be properly fair valued, with a loss cap);



- In relation to excess funds: i) those are preferentially used, whenever possible and when more efficient to repay debt, or invested preferably in instruments issued by relationship banks in order to reduce exposure on a net basis, and ii) may only be applied on pre-approved instruments;

- Any departure from the above mentioned policies needs to be pre-approved by the Executive Committee.

Given the above mentioned policies and the credit ratings restrictions imposed management does not expect any material failure in contractual obligations from its external counterparties. Nevertheless, exposure to individual counterparties resulting from financial instruments and the credit rating of potential counterparties is regularly monitored by the Financial Department and any departure is promptly reported to the Executive Committee and Finance Committee.

Settlement risk is also a risk faced by Sonae, which is managed through the rigorous selection of its brokers which must be highly rated counterparties.

In relation to credit risk resulting from loans granted to subsidiaries, there is no specific risk management policy as the financing of its subsidiaries is part of the main operations of a holding company.

3.3 Liquidity risk

Sonae needs to raise external funds to finance its activities and investing plans. It holds a diversified loan portfolio, essentially made up of long term bond financing, but which also includes a variety of other short-term financing facilities in the form of commercial paper and credit lines. As at 31 December 2015 the total gross debt was 547 million euro (766 million euro as at 31 December 2014) (Note 21).

The purpose of liquidity risk management is to ensure, at all times, that Sonae has the financial capacity to fulfil its commitments as they become due and to carry on its business activities and strategy.

Given the dynamic nature of its activities, Sonae needs a flexible financial structure and therefore uses a combination of:

- Maintaining, with its relationship banks, a combination of short and medium term committed credit facilities, commercial paper programme with sufficiently comfortable previous notice cancellation periods within a range between 30 and 360 days;
- Maintenance of commercial paper with different periods, that allow, in some cases, to place the debt directly in institutional investors;
- Detailed rolling annual financial planning, with monthly, weekly and daily cash adjustments in order to forecast cash requirements;
- Diversification of financing sources and counterparties;
- Ensuring an adequate debt average maturity, by issuing long term debt and avoiding excessive concentration of scheduled repayments. As at 31 December 2015 Sonae debt average life maturity was 3.2 years (1.8 years as at 31 December 2014);

- Negotiating contractual terms which reduce the possibility of the lenders being able to demand an early termination;
- Where possible, by prefinancing forecasted liquidity needs;
- Management procedures of short term applications, assuring that the maturity of the applications will match with foreseen liquidity needs, including a margin to hedge forecasting deviations. The reliability of the treasury forecasts is an important variable to determine the amounts and the periods of the market applications/borrowings.

Sonae maintains a liquidity reserve in the form of credit lines with its relationship banks, to ensure the ability to meet its commitments without having to refinance itself on unfavourable terms. Sonae has a total of 317.5 million euro (316.5 million euro as at 31 December 2014) committed credit facilities, of which only 19% (18% as at 31 December 2014) are cancellable with a notice period of 6 months and the remainder with no less than a 360 days' notice period. As at 31 December 2015, the amount of loans with maturity in 2016 is 159 million euro (524 million euro with maturity in 2015), of which 84 million are in the form of automatically renewable credit lines. At the reporting date Sonae has no expectation that such renewals will not occur. Additionally, considering the credit lines used at 31 December 2015, 53.2 million euro are available (as at 31 December 2014 Sonae had available credit lines amounting to 181.5 million euro). In view of the above, and considering the increase of credit lines that have already been agreed at the time of this report Sonae expects to meet all its obligations by means of its investments cash flows and from its financial assets as well as from drawing existing available credit lines, if needed. Furthermore, Sonae maintains a liquidity reserve that includes cash and cash equivalents and current investments amounting to 0.4 million euro as at 31 December 2015 (292 million euro as at 31 December 2014).

Sonae believes that within the short term, it has access to all the necessary financial resources to meet its commitments and investments

3.4 Interest rate risk

3.4.1 Policy

Sonae is exposed to cash flow interest rate risk in respect of items in the statement of financial position (loans and short term investments) and to fair value interest rate risk as a result of interest rate derivatives (swaps, FRA's and options). Most of Sonae debt bears variable interest rates, and interest rate derivatives may be entered into to convert part of the variable rate debt into fixed rate (usually through interest rate swaps or forward rate agreements), or to limit the maximum rate payable (usually through zero cost collars or the purchased caps).

Sonae mitigates interest rate risk by adjusting the proportion of its debt that bears fixed interest to that which bears floating interest although without a fixed goal or percentage to achieve since hedging interest rate risk usually has an opportunity cost associated. Therefore a more flexible approach is considered preferable to a more strict traditional approach. Part of the risk is also mitigated by the fact that Sonae grants loans bearing interest at variable interest rates to its subsidiaries as part of its usual



activities and thus there may be some degree of natural hedging on a company basis, since if interest rates increase the additional interest paid would be partially offset by additional interest received.

Sonae hedging activities do not constitute a profit-making activity and derivatives are deemed to be entered into without any speculation purpose. Strict rules are observed in relation to any derivative transaction entered into:

- For each derivative or instrument used to hedge a specific loan, the interest payment dates of the hedged loans should be the same as the settlement dates of the hedging instrument to avoid any mismatch and hedging inefficiency;
- Perfect match between the base rates (the base rate used in the derivative or hedging instrument should be the same as that of the hedged facility / transaction);
- The maximum cost of the hedging operation is known and limited, even in scenarios of extreme change in market interest rates, so that the resulting interest rates are within the cost of the funds considered in Sonae's business plans (or in extreme scenarios are not worse than the underlying cost of the floating rate);
- The counterparties of the derivative hedging instruments are limited to highly rated financial institutions, as described in 3.2. above - Credit Risk Management. It is Group policy that, when contracting such instruments, preference should be given to financial institutions that form part of Sonae's existing relationships, whilst at the same time obtaining quotes from a sufficient large sample of banks to ensure optimum conditions;
- Swaps fair value was determined by discounting estimated future cash flows to the statement of financial position date. The cash flows result from the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate inherent to the variable leg. For options, the fair value is calculated according the "Black-Scholes" model and other similar models. The future cash-flow estimates are based on market forward interest rates, discounted to the present using the most representative market rates. The estimate is supported on reliable sources, such as those conveyed by Bloomberg and others. Comparative financial institution quotes for the specific or similar instruments are used as a benchmark for the evaluation. This estimate assumes all other variables constant.
- All transactions are documented under ISDA's agreements;
- All transactions which do not follow the rules above have to be individually approved by the Executive Committee, and reported to the Financial Committee, namely transactions entered into with the purpose of optimizing the cost of debt when deemed appropriate according to prevailing financial market conditions.

3.4.2 Sensitivity analysis

The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments (the interest payments of which are not designated as hedged items of cash flow

hedges against interest rate risks). As a consequence, they are included in the calculation of income-related sensitivities;

- Changes in market interest rates only affect interest income or expense in relation to financial instruments with fixed interest rates if these are recognised at their fair value. As such, all financial instruments with fixed interest rates that are carried at amortised cost are not subject to interest rate risk as defined in IFRS 7;
- In the case of fair value hedges designed for hedging interest rate risks, when the changes in the fair values of the hedged item and the hedging instrument attributable to interest rate movements are offset almost completely in the income statement in the same period, these financial instruments are also not exposed to interest rate risk;
- Changes in the market interest rate of financial instruments that were designated as hedging instruments in a cash flow hedge (to hedge payment fluctuations resulting from interest rate movements) affect the hedging reserve in equity and are therefore taken into consideration in the equity-related sensitivity calculations;
- Changes in the market interest rate of interest rate derivatives that are not part of a hedging relationship as set out in IAS 39 affect other financial income or expense and are therefore taken into consideration in the income-related sensitivity calculations;
- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end, and assuming a parallel shift in interest rate curves;
- For the purposes of sensitivity analysis, such analysis is performed based on all financial instruments outstanding during the year.

Under the previously mentioned assumptions, if interest rates of euro denominated financial instruments had been 75 basis points higher, the company net loss before taxes as at 31 December 2015 (individual statements) would decrease by approximately 9 million euro (as at 31 December 2014 the net profit would decrease by 2 million euro). The increase in interest rate in 75 basis points would not have an impact over total equity (not considering the impact over net profit) as at 31 December 2015 (no impact on 31 December 2014).

3.5 Foreign exchange risk

Due to its nature of holding company, Sonae has very limited transaction exposure to foreign exchange risk. Normally, when such exposures arise foreign exchange risk management seeks to minimise the volatility of such transactions made in foreign currency and to reduce the impact on the income statement of exchange rate fluctuations. When significant material exposures occur with a high degree of certainty, Sonae hedges such exposures mainly through forward exchange rate contracts. For uncertain exposures, options may be considered, subject to pre-approval from the company's Executive Committee.

Sonae does not have any material foreign exchange rate exposure at holding level, since almost all equity and loans to subsidiaries are denominated in euro.

3.6 Price risk and market risk

The Group is exposed to equity price risks arising from equity investments, maintained for strategic rather than for trading purposes as the group does not actively trade these investments. These investments are presented in Note 8.

For the investment in Sonaecom, SGPS, SA a 10% change in the shares price would have an impact in total equity amounting to 16.8 million euro.

4 FINANCIAL INSTRUMENTS BY CLASS AND FAIR VALUE

The accounting policies disclosed in note 2.6 have been applied to the line items below:

Financial Assets	31 Dec 2015					
	Notes	Loans and accounts receivable	Available for sale	Sub Total	Assets not within scope of IFRS 7	Total
Non-current assets						
Investments in subsidiaries, associates and joint ventures	8	-	3,936,004,695	3,936,004,695	-	3,936,004,695
Other available for sale investments	9	-	29,617,075	29,617,075	-	29,617,075
Other non-current assets	10	347,400,000	-	347,400,000	-	347,400,000
		347,400,000	3,965,621,770	4,313,021,770	-	4,313,021,770
Current assets						
Trade accounts receivables	11	500,159	-	500,159	-	500,159
Other debtors	12	44,464,350	-	44,464,350	-	44,464,350
Other current assets	14	1,969,691	-	1,969,691	197,137	2,166,828
Cash and cash equivalents	15	390,501	-	390,501	-	390,501
		47,324,701	-	47,324,701	197,137	47,521,838
		394,724,701	3,965,621,770	4,360,346,471	197,137	4,360,543,608

Financial Assets	31 Dec 2014					
	Notes	Loans and accounts receivable	Available for sale	Sub Total	Assets not within scope of IFRS 7	Total
Non-current assets						
Investments in subsidiaries, associates and joint ventures	8	-	2,357,749,457	2,357,749,457	-	2,357,749,457
Other available for sale investments	9	-	29,139,425	29,139,425	-	29,139,425
Other non-current assets	10	462,400,000	-	462,400,000	-	462,400,000
		462,400,000	2,386,888,882	2,849,288,882	-	2,849,288,882
Current assets						
Trade accounts receivables	11	708,819	-	708,819	-	708,819
Other debtors	12	1,846,600,011	-	1,846,600,011	-	1,846,600,011
Other current assets	14	3,426,051	-	3,426,051	218,144	3,644,195
Cash and cash equivalents	15	292,422,049	-	292,422,049	-	292,422,049
		2,143,156,930	-	2,143,156,930	218,144	2,143,375,074
		2,605,556,930	2,386,888,882	4,992,445,812	218,144	4,992,663,956

Financial Liabilities	31 Dec 2015					
	Notes	Derivatives used for cash flow hedging	Other financial liabilities	Sub Total	Liabilities not within scope of IFRS 7	Total
Non-current liabilities						
Bonds	21	-	207,406,442	207,406,442	-	207,406,442
Bank loans	21	-	180,000,000	180,000,000	-	180,000,000
		-	387,406,442	387,406,442	-	387,406,442
Current liabilities						
Bank loans	21	-	159,300,000	159,300,000	-	159,300,000
Trade accounts payable		-	403,764	403,764	-	403,764
Loans obtained from group companies	22	-	201,328,447	201,328,447	-	201,328,447
Other payables accounts	23	-	42,828,123	42,828,123	-	42,828,123
Other current liabilities	24	-	5,721,569	5,721,569	-	5,721,569
		-	409,581,903	409,581,903	-	409,581,903
		-	796,988,345	796,988,345	-	796,988,345

Financial Liabilities	31 Dec 2014					
	Notes	Derivatives used for cash flow hedging	Other financial liabilities	Sub Total	Liabilities not within scope of IFRS 7	Total
Non-current liabilities						
Bonds	21	-	107,999,258	107,999,258	-	107,999,258
Bank loans	21	-	135,000,000	135,000,000	-	135,000,000
		-	242,999,258	242,999,258	-	242,999,258
Current liabilities						
Bonds	21	-	446,308,102	446,308,102	-	446,308,102
Bank loans	21	-	76,778,859	76,778,859	-	76,778,859
Trade accounts payable		-	283,747	283,747	-	283,747
Loans obtained from group companies	22	-	274,584,173	274,584,173	-	274,584,173
Other payables accounts	23	-	20,883,345	20,883,345	-	20,883,345
Other current liabilities	24	-	18,168,241	18,168,241	-	18,168,241
		-	837,006,467	837,006,467	-	837,006,467
		-	1,080,005,725	1,080,005,725	-	1,080,005,725

Financial instruments at fair value

The table below details the financial instruments that are measured at fair value after initial recognition, grouped into 3 levels according to the possibility of observing its fair value on the market:

	31 Dec 2015			31 Dec 2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at fair values						
Investments in affiliated companies	167,717,536	-	589,893,500	117,483,298	-	557,372,500
Other investments	-	-	29,564,649	-	-	29,086,999
	167,717,536	-	619,458,149	117,483,298	-	586,459,499

Level 1: fair value is determined based on market prices for assets

Level 2: fair value is determined based on valuation techniques. The main inputs of the valuation models are observable in the market;

Level 3: fair value is determined based on valuation models, whose main inputs are not observable in the market.

The investments presented as level 3 correspond to companies/funds (Sonae Sierra, SGPS, SA and Fundo de Investimento Imobiliário Fechado Imosede) operating in the real estate business, whose fair value is determinate based on the net asset value of the assets held by those entities, which is made public. This amount is calculated based on independent valuations of its real estate assets, mainly based on the income that is expected to be earned by the properties, updated by required rates of return, which are observable on the real estate market.

5 CHANGES IN ACCOUNTING POLICIES AND CORRECTION OF ERRORS

During the year there were no material changes in accounting policies or prior period errors.

6 TANGIBLE ASSETS

As at 31 December 2015 and 2014 tangible assets movements are as follows:

	Plant and machinery	Vehicles	Fixtures and fittings	Others	In progress	Total
Gross cost						
Opening balance as at 1 January 2014	132,742	194,768	1,658,834	723	1,722	1,988,789
Increase	-	-	24	-	2,220	2,244
Decrease	-	-	(3,206)	-	(1,400)	(4,606)
Transfers and write-offs	-	-	(10,444)	-	(2,542)	(12,986)
Opening balance as at 1 January 2015	132,742	194,768	1,645,208	723	-	1,973,441
Increase	-	-	2,045	-	6,986	9,031
Decrease	-	-	(3,202)	-	-	(3,202)
Transfers and write-offs	-	-	6,986	-	(6,986)	-
Closing balance as at 31 December 2015	132,742	194,768	1,651,037	723	-	1,979,270
Accumulated depreciation						
Opening balance as at 1 January 2014	52,294	194,768	1,596,226	723	-	1,844,011
Increase	13,229	-	20,212	-	-	33,441
Decrease	-	-	(3,204)	-	-	(3,204)
Transfers and write-offs	-	-	(12,666)	-	-	(12,666)
Opening balance as at 1 January 2015	65,523	194,768	1,600,568	723	-	1,861,582
Increase	13,229	-	17,416	-	-	30,645
Decrease	-	-	(3,200)	-	-	(3,200)
Closing balance as at 31 December 2015	78,752	194,768	1,614,784	723	-	1,889,027
Carrying amount						
As at 31 December 2014	67,219	-	44,640	-	-	111,859
As at 31 December 2015	53,990	-	36,253	-	-	90,243

7 INTANGIBLE ASSETS

As at 31 December 2015 and 2014 intangible assets movements are as follows:

	Patents and other similar rights	Software	In progress	Total intangible assets
Gross cost				
Opening balance as at 1 January 2014	187,305	2,758	-	190,063
Opening balance as at 1 January 2015	187,305	2,758	-	190,063
Increase	-	-	79	79
Transfers and write-offs	-	79	(79)	-
Closing balance as at 31 December 2015	187,305	2,837	-	190,142
Accumulated depreciation				
Opening balance as at 1 January 2014	174,132	2,686	-	176,818
Increase	7,526	24	-	7,550
Opening balance as at 1 January 2015	181,658	2,710	-	184,368
Increase	3,589	32	-	3,621
Closing balance as at 31 December 2015	185,247	2,742	-	187,989
Carrying amount				
As at 31 December 2014	5,647	48	-	5,695
As at 31 December 2015	2,058	95	-	2,153

8 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As at 31 December 2015 and 2014, the Company held investments in the following subsidiaries:

Companies	31 Dec 2015						Closing balance
	% Held	Opening balance	Increase	Decrease	Changes in fair value	Impairment loss recognized during the year	
Interlog, SGPS, SA	1.02%	106,686	-	-	-	-	106,686
Sonae Investimentos, SGPS, SA (a)	25.03%	637,971,655	-	-	-	-	637,971,655
Sonae Investments, BV	100.00%	803,200,000	-	-	-	-	803,200,000
Sonae RE, SA	99.92%	583,059	-	-	-	-	583,059
Sonae Sierra SGPS, SA (b)	50.00%	557,372,500	-	-	32,521,000	-	589,893,500
Sonaecom, SGPS, SA	26.02%	117,483,298	-	-	50,234,238	-	167,717,536
Sonaegest, SA	20.00%	159,615	-	-	-	-	159,615
Sonaecenter Serviços, SA	100.00%	731,545	1,836,500,000	-	-	(341,000,000)	1,496,231,545
Sontel, BV	35.87%	240,141,099	-	-	-	-	240,141,099
Total		2,357,749,457	1,836,500,000	-	82,755,238	(341,000,000)	3,936,004,695

Companies	31 Dec 2014						Closing balance
	% Held	Opening balance	Increase	Decrease	Changes in fair value	Impairment loss recognized during the year	
Interlog, SGPS, SA	1.02%	106,686	-	-	-	-	106,686
Sonae Investimentos, SGPS, SA (a)	25.03%	1,893,219,480	-	(883,843,965)	(371,403,860)	-	637,971,655
Sonae Investments, BV	100.00%	803,200,000	-	-	-	-	803,200,000
Sonae RE, SA	99.92%	3,672,059	-	-	-	(3,089,000)	583,059
Sonae Sierra SGPS, SA (b)	50.00%	500,118,000	-	-	57,254,500	-	557,372,500
Sonaecom, SGPS, SA	26.02%	196,989,312	9,895,571	-	(89,401,585)	-	117,483,298
Sonaegest, SA	20.00%	159,615	-	-	-	-	159,615
Sonaecenter Serviços, SA	100.00%	731,545	-	-	-	-	731,545
Sontel, BV	35.87%	240,141,099	-	-	-	-	240,141,099
Total		3,638,337,796	9,895,571	(883,843,965)	(403,550,945)	(3,089,000)	2,357,749,457

a) The value of this investment is the price paid in the public tender offer for de-listing occurred in 2006. Since that date no change in the value of the investment was recorded.

b) The market value was determined based on the Net Asset Value ("NAV") of the assets in accordance with INREV (European Association for Investors in Non-Listed Real Estate Vehicles) guidelines. The NAV is based on the fair value of real estate assets owned by this Joint-venture and deducting the corresponding net debt and non-controlling interests shares, as well as deferred tax liabilities when the real estate assets are located in jurisdictions where transaction consider that assumption in determining the fair value. The assumptions regarding the valuation of real estate assets are disclosed on consolidated financial statements.

In December 2015 the Company subscribed and fully realized a capital increase in Sonaecenter Serviços, SA amounting to 1,836,500,000 euro.

During 2014 Sonae acquired 4,343,590 Sonaecom, SGPS, SA equity shares.

In December 2014, shareholding interest of 51.83% over Sonae Investimentos, SGPS, SA was sold to a subsidiary recognizing a capital gain of 932,057,037 euro, including the amount of the fair value reserve recycled to profit and loss amounting to 371,403,860 euro.

In previous years, the Company recorded an impairment loss over the financial investments held in Sontel BV (165,500,000 euro), in Sonae Investments, BV (32,500,000 euro) and in Sonae RE, SA (3,089,000 euro) as result of applying the accounting policy mentioned in 2.6 k), and according to a valuation of those subsidiaries made with the use of discounted cash flow models, in order to estimate the value in use of those investments. In the current year the Company recorded an impairment loss on the investment held in Sonaecenter Serviços, SA amounting to 341,000,000 euro (note 29).

The assumptions used are similar to those used on goodwill impairment test and are disclosed in the consolidated financial statements.

9 OTHER INVESTMENTS

As at 31 December 2015 and 2014 other investments available for sale are as follows:

Companies	31 Dec 2015				
	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Associação Escola Gestão Porto	49,880	-	-	-	49,880
Fundo Especial de Invest.Imob. Fechado Imosonae Dois	2,546	-	-	-	2,546
Fundo de Investimento Imobiliário Fechado Imosede	29,086,999	-	-	477,650	29,564,649
Total	29,139,425	-	-	477,650	29,617,075

Companies	31 Dec 2014				
	Opening balance	Increase	Decrease	Changes in fair value	Closing balance
Associação Escola Gestão Porto	49,880	-	-	-	49,880
Fundo Especial de Invest.Imob. Fechado Imosonae Dois	2,546	-	-	-	2,546
Fundo de Investimento Imobiliário Fechado Imosede	29,315,009	-	-	(228,010)	29,086,999
Total	29,367,435	-	-	(228,010)	29,139,425

10 OTHER NON-CURRENT ASSETS

As at 31 December 2015 and 2014 other non-current assets are as follows:

	31 Dec 2015	31 Dec 2014
Loans granted to group companies:		
Sonae Investments, BV	-	115,000,000
Sonae Investimentos, SGPS, SA	347,400,000	347,400,000
	347,400,000	462,400,000

The amount recognized under the caption loans granted to Sonae Investimentos, SGPS, SA, refers to a subordinate bond loan, repayable in 10 years issued by Sonae Investimentos at market conditions in 28 December 2010 amounting to 400,000,000 euro, relating 8,000 bonds with nominal value of 50,000 euro each, bearing fixed interest rate with full reimbursement in the end of the period.

In December 2011, 1,052 bonds were sold to a subsidiary for 42,080,000 euro.

As at 31 December 2015 and 2014, the Company held 6,948 bonds. The fair value of these bonds as at 31 December 2015 is 56,404 euro (42,358 euro as at 31 December 2014) per bond, having been determined based on the discounted cash flow method using market transaction figures as reference. There is no evidence of impairment on this loan.

As at 31 December 2014 the other loans granted to group companies, bear interest at market rates indexed to Euribor, have a long term maturity and its fair value is similar to its carrying amount.

There are no past due or impaired receivable balances as at 31 December 2015 and 2014. The eventual impairment of loans granted to group companies is assessed in accordance with note 2.6.k).

11 TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable amounted to 500,159 euro and 708,819 euro as at 31 December 2015 and 2014 respectively, and include balances arising solely from services rendered to group companies.

As at the statement of financial position dates there are no accounts receivable past due, and no impairment loss was recorded, as there are no indications as of the reporting date that the debtors will not meet their payment obligations.

12 OTHER DEBTORS

As at 31 December 2015 and 2014 other debtors are as follows:

	31 Dec 2015	31 Dec 2014
Group companies		
Interest	709,630	2,746,098
Dividends	12,192,750	-
Taxes - Special regime for taxation of group companies	31,251,889	27,713,203
Other debtors		
Others	310,081	1,816,140,710
	44,464,350	1,846,600,011

The amount recorded in the caption taxes-special regime for taxation of groups corresponds to the tax estimate calculated by the companies taxed under the Special Regime for Taxation of Corporate Groups, of which the Company is the dominant company.

As at 31 December 2014, the amount recorded under the caption other includes the amount of 1,815,901,002 euro related with the sale of 51.83% holding in Sonae Investimentos, SGPS, SA to a subsidiary. This amount was received in January 2015.

Loans granted to group companies return interest at variable market rates indexed to Euribor and have a maturity of less than one year.

There were no assets impaired or past due as at 31 December 2015 and 2014. The fair value of loans granted is similar to its carrying amount.

13 TAXES

As at 31 December 2015 and 2014 taxes balances are as follows:

Assets	31 Dec 2015	31 Dec 2014
Advance payments	5,982,263	3,288,994
Taxes withheld	19,672,056	3,574,926
Others	60,330	60,073
	25,714,649	6,923,993

Liabilities	31 Dec 2015	31 Dec 2014
Income tax charge for the year	20,049,387	10,423,751
Taxes withheld		
Staff	27,366	43,676
Capital	-	60,209
Other	3,750	-
Value added tax	108,142	109,982
Social security contributions	16,866	32,418
Others	-	22,261
	20,205,511	10,692,297

The income tax charge for the year corresponds to the income tax estimated by the companies included in the special tax regime for groups of companies which the Company is dominant and that will be paid by the subsidiaries.

14 OTHER CURRENT ASSETS

As at 31 December 2015 and 2014 other current assets are as follows:

	31 Dec 2015	31 Dec 2014
Accrued income	1,969,691	3,426,051
Prepayments	197,137	218,144
	2,166,828	3,644,195

The amount recorded under the caption "Accrued income" relates essentially to the interests to be received for loans granted and commissions from guarantees given to subsidiaries.

15 CASH AND CASH EQUIVALENTS

As at 31 December 2015 and 2014 cash and cash equivalents are as follows:

	31 Dec 2015	31 Dec 2014
Cash in hand	1,086	589
Bank deposits	389,415	292,421,460
Cash and cash equivalents on the balance sheet	390,501	292,422,049
Bank overdrafts (Note 21)	-	(926)
Cash and cash equivalents on the cash flow statement	390,501	292,421,123

As at 31 December 2014 the company held bank deposits amounting to 247,710,000 euro, which had less than a three month maturity period and where redeemed in early 2015, the remaining bank deposits are readily convertible.

16 SHARE CAPITAL

As at 31 December 2015 and 2014 share capital consisted of 2,000,000,000 ordinary shares of 1 euro each.

As at 31 December 2015 and 2014 Efanor Investimentos, SGPS, SA and affiliated companies held 52.48% of Sonae's share capital.

17 TREASURY SHARES

As at 31 December 2014 the Company owns, directly, 5,560,746 treasury shares, with an average acquisition cost of 1.233 euro.

During 2015, Sonae acquired 118,820 treasury shares at an average price of 1.173 euro per share (139,401 euro).

Sonae sold to its Subsidiaries, under the short-term incentive plan established by each of these companies, 4,817,167 shares at an average price of 1.278 euro per share (6,154,543 euro).

In 2015, Sonae settled its medium-term variable remuneration policy, selling 862,399 treasury shares.

As at 31 December 2015 Company do not hold any treasury shares directly.

18 LEGAL RESERVE

The company has set up legal reserves in accordance with Commercial Companies Code. In 2015, 47,951,202 euro was transferred from profit for the year to legal reserves.

19 HEDGING RESERVE, FAIR VALUE RESERVE AND OTHER RESERVES

As at 31 December 2015 and 2014 other reserves are detailed as follows:

	31 Dec 2015	31 Dec 2014
Free reserves	1,343,266,374	573,183,774
Legal reserve in accordance with article 324 of Commercial Companies Code	169,185	9,620,114
Fair value reserve		
Sonae Investimentos, SGPS, SA	105,724,959	105,724,959
Sonae Sierra, SGPS, SA	99,780,161	67,259,160
Sonacom, SGPS, SA	55,154,562	4,920,324
Fundo de Investimento Imobiliário Fechado Imosede	(435,894)	(913,544)
Share-based payments reserve (Note 20)	958,268	785,602
	1,604,617,615	760,580,389

Movements occurred in 2015 and 2014 in these reserves are detailed in the Company Statement of changes in equity and in the statement of comprehensive income.

Fair value reserves correspond to changes in fair value of available for sale financial investments. As at 31 December 2015 and 2014, Sonae believes that there is no significant or prolonged decline in the fair value of the investment over Fundo de Investimento Imobiliário Fechado Imosede.

The share-based payments reserve relates to equity-share based payments under the deferred performance bonuses, which will be settled by the delivery of shares.

20 SHARE-BASED PAYMENTS

In 2015 and in previous years, according to the remuneration policy disclosed in its Corporate Governance Report, Sonae granted deferred performance bonuses to its directors. These are based on shares to be acquired with discount, three years after being attributed. These shares are only granted if the Director still works for Sonae at the vesting date.

As at 31 December 2015 and 2014, the outstanding plans were as follows:

	Vesting period		31 Dec 2015		31 Dec 2014	
	Year of grant	Vesting year	Number of participants	Number of shares	Number of participants	Number of shares
Plan 2011	2012	2015	-	-	1	974,624
Plan 2012	2013	2016	2	730,708	2	618,924
Plan 2013	2014	2017	2	490,067	2	460,598
Plan 2014	2015	2018	2	472,875	-	-

The fair values of the attributed shares for the outstanding plans can be detailed as follows:

	Year of grant	Vesting year	Grant date	31 Dec 2015	31 Dec 2014
Plan 2011	2012	2015	335,400	-	998,015
Plan 2012	2013	2016	404,600	765,782	633,778
Plan 2013	2014	2017	541,400	513,590	471,652
Plan 2014	2015	2018	578,200	495,573	-

During the year the movements occurred can be detailed as follows:

Number of shares	31 Dec 2015	31 Dec 2014
Opening balance	2,054,146	2,051,660
Changes during the year:		
Attributed	452,426	447,804
Vested	(862,399)	(439,654)
Canceled / extinct / corrected / transferred	49,477	(5,664)
Closing balance	1,693,650	2,054,146

Amount	31 Dec 2015	31 Dec 2014
Recorded as staff cost in the year	508,066	632,933
Recorded as staff cost in previous year	450,202	152,669
	958,268	785,602

21 BORROWINGS

As at 31 December 2015 and 2014 this caption included the following loans:

	31 Dec 2015	31 Dec 2014
Bonds Sonae, SGPS 2014/2018	60,000,000	60,000,000
Bonds Sonae, SGPS 2014/2020	50,000,000	50,000,000
Bonds Sonae, SGPS 2015/2022	100,000,000	-
Up-front fees not yet charged to income statement	(2,593,558)	(2,000,742)
Bonds	207,406,442	107,999,258
Sonae SGPS - Commercial paper	180,000,000	135,000,000
Bank loans	180,000,000	135,000,000
Non-current loans	387,406,442	242,999,258
Bonds Sonae, SGPS 2010/2015	-	250,000,000
Bonds Continente - 7% - 2012/2015	-	197,293,166
Up-front fees not yet charged to income statement	-	(985,064)
Bonds	-	446,308,102
Bank overdrafts	-	926
Other bank loans	-	76,961,683
Sonae SGPS - Commercial paper	159,300,000	-
Up-front fees not yet charged to income statement	-	(183,750)
Bank loans	159,300,000	76,778,859
Current loans	159,300,000	523,086,961

As at 31 December 2015 and 2014, all the loans bear interests at variable interest rates. The above mentioned loans estimated fair value is considered to be near its carrying amount. Loans fair value was determined by discounting estimated future cash flows.

Maturity of Borrowings

As at 31 December 2015 and 2014 the analysis of the maturity of loans excluding derivatives is as follows:

	31 Dec 2015		31 Dec 2014	
	Nominal value	Interests	Nominal value	Interests
N+1	159,300,000	8,160,065	524,255,775	26,378,700
N+2	35,000,000	7,878,493	-	6,823,846
N+3	80,000,000	7,641,636	-	6,793,664
N+4	70,000,000	4,006,085	80,000,000	6,723,524
N+5	60,000,000	3,861,546	70,000,000	2,676,381
after N+5	145,000,000	2,551,829	95,000,000	2,691,117

The maturities above were estimated in accordance with the contractual terms of the loans, and taking into account Sonae's best estimated regarding their reimbursement date.

The interest amount was calculated considering the applicable interest rates for each loan at 31 December.

As at 31 December 2015, there are financial covenants included in borrowing agreements at market conditions, and which at the date of this report are complied with.

Sonae held 53 million euro available to meet its cash requirements in lines of credit and commercial paper programs with firm commitments, as follows:

	31 Dec 2015		31 Dec 2014	
	Commitments of less than one year	Commitments of more than one year	Commitments of less than one year	Commitments of more than one year
Agreed credit facilities amounts	137,500,000	180,000,000	146,500,000	170,000,000
Available credit facilities amounts	53,200,000	-	146,500,000	35,000,000

In early 2016, Sonae increased the credit lines agreed by 35 million euros.

Interest rate as at 31 December 2015 of the bonds and bank loan was, in average, 1.76% (3.87% as at 31 December 2014).

Interest rate derivatives

The financial instruments considered to be hedging instruments are variable to fixed interest rates swaps entered into with the purpose of hedging interest rate risk on loans. As at 31 December 2015, there were no loans hedged by interest rate derivatives.

If applicable, the interest rate derivatives are valued at fair value, at the statement of financial position date, based on valuations performed by the Group using specific software. The fair value of swaps was calculated, as at the statement of financial position date, based on the discounted cash flow of the difference between the fixed interest rate of the fixed leg and the indexed variable interest rate

inherent to the variable leg of the derivative, estimated at rate setting dates based on yield curves from Bloomberg.

22 LOANS FROM GROUP COMPANIES

As at 31 December 2015 and 2014 loans obtained from group companies are as follows:

	31 Dec 2015	31 Dec 2014
Sonae Investments, BV	200,798,286	-
Sontel, BV	-	274,181,000
Sonaecenter Serviços, SA	530,161	403,173
	201,328,447	274,584,173

Loans obtained from group companies bear interest at rates indexed to the Euribor.

23 OTHER CREDITORS

As at 31 December 2015 and 2014 other creditors are as follows:

	31 Dec 2015	31 Dec 2014
Group companies		
Taxes - Special regime for taxation of groups	42,710,114	20,804,548
Shareholders	107,636	73,908
Others	10,373	4,889
	42,828,123	20,883,345

24 OTHER CURRENT LIABILITIES

As at 31 December 2015 and 2014 other current liabilities are as follows:

	31 Dec 2015	31 Dec 2014
Accruals:		
Salaries	551,485	679,860
Interest	4,324,619	16,463,961
Others	845,465	1,024,420
	5,721,569	18,168,241

25 CONTINGENT LIABILITIES

As at 31 December 2015 and 2014, contingent liabilities were guarantees given are as follows

	31 Dec 2015	31 Dec 2014
Guarantees given:		
on tax claims	128,624,001	108,474,615
on judicial claims	70,766	70,766
Guarantees given in the name of subsidiaries (a)	359,213,603	280,867,155

a) Guarantees given to Tax Authorities in favour of subsidiaries to defer tax claims. The main tax claims for which guarantees were issued are disclosed in consolidated financial statements.

The caption guarantees given on tax claims includes guarantees in favor of Tax authorities regarding the periods of 2007 up to 2014 income tax. Concerning these guarantees, the most significant amount relates to an increase in equity arising on the disposal of own shares to a third party in 2007 as well as to the disregarded of reinvestment concerning capital gains in shares disposal and the fact that demerger operations shall be considered neutral for income tax purposes. The Company has presented an appeal against this additional tax claim, being the Board of Directors understanding, based on its advisors assessment, that such appeal will be favorable.

No provision has been recorded to face risks arising from events related to guarantees given, as the Board of Directors considers that no liabilities will result for the Company.

26 OPERATIONAL LEASES

As at 31 December 2015 and 2014, the company had operational lease contracts, as a lessee, whose minimum lease payments had the following schedule:

	31 Dec 2015	31 Dec 2014
Due in		
N+1 automatically renewable	258,259	257,047
N+1	20,192	22,388
N+2	2,375	19,775
N+3	-	2,236
N+4	-	-
	280,826	301,446

In 2015 Sonae recognized costs on operational leases amounting 277,742 euro (280,924 euro in 2014).

27 RELATED PARTIES

As at 31 December 2015 and 2014 balances and transactions with related parties are as follows:

Balances	31 Dec 2015	31 Dec 2014
Subsidiaries	34,281,214	1,849,600,612
Jointly controlled companies	12,398,109	805,273
Other related parties	98,000	98,000
Accounts receivable	46,777,323	1,850,503,885
Parent company	611,470	811,179
Subsidiaries	45,526,331	26,945,890
Jointly controlled companies	-	4,038
Other related parties	13,588	766
Accounts payable	46,151,389	27,761,873
Subsidiaries	347,400,000	462,400,000
Loans granted	347,400,000	462,400,000
Subsidiaries	201,328,447	274,584,173
Loans obtained	201,328,447	274,584,173

Transactions	31 Dec 2015	31 Dec 2014
Subsidiaries	2,468,928	3,409,711
Jointly controlled companies	210,717	217,681
Other related parties	100,000	100,000
Services rendered	2,779,645	3,727,392
Parent company	772,551	836,787
Subsidiaries	1,511,210	1,344,045
Jointly controlled companies	-	46,687
Other related parties	130,293	6,820
Purchases and services obtained	2,414,054	2,234,339
Subsidiaries	74,455,104	37,719,580
Other related parties	1,247	-
Interest income	74,456,351	37,719,580
Subsidiaries	7,114,298	7,751,564
Interest expenses	7,114,298	7,751,564
Subsidiaries	14,826,535	34,224,473
Jointly controlled companies	12,192,750	-
Dividend income (Note 29)	27,019,285	34,224,473
Subsidiaries	-	(1,815,901,002)
Disposal of investments (Note 35)	-	(1,815,901,002)
Parent company	-	2,580
Subsidiaries	1,836,500,000	-
Other related parties	-	3,048,735
Acquisition of investments/Capital increase (Note 35)	1,836,500,000	3,051,315
Subsidiaries	5,207,737	4,483,732
Jointly controlled companies	946,806	914,712
Other related parties	55,106	28,627
Sale of treasury shares	6,209,649	5,427,071

All Sonae, SGPS, S.A. subsidiaries, associates and joint ventures are considered related parties and are identified in Consolidated Financial Statements. All Efanor Investimentos, SGPS, SA (parent company), subsidiaries, including the ones of Sonae Indústria, SGPS, SA and of Sonae Capital, SGPS, SA are also considered related parties (Other related parties).

The remuneration attributed to the Board of Directors for the years ended 31 December 2015 and 2014 is detailed as follows:

	31 Dec 2015	31 Dec 2014
Short term benefits	1,489,027	1,980,572
Share based payments	455,100	578,200
	1,944,127	2,558,772

In 2015 and 2014 no loans were granted to the Company's Directors.

As at 31 December 2015 and 2014 no balances existed with the Company's Directors.

28 SERVICES RENDERED

Services rendered amounted to 469,550 euro and 477,612 euro, in 31 December 2015 and 2014. Services rendered include management fees over subsidiaries in accordance with Holding companies law.

29 GAINS OR LOSSES RELATED TO INVESTMENTS

As at 31 December 2015 and 2014 investment income are as follows:

	31 Dec 2015	31 Dec 2014
Dividends received	27,019,285	34,224,473
Gains/(Losses) on sale of investments	643,125	933,721,509
Impairment losses (Note 8)	(341,000,000)	(3,089,000)
	(313,337,590)	964,856,982

Dividends were received from Sonae Investimentos, SGPS, SA (11,123,853 euro), Sonaegest, SA (56,649 euro), Sonae Sierra, SGPS, SA (12,192,750 euro) and Sonaecom, SGPS, SA (3,646,033 euro).

As at 31 December 2015 the dividends attributed by Sonae Sierra, SGPS, SA were not paid (note 12).

30 FINANCIAL INCOME / EXPENSES

As at 31 December 2015 and 2014 net financial expenses are as follows:

	31 Dec 2015	31 Dec 2014
Interest arising from:		
Bank loans	(5,930,084)	(7,409,779)
Bonds	(13,017,126)	(21,480,726)
Other	(7,114,471)	(11,734,445)
Up front fees on the issuance of debt	(4,289,779)	(4,744,790)
Other financial expenses	(338,123)	(579,797)
Financial expenses	(30,689,583)	(45,949,537)
Interest income	74,545,942	37,818,908
Changes in fair value	-	2,491,439
Others	390,575	115,903
Financial income	74,936,517	40,426,250

31 EXTERNAL SUPPLIES AND SERVICES

As at 31 December 2015 and 2014 external supplies and services are as follows:

	31 Dec 2015	31 Dec 2014
Operational rents	378,535	382,790
Services obtained	2,013,725	1,806,634
Others	1,159,998	1,246,085
	3,552,258	3,435,509

32 STAFF COSTS

As at 31 December 2015 and 2014 staff costs are as follows:

	31 Dec 2015	31 Dec 2014
Salaries	1,876,913	2,593,468
Social costs	214,637	288,251
Other staff costs	65,245	47,070
	2,156,795	2,928,789

33 INCOME TAX

The reconciliation between the profit before taxes and the tax charge for the years ended 31 December 2015 and 2014 are summarized as follows:

	31 Dec 2015	31 Dec 2014
Profit / (loss) before taxes	(272,769,217)	956,255,865
(Decrease) / Increase to net income for tax purposes:		
Dividends	(27,019,285)	(34,224,473)
Impairment losses	341,000,000	3,089,000
Capital gains not taxed	-	(932,057,037)
Others	312,284	(1,848,748)
Taxable income	41,523,782	(8,785,393)
Used tax losses for which no deferred tax assets were recognized	(20,312,448)	-
Net taxable income	21,211,334	(8,785,393)
Tax charge	21%	23%
Calculated tax	(4,454,382)	2,020,640
Special Regime of Taxing Groups of Companies savings	973,759	762,989
Change in income tax estimate from previous years	(784,794)	(7,850)
Municipal surcharge	(2,634,521)	-
Autonomous taxation	(3,255)	(7,610)
Tax charge	(6,903,193)	2,768,169

34 EARNINGS PER SHARE

Earnings per share for the period ended 31 December 2015 and 2014 were calculated taking into consideration the following amounts:

	31 Dec 2015	31 Dec 2014
Net profit / (Loss)		
Net profit / (loss) taken into consideration to calculate basic earnings per share (Net profit / (loss) for the period)	(279,672,410)	959,024,034
Effect of dilutive potential shares	-	-
Interest related to convertible bonds (net of tax)	-	-
Net profit / (loss) taken into consideration to calculate diluted earnings per share	(279,672,410)	959,024,034
Number of shares		
Weighted average number of shares used to calculate basic earnings	1,987,044,420	1,994,521,164
Effect of dilutive potential ordinary shares from convertible bonds	-	-
Outstanding shares related with deferred performance bonus (note 20)	1,693,650	2,054,146
Number of shares that could be acquired at average market price	(474,833)	(417,122)
Weighted average number of shares used to calculate diluted earnings per share	1,988,263,237	1,996,158,188
Profit / (Loss) per share		
Basic	(0.140748)	0.480829
Diluted	(0.140662)	0.480435

35 RECEIPTS / PAYMENTS OF INVESTMENTS

During 2015 and 2014, the following receipts and payments occurred:

Companies	31 Dec 2015		
	Acquisitions / (disposal) for the year	Amount received	Amount paid
Sonaecenter Serviços, SA (note 8)	1,836,500,000	-	1,836,500,000
Sonae Investimentos, SGPS, SA (notes 8 and 12)	-	1,815,901,002	-
	1,836,500,000	1,815,901,002	1,836,500,000

Companies	31 Dec 2014		
	Acquisitions / (disposal) for the year	Amount received	Amount paid
Sonaecom, SGPS, SA	9,895,571	-	114,642,176
Sonae Investimentos, SGPS, SA (notes 8 and 12)	(1,815,901,002)	-	-
	(1,806,005,431)	-	114,642,176

36 DIVIDENDS

The Shareholders Annual Meeting held on 30 April 2015, approved the payment of a gross dividend of 0.0365 euro (0.0348 euro 2014) per share, corresponding to a total of 73,000,000 euro (69,600,000 euro in 2014).

The Extraordinary General Meeting held on 16 December 2015, approved the distribution of free reserves amounting to 77,000,000 euro, corresponding to a gross amount per share of 0.0385.

37 SUBSEQUENT EVENTS

On 25 February 2016 Sonae has completed a bond issue, by private placement, amounting to 60 million euro, unsecured, with a maturity of 7 years. In the same date Sonae has acquired and amortised, 600 bonds, corresponding to the bond "SONAE SGPS 2014-2018" issued by Sonae on 25 July 2014 amounting to 60 million euro.

38 APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Board of Directors on 15 March 2016. These financial statements will be presented to the Shareholders' General Meeting for final approval.

39 INFORMATION REQUIRED BY LAW

Decree-Law nr 318/94 art 5 nr 4

In 2015 short-term loan contracts were entered into with the following companies:

Sonae Investimentos, SGPS, SA

Sonaecenter, Serviços, SA

Sonaecom, SGPS, SA

As at 31 December 2015, there were no amounts owed by subsidiaries.

As at 31 December 2015 amounts owed to subsidiaries can be detailed as follows:

	Closing balance
Sonae Investments, BV	200,798,286
Sonaecenter Serviços, SA	530,161
Total	201,328,447

Article 66 A of the Commercial Companies Code

As at 31 December 2015, fees Statutory Auditor amounted to 29,641 euro fully related with audit fees.

The Board of Directors

Duarte Paulo Teixeira de Azevedo

Ângelo Gabriel Ribeirinho dos Santos Paupério

Andrew Eustace Clavering Campbell

Christine Cross

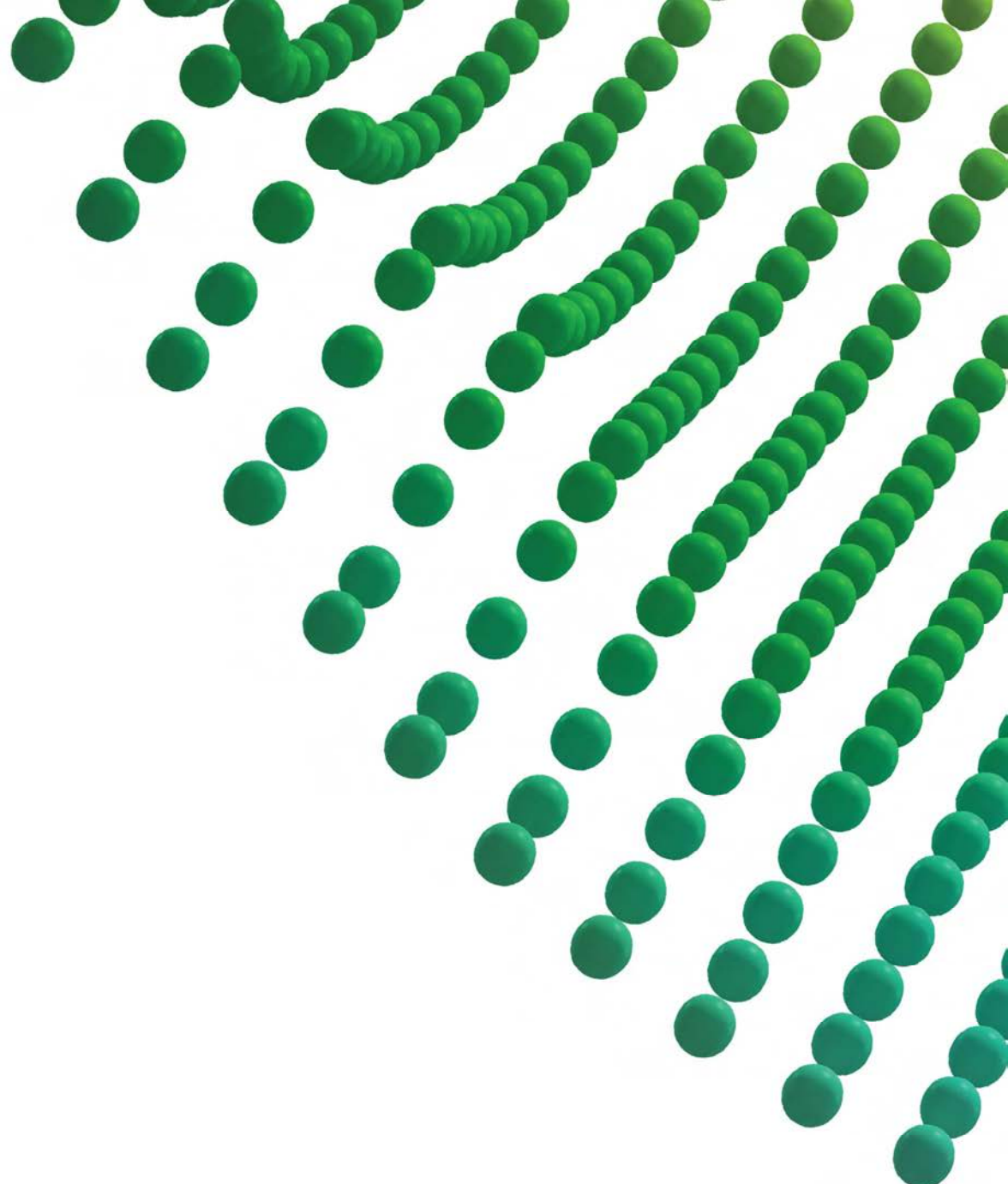
Dag Johan Skattum

José Manuel Neves Adelino

Marcelo Faria de Lima

Margaret Lorraine Trainer

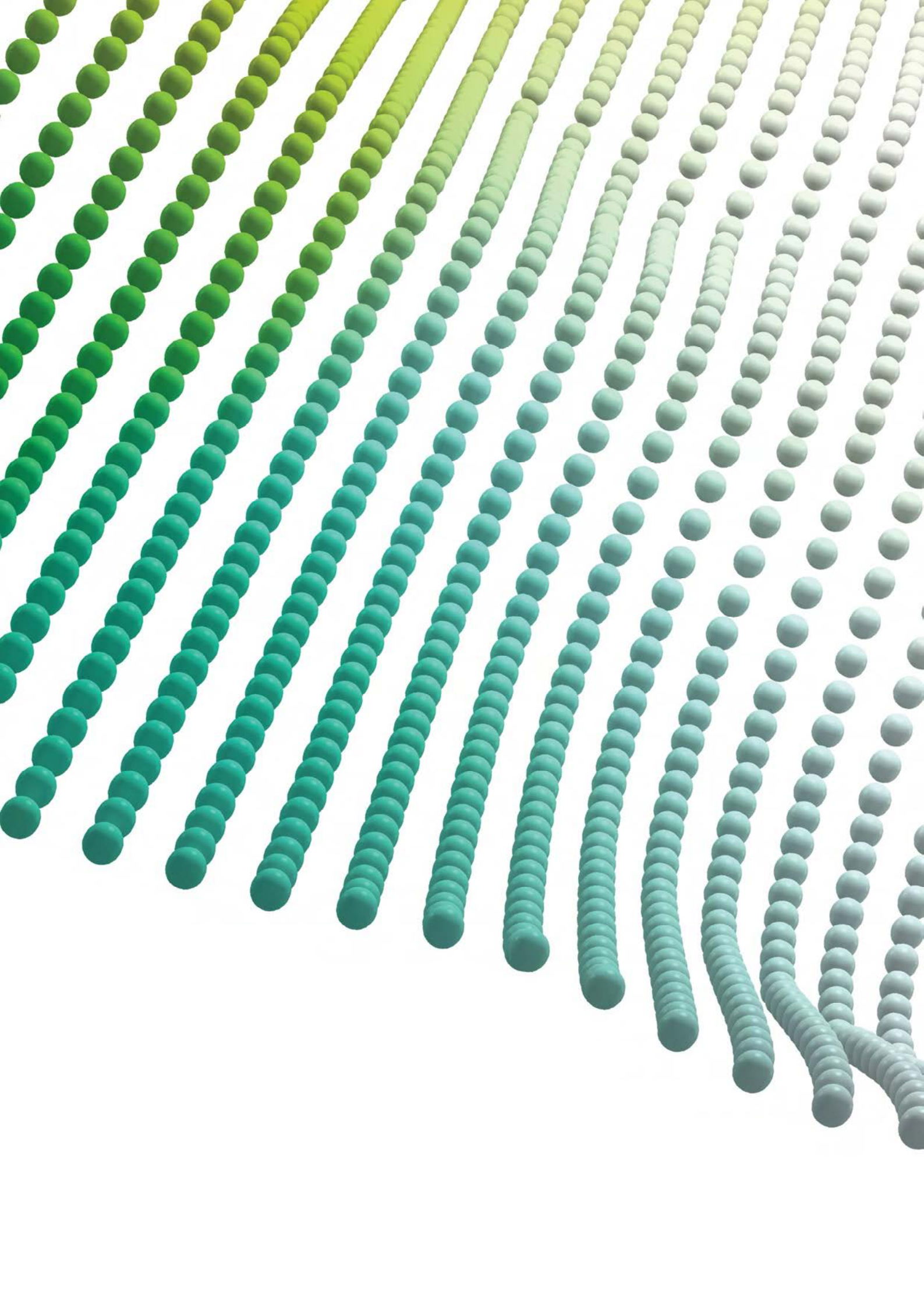
Tsega Gebreyes



.....● LEGAL CERTIFICATION
OF ACCOUNTS
AND AUDITOR'S REPORT



IMPROVING LIFE



STATUTORY AUDIT AND AUDITOR'S REPORT

*(Translation of a report originally issued in Portuguese.
In the event of discrepancies, the Portuguese language version prevails.)*

Introduction

1. In accordance with the applicable legislation, we present the Statutory Audit Report and the Auditors' Report on the financial information contained in the Report of the Board of Directors and the individual and consolidated financial statements for the year ended 31 December 2015 of Sonae, S.G.P.S., S.A. ("Company") (which comprise the Consolidated and Individual Statements of Financial Position as at 31 December 2015 that presents total consolidated and individual assets of 5,224,560,315 Euro and of 4,386,350,653 Euro respectively, and consolidated and individual equity of 1,794,794,114 Euro and of 3,569,156,797 Euro respectively, including consolidated net profit attributable to the Company's Equity Holders of 175,306,228 Euro and an individual net loss of 279,672,410 Euro), the Consolidated and Individual Statements of Income, Comprehensive Income, Changes in Equity and Cash Flows for the year then ended and the corresponding Notes.

Responsibilities

2. The Company's Board of Directors is responsible for: (i) the preparation of consolidated and individual financial information that present a true and fair view of the financial position of the companies included in the consolidation and the Company, the consolidated and individual results and comprehensive income of their operations, the consolidated and individual changes in equity and the consolidated and individual cash flows; (ii) the preparation of historical financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and that is complete, true, timely, clear, objective and licit, as required by the Securities Market Code; (iii) the adoption of adequate accounting policies and criteria and the maintenance of an appropriate internal control system; and (iv) informing any significant facts that have influenced its operations or the operations of the companies included in the consolidation, its consolidated or individual financial position, its consolidated or individual results and comprehensive income.
3. Our responsibility is to review the financial information contained in the above mentioned account documents, including verifying if, in all material respects, the information is complete, true, timely, clear, objective and licit, as required by the Securities Market Code, and issue a professional and independent opinion, based on our examination.

Scope

4. Our examination was performed in accordance with the auditing standards issued by the Portuguese Institute of Statutory Auditors, which require that the examination be planned and performed with the objective of obtaining reasonable assurance about whether the consolidated and individual financial statements are free of material misstatement. Our examination included verifying, on a sample basis, evidence supporting the amounts and disclosures in the consolidated and individual financial statements and assessing the significant estimates, based on judgements and criteria defined by the Board of Directors, used in their preparation. Our examination also included verifying the consolidation procedures used, the application of the equity method, and that the financial statements of the companies included in the consolidation have been appropriately examined, assessing the adequacy of the accounting policies used and their uniform application and disclosure, taking into consideration the circumstances, verifying the applicability of the going concern concept and assessing the adequacy of the overall presentation of the consolidated and individual financial statements and assessing if, in all material respects, the information is complete, true, timely, clear, objective and licit. Our examination also comprises verifying that the consolidated and individual financial information contained in the Report of the Board of Directors is in accordance with the other consolidated and individual documents of account, as well as verifying the required in the numbers 4 and 5 of article 451^o of Commercial Companies Code. We believe that our examination provides a reasonable basis for expressing our opinion.

Opinion

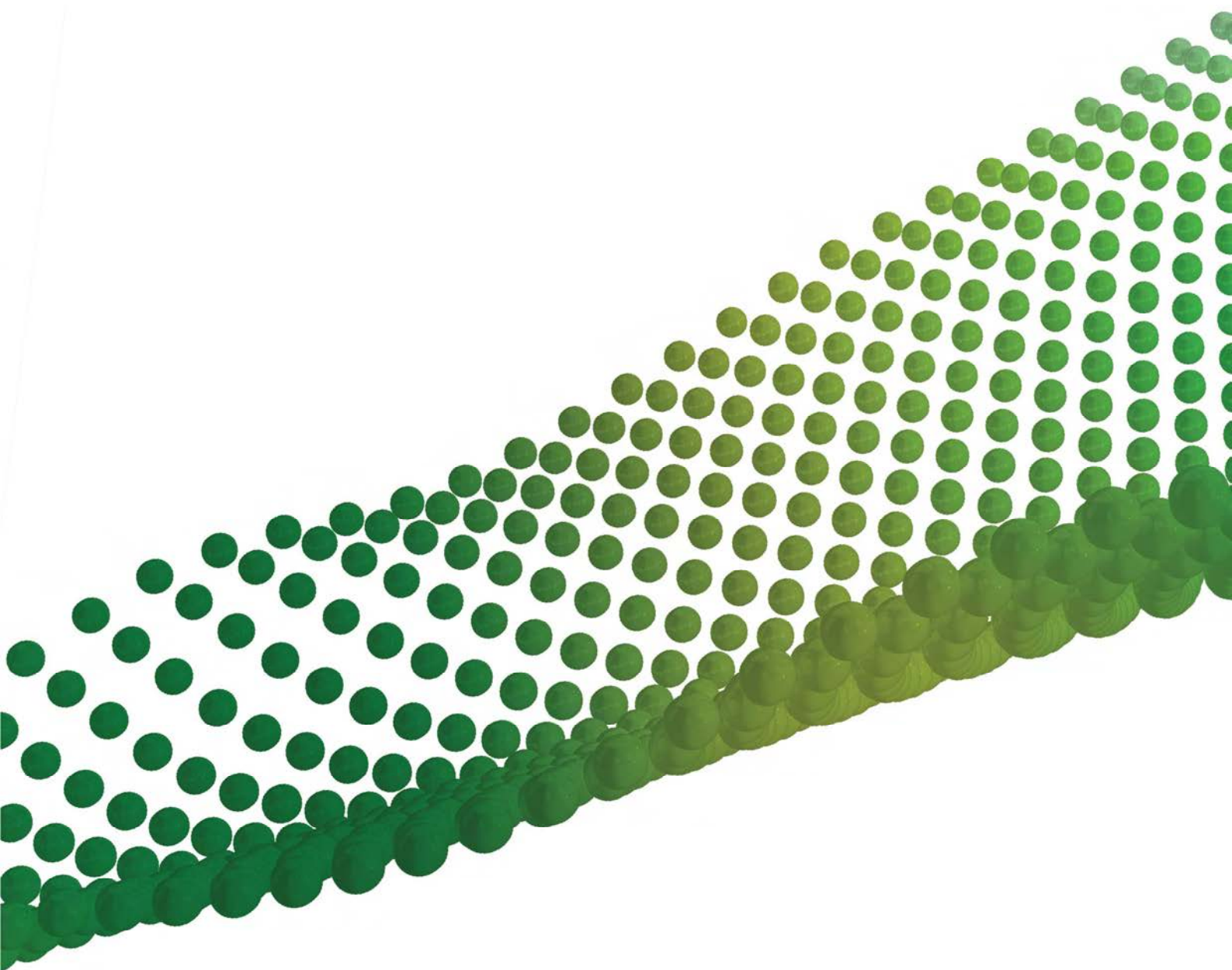
5. In our opinion, the consolidated and individual financial statements referred to in paragraph 1 above, present fairly, in all material respects, the consolidated and individual financial position of Sonae, S.G.P.S., S.A., as at 31 December 2015, the consolidated and individual results and comprehensive income of its operations, the consolidated and individual changes in equity and the consolidated and individual cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union, and the information contained on those is, in accordance with the standards mentioned in the paragraph 4 above, complete, true, timely, clear, objective and licit.

Reporting over other legal requirements

6. It is also our opinion that the financial information contained in the Report of the Board of Directors is in accordance with the consolidated and individual financial statements of the year and the reporting of the corporate governance practices includes the elements required to the Company in accordance with article 245º-A of the Securities Market Code.

Porto, 28 March 2016

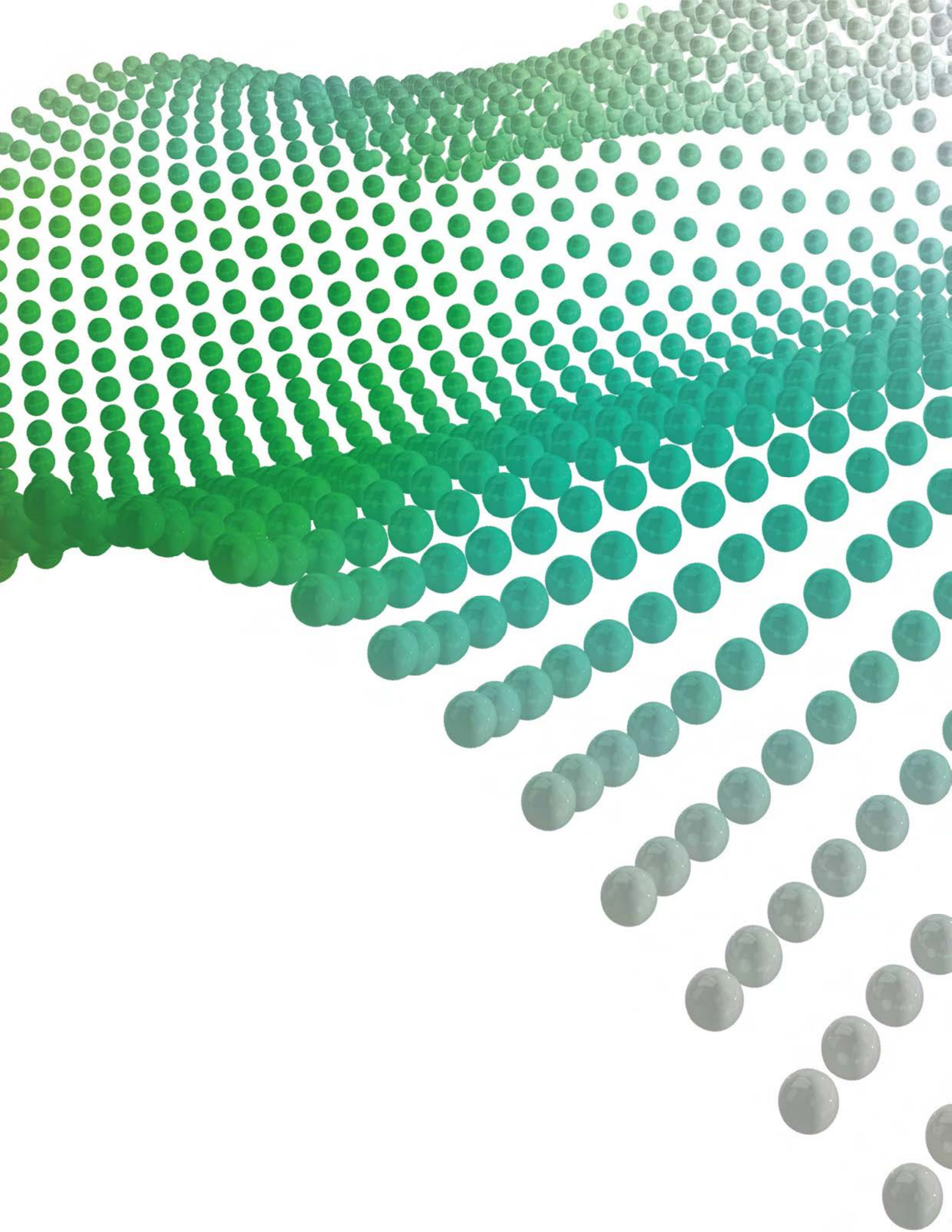
Deloitte & Associados, SROC S.A.
Represented by António Marques Dias



.....● REPORT AND OPINION
OF THE STATUTORY
AUDIT BOARD



IMPROVING LIFE



REPORT AND OPINION OF SONAE SGPS STATUTORY AUDIT BOARD

(Translation of a Report and Opinion originally issued in Portuguese.

In case of discrepancy the Portuguese version prevails)

To the Shareholders

1 – Report

1.1 - Introduction

In compliance with the applicable legislation and in accordance with the terms of our mandate, the Statutory Audit Board presents its report over the supervision performed and its Report and Opinion on the Report of the Board of Directors and the remaining individual and consolidated documents of accounts for the year ended 31 December 2015, which are the responsibility of the Board of Directors.

1.2 – Supervision

During the year under analysis, the Statutory Audit Board accompanied the management of the Company and its affiliated companies, and has oversaw, with the required scope, the evolution of the operations, the adequacy of the accounting records, the quality and appropriateness regarding the process of preparation and disclosure of financial information, corresponding accounting policies, valuation criteria used as well as the compliance with legal and regulatory requirements.

In the exercise of its competences and mandate, the Board met quarterly during the year with the presence of Directors and the officers in charge of Planning and Control department, Administrative and Accounting department, Treasury and Finance department, Tax department, Internal Audit department, Risk Management department, the Statutory Auditor and External Auditor and Sonae's ombudsman. Additionally, the Statutory Audit Board participated in the Board of Directors meeting where the Report of the Board of Directors and the financial statements for the year were approved.

The Statutory Audit Board verified the effectiveness of the risk management and internal control, analyzed the planning and the reports of activity of the external and internal auditors, accompanied the system involving the reception and follow up of reported irregularities, oversaw the reports issued by Sonae's ombudsman. The Statutory Audit Board has also assessed the process of preparing the individual and consolidated statements, communicated to the Board of Directors information regarding the conclusion and quality of the financial statements audit and its intervention in the process, has pronounced itself in favour of the rendering of other than audit and attest services by the Statutory Auditor and External Auditor, having exercised its mandate in what concerns the evaluation of the competence and

independence of external auditors, as well as to the supervision of the establishment of the Statutory Auditor and External Auditor remuneration.

During the year, the Statutory Audit Board accompanied, with special care, the accounting treatment of transactions that had had material impact on the evolution of operations and on the individual and consolidated financial position of Sonae SGPS, S.A., and highlights the positive evolution of the business segments and main joint ventures which effects are visible in the economic and financial development of the Group.

In compliance with CMVM's Recommendation V.2., the Statutory Audit Board took in consideration the criteria established by CMVM in paragraphs 3 to 5 of article 4 of CMVM's Regulation for description of businesses with significant relevance between the company and shareholders of qualifying holdings or related entities in accordance with the number 1 of article 20 of the Portuguese Securities Market Code neither having identified relevant transactions that complied with that criteria nor identified any conflict of interests.

The Statutory Audit Board complied with CMVM's Recommendations II.2.1, II.2.2, II.2.3, II.2.4 and II.2.5, regarding Corporate Governance. Being all members of the Statutory Audit Board independent considering the legal criteria and professionally able to perform its duties, the Statutory Audit Board exercised its competences and its relations with the other statutory bodies and Company's services in accordance with the principles and conduct recommended in the referred Recommendations.

The Statutory Audit Board reviewed the Corporate Governance Report, enclosed to the Report of the Board of Directors, in accordance with nr. 5 of article 420º of Commercial Companies Code, having verified that the it includes the elements referred to in article 245º-A of the Portuguese Securities Market Code.

Still, in the fulfilment of its duties, the Statutory Audit Board reviewed the Report of the Board of Directors, including the Corporate Governance Report, and remaining individual and consolidated documents of accounts prepared by the Board of Directors, concluding that these information was prepared in accordance with the applicable legislation and that it is appropriate to the understanding of the financial position, results of the Company and the consolidation perimeter and has reviewed the Statutory Audit and Auditors' Report issued by the Statutory Auditor and agreed with its content.

2 - Opinion

Considering the above, in the opinion of the Statutory Audit Board, that all the necessary conditions are fulfilled in order for the Shareholders' General Meeting to approve:

- a) The Report of the Board of Directors;
- b) The consolidated and individual statements of financial position, profit and loss by natures, comprehensive income, changes in equity and of cash flows and related notes for the year ended 31 December 2015;
- c) The proposal of net profit appropriation presented by the Board of Directors.

3 – Responsibility Statement

In accordance with paragraph a), number 1 of article 8º of the Regulation of CMVM nr. 5/2008 and with the terms defined in paragraph c) nº 1 of the article 245º of the Portuguese Securities Market Code, the members of the Statutory Audit Board declare that, to their knowledge, the information contained individual and consolidated financial statements were prepared in accordance with applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and the results of the Sonae, S.G.P.S., S.A. and companies included in the consolidation. Also it is their understanding that the Board of Directors Report faithfully describes the business evolution, performance and financial position of Sonae, S.G.P.S., S.A. and of the companies included in the consolidation perimeter and contains a description of the major risks and uncertainties that they face. It is also declared that the Corporate Governance Report complies with article 245º A of the Portuguese Securities Market Code.

Maia, 28 March 2016

The Statutory Audit Board

Daniel Bessa Fernandes Coelho

Manuel Heleno Sismeiro

Maria José Martins Lourenço da Fonseca



Sonae Financial Report '15

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Design

Graficalismo

Sonae is listed in the Euronext Stock Exchange.

Information may be accessed on Reuters under the symbol SONP.IN and on Bloomberg under the symbol SONPL.

This report is available on Sonae's institutional website:

www.sonae.pt