

(Translation from the Portuguese original)

**SONAE INDÚSTRIA, SGPS, SA**

**TERMS OF REFERENCE OF THE BOARD AUDIT AND FINANCE COMMITTEE**

**9 May 2018**

- I. The **Board Audit and Finance Committee (BAFC)**, is composed of members appointed by and from among the members of the Board of Directors.
- II. The **BAFC** has the following specialised competencies and the following working procedures:
  - a) the BAFC has no independent or assigned powers unless and to the extent explicitly assigned by these terms of reference or by the Board;
  - b) the BAFC reviews the Company's annual, interim and similar financial statements to be disclosed and reports its findings to the Board, before these documents are approved and signed by the Board. The BAFC also advises the Board on their reports to shareholders and financial markets to be included in the Company's Half-year and Annual Accounts and in the Quarterly Earnings Announcements;
  - c) the BAFC advises the Board on the adequacy and appropriateness of internal information provided by the Managing Directors, including systems and standards on internal business controls applied by the Company;
  - d) the BAFC advises the Statutory Audit Board, on behalf of the Board, on the appointment of, the assignments to and the remuneration of the External Auditor;
  - e) the BAFC advises the Board on the quality and independence of the Internal Audit Function;
  - f) the BAFC reviews the scope of the Internal Audit Function and its relation to the scope of the External Auditor. The BAFC discusses with the External Auditor and Internal Audit Manager their intermediate and year-end reports and reports on internal control and advises the Board thereon;
  - g) in performing its duties and assignment the BAFC devotes special attention to:
    - The system of internal controls, business controls and risk management, operated by management, and the Board's responsibility to review these areas
    - Any changes in accounting policies and practices
    - Significant adjustments resulting from the audit
    - The going concern assumption
    - Development of relevant financial ratios and changes in the Company's formal or

informal ratings, including reports from rating agencies

- Compliance with accounting standards
  - Compliance with statutory and legal requirements and regulations in particular in the financial and corporate domains
  - Significant financial exposures in the area of treasury (such as currency risks, interest rate risks and derivatives)
  - Major judgmental areas
  - Fraud and defalcation
  - Developments in the Company's corporate governance
  - Material transactions with related parties, including any transaction that could involve significant transfer pricing risk;
- h) the Chairman of the BAFC shall be appointed by the Board from amongst its Independent Non-Executive members;
- i) The Board will appoint the secretary to the BAFC, who, in coordination with the CFO, will circulate agendas and papers required to the members of the BAFC;
- j) the Committee will meet at least five times a year: before the publication of the annual, half-year and quarterly results, and also before the final approval of the annual budget. Other meetings may be called by the Chairman of the BAFC, the Board or the Managing Directors. The External Auditor may, under special circumstances, request a meeting of the BAFC to be held without the Managing Directors being present, and, if the External Auditor believes an issue should be raised, they will be heard by BAFC;
- k) the BAFC may invite the External and Internal Auditor to attend its meetings and will meet each of them separately, at least twice a year;
- l) The CFO will attend the meetings of the BAFC, unless the BAFC, on an ad hoc basis, decides otherwise;
- m) the tax and legal functions may be asked to report areas of risk to the BAFC, normally once a year;
- n) the BAFC is authorised by the Board to exercise all powers of the Board needed to discharge itself of its assignment and may consequently inspect all relevant corporate records, interview all officers and employees of the Company or Group in so far as necessary to fulfil its assignment;
- o) the BAFC may, after having informed the Chairman of the Board, take advice from external experts at the expenses of the Company. Such experts will be held to absolute secrecy on the topics upon which they opine;
- p) the BAFC will carry out self-assessments as part of the periodical self-assessments made by

the Board (including requesting feedback from other Board members) and, at the same time, will propose any changes required to these terms of reference;

q) minutes of BAFC meetings will be prepared and circulated to all Board members;