

*(Translation from the Portuguese original)*

The Chairman of the Board of the  
Shareholders' General Meeting of  
Sonae - SGPS, SA  
Lugar do Espido, Via Norte  
4471-909 Maia

Item number 4

#### PROPOSAL

The Shareholders' Remuneration Committee proposes to the Shareholders' General Meeting the approval, under the terms and for the purpose of paragraph 1 of Article 2 of the Law no. 28/2009, of 19<sup>th</sup> June, the present Statement on Remuneration and Compensation Policy to be applied to the Company's Statutory Governing Bodies and to other Persons Discharging Managerial Responsibilities ("Dirigentes"), as set out below:

##### 1.Principles of the Remuneration and Compensation Policy of the Statutory Governing Bodies

The Remuneration and Compensation Policy of the Statutory Governing Bodies and of other Persons Discharging Managerial Responsibilities ("Dirigentes") adheres to European Community guidelines, to Portuguese national law and to the recommendations of the Portuguese Securities Market Commission (CMVM) (namely the ones from section - III. Remuneration – of the CMVM Corporate Governance Code (2013)), and is based on the principle that initiative, competence and commitment are the essential pillars of a good performance which must be aligned with the medium and long term interests of the Company in order to achieve sustainability, being underpinned by the following principles:

##### **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 businesses. 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 namely consider, alongside other factors, the profile and the background of the member, the nature and the description of the role and the competences of the Statutory Governing Body and of the member itself, as well as the degree of direct correlation between the individual performance and the business performance.

For the assessment of the market practice reference values, it is considered the average compensation for Europe's top tier executives, and the companies that make up the pool of comparable companies are those with securities traded at Euronext Lisbon regulated market. Hence, the potential maximum amounts of remuneration to be paid to the members of the statutory governing bodies are as follows, by reference to the market:

Board of Directors	Components		Market Positioning	Circumstances determining the award
Executive Directors	Fixed	Base Salary	Median	N/A
	Bonus	Short Term Performance Bonus	Third quartile	Upon the fulfilment of quantified and unquantified KPIs
		Medium Term Performance Bonus	Third quartile	Upon the fulfilment of quantified and unquantified KPIs
Non-Executive Directors	Fixed	Salary	Median	N/A
Statutory Audit Board	Fixed	Salary	Median	N/A
Statutory External Auditor	Fixed	Salary	Median	N/A

#### **Oriented 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 pre-defined 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 shareholders' interests**

Part of the variable bonus of the executive directors is deferred for a period of 3 years, 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 internally 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, and the talent retention need.

The Company's Remuneration and Compensation Policy incorporates the principle of not contemplating any compensation to the members of the Board of Directors or to the members of other Statutory Governing Bodies, related with the termination of a mandate, whether such termination occurs at the end of the respective mandate or there is an early termination for any reason or on any basis, without prejudice of the Company's obligation to comply with the applicable law.

The Remuneration and Compensation Policy does not include any system of benefits, particularly retirement benefits, in favour of the members of the Statutory Governing Bodies or other Persons Discharging Managerial Responsibilities.

In applying the Remuneration Policy consideration is given to roles and responsibilities performed in affiliated companies.

To ensure the effectiveness and transparency of the principles of the Remuneration and Compensation Policy, the Executive Directors:

- shall not enter into agreements with the Company or third parties that have the effect of mitigating the risk inherent to the variability of their remuneration awarded by the Company;
- shall not sell, during the mandate beginning in the 2015 financial year, Company shares that were attributed to them, under the Medium Term Performance Bonus Plan, up to a limit of two times the value of their total annual remuneration, with the exception of those any such shares that may be required to be sold in order to pay taxes on the respective gains.

2. To implement the principles set out above, the remuneration and compensation of the members of the Statutory Governing Bodies and persons discharging managerial responsibilities shall respect the following rules:

#### Executive Directors (EDs)

The remuneration and compensation policy for the Executive Directors includes, in the way it is structured, control mechanisms, taking into account the connection to personal and collective performance, to prevent behaviour that involves excessive risk-taking. This objective is also reinforced by the fact that each Key Performance Indicator (KPI) is limited to a maximum value.

The remuneration of Executive Directors normally includes two components: (i) a fixed component, which includes a Base Remuneration and an annual Responsibility Allowance, determined by reference to each financial year, (ii) a variable component, awarded in the first half of the year following the year to which it relates and subject to the accomplishment of the objectives fixed for the previous year. The variable component is divided into two parts (a) a Short Term Performance Bonus which is paid immediately after it is awarded, and (b) a Medium Term Performance Bonus, which is paid after a 3 year deferral period, considering that the exposure of EDs to fluctuations in the share price is the most appropriate way to align the interests of Executive Directors with those of the shareholders.

- (i) The fixed remuneration of an Executive Director is based on the personal competences and level of responsibility of the function exercised by each Executive Director and is reviewed annually. Each Executive Director is attributed a classification named internally as a Management Level ("Grupo Funcional"). Executive Directors are classified under one of the following Management Levels: "Group Leader", "Group Senior Executive", or "Senior Executive". The various

Management Levels are structured according to Hay's international model for the classification of corporate functions, thereby facilitating market comparisons, as well as helping to promote internal equity.

(ii) The variable bonus is designed to orientate and reward the Executive Directors for the achievement of predetermined targets and objectives, which are based on indicators of Company performance, of working teams under their responsibility and of their own personal performance, and attributed after the financial year is closed and the performance evaluation has been made. Variable bonus is awarded on the basis of the fulfilment of collective, departmental and individual KPIs. Approximately 70% of its value is determined by business, economic and financial KPIs. These are quantified indicators, which are divided into collective and departmental KPIs. The collective KPIs consist of economic and financial indicators based on the budget, linked to the performance of each business unit, as well as to the consolidated performance of the Company. The departmental KPIs have a functional or business unit nature, with a similar linkage to collective KPIs, but are directly influenced by the performance of the ED. The remaining 30% are determined by the achievement of personal KPIs, which may combine quantified and unquantified indicators. As the amount of the award is subject to the accomplishment of objectives, there is no guarantee that any payment will be made. To determine the variable component of the remuneration an individual evaluation of the performance is carried out by the Shareholders' Remuneration Committee in coordination with the Nomination and Remuneration Commission of the Board of Directors. This assessment takes place after the results of the Company are known.

(a) The Short Term Performance Bonus ("STPB")

This bonus corresponds to the maximum of 50% of the total value of the variable bonus. This bonus is 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.

(b) The Medium Term Performance Bonus ("MTPB")

This bonus is designed to enhance the connection of the executive directors with the Company, aligning their interests with the interests of shareholders, and increasing their awareness of the importance of their performance on the overall success of the organisation. The value awarded corresponds to at least 50% of the total value of the variable bonus.

The MTPB extends for a 4 year period, including the attribution year and the 3 year deferral period. The value awarded in euros shall be divided by the average of the closing share prices to determine the number of shares it amounts to. The amount initially converted into shares is adjusted for any changes to the share capital that occurred or any dividends distributed (using Total Shareholder Return methodology) during the 3 year deferral period. During this 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.

On the vesting date, the corresponding shares are delivered free of cost, although the Company reserves the right to pay the equivalent market value in cash.

Taking the two variable components together, the target values set in advance range between 30% and 60% of the total annual remuneration (fixed remuneration and target variable bonus).

At the time of working out actual results achieved, the value of each bonus to be awarded is limited to the minimum 0% and the maximum of 140% of the target value set in advance.

The value of the variable component attributed in the total amount of annual remuneration depends on two factors: (i) the objective amount of the variable component; (ii) the level of objectives achievement. The combine of these two factors could give rise to a real weight of the variable bonus attributed over the total amount of annual remuneration that varies between 0% and 68%, as it results from the illustrative schedule above:

Balancing of the Variable Bonus Attributed on the basis of Annual Amount of Remuneration Attributed\*

Global KPI achieved	Variable Objective Bonus / Objective Annual Amount of Remuneration**		
	33%	50%	60%
0%	0%	0%	0%
50%	20%	33%	43%
70%	26%	41%	51%
100%	33%	50%	60%
140%	41%	58%	68%

\* Fixed Remuneration plus variable bonus attributed

\*\* Fixed Remuneration plus variable objective bonus

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.

#### Non-Executive Directors (NED's)

The remuneration of the Non-Executive Directors (NEDs) is based on market comparable, and structured as follows: (1) a Fixed Remuneration; (2) an annual responsibility allowance. No variable bonus of any kind is paid to NEDs.

#### Statutory Audit Board ("Conselho Fiscal")

The remuneration of the members of the Company's Statutory Audit Board is based exclusively on fixed annual amounts, which include an Annual Responsibility Allowance. The levels of remuneration are determined by taking into consideration the Company's situation and by benchmarking against the market.

#### Statutory External Auditor

The Company's Statutory External Auditor is remunerated, under the supervision of the Statutory Audit Board, in accordance with normal fee levels for similar services, benchmarked against the market.

#### Board of the Shareholders' General Meeting

The remuneration of the members of the Board of the Shareholders' General Meeting shall correspond to a fixed annual amount, based on the Company's situation and benchmarked against the market.

Persons Discharging Managerial Responsibilities

Under the terms of paragraph 3 of Article 248-B of the Portuguese Securities Code, in addition to the members of the Statutory Governing Bodies mentioned above, Persons Discharging Managerial Responsibilities also include individuals who have regular access to inside information and are involved in taking management and business strategy decisions at the Company.

The remuneration policy applicable to other individuals who, under the terms of the law, are considered to be Persons Discharging Managerial Responsibilities, shall be the same as is adopted for other managers with the same level of function and responsibility, without awarding of any other additional benefits in addition to those which result from the respective Management Level.

Maia, 18<sup>th</sup> March 2016

On behalf of the Shareholders' Remuneration Committee

Artur Santos Silva

Francisco Sánchez

Carlos Moreira da Silva