

(Translation from the Portuguese original)

To 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 19th June, the present Statement on Remuneration and Compensation Policy (the 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 which is applicable to the statutory governing bodies and to other persons discharging managerial responsibilities ("Dirigentes") of the Company, adheres to the European Community guidelines, to Portuguese national law and to the recommendations of the Corporate Governance Portuguese Institute (IPCG), published in 2018, pursuant to the Protocol executed between IPCG and the Portuguese Securities Market Commission (CMVM), on 13th October 2017, which introduced a new model for self-regulation of the corporate governance recommendation framework, having repealed CMVM's Companies Corporate Governance Code (2013) and promoted the implementation of a single code, prepared by the IPCG. The IPCG shall have the role of interpreting and applying its code, as well as to qualitatively assess the governance structures and practices of listed companies, on an annual basis.

The Policy, which is based on the principle that initiative, competency and commitment are the essential pillars of good performance which must be aligned with the medium and long-term interests of the Company in order to achieve sustainability, is 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 potential and 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 the practices of peer companies, based on information which is furnished by the main surveys performed for Portugal and other European markets, in particular those prepared by Mercer and Korn Ferry.

Accordingly, the remuneration parameters for members of the statutory governing bodies are determined and periodically revised in line with the remuneration practices of comparable national and international companies, with the aim of aligning with market practice the maximum amount of potential remuneration, both individually as well as in aggregate 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 take into account, 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 of the member himself, as well as the degree of direct correlation between their individual performance and business performance.

For the assessment of the market practice reference values, the median compensation for Europe's top tier executives' is the point of reference for fixed remuneration and the third quartile for variable remuneration.

Additionally, consideration is given to the compensation practice of the peer companies, for remuneration purposes, which

are present on the Euronext Lisbon regulated market.

Board of Directors	Components		Market positioning	Circumstances determining the award
Executive Board Members	Fixed	<i>Base Salary</i>	<i>Median</i>	<i>N/A</i>
	Bonus	<i>Short Term Performance Bonus</i>	<i>Third quartile</i>	<i>Upon the fulfilment of quantified and unquantified short term KPIs</i>
		<i>Medium Term Performance Bonus</i>	<i>Third quartile</i>	<i>Upon the fulfilment of quantified and unquantified medium term KPIs</i>
Non-Executive Board Members	Fixed	<i>Salary</i>	<i>Median</i>	<i>N/A</i>
Statutory Audit Board	Fixed	<i>Salary</i>	<i>Median</i>	<i>N/A</i>
Statutory External Auditor	Fixed	<i>Salary</i>	<i>Median</i>	<i>N/A</i>
Board of the Shareholders' General Meeting	Fixed	<i>Salary</i>	<i>Median</i>	<i>N/A</i>

Oriented for Performance

The Policy establishes the attribution of an incentive bonus, which is linked to the level of success of the Company. This variable component of remuneration is structured in a way to establish a connection between the bonus attributed and the level of performance both individual and collective. In the case that the pre-defined objectives, measured by business and individual KPIs, are not accomplished, the amount of short and medium incentive bonus, will be partially or even totally reduced.

Alignment with Shareholder Interests

A part of the variable incentive bonus of the Executive Board Members is deferred for a period of 3 years, and its value is impacted by the following factors, over the deferral period: i) the evolution of the share price; ii) a correction factor to compensate for any dividends distributed; iii) the level of achievement of the medium-term performance targets. As a result, an alignment between the Executive Board Member and shareholder interests is ensured, as well as alignment with medium term performance, which is linked to the sustainability of the business.

Transparency

Every aspect of the remuneration policy structure is clear and extensively reported, both internally and externally, by posting documentation on the Company's website. This communication process contributes to promoting equity and independence.

Reasonableness

The Policy is designed to ensure a balance between Sonae's interests, its market position, the expectations and motivation of the members of the statutory governing bodies, and need to retain talent.

The Company's Remuneration and Compensation Policy incorporates the principle of not contemplating any compensation to Board Members or to the members of other statutory governing bodies, related to the termination of a mandate, irrespective of such termination occurring at the end of the respective mandate or at an earlier stage, and of reason or cause, without prejudice to the Company's obligation to comply with the applicable law in this matter.

The Remuneration and Compensation Policy does not include any system of additional benefits, particularly retirement benefits, in favour of the members of the management and audit 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, Executive Board Members shall not enter into agreements with the Company or third parties that have the effect of mitigating the inherent risk to the variability of their remuneration awarded by the Company.

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 Board Members (Executive Directors or EDs)

The remuneration and compensation policy for Executive Directors includes, in the way it is structured, control mechanisms, taking into account the connection to individual 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 has, as a matter of principle, two components: (i) **a fixed component**, which includes a Base Remuneration and an annual Responsibility Allowance, and is determined by reference to each financial year, (ii) **a variable bonus**, awarded in the first half of the year following the year to which it is concerned and which is subject to the accomplishment of the targets fixed for the previous year. The variable component is divided into two parts: (a) a **Short Term Performance Bonus** (STPB) which is paid immediately after it is awarded, and (b) a **Medium Term Performance Bonus** (MTPB), which vests and is paid out after a 3 year deferral period, considering that the exposure of Executive Directors 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 competencies and level of responsibility of the function performed 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 Korn Ferry'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 performance indicators of Company and on their own individual performance. It is attributed after the financial year is closed and the performance evaluation has been made. The variable bonus is composed of:

- The Short Term Performance Bonus

This bonus corresponds to a 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; and,

- The Medium Term Performance Bonus

This bonus is designed to enhance the sense of connection between Executive Directors and 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 MTPB value awarded corresponds to at least 50% of

the total value of the variable bonus for each performance year.

a) Criteria of Attribution and Measurement

The short term bonus is awarded based on the fulfilment of target collective and individual KPIs. Approximately 70% of its value is determined by business, economic and financial KPIs, namely turnover, direct results and social and strategic KPIs including social and environmental sustainability.

The remaining 30% are determined by the achievement of individual KPIs, which may combine quantitative and qualitative indicators. 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 Board Remuneration Committee. This assessment takes place after the annual results of the Company are known.

b) Variable Bonus Limitation Mechanisms

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

At the time of determining the 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 weight of the variable component attributed over the total amount of annual remuneration depends on two factors: (i) the weight of the amount of the variable component using target values; and (ii) the level of achievement of the set targets. The combination of these two factors could give rise to a real weight of the variable component attributed over the total amount of annual remuneration that varies between 0% and 68%, as set out in the table below:

Global KPI achieved	Target Variable Bonus / Target Annual Total 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 target variable bonus

As the amount of the award is subject to the accomplishment of targets, there is no guarantee that any payment will be made.

c) Remuneration Mechanisms Based on the Allocation of Shares of the Company and on the Variable Remuneration Payment Deferral

The MTPB remains open for a 4 year period, including the performance year and the 3 year deferral period that follows attribution. The value of the MTPB awarded in euros is divided by the average share price calculated at the attribution date to determine the number of shares entering the MTPB. The initial number of shares is adjusted for any changes during the 3 year deferral period to the share capital or for any dividends distributed (following Total Shareholder Return methodology). During the deferral period, the value of MTPB, converted in shares, is also adjusted to match the level of success in achieving the agreed target medium term KPI, which is designed to ensure the continued alignment with medium term business sustainability objectives. This KPI is based on the target Return on Invested Capital (RoIC), using a predefined target.

In line with the policy for enhancing the alignment of Executive Directors with the Company's medium term interests, the Shareholders' Remuneration Committee may, in its absolute discretion, vary the discount percentage to be granted to the Executive Directors on the acquisition of Company's shares, by resolving that Executive Directors contribute to share acquisition in an amount corresponding, at maximum, to 5% of the share price at the transfer date.

At the vesting date, the Company reserves the right to pay the equivalent of the market value of the shares in cash, in alternative to delivering shares.

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 (NEDs)

The remuneration of the Non-Executive Director is based on market comparisons 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, and by benchmarking 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 amount, based on the Company's situation and by benchmarking against the market.

Persons Discharging Managerial Responsibilities (Dirigentes)

Under the terms of subparagraph 25 of paragraph 1 of article 3 of (EU) Regulation no. 596/2014, of the European Parliament and of the Council, of 16th April 2014, and 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 relating directly or indirectly related to that entity and the power to take strategic managerial decisions affecting the future developments and business prospects of that entity.

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

3. In Relation to the 2019 Financial Year, and in Order to Comply with IPGC's Code Recommendation V.2.3, it is hereby additionally disclosed:

3.1 The remuneration attributed by the Company to the members of the Board of Directors of the Company was:

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Individual Details EXECUTIVE DIRECTORS	2018*				2019*			
	Fixed Remuneration	STPB	MTPB	TOTAL	Fixed Remuneration	STPB	MTPB	TOTAL
Maria Cláudia Teixeira de Azevedo (2) (4)	-	-	-	-	283,800	215,900	215,900	715,600
João Pedro Magalhães da Silva Torres Dolores (4)	-	-	-	-	170,800	94,700	94,700	360,200
Duarte Paulo Teixeira de Azevedo (1) (5)	240,300	209,800	209,800	659,900	68,000	70,400	70,400	208,800
Ángelo Gabriel Ribeirinho dos Santos Paupério (2) (5)	275,300	224,600	224,600	724,500	78,000	75,300	75,300	228,600
Sub-total	515,600	434,400	434,400	1,384,400	600,600	456,300	456,300	1,513,200
NON-EXECUTIVE DIRECTORS								
Duarte Paulo Teixeira de Azevedo (1) (5)	-	-	-	-	214,300	-	-	214,300
Ángelo Gabriel Ribeirinho dos Santos Paupério (2) (5)	-	-	-	-	95,036	-	-	95,036
José Manuel Neves Adelino	66,900	-	-	66,900	69,767	-	-	69,767
Margaret Lorraine Trainer	54,500	-	-	54,500	59,233	-	-	59,233
Marcelo Faria de Lima	51,400	-	-	51,400	52,267	-	-	52,267
Carlos António Rocha Moreira da Silva (6)	-	-	-	-	36,100	-	-	36,100
Fuencisla Clemares (6)	-	-	-	-	35,967	-	-	35,967
Philippe Cyriel Elodie Haspeslagh (6)	-	-	-	-	37,667	-	-	37,667
Andrew Eustace Clavering Campbell (7)	46,500	-	-	46,500	14,600	-	-	14,600
Christine Cross (7)	48,500	-	-	48,500	15,267	-	-	15,267
Tsega Gebreyes (7)	46,500	-	-	46,500	14,600	-	-	14,600
Dag Johan Skattum (3)	18,750	-	-	18,750	0	-	-	0
Sub-Total	333,050	-	-	333,050	644,803	-	-	644,803
TOTAL	848,650	434,400	434,400	1,717,450	1,245,403	456,300	456,300	2,158,003

*Amounts in euros.

- (1) Remuneration packages for 2018 and 2019 were reduced proportionally to reflect planned time commitment to Sonae during the respective years.
- (2) Also received remuneration from subsidiaries of the Company, as reported in section 78.
- (3) Ceased his role as board member as announced to the market in June 2018, having been remunerated until the 31st May 2018.
- (4) Member exercising an executive role at the Board of Directors since 8th May 2019.
- (5) Member exercising a non-executive role at the Board of Directors since 8th May 2019.
- (6) Member of the Board of Directors elected at the Shareholders' Annual General Meeting held on 30th April 2019.
- (7) Member who ceased to be a member of the Board of Directors following the beginning of the exercise of the functions of the new Board members elected at the Shareholders' Annual General Meeting held on 30th April 2019.

In the attribution of total remuneration for 2019, the Company's Shareholders Remuneration Committee applied, in a regular and routine way, the principles and terms of the Remuneration and Compensation Policy of the Statutory Governing Bodies and Persons Discharging Managerial Responsibilities as approved at the Shareholders' General Meeting held on 30 April 2019, as set out below (and given that the content of the present proposal in most significant aspects constitutes a renewal of such principles and rules, for the ease of reading reference is hereby made to the relevant sections of this proposal):

- a) The fixed remuneration is aligned with the median of market values applicable to the fixed remuneration, as per paragraph a) of point (ii) of section 2 above;
- b) The Non-Executive Directors did not receive any variable remuneration, in compliance with the practice set out in section 2 above;
- c) The short term performance bonus awards correspond to each Executive Director's performance as set out in paragraph a) of point (ii) of section 2 above, based on the degree of accomplishment of the individual and collective target KPIs as well as the weight of the target value of the variable component, according to the table included in paragraph b) of point (ii) of the same section 2. When ascertaining the KPIs degree of accomplishment, in relation to each of the Executive Directors, account was taken of the economic and financial indicators, assessing the sustainable development of the company and of the Group, as well as quantitative and qualitative indicators that, for the reference period, assess the level of fulfilment of the duties and responsibilities individually undertaken by each executive director (individual KPIs);
- d) The medium term performance bonus was attributed according to the terms set out in paragraph c) of point (ii) of section 2 above, allowing for the impact of the share price evolution on the number of shares representing the conversion of the attributed value in 2016 (without prejudice to subsequent adjustments made as a result of the achievement of medium

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term KPI, capital or dividends), as 3 years have passed since the attribution year, thereby ensuring the alignment of the interest of Executive Directors with the Company's medium and long term sustainable interest;

- e) No agreements were executed with the object of attributing loss of office based compensation to Board Members, or that establish the possibility of restitution of the variable remuneration component, without prejudice to the Company's obligation to comply with the applicable legal provisions in this matter.

3.2 Remuneration of the members of the Board of Directors received from the Company's subsidiaries was:

Individual Detail	2018*				2019*			
	Fixed Remuneration	STPB	MTPB	TOTAL	Fixed Remuneration	STPB	MTPB	TOTAL
EXECUTIVE DIRECTORS								
Maria Cláudia Teixeira de Azevedo	-	-	-	-	96,667	0	0	96,667
João Pedro Magalhães da Silva Torres Dolores	-	-	-	-	30,000	0	0	30,000
Ângelo Gabriel Ribeirinho dos Santos Paupério	183,900	145,600	145,600	475,100	98,667	45,500	45,000	189,667
Sub-total	183,900	145,600	145,600	475,100	225,334	45,500	45,000	316,334
NON-EXECUTIVE DIRECTORS								
Ângelo Gabriel Ribeirinho dos Santos Paupério	-	-	-	-	158,567	90,900	90,900	340,367
Sub-Total	-	-	-	-	158,567	90,900	90,900	340,367
TOTAL	183,900	145,600	145,600	475,100	383,901	136,400	136,400	656,701

*Amounts in euros.

3.3 The MTPB plans of the Company's Executive Board Members during 2019 can be summarised as follows:

	Total		
	Aggregated number of plans	Number of Shares	Euros
Outstanding at 31.12.2018:	6	1,319,866	1,069,091
Movements in the year:	6	676,106	747,244
Awarded	2	456,302	434,400
Vested	-2	-353,240	-333,282
Cancelled/Lapsed/Adjustments (1)	0	-26,967	49,716
Transfers in from other companies (2)	6	600,011	596,410
Outstanding at 31.12.2019:	12	1,995,972	1,816,335

(1) Changes in the number of shares due to dividends paid and to the effects of the Medium Term KPIs. Changes to the values are for the same reason, as well as from the effect of changes in the Sonae Share price.

(2) Open Plans transferred from other Group companies on 30th April 2019.

The present chart does not include information regarding share plans that may be attributed to the directors of Sonaecom and Sonae Sierra.

**SHAREHOLDERS' REMUNERATION COMMITTEE
OF SONAE - SGPS, S.A.**



Maia, 20th March 2020

On behalf of the Shareholders' Remuneration Committee,

Artur Santos Silva

Francisco Sánchez

Ramon O'Callaghan