

To the Chairman of the Board of the Shareholder's
General Meeting of Sonae Capital, SGPS, S.A.
Lugar do Espido, Via Norte
4471-907 Maia

(Translation from the Portuguese Original)

Item 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 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 Statutory Governing Bodies and Key Management Staff

The Remuneration and Compensation Policy applicable to the statutory governing bodies and to other persons discharging managerial responsibilities ("Dirigentes") of the Company, adheres to 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2017, which introduced a new model for self-regulation of the corporate governance recommendation framework, having repealed CMVM's Companies Corporate Governance Code (2013) and promoted the implementation of a sole code, prepared by the IPCG, who shall have the role to interpret and apply it, as well as to qualitatively annually assess the governance structures and practices of the listed companies.

The Policy is based on the principle that initiative, competency 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

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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 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 national and internationally comparable companies, with the aim of aligning with market practice the potential maximum amount of 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 namely consider, 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 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 median compensation for Europe's top tier executives' fixed remuneration and the third quartile for variable remuneration.

The companies that make up the pool of comparable companies are those with securities traded at Euronext Lisbon regulated market.

Board of Directors	Wage elements		Positioning in the market	Circumstances in which amounts are due
Executive Directors	Fixed	Base salary	Average	N/A
	Variable	Short-term variable bonus (STVB)	Third quartile	Achievement of objective and subjective KPI's
		Medium-term variable bonus (MTVB)	Third Quartile	Achievement of objective and subjective KPI's
Non-executive Directors	Fixed	Salary	Average	N/A
Statutory Audit Board	Fixed	Salary	Average	N/A
Statutory External Auditor	Fixed	Salary	Average	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 case the pre-defined objectives, measured by business and individual KPIs, are not accomplished, will be totally or partially reduced.

Alignment with 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 deferral period. This way, it is ensured an alignment of the director with shareholder's interests and with medium term performance, looking at 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 independence.

Reasonability

The Policy intends to ensure a balance between Company interests, market position, the members of the governing bodies' expectations and motivations, and talent retention.

The Company's Remuneration and Compensation Policy incorporates the principle of not contemplating any compensation to directors 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 early 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 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, 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.

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

The remuneration and compensation policy for 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 has, as a matter of principle, 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 bonus**, 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 (STPB)** which is paid immediately after it is awarded, and (b)



a **Medium Term Performance Bonus** (MTPB), which is paid 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 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. The variable bonus is composed of:

- The Short Term Performance Bonus
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; 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 on the basis of the fulfilment of collective, departmental and individual KPIs. Collective business KPIs consist of economic and financial indicators defined based on the budget, on the performance of each business unit, as well as the Company's consolidated performance. In turn, departmental business KPIs have similar nature to those previous, and make a specific contribution to the administrator on the performance of the areas of his direct responsibility. Individual KPIs include objective and subjective indicators and are intended to assess the fulfilment of the duties and commitments individually assumed by the Executive Director. 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.

b) **Variable bonus limitation mechanisms**

Taking into account the two variable components, 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 determining the 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 weigh of the variable component attributed in relation to the total amount of annual remuneration depends on two factors: (i) the objective amount of the variable component; and (ii) the level of achievement of the set objectives. The combination 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 below:

Weigh of the Variable Bonus Attributed on the basis of the Annual Amount of Remuneration Attributed*

Global KPI achieved	Objective variable bonus/Objective 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 variable bonus attributed

** Fixed remuneration plus objective variable bonus

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

c) 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 (Total Shareholder Return). During the deferral period, the value of MTPB, converted in shares.

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, graduate the discount percentage to be granted to the Executive Directors for the acquisition of Company's shares, by resolving that Executive Directors contribute to share acquisition 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. 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

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

Fiscal Board

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 amount, based on the Company's situation and benchmarked 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, is considered managers:

- a) members of the administrative, management or supervisory bodies of the company, or;
- b) a high level official who, not being a member of the bodies mentioned in item a), has regular access to inside information relating, directly or indirectly, to the Company and the power to make management decisions that affect future developments and commercial prospects of 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.

3. Regarding the 2019 financial exercise, 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:

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Name	Fixed Remuneration	Short Term Variable Remuneration ¹	Deferred Performance Bonus ²	Total	Fixed/Variable Remuneration Ratio
Amounts in euros					
Duarte Paulo Teixeira de Azevedo	142.300	0	0	142.300	[100%, 0%]
Álvaro Carmona e Costa Portela	79.300	0	0	79.300	[100%, 0%]
Maria Cláudia Teixeira Azevedo	37.300	0	0	37.300	[100%, 0%]
Francisco de La Fuente Sánchez	37.300	0	0	37.300	[100%, 0%]
Paulo José Jubilado Soares de Pinho	37.300	0	0	37.300	[100%, 0%]
Isabel Maria Pereira Aníbal Vaz	26.233	0	0	26.233	[100%, 0%]
Ângelo Gabriel Ribeirinho dos Santos Paupério	0	0	0	0	[100%, 0%]
Sub-total	359.733	0	0	359.733	-
Miguel Jorge Moreira da Cruz Gil Mata	168.178	81.550	81.550	331.278	[51%, 49%]
Ivone Maria Pinho Teixeira da Silva	150.271	66.800	66.800	283.871	[53%, 47%]
Pedro Manuel Martins Bruno	128.044	49.900	49.900	227.844	[56%, 44%]
Sub-total	446.493	198.250	198.250	842.993	-
Total	806.226	198.250	198.250	1.202.726	-

1. Amounts paid in 2020, corresponding to the performance of 2019.

2. Amounts corresponding to the performance of 2019.

In the attribution of total remuneration, the Company's Shareholders Remuneration Committee applied, in a regular and ordinary way, the principles and rules 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 29th April 2019, as below detailed (and considering that the content of the present proposal constitutes a renewal of such principles and rules, for the ease of reading reference is hereby made to the relevant sections of this proposal):

- The fixed remuneration considers the median of market values applicable to the fixed remuneration, as per paragraph a) of point (ii) of section 2 above;
- The non-executive directors did not receive any variable remuneration, in compliance with the set forth in section 2 above;
- The short term performance bonus corresponds to the executive director's performance as per paragraph a) of point (ii) of section 2 above, having been considered the degree of accomplishment of the individual and collective KPIs (departmental and business) as well as the weight of the objective value of the variable component, according to the table included in paragraph b) of point (ii) of the same section 2, and attributed the corresponding short term bonus. When weighing the KPIs degree of accomplishment, in relation to each of the executive directors, it was respectively considered economic and financial indicators assessing the sustainable development of the company and of the Group, defined according to budget, performance of each business unit and the Company's consolidated performance (collective KPIs), as well each director's specific contribution to business performance (departmental KPIs); and objective and subject indicators that, for the reference period, assessed the level of fulfilment of the duties and responsibilities individually

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undertaken by each executive director (individual KPIs);

- d) The medium term performance bonus was attributed according to the set forth in paragraph c) of point (ii) of section 2 above, in light of share price evolution of the number of shares representing the conversion of the amount allocated in 2016 (without prejudice to subsequent adjustments due to changes concerning distribution 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 compensations to directors, or that establish the possibility of restitution of the variable component, without prejudice to the Company's obligation to comply with the applicable legal provisions in this matter.

3.2. Remuneration to the members of the Board Directors by subsidiaries of the Company:

No remuneration was attributed to the members of the Board of Directors by the Company Subsidiaries.

3.3 Summary of the MTPB Plans of the Company's Executive Board Directors

Director	Plan (Performance Year)	Award Date	Vesting Date	Amount Vested and Paid off in 2019	Share Price at Award Date	# Attributed Shares	Plans value at award date	Open Plans Value
(31.12.19)								
Miguel Jorge Moreira da Cruz Gil Mata	2015	Mar/16	Mar/19	98.928				
	2016	Mar/17	Mar/20		0,827	96.167	61.500	72.414
	2017	Mar/18	Mar/21		0,961	73.488	60.700	55.336
	2018	Mar/19	Mar/22		0,8902	81.790	66.728	61.588
Ivone Maria Pinho Teixeira da Silva	2015	Mar/16	Mar/19	108.623				
	2016	Mar/17	Mar/20		0,827	96.167	61.500	72.414
	2017	Mar/18	Mar/21		0,961	76.153	62.900	57.343
	2018	Mar/19	Mar/22		0,8902	75.039	61.221	56.504
Pedro Manuel Martins Bruno (*)	2015	Mar/16	Mar/19	43.618				
	2016	Mar/17	Mar/20		0,797	30.321	22.148	22.832
	2017	Mar/18	Mar/21		0,797	31.599	23.878	23.794
	2018	Mar/19	Mar/22		0,797	66.849	54.539	50.337

(*) Assignment of contractual position, using the quotation of 30 November 2018 for conversion of Sonae shares into Sonae Capital shares.

Maia, 20 March 2020

The Remunerations Committee,

Duarte Paulo Teixeira de Azevedo

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