

Remuneration Policy

Open mind
Greater value



REMUNERATION POLICY

The Remuneration and Compensation Policy to be applied to our Statutory Governing Bodies of the Company is based upon the understanding that initiative, competence, reliability, and commitment are the essential foundations for delivering good performance.

In light of the above the aim of the Company is to assess, evaluate and measure each individual's activity, performance and contribution to our organization's success on an annual basis and then use and work such information for the decision-making process regarding the fixed and variable compensation to be attributed to each such individual.

Executive Board Members

The remuneration and compensation for the Executive Members (EDs), irrespective of them being remunerated by the Company or by a company entirely held by it, complies with the following policy, which comprehends:

- (i) a fixed component, which includes: (a) an Annual Salary (salary is paid 14 times per annum in Portugal) and (b) an Annual Responsibility Allowance;
- (ii) Short Term Variable Remuneration, which is paid during the first quarter of the following year; and
- (iii) Medium/Long Term Variable Remuneration with target values fixed in April of said year, as deferred compensation under our Medium/Long Term Incentive Plan, which shall be attributed on the third anniversary of the fixing of the target values and to be paid one year after its attribution.

In detail, the EDs compensation policy main rules may be understood as follows:

- (i) **Individual compensation packages:** are defined taking into account the level of responsibility of each ED and will be reviewed annually. Each ED is attributed a function level, internally referred to as the Management Level ("Grupo Funcional" or "GF"). EDs are classified as either "Group Senior Executive" (GF1) or "Senior Executive" (GF2). Sonae Sierra 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. The compensation packages to be awarded to EDs are benchmarked using market surveys of the compensation of Portuguese and European Top Executives, with the aim of setting fixed remuneration close to the market median and variable compensation close to the third quartile in comparable circumstances. The total compensation is in between the median and the third quartile of the market;
- (ii) **Short Term Variable Remuneration:** is aimed to reward the achievement of certain predefined annual objectives, which are linked to both "Key Performance Indicators of Business Activity" (Business KPIs) and "Personal Key Performance Indicators" (Personal KPI's). The target amounts attributed will be based on a percentage of the fixed

component, which will range between 33% and 75%, depending on the EDs' Management Level. Business KPIs, which include economic and financial indicators, will derive 70% of the Short Term Variable Remuneration and are objective indicators. The remaining 30% will derive from Personal KPI's, and are subjective indicators. Actual amounts paid will be based on the real performance (business performance and individual performance) and can represent anything from 0% to 149% of the target amount attributed;

- (iii) **Medium/Long Term Variable Remuneration:** are aimed at enhancing EDs' loyalty, aligning their interests with shareholders, and increasing their awareness of the importance of their performance on the overall success of our organization. The Medium/Long Term Incentive Plans are defined annually comprising a three years period. The target values are the same as those achieved for the Short Term Variable Remuneration of the previous year. The Medium/Long Term Variable Remuneration amount is computed according to the achievement levels of the Incentive Plan and is attributed on the third anniversary of the fixing of the target values and is then transformed into units of Net Asset Value of the Company (total Net Asset Value of the Company divided by the number of shares of the Company both as at the nearest December 31st Consolidated Balance Sheet of the date of the definition of the target values of the Medium/Long Term Variable Remuneration) and is to be paid one year after its attribution date. At the payment date these units of Net Asset Value of the Company are to be valued as at the nearest December 31st Consolidated Balance Sheet. Should dividends be distributed or the share capital be changed, during the 4 years of the vesting period, the number of units of Net Asset Value of the Company under the Plan will be adjusted to the number of units that, allowing these changes, would be equivalent to the initial number of units of Net Asset Value of the Company. At the vesting date, payment is made by delivering the value corresponding to the adjusted number of units of Net Asset Value of the Company.

Non-Executive Board Members

The Non-Executive Members of our Board of Directors shall not be remunerated.

Board of the Shareholders' General Meeting

The members of the Board of the Shareholders' General Meeting shall not be remunerated.

Statutory Audit Board ("Conselho Fiscal")

The remuneration of the members of our Statutory Audit Board shall be based exclusively on fixed annual amounts, based on normal fee levels for similar services, benchmarked against the market. This fixed remuneration includes an Annual Responsibility Allowance. No variable remuneration is due.

Statutory External Auditor

The Statutory External Auditor of the Company shall be remunerated in accordance with normal fee levels for similar services, benchmarked against the market, under the supervision of the Statutory Audit Board and the Audit and Compliance Committee.

Strategic Decision Makers (“Dirigentes”)

Strategic Decision Makers (“Dirigentes”), under the terms of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, apart from the Statutory Governing Bodies referred to above, include the responsables who have regular access to Privileged Information and are involved in taking management and business strategy decisions at the Company.

The compensation policy applicable to individuals who, under the terms of the law, are considered to be Strategic Decision Makers (“Dirigentes”), shall be the same as is adopted for other officers with the same level of functions and responsibilities, without awarding any additional benefit in addition to that which results from their respective Management Level.