

# Shareholders' Remuneration Committee of Sonae, SGPS, S.A.

*(Translation from the Portuguese original)*

The Chairman of the Board of the  
Shareholders' General Meeting of  
Sonae, SGPS, S.A.,  
Lugar do Espido,  
Via Norte,  
4470 Maia

## Agenda Item 9

### PROPOSAL

The Compensation Policy to be applied to our Statutory Governing Bodies and other senior managers classified as Strategic Decision Makers<sup>1</sup> ("Dirigentes"), which we hereby propose, is based upon the understanding that initiative, competence, reliability and commitment are the essential foundations for delivering good performance. That is why we should aim to assess and measure each individual's activity, performance and contribution to our organisation's success on an annual basis, and then use this information to decide the fixed and variable compensation to be attributed to each individual.

#### Executive Board Members

We propose that the compensation policy for the Executive Members of our Board of Directors (EDs) shall respect the following principles: (i) a fixed component, which includes an Annual Salary (salaries are paid 14 times per annum in Portugal), an Annual Responsibility Allowance and a benefits package linked to level of responsibility, (ii) a variable "Annual Performance Bonus", which is paid during the first quarter of the following year, and (iii) a "Medium Term Performance Bonus", attributable in April of the following year, as deferred compensation under

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<sup>1</sup> Senior managers who have regular access to Privileged Information, and are involved in taking Strategic Decisions.

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our Medium Term Incentive Plan, which becomes vests on the third anniversary of the attribution date.

(i) Individual compensation packages will be defined as a function of the level of responsibility of each ED and will be reviewed annually. Each ED is attributed a classification, internally referred to as a Management Level ("Grupo Funcional" or "GF"). EDs are classified as either "*Group Senior Executive*" (GF1) or "*Senior Executive*" (GF2). Sonae 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 will be 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 total compensation close to the third quartile in comparable circumstances;

(ii) The Annual Performance Bonus will be aimed at rewarding the achievement of certain pre-defined 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 ED's Management Level. Business KPIs, which include economic and financial indicators, will derive 70% of the Annual Performance Bonus and are objective indicators. The remaining 30% of the Annual Performance Bonus will derive from Personal KPI's, which include both objective and subjective indicators. Actual amounts paid will be based on the real performance (business performance and individual performance) and can represent anything from 0% to 148% of the target amount attributed;

(iii) The Medium Term Performance Bonus will be aimed at enhancing ED's loyalty, aligning their interests with shareholders, and increasing their awareness of the importance of their performance on the overall success of our organisation. The Medium Term Incentive Plans are established annually and run for periods of three years. The target amounts are the same as those established for the Annual Performance Bonus. Under the Plan, EDs can be entitled to receive free of cost, a number of shares determined by dividing the actual amount attributed by the quoted share price on the attribution date, three years after Medium Term Performance Bonus was attributed. Should dividends be distributed, the nominal value of the shares be altered or the share capital be changed, during the vesting period, the number of shares under the Plan will be adjusted to the number of shares that, allowing these changes, would be

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equivalent to the initial number of shares. At the vesting date, payment is made by delivering the adjusted number of shares free of cost, although the Company retains an option to pay an equivalent value in cash.

### Non-Executive Board Members

We propose that the remuneration of Non-Executive Members of our Board of Directors (NEDs) shall be based on market comparables, respecting the following principles: (1) a Fixed Remuneration (of which approximately 15% depends on attendance at Board, Board Audit and Finance Committee and Board Nomination and Remuneration Committee meetings); (2) an Annual Responsibility Allowance. The Fixed Remuneration can be increased by up to 6% for NEDs serving as Chairman of any Board Committee. No variable remuneration of any kind is paid.

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

We propose that the remuneration of the members of our Statutory Audit Board shall be based exclusively on fixed annual amounts, that no variable remuneration should be payable, and that the amounts should be based on normal fee levels for similar services, benchmarked against the market. This fixed remuneration includes an Annual Responsibility Allowance.

### Statutory External Auditor

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

### Board of the Shareholders' General Meeting

The remuneration of the members of the Board at the Shareholders' General Meeting shall correspond to a fixed amount, based on Sonae SGPS's financial position and benchmarked against the market.

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### Strategic Decision Makers<sup>2</sup> ("Dirigentes")

Strategic Decision Makers ("Dirigentes"), under the terms of Article 248-B Paragraph 3 of the Portuguese Securities Code ("Código de Valores Mobiliários"), in addition to the Statutory Governing Bodies mentioned above, include senior managers who have regular access to Privileged Information and are involved in taking management and business strategy decisions at the Company.

The Shareholders' Remuneration Committee proposes that the compensation policy applicable to individuals who, under the terms of the law, are considered to be Strategic Decision Makers ("Dirigentes"), excluding the Board of Directors, the Statutory Audit Board and the Statutory External Auditor, be the same as is adopted for other senior managers with the same level of functions and responsibilities, without awarding any additional benefit in addition to that which results from their respective Management Level.

We furthermore propose that the Compensation Policy hereby proposed be applied for the remainder of the current mandate of our Statutory Governing Bodies, which corresponds to the four-year period 2007-2010.

Porto, 28 March 2008

On behalf of the Shareholders' Remuneration Committee,

Belmiro Mendes de Azevedo

Artur Eduardo Brochado dos Santos Silva

Bruno Walter Lehmann

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<sup>2</sup> Senior managers who have regular access to Privileged Information, and are involved in taking Strategic Decisions.