2016
CORPORATE GOVERNANCE REPORT

FOCUSING ON THE CORE
BUILDING FORWARD

MARTIFER
GROUP

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This translation into English of the Portuguese document was made only for the convenience of non-Portuguese speaking shareholders. For all intents and purposes, the Portuguese version shall prevail.

PART I
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PART I
Information on shareholder structure, organisation and corporate governance

A. SHAREHOLDER STRUCTURE

I. CAPITAL STRUCTURE

1. Capital Structure

The share capital of Martifer SGPS, S.A., a Public Company (henceforth also referred to as ‘Company’ or ‘Martifer’), amounts to € 50,000,000.00 (fifty million Euros), is fully subscribed and paid up and is represented by 100,000,000 (one hundred million) nominative, scriptural shares, with a par value of € 0.50 (fifty cents) each.

All the shares are ordinary, no different categories of shares exist, nor rights and duties beyond those foreseen by law or in the Company’s Articles of Association (henceforth also ‘Articles of Association’).

All the shares issued by Martifer have been admitted to trading on the Euronext Lisbon regulated market, corresponding to ISIN Code PTMFR0AM0003, trading under the Mnemo Code MAR.

The itemized information on the distribution of share capital by the reference shareholders is present in Section 7, Part I of the Corporate Governance Report.

2. Restrictions on transfer and ownership of shares

There are neither restrictions on the free transfer of the Company’s shares, nor shareholders holding special rights. Consequently, all shares admitted to trading on the stock exchange are freely transmissible in accordance with the normal regulations applicable.

3. Own shares

During 2016, no transactions involving own shares occurred. Consequently, on 31st December 2016 the Company held, as it did in 2015, a total of 2,215,910 of own shares, representative of 2.22 % of its share capital. These shares correspond to 2.22 % of the voting rights of the Company.

4. Impact of changes in shareholder control over the Company on important agreements

Martifer neither celebrated nor is it part of any important agreement that comes into effect, is amended or terminates in the event of a change in the shareholder control over the Company due to a takeover bid.

Similarly, the Company has not adopted, via the approval of any statutory provisions or other measures adopted by the Company, rules or regulations designed to prevent the success of takeover bids.

Likewise, there are no statutory provisions limiting the number of votes that can be held or exercised by a single shareholder, individually or in conjunction with other shareholders.

5. Countermeasures in the event of changes in shareholder control

During the 2016 financial period, no countermeasures were adopted in the event of changes in shareholder control.

6. Shareholder Agreements that the Company is aware of

The only shareholders agreement the company is aware of was celebrated on 28th May 2007 between I'M SGPS, S.A. (ex- MTO SGPS, S.A.) and Mota-Engil SGPS, S.A., and was changed by the amendments celebrated on 22nd December 2009 and 17th April 2012.

The shares subject to the shareholders agreement, on 31st December 2016, are held by the referred shareholders in the following amounts:

SHAREHOLDERS	NO. SHARES	PERCENTAGE	VOTING RIGHTS[1]
Mota-Engil, SGPS, S.A.	37,500,000	37.50%	38.35%
I'M SGPS, S.A.	42,405,689	42.41%	43.37%
Total	**79,905,689**	**79.91%**	**81.72%**

[1] % Voting rights = no. Shares held / (no. Total shares – Treasury shares)

The referred shareholders agreement regulates a few aspects of the company's life, namely:

1. Imputing voting rights – The shareholders agree to exercise, at the company's General Meeting, in a concerted way, their voting rights regarding the matters for which the law demands the deliberation by the shareholders to be made by a qualified majority.

2. Various provisions - At the request of anyone of them, the shareholders oblige themselves to deliberate changes in the company's articles of association, whenever they are needed to ensure, broadly, the execution of the provisions in the shareholders agreement;

The shareholders commit not to celebrate, during the validity of the shareholders agreement, with other shareholders any shareholders agreement; and

The shareholders agreement does not underlie any restrictions regarding share transfer.

3. Validity - The shareholders agreement will last for an undetermined period of time, but any of the shareholders can freely terminate it with a minimum 30-day notice before the date when the termination should take effect.

II. SHAREHOLDINGS AND BONDS HELD

7. Qualifying Holdings

On 31st December 2016, the main shareholders holders of qualifying holdings continued to be the companies I'M SGPS, S.A. and Mota-Engil SGPS, S.A..

The directors of Martifer, Mr Carlos Manuel Marques Martins and Mr Jorge Alberto Marques Martins, are the majority shareholders of the company I´M SGPS, S.A., holding respectively shares representing 48 % and 50 % of its share capital.

Mota-Engil SGPS, S.A.'s voting rights are held, pursuant to Article 20 of the Securities Code (Código de Valores Mobiliários - CVM), by the company Mota-Engil, SGPS, SA.

To both of these shareholders combined it is imputed, on 31st December 2016, 82.38 % of the voting rights of the Company, under the shareholder agreement in force at that date.

The 420,542 shares held by the shareholder Carlos Manuel Marques Martins are held on an indirect basis, under the household of this Member of the Board of Directors of the Company, through the company BLACK AND BLUE INVESTMENTS, SA, of which that Member is a minority shareholder.

The 230,260 and 3,000 shares held respectively by the shareholders and directors Jorge Alberto Marques Martins and Arnaldo José Nunes da Costa Figueiredo are held on a direct basis.

On 31st December 2016, based on the information available to the Company, the following entities were holders of qualifying shareholdings, calculated in accordance with no. 1 of Article 20 of the Securities Code, in the share capital of the Company:

SHAREHOLDERS	NO. SHARES	% OF SHARE CAPITAL	% OF VOTING RIGHTS[1]
I'M – SGPS, SA	**42,405,689**	**42.41%**	**43.37%**
Carlos Manuel Marques Martins*	420,542	0.42%	0.43%
Jorge Alberto Marques Martins*	230,260	0.23%	0.24%
Total Imputable to I'M – SGPS, SA	**43,056,491**	**43.06%**	**44.03%**
Mota-Engil – SGPS, SA	37,500,000	37.50%	38.35%
Arnaldo José Nunes da Costa Figueiredo **	3,000	0.00%	0.00%
Total Imputable to Mota-Engil , SGPS, SA[3]	**37,503,000**	**37.50%**	**38.35%**

[1] % Voting rights = No. Shares Held / (No. Total Shares – Own Shares)

* Member of a corporate body of I'M SGPS, SA; ** Member of a corporate body of Mota-Engil SGPS, SA

8. Number of shares and bonds held by members of the management and supervisory boards

(In accordance with the dispositions of no. 5 of Article 447 of the Portuguese Commercial Companies Code – "CCC")

NAME OF THE MEMBER OF THE CORPORATE BODY	CORPORATE BODY	SHARES HELD ON 31.12.2016
Carlos Manuel Marques Martins*	Board of Directors	420,542
Jorge Alberto Marques Martins	Board of Directors	230,260
Pedro Nuno Cardoso Abreu Moreira	Board of Directors	0
Arnaldo Nunes da Costa Figueiredo	Board of Directors	3,000
Luis António de Valadares Tavares	Board of Directors	0
Jorge Bento Ribeiro Barbosa Farinha	Board of Directors	0
Américo Agostinho Martins Pereira	Supervisory Board	0
Carlos Alberto da Silva e Cunha	Supervisory Board	0
Paulo Sérgio Jesus das Neves	Supervisory Board	0
António Baia Engana	Supervisory Board	0

*The 420,542 shares held by the shareholder Carlos Manuel Marques Martins are held on an indirect basis, under the household of this Member of the Board of Directors of the Company, through the company BLACK AND BLUE INVESTMENTS, SA, of which that Member is a minority shareholder.

Note: There are bonds held by members of the Board and by supervisory bodies.

9. Special powers of the Board of Directors, namely in matters concerning resolutions of capital increases

In accordance with the Articles of Association in force, the Board of Directors is authorised to increase, having obtained previously a positive opinion from the Supervisory Board and in compliance with the remaining provisions of the Company's Articles of Association, the company's share capital in cash, once or more than once, up to a maximum limit of one hundred and twenty-five million Euros. The Board of Directors will set the terms and conditions of each capital increase, as well as the form and date/period of the subscription and realisation, as set forth in Article 4, Number 8 of the Company Bylaws, as amended by the resolution approved at the General Meeting Assembly held on 25th May, 2007.

Up until the present date, no capital increase has yet occurred pursuant to these powers attributed to the Board of Directors.

10. Significant Business Relationships between the Holders of Qualifying Holdings and the Company

On 31st December 2016, the main shareholders of qualifying holdings continued to be the companies I'M SGPS, S.A. and Mota-Engil SGPS, S.A..

During the 2016 financial period, no significant business or commercial transactions occurred between the Company and the holders of qualifying holdings in the Company.

Regarding the business or transactions between holders of qualifying holdings in the Company and other Company affiliates, they fall within the normal activities of these companies and were conducted under normal market conditions.

B. CORPORATE BOARDS AND COMMITTEES

I. GENERAL MEETING

a) Composition of the Presiding Board of the General Meeting

11. Details and position of the members of the Presiding Board of the General Meeting and respective terms of office

The Board of the Shareholders' General Meeting comprises a chairman, a vice chairman and a secretary; the present holders of these positions were elected at the 14th May 2015 Shareholders' General Meeting, for a three-year term of office, ending on 31st December 2017.

The members of the Board of the Shareholders' General Meeting are:

CHAIRMAN	José Joaquim Neiva Nunes de Oliveira
VICE CHAIRMAN	Luís Leitão Marques Vale Lima
SECRETARY	Luís Neiva de Oliveira Nunes de Oliveira

12. Restrictions on the right to vote

The Company Articles of Association do not establish any percentage or maximum limit regarding the exercising of voting rights by any shareholder. The Company has not issued preference shares without voting rights.

The Shareholders' General Meeting is, therefore, comprised of shareholders holding Martifer shares, each share carrying one vote.

Shareholders can participate provided they hold shares, at the least up to five days prior to the date set for the General Meeting, and provided, that these shares are registered in their name in the securities' accounts.

Up to three days prior to the date set for the General Meeting, a certificate issued by the relevant entity shall be presented to the Company as proof of ownership of the shares. In the event of the suspension of the General Meeting, the Company does not require the blockage of the shares for the full suspension period; instead, compliance with the ordinary notice period for the first meeting suffices.

Shareholders may be represented at the Shareholders' General Meetings by means of a written proxy mandate addressed to the Chairman of the General Meeting Board. The referred to mandate may also be sent by electronic mail in accordance with the respective Shareholders' General Meeting convening notice instructions.

Shareholders may also exercise their vote by correspondence on all matters subject to approval at the General Meeting.

The proposals to be submitted for approval at the General Meeting, as well as the other information necessary for the preparation and participation at said meetings is made available to the shareholders up to 21 days prior to the date of the General Meeting, at Martifer's registered office and in the Company's website. Such documentation can be consulted in the Company's website at http://www.martifer.pt/. In addition to the Company's website, the said documentation is also made available to shareholders, for consultation, at the company's registered office during working hours, as well as in the CMVM's Information Disclosure System (www.cmvm.pt), as of the date the convening notice is issued. The Company's website also discloses the minutes of the General Meetings within five days following the said meetings.

Martifer has been applying and implementing measures to promote and encourage shareholder participation in general meetings:

- Postal vote;
- Availability of proxy letters and voting ballots in the Company's Website;
- Disclosure in the website, both in Portuguese and in English, of the general meeting convening notice, of the different forms of voting and of the procedures to adopt for correspondence voting or for voting through a proxy;
- Disclosure in the website, both in Portuguese and in English, of the preparatory documentation relating to the various points on the Agenda;
- The creation of an internet email address, publicised in the convening notice, exclusively dedicated to the general meeting, in order to facilitate the clarification of any doubts.

13. Details of the maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship as set out in no. 1 of Article 20

There is no restriction on the number of votes that can be held or exercised by a single shareholder or group of shareholders.

14. Shareholders' resolutions that, imposed by the articles of association, may only be taken with a qualified majority

Article 18 of the Company's Articles of Association establishes both for a first or second call notice, the rule of a simple majority of the votes issued to pass resolutions, unless otherwise foreseen in the CCC or in the Articles of Association.

The only exception to this rule relates to the provision in the Company's Articles of Association that sets a qualified majority of two-thirds of the votes counted for the passing of resolutions relating to the unfair dismissal of directors.

II. MANAGEMENT AND SUPERVISION

a) Composition

15. Details of the corporate governance model adopted

Martifer's corporate governance structure comprises a Board of Directors, a Supervisory Board and a Statutory Auditor, all elected at the Shareholders' General Meetings. For the term of office corresponding to the triennium 2015-2017, the Board of Directors delegated powers governing the day-to-day affairs of the Company to an Executive Committee, under the terms and within the limits defined in Point 21.1 below.

The members comprising the corporate bodies, the General Meeting Board and the Remuneration Setting Committee were elected for a triennium (2015-2017). The Remuneration Setting Committee, elected at a Shareholders' General Meeting, is responsible for setting the remuneration of the members of the Company's corporate bodies as well as for defining the general guidelines to be observed in objectively setting the amounts.

16. Articles of association rules on the procedural and material requirements governing the appointment and replacement of members of the Board of Directors

The members of the Board of Directors are proposed and elected every third year by the Shareholders at a Shareholders' General Meeting or co-opted by the Board of Directors, subject to ratification at the General Meeting, their re-election being permitted once or more than once.

In accordance with the Articles of Association, a member of the management board may be designated by a minimum number of Shareholders, holding at least 10% of the share capital, who voted against the proposal to elect the directors passed.

The Board of Directors designates the Chairman and Vice Chairman from amongst its members and, to the extent it considers pertinent and appropriate, constitutes an Executive Committee or delegates powers to executive directors.

The substitution of directors is made as set forth in Article 393 of the CCC. In accordance with the Company's Articles of Association, for the purposes of substituting directors under no. 1 of the said Article of the CCC, absence is qualified as permanent when, without acceptable justification to the management body, a director is absent from more than five meetings, consecutive or not.

17. Composition of the Board of Directors

In accordance with the Company's Articles of Association, Martifer's Board of Directors is composed of 5 to 9 members, elected at a General Meeting.

The term of office of the members nominated to the Board of Directors is 3 calendar years and there are no restrictions regarding their re-election. The members of the Board of Directors are considered vested as soon as they are elected and remain in office until replaced by newly elected directors.

On 31st December 2016, the Board of Directors was composed of 6 members, elected at the Company's General Meeting for a three calendar year term of office, ending on 31st December 2017.

On 31st December 2016, the composition of the Board of Directors for the 2015-2017 term of office was as follows:

NAME OF DIRECTOR	FIRST NOMINATION	END OF CURRENT TERM OF OFFICE
Carlos Manuel Marques Martins (Chairman of the BD)	2004	2017
Jorge Alberto Marques Martins (Vice Chairman)	2004	2017
Pedro Nuno Cardoso Abreu Moreira	2015	2017
Arnaldo José Nunes da Costa Figueiredo	2010	2017
Luís António de Castro de Valadares Tavares	2008	2017
Jorge Bento Ribeiro Barbosa Farinha	2008	2017

18. Distinction between executive and non-executive members

NAME OF DIRECTOR	STATUS (Executive / Non-executive)	INDEPENDENT or NON- INDEPENDENT
Carlos Manuel Marques Martins (Chairman of the BD)	Executive	-
Jorge Alberto Marques Martins (Vice Chairman)	Executive	-
Pedro Nuno Cardoso Abreu Moreira	Executive	-
Arnaldo José Nunes da Costa Figueiredo	Non-executive	Non-independent
Luis António de Castro de Valadares Tavares	Non-executive	Independent
Jorge Bento Ribeiro Barbosa Farinha	Non-executive	Independent

Terminated his duties on 14th May 2015, following the election of the new governing bodies in the General Meeting which took place on that same date

On 31st December 2016, of the 6 directors on the Board of Directors, 3 are non-executive directors, whose duties are to monitor and appraise the management of the Company by the executive directors, 2 of these 3 non-executive directors are independent directors.

Given the Company's size and shareholder structure, the number of independent directors is considered adequate. To verify the independence of the members of the Board of Directors, the criteria used is that foreseen in Article 414, no. 5 of the CCC, as well as that established in Point 18.1 of Annex 1 of the 4/2104 Regulation of the CMVM and in Recommendation II. 1.7 Code of Corporate Governance of the CMVM (2013).

19. Professional qualifications of the members of the Board of Directors

The experience and knowledge of the members of the Board of Directors is detailed in their curricula, presented in the document attached to this report as Annex I; these attest, in a rigorous and specific manner, their ability to carry out the duties attributed to them.

20. Customary and meaningful family, professional or business relationships of members of the Board of Directors with shareholders that are assigned qualifying holdings

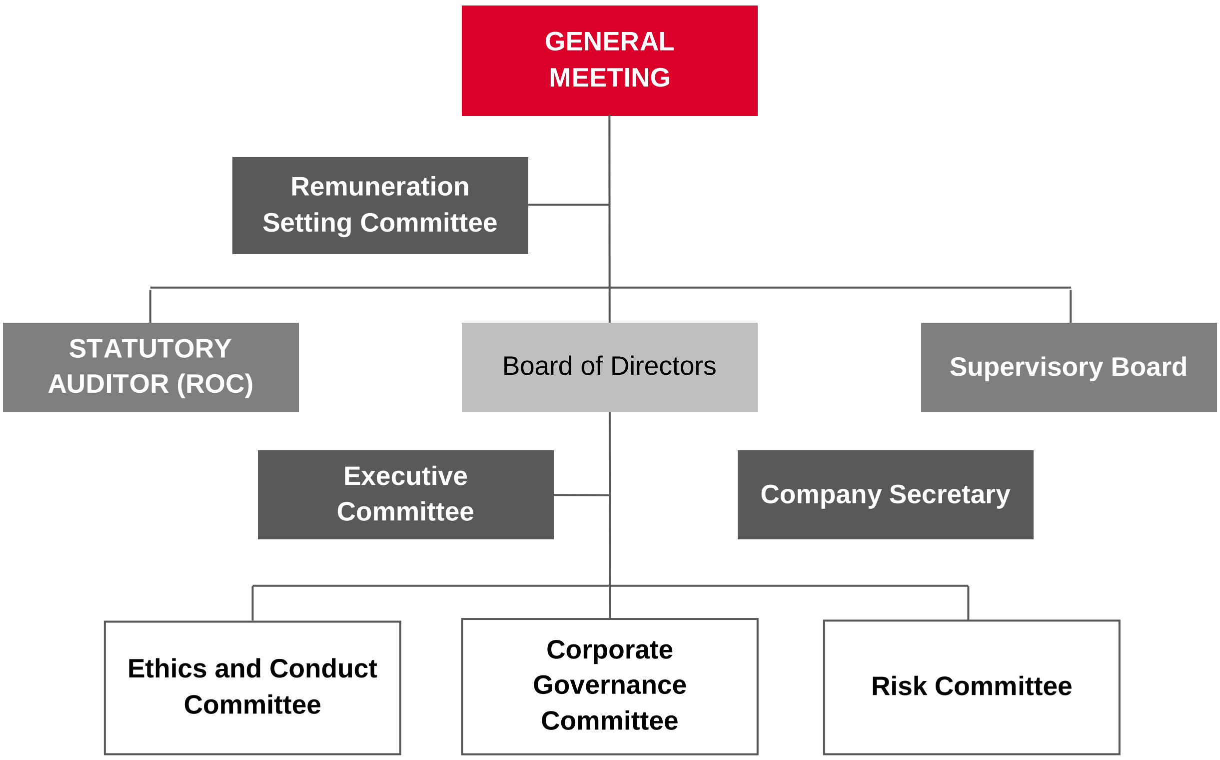
The Chairman of the Board of Directors, Carlos Manuel Marques Martins and the Vice Chairman, Jorge Alberto Marques Martins, both hold shares and voting rights in one of the major shareholders, I'M - SGPS, S.A.. The abovementioned Board Members are brothers.

The non-executive director Arnaldo José Nunes da Costa Figueiredo exercises management functions in Mota-Engil Group companies; Mota-Engil SGPS, S.A., Martifer's other major shareholder, being the holding company of the said Group.

The remaining Board Members have no kinship relations between them.

21. Organizational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/or departments within the Company, including information on delegating powers, particularly as regards the delegation of the Company's daily management

21.1 ORGANIZATIONAL CHART



21.2 POWER DELEGATION

In accordance with the Articles of Association and under Article 407, no. 3 of the CCC, daily management powers were delegated to an Executive Committee, positions now held by Carlos Manuel Marques Martins (President), Jorge Alberto Marques Martins and

Pedro Nuno Cardoso Abreu Moreira. Said executive directors are responsible for the execution of the strategic decisions made by the Board of Directors, as well as for the daily management of the holding company, whilst company managing financial shareholdings, all within the scope of the powers delegated to them.

The duties delegated to the Executive Committee include the guidance afforded to the various Business Areas' performance, as well as the running of the corporate services, the supervision of all the business areas, the promotion of synergies between these, the deployment of the resources necessary, the management of human and financial resources, the definition of the strategies for each business area and the supervision of the attainment of the objectives of each business area, establishing policies transversal to the Company as a whole. It is also the Executive Committee's duty to exercise the powers that, at any moment, have been delegated to it by resolution of the Board of Directors, except over matters for which the delegation of powers is forbidden by law or by the Articles of Association.

According to the Board of Directors' resolution dated 28th July 2015, the following powers and respective limits were delegated:

- Subscription, acquisition or disposal of shareholdings in any companies;
- Acquisition or disposal of real estate and other assets;
- Investment or commitment to invest, excluding those involving new business areas;
- Acquisition and disposal of own shares within the limits of the resolution of the Company's General Meeting;
- Investment and divestment foreseen in the annual budgets or, if not foreseen, whose amount is below five million Euros;
- Contracting of services;
- Hiring of employees, defining levels, categories, remuneration conditions and other benefits or complements;
- Exercising of disciplinary powers and applying sanctions;
- Issuance of binding instructions to wholly controlled Martifer – SGPS, S.A. group companies, as defined in the Portuguese Commercial Companies Code;
- Participation in Joint-Ventures and in Economic Interest European Groups and, additionally, celebration of consortium and associative partnership contracts, incorporation or participation in any other forms of temporary or permanent associations of companies and/or private or public entities, except when the said associations have as their objective projects involving turnover in excess of one hundred million Euros;
- Appointment of representatives to the general meetings of the companies in which Martifer – SGPS, S.A., a Public Company, has shareholdings and determination of voting intentions at the referred to meetings;
- Representation of the company in court and outside it, actively or passively, including the submission, opposition and appeal regarding any legal or arbitration proceedings, including also the confession, withdrawal, or transactions extinguishing lawsuits or pending issues and the acceptance of arbitration commitments; and
- Appointment of proxies to carry out specific acts or categories of acts, defining the extent of the respective mandates.

Pursuant to Article 407, no. 1 of the Portuguese Commercial Companies Code, the Board of Directors also attributed to Director Pedro Nuno Cardoso Abreu Moreira the special charge of assuming responsibility for the Financial Area, as well as of Company Representative vis-à-vis relations with the Market and with the CMVM.

Save for the matters that cannot be delegated by law pursuant to Article 407, nos. 4 and 8 of the CCC, the Board of Directors has expressly stated that certain matters are excluded from the powers delegated to Executive Directors, namely the:

I. Approval of the activity plans and budgets for Martifer Group's companies;
II. Investment or commitment to invest in new business areas;
III. Investment and disinvestment unforeseen in the annual budgets of Martifer Group's companies, when the amounts involved are equal or above five million euros
IV. Constitution of any liens and charges on Martifer Group's companies' social parties;
V. Participation in Joint-Ventures and in Economic Interest European Groups and, additionally, celebration of consortium and associative partnership contracts, incorporation or participation in any other forms of temporary or permanent associations of companies and/or private or public entities, except when the said associations have as their objective projects involving turnover in excess of one hundred million Euros;
VI. Appointment of proxies, natural or legal, to hold social roles in other companies;

VII. Constitution of the Executive Committee as well as the definition of the matters to delegate to it.

The delegation of powers will cease with the passing of a resolution by the Board of Directors or, automatically, with the end of the term of office of the Board of Directors that delegated the said powers.

b) Functioning

22. Availability and place where rules on the functioning of the Board of Directors may be viewed

The Board of Directors' Organisational and Functional Regulation is presented in Martifer's website at – www.martifer.com (Tab: Investors, Section: Corporate Governance/Articles of Association).

23. The number of meetings held and the attendance report for each member of the Board of Directors

The Board of Directors meets regularly, once per quarter and, as defined in the Articles of Association and in the respective Regulation, whenever the Chairman or two board members call a meeting; valid resolutions being passed with the attendance or representation of a majority of its members.

Without prejudice to the above and considering the fact that the Chairman of the Board of Directors accumulates the position of President of the Executive Committee, the Board of Directors' Regulation sets forth that the non executive directors may, even so, conduct meetings, when such meeting is called by a non-executive director on his own initiative or at the request of any two of those directors, for the purposes of exercising their powers of monitoring, supervising and appraising the activity of the members to whom the Board of Directors delegated powers.

To that end, and in order to safeguard the exercising, in an independent and informed manner, of the powers of the non-executive directors referred to in the previous paragraph, the following mechanisms and procedures were instituted by the Board of Directors and enshrined in its Regulation:

(i) obligation to deliver to the directors without delegated powers all the information considered necessary or convenient and that is requested by them of the Company or of any of the directors with delegated powers;
(ii) the satisfaction of the requests of directors with no delegated powers shall be made in an appropriate and timely manner;
(iii) possibility of any non-executive director requesting the call of meetings so that non-executive directors can exercise the powers attributed to them; and
(iv) the specialised committees with monitoring, supervisory and appraisal competencies over the activities of the directors with delegated powers shall be presided and largely composed of directors with no delegated powers.

During the 2016 financial year, no constraints were detected regarding the management and operations of the Company; it can therefore be considered that the mechanism that assures the coordination of the work of the non-executive directors is safeguarded.

In 2016, the Board of Directors met twenty three times. The minutes are written up and signed by the Directors and the Company Secretary and recorded in the respective minute book, with copies also being sent to the Chairman of the Supervisory Board.

The attendance level of each Director at the referred to meetings, in the conduct of his respective duties, was as follows:

NAME OF DIRECTOR	ATTENDANCE
Carlos Manuel Marques Martins (Chairman)*	100%
Jorge Alberto Marques Martins (Vice Chairman)*	100%
Pedro Nuno Cardoso Abreu Moreira	100%
Arnaldo José Nunes da Costa Figueiredo*	100%
Luís António de Castro de Valadares Tavares *	100%
Jorge Bento Ribeiro Barbosa Farinha*	100%

* The director justified his absence and was represented by another director at the respective meeting, as per proxy letter issued to the effect.

24. Competent Corporate Boards undertaking the performance appraisal of executive directors

The Company's Corporate Governance Committee is composed of non-executive members of the Company's Board of Directors and presided over by an independent director that meets all the independence and compatibility requirements foreseen in Point 18.1 of Annex I of the 4/2013 Regulation of the CMVM and in Recommendation II.1.7 of the CMVM (2013). This Committee has, amongst others, the power to appraise the performance of the executive directors and the overall performance of the Board of Directors, as well as that of the various committees in existence.

The Company's Remuneration Committee also undertakes, within its scope of powers, the performance appraisal of the members of the Board of Directors, endeavouring towards a convergence of the interests of the directors, the remaining corporate bodies and the managers with the interests of the Company, promoting a long-term perspective.

25. Predefined criteria for assessing executive directors' performance

Directors' performance is on the one hand appraised based on the principles listed in the Remuneration Policy Statement. The remuneration policy and the remuneration of the Company's Corporate Bodies is reviewed annually and submitted for approval at the Company's Annual Shareholders' General Meeting.

The remuneration policy is oriented along principles and criteria based on the duties carried out, the degree of complexity and responsibility assumed, the alignment of the interests of the management board members with the interests of the company, the performance appraisal, the economic situation of the company and general market conditions for equivalent situations, as better set out in Point 70 below.

Additionaly within the scope of the Corporate Governance Commission, and in the fulfillment of recommendation II.I.4. a) of the Corporate Governance ackowledged by the Portuguese Securities Market Commission (CMVM) this body analysis the performance of Martifer SGPS's Executive Commission annualy taking into account:
(i) a set of economic and financial performance indicators,
(ii) deviations from the budgets that were set out,
(iii) the level of compliance of the strategic and operational objectives agreed to by the Board of Administration for the years,
(iv) the impacto f the evolution of the Group's external environment, namely the national of international economic and financial conjuncture, as well as the general state of demand and supply in its operation markets.

26. The availability of each member of the Board of Directors and details of the positions held at the same time in other companies, within and outside the group, and other relevant activities undertaken by members of this Board throughout the financial year

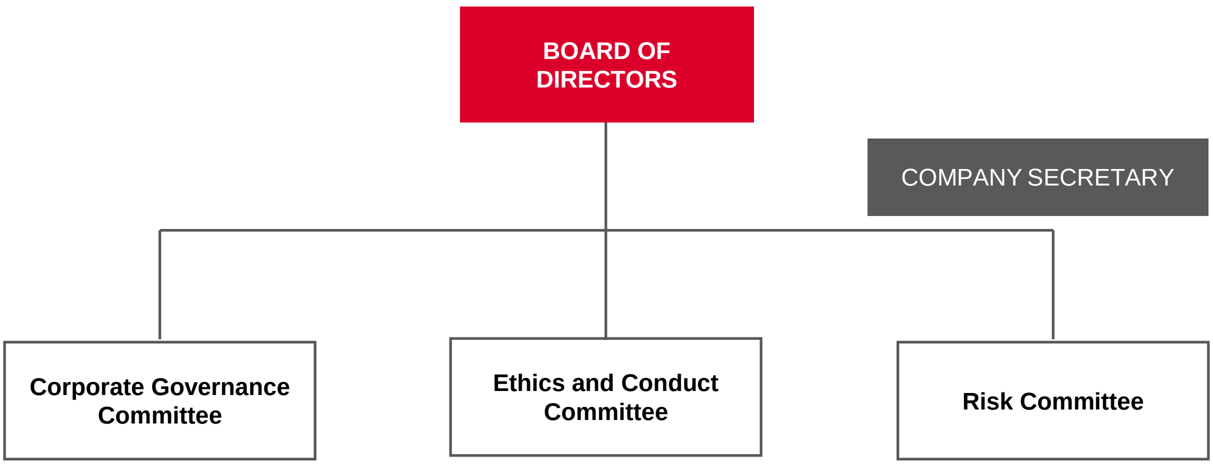
The indication and description of the positions held and duties carried out by the members of the Board of Directors are better described in the document attached to the present report as Annex II.

The company considers that all the members of the Board of Directors have shown total availability to perform the duties decurring from the bodies for which they were elected by the shareholders. Considering, on the one hand, the board members' availability to participate in the meetings of the bodies they are a part of (Board of Directors, Risk Committee Ethics and Conduct Committee and Corporate Governance Committee) and, on the other hand, the total availability to perform the tasks attributed to them by the board of directors, regarding both their areas of work and the management of responsibilities in given business areas.

c) Committees within the Board of Directors or Supervisory Board and Board Delegates

27. Details of the Committees created within the Board of Directors and the place where the rules on the functioning thereof are available

With the aim of adopting the best corporate governance practices, the Board of Directors nominated 3 (three) specialised committees to boost its operational effectiveness.



The Corporate Governance, the Ethics and Conduct and the Risk Committees have their own regulations that establish the rules relating their composition, their functioning and their powers, which can be consulted in the Company's website at http://www.martifer.com/ (Tab: Investors, Section: Corporate Governance/Articles of Association).

28. Details of the Executive Committee's Members

The Board Members nominated by the Company's Board of Directors to be a part of the Executive Committee are:

- Carlos Manuel Marques Martins;
- Jorge Alberto Marques Martins;
- Pedro Nuno Cardoso Abreu Moreira

The powers delegated to the Executive Committee are established in Point 21.2 above.

29. Description of the powers of each of the committees established and a summary of the activities undertaken in exercising the said powers

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee shall, as per the respective Regulation, be composed of 2 to 6 members that are also members of the Supervisory Board and/or Board of Directors, but that do not exercise executive functions. Presently, the Corporate Governance Committee has the following composition:

PRESIDENT	Mr. Jorge Bento Farinha (Independent, non-executive Director)
MEMBERS	Mr. Luís António Valadares Tavares (Independent, non-executive Director) Mr. Américo Pereira (President of the Supervisory Board)

The Corporate Governance Committee has the power to issue suggestions for the improvement of Martifer's Corporate Governance Model, with the purpose of promoting the compliance with rigorous ethical and deontological principles and the observance of practices which assure compliance with the norms and established corporate governance best practices that sustain a diligent, effective, balanced, ethical conduct and responsibility promoting management, from the perspective of the interests of the shareholders and other stakeholders.

Other than the presence of its members in informal meetings and in work groups, the Corporate Governance Committee met formally twice in 2016. This Committee records the minutes of its meetings.

The Corporate Governance Committee has its own Regulation, which establishes the rules regarding its composition, functioning and powers, which can be consulted in the company's Website at http://www.martifer.com/ (Tab: Investors, Section: Corporate Governance/Articles of Association and Regulations).

The Corporate Governance Committee has as its main responsibilities and powers:

- to evaluate and develop the corporate governance model;
- to reflect on the governance system adopted and to verify its effectiveness;
- to advise and propose to the Company's relevant corporate bodies the promotion of measures aimed at improving Corporate Governance;
- to undertake performance appraisals of the executive directors and of the Board of Directors as a whole, as well as of the other Committees in existence.

ETHICS AND CONDUCT COMMITTEE

The Ethics and Conduct Committee is composed of three to seven members, nominated by the Board of Directors, which also designates the President. Presently, the Ethics and Conduct Committee has the following composition:

PRESIDENT	Mr. Luís Valadares Tavares (Independent, non-executive Director)
MEMBERS	Mr. Carlos Eduardo Gil (Martifer's Corporate Legal Department Manager); and Mr. Paulo César Ferreira (Martifer's Corporate Planning and Control Manager)

The Ethics and Conduct Committee has its own Regulation, which establishes the rules relating to its composition, functioning and powers regarding the elaboration, implementation, monitoring and control of ethics and conduct norms at Martifer Group. The Ethics and Conduct Committee Regulation can be consulted in the Company's website at http://www.martifer.pt/ (Tab: Investors, Section: Corporate Governance/Articles of Association).

The Ethics and Conduct Committee is also responsible for constituting and assuring compliance with the irregularities disclosure policy regarding irregularities occurring inside Martifer Group, under which employees can communicate, in an adequate, immediate and confidential (if requested) manner whilst safeguarding their professional integrity, information relating to the exposure of irregularities occurring within Martifer, establishing and publicizing the most adequate and effective communication channels for this purpose.

The Ethics and Conduct Committee coordinates its activity with the company's Supervisory Board, given the specific powers resting with that board, namely those indicated in the CCC.

The Committee meets periodically or whenever it is called by its President, by convening notice sent by the President to its members with a minimum notice period of seven working days, which will also indicate the respective agenda. The Ethics and Conduct Committee writes up minutes of all its meetings.

In addition to the informal meetings and to the presence of its members in workgroups, the Ethics and Conduct Committee met formally twice in 2016. This Committee records the minutes of its meetings.

RISK COMMITTEE

The Risk Committee is composed of three to six members that integrate the Board of Directors and/or the Supervisory Board, but the majority of the members cannot hold executive functions. The Chairman of the Company's Board of Directors may not form part of the Risk Committee, but may participate in the meetings, without the right to vote. The Risk Committee has the following composition:

PRESIDENT	Mr. Jorge Bento Farinha (Independent, non-executive Director)
VICE PRESIDENT	Mr. Américo Pereira (President of the Supervisory Board)
MEMBER	Mr. Pedro Nuno Cardoso Abreu Moreira (Member of the Executive Committee)

The Risk Committee has its own Regulation, which establishes the rules relating to its composition, functioning and powers regarding the preparation, implementation and monitoring of a risk management system transversal to Martifer Group. The Risk Committee Regulation can be consulted in the company's Website at http://www.martifer.pt/ (Tab: Investors, Section: Corporate Governance/Articles of Association).

The mission of the Risk Committee is to propose and monitor the implementation of Martifer Group's risk management policy, which aims to ed a strategy for the prevention and management of risk transversal to Martifer Group, so as to reduce the exposure to risk and safeguard the Groups' worth and the creation of value for its stakeholders.

The main responsibilities attributed to the Risk Committee are:

- to issue recommendations or opinions as to: (a) the definition of a risk policy for Martifer Group; (b) the content, format and methodologies to consider in investment analysis reports, be they organic or of company acquisitions; and (c) the creation of risk identification, monitoring, control and management systems of a (i) legal and contractual, (ii) financial, (iii) technical and operational, (iv) commercial, (v) environmental, (vi) political and (vii) other nature, that the Risk Committee considers relevant;
- to ensure compliance with the guiding principles of the Martifer Group Risk policy, assisting the Board of Directors with the setting of the strategic objectives of the company in matters of risk assumption;
- to prepare opinions on financing operations and investments that require the prior opinion of the Risk Committee;
- to submit to the Board of Directors proposals and suggestions of methodologies to identify and cover risks that are appropriate and that should be adopted by Martifer Group as measures aimed at improving the risk management model in place and to facilitate the pursuit of higher corporate objectives;
- to inform the Board of Directors of any situation or occurrence of which it has become aware that, in its opinion, configures non-compliance with the Risk identification, monitoring and control rules and practices; and
- to monitor and analyse the reflections and guidance produced on risk management by national and international organisms, so as to take advantage of these to improve the Martifer Group Risk Management model.

In addition to the informal meetings and the presence of its members in work groups, the Risk Committee met formally on 16th February 2016.

III. SUPERVISION

a) Composition

30. Details of the Supervisory Board

Martifer's supervisory model is based on a Supervisory Board and a Statutory Auditor (ROC). The functional separation between the Supervisory Board and the Statutory Auditor basically follows a division of the functions into two: the political supervision being exercised by the Supervisory Board, with the review and certification of the financial statements resting with the Statutory Auditor.

31. Composition of the Supervisory Board with details of the articles of association's minimum and maximum number of members, duration of the term of office, number of effective members, date of first appointment and date of end of the term of office for each member

The Company's Supervisory Board is composed of three effective members and an alternate member, elected at the 14th May 2015 General Meeting, for the triennium 2015-2017, re-electable as permitted by law.

The members of the Supervisory Board may only be elected, as a rule, at the Shareholders' General Meeting and, in the event of a vacancy in the Supervisory Board, such vacancy shall be filled by the alternate member. If another vacancy occurs, such vacancy can only be filled through the election of a new member at a Shareholders' General Meeting.

The members, Mr. Américo Agostinho Martins Pereira (President), Mr. Paulo Sérgio Jesus das Neves (Member) and Mr. António Baia Engana (Alternate) were appointed for the first mandate in 2015, ending the current mandate in 2017. The member Mr. Carlos Alberto da Silva e Cunha (Member) was appointed for the first mandate in 2008, ending his current and third mandate in 2017.

32. Details of the members of the Supervisory Board

Currently, Martifer's Supervisory Board has the following composition:

PRESIDENT	Mr. Américo Agostinho Martins Pereira
MEMBERS	Mr. Carlos Alberto da Silva e Cunha Mr. Paulo Sérgio Jesus das Neves
ALTERNATE	Mr. António Baia Engana

33. Professional qualifications of each member of the Supervisory Board and other important curricular information

The experience and knowledge of the current members of the Supervisory Board are better described in their curricula presented in the document attached to this report and attest, in a rigorous and specific manner, their ability to carry out the duties attributed to them.

The Company's Supervisory Board is composed of independent members, who are subject to the legal and regulatory requirements regarding incompatibility, independence, and specialisation in force, namely those foreseen in Article 414-A of the CCC, as well as the independence criteria referred to in no. 5 of Article 414 of the CCC.

The members comprising the Supervisory Board meet the incompatibility and independence criteria identified above with none of the members holding Martifer shares, in compliance with Article 447 of the CCC, on 31th December 2016.

b) Functioning

34. Availability and place where the rules on the functioning of the Supervisory Board may be viewed

The Supervisory Board's powers are described in its respective Regulation, which can be consulted in the company's Website at http://www.martifer.com/ (Tab: Investors, Section: Corporate Governance/Articles of Association).

35. The number of meetings held and the attendance report for each member of the Supervisory Board

The Supervisory Board meets, at minimum, once a quarter, whenever its President decides or whenever any of the members request that a meeting be called. The President is responsible for calling and running the meetings. Resolutions are passed when the majority of the members are present and by a simple majority of the votes expressed.

In 2016, the Supervisory Board met 10 times, minutes were prepared of all the meetings.

The attendance level of each Member at the said meetings, in the conduct of the Member's respective duties, was as follows:

	ATTENDANCE
Mr. Américo Agostinho Martins Pereira	100%
Mr. Carlos Alberto da Silva e Cunha	100%
Mr. Paulo Sérgio Jesus das Neves	100%

36. The availability of each member of the Supervisory Board, indicating the positions held simultaneously in other companies, inside and outside the Group, and other relevant activities undertaken

All the members of the Supervisory Board demonstrated throughout the 2016 financial year full availability to exercise the functions attributed to them, having regularly attended the meetings that were called as well as being present whenever such presence was considered convenient.

In so far as the activities of the members of the Supervisory Board are concerned, all the members of the Supervisory Board are statutory auditors and develop their activity in different entities, as described in the curricula presented in the annexes to this report, endowing this board with important operational knowledge of the Company's business areas.

The President is adequately supported by the remaining members of the Supervisory Board.

Within the scope of the most relevant activities of the members of the Supervisory Board we refer to the information contained in Point 33.

c) Powers and duties

37. Description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor

The Company's External Auditor has been the company PricewaterhouseCoopers & Associados, SROC, SA (PwC) since the 2010 financial period. The change in External Auditors followed a market consultation that year, which was the object of analysis and assessment by the Supervisory Board.

Services falling outside the statutory and external audit scope requested by Martifer Group companies from the External Auditor and from other entities belonging to the same network, in 2016, do not attain relevant amounts. The Supervisory Board approved the engagement of services outside the scope of the statutory and external audit from the External Auditor, considering that these services, in addition to not exceeding a relative weight in excess of 30% of the total services rendered to the Company, do not impair the External Auditors' independence.

Additionally, any new service to be rendered by PwC and its companies (national or international) to Martifer Group is subject to the prior approval of both the management of Martifer and the PwC Partner responsible for the PwC work at Martifer Group, within the scope of its quality control system.

Martifer's Supervisory Board, within the scope of its supervisory duties vis-à-vis the company's activity, has analytical and appraisal responsibilities over the more significant aspects of the relationship with the External Auditor, namely in aspects relating to the independence of its work. During 2016, the Company's Supervisory Board appraised the activity carried out by the External Auditor, having concluded that it was conducted in a manner consistent with applicable regulations and norms, and that it had acted with technical rigor, transparency and elegance.

The Supervisory Board furthermore reflects, whenever necessary or adequate in function of developments at the Company or the market configuration in general, on the adequacy of the External Auditor vis-à-vis the performance of the duties attributed to it.

38. Other duties of the supervisory body

In addition to the duties described in the previous point, the Supervisory Board has the powers set forth in law and in the Articles of Association, amongst others, those relating to the monitoring of the Company's operations, the compliance with the applicable legislation, Articles of Association and regulations, as well as to issue opinions on the budget, the balance sheet, the inventories and the annual financial statements.

Hence, in exercising its powers and carrying out its duties, the Supervisory Board proposes at the General Meeting:

- Nominating the Company's effective and alternate Statutory Auditors;
- Monitoring the Statutory Auditors' independence, namely in respect of the rendering of additional services and the scope of these, and in respect of the statutory audit of the Company's financial statements;
- Examining, whenever it considers convenient and with regularity, the Company's bookkeeping;
- Monitoring the Company's activity and compliance with the applicable laws, Articles of Association and regulations;
- Representing or arranges to represent itself at the Board of Directors' meetings whenever it considers such presence convenient;
- Requesting the call of the Shareholders' General Meeting whenever it considers such call convenient;
- Examining situations periodically presented to it by the Board of Directors during its term of office;
- Issuing opinions on the budget, the balance sheet, the inventories and the annual accounts.

The Supervisory Board is also responsible for representing the Company vis-à-vis the External Auditor, and:

- For proposing the supplier of these services and the respective remuneration;
- For ensuring that conditions adequate for the rendering of these services are made available at the Company;
- For annually appraising the services rendered as well as for acting as the Company's go-between, receiving, simultaneously with the Board of Directors, the respective reports; and
- For proposing the destitution of the External Auditor with just cause.

Finally, Martifer's Supervisory Board is responsible for inspecting and assessing the effectiveness of the risk management systems and monitoring of the activity of the internal audit, including the functioning of the systems of internal control and risk management, both the object of regular monitoring and evaluation by the Supervisory Board within the scope of its functional and legal powers, as can be inferred from the minutes of the meetings and the annual report and opinion issued by the Supervisory Board.

IV. STATUTORY AUDITOR

39. Details of the statutory auditor and the partner that represents it

The Statutory Auditors, effective and alternate, that were elected for the triennium 2015-2017 at the 14th May 2015 General Meeting are:

PRESIDENT	PRICEWATERHOUSECOOPERS & Associados – Sociedade de Revisores Oficiais de Contas, Lda., Statutory Auditor (effective)
ALTERNATE	Mr JOSÉ PEREIRA ALVES, Statuary Auditor (alternate)

The Statutory Auditor can only be elected at a General Meeting. If a vacancy occurs in this body it shall be filled by the alternate member, and, if the latter does not remain in that function, it can only be filled through the election of a new member at a Shareholders' General Meeting.

The Statutory Auditor may be represented by Mr Hermínio António Paulos Afonso or by Mr António Joaquim Brochado Correia, it being understood that for the 2016 financial year the representative of the Statutory Auditor was Mr Hermínio António Paulos Afonso.

40. Indication of the number of years that the statutory auditor consecutively carries out duties at the company and/or group

As better described in the previous point, the current Statutory Auditor, PricewaterhouseCoopers & Associados, SROC, Lda, was appointed at the General Meeting on 10th April 2013, having carried out its duties since then.

41. Description of other services that the statutory auditor provides to the company

The Statutory Auditor also provides the Company with External Audit services, as described in the follow points.

V. EXTERNAL AUDITOR

42. Details of the external auditor appointed in accordance with Article 8 and of the partner that represents it in carrying out these duties, and the respective registration number at the CMVM

The Company's External Auditor is the company PricewaterhouseCoopers & Associados, SROC, SA (PwC) registered under no. 9077 at the CMVM, pursuant to a contract initially celebrated for the 2010 financial year, and which has been extended to the 2016 financial year.

PwC has been represented by Mr Hermínio António Paulos Afonso, since 2010.

43. Indication of the number of years that the external auditor and that the respective partner that represents it in carrying out these duties have consecutively carried out duties at the company and/or group

As better described in the previous point, the External Auditor, PricewaterhouseCoopers & Associados, SROC, Lda. and the respective statutory auditor partner representing the prior in the conduct of its duties, have exercised the said duties consecutively at the Company since 2010, i.e. around 7 years.

44. Rotation policy and schedule of the external auditor and the respective partner that represents the said auditor in carrying out such duties

In so far as a rotation schedule of the External Auditor is concerned, Martifer Group has no formal policy regarding External Auditor rotation.

The Supervisory Board carries out an annual assessment of the External Auditor's work, ensuring compliance with Article 54 of Decree-law no. 487/99, of 16 November (amended by Decree-law no. 224/2008, of 20 November), relating to the rotation of the partner responsible for the execution of the work.

Nevertheless, both the External Auditor and its partner, a Statutory Auditor representing it in the carrying out of the said duties, are still in a second term of office in the Company, and therefore complying with the rules presently in force.

45. Details of the Board responsible for assessing the external auditor and the regular intervals when the said assessment is carried out

The Supervisory Board, in the conduct of its functions, carries out an annual assessment of the External Auditor's independence. Additionally, the Supervisory Board, throughout each financial period and whenever necessary or adequate in accordance to the developments in the activity of the Company or the general market configuration, reflects on the adequacy of the External Auditor vis-à-vis the conduct of its duties.

46. Details of services, other than auditing, carried out by the External Auditor for the Company and/or companies in a control relationship and an indication of the internal procedures for approving the recruitment of such services and a statement on the reasons for the said recruitment

In addition to auditing services, tax advisory services in respect of foreign companies and a due diligence in respect of an affiliate were carried out for the Company and/or for the Group's companies.

The approval and recruitment of the services rendered by the External Auditor, other than the auditing services, was based on the procedures described in Point 37. It being understood that the said recruitment occurred due to the lack of internal resources at the relevant company.

The Supervisory Board approved the engagement of services outside the scope of the statutory and external audit from the External Auditor, considering that these services, in addition to not exceeding a relative weight in excess of 30% of the total services rendered to the Company, do not impair the External Auditors' independence.

Additionally, any new service to be rendered by PwC and its companies (national or international) to Martifer Group is subject to the prior approval of both the management of Martifer and the PwC Partner responsible for the PwC work at Martifer Group, within the scope of Martifer's quality control system.

47. Details of the annual remuneration paid by the Company and/or legal entities in a control or group relationship to the auditor and other natural or legal persons pertaining to the same network and the percentage breakdown relating to the services in question

During the 2016 financial period, the annual remuneration paid to the auditors and other private or corporate bodies belonging to the same network, borne by the Company and/or legal entities in a control or group relationship, amounted to 258,371 Euros (including expenses and remuneration paid by foreign subsidiaries). The breakdown of that remuneration is as follows:

OTHER	2016	%	2015	%	2014	%
Statutory and external audit services	187.161	93,50%	295.769	90,11%	305.485	99.00%
Other due diligence /verification services	2.760	1,38%	0	0,00%	0	0,00%
Tax advisory services	5.250	2,62%	14.495	4,42%	3.065	1,00%
Other services outside the statutory audit scope	5.000	2,5%	17.940	0,00%	0	0,00%
Total	**200.171**	**100,00%**	**328.204**	**100,00%**	**308.550**	**100,00%**

MT SGPS	2016	%	2015	%	2014	%
Statutory and external audit services	53.200	91,41%	41.720	100,00%	41.720	100,00%
Other due diligence /verification services	5.000	8,59%	0	0,00%	0	0,00%
Tax advisory services	0	0,00%	0	0,00%	0	0,00%
Other services outside the statutory audit scope	0	0,00%	0	0,00%	0	0,00%
Total	**58.200**	**100,00%**	**41.720**	**100,00%**	**41.720**	**100,00%**
GLOBAL TOTAL	**258.371**		369.924		350.270	

** Including individual and consolidated accounts

C. INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. Rules governing the amendment to the Articles of Association (Article 245-A/1/h))

Martifer's Articles of Association do not contain special rules regulating amendments to the same; being, thus, applicable the rules laid down in the CCC. Hence:

- Constitutive quorum: the provisions laid down in Article 383 of the CCC apply. At a first meeting, for a Shareholders' General Meeting to pass resolutions on amendments to the Company's Articles of Association, the presence, or representation, of shareholders holding at least one third of the company's share capital is required;
- Deliberative quorum: the provisions laid down in Article 18 of the Articles of Association and Article 386, no. 3 of the CCC apply, namely, corporate resolutions in a Shareholders' General Meeting as to amendments to the Articles of Association are taken, at a first or second meeting, by two thirds of the votes issued.

II. REPORTING OF IRREGULARITIES

49. Reporting means and policy on the reporting of irregularities in the company

The policy on the reporting of irregularities defines the Ethics and Conduct Committee as the entity responsible for the reception and management of clains or reports of irregularities, without prejudice to the Supervisory Board's own powers in this matter.

In complement to the Supervisory Board, the Committee pursues, applies and follows up on the procedures underlying the denunciation of internal irregularities, affording the appropriate internal treatment to the denunciations and reporting of irregularities and ensuring the rapid resolution of the facts reported.

In this manner, Martifer Group seeks to create conditions that allow any employee to freely report his/her concerns on these matters to the Ethics and Conduct Committee and to facilitate the early detection of irregular situations that, being practiced, could cause damage to Martifer Group, as well as to its stakeholders.

Any notification, reporting or denunciation of irregularities occurring internally at Martifer Group is forwarded directly in a special mail box, which can be accessed solely by the President of the Ethics and Conduct Committee. The anonymity and confidentiality are assured whenever so requested in the report or denunciation. This channel was considered the most appropriate and independent means for the reception of denunciations, without prejudice to those being received through the post.

The direct reporting of irregularities to the Supervisory Board, and all those that are of the exclusive competence of the Supervisory Board, are likewise immediately reported to that body's President by the President of the Ethics and Conduct Committee.

During 2016, no irregularities were reported to Martifer Group's Ethics and Conduct Committee.

The Company's reporting and denunciation of irregularities policy is disclosed in the Company's Website at http://www.martifer.com/, as well as in the Company's intranet site.

Martifer's reporting of irregularities policy applies to the entire Martifer Group perimeter.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. Individuals, boards or committees responsible for the internal audit and/or implementation of the internal control systems

Board of Directors

The risk policy is defined by the Board of Directors based on the analysis and measurement of risk, which also coordinates and develops risk management processes so as to guarantee an integrated risk management streamlined with the strategy and objectives of Martifer Group.

Risk Committee

Martifer's Risk Committee, which constitutes a Specialised Committee at the service of the Board of Directors, has as its main attributions the compliance with the guiding principles subjacent to the Martifer Group Risk Policy, aiding the Board of Directors with the setting of the Company's strategic objectives in matters pertaining to the assumption of risk, issuing recommendations and opinions, amongst others, on the definition of a Risk Policy for Martifer Group and as to the creation of risk identification, monitoring, control and management systems of a (i) legal and contractual, (ii) financial, (iii) technical and operational, (iv) commercial, (v) environmental, (vi) political and (vii) other nature.

The composition, functioning, attributions and powers of the Risk Committee are described in Point 29 above, and can be consulted in the Company's Website at http://www.martifer.com/ (Tab: Investors, Section: Corporate Governance/Articles of Association).

Supervisory Board

The assessment of the risk management and control systems constitutes a matter which is the object of regular analysis and discussion by Martifer's Supervisory Board, within the scope of the framework of its legal powers.

External Audit

As part of its duties, it evaluates the risks subjacent to the reliability and integrity of the accounting and financial information, reporting on the same to the Supervisory Board.

Internal Audit Department

Martifer has in its organisational structure an Internal Audit Department that carries out its activities with the purpose of assessing the effectiveness and efficiency of the internal control system and of the business processes throughout the Martifer Group, in an independent and systematic manner, that verifies whether the assets at Martifer Group level are duly recorded and sufficiently protected against risks and losses, that examines and evaluates the accuracy, the quality and the application of operational, accounting and financial controls, promoting effective control at a reasonable cost and proposing measures that reveal themselves to be necessary to overcome potential weaknesses detected in the internal control systems.

Martifer's internal audit department reports functionally to Mr. Jorge Bento Ribeiro Barbosa Farinha, a non-executive, independent director having a seat at the Company's Board of Directors.

The scope of the audits to be conducted in order to assess the quality of the control processes that assure compliance with the objectives of the Internal Control System, namely those that guarantee the efficiency of the operations, the reliability of the financial and operational reports and the respect for the law and regulations, is defined annually. Internal control deficiencies are reported up the hierarchy, the most significant matters being reported directly to the Board of Directors.

The activities of the Internal Audit Department, including the functioning of the internal control and risk management systems, are regularly monitored by the Company's Supervisory Board whilst supervisory body, within the scope of its functional powers, namely those foreseen in paragraph i) of Article 420 of the CCC. It should be pointed out that the Company's Supervisory Board meets regularly, fully complying with all its duties and attributions, as can be inferred from the minutes of the meetings and from the Supervisory Board's annual report and opinion.

During 2016, due to the withdrawal of some employees from the internal audit department, its activity was significantly reduced. However, the company is currently taking active measures to, in the near future, endow the internal audit department with the resources needed to fully comply with the roles attributed to it as an integral part of the Group's organizational structure.

Planning and Management Control and Consolidation and Reporting Departments

Martifer also has a Planning and Management Control Department that supported by the Company's information systems produces, monitors and analyses management information, raising questions at unit level.

The consolidated financial statements are prepared by Martifer's Consolidation and Reporting Department, which guarantees consistency in the application of the accounting policies adopted.

It should be highlighted that the risks subjacent to the reliability and integrity of the accounting and financial information are also assessed and reported on as part of the activities of the Statutory and External Auditors.

It should also be pointed out that there is an Ethics and Conduct Code and a system for the reporting of irregularities, which fosters Martifer Group's control culture.

51. Details, even if through the inclusion of an organisational chart, of hierarchical and/or functional dependency in relation to other boards or committees of the Company

Regarding hierarchical or functional dependency amongst the corporate bodies and departments responsible for the implementation and monitoring of the internal control systems, better described in the preceding point:

- The Risk Committee is a specialised committee constituted by the Board of Directors, formed primarily by non-executive members of the Board of Directors and/or the Supervisory Board, and is chaired by an independent director;
- The Supervisory Board is elected at the Company's Shareholders' General Meeting and is an independent body;
- The External Auditor, proposed by the Supervisory Board, is elected at the Company's Shareholders' General Meeting and the results of its activity are assessed by the Supervisory Board;
- The Internal Audit Department reports functionally to an independent non-executive director of the Board of Directors – Mr Jorge Bento Ribeiro Barbosa Farinha;
- The Planning and Management Control and the Consolidation and Reporting Departments both report to the Company's Board of Directors.

52. Other functional areas responsible for risk control

We consider that this point is already explained in detail in the preceding point and, therefore, refer thereto for the response to this point.

53. Details and description of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity

FINANCIAL RISKS

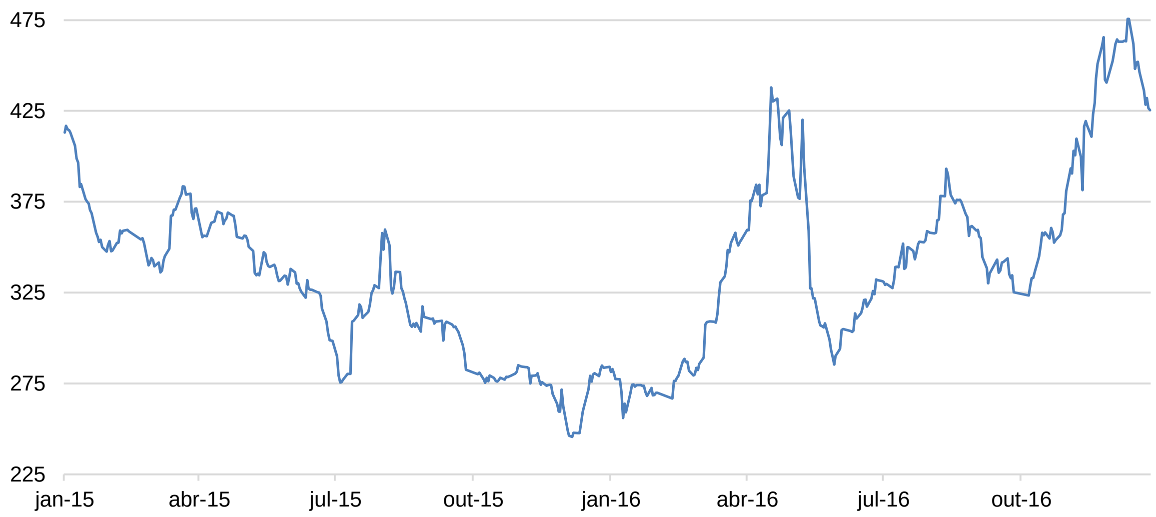
A) PRICE RISK

The volatility of the price of raw materials constitutes a risk for the Group. The anti-dumping measures/rates already implemented by the European Union in relation to steel and aluminium products from China caused a significant increase in the price that affected the operational activity of the metallic constructions business área.

Thus, in 2016 there was a sharp rise in the price of this commodity as a consequence of the implementation of the measures, which was, however, followed by a strong stabilization of prices in the second half of the year. Stabilization is expected to be maintained during 2017 at the intervals recorded in the last quarter of 2016 at the prices of the upper limit of the interval.

Martifer has sought to mitigate this risk through a strict procurement planning, which has allowed economies of scale in the quantity of the raw-material that is purchased and consequent price fixing and simultaneously a control of the flows through a phased delivery of the materials. On the other hand, it has also controlled this risk through contracts with clients that allow the passing of changes in the price of raw material in the amount to be paid by the client and ensuring with its suppliers fixed prices for large projects.

Evolution of the price of steel



B) CURRENCY RISK

Currency risk has a strong correlation with the other types of risk, with highlight to its relation with countries' risk, through the evolution of economies and their impact in inflation and interest rates, and with credit risk, via currency fluctuations that may jeopardize future financial flows, reflecting the possibility of registering gains or losses resulting from changes in the foreign exchange rates between different currencies.

The Group's internationalization forces it to be exposed to currency risk from different countries.

Exposure to currency risk results mainly from operational activities (in which expenses, income, assets and liabilities are expressed in a currency other than the reporting currency of the Group), from transactions between these subsidiaries and other Group companies and from the existence of transactions with external parties made by the operational companies in a currency other than the reporting currency of the Group.

The Group's currency risk management policy aims to reduce the sensitivity of its results in exchange rate variations.

Subsidiaries, in their day-to-day operational activities, seek to use their local currency. Likewise, loans contracted by foreign subsidiaries are preferably denominated in their local currency.

Concerning exchange rates' hedging, hedges are sporadic as their cost is sometimes considered excessive in relation to the risk level involved. However, whenever considered suitable, the Group contracts exchange rates hedging in order to cover the risk.

During 2015, as a result of the severe economic and financial crisis Angola has been facing, explained in large part by the significant drop in oil prices, there was a huge shortage of tradable currency in the Angolan market, causing limitations in the financial flows coming from this geography.

During 2016, the worsening of the scarcity of tradable currencies in Angola was highlighted as a consequence of the maintenance of oil prices at very low levels. This high scarcity of tradable currencies caused serious consequences on devaluation of the Angolan currency (Kwanza), wich forced Martifer Group to liquidate local suppliers in a timely manner in order to obtain a natural exchange rate hedge through local commercial transactions.

The Group has been trying to mitigate this risk through financial instruments presented by its clients (e. g. letters of credit) in order to maintain the regular financial flow.

Also in 2016, UK's announcement of BREXIT and the US elections triggered a climate of uncertainty that directly affected the appreciation of the British Pound and the US Dollar. The Group has managed to circumvent the risk of exposure to these currencies, taking advantadge of the fact that many of the suppliers are contracted in these currencies.

C) INTEREST RATE RISK

Interest rate risk reflects the possibility of changes in future interest charges on loans contracted due to the evolution of the market interest rate levels.

The cost of financial debt contracted by the Group is indexed to short term base rates, reviewed with a year or less frequency, plus a negotiated risk premium. Therefore, variations in interest rates may affect the Group's results.

The Group's exposure to interest rates is related to financial liabilities contracted with a fixed and/or floating rate. In the first case, the Group faces a risk of fair value variation on these assets or liabilities, since every change in market rates involves an opportunity cost. In the second case, such change has a direct impact on interest value, consequently causing cash variations.

During 2016, the reference interest rates in the Euro area remained at very low levels, in line with what has been seen in recent years. Thus, according to the European Central Bank projections published in March 2017 ("March 2017 ECB staff macroeconomic projections for the euro area"), short-term interest rates should remain in negative territory until 2019, however there is a growth of long-term interest rates.

Martifer Group's exposure to interest rate risk is currently very low, not only due to the expected maintenance of very low indexes, but also as a consequence of the restructuring agreements siged with banks in 2015 that allowed the temporary stabilization of the spreads at fairly competitive rates.

D) LIQUIDITY RISK

Liquidity risk reflects the Group's ability to satisfy its financial responsibilities with the financial resources available.

The main goal of the liquidity risk management program is to ensure that the Group has available, whenever needed, the financial resources to satisfy its responsibilities and pursue the outlined strategies, honouring all its obligations towards third parties, through an adequate management of the financing cost / maturity ratio.

As mentioned above, at the end of 2015, the Group restructured its debt with financial institutions, through the rescheduling of bank financing repayments over time, increasing the debt maturity in order to make it coincide with the long term assets' continuity and, at the same time, to allow the cash surpluses to be sufficient to comply with its responsibilities.

Therefore, and having in mind the medium/long term features of the investments made, the debt service accompanies the maturity of the associated assets, not jeopardizing the commitments from its short term operational activity in the pursuit of the Group's goal to adequate the inflows maturity of the operational activity and investment (divestment) to the outflows of the financing activity.

The financial direction accompanies the implementation of the risk management policies defined by the board, in order to ensure that the economic and financial risks are identified, measured and managed according to those policies.

E) CREDIT RISK

The worsening of the worldwide economic conditions or the adversities affecting local, national and international economies can influence Martifer Group's clients' default rate, with possible negative impacts on the Group's results.

The Group undergoes credit risk in its operational activity – Trade Receivables and Other Receivables.

Aware of this reality, the Group tries to assess all its clients' credit risk in order to establish credit limits, with the ultimate purpose of ensuring the collection of the due amounts within the negotiated periods.

Having this objective in mind, the Group uses credit rating agencies, regular risk analysis and credit control and collects from and manages cases in litigation, procedures which are all considered essential to manage the credit conceded and to minimize the risk of credit default.

OPERATIONAL RISKS

A) METALLIC CONSTRUCTIONS

Operational risks in the Metallic Constructions area, which also incorporated the energy equipment area as of 2011 and the naval area as of 2014, are currently divided into three risk sources – client, supplier and external risks, which in turn are sub-divided into specific problems.

Under client risk one can identify, for example, issues at the contractual level, such as the lack of convergence in the interpretation and application of the contractual dispositions, the distaste or dissatisfaction with the service/product and also the risk of non-payment of the price stipulated following the delivery of the projects.

In terms of demand volatility, it is important to note that the business area partly depends on the launch of public tenders for public infrastructures (e.g. bridges, airports, train stations). Within the scope of public tenders, Martifer is subject to complex regulatory demands, specific to each country, namely in matters concerning the presentation of the proposals and the preparation of complex administrative documentation files to satisfy the project's specifications defined by the contracting entity. This may represent additional costs for Martifer Group. It must be highlighted that, despite the dependence on public tenders, Martifer has been able to win deals from private parties, thereby reducing its exposure to this risk.

Under the supplier risk, Martifer Construções, as a specialist in engineering projects, relies on subcontractors very often. If these fail in the execution of their work the project's delivery deadline cannot be met, in a domino effect. In other words, there is also a risk of delays in delivering the projects, with the inherent contractual penalties.

Finally, in terms of external risks and considering that the area of Metallic Constructions is strongly correlated with economic growth and with gross fixed capital formation, it is therefore sensitive to the current economic environment. Accordingly, the worsening of the sovereign debt crisis in Europe and the negative evolution in commodity prices also raises other problems, namely the austerity plans that imply severe transversal cuts in public and private investment and the significant decrease in liquidity throughout the financial system, which often causes highly attractive projects to be shelved due to lack of capital.

In order to mitigate these risks, the Metallic Constructions area diversified its projects in different geographies, namely by entering markets that register stronger growth in the construction sector.

C) RENEWABLES

The productivity rates associated with the renewable energy business depend not only on the operational costs, but also on its revenues (price and volume of energy produced by the assets). The equipment used and other exogenous factors, such as the wind that in turn depends on the farm location, influence the energy production and consequently its results. Whenever the wind speed is below or above the equipment limits, no energy is produced. These limits vary according to the manufacturer and type of turbine. Additionally, each turbine has a power curve that determines the generated power at each wind speed.

The readiness and power curve of each turbine is contractually guaranteed, with indemnities being payable by the suppliers for situations where their readiness is not satisfied or the power curve is not attained.

This risk is also mitigated through the geographical distribution of the wind turbines in the wind farms, allowing the set-off of wind velocity variations at each farm and ensuring the relative stability of the volume of the total energy produced.

Regarding solar photovoltaic energy, the exogenous factors are more easily forecasted and therefore the revenues variation is minimized.

LICENCING:

Wind farms and solar parks are subject to rigorous regulations in matters such as the development, construction, licensing and operation. If the relevant authorities in the jurisdictions in which the Group operates stop or reduce their support in the development of wind farms and solar parks, such actions may have a significant impact on the activity.

LEGAL RISKS

Martifer is subject to the national and local laws and regulations in the various geographies and markets where it operates. These aim to ensure, among other, labour rights, environment protection, spatial planning and the maintenance of an open and competitive market. Thus, the legal and regulatory changes that affect the conditions conducive to the development of the Groups' activities and that consequently harm or impede the attainment of the strategic objectives require the Company to adapt to the new regulatory realities.

The management of the legal risk is carried out by the legal department of the holding company and of each of the Group's Business Areas and is monitored within the scope of reviews performed by internal legal and fiscal service providers dedicated to the respective activities, which operate in the dependence of the Board of Directors and management, conducting their work in articulation with the other fiscal and financial departments, so as to ensure the protection of the Company's interests and ultimately those of the stakeholders', in strict compliance with their legal duties.

The members of the legal departments and internal advisory service providers referred to above have specialized formal qualifications and undergo regular formal training and updating.

Legal and fiscal advisory services are also ensured, nationally and internationally, by external professionals selected amongst reputable firms and in accordance with the highest standards of competence, ethics and experience.

54. Description of the procedure for identification, assessment, monitoring, control and risk management

RISK MANAGEMENT SYSTEMS

Risk Management is one of the components of Martifer's culture, being present in all the management processes and representing a responsibility of all managers and employees at the various levels of the organisation.

> Risk policy is defined by the Board of Directors based on the analysis and measurement of risk, which also coordinates and develops risk management processes in order to guarantee an integrated risk management streamlined with the strategy and objectives of the Group.

In parallel, Martifer continues to implement internal control and risk management procedures with the objective of reinforcing the integrated risk management, establishing a strategy for the prevention and management of risk transversal to the Group, so as to reduce exposure to risk and safeguard the value of the Group. The procedure is characterised, summarily, by the identification of the risks in each business area, accompanied, in parallel, by the formalisation of an assessment, management, prevention and mitigation of risk process, to be elaborated by the Company's Board of Directors, supported by the Risk Committee.

Risk Management comprises the processes of identifying current and potential risks, analysing their possible impact on the strategic objectives of the organisation and estimating the probability of their occurrence, in order to determine the best way to manage exposure to these.

All these risks are duly identified, assessed and monitored, and it is the responsibility of the different structures in the company to manage and/or to mitigate them.

Risk Management at Martifer Group starts at the operational company level, with the identification, measurement and analysis of the different risks to which it is subject, with special emphasis on risks of an operational and market nature, seeking to estimate the probability of the occurrence of the various factors that determine such risks and their potential impact on the business of the Company or activity in question.

Without prejudice to the definition of the risk strategy by Martifer's Board of Directors, those responsible for the operations are also responsible for the implementation of risk control mechanisms, which are scrutinised by the competent Financial, Tax and Legal Departments.

> The identification of the risks is a responsibility transversal to the different levels of the organisation, Specific templates have been created to identify and categorise the main risks in each Business Area, as well as the new risks that may arise as the

respective activities develop, including:

(i) economic and business risks,
(ii) financial risks, and
(iii) legal risks.

The Risk Committee is also responsible for the analysis and issuance of opinions, which are submitted to the Board of Directors on, amongst others, new Group investments above certain amounts and new geographies for Martifer Group's activities.

The efficiency of these mechanisms is periodically assessed by the Holding Company, through the Internal Audit Department, during the execution of the audit plan covering the financial aspects, information systems, processes and conformity with the procedures approved. This audit plan is prepared and developed annually, based on a prior assessment of the business risks, the mechanisms and assessments of the internal audit department being monitored and verified by the Company's Supervisory Board within the scope of its functional powers.

The function of Planning and Management Control also promotes and supports the integration of risk management in the companies' planning and management control processes.

It is an objective of the Holding Company to obtain an integrated vision of the risks that the Group faces in each of its different activities or business areas and to guarantee the consistency of the resulting risk profile with that of the Group's global strategy and, in particular, to determine what it considers an acceptable risk level, given the structure of its capital.

To this effect, operations with the highest relevance and impact on Martifer Group, as well as those of a more financial nature are directly assessed and validated by the Financial, Tax and Legal Departments at the Holding Company level, in line with the policies and risk strategies set by the management.

55. Core details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information (Article 245-A/1/m)

Concerning the release of financial information, Martifer Group promotes strict cooperation amongst all the bodies, departments and remaining participants in the process, so that the financial information is prepared in accordance with the legal requirements in force, complying with the best practices of transparency, relevance and reliability, it is subject to an effective verification, whether by internal analysis, by the supervisory bodies and the External Auditor, it is approved by the responsible corporate body and its disclosure complies with all the legal requirements and recommendations, namely those of the CMVM.

In the financial information disclosure process we highlight:

- The use of accounting policies that are explained in the Notes to the Financial Statements;
- The financial information is analysed by those responsible for the management of the respective business areas, seeking to exercise permanent monitoring and the respective budget control;
- The accounting records and the preparation of the financial statements are prepared by the Financial, Accounting and Planning and Management Control Departments, that guarantee the control over the recording of the transactions of the business processes and over the balances of the asset, liability and equity accounts;
- The consolidated financial statements are prepared periodically, on a quarterly basis, by the Consolidation and Reporting Department and validated by the Planning and Management Control Department;
- The Management Report is prepared by the competent internal departments, with the contribution and additional review of the various business and support areas. The Statutory Auditor also reviews the content of this report (the annual and half-yearly versions) and its conformity with the supporting financial information;
- The Group's financial statements are prepared under the supervision of the Executive Directors of the Group. The documents comprising the half-yearly and annual reports are sent for the review and approval of the Board of Directors. Subsequent to their

approval, these documents are sent to the External Auditor, who issues his legal certification of the accounts and the External Audit's Report;

- The Statutory Auditor carries out both an annual audit and a limited review at the half-year of the individual and consolidated accounts, carried out in accordance with the Auditing Standards in force.

IV. INVESTOR ASSISTANCE

56. Department responsible for investor assistance, composition, functions, the information made available by the said department and contact details

Martifer privileges a permanent contact with the capital market, seeking to guarantee a permanent access to information on the Group in a continued and consistent manner, be it through the disclosure of periodic financial information or through contacts with institutional investors, namely by participating in road-shows and conferences, or through permanent contact with financial analysts.

Shareholders and investors can generally obtain all the relevant Group information from Martifer's Website at http://www.martifer.pt/, in particular from the Investor Relations page, where they can find, in addition to the mandatory information of a corporate and financial nature, information on the evolution of its quoted share price. Shareholders and Investors can also contact the Investor Assistance Office, which assures a permanent contact with the market.

During the 2016 financial year, Martifer participated in various events amongst which roadshows, seminars, one-to-one meetings and conferences aimed at institutional investors.

The Investor Relations and Communications Office seeks to assure the market, the investors, the analysts and the journalists the disclosure of information on Martifer Group in a continued, opportune and balanced manner.

The main functions of the Investor Assistance Office are, amongst others:

- Assuring, vis-à-vis the authorities and the market, compliance with the legal and regulatory reporting obligations applicable to Martifer SGPS, SA. The disclosure of information falling within the scope of "announcement of privileged information", the announcement of quarterly information on the activities and results of the Group and the preparation of the annual, half-yearly and quarterly reports and financial statements, are to be highlighted;
- Satisfy investor (institutional and private), financial analysts and other agents' requests for information;
- Supporting and advising Martifer's Executive Committee in aspects relating to the company's public status, an example being the monitoring of the evolution of Martifer's quoted share price, in its multiple aspects, supporting the Executive Committee with the direct contacts it regularly maintains with financial analysts and institutional investors (national and foreign), through conferences, meetings and road-shows. At an organic level, the Investor Assistance Office reports directly to the Executive Committee of the Board of Directors of Martifer SGPS, SA.
- Information made available by the Investor Assistance Office:
  - Investor Kit
  - General Information
  - Main Indicators
  - Corporate Governance
  - Corporate Bodies
  - Articles of Association
  - Ethics and Conduct
  - General meetings
  - Share Price Quotation
  - Agenda
  - Publications
  - Financial Information
  - Presentations
  - Notices

The Investor Assistance Office may be contacted by the following:

investor.relations@martifer.pt

Martifer SGPS, Apartado 17
3684-001 Oliveira de Frades Portugal
Telephone: +351 232 767 702
Fax: +351 232 767 750

57. Market Liaison Officer

For purposes of the Securities Code, the Market Liaison Officer is, Mr. Pedro Nuno Cardoso Abreu Moreira.

Mr. Pedro Nuno Cardoso Abreu Moreira
Martifer SGPS, Apartado 17
3684-001 Oliveira de Frades Portugal
Telephone: +351 232 767 702
Fax: +351 232 767 750

58. Data on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years

- Requests for information received by the Investor Assistance Office recorded a significant increase as from the second-half of 2016, which is justified by the improvement in the financial markets' expectations regarding Portugal and company performance. Information requests were largely made by institutional investors, but some information requests were also placed by small retail investors.
- The Market Liaison Office aims to minimize the response time for the requests, and when an immediate response is not possible, it shall not exceed 24 hours, except for exceptional circumstances.

V. WEBSITE

59. Address(es)

Martifer has a Website bearing the electronic address http://www.martifer.com with a wide range of information on Martifer Group.

60. Place where information on the firm, public company status, registered office and other details referred to in Article 171 of the Commercial Companies Code is available

Information can be consulted at the following electronic address:

http://www.martifer.com/en/group/legal-disclaimer/

61. Place where the articles of association and regulations on the functioning of the boards and/or committees are available

Information can be consulted at the following electronic address:

http://www.martifer.pt/en/group/investor/corporate-governance/articles-of-association/

62. Place where information is available on the names of the corporate bodies' members, the Market Liaison Officer, the Investor Assistance Office or comparable structure, respective functions and contact details

Information can be consulted at the following electronic addresses:

http://www.martifer.pt/en/group/investor/corporate-governance/governing-bodies/

http://www.martifer.pt/en/group/investor/general-information/investor-relations-office/

63. Place where the documents are available and relate to financial accounts reporting, which should be accessible for at least five years and the half-yearly calendar on company events that is published at the beginning of every six months, including, inter alia, general meetings, disclosure of annual, half-yearly and where applicable, quarterly financial statements

Information can be consulted at the following electronic address:

http://www.martifer.pt/en/group/investor/publications/financial-information/

64. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed

Information can be consulted at the following electronic address:

http://www.martifer.pt/en/group/investor/corporate-governance/general-meetings/

65. Place where the historical archive of the resolutions passed at the company's General Meetings, share capital and voting results relating to the preceding three years are available

Information can be consulted at the following electronic address:

http://www.martifer.pt/en/group/investor/corporate-governance/general-meetings/

D. REMUNERATION

I. Power to establish

66. Details of the powers for establishing the remuneration of corporate boards, members of the executive committee or chief executives and directors of the company

The remuneration policy and the remuneration of the Company's Corporate Bodies are established by a Remuneration Setting Committee, elected at the Shareholders' General Meeting. This policy is reviewed annually and submitted for approval at the Company's Annual Shareholders' General Meeting, where at least one representative of the said Remuneration Setting Committee is present.

The Remuneration Setting Committee's activity is dedicated to the preparation of master guidelines and the determination of the remuneration policy of the Company's corporate bodies, to monitor the execution of that policy and to guarantee the alignment of the actions of those bodies with the interests of the Company.

The Remuneration Setting Committee has as its main powers:

- To define the remuneration policy of the Corporate Bodies of the Company, particularly of the executive members of the Board of Directors, fixing the criteria to determine the variable component of the remuneration;
- To determine the various components of the fixed and variable remuneration, possible benefits and complements, as well as the annual remuneration payable to the members of Martifer's Corporate Bodies;
- To monitor the performance of the executive members of the Board of Directors for the purposes of determining the variable remuneration;
- To monitor the performance of the non-executive members of the Board of Directors;
- To Submit, in an advisory capacity, an informative exposition on the company's remuneration policy to the annual General Meeting.

The Remuneration Setting Committee sporadically requests, if necessary, from Martifer's internal departments (namely the Human Resources Department, the Planning and Management Control Department and the Legal Department) specialised information and data of a technical nature, amongst other, relating to the structure of the company, the results of the Group and the members and activities of the corporate bodies. The information requested and received by the Committee is aimed at the compilation of a body of information and technical data that permits the definition and implementation of the Group's remuneration policy.

The information requested is provided free of charge, and the Committee has no need to hire persons, natural or legal, to carry out its duties.

The External Auditor is also obliged to verify the application of the policies described and the remuneration systems of the corporate bodies, being obliged to report any potential non-conformity detected to the Supervisory Board.

II. Remuneration Committee

67. Composition of the remuneration committee, including details of individuals or legal persons recruited to provide services to the said committee and a statement on the independence of each member and advisor

The composition of the current Remuneration Setting Committee, elected at the Shareholders' General Meeting for a three-year term of office (2015-2017), is as follows:

PRESIDENT	António Manuel Queirós Vasconcelos da Mota
MEMBERS	Maria Manuela Queirós Vasconcelos Mota dos Santos Júlia Maria Rodrigues de Matos Nogueirinha

The members of the Remuneration Setting Committee are independent of the management body, considering the explanation contained in the paragraph that follows.

During the 2016 corporate period, a member of the Remuneration Setting Committee – Mrs. Júlia Matos – was also a member of a corporate body of a company, whose share capital is held by two executive directors of the Company, namely Messrs Carlos Marques Martins and Jorge Marques Martins. However, the Company considers that the independence of the Remuneration Setting Committee is safeguarded not only because of the professional training of this member in particular, but also because of the fact that the remaining members of the Committee, which for the majority, are independent from the executive members of the management body of the Company.

No persons were hired to integrate the Remuneration Setting Committee.

68. Knowledge and experience in remuneration policy issues by members of the Remuneration Committee

The Company considers that all the individuals comprising this Remuneration Setting Committee, are totally fit to carry out their duties with excellence from a professional training perspective or based on positions they previously held.

Ms. Maria Manuela Queirós Vasconcelos Mota dos Santos is President of the Human Resources Development Commission of the Mota-Engil Group.

The experience and knowledge of the members of the Remuneration Setting Committee are better described in their curricula presented in the document attached to this report and attest, in a rigorous and specific manner, their ability to carry out the duties attributed to them.

III. Remuneration structure

69. Description of the remuneration policy of the Board of Directors and Supervisory Board as set out in Article 2 of Law No. 28/2009 of 19 June

The remuneration of the members of the Board of Directors and of the Supervisory Board of the Company is determined, in terms of the Articles of Association, by the Remuneration Setting Committee, which submits an annual document, for appraisal at the General Meeting, containing the general guidelines to be followed in establishing the specific amounts to attribute to the members of the various Corporate Bodies.

At the Company's General Meeting of 19th May 2016, the remuneration policy of the management and supervisory bodies, prepared by the Remuneration Setting Committee, in compliance with Article 2 of Law no. 28/2009, of 19 June, and available in the Company's Website at http://www.martifer.pt/ (Tab: Investors, Section: Corporate Governance/General Meeting), was discussed and submitted for approval.

In general terms, the said remuneration policy of the management and supervisory bodies seeks to closely follow the CCC and the Portuguese Securities Market Commission's Corporate Governance Code provisions applicable, this being reflected in the statement submitted for approval at the General Meeting referred to in the point that follows.

In defining the remuneration policy for the 2016 year, the legal provisions foreseen in (i) the CCC, namely in Article 399; (ii) Law 28/2009, of 19 June; (iii) the 2010 Corporate Governance Code issued by the CMVM; and (iv) the special regime laid down in the Company's Articles of Association, were considered.

70. Information on how remuneration is structured so as to enable the aligning of the interests of the members of the Board of Directors with the Company's long-term interests and how it is based on the performance assessment and how it discourages excessive risk taking

Martifer's remuneration policy aims to promote the convergence of the interests of the directors, those of the other corporate bodies and of the managers with the Company's interests, namely those regarding the creation of value for the shareholder and real growth for the Company, privileging a long-term perspective.

Hence, the Committee structured the components of the remuneration of the Management bodies so as to reward their performance in achieving high and simultaneous sustained growth, discouraging, however, excessive risk-taking. Additional determining factors include the company's economic situation and general market conditions practiced for equivalent functions.

The remuneration of the executive members of the Board of Directors shall comprise a fixed and, when so deliberated by the Remuneration Setting Committee, a variable component, with the latter variable part of the remuneration to not exceed 5% (five per cent) of the results for the period, as laid down in law and in Article 20, no. 3 of the Articles of Association.

The informative principles observed by the Committee in establishing the remuneration are:

a) DUTIES CARRIED OUT, degree of complexity inherent to the duties, responsibilities attributed, time spent and the added value to the Company of the work produced. Other duties carried out at group companies are also relevant, in virtue of the increased responsibilities and of their constituting additional sources of revenue.
b) ALIGNMENT OF THE INTERESTS OF THE MEMBERS OF THE MANAGEMENT BODY WITH THOSE OF THE COMPANY, appraisal of the performance of the members of the management body and of the creation of value for the shareholders.
c) ECONOMIC SITUATION OF THE COMPANY, present and future, privileging the interests of the Company in the long-term and the achievement of real growth for the Company and the creation of value for its shareholders, based on criteria defining the economic situation of the Company, amongst others, those of a financial nature.
d) GENERAL MARKET CONDITIONS FOR EQUIVALENT SITUATIONS, considering that the remuneration shall be aligned with market practice, permitting it to serve as a means of achieving high individual and collective performance, assuring the interests of the member but essentially those of the Company and of the shareholders.

The general guidelines governing the remuneration policy followed by the Remuneration Setting Committee during the 2016 financial period were those contained in the Remuneration Policy Statement, which ware subject to the resolution at the Company's General Meeting of 19th May 2016, and can be found in Annex III of this report.

71. Reference, where applicable, to there being a variable remuneration component and information on any impact of the performance appraisal on this component

As described in more detail in the preceding point the remuneration of the Executive Members of the Board of Directors shall comprise a fixed and, when attributed, a variable component.

The fixed component of the remuneration of the members of the Board of Directors with executive functions, as well as of the non-independent, non-executive members (when attributed), shall consist of a monthly amount payable fourteen times a year, the variable portion not being permitted to exceed five per cent of the results for the financial period, as laid down by law and in Article 20, no. 3 of the Articles of Association.

In setting all remuneration, including, namely, in distributing the total amount of the variable remuneration amongst the members of the Board of Directors, the general principles consigned above shall be observed: duties carried out, alignment with the interests of the Company, privileging the long-term, the situation of the Company and market criteria.

The process of attributing variable remuneration (VR) to the Executive Members of the Board of Directors shall follow the criteria laid down by the Remuneration Setting Committee, namely, their position in the hierarchy, the performance appraisal carried out, the company's real growth, seeking in determining those criteria to strengthen the convergence of the interests of the Management bodies with those of the Company, privileging the long-term perspective, this perspective being considered in the performance criteria applied to Management. The following will therefore be decisive for the appraisal and mensuration of the VR:

- the contribution of the Executive Directors to the results obtained;
- the profitability of the businesses from the shareholder perspective;
- the evolution of the share price quotation; and
- the extent to which the projects integrated and measured by the Balanced Scorecard of the Group are accomplished.

During the course of 2016, no contracts were celebrated, be it with the Company, or with third parties, which effects are to mitigate the risk inherent to the variable remuneration established by the Company for the members of the management board.

72. The deferred payment of the remuneration's variable component, specifying the relevant deferral period

During the 2016 financial year, no variable remuneration was attributed to the directors of Martifer; consequently, the issue of deferral of this remuneration component did not arise. On the other hand, the Remuneration Policy of the management and supervisory bodies, drawn up by the Remuneration Setting Committee and approved at the General Meeting held on 19th May 2016, does not foresee the deferral of variable remuneration, when attributed.

Therefore, during the relevant financial year the company's directors did not receive variable remunerations and, consequently, the issue of deferral of this remuneration component did not arise.

73. The criteria whereon the allocation of variable remuneration on shares is based, and also on maintaining company shares that the executive directors have had access to, on the possible share contracts, including hedging or risk transfer contracts, the corresponding limit and its relation to the total annual remuneration value

Martifer's existing Remuneration Plan in Stock Options was constituted and attributed in the 2008 corporate period, foreseeing the deferral of the exercising of the options for a period of 4 years; consequently, the exercising of the options related thereto expired during the 2013 corporate period.

Regarding the 2008 Plan, none of the Directors exercised his/her option rights during the respective deferral period.

During the course of the 2016 corporate year, the Company neither implemented nor attributed another stock and/or stock options plan and, consequently, no variable remuneration was allocated on shares to the Directors and no criteria were established for the maintenance of those shares by the executive directors.

74. The criteria whereon the allocation of variable remuneration on options is based and details of the deferral period and the exercise price

As better described in the preceding, and given that during the fiscal year 2016, the Company didn't implement, nor charge allocation of shares and/or a share purchase option plan, the Company considers this point not applicable.

75. The key factors and grounds for any annual bonus scheme and any additional non-financial benefits

The Company has neither implemented any annual bonus scheme nor any additional non-financial benefits.

76. Key characteristics of the supplementary pensions or early retirement schemes for Directors and date when the said schemes were approved at the General Meeting, on an individual basis

The Company does not have supplementary pensions or early retirement schemes for the members of the management and supervisory bodies and for other managers, as defined in no. 3 of Article 248-B of the Securities Code.

77. Details on the amount relating to the annual remuneration paid as a whole and individually to members of the Company's Board of Directors

DIRECTOR	EXECUTIVE DIRECTOR	FIXED REMUNERATION	VARIABLE REMUNERATION	STOCK OPTIONS	ATTENDANCE FEES	TOTAL (€)
Carlos Manuel Marques Martins (Chairman)	Yes	€238.005,92	0	0	0	€238.005,92
Jorge Alberto Marques Martins (Vice Chairman)	Yes	€27.300,00	0	0	0	€27.300,00
Pedro Nuno Cardoso Abreu Moreira	Yes	€116.500,08	0	0	0	€116.500,08
Arnaldo Nunes da Costa Figueiredo	No	0	0	0	0	0
Luis António de Valadares Tavares	No	0	0	0	€20.000,00	€20.000,00
Jorge Bento Barbosa Farinha	No	0	0	0	€20.000,00	€20.000,00

78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to a common control

During 2016, only the following members of the Board of Directors earned a fixed remuneration from the following Company affiliates:

DIRECTOR	COMPANY	FIXED REMUNERATION
Jorge Alberto Marques Martins	Martifer Renováveis, Lda (Brasil)	R$ 18.000,00 *(i)*
Jorge Alberto Marques Martins	SPEE 2 - Parque Eólico de Vila Franca de Xira, S.A.	€28.000,00
Jorge Alberto Marques Martins	SPEE 3 - Parque Eólico de Baião S.A	€28.000,00

(*i*) Remuneration received in local currency – Brazilian Real, which global amount corresponds to €5,258,28, at the 30/12/2016 foreign exchange rate (R$ 3.42317), i.e. that of the last day of the financial period being reported.

79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons for said bonuses and/or profit sharing being awarded

During the 2016 financial period, no remuneration was paid in the form of profit sharing and/or bonus payments were made.

80. Compensation paid or owed to former Executive Directors concerning contract termination during the financial year

During 2016, no compensation was paid, nor is it owed, to former executive directors in respect of contract termination.

81. Details of the annual remuneration paid, as a whole and individually, to the members of the Company's Supervisory Board for the purposes of Law no. 28/2009, of 19 June

MR. AMÉRICO AGOSTINHO MARTINS PEREIRA	€4,800.00
MR. CARLOS ALBERTO DA SILVA E CUNHA	€4,800.00
MR. PAULO SÉRGIO JESUS DAS NEVES	€4,800.00
MR. ANTÓNIO BAIA ENGANA	€ 0.00
TOTAL	€ 14,400.00

82. Details of the remuneration in the said year of the Board of the General Meeting

JOSÉ JOAQUIM NEIVA NUNES DE OLIVEIRA	€1,200.00
LUIS LEITÃO MARQUES VALE LIMA	€0.00
LUIS NEIVA DE OLIVEIRA NUNES DE OLIVEIRA	€400.00
TOTAL	€ 1,600.00

V. Agreements with remuneration implications

83. Envisaged contractual restraints for compensation payable for the unfair dismissal of Directors and relevance thereof to the remunerations' variable component

The Company has neither established nor agreed to any contractual restraints for compensation payable to directors of the Company on unfair dismissal.

Likewise, the Remuneration Policy approved at the General Meeting of 19th May 2016 does not foresee any calculation or determination formula for the amount due to a director in these circumstances; consequently, the normal regime would apply in such circumstances.

84. Reference to the existence and description, with details of the sums involved, of agreements between the company and members of the Board of Directors and Managers, pursuant to Article 248-B/3 of the Securities Code that envisages compensation in the event of resignation or unfair dismissal or termination of employment following a takeover bid (Article 245-A/1/l))

The Company hasn't take part in any agreement with the members of the management body or other managers, as defined in no. 3 of Article 248-B of the Securities Code, that foresees compensation in the event of resignation, unfair dismissal or employment termination following a takeover bid.

VI. Share-Allocation and/or Stock Option Plans ("stock options")

85. Details of the plan and the number of persons included therein

Martifer currently has no active Remuneration Plan in Stocks and Stock Options.

86. Characteristics of the plan (allocation conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares or options to be allocated, the existence of incentives to purchase and/or exercise options

As better described in the preceding point, the Company has no active Stock or Stock Options Plan; consequently, the information pertaining to this point is not applicable.

87. Stock option plans for the company employees and staff

The Company has no active Stock or Stock Options Plan; consequently, the information pertaining to this point is not applicable.

88. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by the said employees (Article 245-A/1/e))

The Company has no active Stock or Stock Options Plan; consequently, the information pertaining to this point is not applicable.

E. RELATED PARTY TRANSACTIONS

I. Control mechanisms and procedures

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties (For the said purpose, reference is made to the concept resulting from IAS 24)

Transactions with Directors of Martifer or with entities in a group or dominant relationship in which the former are likewise also Directors, irrespective of the amount, are subject to the prior approval of the Board of Directors with the approval of the supervisory body, in terms of Article 397 of the CCC.

90. Details of transactions that were subject to control in the referred year

In 2016, no deals or transactions were carried out between the company and the Board of Directors or the Supervisory Board.

91. A description of the procedures and criteria applicable to the Supervisory Body when the same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualifying holdings or entity relationships with the former, as envisaged in Article 20 of the Securities Code

The Supervisory Board established the procedures and criteria necessary to define the relevant ‘level of significance’, of business between the company and the holders of qualifying holdings or entities with which the former are linked in any relationship of dominium or group, in excess of which amount, the intervention of the supervisory body is required.

Hence, without prejudice to the provisions foreseen in Article 397 of the CCC, deals between, on the one hand, the Company or Group companies and on the other hand holders of qualifying holdings or entities with which the former are linked in any relationship, shall be subject to assessment and prior approval by the Supervisory Board if they meet any one of the following criteria:

a) Are for an amount equal to or in excess of half-a-million Euros, or, when lower, when aggregated with other transactions carried out with the same Shareholder holder of qualifying holdings, during the same financial period, result in an amount equal to or in excess of one million Euros, except those relating to normal Company business;
b) Regardless of the amount, when they may cause a material impact on the Company's reputation, in matters concerning the independence in its relations with holders of qualifying holdings.

II. Data on business deals

92. Details of the place where the financial statements including information on business dealings with related parties is available, in accordance with IAS 24, or alternatively a copy of the said data

Business dealings with related parties are described in Note 39 of the Notes to the Consolidated Financial Statements, forming part of the 2016 Consolidated Report and Accounts, available in the Company's Website at http://www.martifer.pt/ (Tab: Investors, Section: Financial Information).

PARTE II
CORPORATE
GOVERNANCE
ASSESSMENT

PART II
Corporate Governance Assessment

1. Details of the Corporate Governance Code implemented

Martifer, whilst issuer of shares that have been admitted to trading on an official stock exchange, is subject to the Portuguese Securities Market Commission's ("Comissão do Mercado de Valores Mobiliários", henceforth also CMVM) Regulation no. 4/2013, of 18 July 2013, and abides by the recommendations contained in the 2013 Corporate Governance Code approved by the CMVM, both documents available in the CMVM's Website at www.cmvm.pt.

Martifer has not voluntarily adhered to any other corporate governance codes.

The present report was prepared and follows, under no. 2 of Article 4 of CMVM Regulation no. 4/2013, the model appended to the said Regulation, having as its reference the 2013 CMVM Corporate Governance Code.

2. Analysis of compliance with the Corporate Governance Code implemented

In the matter of Corporate Governance and whilst a Public Company, Martifer has sought to promote the implementation and adopt the best corporate governance practices, including those contained in the new 2013 CMVM Corporate Governance Code, guiding its policy along the highest standards of conduct, ethics and social responsibility, which are intended to be transversal to the Group.

It is an objective of the Board of Directors to implement an integrated and effective management of the Group, enabling the Company to create value by promoting and guaranteeing the legitimate interests of its Shareholders, clients, suppliers, employees, the capital market as well as of the community in general, permanently seeking transparency in its relations with the investors and the market.

Martifer considers that, despite the fact that it does not comply fully with the recommendations contained in the 2013 CMVM Corporate Governance Code, as amply described and justified in the following chapters of this report, the degree of adoption of the recommendations is extremely wide and thorough.

3. Analysis of compliance with the Corporate Governance Code adopted

3.1 STATEMENT ON THE ACCEPTANCE OF THE CORPORATE GOVERNANCE CODE

Pursuant to and for the purposes of that laid down in paragraph o) of no. 1 of Article 245-A of the Securities Code, the recommendations included in the CMVM's Corporate Governance Code, with the indication of whether adopted or not, whenever applicable to Martifer's structure, and references to the text in the report where the form of adoption is described in greater detail, are listed below:

CMVM RECOMMENDATIONS	ADOPTION	REFERENCE
I. VOTING AND CORPORATE CONTROL		CHAPTER, TITLE, SECTION
I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by email and electronically.	**Partially Adopted**	Part I B. I b) - 12 Part II – 3.2
I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	**Partially Adopted**	Part I B. I b) - 12 and 14 Part II – 3.2
I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.	**Adopted**	Part I B. I b) 12
I.4. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying the said restriction.	**Adopted**	Part I B. I b) 13
I.5. Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.	**Adopted**	Part I A. I 5
II. SUPERVISION, MANAGEMENT AND OVERSIGHT		CHAPTER, TITLE, SECTION
II.1. SUPERVISION AND MANAGEMENT		
II.1.1. Within the limits established by law, and except for the small size of the company, the board of directors shall delegate the daily management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	**Adopted**	Part I B. II a) 21.2
II.1.2. The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the company, ii) define business structure of the group iii) decisions considered strategic due to the amount, risk and particular characteristics involved.	**Adopted**	Part I B. II a) 21.2
II.1.3. The General and Supervisory Board, in addition to its supervisory duties, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.	**Not applicable**	Part II – 3.3
II.1.4. Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to: a) Ensure a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees; b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies measures to be implemented with the purpose of their improvement.	**Adopted**	Part I B. II c) 24, 25, 27 and 29
II.1.5. The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.	**Adopted**	Part I C. III 50 and 54

MARTIFER GROUP

CMVM RECOMMENDATIONS	ADOPTION	REFERENCE
II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.	**Adopted**	Part I B. II a) 17 and 18
II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a. Having been an employee at the company or at a company holding a controlling or group relationship within the last three years; b. Having, in the past three years, provided services or established a commercial relationship with the company or company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal person; c. Being paid by the company or by a company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member; d. Living with a partner or a spouse, relative or any first degree next of kin, up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings; e. Being a qualifying shareholder or representative of a qualifying shareholder.	**Adopted**	Part I B. II a) 18
II.1.8. When board members that carry out executive duties are requested by other board members, they shall provide the information requested, in a timely and appropriate manner to the request.	**Adopted**	Part I B. II b) 23
II.1.9. The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairman of the Financial Matters Board, the convening notices and minutes of the relevant meetings.	**Not applicable**	Part II – 3.2
II.1.10. If the chair of the board of directors carries out executive duties, the said body shall appoint from among its members an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.	**Adopted**	Part I B. II b) 23
II.2. OVERSIGHT		
II.2.1. Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	**Adopted**	Part I B. III a) 33
II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	**Adopted**	Part I B. III c) 38 and V 45
II.2.3. The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for the said dismissal.	**Adopted**	Part I B. III c) 38 and V 45
II.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	**Adopted**	Part I B. III c) 38 and C. III 50
II.2.5. The Audit Committee, the General and Supervisory Board and the Supervisory Board decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of	**Adopted**	Part I B. III c) 38

CMVM RECOMMENDATIONS	ADOPTION	REFERENCE
potential improprieties.		
II.3. REMUNERATION SETTING		
II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.	**Partially Adopted**	Part I D. II 67 and Part II – 3.2
II.3.2. Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of its duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.	**Adopted**	Part I D. II 67
II.3.3. A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following: a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies; b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable; c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.	**Partially Adopted**	Part I D. III 69 and 70 and Part II – 3.2
II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess the said plan.	**Not applicable**	Part I D. III 73 and 74 Part II – 3.2
II.3.5. Approval of any retirement benefit scheme established for members of corporate bodies shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess the said system.	**Not applicable**	Part I D. III 76 Part II – 3.2
III. REMUNERATION		CHAPTER, TITLE, SECTION
III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage excessive risk-taking.	**Adopted**	Part I D. III 69 and 70
III.2. The remuneration of non-executive board members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the company or of its value.	**Adopted**	Part I D. III 69, 70 and 71
III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.	**Adopted**	Part I D. III 69 and 70
III.4. A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the company during that period.	**Not Adopted**	Part I D. III 72 and Part II – 3.2
III.5. Members of the Board of Directors shall not enter into contracts with the company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the company.	**Adopted**	Part I D. III 71

CMVM RECOMMENDATIONS	ADOPTION	REFERENCE
III.6. Executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of the said shares, until the end of their mandate.	**Adopted**	Part I D. III 73 and 74
III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.	**Not applicable**	Part I D. III 74 and Part II – 3.2
III.8. When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.	**Adopted**	Part I D. V 83
IV. AUDITING		CHAPTER, TITLE, SECTION
IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the company.	**Adopted**	Part I C. III 50 and D. I 66
IV.2. The company or any entity with which it maintains a control relationship shall not engage with the external auditor or with any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance – the said should not exceed more than 30% of the total value of services rendered to the company.	**Adopted**	Part I B. V 46 and 47
IV.3. Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of the auditor's independence and the benefits and costs of its replacement.	**Adopted**	Part I B. V 44
V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS		CHAPTER, TITLE, SECTION
V.1. The company's business with holders of qualifying holdings or entities, with which they are in any type of relationship pursuant to Article 20 of the Portuguese Securities Code, shall be conducted under normal market conditions.	**Adopted**	Part I A. II 10 E. I 89 and 90
V.2. The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in Article 20/1 of the Portuguese Securities Code – thus significant relevant business is dependent upon prior opinion of that body.	**Adopted**	Part I E. I 91
VI. INFORMATION		CHAPTER, TITLE, SECTION
VI.1. Companies shall provide, via their websites, both in Portuguese and in English, access to information on their progress as regards the economic, financial and governance state of affairs.	**Adopted**	Part I V. 59 and following
VI.2. Companies shall ensure the existence of an investor support and market liaison office, which responds to the requests from investors in a timely fashion and a record of the submitted requests and their processing shall be kept.	**Adopted**	Part I V. 63 a 65

3.2 CLARIFICATIONS AS TO DIVERGENCES BETWEEN THE COMPANY'S GOVERNANCE PRACTICES AND THE CMVM RECOMMENDATIONS

In this chapter, the grounds for the non-adoption or non-application of every single recommendation, which should be read together with the table presented in the preceding chapter, are explained.

Recommendation I.1. *Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.*

Martifer encourages its Shareholders to participate in the General Meetings and promotes the active exercise of the right to vote, namely:

- Disclosure in the Website, in Portuguese and in English, of the General Meetings' convening notices, the forms of exercising the vote and the procedures to adopt for correspondence or proxy voting;
- Disclosure in the Website, in Portuguese and in English, of the preparatory information in respect of the various points on the Agenda;
- Access to proxy forms and voting ballots in the Website;
- The creation of an electronic mail exclusively dedicated to the General Meeting, which is disclosed in the convening notice to facilitate the clarification of doubts;
- Statutory provision that each share is entitled to one vote.

Under Article 17 of Martifer's Articles of Association, correspondence voting is permitted, without any restriction, in respect of all matters subject to the appreciation of the Shareholders.

Martifer considers it has only adopted this recommendation partially due to the fact that its Articles of Association do not foresee electronic correspondence voting. It should be noted that Martifer has adopted a flexible stance vis-à-vis the acceptance of documentation in respect of correspondence or proxy voting sent via electronic means.

On the other hand, up till the present date, the Company has received no request or manifestation of interest from any Shareholders or Investors as to the availability of electronic voting, as a result of which Martifer considers that the correspondence voting system in place, as foreseen in the Articles of Association, totally safeguards all the Shareholders' access to participation in the decisions submitted for deliberation.

Recommendation I.2. *Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.*

Article 18 of the Company Articles of Association establishes the rule of a simple majority of the votes to pass corporate resolutions, except when otherwise established by the CCC or the Articles of Association.

Hence, Martifer considers it has adopted this Recommendation, except as to the provision in the Articles of Association that requires a greater quorum than that foreseen in the CCC for resolutions on the unfair dismissal of Directors.

The reason for the inclusion in the Articles of Association of a quorum greater that that foreseen in the CCC for unfair dismissal of directors was to protect the interest of the Company, namely to mitigate the risk of the Company being obliged to compensate directors for unfair dismissal as laid down in no. 5 of Article 403 of the CCC. Indeed, considering the gravity and impact of an unfair dismissal of directors, the intention was to avoid the occurrence of such a resolution passed by a simple majority of shareholders as opposed to one based on grounds approved by a more expressive and representative majority of the Shareholders.

Martifer considers this is the model that best defends corporate interests.

Recommendation II.1.3. *. The General and Supervisory Board, in addition to its supervisory duties, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group* *and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.*

Martifer considers this Recommendation as not being applicable since the said Recommendation relates to a governance model not adopted by Martifer. Under the terms and conditions foreseen in Article 278 of the Portuguese Commercial Companies Code, the corporate governance model adopted by Martifer comprises a Board of Directors, a Supervisory Board and a Statutory Auditor.

Recommendation II.1.9. *The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairman of the Financial Matters Board, the convening notices and minutes of the relevant meetings.*

Martifer considers this Recommendation as not being applicable since the Corporate Governance Model of the Company, applicable during the 2016 financial year, does not foresee the existence of a chairman of an executive board or an executive committee, but rather the delegation of powers by the Board of Directors on executive directors. Consequently, a formal structure of executive directors subject to convening notices and meeting minutes has not been set up.

Recommendation II.3.1. *All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.*

Martifer considers this Recommendation to be partially adopted.

The Company's Remuneration Setting Committee comprises three members, including one with knowledge and experience in matters pertaining to Remuneration policy.

During the 2016 financial period, one of the members of the Remuneration Setting Committee - Mrs Júlia Matos – was also a member of a corporate body of a commercial company whose share capital is held by two of the Company's executive directors, namely Messrs Carlos Marques Martins and Jorge Marques Martins. However, the Company considers that the purpose of this Recommendation is to duly safeguarded not solely because of the professional training of this member in particular, but also because the majority of the members of the Remuneration Setting Committee are independent from the executive members of the Company's management body, and also because the remaining provisions of this recommendation are fully complied with.

Recommendation II.3.3. *A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following:*

a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies;

b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable;

c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.

Martifer considers this Recommendation to be partially adopted.

The declaration on the remunerations policy was submitted and approved in the Company's General Meeting on 19th May 2016, with all the elements contained in article 2 of the Law no. 28/2009, from 19th June, as well as part of the included on the Recommendation II.3.3 of the 2013 Corporate Governance Code.

Concerning item b) of the recommendation II.3.3, the company considers that the maximum potential amounts, aggregate and individual, as well as the circumstances in which these amounts may be due, is exclusively the Remunerations Committee's responsibility, a corporate body independent from the Board of Directors. Therefore, the total compliance of the referred recommendation is on exclusive power of the Remuneration Committee's, which decided not to comply with the recommendation, since it believes that the way the board member's remuneration is structured is adequate and allows the alignment of their interests with the Company's interests in the long term and is in line with the remuneration practices of most similar companies, keeping in mind the company's characteristics.

Recommendation II.3.4. *Approval of plans for the allotment of shares and / or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess the said plan.*

Martifer's existing Stock Options Remuneration Plan was constituted and allocated in the 2008 financial year and the exercising of the options deriving therefrom expired during the 2013 financial period; consequently, during the course of this financial year there was no need to assess or approve the said plan at the Company's General Meeting.

Furthermore, during the 2016 financial year, no additional stock attribution or stock options plan existed or was allocated; consequently, there was no need to submit any proposal related to stock options' plans for approval at the General Meeting.

Hence, Martifer considers this Recommendation as not applicable.

Recommendation II.3.5. *Approval of any retirement benefit scheme established for members of corporate bodies shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess the said system.*

During the 2016 financial year, no retirement benefits scheme existed or was established in respect of the members of the corporate bodies; consequently, there was no need to submit any proposal related to retirement benefit schemes for approval at the General Meeting.

Hence, Martifer considers this Recommendation not applicable.

Recommendation III.3. *The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.*

The Company's Remuneration Setting Committee established the exact annual amount for the fixed remuneration component payable to the directors receiving remuneration from the Company. In parallel, the Company Articles of Association, under Article 20, no. 3, state that the directors' variable remuneration may not result in an allocation in excess 5% of the year's profit, under law. In this manner, the maximum remuneration limits for the fixed and variable remuneration components are set.

During the 2016 financial period, the Remuneration Setting Committee opted to attribute only the fixed remuneration component to the directors and not the variable remuneration component, with the purpose of harmonizing the amount of the remuneration received by the members of the Company's Board of Directors in accordance with the measures implemented over the last few periods, relating to the expense and structural cost reduction adopted transversally throughout Martifer Group so as to safeguard the highest number of jobs and the Company's sustainability.

Consequently, the Company considers that it has partially adopted this Recommendation since, even though the Remuneration Setting Committee has set the exact fixed annual remuneration amount and a statutory limit has already been set for the variable remuneration component, during the 2016 financial period no variable remuneration was attributed to Martifer's directors.

Recommendation III.4. *A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the company during that period.*

Martifer considers this recommendation to not have been adopted as the remuneration policy established by the Remuneration Setting Committee for the management and supervisory bodies does not foresee the deferral of the variable remuneration component, when attributed.

Notwithstanding, the said non-adoption of this Recommendation, the Company considers that the purpose of the said recommendation was safeguarded during the 2016 financial period in that no variable remuneration component was attributed to the directors of Martifer during that period. The Remuneration Setting Committee is analysing the definition of criteria to fix the deferral of part of the variable remuneration, when the same is attributed.

Recommendation III.7. *When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.*

Martifer considers this Recommendation as not applicable as no variable remuneration was attributed to the directors of Martifer in 2016 and therefore there was no place for its deferral.

Furthermore, during the 2008 financial period, stock options were attributed and their exercise was deferred for a period of four years, inclusive. Up till the present date, these stock options allocated as variable remuneration have not been exercised and, in fact, the possibility of such exercise expired at the end of the 2013 financial period.

4. Other Information

Besides the information and explanations presented in the present Report, there is no additional information of relevance that should be presented for a proper understanding of the model and the governance practices adopted by Martifer.

Oliveira de Frades, 5th April 2017

The Board of Directors,

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Carlos Manuel Marques Martins

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Jorge Alberto Marques Martins

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Pedro Nuno Cardoso Abreu Moreira

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Arnaldo José Nunes da Costa Figueiredo

____

Jorge Bento Ribeiro Barbosa Farinha

____

Luís Valadares Tavares

ANNEXES TO THE CORPORATE GOVERNANCE REPORT

ANNEX I

Professional Qualifications

BOARD OF DIRECTORS

Carlos Manuel Marques Martins is the Chairman of the Management Board of Martifer (Chairman of the Board of Directors and executive director) and one of the founding shareholders of Martifer Group in 1990, having started his professional activities in 1987 in the Company Carvalho & Nogueira, Lda, as Director of Production in the iron sector. He has a degree in Mechanical Engineering completed at FEUP (Faculdade de Engenharia, Universidade do Porto).

Jorge Alberto Marques Martins is a Board Member of Martifer (Vice Chairman of the Board of Directors and executive director) and one of the founding shareholders of Martifer Group in 1990, having started his professional activities in 1987 at SOCARPOR - Sociedade de Cargas Portuárias (Douro e Leixões), Lda as Adjunct to the Financial Director. He has a degree in Economics completed at FEP (Faculdade de Economia, Universidade do Porto) and a MBA completed at UCP (Universidade Católica Portuguesa).

Pedro Nuno Cardoso Abreu Moreira is a member of the Board of Directors of Martifer (executive and non-independent director) since 6th January, 2015, when he was co-opted further to the resignation of Mr. Mário Rui Rodrigues Matias. He has a degree in Economics at Faculdade de Economia of Porto University (1999), and has been granted an Advanced Management Programme for Managers by Oporto Business School and an In-Company Executive Training Programme by AESE Business School. He has extensive international experience, initially being appointed to perform corporate financial coordination functions within Mota-Engil Group's operations in Central Europe, in Africa and in Latin America; lived between 2008 and 2014 in Warsaw and Budapest, and was appointed to several board positions of the Mota-Engil Group's operations in Central Europe in the areas of Real Estate, PPP/PFI, M&A and Corporate Development. During this period he was appointed as member of the Board of Directors of several companies within the Mota-Engil Group, notably Mota Engil Central Europe SA (Poland), Mota-Engil Real Estate Management (Holding Real Estate Central Europe), Mota-Engil EC CZ (Czech Republic) Mota-Engil EC Slovakia (Slovakia), Mota-Engil Magyar (Hungary), Mota-Engil EC RO (Romania)), Mota-Engil Brand Management (Netherlands), Mota-Engil Brand Development (Ireland).

Arnaldo José Nunes da Costa Figueiredo is a member of the Board of Directors of Martifer (non-executive and non-independent director) since 30th April 2010. He has a degree in Civil Engineering at Faculdade de Engenharia of Porto University (1977). He was Chairman of Mota-Engil, Engenharia e Construção, SA and of the Board of Directors of MEITS - Mota-Engil, Imobiliária e turismo, SA; Manager of Mota Internacional, LDA.; Chairman of the Board of the Shareholders General Assembly of Maprel-Nelas, Indústria de Pré-Fabricados em Betão, SA; Member of the Board of the Shareholders General Assembly of Paviterra, SARL; Chairman of the Remuneration Committee (on behalf of Mota-Engil, Engenharia e Construção, SA) of Ferrovias e Construções, SA; of Aurimove – Sociedade Imobiliária, SA; of Nortedomus – Sociedade Imobiliária, SA; and of Planinova – Sociedade Imobiliária, SA.

Jorge Bento Ribeiro Barbosa Farinha has been a Board Member of Martifer SGPS, SA since 2008. In his academic work, he has been a teacher since 1987, in the category of Assistant Professor at the Economics Faculty of Porto University (EFPV) since 1989 and since 1991 he has occupied several positions at EGP / University of Porto Business School and performed duties as the Vice-President of EFPV (2009-2015). He was also a teacher at Instituto de Estudos Superiores Empresariais (ISEE), at Universidade do Porto (1999-2001), and Vice President of the Pedagogical Council at Faculdade de Economia do Porto (FEP, 2002-2006). In his extra-academic activities, he was a Financial Analyst of Capital Markets at Cisf- Companhia de Investimentos e Serviços Financeiros, S.A. (1987-1989), a Senior Analyst of the Mergers & Acquisitions Department at Banco Português de Investimento, S.A. (1990-1992), Sub-director of the Mergers & Acquisitions Department at Banco Português de Investimento, S.A. (1992-1993), partner of Cf&A Associados - Consultores de Gestão, Lda (1993-1994), partner of Futop – Consultores de Gestão, S.A. (1994-1995) and a non-executive Board member at Enotum.com (companies establishment helper in the area of telecommunications) (2000-2002). He has a degree in Economics (Economics Faculty, Porto University), an MBA at INSEAD (Institut Européen d'Administration des Affaires, Fontainebleau, France) and a PhD in Accounting and Finance by the University of Lancaster (Management School), UK. He is a non-executive and independent Board member.

Luís António de Castro de Valadares Tavares has been a Board member at Martifer SGPS, SA (independent non-executive director) since 2008. Since 1980 he has been a Professor of Systems Management at Instituto Superior Técnico, Universidade Técnica de Lisboa, and, since 2002 President of the Centre for Prospective - OPET. He is president of APMEP - Portuguese

Association of Public Markets and EDP´s Customer Ombudsman, an EDP independent entity. Previously, he was President of the National Institute of Administration (2003-2007), the First Coordinator of the Master Degree in Operational Research and Systems Engineering (IST), Director of the Distance Education in Management Program (Dislogo) at UCP, Director and Founder of the Master Degree in Health Engineering at UCP, First Coordinator of the MBA at the Inter-University Institute of Macau, General Director of the Studies and Planning Office of the Ministry of Education (PRODEP), Manager of the Program for the Development of Education in Portugal (PRODEP), Director of the World Banks Program for Educational System Financing, Director of the Minerva Program (Informatics in Schools), Vice-President of the Committee for Education (OCDE), President of the Committee for Education (OCDE), President of the Education Committee of the European Communities (first Portuguese Presidency), First President of the Portuguese Association of Operational Research (APDIO), Vice-President of the Operational Research Societies Federation (IFORS), Visiting Professor at the following Universities: North Carolina (Raleigh, USA), Colorado (Denver, USA), Columbia (NY, USA), Princeton (NY, USA), UCLA (Los Angeles, USA), Business School of the University of Newcastle (Newcastle, UK), Paris-Dauphine (Paris, France), Mohammed (Rabat, Morocco), Middle East Technical University (Ankara, Turkey), Technical of Poznan (Poznan, Poland), Technical of Helsinki (Helsinki, Finland); PUC (Rio de Janeiro, Brazil); Federal of Santa Catarina (Florianopolis, Brazil). He has a degree in Civil Engineering completed at IST, a Masters Degree in Operations Research completed at the University of Lancaster (UK), a PhD degree in Science and Engineering completed at IST, and Aggregated in Operational Research at IST.

SUPERVISORY BOARD

Américo Agostinho Martins Pereira holds a Diploma in Accounting Audit, with Superior Specialized Studies in Audit. He is a Statutory Auditor, registered with the Ordem dos Revisores Oficiais de Contas under the number 887, performing this activity since April 1994, initially individually and since March 2013 as a partner in the company M.PEREIRA & ASSOCIADOS, SROC, LDA..

Carlos Alberto da Silva e Cunha holds a Diploma in Advanced Studies (program of PhD degree on Management Sciences), completed at Vigo University, Spain. A Master degree in Accounting and Administration completed at the University of Minho and is Postgraduate in "The Impact of the Euro in Business" by the Institute for High Studies on Finances and Tax. He has a degree in Auditing and the course of Specialized High Studies in Auditing at Instituto Superior de Contabilidade e Administração, Porto. He also has a degree completed in Accounting at Instituto Comercial, Porto. He is a registered Auditor in the official list since March 1990. He also performs duties as Assistant Professor, teaching at Escola de Economia e Gestão, Universidade do Minho as well at Universidade Lusíada, in Porto. In 2008 and 2009 was invited to teach in the Post-Graduation Course "Fraud Management" promoted by the Economics Faculty of Porto University (FEP).

Paulo Sérgio Jesus das Neves holds a diploma in Accounting Audit, with Superior Specialized Studies in Audit. He holds an MBA in Finance by the Economics Faculty of Porto (FEP). He is a Statutory Auditor registered with the Ordem dos Revisores Oficiais de Contas under the number 1342, performing this activity since February 2008. He is a company consultant, in the fields of organization and management, finance, tax and accounting.

António Baia Engana holds a diploma in Economics by Instituto Superior de Economia (ISE) and a bachelor's degree in Accounting by Instituto Comercial de Lisboa (ICL). He is a Statutory Auditor registered with the Ordem dos Revisores Oficiais de Contas under the number 612, being currently a partner at ALVES DA CUNHA, A. DIAS & ASSOCIADOS, SROC, LDA.. He has been a member of the General Council and Executive Committee of the Commission of Accounting Standards since 1994, having presided to the Executive Committee between 1999 and 2005. He has been a member of Supervisory Boards in insurance companies since October 2009.

REMUNERATION COMMITTEE

António Manuel Queirós Vasconcelos da Mota has a degree in Civil Engineering (Inland Communications) completed at Faculdade de Engenharia, Universidade do Porto. Currently performs duties as Chairman of the Board of Directors of Mota-Engil, SGPS, SA, a position he holds since 2000. He has already served as Chairman of the Board in other companies, in particular, Mota-Engil, Engenharia e Construção, SA (2003-2006), Mota-Engil Internacional, SA (2000-2003), Engil - Sociedade de Construção Civil, SA (2000-2003) and Mota & Companhia, SA (1995-2003), where he also held the position of Vice-Chairman (1987-1995). He started his professional life in 1977 as a trainee in Mota & Companhia, Lda, and between 1979 and 1981, he worked in several departments of the same company, where he also worked as a General Director of Production (1981-1987).

Maria Manuela Queirós Vasconcelos Mota dos Santos has a degree in Economics from the Faculdade de Economia, Universidade do Porto. She has worked in several companies of the Mota-Engil Group, being responsible for the Human Resources Department. Presently she is a member of the Board of Directors at Mota-Engil, SGPS, SA.

Júlia Maria Rodrigues de Matos Nogueirinha has a degree in Law from Faculdade de Direito da Universidade de Coimbra and is registered with the Portuguese Bar Association since 2002. She is presently a member of the Board of Directors of I'M SGPS, S.A , having held the post of Member of the Board of Directors in other companies of the I'M group, namely in Almina – Minas do Alentejo, S.A.

ANNEX II

Positions Held and Activities Undertaken by the members of the Board Of Directors

CARLOS MANUEL MARQUES MARTINS

a) Positions within Martifer Group:

CHAIRMAN OF THE BOARD OF DIRECTORS:	Martifer - SGPS, S.A. Martifer Metallic Constructions SGPS, S.A. Martifer Construções Metalomecânicas, S.A. Sociedade de Madeiras do Vouga, S.A. Navalria- Docas,constr. e reparações navais, S.A. Martifer – Amal, S.A Martifer Construcciones Metálicas España, S.A. Martifer Beteiligungsverwaltungs GmbH (Áustria) Eviva Beteiligungsverwaltungs GmbH
MEMBER OF THE BOARD OF DIRECTORS	Martifer Renewables SGPS, S.A. Martifer Renewables, S.A. Martifer Aluminium LTD (UK) Martifer Construction UK, LTD (UK) Martifer Aluminium LTD (Ireland) Martifer Construction Ltd (Ireland) Martifer Constructions SAS (France) Martifer Aluminium SAS (France) MT Constructions Maroc, SARL (Morocco) Martifer Construcciones PERÚ, SA Martifer Construções Metalomecânicas, SA, Suc. Colombia Martifer Mota Engil Coffey Joint Venture Limited
MEMBER OF THE SUPERVISORY BOARD:	Martifer Renewables, SA (Poland)
MANAGER:	Parque Eólico da Penha da Gardunha, Lda. Promoquatro - Investimentos Imobiliários Lda. West Sea – Estaleiros Navais, Lda.
CHAIRMAN OF THE REMUNERATION COMMITTEE:	Martifer Renewables, S.A.
SECRETARY:	Martifer Renovables ETVE S.A.

b) Positions in companies with shareholding by Martifer Group:

MEMBER OF THE BOARD OF DIRECTORS:	Ventinveste, S.A.
MANAGER**:**	Centralrest, Lda.

a) Positions outside the Group:

CHAIRMAN OF THE BOARD OF DIRECTORS:	I'M - SGPS, S.A. I´M Mining, SGPS, S.A. ESTIA – SGPS, S.A. ESTIALIVING, SGPS S.A. Tavira Gran Plaza, SA EPDM – Empresa de Perfuração e Desenvolvimento Mineiro, SA Severis, SGPS S.A.
MEMBER OF THE BOARD OF DIRECTORS:	ESTIALIVING, SGPS S.A. PCI - Parque de Ciência e Inovação, S.A. Estia Retail & Warehousing S.R.L. Mamaia Investments S.R.L. OFFICE BUILDING VACARESTI SRL Bunge Prio Cooperatie U.A. (The Netherlands) Nutre Farming B.V. (The Netherlands) Nutre – MZ (Mozambique)
MANAGER:	Exclusipolis, SGPS, Lda. PANNN - Consultores de Geociências, Lda.
SOLE DIRECTOR:	Black and Blue Investimentos, S.A. Expertoption, SGPS, SA

JORGE ALBERTO MARQUES MARTINS

a) Positions within Martifer Group:

CHAIRMAN OF THE BOARD OF DIRECTORS:	Martifer Solar - SGPS, S.A. Martifer Solar Ltda. (Brazil) Martifer Renewables, SGPS, S.A. Martifer Renewables, S.A. Martifer Renovables ETVE, S.A. (Spain) Martifer Renewables Investments ETVE, S.L. SPEE 3 - Parque Eólico do Baião, S.A.
VICE-CHAIRMAN OF THE BOARD OF DIRECTORS:	Martifer - SGPS, S.A.
MEMBER OF THE BOARD OF DIRECTORS:	Martifer Metallic Constructions - SGPS, S.A SPEE 2 – Parque Eólico de Vila Franca de Xira, S.A. Martifer Renewables Italy B.V. (The Netherlands)

	Martifer Renewables Brazil B.V. (The Netherlands) Martifer Beteiligungsverwaltungs GmbH (Austria) Eviva Beteiligungsverwaltungs GmbH (Austria) Martifer Deutschland GmbH (Germany) Martifer Renováveis Geração de Energia e Particip S.A. Rosa dos Ventos Geração e Comerc. de Energia S.A. (Brazil) Martifer Wind Energy Systems LLC (USA) Martifer Construcciones Metálicas España, S.A.
MEMBER OF THE SUPERVISORY BOARD:	Martifer Renewables, SA (Poland)
MANAGER:	Global Holding Limited Global Engineering & Consulting Limited
SOLE DIRECTOR:	Martifer Renewables Investments Etve, S.L.
SECRETARY:	Martifer Construcciones Metálicas España
REPRESENTATIVE:	EUROCAB FV 1, S.L.; EUROCAB FV 2, S.L.; EUROCAB FV 3, S.L.; EUROCAB FV 4, S.L.; EUROCAB FV 5, S.L.; EUROCAB FV 6, S.L.; EUROCAB FV 7, S.L.; EUROCAB FV 8, S.L.; EUROCAB FV 9, S.L.; EUROCAB FV 10, S.L.; EUROCAB FV 11, S.L.; EUROCAB FV 12, S.L.; EUROCAB FV 13, S.L.; EUROCAB FV 14, S.L.; EUROCAB FV 15, S.L.; EUROCAB FV 16, S.L.; EUROCAB FV 17, S.L.; EUROCAB FV 18, S.L.; EUROCAB 19, S.L.

b) Positions in companies with shareholding by Martifer Group:

MEMBER OF THE BOARD OF DIRECTORS	Ventinveste, S.A.

c) Positions outside the Group:

MEMBER OF THE BOARD OF DIRECTORS:	I´M – SGPS, S.A. I´M Mining, SGPS, S.A. ESTIA SGPS, S.A.
MANAGER:	BRASEME - Investimentos e Consultoria, Lda.

ARNALDO JOSÉ NUNES DA COSTA FIGUEIREDO

a) Positions within Martifer Group:

CHAIRMAN OF THE BOARD OF DIRECTORS:	Martifer Metallic Constructions SGPS, S.A.

MEMBER OF THE BOARD OF DIRECTORS:	Martifer - SGPS, S.A.

b) Positions outside the Group:

CHAIRMAN OF THE MANAGEMENT BOARD:	Mota-Engil, Indústria e Inovação, SA
VICE-CHAIRMAN OF THE MANAGEMENT BOARD:	Mota-Engil, SGPS, SA (vice-chairman and executive director)
MEMBER OF THE GENERAL BOARD:	AEM-Associação de Empresas Emitentes de Valores Cotados em Mercado ELO – Associação Portuguesa para o Desenvolvimento Económico e a Cooperação
CHAIRMAN OF THE GENERAL MEETING:	Mercado Urbano – Gestão Imobiliária, S.A.
MEMBER OF DIRECTOR:	Tabella Holding, B.V.

PEDRO NUNO CARDOSO ABREU MOREIRA

a) Positions within Martifer Group:

MEMBER OF THE BOARD OF DIRECTORS:	Martifer - SGPS, S.A. Martifer Metallic Constructions, SGPS, S.A. Martifer Construções Metalomecânicas, S.A. Sociedade de Madeiras do Vouga, S.A. Martifer – Amal, S.A Martifer Renewables SGPS, S.A. Martifer Renewables, S.A. Martifer Solar SGPS, S.A. Liszki Green Park Spółka Z Ograniczona Odpowiedzialnoscia (Poland); M-City Białystok Sp. Z O.O (Poland) M-City Szczecin Sp. Z O.O (Poland) Park Logistyczny Biskupice Sp. Z O.O. (Poland) Martifer Energia Ro (Romania)
MANAGER:	Promoquatro - Investimentos Imobiliários Lda. West Sea - Estaleiros Navais, Lda.

Isn't a member of any other company outside Martifer Group.

b) Positions outside the Group:

MEMBER OF THE GENERAL BOARD:	AEM-Associação de Empresas Emitentes de Valores Cotados em Mercado

LUIS ANTÓNIO DE CASTRO DE VALADARES TAVARES

a) Positions within Martifer Group:

MEMBER OF THE BOARD OF DIRECTORS: Martifer - SGPS, S.A.

Isn't a member of any other company inside or outside Martifer Group.

JORGE BENTO RIBEIRO BARBOSA FARINHA

a) Positions within Martifer Group:

MEMBER OF THE BOARD OF DIRECTORS: Martifer - SGPS, S.A.

Isn't a member of any other company inside or outside Martifer Group.

ANNEX III

[STATEMENT ON THE REMUNERATION POLICY OF THE MANAGEMENT AND SUPERVISORY BODIES APPROVED ON THE GENERAL MEETING ON 19TH MAY 2016]

I - INTRODUCTION

In use of a legal right conferred by Article 399 of the Portuguese Companies Code (CSC), the Bylaws of Martifer SGPS, in its article 20, delegate to a Remuneration Committee the powers to decide on the remunerations of the Management and Supervisory Bodies of the Company.

According to the applicable provisions of the Articles of Association, the Remuneration Committee was appointed at the Shareholders General Meeting on 14th May 2015, to exercise its duties for the three year period 2015-2017 and is currently formed by:

António Manuel Queirós Vasconcelos da Mota (President)

Maria Manuela Queirós Vasconcelos Mota dos Santos (Member)

Júlia Maria Rodrigues de Matos Nogueirinha (Member)

In order to promote a clear and legitimate fixing of the remuneration of corporate bodies, the Remuneration Committee, in compliance with Article 2 of Law 28/2009, of 19 June, hereby submitted for approval at the General Meeting of the Shareholders of Martifer SGPS, S.A. of 19th May 2016, this declaration on the policy of remunerations of the Management and Supervisory Board.

This statement seeks to follow closely the applicable provisions of the CSC and the 2013 Corporate Government Code of Comissão do Mercado de Valores Mobiliários ("CMVM").

It is also relevant to point out that the present statement, more than mandatory by law, intends to be an important instrument of good Corporate Governance, aiming the proper information of the shareholders, the protection of their interests and the transparency of Corporate Governance in matters of remuneration of Corporate Bodies.

II – REGULATORY REGIME

In the definition of the remuneration policy to be established by the Remunerations Committee, the legal provisions of CSC were first taken into account, namely in its article 399º; the Law 28/2009, 19 June, concerning the regime of approval and disclosure of remunerations policy of the Management and Supervisory Bodies in Listed Companies, as well the 2013 Corporate Governance Code of CMVM, in particular the provisions of Recommendation II.3.3.

Secondly, it has also been taken into consideration, for the definition of the remuneration policy, the special regime established in the Company's Bylaws. The Portuguese Companies' Code provides, in Article 399, the statutory scheme of remuneration for the board of directors, which, in summary, establishes that:

- The setting of the remunerations is a responsibility of the General Shareholders' Meeting or by a committee appointed by it for this purpose and shall take into account the duties performed and the economic situation of the company;

- The remuneration may be fixed or partially represent a percentage of the financial year´s profit, nevertheless the maximum percentage allocated to the directors shall be authorized by a clause of the Articles of Association and shall not be levied on the distribution of reserves or to any portion of the profits not legally available for distribution to the shareholders.

Regarding the members representing the Supervisory Board and the Board of the General Meeting, the Portuguese Companies' Code states that remuneration shall consist of a fixed amount which is equally determined either at a General Shareholders'

Meeting or by a committee appointed by it for this purpose, taking into consideration each member's performance and the company's economic situation.

Moreover, Articles 13 and 20 of the Articles of Incorporation state the following:

- The remunerations of the members of the Corporate Bodies shall be fixed by the Remuneration Committee;
- The General Meeting that elects the corporate bodies shall also elect the Remuneration Committee;
- As the remuneration of the Board of Directors may be formed by a fixed part and a variable one, the latter representing a percentage that can never exceed five per cent of the net profits for the year; and
- The remuneration of the Supervisory Board shall consist of a fixed amount.

III – GENERAL PRINCIPLES

The Remunerations Committee pursues, in its remunerations policy, to promote the convergence of the interests of Directors, other Corporate Bodies and Managers with the interests of the Company, namely shareholder value creation and real growth of the Company, privileging here a long-term perspective.

Pursuing this aspiration, and according to the policy adopted in previous years, the Committee structured the integrant components of the income of the Board of Directors in order to reward their performance, discouraging, however, excessive risk-taking. This way, it is intended to promote a high-level sustained growth.

Finally, it is relevant to say that it is determinant in this Committee's mission the economic position of the Company as well the general market practices for similar situations.

Specifying the general policy herein stated, we hereby present to the shareholders the principal informants observed by this Committee in the definition of the remunerations:

a) Interests alignment between the Management and Supervisory Bodies and the Company – performance evaluation
In the decision of the remuneration of each member of the Board of Directors, it shall be taken into account, for each single member, the functions performed by individual members, the complexity of his/her duties, the responsibilities that are, in fact, attributed to him/her, the time dedicated and the added value that the result of his/her work brings to the Company.

In that extent, one cannot fail to differentiate the remuneration between the Executive Board members and the non-Executive Board members, as well as the remuneration amongst each of the cited group.

There are also duties performed in other controlled companies which cannot be excluded from this consideration, as this means, on one side, that there is an increase in terms of responsibility and, on the other, in terms of the collective source of income.

b) Interests alignment between the Management and Supervisory Bodies and the Company – performance evaluation
In order to grant an efficient alignment of interests of the Management and Supervisory Bodies with the ones of the Company, this Committee shall not fail to pursue a policy that rewards the Board of Directors by the performance of the Company in a long term perspective and in the creation of value for the shareholder.

c) Economic position of the Company
This criterion has to be understood and interpreted carefully. The size of the Company and the inevitable complexity of management associated to it is clearly one of the relevant aspects to determine the economic situation of the Company and of remuneration, understood in its sense. To a higher level of complexity, corresponds a higher remuneration, but it has to be adjusted accordingly to other criteria informants of the economic situation of the Company (of financial nature, of human resources nature, etc).

d) Market Criteria

The balance between supply and demand is unavoidable when setting any remuneration and the situation regarding members of the Corporate Bodies is no exception. Only by taking into account market practices will the Company be allowed to maintain professionals guided to perform at an adequate level of complexity and responsibility It is important that the remuneration is aligned with market practices and that it is stimulant, allowing it to become an instrument to help achieve a single and collective high level of performance, thus ensuring not only the individual interest, but mostly the interests of the Company and of the shareholders.

IV – CONCRETE OPTIONS

Based on the above mentioned principles, this Committee disclosure the relevant information regarding the concrete options of the remunerations policy, which hereby are submitted to the Company's shareholders appreciation:

1st Remuneration of Executive members of the Board of Directors shall be made up of a fixed and, when so determined by the Remuneration Committee, a variable part, and, according to law and article 20.3 of the Articles of Association, the variable part may not exceed 5% (five per cent) of the annual net profit.

2nd Remuneration for non-Executive independent members of the Board of Directors, members of the Supervisory Board and members of the Board of the General Meeting shall only consist of a fixed part.

3rd The fixed part of the remuneration of the Executive members of the Board of Directors, as well the non-Executive Members non independent (when applicable), shall consist in a monthly amount payable fourteen times per annum.

4th A fixed remuneration, for each participation in the meetings of the Board of Directors, shall be set for the non-Executive and independent Board members.

5th Fixed remuneration of members of the Supervisory Board shall be set in a monthly value payable twelve times per annum.

6th In setting all remunerations, including in distributing the global amount of the variable pay of the members of the Board of Directors, the general principles referred to above will be observed: functions carried out, alignment with the interests of the company, privileging the long term, the company situation and market criteria.

7th Fixed remuneration of the members of the Board of the General Meeting will be a predetermined value for each meeting.

8th The process of attribution of variable remuneration to Executive members of the Board of Directors must follow the criteria proposed by the Remunerations Committee, namely their hierarchal stand, evaluation of performance and real growth of the Company, seeking to promote in those the convergence of the interests of the Management Body with the Company, with emphasis on the long-term performance. Thus, it will be considered decisive for the evaluation and measurement of the VR:

- The contribution of the Executive Directors for the results obtained;
- The profitability of business in the perspective of the shareholder;
- The evolution of the stock quotes;
- The degree of achievement of the projects integrated in and measured by the Balanced Scorecard of the Company.

9th Notwithstanding the policies mentioned above of protection of the shareholders and of the Company's interests in the long-term, the Committee, in search of the best practices of Corporate Governance regarding remuneration policies of the Corporate Bodies, continues: (i) to promote a study and comparative analysis of remuneration policies and practices of other groups of companies in the same sector with respect to the fixing of remuneration for future implementation and adoption in Martifer, as well as (ii) to study the possibility of adoption of politics that, shown to be feasible and balanced to all actors, foresee the possibility of the variable remuneration – when attributed - to be payable, in part or totally, only after clearance of the fiscal accounts of all the mandate and, on the other hand, that allows a limitation to the variable remuneration in case the results show a relevant deterioration of the company's Performance in the last cleared fiscal year or when it is expected in the designated year.

V – LIMITS

In case of verification of a permanent and not exceptional increase of the volume of activity associated with the exercise of the functions by the General Meeting and the Supervisory Board members, the maximum amount payable to the members of the governing bodies, in particular to the members of the General Meeting and the Supervisory Board may not exceed, respectively, either individually or in aggregate, 25% of the average amount paid in the last 3 financial years, for the corresponding member of the governing body.

VI – OTHER RESPONSIBILITIES

Regarding the process of hiring or appointing members to its governing bodies, the Company shall not enter into any contracts or agreements with such members that allow the recognition or assignment of the right to receive payment of any damages or compensation beyond the amounts legally payable, in the event of dismissal or termination of service.

It is our understanding that, in light of what is said above, these options should be maintained until the next General Meeting.