

**PROPOSALS**

Oliveira de Frades, 28 April 2021

**GENERAL MEETING MARTIFER - SGPS, S.A.**  
21 May 2021

**PROPOSAL REGARDING ITEM 4**

*(To resolve upon the proposal regarding the remuneration policy for management and supervisory bodies, as well as the members of the Board of the Annual General Meeting, submitted by the Remunerations Setting Committee)*

**Whereas:**

- A) Pursuant to article 26-A of the Securities Code, approved by Law no. 50/2020, of 25 August, the Remuneration Setting Committee must submit a remuneration policy proposal for approval by the General Meeting, at least every four years and whenever there is a relevant change in the current remuneration policy;
- B) The remuneration policy proposed by the Remuneration Setting Committee is available as an attachment to this proposal;

**It is proposed to approve such said Policy, attached to this Proposal.**

THE REMUNERATION SETTING COMMITTEE,

[WWW.MARTIFER.COM](http://WWW.MARTIFER.COM)

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## STATUTORY BODIES REMUNERATION POLICY 2021

### I – INTRODUCTION AND LEGAL REGIME

In the use of the legal right conferred by article 399 of the Commercial Companies Code (hereinafter “**CSC**”), article 20 of the Articles of Association of Martifer - SGPS, SA (hereinafter “**Company**”) delegate to a Remuneration Setting Committee (hereinafter “**CFV**”) the competence for setting the remuneration of the Company's management and supervisory bodies, other bodies and officers.

In order to promote a clear and legitimate fixing of the remuneration of statutory bodies and officers, the CFV, in compliance with the provisions of article 26-A of the Securities Code (hereinafter “**CVM**”), approved by Law no. 50/2020, of 25 August, submits to the approval of the Shareholders' General Meeting of the Company, this Remuneration Policy of the statutory bodies of the Company, which intends to follow the applicable provisions of the CSC and the Corporate Governance Code of the Portuguese Institute of Corporate Governance - IPCG ( 2018) revised in 2020.

The Remuneration Policy, being mandatory, also intends to be an effective instrument of good corporate governance, aiming at informing shareholders, protecting their interests and providing greater transparency of corporate governance in terms of remuneration policies for statutory bodies and officers, with the primary goal of reinforcing the values, competences, capacities and conduct, bearing in mind the Company's interest, culture, sustainability and long-term strategy, based on the following general principles:

1. Attract, motivate and retain the best professionals for the functions to be performed in the Company and guarantee conditions of stability in the exercise of the respective functions of the members of the elected statutory bodies;
2. To adequately reward, under market conditions, the activity developed and results obtained and the know-how of the various business areas, within the framework of the respective competencies and responsibilities inherent to the positions performed;
3. Reward the increase in efficiency and productivity and the creation of long-term value for shareholders, through the definition and implementation of an incentive system associated with the achievement of quantifiable objectives from an economic, financial and operational point of view, defined taking into account in view of the sustainable growth of results and a disincentive to taking and excessive risks;
4. Reward the environmental sustainability and energy efficiency of relevant activities of the Company and group;

This policy contributes to the execution of Company's strategy through the definition of evaluation criteria (indicators defined by the CFV) in line with the strategic goals of the Company, as detailed below. In addition, the recommendations addressed to the CFV by the board of directors or by a specific commission that it may set up, with a view to fixing the remuneration of the directors, will be formulated without the presence or participation of the members specifically targeted, and the board of directors shall ensure, in its regulation and in its procedure, the existence of rules to do so.

The term of mandate of the members of the management and supervisory bodies and of the members of the board of the General Meeting is established in accordance with the Company's Articles of Association and the resolutions of the Shareholders' General Meeting and the rules prescribed in law shall apply to the termination of functions. There are no contracts or agreements entered into between the Company and those members, namely with the goal of establishing the term of office or the attribution of any compensation for termination.

For the definition of the Remuneration Policy to be set by CFV, have been taken into account the legal provisions indicated regarding the approval and disclosure regime for the remuneration policy for members of the management and supervisory bodies of entities issuing shares admitted to trading on a regulated market and the special regime enshrined in the Company's statutory rules.

Article 399 of the CSC establishes the legal remuneration regime for the board of directors, which, in summary, provides that:

- The setting of the remunerations is a responsibility of the Shareholders' General 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 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 CSC provides that remuneration shall consist of a fixed amount which is equally determined either on a Shareholders' General 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 Association state the following:

- The remunerations of the members of the Statutory bodies shall be fixed by the Remuneration Setting Committee;
- The General Meeting that elects the statutory bodies shall also elects the Remuneration Setting Committee;
- 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.

The Remuneration Policy for the members of the statutory bodies and officers defined for the term of office is approved and, when applicable, reviewed by the General Meeting, by proposal of the CFV, at least every four years, and whenever there is a relevant change in the current policy remuneration.

If the proposal submitted by the Remuneration Setting Committee is not approved, this committee must submit a new proposal at the next General Meeting.

This Policy may only be temporarily derogated under the terms provided for by law, if such an exception is necessary, exceptionally, to serve the long-term interests of the Company and its sustainability, or to ensure its viability.

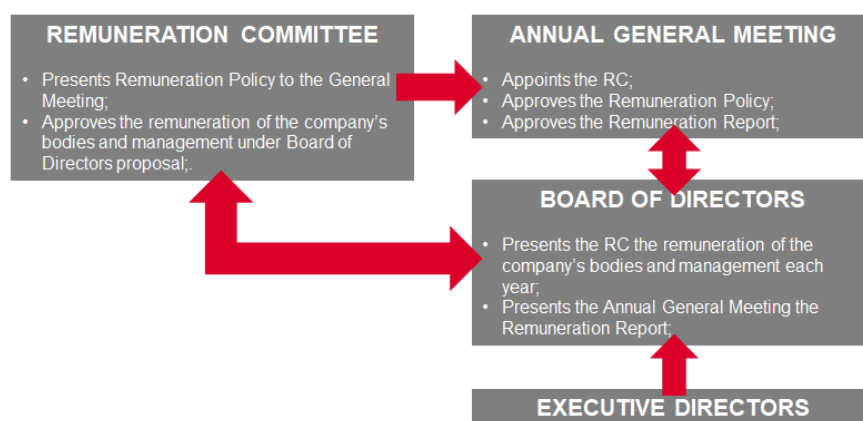
This Policy will be published on the Company's website ([www.martifer.pt](http://www.martifer.pt)) immediately after its approval by the Shareholders' General Meeting, including the voting results and respective date of approval, remaining available to the public for as long as it remains in force.

## II – DECISION-MAKING PROCESS

Remuneration is managed through clearly processes defined between the CFV appointed by the shareholders at the General Meeting and the board of directors (or its special committee), in order to ensure that the remuneration policy and practice reflect and support the long-term strategic goals of the Company and are compatible with the Company's risk policies and systems and take into account the wage and employment conditions present in the Group and in the foreign market.

The CFV will decide at a meeting on the remuneration of the members of the management and supervisory bodies of the Company, based on the proposals of the board of directors (or of a special commission that the board of directors may set up).

The board of directors (or its special committee) is responsible for approving all compensation proposals and other compensation policies for members of the board of directors and members of other statutory bodies and officers and for agreeing the policy and methodology proposed in relation to the goals of the variable remuneration in the annual and three-year components.



It should be noted that the board of directors, in accordance with its regulations and powers, issues and reviews a set of proposals, with all final decisions on remuneration and other compensations for all members of the statutory bodies and other officers of the Company being taken by the CFV elected by the shareholders.

### **III – GENERAL PRINCIPLES**

Realizing the fundamental principles stated, the general bases to be observed by this committee when setting remunerations are the following:

#### **a) Duties Performed**

In the decision of the remuneration of each member of the board of directors, shall be taken into account, for each single member, the functions performed by individual members, the complexity of his duties, the responsibilities that are, in fact, attributed to him, the time dedicated and the added value the result of his 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, 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 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 broader 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, human resources nature, etc.).

The commission takes into account the economic situation of the Company, current and future, privileging the interests of the Company in a long-term perspective and the real growth of the company and the creation of value for its shareholders.

#### **d) Market Criteria**

The balance between supply and demand is unavoidable when setting any remuneration and the situation regarding members of the Statutory bodies is no exception. Only by taking into account market practices will allow the Company 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 – SPECIFIC OPTIONS**

Based on the above mentioned principles, the CFV presents the specific options of the Remuneration Policy, which hereby are submitted to the Company's shareholders appreciation:

### **1. Board of Directors**

#### **1.1 Non-Executive Members**

The remuneration of the board of directors' non-independent non-executive members corresponds, when attributed, to a fixed monthly remuneration, paid 14 (fourteen) times a year, in an amount determined by the CFV taking into account the values practiced in the market, with the assumptions below.

The remuneration of the board of directors' independent non-executive members corresponds to an amount predetermined by the CFV for each participation in an ordinary meeting taking into account the values practiced in the market, remuneration also attributable to non-executive non-independent members of the board of directors without any special functions.

Also in line with market practices, the remuneration of the non-executive members of the board of directors can be differentiated in the case of the Chairman, due to the special Company's representation functions legally entrusted to him, and of the non-executive members who exercise special functions of supervision and monitoring of the Company, as a result of a special charge conferred by the board of directors or in the framework of commissions instituted by this corporate body, existing or to be created.

The remuneration of the non-executive members of the board of directors does not include any part whose value depends on the performance of the Company or its value or any additional benefits.

#### **1.2 Executive Member**

The monthly remuneration of executive members comprises two parts: a fixed and a variable one, and the variable portion of the directors' remuneration may not exceed 5% (five percent) of the exercise profits, pursuant to the law and article 20, No. 3 of the Company's Articles of Association.

##### **1.2.1 Fixed Remuneration**

The fixed remuneration corresponds to a monthly remuneration, paid 14 (fourteen) times a year, in an amount determined by the CFV, taking into account the nature of the functions and responsibilities committed and the practices observed in the market in relation to equivalent positions in national and international companies operating in the same sectors and having similar dimensions.

The fixed remuneration and any annual increases will be disclosed in the annual remuneration report.

### 1.2.2 Variable Remuneration

The variable remuneration, with an eventual nature, is determined by the CFV according to the fulfilment of certain economic, financial, operational and sustainability goals, bearing in mind the creation of a competitive remuneration framework and the implementation of an incentive system that ensures the alignment of interests of executive directors with those of the Company and its stakeholders, in a perspective of long-term economic and financial sustainability. In its structure, the variable remuneration comprises control mechanisms, considering the link to individual and collective performance, in order to prevent and discourage excessive risk-taking behaviour. This goal is also ensured by the fact that each Key Performance Indicator (KPI) is limited to a maximum value.

In order to better stimulate the alignment of the performance of executive directors with Company's long-term sustainable interests, is defined a policy for the definition of multi-annual goals, with part of the variable remuneration remaining, for a period of 3 (three) years, thus, associated with the performance of the Company in that period.

At the beginning of each Board of Directors' term of office, the goals for the following three-year period are defined, with the final three-year assessment carried out at the end of each three-year period. This policy aligns the Company with the market's best practices in terms of remuneration, as well as with the recommendations of the IPCG Governance Code. The variable remuneration of executive members therefore includes two components:

- Annual variable remuneration;
- Three-year variable remuneration;

And the Performance Indicators defined by CFV for determining variable remuneration are as follows:

- Collective KPIs – up to 90% (ninety percent);
  - Financial KPIs – up to 70% (seventy percent), e.g. Turnover, EBITDA, EVA - Economic Value Added / Economic Profit, Net Result and / or Compliance with the budget;
  - Strategic KPIs – up to 20% (twenty percent), e.g. Operational Efficiency, Productivity, Sustainability and Environmental Performance, Human Resources / Learning and development;
- Individual KPIs – up to 10% (ten percent);

As a reference for determining the performance of the indicators, the values of the business plans / budgets approved by the board of directors are used, being compared, at the end of each period, with the results actually obtained.

The determination of the annual and three-year variable remuneration, respectively, may consider the adjustments that are necessary, arising from exogenous factors and / or unforeseen conditions.

*Criteria for assigning and measuring variable remuneration*

The annual variable remuneration results from the degree of achievement of collective and individual KPIs.

Collective KPIs can represent about 90% (ninety percent) of variable remuneration and are part of business and strategic KPIs.

The remaining 10% (ten percent) results from individual KPIs, which can combine subjective and objective indicators.

The calculation of this variable remuneration is carried out annually by the CFV, based on a proposal from the board of directors (or from a special commission created for this purpose), after the Company's results are approved.

The board of directors is responsible for preparing the remuneration proposals regarding the members of the Board of Directors, including its variable component, in line with the policy and methodology of the variable remuneration goals and respective bonuses in the annual and triennial variable remuneration. The board of directors submits the proposals to the CFV, and the Remuneration Setting Committee takes all decisions regarding remuneration and other compensation policies arising from this Policy.

**1.3. Other benefits**

Under the terms of article 402 of CSC, the executive members of the board of directors are entitled to benefit from a Retirement Savings Plan or other financial product of a similar nature through the payment of an amount to be borne by the Company.

The value of the aforementioned Plan is calculated annually by the CFV, and must undergo the necessary adjustments so that, in the year in which the beginning or end of term of office takes place, this value is calculated on a pro-rata basis for the period in which the exercise of these functions occurred.

Executive Directors are granted health and personal accident insurance, in line with the Group's general policy applied to other employees and whose terms and values are in line with market practices.

In addition to the three-year variable remuneration incentive, the payment of the remaining variable remuneration may be partially made through stock allocation plans or stock options, or other payment models, to be approved by the CFV, which, in the first case, it should establish, among others, the number of shares or options on shares granted, and the main conditions for the exercise of the respective rights, including the price and the date of such exercise and any change in these conditions.



## Summary

TYPE OF REMUNERATION	FIXED REMUNERATION	VARIABLE REMUNERATION		BENEFITS
		ANNUAL	TRIENNIAL	
Characteristics	Consists of basic remuneration paid in 14 installments, with monthly regularity and bimonthly in June and December.	Paid, in the first semester following the year to which it relates, and may be paid, in the same term, in shares, under the terms and conditions foreseen for the Triennial Variable Remuneration.	Deferred after allocation and paid in the last year of the term of office. The three-year variable remuneration may consist of the attribution of the right to acquire shares, the number of shares being determined by reference to the value attributed and the price of the share on the grant date.	Health Insurance. And Retirement Savings Plan or equivalent.
Definition	Annual, depending on the level of responsibility of the function and defined position vis-à-vis the comparable market.	Payment subject to compliance with pre-established goals at the beginning of the year, approved by the Board of Directors.	The effective determination and payment will take place not before the end of each three-year period, after clearing the accounts for the last financial year.	Due to the Company's general benefits policy.
Indicators Performance	N/A	Collective KPI's (90%) • Financial KPIs (70%), e.g. EBITDA, EVA- Economic Value Added / Economic Profit, Net Profit; or Compliance with the Budget; • Strategic KPI's (20%), e.g. Operational Efficiency, Productivity, Sustainability and Environmental Performance, Human Resources / Learning and development Individual KPI's (10%)	EBITDA, EVA- Economic Value Added / Economic Profit, Net Result	N/A
Limits	No limits are defined, and any increases are usually made in line with the Group's general increments.	No limits are defined.		No limits are defined, but benefit updates are carried out in line with the Group's general policy.

## 2. Audit Board and Statutory Auditor

The remuneration of the members of the Company's Audit Board and Statutory Auditor is determined by the Remuneration Setting Committee based on national and international market practices, with a view to pursuing the respective inspection activity in line with the interest of the Company and its respective stakeholders

### 2.1. Audit Board

The remuneration of the members of the Company's Audit Board comprises exclusively a fixed amount. The remuneration of the members of the Audit Board does not include any component whose value depends on the performance of the Company or its value or any additional benefits.

### 2.2. Statutory Auditor

The Statutory Auditor's remuneration rewards the work of reviewing and legally certifying the Company's accounts, under the supervision of the Audit Board and is contracted under normal market conditions.

### **3. Board of the General Meeting**

The remuneration of the members of the Board of the General Meeting will consist only in a predetermined fixed amount for participation in each meeting, being lower the amount for the second and following meetings that take place during the same year.

The predetermined amount will be set differently for the Chairman, Vice-Chairman and Secretary of the board, based on the Company's situation and market practices.

### **4. Officers**

Those responsible for having regular access to privileged information relating, directly or indirectly, to an entity and have the power to make management decisions that affect the future evolution and business prospects of that entity, are considered directors under the terms of paragraph 25 of paragraph 1 of article 3 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council, of April 16, 2014, in addition to the members of the statutory bodies above.

The remuneration policy applicable to people who, under the law, are considered to be officers is equivalent to that adopted for the remuneration of other staff of the same level of functions and responsibilities without attributing any additional benefit to those arising from the respective functional group.

### **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 General Meeting and the Supervisory Board members, the maximum amount payable to the members of that statutory bodies, in particular the members of the General Meeting and the Supervisory Board may not exceed, respectively, either individually or in aggregate, 25% (twenty-five percent) of the average amount paid on the last three (3) financial years, for the corresponding member of the statutory body.

The variable part of the directors' remuneration may not exceed 5% (five percent) of the profits for the year, pursuant to the law and article 20, paragraph 3 of the Company's Articles of Association.

### **VI – OTHER RESPONSIBILITIES**

Regarding the process of hiring or appointing members to its statutory 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 office.

The Remuneration Setting Committee,