



**A NEW ERA:  
FOCUSING  
ON OUR  
STRENGTHS**

CORPORATE GOVERNANCE REPORT  
**2018**

**MARTIFER**  
GROUP



# CONTENTS

## **PART I INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE**

- A. Shareholder Structure
- B. Corporate Boards and Committees
- C. Internal Organisation
- D. Remuneration
- E. Related Party Transactions

## **PART II CORPORATE GOVERNANCE ASSESSMENT**

### **ANNEXES**

- Annex I – Professional Qualifications
- Annex II – Positions held and duties carried out by the members of the Board of Directors
- Annex III - Statement on the remuneration policy for 2018
- Annex VI - Declaration of the Board of Directors on the remuneration policies applicable to Martifer Group managers
- Annex V - Declaration referred to in subparagraph (c) of paragraph 1 of article no. 245 of the Securities Code
- Annex VI - Qualifying Holdings

Note: For all intents and purposes, the Portuguese version shall prevail.

**CORPORATE GOVERNANCE  
REPORT**

**PARTE I**

**INFORMATION ON  
SHAREHOLDER  
STRUCTURE  
ORGANISATION AND  
CORPORATE GOVERNANCE**

## **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., publicly traded 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 Euro cents) each.

All the shares are ordinary, no different categories of shares existing, nor rights and duties beyond those foreseen in 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 itemised 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 no 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 normally applicable regulations.

#### **3. Own shares**

During 2018, no transactions involving its own shares occurred. Consequently, on 31 December 2018, the Company held, as it did in 2017, own shares totalling 2,215,910, 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 shareholder control over the Company due to a takeover bid.

Similarly, the Company has not adopted, via the approval of any statutory provision 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 2018 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 known by the Company was executed on 28 May 2007 between I'M SGPS, S.A. (ex- MTO - SGPS, SA) and Mota-Engil, SGPS, SA, and was altered by the amendments executed on 22 December 2009 and 17 April 2012.

The shares subject to the Shareholders Agreement, on 31 December 2018, are held by the mentioned shareholders in the following amounts:

SHAREHOLDER	NO. SHARES	PERCENTAGE	VOTING RIGHTS <sup>1</sup>
Mota-Engil, SGPS, S.A.	37.500.000	37.50%	38.35%
I'M SGPS, S.A.	42.405.689	42.41%	43.37%
<b>Total</b>	<b>79.905.689</b>	<b>79.91%</b>	<b>81.72%</b>

<sup>1</sup> % of voting rights = no. Shares Held / (no. Total Shares - Own Shares)

The abovementioned Shareholders Agreement regulates a few aspects of the Company's corporate life, namely:

**1. Attribution of 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 any of them, the shareholders oblige themselves to deliberate changes in the Company's Articles of Association, whenever they are needed to ensure, broadly, the good execution of the provisions in the Shareholders Agreement;

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

The Shareholders Agreement does not foresee any restrictions regarding share transfer.

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

## II. SHAREHOLDINGS AND BONDS HELD

### 7. Qualifying Holdings

On 31 December 2018, 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 the Company, Carlos Manuel Marques Martins and 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 no. 20 of the Securities Code (Código de Valores Mobiliários - CVM), by the company Mota-Engil, SGPS, S.A.

On 31 December 2018, 82.27% of the voting rights of the Company are imputed to both of these shareholders under the Shareholders Agreement in force on that date.

The 305,542 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 the Company, through the company BLACK AND BLUE INVESTIMENTOS, S.A., of which that Board Member is a shareholder.

The 230,260 and 3,000 shares held respectively by the shareholders and board members Jorge Alberto Marques Martins and Arnaldo José Nunes da Costa Figueiredo are directly held.

On 31 December 2018, based on the information made available to the Company, the following entities were holders of qualifying shareholdings, calculated in accordance with paragraph 1 of article no. 20 of the Securities Code (“CVM”), in the share capital of the Company:

SHAREHOLDERS	NO. SHARES	% OF SHARE CAPITAL	% OF VOTING RIGHTS <sup>1</sup>
<b>I'M – SGPS, SA</b>	<b>42.405.689</b>	<b>42.41%</b>	<b>43.37%</b>
Carlos Manuel Marques Martins*	305.542	0.31%	0.31%
Jorge Alberto Marques Martins*	230.260	0.23%	0.24%
<b>Total Imputable to I'M – SGPS, SA</b>	<b>42.941.491</b>	<b>42.94%</b>	<b>43.91%</b>
<b>Mota-Engil – SGPS, SA</b>	<b>37.500.000</b>	<b>37.50%</b>	<b>38.35%</b>
Arnaldo José Nunes da Costa Figueiredo **	3.000	0.00%	0.00%
<b>Total Imputable to Mota-Engil, SGPS, SA</b>	<b>37.503.000</b>	<b>37.50%</b>	<b>38.35%</b>

<sup>1</sup> % of 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 paragraph 5 of article no. 447 of the Portuguese Commercial Companies Code – “CCC”)

NAME OF THE MEMBER OF THE CORPORATE BODY	CORPORATE BODY	SHARES HELD ON 31.12.2018
Carlos Manuel Marques Martins*	Board of Directors	305.542
Jorge Alberto Marques Martins	Board of Directors	230.260
Arnaldo Nunes da Costa Figueiredo	Board of Directors	3.000
Pedro Miguel Rodrigues Duarte	Board of Directors	0
Pedro Nuno Cardoso Abreu Moreira	Board of Directors	0
Maria Sílvia da Fonseca Vasconcelos da Mota	Board of Directors	0
Vitor Manuel Álvares Escária	Board of Directors	0
Mariana Machado França Gouveia Sande Nogueira	Board of Directors	0
Paulo Sérgio Jesus das Neves	Supervisory Board	0
Américo Agostinho Martins Pereira	Supervisory Board	0
Mária Maria Machado Lapa de Barros Peixoto	Supervisory Board	0
António Baia Engana	Supervisory Board	0

\* The 305,542 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 INVESTIMENTOS, SA, of which that Board Member is a shareholder.

Note: There are no obligations held by members of management and supervisory boards.

## 9. Special Powers of the Board of Directors, namely in what concerns operations of capital increase

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 by article no. 4, paragraph 8 of the Company's Articles of Association, as amended by the resolution approved at the General Meeting Assembly held on 25 May 2007. 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 by article no. 4, paragraph 8 of the Company's Articles of Association, as approved at the General Meeting held on 25 May 2007.

Up to this date, there has not been any capital increase in the Company under this assignment of the Board of Directors.

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

On 31 December 2018, the main shareholders, holders of qualifying holdings, continued to be the companies I'M SGPS, S.A. and Mota-Engil SGPS, S.A.

During 2018, no significant business or commercial transactions occurred between the Company and the holders of qualifying holdings in the Company.

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

## B. CORPORATE BODIES AND COMMITTEES

In Part B, the information referred to in article no. 447 of the CCC, in article no. 3 of Law no. 28/2009 of 19 July (Remuneration Policy), in subparagraph (r), paragraph 1 of article no. 245-A of the Securities Code (diversity in the management and supervisory boards) and in article no. 5 of Law no. 62/2017 of 1 of August (balanced representation of women and men in the management and supervisory boards) is also included.

Martifer is the holding company of a Group with headquarters in Portugal, internationally present through subsidiaries, affiliated companies and joint ventures. The vast project portfolio that it continuously develops answers various markets and clients.

Responding to the challenges arising in this framework, Martifer Group's corporate governance advocates a policy of diversity in the composition of its corporate boards, in particular, the Board of Directors and the Supervisory Board, to:

- Promote diversity in the composition of the respective board;
- Enhance the performance of each member and as a whole, of each board;
- Encourage comprehensive, balanced and innovative analyses; and, consequently, allow the decision-making and control processes reasoned and agile;
- Contribute to the increase of innovation and renewal of the Company, for its sustainable development and creation of value for shareholders and other *stakeholders* in the long term.

Martifer, thus, recognises the need to constantly promote diversity in its boards and other managers, in particular in the Board of Directors and the Supervisory Board, in particular on the following aspects:

- Appropriate academic qualifications and relevant professional experience for the exercise of a specific corporate position and that, in the respective corporate board, there are the necessary skills for the proper performance of the functions of that board;
- Inclusion of members of different ages, combining the knowledge and experience of senior members with the innovation and creativity of young members, to allow the respective board to have an innovative vision of the business and prudent management of risks;
- The promotion of gender diversity and, consequently, an appropriate balance of sensibilities and style of decision-making within the respective board.

In what concerns the Board of Directors and the Supervisory Board, whose composition was changed at the General Meeting on 18 May 2018, the policy is evidenced as indicated in 19 - *Board of Directors* and 33 - *Supervisory Board* of this report. In particular, it

should be stressed that, in both cases, the Board of Directors comprises 25% of people of the under-represented gender and the Supervisory Board integrates 33.3% in the same way.

The analysis of diversity in Martifer's corporate boards transmits the existence of a reasonable level of diversity. Verify the following table:

DIVERSITY FACTOR	PARAMETER	%
AGE	<45	33%
	45-60	42%
	>60	25%
GENDER	Female	25%
	Male	75%
EDUCATION	Engineering	33%
	Economics/ Management	42%
	Law	8%
	Other	17%

## I. GENERAL MEETING

### a) Composition of the Presiding Board of the General Meeting

#### 11. Identification and position of the members of the presiding Board of the General Meeting and respective term of office

The Board of the Shareholders General Meeting comprises a president, a vice president and a secretary; and the present holders of these positions were elected at the 18 May 2018 Shareholders General Meeting for a three-year term of office, ending on 31 December 2020.

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

<b>PRESIDENT</b>	José Joaquim Neiva Nunes de Oliveira
<b>VICE PRESIDENT</b>	Luís Leitão Marques Vale Lima
<b>SECRETARY</b>	Luís Neiva de Oliveira Nunes de Oliveira

### (b) Exercise of the right to vote

#### 12. Restrictions on the right to vote

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

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



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

Up to three days before 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 suspension of the General Meeting, the Company does not require the blockage of the shares for the full suspension period until the session is resumed; instead, compliance with the ordinary notice period for the first meeting suffices.

Shareholders may be represented at the Shareholders General Meetings by way of a written proxy addressed to the President of the Board of the General Meeting. The aforementioned proxy may also be sent by electronic mail in accordance with the respective Shareholders General Meeting notice of meeting 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 the said meetings (including, amongst other, the template to exercise the vote by correspondence) are made available to the shareholders up to twenty-one (21) days before the date of the General Meeting, at the Company's registered office and in the Company's website. Such documentation can be found on the company's website at [www.martifer.pt](http://www.martifer.pt). In addition to the Company's website, such documentation is made available to shareholders, for consultation, at the company's registered office during business hours, as well as in the Information Disclosure System of CMVM ([www.cmvm.pt](http://www.cmvm.pt)), on the date of disclosure of the notice of the meeting. Also, in the same website of the Company, the minutes of the meetings of the General Meeting are also made available within five days after their occurrence.

Martifer has been ensuring and implementing measures to promote and encourage the participation of shareholders in general meetings:

- Voting by correspondence;
- Access to proxy forms and voting ballots in its website;
- Disclosing in the website, in Portuguese and English, the notice of the meeting for the General Meeting, the possible ways to exercise the vote and the procedures to adopt to vote by correspondence or by proxy;
- Disclosing in the website, in Portuguese and English, the preparatory information regarding the various points on the agenda;
- Creating an electronic mail address exclusively dedicated to the General Meeting, which is disclosed in the notice of the meeting, to facilitate the clarification of any doubts;

### **13. 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 paragraph 1 of article no. 20 of CVM**

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, can only be made with a qualified majority, besides the legally foreseen**

Article no. 18 of the Company Articles of Association establishes both for a first or second notice of the meeting, 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 dismissal of directors without fair grounds.

## II. MANAGEMENT AND SUPERVISION

### a) Composition

#### **15. Corporate Governance Model**

The Company adopts the Latin monist government model, commonly known as the "*Latin strengthened*", which advocates the separation between the administration and supervisory boards (dual), being its Corporate Governance structure formed by the Board of Directors, a Supervisory Board and by a Statutory Auditor. All the boards are elected at the Shareholders General Meeting. For the term of office corresponding to the triennium 2018-2020, the Board of Directors delegated the management of the day-to-day affairs of the Company to an Executive Committee, under the terms and within the limits defined in 21.1 below.

The adoption of this model allows the existence of a Supervisory Board with strengthened powers of effective supervision, composed entirely by members subject to a regime of incompatibilities and independence requirements.

Except for the Statutory Auditor, that was elected for a biennium (2018-2019), the members who integrate the corporate boards, the Board of the General Meeting and the Remuneration Committee were elected for three years (2018-2020). The Remuneration Committee, elected at the Shareholders General Meeting, is responsible for setting the remuneration of the members of the Company's corporate boards as well as for defining the general guidelines to be observed in 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 is allowed once or more than once.

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

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

The substitution of directors is made as set forth in article no. 393 of the CCC. Following the Company's Articles of Association, for the purposes of substituting directors under paragraph 1 of the said article of the CCC, absence is qualified as permanent when, without justification accepted by the management board, a director is absent from more than five meetings, consecutive or not.

#### **17. Composition of the Board of Directors**

Following the Company's Articles of Association, Martifer's Board of Directors is composed of 5 (five) to 9 (nine) members elected at a General Meeting.

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

On 31 December 2018, the Board of Directors had 8 (eight) members, elected at the Company's General Meeting for a three calendar year term of office, ending on 31 December 2020.

On 31 December 2018, the composition of the Board of Directors for the 2018-2020 term of office was as follows:

NAME OF THE DIRECTOR	FIRST NOMINATION	END OF CURRENT TERM OF OFFICE
Carlos Manuel Marques Martins (President)	2004	2020
Jorge Alberto Marques Martins (Vice President)	2004	2020
Arnaldo José Nunes da Costa Figueiredo (Vice President)	2010	2020
Pedro Nuno Cardoso Abreu Moreira	2015	2020
Pedro Miguel Rodrigues Duarte	2018	2020
Maria Sílvia da Fonseca Vasconcelos da Mota	2018	2020
Vítor Manuel Álvares Escária	2018	2020
Mariana Machado França Gouveia Sande Nogueira	2018	2020

## 18. The distinction between executive and non-executive members

NAME OF THE DIRECTOR	(Executive / Non-executive)	INDEPENDENT or NON-INDEPENDENT
Carlos Manuel Marques Martins (President)	Non-executive	Non-independent
Jorge Alberto Marques Martins (Vice President)	Non-executive	Non-independent
Arnaldo José Nunes da Costa Figueiredo (Vice Presidente)	Non-executive	Non-independent
Pedro Miguel Rodrigues Duarte	Executive	-
Pedro Nuno Cardoso Abreu Moreira	Executive	-
Maria Sílvia da Fonseca Vasconcelos da Mota	Non-executive	Non-independent
Vítor Manuel Álvares Escária	Non-executive	Independent
Mariana Machado França Gouveia Sande Nogueira	Non-executive	Independent

On 31 December 2018, of the 8 (eight) directors of the Board of Directors, 6 (six) are non-executive directors, whose duties are to monitor and assess the management of the Company by the executive directors, 2 (two) of these 6 (six) non-executive directors are independent directors.

Given the Company's size and the 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 no. 414, paragraph 5 of the CCC, as well as that established in 18.1 of Annex 1 of Regulation no. 4/2103 of CMVM and in Recommendation III.4 of the Corporate Governance Code of the Portuguese Corporate Governance Institute (IPCG - Instituto Português de Corporate Governance) (2018).

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

The experience and knowledge of the members of the Board of Directors are 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. Meaningful family, professional or business relationships of members of the Board of Directors with shareholders that are assigned qualifying holdings

The President of the Board of Directors, Carlos Manuel Marques Martins and the Vice President, 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.

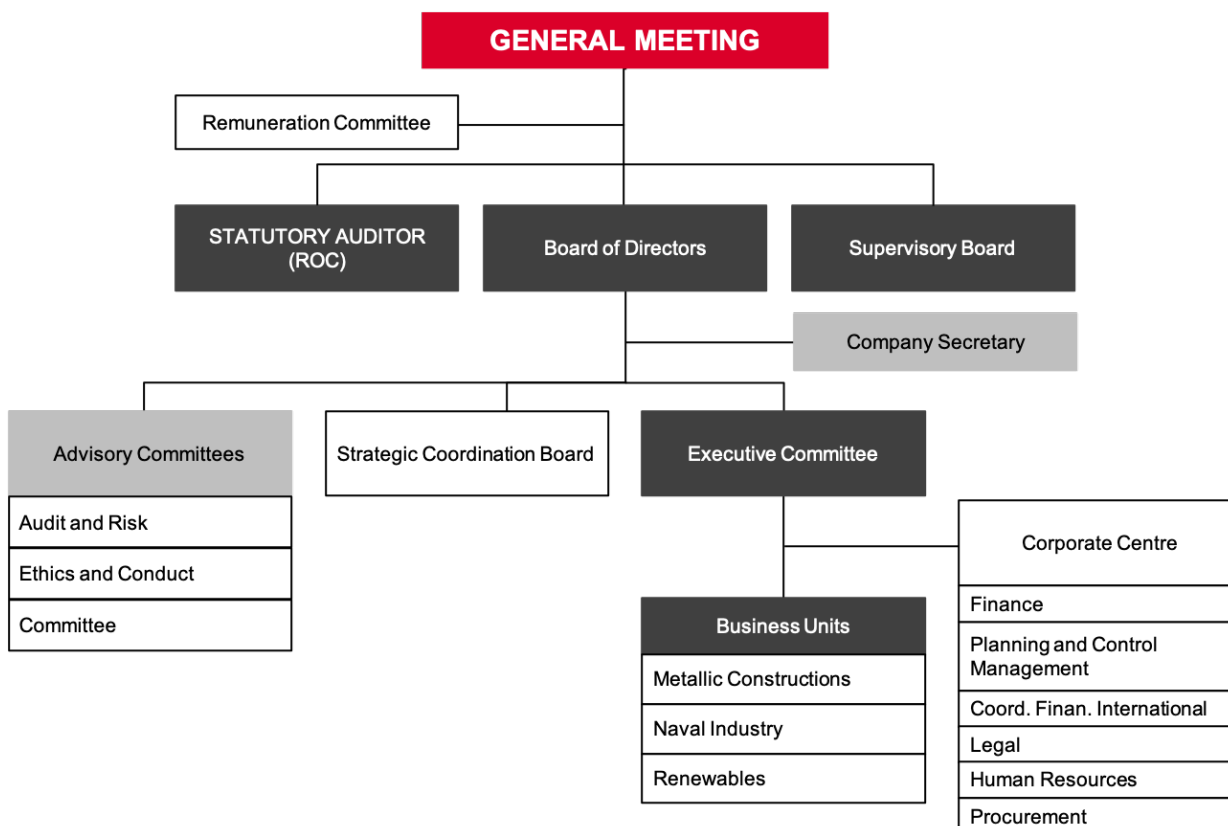
The Vice-President of the Board of Directors Arnaldo José Nunes da Costa Figueiredo exercises management positions in Mota-Engil Group companies. Mota-Engil SGPS, S.A., Martifer's other major shareholder, is the holding company of the aforementioned Group.

The Member of the Board of Directors Maria Sílvia da Fonseca Vasconcelos da Mota is a shareholder with a qualified holding of Mota-Engil, SGPS, S.A., a reference shareholder of the company, and is a Board Member in companies of the Mota-Engil Group.

The remaining Board Members have no kinship between them.

## 21. Organisational charts or flowcharts concerning the allocation of powers between the various corporate boards, committees and/ or departments of the Company, including information on delegation of powers, particularly in what regards the delegation of the Company's daily management

### 21.1 ORGANISATIONAL CHART



## 21.2 DIVISION AND DELEGATION OF POWER

### Management Boards

On 31 December 2018, the Company presented a Board of Directors with eight (8) members: a President, two Vice Presidents and five Members. On the same date, 2 (two) of its members were Executive Directors and formed an Executive Committee, and the other 6 (six) were non-executive members.

In accordance with the Articles of Association and under article no. 407, paragraph 3 of the CCC, daily management powers were delegated to an Executive Committee, positions now held by Pedro Miguel Rodrigues Duarte (President) and by Pedro Nuno Cardoso Abreu Moreira. The referred to Executive Directors are responsible for the implementation of the strategic decisions taken by the Board of Directors, as well as the day-to-day management of the holding company, while holding company, all in the context of the powers that were delegated to them.

The duties delegated to the Executive Committee include the guidance for the good performance of the various business areas, 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 necessary resources, the management of human and financial resources, the definition of the strategies for each business area and the supervision of the accomplishment of the objectives of each business area, establishing policies transversal to the Company as a whole. The Executive Committee must also exercise the powers that, at any given 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.

In accordance with the decision of the Board of Directors dated 24 May 2018, all the necessary or convenient powers for the achievement of the social object and for the exercise of the activity of the Company, of which are highlighted:

- Approval of operations, and possible issuance of binding instructions to the Boards of Directors of subsidiaries, to be carried out by the business units of Martifer Group;
- Issuance of any proposals to submit to the Board of Directors about matters of exclusive competence;
- Approval of transversal policies and rules, instructions or orientations such as procedural manuals, regulations and service orders;
- Participation in Joint-Ventures and in Economic Interest European Groups and, additionally, the execution of consortium and associative partnership contracts, except when they have as their objective the participation in projects involving a turnover of more than one hundred million Euros;
- Appointment of representatives at General Meetings of the Company's subsidiaries and determination of the voting intentions at the said 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 transaction of any lawsuits and the acceptance of arbitration commitments, except processes relating Clients;
- The hiring of employees, defining remuneration levels, categories and conditions and other benefits or complements, in full compliance with the general remuneration policies;
- Exercise of disciplinary powers and application of sanctions;
- Appointment of proxies to carry out specific acts or categories of acts, defining the term of the respective mandates.

The ordinary meetings of the Executive Committee shall be held monthly, and at the beginning of each fiscal year, the meetings to be held during that year shall be scheduled. The President of the Executive Committee sends the President of the Board of Directors with the required prior notice, the meeting agendas and the minutes of the respective meetings. The executive members provide the non-executive board members, as well as the other members of the corporate bodies, with all the necessary clarifications for them to exercise their powers, either following his initiative or at their request.

Except for the matters that cannot be delegated by law under article no. 407, paragraph 4 and paragraph 8 of the CCC, the Board of Directors has expressly stated that certain matters are excluded from the powers delegated to Executive Directors, namely:

- I. Approval of the activity plans and budgets for Martifer Group companies;
- II. Investment or commitment to invest in new business areas;
- III. Investments and divestments unforeseen in the annual budgets of the Martifer Group companies, when the amounts involved are equal to or above five million Euros
- IV. Constitution of any covenants or encumbrances on Martifer Group's companies' share;
- V. The participation in Joint-Ventures and in Economic Interest European Groups and, additionally, the celebration of consortium and associative partnership contracts, the incorporation or participation in any other forms of temporary or permanent associations of companies and/ or private or public entities, if they intend to participate in projects involving a turnover of more than one hundred million Euros;
- VI. Appointment of proxies, individual or legal, to hold corporate positions in other companies;
- VII. The constitution of the Executive Committee and the Strategic Coordination Council, and the definition of the matters to be delegated to them;
- VIII. Subscription, acquisition or disposal of shareholdings in any company;
- IX. Acquisition and disposal of own shares according to and within the limits of the resolution made at the Company's General Meeting.

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 powers above.

The President of the Board of Directors has the powers conferred by law and by the Articles of Association.

On 31 December 2018, Pedro Miguel Rodrigues Duarte, as President of the Executive Committee was the *Chief Executive Officer* (CEO) of the Company, and Pedro Nuno Cardoso Abreu Moreira, responsible for the company's financial areas was the *Chief Financial Officer* (CFO).

Under article no. 407, paragraph 1 of the Portuguese Commercial Companies Code, the Board of Directors also attributed the Director Pedro Nuno Cardoso Abreu Moreira the particular position of being the Company Representative with the Market and with CMVM.

The non-executive directors accompanied the activity developed by the Company, ensuring the effective supervision, monitoring and assessment of the activity, in particular through regular meetings of the Board of Directors, without prejudice to their access to any information or documentation that may be requested at any time.

The Board of Directors holds meetings at least four times per year, or whenever it is convened by its President or by 2 (two) of its Members.

### **Supervision Boards**

The supervision of the Company is exercised by a Supervisory Board and by a Statutory Auditor that shall carry out the duties resulting from the applicable law and Articles of Association. It is the responsibility of the General Meeting to elect the Supervisory Board, as well as to designate, based on a proposal from the Supervisory Board, the Statutory Auditor or the Statutory Auditor Company.

The Company's Supervisory Board has four members, a president, two effective members and one alternate.

### **Committees**

#### REMUNERATION COMMITTEE

According to the Articles of Association, the Remuneration Committee, elected by the shareholders gathered at the General Meeting, shall define the remuneration policy of the members of corporate boards, setting the applicable remuneration, taking into account the positions held, the verified performance and the economic situation of Company and meets whenever necessary. Minutes are drawn up of all meetings.

## STRATEGIC COORDINATION COUNCIL

The Strategic Coordination Council is an advisory body, resulting from the appointment by the Board of Directors of the Company, having as duties to decide, without a binding nature, on the matters set out in the framework of its regulation and others that are mandated by the Board of Directors for its analysis and potential issuance of opinions and recommendations.

The Strategic Coordination Council includes five directors of the Company, appointed by Martifer's Board of Directors, among them, compulsorily, the CEO and the CFO and by (i) a manager of the metallic constructions business area; (ii) a manager of the renewable energy business area; and (iii) a manager of the naval business area.

The Strategic Coordination Council is responsible for monitoring and, by its initiative, issuing recommendations to the Board of Directors on matters of the Company and of the economic group, which include: the annual budget execution; the implementation of the strategic plan; the general remuneration policy and the strategy for each geographical area.

The Strategic Coordination Council meets every month and, in addition, whenever convened by its President or at the request of any two of its Members.

The Board of Directors and the Members of the Strategic Coordination Council may indicate to the President of the Strategic Coordination Council any matters that they consider should be object of reflection by the Strategic Coordination Council.

## b) Functioning

### **22. Availability and place where rules and regulations on the functioning of the Board of Directors may be consulted**

The Board of Directors' Organisational and Functional Regulation in force can be found in Martifer's website at [www.martifer.pt](http://www.martifer.pt) (Tab: Investors, Section: Corporate Governance, Articles of Association).

### **23. The number of meetings held and the attendance of each member of the Board of Directors**

The Board of Directors meets ordinarily once per quarter and, as defined in the Articles of Association and in the respective Regulation, whenever the President or 2 (two) of its Members call a meeting; resolutions may be approved with the presence or representation of the majority of its Members, in accordance with the provisions of paragraph 1 of article no. 10 of the Articles of Association and no. 1 of article no. 5 of the Regulation of the Board of Directors.

Following the abovementioned, any 2 (two) board members without delegated powers may convene meetings, to exercise their powers of supervision, monitoring and assessing the activity of the members to whom the Board of Directors attributes delegated powers.

To that end, and to safeguard the exercise, in an independent and informed manner, of the competencies 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 Internal Regulations:

- (i) the obligation to give the Directors all the information considered necessary or convenient and they request that to the Company or to 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) the possibility of any non-executive Director taking part in the Executive Committee meetings so that the non-executive Directors can exercise the powers attributed to them; and
- (iv) the specialised committees with monitoring, supervision and appraisal competencies over the activities of the directors with delegated powers shall be presided and primarily composed of directors with no delegated powers.

During the 2018 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 2018, a year to appoint members for corporate boards, the Board of Directors met twenty-one times. The minutes are written and signed by the Directors and the Company Secretary and recorded in the respective minute book, with copies also being sent to the President of the Supervisory Board.

During the year 2018, 15 (fifteen) meetings of the Board of Directors were held and 12 (twelve) meetings of the Executive Committee, with the attendance degree of each Director at those meetings, during the exercise of their respective functions, being the following:

NAME OF THE DIRECTOR	Board of Directors ATTENDANCE	Executive Committee ATTENDANCE
Carlos Manuel Marques Martins (President of the BD) (*)	100%	100% <sup>1</sup>
Jorge Alberto Marques Martins (Vice President) (*)	100%	100% <sup>1</sup>
Arnaldo José Nunes da Costa Figueiredo (Vice Presidente)	100%	-
Pedro Miguel Rodrigues Duarte (**) (***)	100% <sup>2</sup>	100% <sup>4</sup>
Pedro Nuno Cardoso Abreu Moreira	100%	100%
Maria Sílvia da Fonseca Vasconcelos da Mota (***)	100% <sup>2</sup>	-
Vítor Manuel Álvares Escária (***)	100% <sup>2</sup>	-
Mariana Machado França Gouveia Sande Nogueira (***)	100% <sup>2</sup>	-
Luís António de Castro de Valadares Tavares (****)	100% <sup>3</sup>	-
Jorge Bento Ribeiro Barbosa Farinha (****)	100% <sup>3</sup>	-

Note: If the director was not physically present at a given meeting, he was represented by another director at the meeting, as mandate letter respectively issued to that effect.

(\*) A Board Member with delegated powers who ceased functions on 18 May 2018.

(\*\*) A Board Member with powers delegated by a resolution of the Board of Directors on 24 May 2018.

(\*\*\*) Appointed on 18 May 2018 for the term 2018 - 2020.

(\*\*\*\*) Ceased functions on 18 May 2018.

<sup>1</sup> Present in 5 meetings held after 18 May 2018.

<sup>2</sup> Present in 10 meetings held after 18 May 2018.

<sup>3</sup> Present in 5 meetings held until 18 May 2018.

<sup>4</sup> Present in 7 meetings held after 24 May 2018.

## 24. Competent Corporate Boards to appraise the performance of the executive directors

The Company's Corporate Governance Committee includes non-executive Members of the Company's Board of Directors and is presided by an independent director that meets all the independence and compatibility requirements foreseen in 18.1 of Annex I of Regulation no. 4/2013 of CMVM and Recommendation III.4 of the Corporate Governance Code of the Portuguese Corporate Governance Institute (IPCG) (2018). 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 existent committees.

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



## **25. Predefined criteria for assessing the performance of the executive directors**

The performance of the Directors is appraised based on the principles listed in the Remuneration Policy Statement. The remuneration policy and the remuneration of the Company's Corporate Boards are 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 the responsibility assumed, on the alignment of the interests of the board members with the interests of the company, on performance assessment, on the economic situation of the company and on the general market conditions for equivalent positions, as better set out in number 70 below.

In addition, within the scope of the Corporate Governance Committee and in compliance with Recommendation V.1.1 of the Corporate Governance Code of the Portuguese Corporate Governance Institute (IPCG) (2018), this board analyses the performance of the Company's Executive Committee considering for that purpose:

- (i) a set of economic and financial indicators of performance;
- (ii) the deviations in relation to the established budgets;
- (iii) the level of compliance with the strategic and operational objectives agreed on by the Board of Directors for the year; and
- (iv) the impact of the evolution of the external environment of the Group, in particular, the national and international economic and financial situation, as well as the general condition of supply and demand in their markets.

## **26. The availability of each member of the Board of Directors and details of the positions held by each of them in other companies, inside and outside the Group, and other relevant activities undertaken by members of those boards 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 inherent to the bodies for which they were elected by the shareholders. Being considered, on the one hand, the Directors' availability to participate in the meetings of the boards 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 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 where the Regulations on the functioning thereof are available**

To adopt the best corporate governance practices, the Board of Directors appointed 3 (three) specialised committees to boost its operational effectiveness (according to 21.1 above).

The Corporate Governance Committee, the Ethics and Conduct Committee and the Risk Committee have their own Regulations that lay down the rules relating to their composition, functioning and powers, which can be consulted in the Company's website at [www.martifer.pt](http://www.martifer.pt) (Tab: Investors, Section: Corporate Governance / Articles of Association).

## 28. Details of the Executive Committee's Members

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

NAME OF THE DIRECTOR	POSITION
Pedro Miguel Rodrigues Duarte	President (CEO)
Pedro Nuno Cardoso Abreu Moreira	Member (CFO)

The powers delegated to the Executive Committee are set down in 21.2 above.

## 29. Description of the powers of each of the Committees established and a summary of activities undertaken in the exercise thereof

### CORPORATE GOVERNANCE COMMITTEE

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

<b>PRESIDENT</b>	Mariana Machado França Gouveia Sande Nogueira (independent and non-executive Board Member)
<b>MEMBERS</b>	Arnaldo Figueiredo (non-executive Board Member) Inês Filipa Serra (Corporate Legal Director)

The Corporate Governance Committee is competent to issue suggestions to improve the governance model of Martifer Group, with the objective of promoting compliance with strict ethical and deontological principles and compliance with practices that ensure compliance with corporate governance standards and best practices established and that sustain a diligent, efficient, balanced and promoting ethical and responsible conduct management, from the perspective of the interests of the shareholders and other stakeholders.

Besides the presence of its members in informal meetings and work groups, the Corporate Governance Committee met formally twice in 2018. This Committee records the minutes of its meetings.

The Corporate Governance Committee has its own Regulation that establishes the rules regarding its composition, functioning and powers, which can be consulted in the Company's website at [www.martifer.pt](http://www.martifer.pt) (Tab: Investors, Section: Corporate Governance/ Articles of Association).

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

- to assess and to develop the corporate governance model;
- to reflect on the governance system adopted and verify its effectiveness;
- to advise and to propose to the Company's relevant corporate boards 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 other Committees.

## ETHICS AND CONDUCT COMMITTEE

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

<b>PRESIDENT</b>	Mariana Machado França Gouveia Sande Nogueira (independent and non-executive Board Member)
<b>MEMBERS</b>	Vitor Escária (independent and non-executive Board Member) Inês Filipa Serra (Corporate Legal Director)

The Ethics and Conduct Committee has its own Regulation that establishes the rules regarding its composition, functioning and powers related to the elaboration, implementation, follow-up and control of ethics and conduct norms in Martifer. The Ethics and Conduct Committee's Regulation can be consulted in the Company's website at [www.martifer.pt](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 report of irregularities occurred within Martifer Group, establishing and making available 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 of that board, namely those laid down in the CCC.

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

In 2018, in addition to informal meetings to monitor the implementation of the new Ethics and Conduct Code, two meetings were formally held, and the presence of its members was ensured in various work groups.

## RISK COMMITTEE

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

<b>PRESIDENT</b>	Vitor Escária (independent and non-executive Board Member)
<b>VICE PRESIDENT</b>	Jorge Martins (non-executive Board Member)
<b>MEMBER</b>	Paulo César Ferreira (Corporate Management Planning and Control Director)

The Risk Committee has its own Regulation that establishes the rules regarding its composition, functioning and powers related to the elaboration, implementation and follow-up of a risk management system transversal to Martifer Group. The Risk Committee's Regulation can be consulted in the Company's website at [www.martifer.pt](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 establish a strategy for risk prevention and management transversal to the Group, so as to reduce the exposure to risk and to 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 be considered 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) of any other nature, that the Risk Committee considers relevant;
- to ensure compliance with the guiding principles of Martifer Group's 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 and investment operations that require the previous opinion of the Risk Committee;
- to submit proposals, suggestions of methodologies to the Board of Directors to identify and cover appropriate risks and that should be adopted by Martifer Group as measures aimed at improving the risk management model in force and to facilitate the pursuit of higher corporate objectives;
- to inform the Board of Directors of any situations or occurrences of which it is aware and that, in its opinion, are non-compliant with the norms and practices of risk identification, monitoring and control;
- to monitor and analyse the reflections and guidance produced on risk management by national and international organisms, to take advantage of these to improve Martifer Group's Risk Management model.

In addition to the informal meetings and the presence of its members in work groups, the Risk Committee did not formally meet in 2018 since there were no facts that occurred that called for the issuance of recommendations.

### III. SUPERVISION

#### a) Composition

#### 30. Details of the Supervisory Board

Martifer's supervision 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: the political supervision is exercised by the Supervisory Board, whereas the review and certification of the financial statements rest with the Statutory Auditor.

#### 31. Composition of the Supervisory Board with details on the minimum and maximum number of members, duration of the term of office, number of effective members, date of first appointment and end of the term of office of each member

The Company's Supervisory Board has three effective members and an alternate member, elected at the 18 May 2018 General Meeting, for the triennium 2018-2021, re-electable as permitted by law.

The members of the Supervisory Board may only be elected, as a general rule, by the General Meeting, and in case there is a vacancy in the Board, this vacancy shall be occupied by the alternate member. If there is another vacancy to be occupied, it may only be occupied by means of an election of a new member at a General Meeting.

The members appointed for the current term are:

MEMBER	FIRST NOMINATION	END OF CURRENT TERM OF OFFICE
Paulo Sérgio Jesus das Neves (President)	2015	2020
Américo Agostinho Martins Pereira (permanent)	2015	2020
Mária Maria Machado Lapa de Barros Peixoto (Effective)	2018	2020
António Baia Engana (alternate)	2015	2020

### 32. Details of the members of the Supervisory Board

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

<b>PRESIDENT</b>	Paulo Sérgio Jesus das Neves
<b>MEMBERS</b>	Américo Agostinho Martins Pereira Mária Maria Machado Lapa de Barros Peixoto
<b>ALTERNATE</b>	António Baia Engana

### 33. Professional qualifications of each one of the members of the Supervisory Board and other relevant curricular elements

The experience and knowledge of the Members of the Supervisory Board, currently in office, are better described in their curricula presented in the document attached to this report as Annex I and indicate in a rigorous and specific manner, their ability to carry out the duties attributed to them.

The Supervisory Board of the Company is formed by independent members, and they are subject to legal and regulatory requirements regarding incompatibilities, independence and expertise in force, in particular, those stated in article no. 414-A of the CCC, as well as the criteria of independence contained in paragraph 5 of article no. 414 of the CCC.

The elements that compose the Supervisory Board of the Company comply with the rules of incompatibility and independence identified above, being that on 31 December 2018, its members were not holders of Martifer shares, in accordance with Article no. 447 of the CCC.

#### b) Functioning

### 34. Place where the regulation can be consulted

The competencies of the Supervisory Board are indicated in the Regulation that can be consulted in the Company's website at [www.martifer.pt](http://www.martifer.pt) (Tab: Investor, Section Corporate Governance, Articles of Association).

### 35. Number of meetings held and the attendance report of each member of the Supervisory Board

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

In 2018 the Supervisory Board met 8 (eight) times, and the minutes of every meeting were drawn up.

The attendance of each member of the Supervisory Board to the abovementioned meetings was as follows:

	<b>ATTENDANCE</b>
Paulo Sérgio Jesus das Neves	100%
Américo Agostinho Martins Pereira	100%
Mária Maria Machado Lapa de Barros Peixoto	100%

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

All the members of the Supervisory Board demonstrated throughout the 2018 financial year full availability to exercise the functions attributed to them, having regularly attended the meetings called as well as being present whenever their presence was considered convenient. The President is adequately supported by the remaining members of the Supervisory Board.

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 institutions, as described in the curricula presented in the annex of this report, endowing this board with operational knowledge on the Company's business areas. Within the scope of the most relevant activities of the members of the Supervisory Board, we refer to the information indicated in 33.

#### **c) Powers and duties**

### **37. Description of the procedures and criteria applicable to the supervisory board to hire additional services to be rendered by 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 the External Auditors was a consequence of 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 to the External Auditor and other entities belonging to the same company, in 2018, did not represent relevant amounts. The Supervisory Board approved the contracting of services outside the scope of the statutory and external audit to be rendered by the External Auditor, considering that these services, do not impair the External Auditors' independence in addition to not exceeding a relative weight above 30% of the total services rendered to the Company.

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 supervision duties to the Company's activity, has analytical and appraisal responsibilities over the most significant aspects of the relationship with the External Statutory Auditor, namely in the aspects relating the independence of the External Statutory Auditor's work, under paragraph 11 of article no. 77 of the articles of the Portuguese Institute of Statutory Auditors, approved by Law no. 140/2015 of 7 September. During 2018, 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 rigour, transparency and civility.

Additionally, the Supervisory Board reflects, whenever necessary or adequate according to the developments at the Company or the market configuration in general, on the adequacy of the External Auditor in what concerns the performance of the duties attributed to it.

### **38. Other duties of the Supervisory Board**

In addition to the duties described in the previous number, the Supervisory Board has the powers set forth by 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, the Articles of Association and regulations, as well as to issue opinions on the budget, the balance sheet, inventories and the annual financial statements.

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

- To nominate the Company’s effective and alternate Statutory Auditors;
- To monitor 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;
- To examine, whenever it considers convenient and with regularity, the Company’s bookkeeping;
- To monitor the Company’s activity and compliance with the applicable laws, the Articles of Association and the regulations;
- To represent itself at the Board Meetings whenever it considers such presence convenient;
- To request the call of the Shareholders’ General Meeting whenever it considers such call convenient;
- To examine situations presented by the Board of Directors, periodically, during its term of office;
- To issue opinions on the budget, the balance sheet, 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;
- ensuring that adequate conditions for the rendering of these services are made available at the Company;
- annually appraising the services rendered as well as acting as the Company’s interlocutor, receiving simultaneously with the Board of Directors, the respective reports; and
- proposing the destitution of the External Auditor with just cause.

Finally, Martifer’s Supervisory Board is responsible for supervising and appraising the effectiveness of the risk management system and monitoring the activity of internal audit, including the functioning of the internal control and risk management systems. Both are object of regular monitoring and appraising 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 the 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, were elected for the biennium 2018-2019 at the 18 May 2018 General Meeting; those elected were:

<b>EFFECTIVE</b>	PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., as Statutory Auditor
<b>ALTERNATE</b>	José Miguel Dantas Maio Marques, as Statutory Auditor

The Statutory Auditor may only be elected at a General Meeting, for 2-year terms, according to legal terms. 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 in through the election of a new member at a Shareholders General Meeting.

The Statutory Auditor can be represented by Joaquim Miguel de Azevedo Barroso or by António Joaquim Brochado Correia, being certain that, in the year 2018, the representative of the Statutory Auditor of the Company was António Joaquim Brochado Correia.

#### **40. Indication of the number of years that the statutory auditor consecutively carries out duties in the Company and/or Group**

As better described in the previous number, the current Statutory Auditor, PricewaterhouseCoopers & Associados, SROC, Lda, was appointed at the General Meeting on 10 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 following numbers.

### **V. EXTERNAL AUDITOR**

#### **42. Identification of the external auditor appointed in accordance with article no. 8 and of the partner that represents the external auditor in carrying out these duties, and the respective registration number at CMVM**

The External Statutory Auditor is the company PricewaterhouseCoopers & Associados, SROC, SA (PwC) currently registered under no. 20161485 in CMVM (the Portuguese Securities Market Commission). PwC has, since 2017, been represented by António Joaquim Brochado Correia.

#### **43. Indication of the number of years that the external auditor and respective partner that represents it have consecutively carried out duties at the Company and/or Group**

As better described in the previous number, the External Statutory Auditor PricewaterhouseCoopers & Associados, SROC, Lda. has exercised duties at the Company consecutively since 2010, for around 9 years. The respective partner of the Statutory Auditor, who represents it in the fulfilment of those duties, António Joaquim Brochado Correia, has exercised his duties since 2017.

#### **44. Rotation policy and schedule of the external auditor and the respective partner that represents the 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 on the External Statutory Auditor's work, ensuring compliance with the provisions of article no. 54 of the Articles of the Portuguese Institute of Statutory Auditors, approved by Law no. 140/2015 of 7 September, regarding the rotation of the partner responsible for the execution of the work.

On 27 September 2017, the Supervisory Board issued an opinion in favour of the proposed extension of the exercise of functions for two more years of PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. as Statutory Auditor and External Statutory Auditor in the years 2018 and 2019, that is, up to the maximum limit indicated in paragraph 4 of article no. 54 of the Articles of the Portuguese Institute of Statutory Auditors, approved by Law no. 140/2015 of 7 September.

The Supervisory Board conducted a thorough analysis, having concluded that the competence, reputation and experience of the current Statutory Auditor and External Auditor, and the independent manner with which they have been exercising their functions, underpin the option for their continuance in office, since this continuity doesn't question its independence, and prevents the



incurring of replacement costs arising from the loss of the historical knowledge and its importance for the effectiveness of the audit and review, provided that the independence and impartiality is ensured, as has been the case.

Additionally, the partner representing the Statutory Auditor Company took office in 2017 under a rotation policy, which is done in accordance with the best compliance practices.

In preparing the proposal, the Supervisory Board took into account what is indicated in paragraph 4 of article no. 54 of the Portuguese Institute of Statutory Auditors, approved by Law no. 140/2015 of 7 September, which foresees that the mandate may have a maximum period of 10 years provided that it is duly substantiated.

Thus, the Company complies with the rules currently in force, in what concerns the External Auditor and the partner of the Statutory Auditor that represents it in the fulfilment of these functions.

#### **45. Body responsible for appraising the external auditor and periodicity of the appraisal**

The Supervisory Board, in the conduct of its functions, carries out an annual appraisal on the External Auditor's independence.

Additionally, the Supervisory Board, throughout each financial period and whenever necessary or adequate according to the developments in the activity of the Company or to the general market configuration, reflects on the adequacy of the External Auditor vis-à-vis the conduct of its duties.

#### **46. Services, other than auditing, carried out by the External Auditor for the Company and/or companies in a control relationship and indication of the internal procedures for approving the contracting of such services and indication of the reasons for contracting such services**

In addition to auditing services for the Company and/or companies of the Group, tax advisory and accounting services were rendered for foreign companies.

The approval and contracting of the services rendered by the External Auditor, other than the auditing services, were based on the procedures described in no. 37; the contracting of such services occurred due to the lack of internal resources (of the Company).

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.

#### **47. 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 description of the services in question**

During the 2018 financial period, the annual remuneration paid to the auditors and other private or corporate bodies belonging to the same network by the Company and/or legal entities in a control or group relationship amounted to 245,450.00 Euros (including expenses and remuneration paid by foreign subsidiaries). The breakdown of that remuneration is as follows:



OTHER	2018	%	2017	%	2016	%
Legal account audit and audit services	173.019	87.72%	166.658	97.64%	187.161	93.50%
Other reliability assurance services	2.100	1.06%	2.000	1.17%	2.760	1.38%
Tax consultancy services	6.968	3.53%	0	0.00%	5.250	2.62%
Other services other than statutory audit	15.163	7.69%	2.026	1.19%	5.000	2.5%
<b>Total</b>	<b>197.250</b>	<b>100.00%</b>	<b>170.684</b>	<b>100.00%</b>	<b>200.171</b>	<b>100.00%</b>

MT SGPS	2018	%	2017	%	2016	%
Legal account audit and audit services	48.200	100.00%	48.200	99.08%	53.200	91.41%
Other reliability assurance services	0	0.00%	0	0.00%	5.000	8.59%
Tax consultancy services	0	0.00%	0	0.00%	0	0.00%
Other services other than statutory audit	0	0.00%	450	0.92%	0	0.00%
<b>Total</b>	<b>48.200</b>	<b>100.00%</b>	<b>48.650</b>	<b>100.00%</b>	<b>58.200</b>	<b>100.00%</b>

TOTAL GLOBAL	245.450	219.334	258.371
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\*\* Including individual and consolidated financial statements

## C. INTERNAL ORGANISATION

### I. ARTICLES OS ASSOCIATION

#### 48. Rules applicable to the amendment of the Company's Articles of Association (article no. 245-A, paragraph 1, subparagraph h)

Martifer's Articles of Association do not foresee special rules applicable to the amendment of the Articles of Association, thus applying the rules set out in the CCC. Thus:

- Constitutive Quorum, the provisions of paragraph 2 of article no. 383 of the CCC shall apply. In order for the General Meeting to be able to decide, on first call, on the amendment of the Company's agreement, shareholders must be present or must be represented by shareholders who hold at least one-third of the share capital;
- Deliberative quorum, the rule of paragraph 3 of article no. 386 of the CCC due to paragraph 1 of article no. 18 of the Articles of Association, namely the corporate resolutions to be taken at the General Meeting, regarding proposals for amendments to the Articles of Association shall be taken either on first call or on second call by two-thirds of the votes cast.

### II. COMMUNICATION OF IRREGULARITIES

#### 49. Means and policy for reporting irregularities in the Company

The irregularities reporting policy indicates the Ethics and Conduct Committee as the responsible entity for receiving and managing complaints or reporting irregularities, without prejudice to the powers of the Supervisory Board in this matter.

Additionally, to the Supervisory Board, the Committee pursues, applies and handles procedures on complaints about internal irregularities, giving appropriate internal treatment to the complaints and reporting irregularities, ensuring a speedy resolution of the facts reported.

Thus, Martifer Group aims to ensure the existence of conditions that allow any employee to freely communicate his/her concerns in these areas to the Ethics and Conduct Committee and to facilitate early detection of irregular situations that, if true, can cause damage to Martifer Group as well as to its stakeholders.

The participation, communication or report of irregularities occurred within Martifer Group is received directly in an email box, exclusively accessed by the President of the Ethics and Conduct Committee. The anonymity and confidentiality are guaranteed whenever requested in the participation or complaint. This channel was considered the most appropriate and independent to receive the complaints, without prejudice to being sent by post.

Communications of irregularities addressed directly to the Supervisory Board and all others that fall within the exclusive competence of the Supervisory Board shall also be immediately communicated by its President to the President of the Ethics and Conduct Committee.

During 2018 no irregularities were reported to the Ethics and Conduct Committee of Martifer Group.

The Company's communication and reporting of irregularities policy is posted on the Company's website at <http://www.martifer.pt>, as well as in the Company's intranet.

Martifer's irregularity reporting policy covers the entire perimeter of Martifer Group.

### III. INTERNAL CONTROL AND RISK MANAGEMENT

#### **50. Persons, bodies or committees responsible for internal audit and/or implementation of internal control systems**

##### *Board of Directors*

The risk policy is defined by the Board of Directors based on risk analysis and measurement, and the Board also coordinates and develops risk management processes to ensure integrated risk management in accordance with the strategy and objectives of Martifer Group.

##### *Risk Committee*

Martifer's Risk Committee, which is a specialized committee at the service of the Board of Directors, is responsible for the compliance with the guiding principles of Martifer Group's Risk Policy, assisting the Board of Directors in setting the Company's strategic objectives in matters concerning risk-taking, also issuing recommendations or opinions, among others, on the definition of a Risk Policy for Martifer Group and the creation of identification, monitoring, control and risk management systems of (i) a legal and contractual nature, (ii) a financial nature, (iii) a technical-operational nature, (iv) a commercial nature, (v) an environmental nature, (vi) a political nature and (vii) of another nature.

The composition, functioning, duties and powers of the Risk Committee are described in no. 29 above and can be found in the Risk Committee Regulation available on the Company's website at <http://www.martifer.pt> (Tab: Investors, Section: Corporate Governance/ Articles of Association).

##### *Supervisory Board*

The evaluation of internal control and of the risk management system is subject to regular analysis and discussion by Martifer's Supervisory Board within its scope of legal competences.

##### *External Audit*

Among its functions, it assesses the reliability and integrity risks of the accounting and financial information, reporting them to the Supervisory Board.

##### *The Internal Audit Department*

In its organisational structure, Martifer has an Internal Audit Department that carries out its activity to evaluate the effectiveness and efficiency of the internal control system and the business processes of the entire Martifer Group in an independent and systematic

manner, to verify whether the assets of Martifer Group are properly registered and adequately protected against possible risks and losses, to examine and assess the rigour, quality and application of operational, accounting and financial controls, by promoting a cost-effective control and by proposing necessary measures to address any deficiencies in the internal control system.

During the year 2018, due to some employees leaving the group, the Internal Audit Department's activity was reduced. However, the Company is actively endeavouring to ensure that the Internal Audit Department can be provided with the necessary human resources in the short term to carry out the functions assigned to it as part of the Company's organisational structure.

#### *Planning & Management Control Department and Consolidation & Reporting Department*

The Company also has a Planning & Management Control Department, which supported by the company's IT systems, produces, monitors and analyses management information, raising questions on each business area.

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

It should be noted that the reliability and integrity risks of the accounting and financial information are also evaluated and reported by the Statutory Auditors and by the External Auditor.

It should also be highlighted that the existence of a Code of Ethics and Conduct and a system of communication of irregularities allow the improvement of Martifer Group's control culture.

## **51. Explanation, by the inclusion of an organisational chart, of hierarchical and/or functional dependency relationships with other bodies or committees of the Company**

In what regards the relations of dependency and/or functional hierarchy between the bodies and the departments responsible for the implementation and monitoring of the internal control systems better described in the previous paragraph:

- The Risk Committee is a committee formed by the Board of Directors, formed mainly by non-executive members of the Board of Directors and/or the Supervisory Board, and presided by an independent member;
- The Supervisory Board is elected at the Shareholders General Meeting of the Company 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 appraised by the Supervisory Board;
- The Internal Audit Department reports functionally to the independent non-executive Member of the Board of Directors;
- The Management Planning & Control Department and the Consolidation & Reporting Department report to the Company's Board of Directors.

## **52. Existence of other functional areas with risk control responsibilities**

We understand that this item is already explained in detail in the previous paragraph, so we refer to the answer given in the previous paragraph.

## **53. Identification and description of the main types of risks (financial, operational and legal) to which the Company is exposed in the exercise of its activity**

The management of risks within Martifer Group is based on the permanent identification and analysis of the exposure to different types of risks inherent to its activities (metallic constructions, naval industry and *renewables*) in the various geographies where it is

present and that are transversal to the whole Company - financial risks; currency exchange risks, interest rate risk, liquidity risks, credit risks, operational risks and legal risks, among others - and in the adoption of strategies to maximize profitability.

The main risks to which Martifer Group is exposed in its business are described in detail in a separate chapter of the Management Report, which is considered an integral part of this report by reference (Chapter 08 of the Management Report).

## **54. Description of the process of identification, appraisal, monitoring, control and risk management**

### Risk management systems

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

The risk policy is defined by the Board of Directors based on risk analysis and measurement, and it also coordinates and develops risk management processes in order to ensure integrated risk management in line with the Group's strategy and objectives.

In parallel, Martifer continues to implement internal control and risk management procedures to strengthen the integrated risk management, establishing a strategy for risk prevention and management across the Group, to reduce the exposure to risk and to safeguard the value of the Group. The procedure is characterised, briefly, by identifying risks in each of the business areas, accompanied in parallel by the formalisation of a risk evaluation, management, prevention and mitigation process to be carried out by the Board of Directors of the Company, 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 predicting the likelihood of their occurrence in order to determine the best way to manage the exposure to these risks.

All of these risks are appropriately identified, assessed and monitored, and the different structures within the Company manage and/or mitigate them.

Risk management in Martifer Group begins with the identification and measurement and analysis of the different risks to which it is exposed, with particular attention to operational and market risks, the probability of occurrence of the various factors that determine them and their potential impact on the business of the company or of the activity in question.

Without prejudice to the definition of the risk strategy by Martifer's Board of Directors, the managers responsible for operational activities are also responsible for the implementation of risk control mechanisms, which are subject to the scrutiny of the competent Financial, Tax and Legal departments.

Risk identification is a responsibility that is transversal to the different levels of the organisation. Templates have been created to identify and categorise the main risks of each Business Area, as well as new risks that arise as the activities are developed, including:

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

The company's Risk Committee is also responsible for assessing and issuing opinions, which are submitted to the Board of Directors, among others, about new investments by Martifer Group above a certain amount and about new countries for the Group.

The effectiveness of these mechanisms is periodically assessed by the holding company through the Internal Audit department, in compliance with a financial auditing plan and with IT, process and compliance systems with the approved procedures. This audit plan is prepared and carried out annually, based on a prior assessment of business risks, and the mechanisms and assessments of the internal audit department are monitored and supervised by the Company's Supervisory Board within the scope of its functional competencies.

The Planning & Management Control Department also promotes and supports the integration of risk management in the process of planning and management control of the companies.

It is the  *Holding's* objective to obtain an integrated view of the risks which the Group faces in each of its different activities or business areas and ensure the consistency of the resultant risk profile with the Group's overall strategy and, in particular, what it believes to be an acceptable risk level, given its capital structure.

In this sense, the operations of greater relevance and impact in 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*, following the risk policies and strategies set by the administration and based on a risk matrix implemented for that purpose.

## **55. Core details on internal control and risk management systems implemented in the Company regarding the procedure for reporting financial information (article no. 245-A, paragraph 1, subparagraph 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 concerning transparency, relevance and reliability; it is subject to an effective verification, both an internal analysis and an 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 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 Corporate Planning & 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 half-yearly basis, by the Consolidation & Reporting Department and validated by the Planning & 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 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 annual report are sent for the review and approval of the Board of Directors. After their approval, the documents are sent to the External Auditor, who issues the Legal Certification of the Accounts and the External Audit Report;
- The Statutory Auditor carries out quarterly analytical revisions to the consolidated accounts, accompanying and supporting the Supervisory Board and the Board of Directors;
- The Statutory Auditor carries out an annual audit in accordance with the Auditing Standards in force.

## IV. INVESTOR ASSISTANCE

### 56. Department responsible for investor relations, composition, functions, information made available and contact details

Martifer has always privileged permanent contact with the capital market, seeking to guarantee 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 roadshows and conferences, or through permanent contact with financial analysts.

Shareholders and investors can obtain all the relevant information on the Group at Martifer's website <http://www.martifer.pt/>, in particular in the Investor Relations page, where information of a corporate and financial nature can be found. Shareholders and Investors can also contact the Investor Assistance Office, which assures a permanent contact with the market.

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

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

- Assure compliance, vis-à-vis the authorities and the market, with the legal and regulatory reporting obligations applicable to Martifer SGPS, SA. The disclosure of information falling within the scope of “disclosure of privileged information”, the announcement of quarterly and annual information on the activities and results of the Group and the preparation of the annual and half-yearly financial statements, are to be highlighted;
- Satisfy investor (institutional and private), financial analyst and other agents' requests for information;
- Support and advise 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 contact that it maintains with financial analysts and institutional investors (national and foreign) in conferences, in 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.
- Information made available by the Investor Relations Office:
  - Investor Kit
  - General Information
  - Main Indicators
  - *Corporate Governance*
  - Corporate Bodies
  - Articles of Association
  - Ethics and Conduct
  - General Meetings
  - Agenda
  - Publications
  - Financial Information
  - Presentations
  - Notices

The Investor Assistance Office may be contacted at:

Martifer SGPS, Apartado 17  
3684-001 Oliveira de Frades, Portugal  
Tel.: +351 232 767 700  
Fax: +351 232 767 750  
Email: [investor.relations@martifer.pt](mailto:investor.relations@martifer.pt)

## 57. Market Liaison Officer

In accordance with the Securities Code, the Market Relations Officer is Pedro Nuno Cardoso Abreu Moreira, who can be contacted at:

**Pedro Moreira**

Martifer SGPS, Apartado 17  
3684-001 Oliveira de Frades, Portugal  
Tel.: +351 232 767 700  
Fax: +351 232 767 750

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

- Requests for information received by the Investor Assistance Office recorded an increase since the second-half of 2017, which is justified by the improvement in the financial markets' expectations regarding Portugal and the performance of the companies. 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 minimise the request-response time, 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.pt/> with a wide range of information on the Group.

### 60. Place where information on the company is available, on the public company status, registered office and other elements referred to in article no. 171 of the Commercial Companies Code

Information can be consulted at the following electronic address:

<http://www.martifer.com/pt/grupo/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/pt/grupo/investidor/corporate-governance/estatutos/>



**62. Place where information is available on the members of the corporate bodies, on the Market Liaison Officer, on 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/pt/grupo/investidor/corporate-governance/orgaos-sociais/>

<http://www.martifer.pt/pt/grupo/investidor/informacoes-gerais/gabinete-de-apoio/>

**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 of 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/pt/grupo/investidor/publicacoes/informacoes-financeiras/>

**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/pt/grupo/investidor/corporate-governance/assembleias-gerais/>

**65. Place where the historical archive on 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/pt/grupo/investidor/corporate-governance/assembleias-gerais/>

## D. REMUNERATION

### I. Power to establish

#### **66. Details of the powers for establishing the remuneration of corporate bodies, members of the executive committee 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 is dedicated to the preparation of master guidelines and the determination of the remuneration policy of the Company's corporate bodies, to monitoring 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;
- 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;
- Monitor the performance of the executive members of the Board of Directors to determine the variable remuneration;
- Monitor the performance of the non-executive members of the Board of Directors;
- Submit, in an advisory character, 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 & Management Control Department and the Legal Department) specialised information and data of a technical nature, amongst other, relating to the structure of the Company, results of the Group and members and activities of the corporate bodies. The information requested and received by the Remuneration Committee is aimed at the compilation of a set of information and technical data that allows the definition and implementation of the Group's remuneration policy.

The information requested is provided free of charge, and the Remuneration Setting Committee does not 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, having to report any potential non-conformity detected to the Supervisory Board.

### II. Remuneration Setting Committee

#### **67. Composition of the Remuneration Setting Committee, including details of persons, natural or legal, recruited to provide such services and a statement on the independence of each member and advisors**

The composition of the Remuneration Setting Committee elected at the Shareholders General Meeting for a three-year term of office (2018-2020) is as follows:

<b>PRESIDENT</b>	António Manuel Queirós Vasconcelos da Mota
<b>MEMBERS</b>	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.

In the tax year of 2018, a member of the Remuneration Setting Committee - Júlia Maria Rodrigues de Matos Nogueirinha - was also a member of a corporate body of a commercial company whose share capital is held directly and/or indirectly by two non-executive Directors of the Company, namely Carlos Manuel Marques Martins and Jorge Alberto Marques Martins. However, the Company considers that the independence of the Remuneration Setting Committee is safeguarded not only by the professional training of this member in particular but also by the fact that the remaining members of the Committee, which form 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 Setting Committee**

The Company considers that all the members of this Remuneration Setting Committee are competent to carry out their duties with excellence, due to their professional training and based on positions previously held.

Maria Manuela Queirós Vasconcelos Mota dos Santos was President of the Human Resources Development Committee of 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 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 no. 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, according to the terms of the Articles of Association, by the Remuneration Setting Committee, which submits an annual document to be appraised 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 on 18 May 2018, the remuneration policy of the management and supervisory bodies, prepared by the Remuneration Setting Committee in compliance with article no. 2 of Law no. 28/2009 of 19 June (with the wording given by Decree-Law no. 157/2014 of 24 October), and available at the Company's website at <http://www.martifer.pt/> (Tab: Investor, Section Corporate Governance/ General Meeting) was appraised and submitted for approval.

In general terms, the said remuneration policy of the management and supervisory bodies seeks to closely follow the applicable provisions of the CCC and the applicable recommendations of the Corporate Governance Code, and is reflected in the statement submitted for approval at the General Meeting referred to in the following number.

In the definition of the remuneration policy for 2018, the legal provisions foreseen (i) in the CCC, in particular in its article no. 399; (ii) Law no. 28/2009, of 19 June (with the wording given by Decree-Law no. 157/2014 of 24 October); (iii) the Corporate Governance Code; and (iv) the special regime established in the Company's Articles of Association regulations were considered.

## **70. Information on how remuneration is structured 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 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 the ones regarding value creation 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 to reward their performance in achieving high and, simultaneously, sustained growth, discouraging, however, excessive risk-taking. Additional determining factors include the Company's economic situation and general market conditions practised for equivalent positions.

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

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

- a) The duties carried out, the degree of complexity inherent to the duties and responsibilities attributed, time spent and the added-value to the Company of the work produced. Other duties carried out in group companies are also relevant, in virtue of increased responsibilities and because they constitute additional sources of income.
- b) The alignment of the interests of the members of the management body with those of the company, performance assessment of the members of the management body and of value creation for the shareholders.
- c) The economic situation of the company, present and future, privileging the interests of the Company in the long-term perspective and the achievement of real growth for the Company and value creation for its shareholders, based on criteria defining the economic situation of the Company, amongst others, those of financial nature.
- d) General market conditions for equivalent situations, considering that the remuneration shall be aligned with market practice, allowing it to serve as a means to achieve high individual and collective performance, assuring the interests of the member but primarily those of the Company and the shareholders.

The general guidelines governing the remuneration policy followed by the Remuneration Setting Committee during the 2018 financial period were those contained in the Remuneration Policy Statement, which was subject to resolution at the Company's General Meeting on 18 May 2018, and can be consulted in Annex III of this report.

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

As described in more detail in the preceding number, 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; and the

variable part cannot exceed five per cent of the results for the financial period, as set out in law and in paragraph 3 of article no. 20 of the Articles of Association.

In setting all remuneration, namely including the distribution of the total amount of the variable remuneration amongst the members of the Board of Directors, the general principles indicated 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 indicated by the Remuneration Setting Committee, namely their position in the hierarchy, the performance assessment 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 is considered in the performance criteria applied to Management. Thus, the following will be considered decisive for the assessment and measurement 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;
- the extent to which the projects integrated and measured by the Balanced Scorecard of the Group are accomplished.

During 2018, no contracts were celebrated, be it with the Company, or with third parties, 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 2018 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 on 18 May 2018 does not foresee the deferral of variable remuneration, when attributed.

Therefore, during the relevant financial year, the Company's directors did not receive variable remuneration and, consequently, the deferred payment of this remuneration component did not occur.

## **73. The criteria on which the allocation of variable remuneration on shares is based, and also on maintaining company shares that the executive directors have had access to, on 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 on Stock Options was constituted and attributed in the 2008 corporate period, foreseeing the deferral of the exercising of the options during 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 their option rights during the respective deferral period.

During the course of the 2018 corporate year, the Company neither implemented nor attributed stocks and/or stock options plan and, consequently, no variable remuneration was allocated as shares to the directors and no criteria were established for the maintenance of those shares by the executive directors.

#### 74. The criteria on which 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 number, and given that during the 2018 fiscal year the Company did not implement, nor attributed a share allocation plan and/or share purchase option plan, the Company considers this subject as 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 or for other managers, as defined in no. 3 of article no. 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 (President)	No(*)	166.603,03	-	-	-	166.603,03
Jorge Alberto Marques Martins (Vice President)	No(*)	13.650	-	-	-	13.650
Arnaldo Nunes da Costa Figueiredo (Vice President)	No	-	-	-	-	-
Pedro Miguel Rodrigues Duarte	Yes	96.166,62	-	-	-	96.166,62
Pedro Nuno Cardoso Abreu Moreira	Yes	135.781,30	-	-	-	135.781,30
Maria Sílvia da Fonseca Vasconcelos da Mota	No	-	-	-	15.000	15.000
Vítor Manuel Álvares Escária	No	-	-	-	15.000	15.000
Mariana França Gouveia	No	-	-	-	15.000	15.000
Luís António de Valadares Tavares (**)	No	-	-	-	10.000	10.000
Jorge Bento Ribeiro Barbosa Farinha (**)	No	-	-	-	10.000	10.000

Note: value in Euro.

(\*) Exercised executive positions until 18 May 2018.

(\*\*) Ceased functions on 18 May 2018.

## 78. Amounts of any kind paid by other companies in a control or group relationship or which are subject to a common domain

In 2018, only the following members of the Board of Directors received fixed remuneration paid by the following subsidiaries of the Company:

DIRECTOR	COMPANY	FIXED REMUNERATION
Jorge Alberto Marques Martins	Martifer Renewables, LTDA (Brazil)	R\$ 20,000 (i)
Jorge Alberto Marques Martins	SPEE 3 - Parque Eólico de Baião S.A	14.000
Jorge Alberto Marques Martins	SPEE 2 - Parque Eólico de Vila Franca de Xira, S.A.	14.000
Pedro Miguel Rodrigues Duarte	Navalria-Docas, Construções e Reparações Navais, S.A.	20.474
Pedro Miguel Rodrigues Duarte	West Sea – Estaleiros Navais, Unipessoal, Lda.	20.474

Note: Values in Euro, except (i).

(i) Remuneration received in local currency – Brazilian Real, whose global amount corresponds to €1.257,67, at the 29/12/2017 foreign exchange rate (R\$ 3,9756), i.e. that of the last day of the financial period being reported on.

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

During the 2018 financial period, no remuneration was paid in the form of profit sharing and/or bonus payments.

## 80. Compensation paid or owed to former executive directors concerning contract termination during the financial year

During 2018, no compensation was paid, nor is it owed to any former executive director regarding 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

PAULO SÉRGIO JESUS DAS NEVES	4,800
AMÉRICO AGOSTINHO MARTINS PEREIRA	4,800
MÁRIA MARIA MACHADO LAPA DE BARROS PEIXOTO (*)	2,952.38
CARLOS ALBERTO DA SILVA CUNHA(**)	1,847.62
ANTÓNIO BAIA ENGANA	-
<b>TOTAL</b>	<b>14,400</b>

Note: value in Euro.

(\*) Was elected for the position by determination at the General Meeting on 18 May 2018.

(\*\*) Ceased functions on 18 May 2018.

## 82. Details of the remuneration for the year in question of the President of the Board of the General Meeting

José Joaquim Neiva Nunes de Oliveira	1,200
Luís Leitão Marques Vale Lima	-
Luís Neiva de Oliveira Nunes de Oliveira	400
<b>TOTAL</b>	<b>1,600</b>

Note: value in Euro.

## 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 not established nor agreed to any contractual limitation relating any compensation possibly due to a Company Board Member in the event of dismissal without just cause other than that provided by law. The Company shall make use of the legal instruments available by law adequate to this situation, particularly if there is inadequate performance of a Board Member. On the other hand, there is no legal instrument signed with Board Members that commits the company, in the cases referred to in Recommendation V.3.6 of the Corporate Governance Code of the Portuguese Institute for Corporate Governance - IPCG (2018), to the payment of any indemnification or compensation beyond what is legally required.

### 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 no. 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 no. 245-A/1/I)

The Company is not part of any agreement with the members of the management body or other managers, as defined in paragraph 3 of article no. 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 does not currently have any 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)**

The Company does not have any active Stock Attribution Plan or Stock Option Plan.

**87. Option rights granted for the acquisition of stocks of which the employees and collaborators of the company are beneficiaries**

The Company does not have any active Stock Attribution Plan or Stock Option Plan.

**88. Control mechanisms for a possible employee-shareholder system inasmuch as the voting rights are not directly exercised by the said employees (article no. 245-A/1/e)**

The Company has no active Stock Attribution or Stock Options Plan; consequently, the information determined in this number is not applicable.

## **E. RELATED PARTY TRANSACTIONS**

### **I. Control mechanisms and procedures**

**89. Mechanisms implemented by the Company to control transactions with related parties (for this purpose, reference is made to the concept resulting from IAS 24)**

Transactions with Martifer Directors or with companies that are in a group or domain relationship with that in which the intervener is a Board Member, regardless of the amount, are subject to prior authorisation by the Board of Directors with the favourable opinion of the supervisory body, according to paragraph 2 of article no. 397 of the CCC.

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

In 2018, no economically significant deals or transactions were carried out between the Company and the Board of Directors or the Supervisory Board:

## **91. Description of the procedures and criteria for the intervention of the supervisory body for the prior assessment of the business to take place between the Company and holders of qualified holdings or entities with which they are in any relationship, in accordance with article no. 20 of the Securities Code**

The Supervisory Board defined procedures or criteria necessary for the definition of the relevant level of significance of business between the Company and the holders of qualifying shareholdings, or entities with which they are in any domain or group relationship, from which the intervention of the supervisory body is required.

Thus, without prejudice to the provisions set out in article no. 397 of the CCC, businesses or transactions between, on the one hand, the Company or the companies that are members of the Group and, on the other hand, the holders of qualifying holdings or entities with which they are in a relationship, are subject to assessment and prior opinion of the Supervisory Board, that fulfil one of the following criteria:

- a) Have a value greater than or equal to half a million Euros, or, being a lower value, when added to the value of other business transacted with the same shareholder holder of qualifying holdings during the same fiscal year, totalling an accumulated value equal to or exceeding one million Euros, except those related to the current activities of the companies;
- b) Regardless of the amount, they may have a material impact on the reputation of the Company in what concerns its independence from relationships with holders of qualifying holdings.

## **II. Elements relating to business**

### **92. Indication of the place where the accounting documents are, in which information is available on the business with related parties, in accordance with IAS 24, or, alternatively, reproduction of this information**

Business with related parties is described in Note 42 to the consolidated financial statements, as contained in the Report and Consolidated Accounts 2018, available on the company website at <http://www.martifer.pt/> (Tab: Investor, Section: Financial Information).

**CORPORATE GOVERNANCE  
REPORT**

**PARTE II**

**CORPORATE  
GOVERNANCE  
ASSESSMENT**

## PART II

# CORPORATE GOVERNANCE ASSESSMENT

### 1. Details of the implemented Corporate Governance Code

Martifer, as an issuer of shares admitted to trading in the regulated market, is subject to the provisions of the Regulation of the Portuguese Securities Market Commission (hereinafter "CMVM") no. 4/2013 of 18 July 2013 and is governed by the recommendations in the Corporate Governance Code of the Portuguese Institute of Corporate Governance - IPCG (2018), available on the website [www.cgov.pt](http://www.cgov.pt).

Martifer has not voluntarily adhered to any other Corporate Governance code.

This report was prepared and complies, in accordance with paragraph 2 of article no. 4 of the CMVM Regulation no. 4/2013, with the model contained in the annex to the said Regulation, concerning the Corporate Governance Code of the Portuguese Institute of Corporate Governance - IPCG (2018), currently in force.

### 2. Analysis of compliance with the Corporate Governance Code implemented

In what concerns Corporate Governance and whilst a Public Company, Martifer has sought to promote the implementation and to adopt the best corporate governance practices, including those in the new Corporate Governance Code of the Portuguese Institute of Corporate Governance - IPCG (2018), 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 with the market.

Martifer considers that even though it does not fully comply with the recommendations in the Corporate Governance Code of the Portuguese Institute of Corporate Governance - IPCG (2018), as comprehensively justified in the following chapters of this report, the degree of adoption of the recommendations is considerable and thorough.

Pursuant to and for the purposes of that laid down in subparagraph (o) of paragraph 1 of article no. 245-A of the Securities Code, the recommendations included in the Corporate Governance Code of the Portuguese Institute of Corporate Governance - IPCG (2018), with the indication of whether or not adopted, 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:

RECOMMENDATIONS IPCG (2018)	ADOPTION	REFERENCE
<b>PART I GENERAL</b>		<b>CHAPTER, TITLE, SECTION</b>
<b>I.1. THE COMPANY'S RELATIONSHIP WITH INVESTORS AND INFORMATION</b>		
<b>I.1.1.</b> The company should establish mechanisms to ensure, adequately and rigorously, the production, the processing and timely dissemination of information to their corporate bodies, to shareholders, to investors and to other <i>stakeholders</i> , to financial analysts and to the market in general.	<b>Adopted</b>	C, III, 54 and 55; C, IV, 56 to 58; C, V, 59 to 65

RECOMMENDATIONS IPCG (2018)	ADOPTION	REFERENCE
<b>1.2. DIVERSITY IN THE COMPOSITION AND FUNCTIONING OF THE COMPANY'S CORPORATE BODIES</b>		
<p><b>1.2.1.</b> Companies should establish criteria and requirements relating to the profile of new members of corporate bodies appropriate to the position, and that, in addition to individual attributes (such as competence, independence, integrity, availability and experience), these profiles should consider diversity requirements, giving particular attention to gender, which may contribute to the improvement of the performance of the corporate body and for the balance in its composition.</p>	<b>Adopted</b>	<p>B (introduction); B, I, 11; B, II, 19; 21 and 26; B, III, 33 and 36; D, II, 67, and 68</p>
<p><b>1.2.2.</b> The administration and supervisory bodies and their internal committees should have internal regulations - in particular, on the exercise of their respective positions, the presidency, frequency of meetings, functioning and framework of the duties of its members, and detailed minutes of the respective meetings should be drawn up.</p>	<b>Adopted</b>	<p>B, II, 21; 22; 23; 27; 29. B, III, 34 and 35;</p>
<p><b>1.2.3.</b> The internal regulations of the administration and supervisory bodies and their internal committees must be disclosed in full on the website.</p>	<b>Partially Adopted</b>	<p>B, II, 22; B, III; 34; C, V, 61</p>
<p><b>1.2.4.</b> The composition, the number of annual meetings of the administration and supervisory bodies and their internal committees should be on the company's website.</p>	<b>Adopted</b>	<p>B, II, 17; 21; 22; 23; 27; 28 and 29; B., III; 31 and 35</p>
<p><b>1.2.5.</b> The company's internal regulations should foresee the existence and ensure the functioning of mechanisms for the detection and prevention of irregularities, as well as the adoption of a policy on reporting irregularities (<i>whistleblowing</i>) to ensure the adequate means for their communication and treatment to safeguard the confidentiality of the information transmitted and the identity of the notifier, whenever it is requested.</p>	<b>Adopted</b>	<p>C, II, 49.</p>
<b>1.3. RELATIONSHIP BETWEEN CORPORATE BODIES</b>		
<p><b>1.3.1.</b> The articles of association or other equivalent means used by company must establish mechanisms to ensure that, within the limits of the applicable legislation, all the information and collaborators of the Company for performance assessment is permanently ensured to the members of the administrative and supervisory bodies, on the situation and the prospects of development of the company, including, inter alia, minutes, documentation to support the decisions made, the meeting agendas and the archive of the meetings of the executive board of directors, without prejudice to the access to any other documents or people to who clarifications may be requested.</p>	<b>Adopted</b>	<p>B, II, 21; 29; B, III, 38; C, III, 55</p>
<p><b>1.3.2.</b> Each of the Company's corporate body and the committee should ensure, timely and adequately, the flow of information, from the outset of the respective meeting agendas and minutes, necessary to the exercise of legal and statutory competences of each of the other bodies and committees.</p>	<b>Adopted</b>	<p>B, II, 21; 29;</p>
<b>1.4. CONFLICTS OF INTEREST</b>		
<p><b>1.4.1.</b> The obligation must be imposed on the members of corporate bodies and committees to promptly inform the respective body or committee about facts that could constitute or give origin to a conflict between their interests and the corporate interest.</p>	<b>Adopted</b>	<p>B, II, 21; 26 and 29;</p>
<p><b>1.4.2.</b> Procedures should be adopted to ensure that the member in a conflict of interest does not interfere in the decision-making process, without prejudice to the obligation to provide information and clarifications that the corporate body, the committee or the respective members request.</p>	<b>Adopted</b>	<p>B, II, 21; 26 and 29; D, II, 67.</p>
<b>1.5. RELATED PARTY TRANSACTIONS</b>		
<p><b>1.5.1.</b> The board of directors should define, with the prior and binding opinion of the supervisory body, the type, scope and the minimum value, individual or aggregate, of businesses with related parties that: (i) require the prior approval of the board of directors (ii) and those which, because they are of a high value, also require a favourable opinion of the supervisory board.</p>	<b>Adopted</b>	<p>E. I, 89 and 91.</p>

RECOMMENDATIONS IPCG (2018)	ADOPTION	REFERENCE
<b>I.5.2.</b> The board of directors shall, at least every six months, inform the supervisory board of all businesses covered by Recommendation I.5.1.	<b>Adopted</b>	E, I 89 to 91.
<b>II. SHAREHOLDERS AND THE GENERAL MEETING</b>		<b>CHAPTER, TITLE, SECTION</b>
<b>II.1.</b> The company should not establish an excessively high number of shares needed to confer the right to one vote and should explain in the governance report their choice whenever it implies a deviation from the principle that each share corresponds to one vote.	<b>Adopted</b>	B, II, 12
<b>II.2.</b> The Company should not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that foreseen by law.	<b>Adopted Partially</b>	B, II, 14
<b>II.3.</b> The company should implement appropriate means for the exercise of the right to vote by correspondence, including electronically.	<b>Partially Adopted</b>	B, II, 12
<b>II.4.</b> The company should implement appropriate means for the participation of shareholders at the General Meeting by telematic means.	<b>Not Adopted</b>	B, II, 12
<b>II.5.</b> 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 together with other shareholders, shall also foresee a resolution by the General Meeting (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 the said resolution, all votes issued be counted, without applying the said restriction.	<b>Not applicable.</b>	-
<b>II.6.</b> Measures that determine payments or the assumption of charges by the company in the event of a change of control or change in the composition of the administration body and which may appear to impair the economic interest in the transfer of the shares and the free appraisal by the shareholders of the performance of the Board Members should not be adopted.	<b>Adopted</b>	A, I, 4.
<b>III. NON-EXECUTIVE DIRECTORS AND SUPERVISORY BOARD</b>		<b>CHAPTER, TITLE, SECTION</b>
<b>III.1.</b> Without prejudice to the legal functions of the president of the Board of Directors, if he/she is not independent, the independent directors shall designate among themselves a coordinator (Lead Independent Director) to, inter alia, (i) act, whenever necessary, as the interlocutor with the president of the Board of Directors and the other Directors, (ii) to ensure a sufficient set of necessary conditions and means for the performance of his/her functions; and (iii) coordinate them in the performance assessment of the administrative body provided for in Recommendation V.1.1.	<b>Not Adopted</b>	B, II, 21
<b>III.2.</b> The number of non-executive members of the board of directors, as well as the number of members of the supervisory board and the number of members of the committee for financial matters, must be appropriate to the size of the company and the complexity of the risks inherent to its activities, but enough to ensure the duties to which they are committed efficiently.	<b>Adopted</b>	B, II, 17; B, III, 31
<b>III.3.</b> Anyhow, the number of non-executive directors should be higher than the executive directors.	<b>Adopted</b>	B, II, 17 and 18.
<b>III.4.</b> Every company must include a number of no less than one-third but always plural, of non-executive directors who meet the independence requirements. For this recommendation, a person is considered independent when he/she is not associated to any group of specific interest in the company, nor is under any circumstance likely to affect his/her exemption to analyse or decide, in particular because he/she:	<b>Adopted</b>	B, II, 18.
<b>(i)</b> has worked for more than 12 years, consecutively or not, in a position in any board of the company;		
<b>(ii)</b> was an employee of the company or of a company related to it in a relationship of control or group relationship within the last three years;		
<b>(iv)</b> is 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 board member position;		

RECOMMENDATIONS IPCG (2018)	ADOPTION	REFERENCE
(v) lives in a nonmarital partnership or is a spouse, relative or any first degree next of kin, up to and including the third degree of collateral affinity to directors of the company, to directors of a corporate entity holding a qualified holding in the company or of natural persons directly or indirectly holding a qualified holding;		
(vi) is a qualified shareholder or representative of a qualified shareholder.		
III.5. The provisions of subparagraph (i) of recommendation III.4 do not preclude the qualification of a new director as independent if, between the end of his/her functions in any company board and his/her new term of office, at least three years ( <i>cooling-off period</i> ) have passed.	<b>Not Applicable</b>	-
III.6. The non-executive directors must participate in the definition, by the board of directors, of the strategy, the key policies, the corporate structure and the decisions that should be considered strategic for the company due to its amount or risk, as well as in assessing their compliance.	<b>Adopted</b>	B, II, 21
III.7. The General and Supervisory Board shall, within the framework of their legal and statutory competences, collaborate with the Executive Board of Directors in the definition of the strategy, core policies, corporate structure and decisions that should be considered strategic for the company, due to its amount or risk, as well as assessing their compliance.	<b>Not Applicable</b>	-
III.8. Regarding the competences conferred by law, the supervisory board shall, in particular, monitor, evaluate and comment on the strategic guidelines and the risk policy defined by the board of directors.	<b>Adopted</b>	B, II, 21; B,III, 38
III.9. The companies should establish specialised internal committees appropriate to their size and complexity, covering, separately or cumulatively, matters of Corporate Governance, remuneration and performance assessment, and appointments.	<b>Partially Adopted</b>	B,II, 21
III.10. The risk management systems of internal control and internal audit should be structured in terms appropriate to the size of the company and the complexity of the risks inherent to its activity.	<b>Adopted</b>	C, III, 50 to 55.
III.11. The supervisory board and the committee for financial matters shall monitor the effectiveness of the risk management, internal control and internal audit systems and propose any adjustments that are needed.	<b>Adopted</b>	C, III, 50 and 51.
III.12. The supervisory board shall comment on the work plans and resources allocated to internal control services, including control of compliance with the rules applied to the company (compliance services) and internal audit, and shall be the addressees of the reports made by such services, at least in the case of matters relating to legal reporting, the identification or resolution of conflicts of interest and the detection of potential irregularities.	<b>Adopted</b>	B, III, 38; C, II, 49. C, III, 50 and 54.
<b>IV. EXECUTIVE BOARD OF DIRECTORS</b>		<b>CHAPTER, TITLE, SECTION</b>
IV.1. The board of directors shall approve, using an internal regulation or through equivalent means, how the executives should act and the exercise of their executive position in entities outside the Group.	<b>Partially Adopted.</b>	B,II, 21 and 26.
IV.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 the business structure of the group iii) decisions considered strategic due to the amount, risk and particular characteristics involved.	<b>Adopted</b>	B,II, 21
IV.3. The board of directors shall establish objectives in terms of risk assumption and ensure their achievement.	<b>Adopted</b>	C, III, 50 to 55.
IV.4. The supervisory board shall organise itself internally, implementing mechanisms and procedures for periodic inspection in order to ensure that the risks effectively incurred by the company are consistent with the objectives set by the board of directors.	<b>Adopted</b>	C, III, 50.

RECOMMENDATIONS IPCG (2018)	ADOPTION	REFERENCE
<b>V. PERFORMANCE ASSESSMENT, REMUNERATION AND APPOINTMENTS</b>		<b>CHAPTER, TITLE, SECTION</b>
<b>V.1 ANNUAL PERFORMANCE ASSESSMENT</b>		
<b>V.1.1.</b> The board of directors should assess its performance annually, as well as the performance of its committees and delegated board members, taking into account the compliance with the company's strategic plan and the budget, the management of risks, its internal functioning and the contribution of each member, and the relationship between bodies and committees of the company.	<b>Adopted</b>	B, II, 24; 25; 27 and 29.
<b>V.1.2.</b> The supervisory board should supervise the administration of the company and, in particular, annually assess the compliance with the company's strategic plan and budget, risk management, the internal functioning of the board of directors and its committees, as well as the relationship between bodies and committees of the company.	<b>Adopted</b>	B, III 38 C, III, 50
<b>V.2 REMUNERATION:</b>		
<b>V.2.1.</b> The responsibility of remuneration setting must belong to a committee, whose composition ensures its independence in relation to the board of directors.	<b>Adopted Partially</b>	D, II, 67 to 69
<b>V.2.2.</b> The remuneration committee should approve, at the beginning of each term, implement and annually confirm, the remuneration policy of the members of the governing bodies and committees of the company within which the respective fixed components are set, and as to executive directors or directors that are at times involved in executive tasks, if any variable remuneration component exists, the respective allocation and measurement criteria, the limitation mechanisms, for remuneration payment deferment mechanisms and the mechanisms of remuneration based on stock options or company own shares.	<b>Adopted</b>	D, II, 66 D, III, 69 ANNEX III
<b>V.2.3.</b> A statement on the remuneration policy of the management and supervisory bodies referred to in article no. 2 of Law no. 28/2009 of 19 June, should also contain the following:	<b>Adopted Partially</b>	D, III, 69 to D, IV, 81
(i) The total remuneration broken down by the different components, the relative proportion of fixed remuneration and variable remuneration, an explanation of how the total remuneration meets the remuneration policy adopted, including how it contributes to the performance of the company in the long term and information about how the performance criteria were applied;		
(ii) The remuneration from companies belonging to the same group;		
(iii) The number of shares and stock options granted or offered, and the main conditions for the exercise of rights, including the price and the date of exercise and any amendment to those conditions;		
(iv) Information on the possibility of requesting the refund of variable remuneration;		
(v) Information on any withdrawal of the application procedure of the remuneration policy approved, including an explanation of the nature of exceptional circumstances and the indication of the specific elements subject to derogation;		
(vi) Information regarding the enforceability or unenforceability of payments for the termination of service of board members.		
<b>V.2.4.</b> For each term of office, the remuneration committee must also approve the pension scheme of the board members, if the articles of association allow it, and the maximum amount of all the compensations to be paid to any member of any board or committee of the company due to their termination of service.	<b>Not applicable</b>	-
<b>V.2.5.</b> In order to provide information or clarifications to shareholders, the president or, in his/her absence, another member of the remuneration committee must be present at the Annual General Meeting and in any other if the respective agenda includes a matter related to the remuneration of members of the governing bodies and committees of the company or if such presence has been requested by the shareholders.	<b>Adopted</b>	B, II, 21.
<b>V.2.6.</b> Within the budget limitations of the company, the remuneration committee should be able to decide freely on the hiring, by the company, of the necessary or convenient consultancy services for the exercise of their duties. The Remuneration Committee shall	<b>Adopted</b>	D, II, 67.



RECOMMENDATIONS IPCG (2018)	ADOPTION	REFERENCE
ensure that the services are provided with independence and that the respective providers will not be hired for the provision of any other services to the company itself or other companies in a control or group relationship without express authorisation by the Committee.		
<b>V.3 REMUNERATION OF DIRECTORS</b>		
<b>V.3.1.</b> Having in mind the alignment of interests between the company and the executive directors, a part of their remuneration must be variable to reflect the sustained performance of the company and not to encourage excessive risk-taking.	<b>Partially Adopted</b>	D, II, 69 D, III, 71
<b>V.3.2.</b> A significant part of the variable component should be partially deferred for a period of not less than three years, associating it to the confirmation of the sustainability of the performance, according to the terms set out in the internal regulation of the company.	<b>Not Adopted</b>	D, III, 72.
<b>V.3.4.</b> When the variable remuneration includes stock options or other instruments directly or indirectly dependent on the value of shares, the beginning of the exercise period must be deferred for a term of not less than three years.	<b>Not applicable</b>	-
<b>V.3.5.</b> The remuneration of non-executive board members should not include any component whose value depends on the performance of the company or of its value.	<b>Adopted</b>	D, II, 69 D, IV, 77
<b>V.3.6.</b> The company must have appropriate legal instruments to ensure that the termination of service before the end of the term does not entail, directly or indirectly, payment to the administrator of any amounts beyond those provided for in law, and should clarify the legal instruments adopted in the report of the Company Corporate Governance Report.	<b>Adopted</b>	D, II, 69
<b>V.4 APPOINTMENT:</b>		
<b>V.4.1.</b> The company shall, in accordance with the terms that it deems appropriate, but in a way possible to demonstrate, promote that the proposals for the election of members of the governing bodies are accompanied by an explanation about the adequacy of the profile, knowledge and curriculum to the position to be held by each candidate.	<b>Adopted</b>	B, II, 21
<b>V.4.2.</b> Unless the dimension of the company does not justify it, the function of monitoring and supporting the appointment of managers should be assigned to an appointment committee.	<b>Not Adopted</b>	B, II, 21
<b>V.4.3.</b> This committee includes a majority of independent non-executive members.	<b>Not Applicable</b>	-
<b>V.4.4.</b> The appointment committee should provide their terms of reference and should induce, to the extent of their powers, transparent selection processes that include effective mechanisms for identification of potential candidates, and that are chosen for the proposal those that present greater merit, that are best suited to the requirements of the position and promote, within the organisation, an adequate diversity including gender diversity.	<b>Not Applicable</b>	-
<b>VI. RISK MANAGEMENT</b>		<b>CHAPTER, TITLE, SECTION</b>
<b>VI.1.</b> The Board of Directors shall discuss and approve the strategic plan and the risk policy of the company, which includes the definition of risk levels considered acceptable.	<b>Adopted</b>	C, III, 50 to 55.
<b>VI.2.</b> Based on its risk policy, the company should establish a risk management system, identifying (i) the main risks to which it is subject in the development of its activity, (ii) the likelihood of their occurrence and the respective impact, (iii) the instruments and measures to be adopted for the respective mitigation, (iv) procedures for monitoring, for its follow-up and (v) the supervision procedure, periodic evaluation and adjustment of the system.	<b>Adopted</b>	C, III, 53 and 54.
<b>VI.3.</b> The company should annually evaluate the degree of internal compliance and the performance of the risk management system, as well as the prospect of change in the risk framework previously defined.	<b>Adopted</b>	C, III, 54
<b>VII. FINANCIAL INFORMATION</b>		<b>CHAPTER, TITLE, SECTION</b>
<b>VII.1 FINANCIAL INFORMATION</b>		

RECOMMENDATIONS IPCG (2018)	ADOPTION	REFERENCE
<b>VII.1.1.</b> The internal regulation of the supervisory body should stipulate that it supervises the adequacy of the process of preparation and disclosure of financial information by the board of directors, including the adequacy of the accounting policies, forecasts, the trials, relevant disclosures and its consistent application between exercises, in a duly documented and communicated manner.	<b>Adopted</b>	B, III, 38.
<b>VII.2 STATUTORY AUDIT AND SUPERVISION</b>		
<b>VII.2.1.</b> Through internal regulation, the supervisory board should define:	<b>Adopted</b>	B, III, 37 and 38.
(i) The criteria and the selection process of the statutory auditor;		
(ii) The communication methodology of the company with the statutory auditor;		
(iii) The supervision procedures to ensure the independence of the statutory auditor;		
(iv) The services that are not audit that cannot be provided by the statutory auditor.		
<b>VII.2.2.</b> The supervisory board should be the main interlocutor with the statutory auditor in the company and the first addressee of the respective reports, being responsible, in particular, for proposing the respective remuneration and ensuring, within the company, the appropriate conditions for the provision of services.	<b>Adopted</b>	B, III, 38.
<b>VII.2.3.</b> The supervisory board should annually assess the work performed by the statutory auditor, its independence and suitability for the exercise of the position and propose to the competent body its dismissal or the termination of the contract for the provision of services whenever there is just cause for it.	<b>Adopted</b>	B, III, 37, and 38
<b>VII.2.4.</b> The statutory auditor should within the scope of its duties verify the implementation of remuneration policies and systems of the corporate bodies, the efficiency and functioning of the internal control mechanisms and report any shortcomings to the supervisory body.	<b>Adopted</b>	B, III, 38. C, III, 50
<b>VII.2.5.</b> The statutory auditor should collaborate with the supervisory board, immediately providing information on any irregularities relevant to the performance of the functions of the supervisory board which it has detected, as well as any difficulties that it has encountered in the exercise of its duties.	<b>Adopted</b>	B, III, 38. C, III, 50

## CLARIFICATIONS AS TO DIVERGENCES BETWEEN THE COMPANY'S GOVERNANCE PRACTICES AND THE IPCG RECOMMENDATIONS

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

***Recommendation I.2.3.*** *The internal regulations of the administration and supervisory bodies and their internal committees must be disclosed in full on the website.*

Martifer has not disclosed on its website the Regulations of the Executive Committee and the Strategic Coordination Council, so such documents are not available for consultation.

Martifer believes that the regulations of these two internal committees go beyond the aspects of mere functioning of the bodies, containing reserved content. For this reason, it does not make them available to the public. However, the main functions and responsibilities of these internal committees are explained throughout this report, see for example number 21.

***Recommendation II.2.*** *The Company should not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that foreseen by law.*

Article no. 18 of the Company's 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 than that foreseen in the CCC for unfair dismissal of directors was to protect the interests of the Company, namely to mitigate the risk of the Company being obliged to compensate directors for unfair dismissal as laid down in paragraph 5 of article no. 403 of the CCC. Indeed, considering the gravity and impact of 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 that this is the model that best defends corporate interests.

***Recommendation II.3.*** *The company should implement appropriate means for the exercise of the right to vote by correspondence, including electronically.*

Under article no. 17 of Martifer's Articles of Association, vote by correspondence is allowed without any restriction regarding all matters subject to the appreciation of the shareholders.

Martifer considers it has only adopted this Recommendation partially due to the fact that the company's Articles of Association do not foresee the possibility of electronic correspondence voting. It should be noted that Martifer has adopted a flexible acceptance of documentation in respect of correspondence or proxy voting sent by electronic means.

On the other hand, up until the present date, the Company has received no request or manifestation of interest from any Shareholder or Investor 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 of the Shareholders' access to participation in the decisions submitted for deliberation.

***Recommendation II.4.*** *The company should implement appropriate means for the participation of shareholders at the General Meeting by telematic means.*

Not adopted. The Articles of Association do not enshrine the participation in meetings of the General Meeting of Shareholders by telematic means.

For the reasons mentioned above, the company understands that, at present, it is unjustified to adopt the referred recommendation, because the objectives underlying it have already been materially affected, and the uncertainty as to the results of this system does not justify that it incurs in an administrative overload for the installation of an additional system.

***Recommendation II.5.*** *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 together with other shareholders, shall also foresee a resolution by the General Meeting (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 the said resolution, all votes issued be counted, without applying the said restriction.*

Not applicable. The Articles of Association do not foresee such limitation of the number of votes that may be held or exercised by a single shareholder, individually or in agreement with other shareholders.

***Recommendation III.1.*** *Without prejudice to the legal functions of the president of the Board of Directors, if he/she is not independent, the independent directors shall designate among themselves a coordinator (Lead Independent Director), inter alia, (i) to act, whenever necessary, as the interlocutor with the president of the Board of Directors and other Directors, (ii) to ensure that a sufficient set of necessary conditions and means for the performance of his/her functions; and (iii) to coordinate them in the performance assessment of the administrative body provided for in Recommendation V.1.1.*

Not adopted. The objectives concerned are considered to be fully safeguarded (i) by judicious and collegial action of the Board of Directors, both in the quarterly meetings in which all relevant issues to the company are discussed with the presence of its President (attendance: 100 %); (ii) the implemented system ensures, on one hand, the timely report of the Executive Committee to all members of the Board of Directors and, on the other hand, the preparation of the meetings of the Board of Directors by scheduling them in advance and circulating the agenda and the support documents with the necessary advance for their study and interpellation; (iii) the assessment is carried out collectively by all the members of the Board of Directors.

***Recommendation III.5.*** *The provisions of subparagraph (i) of recommendation III.4 do not preclude the qualification of a new director as independent if, between the end of his/her functions in any company board and his/her new term of office, at least three years (cooling-off period) have passed.*

Not applicable. The Independent administrators of the Company were first appointed in 2018.

**Recommendation III.7.** *The General and Supervisory Board shall, within the framework of their legal and statutory competences, collaborate with the Executive Board of Directors in the definition of the strategy, core policies, corporate structure and decisions that should be considered strategic for the company, due to its amount or risk, as well as assessing their compliance.*

Martifer considers this Recommendation as not being applicable since the said Recommendation relates to a governance model not adopted by Martifer. The corporate governance model adopted by the Company comprises a Board of Directors, a Supervisory Board and a Statutory Auditor.

**Recommendation III.8.** *With respect for the competences conferred by law, the supervisory board shall, in particular, monitor, assess and comment on the strategic guidelines and the risk policy defined by the board of directors.*

Martifer considers this Recommendation as not being applicable since the said Recommendation relates to a governance model not adopted by Martifer. The corporate governance model adopted by the Company comprises a Board of Directors, a Supervisory Board and a Statutory Auditor.

**Recommendation III.9.** *The companies should establish specialised internal committees appropriate to their size and complexity, covering, separately or cumulatively, matters of Corporate Governance, remuneration and performance assessment, and appointments.*

Of all the committees provided for in this recommendation only the one on the Appointment Committee is not adopted.

Due to the Portuguese legal system which shifts to the shareholders the composition of the company bodies and due to the nature of the Group which Martifer is, arising out of a family nature and with concentration in the capital structure and members of boards of directors common to several related companies, the administration understands that the choice about the options for the composition of the governing bodies should be transferred to the shareholders.

It is this vision that justifies the fact that the company also chose to explain, and not apply, the recommendations regarding the existence of a Nomination Committee and the criteria to be applied by it. Accordingly, the existence of a policy of diversity, should not only be seen in coherence with the existence or not of that Nomination Committee as well as, strictly speaking, it is little relevant outside the context of any organism which has competence to propose the election of people for the corporate bodies framed that policy of diversity.

In addition to this, and as demonstrated in the introduction of Chapter B above, the reality of the facts reveals that it was possible to achieve in large measure the goals without the formal approval of the policy in question.

**Recommendation IV.1.** *The board of directors shall approve, by an internal regulation or through equivalent means, how the executives should act and the exercise of their executive position in entities outside the Group.*

Martifer considers the Recommendation partially adopted, since, although it does not exist formally in the internal regulations, both of the Board of Directors and of the Executive Committee, a provision concerning the regime to be applied to executive directors who exercise executive functions in entities outside of group, in accordance with the provisions laid down in this recommendation: (i) there is a formal delegation of powers of the Board of Directors in the Executive Committee which, together with the legislation in force already establishes a scheme of action of members of the Executive Committee, and (ii) there are internal, clear and generally observed rules for the Board of Directors to be informed about any corporate positions, executive or not, in entities not related with Martifer Group. In addition, on this date, the executive directors are not managers of any entities outside Martifer Group.

**Recommendation V.2.1.** *The responsibility of remuneration setting must belong to a committee, whose composition ensures its independence in relation to the board of directors.*

Martifer considers this Recommendation to be partially adopted.

The Company's Remuneration Setting Committee has three members, including one with knowledge and experience in matters about remuneration policy.

In the fiscal year of 2018, a member of the Remuneration Committee - Júlia Maria Rodrigues de Matos Nogueirinha - was also a member of a corporate body of a commercial Company whose capital is directly and/or indirectly held by two non-executive directors of the Company, namely Carlos Manuel Marques Martins and Jorge Alberto Marques Martins.

However, the Company considers that the purpose of this Recommendation is duly safeguarded not only because of the professional training of this member in particular, but also because all 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 V.2.3.** *A statement on the remuneration policy of the management and supervisory bodies referred to in article no. 2 of Law no. 28/2009 of 19 June, shall also contain the following:*

- (i) The total remuneration broken down by the different components, the relative proportion of fixed remuneration and variable remuneration, an explanation of how the total remuneration complies with the remuneration policy adopted, including how it contributes to the performance of the company in the long term and information about the way the performance criteria were applied;*
- (ii) The remuneration from companies belonging to the same group;*
- (iii) The number of shares and stock options granted or offered, and the main conditions for the exercise of the rights, including the price and the date of exercise and any change to those conditions;*
- (iv) Information on the possibility of requesting the refund of variable remuneration;*
- (v) Information on any withdrawal of the application procedure of the approved remuneration policy, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation;*
- (vi) Information regarding the enforceability or unenforceability of payments for the termination of service of board members.*

Martifer considers that the Recommendation is partially adopted since although the information referred to in subparagraphs (i) and (ii) of this recommendation has not been included in the statement on the remuneration policy of the management and supervisory bodies referred to in article no. 2 of Law no. 28/2009 of 19 June - because it is a statement on the remuneration policy and not on the remuneration actually attributed, Martifer considers that the disclosure of that information in the Corporate Governance Report (Section IV of Chapter D. Remuneration) is an alternative way of complying with this recommendation since it presents for consideration and appraisal of the General Meeting of Shareholders the recommended information. Therefore, the total compliance of the referred recommendation is exclusively under the Remuneration Committee's powers, and this Committee decided not to comply with the recommendation, since it believes that the way that the board members' remuneration is structured is adequate and allows the alignment of their interests with those of the Company in the long term and is in line with the remuneration practices of most of the similar companies, keeping in mind the company's characteristics.

**Recommendation V.2.4.** *For each term of office, the remuneration committee must also approve the pension scheme of the board members, if the articles of association allow it, and the maximum amount of all the compensations to be paid to any member of any board or committee of the company due to their termination of service.*

Not applicable. The Company does not have supplementary pensions or early retirement schemes for the members of the management and supervisory bodies and for other managers.

In accordance with the declaration on the remuneration policy approved at the General Meeting of Shareholders, a policy proposed by the Remuneration Committee, it is not a Company policy to assign to members of its governing bodies retirement benefit systems.

**Recommendation V.3.1.** *Having in mind the alignment of interests between the company and the executive directors, a part of their remuneration must be variable to reflect the sustained performance of the company and not to encourage excessive risk-taking.*

The Company's Remuneration Setting Committee established the exact annual amount for the fixed remuneration component payable to the directors receiving remuneration by the Company. In parallel, the Company Articles of Association in article no. 20, paragraph 3, states that the directors' variable remuneration may not result in an allocation of more than 5% of the year's profit, as stated by law. In this manner, the maximum remuneration limits for the fixed and variable remuneration components are set.

During the 2018 financial period, the Remuneration Setting Committee chose 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 2018 financial period no variable remuneration was attributed to Martifer's directors.

**Recommendation V.3.2.** *A significant part of the variable component should be partially deferred for a period of not less than three years, associating it to the confirmation of the sustainability of the performance, according to the terms set out in the internal regulation of the company.*

Martifer considers this recommendation not 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 its purpose was safeguarded during the 2018 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 it is attributed.

**Recommendation V.2.4.** *When the variable remuneration includes stock options or other instruments directly or indirectly dependent on the stock value, the beginning of the exercise period shall be deferred for a period not less than three years.*

Martifer considers this Recommendation as not applicable since no variable remuneration was attributed to the directors of Martifer in 2018, 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 up to and including four years. Up until the present date, the 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.

**Recommendation V.4.2.** *Unless the dimension of the company does not justify it, the function of monitoring and supporting the appointment of managers should be assigned to an appointment committee.*

The Company did not proceed with the constitution of the Appointment Committee, given that its size and complexity do not justify it.

**Recommendation V.4.3.** *This committee includes a majority of independent non-executive members.*

**Recommendation V.4.4.** *The appointment committee should provide its terms of reference and should induce, to the extent of its powers, transparent selection processes that include effective mechanisms for identification of potential candidates, and that are chosen for the proposal those that present greater merit, that are best suited to the requirements of the position and promote, within the organisation, an adequate diversity including gender diversity.*

Martifer considers these Recommendations as not applicable because there is no nominated Appointment Committee.

## 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, 17 April 2019

The Board of Directors,

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Carlos Manuel Marques Martins  
(President)

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Arnaldo José Nunes da Costa Figueiredo  
(Vice President)

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Jorge Alberto Marques Martins  
(Vice President)

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Pedro Miguel Rodrigues Duarte  
(Member of the Board of Directors)

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Pedro Nuno Cardoso Abreu Moreira  
(Member of the Board of Directors)

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Maria Sílvia da Fonseca Vasconcelos da Mota  
(Member of the Board of Directors)

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Vítor Manuel Álvares Escária  
(Member of the Board of Directors)

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Mariana França Gouveia  
(Member of the Board of Directors)







**CORPORATE GOVERNANCE  
REPORT**



**ANNEXES TO THE  
CORPORATE  
GOVERNANCE  
REPORT**



## ANNEX I

### Professional Qualifications

#### BOARD OF DIRECTORS

**Carlos Manuel Marques Martins** is member of Martifer's Board of Directors (President of the Board of Directors and non-independent member) and one of the founding shareholders of Martifer Group in 1990, having started his professional activity in 1987 at the company Carvalho & Nogueira, Lda as Director of Production of the iron sector. He has a degree in Mechanical Engineering from FEUP - Engineering Faculty of the University of Porto.

**Jorge Alberto Marques Martins** is member of Martifer's Board of Directors (Vice President of the Board of Directors and non-independent member) and one of the founding shareholders of Martifer Group in 1990, having started his professional activity in 1987 at SOCARPOR - Sociedade de Cargas Portuárias (Douro e Leixões), Lda as Adjunct to the Financial Director. He graduated in Economics from FEP - Faculty of Economics of the University of Porto and holds an MBA from the Portuguese Catholic University (UCP).

**Arnaldo José Nunes da Costa Figueiredo** has been a member of Martifer's Board of Directors (Vice President of the Board of Directors and non-independent member) since 30 April 2010. He has a degree in Civil Engineering by FEUP - Engineering Faculty of the University of Porto (1977). He was Chairman of the Board of Directors 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 General Meeting Board of Maprel-Nelas, Indústria de Pré-Fabricados em Betão, SA; Member of the General Meeting Board 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.

**Pedro Miguel Rodrigues Duarte** has been a member of the Board of Directors of Martifer (Member of the Board of Directors and President of the Executive Committee, Independent) since 18 May 2018. He holds a degree in Mechanical Engineering from FCTUC - Faculdade de Ciências e Tecnologias da Universidade de Coimbra (1999). He completed the Advanced Management Programme by the Kellogg School of Management/Catholic University in 2016. In 2000, he began his professional activity, having worked at Visabeira Group (Visabeira Indústria) and PSA Group - Peugeot Citröen. He has extensive international experience, initially working in Eastern Europe for Martifer Group. Firstly in Poland, where he was responsible for the implementation and start-up of the local industrial plant and then as coordinating director of industrial structures in Poland and Romania, countries where he lived in between 2004 and 2010. Between 2010 and 2013, he was CEO of the Metallic Constructions area of Martifer Group in Africa, and was a member of the Board of Directors of several companies in the Group of which Martifer Construction Maroc SARL AU (Morocco); Martifer-Amal S.A. (Mozambique) and Construções Metálicas Angola S.A. (Angola), as well as member of the Board of Directors of Martifer Construções Metalomecânicas, S.A. (Portugal). Also in 2010, he became responsible for the naval area in Martifer Group, being since that date a member of the Board of Directors of Navalria - Docas, Construções e Reparações Navais, S.A. (a shipyard in Aveiro, Portugal) and afterwards Manager of West Sea - Estaleiros Navais, S.A. (a shipyard in Viana do Castelo, Portugal).

**Pedro Nuno Cardoso Abreu Moreira** has been a member of Martifer's Board of Directors (Member of the Board of Directors and Member of the Executive Committee, independent) since 6 January 2015, date on which he was co-opted further to the resignation of Mário Rui Rodrigues Matias. He holds a degree in Economics by FEUP - Faculdade de Economia da Universidade do Porto (1999). He concluded the Advanced Management Programme by Porto Business School and an In-Company Executive Training Programme by AESE Business School. He has extensive international experience, initially part of the corporate financial coordination of Mota-Engil Group's operations in Central Europe, in Africa and in Latin America. Between 2008 and 2014 he lived in Warsaw and Budapest, and held various positions as a Board Member in several Mota-Engil Group companies in operation in Central Europe in the areas of Real Estate, PPP/PFI, M&A and Corporate Development. During this period he was member of the Board of Directors of several companies in the Group namely in Mota-Engil Central Europe SA (Poland), Mota-Engil Real Estate Management (Central Europe Real Estate Holding), Mota Engil CE CZ (Czech Republic), Mota-Engil CE Slovakia (Slovakia), Mota-Engil Magyar (Hungary), Mota-Engil CE RO (Romania), Mota-Engil Brand Management (Netherlands), Mota-Engil Brand Development (Ireland).

**Maria Sílvia da Fonseca Vasconcelos da Mota** has been a member of the Board of Directors of Martifer (Member of the Board of Directors and non-independent member) since 18 May 2018. She has a degree in Civil Engineering from the Escola Superior de Engenharia of the University of Porto and began her professional career passing through various operational areas of Mota-Engil Group. Later, she terminated her positions within Mota-Engil Group and took office as General and Financial Director in the family *holding*. In 2016, she returned to Mota-Engil Group, where she is currently a member of the Board of Directors of several companies, of which Mota Gestão Participações, SGPS, S.A. and Mota-Engil, Engenharia e Construção, S.A., accumulating the position of Board Member with the Financial area of Mota-Engil Europa.

**Vítor Manuel Álvares Escária** has been a member of the Board of Directors of Martifer (Member of the Board of Directors, independent member) since 18 May 2018. He has a Master's degree in Monetary and Financial Economics from ISEG - School of Economics and Management - Technical University of Lisbon (1997), the institution from which he graduated in 1994. He holds a PhD in Economics from the University of York, in York, United Kingdom (2004). He is Assistant Professor at the Institute of Economics and Management - ISEG, Technical University of Lisbon, which since 2004 has been designated as University of Lisbon. He was a Visiting Professor at the Faculty of Economics, University Agostinho Neto, in Angola (2014/2015); Visiting Professor at the Faculty of Economics, Universidade Lusíada de Angola, in Angola (2014/2015); Visiting Professor at the Faculty of Economics, Universidade Eduardo Mondlane, in Mozambique (2011). He was also the Economic Adviser of the Prime Minister's Office of the 21<sup>st</sup> Government of the Portuguese Republic (2016/2017); External Senior Expert of the European Commission in the projects of sectoral dialogues EU-Brazil (2013/2014); Economic Adviser of the Prime Minister's Office of the 17<sup>th</sup> and 18<sup>th</sup> Governments of the Portuguese Republic (2005/2011) and Member of the Directive Commission of CIRIUS - Centre for Regional and Urban Research.

**Mariana Machado França Gouveia Sande Nogueira** has been a member of the Board of Directors of Martifer (Member of the Board of Directors and independent member) since 18 May 2018. She has been a lawyer since 2000 and is graduated in Law from the FDUL- Faculty of Law of the University of Lisbon (1997), having obtained a PhD from FDUNL - Faculty of Law of the NOVA University of Lisbon in 2003. She has been a Professor at the Faculty of Law of the NOVA University of Lisbon since 2003 and teaches, among other subjects, Procedural Law and Arbitration. She has been a member of the Arbitration Committee of ICC Portugal since 2012 and a Professor Responsible for the Laboratory of Alternative Dispute Resolution of the Faculty of Law of the NOVA University of Lisbon since 2007. She is also the Scientific Coordinator of the Course of University Extension in Arbitration at the Law Faculty of the NOVA University of Lisbon. She was a member of the Board of Directors of the Fundação Francisco Manuel dos Santos (2013/2017); Vice President of the Board of the Centre for Commercial Arbitration of the Portuguese Chamber of Commerce and Industry (2012/2017); a Consultant for the Department of Litigation and Arbitration of SRS Advogados (2010/2016); Director of the Office of Audit and Modernisation of the Ministry of Justice (2004/2005); a Consultant for the Office of Legislative Policy and Planning of the Ministry of Justice (2002/2004) and an Adviser for the Office of the Minister of Justice (2002).

## SUPERVISORY BOARD

**Paulo Sérgio Jesus das Neves** is a member of the Supervisory Board of Martifer (President of the Supervisory Board). He holds a degree in Accounting Audit, with Superior Specialized Studies in Audit. He holds an MBA in Finance by the Faculty of Economics of the University of Porto (FEP). He is a Statutory Auditor member of the Statutory Auditors Institute number 1342, and has been exercising this activity since February 2008. He is a company consultant, in the fields of organisation and management, financial, tax and accounting.

**Américo Agostinho Martins Pereira** is a member of the Supervisory Board of Martifer (Member of the Supervisory Board). He holds a degree in Accounting Audit, with Superior Specialized Studies in Audit. He is a Statutory Auditor, member of the Statutory Auditors Institute 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..

**Mária Maria Machado Lapa de Barros Peixoto** is a member of the Supervisory Board of Martifer (Member of the Supervisory Board). She has a degree in Economics from the Faculty of Economics of the University of Porto (1993). She has been a Statutory Auditor since 2006, member of the Statutory Auditors Institute number 1258. Between 2012 and 2014 she was a member of the Advisory Council of the Northern Regional Section of the Statutory Auditors Institute, between 2014 and 2017 she was an adjutant



to the Director of the Northern Regional Section of the Statutory Auditors Institute and is currently a member of the Superior Board of Governors of the Statutory Auditors Institute.

**António Baia Engana** is an alternate member of the Supervisory Board of Martifer (Alternate Member of the Supervisory Board). He holds a degree in Economics from Instituto Superior de Economia (ISE) and a bachelor's degree in Accounting from Instituto Comercial de Lisboa (ICL). He has been a Statutory Auditor member of the Statutory Auditors Institute number 612 since 1989, being currently a partner at ALVES DA CUNHA, A. DIAS & ASSOCIADOS, SROC, LDA.. He has been, since 1994, a member of the General Council and of the Executive Committee of the Accounting Standards Committee, having presided 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** is President of the Remuneration Committee. He has a degree in Civil Engineering (Communication Routes) from the Faculty of Civil Engineering of the University of Porto. He is currently Chairman of the Board of Directors of Mota-Engil, SGPS, S.A., a position he has held since 2000. He was President of the Board of Directors in other companies, namely Mota-Engil, Engenharia e Construção, SA (2003-2006), in Mota-Engil Internacional, SA (2000-2003), Engil - Sociedade de Construção Civil, SA (2000-2003) and in Mota & Companhia, SA (1995-2003), where he also held the position of Vice President (1987-1995). He started his professional career in 1977 as a trainee in Mota & Companhia, Lda, and between 1979 and 1981 he worked in several departments of the company, where he was also General Director of Production (1981-1987).

**Maria Manuela Queirós Vasconcelos Mota dos Santos** is a member of the Remuneration Committee. She holds a degree in Economics from the Faculty of Economics of Porto. She has been Board Member in several companies of Mota-Engil Group, and is currently the President of the Human Resources Development Committee. Presently she is a member of the Board of Directors at Mota-Engil, SGPS, SA.

**Júlia Maria Rodrigues de Matos Nogueirinha** is a member of the Remuneration Committee. She holds a degree in Law from the Faculty of Law of the University of Coimbra and is a member of the Portuguese Bar Association since 2002. She is presently the President of the Board of the General Meeting of I'M SGPS, S.A , and was Member of the Board of Directors in other companies of 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

initial election date

**a) Positions within Martifer Group:**

PRESIDENT OF THE BOARD OF DIRECTORS:	Martifer - SGPS, S.A.	29/10/2004
	Duelobrigatório S.A.	20/07/2016
	Eviva Beteiligungsverwaltungs GmbH (Austria)	07/07/2007
	Martifer Deutschland GmbH (Germany)	14/10/2005
MEMBER OF THE BOARD OF DIRECTORS:	Martifer Construcciones PERÚ, SA	10/01/2013
MEMBER OF THE SUPERVISORY BOARD:	Martifer Renewables, SA (Poland)	12/07/2012
MANAGER:	West Sea - Estaleiros Navais, Lda.	30/12/2013

**b) Positions held in Companies not part of Martifer Group:**

PRESIDENT OF THE BOARD OF DIRECTORS:	I'M SGPS, S.A.	31/03/2006
	Almina Holding, S.A.	09/12/2008
	Estia – SGPS, S.A.	27/12/2005
	Tavira Gran Plaza, SA	09/07/2010
	Severis, SGPS S.A.	03/11/2008
	Vetor Diálogo, SGPS S.A.	31/03/2014
	Promodois – Investimentos Imobiliários, S.A.	03/10/2018
	Promovinte – Investimentos Imobiliários, S.A.	18/06/2018
	The Visitor View, S.A.	23/02/2017
	MEMBER OF THE BOARD OF DIRECTORS:	Estialiving, SGPS S.A.
PCI - Parque de Ciência e Inovação, S.A. (representing I'M - SGPS, S.A.)		28/09/2010
Estia Retail & Warehousing S.R.L.		26/07/2007
Mamaia Investments S.R.L.		08/07/2011
Office Building Vacaresti SRL		13/07/2011
MANAGER:	Exclusipolis, SGPS, Lda.	16/09/2009
	PANNN - Consultores de Geociências, Lda.	27/02/2012
	Segmento Protagonista, SGPS, Lda.	11/06/2014
	Promoquinze – Investimentos Imobiliários, Lda.	17/07/2018
	Estiadevelopment, Unipessoal, Lda.	17/07/2018
	I'M – Serviços de Gestão, Unipessoal, Lda.	17/07/2018
	Loftmoments – Investimentos Imobiliários, Unipessoal, Lda.	04/10/2018
Promodoze – Investimentos Imobiliários, Lda.	21/11/2018	



SOLE DIRECTOR:	Black and Blue Investimentos, S.A.	20/08/2009
	Expertooption, SGPS, SA	24/03/2010
	Vogais Dinâmicas S.A.	29/09/2016
	Detalhes Urbanos – Promoção Imobiliária S.A.	03/10/2018

**JORGE ALBERTO MARQUES MARTINS**

initial election date

**a) Positions within Martifer Group:**

VICE-PRESIDENT OF THE BOARD OF DIRECTORS:	Martifer - SGPS, S.A.	29/10/2004:
MEMBER OF THE BOARD OF DIRECTORS:	Eviva Beteiligungsverwaltungs GmbH (Austria)	07/07/2007
	Martifer Deutschland GmbH (Germany)	14/10/2005
MEMBER OF THE SUPERVISORY BOARD:	Martifer Renewables, SA (Poland)	12/07/2012
MANAGER:	Global Holding Limited (Malta)	21/08/2013
	Global Engineering & Consulting Limited	21/08/2013

**b) Positions held in Companies not part of Martifer Group:**

MEMBER OF THE BOARD OF DIRECTORS:	I'M - SGPS, S.A.	31/03/2006
	Estia SGPS, S.A.	27/12/2005
	Tavira Gran Plaza, SA	09/07/2010
	Severis, SGPS S.A.	03/11/2008
	Vetor Diálogo, SGPS S.A.	31/03/2014
	Promovinte – Investimentos Imobiliários, S.A.	18/06/2018
	Promodois – Investimentos Imobiliários, S.A.	03/10/2018
SOLE BOARD MEMBER:	BRASEME - Investimentos e Consultoria, S.A.	31/05/2017
MANAGER:	Promoquinze – Investimentos Imobiliários, Lda.	17/07/2018
	I'M – Serviços de Gestão, Unipessoal, Lda.	17/07/2018
	Estiadevelopment, Unipessoal, Lda.	17/07/2018
	Segmento Protagonista, SGPS, Lda.	27/08/2018
	Loftmoments – Investimentos Imobiliários, Unipessoal, Lda.	04/10/2018
	Exclusipolis, SGPS, Lda.	20/11/2018
	Promodoze – Investimentos Imobiliários, Lda.	21/11/2018

ARNALDO JOSÉ NUNES DA COSTA FIGUEIREDO

initial election date

**a) Positions within Martifer Group:**

VICE-PRESIDENT OF THE BOARD OF DIRECTORS:	Martifer - SGPS, S.A.	24/05/2010
MEMBER OF THE BOARD OF DIRECTORS:	Duelobrigatório, S.A.	20/07/2016
DIRECTOR:	Martifer Solar Inc. (USA)	11/10/2016

**b) Positions held in Companies not part of Martifer Group:**

PRESIDENT OF THE BOARD OF DIRECTORS:	Mota-Engil, Indústria e Inovação, SGPS, SA	10/02/2011
VICE-PRESIDENT OF THE BOARD OF DIRECTORS:	Mota-Engil, SGPS, SA	26/05/2008
MEMBER OF THE BOARD OF DIRECTORS:	Vetor Diálogo, SGPS S.A.	31/03/2014
MEMBER OF THE GENERAL BOARD:	AEM-Associação de Empresas Emitentes de Valores Cotados em Mercado	
BOARD MEMBER:	PROFORUM - Associação para o Desenvolvimento da Engenharia	
CHAIRMAN OF THE GENERAL MEETING:	Mercado Urbano – Gestão Imobiliária, S.A.	

**PEDRO MIGUEL RODRIGUES DUARTE**

initial election date

**Positions within Martifer Group:**

PRESIDENT OF THE BOARD OF DIRECTORS:	Martifer Metallic Constructions SGPS, S.A.	28/04/2011
	Martifer Construções Metalomecânicas, S.A.	28/04/2011
	Sociedade de Madeiras do Vouga, S.A.	10/07/2018
	Martifer Renewables SGPS, S.A.	02/07/2018
	Martifer Renewables, S.A.	12/07/2018
	Martifer Solar SGPS, S.A.	10/06/2018
	Navalria-Docas, Construções e Reparações Navais, S.A.	28/04/2011
	Martifer Construções Metálicas Angola, S.A.	26/11/2018
Martifer Renewables, S.A. (Poland)	12/07/2018	
MEMBER OF THE BOARD OF DIRECTORS:	Martifer - SGPS, S.A.	18/05/2018
	Martifer-Visabeira, S.A. (Mozambique)	14/08/2018
MANAGER:	Promoquatro - Investimentos Imobiliários Lda.	17/07/2018
	West Sea - Estaleiros Navais,, Lda.	30/12/2013

**PEDRO NUNO CARDOSO ABREU MOREIRA**

initial election date

**a) Positions within Martifer Group:**

MEMBER OF THE BOARD OF DIRECTORS:	Martifer - SGPS, S.A.	06/01/2015
	Martifer Metallic Constructions SGPS, S.A.	29/01/2015
	Martifer Construções Metalomecânicas, S.A.	31/12/2014
	Sociedade de Madeiras do Vouga, S.A.	02/02/2015
	Martifer Renewables SGPS, S.A.	29/01/2015
	Martifer Renewables, S.A.	12/07/2018
	Martifer Solar SGPS, S.A.	30/01/2015
	Duelobrigatório S.A.	20/07/2016
	Navalria-Docas, Construções e Reparações Navais, S.A.	31/12/2014
	Liszki Green Park Sp. Z o.o. (Poland);	18/12/2014
	M-City Gliwice Sp. Z o.o (Poland);	18/12/2014
	Park Logistyczny Biskupice Sp. Z o.o. (Poland)	18/12/2014
	Martifer Renewables, S.A. (Poland)	12/07/2018
DIRECTOR:	Martifer Renewables Italy B.V. (Netherlands)	14/09/2018
	Martifer Solar Inc. (USA)	11/10/2016



MANAGER:	Promoquatro - Investimentos Imobiliários Lda.	26/01/2015
	West Sea - Estaleiros Navais, Lda.	26/02/2015

**b) Positions held in Companies not part of Martifer Group:**

MEMBER OF THE GENERAL BOARD:	AEM-Associação de Empresas Emitentes de Valores Cotados em Mercado	
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**MARIA SÍLVIA DA FONSECA VASCONCELOS DA MOTA**

initial election date

**a) Positions within Martifer Group:**

MEMBER OF THE BOARD OF DIRECTORS:	Martifer - SGPS, S.A.	18/05/2018
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**b) Positions held in Companies not part of Martifer Group:**

PRESIDENT OF THE BOARD OF DIRECTORS:	Mota Global – Planeamento, S.A.	11/08/2017
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MEMBER OF THE BOARD OF DIRECTORS:	Mota-Engil Europa, S.A.	01/03/2016
	Mota-Engil, Engenharia e Construção, S.A.	08/03/2016
	MESP – Mota-Engil, Serv. Partilhados Adm. e de Gestão, S.A	04/10/2016
	MESP – Mota-Engil, Serv. Partilhados Adm. e de Gestão, S.A	04/10/2016
	Swipe News, S.A.	24/01/2017
	ME Real Estate – Mota-Engil Real Estate Portugal, S.A.	24/07/2018
	Mota-Engil Central Europe Management, SGPS, S.A.	18/08/2017
	Mota Gestão e Participações – Soc. Gest. de Part. Soc, S.A.	15/11/2017
	Mota-Engil Railway Engineering, S.A.	14/06/2018
	Mota-Engil Real Estate, SGPS, S.A.	18/10/2018
	Oriental HUB–Rec. Expl. Ant. Matadouro Ind. do Porto, S.A.	29/11/2018

MANAGER:	Covelas – Energia, Lda.	17/01/2013
	Imogera, Lda.	17/01/2013
	Cerâmica de Boialvo, Lda.	05/03/2018
	(representing Mota Gestão e Participações – Sociedade Gestora de Participações Sociais, S.A.)	

MEMBER OF THE BOARD OF DIRECTORS:	Sunviauto México – Sociedad Anonima de Capital Variable	
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MEMBER OF THE SUPERVISORY BOARD:	Mota-Engil Magyarország Beruházási És Építőipari Zártkörűen Működő Részvénytársaság	
	Öböl XI. Ingatlanhasznosítási Beruházó És Szolgáltató Korlátolt Felelősségű Társaság	
	Mota-Engil Central Europe Česká Republika, A.S.	



## VÍTOR MANUEL ÁLVARES ESCÁRIA

initial election date

### Positions within Martifer Group:

MEMBER OF THE BOARD OF DIRECTORS: Martifer - SGPS, S.A. 18/05/2018

He doesn't hold any other position in any other company, part or not part of Martifer Group.

## MARIANA MACHADO FRANÇA GOUVEIA SANDE NOGUEIRA

initial election date

### Positions within Martifer Group:

MEMBER OF THE BOARD OF DIRECTORS: Martifer - SGPS, S.A. 18/05/2018

She doesn't hold any position in any other company, part or not part of Martifer Group.

## ANNEX III

# Statement on the remuneration policy of the management and supervisory bodies approved at the General Meeting on 18 May 2018

### I - INTRODUCTION

Considering the obligation provided for in Law no. 28/2009 of 19 June, that the board of directors or the remuneration committee, as the case may be, must submit at the Annual General Meeting of Shareholders a statement on the remuneration policy of the management and supervisory bodies, the Remuneration Committee of Martifer - SGPS, SA, a publicly-traded company, hereby submits to the General Meeting's appraisal on 18 May 2018 this statement.

In the use of the legal faculty conferred by article no. 399 of the Commercial Companies Code, the Articles of Association of Martifer SGPS, S.A. – a publicly-traded company, in its article no. 20, delegate on a Remuneration Committee the competence to set the salaries of the management and supervisory bodies of the Company.

According to the applicable provisions of the Articles of Association, the Remuneration Committee was elected at the General Meeting of Shareholders on 18 May 2018, to exercise its duties during the 3-year period 2018-2020. It 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)

To promote transparency and the legitimacy of the setting of the remuneration of the members of the corporate bodies, the Remuneration Committee, in compliance with the provisions of article no. 2 of Law no. 28/2009 of 19 June (with the wording that was given by Decree-Law no. 157/2014 of 24 October), hereby submits for the approval at the General Meeting of Shareholders of Martifer - SGPS, SA , a publicly-traded company, on 18 May 2018, the present statement on the remuneration policy of the management and supervisory bodies of the Company.

This statement seeks to accompany the applicable provisions of the Commercial Companies Code and the Corporate Government Code in force.

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

### II – REGULATORY REGIME

In determining the remuneration policy to be set by the Remuneration Committee, the legal provisions set forth in the Commercial Companies Code, namely article no. 399 of Law no. 28/2009 of 19 June (with the wording given to it by Decree-Law no. 157/2014 of 24 October), regarding the approval and disclosure of the remuneration policy for members of the management and supervisory bodies of issuers of shares admitted to trading on a regulated market, and well as the Recommendations of Principle V.2 of the Code of Corporate Governance of the IPCG - Portuguese Institute of Corporate Governance (2018), in particular the provisions of its 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 Articles of Association.



The Portuguese Commercial Companies Code provides in article no. 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 Meeting of Shareholders or 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 authorised by a clause of the Articles of Association of the company and shall not be levied on the distribution of reserves or 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 Commercial Companies Code states that the remuneration shall consist of a fixed amount which is equally determined either at a General Meeting of Shareholders or by a committee appointed by it for this purpose, taking into consideration each member's position and the company's economic situation.

Moreover, articles no. 13 and no. 20 of the Articles of Association state the following:

- The remuneration 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;
- 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, according to the law; and
- The remuneration of the Supervisory Board shall consist of a fixed amount.

### **III – GENERAL PRINCIPLES**

The Remuneration Committee has sought in its remuneration policy to promote the convergence of the interests of Directors, of other Corporate Bodies and Managers with the participation in the Company, namely value creation for the shareholders and actual Company growth, privileging a long-term perspective.

Pursuing this aspiration, and subsequent 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 by them. This way, it is intended to promote high-level sustained growth.

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

Materialising the general policy herein stated, we hereby present the principals to be observed by this Committee in the definition of remuneration:

#### **a) Occupied Position**

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 position occupied by each member, the complexity of his/her duties, the responsibilities that are, in fact, attributed to him/her, the time dedicated and the added-value that his/her work brings to the Company.

In this extent, the remuneration between the Executive Board members and the non-Executive Board members needs to be differentiated, as well as the remuneration amongst each Administrator of each category, after evaluation of the abovementioned elements.

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, it is another source of income.

- b) Interests alignment between the Management and Supervisory Bodies and the Company – Performance assessment**  
In order to guarantee alignment of interests of the Management and Supervisory Bodies with the ones of the Company, this Committee shall not fail to pursue the adoption of a policy that rewards the Board Directors for the performance of the Company in the long-term perspective and the creation of value for the shareholder.
- c) Economic Situation of the Company**  
This criterion has to be understood and interpreted cautiously. The size of the company and the inevitable management complexity associated is clearly one of the relevant aspects in determining the economic situation of the company, in the broad sense. To a higher level of complexity, corresponds a higher remuneration. However, the remuneration will have to be adjusted considering other criteria that characterise the economic situation of the Company (financial, related to human resources, etc).
- The Committee takes into account the current and future economic situation of the Company, giving priority to the Company's interests in a long-term perspective and the actual growth of the company and the creation of value for its shareholders.
- d) General Market Criteria for Equivalent Situations**  
The setting of any remuneration has to follow supply and demand, and the situation regarding members of the Corporate Bodies is no exception. Only respect for market practices allows professionals to maintain a level of performance adequate to the complexity of their roles and responsibilities. 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 individual and collective high-level performance. Thus, ensuring not only the individual interest but mostly the interests of the Company and the shareholders.

#### **IV – CONCRETE OPTIONS**

Based on the abovementioned principles, the Committee presents the information regarding the concrete remuneration policy options, which are hereby submitted for the Company shareholders' consideration:

- 1<sup>st</sup> The remuneration of the 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 the law and article no. 20., paragraph 3 of the Articles of Association, the variable part cannot exceed 5% (five per cent) of the annual net profit.
- 2<sup>nd</sup> The remuneration of the non-Executive Independent Members of the Board of Directors, of the Members of the Supervisory Board and of the Members of the Board of the General Meeting shall only consist of a fixed part.
- 3<sup>rd</sup> 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 of a monthly amount payable fourteen times per year.
- 4<sup>th</sup> The fixed remuneration for each attendance in the meetings of the Board of Directors shall be set for the non-Executive and Independent Board members.
- 5<sup>th</sup> The fixed remuneration of members of the Supervisory Board shall be set in a monthly value payable twelve times per year.
- 6<sup>th</sup> In setting all remunerations, including the distribution of the global amount of the variable remuneration of the members of the Board of Directors, the general principles referred to above shall be observed: positions carried out, alignment with the interests of the Company, privileging the long term, the Company situation and market criteria.
- 7<sup>th</sup> The fixed remuneration of the members of the Board of the General Meeting will be a predetermined value for each meeting.
- 8<sup>th</sup> The process of attribution of the variable remuneration to Executive Members of the Board of Directors must follow the criteria proposed by the Remuneration Committee, namely their hierarchal position, the performance assessment and the real growth of the Company, seeking to promote convergence of the interests of the Management Body with those of the Company, with emphasis on the long-term performance; and this will be considered in the performance assessment criteria of the Board. Thus, they will be considered decisive for the assessment and measurement of the variable remuneration:



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

9<sup>th</sup> Notwithstanding the abovementioned policies to protect the shareholders and the Company's interests in the long term, the Committee, in its search of the best Corporate Governance practices 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 regarding the fixing of remuneration for future implementation and adoption in Martifer, as well as (ii) to study the possibility of adoption of a policy that, shown to be feasible and balanced to all parties involved, foresees the possibility of the variable remuneration - when attributed - to be payable, in part or totally, only after the fiscal accounts of the entire mandate are cleared and, on the other hand, that allow a limitation to the variable remuneration (when this is fixed and actually earned by the Board Directors) 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 present year.

## **V – LIMITS**

In case of verification of a permanent and not exceptional increase of the volume of activity associated with the exercise of functions by the General Meeting and the Supervisory Board members, the maximum amount payable to the members of the governing bodies, in particular 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 damage or compensation beyond the amounts legally payable, in the event of dismissal or termination of service.

## ANNEX IV

# STATEMENT OF THE BOARD OF DIRECTORS ON THE REMUNERATION POLICIES TO BE APPLIED TO DIRECTORS OF MARTIFER GROUP REGARDING PARAGRAPH 3 OF ARTICLE NO. 248-B OF THE SECURITIES CODE

### I - INTRODUCTION

Following the recommendations of the Principle V.2 of the Corporate Governance Code of the IPCG - *Portuguese Institute of Corporate Governance* (2018) on the relevance of the remuneration policy covering the managers according to paragraph 3 of article no. 248-B of the Securities Code, the principles and general rules in force are presented, which are extensible to the universe of Martifer Group collaborators, which include other workers whose professional activity may have a relevant impact on the risk profile of the Company. In relation to the options on remuneration applicable to members of the management and supervisory bodies, whose requirement is provided for in Law no. 28/2009 of 19 June (as amended by Decree-Law no. 157/2014 of 24 October), the respective concrete options are referred to in the Statement of the Remuneration Committee.

### II – GENERAL PRINCIPLES

The remuneration policy of Martifer Group comprises a set of operating principles that aim to guarantee its contribution to the achievement of the strategic vision and culture advocated for the Group, as well as the alignment of the interests of the managers with the long-term interests of the Group.

#### a) Ability to capture and retain:

Martifer Group intends, through its remuneration policy, to ensure the attraction and retention of talent, adopting a competitive market positioning, taking into account the degree of responsibility and the contribution of the collaborators to value creation.

#### b) Alignment of remuneration practices with short and long-term performance:

The remuneration policy of Martifer Group and its rules of application are indexed to the performance assessment model in force, aligned with the Strategic Plan of the group that was defined for a long-term horizon.

#### c) Fairness/ competitiveness:

The remuneration policy is segmented in functional groups that result from an assessment of the position, allowing, on the one hand, to internally even the remuneration practices according to criteria of responsibility, complexity and autonomy and, on the other hand, to ensure competitiveness with the practices of the reference market.

#### d) Meritocracy:

The criteria that establish the increment of remuneration components are based on the success achieved by Martifer Group in the several business areas, as well as the performance assessment of individual collaborators, in order to recognise and reward merit and excellence.

#### e) Transversality/ verticality:

Martifer Group intends to associate its management model to a common policy for executive and management positions, promoting transversal alignment and convergence for the strategy, culture and goals of the Group.



In order to safeguard the specificity of the different businesses, the remuneration policy also incorporates rules for vertical application, business area by business area, from company to company, in order to adapt their practices to the context of the respective reference activity and market sector.

The remuneration policy of Martifer Group is segmented into functional groups, which aggregate positions in accordance with parameters, such as the degree of knowledge, complexity and required responsibility/ autonomy, and which are structured as follows: (i) Executive Directors; (ii) Coordinating Directors; (iii) Directors; (iv) Technicians and (v) Administrative and Operational Staff.

The functional groups listed constitute the fundamental support to the definition of human resources policies, particularly the remuneration policy, establishing for each functional group the components and remuneration conditions, whether they are of a fixed or variable nature and/or benefits, taking into account the recommended positioning strategy and the salary practices of the determined reference markets.

The managers of Martifer Group are included in the functional group Executive Directors.

### **III – CONCRETE OPTIONS**

#### **1. The overall structure of the remuneration policy of the group**

Martifer Group's remuneration policy includes two remuneration components that are defined taking into account the position, the alignment with market salary practices and the performance demonstrated by collaborators:

- Fixed remuneration, which is composed by a gross base salary paid during a one-year period. Each functional group has associated a salary range, being established minimum, average and maximum values, taking into account the function, the level of experience, the performance of the person and the reference market salary practices and those of Martifer.
- Benefits, which recommends a portfolio of benefits applicable in accordance with the function and the respective functional group.

#### **2. Plans for the attribution of shares or stock options**

There are no plans for the attribution of shares or stock options in relation to the managers in the sense of paragraph 3 of article no. 248-B of the Portuguese Securities Code.



## ANNEX V

### STATEMENT REFERRED TO IN ARTICLE NO. 245, PARAGRAPH 1, SUBPARAGRAPH (C) OF THE PORTUGUESE SECURITIES CODE

Subparagraph (c) of paragraph 1 of article no. 245 of the Portuguese Securities Code indicates that every one of the persons responsible for the issuers must make a set of declarations provided for therein. In the case of the Company, a standard statement was adopted, with the following content:

*I declare, under the terms and for the purposes provided for in subparagraph (c) of paragraph 1 of article no. 245 of the Portuguese Securities Code which, to my knowledge, the management report, the annual accounts, the legal certification of accounts and other documents of accountability of Martifer SGPS, S.A. – a publicly traded company, all relating to the fiscal year of 2018, were drawn up in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and results of that company and the companies included in its scope of consolidation, and that the management report exposes faithfully the development and performance of the business and the position that that company and the companies included in the scope of consolidation, containing a description of the main risks and uncertainties that they face.*

Considering that the members of the Supervisory Board and the Statutory Auditor subscribe an equivalent statement within the scope of the documents which are of their responsibility, the independent statement with that text was only signed by the members of the Board of Directors, because only those that are members of the governing bodies are considered to be the ones "responsible for the issuer". In terms of the mentioned legal provision, the names of the subscribers are indicated and their functions/ position:

NAME	POSITION
Carlos Manuel Marques Martins*	President of the Board of Directors
Jorge Alberto Marques Martins	Vice President of the Board of Directors
Arnaldo Nunes da Costa Figueiredo	Vice President of the Board of Directors
Pedro Miguel Rodrigues Duarte	Member of the Board of Directors
Pedro Nuno Cardoso Abreu Moreira	Member of the Board of Directors
Maria Sílvia da Fonseca Vasconcelos da Mota	Member of the Board of Directors
Vítor Manuel Álvares Escária	Member of the Board of Directors
Mariana Machado França Gouveia Sande Nogueira	Member of the Board of Directors



## ANNEX VI

### QUALIFYING HOLDINGS

In compliance with the provisions of article no. 2, paragraph 4, of CMVM Regulation no. 7/2018, the following is a list of the holders of qualifying holdings on 31 December 2018, indicating the number of shares held and the percentage of corresponding voting rights, calculated in accordance with article no. 20 of the Portuguese Securities Code:

SHAREHOLDER	NO. SHARES	% OF SHARE CAPITAL	% OF VOTING RIGHTS <sup>1</sup>
<b>I'M – SGPS, SA</b>	<b>42.405.689</b>	<b>42.41%</b>	<b>43.37%</b>
Carlos Manuel Marques Martins*	305.542	0.31%	0.31%
Jorge Alberto Marques Martins*	230.260	0.23%	0.24%
<b>Total Imputable to I'M – SGPS, SA</b>	<b>42.941.491</b>	<b>42.94%</b>	<b>43.91%</b>
<b>Mota-Engil – SGPS, SA</b>	<b>37.500.000</b>	<b>37.50%</b>	<b>38.35%</b>
Arnaldo José Nunes da Costa Figueiredo **	3.000	0.00%	0.00%
<b>Total Imputable to Mota-Engil, SGPS, SA</b>	<b>37.503.000</b>	<b>37.50%</b>	<b>38.35%</b>

<sup>1</sup> % of 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