MARTIFER
GROUP

CONNECTED TO THE FUTURE

CORPORATE GOVERNANCE REPORT
2017

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

CORPORATE GOVERNANCE REPORT

PART I

INFORMATION ON SHAREHOLDER STRUCTURE ORGANIZATION 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., Public Company (henceforth also referred to as 'Company' or Martifer'), amounts to € 50,000,000.00 (fifty million Euros), is fully subscribed and paid up and is represented by 100,000,000 (one hundred million) nominative, scriptural shares, with a par value of € 0.50 (fifty 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 itemized information on the distribution of share capital by the reference shareholders is present in Section 7, Part I of the Corporate Governance Report.

2. Restrictions on transfer and ownership of shares

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

3. Own shares

During 2017, no transactions involving own shares occurred. Consequently, on 31 December 2017 the Company held, as it did in 2016 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 provisions or other measures adopted by the Company, rules or regulations designed to prevent the success of takeover bids.

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

5. Countermeasures in the event of changes in shareholder control

During the 2017 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 to the Company was celebrated on 28 May 2007 between the I'M SGPS, S.A. (ex-MTO - SGPS, SA) and Mota-Engil, SGPS, SA, and was altered by the amendments concluded on 22 December 2009 and 17 April 2012.

The shares subject to the Shareholders Agreement, on 31 December 2017, are held by the referred shareholders in the following amounts:

SHAREHOLDERS	NO. SHARES	Percentage	Voting rights [1]
Mota-Engil, SGPS, S.A.	37.500.000	37.50%	38.35%
I'M SGPS, S.A.	42.405.689	42.41%	43.37%
Total	**79,905,689**	**79.91%**	**81.72%**

[1] % of voting rights = No. Shares Held / (No. Total Shares - Own Shares)

The referred 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 of time, but any of the shareholders can freely terminate it with a minimum 30-day notice before the date the termination should take effect.

II. SHAREHOLDINGS AND BONDS HELD

7. Qualifying Holdings

On 31 December 2017, the main shareholders holders of qualifying holdings continued to be the companies I'M SGPS, S.A. and Mota-Engil SGPS, S.A..

Board Members of Martifer, 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 20 of the Securities Code (Código de Valores Mobiliários - CVM), by the company Mota-Engil, SGPS, SA..

On 31 December 2017, 82.38 % of the voting rights of the Company are imputed to both of these shareholders under the Shareholders Agreement in force on that date.

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

On 31 December 2017, based on the information made available to the Company, the following entities were holders of qualifying shareholdings, calculated in accordance with no. 1 of Article 20 of the Securities Code, in the share capital of the Company:

SHAREHOLDERS	NO. SHARES	% OF SHARE CAPITAL	% OF VOTING RIGHTS[1]
I'M – SGPS, SA	**42.405.689**	**42.41%**	**43.37%**
Carlos Manuel Marques Martins*	420.542	0.42%	0.43%
Jorge Alberto Marques Martins*	230.260	0.23%	0.24%
Total Imputable to I'M – SGPS, SA	**43.056.491**	**43.06%**	**44.03%**
Mota-Engil – SGPS, SA	37.500.000	37.50%	38.35%
Arnaldo José Nunes da Costa Figueiredo **	3.000	0.00%	0.00%
Total attributable to Mota-Engil, SGPS, SA[3]	**37.503.000**	**37.50%**	**38.35%**

[1] % 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 no. 5 of Article 447 of the Portuguese Commercial Companies Code – "CCC")

NAME OF THE MEMBER OF THE CORPORATE BODY	CORPORATE BODY	SHARES HELD ON 31.12.2017
Carlos Manuel Marques Martins*	Board of Directors	420.542
Jorge Alberto Marques Martins*	Board of Directors	230.260
Pedro Nuno Cardoso Abreu Moreira	Board of Directors	0
Arnaldo Nunes da Costa Figueiredo	Board of Directors	3.000
Luis António de Valadares Tavares	Board of Directors	0
Jorge Bento Ribeiro Barbosa Farinha	Board of Directors	0
Américo Agostinho Martins Pereira	Supervisory Board	0
Carlos Alberto da Silva e Cunha	Supervisory Board	0
Paulo Sérgio Jesus das Neves	Supervisory Board	0
António Baia Engana	Supervisory Board	0

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

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9. Special Powers of the Board of Directors, namely in what concerns the 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, no. 8 of the Company Articles of Association, as approved at the General Meeting held on 25 May 25 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 2017, the main shareholders holders of qualifying holdings continued to be the companies I'M SGPS, S.A. and Mota-Engil SGPS, S.A..

During the 2017 financial period, no significant business or commercial transactions occurred between the Company and the holders of qualifying holdings in the Company.

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

B. CORPORATE BODIES AND COMMITTEES

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

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

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

12. Restrictions on the right to vote

The Company Articles of Association do not establish any percentage or maximum limit regarding the 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 Martifer shares, each share carrying one vote.

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

Up to three days prior to the date set for the General Meeting, a certificate issued by the relevant entity shall be presented to the Company as proof of ownership of the shares. In the event of 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 mandate addressed to the Chairman of the General Meeting Board. The aforementioned mandate 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 said meetings (including, amongst other, the template to exercise the vote by correspondence) are made available to the shareholders up to 21 days prior to date of the General Meeting, at Martifer's registered office and in the Company's website. Such documentation can be found on the company's website on the Internet on www.martifer.com. 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), on the date of disclosure of the notice of meeting. Still in the same e-mail address of the Company the minutes of the meetings of the General Assemblies are also made available within five days after their occurence.

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

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

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

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

Article no. 18 of the Company Articles of Association establishes both for a first or second notice of 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 Articles of Association that sets a qualified majority of two-thirds of the votes counted for the passing of resolutions relating to the dismissal without fair grounds of directors.

II. MANAGEMENT AND SUPERVISION

a) Composition

15. Details of the corporate governance model adopted

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

The members comprising the corporate bodies, the General Meeting Board and the Remuneration Setting Committee were elected for a triennium (2015 - 2017). The Remuneration Setting Committee, elected at a Shareholders General Meeting, is responsible for setting the remuneration of the members of the Company's corporate bodies as well as for defining the general guidelines to be observed in 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 designated by a minimum number of Shareholders, holding at least 10 % of the share capital, who voted against the passed proposal to elect the directors.

The Board of Directors designates the Chairman and Vice Chairman from amongst its members and to the extent 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. In accordance with the Company Articles of Association, for the purposes of substituting directors under no.1 of the said Article of the CCC, absence is qualified as permanent when, without justification accepted by the management body, a director is absent from more than five meetings, consecutive or not.

17. Composition of the Board of Directors

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

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

On 31 December 2017, the Board of Directors had 6 members, elected at the Company General Meeting for a three calendar year term of office, ending on 31 December 2017.

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

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

18. Distinction between executive and non-executive members

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

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

Given the Company's size and 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, no. 5 of the CCC, as well as that established in Point 18.1 of Annex 1 of the 4/2103 Regulation of CMVM and in Recommendation II. 1.7 of the Code of Corporate Governance of CMVM (2013).

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

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

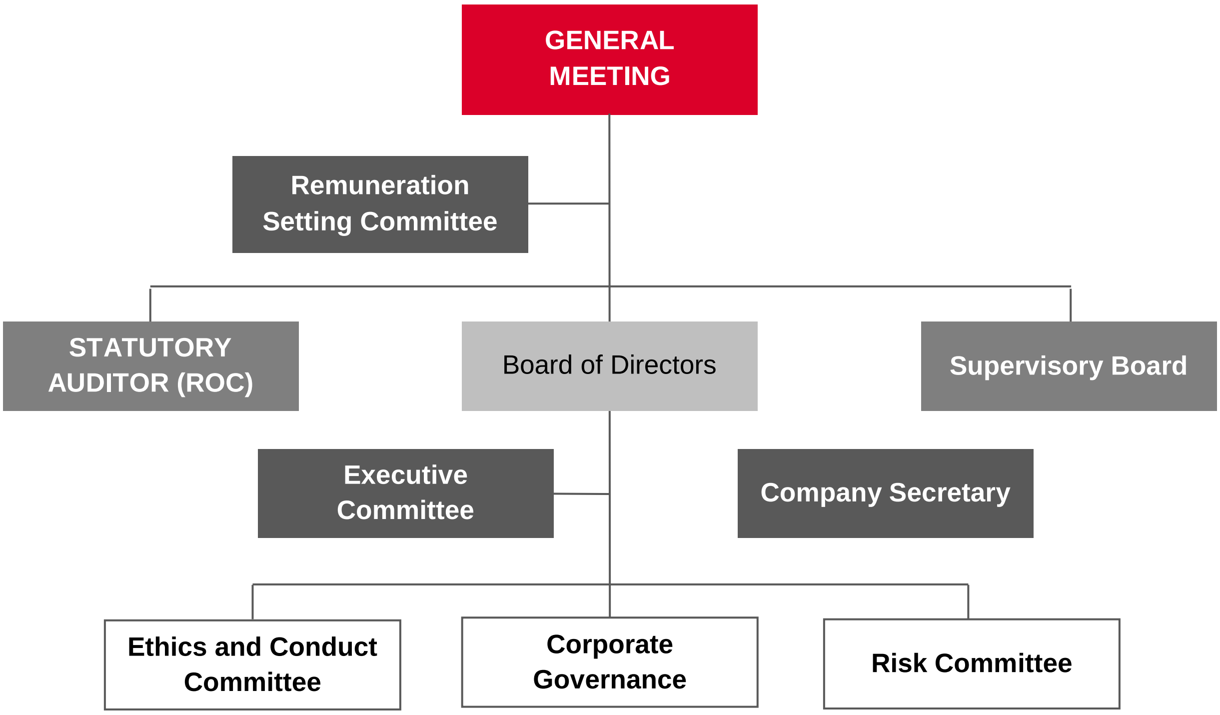
20. Meaningful family, professional or business relationships of members of the Board of Directors with shareholders that are assigned qualifying holdings

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

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

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

21.1 ORGANIZATIONAL CHART



21.2 POWER DELEGATION

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

The duties delegated to the Executive Committee include the guidance for the 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 attainment of the objectives of each business area, establishing policies transversal to the Company as a whole. It is also the Executive Committee's duty to exercise the powers that, at any 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.

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

- Subscription, acquisition or disposal of shareholdings in any company;
- Acquisition or disposal of real estate assets and other assets;
- Investment or commitment to invest, excluding investments involving new business areas;
- Acquisition and disposal of own shares within the limits of the resolution made at the Company's General Meeting;
- Investments and divestments foreseen in the annual budgets or, if not foreseen, whose amount is below five million Euros;
- Contracting of service rendering;
- Hiring of employees, defining remuneration levels, categories and conditions and other benefits or complements;
- Exercising of disciplinary powers and applying sanctions;
- Issuance of binding instructions to wholly controlled Martifer – SGPS, S.A. group companies, as defined in the Portuguese Commercial Companies Code (CCC);
- Participation in Joint-Ventures and in Economic Interest European Groups and, additionally, celebration of consortium and associative partnership contracts, incorporation or participation in any other forms of temporary or permanent associations of companies and/ or private or public entities, except when they have as their objective the participation in projects involving a turnover of more than one hundred million Euros;
- Appointment of representatives to the General Meetings of the companies in which Martifer SGPS, S.A., an Open Society, has shareholdings and determination of 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;
- Appointment of proxies to carry out specific acts or categories of acts, defining the extent of the respective mandates.

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

Except for the matters that cannot be delegated by law pursuant to Article 407, no. 4 and no. 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 Martifer Group companies, when the amounts involved are equal 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 turnover of more than one hundred million Euros;
VI. Appointment of proxies, individual or legal, to hold social roles in other companies;
VII. Constitution of the Executive Committee and the definition of the matters to be delegated to it.

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

b) Functioning

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

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

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

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

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

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

(i) obligation to hand to the directors without delegated powers all the information considered necessary or convenient and that is requested by them 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) possibility of any non-executive director to request the call of meetings so that non-executive directors can exercise the powers attributed to them; and
(iv) the specialised committees with monitoring, supervisory and appraisal competencies over the activities of the directors with delegated powers shall be presided and largely composed of directors with no delegated powers.

During the 2017 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 20167 the Board of Directors met twenty-one times. The minutes are written up and signed by the Directors and the Company Secretary and recorded in the respective minute book, with copies also being sent to the Chairman of the Supervisory Board.

The attendance level of each Director at the said meetings, in the conduct of his/her respective duties, was as follows:

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

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24. Competent Corporate Bodies to appraise the performance of the executive directors

The Company's Corporate Governance Committee is composed of non-executive members of the Company's Board of Directors and presided by an independent director that meets all the independence and compatibility requirements foreseen in Point 18.1 of Annex I of the 4/2013 Regulation of CMVM and in Recommendation II.1.7 of CMVM (2013). This Committee has, amongst others, the power to appraise the performance of the executive directors and the overall performance of the Board of Directors, as well as that of the various 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 bodies 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 Bodies are reviewed annually and submitted for approval at the Company 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, of the alignment of the interests of the management board members with the interests of the company, of the performance assessment, of the economic situation of the company and of the general market conditions for equivalent situations, as better set out in Point 70 below.

In addition, in the context of the Corporate Governance Committee, and in compliance with recommendation II.I.4. a) of the Corporate Governance enshrined by CMVM, this body annually analyses the performance of the Executive Committee of Martifer SGPS taking into consideration:
(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 economic and financial situation nationally and internationally, 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, within and outside the Group, and other relevant activities undertaken by members of those bodies throughout the financial year

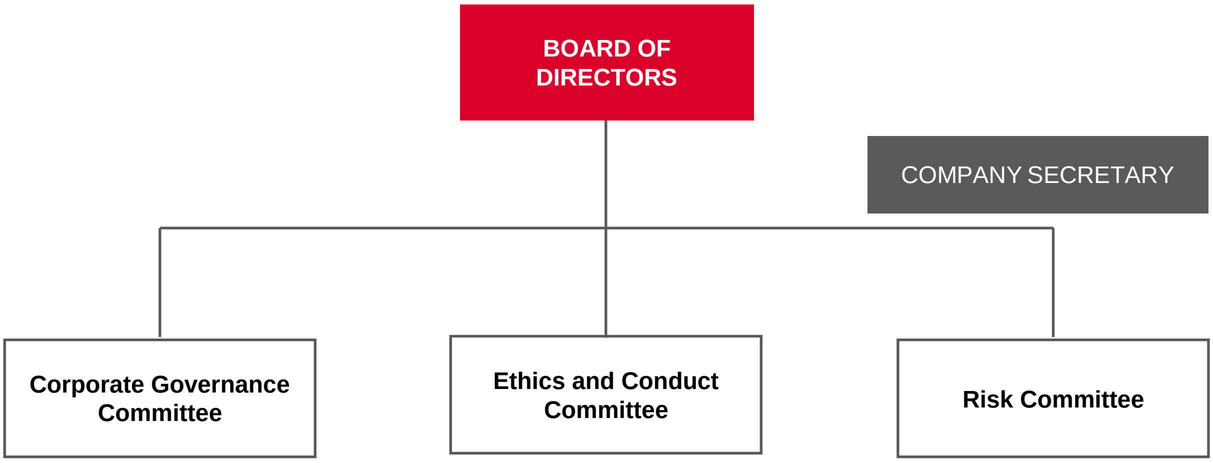
The indication and description of the positions held and duties carried out by the members of the Board of Directors are better described in the document attached to the present report as Annex II.

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 bodies they are a part of (Board of Directors, Risk Committee, Ethics and Conduct Committee and Corporate Governance Committee) and, on the other hand, the total availability to perform the tasks attributed to them by the Board of Directors, regarding both their areas of work and the management responsibilities in given business areas.

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

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

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



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.com (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:

- Carlos Manuel Marques Martins (Presidente);
- Jorge Alberto Marques Martins; and
- Pedro Nuno Cardoso Abreu Moreira

The powers delegated to the Executive Committee are set down in Point 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:

PRESIDENT	Jorge Bento Farinha (Independent, non-executive Director)

MEMBERS	Luís Valadares Tavares (Independent, non-executive Director) Dr. Américo Pereira (President of the Supervisory Board)

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 promotent of ethical and responsible conduct management, from the perspective of the interests of the shareholders and other stakeholders.

Other than the presence of its members in informal meetings and in work groups, the Corporate Governance Committee met formally twice in 2017. 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.com (Tab: Investors, Section: Corporate Governance/ Articles of Association).

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

- to evaluate 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 bodies 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:

PRESIDENT	Luís Valadares Tavares (Independent, non-executive Director)

MEMBERS	Carlos Eduardo Gil (Corporate Diretor of Martifer's Legal Department); and Paulo César Ferreira (Corporate Diretor of the Corporate Planning and Management Control Department)

The Ethics and Conduct Committee has its own Regulation that establishes the rules regarding its composition, functioning and powers related to the ellaboration, 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.com (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 Body, 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 working days, which will also indicate the respective agenda. The Ethics and Conduct Committee writes up minutes of all its meetings.

In the year 2017 only informal meetings were held to monitoring the implementation of the new code of ethics and conduct; its members also took part in several work groups. The Ethics and Conduct Committee did not formally meet in 2017, although there are already formal meetings scheduled for January 2018.

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 Chairman 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:

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

The Risk Committee has its own Regulation that establishes the rules regarding its composition, functioning and powers related to the ellaboration, implementation and follow-up os a risk management system transversal to Martifer Group. The Risk Committee's Regulation can be consulted in the Company's website at www.martifer.com (Tab: Investors, Section: Corporate Governance/ Articles of Association).

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

The main responsibilities attributed to the Risk Committee are:

- to issue recommendations or opinions as to: (a) the definition of a risk policy for Martifer Group; (b) the content, format and methodologies to 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 prior opinion of the Risk Committee;
- to submit to the Board of Directors proposals, suggestions of methodologies to identify and cover risks that are appropriate and that should be adopted by Martifer Group as measures aimed at improving the risk management model in 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, so as 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 Commission did not formally meet in 2017 since there were no facts that occured that called for the issuance of recommendations.

III. SUPERVISION

a) Composition

30. Details of the Supervisory Board

Martifer's supervisory model is based on a Supervisory Board and a Statutory Auditor (ROC). The functional separation between the Supervisory Board and the Statutory Auditor basically follows a division of the functions: 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 date of end of the term of office for each member

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

The members of the Supervisory Board may only be elected, as a general rule, by the General Assembly, 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 the General Assembly.

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

32. Details of the members of the Supervisory Board

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

PRESIDENT	Américo Agostinho Martins Pereira
MEMBERS	Carlos Alberto da Silva e Cunha Paulo Sérgio Jesus das Neves
ALTERNATE	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 and attest, 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 criterion 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 2017, 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 www.martifer.com (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 him/her to schedule 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 2017 the Supervisory Board met six 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:

	ATTENDANCE
Américo Agostinho Martins Pereira	100%
Carlos Alberto da Silva e Cunha	100%
Paulo Sérgio Jesus das Neves	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 2017 financial year full availability to exercise the functions attributed to them, having regularly attended the meetings called as well as being present whenever such presence was considered convenient.

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

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

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

c) Powers and duties

37. Description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services 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 to other entities belonging to the same company, in 2017, dis not represent relevant amounts. The Supervisory Board approved the service contracting outside the scope of the statutory and external audit to be rendered by the External Auditor, considering that these services, in addition to not exceeding a relative weight above 30% of the total services rendered to the Company, do not impair the External Auditors' independence.

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

Martifer's Supervisory Board, within the scope of its supervisory duties to the company's activity, has analytical and appraisal responsibilities over the most significant aspects of the relationship with the External Auditor, namely in aspects relating to the independence of the External Auditor's work. During 2017, the Company's Supervisory Board appraised the activity carried out by the External Auditor, having concluded that it was conducted in a manner consistent with applicable regulations and norms, and that it had acted with technical rigor, transparency and civilness.

Additionally, the Supervisory Board reflects, whenever necessary or adequate in function of 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 body

In addition to the duties described in the previous point, 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 General Meeting Board:

- 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 conditions adequate for the rendering of these services are made available at the Company;
- annually appraising the services rendered as well as for 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 of the activity of internal audit, including the functioning of the internal control and risk management systems, both the 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 opinion issued by the Supervisory Board.

IV. STATUTORY AUDITOR

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

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

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

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

The Statutory Auditor may be represented by Hermínio António Paulos Afonso or by António Joaquim Brochado Correia, it being understood that for the 2017 financial year the representative of the Statutory Auditor 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 point, the current Statutory Auditor, PricewaterhouseCoopers & Associados, SROC, Lda, was appointed at the General Meeting on 10 April 2013, carrying out its duties since then.

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

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

V. EXTERNAL AUDITOR

42. 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 Company's External Auditor is the company PricewaterhouseCoopers & Associados, SROC, SA (PwC) registered under no. 9077 in CMVM, pursuant to a contract initially celebrated for that financial year, and which has been extended to the 2017 financial year.

PwC has been represented by Mr Hermínio António Paulos Afonso since 2010 and since 2017 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 point, the External Auditor PricewaterhouseCoopers & Associados, SROC, Lda. and the respective statutory auditor partner, that represents the prior in the conduct of its duties, exercised duties consecutively at the Company since 2010, for around 8 years.

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 of the External Auditor's work, ensuring compliance with what is stated in Article no. 54 of Decree-law no. 487/99, of 16 November (amended by Decree-law no. 224/2008, of 20 November), relating to the rotation of the partner responsible for the execution of the work.

On 27 September 2017 the Supervisory Board issued an opinion in favor 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 Auditor, over the years 2018 and 2019, that is, up to the maximum limit indicated in paragraph 4 of article 54 of the OROC Statute (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 prevent 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 representative of the Statutory Auditor Company in office, took office in 2017 under a rotation policy, which is done in accordance with the best practices of *compliance*, namely the implementation of the recommendation of CMVM IV.3 inserted in the Code of Corporate Governance.

In preparing the proposal, the Supervisory Board took into account what is indicated in paragraph no. 4 of article no. 54 of Law 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 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 of 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 services were rendered for foreign companies.

The approval and contracting of the services rendered by the External Auditor, other than the auditing services, was based on the procedures described in Point 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 2017 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 219,334 Euros (including expenses and remuneration paid by foreign subsidiaries). The breakdown of that remuneration is as follows:

OTHER	2017	%	2016	%	2015	%
Statutory audit and audit services	166.658	97.64%	187.161	93.50%	295.769	90.11%
Other reliability assurance services	2.000	1.17%	2.760	1.38%	0	0.00%
Tax consultancy services	0	0.00%	5.250	2.62%	14.495	4.42%
Other services other than statutory audit	2.026	1.19%	5.000	2.5%	17.940	0.00%
Total	**170.684**	**100.00%**	**200.171**	**100.00%**	**328.204**	**100.00%**

MT SGPS	2017	%	2016	%	2015	%
Legal account audit and audit services	48.200	99.08%	53.200	91.41%	41.720	100.00%
Other reliability assurance services	0	0.00%	5.000	8.59%	0	0.00%
Tax consultancy services	0	0.00%	0	0.00%	0	0.00%
Other services other than statutory audit	450	0.92%	0	0.00%	0	0.00%
Total	**48.650**	**100.00%**	**58.200**	**100.00%**	**41.720**	**100.00%**
TOTAL GLOBAL	**219.334**		**258.371**		**369.924**	

** Including individual and consolidated financial statements

C. INTERNAL ORGANISATION

I. BY-LAWS

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

Martifer's Articles of Association do not provide for 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 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 Article no. 18 of the Articles of Association and Article no. 386, no. 3 of the CCC, namely the 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 as the responsible entity for receiving and managing complaints or reporting irregularities the Ethics and Conduct Committee, without prejudice to the powers of the Supervisory Board in this matter.

Additionaly 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, with exclusive access by the President of the Ethics and Conduct Committee. The anonymity and confidentiality of them 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 them 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 on Ethics and Conduct Committee.

During 2017 no irregularities were reported to the Ethics and Conduct Committee of the Martifer Group.

The Company's communication and reporting of irregularities policy is posted on the Company's website, in the Internet at www.martifer.com, as well as in the Company's intranet.

Martifer's irregularity reporting policy covers the entire perimeter of the 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 in order 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 compliance with the guiding principles of the Martifer Group's Risk Policy, assisting the Board of Directors in setting the Company's strategic objectives in matters concrening 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 Point 29 above and can be found in the Risk Committee Regulation available on the Company's website at www.martifer.com (Tab: Investidor, 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 the 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 organizational structure, Martifer has an Internal Audit Department that carries out its activity in order 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, which verifies whether the assets of the Martifer Group are properly registered and adequately protected against possible risks and losses, to examine and assess the rigor, quality and application of operational, accounting and financial controls, by promoting effective and cost-effective control and by proposing necessary measures to address any deficiencies in the internal control system.

The internal audit department of Martifer reports functionally to Jorge Bento Ribeiro Barbosa farinha, non-executive and independent Director of the Company's Board of Directors.

The scope of the audits to be carried out is established annually in order to assess the quality of the control processes that ensure the fulfillment of the objectives of the internal control system, namely those that ensure the efficiency of operations, the reliability of financial and operational reports and respect for laws and regulations. The deficiencies of internal control are reported hierarchily above, and the most serious matters are reported to the Board of Directors.

The activities of the Internal Audit Department, including the functioning of the internal control and risk management systems, are regularly monitored by the Supervisory Board of the Company as a supervisory body, within the scope of its functional competetnces, namely those foressen in article no. 420 of the Commercial Companies Code. It should be noted that the

Supervisory Board of the Company meets regularly, fully complying with all the functions and duties, as is clear from the minutes of the meetings and from the annual report and opinion of the Supervisory Board.

During the year 2017, due to some employees assigned to the Internal Audit Department having left the Group, the activity of the same was very reduced. However, the Company is actively endeavoring 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 organizational structure.

Planning and Management Control Department and Consolidation and Reporting Department

The Company also has a Planning and 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 and 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 noted the existence of a Code of Ethics and Conduct, and a system of communication of irregularities which allow the improvement of Martifer Group's control culture

51. Explanation, by the inclusion of an organizational 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 and 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 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 General Shareholders Meeting and the results of its activity are appraised by the Supervisory;
- The Internal Audit Department reports functionally to the non-executive independent director of the Board of Directors - Jorge Bento Farinha;
- The Planning and Control Department and the Consolidation and 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

FINANCIAL RISKS

A) PRICE RISK

The volatility of the price of raw materials constitutes a risk for the Group in the segment of Metal Constructions and Aluminum. The antidumping measures/fees already implemented by the European Union on steel and aluminum products from China caused a significant increase in the price which affected the operational activity of the metallic constructions business areas.

Thus, in 2017, there was a sharp rise in the price of this commodity as a result of the implementation of these measures, a trend that was maintained throughout the year of 2017. The first quarter of 2018 started with a strong uncertainty on the price evolution of these commodities with the Trump administration in the USA, that announced the application of a surcharge of 25 % on steel and 15% on aluminum on the imports of third countries, in particular imports from EU countries.

Martifer has sought to mitigate this risk, through a rigorous planning of raw materialspurchases, which enabled the achievement of economies of scale in the quantity purchased and consequent price-fixing. On the other hand, it has mitigated this risk through contracts with clients that allow the reflection of price changes of the raw material in the amount paid by the client.

Evolution of the price of Steel

B) FOREIGN EXCHANGE RISK

Foreign exchange risk has a strong interdependence with the other types of risk, with reference to the risk of countries, through the evolution of economies and its impact on inflation and interest rates and credit risk, due to the possibility of recording losses or gains as a result of changes in exchange rates between different currencies.

Martifer Group is exposed to foreign exchange risk due to its geographical diversification, currently developing its operational activities in subsidiaries that are present in 3 different continents.

Therefore, there is an exposure to transaction risk associated with operating activities (in which expenses, income, assets and liabilities are indicated in currencies other than the reporting currency) of transactions carried out between these subsidiaries and other Group companies and existence of transactions carried out by the operating companies in a currency other than the Group's reporting currency,

The exchange rate risk management policy followed by the Group has as its ultimate objective to decrease the maximum sensitivity of its results to exchange rate fluctuations.

In what concerns the operational activity of all subsidiaries, strives for transactions to be carried out in their local currency. For the same reason, the loans contracted by foreign subsidiaries are preferably contracted in their local currency, thus allowing the matching of the cash flows locally and the consequent annulment of exchange risk of an economic nature.

In relation to the coverage of exchange rate risk, hedging operations are sporadic because their cost is sometimes considered excessive compared to the level of the risks involved. However, whenever considered appropriate, the Group hires the coverage of exchange rates in order to cover the risk.

In 2017, the cycle of scarcity of tradable currencies in Angola remained the same, as a result of the maintenance of oil prices at very low levels associated with the climate of political uncertainty in the country. This high scarcity of tradable currencies had serious consequences in the devaluation of the Abgolan currency (Kwanza), which forced Martifer Group to make due payments to local suppliers, in order to obtain a natural exchange coverage through local commercial transactions.

Martifer Group has mitigated this risk by means of financial instruments submitted by clients (e.g. letters of credit) in order to maintain the normal financial flow.

During the year 2017, the negotiations on the model of exit of the United Kingdom from the EU were initiated, in consequence of the outcome of the referendum which led to Brexit. A climate of uncertainty regarding the evolution of the British economy was maintained and consequently also regarding the Pound after the effective exit of the United Kingdom. The Group has managed to circumvent the risk of exposure to these currencies, taking advantage of the fact that many of the supplies are being contracted in these currencies.

C) INTEREST RATE RISK

Interest rate risk reflects the possibility of fluctuations in the amount of future financial charges on borrowings due to the evolution of the level of market interest rates.

The cost of the financial debt contracted by the Group is indexed to short-term reference rates, reviewed on a period of less than one year (especially the Euribor 6m) and added risk premiums in a timely manner. Thus, variations in interest rates can affect the results of the Group.

The Group's exposure to interest rate risk comes from financial liabilities contracted in more than 99% of the cases at a variable rate, so changes to the level of the interest rate have a direct impact on the amount of interest, causing, therefore, variations in the company's treasury.

During the year 2017, the reference interest rates in the Euro zone remained at very low levels in line with what has already happened in recent years. With the recovery of the European economy, a possible rise in interest rates in the Euro zone for the next few years were expected, following what is the expected evolution of interest rates in the US. However, at the beginning of 2018, the ECB President *Mario Draghi* announced that the ECB should not increase the interest rates in 2018, and the possible increase until 2020 is expected to be smooth. Thus, in accordance with the projections of the European Central Bank, published in March 2018 ("*March 2018 ECB staff macroeconomic projections for the euro area*"), the interest rates for short-term shall remain in negative until 2019, maintaining the levels near zero until 2020; there already are, however, estimates of growth of the medium and the long term rates.

Martifer Group's exposure to interest rate risk is currently very limited, not only by the expected maintenance of reference interest rates at very low levels, but also as a consequence of the restructuring agreements signed with banks in 2015 which enabled the temporal stability of the spreads at very competitive levels.

(D) LIQUIDITY RISK

The liquidity risk reflects the Group's capacity to meet its financial responsibilities, taking into account the available financial resources.

The main objective of the liquidity risk management policy is to ensure that the Group has at its disposal, at any time, sufficient financial resources to meet its responsibilities and to pursue the strategies outlined, honoring all commitments made with third parties through of an adequate management of the cost-maturity relationship of the financing.

Currently, the Group maintains the levels of adequacy of the maturity of the debt to the degree of permanence of its long-term assets, allowing the cash surpluses to be sufficient to comply with their responsibilities, as the result of the implementation of the strategic plan of the Group which included the signing of the restructuring of the financial debt plan with banks in 2015.

Thus, given the nature of medium/long-term investments made, the debt service shall accompany the maturity of the associated assets, not jeopardizing the commitment deriving from its short-term operational activity in pursuit of the objective of the Group to match the maturity of the inflows of the operational activity and of the investment/divestment to the outflows from the financing activity.

The financial management department monitors the implementation of the risk management policies defined by the Board, in order to ensure that economic and financial risks are identified, measured and managed in accordance with such policies.

(E) CREDIT RISK

The global economic conditions or hardships that affect the economies at a local scale, national or international, may lead to the inability Martifer Group's Clients to meet their obligations, with possible negative effects on the results of the Group. It should be noted that in spite of the economic recovery which started in 2017, in Portugal and at global level, the grant of credit by Banks is still fairly contained, particularly for companies that operate in sectors strongly affected by the preceding crisis.

The Group is subject to credit risk in relation to the operational activity - Clients and Other Debtors and other Accounts Receivable.

Aware of this reality, the Group seeks to assess the credit risk of all its clients for the establishment of the amount of credit to be granted, with ultimate goal to ensure the effective recovery of the credit within the established deadlines.

With this objective in mind, the Group uses financial information and credit assessment agencies and performs regular risk analysis and credit control, as well as collection and management processes in litigation; these are essential procedures to manage the credit activity and to minimize the occurrence of irrecoverable amounts.

OPERATIONAL RISKS

(A) METALLIC CONSTRUCTIONS

The operational risks in the area of metal constructions, currently grouped in three risk sources - client risk, supplier risk and external risk, which in turn are subdivided into specific problems.

At the client risk, there can be identified, for example, issues that may occur at the contracting level, as the lack of convergence in the interpretation and application of the contractual provisions, the displeasure or dissatisfaction with the service/product and also the risk of default in the payment of the stipulated price after the delivery of the projects.

With regard to the volatility of demand, it shall be noted that the business area depends, in part, on tenders for public infrastructures (e.g., bridges, airports, stations). In what concerns public tenders, Martifer is subject to complex regulations of each country, in particular in what regards the submission of proposals and the preparation of the administrative dossier, respecting tender dossier set by the contracting entity, which may represent additional costs to Martifer Group. It should be noted that, despite the dependence on public tenders, Martifer has had the ability to capture business from private entities, reducing its exposure to this risk.

In the supplier risk, it should be noted that Martifer Construções, as an expert in engineering projects, subcontracts other companies many times, which in turn may fail in the execution of its contracts and compromise in domino effect the compliance with the deadline for delivery of the projects. That is, associated with construction, eventual delays in the delivery of works, with the inherent contractual penalties, is also a risk.

Finally, in the context of external risks, and since the metal constructions area has a strong correlation with the growth of the economy and with the gross formation of fixed capital, it is sensitive to the economic situation. In this sense, the not yet surpassed sovereign debt crisis in Europe and the difficulties experienced by some economies where the group is present, such as Angola and Mozambique, also raise other issues, in particular by weak public and private investment and a significant liquidity reduction of the entire financial system, which often leads, despite the existence of attractive projects, to not existing, however, the corresponding capital which allows its implementation.

The way that the metal constructions area found to mitigate these external risks was through the dispersal of business in different geographies, in particular entering markets that have registered higher growth rates in the construction sector.

B) THE SHIPBUILDING INDUSTRY

Companies in the shipbuilding industry segment (West Sea And Navalria) are exposed to:

- risks related to the innovation capacity to meet the needs of the market and new and innovative projects. In this context, it must be also pointed out the difficulty to capture highly qualified staff due to foreign competition from Northern European countries;
- client risk, especially as regards the proper execution of the projects, contractual compliance, within the deadlines set and causing satisfaction. Based on these issues, there is always the risk of incurring in penalties;
- risk in the fluctuation of the price of raw-material, particularly in steel price, this being one of the main material in the production of components to be incorporated in the works to be carried out;
- risk related to the level of competitiveness of ship repair versus national and foreign competition;
- risk in relation with subcontractors and suppliers that may not fulfill their contractual obligations and can jeopardize the implementation and quality of the projects;
- risk in the labor aspect, since nowadays there is a lack of qualified personnel because of two reasons. On one hand, not enough employees are being trained to cater for the needs of West Sea, even though the company is making an internal effort in this sense. On the other hand, the competitive pressure from Spain, more specifically of Galicia and its shipyards, given the geographical proximity, offering inflated conditions are capturing a large number of professionals in the region.

C) RENEWABLES

The indices of productivity linked to the renewable energy business depend not only on operatinal costs, but also on revenues (price and the amount of energy produced by the assets). The equipment used and some exogenous factors, such as the wind, which in turn depend on the location of wind farms, influence the production of energy and consequently the results. Whenever the wind speed is above or below the limits of the equipment, energy stops being produced. These limits vary from manufacturer to manufacturer and on the type of wind turbines. Additionally, each wind generator has its power curve that determines the power generated at each wind speed.

The availability of the equipment and the power curve of each wind turbine are contractually guaranteed, and indemnities are payable by suppliers if availability is not met or if the power curve is not reached.

This risk is mitigated through the geographical diversification of wind farms, which allow the compensation of wind variations in each area and to maintain the total amount of energy produced relatively stable.

In what concerns solar photovoltaic energy, the exogenous factors are more easily foreseen, so that the variation of revenue ends up being minimized.

LICENSING:

Wind farms and solar parks are subject to strict regulation in terms of development, construction, licensing and operation of power plants. If the relevant authorities in the jurisdictions in which the Group operates cease to continue to support or reduce their support for the development of wind farms and solar parks, such actions may have a significant impact on the activity.

LEGAL RISKS

Martifer is subject to national and local laws and regulations relating to the multiple geographies and markets where it is present and that seek to ensure, among other things, workers' rights, the protection of the environment and spatial planning and maintenance of an open and competitive market. Thus, the legislative and regulatory changes that may involve the conditions of the Group's activities and, consequently, impair or impede the fulfilment of strategic objectives imply the company's adaptation to the new regulation reality .

Legal risk management is carried out by the legal department of the Holding and each of the Group's business area and is monitored within the scope of legal and tax advisory services dedicated to the respective activities, which operate in dependence of the administration and management, developing their competencies in articulation with the other fiscal and financial departments, so as to ensure the protection of the interests of the Company and, ultimately, of the stakeholders, in strict respect for the fulfillment of their legal duties.

The members comprising the abovementioned legal departments and consultants have specialized training and regularly participate in training and updating.

Legal and tax advice is also guaranteed, nationally and internationally, by external professionals, selected from reputed firms and according to high standards of competence, ethics and experience.

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 representing a responsibility of all managers and employees at different levels of the organization.

> 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 with the objective to strengthen the integrated management of the risks, establishing a strategy for risk prevention and management across the Group, so as to reduce the exposure to risk and to safeguard the value of the Group. The procedure is characterized, briefly, by identifying risks in each of the business areas, accompanied, in parallel,by the formalization of a risk evaluation, management, prevention and mitigation process to de 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, analyzing their possible impact on the strategic objectives of the organization and predicting the likelihood of their occurrence, in order to determine the best way to manage the exposure to these risks.

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

Risk management in the Martifer group begins with the identification and measurement and analysis of the different risks to which they are 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 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 the risk control mechanisms, which are subject to the scrutiny of the competent Financial, Fiscal and Legal departments.

Risk identification is a responsibility that is transversal to the different levels of the organization. Templates have been created to identify and categorize the main risks of each Business Area, as well as of 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 geographies of the Group.

The effectiveness of these mechanisms is periodically assessed by the holding company through the Internal Audit department, in compliance with an auditing financial 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 and 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 objective of the *Holding* to obtain an integrated view of the risks which the Group faces in each of their 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, given its capital structure, an acceptable risk level .

In this sense, the operations of greater relevance and impact in Martifer Group, as well as those more of a financial nature are directly assessed and validated by the Financial, Fiscal and Legal Departments at the *holding company*, following the risk policies and strategies set by the administration.

55. Core details on the internal control and risk management systems implemented in the Company regarding the procedure for reporting financial information (Article no. 245-A, no. 1, m)

Concerning the release of financial information, Martifer Group promotes strict cooperation amongst all the bodies, the 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 the persons responsible for the management of the respective business areas, seeking to exercise permanent monitoring and the respective budgetary control;
- The accounting records and the preparation of the financial statements are prepared by the Financial, Accounting and Corporate Planning and Management Control Departments, that guarantee the control over the recording of the transactions of the business processes and over the balances of the asset, liability and equity accounts;
- The consolidated financial statements are prepared periodically, on a quarterly basis, by the Consolidation and Reporting Department and validated by the Planning and Management Control Department;
- The Management Report is prepared by the competent internal departments, with the contribution and additional review of the various business and support areas. The Statutory Auditor also reviews the content of this report 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. Subsequent to 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 both an annual audit as well as quarterly revisions to the financial statements, 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 a permanent contact with the capital market, seeking to guarantee a permanent access to information on the Group in a continued and consistent manner, be it through the disclosure of periodic financial information or through contacts with institutional investors, namely by participating in roadshows and conferences, or through permanent contact with financial analysts.

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

During the 2017 financial year, Martifer participated in various events amongst which roadshows, seminars, one-on-one meetings and conferences aimed at institutional investors.

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

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

- Assuring, vis-à-vis the authorities and the market, compliance with the legal and regulatory reporting obligations applicable to Martifer SGPS, SA. The disclosure of information falling within the scope of "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;
- Supporting and advising Martifer's Executive Committee in aspects relating to the Company's public status, an example being the monitoring of the evolution of Martifer's quoted share price, in its multiple aspects, supporting the Executive Committee with the direct contacts it regularly maintains with financial analysts and institutional investors (national and foreign), in conferences, in meetings and in 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:

investor.relations@martifer.pt
Martifer SGPS, Apartado 17
3684-001 Oliveira de Frades Portugal
Telephone: +351 232 767 700
Fax: +351 232 767 750

57. Market Liaison Officer

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

Pedro Nuno Cardoso Abreu Moreira
Martifer SGPS, Apartado 17
3684-001 Oliveira de Frades Portugal
Telephone: +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 a significant increase as from the second-half of 2017, which is justified by the improvement in the financial markets' expectations regarding Portugal and by the company's performance. Information requests were largely made by institutional investors, but some information requests were also placed by small retail investors.
- The Market Liaison Office aims to minimize the 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 www.martifer.com with a wide range of information on Martifer Group.

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

Information can be consulted at the following electronic address:

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

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

Information can be consulted at the following electronic address:

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

62. Place where information is available on the 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 address:

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

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

63. Place where the documents are available and relate to financial accounts reporting, which should be accessible for at least five years and the half-yearly calendar 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/en/group/investor/publications/financial-information/

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

Information can be consulted at the following electronic address:

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

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.com/en/group/investor/corporate-governance/general-meetings

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 said Remuneration Setting Committee is present.

The Remuneration Setting Committee’s activity is dedicated to the preparation of master guidelines and the determination of the remuneration policy of the Company’s corporate bodies, to 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:

- Defining 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;
- Determining 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;
- Monitoring the performance of the executive members of the Board of Directors for the purposes of determining the variable remuneration;
- Monitoring the performance of the non-executive members of the Board of Directors;
- Submitting, 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 and Management Control Department and the Legal Department) specialised information and data of a technical nature, amongst other, relating to the structure of the Company, results of the Group and members and activities of the corporate bodies. The information requested and received by the Committee is aimed at the compilation of a set of information and technical data that permits the definition and implementation of the Group's remuneration policy.

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

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

II. Remuneration Committee

67. Composition of the remuneration committee, including details of persons, natual 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 a Shareholders General Meeting for a three-year term of office (2015-2017) is as follows:

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

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

In the fiscal year of 2017, a member of the Remuneration Setting Committee - Júlia Matos - was also a member of a social body of a Company, whose capital is held directly and/or indirectly by two executive directors of the Company, namely Carlos 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 Committee

The Company considers that all the persons comprising this Remuneration Setting Committee are totally 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 is 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 25 May 2017, 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, and available in the Company's Website at www.martifer.com was appraised and submited for approval (Tab: Investor, Section Corporate Governance/ General Meeting).

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 Portuguese Securities Market Commission's Corporate Governance Code, this being reflected in the statement submitted for approval at the General Meeting referred to in the Point that follows.

In defining the remuneration policy for the year 2017, the legal provisions foreseen in (i) the CCC, namely in Article no. 399; (ii) Law no. 28/2009, of 19 June; (iii) the Corporate Governance Code issued by CMVM in 2013; and (iv) the special regime set out in the Company's Articles of Association, were considered.

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

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

Hence, the Committee structured the components of the remuneration of the Management bodies so as to reward their performance in achieving high and, simultaneously, sustained growth, discouraging, however, excessive risk-taking. Additional determining factors include the Company's economic situation and general market conditions practiced 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 Setting 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 Article no. 20, no. 3 of the Articles of Association.

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

a) The DUTIES CARRIED OUT, 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 the 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 the creation of value 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 the creation of value 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, permitting it to serve as a means to achieving high individual and collective performance, assuring the interests of the member but essentially those of the Company and of the shareholders.

The general guidelines governing the remuneration policy followed by the Remuneration Setting Committee during the 2017 financial period were those contained in the Remuneration Policy Statement, which was subject to resolution at the Company's General Meeting on 25 May 2017, and can be consulted in Annex III of this report.

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

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

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

In setting all remuneration, namely including the distributing 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 being considered in the performance criteria applied to Management. Thus, 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 realised.

During 2017, 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 2017 financial year, no variable remuneration was attributed to the directors of Martifer; so, 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 25 May 2017 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 where the allocation of variable remuneration on shares is based on, 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 for a period of 4 years; consequently, the exercising of the options related thereto expired during the 2013 corporate period.

Regarding the 2008 Plan, none of the directors exercised their option rights during the respective deferral period.

During the course of the 2017 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 where the allocation of variable remuneration on options is based on and details of the deferral period and the exercise price

As better described in the preceding paragraph, and given that during the fiscal year 2017, the Company has not implemented, nor attributed a share allocation plan and/or share purchase option plan. The Company considers this point not applicable.

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

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

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

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

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

DIRECTOR	EXECUTIVE DIRECTOR	FIXED REMUNERATION	VARIABLE REMUNERATION	STOCK OPTIONS	ATTENDANCE FEES	TOTAL (€)
Carlos Manuel Marques Martins (Chairman)	Yes	€238,005.92	0	0	0	€238,005.92
Jorge Alberto Marques Martins (Vice-President)	Yes	€27,300.00	0	0	0	€27,300.00
Pedro Nuno Cardoso Abreu Moreira	Yes	€126,605.90	0	0	0	€126,605.90
Arnaldo Nunes da Costa Figueiredo	No	0	0	0	0	0
Luis António de Valadares Tavares	No	0	0	0	€20,000.00	€20,000.00
Jorge Bento Ribeiro Barbosa Farinha	No	0	0	0	€20,000.00	€20,000.00

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

In 2017, 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, Lda (Brazil)	R$ 5,000.00 *(i)*
Jorge Alberto Marques Martins	SPEE 2 - Parque Eólico de Vila Franca de Xira, S.A.	€28.000,00
Jorge Alberto Marques Martins	SPEE 3 - Parque Eólico de Baião S.A	€28.000,00

(i) Remuneration received in local currency – Brazilian Real, 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 2017 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 2017, no compensation was paid, nor is it owed, to any former executive director in respect of contract termination.

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

Américo Agostinho Martins Pereira	€ 4.800.00
Carlos Alberto da Silva e Cunha	€ 4.800.00
Paulo Sérgio Jesus das Neves	€ 4.800.00
António Baia Engana	€ 0.00
TOTAL	€ 14.400.00

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

José Joaquim Neiva Nunes de Oliveira	€1,200.00
Luís Leitão Marques Vale Lima	€0.00
Luís Neiva de Oliveira Nunes de Oliveira	€400.00
TOTAL	€ 1.600.00

V. Agreements with remuneration implications

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

The Company has neither established nor agreed to any contractual restraint on compensation payable to directors of the Company in case of unfair dismissal.

Likewise, the Remuneration Policy approved at the General Meeting of 25 May 2017 does not foresee any calculation or determination formula for the amount due to a director in these circumstances; consequently, the normal regime would apply in such circumstances.

84. Reference to the existence and description, with details of the sums involved, of agreements between the Company and members of the Board of Directors and managers, pursuant to Article 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/l)

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

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

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

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

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

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

87. Stock option plans for the company employees and staff

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

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

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

E. RELATED PARTY TRANSACTIONS

I. Control mechanisms and procedures

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

Transactions with Directors of Martifer or with entities in a group or dominant relationship in which the former are likewise also Directors, irrespective of the amount, are subject to the prior approval of the Board of Directors with the approval of the supervisory body, in terms of Article no. 397 of the CCC.

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

In 2017, 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 purposes of 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 compnaies;
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

The business with related parties is described in Note 39 to the consolidated financial statements, as contained in the Report and Consolidated Accounts 2017, available on the company website at www.martifer.com (Tab: Investor, Section: Financial Information).

CORPORATE GOVERNANCE REPORT

PARTE II

CORPORATE GOVERNANCE ASSESSMENT

PART II
Corporate Governance Assessment

1. Details of implemented Corporate Governance Code

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

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

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

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 contained in the new 2013 CMVM Corporate Governance Code; guiding its policy along the highest standards of conduct, ethics and social responsibility, which are intended to be transversal to the Group.

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

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

3. Analysis of compliance with the Corporate Governance Code implemented

3.1 STATEMENT ON THE ACCEPTANCE OF THE CORPORATE GOVERNANCE CODE

Pursuant to and for the purposes of that laid down in paragraph o of no. 1 of Article no. 245-A of the Securities Code, the recommendations included in the CMVM's Corporate Governance Code, 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:

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

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

CMVM RECOMMENDATIONS	ADOPTION	REFERENCE
decide on the work plans and resources concerning internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when they concern matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.		B. III c) 38
II.3. REMUNERATION SETTING		
II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.	**Adopted Partially**	Part I D. II 67 and Part II – 3.2
II.3.2. Any natural or legal person that provides or has provided services within the past three years to any structure under the dependency of the board of directors, to the board of directors of the company itself or who has a current relationship with the company or with a consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of its duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.	**Adopted**	Part I D. II 67
II.3.3. A statement on the remuneration policy of the management and supervisory bodies referred to in Article no. 2 of Law No. 28/2009 of 19 June, shall also contain the following: a) Identification and explanation of the criteria for determining the remunerationto be paid to the members of the governing bodies; b) Information regarding the potential maximum in individual terms and the potential maximum in aggregate terms to be paid to members of corporate bodies, and identification of the circumstances where these maximum amounts may be due; c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.	**Adopted Partially**	Part I D. III 69 and 70 and Part II – 3.2
II.3.4. Approval of plans for the allotment of shares and/ or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting Board. The proposal shall contain all the necessary information in order to correctly assess the plan.	**Not applicable**	Part I D. III 73 and 74 Part II – 3.2
II.3.5. Approval of any retirement benefit scheme established for members of corporate bodies shall be submitted to the General Meeting Board. The proposal shall contain all the necessary information in order to correctly assess the system.	**Not applicable**	Part I D. III 76 Part II – 3 2
III. REMUNERATION		CHAPTER, TITLE, SECTION
III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage excessive risk-taking.	**Adopted**	Part I D. III 69 and 70
III.2. The remuneration of non-executive board members and the remuneration of the members of the supervisory body shall not include any component whose value depends on the performance of the company or of its value.	**Adopted**	Part I D. III 69, 70 and 71
III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.	**Adopted**	Part I D. III 69 and 70
III.4. A significant part of the variable remuneration should be deferred for a period not less than three years, and the right to receive payment shall depend on the continued positive performance of the company during that period.	**Not Adopted**	Part I D. III 72 and Part II – 3.2
III.5. Members of the Board of Directors shall not enter into contracts with the company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the company.	**Adopted**	Part I D. III 71

CMVM RECOMMENDATIONS	ADOPTION	REFERENCE
III.6. Executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold to pay for taxes on the gains of the said shares, until the end of their term of office.	**Adopted**	Part I D. III 73 and 74
III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.	**Not applicable**	Part I D. III 74 and Part II – 3.2
III.8. When the removal of a board member is not due to serious breach of his/her duties nor to his/her unfitness for the normal exercise of his/her functions but is yet due to an inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.	**Adopted**	Part I D. V 83
IV. AUDITING		CHAPTER, TITLE, SECTION
IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the company.	**Adopted**	Part I C. III 50 and D. I 66
IV.2. The company or any entity with which it maintains a control relationship shall not hire the external auditor nor any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - they should not exceed more than 30% of the total value of services rendered to the company.	**Adopted**	Part I B. V 46 and 47
IV.3. Companies shall support auditor rotation after two or three terms whether they last four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory body that explicitly considers the conditions of auditor's independence and the benefits and costs of its substitution.	**Adopted**	Part I B. V 44
V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS		CHAPTER, TITLE, SECTION
V.1. The company's business with holders of qualifying holdings or with entities with which they are in any type of relationship pursuant to Article no. 20 of the Portuguese Securities Code, shall be conducted under normal market conditions.	**Adopted**	Part I A. II 10 E. I 89 and 90
V.2. The supervisory or oversight body shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or with entities with whom they are in any one of the relationships described in Article no. 20/1 of the Portuguese Securities Code – thus, significant relevant business is dependent on prior opinion of that body.	**Adopted**	Part I E. I 91
VI. INFORMATION		CHAPTER, TITLE, SECTION
VI.1. Companies shall provide, via their websites in both the Portuguese and in English, access to information on their progress as regards their economic, financial and governance state of affairs.	**Adopted**	Part I V. 59 and following
VI.2. Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing shall be kept.	**Adopted**	Part I V. 63 a 65

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

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

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

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

- Disclosing in the website, in Portuguese and in English, the notice of meeting for the General Meeting, the possible ways to exercise the vote and the procedures to adopt for to vote by correspondence or by proxy;
- Disclosing in the website, in Portuguese and in English, the preparatory information regarding he various points on the Agenda;
- Access to proxy forms and voting ballots in its website;
- The creation of an electronic mail exclusively dedicated to the General Meeting, which is disclosed in the convening notice, to facilitate the clarification of any doubt;
- Statutory provision that each share is entitled to one vote.

Under Article no. 17 of Martifer's Articles of Association, correspondence voting is permitted, without any restriction, in respect of all matters subject to the appreciation of the Shareholders.

Martifer considers it has only adopted this recommendation partially due to the fact that its Articles of Association do not foresee electronic correspondence voting. It should be noted that Martifer has adopted a flexible acceptance of documentation in respect of correspondence or proxy voting sent via 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 I.2. *Companies shall 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 Articles of Association establishes the rule of a simple majority of the votes to pass corporate resolutions, except when otherwise established by the CCC or the Articles of Association.

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

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

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

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

Martifer considers this Recommendation as not being applicable since the said Recommendation relates to a governance model not adopted by Martifer. Under the terms and conditions foreseen in Article no. 278 of the Portuguese Commercial Companies Code, the corporate governance model adopted by Martifer comprises a Board of Directors, a Supervisory Board and a Statutory Auditor.

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

Martifer considers this Recommendation as not being applicable since the Corporate Governance Model of the Company, applicable during the 2017 financial year, does not foresee the existence of a presidet of an executive board or of an executive committee, but rather the delegation of powers by the Board of Directors on executive directors. Consequently, a formal structure of executive directors subject to convening notices and meeting minutes has not been set up.

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

Martifer considers this Recommendation to be partially adopted.

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

In the fiscal year of 2017, a member of the Remuneration Setting Committee - Júlia Matos - was also a member of the a corporate body of a company whose capital is directly and/or indirectly held by two executive directors of the Company, namely Carlos Marques Martins and Jorge Alberto Marques Martins However, the Company considers that the purpose of this Recommendation is duly safeguarded not solely because of the professional training of this member in particular, but also because the majority of the members of the Remuneration Setting Committee are independent from the executive members of the Company's management body, and also because the remaining provisions of this Recommendation are fully complied.

Recommendation II.3.3. *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:*

- a) *Identification and explanation of the criteria for determining the remunerationto be paid to the members of the governing bodies;*
- b) *Information regarding the potential maximum in individual terms and the potential maximum in aggregate terms to be paid to members of corporate bodies, and identification of the circumstances where these maximum amounts may be due;*
- c) *Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.*

Martifer considers this Recommendation to be partially adopted.

The declaration on the remunerations policy was submitted and approved in the Company's General Meeting on 25 May 2017, with all the elements contained in article no. 2 of Law no. 28/2009, of 19 June, as well as part of the included in Recommendation II.3.3 of the 2013 Corporate Governance Code.

Concerning item b) of recommendation II.3.3, the Company considers that the maximum potential amounts, aggregate and individual, as well as the circumstances in which these amounts may be due, is exclusively under the Remunerations

Committee's responsibility, a corporate body emerging from the Genral Assembly and independent from the Board of Directors. 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 similar companies, keeping in mind the company's characteristics.

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

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

Furthermore, during the 2017 financial year, no additional stock attribution and/or stock options plan existed or was allocated; consequently, there was no need to submit any proposal related to stock options' plans to be approved at the General Meeting.

Hence, Martifer considers this Recommendation not applicable.

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

During the 2017 financial year, no retirement benefits scheme existed or was established for the members of the corporate bodies; so, consequently, there was no need to submit any proposal related to retirement benefit schemes to be approved at the General Meeting.

Hence, Martifer considers this Recommendation not applicable.

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

The Company's Remuneration Setting Committee established the exact annual amount for the fixed remuneration component payable to the directors receiving remuneration from the Company. In parallel, the Company Articles of Association, under Article no. 20, no. 3, state 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 2076 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 2017 financial period no variable remuneration was attributed to Martifer's directors.

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

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

Notwithstanding the said non-adoption of this Recommendation, the Company considers that its purpose was safeguarded during the 2017 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 III.7. *When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.*

Martifer considers this Recommendation as not applicable as no variable remuneration was attributed to the directors of Martifer in 2017 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, these stock options allocated as variable remuneration have not been exercised and, in fact, the possibility of such exercise expired at the end of the 2013 financial period.

4. Other Information

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

Oliveira de Frades, 3rd April 2018

The Board of Directors,

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Carlos Manuel Marques Martins

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Jorge Alberto Marques Martins

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Pedro Nuno Cardoso Abreu Moreira

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Arnaldo José Nunes da Costa Figueiredo

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Jorge Bento Ribeiro Barbosa Farinha

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Luís Valadares Tavares

ANNEX I

Professional Qualifications

BOARD OF DIRECTORS

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

Jorge Alberto Marques Martins is member of Martifer's Board of Directors (Vice Chairman of the Board of Directors and executive director) and one of the founding shareholders of Martifer Group in 1990, having started his professional activity in 1987 at SOCARPOR - Sociedade de Cargas Portuárias (Douro e Leixões), Lda as adjunct to the Financial Director. He has a degree in Economics by FEP (University of Oporto Economics Faculty) and an MBA completed at UCP (Portuguese Catholic University).

Pedro Nuno Cardoso Abreu Moreira is a member of Martifer's Board of Directors (executive and non-independent director) since 6 January 2015, date on which he was co-opted further to the resignation of Mário Rui Rodrigues Matias. He has a degree in Economics by FEP (University of Oporto Economics Faculty), 1999, and concluded the Advanced Management Programme by Oporto Business School and an In-Company Executive Training Programme by AESE Business School. He has extensive international experience, initially being appointed to perform corporate financial coordination functions within Mota-Engil Group's operations in Central Europe, Africa and Latin America; he lived between 2008 and 2014 in Warsaw and Budapest, and was appointed several board positions in Mota-Engil Group's operations in Central Europe in the areas of Real Estate, PPP / PFI, M&A and Corporate Development. During this period he was member of the Board of Directors of several companies in the Group with emphasis to the 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).

Arnaldo José Nunes da Costa Figueiredo has been a member of Martifer's Board of Directors (non-executive and non-independent director) since 30 April 2010. He has a degree in Civil Engineering by FEUP - Porto University Engineering Faculty (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 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.

Jorge Bento Ribeiro Barbosa Farinha has been a member of the Board of Directors at Martifer (independent and non-executive director) since 2008. Academically, he has been a teacher since 1987, and has been Assistant Professor at University of Porto Economics Faculty since 1989; and since 1991, he has occupied several positions at EGP - University of Porto Business School, namely that of Vice-President of The Board of EGP (2009-2015). He was also Vice-President of the University of Porto Economics Faculty Pedagogical Council from 2002 to 2006. He was also Financial Marlket Analyst of Capital Markets at Cisf- Companhia de Investimentos e Serviços Financeiros, S.A. (1987-1989), a Senior Analyst of the Mergers & Acquisitions Department at Banco Português de Investimento, S.A. (1990-1992), Sub-director of the Mergers & Acquisitions Department at Banco Português de Investimento, S.A. (1992-1993), partner of CF&A Associados - Consultores de Gestão, Lda (1993-1994), partner of Futop – Consultores de Gestão, S.A. (1994-1995) and a non-executive Board member at Enotum.com (2000-2002). He has a degree in Economics by University of Porto Economics Faculty, he has an MBA - Master of Business Administration by INSEAD- Institut Européen d´Administration des Affaires, Fontainebleau, France (1990) e a PhD in Accounting and Finance by the University of Lancaster (Management School), United Kingdom (1999).

Luís António de Castro de Valadares Tavares has been a member of Martifer's Board of Directors (independent non-executive director) since 2008. Since 1980 he has been a Professor of Systems Management at IST - Instituto Superior Técnico, Lisbon, and has been President of the Centre for Prospective - OPET since 2002. He is president of APMEP - Portuguese Association of Public Markets and EDP´s Customer Ombudsman, an entity independent from EDP. Previously, he was President of the National Institute of Administration (2003-2007), First Coordinator of the Master Degree in Operational Research and Systems Engineering (IST), Director and Founder of the Master Degree in Health Engineering at UCP, Director of the Distance Education in Management Program (Dislogo) at UCP, First Coordinator of the MBA at the Inter-University Institute of Macau, General Director of the Studies and Planning Office at the Ministry of Education, Manager of the Program for the Development of Education in Portugal (PRODEP), Director of the World Bank‟ s Financing Program for the Educational System, Director of the Minerva Program (IT in Schools), Vice President of the Committee for Education (OCDE), President of the Committee for Education (OCDE), President of the Education Committee of the European Communities (first Portuguese Presidency), First President of the Portuguese Association of Operational Research (APDIO), Vice President of the Operational Research Societies Federation (IFORS), Visiting Professor at the following Universities: North Carolina (Raleigh, USA), Colorado (Denver, USA) , Columbia (NY, USA), Princeton (NY, USA), UCLA (Los Angeles, USA), Business School of the University of Newcastle (Newcastle, UK), Paris-Dauphine (Paris, France), Mohammed (Rabat, Morocco), Middle East Technical University (Ankara, Turkey), Technical of Poznan (Poznan, Poland), Technical of Helsinki (Helsinki, Finland); PUC of Rio de Janeiro (Rio de Janeiro, Brazil); Federal of Santa Catarina (Florianopolis, Brazil). He has a degree in Civil Engineering completed at IST, a Masters Degree in Operational Research completed at the University of Lancaster (UK), a PhD degree in Engineering Sciences completed at IST, and Aggregate in Operational Research at IST.

SUPERVISORY BOARD

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

Carlos Alberto da Silva e Cunha holds a Diploma in Advanced Studies (a PhD degree program in Business Sciences), completed at Vigo University, Spain. He has a Masters degree in Accounting and Administration completed at the University of Minho and is Postgraduate in "The Impact of the Euro in Business" by the Institute for High Studies on Finances and Tax. He has a degree in Auditing and the course of Specialized High Studies in Auditing by Instituto Superior de Contabilidade e Administração do Porto. He also has a degree in Accounting by Instituto Comercial do Porto. He is a Statutory Auditor, part of the Official List since March 1990. He is also an Assistant Professor, teaching at Escola de Economia e Gestão, Universidade do Minho as well at Universidade Lusíada, in Oporto the subject Audit. In 2008 and in 2009 he was invited to teach in the Post-Graduation Course "Fraud Management" promoted by Faculdade de Economia, Universidade do Porto. He is Vice President of the Internship Committee and Member of the Superior Council of the Ordem dos Revisores Oficiais de Contas, also having the position of Controller - Rapporteur of the of Quality Control Committee. He is a Member of the General Council of APECA and Member of the Technical Board of Portuguese Association of Accountants. He is a company consultant, in the fields of organization and management, financial, tax and accounting.

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

António Baia Engana holds a diploma in Economics by Instituto Superior de Economia (ISE) and a bachelor’s degree in Accounting by Instituto Comercial de Lisboa (ICL). He has been a Statutory Auditor registered with the Ordem dos Revisores Oficiais de Contas under 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 has a degree in Civil Engineering (Communication Routes) by the Faculty of Civil Engineering of the University of Oporto. He is currently Chairman of the Board of Directors of Mota-Engil, SGPS, S.A., a position he has held since 2000. He has already been Chairman of the Board of Directors in other companies, namely, Mota-Engil, Engenharia e Construção, S.A. (2003-2006), Mota-Engil Internacional, S.A. (2000-2003), Engil - Sociedade de Construção Civil, S.A. (2000-2003) and Mota & Companhia, S.A (1995-2003), where he also held the position of Vice President (1987-1995). He started his professional life in 1977 as a trainee in Mota & Companhia, Lda, and between 1979 and 1981 he worked in several departments of the company, where he was also General Director of Production (1981-1987).

Maria Manuela Queirós Vasconcelos Mota dos Santos has a degree in Economics by the Faculdade de Economia, Universidade do 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 has a degree in Law by Faculdade de Direito of Universidade de Coimbra and has been registered at the Portuguese Bar Association since 2002. She is presently the President of the Board of the General Assembly 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

a) Positions within Martifer Group:

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

b) Positions held in Martifer Group Companies:

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

c) Positions held in Companies not part of Martifer Group:

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

JORGE ALBERTO MARQUES MARTINS

a) Positions within Martifer Group:

PRESIDENT OF THE BOARD OF DIRECTORS:	Martifer Solar - SGPS, S.A. Martifer Solar Ltda. (Brazil) Martifer Renewables, SGPS, S.A. Martifer Renewables, S.A. Martifer Renovables ETVE, S.A. (Spain) Martifer Renewables Investments ETVE, S.L. SPEE 3 - Parque Eólico de Baião S.A

VICE-PRESIDENT OF THE BOARD OF DIRECTORS:
Martifer - SGPS, SA

MEMBER OF THE BOARD OF DIRECTORS: Martifer Metallic Constructions SGPS, S.A.
SPEE 2 – Parque Eólico de Vila Franca de Xira, S.A. Martifer Renewables Italy B.V. (Netherlands)
Martifer Renewables Brazil B.V. (Netherlands)
Martifer Beteiligungsverwaltungs GmbH (Austria)
Eviva Beteiligungsverwaltungs GmbH (Austria)
Martifer Deutschland GmbH (Germany)
Martifer Renováveis Geração de Energia e Particip S.A.
Rosa dos Ventos Geração e Comerc. de Energia S.A. (Brazil)
Martifer Wind Energy Systems LLC (USA)
Martifer Construcciones Metálicas España, S.A.

MEMBER OF THE SUPERVISORY BOARD: Martifer Renewables, SA (Poland)

MANAGER: Global Holding Limited (Malta)
Global Engineering & Consulting Limited

SOLE DIRECTOR: Martifer Renewables Investments ETVE, S.L.

SECRETARY Martifer Construcciones Metálicas España

REPRESENTATIVE: EUROCAB FV 1, S.L.; EUROCAB FV 2, S.L.; EUROCAB FV 3, S.L.; EUROCAB FV 4, S.L.; EUROCAB FV 5, S.L.; EUROCAB FV 6, S.L.; EUROCAB FV 7, S.L.; EUROCAB FV 8, S.L.; EUROCAB FV 9, S.L.; EUROCAB FV 10, S.L.; EUROCAB FV 11, S.L.; EUROCAB FV 12, S.L.; EUROCAB FV 13, S.L.; EUROCAB FV 14, S.L.; EUROCAB FV 15, S.L.; EUROCAB FV 16, S.L.; EUROCAB FV 17, S.L.; EUROCAB FV 18, S.L.; EUROCAB 19, S.L.

b) Positions held in Martifer Group Companies:

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

c) Positions held in Companies not part of Martifer Group:

MEMBER OF THE BOARD OF DIRECTORS: I´M– SGPS, S.A.
I´M Mining, SGPS, S.A.
ESTIA – SGPS, S.A.

MANAGER: BRASEME - Investimentos e Consultoria, Lda.

ARNALDO JOSÉ NUNES DA COSTA FIGUEIREDO

a) Positions within Martifer Group:

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

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

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

PRESIDENT OF THE BOARD OF DIRECTORS:	Mota-Engil, Indústria e Inovação, SA
VICE-CHAIRMAN OF THE BOARD OF DIRECTORS:	Mota-Engil, SGPS, SA (Vice-Chairman and Executive Director)
MEMBER OF THE GENERAL BOARD:	AEM-Associação de Empresas Emitentes de Valores Cotados em Mercado
	ELO – Associação Portuguesa para o Desenvolvimento Económico e a Cooperação
CHAIRMAN OF THE GENERAL MEETING:	Mercado Urbano – Gestão Imobiliária, S.A.

DIRECTOR: Tabella Holding, B.V.

PEDRO NUNO CARDOSO ABREU MOREIRA

a) Positions within Martifer Group:

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

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

LUÍS ANTÓNIO DE CASTRO DE VALADARES TAVARES

Positions within Martifer Group:

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

Doesn't hold any position in any other Company, part or not part of Martifer Group.

JORGE BENTO RIBEIRO BARBOSA FARINHA

Positions within Martifer Group:

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

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 19 MAY 2017]

I - INTRODUCTION

In use of a legal right conferred by Article no. 399 of the Portuguese Companies Code, the bylaws of Martifer SGPS, in their article no. 20, delegate in a Remuneration Committee the power to decide on the remunerations of the Management and Supervisory Bodies of the Company.

According to the applicable provisions of the Articles of Association, the Remuneration Committee was elected at the Shareholders General Meeting on 14 May 2015, to exercise its duties for the three-year period 2015-2017. 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)

In order to promote a clear and legitimate fixing of the remuneration of corporate bodies, the Remuneration Committee, in compliance with article no. 2 of Law no. 28/2009, of 19 June, hereby submits for approval at the General Meeting of the Shareholders of Martifer SGPS, S.A. on 25 May 2017, this declaration on the policy on remuneration of the Management and Supervisory Boards.

This statement seeks to follow closely the applicable provisions of the CSC and the 2013 Corporate Government Code of CMVM - Comissão Mercado dos Valores Mobiliários.

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

II – REGULATORY REGIME

In the definition of the remuneration policy to be established by the Remuneration Committee, the legal provisions of CSC were first taken into account, namely its article no. 399; the Law 28/2009, 19 June, concerning the regime of approval and disclosure of the remuneration policy of the Management and Supervisory Bodies in Listed Companies, as well the 2013 Corporate Governance Code of CMVM, in particular the provisions of Recommendation II.3.3. Secondly, it has also been taken into consideration, for the definition of the remuneration policy, the special regime established in the Company's Bylaws.

The Portuguese Companies Code provides, in Article 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 Shareholders Meeting or of a committee appointed by it for this purpose and shall take into account the duties performed and the economic situation of the Company;
- The remuneration may be fixed or partially represent a percentage of the financial year´s profit; nevertheless the maximum percentage allocated to the directors shall be authorized by a clause of the Articles of Association of the Company and shall not be levied on the distribution of reserves or on any portion of the profits not legally available for distribution to the shareholders.

Regarding the members representing the Supervisory Board and the Board of the General Meeting, the Portuguese Companies Code states that the remuneration shall consist of a fixed amount which is equally determined either at a General Shareholders Meeting or by a committee appointed by it for this purpose, taking into consideration each member's 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 seeked , 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 subsequentto 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 a 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 resulting from 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 evaluation
In order to guarantee an 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 in 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 society, in the broad sense. To a higher level of complexity, corresponds a higher remuneration; but, the remuneration will have to be adjusted considering other criteria that characterize the economic situation of the Company (financial, related to human resources, etc).

The Commission 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 to 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 the 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 of performance; thus, ensuring not only the individual interest, but mostly the interests of the Company and of the shareholders.

IV – CONCRETE OPTIONS

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

1st - 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 20., no. 3 of the Articles of Association, the variable part can not exceed 5% (five per cent) of the annual net profit.

2nd - 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.

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

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

5th - The fixed remuneration of members of the Supervisory Board shall be set in a monthly value payable twelve times per year.

6th - 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.

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

8th - The process of attribution of the variable remuneration to Executive members of the Board of Directors must follow the criteria proposed by the Remunerations Committee, namely their hierarchal position, the performance assessment made 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; and
- the extent to which the projects integrated and measured by the Balanced Scorecard of the Group are realised.

9th - Notwithstanding the policies abovementioned 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) promoting 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) studying the possibility of adoption of a policy that, shown to be feasible and balanced to all parties involved, foresee 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.