

	<b>MANAGEMENT COMPENSATION POLICY</b>	ISSUE DATE
		09/10/2018
		REVIEWED ON
		00/00/0000
		REVIEW NO.
		000

## **1. INTRODUCTION**

This Work Instruction establishes the operating and control procedures applicable to the process of Defining the Management Compensation of Marfrig Global Foods S.A.

## **2. PURPOSE**

The purpose is to attract, retain and establish the criteria, responsibilities and definitions for the compensation paid to managers. It also aims to encourage the Company's executives to grow and develop to reach their maximum potential, in alignment with the Corporation's objectives, with their performance recognized through the payment of incentives (short and long term), respecting current market practices.

## **3. SCOPE OF APPLICATION**

This work instruction applies to Marfrig Global Foods S.A.

## **4. STATEMENT OF COMMITMENT**

The senior management of Marfrig Global Foods SA. undertakes to ensure the human and financial resources required for preparing the Compensation Management Policy.

## **5. DESCRIPTION**

### **5.1. Definition of Management Compensation**

The Compensation, Corporate Governance and Human Resources Committee is responsible for evaluating the Corporation's managers and consequently the

compensation payable to each one under its compensation policy. The committee is formed by members of the Board of Directors.

The parameters used to define management compensation are based on market practices.

The composition of Management compensation is defined based on a salary survey conducted in the last two years of a select group companies (peer group) in the food industry and of Brazilian publicly held corporations with international operations, which analyzes the competitiveness of the executives' various overall compensation components (base salary, short- and long-term incentives and benefits).

The results of the salary survey are used to revise the Marfrig Group's Salary Table, which represents the structure of the Corporation's positions and salaries (fixed portion).

Meanwhile, the variable portion consists of long and short term compensation calculated based on the achievement of financial and individual targets.

## **5.2. Composition of Management Compensation**

### ➤ Board of Directors

The compensation of members of the Corporation's Board of Directors includes a fixed monthly compensation component that is set annually for each of its members and certain benefits with the aim of rewarding monetarily the members of the Board of Directors in accordance with their responsibilities and professional experience with the Corporation. The members of the Corporation's Board of Directors receive compensation that varies in accordance with their level of participation. For the same reason, some members of the Corporation's Board of Directors receive compensation that is higher than that paid to those officers specified in the bylaws (statutory officers). The Corporation's stock option provides for the possibility of granting variable compensation to the Board of Directors.

### ➤ Executive Officers

The compensation of the statutory Executive Officers of the Corporation is composed of:

- a fixed portion, which includes a fixed monthly salary that is set annually for each of the members and various benefits, seeking to reward monetarily the Executive Officers in accordance with their responsibilities and professional experience with the Corporation; and
- a variable portion, which includes (i) a share in the profits of the Corporation; and (ii) compensation based on the stock option plan of the Corporation.

### ➤ Audit Board

The compensation of the members of the Corporation's Audit Board includes a fixed portion, which comprises monthly compensation set annually for each of the members and benefits, seeking to reward monetarily the Audit Board members in accordance with their responsibilities and professional experience with the Corporation.

➤ **Committees**

All coordinators of various advisory committees connected to the Board of Directors, such as the Financial and Risk Management Committee, the Audit Committee, and the Compensation, Corporate Governance and Human Resources Committee, may be remunerated for their participation on such committees.

## **5.2. Description of Procedures**

At the start of each fiscal year, a Management Compensation proposal is prepared for the current fiscal year, following the steps below:

5.2.1. Preparation of the Management Compensation proposal (Board of Directors, Audit Board and Statutory Board of Executive Officers), taking into account:

- Salary records of each Manager;
- Results of the Salary Survey;
- Assumptions for benefit adjustments, inflation indicators;
- Possible replacements of Managers and/or election of new Managers.

5.2.2. After preparation, the Management Compensation proposal is submitted for approval to the Chief Legal Officer and to the HR Department.

5.2.3. Once approved by the Chief Legal Officer and the HR Department, the proposal is presented to the Compensation, Corporate Governance and Human Resources Committee.

5.2.4. After evaluation of the Compensation, Corporate Governance and Human Resources Committee, the proposal is presented to the Board of Directors.

5.2.5. Once approved by the Board of Directors, the proposal is submitted to the Annual Shareholders' Meeting.

## **5.3. Approval Flow**



**6. CONSENSUS TEAM**

Participant	Area/Unit	A	B	C	D	Date

**Legend:**  
**A** – Approved  
**B** – Approved with Restrictions/Suggestions  
**C** – Disapproved  
**D** – Abstention

**7. HISTORY OF REVIEWS**

HISTORY OF REVIEWS			
Date	Review	What:	Justification
9/10/2018	00	Preparation of the Management Compensation Policy	

## **8. APPENDICES**

Not applicable.

## **9. REGISTRATIONS**

Not applicable.