



# CORPORATE GOVERNANCE REPORT

## Contents

SHAREHOLDING STRUCTURE ON 31 DECEMBER 2011 .....	2
INTRODUCTION .....	4
CHAPTER I: GENERAL MEETING OF SHAREHOLDERS.....	20
CHAPTER II: MANAGING AND AUDITING BODIES .....	28
SECTION I – GENERAL POINTS .....	28
SECTION II – BOARD OF DIRECTORS .....	43
SECTION III – GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE AND SUPERVISORY BOARD.....	59
SECTION IV - REMUNERATION .....	63
SECTION V – SPECIAL COMMITTEES .....	73
CHAPTER III. INFORMATION AND AUDITING.....	76
ANNEXES:.....	96

## SHAREHOLDING STRUCTURE ON 31 DECEMBER 2011

### Shareholdings of Members of the Corporate Boards (nº5 artº447 of Company Code)<sup>1</sup>

Shareholders	#	%
	Shares	Capital and voting rights
José Afonso Oom Ferreira de Sousa	2.514.947	8,01%
Pedro Miguel Quinteiro Marques de Carvalho	2.170.679	6,91%
Luís Paulo Cardoso Salvado	2.018.047	6,43%
João Nuno da Silva Bento	1.899.799	6,05%
Rogério dos Santos Carapuça	1.884.787	6,00%
Álvaro José da Silva Ferreira	1.189.423	3,79%
Nuno Carlos Dias dos Santos Fórneas	103.324	0,33%
Manuel Alves Monteiro	9.000	0,03%
Luís Fernando de Mira Amaral	6.305	0,02%
João Luís Correia Duque	500	0,00%
<b>Total</b>	<b>11.796.811</b>	<b>37,57%</b>

<sup>1</sup> Shareholding of each member of the corporate boards corresponds to the last position disclosed to the company before 31 December 2011. Information on the number of shares allocated to each member of the corporate boards during 2011 is detailed on item II.31.

### Shareholdings and Qualified Holdings (nº 4 artº448 CSC and artº 16º of Securities Code)<sup>1</sup>

Shareholders	#	#	%
	Shares partial	Shares	Capital and voting rights
Partbleu, Sociedade Gestora de Participações		3.180.444	10,13%
ES TECH VENTURES, SGPS, SA	1.792.144		
Fundo de Pensões do BES	1.149.395		
Members of Corporate Boards	60		
Grupo Banco Espírito Santo, SA (nos termos do nº1 do artº20 do CVM)		2.941.599	9,37%
José Afonso Oom Ferreira de Sousa		2.514.947 <sup>2</sup>	8,01%
Pedro Miguel Quinteiro Marques de Carvalho		2.170.679 <sup>2</sup>	6,91%
Luís Paulo Cardoso Salvado		2.018.047 <sup>2</sup>	6,43%
João Nuno da Silva Bento		1.899.799 <sup>2</sup>	6,05%

Shareholders	#	#	%
	Shares partial	Shares	Capital and voting rights
Rogério dos Santos Carapuça		1.884.787 <sup>2</sup>	6,00%
Fernando Fonseca Santos		1.575.020	5,02%
Fundo de Investimento Mobiliário Aberto Poupança Acções Santander PPA	138.786		
Fundo de Investimento Mobiliário Aberto Santander Acções Portugal	1.413.967		
Santander Asset Management - Soc.Gestora de Fundos de Investimento Mobiliário, SA (under nº1 artº20 of CVM)		1.552.753	4,94%
Álvaro José da Silva Ferreira		1.189.423 <sup>2</sup>	3,79%
CAIXAGEST ACÇÕES PORTUGAL – Fundo de Investimento Mobiliário Aberto de Acções	209.382		
CAIXAGEST PPA - Fundo de Investimento Mobiliário Aberto de Poupança em Acções	467.332		
Caixagest – Técnicas de Gestão de Fundos, SA		676.714	2,16%
IBIM2 Ltd		648.486	2,07%
<b>Total</b>		<b>22.252.698</b>	<b>70,87%</b>

<sup>1</sup> Shareholding of each shareholder corresponds to the last position disclosed to the company before 31 December 2011.

<sup>2</sup> Includes shareholdings under the parasocial agreement on 31 December 2011 as described on item III.5 of this report, the voting rights of the remaining shareholders under this parasocial agreement being attributable to the shareholder in question. Total voting rights under the parasocial agreement corresponding to 10.488.065 shares representing 33,40% of the share capital and voting rights of Novabase – SGPS, S.A..

## INTRODUCTION

---

Novabase, Sociedade Gestora de Participações Sociais, S.A. (hereinafter called “Novabase” or “company”) has chosen to publish a separate annex to its annual report on the topic of corporate governance, in compliance with Article 245/A of the Securities Code and in accordance with the provisions of CMVM Regulation no. 01/2010 on the Governance of Listed Companies, organized according to the scheme outlined in Annex I to this CMVM regulation.

In this report, Novabase indicates which recommendations have been adopted and not adopted from the CMVM 2010 Corporate Governance Code (“Recommendations”), published in January 2010 (“Corporate Governance Code”).

This annex, which is an integral part of the company’s 2011 annual report, contains information complying with the requirements of Article 7 of the Securities Code and references to other annexes.

Novabase has been a publicly-traded company since July 2000. It operates according to a constantly-evolving corporate governance model, aimed at optimizing its performance and benefiting all of its stakeholders – those interested in its corporate activities, namely shareholders, investors, customers, partners and employees.

In light of trends in best corporate governance practices in accordance with rules and recommendations issued by the CMVM, and taking into account Novabase’s experiences since its admission to trading on the Euronext Lisbon regulated market, shareholders at the General Meeting of Shareholders of 12 April 2007 approved an Anglo-Saxon corporate governance model that includes a Board of Directors with an Audit Committee and a statutory auditor. Moreover, following the General Meeting of Shareholders of 28 April 2009, two specialized committees were established within the Board of Directors: a Board of Directors Performance Assessment Committee and a Corporate Governance Assessment Committee. In order to improve its governance practices, Novabase constantly analyses the implementation of this model.

Note that the Association of Listed Securities Issuers (AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado) and the Catholic University of Portugal (Universidade Católica Portuguesa) presented a study in 2011 on the degree of compliance with corporate governance recommendations in force in Portugal, weighted by their affinity with a number of international benchmarks, with total values ranging from 5,000 to 10,000 (complete compliance with recommendations considered relevant) and scores ranging from D (minimum rating) to AAA (maximum rating).

Novabase received a rating of AA and a score of 9,517.876.

## Chapter 0 - Declaration of Compliance

0.1. The Corporate Governance Code and CMVM Regulation No. 1/2010 on the governance of listed companies are available on the company's website ([www.novabase.pt](http://www.novabase.pt)) in the section "IR/ Corporate Governance", and on the CMVM website at [www.cmvm.pt](http://www.cmvm.pt).

0.2. Itemized below are the Corporate Governance Code recommendations, adopted and not adopted (defining "not adopted" as those recommendations which were not followed in their entirety). With regard to the latter, Novabase describes the reasons for not adopting them in full.

	Recommendation	Fulfilment	Remarks
	I General Meeting of Shareholders		
	<b>I.1 GENERAL MEETING BOARD</b>		
1	I.1.1 The Chairman of the General Meeting Board shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration.	Yes	The Chairman of the General Meeting of Shareholders has access to a work room and secretary services at the company when needed (see point I.1.)
2	I.1.2 The remuneration of the Chairman of the General Meeting Board shall be disclosed in the annual report on corporate governance.	Yes	The Chairman of the General Meeting of Shareholders is remunerated according to attendance in the amount of €1,000. (see point I.3.)
	<b>I.2 PARTICIPATION AT THE MEETING</b>		
3	I.2.1 The requirement for the Board to receive statements for share deposit or blocking for participation at the general meeting shall not exceed 5 working days.	n/a	In view of the entry into force of the registry date regime for preparing and holding General Meetings of Shareholders, pursuant to article 23 C of the Securities Code, this recommendation no longer applies to Novabase.
4	I.2.2 Should the General Meeting be suspended, the company shall not compel share blocking during that period until the meeting is resumed and shall then follow the standard requirement of the first session.	n/a	This recommendation no longer applies to Novabase, for the reason stated in the preceding recommendation.
	<b>I.3 VOTING AND EXERCISING VOTING RIGHTS</b>		
5	I.3.1 Companies shall not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting.	Yes	Clause 9 (no. 9) of Novabase's articles of association governs postal voting, while the applicable rules for voting by electronic means are defined in each meeting notice. In both cases, there are no restrictions imposed on voting rights. (see points I.9., I.10., I.11. and I.12.)
6	I.3.2 The statutory deadline for receiving early voting ballots by mail shall not exceed 3 working days.	Yes	Novabase's articles of association state that voting ballots must be received by the third working day preceding the date of the General Meeting of Shareholders. (see point I.11.)
7	I.3.3 Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principal. The companies that: i) have shares that do not confer voting right; ii) establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders associated to the former, do not comply with the proportionality principle.	Yes	Under clause 9 no. 5 of Novabase's articles of association, one share corresponds to one vote. (see point I.6.)

I.4 DELIBERATING QUORUM			
8	Companies shall not set a deliberating quorum that outnumbers that which is prescribed by law.	Yes	The deliberating quorum of Novabase's General Meeting of Shareholders, as established by its articles of association, is the same as that prescribed by law. (see point I.8.)
I.5 ATTENDEES LIST, MINUTES AND INFORMATION ON RESOLUTIONS PASSED			
9	Extracts from the minutes of the general meetings or documents with corresponding content must be made available to shareholders on the company's website within a five day period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material. The information disclosed shall cover the resolutions passed, the represented capital and the voting results. Said information shall be visible on the company's website for no less than a 3 year period.	Yes	<p>A summary of the decisions is published on the Novabase website and in the CMVM information disclosure system immediately after the General Meeting of Shareholders.</p> <p>At its company website, Novabase maintains documents with content corresponding to extracts from the minutes, including information on the number of people present, number of shareholders and meeting agendas. Voting results have also been provided since 2010. Novabase has also established the necessary mechanisms to ensure that the above are disclosed as quickly as possible, and always within the 5 days following the General Meeting of Shareholders.</p> <p>On its website, Novabase keeps a collection of information on meetings held over the past three years, including the number of people present, number of shareholders represented, meeting agendas and decisions taken (see points I.13. and I.14.).</p>
I.6 MEASURES ON CORPORATE CONTROL			
10	Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests. The company's articles of association that by complying with said principal, provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals, at least), on whether that statutory provision is to be amended or prevails – without quorum requirements superior to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.	No	There is a shareholders' agreement among a group of shareholders, which is described in point III.5. Novabase believes that the existence of a shareholders' agreement does not constitute a defensive measure contrary to shareholder interests in itself, since it ensures stability in the management of the company, therefore safeguarding Novabase's corporate and shareholder interests. Furthermore, Novabase believes that because the current shareholders' agreement involves only 33.40% of Novabase's total shares, it should not be considered a defensive measure against any public offerings for acquisition, given that in addition to the fact that it was not established for this purpose, such a shareholders' agreement cannot prevent the transfer of control of the company and therefore the success of any general public offerings for acquisition. (see point III.5.). According to the

			CMVM, however, Novabase does not comply with this recommendation in its entirety. The same applies to the new shareholders' agreement signed on 30 January 2012 (see point III.5.).
11	I.6.2. In cases such as change of control or changes to the composition of the Board of Directors, defensive measures should not be adopted that instigate an immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary assessment of the performance of the Board of Directors by the shareholders.	Yes	Novabase has not adopted defensive measures that automatically cause serious erosion in the company's assets in the event of the transfer of control or changes to the composition of the Board of Directors (see points I.20., I.21. and I.22.).
<b>II. MANAGEMENT AND SUPERVISORY BOARDS</b>			
<b>II.1. GENERAL POINTS</b>			
<b>II.1.1. STRUCTURE AND DUTIES</b>			
12	II.1.1.1 The Board of Directors shall assess the adopted model in its Annual Report on Corporate Governance and pin-point possible barriers to its functioning and shall propose measures that it deems fit for surpassing such obstacles.	Yes	In this report, Novabase's Board of Directors assesses the governance model adopted, proposing action measures (see "Corporate Governance Model Assessment" in Chapter 0).
13	II.1.1.2 Companies shall establish internal control and risk management systems in order to safeguard the company's worth, encourage transparency and identify and manage risk. Said systems shall include at least the following components: <i>i) setting of the company's strategic objectives as regards risk assumption; ii) identifying the main risks associated to the company's activity and any events that might generate risks; iii) analyse and determine the extent of the impact and the likelihood that each of said potential risks will occur; iv) risk management aimed at aligning actually incurred risks with the company's strategic options for risk assumption; v) control mechanisms for executing measures for adopted risk management and its effectiveness; vi) adoption of internal mechanisms for information and communication on various components of the system and of risk-warning ; vii) periodic assessment of the implemented system and the adoption of the amendments that are deemed necessary.</i>	Yes	Internal control and risk management systems are described in point II.5.
14	II.1.1.3 The Board of Directors shall ensure the establishment and functioning of the internal control and risk management systems. The Supervisory Board shall be responsible for assessing the functioning of said systems and proposing the relevant adjustment to the company's needs.	Yes	The responsibilities of Novabase's managing board (namely establishment and functioning) and supervisory board (namely assessment and proposed adjustment) with regard to internal control and risk management systems are described in point II.6.
15	II.1.1.4 Companies shall: i) identify the main economic, financial and legal risks that the company is exposed to during the exercise of its activity; ii) describe the performance and efficiency of the risk management system, in its Annual Report on Corporate Governance.	Yes	Primary economic, financial and legal risks are outlined in point II.7. The performance and efficiency of the risk management system is described in point II.5.
16	II.1.1.5 The Board of Directors and the Supervisory Board shall establish internal regulations and shall have these disclosed on the company's website.	Yes	As stated in point II.7., Novabase's Board of Directors and Audit Committee have operating regulations, which are published at Novabase's website.
<b>II.1.2 GOVERNANCE INCOMPATIBILITY AND INDEPENDENCE</b>			

17	II.1.2.1 The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity.	Yes	The composition of the Board of Directors includes an adequate number of non-executive directors (exceeding one-third of the total); three of them are independent, and are part of the Audit Committee. These independent directors monitor and assess the management of the Company on a continuous basis. They are empowered to propose the appointment of external auditors, supervise the implementation of Novabase's strategic and budgetary plan each year, and monitor the activities of the Executive Committee in performing its duties involving the day-to-day running of Novabase. (see point II.14.)
18	II.1.2.2 Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of Directors.	Yes	Novabase's Board of Directors currently includes three independent non-executive directors (around 27% of the total number of managing board members). (see point II.14.)
19	II.1.2.3 The independency assessment of its non-executive members carried out by the Board of Directors shall take into account the legal and regulatory rules in force concerning the independency requirements and the incompatibility framework applicable to members of other corporate boards, which ensure orderly and sequential coherence in applying independency criteria to all the company. An independent executive member shall not be considered as such, if in another corporate board and by force of applicable rules, may not be an independent executive member.	Yes	The independency assessment of non-executive directors takes the independency requirements and applicable incompatibility framework into account, specifically ensuring the orderly and sequential coherence in applying independency criteria to all the company (see point II.15)
<b>II.1.3 ELIGIBILITY CRITERIA FOR APPOINTMENT</b>			
20	II.1.3.1 Depending on the applicable model, the Chairman of the Audit Board, the Audit Committee or the Financial Matters Committees shall be independent and be adequately capable to carry out its duties.	Yes	The three members of the Auditing Committee are independent, and are adequately capable of performing these duties. (see point II.21.)
21	II.1.3.2 The selection process of candidates for non-executive members shall be structured so as prevent interference by executive directors.	Yes	Candidates for non-executive director positions are selected through a process conducted exclusively by shareholders, in which they are nominated for election at the General Meeting of Shareholders via a proposal signed by the company's shareholders, with no interference, at any time during the selection process, from executive directors It should be noted with regard to this matter that, although some executive directors are also qualified company shareholders and signatories of the shareholders' agreement referred to in point III.5 of this report, the scope of this recommendation seems to revolve solely around the need to prevent executive directors from influencing the selection process for non-executive directors, and does not seek to limit the exercising of

			<p>inherent shareholder rights. As such, the ability of shareholders, as shareholders, to influence the process of selecting candidates for non-executive director positions seems to be irrelevant in this regard. Notwithstanding the above, it should also be noted that, even if the fact that some executive directors are also shareholders did apply for the purposes of this recommendation, the directors in question are only three to five members of the Executive Committee; the two executive directors who are not in this situation do not have any influence or involvement in the process of selecting candidates for non-executive director positions, clearly demonstrating that any involvement of people performing executive duties in this selection process is in no way related to the performance of these duties. Moreover, these executive directors own only 41.69% of the shares covered by the terms and conditions of the shareholders' agreement in force on 31 December 2011; as such, they were not in a position, by themselves, to have any decisive factual influence in the process of selecting non-executive directors (see point II.16).</p>
<b>II.1.4 POLICY ON THE REPORTING OF IRREGULARITIES</b>			
22	<p>II.1.4.1 The company shall adopt a policy whereby irregularities occurring within the company, are reported. Such reports should contain the following information: <i>i</i>) the means through which such irregularities may be reported internally, including the persons that are entitled to receive the reports; <i>ii</i>) how the report is to be handled, including confidential treatment, should it be required by the reporter.</p>	Yes	<p>Employees and other Novabase stakeholders have access to a direct and confidential channel for reporting any practice that appears to be improper and/or irregular in any way, whatever it may be, having occurred at Novabase, with the guarantee of confidentiality. (see point II.35.)</p>
23	<p>II.1.4.2 The general guidelines on this policy should be disclosed in the corporate governance report.</p>	Yes	<p>The general guidelines on this policy are disclosed in the corporate governance report. (see point II.35.)</p>
<b>II.1.5 REMUNERATION</b>			
24	<p>III.1.5.1 The remuneration of the Members of the Board of Directors shall be structured such that the formers' interests are capable of being aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall discourage taking on excess risk. Thus, remunerations shall be structured as follows:</p>	No <sup>1</sup>	<p>The remuneration policy of members of the corporate bodies was defined in the beginning of the term corresponding to the 2009-2011 triennium and as such it was deliberated not to carry out any change in 2011 to this policy.</p>
	<p>i) The remuneration of the Board of Directors carrying out executive duties shall include a variable element which is determined by a</p>	No	<p>The remuneration of executive directors (and of</p>

1 Novabase understands that recommendation no. II.1.5.1. is a generic recommendation, divided into several "sub-recommendations". As such, Novabase believes that to comply with recommendation no. II.1.5.1, all of its respective sub-recommendations must be completely fulfilled, which is not the case. However, in view of the diverse issues covered by these "sub-recommendations", Novabase believes that the fulfilment of each "sub-recommendation" and its applicability to Novabase should be assessed individually and separately, as shown in the above table. In addition, an analysis of the unfulfilled "sub-recommendations" should serve as justification for the failure to fulfil the generic recommendation in its entirety.

	<p>performance assessment carried out by the company's competent bodies according to pre-established quantifiable criteria. Said criteria shall take into consideration the company's real growth and the actual wealth generated for the shareholders, its long-term sustainability and the risks taken, as well as compliance with the rules applicable to the company's activity.</p>		<p>some non-independent, non-executive directors) depends on an organizational performance assessment for the year in question, and correlates with the responsibility and performance of each director in particular. This assessment is conducted by the Remuneration Committee, in accordance with criteria approved by the shareholders. The policy currently adopted by Novabase does not establish the assessment of the performance of executive directors to consider specifically the long term sustainability of the company and the wealth created or the risks undertaken.</p> <p>The remuneration policy of members of the corporate bodies was defined in the beginning of the term corresponding to the 2009-2011 triennium and as such it was deliberated not to carry out any change in 2011 to this policy. (see points II.32 and II.33 a), b) and c)).</p>
	<p>ii) The variable component of the remuneration shall be reasonable overall as regard the fixed component of the remuneration, and maximum limits shall be set for all components.</p>	<p>No</p>	<p>The relative importance of directors' variable and fixed remuneration components is shown in the table in point II.31. Moreover, the limits established for the fixed (limit of [...]), variable cash (limit of [...]) and variable options (limit determined based on prior plan for options to allot shares) components are described in point II.33 d)</p>
	<p>iii) A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during said period.</p>	<p>Yes</p>	<p>The variable remuneration in cash paid in 2011 corresponds to just 50% of the 1st part of the variable remuneration due for 2010. The remaining 50% of this part is subject to deferred payments in the following 3 years (2012, 2013 and 2014) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period (see point II.32).</p> <p>Furthermore, there exists the possibility of deferring the variable portion of the remuneration paid through the stock option plan, namely when the options are not exercised until their last maturity date, i.e. 3 years after the commencement of the directors'</p>

			<p>terms of office, which must always occur for at least 1/3 of the options attributed.</p> <p>In addition, shares acquired through the exercising of options may not be sold or encumbered for one year (50% of the total shares acquired). Part of this variable remuneration component is tied to positive company performance over the applicable lifetime of the plan for options to allot shares; this is described in further detail in point II.32.</p>
	<b>(iv) Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company.</b>	Yes	The company has no information regarding the signing of contracts aimed at mitigating the risk inherent in the variability of the remuneration, namely hedging or risk transfer contracts (see point II.33 g))
	<b>(v) The Executive Directors shall hold until the end of their term of office, up to twice the value of the total annual remuneration, the company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares.</b>	n/a	This recommendation does not apply; since no options were exercised on the maturity date of Batch 1 of options under the current stock option plan (as stated in point III.10), the Novabase directors participating in this plan have not accessed any shares under variable remuneration schemes (see point II.33 g))
	<b>(vi) When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years;</b>	No	<p>The options attributed under the current stock option plan include three batches; only the third of these has a deferred maturity date of three years (see point III.10)</p> <p>Since the remuneration policy for corporate board members was established at the start of the three-year term of 2009-2011, any changes to these remuneration terms during this time period would be inappropriate.</p>
	<b>(vii) The appropriate legal instruments shall be established such that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the dismissal or termination by agreement is due to the Director's inadequate performance.</b>	No	<p>There are no contractual restraints for compensation owed for undue dismissal of executive directors, as per legal rules.</p> <p>In Novabase's opinion, since management positions are remunerated, with a mandatory legal ceiling on compensation for dismissal without due cause, and in view of the protection of expectations principle, there</p>

			<p>is no justification for contractual restraints that reduce the maximum legal compensation amount to a director with legal proof of damages incurred, when dismissal occurs due to his/her inadequate performance without justified grounds.</p> <p>Moreover, in view of the mandatory legal ceiling on compensation for undue dismissal, there is no foreseeable advantage in establishing contractual restraints to directors' compensation in the event of consensual termination of duties.</p> <p>Even if contractual limits for the above cases were considered useful, such measures were considered inappropriate during the entire three-year term of 2009-2011. (see point II.33 m))</p>
	<p><b>(viii) The remuneration of Non-Executive Board Members shall not include any component the value of which is subject to the performance or the value of the company.</b></p>	<p>No</p>	<p>The remuneration policy for directors passed in the 2011 General Meeting of Shareholders still allowed non-independent non-executive directors to receive a variable remuneration component, especially bearing in mind that these directors could take on key management responsibilities in the Group, although without executive powers (which they ultimately did), thereby justifying this variable component.</p> <p>In any case, since differences in the remuneration structure are intended to adjust remuneration according to the duties actually performed by each director in the Group, the remuneration of the members of the Board of Directors is structured so as to align their interests with those of the company (see point II.34).</p>
<p>25</p>	<p>II.1.5.2 The statement on the remuneration policy of the Board of Directors and Supervisory Board referred to in Article 2 of Law No. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on: <i><b>1) which groups of companies the remuneration policy and practices of which were taken as a</b></i></p>	<p>Yes</p>	<p>A statement on the remuneration policy of the Board of Directors and Supervisory Board is annexed to this report, as referred to in point II.30.</p> <p>This statement clarifies that</p>

	<b>baseline for setting the remuneration ii) the payments for the dismissal or termination by agreement of the Directors' duties.</b>		directors' remuneration is established without taking other companies' (or groups of companies') remuneration policies or practices as a baseline, and that no payments were made for the or consensual termination or dismissal of directors in 2011.
26	II.1.5.3 The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the directors' remunerations which contain an important variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall particularly take into account the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks.	n/a	Pursuant to point II.29, only the members of Novabase's Board of Directors are considered managers, within the meaning of Article 248-B/3 of the Securities Code.
27	II.1.5.4 A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share prices, to members of the Board of Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall contain the regulation plan or in its absence, the plan's general conditions. The main characteristics of the retirement benefit plans established for members of the Board of Directors and Supervisory Board and other managers within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Meeting.	Yes	To date, Novabase has implemented 4 plans for options to allot, subscribe and/or purchase shares, which have always been approved at General Meetings of Shareholders. The Plan for the triennium 2012-2014 shall be submitted to approval by the shareholders on the next General Meeting of Shareholders (see point I.17 and III.10.)  There are no retirement benefit plans for members of the management and supervisory boards or other directors of Novabase (see points I.18 and II.31).
28	II.1.5.6 At least one of the Remuneration Committee's representatives shall be present at the Annual General Meeting of Shareholders.	Yes	Francisco Luís Murteira Nabo, as Chairman of the Remuneration Committee was present at the 2011 General Meeting of Shareholders (see point I.15).
29	II.1.5.7. The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the Annual Report on Corporate Governance.	n/a	This recommendation ceased with the new duties of information disclosure established by art. 3 of CMVM Regulation nº 1/2010.  Nevertheless, Novabase directors are paid exclusively by this entity, and do not receive additional remuneration of any kind from other companies that are controlled by or part of the Novabase Group. There are no supplementary pension or early retirement schemes for Novabase directors (see point II.31).
<b>II.2. BOARD OF DIRECTORS</b>			
30	II.2.1 Within the limits established by Law for each Management and Supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties should be identified in the Annual Report on Corporate Governance.	Yes	The Board of Directors has delegated the day-to-day running of the company to the Executive Committee. (see point II.3.)
31	II.2.2 The Board of Directors shall ensure that the company acts in accordance with its goals, and	Yes	Novabase's Board of Directors does not delegate any of these

	should not delegate its duties, namely in what concerns: <i>i)</i> definition of the company's strategy and general policies; <i>ii)</i> definition of the corporate structure of the group; <i>iii)</i> decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.		responsibilities. (see point II.3.)
32	II.2.3 Should the Chairman of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these be able to decide in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the corporate governance report.	n/a	-
33	II.2.4 The annual management report shall include a description of the activity carried out by the non-executive Board Members and shall mention any restraints encountered.	Yes	A summary of the activity carried out by the non-executive directors, who encountered no restraints in this regard, is attached to this report. (see point II.17.)
34	II.2.5. The company shall mention its rotation of functions policy on the Board of Directors, including the person responsible for the financial function, and report on same in the Annual Corporate Governance Report.	Yes	Novabase currently has no formal rotation of functions policy for Board of Directors, specifically with regard to the individual in charge of the financial function.  Meanwhile, it should be noted that, although no formal policy exists in this regard, Novabase has significantly and frequently rotated the holders of executive positions, as described in point II.11.
<b>II.3 CHIEF EXECUTIVE OFFICER (CEO), EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS</b>			
35	II.3.1 When Directors that carry out executive duties are requested by other Board Members to supply information, the former shall do so in a timely manner and the information supplied must adequately suffice the request made.	Yes	All the information requested by the various corporate boards was supplied by the Novabase executive directors in a timely and suitable fashion. (see point II.3.)
36	II.3.2 The Chairman of the Executive Committee shall send the convening notices and minutes of the meetings to the Chairman of the Board of the Directors and, when applicable, to the Chairman of the Supervisory Board or the Audit Committee.	Yes	The Chairman of the Novabase Executive Committee is responsible for submitting the minutes of the Executive Committee meetings to the Chairman of the Board of Directors and Chairman of the Auditing Committee. In addition, the Chairman of the Board of Directors may attend Executive Committee meetings, without voting rights, and also receives the respective meeting notices for this purpose, which are also sent to the Chairman of the Auditing Committee. Lastly, all remaining non-executive directors receive these minutes as well. (see point II.13.)
37	II.3.3 The Chairman of the Executive Board of Directors shall send the convening notices and minutes of the meetings to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee.	n/a	-

II.4. GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND AUDIT BOARD			
38	II.4.1 Besides carrying out its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out an on-going assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: <i>i) the definition of the strategy and general policies of the company; ii) the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.</i>	n/a	-
39	II.4.2 The annual reports and financial information on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Audit Committee and the Audit Board shall be disclosed on the company's website together with the financial statements.	Yes	The annual report on the activity carried out by the Auditing Committee is subject to publication on Novabase's website. (see point II.4.)
40	II.4.3 The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Audit Board shall include a description on the supervisory activity and shall mention any restraints that they may have come up against.	Yes	See the 2011 Audit Committee Activity Report annex (referred to in point II.4).
41	II.4.4 The General and Supervisory Board, the Auditing Committee and the Board of Auditors (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first recipient of the reports.	Yes	The Audit Committee, under its operating regulations, has the capacities, duties and responsibilities described in this recommendation (see point II.3.)
42	II.4.5 According to the applicable model, the General and Supervisory Board, Audit Committee and Board of Auditors shall assess the external auditor on an annual basis and advise the General Meeting that he/she be discharged whenever justifiable grounds are present.	Yes	Each year, in the annex of its Activity Report, the Audit Committee assesses the external auditor (see point II.4.).  To date, there has been no need to justifiably dismiss any entity performing the duties of external auditor; the General Meeting of Shareholders would not be responsible for such dismissal (see point II.24).
43	II.4.6. The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or in the case of companies adopting the Latin model, an independent director or Board of Auditors, regardless of the hierarchical relationship that these services have with the executive management of the company.	No	Novabase does not submit these services to a direct reporting to the Audit Committee, adopting a system which renders the control of constraints more agile, through a Chief Risk Officer (CRO) to whom these services report in what concerns risk prevention and management. The CRO has the duty to report to the Chairman of the Board of Directors and there have been established meetings between the CRO the Audit Committee and the Chairman of the Board of Directors at least once a trimester (see point II.6)
II.5. SPECIAL COMMITTEES			

44	<p>II.5.1 Unless the company is of a reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees, shall set up the necessary Committees in order to: <i>i) ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees; ii) study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvements; iii) in due time identify potential candidates with the high profile required for the performance of director's duties.</i></p>	No	<p>Novabase has a Board of Directors Performance Assessment Committee and a Corporate Governance Assessment Committee; the former assesses the performance of the Board of Directors itself, and of all of its committees.</p> <p>In view of the specific characteristics of the governance model adopted by the company and its size, the shareholders themselves have ensured a suitable definition of the profile of potential candidates for director positions.</p> <p>Notwithstanding the above, it should be noted that when executive directors must be replaced, the company has a procedure in place under which the Executive Committee Chairman and the Executive Committee as a whole identify potential candidates (internal or external) to be designated under this replacement, submitting their names to the company boards legally responsible for the replacement, or communicating these names to shareholders interested in submitting, to the General Meeting of Shareholders, a respective proposal for election to the Board of Directors, when applicable (see point II.36.).</p>
45	<p>II.5.2 Members of the Remuneration Committee or alike shall be independent from the Members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy.</p>	No	<p>Members of the Remuneration Committee are independent from the members of the Board of Directors, pursuant to the generally accepted criteria for gauging the independence between the members of these two committees.</p> <p>However, in view of Recommendation No. II.5.3. of the 2010 Corporate Governance Code, one member may be considered a non-independent member of the Remuneration Committee in relation to the members of Novabase's Board of Directors.</p> <p>Notwithstanding the above, Novabase wishes to emphasize that since the Remuneration Committee's current members were appointed to their positions for the three-year period of 2009-2011, it seems inappropriate to make any changes at this time to this committee's composition before the end of the current term. (see section V)</p>
46	<p>II.5.3 Any natural or legal person that provides or has provided, over the past three years, services to any structure subject to the Board of Directors, to the Board of Directors of the company or that has to do with the current consultant to the</p>	Yes	<p>None of these situations apply to the entities contracted to support the Remuneration Committee (see point II.39).</p>

	company shall not be recruited to assist the Remuneration committee. This recommendation also applies to any natural or legal person who has an employment contract or provides services.		
47	II.5.4 All the Committees shall draw up minutes of the meetings held.	Yes	The corporate boards and specialized committees draw up their own meeting minutes (see point II.13).
<b>III. INFORMATION AND AUDITING</b>			
<b>III.1 GENERAL DISCLOSURE DUTIES</b>			
48	III.1.1 Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit.	Yes	Novabase provides permanent support to the capital market. The Investor Relations Office represents Novabase in its dealings with the CMVM and investors, including contact with private and institutional, foreign and Portuguese investors. The office provides information through Novabase's website, with links of interest for investors containing relevant information by investor profile (financial information, financial calendar, reserved information, area reserved for General Meetings of Shareholders and the postal/electronic voting model – the latter available since 2006 – among others). (see point III.16.)
49	III.1.2 The following information that is made available on the company's Internet website shall be disclosed in the English language: a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Commercial Companies Code; b) Articles of Association; c) Credentials of the members of the Board of Directors and the Market Liaison Officer; d) Investor Assistance Unit – its functions and access tools; e) Accounts Reporting documents; f) Half-Yearly Calendar on Company Events; g) Proposals sent through for discussion and voting during the General Meeting of Shareholders; h) Notices convening General Meetings of Shareholders.	Yes	This information is available in Portuguese and English on Novabase's website ( <a href="http://www.novabase.pt">www.novabase.pt</a> ) (see point III.16).
50	III.1.3. Companies shall advocate the rotation of auditors after two or three terms for four or three year terms, respectively. Their continuance beyond this period must be based on a specific opinion by the supervisory board that expressly considers the conditions of auditor independence and the benefits and costs of replacement.	Yes	See point III.18
51	III.1.4. The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company's supervisory board.	Yes	The external auditor assumes these duties, as described in point III.17.
52	III.1.5. The company shall not recruit the external auditor for services other than audit services, nor any entities with which same takes part or incorporates the same network. Where contracting such services is called for, said services should not be greater than 30% of the total value of services rendered to the company. The hiring of these services must be approved by the supervisory board and must be expounded in the Annual Corporate Governance Report.	Yes	Services contracted other than auditing services are described in point III.16; these are subject to approval by the Auditing Committee, and did not exceed 10% of all auditing services in value (see point III.17).
<b>IV. CONFLICTS OF INTEREST</b>			

IV.1 SHAREHOLDER RELATIONSHIP			
53	IV.1 Where deals are concluded between the company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions.	Yes	No business deals or transactions were conducted between the company and owners of qualified holdings, or entities in any way related to them, outside of normal market conditions (see point III.12).
54	IV.1.2 Where deals of significant importance are undertaken with holders of qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the supervisory board. The procedures and criteria required to define the relevant level of significance of these deals and other conditions must be established by the supervisory board.	Yes	In order to establish rules to ensure the effective, rigorous and agile participation of the Auditing Committee in this regard, a regulation was passed on 31 March 2011 to submit significant business deals with qualified shareholders, or with entities in any way related to them, pursuant to article 20 of the Securities Code, to the prior opinion of the Auditing Committee, in accordance with the procedures and criteria described in point III.13.

## ASSESSMENT OF THE GOVERNANCE MODEL

At the General Meeting of Shareholders held on 12 April 2007, Novabase shareholders approved adoption of the Anglo-Saxon governance model, which includes a Board of Directors, an Audit Committee consisting of directors and elected by the General Meeting of Shareholders, and a Statutory Auditor. The corporate governance structure adopted by Novabase also includes a Remuneration Committee that establishes the remuneration of the members of all of the company's corporate boards, except for itself. Subsequent to the General Meeting of Shareholders' approval of the current corporate governance model, the Board of Directors created an Executive Committee to which it has delegated Novabase's day-to-day running. In addition, after increasing the number of non-executive members of the Board of Directors elected in the General Meeting of Shareholders of 28 April 2009, two specialized committees were also created within the Board of Directors: a Board of Directors Performance Assessment Committee and a Corporate Governance Assessment Committee.

The non-executive members of the Board of Directors have monitored the Executive Committee's activities, supported by the specialized committee mentioned above (the Board of Directors Performance Assessment Committee) since the 2009 General Meeting of Shareholders. Similarly, members of the Board of Directors have reflected on the adopted corporate governance system, also supported by a specialized committee (the Corporate Governance Assessment Committee) since the 2009 General Meeting of Shareholders. In these activities, the role of the Chairman of the Board of Directors has been essential in terms of the attention given to the operation of Novabase's corporate governance system, with a concern for ensuring that non-executive members of the Board of Directors receive information on the activities of the Executive Committee through the distribution of Executive Committee meeting minutes, answering all of the non-executive directors' questions and scheduling all issues requiring the Board of Directors' attention at its meetings.

Additionally, the Non Executive Directors annually assess the performance of the Governance model and the company in general, issuing a report which is an annex to this document.

Taking into account the various contributions received, particularly from the Corporate Governance Assessment Committee, together with the assessment that the members of the Board of Directors have made of the company's governance model, the Board believes that the Novabase governance model has adequately performed its corporate governance functions, having shown to be suited to the company's needs and size, no hindrances having been found in terms of its functioning.

Notwithstanding the above, it should be noted that Novabase bore in mind the provisions of Recommendation no. II.5.1 of the Corporate Governance Code, under which (unless the company's small size dictates otherwise) committees should be created to identify, in a timely manner, potential candidates with the high profile needed for the position of director.

Novabase did not implement any specialized committee to this end, in view of its size and the specific nature of its corporate governance model; an adequate definition does exist for the profile of candidates for management positions and selection of members to be elected by shareholders.

## CHAPTER 1: GENERAL MEETING OF SHAREHOLDERS

---

The General Meeting of Shareholders is Novabase's highest decision-making body.

The General Meeting of Shareholders met once in 2011 (on May 5) to examine, discuss and vote on the following matters:

1. Item One: Decide on the 2010 Annual Report and Accounts;
2. Item Two: Decide on the proposal for the allocation of profits;
3. Item Three: Decide on a decrease in share capital from €15,700,697 to €10,362,460.02 by means of a reduction in the face value of all shares representing share capital, resulting in a decrease in the face value from €0.50 to €0.33 per share and an amendment to Article 4 (1) of the articles of association. The purpose of the capital decrease is to release excess capital.
4. Item Four: Decide on an increase in share capital from €10,362,460.02 to €15,700,697, via incorporation of €5,338,236.98 from the issue premium reserve, by increasing the face value of all shares representing share capital by €0.33, resulting in a face value of €0.50 per share and an amendment to Article 4 (1) of the articles of association;
5. Item Five: Conduct a general appraisal of the company's administration and auditing;
6. Item Six: Decide on the amendment of items 2,3,4 and 7 of article 9 and articles 12 and 13 of the articles of association;
7. Item Seven: Decide on the acquisition and sale of treasury shares;
8. Item Eight: Decide on the report of the Remunerations Committee on the remuneration policy for 2010 and approve the statement of this Committee on the remuneration policy of members of the company's management and auditing boards, under Law 28/2009 of 19 June and applicable regulations;
9. Item Nine: Assess the company's corporate governance model.

At this General Meeting of Shareholders, shareholders representing more than 72% of share capital were in attendance. Point 3 was rejected by more than 67% of the votes; as a result, point 4 was not put up for voting. The remaining points were approved by more than 65% of the votes. The voting on point 5 of the agenda on the general assessment of the managing and supervisory boards was done separately, with the initial voting on the assessment of management and the second on the assessment of supervisory boards.

### *1.1 Identification of the officers of the General Meeting of Shareholders*

The officers of the Novabase General Meeting of Shareholders for the triennium 2009-2011 are Chairman António Manuel de Carvalho Ferreira Vitorino and Secretary Maria José Santana.

The Chairman of the General Meeting of Shareholders has the necessary and appropriate means to exercise his duties, having access to a work room and secretarial services at the company. In addition, the Chairman of the General Meeting of Shareholders has 10 people (7 of whom are from the company's staff) at his disposal dedicated to work specifically on the organization and management of the General Meeting of Shareholders.

### *1.2 Indication of the start date and duration of the terms*

The Chairman and Secretary of the General Meeting of Shareholders were elected at the General Meeting of Shareholders of 28 April 2009, both for the three-year term from 2009-2011. Both end their term of office on 31 December 2011, but continue to perform their duties until new members are appointed, under the terms of article 8 (2) of the company's articles of association.

### *1.3 Remuneration of the Chairman of the General Meeting of Shareholders*

The Chairman of the General Meeting of Shareholders is remunerated according to attendance in the amount of €1,000.

### *1.4 Advanced notice required for the blocking of shares and permission to participate in the General Meeting of Shareholders*

As regards this point, it must be noted that, with the entry into force of Decree Law no. 49/2010 of 19 May, which introduced a number of changes to the Commercial Companies Code and Securities Code, namely regarding rules for preparing and holding General Meetings of Shareholders for issuers of securities admitted to trading in regulated markets, the former system for blocking shares to participate in the General Meeting of Shareholders has been replaced by the current registry date system.

Under these terms, and in compliance with this legislative change, Novabase's General Meeting of Shareholders of 5 May 2011 made changes to the company's articles of association (specifically, article 9 [2] and [4]) to adapt them to the new legal provisions.

According to the new wording of the articles of association, Novabase shareholders wishing to participate in the General Meeting of Shareholders must:

- (i) Have registered, in a securities account opened in their name with a financial agent, at 12:00 am (GMT) on the fifth trading day before the date of the General Meeting of Shareholders, shares granting at least one vote by law and by contract; and
- (ii) Follow the instructions in notices for the General Meeting of Shareholders regarding the way in which shareholders must prove their right to take part in the General Meeting of Shareholders and thereby discuss and vote, namely the means of sending required information and respective deadlines.

*1.5 Rules applicable to the blocking of shares in the event of suspension of the General Meeting of Shareholders*

Since the share blocking system has now been replaced by the registry date system, Novabase no longer has rules for the blocking of shares in the event of suspension of the General Meeting of Shareholders.

*1.6 Number of shares corresponding to one vote*

Pursuant to Article 9 of the company's articles of association, only shareholders with voting rights may attend the General Meeting of Shareholders.

To ensure greater shareholder involvement in the company, particularly through attendance at Novabase's General Meeting of Shareholders, the Board of Directors proposed an amendment to the articles of association, which was approved at the General Meeting of Shareholders of 12 April 2007, by which each share would correspond to one vote. As such, under the terms of the current wording of Article 9 (5) of the Novabase articles of association, one share corresponds to one vote.

This ensures a proportional balance between voting rights and shareholder involvement, using the preferential method referred to in Recommendation no. I.3.3 of the Corporate Governance Code.

*1.7 Indication of the articles of association rules which envisage the existence of shares that do not confer voting rights or which enable voting rights over a certain number not to be counted, when issued by a single shareholder or shareholders related thereto*

There are no articles of association rules which envisage the existence of shares that do not confer voting rights or which enable voting rights over a certain number not to be counted, when issued by a single shareholder or shareholders related thereto.

*1.8 Existence of articles of association rules regarding exercising the right to vote, including constitutive and decision-making quorum or systems related to asset content rights*

Novabase has encouraged shareholders to participate and exercise their voting rights at General Meetings of Shareholders, namely by allowing, through its articles of association, shareholder representation by means of a letter addressed to the chairperson of the General Meeting of Shareholders at least three days before the date set for the meeting.

Furthermore, following the entry into force of Decree Law no. 49/2010 of 19 May, which amended article 380 (1) of the Commercial Companies Code, Novabase's General Meeting of Shareholders held on 5 May 2011 made changes to the articles of association to allow shareholders to be legally represented at General Meetings of Shareholders, without specification or limitation of any kind <sup>2</sup>.

---

<sup>2</sup> The company's articles of association stated that shareholders could be represented at General Meetings of Shareholders by their spouses, parents or offspring, by another shareholder or by a member of the Board of Directors. However, the current wording of article 380 (1) of the Commercial Companies Code states that the memorandum of association may not even limit (much less prohibit) shareholders' participation in the General Meeting of Shareholders via a representative. As such, Novabase believed it was appropriate to amend its articles of association to unequivocally comply with the new provision of the Commercial Companies Code.

Proxy forms will be provided to shareholders in a timely fashion on the Novabase website ([www.novabase.pt](http://www.novabase.pt)).

Moreover, as stated in point I.4. of this report, with the entry into force of Decree Law no. 49/2010 of 19 May, the current wording of the articles of association stipulates that Novabase shareholders wishing to participate in the General Meeting of Shareholders must:

(i) Have registered, in a securities account opened in their name with a financial agent, at 12:00 am (GMT) on the fifth trading day before the date of the General Meeting of Shareholders, shares granting at least one vote by law and by contract; and

(ii) Follow the instructions in notices for the General Meeting of Shareholders regarding the way in which shareholders must prove their right to take part in the General Meeting of Shareholders and thereby discuss and vote, namely the means of sending required information and respective deadlines.

Along these lines, it should be noted that the provisions of Article 9 (5) of Novabase's articles of association – which state that one share corresponds to one vote – remain in effect.

If the shares are jointly owned, only a common representative, or his/her representative, may participate in the General Meeting of Shareholders.

Novabase shareholders may also exercise their right to vote by post and by electronic means, as further explained below.

In any case, only those votes (issued by representative, legal representative or electronic means) from shareholders for which information has been received on the financial intermediary with which a securities account has been opened are considered, in accordance with the above terms.

Under Article 10 of the articles of association, the General Meeting of Shareholders deliberates subsequent to a first notice or a second one, making decisions by a majority of the votes issued, notwithstanding the requirement of qualified majority in the cases provided for by law and under the current articles of association.

As such, the constitutive and decision-making quorum for the General Meeting of Shareholders stipulated in the Novabase articles of association is no different from that stipulated in the Commercial Companies Code.

Moreover, it should be noted that no systems related to asset content rights have been implemented.

### *1.9 Existence of various articles of association rules regarding the right to postal voting*

Article 9 (9) of the Novabase articles of association governs postal voting.

Shareholders with voting rights may, according to Article 22 of the Securities Code, exercise them by post. The invitations to the General Meeting of Shareholders contain the rules for postal votes, i.e. the requirement that they must be handed in personally at the company's registered office or sent by registered post and received by the third working day prior to the General Meeting of Shareholders. The voting form must be signed by the shareholder and should clearly indicate his or her vote on each item on the meeting's agenda. A legible photocopy of the shareholder's identity card must accompany the voting form. If the shareholder is a legal person, the voting form must be signed by one of its representatives and his or her signature should be notarized in that capacity.

The Chairman of the General Meeting of Shareholders must ensure the authenticity and confidentiality of postal votes until the time of voting.

Votes exercised by post or by electronic means shall be considered as negative votes with regard to any resolution proposals that are presented after the exercise of such votes.

The attendance of the shareholder at the General Meeting of Shareholders will result in the revocation of the postal vote.

#### *1.10 Existence of a form for exercising the right to postal voting*

Novabase provides the postal voting form for the General Meeting of Shareholders on the company's website, [www.novabase.pt](http://www.novabase.pt). These have been available for General Meetings of Shareholders since 2003.

#### *1.11 Requirement of a time period spanning between reception of the postal vote and the date of the General Meeting of Shareholders*

As mentioned above, in accordance with Article 9 (9c) of the Novabase articles of association, voting forms must be placed in a sealed envelope addressed to the Chairman of the General Meeting of Shareholders, delivered by hand to the company's registered office, or delivered to this office by registered mail by the third working day preceding the date of the General Meeting of Shareholders.

#### *1.12 Electronic voting*

Shareholders with voting rights may vote electronically. The rules to be followed for this method of voting (and the means for shareholders to prove their right to take part in the General Meeting of Shareholders and thereby discuss and vote) can be found in the notices convening the General Meetings of Shareholders.

Electronic voting can be done via the company's website ([www.novabase.pt](http://www.novabase.pt)). Shareholders with voting rights must register on this site and send a letter to Novabase, before the day of the respective General Meeting of Shareholders, drawn up according to the model given on the site. It must be addressed to the Chairman of the General Meeting of Shareholders, and the signature must be duly notarized (or, in the case of individuals, the signature must be accompanied by a photocopy of the respective identity card). After the aforementioned letter has been sent, Novabase will send the authorization and electronic voting instructions to the e-mail address provided by the shareholder at the time of registration. Electronic voting may take place in the period stipulated in the notice convening the General Meeting of Shareholders.

Novabase's company website normally has additional instructions on electronic voting (also mentioned in meeting notices).

Votes exercised by electronic means will be considered as negative votes with regard to any resolution proposals that are presented after the exercise of such votes.

The attendance of the shareholder at the General Meeting of Shareholders will result in the revocation of the electronic vote.

*I.13 Possibility of shareholders gaining access to excerpts from the minutes of the General Meetings of Shareholders in the company's website within five days after the General Meeting of Shareholders was held*

A summary of the decisions is published on the Novabase website and in the CMVM information disclosure system immediately after the General Meeting of Shareholders.

At its company website, Novabase maintains documents with content corresponding to extracts from the minutes, including information on the number of people present, number of shareholders and meeting agendas. Voting results have also been provided since 2010. Novabase has also established the necessary mechanisms to ensure that the above are disclosed as quickly as possible, and always within the 5 days following the General Meeting of Shareholders.

*I.14 Existence of a historical record on the company's website with the resolutions passed at the company's General Meetings of Shareholders, share capital and voting results referring to the previous three years*

Novabase maintains a collection of past minutes, including information about the number of people present, number of shareholders represented and the number of institutional investors present, as well as the meetings' agendas and the decisions taken at meetings held over the past three years.

Since the 2010 financial year, Novabase has also provided information on voting results at the General Meeting of Shareholders.

*I.15 Indication of the representative(s) from the Remuneration Committee present at General Meetings of Shareholders*

Francisco Luís Murteira Nabo, as Chairman of the Remuneration Committee, was present at the 2011 General Meeting of Shareholders.

*I.16 Information regarding intervention of the General Meeting of Shareholders as regards the company's remuneration policy and assessment of the performance of the members of the board of directors and other managers*

As regards the intervention of the Novabase General Meeting of Shareholders concerning the remuneration of the board of directors, since it was introduced as a CMVM recommendation regarding the governance of listed companies in November 2005, this corporate board has assessed and decided on the documents prepared by the Remuneration Committee, either as a separate item on the agenda or as an annex to the management report, and containing the guidelines to be followed by this committee in the following year or for the period deemed most appropriate.

With regard to assessing the performance of the members of the Board of Directors, after increasing the number of non-executive members of the Board of Directors elected in the General Meeting of Shareholders of 28 April 2009, a Board of Directors Performance Assessment Committee was established with the following powers: (i) Assist the Board of Directors in the assessment of its overall performance; (ii) Assess the performance of the Executive Committee with respect to how it has been conducting Novabase's annual plan and budget passed by the Board of Directors at the start of each year, together with the degree of success in achieving their corresponding goals; (iii) Assess the performance of the Board of Directors' other specialized committees, namely the Audit Committee, Corporate Governance Assessment Committee and its own performance. To carry out its duties, the Board of Directors

Performance Assessment Committee asks other committees for a self-evaluation of their own performance, and submits an annual written evaluation report on the performance of the Board of Directors and of these committees before the date of the Board of Directors' approval of the annual report and accounts.

In addition to the assessment method described above, and prior to the establishment of this Board of Directors Performance Assessment Committee, the activity of executive directors was monitored continuously by non-executive directors, in collaboration with the Chairman of the Board of Directors, who is responsible for providing information regarding the company's business required to ensure monitoring of the activity of the executive directors. This monitoring of executive directors by non-executive directors continues to be a current practice at Novabase.

Lastly, it is important to point out that only the members of Novabase's Board of Directors are considered managers, within the meaning of Article 248-B (3) of the Securities Code; as such, there is no separate information to be disclosed in this regard.

*I.17 Information of the intervention by the General Meeting of Shareholders on matters concerning the proposal on the share allocation plan, and/or stock option plans, or based on share price fluctuations, the members of the Board of Directors, Supervisory Board and other Directors, within the meaning of Article 248-B (3) of the Securities Code together with the details provided to the General Meeting of Shareholders for the purposes of correctly assessing said plans*

All four plans for options to allot, subscribe for and/or purchase shares implemented at Novabase since 2000 have been subject to the approval of the General Meeting of Shareholders.

On 28 April 2009, the General Meeting of Shareholders approved a plan for the option to allot shares to members of Novabase's Board of Directors, for the years 2009 to 2011, under the terms described in greater detail in point III.10 of this corporate governance report. The complete version of the proposed regulations for this plan was provided to the General Meeting of Shareholders so that shareholders could properly evaluate it.

*I.18 Information of the intervention by the General Meeting of Shareholders on matters concerning the approval of the main features of the retirement benefit system as enjoyed by the members of the Board of Directors, Supervisory Board and other Directors, within the meaning of Article 248-B (3) of the Securities Code*

As stated in point II.31 of this report, the company has adopted no retirement benefit system for members of managing boards. Moreover, no such system applies to members of supervisory boards. As stated earlier, only Novabase's directors are considered managers, pursuant to Article 248-B (3) of the Securities Code.

*I.19 Existence of statutory provision that envisages for a duty to be subject, at least every five years, to a resolution by the General Meeting of Shareholders, for the maintenance or withdrawal of the statutory provision providing for the limitation of the number of votes capable of being held or exercised by a single shareholder individually or together with other shareholders*

Novabase's articles of association have no statutory provision that envisages a limitation of the number of votes capable of being held or exercised by a single shareholder individually or together with other shareholders. As such, the maintenance or withdrawal of such measures is not subject, at least every five years, to a resolution by the General Meeting of Shareholders.

*I.20 Defensive measures that automatically cause serious erosion in the company's assets in the event of the transfer of control or changes to the composition of the board*

No measures of this nature exist.

*I.21 Significant agreements that the company is a party to and will come into force in the future which can be altered or terminated in the event of a change in the control of the company, along with the respective effects, unless, by their very nature, their disclosure is seriously harmful to the company, except if the company is specifically obliged to disclose such information as a result of legal requirements*

These do not exist.

*I.22 Agreements between the company and members of the board of directors and administrators under Article 248-B (3) of the Securities Code that provide for compensation in the event of resignation, termination without just cause or termination of the employment relationship following a change in the company's control*

These do not exist.

## Chapter II: Managing and Auditing Bodies

---

### Section I – General Points

---

#### *II.1 Identification and composition of the company's corporate boards*

The managing and auditing bodies of Novabase are the Board of Directors, the Audit Committee and the Statutory Auditor.

The figure illustrates the composition of the Board of Directors as of 31 December 2011.

Rogério Santos Carapuça
Luis Paulo Cardoso Salvado
João Nuno da Silva Bento
Álvaro José da Silva Ferreira
Nuno Carlos Dias dos Santos Fórneas
Francisco Paulo Figueiredo Morais Antunes
Luís Fernando de Mira Amaral
Manuel Alves Monteiro
João Luis Correia Duque
José Afonso Oom Ferreira de Sousa
Joaquim Sérvulo Rodrigues
Pedro Miguel Quinteiro Marques Carvalho

On 31 December 2011 the Audit Committee was comprised of Luís Fernando de Mira Amaral (Chairman), Manuel Alves Monteiro (member) and João Luís Correia Duque (member). All members of the Audit Committee are non-executive and independent from the Board of Directors.

On 31 December 2011 the Novabase statutory auditing body had as its active member the official auditing firm Price Waterhouse Coopers & Associados - SROC, represented by Jorge Manuel Santos Costa or Ana Maria Ávila de Oliveira Lopes Bertão, and with César Abel Rodrigues Gonçalves as substitute statutory auditor.

#### *II.2 Identification and composition of other committees equipped with skills related to administering or auditing the company*

Within the scope of the committees equipped with corporate administrative qualifications, the Board of Directors has created the Executive Committee following the General Meeting of Shareholders' approval of the current corporate governance model, being the body to which the day-to-day management has been delegated. On 31 December 2011, the Executive Committee was comprised of the following members: Luís Paulo Cardoso Salvado (Chairman), João Nuno da Silva Bento, Álvaro José da Silva Ferreira, Nuno Carlos Dias dos Santos Fórneas and Francisco Paulo Figueiredo Morais Antunes.

During the 2011 financial year, information was provided to the members of the Board of Directors concerning all matters handled and decisions made by the Executive Committee, within the scope of its duties.

In fact, to date, the activity of the Executive Committee has been monitored continuously by non-executive directors, in collaboration with the Chairman of the Board of Directors and the Chairman of the Executive Committee, who is responsible for providing the minutes of the Executive Committee meetings and all additional information regarding the company's business required to ensure monitoring of the activity of the executive directors.

After increasing the number of non-executive members of the Board of Directors elected in the General Meeting of Shareholders of 28 April 2009, two specialized committees were also created within the Board of Directors: a Board of Directors Performance Assessment Committee and a Corporate Governance Assessment Committee, whose composition, powers and operating rules are shown below.

The Board of Directors Performance Assessment Committee is comprised of the following members: Rogério Santos Carapuça, Luis Paulo Cardoso Salvado, Luís Fernando de Mira Amaral, José Afonso Oom Ferreira de Sousa, Joaquim Sérvulo Rodrigues and Pedro Miguel Quinteiro Marques Carvalho.

The Corporate Governance Assessment Committee is comprised of the following members: Rogério Santos Carapuça, Luis Paulo Cardoso Salvado, Manuel Alves Monteiro, João Luís Correia Duque, José Afonso Oom Ferreira de Sousa and Joaquim Sérvulo Rodrigues.

As stated above, Novabase bore in mind the provisions of the new Recommendation no. II.5.1 of the Corporate Governance Code, under which (unless the company's small size dictates otherwise) committees should be created to identify, in a timely manner, potential candidates with the high profile needed for the position of director.

Novabase did not create any specialized committee to this end in 2011, in view of its size and the specific nature of its corporate governance model; an adequate definition does exist for the profile of candidates for management positions via the shareholders themselves, as detailed in point II.36 of this report.

*II.3 Organizational structure and functional chart relating to the division of powers among the various boards, committees and/or departments within the company, including information on the scope of the delegation of powers, particularly with regard to the delegation of day-to-day management of the company, or distribution of functions among the members of the Board of Directors or Supervisory Board, and a list of non-delegable matters and powers actually delegated*

Novabase was organized into four business areas in 2011:

- Novabase Business Solutions <sup>3</sup>
- Novabase Infrastructures and Managed Services <sup>4</sup>
- Novabase Digital TV <sup>5</sup>
- Novabase Venture Capital <sup>6</sup>

Novabase has a business model which includes the existence of executives responsible for the main sectors, the respective specialized products and services and the various competencies.

<sup>3</sup> Corresponding to Novabase Business Solutions - Soluções de Consultoria, Desenvolvimento, Integração, Outsourcing, Manutenção e Operação de Sistemas de Informação, S.A.

<sup>4</sup> Corresponding to Novabase IMS - Infrastructures & Managed Services S.A.

<sup>5</sup> Corresponding to Novabase Digital TV - Engenharia de Sistemas para TV Interactiva S.A.

<sup>6</sup> Corresponding to Novabase Capital - Sociedade de Capital de Risco, S.A.

These sectors are as follows:

- Aerospace & Transportation
- Energy & Utilities
- Financial Services
- Government & Healthcare
- Manufacturing & Services
- Telecommunications & Media

In 2011 Novabase has operated in each area and sectors with the following competencies:

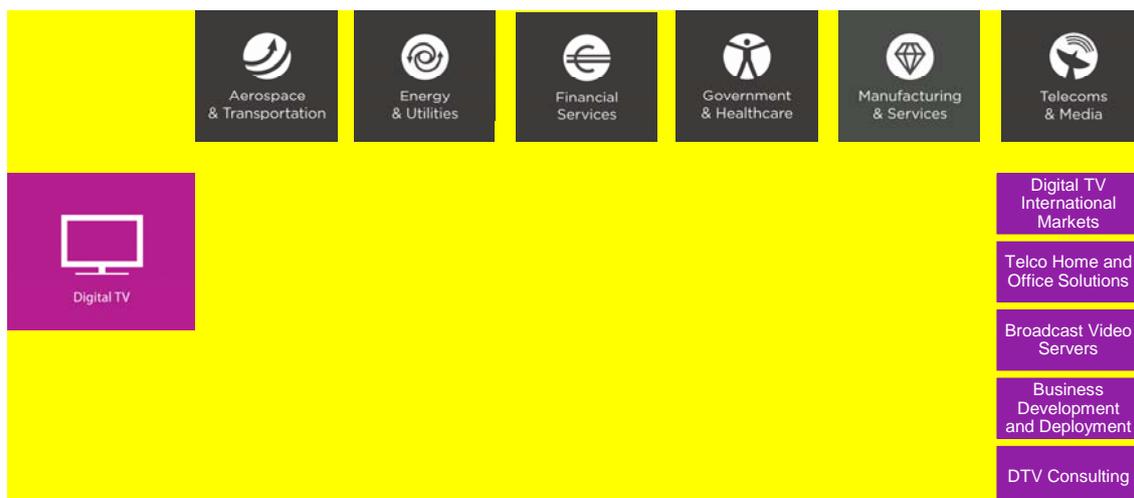
**NOVABASE Business Solutions**

	 Aerospace & Transportation	 Energy & Utilities	 Financial Services	 Government & Healthcare	 Manufacturing & Services	 Telecoms & Media	
 Business Solutions	Intelligent Transportation Systems (ITS) Product	Electric Mobility Framework	Banking Operations	Corporate Solutions		Customer Service	
	ITS Application Management		Process Efficiency & Integration	Citizen Relationship		Order Management & Integration	
	ITS Infrastructure Management		Customer Experience	Fraud Prevention & Performance Analysis		Sales Performance Management	
			Performance Analysis	Business Process Outsourcing		Next Generation Intelligent Network	
			FS Consulting, Regulatory & Compliance	G&H Consulting		On-Line	
						T&M Consulting	
		A&T Solutions	E&U Solutions	FS Solutions	G&H Solutions	M&S Solutions	T&M Solutions
		IT Contracting	IT Contracting	IT Contracting	IT Contracting	IT Contracting	IT Contracting

**NOVABASE Infrastructures & Managed Services**

	 Aerospace & Transportation	 Energy & Utilities	 Financial Services	 Government & Healthcare	 Manufacturing & Services	 Telecoms & Media
 Infrastructures & Managed Services	Intelligent Infrastructures	Intelligent Infrastructures	Intelligent Infrastructures	Intelligent Infrastructures	Intelligent Infrastructures	Intelligent Infrastructures
	IT Management	IT Management	IT Management	IT Management	IT Management	IT Management

## NOVABASE Digital TV



Novabase Venture Capital<sup>3</sup> combines Novabase’s corporate venture function with the area of mergers and acquisitions, and is able to respond to the needs of the other areas in this dominion. It also manages the two venture capital funds aimed at supporting investments in domestic technology-based SMEs.

The first, the Novabase Capital venture capital fund (€7.14 million), was established in 2005 and is owned by IAPMEI/Institute for the Support of Small and Medium Enterprises of the Ministry of the Economy and Innovation (€ 5 million) backed by the PRIME Program, with co-funding from the European Union via the ERDF (European Regional Development Fund), with the remaining €2.14 million held by Novabase Capital.

The second, the Novabase Capital Inovação e Internacionalização venture capital fund, has a maximum provision of €11.36 million, backed by the Support Fund for Financing Innovation (FINOVA) through a contribution of €5 million for the Northern, Central and Alentejo regions from the COMPETE program, and a contribution of €0.5 million for early-stage projects in the Lisbon region from the POR Lisboa program; it is included in the National Strategic Reference Framework (QREN) with co-funding from the European Union via the ERDF. The remaining contribution comes from Novabase Capital, totalling €5.1 million for the Northern, Central and Alentejo regions and €0.76 million for the Lisbon region.

Novabase Capital has also invested €0.3 million in the IStart I venture capital fund, aimed at supporting projects with relevant technology content currently in the proof-of-concept phase, and with a maximum provision of €5 million.



## NOVABASE SGPS<sup>4</sup> / NOVABASE Serviços<sup>5</sup>

Novabase SGPS and Novabase Serviços control the central functional areas: Human Resources, Finance & Administration, IT, Marketing & Communication and Legal. Novabase SGPS directly controls the investor relations function, including the Investor Relations Office.

<sup>3</sup> NOVABASE Capital - Sociedade de Capital de Risco S.A.

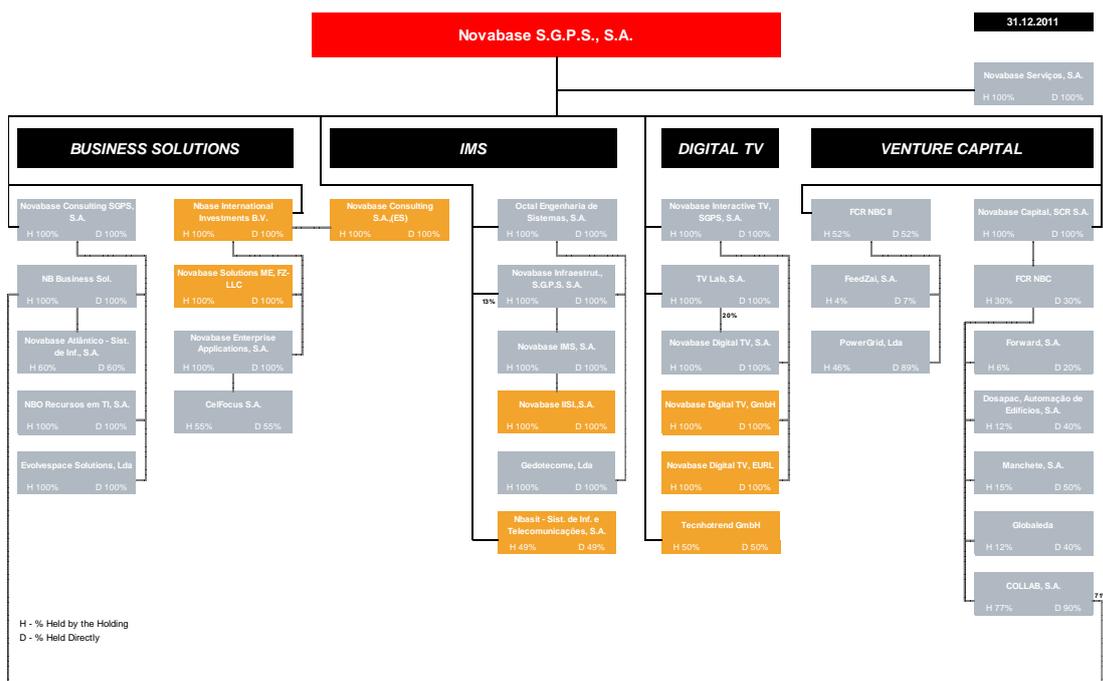
<sup>4</sup> NOVABASE – Sociedade Gestora de Participações Sociais, S.A.

<sup>5</sup> NOVABASE Serviços – Serviços de Gestão e Consultoria, S.A.

Information on the Investor Relations Office can be found in point III.15 of this report.

## Organizational Chart

Each of the aforementioned organizational units corresponds to a company or a group of companies. The attached organizational chart includes all the companies within the consolidation perimeter of Novabase.



The adoption of an Anglo-Saxon corporate governance model was approved at the General Meeting of Shareholders of 12 April 2007. In light of amendments to the Commercial Companies Code under Decree-Law no. 76-A/2006 of 29 March, the Board of Directors submitted a proposal at this General Meeting of Shareholders (which was approved) to change the articles of association so that Novabase could adopt the Anglo-Saxon corporate governance model by institutionalizing the Auditing Committee as a board according to the articles of association for supervising company activities, consequently eliminating the Board of Auditors. In this way, the company's new corporate governance model was comprised of a Board of Directors, an Auditing Committee and a Statutory Auditor.

In addition, after increasing the number of non-executive members of the Board of Directors elected in the General Meeting of Shareholders of 28 April 2009, two specialized committees were also created within the Board of Directors: a Board of Directors Performance Assessment Committee and a Corporate Governance Assessment Committee.

The powers, operation and composition of the General Meeting of Shareholders, Board of Directors, Executive Committee, Auditing Committee and Statutory Auditor, together with those of the Board of Directors Performance Assessment Committee and the Corporate Governance Assessment Committee, are described below. Lastly, the powers, composition and operation of the Remuneration Committee are detailed.

## Corporate Boards and other committees -- powers

The General Meeting of Shareholders: Novabase's highest decision-making board. This corporate board meets at least once every year to decide on matters for which it is responsible under the law and the articles of association, such as the annual report and accounts, as well as on the proposal for allocation of profits, generally assessing the company's management and auditing and electing the persons it is responsible for electing (along with other matters not falling under the responsibility of other company boards). The General Meeting of Shareholders may only make decisions on matters involving company management at the request of the Board of Directors.

The 2011 General Meeting of Shareholders was held on May 5 2011.

Board of Directors: Responsible for managing activities and ensuring the general interests of the company, exercising all powers under the law and the articles of association, and performing all actions necessary or appropriate toward the pursuit of its corporate purpose. The Board of Directors is fully and exclusively empowered to represent the company. In 2011, it worked entirely within its remit and in compliance with the guidelines laid down and approved for this financial year, which are reflected in this report.

The Board of Directors has general powers to act in pursuit of the company's corporate and business interests, within the confines of the law, the articles of association and the decisions of the General Meeting of Shareholders and, in particular, to:

- a) Acquire, encumber and sell any rights or movable property as well as to acquire, encumber and sell immovable property, whenever it is deemed appropriate for the company;
- b) Take out loans and carry out any other financing operations in the interest of the company, under such terms and conditions that it deems fit;
- c) Appoint representatives of the company;
- d) Delegate powers to its members, pursuant to Article 14 (4) of the articles of association;
- e) Hire employees, set their conditions of employment and exercise disciplinary power;
- f) Represent the company in and out of court, as plaintiff or defendant, file lawsuits, and make admissions, compromise in them and withdraw from them, and engage in arbitration;
- g) Open, operate and close any of the company's bank accounts, deposit and withdraw money, issue, accept, draw and endorse cheques, bills and promissory notes, invoice statements and any other securities;
- h) Decide on investments in the capital of other companies or on participating in other businesses;
- i) Run the company's businesses and carry out any acts and transactions relating to the corporate purpose that do not fall within the jurisdiction of other company bodies;
- j) Choose its Chairman, when not designated by the General Meeting of Shareholders pursuant to Article 14 (2) of the articles of association;
- k) Co-opt directors;
- l) Ask the Chairman of the General Meeting of Shareholders to convene General Meetings of Shareholders;
- m) Decide on the annual reports and accounts;
- n) Decide that Novabase may provide collateral, personal guarantees and security in rem;

- o) Open or close establishments or major parts thereof;
- p) Undertake important expansion or reduction in the business operations of Novabase;
- q) Implement important modifications in the organization of Novabase;
- r) Establish or end important long-term cooperation with other companies;
- s) Change the registered office and increase the share capital pursuant to the provisions of the articles of association;
- t) Undertake projects to merge, divide and transform Novabase; and
- u) Undertake any other matter on which a Director seeks a decision from the Board of Directors.

As part of its management powers, the Board of Directors is responsible for implementing and monitoring a suitable internal control and risk management process, working toward its efficacy. The Board of Directors is also responsible for ensuring disclosure of accurate financial information that truthfully reflects the Group's situation at any given moment, in compliance with the norms issued by regulatory entities and applicable at any given moment.

The following figure illustrates the composition of the Board of Directors elected for the three-year period of 2009-2011, together with the primary responsibilities of its members in 2011.

Rogério dos Santos Carapuça	Chairman of the Board of Directors / Government & Healthcare Sector
Luís Paulo Cardoso Salvado	CEO/Aerospace & Transportation Sector / Business Design /Corporate Development /Investor Relations
João Nuno da Silva Bento	Venture Capital / Digital TV / Telecoms & Media Sector / Energy & Utilities Sector
Álvaro José da Silva Ferreira	CHRO / IMS / Business Solutions / Angola / Outsourcing
Nuno Carlos Dias dos Santos Fórneas	CIO / CMO / Financial Services Sector / Manufacturing & Services Sector
Francisco Paulo Figueiredo Morais Antunes	CFO / CLO / CRO / Spain
Luís Fernando de Mira Amaral	Non-executive and independent
Manuel Alves Monteiro	Non-executive and independent
João Luis Correia Duque	Non-executive and independent
José Afonso Oom Ferreira de Sousa	Non-executive
Joaquim Sérvulo Rodrigues	Non-executive
Pedro Miguel Quinteiro Marques de Carvalho	Non-executive

Although the term of the current members of the Board of Directors ended on 31 December 2011, under the terms of article 391 (4) of the Commercial Companies Code, the current directors will remain in their positions until the election of new members to the Board of Directors in Novabase's General Meeting of Shareholders, to be held on 3 May 2012.

The Board of Directors holds regular meetings once per month, and extraordinary meetings whenever called by its Chairman or by two of its members. This company board cannot function without a majority of its active members present; under urgent circumstances, the Chairman may waive this majority when it can be achieved via postal or proxy voting.

In addition to the attendance methods described above, one or more members of the board may participate via teleconferencing, when duly recorded in the minutes. In this case, directors attending remotely via teleconferencing are considered present at the meeting.

Except when a qualified majority is required by law, the decisions of the Board of Directors are

made by simple majority; the Chairman has a casting vote in the event of a tie.

Pursuant to the law, members of the Board of Directors may not vote on matters whose interests conflict with those of Novabase.

Executive Committee: Responsible for the day-to-day running of the company, and may perform all actions required to this end, respecting the powers of the Board of Directors with regard to actions which must be submitted for its approval, namely the matters specified in Article 406 a) through d), f), l) and m) of the Commercial Companies Code. The Executive Committee defines the company's current organizational structure, appoints employees to perform management duties in the corporate boards of this structure and manages all of the company's operating areas.

In accordance with the delegation of powers approved on 27 July 2009, the performance of all actions required for the day-to-day running of the company has been delegated to Novabase's Executive Committee for the three-year period of 2009-2011, including all powers needed or expedient for pursuing the company's corporate purpose and conducting its business, within the confines of the law, namely:

- a) Carry out the annual business plans and corresponding budgets after their approval by Novabase's Board of Directors;
- b) Approve changes to the budget, except when their cumulative impact on the company's consolidated net profit is expected to exceed €1 (one) million in the financial year;
- c) Approve and carry out the company's short, medium and long-term organic development and investment plans, and identify and make investments in existing or new business areas of the company and its affiliates, by means of a budget approved by Novabase's Board of Directors and/or, in the absence of this, provided that (i) individually, they do not exceed €1 (one) million; and (ii) together, €5 (five) million in a given financial year; or (iii) in the case of R&D (research and development) investments or investments with co-funding, covered by applicable tax incentives or subsidies, up to a combined amount of €20 (twenty) million per financial year;
- d) Acquire, encumber and sell holdings in other companies, provided these transactions' general guidelines fall within the annual business plans and respective budgets, or, otherwise, with the prior approval of Novabase's Board of Directors;
- e) Manage holdings in other companies, including affiliates, namely by appointing their representatives on corporate boards and laying out guidelines for these representatives' activities, together with approving and reorganizing these holdings according to the annual business plans, or by prior decision approved by Novabase's Board of Directors;
- f) Notwithstanding legal provisions and formalities, buy and sell treasury shares within the framework and limits of the decision of the General Meeting of Shareholders;
- g) Open, transact and close bank accounts;
- h) Approve short and medium-term financing agreements (12-36 months), including those which increase overall indebtedness, provided that their value is €5 (five) million or less per transaction, or cumulatively €20 (twenty) million per financial year, or of any amount with the prior approval of Novabase's Board of Directors. The Executive Committee must furnish the Board of Directors with an updated debt schedule each month;
- i) Grant medium and short-term loans (and/or shareholder loans) to affiliates for cash-on-hand and other purposes allowed by law, up to the amount of €20 (twenty) million per financial year, or in any amount with the prior approval of Novabase's Board of Directors.;
- j) Acquire, sell and/or encumber company assets, individually up to €1 (one) million, or cumulatively up to €5 (five) million per financial year;
- k) Take or give in lease, and manage the use of, immovable property allocated to the business of the company and/or its affiliates, partially or in whole, in accordance with the budget approved by Novabase's Board of Directors or, apart from a budget, up to a combined annual amount of €1 (one) million;
- l) Manage and coordinate all of the company's operating and business support areas, including but not limited to Human Resources, Finance and Administration, Marketing

- and Communication, Information Systems, Legal, Organizational Development and Investor Relations, excluding internal auditing boards if/when they exist;
- m) Recruit and dismiss employees, define human resources and occupational health and safety policies, define and implement plans for training, levels, categories, remuneration terms/conditions and other bonuses or salary supplements;
  - n) Perform standard activities involving powers as an employer, including but not limited to disciplinary authority and the application of legally admissible employee penalties;
  - o) Order/determine the presentation, negotiation and contracting of any supplies of goods and/or services by the company and/or its affiliates within the scope of their corporate purpose, individually up to €20 (twenty) million and/or (i) without a binding obligation of any kind exceeding 15 years; (ii) without terms/conditions deemed of considerable financial, legal and/or commercial risk, attributable to Novabase's Executive Committee, by those in the organization responsible for monitoring or otherwise assisting in the control of this risk;
  - p) Contract goods and services of any kind and by any means, as needed to pursue the corporate purpose, up to the amount of €1 (one) million per transaction, or in any amount with the prior approval of Novabase's Board of Directors or associated with the transactions referred to in o);
  - q) Take part in incorporated joint ventures and European Economic Interest Groupings, enter into consortium and equity partnership agreements, and establish or take part in any other forms of temporary or permanent association between companies and/or private or public entities, except when their purpose is to participate in projects whose anticipated turnover for the company exceeds €20 (twenty) million;
  - r) Represent the company in and out of court, as plaintiff or defendant, including the instituting, contesting and lodging of appeals in any legal or arbitration proceedings, as well as confessing, withdrawing from or coming to terms in any proceedings and engagement in arbitration. The Executive Committee must furnish information on any proceedings involving the company whose amount is equal to or exceeds €1 (one) million; and
  - s) Appoint representatives to perform specific acts or categories of acts, defining the scope of their respective powers.

In view of the above, no powers have been delegated involving matters where the Board of Directors must ensure that the company acts in accordance with its objectives, namely: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.

The Executive Committee was first created by the Board of Directors in 2006, and on 31 December 2011 consisted of the following members, who have been assigned the jurisdictions and responsibilities indicated below:

Luís Paulo Cardoso Salvado	CEO / Aerospace & Transportation Sector / Business Design / Corporate Development / Investor Relations
João Nuno da Silva Bento	Venture Capital / Digital TV / Telecoms & Media Sector / Energy & Utilities Sector
Álvaro José da Silva Ferreira	CHRO / IMS/ Business Solutions / Angola / Outsourcing
Nuno Carlos Dias dos Santos Fórneas	CIO / CMO / Financial Services Sector/ Manufacturing & Services Sector
Francisco Paulo Figueiredo Morais Antunes	CFO / CLO / CRO / Spain

The Executive Committee sets the dates or frequency of its ordinary meetings, and holds extraordinary meetings whenever called by its Chairman or by two of its members.

This committee cannot function without a majority of its active members present; under urgent circumstances, the Chairman may waive this majority, with approval of this decision at the Executive Committee's next meeting.

Notwithstanding the above, postal and proxy voting is permitted, although no member of the Executive Committee may represent more than another member of the committee.

Along these lines, one or more members of the Executive Committee may attend remotely via videoconferencing or conference call, so long as the meeting minutes specify this whenever it occurs.

It should also be noted that the Chairman of the Board of Directors is called to Executive Committee meetings under the same terms as its members, and is always entitled to attend Executive Committee meetings without voting rights.

The Executive Committee makes decisions by a majority vote; its Chairman has a casting vote.

Rules involving conflicts of interest apply to the Executive Committee. In fact, Executive Committee members are required to notify the Chairman of the Executive Committee of any potential conflicts of interest with Novabase, whether directly or through third parties, involving issues under discussion and voting. In such cases, the members in question may not exercise their voting rights in decisions on issues with potential conflicts of interest.

All the information requested by the various corporate boards was supplied by the Novabase executive directors in a timely and suitable fashion.

Audit Committee: Comprised of independent non-executive members of the Board of Directors appointed by the General Meeting of Shareholders, the Auditing Committee is responsible for supervising company management and compliance with the law and articles of association, and for issuing an opinion on management's annual report and accounts. Its supervisory powers ensure the independence and quality of company audits in accordance with the best international standards. It also ensures the efficacy of the company's internal control system and monitors the company's fulfilment of principles and best practices involving corporate governance.

This Committee operates within the scope of the Board of Directors and has the following duties:

- a) Propose, at the General Meeting of Shareholders, the appointment of the Statutory Auditor;
- b) Monitor the Statutory Auditor's independence;
- c) Oversee the review of accounts and other company accounting documents, namely the accounting policies and valuation criteria adopted by Novabase, so that these documents lead to a correct appraisal of the assets and results;
- d) Prepare an annual report on its oversight activities, and issue an opinion on the Annual Report and Accounts and proposals submitted by management;
- e) Collaborate with the Board of Directors in selecting external auditors and determining the respective remuneration, as well as supervise these auditors' work, including verification of the existence of suitable conditions for providing external auditing services and receipt of the respective reports, assessing the external auditor on an annual basis;
- f) Ensure the existence of sufficient internal control mechanisms to understand and manage the inherent risks of Novabase's activities;
- g) Monitor the efficacy of the risk management system, internal control system and internal auditing system;

- h) Recommend the adoption of policies and procedures for achieving the goals established in point (g) above to the Board of Directors, and to suggest how these mechanisms may be improved;
- i) Alert the Board of Directors and other corporate boards, depending on the circumstances, to any situations in the company which may be regarded as anomalous, should they exist;
- j) Monitor the preparation and disclosure of financial information;
- k) Take whatever decisions it deems necessary, informing Novabase's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) accordingly, with respect to information about any irregular practices which it receives from shareholders, Novabase employees or others, to the department created specifically for this purpose;
- l) Prepare an annual report, to be submitted to the ordinary General Meeting of Shareholders, describing its activity in the previous financial year and its conclusions;
- m) Comply with other competencies and duties provided for by law and the memorandum of association; and
- n) Prepare reports, define policies and guidelines, create recommendations, implement procedures and execute the necessary measures to fulfil the provisions of these Regulations, national legal and regulatory provisions, recommendations issued by the Portuguese Securities Market Commission, and standards which may be imposed under legislation passed by competent authorities of the European Union concerning the powers and responsibilities of the Auditing Committee as part of the corporate governance principles adopted by Novabase.
- o) Verify the accuracy of the books, accounting records and their supporting documentation;
- p) Verify, when deemed appropriate and in the manner deemed suitable, the extent of cash and inventories of any kind of goods or amounts belonging to the company or received by the company as a guarantee, deposit or other security;
- q) Call the General Meeting of Shareholders, when not done so accordingly by its chairperson; and
- r) Hire the services of experts to assist one or several of its members in the performance of their duties; the hiring and remuneration of such experts must take into account the importance of the matters entrusted to them and the company's financial position.

In addition, since 31 March 2011, and Audit Committee has performed duties involving preliminary assessments of the business deals to be carried out between the company and the owners of qualified holdings or entity relationships with the former, as envisaged in Article 20 of the Securities Code. The Audit Committee's duties in this regard are described in point III.13.

The Audit Committee's internal regulations, available at Novabase's website, also detail some general duties and responsibilities, such as participating in the meetings of the Board of Directors and the General Meeting of Shareholders, or maintaining confidentiality with regard to facts and information disclosed to Auditing Committee members during the performance of their duties, along with duties and responsibilities involving the following specific matters: (i) external auditing; (ii) provision and disclosure of financial information; and (iii) internal auditing, complaints and compliance.

It held the compulsory number of meetings in 2011 as required by the articles of association and made all examinations of the accounts that it saw fit as part of its duties. It conducted analyses and made suggestions as deemed necessary. On 31 December 2011 it was comprised of Luís Fernando de Mira Amaral (Chairman), Manuel Alves Monteiro and João Luís Correia Duque, all of whom are non-executive voting members of the Board of Directors. All members of the Audit Committee are independent, whether as members of the Board of Directors or as members of the Audit Committee. In addition, the Chairman and other members of the Audit Committee are adequately capable of carrying out their duties in this company board.

Although the term of the current members of the Audit Committee ended on 31 December 2011, the current members will remain in their positions until the election of new members to the Audit Committee in Novabase's General Meeting of Shareholders, to be held on 3 May 2012.

The Audit Committee holds ordinary meetings at least once every two months, or whenever deemed necessary by its Chairman or requested by one of its members. The Chairman of the Auditing Committee is responsible for convening and running its meetings, and has a casting vote.

Decisions of the Audit Committee are made by a majority vote.

In carrying out its duties, the Audit Committee may, whenever deemed necessary, request meetings with the Chairman of the Board of Directors, with the CFO (the director responsible for the financial function), with the Board of Directors or with the Executive Committee.

The Audit Committee may also convene, at its own initiative in carrying out its duties, any management staff, employees or consultants at Novabase, together with external auditors or the Statutory Auditor, to attend, partially or in whole, any of its meetings, to meet individually with any of its members or to provide all information deemed necessary by the Audit Committee.

Statutory Auditor: The statutory auditor is responsible for examining the company's accounts (specifically, performing the duties laid out in article 420 c), d), e) and f) of the Commercial Companies Code), together with supervisory duties involving the ongoing pursuit of the company's corporate purpose. On 31 December 2011, its active member was Price Waterhouse Coopers & Associados - SROC, represented by Jorge Manuel Santos Costa or Ana Maria Ávila de Oliveira Lopes Bertão, and with César Abel Rodrigues Gonçalves as substitute statutory auditor.

Although its term ended on 31 December 2011, the statutory auditor will remain in its position until the election of a new statutory auditor in Novabase's General Meeting of Shareholders, to be held on 3 May 2012.

Board of Directors Performance Assessment Committee: Pursuant to its regulations, the Board of Directors Performance Assessment Committee has the following powers: (i) Assist the Board of Directors in the assessment of its overall performance; (ii) Assess the performance of the Executive Committee with respect to how it has been conducting Novabase's annual plan and budget passed by the Board of Directors at the start of each year, together with the degree of success in achieving their corresponding goals; (iii) Assess the performance of the Board of Directors' other specialized committees, namely the Audit Committee, Corporate Governance Assessment Committee and its own performance. To carry out its duties, the Assessment Committee asks other committees for a self-evaluation of their own performance, and submits an annual written evaluation report on the performance of the Board of Directors and of these committees before the date of the Board of Directors' approval of the annual report and accounts.

On 31 December 2011, the Board of Directors Performance Assessment Committee was comprised of the following members: Rogério dos Santos Carapuça (Chairman), Luís Paulo Salvado, Luís Mira Amaral, José Afonso Oom Ferreira de Sousa, Joaquim Sérvulo Rodrigues and Pedro Miguel Quinteiro Marques de Carvalho.

In addition to the assessment method described above, and prior to the establishment of this Board of Directors Performance Assessment Committee, the activity of executive directors was monitored continuously by non-executive directors, in collaboration with the Chairman of the Board of Directors, who is responsible for providing information regarding the company's business required to ensure monitoring of the activity of the executive directors. This monitoring

of executive directors by non-executive directors continues to be a current practice at Novabase.

The Board of Directors Performance Assessment Committee holds ordinary meetings twice per year<sup>6</sup>, on a date and at a location set by its Chairman, and whenever called by the Chairman, at its own initiative or at the request of any of its members.

This committee may not operate unless duly attended or represented by a majority of members; any member may be represented at meetings by any other member via letter addressed to the Chairman. However, no member of the Board of Directors Performance Assessment Committee may represent more than one other member at the same time.

Members may attend Board of Directors Performance Assessment Committee meetings via teleconferencing, and may vote by post.

Decisions are made by a majority vote, and the Chairman has a casting vote.

Corporate Governance Assessment Committee: In turn, pursuant to its regulations, the Corporate Governance Assessment Committee has the following powers: (i) Constantly assess the corporate governance model, internal rules and procedures regarding Novabase's structure and governance, and the adequacy of the Novabase Group's principles and practices of conduct vis-à-vis legal, regulatory and statutory provisions and recommendations, standards and international and national best practices involving corporate governance; (ii) Propose to the Board of Directors – which in turn may convey this proposal to the General Meeting of Shareholders, if applicable – changes to Novabase's corporate governance model deemed relevant for the ongoing refinement of the company's corporate governance practices; (iii) Provide each year to the Board of Directors a proposed text for the Corporate Governance Report to disseminate throughout the company as an integral part of each year's Annual Report and Accounts. This report – drawn up according to CMVM recommendations on format and content – offers conclusions on Novabase's degree of compliance with legal, regulatory and statutory provisions, together with rules, recommendations, standards and international and national best practices involving corporate governance.

On 31 December 2011, the Corporate Governance Assessment Committee was comprised of the following members: Rogério dos Santos Carapuça (Chairman), Luís Paulo Salvado, Manuel Alves Monteiro, João Luís Correia Duque, José Afonso Oom Ferreira de Sousa and Joaquim Sérvulo Rodrigues.

The Corporate Governance Assessment Committee holds ordinary meetings twice per year, on a date and at a location set by its Chairman, and whenever called by the Chairman, at its own initiative or at the request of any of its members.

This committee may not operate unless duly attended or represented by a majority of members; any member may be represented at meetings by any other member via letter addressed to the Chairman. However, no member of the Corporate Governance Assessment Committee may represent more than one other member at the same time.

Meeting attendance via videoconferencing and postal voting are allowed.

Decisions are made by a majority vote, and the Chairman has a casting vote.

In 2011, Novabase did not create any specialized committee with the power to identify, in a timely manner, potential candidates with the high profile needed for the position of director, as this was not necessary in view of its size and the specific nature of its corporate governance

---

In 2011, the Board of Directors Performance Assessment Committee believed that a single meeting was sufficient, as described in point II.13.; A second meeting was not justified during the financial year to merely fulfil the obligation found in the internal regulations.

model; an adequate definition does exist for the profile of candidates for management positions via the shareholders themselves, as detailed on point II.36 of this report.

Novabase also has a Remuneration Committee, which is not a managing or supervisory board, and which is responsible for establishing the terms and conditions of remuneration for corporate board members. The Remuneration Committee's composition, powers and other information are detailed in Section V of this report.

*II.4 Reference to the annual reports on the activities undertaken by the General and Supervisory Board, the Financial Board, the Auditing Committee and the Supervisory Board including the description of the supervisory activity and indicating any restraints found, and being subject to disclosure on the website of the company, together with the financial statements*

The Audit Committee Report is annexed in its entirety to this document, and is available on the Novabase website, together with the accounting documents and the Audit Committee's annual report, which includes a description of the oversight activities carried out by the Auditing Committee, together with the fact that no constraints were found with regard to these activities.

*II.5 Description of the company's internal control and risk management systems, particularly with regard to financial reporting and the functioning and effectiveness thereof*

Given the importance of a structured risk management model to the business, together with market regulatory requirements, the company's Board of Directors has been tasked with implementing and monitoring a suitable internal control and risk management process, working towards its efficacy.

The company therefore has a working model – safeguarding the company's worth and encouraging transparency in its corporate governance – based on detecting and anticipating potential risks and risk factors, so as to manage them in a timely manner, via the delegation of responsibilities and appropriate internal communication channels in line with the company's strategic goals for assuming risks as defined under this system.

Under its non-delegable powers of defining the company's overall policies and strategy, the Board of Directors is responsible for defining Novabase's strategic objectives in the area of risk assumption, in accordance with the company's needs and business activities.

In addition, in the area of medium and long-term strategic planning, the Board of Directors is responsible for analyzing risk, and does so regularly in relation to the annual operations plan and whenever potential businesses and markets are being evaluated, measuring each potential risk's impact and likelihood of occurrence.

Since Novabase does business in the area of Information Technology, this system has identified the following main risks (in addition to those listed in point II.9, whose risk factors are also identified via this model) and corresponding risk factors: (i) risk that the solutions developed may become obsolete relatively fast, due to the market trend of adopting their base technologies or changes in customers' business needs and investment priorities; (ii) risk that a proposed solution may prove unsuitable in terms of the choices made or the timing of the development of new solutions, due to the incorrect forecasting of technology trends or trends in our customers' business sectors impacting their information systems needs.

With these risks in mind, the teams tied to Novabase's primary markets analyze the industry in order to detect current trends and promote the development of internal skills to address these

trends. In turn, the teams from Novabase's various practices control typical risks in the IT sector within their spheres of expertise, such as technology obsolescence, the risk that solutions may not be suitable, and the timing of the development and proposal of new solutions not being right for the market.

This system's efficiency is due to the instituted internal procedure, which reinforces the communication channels between the Group's various departments and decision-making bodies, thereby allowing communication and information on various system components, and potential internal control problems to be analyzed, and detecting potential risks in real time.

Novabase also has an Internal Auditing team responsible for conducting monitoring actions and improving internal control procedures essentially associated with the Group's central service areas, always in accordance with the strategic goals laid out in the integrated risk management model. Periodic, focused internal audits are thus performed, covering all of Novabase's affiliates.

Additionally, the position of Chief Risk Officer ("CRO") was created at Novabase. Internal auditing areas and areas that ensure compliance with norms applicable to the company (compliance services) report to the CRO with regard to risk prevention and management. The CRO is responsible for reporting to the Chairman of the Board of Directors, with meetings at least once per quarter between the Chairman of the Board of Directors, CRO and the Audit Committee. Director Francisco Paulo Figueiredo Morais Antunes holds the position of CRO.

Along these lines, it should be noted that the Audit Committee, as an inspection body, monitors the activity of the external auditors, as well as that of the internal auditors, assessing annual internal auditing plans, obtaining information about the actions performed by this team and providing an opinion regarding their conclusions.

In this context, this committee also has powers involving the assessment of sufficient internal control mechanisms in order to understand and manage the inherent risks of Novabase's activities, suggesting policies and procedures to the Board of Directors to achieve these goals and refine these mechanisms.

The Board of Directors is also responsible for ensuring disclosure of accurate financial information that truthfully reflects the Group's situation at any given moment, in compliance with the norms issued by the applicable regulatory entities at any given moment.

As regards the quality of the financial information that is publicly disclosed by the Investor Relations Department, it should be pointed out that it is the result of a financial reporting process that is ensured by the central services areas of the Group, subject to the internal control system of the Group and monitored through the aforementioned methods. Nevertheless, this information is also subject to analysis and approval by the relevant bodies, namely the Executive Committee and the Board of Directors.

In 2011, the risk management and internal control model implemented allowed the risks and risk factors mentioned above to be identified, effectively helping to prevent them.

#### *II.6 Responsibility of the Board of Directors and the Supervisory Board in establishing and operating the company's internal control and risk management systems, and also in assessing said system's functioning and adaptation to the company's requirements*

The company's Board of Directors is responsible for implementing and monitoring a suitable internal control and risk management process, working towards its efficacy. Systematic and regular monitoring of this matter is directly conducted by the Executive Committee with the aim of optimizing management of risk that can negatively impact achievement of the strategic

business goals. The process is based on anticipating and identifying risk, permitting its timely management through processes of delegating responsibilities and suitable internal communication channels.

As mentioned in the previous point, Novabase also has an Internal Auditing team responsible for conducting monitoring actions and improving internal control procedures essentially associated with the Group's central service areas. Internal audits are thus conducted and essentially focused on processes that impact the financial area and covering all of Novabase's affiliates.

The Audit Committee, as an inspection body, monitors the activity of the external auditors, as well as that of the internal auditors, assessing annual internal auditing plans, obtaining information about the actions performed by this team and providing an opinion regarding their conclusions.

The Audit Committee will also have powers involving the assessment of sufficient internal control mechanisms to understand and manage the inherent risks of Novabase's activities, suggesting policies and procedures to the Board of Directors to achieve these goals and refine these mechanisms.

The Board of Directors is also responsible for ensuring disclosure of accurate financial information that truthfully reflects the Group's situation at any given moment, in compliance with the norms issued by the applicable regulatory entities at any given moment.

Although formal reporting structures to the Audit Committee currently do not exist for the internal auditing area and areas that ensure compliance with norms applicable to the company (compliance services), regardless of these areas' hierarchical relationship with the company's executive management, the position of Chief Risk Officer ("CRO"), was created at Novabase, to whom these areas report with regard to risk management and prevention. The CRO is responsible for reporting to the Chairman of the Board of Directors, with meetings at least once per quarter between the Chairman of the Board of Directors, CRO and Audit Committee. Director Francisco Paulo Figueiredo Morais Antunes holds the position of CRO.

*II.7 Indication of the existence of operating regulations for the company's corporate boards or other rules related to the internally defined incompatibilities, the maximum number of positions that can be accumulated and where they can be consulted.*

The Board of Directors, Executive Committee, Audit Committee, Board of Directors Performance Assessment Committee and Corporate Governance Assessment Committee have their own operating regulations, which are available for consultation at Novabase's website.

Beyond those resulting from applicable legislation, there are no other regulations regarding incompatibilities or the maximum number of positions that can be accumulated applicable to Novabase corporate boards.

## **Section II – Board of Directors**

---

*II.8 In the event of the Board of Directors' Chairman carrying out an executive role, an indication of the mechanisms coordinating the tasks of non-executive members in order to ensure independence and notification of decisions.*

Not applicable.

### *II.9 Identification of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity.*

Below is a description of some of the risks analyzed by the company which deserve attention due to their relevance and business impact.

As regards credit risk, although it is focused on major customers and its credibility is above average, Novabase has internally developed a customer credit risk analysis system that includes categorization prior to the presentation of a work proposal, involving the reality of the potential risk and associating the hierarchical approval level suited to it subsequent to that categorization.

As regards legal risk, potential problems with customers and employees are the most probable. These risks are part of the internal control system in terms of project management, relationships with outside entities and internal departmental processes. Procedures have been defined to streamline the prior analysis of all contracts and other legal processes by the legal department, thereby minimizing potential future sources of risk. In addition, the status of current legal proceedings is regularly monitored, with an analysis of their potential financial impacts.

Some of the Group's business areas are exposed to exchange risk (primarily EUR/USD), which is analyzed and hedged through an exchange management policy based on "natural hedging", or using the exchange derivatives market or even exchange options.

Novabase takes a conservative, prudent stance in managing its exchange risks, with the speculative use of derivatives forbidden.

Where project risk management is concerned, Novabase has a project qualification methodology which analyzes various specific parameters. Once the risk of the project has been ascertained, it is assigned to a project manager with the appropriate seniority. A number of qualifying training courses for project managers have been pursued in recent years. It should also be mentioned that there is a methodology in place that involves conducting internal project audits with the appropriate frequency. A system of ceilings is in place, by which authorization of proposals must be validated by a supervisor and the maximum ceiling requires authorization by the Board itself. There is a procedure for centrally validating, sending and filing proposals, which is revised by Novabase's legal department at the contract level. This department must issue its opinion before a proposal can be sent to a customer.

### *II.10 Powers of the board of directors, namely with respect to decisions to increase capital.*

The authority and powers of the Board of Directors are described in point II.3 above of this report.

Regarding decisions to increase capital, the Board of Directors can, by a two-thirds majority of the votes of its members, increase the share capital one or more times by cash payments, up to a ceiling of twenty-eight million, two hundred thousand euros, setting the terms and conditions of each increase of capital and the form and time limits for subscribing.

This power of the board of directors was renewed for an additional period of five years at the Annual General Meeting of Shareholders of 12 April 2007.

*II.11 The information on the rotation policy of the Board of Directors' functions, namely as to the financial responsibility division and the rules applicable to the appointment and replacement of members of the board of directors and of the supervisory board.*

The members of the Board of Directors and Audit Committee are appointed and replaced in the performance of their duties, pursuant to the law.

*Constitutive quorum for the General Meeting of Shareholders*

The General Meeting of Shareholders can, on first or second notice, decide on the appointment and replacement of members of the managing and supervisory body, however many shareholders are represented there.

*Deliberative quorum for the General Meeting of Shareholders*

The General Meeting of Shareholders can, whether it meets on first or second notice, decide on the appointment and replacement of members of the managing and auditing body, by a majority of votes cast, no matter what percentage of the share capital is represented there, with abstentions not being counted.

Novabase currently has no formal rotation of functions policy for Board of Directors, specifically with regard to the individual in charge of the financial function.

However, it should be noted that Novabase has significantly and frequently rotated the holders of executive positions.

Director Francisco Antunes performed the duties of Chief Financial Officer (CFO) in 2009, having replaced Luís Paulo Salvado who had held this position since 12 April 2007, following the General Meeting of Shareholders of 28 April 2009. On 6 May 2010, the Executive Committee decided that Director Francisco Antunes would also take on the responsibility of Novabase Legal Management, previously held by Luís Paulo Salvado.

In the Executive Committee meeting of 29 June 2011, it was likewise decided that Director Álvaro Ferreira would replace Director Luís Paulo Salvado in the position of Chief Human Resources Officer (CHRO) beginning in July 2011.

The company's remaining management (and supervisory) functions have also undergone considerable rotation, primarily because directors João Vasco Tavares da Mota Ranito and José Carlos de Almeida Pedro de Jesus left their positions at the company in 2008, and because directors Manuel Saldanha Fortes Tavares Festas and João Quadros Saldanha left their positions in 2009. In 2009, the executive positions of directors Rogério dos Santos Carapuça, José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro Marques de Carvalho also ended, with former CFO Luís Paulo Cardoso Salvado taking the position of Novabase CEO. Finally, a new member of the Auditing Committee, João Luís Correia Duque, was elected in 2009.

*II.12 The number of meetings held by the board of directors and the supervisory board as well as reference to the minutes of said meetings.*

See information in next point.

*II.13 The number of meetings held by the Executive Committee or by the Executive Board of Directors, as well as reference to the drawing up of the minutes of those meetings and whenever applicable, the submission of same with the convening notices to the Chair of the Board of Directors, the Chair of the*

*Supervisory Board or of the Audit Committee, the Chair of the General and Supervisory Board and to the Chair of the Financial Matters Committee.*

The table below lists the number of meetings of the Novabase managing and auditing bodies during the 2011 financial year, indicating the date on which they were held:

Governing Body	Board of Directors	Executive Committee	Audit Committee																																																	
Number of meetings	12	41	10																																																	
Meeting dates	<table border="1"> <tr><td>07.02.11</td></tr> <tr><td>03.03.11</td></tr> <tr><td>31.03.11</td></tr> <tr><td>03.05.11</td></tr> <tr><td>05.05.11</td></tr> <tr><td>02.06.11</td></tr> <tr><td>30.06.11</td></tr> <tr><td>25.07.11</td></tr> <tr><td>29.09.11</td></tr> <tr><td>27.10.11</td></tr> <tr><td>24.11.11</td></tr> <tr><td>15.12.11</td></tr> </table>	07.02.11	03.03.11	31.03.11	03.05.11	05.05.11	02.06.11	30.06.11	25.07.11	29.09.11	27.10.11	24.11.11	15.12.11	<table border="1"> <tr><td>06.01.11</td></tr> <tr><td>19.01.11</td></tr> <tr><td>26.01.11</td></tr> <tr><td>31.01.11</td></tr> <tr><td>02.03.11</td></tr> <tr><td>09.03.11</td></tr> <tr><td>30.03.11</td></tr> <tr><td>06..04.11</td></tr> <tr><td>13.04.11</td></tr> <tr><td>27.04.11</td></tr> <tr><td>04.05.11</td></tr> <tr><td>11.05.11</td></tr> <tr><td>16.05.11</td></tr> <tr><td>18.05.11</td></tr> <tr><td>25.05.11</td></tr> <tr><td>08.06.11</td></tr> <tr><td>15.06.11</td></tr> <tr><td>22.06.11</td></tr> <tr><td>29.06.11</td></tr> <tr><td>04.07.11</td></tr> <tr><td>13.07.11</td></tr> <tr><td>20.07.11</td></tr> <tr><td>27.07.11</td></tr> <tr><td>28.07.11</td></tr> <tr><td>07.09.11</td></tr> </table>	06.01.11	19.01.11	26.01.11	31.01.11	02.03.11	09.03.11	30.03.11	06..04.11	13.04.11	27.04.11	04.05.11	11.05.11	16.05.11	18.05.11	25.05.11	08.06.11	15.06.11	22.06.11	29.06.11	04.07.11	13.07.11	20.07.11	27.07.11	28.07.11	07.09.11	<table border="1"> <tr><td>07.02.11</td></tr> <tr><td>04.03.11</td></tr> <tr><td>31.03.11</td></tr> <tr><td>06.05.11</td></tr> <tr><td>29.04.11</td></tr> <tr><td>30.06.11</td></tr> <tr><td>25.07.11</td></tr> <tr><td>29.09.11</td></tr> <tr><td>24.10.11</td></tr> <tr><td>24.11.11</td></tr> <tr><td>28.10.11</td></tr> <tr><td>14.12.11</td></tr> </table>	07.02.11	04.03.11	31.03.11	06.05.11	29.04.11	30.06.11	25.07.11	29.09.11	24.10.11	24.11.11	28.10.11	14.12.11
07.02.11																																																				
03.03.11																																																				
31.03.11																																																				
03.05.11																																																				
05.05.11																																																				
02.06.11																																																				
30.06.11																																																				
25.07.11																																																				
29.09.11																																																				
27.10.11																																																				
24.11.11																																																				
15.12.11																																																				
06.01.11																																																				
19.01.11																																																				
26.01.11																																																				
31.01.11																																																				
02.03.11																																																				
09.03.11																																																				
30.03.11																																																				
06..04.11																																																				
13.04.11																																																				
27.04.11																																																				
04.05.11																																																				
11.05.11																																																				
16.05.11																																																				
18.05.11																																																				
25.05.11																																																				
08.06.11																																																				
15.06.11																																																				
22.06.11																																																				
29.06.11																																																				
04.07.11																																																				
13.07.11																																																				
20.07.11																																																				
27.07.11																																																				
28.07.11																																																				
07.09.11																																																				
07.02.11																																																				
04.03.11																																																				
31.03.11																																																				
06.05.11																																																				
29.04.11																																																				
30.06.11																																																				
25.07.11																																																				
29.09.11																																																				
24.10.11																																																				
24.11.11																																																				
28.10.11																																																				
14.12.11																																																				

		14.09.11	
		21.09.11	
		28.09.11	
		06.10.11	
		12.10.11	
		19.10.11	
		24.10.11	
		26.10.11	
		31.10.11	
		02.11.11	
		07.11.11	
		16.11.11	
		23.11.11	
		30.11.11	
		14.12.11	
		22.12.11	

Note that the Chairman of the Novabase Executive Committee is responsible for submitting the minutes of the Executive Committee meetings to the Chairman of the Board of Directors and Chairman of the Auditing Committee. In addition, the Chairman of the Board of Directors may attend Executive Committee meetings, without voting rights, and also receives the respective meeting notices for this purpose. All non-executive directors also receive the Executive Committee meeting minutes.

In turn, both the Board of Directors Performance Assessment Committee met once in 2011, and the Corporate Governance Assessment Committee met twice in 2011. The corporate boards and specialized committees draw up their own meeting minutes.

*II.14 Distinction between executive and non-executive members and among these, differentiating those members that would comply if the incompatibility rules were to be applied (Article 414-A (1) of the Commercial Companies Code, except for item b) and the independency criteria provided for in Article 414 (5), both of the Commercial Companies Code).*

The chart below details the composition of the Board of Directors at 31 December 2011, including a breakdown of executive versus non-executive and independent versus non-independent members and those that comply with incompatibility regulations:

Director	Member of Committee within Board of Directors	Category	Independent	Complies with Article 414-A (1) of the Commercial Companies Code
Rogério dos Santos Carapuça	CAACA <sup>1</sup> CAGS <sup>2</sup>	Non-executive	No	No
Luís Paulo Cardoso Salvado	CE <sup>3</sup> CAACA CAGS	Executive	No	No
João Nuno da Silva Bento	Executive Committee	Executive	No	No
Álvaro José da Silva Ferreira	Executive Committee	Executive	No	No
Nuno Carlos Dias dos Santos Fórneas	Executive Committee	Executive	No	No
Francisco Paulo Figueiredo Morais Antunes	Executive Committee	Executive	No	No
Luís Fernando de Mira Amaral	CAUD <sup>4</sup> CAACA	Non-executive	Yes	Yes
Manuel Alves Monteiro	CAUD CAGS	Non-executive	Yes	Yes
João Luis Correia Duque	CAUD CAGS	Non-executive	Yes	Yes
José Afonso Oom Ferreira de Sousa	CAACA CAGS	Non-executive	No	No
Joaquim Sérvulo Rodrigues	CAACA CAGS	Non-executive	No	No
Pedro Miguel Quinteiro Marques de Carvalho	CAACA	Non-executive	No	Yes

<sup>1</sup> Board of Directors Performance Assessment Committee

<sup>2</sup> Corporate Governance Assessment Committee

<sup>3</sup> Executive Committee

<sup>4</sup> Audit Committee

*II.15 A description of the legal and regulatory rules and other criteria that have been used as a basis for assessing the independency of its members carried out by the board of directors.*

As regards the Board of Directors' composition and operation, the independence of its members is assessed under the terms of Article 414 of the Commercial Companies Code, while also considering applicable incompatibility rules pursuant to Article 414-A (1) of this same code.

The Board of Directors assesses the independence of its members, seeking to ensure the systematic and time-related consistency of the independence criteria applied throughout the company. Specifically, as a principle, any director which, in another corporate board, could not assume this same position due to applicable rules, should not be considered independent.

Along these same lines, three members of the Board of Directors are in compliance with the incompatibility rules laid out in Article 414-A (1) of the Commercial Companies Code, and fulfil the independence criteria laid out in Article 414 (5) of the Commercial Companies Code, namely Luís Fernando de Mira Amaral, Manuel Alves Monteiro and João Luís Correia Duque.

*II.16 A description of the selection rules for candidates for non-executive member positions and the way in which executive members refrain from interfering in the selection process.*

Candidates for non-executive director positions are selected through a process conducted exclusively by shareholders, in which they are nominated for election at the General Meeting of Shareholders via a proposal signed by the company's shareholders, with no interference by executive directors, as such, at any time during the selection process, to the decision-making process of the shareholders for the names to be submitted to the General Meeting of Shareholders. None of the current non-executive directors was co-opted during this term.

It should be noted with regard to this matter that some qualified company shareholders and signatories of the shareholders' agreement referred to in point III.5 of this report are also executive directors at Novabase, and that Recommendation No. II.1.3.2. of the CMVM Corporate Governance Code states that the selection process of candidates for non-executive members should be structured so as to prevent interference by executive directors.

However, in view of the scope of the recommendation in question, Novabase believes that the factual existence of qualified shareholders who may influence, as shareholders, the process of selecting candidates for non-executive directors does not entail the need to consider this recommendation as not adopted by the company.

In fact, the scope of this recommendation seems to revolve around the need to prevent executive directors from influencing (due to their intense involvement in the company's daily activities) the selection process for directors who, among other duties, will be supervising the activities of executive management.

In this way, the purpose of the above recommendation does not seem to be to limit the exercising of inherent shareholder rights. As such, the ability of shareholders, as shareholders, to influence the process of selecting candidates for non-executive director positions seems to be irrelevant in this regard.

Since the process of selecting candidates for non-executive directors does not involve any interference from executive directors, as executive directors, Novabase believes that Recommendation No. II.1.3.2. of the CMVM Corporate Governance Code has been followed in its entirety.

Notwithstanding the above, it should also be noted that even if the fact that some executive directors are also qualified company shareholders and signatories of the shareholders' agreement referred to in point III.5 did apply for the purposes of Recommendation No. II.1.3.2. of the CMVM Corporate Governance Code, the directors in question are only three to five members of the Executive Committee; the two executive directors who are not in this situation do not have any influence or involvement in the process of selecting candidates for non-executive director positions, clearly demonstrating that any involvement of people performing executive duties in this selection process is in no way related to the performance of these duties.

Moreover, in accordance with the information shown in point III.5 of this report, the signatories of the shareholders' agreement in question (in effect on 31 December 2011) who are Novabase executive directors owned only 41.69% of the shares covered by the terms and conditions of this agreement; as such, they were not in a position, by themselves, to have any decisive factual influence in the process of selecting non-executive directors.

Furthermore, as mentioned above in the General Corporate Governance Model Assessment in Chapter 0 (see also point II.36 of this report), in 2011, Novabase did not create any specialized committee with the power to identify, in a timely manner, potential candidates with the high profile needed for the position of director, for the reasons stated therein.

*II.17 Reference to the fact that the company's annual management report includes a description on the activity carried out by non-executive members and possible obstacles that may be detected.*

A report on the activities carried out by non-executive directors in 2010 is attached to this report.

*II.18 Professional qualifications of the members of the board of directors, indication of the professional activities they have exercised within the past five years at least, the number of company shares they own, date of first appointment and date of the end of the term.*

Director (date of first appointment/end of term)	# shares <sup>1</sup>	Professional Qualifications	Work experience in last 5 years
Rogério dos Santos Carapuça (29-03-94/31-12-11)	<ul style="list-style-type: none"> <li>1.884.787</li> </ul>	<ul style="list-style-type: none"> <li>Ph.D in Electrotechnical and Computer Engineering from IST</li> <li>M.Sc. in Electrotechnical and Computer Engineering from IST</li> <li>Graduate in Electrotechnical Engineering from IST</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of Novabase Board of Directors</li> <li>Chairman of the Board of Directors Performance Assessment Committee</li> <li>Chairman of the Corporate Governance Assessment Committee</li> <li>Director of various Novabase Group companies</li> <li>Member of the Faculty Council of the UNL Faculty of Sciences and Technologies</li> <li>Member of the Scientific Board of Exact Sciences and Engineering of the Foundation for Science and Technology (Fundação para a Ciência e Tecnologia)</li> </ul> <p>Formerly:</p> <ul style="list-style-type: none"> <li>CEO and Executive Committee member responsible for Marketing &amp; Communication</li> </ul>
Luís Paulo Cardoso Salvado (18-3-98/31-12-11)	<ul style="list-style-type: none"> <li>2.018.047</li> </ul>	<ul style="list-style-type: none"> <li>MBA in Information Management from Universidade Católica Portuguesa</li> <li>Graduate in Electrotechnical</li> </ul>	<ul style="list-style-type: none"> <li>CEO, Executive Committee member responsible for the Aerospace and Transportation sector, Business Design, Corporate Development, Investor Relations</li> </ul>

		Engineering from IST	<ul style="list-style-type: none"> <li>Member of the Board of Directors Performance Assessment Committee</li> <li>Member of the Corporate Governance Assessment Committee</li> <li>Director of various Novabase Group companies</li> </ul> <p><u>Formerly:</u></p> <ul style="list-style-type: none"> <li>Novabase Group CFO</li> <li>Novabase Group CLO</li> <li>Executive Committee member responsible for the Novabase Consulting business</li> </ul>
João Nuno da Silva Bento (09-11-99/31-12-11)	<ul style="list-style-type: none"> <li>1.899.799</li> </ul>	<ul style="list-style-type: none"> <li>MBA in Information Management from Universidade Católica Portuguesa</li> <li>Graduate in Electrotechnical Engineering from IST</li> </ul>	<ul style="list-style-type: none"> <li>Executive Committee member responsible for the areas of Venture Capital, DigitalTV, Energy and Utilities and Telecoms and Media sectors</li> <li>Director of various Novabase Group companies</li> </ul> <p><u>Formerly:</u></p> <ul style="list-style-type: none"> <li>CEO of Novabase Digital TV</li> </ul>
Álvaro José da Silva Ferreira (03-03-00/31-12-11)	<ul style="list-style-type: none"> <li>1.189.423</li> </ul>	<ul style="list-style-type: none"> <li>MBA from Universidade Nova de Lisboa</li> <li>Graduate in Informatics Engineering from Universidade Nova de Lisboa</li> </ul>	<ul style="list-style-type: none"> <li>CHRO, Executive Committee member responsible for the IMS business, Angola, Outsourcing</li> <li>Director of various Novabase Group companies</li> </ul> <p><u>Formerly:</u></p> <ul style="list-style-type: none"> <li>Novabase Group CIO</li> <li>CEO of Novabase IMS</li> </ul>
Nuno Carlos Dias dos Santos Fôrneas (28-04-09 / 31-12-2011)	<ul style="list-style-type: none"> <li>103.324</li> </ul>	<ul style="list-style-type: none"> <li>MBA from ISEG</li> <li>Graduate in Electrotechnical and Computer Engineering from IST</li> </ul>	<ul style="list-style-type: none"> <li>CIO, CMO, Financial Services and Manufacturing and Services Sectors</li> </ul> <p><u>Formerly:</u></p>

			<ul style="list-style-type: none"> <li>Novabase Consulting Partner</li> </ul>
<b>Francisco Paulo Figueiredo Morais Antunes</b> (28-04-09 / 31-12-2011)		<ul style="list-style-type: none"> <li>Masters in Finance from ISCTE</li> <li>Graduate in Management from ISCTE</li> </ul>	<ul style="list-style-type: none"> <li>CFO, CLO, CRO and Executive Committee member responsible for Spain</li> </ul> <p><u>Formerly:</u></p> <ul style="list-style-type: none"> <li>Novabase Group Financial Director</li> </ul>
Luís Fernando de Mira Amaral (20-04-06/31-12-11)	<ul style="list-style-type: none"> <li>6.305</li> </ul>	<ul style="list-style-type: none"> <li>Postgraduate Diploma in Management (Stanford Executive Program) from Stanford University</li> <li>M.Sc. in Economics from Universidade Nova de Lisboa</li> <li>Graduate in Electronic Engineering from IST</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of the Audit Committee</li> <li>Member of the Board of Directors Performance Assessment Committee</li> <li>CEO and Vice President of Caixa Geral de Depósitos</li> <li>Director of Sociedade Portuguesa de Inovação, SA</li> <li>Director of BPI</li> <li>CEO of Banco BIC Português</li> <li>Member of the Royal Lankhorst Group Supervisory Board</li> </ul>
Manuel Alves Monteiro (20-04-06/31-12-11)	<ul style="list-style-type: none"> <li>9.000</li> </ul>	<ul style="list-style-type: none"> <li>Graduate in Law, member of the Portuguese Bar Association (Ordem dos Advogados)</li> <li>Business Management and Corporate Governance Program – Wharton University, Pennsylvania, USA</li> </ul>	<ul style="list-style-type: none"> <li>Member of the Audit Committee</li> <li>Member of the Corporate Governance Assessment Committee</li> <li>Non-executive director: AICEP, CIN-SGPS</li> <li>Member of the General and Supervisory Board of EDP and Member of the Consulting Board of FGEUC</li> <li>Chairman of the Remuneration Committees of the following companies: AICEP Capital, S.A.; AICEP Global Parques, S.A.; Douro Azul, S.A.; Sardinha &amp; Leite SGPS, S.A.</li> <li>Member of the Executive Council of SEDES</li> </ul>

<p>João Luís Correia Duque (28-04-09 / 31-12-11)</p>	<ul style="list-style-type: none"> <li>• 500</li> </ul>	<ul style="list-style-type: none"> <li>• Ph.D in Business Administration from Manchester Business School / Manchester University</li> <li>• Graduate in Company Organization and Management from ISEG / UTL</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Audit Committee</li> <li>• Member of the Corporate Governance Assessment Committee</li> <li>• Non-executive director of Sogevinus, SGPS</li> <li>• President and Full Professor at ISEG</li> <li>• Chairman of IDEFE / ISEG</li> <li>• Chairman of the Board of Auditors of the Portuguese Gymnastics Foundation (FGP)</li> <li>• Member of the management board of the Portuguese Financial Analysts Foundation (APAF)</li> <li>• Member of the Board of Auditors of Sagres – Sociedade de Titularização de Créditos, SA</li> </ul>
<p>José Afonso Oom Ferreira de Sousa (24-01-91/31-12-11)</p>	<ul style="list-style-type: none"> <li>• 2.514.947</li> </ul>	<ul style="list-style-type: none"> <li>• MBA from Universidade Nova</li> <li>• M.Sc. in Electrotechnical Engineering from IST</li> <li>• Graduate in Electrotechnical Engineering from IST</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Board of Directors Performance Assessment Committee</li> <li>• Member of the Corporate Governance Assessment Committee</li> </ul> <p>Formerly:</p> <ul style="list-style-type: none"> <li>• Novabase Group CLO</li> <li>• Novabase Group CFO</li> <li>• Director of various Novabase Group companies</li> </ul>
<p>Joaquim Sérvulo Rodrigues (29-04-03/31-12-11)</p>		<ul style="list-style-type: none"> <li>• MBA from INSEAD</li> <li>• M.Sc. in Electrotechnical Engineering from IST</li> <li>• Graduate in Electrotechnical</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Board of Directors Performance Assessment Committee</li> <li>• Member of the Corporate Governance Assessment</li> </ul>

		Engineering from IST	<p>Committee</p> <ul style="list-style-type: none"> <li>Chairman of the executive committee of the board of directors of Es Tech Ventures, SGPS, SA</li> <li>Chairman of the executive committee of the board of directors of ES Ventures, SCR, SA</li> <li>School board member of the Higher Technical Institute (Instituto Superior Técnico – UTL)</li> <li>Director of various companies from the portfolio of the prior companies</li> </ul>
Pedro Miguel Quinteiro Marques de Carvalho (24-01-91/31-12-11)	<ul style="list-style-type: none"> <li>2.170.679</li> </ul>	<ul style="list-style-type: none"> <li>Graduate in Applied Mathematics from Universidade de Lisboa</li> </ul>	<ul style="list-style-type: none"> <li>Member of the Board of Directors Performance Assessment Committee</li> </ul> <p>Formerly:</p> <ul style="list-style-type: none"> <li>Director responsible for the administrative and logistics area</li> <li>Novabase Group CIO</li> <li>Director of various Novabase Group companies</li> </ul>

<sup>1</sup>The shareholdings referred to in the above table also comply with the report of the Shareholdings of Corporate Board Members (Article 447 (5) of the Commercial Companies Code).

*II.19 Duties that the members of the board of directors perform in other companies, broken down according to those exercised in other companies of the same group.*

In addition to their management of Novabase, the members of the Board of Directors who also manage other companies are as follows:

Director	Group Companies <sup>1</sup>	Other Companies <sup>1</sup>
Rogério dos Santos Carapuça	<ul style="list-style-type: none"> <li>Novabase Serviços, S.A.</li> <li>Novabase Business Solutions, S.A.</li> </ul>	

Luís Paulo Cardoso Salvado	<ul style="list-style-type: none"> <li>• Novabase Consulting SGPS, S.A.</li> <li>• Novabase Serviços, S.A.</li> <li>• Novabase Enterprise Applications, S.A.</li> <li>• Novabase Business Solutions, S.A.</li> <li>• Octal, S.A.</li> <li>• Octal2Mobile, S.A.</li> <li>• Gedotecome, Lda</li> <li>• Novabase IMS, S.A.</li> </ul>	
João Nuno da Silva Bento	<ul style="list-style-type: none"> <li>• Novabase Interactive TV, SGPS S.A.</li> <li>• Novabase Capital, S.A.</li> <li>• Celfocus, S.A.</li> <li>• Novabase Serviços</li> <li>• Novabase Business Solutions, S.A.</li> <li>• Collab, S.A.</li> <li>• Novabase Digital TV, S.A.</li> <li>• TVLAB, S.A.</li> <li>• Octal2Mobile, S.A.</li> <li>• Novabase Consulting, S.A. (Spain)</li> <li>• Novabase Middle East</li> </ul>	
Álvaro José da Silva Ferreira	<ul style="list-style-type: none"> <li>• Novabase Consulting, SGPS, S.A.</li> <li>• NBO, S.A.</li> <li>• Novabase Serviços</li> <li>• Novabase Enterprise Applications, S.A.</li> <li>• Novabase Business Solutions, S.A.</li> <li>• Novabase IMS, S.A.</li> <li>• Novabase Infraestruturas, S.A.</li> <li>• Novabase Atlântico, S.A.</li> <li>• Novabase Consulting, S.A. (Spain)</li> <li>• Novabase Infraestructuras e Integración de Sistemas Informáticos, SA</li> </ul>	<ul style="list-style-type: none"> <li>• Director of Groovsnore – Investimentos Imobiliários, SA.</li> </ul>

	<ul style="list-style-type: none"> <li>NBASIT</li> </ul>	
Nuno Carlos Dias dos Santos Fórneas	<ul style="list-style-type: none"> <li>Novabase Serviços</li> <li>Novabase Business Solutions, S.A.</li> <li>Novabase Infraestruturas SGPS</li> </ul>	
Francisco Paulo Figueiredo Morais Antunes	<ul style="list-style-type: none"> <li>Novabase Interactive TV</li> <li>Novabase Consulting SGPS</li> <li>NBO</li> <li>Novabase Serviços</li> <li>Novabase Enterprise Applications</li> <li>Novabase Business Solutions, S.A.</li> <li>Collab, S.A.</li> <li>Octal, S.A.</li> <li>Novabase Digital TV, S.A.</li> <li>TVLAB, S.A.</li> <li>Gedotecome, S.A.</li> <li>Novabase IMS</li> <li>Novabase Infraestruturas SGPS</li> <li>Novabase Digital TV GmbH</li> <li>NBASIT</li> <li>NB EURL</li> <li>Evolvespace Solutions, Lda.</li> <li>Novabase Capital</li> </ul>	<ul style="list-style-type: none"> <li>Managing partner of Commostock, Lda.</li> </ul>
Luís Fernando de Mira Amaral		<ul style="list-style-type: none"> <li>CEO of Banco BIC Português</li> <li>SPI Director</li> </ul>
Manuel Alves Monteiro		<ul style="list-style-type: none"> <li>Non-executive director of CIN, SGPS</li> <li>Member of the General</li> </ul>

		and Supervisory Board of EDP
João Luís Correia Duque		<ul style="list-style-type: none"> <li>• Non-executive director of Sogevinus, SGPS.</li> <li>• Chairman of the IDEFE – Instituto para o Desenvolvimento e Estudos Económicos (Institute for Economic Studies and Development)</li> </ul>
José Afonso Oom Ferreira de Sousa		<ul style="list-style-type: none"> <li>• Director of Fundação Maria Dias Ferreira</li> <li>• Director of Quinta de Santa Margarida – Propriedades e Investimentos, SA</li> <li>• Director of Xistroban – Imobiliária, SA</li> <li>• Director of Aprove – Investimentos e Projectos Imobiliários, SA</li> <li>• Managing Partner of S2i – Sociedade de Investimento Imobiliário, Lda.</li> </ul>
Joaquim Sérvulo Rodrigues		<ul style="list-style-type: none"> <li>• Chairman of the executive committee of the board of directors of Es Tech Ventures, SGPS, SA</li> <li>• Chairman of the Executive Committee of ES Venture, SCR, S.A.</li> <li>• Executive director of Bica da Sapataria- Empreendimentos Agrícolas e Gestão, S.A.</li> <li>• Director of Watson Brown</li> <li>• Director of PVCi-SCR.</li> <li>• Director of Military Commercial</li> </ul>

		<p>Technologies, Inc.</p> <ul style="list-style-type: none"> <li>• Director of ES Contact Center, S.A.</li> <li>• Director of YDreams, S.A.</li> <li>• Director of ES Capital – S.C.R., S.A.</li> <li>• Director of Atlantic Ventures Corporation, LLC</li> <li>• Director of Oceanlix, Pty</li> <li>• Director of Outsystems, S.A.</li> </ul>
<p>Pedro Miguel Quinteiro Marques de Carvalho</p>		<ul style="list-style-type: none"> <li>• Managing Partner of LX Gourmet Falcão Branco – Produtos Alimentares de Qualidade, Lda.</li> <li>• Director of Feedzai – Consultadoria e Inovação Tecnológica, SA</li> <li>• MQC – Investimentos Imobiliários, SA</li> </ul>

<sup>1</sup> As of 31 December 2011

### **Section III – General and Supervisory Board, Financial Matters Committee and Supervisory Board**

---

*As applicable,*

*II.21 Identification of the members of the supervisory board, stating that they comply with the incompatibility rules stipulated in Article 414-A (1), and the independence criteria stipulated in Article 414 (5), both of the Commercial Companies Code. For said purpose, the supervisory board may carry out the relevant self-assessment.*

Since it has adopted the Anglo-Saxon corporate governance model, Novabase does not have a supervisory board.

Nonetheless, as regards its composition and operation, the Audit Committee independently assesses the independence of its respective members, pursuant to Article 414 of the Commercial Companies Code. Similarly, members of the Auditing Committee are subject to the incompatibility rules referred to in Article 414-A (1) of this same code.

The Board of Directors Performance Assessment Committee assesses the independence of its members, seeking to ensure the systematic and time-related consistency of the independence criteria applied. Specifically, as a principle, any Auditing Committee member which, in another corporate board, could not assume this same position due to applicable rules, should not be considered independent.

Therefore, although Novabase does not have a supervisory board, the following should be noted:

<b>Member of the Audit Committee</b>	<b>Category</b>	<b>Independent</b>	<b>Complies with Article 414-A (1) of the Commercial Companies Code</b>
Luís Fernando de Mira Amaral	Non-executive director	Yes	Yes
Manuel Alves Monteiro	Non-executive director	Yes	Yes
João Luis Correia Duque	Non-executive director	Yes	Yes

Along these same lines, all members of the Audit Committee are in compliance with the incompatibility rules laid out in Article 414-A (1) of the Commercial Companies Code, and fulfil the independence criteria laid out in Article 414 (5) of the Commercial Companies Code, namely Luís Fernando de Mira Amaral, Manuel Alves Monteiro and João Luís Correia Duque.

In addition, the Chairman and other members of the Audit Committee are adequately capable of carrying out their duties.

*II.22 Professional qualifications of the members of the auditing committee, indication of the professional activities they have exercised within the past five years at least, the number of company shares they own, date of first appointment and date of the end of the term.*

Not applicable.

*II.23 Duties that the members of the auditing committee perform in other companies, broken down according to those exercised in other companies of the same group.*

Not applicable.

*II.24 Reference to the fact that the supervisory board assesses the external auditor on an annual basis and the possibility of proposing to the General Meeting of Shareholders that the auditor be discharged whenever justifiable grounds are present.*

As stated in point II.21 above, since it has adopted the Anglo-Saxon corporate governance model, Novabase does not have a supervisory board. The following information is in reference to the Auditing Committee.

As described in point II.3 above, the Auditing Committee collaborates with the Board of Directors in selecting external auditors and determining the respective remuneration, as well as supervising these auditors' work, including verification of the existence of suitable conditions for providing external auditing services and receipt of the respective reports, assessing the external auditor on an annual basis. To date, there has been no need to justifiably dismiss any entity performing these duties.

Notwithstanding the above, it should be noted that contrary to the statutory provisions concerning statutory auditors, the law and Novabase's articles of association do not empower the General Meeting of Shareholders to appoint external auditors. For this reason, the possibility of proposing the auditor's justified dismissal to the General Meeting of Shareholders does not exist.

*II.25 Identification of the members of the general and supervisory board and other committees created within the company for the purposes of assessing the individual and overall performance of the executive members, consideration on the governance system that has been adopted by the company and the identification of potential candidates with the professional profile fitting the member position.*

Not applicable.

*II.26 Statement indicating that members comply with the incompatibility rules provided for in Article 414-A (1), including item f), and the independency criteria provided for in Article 414 (5), both of the Commercial Companies Code. For said purpose, the general and supervisory board carries out the relevant self-assessment.*

Not applicable.

*II.27 Professional qualifications of the members of the general and supervisory board and other committees created under its auspices, indication of the professional activities they have exercised within the past five years at least, the number of company shares they own, date of first appointment and date of the end of the term.*

Not applicable.

*II.28 Duties that the members of the general and supervisory board and other committees created under its auspices perform in other companies, broken down according to those exercised in other companies of the same group.*

Not applicable.

*II.29 Description of the remuneration policy including that of the managers within the concept of Article 248-B (3) of the Securities Code and of the other workers whose professional activity might have a relevant impact on the risk profile of the company and whose remuneration contains an important variable component.*

Only the members of Novabase's Board of Directors are considered managers, within the meaning of Article 248-B (3) of the Securities Code.

Independent non-executive directors are only remunerated with a fixed salary, and are not entitled to any variable component in their salary. The Remuneration Committee is also responsible for deciding whether the remaining non-executive directors and executive directors will receive a fixed component and a variable component, or just a fixed component.

Notwithstanding the above, it should be noted that, by unanimous decision of the Remuneration Committee in a meeting held on 19 September 2006, Novabase directors who are primarily dedicated to the management of companies in the Novabase Group shall have a variable remuneration consisting of (i) a sum to be paid in cash, to be defined annually by the Remuneration Committee, according to the performance and results of the company each year and the contribution of each director to these results; and (ii) a set of options attributed according to the current plan in effect.

Directors' variable cash remuneration component is therefore aligned with Novabase's annual performance, while the options component aligns this remuneration with the stock performance of the Novabase share. The variable remuneration in cash paid in 2011 (€978,750.00, as shown in the table in point II.31.) corresponds to just 50% of the variable remuneration in cash component due for 2010. The remaining 50% of this component is subject to deferred payments in the following 3 years (2012, 2013 and 2014) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

As described in greater detail in point III.10 of this report, attributed options in 2009 may be exercised in blocks, corresponding to 1/3 of all options, on each anniversary of their attribution date, while unexercised options may be exercised on their subsequent maturity date. In addition, shares acquired through the exercising of options may not be sold or encumbered for one year (50% of the total shares acquired).

Furthermore, as also described in point III.10 of this report, the strike price of the options allotted to the directors elected at the General Meeting of Shareholders of 28 April 2009 was €4.04 per

share. Exercised options are settled via net share settlement from Novabase's portfolio using the following formula:

$$\text{No of shares} = \text{No. of options exercised} \times (\text{TP} - \text{Strike}) / \text{TP}$$

where TP (or take-up price) and strike have the meanings described in point III.10.

In this way, since options should only be exercised when the company's performance is positive, as reflected by the share price on the date of exercising the options, this variable remuneration component is dependent on the continued positive performance of the company through these exercise dates.

Furthermore, insofar as the total variable remuneration earned by the directors complies with the creation of value reflected in the results and the company's finance and stock performances, Novabase's remuneration policy values the company's long term performance and its sustainability.

The current remuneration policy for the Board of Directors was implemented for the 2011 financial year in accordance with points II.31- II.34 below.

In addition to the above, the remuneration of certain employees at Novabase may include a major variable component when their professional activities, according to their assigned duties within the Group, may significantly impact the company's risk profile. Although the company has no remuneration policy for these situations, the variable component of these employees' remuneration has not exceeded 55% of their annual remuneration, and is determined based on an annual performance evaluation by the managing board member(s) responsible for the employee's department.

With regard to 2011, this remuneration corresponds to just 50% of the variable remuneration component due to these employees for 2011. The remaining 50% of this component is subject to deferred payments in the following 3 years (2012, 2013 and 2014) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

Name	Position
Carmo Palma	EA ERP Director/Novabase Business Solutions Director
Célia Vieira	NBO Director
Jamie Bridel	CelFocus Director
João Rafael	Novabase Business Solutions Director / Octal Engenharia de Sistemas, SA Director / Evolvespace Director
José Paiva	Novabase Business Solutions Director
Luís Lobo	Novabase Business Solutions Director / Novabase Enterprise Applications Director / Gedotecome Director
Luís Quaresma	Novabase Capital Director / Novabase Atlântico Director / PowerGrid Director / Feedzai Director / Chairman of the Board, Secretary and Treasurer of Electryon USA Corporation
Manuel Relvas	Octal - Engenharia de Sistemas, S.A. Director / Novabase Business Solutions Director

María Gil	In Charge of IR Novabase SGPS / Novabase Capital Director / Novabase IIS Espanha Director / Collab Director / Globaleda Director / Dosapac Director / Forward Director
Miguel Vicente	Novabase IMS Director/NBASIT Chief Executive Officer
Paulo Ferreira	Novabase IMS Director
Paulo Trigo	CelFocus Executive Director / Business Solutions Director / NBO Director
Pedro Afonso	Novabase DigitalTV Director / TvLab Director / NB Interactive TV Director
Pedro Borges	Executive Director Telecommunications & Media
Pedro Faustino	Novabase Business Solutions Director
Pedro Gomes	Novabase Business Solutions Director
Pedro Chagas	Novabase Business Solutions Director / Octal Engenharia de Sistemas, SA Director
Pedro Quintas	CelFocus Director / Collab Director
Ricardo Nunes	Novabase Business Solutions Director
Vítor Prisca	Novabase IMS Director

## **Section IV - Remuneration**

---

### *II.30 Description of the remuneration policy of the board of directors and the supervisory board, as provided for in Article 2 of Law 28/2009 of 19 June.*

Attached to this report is a statement with regard to the remuneration policy laid out in Law 28/2009 of 19 June.

### *II.31 Indication on the amount concerning the annual remuneration paid individually to members of the board of directors and of the supervisory board of the company, including fixed and variable remuneration and as to the latter, mentioning the different components that gave rise to same, the parts that has been deferred and paid.*

Since 2003, Novabase has already complied with the CMVM recommendation regarding disclosure of the remunerations of the members of the Board of Directors individually. In this report, Novabase discloses the remuneration received by each member of the Board of Directors and Audit Committee in 2011, pursuant to the provisions of Law no. 28/2009 and CMVM Regulation no. 1/2010.

By unanimous decision of the Remuneration Committee, fixed remuneration components were set for members of the Novabase Board of Directors in 2011, along with annual variable remuneration, as shown in the chart below.

These remunerations are distributed among the members of the Board of Directors in accordance with the breakdown stipulated by the Remuneration Committee, whereby the (i) independent non-executive directors and one non-executive, non-independent director (Joaquim Sérvulo Rodrigues) earn only a fixed cash remuneration and (ii) the executive directors (together with certain non-executive, non-independent directors taking on management responsibilities in the Group) earn a fixed portion in cash, a variable portion in cash and a variable portion based on stock options. This remuneration is shared among the directors as indicated in the chart below, in accordance with the responsibilities assumed by them at Novabase, and as indicated by the Remuneration Committee.

The remuneration of non-executive, non-independent directors who assume management responsibilities in the Group includes a variable portion, since the current term is a transition period to non-executive duties after many years of executive duties.

The variable portion in cash of directors' remuneration is determined with a view to aligning this portion with the organization's performance in the year in question, measured by the net profits generated, and correlates with the responsibility and performance of each director in particular. A proper balance is also ensured between the fixed and variable portions of these remunerations. The variable remuneration in cash paid in 2011 corresponds to just 50% of the variable remuneration in cash component due for 2010. The remaining 50% of this component is subject to deferred payments in the following 3 years (2012, 2013 and 2014) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

As regards the aforementioned stock option plan, at the start of the 2009-2011 term, the members of the Board of Directors were awarded a number of options as defined by the Remuneration Committee, under the variable remuneration stock options component for the years in question.

Accordingly, in the Remuneration Committee meeting of 4 June 2009, it was thus resolved to offer 1,959,720 options under the 2009-2011 variable remuneration stock options component in force at the Novabase Group, to be distributed among the five executive directors, Chairman of the Board of Directors and members of the Board of Directors, according to the following chart:

Director	Fixed Annual Remuneration (€)	Variable Annual Remuneration paid in 2011 (€)	Partial Total (Fixed + Variable paid in 2011) (€)	Variable paid in 2011 / Partial Total (%)	Deferred annual variable remuneration (€)	Variable Remuneration # options @ €4.04€ 2009-2011
Luís Paulo Cardoso Salvado	€258,983.34	€190,050.00	€449,033.34	42.32%	€190,050.00	380,528 options
João Nuno da Silva Bento	€260,610.00	€190,050.00	€450,660.00	42.17%	€190,050.00	380,528 options
Álvaro José da Silva Ferreira	€260,610.00	€190,050.00	€450,660.00	42.17%	€190,050.00	380,528 options
Nuno Carlos Dias dos Santos Fórneas	€170,800.00	€123,550.00	€294,350.00	41.97%	€123,550.00	247,343 options
Francisco Paulo Figueiredo Morais Antunes	€131,040.00	€76,000.00	€207,040.00	36.71%	€76,000.00	152,211 options
<b>Executives Total</b>	<b>€1,082,043.34</b>	<b>€769,700.00</b>	<b>€1,851,743.34</b>	<b>41.57%</b>	<b>€769,700.00</b>	<b>1,541,138 options</b>
<b>(% total)</b>	<b>64.91%</b>	<b>78.64%</b>	<b>69.99%</b>		<b>78.64%</b>	<b>78.64%</b>
Rogério dos Santos Carapuça	€238,700.00	€133,050.00	€371,750.00	35.79%	€133,050.00	266,370 options
Luís Fernando de Mira Amaral	€39,424.00 <sup>1</sup>	€0.00	€39,424.00 <sup>1</sup>	0.00%	€0.00	0 options
Manuel Alves Monteiro	€39,424.00 <sup>1</sup>	€0.00	€39,424.00 <sup>1</sup>	0.00%	€0.00	0 options
João Luis Correia Duque	€39,423.96 <sup>2</sup>	€0.00	€39,423.96 <sup>2</sup>	0.00%	€0.00	0 options
José Afonso Oom Ferreira de Sousa	€106,120.00	€38,000.00	€144,120.00	26.37%	€38,000.00	76,106 options
Joaquim Sérvulo Rodrigues	€15,862.00 <sup>3</sup>	€0.00	€15,862.00	0.00%	€0.00	0 options
Pedro Miguel Quinteiro de Marques Carvalho	€106,120.00	€38,000.00	€144,120.00	26.37%	€38,000.00	76,106 options
<b>Non-executives Total</b>	<b>€85,073.98</b>	<b>€209,050.00</b>	<b>€794,123.96</b>	<b>26.32%</b>	<b>€209,050.00</b>	<b>418,582 options</b>
<b>(% total)</b>	<b>35.09%</b>	<b>21.36%</b>	<b>30.01%</b>		<b>35.09%</b>	<b>21.36%</b>
<b>TOTAL</b>	<b>€1,667,117.38</b>	<b>€978,750.00</b>	<b>€2,645,867.30</b>	<b>36.99%</b>	<b>€978,750.00</b>	<b>1,959,720 options</b>

<sup>1</sup> The amount shown represents 50% of the total amount attributed to each director. The remaining 50% will be paid in the following 3 years (2012, 2013 and 2014) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

<sup>1</sup> Took parental leave of absence in 2011.

As described in greater detail in point III.10 of this report, attributed options in 2009 may be exercised in blocks, corresponding to 1/3 of all options, on each anniversary of their attribution date, while unexercised options may be exercised on their subsequent maturity date. In addition, shares acquired through the exercising of options may not be sold or encumbered for one year (50% of the total shares acquired).

Furthermore, as also described in point III.10 of this report, the strike price of the options allotted to the directors elected at the General Meeting of Shareholders of 28 April 2009 was €4.04 per share. Exercised options are settled via net share settlement from Novabase's portfolio using the following formula:

$$\text{No of shares} = \text{No. of options exercised} \times (\text{TP} - \text{Strike}) / \text{TP}$$

where TP (or take-up price) and strike have the meanings described in point III.10.

In this way, since options should only be exercised when the company's performance is positive, as reflected by the share price on the date of exercising the options, this variable remuneration component is dependent on the continued positive performance of the company through these exercise dates.

No additional remuneration was paid in 2011 in the form of profit sharing and/or bonuses, except for the amounts shown in the chart below, as decided by the Remuneration Committee in view of the circumstances of the current term, in which the company's founders are transitioning to non-executive positions after performing executive duties for 20 years:

Director	Bonus (€)
José Afonso Oom Ferreira de Sousa	95,000.00
Pedro Miguel Quinteiro de Marques Carvalho	95,000.00
<b>Total</b>	<b>190,000.00</b>

As shown in the attached Remuneration Committee report, the Remuneration Committee unanimously decided to defer, to 2012, 50% of the pending amounts due to directors José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro de Marques Carvalho for the bonus awarded to them in the Remuneration Committee meeting of 9 July 2009, whose final portion was payable in 2011. The bonus amounts shown in the above table thus correspond to 50% of the amount due.

No compensations were paid, nor are any compensations owed, to former executive directors as a result of their duties no longer being performed in 2011.

There are no supplementary pension or early retirement schemes for Novabase directors.

In 2011, an additional amount of €12,528.39 was paid to the members of the Board of Directors in meal allowances.

There are no relevant amounts of non-monetary benefits considered as remuneration and not covered by the previous situations.

Novabase directors are paid exclusively by this entity, and do not receive additional remuneration of any kind from other companies that are controlled by or part of the Novabase Group.

*II.32 Information on the way the remuneration is structured so as to allow aligning the interests of the members of the board of directors with the long-term interests of the company as well as how it is based on the performance assessment and how it discourages excessive risk assumption.*

The variable portion in cash of directors' remuneration is determined by the Remuneration Committee with a view to aligning this portion with the organization's performance in each year in question, measured by the net profits generated, and correlates with the responsibility and performance of each director in particular. A proper balance is also ensured between the fixed and variable portions of these remunerations.

The variable remuneration in cash paid in 2011 corresponds to just 50% of the variable remuneration in cash component due for 2010. The remaining 50% of this component is subject to deferred payments in the following 3 years (2012, 2013 and 2014) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

As regards the stock option plan – and as a means of aligning the directors' interests with those of the company – at the start of the 2009-2011 term, the members of the Board of Directors were awarded a number of options as defined by the Remuneration Committee, under the stock options portion of the variable remuneration for the years in question, in accordance with the table in point II.31 above.

As described in greater detail in point III.10 of this report, attributed options may be exercised in blocks, corresponding to 1/3 of all options, on each anniversary of their attribution date, while unexercised options may be exercised on their subsequent maturity date. As such, the stock option plan's corresponding variable portion does not exclusively serve Novabase's long-term interests.

However, the variable portion of the remuneration paid through the stock option plan is fully aligned with these long-term interests when the options are not exercised until their last maturity date, i.e. 3 years after the commencement of the directors' terms of office, which must always occur for at least 1/3 of the options attributed.

In fact, as described in greater detail in point III.10 of this report, attributed options in 2009 may be exercised in blocks, corresponding to 1/3 of all options, on each anniversary of their attribution date, while unexercised options may be exercised on their subsequent maturity date.

Furthermore, as also described in point III.10 of this report, the strike price of the options allotted to the directors elected at the General Meeting of Shareholders of 28 April 2009 was €4.04 per share. Exercised options are settled via net share settlement from Novabase's portfolio using the following formula:

$$\text{No of shares} = \text{No. of options exercised} \times (\text{TP} - \text{Strike}) / \text{TP}$$

where TP (or take-up price) and strike have the meanings described in point III.10.

In this way, since options should only be exercised when the company's performance is positive, as reflected by the share price on the date of exercising the options, this variable remuneration component is dependent on the continued positive performance of the company through these exercise dates.

In addition, shares acquired through the exercising of options may not be sold or encumbered for one year (50% of the total shares acquired).

In this way, Novabase believes that a substantial part of the variable remuneration of the company's directors aligns their interests with the long-term interests of the company, although not exclusively so.

Moreover, the fact that a significant amount of the options to allot shares are deferred over time discourages excessive risk assumption by directors.

### *II.33 As regards the remuneration of the executive members:*

*a) Reference to the fact that the executive members' remuneration includes a variable component and information on the way said component relies on the assessment performance;*

As stated in point II.31 of this report, the remuneration of executive directors includes a variable portion in cash and a variable stock option plan portion.

The variable portion in cash of directors' remuneration is determined with a view to aligning this portion of these directors' remuneration with the organization's performance in the year in question, measured by the net profits generated, and correlates with the responsibility and performance of each director in particular. A proper balance is also ensured between the fixed and variable portions of these remunerations.

*b) The corporate bodies responsible for assessing the performance of executive members;*

As stated in point II.3 of this report, the Board of Directors Performance Assessment Committee is responsible for assessing the performance of the Executive Committee with respect to how it has been conducting Novabase's annual plan and budget passed by the Board of Directors at the start of each year, together with the degree of success in achieving their corresponding goals.

Moreover, the variable portion in cash of directors' remuneration is determined by the Remuneration Committee with a view to aligning this portion of these directors' remuneration with the organization's performance in the year in question, measured by the net profits generated, and correlating it with the responsibility and performance of each director in particular (as stated in point II.31).

*c) The pre-established criteria for assessing the performance of executive members;*

The performance assessment of directors (including executive directors) takes into account the organization's performance in the year in question, measured by the net profits generated, and is aimed at correlating the remuneration's variable cash component with the responsibility and performance of each director in particular (as stated in point II.31).

*d) The relative importance of the variable and fixed components of the members' remuneration, as well as the maximum limits for each component;*

The relative importance of directors' variable and fixed remuneration components is shown in the table in point II.31. One of the goals of the variable portion in cash is to establish a proper balance between the fixed and variable portions of these remunerations.

Under the stock option plan's corresponding variable component, it is stipulated that the total number of options attributed under the 4th Plan may under no circumstances exceed the total

number of options attributed under the 3rd Plan, pursuant to which the shares corresponding to the options attributed but not yet exercised under this third 2006-2008 Stock Option Plan should not at any time exceed 8% of the total volume of shares representing Novabase's share capital at the time, for the three Annual Loyalty Components comprising the 3rd Plan.

*e) The deferred payment of the remuneration's variable component and the relevant deferral period;*

The variable remuneration in cash paid in 2011 corresponds to just 50% of the variable remuneration in cash component due for 2010. The remaining 50% of this component is subject to deferred payments in the following 3 years (2012, 2013 and 2014) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

However, in what concerns the variable portion of the remuneration paid through the stock option plan, as described in greater detail in point III.10 of this report, attributed options in 2009 may be exercised in blocks, corresponding to 1/3 of all options, on each anniversary of their attribution date, while unexercised options may be exercised on their subsequent maturity date. In addition, shares acquired through the exercising of options may not be sold or encumbered for one year (50% of the total shares acquired).

Furthermore, as also described in point III.10 of this report, the strike price of the options allotted to the directors elected at the General Meeting of Shareholders of 28 April 2009 was €4.04 per share. Exercised options are settled via net share settlement from Novabase's portfolio using the following formula:

No of shares = No. of options exercised x (TP – Strike) / TP

where TP (or take-up price) and strike have the meanings described in point III.10.

In this way, since options should only be exercised when the company's performance is positive, as reflected by the share price on the date of exercising the options, this variable remuneration component is dependent on the continued positive performance of the company through these exercise dates.

*f) An account of the way whereby the payment of the variable remuneration is subject to the company's continual positive performance during the deferral period;*

See item e) above.

*g) Sufficient information on the criteria whereon the allocation of variable remuneration on shares is based, as well as on maintaining company shares that the executive members have had access to, on the possible share contracts, namely hedging contracts or risk transfer, the relevant limit and its relation apropos the value of the total annual remuneration;*

There is no remuneration through the direct allocation of shares.

Moreover, since no options were exercised on the maturity date of Batch 1 of options under the current stock option plan (as stated in point III.10), the Novabase directors participating in this plan have not accessed any shares under variable remuneration schemes.

The company has no information regarding the signing of contracts involving these shares, namely hedging or risk transfer contracts.

*h) Sufficient information on the criteria whereon the allocation of variable remuneration on options is based as well as its deferral period and exercising price;*

This information is described in point III.10 of this report.

*i) The main factors and reasons for any annual bonus scheme and any other non-financial benefits;*

Except for the stock option plan's corresponding variable remuneration component, and notwithstanding the bonuses referred to in point II.31, there is no annual bonus scheme or any other non-financial benefits.

In 2011, an additional amount of €12,528.39 was paid to the members of the Board of Directors in meal allowances.

There are no relevant amounts of non-monetary benefits considered as remuneration and not covered by the previous situations.

*j) Remuneration paid in the form of a share in the profits and/or the payment of bonuses and the rationale behind the act of awarding such bonuses and/or share in profits;*

Except for the bonuses described in point II.31, paid to directors José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro de Marques Carvalho, there is no form of profit sharing and/or bonuses. These amounts were decided on by the Remuneration Committee in view of the circumstances of the current term, in which the company's founders are transitioning to non-executive positions after performing executive duties for 20 years.

*l) Compensation paid or owed to former executive directors in relation to early contract termination;*

No compensations were paid or became due to former executive directors as a result of their duties no longer being performed during the year.

*m) Reference to the envisaged contractual restraints for compensation owed for undue dismissal of executive directors and its relation apropos the remunerations' variable component;*

There are no contractual restraints for compensation owed for undue dismissal of executive directors, as per legal rules.

Pursuant to Article 403 (5) of the Commercial Companies Code, if the dismissal lacks justified grounds, the director is entitled to compensation for damages incurred by the means specified in his/her contract or under the general terms of the law; this compensation may not exceed the remuneration he/she would presumably receive through the end of his/her appointed term.

In Novabase's opinion, since management positions are remunerated, with a mandatory legal ceiling on compensation for dismissal without due cause, and in view of the protection of expectations principle, there is no justification for contractual restraints that reduce the maximum legal compensation amount to a director with legal proof of damages incurred, when dismissal occurs due to his/her inadequate performance without justified grounds.

Similarly, in view of the mandatory legal ceiling on compensation for undue dismissal, there is no foreseeable advantage in establishing contractual restraints to directors' compensation in the event of consensual termination of duties.

Lastly, the implementation of such measures during the term of office does not seem appropriate.

*n) Amounts paid on any basis by other companies in a group relationship or exercising control over the company;*

Novabase directors are paid exclusively by this entity, and do not receive additional remuneration of any kind from other companies that are controlled by or part of the Novabase Group.

*o) A description of the main characteristics of the supplementary pensions or early retirement schemes set up for executive directors and whether said schemes were subject or not to the approval of the General Meeting of Shareholders;*

There are no supplementary pension or early retirement schemes for Novabase directors.

*p) An estimate of the non-financial benefits considered as remuneration which do not fall under the categories listed above;*

There are no relevant amounts of non-monetary benefits considered as remuneration and not covered by the previous situations.

*q) Mechanisms to prevent executive directors from having employment contracts that question the grounds of the variable remuneration;*

The company does not adopt mechanisms to prevent executive directors from having employment contracts that question the grounds of the variable remuneration.

However, to the company's knowledge, there are no contracts of this sort.

***II.34 Reference to the fact that remuneration of non-executive members of the Board of Directors is not included in the variable component.***

Only independent non-executive directors and one non-independent non-executive director (Joaquim Sérvulo Rodrigues) receive solely fixed cash remuneration. The remuneration policy for directors passed in the 2011 General Meeting of Shareholders still allowed non-independent non-executive directors to receive a variable remuneration component, especially bearing in mind that these directors could take on key management responsibilities in the Group, although without executive powers (which they ultimately did), thereby justifying this variable component.

In any case, since differences in the remuneration structure are intended to adjust remuneration according to the duties actually performed by each director in the Group, the remuneration of the members of the Board of Directors is structured so as to align their interests with those of the company.

***II.35 Information on the reporting of irregularities adopted by the company (reporting means, persons entitled to receive said reports, how the reports are to be handled and the names of the persons or bodies that have access to the information and the relevant involvement in the procedure).***

In compliance with the CMVM Recommendations published in the 2007 Corporate Governance Code, and in view of fostering a culture of responsibility and compliance, Novabase has adopted a system for reporting irregularities (known as "SPI") that may occur within its Group. Any report of irregularities made through SPI is directed to the Audit Committee, which will appoint a person in charge of SPI to manage the reports received. The person in charge of SPI must act independently and autonomously (notwithstanding responsibility to the Auditing Committee for proper compliance with his/her duties) and will be subject to confidentiality requirements. This system also observes the requirements in the Corporate Governance Code currently in force.

According to the implemented system, employees and other Novabase stakeholders have access to a direct and confidential channel for reporting to the Audit Committee any practice

that appears to be improper or irregular in any way, whatever it may be, which has occurred within the Novabase Group, regardless of any blame that may be attributed, and which may impact the financial statements or the information sent to the CMVM, or that may cause serious damage to Novabase or its stakeholders (employees, customers, partners and shareholders).

Reporting of irregular practices occurring within the Novabase Group by Novabase employees when they have such knowledge is a duty, regardless of the source of the practice or the person who has performed it.

The apparent irregularity must be reported in a secure and confidential manner to the person in charge of SPI, the independent member of the Audit Committee Manuel Alves Monteiro, in two different manners:

- to the private e-mail address: [m.a.monteiro.novabase@gmail.com](mailto:m.a.monteiro.novabase@gmail.com); and
- by post in a letter addressed to Dr. Manuel Alves Monteiro, marked “Confidential”, to the address: Av. D. João II, Lote 1.03.2.3. Parque das Nações 1998 – 031 Lisbon

Such reports will be processed by the person in charge of SPI according to the following procedure:

- i) receipt and preliminary analysis of the report of the irregular practice;
- ii) judgement of the consistency of the report received (with destruction of all inconsistent reports, the Auditing Committee being responsible for this destruction, subsequent to a proposal from the person in charge of SPI);
- iii) investigation/report/archiving; and
- iv) final forwarding.

Before proceeding to the final forwarding of the reports, the person responsible for SPI takes account of the reports for statistical purposes and maintains a record of the reports that exclusively covers the following aspects: (i) date on which the report was received; (ii) essence of the facts reported, eliminating all information that permits identification of any physical persons; and (iii) date on which the investigation was concluded.

Once the investigation has been concluded, reports with an underlying probability of an irregular practice are forwarded by the Auditing Committee to the Board of Directors so that it can take appropriate measures.

Whenever the report of irregular practices results in evidence of the practice of a crime or serious disciplinary infraction, the Auditing Committee must recommend that the company forwards the matter to (i) Novabase internal bodies for due process and (ii) to external investigation bodies, namely the police or the public prosecutor, in order to ascertain responsibilities.

General rules of conflict of interest apply to the decisions to be approved by the Auditing Committee or by the Board of Directors regarding reports made within the scope of SPI.

Whatever the circumstance, the confidentiality of the report will be guaranteed if so requested by its author, and the personal data of the physical persons involved will be protected, while any action taken against the person who has made the report will be considered a serious offence.

This policy is explained on the Novabase website ([www.novabase.pt](http://www.novabase.pt)) in the IR/Corporate Governance section.

In this way, Novabase complies with the provisions of the Commercial Companies Code and the recommendations of the Corporate Governance Code. Its system has been approved by the Portuguese Data Protection Authority (CNPD) through authorization no. 4494/2009.

## **Section V – Special Committees**

---

Remuneration Committee: The board decides upon the remuneration of corporate board members. Its current members for the three-year period of 2009-2011 were decided in the General Meeting of Shareholders of 28 April 2009. Francisco Luís Murteira Nabo presides over the Remuneration Committee. Pedro Rebelo de Sousa and João Quadros Saldanha are also members of this committee. All of the committee's members are independent from the members of the Board of Directors, pursuant to Chapter II, point II.19 of the Annex to CMVM Regulation No. 1/2007, which includes the criteria adopted by Novabase in 2009 to gauge the fulfilment of Recommendation No. II.5.2 of the 2007 Corporate Governance Code (since the current CMVM Regulation No. 1/2010 and Corporate Governance Code do not establish specific criteria in this regard, Novabase believes that the criteria of prior norms should still be taken into account in assessing the independence of members of the Remuneration Committee from the Board of Directors).

Notwithstanding the above, pursuant to Recommendation No. II.5.3 of the Corporate Governance Code, no one serving or having served on the Board of Directors, in the preceding three years, should be hired to support the Remuneration Committee in the performance of its duties, together with other circumstances, under the terms of this recommendation, affecting the independence of the person in question within the scope of the Remuneration Committee's duties. This recommendation seems to suggest, *a fortiori*, that individuals who have performed duties on the Board of Directors in this period should likewise not be hired to support this committee or, *a fortiori*, become one of its members, which is the case of one of this committee's current members (João Quadros Saldanha).

Therefore, in view of Recommendation No. II.5.3 of the Corporate Governance Code, former director João Quadros Saldanha may be considered a non-independent member of the Remuneration Committee in relation to the members of Novabase's Board of Directors.

Notwithstanding the above, Novabase wishes to emphasize that since the Remuneration Committee's current members were appointed to their positions for the three-year period of 2009-2011, it seems inappropriate to make any changes at this time to this committee's composition before the end of the current term.

Although the term of the current members of the Remuneration Committee ended on 31 December 2011, these members will remain in office until the new Remuneration Committee is elected in the next General Shareholders Meeting, on May 3 2012.

In 2011, the Remuneration Committee held two meetings, and the respective minutes were drafted and signed.

### *II.36 Identification of members of those committees that have been constituted for the purposes of individual and overall performance assessment of the executive members, consideration on the governance system that has been adopted by the company and the identification of potential candidates with the professional profile fitting the member position.*

As stated in point II.3, on 31 December 2010, the Board of Directors Performance Assessment Committee was comprised of the following members: Rogério dos Santos Carapuça (Chairman), Luís Paulo Salvado, Luís Mira Amaral, José Afonso Oom Ferreira de Sousa, Joaquim Sérvulo Rodrigues and Pedro Miguel Quinteiro Marques de Carvalho.

Moreover, as also stated in point II.3, on 31 December 2010, the Corporate Governance Assessment Committee was comprised of the following members: Rogério dos Santos Carapuça (Chairman), Luís Paulo Salvado, Manuel Alves Monteiro, João Luís Correia Duque, José Afonso Oom Ferreira de Sousa and Joaquim Sérvulo Rodrigues.

Furthermore, as mentioned above in the General Corporate Governance Model Assessment in Chapter 0 and in point II.16 of this report, in 2011, Novabase did not create any specialized committee with the power to identify, in a timely manner, potential candidates with the high profile needed for the position of director, as this was not necessary in view of its size and the specific nature of its corporate governance model; an adequate definition does exist for the profile of candidates for management positions. With regard to 2011, Novabase believes that such circumstances justified the dismissal of Recommendation No. II.5.1. of the CMVM Corporate Governance Code.

Notwithstanding the above, it should be noted that when executive directors must be replaced, the company has a procedure in place under which the Executive Committee Chairman and the Executive Committee as a whole identify potential candidates (internal or external) to be designated under this replacement, submitting their names to the company boards legally responsible for the replacement, or communicating these names to shareholders interested in submitting, to the General Meeting of Shareholders, a respective proposal for election to the Board of Directors, when applicable.

*II.37 Number of meetings held by the committees that have been constituted for management and supervision during the period concerned, as well as reference to the minutes of said meetings that have been held.*

As already mentioned in point II.13, the Board of Directors Performance Assessment Committee met once in 2010, and the Corporate Governance Assessment Committee met twice in 2010. Both of these specialized committees draw up their own meeting minutes

*II.38 Reference to the fact that one member of the remuneration committee has knowledge and experience in remuneration policy issues.*

The Chairman of the Remuneration Committee, Francisco Luís Murteira Nabo, has suitable knowledge and experience in remuneration policy issues, pursuant to point II.38 of CMVM Regulation No. 1/2010.

*II.39 Reference to the independency of natural or legal persons with an employment contract or providing services to the remuneration committee, as regards the Board of Directors as well as, when applicable, to the fact that these persons have an existing relation with the company consultant.*

The Remuneration Committee is not assisted by any natural or legal persons with an employment contract or service agreement as regards the Board of Directors or any structure beneath it, or by any existing relationship with a company consultant that affects its independence or exemption.

In addition, the Remuneration Committee is not assisted by any entity having a relationship with the company's management in the preceding three years, pursuant to the above paragraph, or by any person related by an employment contract or service agreement with any person referred to in this or the above paragraphs.

Notwithstanding the above, the considerations from the start of this Section V, namely concerning the assessment of the independence of Remuneration Committee members in view of the provisions of Recommendation No. II.5.3 of the 2010 Corporate Governance Code, must be taken into account.

As explained earlier, the provisions of this CMVM recommendation seem to suggest, *a fortiori*, that individuals who have performed duties on the Board of Directors in this period should likewise not be hired to support this committee or, *a fortiori*, become one of its members, which is the case of one of this committee's current members (João Quadros Saldanha).

Therefore, in view of Recommendation No. II.5.3 of the 2010 Corporate Governance Code, former director João Quadros Saldanha may be considered a non-independent member of the Remuneration Committee in relation to the members of Novabase's Board of Directors.

## Chapter III. Information and Auditing

### III.1 Shareholder base, including indication of shares not admitted to trading, different categories of shares, underlying rights and duties and the percentage of capital that each category represents.

Novabase's share capital consists of 31,401,394 issued shares. There are no shares that are not admitted for trading, nor are there different categories of shares. All shares confer the same rights and obligations.

### III.2 Qualified holdings in the shareholder capital of the issuer company, calculated in accordance with Article 20 of the Portuguese Securities Code.

#### Shareholdings<sup>1</sup> (under the terms of Article 20, Item 1 of the Securities Code)

Shareholder	#	#	%
	Partial Shares	Shares	Capital and Voting Rights
Partbleu, Sociedade Gestora de Participações		3,180,444	10.13%
ES TECH VENTURES, SGPS, SA	1,792,144		
BES Pension Fund	1,149,395		
Corporate Board members	60		
Banco Espírito Santo, SA Group (under the terms of Article 20, Item 1 of the Securities Code)		2,941,599	9.37%
José Afonso Oom Ferreira de Sousa		2,514,947 <sup>2</sup>	8.01%
Pedro Miguel Quinteiro Marques de Carvalho		2,170,679 <sup>2</sup>	6.91%
Luís Paulo Cardoso Salvado		2,018,047 <sup>2</sup>	6.43%
João Nuno da Silva Bento		1,899,799 <sup>2</sup>	6.05%
Rogério dos Santos Carapuça		1,884,787 <sup>2</sup>	6.00%
Fernando Fonseca Santos		1,575,020	5.02%
Fundo de Investimento Mobiliário Aberto Poupança Ações Santander PPA	1,413,967		
Fundo de Investimento Mobiliário Aberto Santander Ações Portugal	138,786		
Santander Asset Management - Soc. Gestora de Fundos de Investimento Mobiliário, SA (under the terms of Article 20, Item 1 of the Securities Code)		1,552,753	4.94%

Álvaro José da Silva Ferreira		1,189,423 <sup>2</sup>	3.79%
CAIXAGEST ACÇÕES PORTUGAL – Fundo de Investimento Mobiliário Aberto de Acções	209,382		
CAIXAGEST PPA -	467,332		
Caixagest – Técnicas de Gestão de Fundo		676,714	2.16%
		648,486	2.07%
<b>Total</b>		<b>22,252,698</b>	<b>70.87%</b>

<sup>1</sup>Shareholdings of each of these shareholders correspond to last positions notified to the company as at 31 December 2011.

<sup>2</sup> Includes shares under the shareholders' agreement described in point III.5 of this report. The voting rights attributable to other shareholders under this agreement are attributable to the shareholder in question. The total voting rights under this agreement corresponded to 10,488,065 shares representing 33.40% of the share capital and voting rights of Novabase – SGPS, S.A.

### *III.3 Identification of shareholders with special rights and description of these rights.*

The articles of association do not provide for shares with special rights.

### *III.4 Restrictions on the transferability of shares, such as consent of sale clauses or restrictions on ownership of shares.*

The articles of association do not limit the transfer or ownership of Novabase shares.

### *III.5 Shareholders' agreements that are known to the company and which may lead to restrictions in terms of transferring securities or voting rights.*

On 28 October 2008, the market was notified of the signing of a shareholders' agreement (replacing a prior agreement signed on 20 April 2006) signed by shareholders José Afonso Oom Ferreira de Sousa, Pedro Miguel Quinteiro Marques de Carvalho, Rogério dos Santos Carapuça, Luís Paulo Cardoso Salvado, João Nuno da Silva Bento and Álvaro José da Silva Ferreira, centred on 10,488,065 Novabase shares held by them, corresponding to 33.4% of the company's voting rights. The shareholders' agreement entered into force on 20 April 2009, for a period of three years, at which time the prior shareholders' agreement referred to above ceased to be valid.

The shares under the shareholders' agreement that entered into effect on 20 April 2009 were held by these shareholders in the following quantities:

Shareholder	No. of Shares	% Capital
José Afonso Oom Ferreira de Sousa	2.170.679	6.91%
Pedro Miguel Quinteiro Marques de Carvalho	2.170.679	6.91%

Rogério dos Santos Carapuça	1.774.755	5.65%
Luís Paulo Cardoso Salvado	1.783.543	5.68%
João Nuno da Silva Bento	1.783.543	5.68%
Álvaro José da Silva Ferreira	804,866	2.56%
<b>Total</b>	<b>10,488,065</b>	<b>33.40%</b>

The following contents of this shareholders' agreement are noteworthy:

- a) Obligations regarding the composition of the Board of Directors and election of its members, namely the joint creation by all signatories, previously at General Meetings of Shareholders for the election in question, of proposals for designating members of the Board of Directors. A majority must pass such proposals equal to or greater than two thirds of votes corresponding to shares, with signatories assuming the responsibility of voting in favour of proposals they have presented at the General Meeting of Shareholders;
- b) The need for agreement by a majority equal to or greater than two thirds of votes corresponding to shares to establish terms by which these shares may be sold, together with the potential purchase of Novabase shares by the signatories, with signatories agreeing not to initiate sales or purchases of any kind outside of this agreement;
- c) Notwithstanding the above information, each signatory is authorized, under the terms of the shareholders' agreement, to acquire Novabase shares in proportion to the shares held by him/her within the scope of this agreement, providing that the total shares owned by the signatories does not exceed 33% or 50% of the total number of Novabase shares and/or respective voting rights, depending on whether the qualified shareholding of the signatories is greater or less than 33% on that date, pursuant to article 20 of the Securities Code. Novabase shares acquired in this way will not be considered agreement shares;
- d) Obligation of signatories to vote at General Meetings of Shareholders exclusively in favour of decisions previously passed by a two-thirds or greater majority of signatories having voting rights corresponding to shares, on the following matters: dividends policy, management bonus policy for the company's directors, increase and decrease in share capital, suppression of right of preference in share capital increases, composition of corporate boards, and changes in the articles of association;
- e) Obligation of signatories to vote at General Meetings of Shareholders exclusively in favour of decisions previously passed by a two-thirds or greater majority of signatories having voting rights corresponding to shares;
- f) The need for unanimity of all signatories for the purchase of Novabase shares that imply the allocation to such signatories of a qualified shareholding exceeding 33% or 50% of Novabase voting rights;
- g) The signatories undertake to ensure that their descendents in the first degree, who have not yet reached legal age, will not acquire any Novabase shares in return for payment; and
- h) Any Signatory that, in breach of the Shareholders' Agreement, causes a qualified shareholding of 50% of Novabase voting rights to be allocated to the remaining signatories, under the terms of Article 20 of the Securities Code, must immediately initiate the procedure to suspend the tender offer obligation as provided for in Article 190 of the Securities Code.

Any Signatory responsible for allocating such voting rights, in the terms specified above, and who fails to execute the proper procedures to suspend and terminate the obligation for a tender offer, will be obliged to launch the tender offer individually.

Any signatory dismissed without just cause, from his/her management duties at Novabase while the Shareholders' Agreement is in force can opt to terminate his/her participation in the agreement.

On 31 December 2011, the shareholders' agreement signed in 2008 and effective since 2009 was in effect. However, on 30 January 2012, a new shareholders' agreement was signed by shareholders Luís Paulo Cardoso Salvado, João Nuno da Silva Bento, Rogério dos Santos Carapuça, José Afonso Oom Ferreira de Sousa, Pedro Miguel Quinteiro Marques de Carvalho and Álvaro José da Silva Ferreira, centred on 10,488,065 Novabase shares held by them, corresponding to 33.40% of the company's voting rights (restricted shares). This new shareholders' agreement entered immediately into force, and shall be valid until 30 April 2015, replacing the previous shareholders' agreement signed by the signatories.

The shares under the Shareholders' Agreement are held by the aforementioned shareholders in the following quantities:

Name	No. of Shares	% Capital
Luís Paulo Cardoso Salvado	2,018,047	6.43%
João Nuno da Silva Bento	1,899,799	6.05%
Rogério dos Santos Carapuça	1,884,775	6.00%
José Afonso Oom Ferreira de Sousa	1,748,011	5.57%
Pedro Miguel Quinteiro Marques de Carvalho	1,748,011	5.57%
Álvaro José da Silva Ferreira	1,189,423	3.79%
<b>Total</b>	<b>10,488,066</b>	<b>33.40%</b>

The following contents of this shareholders' agreement are noteworthy:

- a) The need for agreement by a majority equal to or greater than two-thirds of votes corresponding to shares to establish terms by which such shares may be sold, together with the potential purchase of Novabase shares by the signatories, with signatories agreeing not to initiate sales or purchases of any kind outside of this agreement;
- b) Need for unanimity of all signatories to acquire Novabase shares or sign agreements giving these signatories qualified holdings exceeding one-third or 50% of Novabase's voting rights, according to whether the signatories' immediately prior shareholdings are less or more than one-third of these voting rights;
- c) Notwithstanding the above, each signatory is authorized to acquire Novabase shares up to a maximum of 1.93% of the voting rights corresponding to Novabase's share capital, per signatory, provided that such acquisitions do not give the signatories more than 50% of the voting rights corresponding to the company's share capital. Novabase shares acquired in this manner will not be considered restricted shares, unless agreed so by unanimous decision;
- d) Moreover, any signatory holding less than 1/6 (one-sixth) of all restricted shares on a

- given date may acquire restricted shares, and/or Novabase to be included in restricted shares, up to this maximum limit of 1/6 (one-sixth) of all restricted shares;
- e) Signatories who, following transactions performed under the terms of d) above, hold more than 1/6 (one-sixth) of the new total of restricted shares may dispose of restricted shares, provided that they maintain ownership of at least 1/6 (one-sixth) of the new total of restricted shares;
  - f) The shareholders' agreement also states that the transactions performed under the terms of d) and e) above may under no circumstances give signatories shareholdings equal to or less than one-third, or more than one half, of the voting rights corresponding to Novabase's share capital;
  - g) The Signatories subscribe to the obligation that their first degree descendants shall not undertake to acquire any Novabase shares before they come of age.
  - h) Any signatory that, in breach of the Shareholders' Agreement, causes a qualified shareholding of 50% of Novabase voting rights to be allocated to the remaining signatories, under the terms of Article 20 of the Securities Code, must immediately initiate the procedure to suspend the tender offer obligation as provided for in Article 190 of the Securities Code. Any Signatory responsible for allocating such voting rights, in the terms specified above, and who fails to execute the proper procedures to suspend and terminate the obligation for a tender offer, will be obliged to launch the tender offer individually.
  - i) In all of the following matters, signatories must exercise their voting right at Novabase's General Meetings of Shareholders by a strict majority equal to or greater than two-thirds of votes corresponding to restricted shares: dividend policy to be adopted, management compensation policy for Novabase directors, increases and decreases in share capital, elimination of the pre-emptive right in increases in capital, composition of corporate boards, Novabase mergers and divisions, and amendments to the articles of association;
  - j) Commitment, subject to market conditions and applicable legal conditions, seeking to ensure that:
    - a. A dividend policy be proposed for the 2011-2014 financial years with an annual dividend payment of at least 30% of the consolidated net profit for the year;
    - b. A new stock option plan be implemented, under market conditions to be defined;
  - k) Obligation to draw up, together with all signatories before the elections at the General Meeting of Shareholders, proposals to appoint members to Novabase's corporate boards, Executive Committee and specialized committees of the Board of Directors;
  - l) Obligation of signatories to vote at General Meetings of Shareholders exclusively in favour of decisions previously passed by a two-thirds or greater majority of signatories having voting rights corresponding to restricted shares;
  - m) Any signatory who is dismissed without just cause from his/her management duties at Novabase while the Shareholders' Agreement is in force may opt to terminate his/her participation in the agreement. In the remaining cases, and except in specific situations of death, interdiction, incapacity or disability governed by the agreement, signatories may only terminate their participation in the shareholders' agreement with approval by a majority at least equal to or greater than two-thirds of votes corresponding to restricted shares;
  - n) Any party in breach of its obligations arising from the shareholders' agreement shall be subject to the provisions of clause IX concerning penalties for the non-performance of this agreement.

The signing of these Shareholders' Agreements, particularly the new Shareholders' Agreement, has sought to guarantee shareholder stability for their corresponding three-year periods. Novabase believes that the existence of a shareholders' agreement does not constitute a defensive measure contrary to shareholder interests in itself, since it ensures stability in the management of the company, therefore safeguarding Novabase's corporate and shareholder interests. Furthermore, Novabase believes that because the current shareholders' agreement involves only 33.40% of Novabase's total shares, it should not be considered a defensive measure against any public offerings for acquisition, given that in addition to the fact that it was not established for this purpose, such a shareholders' agreement cannot prevent the transfer of control of the company and therefore the success of any general public offerings for acquisition.

However, due to the existence of this shareholders' agreement, the CMVM believes that Novabase does not fulfil Recommendation No. I.6.1. of the Corporate Governance Code in its entirety.

Apart from this Shareholders' Agreement, Novabase has no knowledge of the existence of any other shareholders' agreements regarding its share capital.

### *III.6 Rules applicable to amendment of the company's articles of association;*

#### *Constitutive quorum for the General Meeting of Shareholders*

When amendments to the articles of association are under consideration, the General Meeting of Shareholders can only decide on first notice if shareholders having stock corresponding to at least one-third of the share capital are present or represented. This requirement does not apply on second notice, and the General Meeting of Shareholders can then decide on any matter, regardless of how many shareholders are present.

#### *Deliberative quorum for the General Meeting of Shareholders*

When amendments to the articles of association are under consideration, the General Meeting of Shareholders decides by a two-thirds majority of the votes cast. However, should shareholders representing at least half the share capital be present or represented on second notice, the decision on amendments to the articles of association can be taken by an absolute majority of the votes cast, and a two-thirds majority is not required.

### *III.7 Control mechanisms provided for in a possible employee investment scheme in which voting rights are not directly exercised by them.*

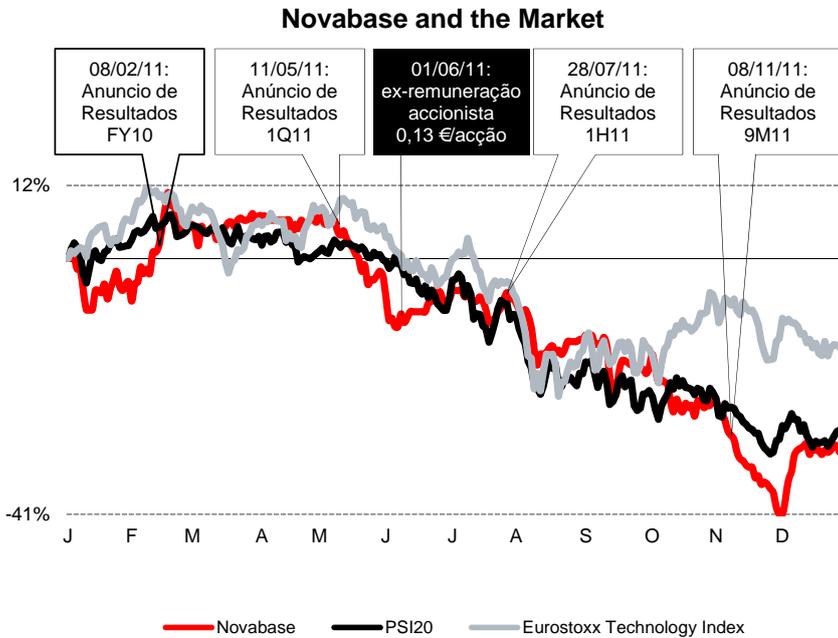
There are no employee investment schemes in which voting rights are not directly exercised by them.

### *III.8 Changes in the issuer's share prices, taking into account the following:*

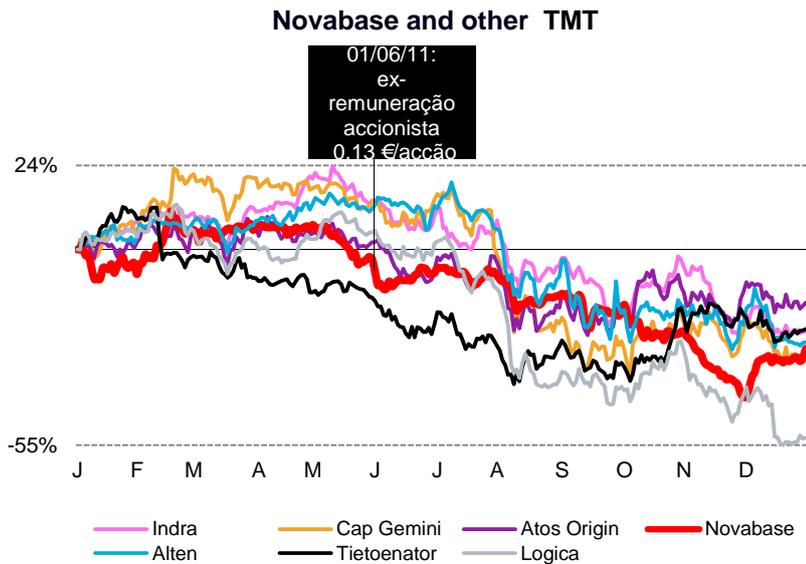
- a) *The issue of shares or other securities with share subscription or acquisition rights;*
- b) *Announcement of results;*
- c) *Payment of dividends according to the category of shares with indication of the net amount per share.*

The NOVABASE share in 2011 lost 27,9%, which compares to a loss of 27,6% in the PSI20 index and a loss in the EuroStoxx Technology index of 12,8%.

In 2011, a dividend of 0,13€/share was distributed.



In comparing Novabase's share price with other similar companies from Europe's IT sector, one can see that Novabase share's performance in the 12M11 was in line with the average performance of other shares.



The average target price from analysts covering Novabase is 3.70 euros.

In the 12M11, rotation represented 17,5% of NOVABASE share capital, with 5,5 million shares traded, values which are below the ones in the 12M10 (rotation of 22,5% of share capital, 7,1 million shares traded).

<b>Resumo</b> Summary	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Cotação Mínima (€)</b> Minimum Price (€)	1,70	2,79	3,27	2,10	3,27
<b>Cotação Máxima (€)</b> Maximum Price (€)	3,21	4,63	5,05	5,07	5,91
<b>Cotação Média Ponderada (€)</b> Average Weighted Price (€)	2,67	3,71	4,39	3,87	5,17
<b>Cotação no Último Dia (€)</b> Last Tradable Day Price (€)	2,09	2,90	4,44	4,59	3,27
<b>Nº Títulos Transaccionados (milhões)</b> Number of Shares Traded (millions)	5,5	7,1	8,5	21,0	20,2
<b>Capitalização Bolsista no Último Dia (M€)</b> Market Capitalization on Last Day (M€)	65,6	91,1	139,4	144,1	102,7

The relevant occurrences disclosed by Novabase in 2011 were as follows:

15/12/2011

**[NOVABASE – SGPS, SA informa sobre transacções de dirigentes](#)**

05/12/2011

**[NOVABASE – SGPS, SA, informa sobre transacções de dirigentes](#)**

25/11/2011

**[NOVABASE – SGSP, SA informa sobre Relatório e Contas no 3T2011](#)**

24/11/2011

**[NOVABASE – SGPS, SA, informa sobre transacções de dirigentes](#)**

08/11/2011

**[NOVABASE – SGPS, SA informa sobre resultados consolidados no 3º trimestre de 2011](#)**

12/09/2011

**[NOVABASE-SGPS, SA informa sobre transacções de dirigentes](#)**

26/08/2011

**[NOVABASE-SGPS, SA, 1º Semestre de 2011](#)**

28/07/2011

**[NOVABASE – SGPS, SA informa sobre resultados consolidados do 1º semestre de 2011](#)**

28/07/2011

**[NOVABASE – SGPS, SA informa sobre revisão do guidance para 2011](#)**

15/07/2011

**[NOVABASE - SGPS, SA informa sobre participação qualificada](#)**

26/05/2011

**[NOVABASE – SGPS, SA informa sobre Relatório e Contas do 1T2011](#)**

26/05/2011

**[NOVABASE – SGSP, SA informa sobre participação qualificada](#)**

19/05/2011

**[NOVABASE – SGPS, SA informa sobre pagamento de dividendo](#)**

19/05/2011

**[NOVABASE – SGPS, SA informa sobre transacções de dirigentes](#)**

11/05/2011

**[NOVABASE – SGPS, SA informa sobre resultados consolidados no 1º Trimestre de 2011](#)**

05/05/2011

**[NOVABASE-SGPS, SA informa sobre deliberações da Assembleia Geral Anual de Accionistas](#)**

27/04/2011

**[NOVABASE-SGPS, S.A. informa sobre pedido de inclusão de assuntos na ordem do dia de Assembleia Geral Anual e respectivas propostas de accionistas](#)**

27/04/2011

**[NOVABASE-SGPS, SA informa sobre aditamento à convocatória da Assembleia Geral Anual](#)**

19/04/2011

**[NOVABASE – SGPS, SA informa sobre reforço da aposta no sector Aeroespacial com a aquisição da Evolvespace Solutions](#)**

15/04/2011

**[NOVABASE-SGPS,S.A.informa sobre transacções de dirigentes](#)**

12/04/2011

**[NOVABASE-SGPS, SA informa sobre Relatório e Contas consolidadas e individuais de 2010](#)**

12/04/2011

**[NOVABASE-SGPS, SA informa sobre o Relatório de Governo da sociedade de 2010](#)**

12/04/2011

**[Proceder à apreciação geral da Administração e Fiscalização da Sociedade](#)**

12/04/2011

[Deliberar sobre a declaração da Comissão de Vencimentos relativa à política de remuneração dos membros dos órgãos sociais](#)

12/04/2011

[Deliberar sobre aquisição e alienação de acções próprias](#)

12/04/2011

[Deliberar sobre a alteração dos números 2, 3, 4 e 7 do artigo 9.º e dos artigos 12.º e 13.º dos Estatutos](#)

12/04/2011

[Deliberar sobre a proposta de aplicação de resultados](#)

12/04/2011

[Deliberar sobre o Relatório de Gestão e as Contas relativas ao exercício de 2010](#)

12/04/2011

[NOVABASE-SGPS, SA informa sobre a convocatória da Assembleia Geral Anual](#)

12/04/2011

[NOVABASE – SGPS, SA informa sobre Síntese de Informação Divulgada em 2010](#)

04/04/2011

[NOVABASE-SGPS,S.A.informa sobre transacções de dirigentes](#)

17/02/2011

[NOVABASE - SGPS, SA informa sobre decisão sobre Fundos de Capital de Risco](#)

08/02/2011

[NOVABASE – SGPS, S.A. informa sobre política de remuneração accionista](#)

08/02/2011

[NOVABASE – SGPS, S.A. informa sobre guidance 2011](#)

08/02/2011

[NOVABASE – SGPS, S.A. informa sobre resultados consolidados de 2010](#)

*III.9 Description of the dividends distribution policy adopted by the company, identifying the amount of the dividend per share distributed over the past three financial years.*

Dividends for 2000, 2001 and 2002 – the Board of Directors proposed at the General Meetings of Shareholders on 22 May 2001, 29 April 2002 and 29 April 2003 that the profits made in the financial years of 2000, 2001 and 2002 should continue to be invested in the company to enable it to give priority to structural investments with a decisive impact on the company's growth and profitability. The prospectus of the public offer for the sale and admission to official trading of Novabase's shares on the Lisbon and Porto Stock Exchanges (today Eurolist of Euronext Lisbon) had already announced the company's intention not to distribute dividends to the shareholders in the three years following its admission to trading. The General Meeting of Shareholders therefore decided unanimously not to distribute dividends to the shareholders for the financial years ending on 31 December of 2000, 2001 and 2002.

Dividends for 2003, 2004, 2005, 2006, 2007 and 2008 – shareholders present at Annual General Meetings of Shareholders decided not to distribute dividends.

In 2009, Novabase distributed a total of €15.7 million to shareholders, of which €10 million corresponded to 2009 annual profits and €5.7 million corresponded to capital reimbursements. This distribution entailed a total payment of €0.50 per share to shareholders.

Moreover, on 8 February 2011, Novabase announced that its Board of Directors has approved the intention to implement a shareholder earnings policy with the following essential terms and conditions:

- Payment, in 2011, of a cash dividend of €0.13 per share, for a total of €4,082,121.22.
- As of 2012, annual payment of a dividend in an amount ranging between 30% and 40% of consolidated net profit recorded in each financial year.

It also announced that the implementation of the above shareholder earnings policy would remain subject to market conditions, a financial and accounting status at Novabase allowing its execution, approval at the appropriate corporate board meetings and/or the General Meeting of Shareholders and other applicable legal and regulatory terms and conditions, together with other factors deemed relevant by the Board of Directors at the time.

With regard to 2010, Novabase distributed a total of around €4.1 million to shareholders in 2011 (corresponding to around €2.7 million from the year's net profit and around €1.4 million from free reserves and cumulative results) with the General Meeting of Shareholders' approval of the proposal from the Board of Directors, resulting in a payment to shareholders of €0.13 per share.

Meanwhile, on 2 February 2012, Novabase announced that its Board of Directors had approved a plan to propose, at the 2012 General Meeting of Shareholders, the distribution €942,041.82 to shareholders. This payment, equal to 35.54% of consolidated net profit, represents a distribution of 3 euro cents per share.

*III.10 Description of the main characteristics of the stock plans and plans for options to purchase stock adopted or in force during the year under review, namely justification for adoption of the plan, category and number of plan recipients, eligibility criteria, inalienability of shares clauses, criteria regarding share prices and the price for exercising options, time frame during which options can be exercised, characteristics of the shares to be attributed, existence of incentives to acquire shares and/or exercise options and the power of the board of directors to execute or modify the plan.*

*Indication:*

- a) Of the number of shares needed to meet the exercising of the options attributed and the number of shares needed to meet the number of exercisable options, as a reference at the beginning and end of the year;*
- b) Of the number of options attributed, exercisable and extinguished during the year;*
- c) At the General Meeting of Shareholders, assessment of the characteristics of the adopted plans or the plans in force during the year in question.*

To date, the Novabase General Meeting of Shareholders has approved four plans for options to allot, subscribe for and/or purchase shares, namely:

- 1st Plan was universal, offering stock options to employees and members of the Board of Directors of Novabase and other companies in the Novabase Group (2000-2002 Plan), passed in the General Meeting of Shareholders of 22 May 2001;
- 2nd Plan for Options to Subscribe and/or Purchase Novabase Stock for the years 2003 to 2005 (2003-2005 Plan), passed in the General Meeting of Shareholders of 29 April 2003, also a universal plan, offering stock options to employees and members of the Board of Directors of Novabase and other companies in the Novabase Group;
- 3rd Stock Options Plan (2006-2008 Plan), passed in the General Meeting of Shareholders of 20 April 2006, covering only the directors of some of the

Novabase Group companies, namely those directors who in large part manage these companies, as well as those persons who hold an important position in any company of the Novabase Group on the basis of an employment contract;

- 4th Plan for Options to Allot Shares (2009-2011 Plan) passed in the General Meeting of Shareholders of 28 April 2009, covering only the directors of Novabase SGPS.

The time periods for exercising the first three plans have already expired, and there are no active stock options that can be exercised. The plans implemented by Novabase have sought and still seek to promote investment in the company by employees and/or members of the Board of Directors of the company and other companies in the Novabase Group, with a view to pooling efforts towards developing the company's business activity, achieving its goals and sharing the company's strong growth potential with staff, regardless of their professional category.

The 4th Plan for Options to Allot Shares, in effect from 2009-2011, covers the directors of Novabase.

This Plan for Options to Allot Shares involves ordinary Novabase shares as a performance bonus for participants.

The options are allotted by way of decision of the Remuneration Committee, which will meet for this purpose within 60 days of the commencement of duties. The options may be exercised in phases at three points in time. The first can be exercised on 25 May of the year following that in which the first annual component is attributed, and the other two on the same day (or on the first subsequent working day) in the following months of May, and in blocks corresponding to 1/3 of the number of options attributed. Unexercised options may be exercised on their subsequent maturity dates, although they will automatically expire if not exercised on the last maturity date of 25 May 2012.

Each participant may benefit only once from the options under this plan, which will occur in the year in which they commence their management duties.

The options' strike price is defined before the date of attribution. It should, as a rule, be the arithmetical average of the prices, weighted by the respective volumes, of the transactions of Novabase shares at sessions of the Euronext Lisbon regulated market occurring in the ninety days preceding the participant's commencement of management duties, with any necessary adjustment under the terms of the plan. The strike price of the options allotted to the directors elected at the General Meeting of Shareholders of 28 April 2009 was €4.04 per share.

Under the terms of the plan, exercised options are settled via net share settlement from Novabase's portfolio.

Once the participant notifies the company of his/her intention to exercise options on each of the scheduled dates, the number of shares to allot to this participant (rounded down) is determined by the formula:

$$\text{No of shares} = \text{No. of options exercised} \times (\text{TP} - \text{Strike}) / \text{TP}$$

Where:

TP or take-up price = arithmetical average of the prices, weighted by the respective volumes, of the transactions of Novabase's shares at sessions of the Euronext Lisbon occurring in the ninety days preceding the vesting date.

The total number of options attributed under the 4th Plan may under no circumstances exceed the total number of options attributed under the 3rd Plan, pursuant to which the shares corresponding to the options attributed but not yet exercised under this third 2006-2008 Stock Option Plan should not at any time exceed 8% of the total volume of shares representing Novabase's share capital at the time, for the three Annual Loyalty Components comprising the 3rd Plan.

Novabase's Remuneration Committee is responsible for selecting participants in the 4th Plan.

As a rule, changes to strike and take-up prices are not authorized. Whenever financial transactions with potentially relevant impacts on Novabase's share value occur, these prices may be adjusted under the terms of the Plan, but only to offset these transactions' effects, subject to the Remuneration Committee's prior authorization and validation.

The total number of recipients is eight participants.

Implementation of the Plans:

In 2001 the first phase of the current Stock Option Plan was implemented, and by 25 May 2001, 55,964 subscription options for Novabase shares had been exercised, which corresponded to 47.6% of the options attributed and exercisable on that date. The options were exercised by means of an increase in capital decided upon for that purpose on 1 June 2001. Of the 55,964 shares subscribed, 45,043 were subscribed at €8.50, and the remaining 10,921 at €10.40.

In 2002 and 2003, due to the performance of the capital markets, none of the options provided for in the Stock Option Plan were exercised.

In 2004, under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, 150,743 subscription options for Novabase shares were exercised on 25 May 2004, corresponding to 11.9% of the options attributed and exercisable on that date. The options were exercised by means of an increase in capital decided upon for the purpose, whose public recording and corresponding commercial registry occurred on 28 May 2004. The 150,743 shares were subscribed and paid up at the unit price of €4.96.

In 2005, under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, 319,058 subscription options for Novabase shares were exercised on 25 May 2005, corresponding to 8.9% of the options attributed and exercisable on that date. The options were exercised by means of an increase in capital decided upon for the purpose, whose public recording and corresponding commercial registry occurred on 01 June 2005. Of the total 319,058 shares, 314,971 were subscribed and paid up at the unit price of €4.96, and the remaining 4,087 shares were subscribed and paid up at the unit price of €5.87.

In 2006, under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, 2,675,629 subscription options for Novabase shares were exercised on 25 May 2006, corresponding to 48% of the options attributed and exercisable on that date. The options were exercised by means of an increase in capital decided upon for the purpose, whose public recording and corresponding commercial registry occurred on 01 June 2006. Of the total 2,675,629 shares, 2,634,308 were subscribed and paid up at the unit price of €4.96, 38,755 shares were subscribed and paid up at the unit price of €5.87, while the remaining 2,566 shares were subscribed and paid up at the unit price of €6.10.

In 2007, under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, 23,169 subscription options for Novabase shares were exercised on 25 May 2007, corresponding to less than 1% of the options attributed and exercisable on that date (active options). All 23,169 options were subscribed for at the unit price of €4.91 (resulting from the

adjustment to the unit price of €4.96, as explained below). The Board of Directors elected to sell treasury shares in lieu of an increase in capital in order to exercise attributed options.

In 2008, under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, 10,974 subscription options for Novabase shares were exercised on 25 May 2008, corresponding to 1% of the options attributed and exercisable on that date (active options). All 10,974 options were subscribed at the unit price of €4.09. The Board of Directors elected to sell treasury shares in lieu of an increase in capital in order to exercise attributed options.

In 2009, under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, 10,974 subscription options for Novabase shares were exercised on 25 May 2009, corresponding to 1% of the options attributed and exercisable on that date (active options). All 10,974 options were subscribed at the unit price of €4.09. The Board of Directors elected to sell treasury shares in lieu of an increase in capital in order to exercise attributed options.

In 2009, under the 4th Plan, a total of 1,959,720 options were allotted to Novabase directors participating in the Plan.

On 25 May 2010, the maturity date was reached for Batch 1 (equalling one third of the total) of the options allotted to each participant under the 4th Plan; no options were exercised on this date.

On 25 May 2011, the maturity date was reached for Batch 2 (equalling one third of the total) of the options allotted to each participant under the 4th Plan; no options were exercised on this date.

Implementation Summary Chart:

Period	Total Shares Exercised	Shares	Subscription Price	Shares	Subscription Price
2001	55,964	45,043	8.5	10,921	10.40
2004	150,743	150,743	4.96		
2005	319,058	314,971	4.96	4,087	5.87
2006	2,675,629	2,634,308	4.96	38,755	5.87
2006		2,566	6.10		
2007	23,169	23,169	4.91		
2008	10,974	10,974	4.09		
2009	10,974	10,974	4.09		
2010	0	0	0	0	0
2011	0	0	0	0	0

Given a hypothetical take-up price, on 31 December 2011, of the options attributed in the 4th Plan, which would be €1.99 per share (calculated according to the above criteria), if all attributed and exercisable options (i.e. the total 1,959,720 options allotted to management) were exercised on the next vesting date of 25 May 2012, no shares would be attributed in settlement of the exercised options.

The above information is for information purposes only, since, as stated above, the options attributed under the 4th Plan may only be exercised on the maturity dates specified in the plan: 25 May of the year following that in which the options are attributed, and the same days (or on the first subsequent working day) in the following months of May, in batches corresponding to 1/3 of the number of options attributed.

It is important to note that, bearing in mind (a) the distribution to shareholders in 2010 and 2011 (as indicated in point III.9) and (b) Novabase's publicly announced intention to implement a shareholder earnings policy including payment, as of 2012, the annual payment of a dividend in an amount ranging between 30% and 40% of consolidated net profit recorded in each financial year, the options' strike and take-up prices are expected to experience adjustments. Adjustments to the 4th Plan must be made pursuant to clause 8 of the respective regulations, and are subject to prior authorization and validation by the Remuneration Committee.

As regards the shares attributed under the 4th Plan, these cannot be sold or encumbered by participants for a period of one year from their respective date of attribution due to the exercising of these options, with the exception of 50% of all shares attributed on said date.

Meanwhile, on 30 January 2012, as part of the announcement of the new shareholders' agreement described above, it was announced that its signatories would make efforts to implement a new stock option plan.

*III.11 A description of the main data on business deals and transactions carried out between the company and between the members of the Management and Supervisory Board or companies in a control or group relationship, provided the amount is economically significant for any of the parties involved, except for those business deals or transactions that are cumulatively considered within the bounds of normal market conditions for similar transactions and are part of the company's current business.*

No business deals or transactions were conducted between the company and the members of its management and supervisory boards, or companies in a control or group relationship, outside of normal market conditions or outside of the company's current business.

*III.12 Description of the vital data on business deals and transactions carried out in the absence of normal market conditions between companies and owners of qualifying holdings or entity-relationships with the former, as envisaged in Article 20 of the Securities Code.*

No business deals or transactions were conducted between the company and owners of qualified holdings, or entities in any way related to them, outside of normal market conditions.

*III.13 A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the owners of qualifying holdings or entity-relationships with the former, as envisaged in Article 20 of the Securities Code.*

Pursuant to Recommendation No. IV.2 of the Corporate Governance Code, significant business deals with qualified shareholders, or with entities in any way related to them, pursuant to Article 20 of the Securities Code, must be subject to the prior opinion of the supervisory board. The procedures and criteria required to define the relevant level of significance of these deals and other conditions must be established by the supervisory board.

Taking this recommendation into account, on 31 March 2011, Novabase passed Internal Regulations on Transactions with Qualified Shareholders, to which major company business deals with qualified shareholders are subject.

Business deals of this sort include transactions by the company, by entities in a control or group relationship or entities within its consolidation perimeter, with qualified shareholders, or with entities related to them pursuant to Article 20 of the Securities Code.

Significant business deals also include: (i) those that are not part of the day-to-day business of the company, of shareholders or of entities related to them pursuant to Article 20 of the Securities Code, and revolving around a single matter, with a cumulative combined total equal to or greater than, in a given financial year, half-year or quarter, €50,000 (fifty thousand euros), even when the amount of each individual transaction does not exceed this amount; or (ii) those not carried out in normal market conditions.

In the above cases, Novabase's Board of Directors, Executive Committee and bodies, committees and individuals in the Novabase Group with authorization to approve the transaction in question must notify the company's Auditing Committee as soon as possible, and never less than 5 days from the transaction's occurrence, of their intention to approve the transaction.

Such notification to Novabase's Audit Committee must include the following: (a) identification of the body, committee or individual in the Novabase Group making the notification, together with

the Novabase Group entity under which said body, committee or individual operates or is found; (b) parties to the transaction; (c) scheduled transaction date; (d) economic and financial terms of the transaction, and its total amount, which must always be specified, even if only an estimate; (e) reason for transaction between the Novabase Group and the entity in question; (f) reason for transaction specifically with customer or supplier in question.

Once the above notification has been received, the Audit Committee must issue its approval or disapproval of the transaction as soon as possible.

In issuing its opinion, the Audit Committee must bear in mind whether the business deal in question will be carried out under normal market conditions for similar transactions, whether it is part of the company's day-to-day business and whether the principle of equal treatment of Novabase Group customers/suppliers will be respected, together with grounds justifying the transaction when digressions to these principles occur, i.e. the need to purpose a higher company interest.

In either case, the Audit Committee must give immediate notification to Novabase's Board of Directors of any prior opinion issued.

*III.14 A description of the statistical data (number, average and maximum values) on the business deals subject to preliminary opinion by the supervisory board.*

The supervisory board had no prior involvement in the company's business deals in 2011.

*III.15 Indication of the availability on the company's website, of annual activity reports drawn up by the general and supervisory board, by the financial matters committee, the audit committee and the supervisory board, including constraints that might be encountered, as well as financial information documents.*

The report on the activities of Novabase's Audit Committee is attached to this report and published at Novabase's website, and includes a description of the oversight activities carried out by the Audit Committee, together with the fact that no constraints were found with regard to these activities.

*III.16 Reference to the existence of an Investor Relations Office or other similar service, indicating:*

- a) Office functions;*
- b) Type of information provided by the office;*
- c) Means of accessing the office;*
- d) Company website;*
- e) Identification of the market relations representative.*

Novabase is particularly focused on its presence in the capital market. The Investor Relations Office is responsible for representing Novabase in its dealings with the CMVM and investors, while promoting contact with private and institutional, foreign and Portuguese investors.

The office provides information through Novabase's website ([www.novabase.pt](http://www.novabase.pt)). Since 2002 Novabase has had a dedicated investor relations area on its company website at [www.novabase.pt](http://www.novabase.pt). Investors have access to a number of links containing information of interest

to their profile. In terms of financial information, they have access to Annual Reports and Accounts for previous years, the Financial Calendar, relevant information about the sector supporting the predictability of earnings, reserved information, information on the composition and powers of the company's Corporate Boards, the names and e-mail addresses of the analysts covering the security, the market consensus on three-year sales and EBITDA margins, the market performance of Novabase's shares, Novabase's shareholders, a space reserved for the General Meetings of Shareholders for convening meetings and posting preparatory information for General Meetings of Shareholders, the form for postal votes and electronic voting (available since 2006), a Corporate Governance space in which Novabase publishes this report, CMVM Regulation No. 1/2010 on the Governance of Listed Companies and Corporate Governance Code and the procedure for reporting irregularities, frequently asked questions, and the contact details of Novabase's Investor Relations Office.

A summary of the decisions is published on the Novabase website and in the CMVM information disclosure system immediately after the General Meeting of Shareholders.

At its company website, Novabase maintains documents with content corresponding to extracts from the minutes, including information on the number of people present, number of shareholders and meeting agendas. Voting results have also been provided since 2010. Novabase has also established the necessary mechanisms to ensure that the above are disclosed as quickly as possible, and always within the 5 days following the General Meeting of Shareholders.

On its website, Novabase maintains a collection of past minutes, including the number of people present, number of shareholders represented and the number of institutional investors present, as well as the meetings' agendas and the decisions taken at meetings held over the past three years.

The following information is published in English on Novabase's website: a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Commercial Companies Code; b) Articles of Association; c) Credentials of the members of corporate boards and the market liaison officer; d) Investor Relations Office – its functions and access tools; e) Accounts reporting documents; f) Half-yearly calendar on company events; g) Proposals sent through for discussion and voting during the General Meeting of Shareholders; h) Notices convening General Meetings of Shareholders.

The Investor Relations Office can be contacted as follows:

*María Gil Marín*

*Market and Investor Relations*

*Phone: +351 213 836 300*

*Fax: +351 213 836 301*

*E-mail: investor.relations@novabase.pt*

*Address: Av. D. João II, Lote 1.03.2.3., Parque das Nações, 1998-031 Lisbon, Portugal*

*III.17 Indication of the amount of annual remuneration paid to the auditor and to other individual or legal persons belonging to the same network supported by the company and/or legal persons that are controlled by or part of a group, and breakdown of the percentage relating to the following services:*

- a) Statutory auditing services;*
- b) Other reliability assurance services;*
- c) Tax consultancy services;*
- d) Services other than statutory auditing.*

*If the auditor provides any of the services described in sub-paragraphs c) and d), a description of the auditor independence safeguarding measures shall be provided.*

*For the purpose of this information, the concept of network is that stipulated by European Commission Recommendation no. C (2002) 1873, of 16 May.*

Service	2010 ('000€)	2011 ('000€)
Statutory auditing	200	200
Other reliability assurance services	3	3
Tax consultancy services	8	0
Services other than statutory auditing	12	3

Among other duties, the external auditor is responsible for verifying the application of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and the reporting of any shortcomings to the Auditing Committee, thereby fulfilling Recommendation No. III.1.4 of the Corporate Governance Code.

A procedure is in place by which all of the various auditing services are subject to the prior approval of the Auditing Committee. In 2010, auditors were hired to perform services involving the certification and declaration of consolidated annual sales data for training and electrical and electronic equipment; however, these services (as shown in the table above) did not exceed 10% of all auditing services.

The use of such services is justified at the time of their prior approval by the Auditing Committee, primarily due to the functional advantages of Novabase knowledge held by the external auditor from the performance of these duties, in addition to the assurance of independence given by the external auditor in the fulfilment of professional obligations.

### *III.18 Reference to the external auditor's rotation period.*

- o) Recommendation No. III.1.3 of the Corporate Governance Code states that auditors should be rotated at the end of three terms when the term of office of corporate boards is three years, as is the case with Novabase.

Moreover, pursuant to Article 54 of Decree-Law No. 224/2008 of 20 November, in entities of public interest (which, under the terms of the respective legislation, includes listed companies), the maximum period for performing auditing duties by the partner responsible for overseeing or directly performing statutory audits is seven years from his/her appointment, renewable after a minimum period of two years.

On 31 December 2011, the Novabase statutory auditing body and active external auditor was the official auditing firm PricewaterhouseCoopers & Associados, SROC, Lda, represented by Jorge Manuel Santos Costa or Ana Maria Ávila de Oliveira Lopes Bertão, and with César Abel Rodrigues Gonçalves as substitute statutory auditor.

Since the partner responsible for statutory audits has provided services to Novabase since 2003 (as a representative of Belarmino Martins, SROC), under Article 54 of Decree-Law No. 224/2008 of 20 November, once seven years had passed in relation to the start of these

services (in May 2010), the current partners were appointed to oversee and directly perform Novabase's statutory audits, under the above terms.

PricewaterhouseCoopers & Associados, SROC, Lda. was chosen as the company's statutory auditor for the three-year term of 2009-2011, and will perform these duties at least until Novabase's General Meeting of Shareholders on 3 May 2012.

In view of the above, the Auditing Committee weighed up the conditions of the auditor's independence, the advantages and costs involved in maintaining the auditor, and the auditor's replacement.

Along these lines, the following were taken into account:

- a) The abilities, qualifications and professional experience of the current external auditor, along with its detailed internal knowledge of the various companies of the Novabase Group and the sectors in which they do business, compared to the comparable characteristics of other accredited auditing firms contacted;
- b) The fact that the partner responsible for auditing services must be replaced every seven years, the ethical standards applicable to statutory auditors and the powers assigned by the Auditing Committee itself (which is fully comprised of independent members, with proper training to perform their duties and knowledge of accounting and auditing) already ensured a very high degree of external auditor independence;
- c) That the European Commission Recommendation of 16 May 2002 does not provide for any rotation of the external auditor, but only consideration of the extent to which the prolonged participation of other members of the auditing team beyond the partner responsible may compromise its independence, and that the necessary safeguarding measures be taken to reduce this risk to an acceptable level (which the aspects referred to in the above item seem to already largely address);
- d) That the reform proposed by the European Commission to make the rotation of the external auditor mandatory has yet to be implemented;
- e) That some experiences in other European jurisdictions (e.g. Spain) imposing the mandatory rotation of the external auditor at the end of a given time period were ultimately abandoned;
- f) That a change to the external auditor may involve costs to adapt information systems and communication methods, and costs involving time or the recovery of previously drawn up documents, among others;
- g) That in view of the status quo of the global, European and Portuguese economies, prudence is needed in weighing up the consequences of changing methods and procedures in companies' daily routines.

In view of all of the above aspects, the Auditing Committee issued a specific opinion to keep the current external auditor for at least one more term, thereby fulfilling Recommendation No. III.1.3. of the CMVM Corporate Governance Code in its entirety.

## Annexes:

---

- *Report from the Audit Committee*
- *Report from the Remuneration Committee*
- *Report from the non-executive directors*

REPORT FROM THE AUDIT COMMITTEE

11



---

## Report on the Activity of the Audit Committee in 2011



## 1. Scope

---

Novabase adopted in 2007 the Anglo-Saxon governance model which implies the existence of an Audit Committee as statutory supervisory corporate board of the company.

The current Audit Committee is composed by:

Luis Mira Amaral (Chairman)

João Luís Correia Duque (Member) and

Manuel Alves Monteiro (Member)

The current members of the Audit Committee were elected on the General Meeting of Novabase on 28 April 2009 for the triennium 2009 - 2011 and also are part of the composition of the Board of Directors of the group as non executive members, fulfilling the requisites established in the law – namely nº 5 artº 414 of the Companies Code.



## 2. Activities of the Committee

---

The current Audit Committee, as a statutory auditing body of Novabase, with the supervisory competencies established in its internal regulations and in artº 423-F of the Companies Code, carried out the following activities in the course of the 10 formal meetings it held during the year:

**a) To provide opinion on the work carried out by the external auditors, namely overseeing its independence**

.The Committee evaluates, on a yearly basis, the activity of the external auditors, namely in the respect of its independence, rigor, professionalism and pro-active character, issuing a report which is passed on to the Board of Directors.

Within the established proceeding known as “Non Audit Services”, which establishes the need of previous approval by the Audit Committee of all services other than specific auditing services by the group auditors, no such request of such nature was received by the Audit Committee.

**b) Opinion on the quality of the financial information**

The Committee held regular internal meetings jointly with the external auditors and the CFO, not excluding regular meeting in separate with each, to analyse the conformity of the financial information issued by the company to be disclosed to the market quarterly as well as compliance with the accounting policy and criteria in the preparation of financial statements.

The Committee holds regular meetings with the CEO and CFO, jointly or separately, building closer relationships with these and assuring a high degree in the sharing of information and discussion of all the financial and operational matters considered relevant in this period.

**c) Supervision of the internal control system and the quality and effectiveness of the risk management policies implemented, identifying the different risks for the company and its businesses.**

During 2011, the Committee held regular meetings with the CRO, analysing and discussing the reports for this effect.

Simultaneously, the risks on the company and its businesses were analysed as well as challenges to the sustainability of the company’s business, within the meetings with the external auditors.



The evaluation of the internal audit reports is carried out on a yearly basis, with the discussion of the conclusions jointly with the CFO.

The Committee accompanied the evolution of the solutions implemented in response to the internal control issues as reported by the external auditors during the period.

Also, meetings with the people responsible in charge of Quality and Corporate Development were carried out, which were very productive as to deepening the knowledge of the internal control processes.

This Audit Committee devotes special attention to the various potential risks for the company and its businesses undertaking a special effort to get to know them in detail, at the same time seeking to assure that the executive management has a high degree of knowledge of their nature and repercussions to the company, adopting measures leading to an adequate monitoring of their variables and establishing mitigation policies to protect the company businesses and the assets allocated, ensuring the future sustainability of the company and of the legitimate interests of the respective stakeholders, in particular the shareholders.

Interaction with the Chairman and the CRO was, to this respect, very positive, allowing a better identification of risk issues and the ways to address them.

Novabase has adopted a system for communication of irregular practices (designated as "SPI") eventually occurred in the Group. The communication of irregular practices through the SPI is addressed to the Audit Committee which has appointed a person Responsible for the SPI to manage these communications. During 2011 no communication regarding any irregularity was received.

Simultaneously with these activities the Committee carries out on a yearly basis a self evaluation of its performance and compliance with the goals established, which are an incentive to the continuous improvement of its actions.

In compliance with the Companies Code, the Audit Committee confirms that in the pursuit of its activities as above it has not come across any limitation to its activity as auditing body.

The Committee has in fact encountered a posture of great cooperation and transparency, both from the people responsible with whom it held contacts and from the team which makes up the Executive Committee, with special note to the Chairman of the Board of Directors, the President of the Executive Committee and the CFO; a posture hereby registered with great satisfaction.



### 3. Activities to be developed

---

After the setting up of routine control actions, the Audit Committee now plans to have special emphasis on:

- continuing to build close relationships with the Executive Committee and other managers of the company, assuring a high level of sharing of information;
- strengthening the monitoring and analysis of internal control processes in place;
- continuing to pursue the analysis and monitoring of the risks on the company and its most relevant businesses;
- implementing actions and proceedings that the self assessment of the Committee may deem adequate with view to the general improvement of the Committee's performance;
- special attention to hot topics which traditionally accompany financial reporting;
- in general, the Audit Committee will maintain a very special attention on other elements and factors which contribute to the sustainability of the company and the profitability of its businesses, contributing towards the effort of creating sustainable value to the stakeholders and the shareholders in particular.



## 4. Conclusion

---

In pursuing its mission, the Audit Committee concludes that:

- 1) The management of Novabase acts with high levels of rigor and transparency, which reflect on the quality of managing information issued, on the working conditions of those with the mission of auditing, controlling and supervising, and on the attention it gives to the monitoring and mitigation of risks for the company and its businesses;
- 2) Novabase is audited on a capable, professional and independent manner, the company receiving from the external auditors the necessary and adequate information for the issuing of a report worthy of trust by the shareholders and the market.

The Audit Committee

Luís Mira Amaral (Chairman)

João Luís Correia Duque

Manuel Alves Monteiro

*Lisbon, 29 March 2012*

REPORT FROM THE REMUNERATION COMMITTEE

11

**Report from the Remunerations Committee for the year 2011  
and Recommendations for the Remuneration Policy for the term 2012/ 2014.**

The Remunerations Committee (RC) of Novabase SGPS held two meetings in 2011, on 21 March 2011 and on 7 June 2011, at the company's head offices.

This Committee is composed by Dr. Francisco Luis Murteira Nabo (Chairman) and members Dr. Pedro Rebelo de Sousa and Eng<sup>o</sup> João Quadros Saldanha. All members were present at the referred meetings held in 2011.

The work of the RC was guided in 2010 by the stipulated in the remuneration policies approved by the Annual Shareholders Meeting of 20 April 2006. These policies were reinforced for the triennium 2009-2011 of the corporate bodies by decision of the shareholders on the Annual Shareholders Meeting.

This report summarizes the decisions of the Remunerations Committee during 2011 and includes the annual declaration of the Remunerations Committee on the remuneration policy of the corporate bodies of the company.

**PART I  
Remunerations Committee Report for the Year 2011**

At the meeting held on 21 March, the Remunerations Committee deliberated on:

A) The amendment of Minutes number 11 and 12 of the Remunerations Committee

The Committee verified that minutes 11 and 12 on the book of minutes were copies instead of originals which was an irregular situation. This fact was due to a services mistake which led to the destruction of the said originals instead of the copies as was intended. The members of the Committee, having verified that these meetings in fact took place and its contents corresponded to the contents in the copies, unanimously deliberated that the book should be updated and signed, having then signed minutes 11 and 12 so that they might be part of the original book for the necessary and proper effects.

B) The Remmunerations Committee Report for the Year 2010 and Recommendations for the Remmunerations Policy for the year 2011.

Following some work with the writing of the minute of the report the said minute was read and unanimously approved so as to be submitted to the Annual Meeting of Shareholders.

At the meeting held on 7 June, the Remunerations Committee deliberated on:

A) The remuneration of members of the Annual General Meeting of Shareholders for 2011

The committee unanimously approved the remuneration of the Chairman of the Annual Shareholders Meeting of an attendance fee in the amount of 1000 (one thousand) euros per meeting. It also deliberated on the attendance fee per each meeting of the Annual Shareholders Meeting attributed to the Secretary of the Shareholders Meeting Dra. Maria José Santana in the amount of 750 (seven hundred and fifty) euros. These amounts were equal to the amounts established for the prior period.

B) The fixed remuneration of the Executive Board of Directors of Novabase SGPS for the year 2011

The Committee unanimously deliberated that, in spite of the excellent results attained in 2010, given the difficulties in the Portuguese economy in 2011, the fixed remuneration of the executive directors should be maintained, without any update in relation to the previous year.

C) The fixed remuneration of Novabase SGPS's non executive members of the board for 2011.

For the same reasons as described above, the RC has unanimously decided to maintain without any alteration the fixed remuneration of the non executive directors for the year 2011.

D) The attribution of the cash component of the variable remuneration of the Members of the Board of Novabase SGPS related to performance in 2011.

In this matter and considering the previous decision by this committee on 19 September 2006, according to which the variable remuneration of the Members of the Board of Novabase SGPS is composed by two components: one in cash to be defined by the RC after approval of the Accounts each year according to the company's and each board member performance that year, and one in stock options of Novabase SGPS shares, and considering that this matter had already been decided upon by the RC during 2009, this Committee only decided on the attribution of the cash component for the year 2010.

Therefore, and given the strong increase of net profit for the year 2010 compared to 2009, which had already been remarkable, the RC decided to increase in proportion the amount of the cash component to be attributed to the members of the board in place in the previous year. Therefore the RC unanimously approved the payment of the total gross amount of 1.957.500 (one million nine hundred and fifty seven thousand and five hundred) euros for all the board members in place in 2010 which compares to the amount of 1.932.000 (one million nine hundred and thirty two thousand) euros paid to all the board members in the previous year of 2009 and in line with the increase of net profit of the company of 13.1 million euros compared to 12.9 million euros in 2009.

Also given the contribution of the board members in 2010, the RC unanimously attributed the amount of 380.100 (three hundred and eighty thousand and one hundred) euros payable to each of the executive directors Luis Paulo Cardoso Salvado (CEO),

João Nuno da Silva Bento and Álvaro José da Silva Ferreira, 247.100 (two hundred and forty seven thousand one hundred euros) to the executive director Nuno Carlos Filipe dos Santos Fórneas, 152.000 (one hundred and fifty two thousand) euros to the executive director Francisco Morais Antunes, 266.100 (two hundred and sixty six thousand and one hundred) euros to the Chairman of the Board of Directors Rogério dos Santos Carapuça (which for the remainder of the term will support the Executive Committee), and for the members of the board José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro Marques de Carvalho (to whom were attributed duties beyond the responsibilities as non executive directors) the amount of 76.000 (seventy six thousand) euros.

All independent members of the board and the non executive member Joaquim Sérvulo Rodrigues were not attributed any variable component in their remuneration.

E) On the deferment of payment of part of the amounts attributed as variable remuneration.

It was unanimously decided to pay only, this year, half of the amount attributed to each board member as cash variable remuneration, deferring the remaining 50% for payment in the following three years (2012, 2013 and 2014). Each year 1/3 of the half of this amount now attributed shall be paid, depending on the positive performance of the company in the period.

It was further unanimously decided to defer to 2012, 50% of the amount still owed to board members José Afonso Ferreira de Sousa and Pedro Quinteiro Marques de Carvalho referring to the bonus attributed on the RC meeting of 9 July 2009 which last portion was up for payment this year.

Finally it is to be noted that in 2011 no payments were made in relation to the destitution or ceasing duties of any board members.

## **PART II**

### **Declaration of the Remunerations Committee on the Remuneration Policy of Corporate Bodies**

Given the experience of the committee in the year ended, the committee believes that the general principles guiding the remuneration of the management bodies of Novabase, as approved by the shareholders on 20 April 2006 and further confirmed on 28 April 2009 and on 5 May 2010, establish a best practice and as such should be maintained.

The most relevant principles defended by the RC on its annual declaration presented to the General Meeting of Shareholders on 28 de April 2009 for the triennium 2009-2011 of the corporate bodies, are:

- a. Allocation to the non executive independent board members (which make up the Audit Committee) of an exclusively fixed remuneration. The attribution of this remuneration to the non executive independent board members is aligned with the company's interests as it assures the independence of such board members in carrying out their duties.

- b. Allocation to the remaining board members, in accordance with case determination from the Remunerations Committee, of just a fixed component or a fixed and a variable component.
- c. The attribution of a variable component should consider the alignment of these board members with the shareholders' interests both in the short and medium and long term, therefore making it advisable the attribution of a two fold component.
- d. The first part of the variable component should be payable annually in cash and should be directly related to the company's performance in the year ended, assessed for instance in terms of the net profit obtained and with the responsibility and performance of each board member in particular.
- e. The Remunerations Committee may determine the payment of only half the amount attributed to each board member as cash variable remuneration, deferring the remaining 50% for payment within the next three years. In each of these years, 1/3 of the half of the amount can be paid, depending on the positive performance of the company in the period.
- f. The second part of the variable component should have as an objective to align the board members with the stock performance of the company in the triennium and mechanisms may be established in order to defer the payment of a significant part of this component for a period never under three years and this payment depending on the positive performance of the company in the period, also being possible that this payment takes the form of a stock options plan which should be approved by shareholders on the Annual General meeting, as well as the respective regulation. The remunerations committee would in that case apply this regulation, determining for each board member the amount of shares to be attributed.
- g. The members of the General Meeting shall have an attendance fee remuneration only.
- h. The remuneration of the external auditor of the company will be in accordance with the market practices and the adequate performance of the duties to be defined by the board of the company under proposal by the Audit Committee.

We further inform that the stock option plan establishes that the options under such plan are to be attributed only once to each participant in the year they begin their management duties for the triennium 2009-2011. These options, however, are to be divided in three, each amounting to 1/3 of the total. Each of these can be exercised on the following dates: 25 May 2010, 25 May 2011 and 25 May 2012.

In this manner, although there is no possibility for the payment of this component to take place after the current term, at least 1/3 of the stock options can only be exercised after the end of this term and with disclosure of the accounts for the respective period.

On the other hand, it is to be noted that there are no limitation mechanisms in place for the variable remuneration in the event that the company results show a relevant deterioration to the company's performance in the prior year or when this is expectable

for the current year. In the event of this deterioration this would reflect, however, on the company's share prices. Taking into consideration that the options were attributed at a 4.40 euros per share strike and that it is only reasonable to take up the options in the situations where a positive performance of the company has occurred which reflects on the share price on the maturity dates, this variable remuneration component is dependent on the positive performance of the company up to these maturity dates.

It is also to be noted that the remuneration of the board members is determined exclusively in light of the goals described above, without consideration of any comparison with remuneration policies or practices of other companies or group of companies.

Considering that this practice has proved to be adequate for the company, this committee recommends to the AGM that no changes to the policy are made for the next term.

Lisbon, 23 March 2012

The Remunerations Committee

Francisco Luis Murteira Nabo (Chairman)

Pedro Rebelo de Sousa (Member)

| João Quadros Saldanha (Member)

REPORT FROM THE NON-EXECUTIVE DIRECTORS

11

## **2011 Report from Novabase SGPS Non-Executive Directors**

In 2011, the Novabase SGPS Board of Directors was made up of the following members:

Rogério dos Santos Carapuça (*Chairman of the Board of Directors*)

Executive members:

Luis Paulo Cardoso Salvado (Chairman of the Executive Committee)

João Nuno da Silva Bento

Álvaro da Silva Ferreira

Nuno Carlos Dias dos Santos Fórneas

Francisco Paulo Figueiredo Morais Antunes

*Non-executive members:*

José Afonso Oom Ferreira de Sousa

Pedro Miguel Quinteiro Marques de Carvalho

Joaquim Manuel Jordão Sérvulo Rodrigues

*Independent non-executive members:*

Luis Fernando de Mira Amaral (*Chairman of the Audit Committee*)

Manuel Alves Monteiro

João Correia Duque

The latter make up the Audit Committee. Together, the non-executive members (seven) account for the majority of the members of the Board of Directors, since there are five executive members out of a total of twelve board members.

On average, the Board of Directors met once per month; the Audit Committee, in turn, was appointed by the General Meeting of Shareholders.

As part of its activities at the company, the non-executive signatories of this report – some of whom are also members of the Board of Directors Performance Assessment Committee – analyzed the work of the Novabase SGPS Board of Directors, which is disclosed in this report.

Similar to the previous two years, an analytical methodology was followed using principles from “*Back to the Drawing Board, Designing Corporate Boards for a Complex World*” by Colin B. Carter/Jay W. Lorsch, Harvard Business School Press.

In our opinion, by systematically applying these principles, the most important aspects of a Board of Directors’ activities can be analyzed, and conclusions can be drawn on the effectiveness, efficiency and transparency of a company’s corporate governance model. In this way, over this last year of the Board of Directors’ current term of office, we continued to use this tool as a backbone of our annual reports.

**PART I**  
**2011 Performance Assessment of the Novabase SGPS Board of Directors**

**Roles of the Board**

Approve company strategy, plans and budgets and associated performance monitoring

The strategy is discussed at length based on presentations from the CEO, and its realization in the year in question is reviewed and approved. The annual plan and budget are discussed and approved by the board.

Approval of major investments and disinvestments

These are discussed and approved by the board. In 2011, with the construction of the Agile Center finalized, which was approved in 2010, the said Agile Center started its operations supporting outsourcing contracts secured by the company.

In the Board of Directors meeting on 07/02/2011 a participation of Novabase Capital in the innovation and internationalization fund approved by the COMPETE program was approved, as well as participation in a fund approved by application to the POR Lisboa program.

On the meeting held on 31/03/2011 a participation in the share capital of the company Evolvespace Solutions was approved.

On 25/07/2011 the liquidation of the company TTNV following the restructuring of the Digital TV area.

Approval of capital structure, dividend policy and accuracy/transparency of main company accounting items

The Board of Directors and Audit Committee regularly follow indicators on the progress of the capital structure and major changes to it. The Audit Committee closely monitors the activities of the external auditor, analyzes accounting items and forwards its analysis to the Board of Directors. The Audit Committee meets regularly with the CEO and CFO to analyze these items, together with any issues raised by the auditors.

On the meeting held on 7/02/2011 a dividend distribution policy was approved to be submitted by the Board of Directors to the AGM on 5 May 2011. This dividend policy, which was approved, establishes the distribution on a yearly basis of an amount from 30% to 40% of net profit of the previous year. Complying with this policy, the Board of Directors submitted to the AGM the distribution in 2011 of a dividend of €13 cents per share, for the year 2010, which was approved by the AGM.

Assurance of identifying and managing main risks

The Audit Committee, together with the external auditor, CEO and CFO, follows the main risks of the company and its business pursuits, notifying the Board of Directors of key issues for discussion whenever needed. A regular meeting was established to monitor the issue of risk on a quarterly basis. This meeting includes the Chairman, CRO and Audit Committee.

#### Appointment of Executive Committee and CEO, and assurance of succession plan

The Board of Directors is responsible for appointing the Executive Committee, which maintained its composition in 2011. In case the shareholders at the 2012 AGM chose not to change the corporate governance model for the next term, the same will apply. There were no discussions on the replacement of the CEO who has just ended his first term of office.

#### Assurance of compliance with legal and regulatory aspects, and establishment of company ethical standards

The Board of Directors regularly analyzes the main regulatory provisions (in our case, those issued by the Portuguese Securities Market Commission or CMVM); its specialized corporate governance committee does an in-depth analysis of compliance with applicable legal provisions and recommendations, and approves, prior to Board of Directors discussion, the annual corporate governance report. The Corporate Governance Model Assessment Committee met twice in 2011. The first meeting was to approve the corporate governance report to submit to the General Meeting of Shareholders as part of the 2010 annual report and accounts. The purpose of the second meeting, held in September 2011, was to reflect on market practices in this regard and the model's future.

The internal ethics code of conduct was approved by the Board of Directors on 25/07/2011.

### **Main Tasks**

#### Company and executive management performance monitoring

The performance of the company and its managing bodies is monitored regularly (each month) by the Board of Directors and the Board of Directors Performance Assessment Committee, respectively. All members of the Board of Directors are invited to the annual company kick-off and monthly status quo review meetings.

#### Key decision-making

The Novabase Board of Directors analyzes and makes the most important decisions with regard to the company, delegating the day-to-day running of the company to the Executive Committee, pursuant to the terms of approved delegation of powers.

#### Advising executive management and the CEO

Yes; this is done whenever so justified.

In accordance with the approved governance model, the Chairman may take part in Executive Committee meetings without voting rights and did so in most of the committee's meetings in 2011.

## **Variables monitored in greater detail and frequency**

### Financial performance

Reviewed monthly by the CEO, CFO and Audit Committee; reviewed and approved monthly by the Board of Directors.

### Competitive position

Analyzed whenever relevant on a business-by-business basis.

### Risk exposure

Analyzed monthly by the Audit Committee and external auditors. Analyzed in the meeting between the Chairman, CRO and Audit Committee (quarterly).

### Development of executive management

The CEO performs this role on a day-to-day basis with his/her executive team members. Given the good relationship between them, the Chairman shares many daily aspects of the company's business with the CEO.

### Organizational climate

There is an annual employee survey on the performance of operating areas, whose results are analyzed by the Executive Committee. This tool measures the degree of employee satisfaction with services provided by the organization that are reflected internally.

The kick-off and other events also help to determine whether a good climate exists at the organization.

In 2011, a Code of Conduct was approved, following the work in 2010 on corporate culture and values.

### Customer Satisfaction

Regular surveys are conducted, with high response rates, whose results are shared with the Board of Directors. The results obtained in 2011 were exceptional, and even better than the excellent results obtained in 2010. These are recounted in the annual report and accounts.

## **Information to share between the Executive Committee and the Board**

### In which businesses is shareholder value created and destroyed?

The overall performance of all businesses is analyzed monthly by the Board of Directors, together with key situations that create or detract from value.

### What are the trends for our business margins (3 years out)?

Although these changes are not forecasted specifically, the Board of Directors does analyze long sequences of results that naturally include this indicator, which has held stable in the main businesses. An informal medium-term prospective analysis is carried out, together with formal projections for the upcoming quarter.

What are the main risks faced by the company, and how are they managed?

These are analyzed regularly by the Audit Committee, Board of Directors and risk analysis meeting referred to above.

Are there any aggressive practices in terms of reporting financial information?

No.

What are the most significant investments (or disinvestments) currently underway at the company, and how are they being carried out?

This is analyzed regularly. The Board of Directors approves all of those that are significant.

What is the organizational climate like? How is employee morale?

What do we do to attract and keep talent?

Good. Already explained above. The company has built powerful tools for attracting and keeping talent. Among these are the Novabase Academy, Novabase Campus and involvement in the CMU and MIT Portugal programs.

Are we gaining or losing market share?

Given the market conditions in Portugal one of Novabase's goals is to continue to grow internationally, having a clear strategy and will to do so. It has been successfully implemented, with international business growing in 2011 around 31%. International business reached in 2011 one fifth of total turnover.

What is the customer satisfaction level like?

Very high (explained earlier). Described in the annual report and accounts.

What is our corporate image like? What do stakeholders think?

The work in this area in 2010 has already been mentioned. A new brand was created which is focused on the synergies between business knowledge, technology and design to provide solutions that make our customers lives 'simpler and happier'. This is the brand tagline, reflecting this concern and goal in the company's logo.

Novabase inquires its stakeholders in a regular manner, conducting a customer satisfaction survey, quarterly road-shows with the shareholders, and also its employees, partners, etc.

How does our strategy differ from that of our main competitors?

Topic analyzed on a business-by-business basis, as there are various differences between them. The Board of Directors takes part in this analysis.

What do the primary analysts following our stock think of it?

What do they base their analyses on?

The CEO, CFO and IRO (in charge of investor relations) do road shows every quarter. The Chairman has also taken part. A meeting is held with key analysts each quarter following the publication of results. Their analyses are public, and therefore read by the Board of Directors. Various investment houses follow the Novabase share on a regular basis. The IRO is available on a permanent basis for contacts from the investors, analysts, the regulator (CMVM) and the Euronext Lisbon.

## **Performance of the Board**

Does the Chairman have an effective leadership style?

Yes.

Do the Chairman and CEO have a good relationship?

Yes. They have had a long-standing working relationship of trust for a number of years, which has greatly facilitated their bi-directional, day-to-day relations.

Do they both understand their roles and how they differ?

Yes. The Executive Committee's self-assessment report specifically states this, together with the good relationship with the Chairman. It also states that the relationship with the CEO is very fitting, cordial and effective.

Does the CEO encourage input from the Board?

Yes. The CEO meets periodically with the Audit Committee, and always asks for input from the Board during meetings and individually from various non-executive members.

Do the Board of Directors and Executive Committee have constructive relationships?

Yes. Completely.

Do members of the Board of Directors and Executive Committee have normal working relationships outside of board meetings?

Yes. Various non-executive members perform activities and actions in synchrony and at the request of executives.

Can board members easily raise questions for discussion, whether for or against positions approved by the group?

Yes. Completely.

Do board members present their views in a constructive manner?

Yes. Always.

Once a decision has been reached, do disagreeing members support it?

Yes. Completely.

Does the Executive Committee quickly notify the Board of Directors of any bad news?

Yes. The meeting minutes of the Board of Directors show that all major situations are analyzed in a timely manner. In 2010, the insolvency request from the Engel client in Spain was closely analyzed. The formal finalization of the closure of the company Technotrend was also conducted as well as final recording of provisions related to the closure of the mobility equipment business.

Judicial proceedings in progress with potential and/or some significance are also analyzed regularly. Potential situations of greater significant risk in projects are reported regularly, and the board takes part in all major situations in all of these areas. An example of this was the attention given to the conflict with the Portuguese Government regarding the compensation to be paid to Novabase due to the cancellation of the Cartão Escola project.

## **PART II**

### **Conclusions**

Novabase's corporate governance model works well. All of the relevant aspects of how it works are detailed in the analysis in PART I of this report.

The annual corporate governance report is drawn up in close co-operation with the CMVM. The evaluation from the regulator remains very positive. The recently created Associação dos Emitentes de Valores Mobiliários has created, in partnership with Universidade Católica Portuguesa, a rating for corporate governance. On this new rating in 2011 Novabase scores AA, the second best rating. Novabase has, in fact, been able to gain a solid reputation in the adoption of corporate governance best practices with the financial and business community.

The non-executive directors thought that it was important to give this report a clear framework for assessing the board's performance which, we believe, may also contribute significantly towards efforts in this area among Portuguese listed companies.

Lisbon, 14 March 2012

The non-executive directors

Rogério Carapuça  
(Chairman)

Luis Mira Amaral  
(Chairman of the Audit Committee)

José Afonso Oom Ferreira de Sousa

Pedro Marques de Carvalho

Manuel Alves Monteiro

João Correia Duque

Joaquim Sérvulo Rodrigues