

Corporate Governance Report



CORPORATE GOVERNANCE REPORT

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PART I – INFORMATION ON SHAREHOLDER STRUCTURE,
ORGANIZATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Capital Structure

1. *Shareholder base (share capital, number of shares, share distribution to shareholders), 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. 245-A, paragraph 1, sub-paragraph a).*

General Information on Capital Structure

Share capital on 31 December 2013 (€)	15,700,697.00
Total shares	31,401,394
Number of unlisted shares	0
Different categories of shares	Only ordinary shares exist

Ordinary shares grant general rights such as the right to vote, to participate in general meetings of shareholders, to receive information, profit sharing and pre-emptive rights in capital increases, as well as the generally applicable obligations of capital contributions and loyalty.

Shareholdings¹

Shareholders	#	#	%
	Partial Shares	Shares ¹	Capital and Voting Rights
HNB - SGPS, S.A.	8,006,914		25.50%
Pedro Miguel Quinteiro Marques de Carvalho	2,279,012		7.26%
Rogério dos Santos Carapuça	1,993,120		6.35%
João Nuno da Silva Bento	699,799		2.23%
Álvaro José da Silva Ferreira ²	13,602		0.04%
Luís Paulo Cardoso Salvado ²	13,602		0.04%
José Afonso Oom Ferreira Sousa	2,721		0.01%
Number of shares attributable to signatories of Novabase Shareholders' Agreement (under the terms of article 20, paragraph 1 of the Securities Code)		13,008,770	41.43%

Partbleu, Sociedade Gestora de Participações		3,180,444	10.13%
ES TECH VENTURES, SGPS, S.A.	1,792,144		
BANCO ESPÍRITO SANTO DE INVESTIMENTO, S.A.	66,929		
Corporate board members	60		
Banco Espírito Santo, S.A. Group (under the terms of Article 20, Item 1 of the Securities Code)		1,859,133	5.92%
Fernando Fonseca Santos		1,575,020	5.02%
Fundo de Investimento Mobiliário Aberto Poupança Ações Santander PPA	138,786		
Fundo de Investimento Mobiliário Aberto Santander Ações Portugal	1,413,967		
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%
IBIM2 Ltd		648,486	2.07%
Total		21,824,606	69.50%

¹ The shareholding of each of these shareholders corresponds to the last position notified to the company in reference to a date before 31 December 2013.

² José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento are the only shareholders of HNB – SGPS, S.A., having signed a shareholders' agreement for all of this company's share capital.

2. Restrictions on the transferability of shares, such as consent of sale clauses or restrictions on ownership of shares. 245-A, paragraph 1, sub-paragraph b)).

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

3. Number of treasury shares, percentage of corresponding share capital and percentage of corresponding voting rights (article 245-A, paragraph 1, sub-paragraph a)).

On 31 December 2013, Novabase had 589,954 treasury shares corresponding to 1.88% of share capital and corresponding voting rights for the treasury shares held.

- 4. 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 resulting from a tender offer, 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 245-A, paragraph 1, sub-paragraph j).*

These do not exist.

- 5. Applicable scheme for the renewal or revocation of defensive measures, in particular those aimed at limiting the number of votes that can be held or exercised by a single shareholder individually or in conjunction with other shareholders.*

As a public company, Novabase has not implemented any defensive measure for unsolicited takeover bids.

- 6. Shareholders' agreements that are known to the company and which may lead to restrictions in terms of transferring securities or voting rights (article 245-A, paragraph 1, sub-paragraph g).*

On 24 May 2013, Novabase announced to the market that it was notified by its shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, João Nuno da Silva Bento, Rogério dos Santos Carapuça, Álvaro José da Silva Ferreira and Pedro Miguel Quinteiro Marques de Carvalho of the following:

On 22 May 2013, to ensure shareholder stability through the end of the 2012-2014 term, the following contractual agreements and transactions were signed:

1. Shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, João Nuno da Silva Bento, Rogério dos Santos Carapuça, Álvaro José da Silva Ferreira and Pedro Miguel Quinteiro Marques de Carvalho (hereinafter called the "Signatories") have signed a shareholders' agreement (hereinafter called "Novabase Shareholders' Agreement") for 11,876,260 Novabase shares (hereinafter called "Restricted Shares") directly or indirectly held by them and corresponding to 37.82% of this company's share capital. 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. Meanwhile, as shown in the table in point 1 above, a qualified holding of 13,008,770 shares representing 41.43% of Novabase's share capital and corresponding voting rights is attributable to the signatories of the Novabase Shareholders' Agreement (under the terms of article 20, paragraph 1 of the Securities Code).

2. Under the provisions of the new Novabase Shareholders' Agreement, Signatories José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento became the sole shareholders of the company HNB – SGPS, S.A. (hereinafter called "HNB"), which currently holds 8,006,914 Novabase shares.
3. The signatories referred to in the above paragraph have also signed a shareholders' agreement for all of the share capital of HNB (hereinafter called "HNB Shareholders' Agreement"), which entered immediately into force with an indefinite duration.

A. Novabase Shareholders' Agreement

The following content of the Novabase shareholders' agreement are noteworthy:

- A) The need for agreement by a majority equal to or greater than two thirds of votes corresponding to restricted shares to establish terms by which these shares may be sold, together with the potential purchase of Novabase restricted 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, as envisaged in Article 20 of the Securities Code, 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 not considered restricted shares up to a maximum of 1.50% of the voting rights corresponding to Novabase's share capital, per signatory, provided that such acquisitions do not give the signatories or HNB 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) The signatories undertake to ensure that their descendants in the first degree (who have not yet reached legal age) will not acquire any Novabase shares in return for payment;
- E) If, due to a breach of the shareholders' agreement, a qualified shareholding exceeding one third or 50% of Novabase's voting rights is allocated to the remaining signatories or HNB, the procedure to suspend the tender offer obligation, as provided for in Article 190 of the Securities Code, must be immediately initiated. Any Signatory responsible for allocating such voting rights, 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;
- F) Commitment, subject to market conditions and applicable legal conditions, seeking to ensure that:

- a. A dividend policy be proposed for the 2013 and 2014 financial years with an annual dividend payment of at least 30% of the consolidated net profit for the year; and
 - b. A new stock option plan to be proposed, under market conditions to be defined, to replace the current plan when it expires.
- G) 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;
- H) Obligation of signatories to vote or to make HNB 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, namely in the context of the following: 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;
- I) 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;
- J) Any party in breach of its obligations arising from the shareholders' agreement shall be subject to the respective provisions concerning penalties for the non-performance of this agreement.

Under the terms of new Novabase Shareholders' Agreement, the rights and obligations described above must be exercised and fulfilled directly by the signatories or, when applicable, through the actions of HNB.

B. HNB Shareholders' Agreement

The following content of the HNB shareholders' agreement are noteworthy:

- A) Need to obtain the consent of HNB to transfer HNB shares (hereinafter called "Shares") between HNB shareholders (hereinafter called "Shareholders") - except when they do not globally account for more than 25% of the total Shares held by the Shareholder making the transfer - or to third parties, under the terms of the HNB Shareholders' Agreement;
- B) Existence of pre-emptive right of shareholders for the transfer of shares to third parties, to be exercised under the terms of the same HNB Shareholders' Agreement;
- C) Need to approve various transactions by at least two thirds of HNB's share capital with voting rights, namely increases and decreases to HNB's share capital, amendments to its articles of association and the acquisition of, disposal of, encumbrance of or other legal transactions involving Novabase shares through which the respective voting rights are attributed;
- D) With notice to HNB, Shareholders may exercise a put option against HNB for all of that Shareholder's Shares held at any given time, pursuant to the terms of the HNB Shareholders' Agreement;
- E) In certain specific cases of returning restricted Novabase shares transferred by a Shareholder to HNB, HNB will have a call option for its own shares held by the Shareholder in question, pursuant to the terms of its Shareholders' Agreement.

II. Shareholdings and Bonds

7. Identification of legal or natural persons who directly or indirectly own qualified holdings (article 245-A, paragraph 1, sub-paragraphs c) and d) and article 16), with specific percentages of capital and votes attributed, and the source and causes of the attribution.

Other Holdings

Shareholder	#	#	%
	Partial Shares	Shares¹	Capital and Voting Rights
HNB - SGPS, S.A.	8,006,914		25.50%
Pedro Miguel Quinteiro Marques de Carvalho	2,279,012		7.26%
Rogério dos Santos Carapuça	1,993,120		6.35%

João Nuno da Silva Bento	699,799		2.23%
Álvaro José da Silva Ferreira ²	13,602		0.04%
Luís Paulo Cardoso Salvado ²	13,602		0.04%
José Afonso Oom Ferreira Sousa	2,721		0.01%
Number of shares attributable to signatories of Novabase Shareholders' Agreement (under the terms of article 20, paragraph 1 of the Securities Code)		13,008,770	41.43%
Partbleu, Sociedade Gestora de Participações		3,180,444	10.13%
ES TECH VENTURES, SGPS, S.A.	1,792,144		
BANCO ESPÍRITO SANTO DE INVESTIMENTO, S.A.	66,929		
Corporate board members	60		
Banco Espírito Santo, S.A. Group (under the terms of Article 20, Item 1 of the Securities Code) (*)		1,859,133	5.92%
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, S.A. (under the terms of Article 20, Item 1 of the Securities Code)		1,552,753	4.94%
IBIM2 Ltd		648,486	2.07%
Total		21,824,606	69.50%

¹ The shareholding of each of these shareholders corresponds to the last position notified to the company in reference to a date before 31 December 2013.

² José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento are the only shareholders of HNB – SGPS, S.A., having signed a shareholders' agreement for all of this company's share capital.

8. *Number of shares and bonds held by members of managing and supervisory boards.
[NOTE: the information should be presented in accordance with the provisions of article 447,
paragraph 5 of the Commercial Companies Code]*

Holdings of Members of the Managing and Supervisory Boards (article 447, paragraph 5 of the Commercial Companies Code)¹

Owner	#	%
	Shares ¹ .	Capital and Voting Rights
Rogério dos Santos Carapuça	1,993,120	6.35%
Luís Paulo Cardoso Salvado ²	13,602	0.04%
José Afonso Oom Ferreira Sousa	2,721	0.01%
Pedro Miguel Quinteiro Marques de Carvalho	2,279,012	7.26%
João Nuno da Silva Bento	699,799	2.23%
Álvaro José da Silva Ferreira ²	13,602	0.04%
Joaquim Sérvulo Rodrigues	0	0.00%
Luís Fernando de Mira Amaral	6,305	0.02%
Manuel Alves Monteiro	9,000	0.03%
Francisco Paulo de Figueiredo Morais Antunes	0	0.00%
João Luis Correia Duque	500	0.00%
Nuno Carlos Dias dos Santos Fórneas	122,757	0.39%
Paulo Jorge de Barros Pires Trigo	68,864	0.22%
Maria do Carmo do Brito Palma	11,820	0.04%
Pedro Miguel Gonçalves Afonso	0	0.00%
PricewaterhouseCoopers & Associados – SROC (acting statutory auditor), represented by partner Jorge Manuel Santos Costa	0	0.00%
César Abel Rodrigues Gonçalves (substitute statutory auditor)	0	0.00%
Total	5,221,102	16.63%

¹ The shareholding of each of these corporate board members corresponds to the last position notified to the company in reference to a date before 31 December 2013. Information on the number of options attributed to each board of directors and supervisory board member in 2013 is found in point 77.

² José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento are shareholders of HNB – SGPS, S.A., where they hold management positions. HNB – SGPS, S.A. holds 8,006,914 shares representing 25.50% of Novabase's share capital and respective voting rights.

In addition, the following transactions of Novabase shares were made in 2013 by the persons referred to in article 447 of the Commercial Companies Code (“CSC”):

Entity	Transaction	Date	Place	Number of shares	Unit price (€)
Rogério dos Santos Carapuça	Purchase	21/06/2013	Outside of regulated market	108,333	2.470
Pedro Miguel Quinteiro Marques de Carvalho	Purchase	21/06/2013	Outside of regulated market	108,333	2.470
HNB - SGPS, S.A.	Purchase	21/06/2013	Outside of regulated market	433,334	2.470
Luís Paulo Cardoso Salvado	Purchase	27/05/2013	Outside of regulated market	27,201	2.837
Luís Paulo Cardoso Salvado	Sale	28/05/2013	Outside of regulated market	13,600	3.000
Álvaro José da Silva Ferreira	Purchase	27/05/2013	Outside of regulated market	27,201	2.837
Álvaro José da Silva Ferreira	Sale	28/05/2013	Outside of regulated market	13,600	3.000
José Afonso Oom Ferreira de Sousa	Purchase	27/05/2013	Outside of regulated market	5,440	2.837
José Afonso Oom Ferreira Sousa	Sale	28/05/2013	Outside of regulated market	2,720	3.000
HNB - SGPS, S.A.	Purchase	22/05/2013	Outside of regulated market	7,543,660	3.000
José Afonso Oom Ferreira Sousa	Sale	22/05/2013	Outside of regulated market	2,514,996	3.000
Luís Paulo Cardoso Salvado	Sale	22/05/2013	Outside of regulated market	2,079,591	3.000
Álvaro José da Silva Ferreira	Sale	22/05/2013	Outside of regulated market	1,749,073	3.000
João Nuno da Silva Bento	Sale	22/05/2013	Outside of regulated market	1,200,000	3.000
Paulo Jorge de Barros Pires Trigo	Purchase	04/04/2013	Outside of regulated market	18,864	2.719
Álvaro José da Silva Ferreira	Purchase	09/04/2013	NYSE Euronext Lisbon	30,000	2.670
Álvaro José da Silva Ferreira	Purchase	09/04/2013	NYSE Euronext Lisbon	82	2.670
Álvaro José da Silva Ferreira	Purchase	09/04/2013	NYSE Euronext Lisbon	694	2.675
Álvaro José da Silva Ferreira	Purchase	09/04/2013	NYSE Euronext Lisbon	30	2.683
Álvaro José da Silva Ferreira	Purchase	09/04/2013	NYSE Euronext Lisbon	2,336	2.685
Álvaro José da Silva Ferreira	Purchase	09/04/2013	NYSE Euronext Lisbon	1,000	2.688
Álvaro José da Silva Ferreira	Purchase	09/04/2013	NYSE Euronext Lisbon	4,639	2.690
Álvaro José da Silva Ferreira	Purchase	09/04/2013	NYSE Euronext Lisbon	5,000	2.695
Álvaro José da Silva Ferreira	Purchase	09/04/2013	NYSE Euronext Lisbon	93,555	2.700
Álvaro José da Silva Ferreira	Purchase	09/04/2013	NYSE Euronext Lisbon	92,664	2.700

Information on the conditions under which options were attributed to each board of directors and supervisory board member in 2013 is found in point 74.

9. *Special powers of the board of directors, namely with respect to decisions to increase capital (article 245-A, paragraph 1, sub-paragraph i), specifying, in this regard, the date on which they were given, the date until which they can be exercised, the maximum ceiling of the capital increase, the amount already issued under the allocation of powers and the means of implementing the powers granted.*

Novabase's managing board has no special powers vis-à-vis those granted by law, except as described below.

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 03 May 2012.

Since this renewal, no share capital has been issued under this provision of the articles of association.

10. Information on the existence of significant business relationships between the holders of qualified holdings and the company.

In 2013, Novabase had business relationships with holders of qualified holdings, or entities related to them, as shown in the following table:

Taxpayer ID	Name or related company name	Brief description
	BES - Succursale Luxembourg, Banco Espírito Santo, S.A.	Sale of IT solutions
245 737 640	Banco Espírito Santo - London Branch	Sale of IT solutions
500 136 408	Espírito Santo Viagens - Consultant	Sale of IT solutions
500 852 367	Banco Espírito Santo, S.A.	Sale of IT solutions
500 940 231	Companhia de Seguros Tranquilidade, S.A.	Sale of IT solutions
501 385 932	BES Investimentos, S.A.	Sale of IT solutions
501 834 141	E.S. Gestão de Patrimónios, S.A.	Sale of IT solutions
501 882 618	ESAF - Fundo Investimento Imobiliário	Sale of IT solutions
502 253 169	E.S. Fundos de pensões, S.A.	Sale of IT solutions
502 801 026	ESAF - Fundo Investimento Imobiliário, S.A.	Sale of IT solutions
503 024 856	BES - Vida, Companhia de Seguros, S.A.	Sale of IT solutions
503 040 380	Oblog Consulting	Sale of IT solutions
503 718 092	Espírito Santo Seguros, S.A.	Sale of IT solutions
504 885 367	Espírito Santo Saúde, SGP	Sale of IT solutions
505 149 060	BEST - Banco Electrónico de Serviço	Sale of IT solutions
512 061 840	BES Açores	Sale of IT solutions
	Espírito Santo Services, S.A.	Sale of IT solutions

	Banco Espírito Santo S.A. - Venezuela Branch - Banco Universal	Sale of IT solutions
	Banco Espírito Santo, S.A.	Sale of IT solutions
502 443 880	Locarent, Lda.	Sale of IT solutions
502 253 169	ESAF - Espírito Santo Fundo	Sale of IT solutions
	BANCO ESPIRITO SANTO ANGOLA	Sale of IT solutions
	BES Cabo Verde	Sale of IT solutions
507 684 486	T - VIDA, Companhia de Seguros, S.A.	Sale of IT solutions
508 278 600	Seguros LOGO, S.A.	Sale of IT solutions
504 930 001	ES CONTACT CENTER, S.A.	Sale of IT solutions
503 718 092	BES - Companhia de Seguros, S.A.	Sale of IT solutions

B. CORPORATE BOARDS AND COMMITTEES

I. General Meeting of Shareholders

a) Composition of the general meeting board

11. Identification, position and term of office (beginning and end) of the general meeting board

The officers of the Novabase General Meeting of Shareholders, elected in the general meeting held on 3 May 2012 for the three-year period of 2012-2014, 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 belong to the company's staff) at his disposal dedicated to working specifically on the organization and management of the General Meeting of Shareholders.

b) Exercising of voting rights

12. Possible restrictions on voting rights, such as limitations on exercising voting rights based on ownership of a number or percentage of shares, deadlines for exercising a voting right or special systems for equity rights (article 245-A, paragraph 1, sub-paragraph f).

Novabase has no restrictions on voting rights, nor any limitations on voting based on a number or percentage of shares or special systems for equity rights.

Postal voting is permitted, provided that the following are observed:

a) Shareholders with a voting right may exercise this right by post, by means of a signed statement clearly indicating their voting intention for each point on the meeting's agenda. Shareholders may use the postal voting form which will be made available at the company's website in a timely fashion.

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.

c) Voting forms, together with the items specified in the preceding subparagraphs, must be placed in a sealed envelope addressed to the Chairman of the General Meeting, 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.

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

e) If the shareholder or his/her representative attends the General Meeting in person, his/her respective postal vote will be annulled.

f) Postal votes will be counted as 'No' votes in relation to items for discussion submitted after these votes' date of issue.

Although not specifically mentioned in the articles of association, electronic voting is referred to in meeting notices, and follows the same principles as those of postal voting.

The deadlines for exercising voting rights are exclusively those established by law.

13. Maximum percentage of voting rights that can be exercised by a single shareholder or by shareholders having any of the relationships referred to in article 20, paragraph 1 with that shareholder.

No such limitation exists

14. Shareholder decisions which, pursuant to the articles of association, can only be made by a qualified majority, in addition to those provided for by law, specifying these majorities.

No Shareholder decisions which, pursuant to the articles of association, can only be made by a qualified majority, in addition to those provided for by law, specifying these majorities.

II. MANAGEMENT AND SUPERVISION (Board of Directors, Executive Board of Directors and General and Supervisory Board)

a) Composition

Board of Directors on 31 December 2013.

Rogério Santos Carapuça
Luís Paulo Cardoso Salvado
José Afonso Oom Ferreira de Sousa
Pedro Miguel Quinteiro Marques Carvalho
João Nuno da Silva Bento
Alvaro José da Silva Ferreira
Joaquim Sérvulo Rodrigues
Luís Fernando de Mira Amaral
Manuel Alves Monteiro

Francisco Paulo Figueiredo Morais Antunes

João Luís Correia Duque

Nuno Carlos Dias dos Santos Fórneas

Paulo Jorge de Barros Pires Trigo

Maria do Carmo do Brito Palma

Pedro Miguel Gonçalves Afonso

Executive Committee on 31 December 2013

Luís Paulo Cardoso Salvado

Alvaro José da Silva Ferreira

Francisco Paulo Figueiredo Morais Antunes

Nuno Carlos Dias dos Santos Fórneas

Maria do Carmo do Brito Palma

Pedro Miguel Gonçalves Afonso

15. Identification of governance model used.

Novabase is a listed company since July 2000, which operates according to a corporate government model that is regularly reviewed by the Board regarding its performance and adequance, with the aim of optimizing its performance and alignment with the interests of all the stakeholders - entities whose interests are involved in the corporate activity - namely the shareholders and investors, customers, suppliers and other business 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 NYSE 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 Auditing Committee and a statutory auditor. In this model, the company has kept the option of continuing to delegate the day-to-day running of the company to an Executive Committee. After the General Shareholders' Meeting of 28 April 2009, two specialized committees were created 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 whenever possible and tailor the model to the company's demands and challenges, Novabase constantly analyses its implementation.

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 2013 on the degree of compliance with corporate governance recommendations in force in Portugal in 2012, 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). In this study, Novabase received a *rating* of AA and a score of 9,511.51.

Also note that, in the latest Annual Report on Corporate Governance in Portugal – 2012, prepared by the CMVM, NOVABASE fulfills 100% of the recommendations contained in the Code of Corporate Governance. Only 5 of the 42 listed entities evaluated by the regulator showed this degree of compliance.

16. Article of association rules on procedural requirements and matters applicable to the appointment and replacement of members, as applicable, of the Board of Directors, Executive Board of Directors and General and Supervisory Board (article 245-A, paragraph 1, sub-paragraph h).

The members of Novabase's Board of Directors are appointed and replaced under the terms of the law, namely the provisions of articles 390 and following of the Commercial Companies Code. Article 14, paragraph 1 of the company's articles of association merely state that a Board of Directors shall be responsible for managing the company's business, with full and exclusive powers of representation, comprised of at least three and at most nineteen members elected by the General Meeting of Shareholders.

Furthermore, pursuant to article 14 paragraph 2 of the company's articles of association, the General Meeting of Shareholders is responsible for appointing the Chairman of the Board of Directors, which will elect its own chairman if the General Meeting of Shareholders fails to do so.

With regards to the absence and substitution of management, pursuant to the articles of association, Directors who fail to attend over one third of the meetings held in a financial year, without justification approved by the Board of Directors, shall be considered permanently absent, as is the case for executive directors who fail to attend, without justification approved by the Board of Directors, over one fifth of Executive Committee meetings in the same period.

Article 8 of the articles of association states that directors are elected by the General Meeting of Shareholders for three-year terms, subject to re-election one or more times.

17. Composition, as applicable, of the Board of Directors, Executive Board of Directors and General and Supervisory Board, stating the minimum and maximum number of members, term of office, number of full members, inauguration date and end date of each member's term of office, in accordance with the articles of association.

Article 8 of the company's articles of association states that members of the Board of Directors are elected by the General Meeting of Shareholders for three-year terms, subject to re-election one or more times, and that these directors shall keep their positions during their respective terms of office until the appointment of new members.

As mentioned above, Novabase's articles of association also state that the Board of Directors may be comprised of at least three and at most nineteen members.

On 31 December 2013, the Board of Directors had fifteen full members, as shown in the following table:

Director	Inauguration date	End of term of office
Rogério Santos Carapuça	29-03-1994	31-12-2014
Luís Paulo Cardoso Salvado	18-03-1998	31-12-2014
José Afonso Oom Ferreira de Sousa	24-01-1991	31-12-2014
Pedro Miguel Quinteiro Marques Carvalho	24-01-1991	31-12-2014
João Nuno da Silva Bento	09-11-1999	31-12-2014
Álvaro José da Silva Ferreira	03-03-2000	31-12-2014
Joaquim Sérvulo Rodrigues	29-04-2003	31-12-2014
Luís Fernando de Mira Amaral	20-04-2006	31-12-2014
Manuel Alves Monteiro	20-04-2006	31-12-2014
Francisco Paulo Figueiredo Morais Antunes	28-04-2009	31-12-2014
João Luís Correia Duque	28-04-2009	31-12-2014
Nuno Carlos Dias dos Santos Fórneas	28-04-2009	31-12-2014
Paulo Jorge de Barros Pires Trigo	03-05-2012	31-12-2014
Maria do Carmo do Brito Palma	25-09-2013	31-12-2014
Pedro Miguel Gonçalves Afonso	25-09-2013	31-12-2014

Under the terms of Article 14 of the articles of association, the Board of Directors may delegate the everyday running of the company to an executive committee consisting of five to nine directors.

On 31 December 2013, the Executive Committee had six full members, as shown in the following table:

Director	Inauguration date	End of term of office
Luís Paulo Cardoso Salvado	20-04-2006	31-12-2014
Álvaro José da Silva Ferreira	20-04-2006	31-12-2014
Francisco Paulo Figueiredo Morais Antunes	30-04-2009	31-12-2014
Nuno Carlos Dias dos Santos Fórneas	30-04-2009	31-12-2014
Maria do Carmo do Brito Palma	26-09-2013	31-12-2014
Pedro Miguel Gonçalves Afonso	26-09-2013	31-12-2014

18. *Distinction between executive and non-executive members of the Board of Directors and, for the latter, identification of members who can be considered independent or, when applicable, identification of independent members of the General and Supervisory Board.*

Member of the Board of Directors	Category	Independence ² .
Rogério dos Santos Carapuça ¹	Non-executive	No
Luís Paulo Cardoso Salvado	Executive	No
José Afonso Oom Ferreira de Sousa	Non-executive	No
Pedro Miguel Quinteiro Marques Carvalho	Non-executive	No
João Nuno da Silva Bento	Non-executive	No
Álvaro José da Silva Ferreira	Executive	No
Joaquim Sérvulo Rodrigues	Non-executive	No
Luís Fernando de Mira Amaral	Non-executive	Yes.
Manuel Alves Monteiro	Non-executive	Yes.
Francisco Paulo Figueiredo Morais Antunes	Executive	No
João Luís Correia Duque	Non-executive	Yes.
Nuno Carlos Dias dos Santos Fórneas	Executive	No
Paulo Jorge de Barros Pires Trigo ¹	Non-executive	No
Maria do Carmo do Brito Palma	Executive	No
Pedro Miguel Gonçalves Afonso	Executive	No

¹ Executive positions at Novabase Group companies (see point 26)

² Under the terms of CMVM Regulation no. 4/2013, Annex I, point 18.1. The evaluation of the independence of members of the Auditing Committee *per se* is done in point 32.

Novabase has three independent directors from a total of fifteen members of the Board of Directors, accounting for one fifth of the directors. In view of the company's size, shareholder structure, respective free float and, above all, corporate governance model involving various degrees of

internal control and rules on conflicts of interest, together with a vast range of options benefiting shareholder participation and the exercising of their respective rights, it can only be concluded that the proportion of independent directors compared to the total is adequate, given these characteristics of Novabase, in line with the new CMVM Recommendation no. II.1.7.

19. Professional qualifications and other relevant background information of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors.

Director	Professional Qualifications	Other relevant background ¹
<p>Rogério Santos Carapuça</p>	<ul style="list-style-type: none"> • Ph.D in Electrotechnical and Computer Engineering from IST • Masters in Electrotechnical and Computer Engineering from IST • Graduate in Electrotechnical and Computer Engineering from IST 	<ul style="list-style-type: none"> • Chairman of the Board of Directors • Chairman of the Board of Directors Performance Assessment Committee • Chairman of the Board of Directors Performance Assessment Committee • Director of various Novabase Group companies • Member of the Faculty Council of the UNL Faculty of Sciences and Technologies • Chairman of the Portuguese Association for the Development of Communications (APDC) <p><u>Formerly:</u></p> <ul style="list-style-type: none"> • CEO and Executive Committee member responsible for Marketing & Communication
<p>Luís Paulo Cardoso Salvado</p>	<ul style="list-style-type: none"> • MBA in Information Management from Universidade Católica Portuguesa • Graduate in Electrotechnical and Computer Engineering 	<ul style="list-style-type: none"> • CEO / CHRO / Business Solutions Competencies / Venture Capital / Celfocus / IT Contracting / Business Design / Corporate Development / Investor Relations • Member of the Board of

	<p>from IST</p>	<p>Directors Performance Assessment Committee</p> <ul style="list-style-type: none"> Member of the Corporate Governance Assessment Committee Director of various Novabase Group companies <p><u>Formerly:</u></p> <ul style="list-style-type: none"> CFO and CLO of Novabase Group and CEO of Novabase Consulting
<p>José Afonso Oom Ferreira de Sousa</p>	<ul style="list-style-type: none"> MBA from Universidade Nova de Lisboa Masters in Electrotechnical Engineering from IST Graduate in Electrotechnical Engineering from IST 	<ul style="list-style-type: none"> Member of the Board of Directors Performance Assessment Committee Member of the Corporate Governance Assessment Committee <p><u>Formerly:</u></p> <ul style="list-style-type: none"> CLO and CFO of Novabase Group Director of various Novabase Group companies
<p>Pedro Miguel Quinteiro Marques Carvalho</p>	<ul style="list-style-type: none"> Graduate in Applied Mathematics from Universidade de Lisboa 	<ul style="list-style-type: none"> Member of the Board of Directors Performance Assessment Committee <p><u>Formerly:</u></p> <ul style="list-style-type: none"> Director responsible for the administrative and logistics area CIO of Novabase Group Director of various Novabase Group companies
<p>João Nuno da Silva Bento</p>	<ul style="list-style-type: none"> MBA in Information Management from Universidade Católica 	<ul style="list-style-type: none"> Director of various Novabase Group companies <p><u>Formerly:</u></p>

	<p>Portuguesa</p> <ul style="list-style-type: none"> Graduate in Electrotechnical and Computer Engineering from IST 	<ul style="list-style-type: none"> International Digital TV business / Energy & Utilities / Telecoms & Media sector CEO of Novabase Digital TV
<p>Alvaro José da Silva Ferreira</p>	<ul style="list-style-type: none"> MBA from Universidade Nova de Lisboa Graduate in IT Engineering from Universidade Nova de Lisboa 	<ul style="list-style-type: none"> Energy & Utilities / Telecoms & Media / Africa Director of various Novabase Group companies <p><u>Formerly:</u></p> <ul style="list-style-type: none"> CHRO / CIO of Novabase Group CEO of Novabase IMS
<p>Joaquim Sérvulo Rodrigues</p>	<ul style="list-style-type: none"> MBA from INSEAD Masters in Electrotechnical and Computer Engineering from IST Graduate in Electrotechnical and Computer Engineering from IST 	<ul style="list-style-type: none"> Member of the Board of Directors Performance Assessment Committee Member of the Corporate Governance Assessment Committee Chairman of the executive committee of the board of directors of Es Tech Ventures, SGPS, S.A. Chairman of the executive committee of the board of directors of ES Ventures, SCR, S.A. Director of various companies from the portfolio of the prior companies Member of the National Entrepreneurship and Innovation Committee (CNEI) Member of management of COTEC <p><u>Formerly:</u></p>

		<ul style="list-style-type: none"> • School board member of the Higher Technical Institute (Instituto Superior Técnico – UTL)
<p>Luís Fernando de Mira Amaral</p>	<ul style="list-style-type: none"> • Postgraduate Diploma in Management (Stanford Executive Program) from Stanford University • Masters. in Economics from Universidade Nova de Lisboa • Graduate in Electronics Engineering from IST 	<ul style="list-style-type: none"> • Chairman of the Auditing Committee • Member of the Board of Directors Performance Assessment Committee • CEO and Vice President of Caixa Geral de Depósitos • Director of Sociedade Portuguesa de Inovação, S.A. • Director of BPI • CEO of Banco BIC Português • Member of the Royal Lankhorst Group Supervisory Board
<p>Manuel Alves Monteiro</p>	<ul style="list-style-type: none"> • Graduate in Law, member of the Portuguese Bar Association (Ordem dos Advogados) • Business Management and Corporate Governance Program – Wharton University, Pennsylvania, USA 	<ul style="list-style-type: none"> • Member of the Auditing Committee • Member of the Corporate Governance Assessment Committee • Non-executive director of CIN-SGPS • Member of the General and Supervisory Board of EDP • Member of the Board of Grupo Soares da Costa, SGPS • Chairman of the Remuneration Committee of Douro Azul, S.A: <p><u>Formerly:</u></p> <ul style="list-style-type: none"> • Chairman and executive and non executive member of the Board of several listed and non-listed companies, institutions and state owned

		companies.
Francisco Paulo Figueiredo Morais Antunes	<ul style="list-style-type: none"> • Master's in Finance from ISCTE • Graduate in Management from ISCTE 	<ul style="list-style-type: none"> • CFO / CLO / CIO / CRO / International Task Force • Director of various Novabase Group companies <p><u>Formerly:</u></p> <ul style="list-style-type: none"> • Financial Director of Novabase Group
João Luís Correia Duque	<ul style="list-style-type: none"> • Ph.D in Business Administration from Manchester Business School / Manchester University • Graduate in Company Organization and Management from ISEG / UTL 	<ul style="list-style-type: none"> • Member of the Auditing Committee • Member of the Corporate Governance Assessment Committee • President and Full Professor at ISEG • Chairman of IDEFE / ISEG • Member of the Audit Board of Sagres – Sociedade de Titularização de Créditos, S.A.
Nuno Carlos Dias dos Santos Fórneas	<ul style="list-style-type: none"> • MBA from ISEG. • Graduate in Electrotechnical and Computer Engineering from IST 	<ul style="list-style-type: none"> • CMO / Financial Services • Director of various Novabase Group companies <p><u>Formerly:</u></p> <ul style="list-style-type: none"> • Executive of Novabase Consulting
Paulo Jorge de Barros Pires Trigo	<ul style="list-style-type: none"> • Graduate in Electrotechnical and Computer Engineering from IST 	<ul style="list-style-type: none"> • Director of various Novabase Group companies <p><u>Formerly:</u></p> <ul style="list-style-type: none"> • COO
Maria do Carmo do Brito Palma	<ul style="list-style-type: none"> • Graduate in IT Engineering from the Universidade Nova de Lisboa School of 	<ul style="list-style-type: none"> • Government, Healthcare & Transportation • Director of various Novabase

	Sciences and Technology	Group companies <u>Formerly:</u> <ul style="list-style-type: none"> Executive Director of Novabase, Government, Healthcare & Transportation
Pedro Miguel Gonçalves Afonso	<ul style="list-style-type: none"> Advanced Management Program through Universidade Católica Portuguesa Graduate in IT Engineering and Computers from IST 	<ul style="list-style-type: none"> Infrastructures and Managed Services Director of various Novabase Group companies <u>Formerly:</u> <ul style="list-style-type: none"> CEO and Promoter of DTV Research Executive Director of Novabase, Video Solutions Division

¹ Professional activities performed in the past five years, namely in terms of positions at other companies or the company itself (article 289 of the Commercial Companies Code).

20. Regular and significant family, professional or business relationships of members, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors with shareholders to whom a qualified shareholding exceeding 2% of voting rights may be attributed.

These do not exist. Some shareholders with qualified holdings are directors themselves.

21. 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.

Novabase was organized into three business areas on 31 December 2013:

- Novabase Business Solutions¹
- Novabase Infrastructures and Managed Services²
- Novabase Venture Capital³

¹ Corresponding to the company NOVABASE Business Solutions - Soluções de Consultoria, Desenvolvimento, Integração, Outsourcing, Manutenção e Operação de Sistemas de Informação, S.A.

² Corresponding to the company NOVABASE IMS-Infrastructures & Managed Services S.A.

³ Corresponding to the company NOVABASE Capital – Sociedade de Capital de Risco, S.A.

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.

The sectors in 2013 were as follows:

- *Energy & Utilities*
- *Financial Services*
- *Government, Healthcare & Transportation*
- *Telecoms & Media*

Novabase SGPS⁴ / Novabase Services⁵

Novabase SGPS and Novabase Services 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.

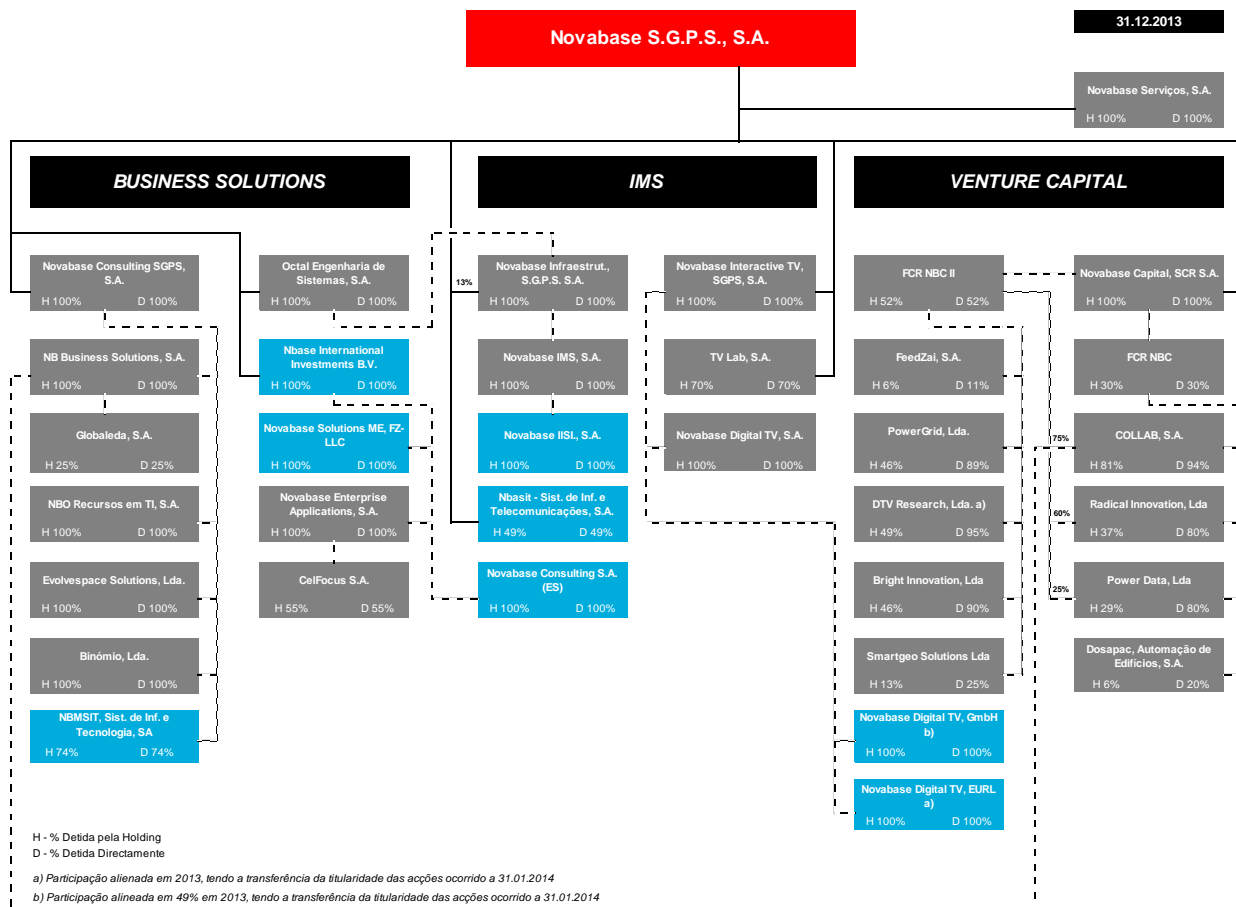
Information on the Investor Relations Office can be found in point 55 of this report.

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.

⁴ NOVABASE – Sociedade Gestora de Participações Sociais, S.A.

⁵ NOVABASE SERVIÇOS - Serviços de Gestão e Consultoria, S.A.



As mentioned in point II. A) 15. 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 NYSE *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 Auditing Committee and a statutory auditor. In this model, the company has kept the option of continuing to delegate the day-to-day running of the company to an Executive Committee. After the General Shareholders' Meeting of 28 April 2009, two specialized committees were created within the Board of Directors: a Board of Directors Performance Assessment Committee and a Corporate Governance Assessment Committee.

Moreover, Novabase has a general meeting board elected for three-year terms of office, along with a Remuneration Committee appointed by the General Meeting of Shareholders to establish the remuneration of each corporate board member based on the duties performed and the company's financial status. The company also designates a secretary and respective substitute, under the terms of article 446-A of the Commercial Companies code, to perform the duties established by law.

Under the terms of article 14 of Novabase's articles of association, a Board of Directors with full and exclusive representation powers is responsible for managing the company's business.

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;
- 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;

Under the terms of its regulations, the Board of Directors is responsible for setting a policy for reporting irregularities in compliance with goals laid out in this regard by law, by applicable regulations or by the General Meeting of Shareholders.

The Board of Directors' bylaws and regulations also state that it may delegate to one director certain specific management duties or the execution of the Board of Directors' decisions, recording the delegated powers in the minutes, and may also delegate the day-to-day running of the company to an Executive Committee. The Board of Directors shall establish the executive committee's powers in the everyday running of the company, delegating to it, when necessary, all the powers that are not forbidden by article 407 of the Commercial Companies Code.

Pursuant to the provisions of article 407 of the Commercial Companies Code, the Board of Directors may not delegate the following:

- a) Selection of the Chairman of the Board of Directors;
- b) Co-option of directors;;
- c) Requests to call general meetings;
- e) Drawing up of annual reports and accounts;
- f) Decide that Novabase may provide collateral, personal guarantees and security in rem;
- g) Change of registered office and capital increases;

- h) Deliberate projects to merge, divide and transform Novabase;
- i) Approval of strategy; and
- j) Definition of the Group's corporate structure.

Under these terms, the Executive Committee is 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. 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 by the Board of Directors, the performance of all actions required for the day-to-day running of the company has been delegated to Novabase's Executive Committee, 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) Opening, transacting and closing 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 will 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 were delegated in 2013 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.

Under the terms of the Executive Committee's regulations, its Chairman is responsible for assigning positions and responsibilities to all of its members, and for establishing and monitoring goals.

On 31 December 2013, the Executive Committee's members had the following positions and responsibilities:

Luís Paulo Cardoso Salvado	CEO / CHRO / Business Solutions Competencies / Venture Capital ¹ / Celfocus ² / IT Contracting / Business Design / Corporate Development / Investor Relations
Alvaro José da Silva Ferreira	Energy & Utilities / Telecoms & Media / Africa
Francisco Paulo Figueiredo Moraes Antunes	CRO / CFO / CLO / CIO / International Task Force
Nuno Carlos Dias dos Santos Fórneas	CMO / Financial Services
Maria do Carmo do Brito Palma	Government, Healthcare & Transportation
Pedro Miguel Gonçalves Afonso	Infrastructures and Managed Services

¹ Director Rogério dos Santos Carapuça performs executive duties in the area by delegation of powers

² Director João Nuno da Silva Bento performs executive duties in the area by delegation of powers

The Executive Committee may sub-delegate the exercising of delegated powers to one or more of its members. The committee or any two of its members may also appoint representatives with the powers deemed appropriate, with the signature of just one of its members in the case of legal proxy.

b) Operation

Under the terms of Novabase's articles of association, the Board of Directors shall meet whenever it is summoned by its chairperson or by two other directors. It must meet at least once a month.

The regulations of the Board of Directors have a similar rule stating that the board will hold ordinary meetings once per month and extraordinary meetings whenever called by its Chairman or by two of its members.

The Board of Directors 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.

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 of the Board of Directors has the casting vote in the event of a tie.

Members of the Board of Directors may not vote on issues where they have a conflict of interest with Novabase, whether directly or through third parties.

While being obliged to inform the Chairman of the Board of Directors about the conflict of interest, the board member in question may participate in the meeting where the issue will be discussed, but without the ability to vote.

Unless decided otherwise, this member may be asked to give an opinion, but without the ability to vote.

Directors who fail to attend over one third of the meetings held in a financial year, without justification approved by the Board of Directors, shall be considered permanently absent, as is the case for executive directors who fail to attend, without justification approved by the Board of Directors, over one fifth of Executive Committee meetings in the same period.

22. Existence and location of operating regulations, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors.

The regulations of the Board of Directors and Executive Committee are available at Novabase's website.

23. Number of meetings held and attendance of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors.

Board of Directors	
Number of meetings: 12	
Member	Attendance (%)
Rogério Santos Carapuça	100.00
Luís Paulo Cardoso Salvado	100.00
José Afonso Oom Ferreira de Sousa	100.00
Pedro Miguel Quinteiro Marques Carvalho	100.00
João Nuno da Silva Bento	100.00
Álvaro José da Silva Ferreira	66.66
Joaquim Sérvulo Rodrigues	91.66
Luís Fernando de Mira Amaral	91.66
Manuel Alves Monteiro	100.00
Francisco Paulo Figueiredo Morais Antunes	100.00
João Luís Correia Duque	91.66
Nuno Carlos Dias dos Santos Fórneas	83.33
Paulo Jorge de Barros Pires Trigo	91.66
Maria do Carmo do Brito Palma	75.00
Pedro Miguel Gonçalves Afonso	100.00

Executive Committee	
Number of meetings: 38	
Member	Attendance (%)
Luís Paulo Cardoso Salvado	100.00
Álvaro José da Silva Ferreira	86.84
Francisco Paulo Figueiredo Morais Antunes	100.00
Nuno Carlos Dias dos Santos Fórneas	94.74
Maria do Carmo do Brito Palma	100.00
Pedro Miguel Gonçalves Afonso	100.00

24. The corporate bodies responsible for assessing the performance of executive members.

The Board of Directors Performance Assessment Committee is the company board responsible for assessing the Executive Committee's performance. Under the terms of its regulations, this 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 Auditing 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 2013, 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 Quintero 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.

25. 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 69.).

26. Availability of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors, indicating positions held simultaneously at other companies, both in and outside of the group, and other relevant activities performed by the members of these boards over the year.

Director (availability)	Group companies	Other companies and activities
Rogério Santos Carapuça (Part time)	<ul style="list-style-type: none"> Chairman of the Board of Directors Novabase Business Solutions S.A. Novabase Capital S.A. Collab Chairman of the Board of Directors Performance Assessment Committee Chairman of the Board of Directors Performance Assessment Committee 	<ul style="list-style-type: none"> Member of the Faculty Council of the UNL Faculty of Sciences and Technologies Chairman of the Portuguese Association for the Development of Communications (APDC)
Luís Paulo Cardoso Salvado (Full time)	<ul style="list-style-type: none"> Novabase Consulting SGPS, S.A. Novabase Serviços S.A. Novabase Business Solutions S.A. Member of the Board of Directors Performance Assessment Committee Member of the Corporate Governance Assessment Committee 	<ul style="list-style-type: none"> Member of the Board of HNB – SGPS, S.A.
José Afonso Oom Ferreira de Sousa (Part time)	<ul style="list-style-type: none"> Member of the Board of Directors Performance Assessment Committee Member of the Corporate Governance Assessment Committee 	<ul style="list-style-type: none"> Member of the Board of HNB – SGPS, S.A. Director of Fundação Maria Dias Ferreira Director of QSM – Investimentos e

		<p>Consultadoria, S.A..</p> <ul style="list-style-type: none"> • Director of Xistroban – Imobiliária, S.A. • Director of Aprove – Investimentos e Projectos Imobiliários, S.A. • Managing partner of S2i – Sociedade de Investimento Imobiliário, Lda.
<p>Pedro Miguel Quinteiro Marques Carvalho</p> <p>(Part time)</p>	<ul style="list-style-type: none"> • Member of the Board of Directors Performance Assessment Committee 	<ul style="list-style-type: none"> • Managing partner of LX Gourmet Falcão Blanco – Produtos Alimentares de Qualidade, Lda. • Non-executive director of Feedzai – Consultadoria e Inovação Tecnológica, S.A. • Sole manager of MQC – Investimentos Imobiliários, Lda. • Non-executive director of Muzzley, S.A.
<p>João Nuno da Silva Bento</p> <p>(Full time)</p>	<ul style="list-style-type: none"> • Celfocus, S.A. • Novabase Business Solutions, S.A. • TVLAB, S.A. • Novabase Middle East 	<ul style="list-style-type: none"> • Member of the Board of HNB – SGPS, S.A.
<p>Álvaro José da Silva Ferreira</p> <p>(Full time)</p>	<ul style="list-style-type: none"> • NBO, S.A. • Novabase Enterprise Applications, S.A. • Novabase Business Solutions, S.A. • Novabase Infraestructuras e Integración de Sistemas Informáticos, S.A. • NBASIT • NBMSIT 	<ul style="list-style-type: none"> • Member of the Board of HNB – SGPS, S.A. • Director of Groovesnore – Investimentos Imobiliários, Lda.

<p>Joaquim Sérvulo Rodrigues (Part time)</p>	<ul style="list-style-type: none"> • Member of the Board of Directors Performance Assessment Committee • Member of the Corporate Governance Assessment Committee 	<ul style="list-style-type: none"> • Chairman of the executive committee of the board of directors of Es Tech Ventures, SGPS, S.A. • Chairman of the Executive Committee of ES Venture, SCR, S.A. • Executive director of Bica da Sapataria - Empreendimentos Agrícolas e Gestão, S.A. • Director of Watson Brown • Director of PVCi-SCR. • Director of Military Commercial Technologies, Inc. • Director of ES Contact Center, S.A. • Director of ES Capital – S.C.R., S.A. • Director of Oceanlix, Pty • Director of Outsystems, S.A. • Director of Ynvisible, S.A. • Director of SafetyPay, Inc. • Director of Bridges Worldwide Holding, SGPS, S.A. • Director of Nutrigreen, S.A.
<p>Luís Fernando de Mira Amaral (Part time)</p>	<ul style="list-style-type: none"> • Chairman of the Auditing Committee • Member of the Board of Directors Performance Assessment Committee 	<ul style="list-style-type: none"> • CEO of Banco BIC Português • SPI Director
<p>Manuel Alves Monteiro (Part time)</p>	<ul style="list-style-type: none"> • Member of the Auditing Committee • Member of the Corporate Governance 	<ul style="list-style-type: none"> • Non-executive director of CIN, SGPS

	Assessment Committee	<ul style="list-style-type: none"> Member of the General and Supervisory Board of EDP
<p>Francisco Paulo Figueiredo Morais Antunes</p> <p>(Full time)</p>	<ul style="list-style-type: none"> Novabase Interactive TV Novabase Consulting SGPS, S.A. Novabase Serviços Novabase Enterprise Applications Novabase Business Solutions S.A. Collab, S.A. Octal, S.A. Novabase Digital TV, S.A. TVLab, S.A. Novabase IMS Novabase Infraestruturas SGPS Novabase Digital TV GmbH NBASIT NB EURL Evolvespace Solutions, Lda. Novabase Capital NBMSIT NB Novabase Infraestructuras e Integración de Sistemas Informáticos, SA 	<ul style="list-style-type: none"> Managing partner of Commstock, Lda.
<p>João Luís Correia Duque</p> <p>(Part time)</p>	<ul style="list-style-type: none"> Member of the Auditing Committee Member of the Corporate Governance Assessment Committee 	<ul style="list-style-type: none"> Chairman of the Board of Directors of IDEFE – Instituto para o Desenvolvimento e Estudos Económicos President of the Higher Institute of Economics and Management (ISEG)

<p>Nuno Carlos Dias dos Santos Fôrneas</p> <p>(Full time)</p>	<ul style="list-style-type: none"> • Novabase Serviços • Novabase Business Solutions S.A. • Novabase Infraestruturas SGPS • Novabase Consulting, S.A. (Spain) • Binómio 	
<p>Paulo Jorge de Barros Pires Trigo</p> <p>(Full time)</p>	<ul style="list-style-type: none"> • Novabase Enterprise Applications • Celfocus • Novabase Sistemas de Información 	
<p>Maria do Carmo do Brito Palma</p> <p>(Full time)</p>	<ul style="list-style-type: none"> • Novabase Consulting SGPS • Novabase Business Solutions • Octal • Binómio 	<ul style="list-style-type: none"> • Portuguese Association for the Development of Communications (APDC) commissioner for the area of government and community bodies
<p>Pedro Miguel Gonçalves Afonso</p> <p>(Full time)</p>	<ul style="list-style-type: none"> • Novabase Interactive TV • Novabase Digital TV • Novabase IMS • Novabase Infraestruturas SGPS 	

c) Committees within the managing or supervisory board and managing directors

27. Committees created within, as applicable, the Board of Directors, General and Supervisory Board and Executive Board of Directors, and location of operating regulations.

The committees created within the Board of Directors are the Executive Committee, Auditing Committee, Board of Directors Performance Assessment Committee and Corporate Governance Assessment Committee.

The regulations of these committees are available at Novabase's website.

In accordance with the law and Novabase articles of association, supervision of the company shall be the responsibility of the Auditing Committee, elected by the General Meeting and composed of 3 directors, one of whom shall be its Chairman. The Auditing Committee was thus created to ensure

compliance with legal provisions and the articles of association, as opposed to the other committees referred to above, which were created to cope with specific needs of managing the company's business.

Members of the Auditing Committee are appointed at the same time as members of the Board of Directors. The proposed lists for the latter must indicate which members will become part of the Auditing Committee, and its respective chairman.

28. Composition, if applicable, of the executive committee and/or identification of managing director(s).

The following figure shows the Executive Committee's composition on 31 December 2013.

Luís Paulo Cardoso Salvado
Álvaro José da Silva Ferreira
Francisco Paulo Figueiredo Moraes Antunes
Nuno Carlos Dias dos Santos Fórneas
Maria do Carmo do Brito Palma
Pedro Miguel Gonçalves Afonso

29. Powers of each of the committees created, and summary of activities carried out in exercising these powers.

Executive Committee – The scope of the Executive Committee's powers is described in point 21 above.

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.

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 (in accordance with the Executive Committee's internal regulations). The Chairman of the Auditing Committee is informed of the agenda in the meeting minutes.

In 2013, in performing its duties, the Executive Committee strengthened the focus on international growth, upheld the leadership position in the domestic market, further differentiated key offerings and helped to develop Novabase's teams and leaders.

2013 saw 18% growth in the international business, which now accounts for 34% of the entire business. In Africa, in addition to gradually winning market share in Angola and Mozambique, the company was able to advance its position in these markets, thereby facilitating future access to larger-sized projects. Moreover, primarily through its affiliate Celfocus, the segment of products and services for telecommunications operators in the EMEA region saw international growth exceeding 50% through key projects in Ghana, the United Kingdom, Qatar and Turkey.

Novabase upheld its leadership position in the domestic market by competing for major business opportunities. Margin losses in the contracting market were offset by differentiating key offerings. The focus on Design Thinking and Business Design methods was strengthened by developing and evolving new products and services, and in the actual project life cycle through the Novabase "DO" methodology. To encourage innovation and share knowledge, a number of initiatives were developed, including quarterly editions of Tonic magazine, the Speakers' Corners and Tech battles, as well as Techweek and TED Express.

From the standpoint of strengthening teams and leadership capacity, 170 recent university graduates were hired through the Novabase Academy, leadership was renewed through several areas and the multi-year Leadership and Coaching program was accelerated and intensified through initiatives such as the Leadership Gym, Talent Gym, CEO Time and Open Talks.

At the end of the year, the assets of Digital TV/SIP (System-in-Package solutions) were sold, thereby ending the plan in place to incubate this business in the Venture Capital area and allow the freed-up resources to be used to develop and internationalize Novabase's core business.

Throughout 2013, the Executive Committee had in-depth discussions and reflections on the major strategic challenges currently faced by Novabase. The conclusions of this work are essential in developing the company's medium-term business, and are reflected in the guidance announced to the market.

Finally, executive management monitored the stock performance of Novabase's shares which, minus shareholder remuneration, increased 39%.

Auditing Committee: The information on the powers of the Auditing Committee and the activities carried out in exercising these powers is described in section III.b) below.

Board of Directors Performance Assessment Committee As mentioned in point 24, the Board of Directors Performance Assessment Committee has the following competencies, as per the respective regulations: (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 Auditing 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 2013, the Board of Directors Performance Assessment Committee was comprised of the following members: Rogério dos Santos Carapuça (Chairman), Luís Paulo Salvado, Luís Mira Amaral, Joaquim Sérvulo Rodrigues, José Afonso Oom Ferreira de Sousa 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 year⁶, 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.

The Board of Directors Performance Assessment Committee met once in 2013, which was considered sufficient to evaluate the work of the Board of Directors and specialized committees in

⁶ In 2013, the Board of Directors Performance Assessment Committee believed that a single meeting was sufficient, as mentioned below in this point, with no need for a second meeting during the year to formally comply with the obligation of the respective internal regulations.

2013. This meeting was held on 21 March 2013. Prior to this meeting, the Executive and Auditing Committee self-assessment reports were prepared and then distributed among the committee's members. The Chairman of the Board of Directors was present (without voting rights) at most of the Executive Committee's meetings, as entitled under the terms of the Board of Directors' regulations, thereby allowing him to see and evaluate its operation. The members of the Board of Directors Performance Assessment Committee unanimously agree that the work and results obtained by the Executive and Auditing Committee are highly positive. The respective reports fully describe the activities and results obtained.

The composition of the Executive Committee was changed on 26 September 2013 following the extraordinary General Meeting of Shareholders dated 25 September 2013 (which appointed two new directors). The purpose of this change was to align the responsibilities of each executive director to organizational refinements already approved. The Board of Directors Performance Assessment Committee believes that these changes were appropriate, reinforcing the dynamics of the Executive Committee and the focus of two Novabase SGPS directors on managing the affiliate Celfocus.

The Board of Directors also functioned appropriately during 2013, with its meetings divided into two different groups at the proposal of its Chairman, unanimously approved by all members: meetings to deal with current topics, and meetings in workshop format. In the (longer) workshop format meetings, the strategic and organizational proposal prepared by the Executive Committee was analysed, discussed and approved.

In turn, the non-executive directors held specific meetings to analyse this strategic and organizational proposal separately to better contribute to the Board of Directors' discussions.

The Corporate Governance Assessment Committee held its two scheduled annual meetings, with suitable functioning and results obtained. These are described later in this chapter in a specific section on this committee's work.

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 2013, the Corporate Governance Assessment Committee was comprised of the following members: Rogério dos Santos Carapuça (Chairman), Luís Paulo Salvado, João Luís Correia Duque, Manuel Alves Monteiro, João Nuno Bento, Joaquim Sérvulo Rodrigues and José Afonso Oom Ferreira de Sousa.

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 cannot function unless the majority of its members are present or duly represented. Any member may be represented at meetings by any of the other members through a 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.

The Corporate Governance Assessment Committee met twice in 2013 - on 21 March and 26 September 2013.

In its first meeting, the Corporate Governance Assessment Committee analysed and approved the corporate governance report for 2012 and recommended to the Board of Directors that it be approved.

The Corporate Governance Assessment Committee's second meeting was dedicated to discussing two main topics: comparative analysis of two corporate governance codes (CMVM and IPCG codes), which can be adopted alternatively after the entry into force of CMVM Regulation no. 4/2013. Following this analysis, the Corporate Governance Assessment Committee recommended to the Board of Directors that the new 2013 version of the CMVM code be adopted.

The Corporate Governance Assessment Committee also discussed the issue of oversight of the affiliate Celfocus, which the Executive Committee wishes to be managed more autonomously. This discussion laid the groundwork for the same topic addressed later by the Board of Directors.

III. SUPERVISION

a) Composition

30. Identification of supervisory body (Audit Board, Auditing Committee or General and Supervisory Board) in the model adopted.

Since it has adopted the Anglo-Saxon corporate governance model, Novabase has an Auditing Committee.

31. Composition, as applicable, of the Audit Board, Auditing Committee, General and Supervisory Board or Financial Matters Committee, stating the minimum and maximum number of members, term of office, number of full members, inauguration date and end date of each member's term of office, in accordance with the articles of association (reference may be made to the point where this information is already found in the report per no. 18).

Article 8 of the company's articles of association states that members of the Auditing Committee are elected by the General Meeting of Shareholders for three-year terms, subject to re-election one or

more times, and that these members shall keep their positions during their respective terms of office until the appointment of new members.

Novabase articles of associations further establish that the supervision of the company shall be the responsibility of the Auditing Committee, elected by the General Meeting and composed of 3 directors, one of whom shall be its Chairman.

On 31 December 2013, the Auditing Committee had the following three full members:

Luís Fernando de Mira Amaral
Manuel Alves Monteiro
João Luís Correia Duque

The information on each Auditing Committee member's inauguration date and term of office end date is the same as that provided for the Board of Directors for each of these members, and is found in point 17 above.

32. Identification, as applicable, of the members of the Audit Board, Auditing Committee, General and Supervisory Board or Financial Matters Committee considered to be independent under the terms of article 414, paragraph 5 of the Commercial Companies Code (reference may be made to the point where this information is already found in the report per no. 19).

Member of the Auditing Committee	Independence ¹
Luís Fernando de Mira Amaral	Yes.
Manuel Alves Monteiro	Yes.
João Luís Correia Duque	Yes.

¹ Under the terms of article 414, paragraph 5 of the Commercial Companies Code, but also under the relevant criteria for independence for the purposes of point 18.1. of the Annex to CMVM Regulation no. 4/2013.

In addition, all of the members of the Auditing Committee comply with the incompatibility rules in article 414-A, paragraph 1 of the Commercial Companies Code.

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

33. Professional qualifications, as applicable, of the members of the Audit Board, Auditing Committee, General and Supervisory Board or Financial Matters Committee, and other

relevant background information (reference may be made to the point where this information is already found in the report per no. 21).

Information on the professional qualifications and other relevant background information of the members of the Auditing Committee are found in point 19 above.

b) Operation

Auditing 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, particularly with regard to the provision of additional services;
- 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) Receive information and conclusions from procedures used by Novabase's internal auditing and compliance areas, regardless of their hierarchical relationship with the company's executive management;
- n) Comply with other competencies and duties provided for by law and the memorandum of association;
- o) Prepare reports, define policies and guidelines, create recommendations, implement procedures and execute the necessary measures to fulfil the provisions of its internal 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;
- p) Verify the accuracy of the books, accounting records and their supporting documentation;
- q) 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;
- r) Call the General Meeting of Shareholders, when not done so accordingly by its chairperson;

and

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, the Auditing 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 Auditing Committee's duties in this regard are described in point 91.

The Auditing 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 2013 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.

The Auditing 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.

The decisions of the Auditing Committee are made by a majority of votes cast.

In carrying out its duties, the Auditing 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 Auditing 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 Auditing Committee.

34. Existence and location of operating regulations, as applicable, of the members of the Audit Board, Auditing Committee, General and Supervisory Board or Financial Matters Committee (reference may be made to the point where this information is already found in the report per no. 24).

The regulations of the Auditing Committee are available at Novabase's website.

35. Number of meetings held and attendance at each meeting, as applicable, of the members of the Audit Board, Auditing Committee, General and Supervisory Board or Financial Matters Committee (reference may be made to the point where this information is already found in the report per no. 25).

Auditing Committee:	
Number of meeting: 10	
Member	Attendance (%)
Luís Fernando de Mira Amaral	100
Manuel Alves Monteiro	80
João Luís Correia Duque	100

36. Availability of each member, as applicable, of the Audit Board, Auditing Committee, General and Supervisory Board or Financial Matters Committee, indicating positions held simultaneously at other companies, both in and outside of the group, and other relevant activities performed by the members of these boards over the year (reference may be made to the point where this information is already found in the report per no. 26).

This information is found in point 26 of this report.

c) Powers and duties

37. Description of procedures and criteria applicable to the supervisory board's involvement in hiring the external auditor for additional services.

A procedure is in place by which all of the various auditing services are subject to the prior approval of the Auditing Committee. The procedure includes the submission of a proposal, by the Board of Directors to the Auditing Committee, to use the external auditor for the services in question, accompanied by information justifying this. The Auditing Committee must then approve the use of

the auditor before the respective agreement between the company and the approved external auditor is signed.

Among other aspects, the Auditing Committee's evaluation of the proposal submitted by the Board of Directors weighs up the auditor's guarantee of independence in fulfilling its professional obligations and the functional advantages in using the proposed external auditor.

38. Other functions of the supervisory boards and, if applicable, of the Financial Matters Committee.

The powers of the Auditing Committee are described in section III.b) of this report.

In addition to the duties of overseeing the auditing of the company's accounts and accounting documents and those involving the use of the external auditor for services, of particular note, among other aspects described in more detail in section III.b), are the duties performed within the scope of risk management and internal control systems, the system for reporting irregularities and the signing of agreements between the company and qualified shareholders.

IV. STATUTORY AUDITOR

39. Identification of the statutory auditor and partner statutory auditor representing it.

Statutory Auditor The statutory auditor is responsible for examining the company's accounts (specifically, performing the duties laid out in article 420 (1) 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 2013, Novabase's acting statutory auditor was PricewaterhouseCoopers & Asociados - SROC, represented by Jorge Manuel Santos Costa, and with César Abel Rodrigues Gonçalves as substitute statutory auditor.

40. Number of consecutive years that the statutory auditor has performed duties at the company and/or group.

The statutory auditor has performed auditing duties for Novabase for 12 consecutive years. However, with the function of statutory auditor, it has performed these duties for 9 consecutive years.

41. Description of other services provided by the statutory auditor to the company.

In 2013, the external auditor did not provide other professional services to the company.

The statutory auditor is also Novabase's external auditor, and has provided other professional services to companies in the Novabase Group, as described in point 46.

V. EXTERNAL AUDITOR

42. Identification of external auditor designated for the purposes of article 8 and the partner statutory auditor representing it in fulfilling these duties, together with the respective CMVM registry number.

On 31 December 2013, Novabase's acting statutory auditor was PricewaterhouseCoopers & Associados – SROC, Lda., registered with the Portuguese Securities Market Commission ("CMVM") as auditor no. 9077, represented by its partner Jorge Manuel Santos Costa.

43. Number of years that the external auditor and the partner statutory auditor representing it in fulfilling these duties have performed these duties consecutively for the company and/or group.

The external auditor identified above has performed duties for Novabase for 12 consecutive years. As stated in point 44, the partner currently representing the external auditor and statutory auditor has performed duties for Novabase since May 2010.

44. Policy and frequency for rotating the external auditor and statutory auditor representing it in fulfilling these duties.

The duties of statutory auditor and external auditor are performed by the same entity at Novabase.

Novabase has no formal policy for rotating the external auditor and partner representing it. Instead, it uses the following practice:

PricewaterhouseCoopers & Associados – SROC, Lda. has acted as Novabase's external auditor since 2002.

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.

Moreover, since recommendation no. III.1.3. of the CMVM Corporate Governance Code previously in force stated that the auditor should be rotated after three terms when the corporate boards have a three-year term of office, like Novabase, in 2012 Novabase's Auditing Committee weighed up the external auditor's conditions for independence and the advantages and costs involved in keeping or replacing the auditor.

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 not been 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, the Auditing Committee issued a specific opinion to keep the external auditor for at least one more term (corresponding to the one currently still in progress).

45. Board responsible for assessing the external auditor, and frequency of assessment.

The Auditing Committee is responsible for assessing the external auditor, which is done each year.

In the performance of its functions, which is evaluated, the external auditor must verify the implementation of remuneration policies and systems of the corporate boards and the efficiency and functioning of internal control mechanisms, and report any shortcomings to the company's supervisory board.

46. Identification of work other than auditing done by the external auditor for the company and/or companies controlled by it, internal procedures for approving the hiring of these services and reasons for doing so.

In 2013, the external auditor provided professional services to issue a statement from the statutory auditor on verifying amounts disclosed in the billing report to the Portuguese National Agency for Public Procurement (ANCP) for two companies belonging to the group. These services were provided because the validation of billing statements by the company's statutory auditor is a mandatory ANCP requirement.

Under the terms of the internal regulations of Novabase's Auditing Committee, this Committee and the external auditors review the scope, planning and resources to be used in the provision of auditing services and/or other services that they are allowed to provide.

47. Annual remuneration paid by the company, and/or by legal persons controlled by the company or part of its group, to the auditor and to other natural or legal persons belonging to the same network, with percentage breakdown for the following services (for the purposes of this information, the concept of "network" is that defined in European Commission Recommendation No C (2002) 1873, of 16 May):

	€/ %
By the company	
Statutory auditing services (€)	48,249 / 31.90%
Compliance assurance services (€)	
Tax consulting services (€)	
Services other than statutory auditing	
By entities belonging to the group	
Statutory auditing services (€)	101,751 / 67.27%
Compliance assurance services (€)	
Tax consulting services (€)	
Services other than statutory auditing	1,250 / 0.83%

C. INTERNAL ORGANIZATION

I. Articles of association

48. Rules applicable to amendment of the company's articles of association; 245-A, paragraph 1, sub-paragraph h).

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.

Deliberating 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 memorandum and articles of association can be taken by an absolute majority of votes cast, and a two-thirds majority is not required.

II. Reporting of irregularities

49. Means and policy for reporting irregularities at the company.

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 Auditing 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 of the CMVM 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 Auditing 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 Auditing Committee Manuel Alves Monteiro, in two different manners:

- to the private e-mail address: m.a.monteiro.novabase@gmail.com; and
- by posted letter to 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 detailed at the Novabase website (www.novabase.pt) in the IR section.

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

III. Internal control and risk management

50. Persons, boards or committees responsible for internal auditing and/or implementation of internal control systems.

The Auditing Committee, whose duties are described in section B III.b) of this report, is responsible for internal auditing.

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 establishing risk management objectives, and implementing and monitoring a suitable internal control and risk management process, working towards its efficacy.

51. Explanation (with possible inclusion of organizational chart) of relationships of hierarchical and/or functional dependence vis-à-vis other company boards or committees.

The position of *Chief Risk Officer* ("CRO") has been 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 Auditing Committee. Director Francisco Paulo Figueiredo Morais Antunes holds the position of CRO.

The Auditing 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.

52. Existence of other functional areas with risk control powers.

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.

53. Identification and description of the major types of risk (economic, financial and legal) to which the company is exposed in pursuing its business activity.

Below is a description of some of the risks analysed 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 analysed 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 analyses 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 any proposal is sent to a customer.

Since Novabase does business in the area of Information Technology, this system has identified the following main risks 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 analyse 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 competencies control typical risks in the IT sector within their areas, 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.

54. Description of process for identifying, assessing, monitoring, controlling and managing risks.

The company 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 analysing 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.

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 analysed, 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.

In 2013, the risk management and internal control model implemented allowed the risks and risk factors mentioned above to be identified, effectively helping to prevent them.

55. Main elements of the company's internal control and risk management systems regarding the process of disclosing financial information (article 245-A, paragraph 1, sub-paragraph m).

The Board of Directors is 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.

IV. Investor Support

56. Department responsible for investor support, composition, duties, information provided and contact information.

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). Since 2002

Novabase has had a dedicated investor relations area on its company website at 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, 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, together with the *price target*, 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. 4/2013 on the Governance of Listed Companies and Corporate Governance Code, approved in 2013, 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 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.

The following information, available for at least 5 years, is published in Portuguese and 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 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, published in the beginning of each semestre and including, among other information, general meetings and annual, semestre and quarterly reports and accounts.

57. Identification of the market relations representative.

María Gil Marín

Market and Investor Relations

Phone: +351 213 836 300

Fax: +351 213 836 301

email: investor.relations@novabase.pt

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

58. Information on proportion and amount of time to respond to information requests submitted in the year or pending from previous years.

On 31 December 2013, Novabase had no pending information requests. Its average response time was 24 hours. 114 information requests were received in 2013.

V. Website

59. Address(es).

Novabase's website is available at the following address: www.novabase.pt

60. Location where information on the company, public company status, headquarters and remaining data provided for in Article 171 of the Commercial Companies Code is available.

This information is available on the page and links related to notices to the CMVM:

<http://www.novabase.pt/pt/Novabase/Investidores/ComunicadosACMVM/Pages/ComunicadosACMVM.aspx>

61. Location of the articles of association and operating regulations of boards and/or committees.

This information is available at the following pages and links:

Articles of association

<http://www.novabase.pt/pt/Novabase/Pages/Estatutos.aspx>

Regulations

<http://www.novabase.pt/pt/Novabase/Pages/OrgaosSociais.aspx>

62. Location of information on the identities of corporate board members, market relations representative, investor support office or equivalent, their respective duties and contact information.

This information is available at the following pages and links:

Corporate board members

<http://www.novabase.pt/pt/Novabase/Pages/OrgaosSociais.aspx>

Identification of the investor relations representative.

<http://www.novabase.pt/pt/Pages/Contactos.aspx>

63. Location of accounting documents (which should remain available for at least five years) and the bi-annual corporate events calendar published at the start of each half-yearly period, including general meetings of shareholders and disclosure of annual, half-yearly and quarterly results, if applicable.

This information is available at the following pages and *links*:

Accounting information

<http://www.novabase.pt/pt/Cresce/Investidores/RelatoriosContas/Pages/RelatoriosContas.aspx>

Finance agenda

<http://www.novabase.pt/pt/Cresce/Investidores/AgendaFinanceira/Pages/AgendaFinanceira.aspx>

64. Location of meeting notices for the general meeting of shareholders and all related preparatory and subsequent information.

This information on the general meetings of shareholders is available at the following pages and *links*:

<http://www.novabase.pt/pt/Cresce/Investidores/AssembleiasGerais/Pages/AssembleiasGerais.aspx>

65. Location of a historical record of the resolutions passed at the company's General Meetings of Shareholders, share capital and voting results referring to the previous three years

This information on the general meetings of shareholders is available at the following pages and links:

<http://www.novabase.pt/pt/Cresce/Investidores/AssembleiasGerais/Pages/AssembleiasGerais.aspx>

D. REMUNERATION

I. Responsibility for determining remuneration

66. Responsibility for determining the remuneration of corporate boards, members of the executive committee or managing director and managers of the company.

The Remuneration Committee decides upon the remuneration of corporate board members. More detail is provided in point 67 below.

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

II. Remuneration committee

67. Composition of the remuneration committee, with identification of the natural or legal persons hired to give it support, and statement on the independence of each member and advisor.

The Remuneration Committee members for the three-year period of 2012-2014 were decided in the Annual General Meeting of 03 May 2012. Francisco Luís Murteira Nabo presides over the Remuneration Committee, with Pedro Rebelo de Sousa and João Quadros Saldanha belonging to it as well.

All of the members of this committee are independent from the Board of Directors.

The Remuneration Committee acts with complete autonomy, and does not employ any natural or legal person to support it in performing its duties.

68. Knowledge and experience of the members of the remuneration committee in remuneration policy issues.

Remuneration Committee		
Member	Academic qualifications	Work experience
Francisco Luís Murteira Nabo	<ul style="list-style-type: none">• Graduate in Economics from Instituto Superior de Ciências Económicas e Financeiras• Masters in Management from AESE (University of Barcelona).• Honorary Doctorate from the Macau University of Science	<p>Member of several boards of directors, including:</p> <ul style="list-style-type: none">• Chairman of the Board of Directors and CEO of Portugal Telecom, SGPS, S.A.• Member of the Board of Directors of Banco

	and Technology	Espírito Santo; <ul style="list-style-type: none"> Chairman of Galp Energia
Pedro Rebelo de Sousa	<ul style="list-style-type: none"> Graduate in Law from Universidade Clássica de Lisboa Specialization (post-graduation) in Commercial and Corporate Law from Universidade Pontifícia Católica, Brazil Masters in Business Administration, Getúlio Vargas Foundation – Business Administration School, São Paulo, Brazil 	Member of the board of directors at several financial institutions, including: <ul style="list-style-type: none"> Chairman and CEO of BFB CitiBank Banif Caixa Geral de Depósitos Cimpor among others.
João Quadros Saldanha	<ul style="list-style-type: none"> Graduate in Mining Engineering, Mining Planning from IST MBA from Universidade Nova de Lisboa 	Member of the board of directors at several companies, including: <ul style="list-style-type: none"> IAPMEI – I.P. Empordef, SGPS, S.A. OGMA - S.A. Pleiade, SGPS, S.A.

III. Remuneration structure

69. 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.

70. 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.

As regards the stock option plan comprising the variable stock option component of directors' remuneration – and as a means of aligning the directors' interests with those of the company – at the start of the 2012-2014 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, in accordance with the table in point 77.

As described in greater detail in point 74 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 variable component paid to directors 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.

Furthermore, as also described in point 74 of this report, the strike price of the options allotted to the directors elected at the General Meeting of Shareholders of 03 May 2012 was €2.19 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 74.

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 this exercise 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).

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 being deferred over time discourages excessive risk assumption by directors.

Similarly, 1/6 of the variable remuneration in cash, which is deferred over three years and is conditional upon positive company performance during this time period, also serves the company's long-term interests and discourages excessive risk assumption.

Finally, it is noteworthy that the company has no knowledge of contracts celebrated by Members of the Board of Directors with the company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established for them by the company.

71. Reference, if applicable, to the existence of a variable remuneration component and information on potential impact of performance assessment on this component.

As mentioned in the previous point, there is a variable cash component as well as a variable stock option component.

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. As such, the performance assessment does have an impact on this remuneration component. A proper balance is also ensured between the fixed and variable portions of these remunerations.

72. The deferred payment of the remuneration's variable component and the relevant deferral period;

The variable remuneration in cash paid in 2013 corresponds to 50% of the amount allocated for 2012 in 2013, and 1/6 of the amount allocated for 2011 in 2012. The remaining 50% of the amount allocated for 2012 in 2013 is subject to deferred payments in the following 3 years (2014, 2015 and 2016) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

Furthermore, as regards the stock option plan comprising the variable stock option component of directors' remuneration (described in greater detail in point 74. of this report), attributed options in 2012 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 74 of this report, the strike price of the options allotted to the directors elected at the General Meeting of Shareholders of 03 May 2012 was €2.19 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 74.

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 this exercise date.

73. Criteria providing the basis for variable remuneration in shares and the executive directors' keeping of these shares, the signing of agreements involving these shares (i.e. hedging agreements) or the transfer of risk, the respective limit and its relationship to the amount of total annual remuneration.

There is no remuneration through the direct allocation of shares.

However, under paragraph 5 of the 2012-2014 Stock Option Plan (described in detail in point 74 below), some executive directors participating in this plan acquired Novabase shares in May 2013.

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

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

74. Criteria whereon the allocation of variable remuneration on options is based as well as its deferral period and take-up price;

To date, the Novabase General Meeting of Shareholders has approved five 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;
- 5th Plan for Options to Allot Shares (2012-2014 Plan) passed in the General Meeting of Shareholders of 03 May 2012, covering the directors of Novabase SGPS and employees with supervisory positions at Novabase and at other companies that are legally controlled by Novabase or part of the Novabase Group (hereinafter called “supervisory positions”).

The time periods for exercising the first four 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 5th Plan for Options to Allot Shares, in effect from 2012-2014, covers the directors of Novabase SGPS and supervisory positions.

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 Novabase's Remuneration Committee (in the case of directors) and Board of Directors (in the case of supervisory positions), 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 2015.

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 NYSE *Euronext Lisbon* regulated market occurring in the ninety days preceding the participant's commencement of duties, with any necessary adjustment under the terms of the plan. The strike price of the options allotted under the 5th Plan was €2.19 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 5th Plan may under no circumstances exceed the total number of options attributed under the 4th Plan which, in turn, is limited to the total number of options attributed under the 3rd Plan. Pursuant to this 3rd Plan, the shares corresponding to the options attributed but not yet exercised under this third 2006-2008 Stock Option Plan could at no 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 (in the case of directors) and Board of Directors (in the case of supervisory positions) are responsible for selecting participants in the 5th 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 prior authorization and validation of the Remuneration Committee and/or Board of Directors, as applicable.

The total number of recipients of the plan is nine directors.

The shares to be allotted are ordinary shares, without special incentives for exercising options beyond the *strike* and take-up conditions.

Implementation of 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 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 another 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 2012, the maturity date was reached for Batch 3 (equalling all of the options under the terms of the 4th Plan) of the 4th Plan; no options were exercised on this date.

After the Novabase General Meeting of Shareholders held on 03 May 2012, 1,959,720 options were attributed to directors under the 5th Plan.

On 25 May 2013, the maturity date was reached for Batch 1 (equalling one third of the total) of the options allotted to each participant under the 5th Plan, with 251,027 options being exercised and 59,842 Novabase shares being purchased.

75. 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, there is no annual bonus scheme or any other non-financial benefits.

In 2013, an additional amount of €17,616 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.

76. Main characteristics of supplementary early retirement or pension schemes for directors, and date on which they were approved by the general meeting of shareholders, in individual terms.

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

IV. Disclosure of remuneration

77. Indication on the amount concerning the annual remuneration paid collectively or individually to members of the managing boards of the company, including fixed and variable remuneration and as to the latter, mentioning the different components that gave rise to same.

Since 2003, Novabase has 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 Auditing Committee in 2013, pursuant to the provisions of Law no. 28/2009 and CMVM Regulation no. 4/2013.

By unanimous decision of the Remuneration Committee, fixed remuneration components were set for members of the Novabase Board of Directors in 2013, 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 component. The performance of remunerated duties by these members of the Board of Directors allows Novabase to continue to leverage their extensive know-how acquired as company founders (in some cases) and accumulated over more than 20 years, especially since these directors continue to play key management roles in the Group.

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 2013 corresponds to just 50% of the variable remuneration in cash component due for 2012. The remaining 50% of this component is subject to deferred payments in the following 3 years (2014, 2015 and 2016) 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 comprising the variable stock option component of directors' remuneration, at the start of the 2012-2014 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.

In the Remuneration Committee meeting of 30 May 2012, it was resolved to offer 1,959,720 options under the 2012-2014 variable remuneration stock options component in force at the Novabase Group, to be distributed among the six executive directors, Chairman of the Board of Directors and members of the Board of Directors, according to the following chart:

Director	Fixed annual remuneration (€)	Annual variable remuneration in cash paid in 2013 (€) ⁷	Total partial (Fixed+ variable in cash paid in 2013) (€)	Variable in cash paid in 2013 /Partial Total (%)	Deferred annual variable remuneration (€) ⁸	Variable remuneration # options@ €2.19 2012-2014
Luís Paulo Cardoso Salgado	€265,300.00	€179,775.00	€445,075.00	40.39%	€103,550.00	342,310 options
Álvaro José da Silva Ferreira	€260,610.00	€179,775.00	€440,385.00	40.82%	€103,550.00	342,310 options
Francisco Paulo Figueiredo Moraes Antunes	€140,700.00	€71,983.00	€212,683.00	33.85%	€41,500.00	136,920 options
Nuno Carlos Dias dos Santos Fórneas	€170,800.00	€116,833.00	€287,633.00	40.61%	€67,300.00	222,500 options
Maria do Carmo do Brito Palma	€33,300.00		€33,300.00	15.30%		
Pedro Miguel Gonçalves Afonso	€33,300.00		€33,300.00	18.32%		
Executives Total	€904,010.00	€548,366.00	€1,452,376.00	37.76%	€315,900.00	1,583,180 options
Total	53.60%	55.64%	54.36%		53.27%	80.79%
Rogério dos Santos Carapuça ⁹	€185,710.00	€125,850.00	€311,560.00	40.39%	€72,500.00	239,620 options
José Afonso Oom Ferreira de Sousa	€15,862.00	€35,942.00	€51,804.00	69.38%	€20,700.00	68,460 options
Pedro Miguel Quinteiro Marques Carvalho	€15,862.00	€35,942.00	€51,804.00	69.38%	€20,700.00	68,460 options
João Nuno da Silva Bento ⁹	€260,610.00	€179,775.00	€440,385.00	40.82%	€103,550.00	342,310 options
Joaquim Sérvulo Rodrigues	€15,862.00		€15,862.00			
Luís Fernando de Mira Amaral	€39,424.00		€39,424.00			
Manuel Alves Monteiro	€39,424.00		€39,424.00			
João Luís Correia Duque	€38,896.38		€38,896.38			
Paulo Jorge de Barros Pires Trigo ⁹	€170,800.00	€59,625.00	€238,834.00	28.49%	€59,625.00	196,830 options
Non-executive total	€782,450.38	€437,134.00	€1,219,584.38	35.84%	€277,075.00	376,540 options
Total	46.40%	44.36%	45.64%		46.73%	19.21%
TOTAL	1,686,460.38	€985,500.00	€2,671,960.38	25.29%	€592,975.00	1,959,720 options

⁷ The amount shown is the total amount paid to each director in 2013: 50% of the total amount allocated in 2013 for 2012, plus 1/6 of the total amount allocated in 2012 for 2011 and 1/6 of the amount allocated in 2011 for 2010. The remaining 50% of the amount allocated in 2013 for 2012 will be paid in the next three years (2014, 2015 and 2016) in equal portions, corresponding to 1/6 of the total value in each year, conditional upon the company's positive performance over this period.

⁸ Amounts allocated in 2013 for 2012 but deferred to the next three years. Deferred amounts also exist for amounts allocated in 2012 for 2011 and allocated in 2011 for 2010 in accordance with the criteria disclosed in the Corporate Governance Reports from the respective years.

⁹ Performs executive duties at the Novabase Group companies referred to in point 26

As described in greater detail in point 74. of this report, attributed options in 2013 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 74 of this report, the strike price of the options allotted to the directors elected at the General Meeting of Shareholders of 03 May 2012 was €2.19 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 74.

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 this exercise date.

In 2013, an additional amount of €17,616 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.

78. Amounts paid on any basis by other companies in a group or controlling 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, nor from any company exercising control over Novabase. However, in 2013, due to the duties performed by Paulo Trigo and by executive directors Carmo Palma and Pedro Afonso in the Group before being appointed directors of Novabase SGPS, respectively, in the General Meeting of Shareholders dated 03 May 2012 and the Extraordinary General Meeting of Shareholders dated 25 September 2013, the following amounts were paid by Group companies:

Director	Fixed annual remuneration (€)	Variable annual remuneration (€)	Deferred annual variable remuneration (€)
Paulo Jorge de Barros Pires Trigo		8,409.00 ¹	
Maria do Carmo do Brito Palma	73,363.50	19,271.00	
Pedro Miguel Gonçalves Afonso	17,893.75		21,912.00 ²
TOTAL	€91,257.25	€27,680.00	€21,912.00

¹ Variable remuneration deferred in 2012 for 2011

² Amount assumed at the time of the director's hiring. Allocated in 2013 and deferred to the next three years.

79. 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.

In 2013 no additional remuneration was awarded in the form of profit sharing and/or payment of bonuses.

80. Compensation paid or owed to former executive directors in relation to early contract termination.

No compensations were paid, nor are any compensations owed, to former executive directors as a result of their duties no longer being performed in 2013.

81. Annual amount of remuneration received, collectively and individually, by members of the company's supervisory boards, for the purposes of Law no. 28/2009 of 19 June.

The remuneration of members of the Auditing Committee is detailed in point 77 of this report.

82. Remuneration of the Chairman of the General Meeting of Shareholders

The Chairman of the General Meeting of Shareholders is paid according to attendance in the amount of €1,000 (one thousand euros) per meeting. In 2013, two such amounts were paid.

V. Agreements with implications on remuneration

83. Envisaged contractual restraints for compensation owed for undue dismissal of executive directors and its relation to 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 given the protection of expectations principle which must be observed, there is no justification for contractual restraints that reduce the maximum legal compensation amount to a director with legal proof of damages incurred, when the 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 absolutely no foreseeable advantage in establishing contractual restraints to directors' compensation in the event of consensual termination of duties.

84. Reference to the existence and description, including amounts, of 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. (Article 245-A, paragraph 1, sub-paragraph I).

No such agreements exist.

VI. Stock or stock option plans

85. Identification of plan and respective recipients.

5th Plan for Options to Allot Shares (2012-2014 Plan) passed in the General Meeting of Shareholders of 03 May 2012, covering the directors of Novabase SGPS and employees with supervisory positions at Novabase and at other companies that are legally controlled by Novabase or part of the Novabase Group (hereinafter called "supervisory positions").

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 5th Plan for Options to Allot Shares, in effect from 2012-2014, covers the directors of Novabase and supervisory positions.

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

86. Description of plan (eligibility conditions, 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 or options to be attributed, existence of incentives to acquire shares and/or exercise options).

The options are allotted by way of decision of Novabase's Remuneration Committee (in the case of directors) and Board of Directors (in the case of supervisory positions), 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 2015.

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 duties, with any necessary adjustment under the terms of the plan. The strike price of the options allotted under the 5th Plan was €2.19 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 5th Plan may under no circumstances exceed the total number of options attributed under the 4th Plan which, in turn, is limited to the total number of options attributed under the 3rd Plan. Pursuant to this 3rd Plan, the shares corresponding to the options attributed but not yet exercised under this third 2006-2008 Stock Option Plan could at no 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 (in the case of directors) and Board of Directors (in the case of supervisory positions) are responsible for selecting participants in the 5th Plan.

As regards the shares attributed under the 5th 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.

The shares acquired under the plan are ordinary shares, granting the same rights as Novabase's other ordinary shares.

No incentives (beyond the conditions described above) are given to acquire shares and/or exercise options.

87. Option rights given for the acquisition of shares (stock options) for which the company's employees and workers are the beneficiaries.

Only the supervisory positions included in the 5th Plan referred to above are eligible for plans to allot shares.

88. Control mechanisms provided for in a possible employee investment scheme in which voting rights are not directly exercised by them (article 245-A, paragraph 1, sub-paragraph e).

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

E. TRANSACTIONS WITH RELATED PARTIES

I. Control mechanisms and procedures

89. Mechanisms implemented by the company to control transactions with related parties (using the concept defined in IAS 24 for this purpose).

In addition to the rules laid out in the Commercial Companies Code for the signing of agreements between the company and its directors, Novabase has established Internal Regulations on Transactions with Qualified Shareholders, described in more detail in point 91 of this report.

Other transactions with related parties are controlled and disclosed under the terms of internationally accepted and applicable rules and standards for accounting and financial reporting.

90. Transactions subject to control during the reporting year.

Transactions subject to control under the terms described above are shown in point 10 of this report, with their locations shown in point 92.

91. 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.1.2 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. Further, there is the recommendation that 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. In practical terms, this recommendation is almost fully reiterated by recommendations V.1 and V.2 of the current CMVM Corporate Governance Code.

Taking these norms into account, on 31 March 2011, Novabase approved 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 Auditing 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 Auditing Committee must issue its approval or disapproval of the transaction as soon as possible.

In issuing its opinion, the Auditing 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 pursue a higher company interest.

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

II. Items related to the business

92. Location of accounting documents with access to information on transactions with related parties, in accordance with IAS 24 or, alternatively, a reproduction of this information.

This information is available in the 2013 Consolidated Accounts, an integral part to the Annual Report and Accounts, in Note 40 of the Notes to the Consolidated Financial Statements.

PART II - EVALUATION OF CORPORATE GOVERNANCE

1. Corporate governance code adopted

Identification of the corporate governance code to which the company is subject, or has voluntarily decided to be subject to, under the terms and for the purposes of article 2 of these Regulations.

The publicly accessible location of the texts of the corporate governance codes to which the issuer is subject should also be indicated (article 245-A, paragraph 1, sub-paragraph I).

With the entry into force of CMVM Regulation no. 4/2013, the use of governance codes other than the CMVM Code became admissible, with no need for prior assessment by this supervisory authority. Under the terms of the new legal regulatory framework, Novabase carefully analysed and reflected on the various possible alternatives, and concluded that all of the available solutions provide a set of recommendations suited to implementing good corporate governance practices.

However, in this analysis, Novabase specifically bore in mind that the new CMVM Governance Code essentially maintains the corporate governance principles that have been promoted in the various versions of the CMVM recommendations on this matter over time and, furthermore, the alternative existing solutions have not been fully put to the test.

As such, Novabase believes it should uphold the continuity and stability of its corporate governance model and practices, which have proven to be so well suited to its needs. Consequently, it has chosen to adopt the new CMVM Governance Code. This option also has the clear advantage of providing a high degree of comparability between current and past corporate governance practices at Novabase.

Finally, since the corporate governance reporting model in Annex I to CMVM Regulation no. 4/2013 referred to above is largely aligned with the recommendations in the new CMVM Governance Code, the adoption of the latter will facilitate investors' ability to assess the corporate governance decisions made by Novabase.

The current CMVM Governance Code is available at www.cmvm.pt.

2. *Analysis of compliance with corporate governance code adopted*

Under the terms of article 245-A, paragraph 1, sub-paragraph o), a statement should be included on the degree of compliance with the corporate governance code to which the issuer is subject, specifying any parts of this code from which it deviates, and the reasons for doing so.

The information presented should include the following for each recommendation:

- a) Information to gauge compliance with the recommendation, or reference to the point in the report where the issue is described in more detail (chapter, title, point, page);*
- b) Justification for any failure to comply or partial compliance;*
- c) In the event of non-compliance or partial compliance, identification of any alternative means used by the company to achieve the same goal as the recommendation.*

	Recommendation	Fulfilment	Remarks
	I. Voting and Corporate Control		
1	I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.	Yes	Point 12
2	I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	Yes	Point 14
3	I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.	Yes	Points 12 and 13
4	I.4. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction..	Yes	Point 5

5	I.5. Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.	Yes	Point 4
II. SUPERVISION, MANAGEMENT AND OVERSIGHT			
II.1. SUPERVISION AND MANAGEMENT			
6	II.1.1. Within the limits established by law, and except for the small size of the company, the board of directors shall delegate the daily management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	Yes	Point 21
7	II.1.2. The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the company, ii) define business structure of the group iii) decisions considered strategic due to the amount, risk and particular characteristics involved.	Yes	Point 21
8	II.1.3. The General and Supervisory Board, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.	n/a	
9	II.1.4. Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to: a) Ensure a competent and independent assessment of the performance of the executive directors and its own overall	Yes	Point 29

	<p>performance, as well as of other committees;</p> <p>b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.</p>		
10	<p>II.1.5. The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.</p>	Yes	Point 50
11	<p>II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.</p>	Yes	Point 18
12	<p>II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float.</p> <p>The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to:</p> <p>a) Having been an employee at the company or at a company holding a controlling or group relationship within the last three years;</p> <p>b) Having, in the past three years, provided services or established commercial relationship with the company or company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal entity;</p> <p>c) Being paid by the company or by a company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member;</p> <p>d) Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of</p>	Yes	Point 18

	e) qualifying holdings; Being a qualifying shareholder or representative of a qualifying shareholder.		
13	II.1.8. When board members that carry out executive duties are requested by other board members, said shall provide the information requested, in a timely and appropriate manner to the request.	Yes	Point 29
14	II.1.9. The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chair of the Financial Matters Board, the convening notices and minutes of the relevant meetings.	Yes	Point 29
15	II.1.10. If the chair of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.	n/a	
II.2. SUPERVISION			
16	II.2.1. Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	Yes	Point 32
17	II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	Yes	Section B.III.b) and Point 37
18	II.2.3. The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said	Yes	Report from the Auditing Committee (attached)

	dismissal.		
19	II.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	Yes	Points 50 and 51
20	II.2.5. The Audit Committee, the General and Supervisory Board and the Audit Board shall decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.	Yes	Points 50 and 51
II.3. REMUNERATION SETTING			
21	II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.	Yes	Point 67
22	II.3.2. Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.	Yes	Point 67
23	II.3.3. A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following: a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies; b) Information regarding the maximum potential, in individual terms and in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these	Yes	Remuneration policy statement (Annex)

	d) maximum amounts may be payable; Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.		
24	II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.	Yes	Point 74
25	II.3.5. Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.	n/a	
III. REMUNERATION			
26	III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk.	Yes	Point 70
27	III.2. The remuneration of non-executive board members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the company or of its value.	Partial	The remuneration of non-executive, non-independent directors who assume management responsibilities in the Group includes a variable component. The continued performance of remunerated duties by these non-independent, non-executive members of the Board of Directors allows Novabase to continue to leverage their extensive know-how acquired as company founders and accumulated over more than 20 years, especially since these directors continue to play key management roles in the Group, although without executive functions, thereby soundly justifying the said remuneration.
28	III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed	Partial	The relative importance of directors' variable and fixed remuneration

	component of the remuneration and maximum limits should be set for all components.		components is shown in the table in point 77. At this time, the relative importance of the variable component in options compared to other components cannot be determined with absolute certainty. Moreover, the limit established for the variable component in options (limit determined based on prior plan for options to allot shares) is described in point 86. Regarding the fixed and variable cash components, considering the objective of these remuneration components, no strict limits have been set for these.
29	III.4. A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the company during that period.	Yes	Point 70
30	III.5. Members of the Board of Directors shall not enter into contracts with the company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the company.	Yes	Point 70
31	III.6. Executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.	Yes	Point 70
32	III.7. When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.	Partial	As described in point 70 of this report, attributed options in 2012 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 this manner, only a portion of the options' exercising is deferred for three years. However, Novabase believes that the number of attributed options with deferred exercising is quite substantial; thereby fulfilling the intended goals of the recommendation for deferral, while simultaneously addressing the

			company's medium-term interests.
33	<p>III.8. When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due to inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.</p>	Partial	<p>NOVABASE considers that the scope of the CMVM recommendation only covers cases of dismissal of directors without just cause.</p> <p>Within this context, currently there are no commitments to provide the directors of NOVABASE with any indemnification or compensation as a result of the dismissal, save for any indemnification or compensation rights granted by law.</p> <p>However, and although the understanding does not necessarily seem to result from the content of the recommendation, the CMVM has already declared, in its latest report on the governance of listed companies, that the recommendation of the previous CMVM Governance Code that corresponds to this recommendation III.8 sought to avoid that the management grants itself benefits that were applicable even in situations of dismissal of directors for inadequate performance. Thus, even if there are no contracts establishing obligations of indemnification or compensation, the recommendation would require that the management is somehow prevented from undertaking such commitments in the future.</p> <p>If the same reasoning is applicable for the current recommendation, NOVABASE has no mechanisms implemented that guarantee the full adoption of this recommendation, if it is read as described above.</p> <p>Nonetheless, NOVABASE understands that, taking into account the interests at stake, it is not justified and would have limited utility to establish any limitations on indemnification or compensation payable in these situations in addition to the limitations already conferred by the general law, in</p>

			particular taking into account the provisions of article 403 of the Portuguese Companies Code.
IV. AUDITING			
34	IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate boards as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory board of the company.	Yes	Point 45
35	IV.2. The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for contracting such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said services should not exceed more than 30% of the total value of services rendered to the company.	Yes	Points 46 and 47
36	IV.3. Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.	Yes	Point 44
V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS			
37	V.1. The company's business with holders of qualified shareholdings or entities with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.	Yes	Point 91
38	V.2. The supervisory or audit board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualified shareholdings - or entities with which they are in any of the relationships described in article 20, paragraph 1, of the Securities Code – thus the	Yes	Point 91

	realization of significant relevant business is dependent upon prior opinion of that body.		
VI. INFORMATION			
39	VI.1. Companies shall provide, via their websites in Portuguese and English, access to information on their progress and current state in an economic, financial and governance context.	Yes	Points 59 to 65
40	VI.2. Companies shall ensure the existence of an investor support and market liaison contact, which responds to requests from investors in a timely fashion, while keeping record of the submitted requests and their processing.	Yes	Point 56

3. Other information

The company should provide any additional information or items not addressed in the above points and relevant to understanding the governance model and practices used.

No relevant items exist for this purpose.

ANNEXES:

Auditing Committee Report

Remuneration Committee Report

Report from the Audit Committee





Report on the Activity of the Audit Committee in 2013

A. Scope

The current members of the Audit Committee were elected on the General Meeting of Novabase on May 3, 2012 for the triennium 2012-2014 and are also part of the composition of the Board of Directors of the group, as non-executive members, qualified as independent members pursuant the terms set forth by the law and regulations in force, and further fulfilling the requirements established in the law – notably no. 5 of article 414 of the Companies Code.

The current Audit Committee is composed by:

Luis Mira Amaral (Chairman)

João Luís Correia Duque (Member) and

Manuel Alves Monteiro (Member)

B. Activities of the Committee

Within the scope of powers established in its internal regulation, as well as in article 423-F of the Companies Code, in 2013 the Audit Committee carried out the following activities:

1. Supervision of the quality of the financial information disclosed

The Audit Committee closely monitored the monthly accounts of the company, having the opportunity to analyse and debate the deviations and relevant issues, personally and regularly with the CFO.

The meetings held with the external auditors allowed not only to address the issues identified by them and classified as relevant, the validation of the reasonableness of the criteria adopted by the company, but also the adequacy of the procedures in place to ensure the production of financial information with the desired quality.

With the close relationship maintained with the CFO and the Management, the Committee also assessed the existence of issues not yet recognized in the accounts, which might have a potential material impact. No situations worthy of note in this area were detected.



An analysis of the transactions carried out between related parties was also made, and the level of reasonableness of the same was assessed.

2. Appointment of the External Auditors, assessment of independence and performance & supervision of the audit work

The external auditors in office were appointed by this Committee for the 2012-2014 term-of-office.

The evaluation of the external auditors is an exercise performed on a yearly basis by the Committee, taking into account various factors, with a highlight to the performance of the work executed on the previous financial year, as well as the evolution of said performance when compared to previous financial years. Based on the assessment carried out in the first half of 2013, it was considered that the external auditors have made use of a high level of knowledge about the company's operations, maintaining their objectivity. The external auditors have also been deepening, in an exempt manner, the issues that are reported to the Committee, which is perceived as a positive feature.

A meeting between the Committee and the external auditors was promoted for debate on the audit plan for the financial year, aiming to identify the most efficient and safe way to allow both parties to fulfil their responsibilities, thus ensuring the Committee that the plan to be followed by the Auditors is the most suitable.

The works carried out by auditors who would potentially fall under the "non audit services" policy were analysed, and there was no need to issue a prior opinion by the Committee, given that the nature of the services provided fell within in the scope of audit services.

3. Appraisal of the effectiveness of the internal control, risk management & internal auditing systems

Considering the relevance it assumes in the role of the Committee, as well as in the business continuity, the theme of risk and internal control deserves special attention by the Audit Committee of Novabase. Meetings with the Chief Risk Officer ("CRO") are promoted to allow debate on the company's perspectives with regards to the identification, classification and management of the risks faced.

In parallel, the Committee considers relevant to the good performance of its duties to know the internal systems with greater detail, thus inferring potential disruptions in the defined processes that may impact this area. For this purpose, regular meetings are scheduled with the different internal teams of the company with direct or indirect responsibility for the effectiveness of the internal control system in place.

In the 2013 financial year, meetings were held with all the responsible members of the financial areas as well as of the Human Resources and Internal IT Systems areas. The



agenda of these meetings also focused on the theme of risk and internal control within the intense internationalization framework the company is facing.

The Committee analyzed and evaluated the Code of Conduct and Ethics in force, considering that the same is appropriate for its purposes.

As is the annual practice of the Committee, the internal audits plan was reviewed, the actions taken were analyzed, and the conclusions were discussed with the person responsible for each process. The Committee also evaluates with a rigorous mindset the plan of actions defined for the following financial year.

Keeping the focus on one of the main potential sources of risks – the development of the business abroad - a meeting was promoted with the executive committee member responsible for the Africa market, promoting the sharing of knowledge on the stage of the business and on the procedures in place to identify and mitigate risks, in such a complex geography.

In conclusion, the Committee considers it obtains a very comprehensive and enriching view of the internal control procedures and of their effectiveness in the detection and control of risks, enabling the Audit Committee a high level of comfort in the evaluation of the topic.

4. “Whistleblowing” System

The company has a system in place for the reporting of irregularities, and this system is publicly disclosed. In 2013 no communications were received by the system. Considering that it is a useful tool, the Committee suggested to the management that a greater internal disclosure of the system is made through the electronic channels that are available.

5. Other topics in the agenda

Still within the annual agenda set forth for 2013, the following topic was pursued:

Self-Assessment carried out in the first quarter, with further discussion of the findings with the Chairman.

In compliance with the Corporate Governance Code of the CMVM, the Audit Committee confirms that in the pursuit of its activities it has not come across with any constraints that may restrict its activity as a supervisory body.

C. Future goals to be pursued

Since the knowledge of the Committee towards the company is consolidated and its internal procedures are stabilized, the Committee intends to look into the following issues in 2014:

- Build close and regular relationships with the Executive Committee and other managers of the company, assuring a high level of sharing of information;



- Promote regular meetings with the persons responsible for internal areas, for purposes of monitoring the internal control procedures in place;
- Assess the suitability of the policy pursued by the company in light of the new European guidelines regarding fiscal transparency;
- Undertake a special focus on the analyses of the adequacy of the company's structure to the internationalization process currently under way;
- Give special attention to hot topics that traditionally accompany financial reporting, with emphasis on revenue, internal transfer pricing and derivatives and other financial products;

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 efforts of creating sustainable value for stakeholders and shareholders in particular.

D. Conclusion

In pursuing its mission, the Audit Committee concludes that:

- The management of Novabase acts with high levels of rigor and transparency, which reflect on the quality of the 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 the risks affecting the company and its businesses;
- Novabase is audited on a capable, professional and independent manner, and the company's external audit receives the necessary and sufficient information for issuing an opinion worthy of trust by the shareholders and the market.

The Audit Committee

Luís Mira Amaral (Chairman)

João Luís Correia Duque

Manuel Alves Monteiro



Lisbon, March 11, 2014

Report from the Remuneration Committee



Report from the Remunerations Committee for the 2013 financial year and Recommendations for the Remuneration Policy for the 2014 financial year

The Remunerations Committee (RC) of Novabase SGPS held three meetings in 2013. The first meeting was held on February 26, 2013, the second on May 27, 2013 and the third on October 15, 2013. All the meeting were held at the company's registered offices.

This Remunerations Committee (RC) is composed by Mr. Francisco Luis Murteira Nabo (Chairman) and by the members Mr. Pedro Rebelo de Sousa and Mr. João Quadros Saldanha. All members were present at the abovementioned meetings.

The work of the RC was guided by the terms of the remuneration policies approved by the General Meeting of Shareholders of April 20, 2006. These policies were reinforced for the 2009-2011 and 2012-2014 terms-of-office of the corporate bodies by decision of the shareholders voting at General Meetings of Shareholders.

This report summarizes the decisions of the Remunerations Committee during 2013 and includes the annual declaration of the Remunerations Committee on the remuneration policy of the management and supervisory bodies of the company.

PART I Remunerations Committee Report for the 2013 Financial Year

Prior note:

To avoid any doubts raised in previous years, the Remunerations Committee clarifies that the decisions regarding variable remunerations mentioned in this report relate to decisions made by the RC in 2013 and, therefore, such decision were made with reference to the directors performance in 2012.

After this clarification, below is a summary of the decisions made by the RC in the three meetings held in 2013.

At the meeting held on February 26, 2013 the RC resolved on the following:

The RC report for the 2012 financial year

The RC discussed and unanimously approved its report for the 2012 financial year and the recommendations for the remuneration policy for the 2013 financial year to be submitted to the General Meeting of Shareholders.

At the meeting held on May 27, 2013 the RC resolved on the following:

1. The remuneration for the 2013 financial year of the members of the board of the General Meeting of Shareholders of Novabase SGPS

The committee unanimously approved to maintain the usual attribution to the Chairman of the board of the General Meeting of Shareholders, Mr. António Manuel de Carvalho Ferreira Vitorino, of a remuneration corresponding to an attendance fee per General Meeting of Shareholders made. It was also unanimously approved to maintain the attendance fee in the amount of 1000 (one thousand) euros. It was further unanimously approved to maintain the attendance fee per General Meeting of Shareholders attributed to the Secretary of the board of the General Meeting of Shareholders, Ms. Maria José Santana, in the amount of 750 (seven hundred and fifty) euros. These amounts were the same as those established for the previous financial year.

2. Fixed remuneration of the Executive Directors of Novabase SGPS for the 2013 financial year

Given the difficult moment that the Portuguese economy is currently facing and the high dependence of Novabase's turnover on the national market, and notwithstanding the growth obtained in the international business (and further taking into account the results obtained in 2012), it was unanimously approved to maintain the fixed remunerations of the executive directors of Novabase SGPS for the 2012 financial year, without any change, except in the following situation.

- Increase the fixed remuneration of the executive director Paulo Jorge de Barros Pires Trigo to an annual gross amount of 170,800 (one hundred and seventy thousand and eight hundred) euros to be paid in 12 equal monthly instalments with effects as of May 1, 2013. This change was the only one made in the fixed remunerations of the members of the executive committee and was due to the outstanding performance of this director in 2012 and also because, considering that Paulo Jorge de Barros Pires Trigo is the most recent member of the executive committee, it makes sense that at this stage, after having delivered performance, he has this level of remuneration. This amendment corresponds to an increase of 8.9% in the fixed remuneration of this director compared to the preceding financial year.

The fixed remunerations of the other members of the executive committee remained unchanged.

3. Fixed remuneration of Novabase SGPS's non-executive directors for the 2013 financial year

For the same reasons described above, the RC unanimously decided to maintain unchanged the fixed remunerations of the non-executive directors compared to the preceding financial year.

4. Attribution of the cash component of the variable remuneration of the Directors of Novabase SGPS, related to performance in the 2012 financial year.

The variable remuneration of the directors of Novabase SGPS continued to be composed by two components: one in cash to be defined by the RC after the approval of each financial year accounts, according to the company's and each board member performance in that financial year, and one in the form of stock options over Novabase SGPS shares. As there was no decisions to be made on the stock options component, the RC addressed the attribution of the cash component regarding the performance in the 2012 financial year, as follows:

- Given the increase in the company's net profits in 2012 financial year to 7,906,430 (seven million, nine hundred and six thousand, four hundred and thirty) euros, the RC decided to establish in 1,185,965 (one million, one hundred and eighty five thousand, nine hundred and sixty five) euros the amount to be attributed this year to the members of the board of directors as a whole, as the cash component of the variable remuneration. This amount represents an increase in respect of the amount attribution for 2011 that is proportional to the increase in the net profits.
- Also given the contribution of the directors in 2012, the RC unanimously attributed the amount of 207,100 (two hundred and seven thousand and one hundred) euros to each of the executive directors Luis Paulo Cardoso Salvado (CEO), João Nuno da Silva Bento and Álvaro José da Silva Ferreira, 134,600 (one hundred and thirty four thousand and six hundred) euros to the executive director Nuno Carlos Filipe dos Santos Fórneas, 119,250 (one hundred and nineteen thousand, two hundred and fifty) euros to the executive director Paulo Jorge Pires Trigo, 83,000 (eighty three thousand) euros to the executive director Francisco Paulo Figueiredo Morais Antunes, 145,000 (one hundred and forty five thousand) euros to the Chairman of the Board of Directors Rogério dos Santos Carapuça, and 41,400 (forty-one thousand and four hundred) euros to each of the board members José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro Marques de Carvalho.
- All the independent directors and the non-executive director Joaquim Sérvulo Rodrigues do not have a variable component in their remuneration.

5. On the method of payment of the variable remuneration.

It was also unanimously decided to pay, this year, only half of the amount attributed to each director as variable remuneration, deferring the remaining 50% for payment in the following three years (2014, 2015 and 2016). In each of these years 1/3 of the second half of the amount now attributed shall be paid, depending on the positive performance of the company during such periods, in line with what was decided and applied in 2011 and 2012.

At the meeting held on October 15, 2013 the RC resolved on the following:

1. Fixed remuneration for the 2013 financial year of the two new Executive Directors of Novabase SGPS appointed at the Extraordinary General Meeting of Shareholders of September 25, 2013.

Considering that the Extraordinary General Meeting of Shareholders of September 25, 2013 appointed two new Directors of Novabase SGPS for the current term-of-office, Ms. Maria do Carmo do Brito Palma and Mr. Pedro Miguel Gonçalves Afonso and that, at the meeting of the Board of Directors subsequently held on September 26, 2013, these two directors were appointed as members of the Executive Committee, the Remunerations Committee established the remuneration of these Executive Directors for the months until completion of the 2013 financial year., i.e., from October 1, 2013 to December 31, 2013, as follows:

- The fixed remuneration of the Executive Director Maria do Carmo do Brito Palma was established in an annual gross amount of 133,200 (one hundred and thirty-three thousand and two hundred) euros. In 2013 only three instalments were paid, referring to the months of October, November and December, in the monthly gross amount of 11,100 euros.
- The fixed remuneration of the Executive Director Pedro Miguel Gonçalves Afonso was established in an annual gross amount of 133,200 (one hundred and thirty-three thousand and two hundred) euros. In 2013 only three instalments were paid, referring to the months of October, November and December, in the monthly gross amount of 11,100 euros.

Finally it was noted that in the 2013 financial year no payments were made in relation to dismissal or agreement for termination of duties of directors.

PART II

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

Given the experience of the committee in the year now ended, the committee believes that the general principles guiding the remuneration of the management bodies of Novabase, as approved by the shareholders on April 20, 2006 and further confirmed on April 28, 2009, on May 5, 2010, on May 3, 2012 and on May 3, 2013 correspond to a good practice and therefore should be maintained.

The most relevant principles already supported by the RC on its annual declaration submitted to the General Meeting of Shareholders held on April 28, 2009, for the 2009-2011 term-of-office of the corporate bodies, and further confirmed at the General Meeting of Shareholders held on May 3, 2012 for the 2012-2014 term-of-office, are:

- a. Allocation to the non-executive independent directors exclusively of a fixed remuneration. The attribution of this remuneration to the non-executive independent directors is aligned with the Company's interests in ensuring independence of such directors in the performance of their duties.
- b. Allocation to the remaining directors, as determined in each case by the Remunerations Committee, of a fixed component only or of a fixed component and a variable component.
- c. The attribution of a variable component should consider the alignment of

these directors with the interests of shareholders, in the short and medium and long terms, therefore making it advisable the attribution of a twofold component.

- d. The first part of the variable component should be attributed annually and consist of a component 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 also related to the responsibility and performance of each director in particular.
- e. The Remunerations Committee may determine the payment of only half of the amount attributed to each director as variable remuneration in cash, and deferring the remaining 50% for payment within the next three years. In each of these years, 1/3 of the second half of the attributed amount may be paid, depending on the positive performance of the company during such periods. (The Remunerations Committee has in fact been applying this principle)
- f. The second part of the variable component should have as an objective to align the directors 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 of not less than three years, and this payment may be made dependent on the positive performance of the company during such period. It is further possible that this component takes the form of a stock options plan which should be approved by shareholders at a General Meeting of Shareholders, together with the corresponding regulation. The remunerations committee would in that case apply such regulation, determining for each director the number of options to be received.
- g. The members of the board of the General Meeting of Shareholders shall have an attendance fee remuneration only.
- h. The remuneration of the chartered accountant of the company, in accordance with the good market practices and an adequate performance of the relevant duties, is defined by the Board of Directors after proposal submitted by the Audit Committee.

Considering that the policy, which general guidelines were summarised above, was reaffirmed at the General Meeting of Shareholders of May 3, 2012, for the 2012-2014 term-of-office, and that, according to our view, it has been working well, this committee recommends to the General Meeting of Shareholders that no changes are made to the policy for the 2014 financial year, considering that this year is the last year of the current term-of-office.

Lisbon, February 5, 2013

The Remunerations Committee

Francisco Luis Murteira Nabo (Chairman)

Pedro Rebelo de Sousa (Member)

João Quadros Saldanha (Member)