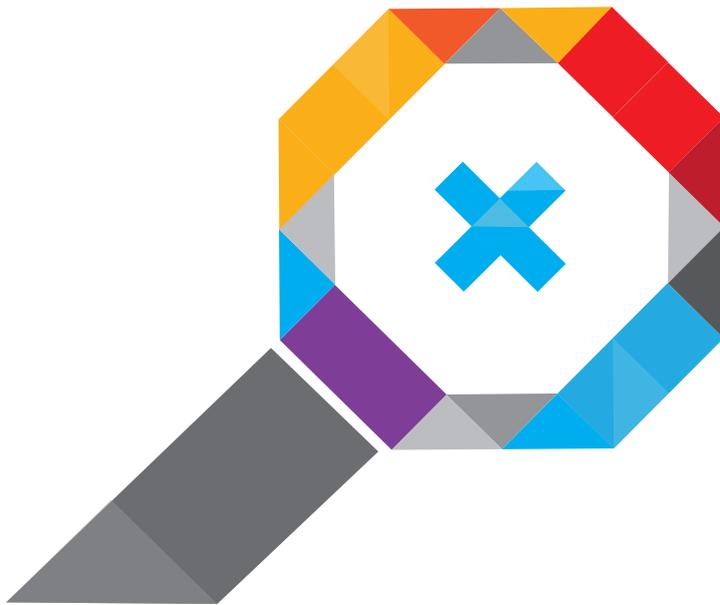


# Corporate Governance Report



# CORPORATE GOVERNANCE REPORT

## Contents

PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE.....	2
A. SHAREHOLDER STRUCTURE .....	3
B. CORPORATE BOARDS AND COMMITTEES .....	16
C. INTERNAL ORGANIZATION .....	54
D. REMUNERATION .....	63
E. TRANSACTIONS WITH RELATED PARTIES.....	77
PART II - EVALUATION OF CORPORATE GOVERNANCE.....	79
ANNEXES .....	91
Auditing Committee Report	
Remuneration Committee Report	

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

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## 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 (article 245-A, paragraph 1, sub-paragraph a).*

#### General Information on Capital Structure

Share capital on 31 December 2014 (€)	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.

There are no categories of shares with special rights.

#### Other Holdings

Holding subject to Novabase Shareholders' Agreement	No. of Shares	% share capital with voting rights
HNB - SGPS, S.A. <sup>1</sup>	8,321,019	26.50%
Pedro Miguel Quinteiro Marques Carvalho	2,279,012	7.26%
Rogério Santos Carapuça	2,087,849	6.65%
João Nuno da Silva Bento <sup>1,2</sup>	699,799	2.23%
Álvaro José da Silva Ferreira <sup>1</sup>	1	0.000003%
Luís Paulo Cardoso Salvado <sup>1</sup>	1	0.000003%
José Afonso Oom Ferreira de Sousa <sup>1</sup>	1	0.000003%
<b>TOTAL</b> <sup>3</sup>	13,387,682	42.63%

<sup>1</sup> 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.

<sup>2</sup> On 02 March 2015, director João Nuno da Silva Bento informed Novabase that, following the sale of 135,500 shares on a regulated market, he now holds 1.80% of the share capital and corresponding voting rights.

<sup>3</sup> The total holding is attributable to shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira, João Nuno da Silva Bento, Rogério dos Santos Carapuça and Pedro Miguel Quinteiro Marques de Carvalho, pursuant to the Novabase Shareholders' Agreement described in point 6 of this report.

	No. of Shares	% share capital with voting rights
Partbleu, Sociedade Gestora de Participações Sociais, S.A. <sup>1</sup>	3,180,444	10.13%

1 At the time of receipt of the qualified holding announcement, Novabase was informed that 72% of this company was indirectly held by Miguel Pais do Amaral, to whom these voting rights were attributed.

<b>Novo Banco, S.A.</b>	<b>No. of Shares</b>	<b>% share capital with voting rights</b>
ES TECH VENTURES, SGPS, S.A.	1,792,144	5.71%
Corporate board managers and members	40	0.0001%
<b>TOTAL</b> <sup>1</sup>	1,792,184	5.71%

1 At the time of receipt of the qualified holding announcement, Novabase was informed that the above holdings are attributable to Novo Banco, S.A..

	<b>No. of Shares</b>	<b>% share capital with voting rights</b>
Fernando Fonseca Santos	1,575,020	5.02%

<b>Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliário, SA</b>	<b>No. of Shares</b>	<b>% share capital with voting rights</b>
Fundo de Investimento Mobiliário Aberto Poupança Acções Santander PPA	71,135	0.23%
Fundo de Investimento Mobiliário Aberto Santander Acções Portugal	1,535,399	4.89%
<b>TOTAL</b> <sup>1</sup>	1,606,534	5.12%

1 At the time of receipt of the qualified holding announcement, Novabase was informed that the above funds are managed by Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A.

	<b>No. of Shares</b>	<b>% share capital with voting rights</b>
IBIM2 Limited	630,848	2.01%

The above holdings are the last positions notified to the company in reference to a date before 31 December 2014.

On 23 February 2015, CaixaGest- Técnicas de Gestão de Fundos, S.A. notified Novabase that, through real estate investment funds that it manages, it now holds 646,248 shares representing 2.0582% of Novabase's share capital and corresponding voting rights.

**2. Restrictions on the transferability of shares, such as consent of sale clauses or restrictions on ownership of shares (article 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 2014, Novabase had 57,006 treasury shares representing 0.18% 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 (article 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 13,387,682 shares representing 42.63% 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 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 8,321,019 Novabase shares.
3. The four 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 and has an indefinite duration.

#### **A. Novabase Shareholders' Agreement**

The following content of the Novabase Shareholders' Agreement is 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) Signatories' obligation to only vote, or ensure that HNB votes in favour in the General Meeting of Shareholders, for decisions with the prior approval of signatories with at least two thirds of votes corresponding to Restricted Shares with regard to the following matters: applicable dividend policy, management bonus policy for Novabase directors, capital increases and decreases, suppression of pre-emptive right in capital increases, composition of corporate boards, Novabase mergers and spin-offs, and changes 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 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

Holding subject to Novabase Shareholders' Agreement	No. of Shares	% share capital with voting rights
HNB - SGPS, S.A. <sup>1</sup>	8,321,019	26.50%
Pedro Miguel Quinteiro Marques Carvalho	2,279,012	7.26%
Rogério Santos Carapuça	2,087,849	6.65%
João Nuno da Silva Bento <sup>1,2</sup>	699,799	2.23%
Álvaro José da Silva Ferreira <sup>1</sup>	1	0.000003%
Luís Paulo Cardoso Salvado <sup>1</sup>	1	0.000003%
José Afonso Oom Ferreira de Sousa <sup>1</sup>	1	0.000003%
<b>TOTAL</b> <sup>3</sup>	<b>13,387,682</b>	<b>42.63%</b>

<sup>1</sup> 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.

<sup>2</sup> On 02 March 2015, director João Nuno da Silva Bento informed Novabase that, following the sale of 135,500 shares on a regulated market, he now holds 1.80% of the share capital and corresponding voting rights.

<sup>3</sup> The total holding is attributable to shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira, João Nuno da Silva Bento, Rogério dos Santos Carapuça and Pedro Miguel Quinteiro Marques de Carvalho, pursuant to the Novabase Shareholders' Agreement described in point 6 of this report.

	No. of Shares	% share capital with voting rights
Partbleu, Sociedade Gestora de Participações Sociais, S.A. <sup>1</sup>	3,180,444	10.13%

<sup>1</sup> At the time of receipt of the qualified holding announcement, Novabase was informed that 72% of this company was indirectly held by Miguel Pais do Amaral, to whom these voting rights were attributed.

Novo Banco, S.A.	No. of Shares	% share capital with voting rights
ES TECH VENTURES, SGPS, S.A.	1,792,144	5.71%
Corporate board managers and members	40	0.0001%
<b>TOTAL</b> <sup>1</sup>	<b>1,792,184</b>	<b>5.71%</b>

<sup>1</sup> At the time of receipt of the qualified holding announcement, Novabase was informed that the above holdings are attributable to Novo Banco, S.A.

	No. of Shares	% share capital with voting rights
Fernando Fonseca Santos	1,575,020	5.02%

Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliário, SA	No. of Shares	% share capital with voting rights

Fundo de Investimento Mobiliário Aberto Poupança Acções Santander PPA	71,135	0.23%
Fundo de Investimento Mobiliário Aberto Santander Acções Portugal	1,535,399	4.89%
<b>TOTAL<sup>1</sup></b>	<b>1,606,534</b>	<b>5.12%</b>

1 At the time of receipt of the qualified holding announcement, Novabase was informed that the above funds are managed by Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A.

	<b>No. of Shares</b>	<b>% share capital with voting rights</b>
IBIM2 Limited	630,848	2.01%

The above holdings are the last positions notified to the company in reference to a date before 31 December 2014.

On 23 February 2015, CaixaGest- Técnicas de Gestão de Fundos, S.A. notified Novabase that, through real estate investment funds that it manages, it now holds 646,248 shares representing 2.0582% of Novabase's share capital and corresponding voting rights.

- 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)<sup>1</sup>**

Owner	#	%
	Shares <sup>1</sup>	Capital and Voting Rights
Rogério Santos Carapuça	2,087,849	6.65%
Luís Paulo Cardoso Salvado <sup>2</sup>	1	0.00%
José Afonso Oom Ferreira de Sousa <sup>2</sup>	1	0.00%
Pedro Miguel Quinteiro Marques Carvalho	2,279,012	7.26%
João Nuno da Silva Bento <sup>2, 3</sup>	699,799	2.23%
Álvaro José da Silva Ferreira <sup>2</sup>	1	0.00%
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 Luís Correia Duque	500	0.00%
Nuno Carlos Dias dos Santos Fórneas	170,718	0.54%
Paulo Jorge de Barros Pires Trigo	74,811	0.24%
Maria do Carmo do Brito Palma	26,235	0.08%
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%
<b>TOTAL</b>	<b>5,354,232</b>	<b>17.05%</b>

<sup>1</sup> 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 2014. Information on the number of options attributed to each board of directors and supervisory board member in 2014 is found in point 77.

<sup>2</sup> 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 8,321,019 shares representing 26.50% of Novabase's share capital and respective voting rights.

<sup>3</sup> On 02 March 2015, director João Nuno da Silva Bento informed Novabase that, following the sale of 135,500 shares on a regulated market, he now holds 1.80% of the share capital and corresponding voting rights.

In addition, the following transactions of Novabase shares were made in 2014 by the persons referred to in article 447 of the Commercial Companies Code (“CSC”):

Paulo Jorge de Barros Pires Trigo	Sale	07 August 2014	NYSE Euronext Lisbon	4,220	€2,900
Paulo Jorge de Barros Pires Trigo	Sale	07 August 2014	NYSE Euronext Lisbon	35,780	€2,885
Nuno Carlos Dias dos Santos Fórneas	Sale	06 August 2014	NYSE Euronext Lisbon	27,149	€2,885
Nuno Carlos Dias dos Santos Fórneas	Sale	06 August 2014	NYSE Euronext Lisbon	7,851	€2,885
Paulo Jorge de Barros Pires Trigo	Sale	11 July 2014	NYSE Euronext Lisbon	601	€3,501
Paulo Jorge de Barros Pires Trigo	Sale	11 July 2014	NYSE Euronext Lisbon	200	€3,500
Paulo Jorge de Barros Pires Trigo	Sale	11 July 2014	NYSE Euronext Lisbon	93	€3,481

Paulo Jorge de Barros Pires Trigo	Sale	11 July 2014	NYSE Euronext Lisbon	4,907	€3,480
Paulo Jorge de Barros Pires Trigo	Sale	11 July 2014	NYSE Euronext Lisbon	300	€3,470
Paulo Jorge de Barros Pires Trigo	Sale	09 July 2014	NYSE Euronext Lisbon	30,000	€3,430
Nuno Carlos Dias dos Santos Fόμεas	Sale	24 June 2014	NYSE Euronext Lisbon	5,000	€3,720
Pedro Miguel Quinteiro Marques Carvalho	Sale	28 May 2014	NYSE Euronext Lisbon	8,564	€4,020
Pedro Miguel Quinteiro Marques Carvalho	Sale	27 May 2014	NYSE Euronext Lisbon	8,897	€3,940
Rogério Santos Carapuça	Purchase	26 May 2014	Outside of regulated market	94,729	€3,858
Luís Paulo Cardoso Salvado	Purchase	26 May 2014	Outside of regulated market	67,663	€3,858
Luís Paulo Cardoso Salvado	Sale	26 May 2014	Outside of regulated market	81,264	€3,858
José Afonso Oom Ferreira de Sousa	Purchase	26 May 2014	Outside of regulated market	13,532	€3,858
José Afonso Oom Ferreira de Sousa	Sale	26 May 2014	Outside of regulated market	16,252	€3,858
Pedro Miguel Quinteiro Marques Carvalho	Purchase	26 May 2014	Outside of regulated market	27,064	€3,858
Pedro Miguel Quinteiro Marques Carvalho	Sale	26 May 2014	NYSE Euronext Lisbon	9,603	€3,940
João Nuno da Silva Bento	Purchase	26 May 2014	Outside of regulated market	135,325	€3,858
João Nuno da Silva Bento	Sale	26 May 2014	Outside of regulated market	135,325	€3,858
Álvaro José da Silva Ferreira	Purchase	26 May 2014	Outside of regulated market	67,663	€3,858
Álvaro José da Silva Ferreira	Sale	26 May 2014	Outside of regulated market	81,264	€3,858

Nuno Carlos Dias dos Santos Fόμεas	Purchase	26 May 2014	Outside of regulated market	87,961	€3,858
Paulo Jorge de Barros Pires Trigo	Purchase	26 May 2014	Outside of regulated market	77,813	€3,858
Maria do Carmo do Brito Palma	Purchase	02 April 2014	Outside of regulated market	14,415	€3,940
Paulo Jorge de Barros Pires Trigo	Purchase	02 April 2014	Outside of regulated market	4,235	€3,940

Information on the conditions under which options were attributed to each board of directors and supervisory board member in 2014 is found in points 74 and 77.

There were no encumbrances, other acquisitions or transfers of ownership of shares representing the share capital of the company or companies in a control or group relationship, nor promissory agreements, options, reporting or others having similar effects on these shares.

In addition, none of the types of transactions described above were performed by the persons referred to in article 447, paragraph 2, sub-paragraphs a) through d) of the Commercial Companies Code.

Finally, it should be clarified that neither the company nor any company in a control or group relationship with it issues bonds.

- 9. Special powers of the managing board, namely with regard to decisions on capital increases (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 three 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.

At the annual General Meeting of Shareholders to be held on 29 April 2015, this power of the board of directors is scheduled for renewal for an additional three years.

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

In 2014, Novabase had business relationships with holders of qualified holdings, or entities (to the company's best knowledge) related to them now or in the past, as shown in the following table:

<b>Taxpayer ID</b>	<b>Name or related company name</b>	<b>Brief description</b>
500 136 408	Espírito Santo Viagens - Consultadoria	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
502784822	ESEGUR - Soluções BackOffice, SA	Sale of IT solutions
502 801 026	ESAF - Fundo Investimento Imobiliário, S.A.	Sale of IT solutions
502 933 380	ESAF - Espírito Santo Activos Financeiros, SGPS SA	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	BES - Companhia de Seguros, S.A.	Sale of IT solutions
504 885 367	Espírito Santo Saúde, SGPS	Sale of IT solutions
504 930 001	ES CONTACT CENTER, S.A.	Sale of IT solutions
505 149 060	BEST - Banco Electrónico de Serviço	Sale of IT solutions
505 936 666	E. S. INFORMÁTICA, ACE	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
510 074 669	Espirito Santo Saude, ACE	Sale of IT solutions
512 061 840	Novo Banco Açores	Sale of IT solutions

	NOVO BANCO, SUCCURSALE LUXEMBOURG	Sale of IT solutions
	Novo Banco, SUCURSAL EN ESPAÑA	Sale of IT solutions
	BANCO ESPIRITO SANTO ANGOLA	Sale of IT solutions
513 204 016	Novo Banco, SA	Sale of IT solutions

## B. CORPORATE BOARDS AND COMMITTEES

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### 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 2014.**

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 Moraes 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 2014**

Luís Paulo Cardoso Salvado
João Nuno da Silva Bento <sup>1</sup>
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

<sup>1</sup> Since 20 February 2014

#### **15. Identification of governance model used.**

Novabase has been a listed company since July 2000, and operates according to a governance model whose suitability and performance is assessed regularly by the Board of Directors to help streamline and properly align it with the interests of all stakeholders - entities whose interests are involved in the company's business -, namely 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 Portuguese Securities Market Commission (CMVM), and taking into account Novabase's experiences since its admission to trading on the current 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.

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 2014 on the degree of compliance with corporate governance recommendations in force in Portugal in 2013, 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 9,453.13.

Furthermore, in the CMVM's 2012 Annual Report on the Governance of Listed Companies in Portugal, Novabase complied with 100% of the recommendations of the Corporate Governance Code. Only 5 of the 42 listed entities assessed at this time by this regulatory authority met 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 2014, 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 2014, the Executive Committee had seven full members, as shown in the following table:

<b>Director</b>	<b>Inauguration date</b>	<b>End of term of office</b>
Luis Paulo Cardoso Salvado	20/04/2006	31/12/2014
João Nuno da Silva Bento	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 <sup>2</sup> .
Rogério dos Santos Carapuça <sup>1</sup>	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	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 <sup>1</sup>	Non-executive	No
Maria do Carmo do Brito Palma	Executive	No
Pedro Miguel Gonçalves Afonso	Executive	No

<sup>1</sup> Positions at Novabase Group companies (see point 26)

<sup>2</sup> 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 <sup>1</sup>
Rogério Santos Carapuça	<ul style="list-style-type: none"> <li>• Ph.D in Electrotechnical and Computer Engineering from IST</li> <li>• Masters in Electrotechnical and Computer Engineering from IST</li> <li>• Graduate in Electrotechnical and Computer Engineering from IST</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of the Board of Directors</li> <li>• Chairman of the Board of Directors Performance Assessment Committee</li> <li>• Chairman of the Board of Directors Performance Assessment Committee</li> <li>• Director of various Novabase Group companies</li> <li>• Member of the Faculty Council of the UNL Faculty of Sciences and Technologies</li> <li>• Chairman of the Portuguese Association for the Development of Communications (APDC)</li> </ul> <p><u>Formerly:</u></p> <ul style="list-style-type: none"> <li>• CEO and Executive Committee member responsible for Marketing &amp; Communication</li> </ul>
Luís Paulo Cardoso Salvado	<ul style="list-style-type: none"> <li>• MBA in Information Management from Universidade Católica Portuguesa</li> <li>• Graduate in Electrotechnical and Computer Engineering from IST</li> </ul>	<ul style="list-style-type: none"> <li>• CEO / CHRO / Business Solutions Competencies / Venture Capital / IT Contracting / Business Design / Corporate Development / Investor Relations</li> <li>• Member of the Board of Directors Performance Assessment Committee</li> </ul>

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

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

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

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

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

<sup>1</sup> 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 qualified shareholders are also directors, as disclosed in this report.

*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 2014:

- Novabase Business Solutions<sup>1</sup>
- Novabase Infrastructures and Managed Services<sup>2</sup>
- Novabase Venture Capital<sup>3</sup>

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

The sectors in 2014 were as follows:

<sup>1</sup> Corresponding to the company Novabase Business Solutions - Soluções de Consultoria, Desenvolvimento, Integração, Outsourcing, Manutenção e Operação de Sistemas de Informação, S.A.

<sup>2</sup> Corresponding to the company Novabase IMS-Infrastructures & Managed Services S.A.

<sup>3</sup> Corresponding to the company Novabase Capital – Sociedade de Capital de Risco, S.A.

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

Novabase SGPS<sup>4</sup> / Novabase Serviços<sup>5</sup>

Novabase SGPS and Novabase Serviços control the central functional areas: *Human Resources, Finance & Administration, IT, Brand Ignition* 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 56 of this report.

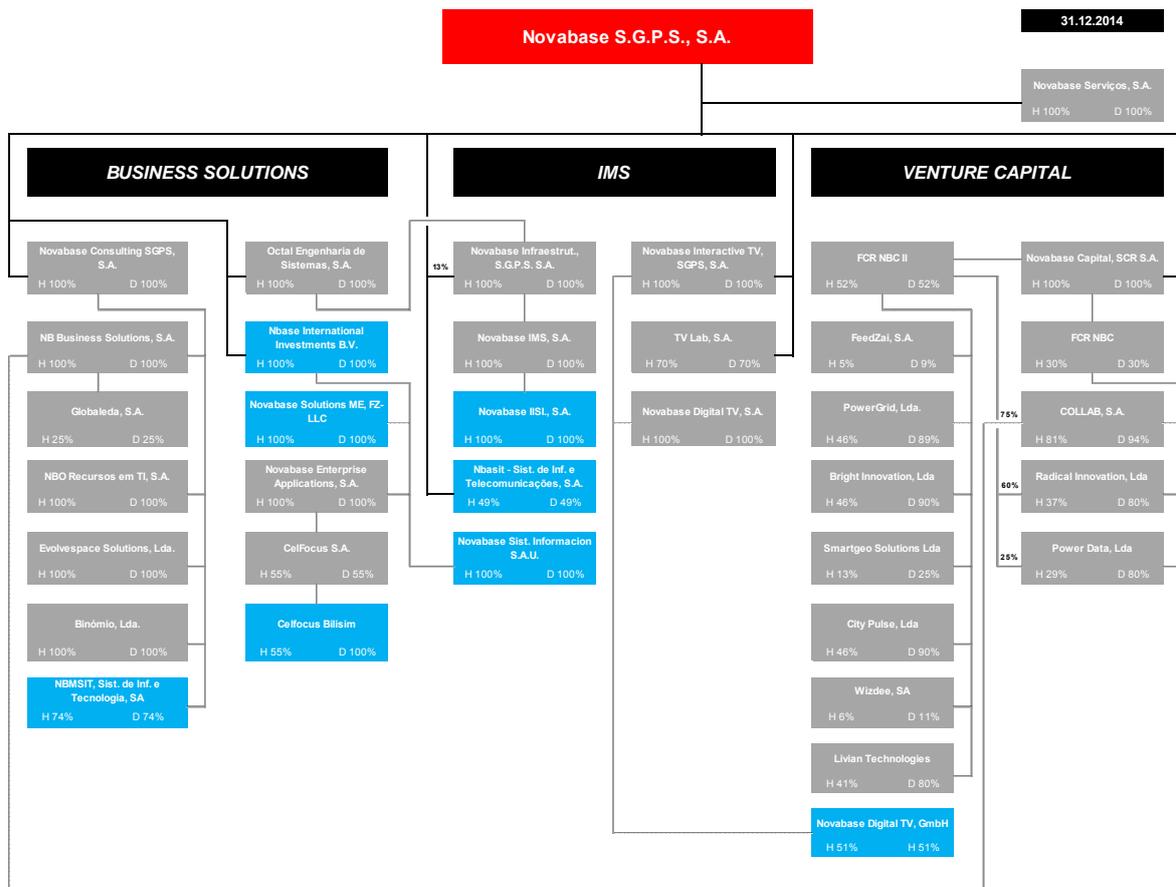
#### Organizational Chart

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.

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

<sup>5</sup> Novabase Serviços - Serviços de Gestão e Consultoria, S.A.



H - % Held by the Holding  
D - % Held Directly

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;

and

- 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 responsibilities were delegated in 2014 in matters where the Board of Directors must ensure that the company acts in accordance with its objectives 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.

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 2014, the Executive Committee's members had the following positions and responsibilities:

Luís Paulo Cardoso Salvado	CEO / CHRO / Business Solutions Competencies / Venture Capital <sup>1</sup> / IT Contracting / Business Design / Corporate Development / Investor Relations
Álvaro José da Silva Ferreira	Energy & Utilities / Africa
João Nuno da Silva Bento <sup>2</sup>	Telecoms & Media / Celfocus
Francisco Paulo Figueiredo Morais 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 / Spain
Pedro Miguel Gonçalves Afonso	Infrastructures and Managed Services

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

<sup>2</sup> Since 20 February 2014.

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.*

<b>Board of Directors</b>	
<b>Number of meeting: 11</b>	
<b>Member</b>	<b>Attendance (%)</b>
Rogério Santos Carapuça	100.00
Luís Paulo Cardoso Salvado	100.00
José Afonso Oom Ferreira de Sousa	90.91
Pedro Miguel Quinteiro Marques Carvalho	81.82
João Nuno da Silva Bento	90.91
Álvaro José da Silva Ferreira	72.73
Joaquim Sérvulo Rodrigues	90.91
Luís Fernando de Mira Amaral	72.73
Manuel Alves Monteiro	81.82
Francisco Paulo Figueiredo Morais Antunes	100.00
João Luís Correia Duque	81.82
Nuno Carlos Dias dos Santos Fórneas	100.00
Paulo Jorge de Barros Pires Trigo	81.82
Maria do Carmo do Brito Palma	63.64
Pedro Miguel Gonçalves Afonso	90.91

<b>Executive Committee</b>	
<b>Number of meeting: 34</b>	
<b>Member</b>	<b>Attendance (%)</b>
Luís Paulo Cardoso Salvado	100.00
João Nuno da Silva Bento <sup>(1)</sup>	96.43
Álvaro José da Silva Ferreira	88.24
Francisco Paulo Figueiredo Morais Antunes	100.00
Nuno Carlos Dias dos Santos Fórneas	97.06
Maria do Carmo do Brito Palma	97.06
Pedro Miguel Gonçalves Afonso	100.00

<sup>(1)</sup> Appointed on 20 February 2014, the percentage shown corresponds to the 28 meetings following election.

#### *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 2014, the Board of Directors Performance Assessment Committee was comprised of the following members: Rogério dos Santos Carapuça (Chairman), Luís Paulo Salvado, Luís Mira Amaral, José Afonso Oom Ferreira de Sousa, Joaquim Sérvulo Rodrigues and Pedro Miguel Quinteiro Marques de Carvalho.

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

*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"> <li>• Chairman of the Board of Directors</li> <li>• Novabase Business Solutions, S.A.</li> <li>• Novabase Capital S.A.</li> <li>• Collab</li> <li>• Chairman of the Board of Directors Performance Assessment Committee</li> <li>• Chairman of the Board of Directors Performance Assessment Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Faculty Council of the UNL Faculty of Sciences and Technologies</li> <li>• Chairman of the Portuguese Association for the Development of Communications (APDC)</li> </ul>
Luís Paulo Cardoso Salvado (Full time)	<ul style="list-style-type: none"> <li>• Novabase Consulting SGPS, S.A.</li> <li>• Novabase Serviços S.A.</li> <li>• Novabase Business Solutions, S.A.</li> <li>• Member of the Board of Directors Performance Assessment Committee</li> <li>• Member of the Corporate Governance Assessment Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Director of HNB – SGPS, SA</li> </ul>
José Afonso Oom Ferreira de Sousa (Part time)	<ul style="list-style-type: none"> <li>• Member of the Board of Directors Performance Assessment Committee</li> <li>• Member of the Corporate Governance Assessment Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Director of HNB – SGPS, SA</li> <li>• Director of Fundação Maria Dias Ferreira</li> <li>• Director of QSM – Investimentos e Consultadoria, SA.</li> <li>• Director of Xistroban – Imobiliária, S.A.</li> <li>• Director of Aprove – Investimentos e Projetos Imobiliários, SA</li> <li>• Managing partner of S2i – Sociedade de Investimento Imobiliário, Lda.</li> </ul>

<p>Pedro Miguel Quinteiro Marques Carvalho (Part time)</p>	<ul style="list-style-type: none"> <li>• Member of the Board of Directors Performance Assessment Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Managing partner of LX Gourmet Falcão Blanco – Produtos Alimentares de Qualidade, Lda.</li> <li>• Sole manager of MQC – Investimentos Imobiliários, Lda.</li> <li>•</li> </ul>
<p>João Nuno da Silva Bento (Full time)</p>	<ul style="list-style-type: none"> <li>• Celfocus, S.A.</li> <li>• Novabase Business Solutions, S.A.</li> <li>• TVLAB, S.A.</li> <li>• Novabase Middle East</li> <li>• Member of the Corporate Governance Assessment Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Director of HNB – SGPS, SA</li> </ul>
<p>Álvaro José da Silva Ferreira (Full time)</p>	<ul style="list-style-type: none"> <li>• NBO, S.A.</li> <li>• Novabase Enterprise Applications, S.A.</li> <li>• Novabase Business Solutions, S.A.</li> <li>• Novabase Infraestructuras e Integración de Sistemas Informáticos, S.A.</li> <li>• NBASIT</li> <li>• NBMSIT</li> </ul>	<ul style="list-style-type: none"> <li>• Director of HNB – SGPS, SA</li> <li>• Director of Groovesnore – Investimentos Imobiliários, Lda.</li> </ul>
<p>Joaquim Sérvulo Rodrigues (Part time)</p>	<ul style="list-style-type: none"> <li>• Member of the Board of Directors Performance Assessment Committee</li> <li>• Member of the Corporate Governance Assessment Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of the executive committee of the board of directors of Es Tech Ventures, SGPS, S.A.</li> <li>• Chairman of the Executive Committee of ES Venture, SCR, S.A.</li> <li>• Executive director of Bica da Sapataria -Empreendimentos Agrícolas e Gestão, S.A.</li> <li>• Director of PVCi-SCR.</li> <li>• Director of Military Commercial Technologies, Inc.</li> <li>• Director of ES Contact Center, S.A.</li> <li>• Director of ES Capital – S.C.R., S.A.</li> <li>• Director of Outsystems, S.A.</li> <li>• Director of SafetyPay, Inc.</li> <li>• Director of Bridges Worldwide Holding, SGPS, S.A.</li> <li>• Director of Nutrigreen, S.A.</li> </ul>
<p>Luís Fernando de Mira Amaral (Part time)</p>	<ul style="list-style-type: none"> <li>• Chairman of the Auditing Committee</li> <li>• Member of the Board of Directors Performance Assessment Committee</li> </ul>	<ul style="list-style-type: none"> <li>• CEO of Banco BIC Português</li> <li>• SPI Director</li> </ul>

<p>Manuel Alves Monteiro (Part time)</p>	<ul style="list-style-type: none"> <li>• Member of the Auditing Committee</li> <li>• Member of the Corporate Governance Assessment Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Non-executive director of CIN-SGPS</li> <li>• Member of the General and Supervisory Board of EDP</li> <li>• Member of the Board of directors of the Soares da Costa, SGPS Group</li> <li>• Chairman of the Remuneration Committee of Douro Azul, S.A</li> </ul>
<p>Francisco Paulo Figueiredo Morais Antunes (Full time)</p>	<ul style="list-style-type: none"> <li>• Novabase Interactive TV</li> <li>• Novabase Consulting SGPS, S.A.</li> <li>• Novabase Serviços</li> <li>• Novabase Enterprise Applications</li> <li>• Novabase Business Solutions S.A.</li> <li>• Collab, S.A.</li> <li>• Octal, S.A.</li> <li>• Novabase Digital TV, S.A.</li> <li>• TVLAB, S.A.</li> <li>• Novabase IMS</li> <li>• Novabase Infraestruturas SGPS</li> <li>• NBASIT</li> <li>• Evolvespace Solutions, Lda.</li> <li>• Novabase Capital</li> <li>• NBMSIT</li> <li>• NB</li> <li>• Novabase Infraestruturas e Integración de Sistemas Informáticos, SA</li> <li>• NB Sistemas</li> </ul>	<ul style="list-style-type: none"> <li>• Managing partner of Commstock, Lda.</li> </ul>
<p>João Luís Correia Duque (Part time)</p>	<ul style="list-style-type: none"> <li>• Member of the Auditing Committee</li> <li>• Member of the Corporate Governance Assessment Committee</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>
<p>Nuno Carlos Dias dos Santos Fórneas (Full time)</p>	<ul style="list-style-type: none"> <li>• Novabase Serviços</li> <li>• Novabase Business Solutions S.A.</li> <li>• Novabase Infraestruturas SGPS</li> <li>• Binómio</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>
<p>Paulo Jorge de Barros Pires Trigo (Full time)</p>	<ul style="list-style-type: none"> <li>• Novabase Enterprise Applications</li> <li>• Celfocus</li> <li>• Physical representative of Celfocus administrator in its affiliate "Celfocus Bilişim Teknolojileri Telekomünikasyon</li> </ul>	<ul style="list-style-type: none"> <li>•</li> </ul>

	Hizmetleri Ticaret Limited Şirketi*	
Maria do Carmo do Brito Palma (Full time)	<ul style="list-style-type: none"> <li>• Novabase Consulting SGPS</li> <li>• Novabase Business Solutions</li> <li>• Octal</li> <li>• Binómio</li> <li>• NB Sistemas</li> <li>• Evolvespace</li> </ul>	<ul style="list-style-type: none"> <li>• Portuguese Association for the Development of Communications (APDC) commissioner for the area of government and community bodies</li> </ul>
Pedro Miguel Gonçalves Afonso (Full time)	<ul style="list-style-type: none"> <li>• Novabase Interactive TV</li> <li>• Novabase Digital TV</li> <li>• Novabase IMS</li> <li>• Novabase Infraestruturas SGPS</li> </ul>	

### 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 2014.

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

<sup>1</sup> Since 20 February 2014.

*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 performing its duties in 2014, the Executive Committee set the priorities of accelerating international expansion, continuing to specialize products and services and maintaining leadership on the domestic market.

Excluding the Digital TV/SIP business, 2014 saw 42% growth in the international business, which now accounts for 40% of the entire business. Europe saw a significant business increase of 81% through projects with highly differentiated offerings. In Africa, business grew 17%, primarily in Angola and Mozambique, which were up 22% and 47%, respectively. Important business victories also occurred in Ghana, where Novabase's first major project was delivered. In addition to these two regions, Novabase also operates in the Middle East, where it grew 38%.

By continuing to specialize offerings in 2014, encouraging results have already been obtained, with some of the most emblematic and relevant international projects having benefited from this focus. We continued to see all businesses progressively embrace approaches based on Design Thinking/Business Design, by adopting them both in the development of offerings and the life cycle of projects through DO methodologies. In 2014, Novabase obtained a line of financing of up to €14 million for R&D investments. This was BEI's first transaction in Portugal under the "InnovFin – EU Finance for Innovators", which is an implicit acknowledgment of Novabase's work in the area of innovation.

Once again, the European Commission ranked Novabase Portugal's biggest R&D investor in the software and IT services sector, and among Europe's top 100<sup>6</sup>. At the domestic level, Novabase is in sixth place, including all business sectors.

From the standpoint of strengthening teams and leadership capacity, 134 recent university graduates were recruited through the Novabase Academy. The multi-year Leadership and Coaching program was further expanded through initiatives such as the Leadership Gym, Talent Gym and Talent Boosters.

2014 saw the best results ever in customer satisfaction, achieving an NPS<sup>7</sup> of 28. 87% of customers believe that Novabase fully met or exceeded their expectations, while 75% believe that Novabase added more value to their business than initially expected.

Over the course of 2014, the Executive Committee had in-depth discussions on the strategy and organizational model it believes are best suited to the current challenges that lie ahead for the organization, namely the challenge of internationalization.

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<sup>6</sup> Data from the "2014 EU Industrial R&D Investment Scoreboard" report.

<sup>7</sup> See more at Net Promoter Score, including reference values at #Overview

Executive management monitored Novabase's stock performance. The stock fell 15%, a performance level 12% above the PSI20 and 23% below the Eurostoxx Technology index.

Finally, this was the third and last year of this Executive Committee's term. The committee's members believe that this was a demanding time at every level, but that the work done over these years has left the company better equipped to face future challenges.

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 stated in point 24 above, pursuant to its regulations, the Board of Directors Performance Assessment Committee has the following powers: (i) Assist the Board of Directors in the assessment of its overall performance; (ii) Assess the performance of the Executive Committee with respect to how it has been conducting Novabase's annual plan and budget passed by the Board of Directors at the start of each year, together with the degree of success in achieving their corresponding goals; (iii) Assess the performance of the Board of Directors' other specialized committees, namely the 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 2014, the Board of Directors Performance Assessment Committee was comprised of the following members: Rogério dos Santos Carapuça (Chairman), Luís Paulo Salvado, Joaquim Sérvulo Rodrigues, José Afonso Oom Ferreira de Sousa, Luís Mira Amaral and Pedro Miguel Quinteiro Marques de Carvalho.

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

The Board of Directors Performance Assessment Committee holds ordinary meetings twice per year<sup>8</sup>, on a date and at a location set by its Chairman, and whenever called by the Chairman, at its own initiative or at the request of any of its members.

This committee 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 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.

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<sup>8</sup> In 2014, the Board of Directors Performance Assessment Committee believed that a single meeting was sufficient, as stated in this point, with no justification for a second meeting during the year to merely fulfil the formal obligation provided for in its internal regulations

The Board of Directors Performance Assessment Committee met once in 2014, which was considered sufficient to evaluate the work of the Board of Directors and specialized committees in 2014. This meeting was held on 27 March 2014.

Previously, the chairmen of the Executive Committee and Auditing Committee sent self-evaluation reports for these two committees, and approved by them, to all members of this Committee.

The meeting of 27 March 2014 was also attended by Novabase's Human Resources Manager, Manuel Beja, who presented a study on the previous year's customer satisfaction.

The Committee's members weighed up and discussed all of the above-mentioned texts, and also evaluated the work done by the specialized corporate governance and Board of Directors assessment committees.

It was concluded that the Board of Directors and all of its committees functioned properly and in accordance with the company's corporate governance model. Due to its importance, the work of the Executive Committee and Auditing Committee was analysed in greater detail. It was concluded that the work of these committees was adequate and effective.

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. In addition, on 20 February 2014, João Nuno da Silva Bento rejoined the company's Executive Committee. 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 2014, with its meetings divided into two different groups at the proposal of its Chairman, unanimously approved by all members: meetings intended to handle current issues, 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 2014, the Corporate Governance Assessment Committee was comprised of the following members: Rogério dos Santos Carapuça (Chairman), Luís Paulo Salvado, João Luís Correia Duque, Joaquim Sérvulo Rodrigues, José Afonso Oom Ferreira de Sousa, Manuel Alves Monteiro and João Nuno Bento.

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.

Novabase's Corporate Governance Assessment Committee met twice in 2014, once on 27 March and again on 18 December. All members were present in both meetings.

The first meeting was dedicated to analysing the Corporate Governance Report to be included in the 2013 Annual Report and Accounts. The decision to approve the report was recommended to the Board of Directors.

The functioning of the corporate governance of our affiliate Celfocus was also analysed.

In the last meeting, and given that the term of the corporate boards which began in 2012 ended in 2014, the meeting was dedicated to drawing conclusions on Novabase's corporate governance practices during this term. The conclusions can be found in the respective meeting minutes.

### **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 2014, 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 <sup>1</sup>
Luís Fernando de Mira Amaral	Yes
Manuel Alves Monteiro	Yes
João Luís Correia Duque	Yes

<sup>1</sup> 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 continued to comply in 2014 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
- s) 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 2014 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).*

<b>Auditing Committee:</b>	
<b>Number of meeting: 8</b>	
<b>Member</b>	<b>Attendance (%)</b>
Luís Fernando de Mira Amaral	100
Manuel Alves Monteiro	50
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 2014, Novabase's acting statutory auditor was PricewaterhouseCoopers & Associados - 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 13 consecutive years. However, with the function of statutory auditor, it has performed these duties for 10 consecutive years.

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

The statutory auditor is also Novabase's external auditor, and in 2014 it has not provided other professional services to the Company.

The statutory auditor has provided other professional services to other 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 2014, 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 13 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 must be mostly comprised of independent members, with at least one member 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.
- h) That current CMVM recommendation no. IV.3 essentially upholds the content of recommendation no. III.1.3. of the CMVM's Corporate Governance Code previously in force.

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 in progress on 31 December 2014).

**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 2014, the external auditor provided professional consistency validation services for the file SAF –T (PT) – “Standard Audit File for Tax Purposes”, which reports financial data to tax authorities. This service was provided to the company Novabase Serviços S.A. by a team of the external auditor recognized for its high level of experience and quality in this type of work.

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):**

	€ / %
<b>By the company</b>	
Statutory auditing services (€)	48,249 / 29.71%
Compliance assurance services (€)	
Tax consulting services (€)	
Services other than statutory auditing	
<b>By entities belonging to the group</b>	
Statutory auditing services (€)	111,495 / 68.66%
Compliance assurance services (€)	2,650 / 1.63%
Tax consulting services (€)	
Services other than statutory auditing	

## C. INTERNAL ORGANIZATION

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### I. Articles of association

*48. Rules applicable to amending the company's articles of association (article 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](mailto:m.a.monteiro.novabase@gmail.com); and
- by post in a letter addressed to Dr. Manuel Alves Monteiro, marked “Confidential”, to the address: Av. D. João II, nº 34, 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 forward 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](http://www.novabase.pt)) in the Investor Relations 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 rate risk (above all EUR/USD risk). This risk is analysed and hedged through an exchange management policy based on "natural hedging", by using the exchange derivatives market, or even through the use of 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 in a relatively short period of time, 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 2014, 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, decisions taken and voting results.

The following information is available at Novabase's website, for at least five years, in Portuguese and English: 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 semester and including, among other information, general meetings and annual, semester and quarterly reports and accounts.

Of final note is Novabase's distinction by Thomson Reuters as the Best Company in Investor Relations in Portugal, in the category of small and medium caps, in 2014.

*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, nº 34, Parque das Nações, 1998-031 Lisboa, 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 2014, Novabase had no pending information requests. Its average response time was 24 hours. 107 information requests were received in 2014.

**V. Website**

*59. Address(es).*

Novabase's website is available at the following address: [www.novabase.pt](http://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/en/Novabase/Investors/CMVMPressReleases/Pages/CMVMPressReleases.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/en/Novabase/Pages/ArticlesAssociation.aspx>

*Regulations*

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

*Identification of the investor relations representative.*

<http://www.novabase.pt/en/Novabase/Investors/Pages/Support-office.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/en/Novabase/Investors/ReportsAccounts/Pages/ReportsAccounts.aspx>

*Financial calendar*

<http://www.novabase.pt/en/Novabase/Investors/FinancialCalendar/Pages/FinancialCalendar.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/en/Novabase/Investors/GeneralMeetings/Pages/GeneralMeetings.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/en/Novabase/Investors/GeneralMeetings/Pages/GeneralMeetings.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 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"><li>• Graduate in Economics from Instituto Superior de Ciências Económicas e Financeiras</li><li>• Masters in Management from AESE (University of Barcelona).</li><li>• Honorary Doctorate from the Macau University of Science and Technology</li></ul>	<p>Member of several boards of directors, including:</p> <ul style="list-style-type: none"><li>• Chairman of the Board of Directors and CEO of Portugal Telecom, SGPS, S.A.</li><li>• Chairman of Galp Energia</li><li>• Senior Partner at SaeR – Sociedade de Avaliação Estratégica e Risco, Lda.</li></ul>
Pedro Rebelo de Sousa	<ul style="list-style-type: none"><li>• Graduate in Law from Universidade Clássica de</li></ul>	<p>Member of the board of directors at several financial</p>

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

### 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, 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.

Notwithstanding the above, it is Novabase's belief, as regards the variable components in cash and options of directors' remuneration which are not deferred for the complete term, that the company's medium-term interests must also be met, together with its economic interest of providing incentives for optimizing performance to fulfil short-term management goals and obligations as well, and balancing and distributing the underlying costs of directors' remuneration over the various years of each term, it being inappropriate to simply make payments of variable remuneration at the end of each term or sometime thereafter.

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 2014 corresponds to 50% of the total amount attributed in 2014 for 2013 plus 1/6 of the amount attributed in 2013 for 2012, 1/6 of the amount attributed in 2012 for 2011 and 1/6 of the amount attributed in 2011 for 2010. The remaining 50% of the component attributed in 2014 for 2013 is subject to deferred payments in the following 3 years (2015, 2016 and 2017) 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 2014.

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 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 this 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 that purpose, whose public recording and corresponding commercial registry

occurred on 28 May 2004. These 150,743 shares were subscribed for 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 that purpose, whose public recording and corresponding commercial registry occurred on 01 June 2005. Of the 319,058 shares, 314,971 were subscribed for and paid up at the unit price of €4.96, and the remaining 4,087 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 that purpose, whose public recording and corresponding commercial registry occurred on 01 June 2006. Of the 2,675,629 shares, 2,634,308 were subscribed for and paid up at the unit price of €4.96, 38,755 were subscribed for and paid up at the unit price of €5.87, and the remaining 2,566 were subscribed for and paid up at the unit price of €6.10.

In 2007, under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, 23,169 subscription options for Novabase shares were exercised on 25 May 2007, corresponding to less than 1% of the options attributed and exercisable on that date (active options). All 23,169 options were subscribed for at the unit price of €4.91 (resulting from the adjustment to the unit price of €4.96, as explained below). The Board of Directors elected to sell treasury shares in lieu of an increase in capital in order to exercise attributed options.

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

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

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

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

On 25 May 2011, the maturity date was reached for Batch 2 (equalling 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.

On 25 May 2014, the maturity date was reached for Batch 2 (equalling one third of the total) of the options allotted to each participant under the 5th Plan, with 964,173 options being exercised and 571,750 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 2014, an additional amount of €17,543.00 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 are no supplementary pension or early retirement schemes for Novabase directors. Information on the sole supplementary pension scheme implemented is attached to the Remuneration Committee Report on remuneration.

#### **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 2014, 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 2014, 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 2014 corresponds to just 50% of the variable remuneration in cash component due for 2013, plus 1/6 of the amount attributed in 2013 for 2012, 1/6 of the amount attributed in 2012 for 2011 and 1/6 of the amount attributed in 2011 for 2010. The remaining 50% of this 2013 component is subject to deferred payments in the following 3 years (2015, 2016 and 2017) 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	Remuneration fixed annual (€)	Annual variable remuneration in cash paid in 2014 (€) <sup>9,10</sup>	Partial Total (Fixed + Variable in cash paid in 2014) (€)	Variable in cash paid in 2014 /Partial Total (%)	Deferred annual variable remuneration (€) <sup>11</sup>	Variable Remuneration # options @ €2.19 2012-2014
Luís Paulo Cardoso Salvado	265,300.00	207,867.00	473,167.00	43.93	179,033.00	342,310 options
João Nuno da Silva Bento	260,610.00	207,867.00	468,477.00	44.37	179,033.00	342,310 options
Álvaro José da Silva Ferreira	260,610.00	207,867.00	468,477.00	44.37	179,033.00	342,310 options
Francisco Paulo Figueiredo Morais Antunes	140,700.00	83,316.00	224,016.00	37.19	71,817.00	136,920 options
Nuno Carlos Dias dos Santos Fórneas	170,800.00	134,966.00	305,766.00	44.14	116,217.00	222,500 options
Maria do Carmo do Brito Palma	133,200.00	35,550.00	168,750.00	21.07	35,550.00	
Pedro Miguel Gonçalves Afonso	133,200.00	56,138.00	189,329.00	29.65	63,433.00	
<b>Executives Total</b>	<b>1,364,420.00</b>	<b>933,562.00</b>	<b>2,297,982.00€</b>	<b>40.62</b>	<b>824,116.00</b>	<b>1,386,350 options</b>
<b>Total</b>	<b>73.86%</b>	<b>74.48%</b>	<b>74.11%</b>		<b>72.79%</b>	<b>70.74%</b>
Rogério Santos Carapuça <sup>12</sup>	185,710.00	145,467.00	331,177.00	43.92	125,283.00	239,620 options
José Afonso Oom Ferreira de Sousa	15,862.00	41,567.00	57,429.00	72.38	35,800.00	68,460 options
Pedro Miguel Quinteiro Marques Carvalho	15,862.00	41,567.00	57,429.00	72.38	35,800.00	68,460 options
Joaquim Sérulo 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	39,424.00		39,424.00			
Paulo Jorge de Barros Pires Trigo <sup>9</sup>	170,800.00	91,824.00	262,084.00	35.04	111,159.00	196,830 options
<b>Non-executive total</b>	<b>522,368.00</b>	<b>319,885.00</b>	<b>842,253.00</b>	<b>37.98</b>	<b>308,042.00</b>	<b>573,370 options.</b>
<b>Total</b>	<b>27.69%</b>	<b>25.52%</b>	<b>26.82%</b>		<b>27.21%</b>	<b>29.26%</b>
<b>TOTAL</b>	<b>1,886,788.00</b>	<b>1,253,447.00</b>	<b>3,140,235.00</b>	<b>39.92%</b>	<b>1,132,159.00</b>	<b>1,959,720 options</b>

<sup>9</sup> The amount shown is the total amount paid to each director in 2014: 50% of the total amount attributed in 2014 for 2013 plus 1/6 of the amount attributed in 2013 for 2012, 1/6 of the amount attributed in 2012 for 2011 and 1/6 of the amount attributed in 2011 for 2010. The remaining 50% of the amount attributed in 2014 for 2013 will be paid in the following 3 years (2015, 2016 and 2017) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

<sup>10</sup> Amount used to increase contributions of capitalization insurance currently in effect at the company.

<sup>11</sup> Amounts attributed in 2014 for 2013 but deferred to the following 3 years. There are also amounts deferred for amounts attributed in 2013 for 2012 and attributed in 2012 for 2011 in accordance with the criteria disclosed in the Corporate Governance Reports for these years.

<sup>12</sup> Executive positions at Novabase Group companies (see point 26).

As described in greater detail in point 74 of this report, attributed options for the 2012-2014 term 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.

In 2014, an additional amount of €17,543 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.

*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 2014 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 2014.

*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 2014, one such amount was 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").

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

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.

*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

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### 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 former 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, should 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 2014 Consolidated Accounts, an integral part to the Annual Report and Accounts, in Note 41 of the Notes to the Consolidated Financial Statements.

## PART II - EVALUATION OF CORPORATE GOVERNANCE

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## 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 p).*

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](http://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 qualifying holdings;</p>	Yes	Point 18

	e) 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	
<b>II.2. SUPERVISION</b>			
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, <i>inter alia</i> , 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
<b>II.3. REMUNERATION SETTING</b>			
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: <ul style="list-style-type: none"> <li>a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies;</li> <li>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</li> </ul>	Yes	Remuneration policy statement (Annex)

	<p>maximum amounts may be payable;  d) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.</p>		
24	<p>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.</p>	Yes	Point 74
25	<p>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.</p>	Yes	Point 76
<p>III. REMUNERATION</p>			
26	<p>III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk.</p>	Yes	Point 70
27	<p>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.</p>	No	<p>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.</p>
28	<p>III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed</p>	No	<p>The relative weight of the fixed and variable components of directors'</p>

	component of the remuneration and maximum limits should be set for all components.		remuneration is shown in the table in point 77, with the variable stock option component accounting for less than 30% of the total. 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.	No	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 and short-term

			<p>interests.</p> <p>In fact, it is Novabase's belief, as regards the variable remuneration which is not deferred for the complete term, that the company's short and medium-term interests must also be met, such as its economic interest of providing incentives for optimizing performance to fulfil short-term management goals and obligations as well, and balancing and distributing the underlying costs of directors' remuneration over the various years of each term, it being inappropriate to simply make payments of variable remuneration at the end of each term or sometime thereafter.</p>
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 believes that the scope of the CMVM's recommendation only applies to situations of director dismissal without justified grounds.</p> <p>As such, Novabase's directors are presently in no way entitled to receive compensation or remedy beyond those provided for by law.</p> <p>However, although the understanding does not seem to result from the recommendation's content, the CMVM stated, in its last report on the corporate governance of listed companies, that the prior recommendation of the CMVM Corporate Governance Code corresponding to this recommendation III.8 was aimed at preventing management from assigning itself benefits applicable even in times of member dismissal due to inadequate performance. Therefore, although no contracts exist which establish mandatory compensation or remedy in the case is at hand, the recommendation would require this even if management was somehow prohibited from entering into such contracts in the future.</p> <p>If the same understanding applies in light of the current recommendation,</p>

			<p>Novabase has no mechanisms for its complete adoption as defined above.</p> <p>Notwithstanding the above, it is Novabase's belief that, in view of the interests at hand, any additional limitations to compensations or remedies for such situations beyond those provided for by law would be unjustified and of limited utility, namely in view of the provisions of article 403 of the Commercial Companies Code.</p>
	<b>IV. AUDITING</b>		
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
	<b>V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS</b>		
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,	Yes	Point 91

	shall be conducted during normal market conditions.		
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 realization of significant relevant business is dependent upon prior opinion of that body.	Yes	Point 91
	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 additional relevant items were identified for this purpose.

## Annexes:

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Auditing Committee Report

Remuneration Committee Report

# Report from the Audit Committee





# Report on the Activity of the Audit Committee in 2014

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## Index:

A. Scope .....	2
B. Activities of the Committee	
1. Supervision of the quality of the financial information disclosed.....	2
2. Appointment of the External Auditors, assessment of Independence and performance & supervision of the audit work .....	3
3. Appraisal of the effectiveness of the internal control, risk management & internal auditing systems .....	4
4. “Whistleblowing” system .....	4
5. Other topics in the agenda .....	5
C. Future goals to be pursued .....	5
D. Conditions for exercise of duties .....	6
E. Conclusions .....	6
F. Acknowledgements.....	7



## A. Scope

The current Audit Committee, elected on the General Meeting of Novabase on May 3, 2012 for the triennium 2012-2014, is composed by:

- Luis Mira Amaral (Chairman)
- João Luís Correia Duque (Member) and
- Manuel Alves Monteiro (Member)

These members 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.

## 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 2014 the Audit Committee carried out the following activities:

### 1. Supervision of the quality of the financial information disclosed

The Audit Committee kept the model of performing periodic meetings with the CFO (Chief Financial Officer) throughout 2014 in order to monitor with greater context the periodic analysis that it makes to the financial statements of the company.

These meetings allow the Committee to evaluate and anticipate situations and amounts that may not yet be detailed in the accounts, and that for some reason are already identified by the Management. Given the importance of these situations, it should be noted that no situations with potential significant impacts that would justify detailed attention were identified.

According to the existing procedure, the Committee also undertakes the analysis of related party transactions, to evaluate how possible conflicts of interest were dealt with and how the company's interests were protected. In 2014 no situations should be described with regard to this item.



From an external analysis point of view, the Committee is particularly keen on the meetings held with the external auditors that regularly identify the most relevant issues and bring them to debate with the Committee.

Finally, the Audit Committee maintained the practice of previous years to have regular meetings with the Chairman of the Board of Directors and the Chairman of the Audit Committee. With both, either jointly or alone, various topics were discussed which are relevant to the company's life, especially those which relate to the quality, accuracy and timeliness of financial information provided by the company.

In conclusion, this Committee understands it holds the proper tools to evaluate 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.

## **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, following a process organized and supervised by this Committee (thus applying one of the most significant corporate governance recommendations).

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 2014, 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.

Finally, and as in previous years, the Committee maintained a special attention to the issue of independence of the External Auditors and did not record in any situation any evidence that would indicate a possible lack of independence of these Auditors.



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

The Committee continues to emphasize the open and regular discussion with the Management regarding the discussion of the risks that are identified by the Company and by the Committee, and the criteria adopted for their management. A transparent attitude and the regular meetings with the Chairman and the CRO (Chief Risk Office) allow the Committee to have insight on identified risks and mitigation procedures, which is deemed a particularly useful feature considering the result of this dialogue and reflection.

Given the importance of Human Capital to Novabase's business, and considering the internationalization effort that is being made by the company, the Committee focused its attention during 2014 on the internal processes of Talent Management and on the various challenges faced by the management in this area. Meeting with the CEO and with the leaders of the relevant area, the Committee has in-depth knowledge of ongoing projects and future goals for the area, as well as of their results in the short term. The result of this analysis was assessed very positively by the Committee.

As is the annual practice of the Committee, the internal audits plan and the work plan applied by the services responsible for compliance were reviewed, with an assessment of the resources allocated to such duties, and the actions taken were analysed, with the conclusions being discussed with the person responsible for each process. All without prejudice to the Committee's view on the need to strengthen the institutionalization of internal audit and control. The activity plan set for the following financial years was not reviewed nor evaluated by the Committee.

Although it did not suffer any change, the Code of Conduct in force in the Group was evaluated and it is considered appropriate to the current reality.

### **4. "Whistleblowing" System**

In 2014 and following the suggestion of the Committee, the system was more dynamic in what refers to its internal disclosure through the channels that are available. After analysis of the system, the Committee believes it is an appropriate system and no improvement is required. In 2014 no communications were received through this channel.



## 5. Other topics in the agenda

As is usual practice of the Committee, a self-assessment exercise carried out by the Committee, with a conclusions report being issued and discussed 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

The composition of this Committee will be significantly changed in the next General Meeting of the Company, since two of its members will finish their third term of office as members of the Board of Directors. Notwithstanding this expected change, the Audit Committee understands it shall still express its opinion on future goals to be pursued, subject to the different opinions that may be communicated in the future.

Relevant challenges in the future are:

- To build close and regular relationships with the Board of Directors, the Executive Committee and other managers of the company, ensuring a high level of sharing of information and in-depth knowledge of how the company operates and of challenges face at each moment;
- To promote regular meetings with the persons responsible for internal areas, for
- To assess the suitability of the policy pursued by the company in light of the new European guidelines regarding fiscal transparency;
- To undertake a special focus on the analyses of the adequacy of the company's structure to the internationalization process currently under way;
- To give special attention to hot topics that traditionally accompany financial reporting, with emphasis on revenue, internal transfer pricing and derivatives and other financial products;
- To keep an utmost attention to the themes related to risks, ensuring that the company has a clear general policy of *risk appetite* and that identifies and mitigates risks with high standards of competence;
- To continue efforts to ensure the audit and the internal control have a higher degree of institutionalization.



In general, the Audit Committee shall 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. Conditions for exercise of duties**

The Audit Committee has always encountered, with the Board of Directors, the Executive Committee and each of its members individually, an open spirit of cooperation, an attitude of transparency and a total commitment to support this Committee in the pursuit of its duties. These considerations are extended to all senior management and officers of the company and its subsidiaries, with whom the Committee worked.

The necessary resources were provided for the Committee to perform the duties legally and statutorily required, and the Committee had access to all the business information that it requested, and no barriers or obstacles were imposed to the exercise of its functions.

In addition, the Audit Committee was supported and appropriately informed by the external auditors.

#### **E. 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.



## **F. Acknowledgements**

At the end of another financial year and, in particular, at the end of the term of office, the Audit Committee wishes to acknowledge all who have made our task easier and exciting. A very special word is owed to our colleagues in the Board of Directors and, in particular, to its Chairman and to the Chief Executive Officer, to all officers and other employees of the company and its subsidiaries, to the external auditors and to the members of the board of the General Meeting and of the Remunerations Committee.

The Audit Committee

Luís Mira Amaral (Chairman)

João Luís Correia Duque

Manuel Alves Monteiro

Lisbon, February 5, 2015

# Report from the Remuneration Committee



## **Report of the Remunerations Committee regarding the 2014 Financial Year and Recommendations for the Remunerations Policy for the 2015 Financial Year**

The Remunerations Committee of Novabase SGPS (RC) met only once in the 2014 financial year, at the company's office, on May 7, 2014.

This Remunerations Committee (RC) is composed by Francisco Luís Murteira Nabo (Chairman) and the members Pedro Rebelo de Sousa and João Quadros Saldanha. All members were present at the meeting referred to above.

The RC's work was guided in this financial year by the remuneration policies approved by the General Meeting of April 20, 2006. These policies were reiterated for the 2009-2011 and 2012-2014 governing bodies terms of office, following decisions approved by the shareholders in General Meetings.

This report summarizes the decisions of the remunerations committee taken during the 2014 financial year and includes the annual statement of the Remunerations Committee on the remuneration policy for the management and supervisory bodies of the company.

### **PART I** **Remunerations Committee Report for the 2014 financial year**

#### **Prior Note:**

As usual, the Remunerations Committee clarifies that the decisions regarding variable remunerations mentioned in this report relate to decisions taken by the RC in 2014 and, therefore, such decisions were taken with reference to the directors performance in 2013.

After this clarification, below is a summary of the decisions taken by the RC in the meeting held on May 7, 2014.

#### 1. The remuneration for the 2014 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 2014 financial year

Given the difficult moment that the Portuguese economy is currently facing and notwithstanding the growth obtained in the international business (and further taking into account the results obtained in 2013), it was unanimously approved to maintain the fixed remunerations of the executive directors of Novabase SGPS for the 2014 financial year, without any change.

Given the changes recently made in the composition of the Executive Committee, we list below the names of its members as well as the gross amounts of the respective annual remuneration in euros, paid in 2014 in 12 monthly installments:

Luis Paulo Cardoso Salvado (CEO) – 265,300 (two hundred sixty-five thousand, three hundred euros);  
João Nuno da Silva Bento – 260,610 (two hundred and sixty thousand, six hundred and ten euros);  
Álvaro da Silva Ferreira – 260,610 (two hundred and sixty thousand, six hundred and ten euros);  
Nuno Carlos Filipe dos Santos Fórneas – 170,800 (one hundred seventy thousand, eight hundred euros);  
Francisco Figueiredo Morais Antunes - 140,700 (one hundred forty thousand, seven hundred euros);  
Maria do Carmo Brito Palma - 133,200 (one hundred thirty-three thousand, two hundred euros);  
Pedro Miguel Gonçalves Afonso - 133,200 (one hundred thirty-three thousand, two hundred euros).

3. Fixed remuneration of Novabase SGPS's non-executive directors for the 2014 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. Also due to changes in the list of the non-executive directors, we list below their names and annual gross remunerations, paid in 12 monthly installments:

Rogério dos Santos Carapuça (Chairman) – 185,710 (one hundred eighty-five thousand, seven hundred and ten euros);  
Paulo Jorge Pires de Barros Trigo (due to its management functions at the subsidiary CelFocus) – 170,800 (one hundred seventy thousand, eight hundred euros);  
Luís Mira Amaral - 39,424 (thirty-nine thousand, four hundred twenty-four euros);  
Manuel Alves Monteiro - 39,424 (thirty-nine thousand, four hundred twenty-four euros);  
João Duque - 39,424 (thirty-nine thousand, four hundred twenty-four euros);  
José Afonso Oom de Sousa - 15,862 (fifteen thousand, eight hundred sixty-two euros);

Pedro Marques de Carvalho - 15,862 (fifteen thousand, eight hundred sixty-two euros);  
Joaquim Sérvulo Rodrigues - 15,862 (fifteen thousand, eight hundred sixty-two euros).

4. Attribution of the cash component of the variable remuneration of the Directors of Novabase SGPS, related to performance in the 2013 financial year.

The decision previously taken by the General Meeting of April 2009 which established the general conditions for the remuneration of directors for the current term of office was reiterated by the General Meeting of May 3, 2012, following the proposal so made by the remunerations committee. The same happened in the General Meetings of May 2013 and May 2014.

According to such decision, 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's performance in that financial year, and one in the form of stock options over Novabase SGPS shares. As there were no decisions to be made on the stock options component, the RC addressed the attribution of the cash component regarding the performance in the 2013 financial year, whose accounts were already duly approved at the General Meeting.

Given the decrease in the company's net profits in the 2013 financial year to Euro 7,510,484.1 (seven million, five hundred and ten thousand, four hundred and Eighty-four euros and ten cents), i.e., a reduction of approximately 6% in relation to the net profits of 2012, the RC decided to make an analogous reduction in the amount to grant to each of the following directors, for similar performances. The RC unanimously approved to grant the following amounts:

Luis Paulo Cardoso Salvado (CEO) - 194,250 (one hundred ninety-four thousand, two hundred and fifty euros);  
João Nuno da Silva Bento - 194,250 (one hundred ninety-four thousand, two hundred and fifty euros);  
Álvaro José da Silva Ferreira - 194,250 (one hundred ninety-four thousand, two hundred and fifty euros);  
Rogério dos Santos Carapuça (Chairman) – 135,900 (one hundred thirty-five thousand, nine hundred euros);  
Nuno Carlos dos Santos Fórneas - 126,000 (one hundred and twenty-six thousand euros);  
Paulo Jorge Pires Trigo - 126,000 (one hundred and twenty-six thousand euros);  
Francisco Paulo Figueiredo Morais Antunes - 78,000 (seventy-eight thousand euros);  
José Afonso Oom de Sousa - 38,850 (thirty-eight thousand, eight hundred and fifty euros);  
Pedro Marques de Carvalho - 38,850 (thirty-eight thousand, eight hundred and fifty euros).

For directors who began their work in September 2013, the variable remuneration was fixed taking into account their performance in the management board in the last quarter of the year, to which we added the variable remuneration corresponding to the performance in the positions they held since the beginning of 2013 until their election to the Board of Directors. Thus the Remunerations Committee unanimously established the following amounts for these directors:

Maria do Carmo do Brito Palma - 71,100 (seventy-one thousand, one hundred euros);

Pedro Miguel Gonçalves Afonso - 97,650 (ninety-seven thousand, six hundred and fifty euros).

As for the director Paulo de Barros Trigo, his participation in the Executive Committee for the year 2013 was considered between January and September, as well as the performance in the management of the subsidiary CelFocus - 126,000 (one hundred and twenty-six thousand euros).

The directors Luís Mira Amaral, Manuel Alves Monteiro, João Duque (all independent) and Joaquim Sérvulo Rodrigues do not receive a variable compensation.

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

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 (2015, 2016 and 2017). 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, 2012 and 2013.

6. On the way to settle amounts granted as variable remuneration

Within this item six on the agenda and in light of the current and foreseeable economic environment for the national economy in the medium and long term, which shows that great difficulties will remain due to external debt, private and public, and in the short term a very significant demographic pressure will also occur, which will accentuate the viability and sustainability risks affecting national and European pensions systems, it is a prudent practice, and so on that basis it was unanimously approved, to channel the funds attributed under item four above (as well as those previously deferred) to the strengthening of the capitalization of unit linked insurances currently in force in the company.

## 7. Clarification regarding the Exercise of Stock Options

Having been asked for a clarification on the exercise of "stock options" by some of the participants in the "stock options" plan (hereinafter Plan) applied by the company, the RC decided to clarify the following:

Some participants in the Plan communicated to the Remunerations Committee that they have been analyzing the possibility of disposing, to companies controlled by them (incorporated or to be incorporated, individually or jointly with one or more subscribers of the shareholders' agreement relating to Novabase, concluded on May 22, 2013 Novabase), of shares assigned to those participants under the Plan.

Pursuant to the paragraph 14 of the Plan, participants may not, during the period of one year from the date of each Exercise Date (as defined in the Plan), transfer, sell, encumber or otherwise conclude any agreement, over 50% of the Company shares assigned to them in connection with the settlement of options exercised under the Plan, which aim or lead to the acquisition of ownership, even if only with mere contractual or future effectiveness, including promissory contracts or options contracts .

It should be noted that the so-called ""stock options" plans are particularly intended to align the interests of the participants with the company's interests, creating a direct relationship between the performance of the company and the remuneration" (see "Stock Option Plans and Employees" Ângela Barros Chaves, Portuguese Catholic University, School of Law, School of Lisbon, August 2012).

It is indeed in this sense that item 70 of the Corporate Governance Report for the 2013 financial year, commenting on how the remuneration is structured so as to align the interests of members of the management body with the company's long-term interests, as well as on how it is based on performance evaluation and discourages excessive risk-taking (which disclosure is required by the CMVM), states, among other things, that "the shares acquired through the exercise of options cannot be disposed of or encumbered during the period of one year, in 50% of the total shares acquired" and that, in light of this and other provisions, the Company understood, when the current plan was approved, 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 it does not exclusively consider such interests".

In light of the above, it is important to assess if the envisaged sale of shares is still in line with the purposes at which paragraph 14 of the Plan was aiming.

Now, in this regard, it should be considered that the companies identified above will always correspond to mere vehicles through which certain shareholders of Novabase will own the respective shareholdings. To that extent, such sales do not correspond to a sale to a third party, since the total number of shares of the Company attributable to the relevant shareholders will be exactly the same (notably due to the shareholders agreement mentioned above). Moreover, in order to ensure this effect, it is recommended that, in the context of the acquisition of the shares at stake, the

companies for which the shares are transmitted assume the obligation not to sell 50% of such shares under the same terms and conditions as the provided for in paragraph 14 of the Plan.

On the other hand, if the sale occurs to a vehicle owned by more than one subscriber of the Novabase shareholders agreement, it is assumed that, following the sale, the participation of each shareholder in that company-vehicle will be adjusted to reflect their exposure to Novabase shares before the sale.

Accordingly, we understand that the forms of sale under analysis will not affect the purposes pursued by that provision of paragraph 14 of the Plan.

Finally it was noted that in the 2014 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 2, 2013 correspond to a good practice. This practice is in line with the Corporate Governance Model that has been implemented during the current corporate bodies' term of office, as well as in previous terms of office.

The next ordinary General Meeting in April 2015 will elect new corporate bodies for the following term of office. This remunerations committee understands that the general principles that have guided the remunerations policy should be maintained, with adjustments in accordance with the Corporate Governance Model that the shareholders wish to approve.

In any case, the following basic directives should be observed in the remunerations policy for the 2015 financial year.

a) The structure of the remunerations of executive directors and the structure of the remunerations of non-executive directors should be appropriate to the nature of the management responsibilities they undertake, with application of the following principles:

- i) Promotion of alignment of the interests of members of the management body with those of the Company – this may be implemented through variable remuneration components, including through plans based on securities of the company;
- ii) Individual performance should be a criterion for determining the variable remuneration component, if applicable, without prejudice to other criteria that may be relevant due to the application of this policy, including in particular the Company's own performance;
- iii) The Remunerations Committee may determine, by reason of the duties performed, that all or part of a variable remuneration of a director (if it is attributed) takes place after the determination of the annual accounts corresponding to the entire term of office;
- iv) When the Company's performance is a criterion for determining a variable remuneration, given specific circumstances, the deterioration in such performance could justify the limitation of such remuneration.

b) The members of the supervisory bodies and other corporate bodies should be remunerated in line with market practice, unless specific circumstances justify a different solution.

Lisbon, March 12, 2015

The Remunerations Committee

Francisco Luís Murteira Nabo (Chairman)

Pedro Rebelo de Sousa (Member)

João Quadros Saldanha (Member)