



# CORPORATE GOVERNANCE REPORT

'15 ANNUAL  
REPORT AND  
ACCOUNTS

A white line graph icon consisting of four circular nodes connected by straight lines, showing an upward trend from left to right.

NOVABASE  
simpler & happier

The Novabase logo features a stylized 'N' with a circle above it, resembling a target or a signal. The text 'NOVABASE' is in a bold, sans-serif font, and the tagline 'simpler & happier' is in a smaller, lowercase sans-serif font below it.

# CORPORATE GOVERNANCE REPORT

## Contents

PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE ..... 2

A. SHAREHOLDER STRUCTURE ..... 3

B. CORPORATE BOARDS AND COMMITTEES .....14

C. INTERNAL ORGANIZATION .....38

D. REMUNERATION.....46

E. TRANSACTIONS WITH RELATED PARTIES .....57

PART II - EVALUATION OF CORPORATE GOVERNANCE .....59

ANNEXES:.....71

    Remuneration Committee Report .....71

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

---

## A. SHAREHOLDER STRUCTURE

### I. Capital Structure

1. *Shareholder base (share capital, number of shares, share distribution to shareholders), including indication of shares not admitted to trading, different categories of shares, underlying rights and duties and the percentage of capital that each category represents (article 245-A, paragraph 1, sub-paragraph a)).*

#### General Information on Capital Structure

Share capital on 31 December 2015 (€)	15,700,697.00
Total shares	31,401,394
Number of unlisted shares	0
Different categories of shares	Only ordinary shares exist

Share capital is fully paid up.

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.

#### Shareholdings

Shareholding subject to Novabase Shareholders' Agreement	No. of shares	% share capital and voting rights
HNB - SGPS, S.A. <sup>1</sup>	8,321,019	26.50%
Pedro Miguel Quinteiro Marques Carvalho	2,289,068	7.29%
Rogério Santos Carapuça	1,079,122	3.44%
R.S.C. Invest, SGPS, S.A. <sup>2</sup>	235,000	0.75%
João Nuno da Silva Bento <sup>1</sup>	485,637	1.55%
Álvaro José da Silva Ferreira <sup>1</sup>	50,282	0.16%
Luís Paulo Cardoso Salvado <sup>1</sup>	50,282	0.16%
José Afonso Oom Ferreira de Sousa <sup>1</sup>	10,057	0.03%
TOTAL <sup>3</sup>	12,520,467	39.87%

<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> The company R.S.C. Invest, SGPS, S.A. is controlled by Rogério dos Santos Carapuça

<sup>3</sup> The total shareholding 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.

	<b>No. of shares</b>	<b>% share capital and voting rights</b>
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 notice, Novabase was informed that 72% of this company was indirectly held by Miguel Pais do Amaral, by which he was attributed the voting rights in question.

	<b>No. of shares</b>	<b>% share capital and voting rights</b>
IBIM2 Limited	1,610,145	5.13%

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

<sup>1</sup> At the time of receipt of the qualified holding notice, Novabase was informed that the above funds were managed by Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A.

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

	<b>No. of shares</b>	<b>% share capital and voting rights</b>
Maria Manuela de Oliveira Marques	1,043,924	3.32%

<b>Caixagest – Técnicas de Gestão de Fundos, S.A.</b>	<b>No. of shares</b>	<b>% share capital and voting rights</b>
Caixagest PPA	1	0.14%
Caixagest Ações Portugal	1	1.91%
<b>TOTAL1</b>	<b>646,288</b>	<b>2.05%</b>

<sup>1</sup> At the time of receipt of the qualified holding notice, Novabase was informed that the above funds were managed by Caixagest – Técnicas de Gestão de Fundos, S.A., which gave no information on the actual number of shares held by each fund.

The above shareholdings correspond to the last positions notified to the company in reference to 31 December 2015 or before.

- 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 transferability 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 2015, Novabase had 11,957 treasury shares representing 0.04% 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 13 May 2015, 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:

### **1. New Novabase Shareholders' Agreement**

Pursuant to article 1, sub-paragraph c) and article 2 of CMVM Regulation no. 5/2008 and articles 17 and 19 of the Portuguese Securities Code, Novabase announces that on 27 April 2015, with a view to ensuring shareholder stability through the end of the term of office of Novabase's corporate boards, corresponding

to the three-year period of 2015-2017, a new Novabase shareholders' agreement ("Shareholders' Agreement") has been signed.

The new Shareholders' Agreement was signed by shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Pedro Miguel Quinteiro Marques de Carvalho, João Nuno da Silva Bento, Álvaro José da Silva Ferreira and Rogério dos Santos Carapuça (hereinafter called the "Shareholders") for 10,488,068 Novabase shares (hereinafter called "Restricted Shares") directly or indirectly held by them and corresponding to 33.40% of Novabase's share capital.

Shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento are controlling shareholders of the company HNB – SGPS, S.A. (hereinafter called "HNB"), pursuant to the HNB shareholders' agreement signed between them, duly disclosed to the market, which remains in effect and unchanged.

In addition, the company R.S.C. INVEST, SGPS, S.A. (hereinafter called "RSC") was established, controlled by Shareholder Rogério dos Santos Carapuça, which assumed ownership of 235,000 Novabase shares on 16 April 2015, under terms duly disclosed to the market.

The companies HNB and RSC constitute vehicles of indirect ownership of Novabase shares ("Vehicles"), pursuant to the terms of the Shareholders' Agreement.

This agreement amended some of the terms and conditions of the shareholders' agreement previously in effect, essentially simplifying the terms and conditions applicable to the Vehicles, and adapting the terms and conditions of Novabase's corporate governance structure (which was changed in the General Meeting of Shareholders held on 29 April 2015).

## 2. Qualified Holdings

Currently, the above Shareholders have a total qualified holding of 12,520,467 shares representing 39.87% of Novabase's share capital and respective voting rights (with the new Shareholders' Agreement entailing a change to the composition of this qualified holding, pursuant to article 2, paragraphs 2 and 3 of CMVM Regulation no. 5/2008), as follows:

### Restricted Shares

Shareholder	No. Restricted Shares	% of Shareholders' Agreement	% Total Voting Rights
<b>Held through HNB</b>			
José Afonso Oom Ferreira de Sousa	1,841,889	17.56%	5.87%
Luís Paulo Cardoso Salvado	1,841,889	17.56%	5.87%
Álvaro José da Silva Ferreira	1,841,889	17.56%	5.87%
João Nuno da Silva Bento	1,403,985 <sup>(1)</sup>	13.39% <sup>(2)</sup>	4.47% <sup>(3)</sup>
<b>Total HNB</b>	<b>6,929,652</b>	<b>66.07%</b>	<b>22.07%</b>

<b>Held through RSC</b>			
Rogério Santos Carapuça	235,000 <sup>(4)</sup>	2.24% <sup>(5)</sup>	0.75% <sup>(6)</sup>
<b>Total RSC</b>	<b>235,000</b>	<b>2.24%</b>	<b>0.75%</b>
<b>José Afonso Oom Ferreira de Sousa</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Luís Paulo Cardoso Salvado</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Álvaro José da Silva Ferreira</b>	<b>1</b>	<b>-</b>	<b>-</b>
Rogério Santos Carapuça	1,043,619 <sup>(7)</sup>	9.95% <sup>(8)</sup>	3.32% <sup>(9)</sup>
João Nuno da Silva Bento	437,904 <sup>(10)</sup>	4.18% <sup>(11)</sup>	1.39% <sup>(12)</sup>
<b>Pedro Miguel Quinteiro Marques Carvalho</b>	<b>1,841,889</b>	<b>17.56%</b>	<b>5.87%</b>
<b>TOTAL</b>	<b>10,488,068</b>	<b>100%</b>	<b>33.40%</b>

(1) In a total, together with Restricted Shares directly held, of 1,841,889.

(2) In a total, together with Restricted Shares directly held, of 17.56%.

(3) In a total, together with Restricted Shares directly held, of 5.87%.

(4) In a total, together with Restricted Shares directly held, of 1,278,619.

(5) In a total, together with Restricted Shares directly held, of 12.19%.

(6) In a total, together with Restricted Shares directly held, of 4.07%.

(7) In a total, together with Restricted Shares directly held, of 1,278,619.

(8) In a total, together with Restricted Shares directly held, of 12.19%.

(9) In a total, together with Restricted Shares directly held, of 4.07%.

(10) In a total, together with Restricted Shares directly held through HNB, of 1,841,889.

(11) In a total, together with Restricted Shares directly held through HNB, of 17.56%.

(12) In a total, together with Restricted Shares directly held through HNB, of 5.87%.

### **Non-Restricted Shares**

	No. of Shares	% Total Voting Rights
<b>HNB</b>	<b>1,391,367</b>	<b>4.43%</b>
<b>José Afonso Oom Ferreira de Sousa</b>	<b>10,056</b>	<b>0.03%</b>
<b>Luís Paulo Cardoso Salvado</b>	<b>50,281</b>	<b>0.16%</b>
<b>Álvaro José da Silva Ferreira</b>	<b>50,281</b>	<b>0.16%</b>
<b>Rogério Santos Carapuça</b>	<b>35,503</b>	<b>0.11%</b>
<b>João Nuno da Silva Bento</b>	<b>47,733</b>	<b>0.15%</b>
<b>Pedro Miguel Quinteiro Marques Carvalho</b>	<b>447,179</b>	<b>1.42%</b>
<b>Total</b>	<b>2,032,400</b>	<b>6.47%</b>

### **Restricted Shares + Non-Restricted Shares**

<b>TOTAL</b>	<b>12,520,467</b>	<b>39.87%</b>
--------------	-------------------	---------------

In view of the number of treasury shares currently held in the portfolio by Novabase, this holding would correspond to 39.89% of Novabase's voting rights.

### 3. Terms and conditions of the new Shareholders' Agreement

The following contents of the Shareholders' Agreement are noteworthy:

- A) The need for agreement by a majority equal to or greater than two thirds of votes corresponding to Restricted Shares to establish terms by which these shares may be sold, with Shareholders agreeing not to initiate sales or purchases of any kind outside of this agreement, except for certain transfers expressly provided for in the Shareholders' Agreement;
- B) Need for unanimity of all Shareholders to acquire Novabase shares or sign agreements giving these Shareholders or a Vehicle qualified holdings exceeding one-third or 50% of Novabase's voting rights, pursuant to article 20 of the Securities Code, according to whether the Shareholders' immediately prior shareholdings are less or more than one-third of these voting rights;
- C) Notwithstanding the above, each Shareholder is authorized to acquire Novabase shares not considered Restricted Shares, up to a maximum of (i) 2.90% of all voting rights, for Shareholder Rogério dos Santos Carapuça; and (ii) 1.40% of all voting rights, for all other Shareholders; provided that, as a result of any of these acquisitions, more than 50% of the voting rights corresponding to Novabase's share capital is not attributable to the Shareholders or to a Vehicle. Novabase shares acquired in this manner will not be considered restricted shares, unless agreed so by unanimous decision;
- D) The Shareholders 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 Shareholders or HNB, pursuant to article 20 of the Securities Code, the procedure to suspend the tender offer obligation, as provided for in article 190 of the Securities Code, must be immediately initiated. The Shareholder 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) In all of the following matters, Shareholders must exercise, directly and through a Vehicle, if applicable, their voting right at Novabase's General Meetings of Shareholders by a strict majority equal to or greater than two-thirds of votes corresponding to Restricted Shares: dividend policy to be adopted, management compensation and bonus policy for Novabase corporate board members, increases and decreases in share capital, elimination of the pre-emptive right in

increases in capital, composition of corporate boards, Novabase mergers and divisions, and amendments to the articles of association;

- G) Commitment, subject to market conditions and applicable legal conditions, aimed at approving a dividend policy for the years 2015 through 2017, with an annual dividend payment of at least 30% of the consolidated net profit for the year;
- H) Obligation to draw up, together with all Shareholders before the General Meeting of Shareholders and their respective elections, proposals to appoint members to Novabase's corporate boards;
- I) Obligation of shareholders to vote or to make a Vehicle vote at General Meetings of Shareholders exclusively in favour of decisions previously passed by a two-thirds or greater majority of Shareholders having voting rights corresponding to Restricted Shares;
- J) Any Shareholder who is dismissed without just cause from his/her management duties at Novabase, or at a company directly or indirectly held by Novabase, as applicable, 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, Shareholders 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;
- K) 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 Shareholders' Agreement, the rights and obligations described above must be exercised and fulfilled directly by the Shareholders or, when applicable, through the actions of a Vehicle.

The Novabase Shareholders' Agreement is valid until 30 April 2018.

## 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.*

### Shareholdings

Shareholding subject to Novabase Shareholders' Agreement	No. of shares	% share capital and voting rights
HNB - SGPS, S.A. <sup>1</sup>	8,321,019	26.50%
Pedro Miguel Quinteiro Marques Carvalho	2,289,068	7.29%
Rogério Santos Carapuça	1,079,122	3.44%
R.S.C. Invest, SGPS, S.A. <sup>2</sup>	235,000	0.75%

João Nuno da Silva Bento <sup>1</sup>	485,637	1.55%
Álvaro José da Silva Ferreira <sup>1</sup>	50,282	0.16%
Luís Paulo Cardoso Salvado <sup>1</sup>	50,282	0.16%
José Afonso Oom Ferreira de Sousa <sup>1</sup>	10,057	0.03%
<b>TOTAL</b> <sup>3</sup>	12,520,467	39.87%

<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> The company R.S.C. Invest, SGPS, S.A. is controlled by Rogério dos Santos Carapuça

<sup>3</sup> The total shareholding 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 Quintero Marques de Carvalho, pursuant to the Novabase Shareholders' Agreement described in point 6 of this report.

	<b>No. of shares</b>	<b>% share capital and voting rights</b>
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 notice, Novabase was informed that 72% of this company was indirectly held by Miguel Pais do Amaral, by which he was attributed the voting rights in question.

	<b>No. of shares</b>	<b>% share capital and voting rights</b>
IBIM2 Limited	1,610,145	5.13%

<b>Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A.</b>	<b>No. of shares</b>	<b>% share capital and 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%

<sup>1</sup> At the time of receipt of the qualified holding notice, Novabase was informed that the above funds were 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>
Fernando Fonseca Santos	1,575,020	5.02%

	<b>No. of shares</b>	<b>% share capital and voting rights</b>
Maria Manuela de Oliveira Marques	1,043,924	3.32%

<b>Caixagest – Técnicas de Gestão de Fundos, S.A.</b>	<b>No. of shares</b>	<b>% share capital and voting rights</b>
Caixagest PPA	1	0.14%
Caixagest Acções Portugal	1	1.91%
<b>TOTAL</b> <sup>1</sup>	646,288	2.05%

<sup>1</sup> At the time of receipt of the qualified holding notice, Novabase was informed that the above funds were managed by Caixagest – Técnicas de Gestão de Fundos, S.A., which gave no information on the actual number of shares held by each fund.

The above shareholdings correspond to the last positions notified to the company in reference to 31 December 2015 or before.

**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]*

Holder	#	%
	Shares	Capital and Voting Rights
Luís Paulo Cardoso Salvado <sup>2</sup>	50,282	0.16%
José Afonso Oom Ferreira de Sousa <sup>2</sup>	10,057	0.03%
Pedro Miguel Quinteiro Marques de Carvalho	2,289,068	7.29%
Francisco Paulo de Figueiredo Morais Antunes	30,335	0.10%
Paulo Soares de Pinho (member of the Audit Board)	0	0.00%
Maria de Fátima Piteira Patinha Farinha (member of the Audit Board)	0	0.00%
Nuno Miguel Dias Pires (member of the Audit Board)	0	0.00%
KPMG & Associados - SROC, S.A. represented by Paulo Alexandre Martins Quintas Paixão (acting Statutory Auditor and representative)	0	0.00%
Maria Cristina Santos Ferreira (substitute Statutory Auditor)	0	0.00%

<sup>1</sup> The shareholding of each of these corporate board members corresponds to the last position notified to the company in reference to 31 December 2015 or before. Information on the number of options attributed to each board of directors and supervisory board member in 2015 is found in point 77.

<sup>2</sup> José Afonso Oom Ferreira de Sousa and Luís Paulo Cardoso Salvado 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.

In addition, the following transactions of Novabase shares were made in 2015 by the persons referred to in article 447 of the Commercial Companies Code ("CSC"):

Entity	Transaction	Date	Place	Number of shares	Unit price (€)
Francisco Antunes	Sale	31 December 2015	NYSE Euronext Lisbon	9,360	2.112
Francisco Antunes	Sale	29 December 2015	NYSE Euronext Lisbon	5,640	2.170

Francisco Antunes	Purchase	29 December 2015	NYSE Euronext Lisbon	15,000	2.168
Francisco Antunes	Sale	02 June 2015	NYSE Euronext Lisbon	30,000	2.600
Luís Paulo Salvado	Purchase	27 May 2015	Outside of regulated market	50,281	2.401
Francisco Antunes	Purchase	27 May 2015	Outside of regulated market	60,335	2.401
José Afonso de Sousa	Purchase	27 May 2015	Outside of regulated market	10,056	2.401
Pedro Marques de Carvalho	Purchase	27 May 2015	Outside of regulated market	10,056	2.401

Information on the conditions under which options were attributed to each board of directors and supervisory board member in 2015 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 controlled by or in a group relationship with it, nor any promissory, option, reporting or other agreements with similar effects on these shares.

Similarly, no transactions were performed of the types described above by the persons referred to in article 447, paragraph 2, sub-paragraphs a) through d) of the Commercial Companies Code.

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

*9. Special powers of the board of directors, namely with respect to decisions to increase capita (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 General Meeting of Shareholders of 29 April 2015.

Pursuant to applicable law: (i) shares to be issued must be ordinary shares; and (ii) the planned capital increase decision of the Board of Directors is submitted to the Audit Board; if not approved, the former may submit the decision to the General Meeting of Shareholders.

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

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

In 2015, Novabase had no significant relationships of a business nature with qualified shareholders or entities which, to the best of the company's knowledge, are or were related to them.

## B. CORPORATE BOARDS AND COMMITTEES

---

### I. General Meeting of Shareholders

#### a) Composition of the general meeting board

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

The officers of the Novabase General Meeting of Shareholders, elected in the General Meeting of Shareholders held on 29 April 2015 for the three-year period of 2015-2017, are António Manuel da Rocha e Menezes Cordeiro (Chairman) and Madalena Paz Ferreira Perestrelo de Oliveira (Secretary).

António Manuel de Carvalho Ferreira Vitorino (Chairman) and Maria José Santana (Secretary) were officers of the Novabase General Meeting of Shareholders until 29 April 2015.

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. In addition, it has no special systems for equity rights.

Shareholders may be represented in the General Meeting of Shareholders, pursuant to the law.

Shareholders requiring representation may send a letter addressed to the chairperson of the General Meeting of Shareholders at least three days before the date set for the meeting.

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

Postal voting is permitted under the articles of association, 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.

b) A legible photocopy of the shareholder's identity card/citizen's 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 of Shareholders, delivered by hand to the Company's registered office, or delivered to this office by registered mail by the third working day preceding the date of the General Meeting of Shareholders. However, natural persons submitting a voting form only accompanied by a legible photocopy of the shareholder's identity card/citizen's card may alternatively use the email address specified for this purpose in the meeting notice.

d) The Chairman of the General Meeting of Shareholders 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 of Shareholders 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 remaining deadlines and requirements for exercising voting rights are exclusively those established by law and by CMVM recommendations.

*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 2015

Luís Paulo Cardoso Salvado
José Afonso Oom Ferreira de Sousa
Pedro Miguel Quinteiro Marques Carvalho
Francisco Paulo Figueiredo Morais Antunes

Until the election, on 29 April 2015, of corporate board members for the three-year term of office of 2015-2017, the following individuals remained members of the company's Board of Directors: Rogério dos Santos Carapuça, João Nuno da Silva Bento, Álvaro José da Silva Ferreira, Joaquim Sérvulo Rodrigues, Luís Fernando de Mira Amaral, Manuel Alves Monteiro, João Luís Correia Duque, Nuno Carlos Dias dos Santos Fórneas, Paulo Jorge de Barros Pires Trigo, Maria do Carmo do Brito Palma and Pedro Miguel Gonçalves Afonso.

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

Novabase has been a publicly traded company since July 2000. It operates according to a corporate governance model which is regularly assessed by the Board of Directors with regard to its adequacy and performance, with a view to optimizing the latter in close alignment with the interests of all stakeholders – those interested in its corporate activities – namely shareholders, investors, customers, suppliers, other business partners and employees.

In view of the mounting challenges of internationalization and competitiveness which have characterized Novabase's business, the company's corporate governance system needed to be updated, namely by simplifying and streamlining structures and procedures, to better adapt existing solutions to the company's specific size and circumstances.

In its General Meeting of Shareholders dated 29 April 2015, Novabase amended its articles of association and implemented a reinforced Latin corporate governance model including a Board of Directors, Audit Board and Statutory Auditor (ROC). Under this model, a substantially more agile day-to-day management structure has been implemented, including two managing directors, Luís Paulo Cardoso Salvado (CEO)

and Francisco Paulo Figueiredo Morais Antunes (CFO). 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.

*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 states 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 regard 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, with the corresponding replacement subject to the provisions of law and Board of Directors' Regulations.

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

*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.*

As stated above, 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.

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 2015, the Board of Directors had four full members, as shown in the following table:

Director	Inauguration date	End of term of office
Luís Paulo Cardoso Salvado	18-03-1998	31-12-2017
José Afonso Oom Ferreira de Sousa	24-01-1991	31-12-2017
Pedro Miguel Quinteiro Marques Carvalho	24-01-1991	31-12-2017
Francisco Paulo Figueiredo Morais Antunes	28-04-2009	31-12-2017

Under the terms of article 14 of the articles of association, the Board of Directors may delegate the everyday running of the company to one or more directors (managing directors) or to an executive committee consisting of three to nine directors.

On 08 May 2015, the Board of Directors delegated the everyday running of the company to Luís Paulo Cardoso Salvado and Francisco Paulo Figueiredo Morais Antunes, acting as its managing directors.

*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>1</sup>
Luís Paulo Cardoso Salvado	Executive (managing director)	No
José Afonso Oom Ferreira de Sousa	Non-executive	No
Pedro Miguel Quinteiro Marques de Carvalho	Non-executive	No
Francisco Paulo Figueiredo Morais Antunes	Executive (managing director)	No

<sup>1</sup> Under the terms of CMVM Regulation no. 4/2013, Annex I, point 18.1.

In view of the low number of directors (four), the two non-executive members of the Board of Directors ensure the actual ability to monitor, supervise and evaluate the other members of the managing board (see points 24 of this report with regard to the assessment of other directors).

In view of the company's size, the need for management efficiency and agility, the shareholder structure and respective free float, along with various levels of internal control (including supervisory boards comprised entirely of persons independent from management and qualified shareholders, being noteworthy that only the directors belonging to the Auditing Committee were independent under the company's prior Anglo-Saxon governance model), together with a vast range of options benefiting shareholder participation and the exercising of their respective rights, Novabase does not believe independent directors are necessary to safeguard the interests of all stakeholders.

*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 background information
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>• Chairman of the Board of Directors and managing director (CEO);</li> <li>• Specific responsibilities: <u>Business areas:</u> Business Solutions (including Celfocus and IT Contracting) / Venture Capital / Infrastructures and Managed Services  <u>Corporate duties:</u> Brand Ignition – Marketing / Business Design / Corporate Development / Human Resources / Investor Relations  <u>Regions:</u> Angola/Brussels/European Commission/Mozambique</li> <li>• Director of various Novabase Group companies</li> <li><u>Formerly:</u> <ul style="list-style-type: none"> <li>• CEO</li> <li>• Member of the Board of Directors Performance Assessment Committee</li> <li>• Member of the Corporate Governance Assessment Committee</li> <li>• CFO and CLO of Novabase Group and CEO of Novabase Consulting</li> </ul> </li> </ul>
José Afonso Oom Ferreira de Sousa	<ul style="list-style-type: none"> <li>• MBA from Universidade Nova de Lisboa</li> <li>• Masters in Electrotechnical and Computer Engineering from IST</li> </ul>	<ul style="list-style-type: none"> <li>• Director without delegated duties</li> <li><u>Formerly:</u></li> </ul>

	<ul style="list-style-type: none"> <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>CLO and CFO of Novabase Group</li> <li>Director of various Novabase Group companies</li> </ul>
Pedro Miguel Quinteiro Marques de Carvalho	<ul style="list-style-type: none"> <li>Graduate in Applied Mathematics from Universidade de Lisboa</li> </ul>	<ul style="list-style-type: none"> <li>Director without delegated duties</li> </ul> <p><u>Formerly:</u></p> <ul style="list-style-type: none"> <li>Member of the Board of Directors Performance Assessment Committee</li> <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>
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>Managing Director;</li> <li>Specific responsibilities:</li> </ul> <p><u>Corporate duties:</u> CFO / CRO / Information Systems / International Task Force / Legal</p> <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>Financial Director of Novabase Group</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.*

Directors Luís Paulo Cardoso Salvado, José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro Marques Carvalho are simultaneously shareholders and parties to the shareholders' agreement described in point 6 of this report. A qualified shareholding of 12,520,467 shares representing 39.87% of Novabase's share capital and respective voting rights is attributed to the parties of this shareholders' agreement.

No other regular or significant relationships exist between directors and qualified shareholders.

*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 2015:

- Novabase Business Solutions<sup>1</sup>
- Novabase Infrastructures and Managed Services<sup>2</sup>
- Novabase IT Contracting<sup>3</sup>

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

The industries in 2015 were the following:

- *Energy*
- *Government*
- *Financial Services*
- *Telecommunications*
- *Transportation*

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

Novabase SGPS and Novabase Services 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 organization chart includes all the companies within the consolidation perimeter of Novabase.

---

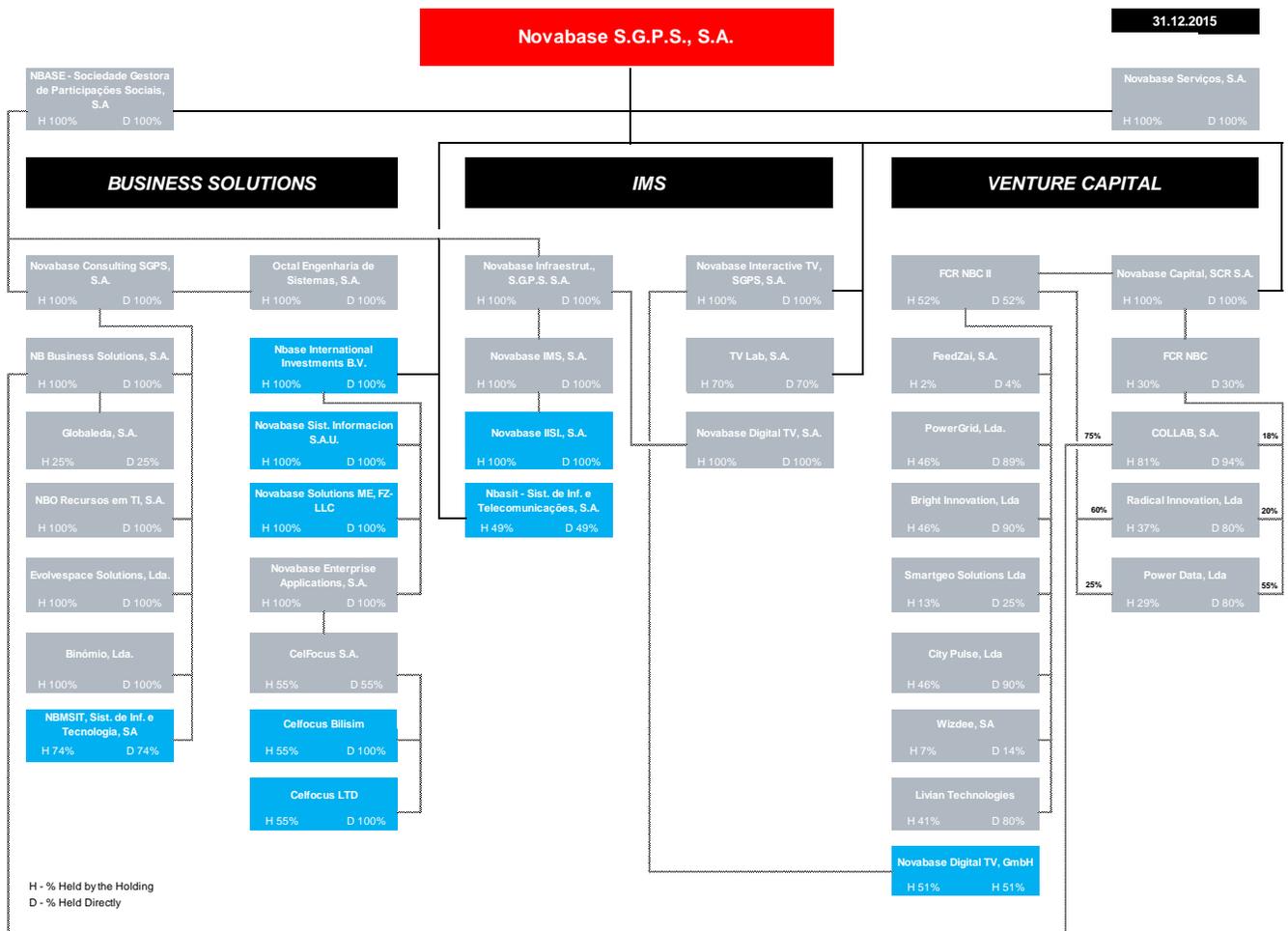
1 Corresponding to the company Novabase Business Solutions - Soluções de Consultoria, Desenvolvimento, Integração, Outsourcing, Manutenção e Operação de Sistemas de Informação, S.A.

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

3 Corresponding to the company NBO – Recursos em Tecnologias de Informação, S.A.

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

5 Novabase Serviços – Serviços de Gestão e Consultoria, S.A.



As mentioned in point II. A) 15., in view of the mounting challenges of internationalization and competitiveness which have characterized Novabase’s business, the company’s corporate governance system needed to be updated, namely by simplifying and streamlining structures and procedures, to better adapt existing solutions to the company’s specific size and circumstances.

In its General Meeting of Shareholders dated 29 April 2015, Novabase amended its articles of association and implemented a reinforced Latin corporate governance model including a Board of Directors, Audit Board and Statutory Auditor (ROC). Under this model, a substantially more agile day-to-day management structure has been implemented, including two managing directors, Luís Paulo Cardoso Salvado (CEO) and Francisco Paulo Figueiredo Morais Antunes (CFO).

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, and may also delegate the day-to-day running of the company to one or more directors (managing directors) or to an Executive Committee comprised of 3 to 9 members. The delegated powers must be recorded in meeting minutes. The Board of Directors shall determine the duties of each managing director or the Executive Committee, as applicable, in general management, delegating to the Executive Committee, when necessary, all the powers whose inclusion is not prohibited by Article 407, paragraph 4 of the Commercial Companies Code.

Pursuant to the provisions of article 407 of the Commercial Companies Code and the regulations of Novabase's Board of Directors, the Board of Directors may not delegate the following to the day-to-day running of the company:

- 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.

On 08 May 2015, the Board of Directors delegated the everyday running of the company to Luís Paulo Cardoso Salvado and Francisco Paulo Figueiredo Morais Antunes, acting as its managing directors. The following powers were delegated:

Luís Paulo Cardoso Salvado	<u>Business Areas:</u> Business Solutions (including Celfocus and IT Contracting) / Venture Capital / Infrastructures and Managed Services <u>Corporate duties:</u> Brand Ignition – Marketing / Business Design / Corporate Development / Human Resources / Investor Relations <u>Regions:</u> Angola/Brussels/European Commission/Mozambique
Francisco Paulo Figueiredo Morais Antunes	<u>Corporate duties:</u> CFO / CRO / Information Systems / International Task Force / Legal

Day-to-day management powers for all issues not specifically referred to in the decision, nor excluded from the legal scope of the delegation, were also delegated to director Luís Paulo Cardoso Salvado.

Notwithstanding the above, any decisions revolving around the day-to-day running of the company exceeding €5,000,000.00 in value may only be made by mutual agreement of the managing directors.

The members of the Board of Directors who are not managing directors are responsible for overseeing the activities of the managing directors, together with any damages caused by their acts or omissions when, having knowledge of such acts or omissions or the intent to carry them out, they do not call upon the Board of Directors to take the appropriate measures. In addition to the ability to submit matters to the Board of Directors for assessment and decision, and with a view to fully performing their functions of monitoring and overseeing Novabase's business, non-executive/non-managing directors may directly ask managing directors for clarifications on specific issues involving delegated matters.

In view of the above, no powers were delegated in 2015 involving matters where the Board of Directors must ensure that the company acts in accordance with its objectives, namely: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.

## **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 of its members. It must meet at least once per quarter.

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 to another director.

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.

Under the terms of the Board of Directors' regulations, the Chairman is also responsible for the following: a) Coordinating the Board of Directors' work; b) Calling and running the Board of Directors' meetings, ensuring that the respective meeting minutes are drawn up; c) Exercising the casting vote; and d) Ensuring that decisions are properly executed.

Pursuant to CMVM Recommendation no. 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 members can make independent and informed decisions, or ensure the existence of an equivalent mechanism for such coordination.

However, bearing in mind that only two non-executive directors exist, it is unnecessary for one of them to be specifically responsible for coordinating the work of just two people. In view of the agile and flexible structure adopted by Novabase in the General Meeting of Shareholders dated 29 April 2015, the non-executive directors have successfully coordinated their duties with no need for formal meetings called and managed by one of these directors.

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.

### *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 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 meetings: 5<sup>(1)</sup></b>	
<b>Member</b>	<b>Attendance (%)</b>
Luís Paulo Cardoso Salvado	100.00
José Afonso Oom Ferreira de Sousa	100.00
Pedro Miguel Quinteiro Marques de Carvalho	100.00
Francisco Paulo Figueiredo Morais Antunes	100.00

(1) – The number of meetings shown are those which occurred after the appointment of new management in the General Meeting of Shareholders dated 29 April 2015. Before this date, the prior management held 4 meetings.

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

The activities of the managing directors designated by the Board of Directors are constantly monitored on the whole and, in particular, by non-executive directors. Required information on the company's business is provided to monitor the day-to-day running of the company. This monitoring of the managing directors' activities by non-executive directors was already in practice prior to the publication of corporate governance recommendations on the existence of specific evaluation committees, and continues to be an ongoing practice at Novabase.

On 31 December 2015, the non-executive members of the Board of Directors were José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro de Marques Carvalho.

In addition, the Remuneration Committee is responsible for assessing the managing directors' performance, namely for the purposes of the assessment criteria described in point 25 below.

*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
Luís Paulo Cardoso Salvado  (Full time)	<ul style="list-style-type: none"> <li>• Director of the following companies: <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>○ NBO</li> <li>○ Novabase Infrastructures and Managed Services</li> <li>○ NBASE, SGPS</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Director of HNB – SGPS, S.A.</li> </ul>
José Afonso Oom Ferreira de Sousa  (Part time)	<ul style="list-style-type: none"> <li>• Chairman of the General Meeting of Shareholders of the following companies: <ul style="list-style-type: none"> <li>○ IDTV</li> <li>○ Novabase Digital TV</li> <li>○ TV Lab</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Director of HNB – SGPS, S.A.</li> <li>• Director of Fundação Maria Dias Ferreira</li> <li>• Director of QSM – Investimentos e Consultadoria, S.A.</li> <li>• Director of Xistroban – Imobiliária, S.A.</li> <li>• Director of Aprove – Investimentos e Projetos Imobiliários, S.A.</li> <li>• Managing partner of S2i – Sociedade de Investimento Imobiliário, Lda.</li> </ul>
Pedro Miguel Quinteiro Marques de Carvalho  (Part time)	<ul style="list-style-type: none"> <li>• Chairman of the General Meeting of Shareholders of the following companies: <ul style="list-style-type: none"> <li>○ Novabase Serviços</li> <li>○ Novabase Consulting SGPS</li> <li>○ Novabase Business Solutions</li> <li>○ Novabase Infrastructures and Managed Services</li> <li>○ Novabase Infraestruturas SGPS</li> <li>○ Octal, S.A.</li> <li>○ Novabase Capital</li> <li>○ Collab, S.A.</li> </ul> </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> </ul>
Francisco Paulo Figueiredo Morais Antunes  (Full time)	<ul style="list-style-type: none"> <li>• Director of the following companies: <ul style="list-style-type: none"> <li>○ Novabase Interactive TV</li> <li>○ Novabase Consulting SGPS</li> <li>○ Novabase Serviços</li> <li>○ Novabase Enterprise Applications</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Managing partner of Commostock, Lda.</li> </ul>

- Novabase Business Solutions S.A.
- Collab, S.A.
- Octal, S.A.
- Novabase Digital TV, S.A.
- TVLAB, S.A.
- Novabase IMS
- Novabase Infraestruturas SGPS
- NBASIT
- Evolvespace Solutions, Lda.
- Novabase Capital
- NBMSIT
- NBO
- Novabase Infraestruturas e  
Integração de Sistemas Informáticos,  
S.A.
- Novabase Sistemas de Informação
- Binómio
- Celfocus
- NBASE, SGPS

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

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

As mentioned in point 15 of this report, in view of the mounting challenges of internationalization and competitiveness which have characterized Novabase's business, the company's corporate governance system needed to be updated, namely by simplifying and streamlining structures and procedures, to better adapt existing solutions to the company's specific size and circumstances.

In this context, there are currently no committees created within the company's Board of Directors, namely, (i) as regards assessing the performance of executive directors and the Board of Directors, and (ii) as regards reflection and action related to corporate governance.

Particularly, with regard to evaluating the management, it should be underscored that the activities of the managing directors designated by the Board of Directors are constantly monitored on the whole and, in particular, by non-executive directors. Required information on the company's business is provided to monitor the day-to-day running of the company. This monitoring of the managing directors' activities by non-executive directors was already in practice prior to the publication of corporate governance recommendations on the existence of specific evaluation committees, and continues to be an ongoing practice at Novabase.

On 31 December 2015, the non-executive members of the Board of Directors were José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro de Marques Carvalho.

In addition, the Remuneration Committee is responsible for assessing the managing directors' performance, namely for the purposes of the assessment criteria described in point 25.

Furthermore, in view of the low complexity of the current corporate governance structure, there is no apparent need to have or to reintroduce a specific committee to reflect on matters involving corporate governance, as the company receives assistance in this area from outside consultants.

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

On 31 December 2015, the managing directors were:

Luís Paulo Cardoso Salvado

Francisco Paulo Figueiredo Morais Antunes

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

As stated in point 27, there are currently no committees created within the company's Board of Directors.

The powers of the managing directors are described in point 21 of this report.

In carrying out their duties in 2015, directors with delegated powers focused their activities on the priorities laid out by the Board of Directors: reinforcing international expansion, continuing to specialize products and services, and continuing to focus on developing talent.

In 2015, turnover outside of the local market was €106 million, representing an international share of 46%. This was up 22% year-over-year, with growth on the European continent being particularly noteworthy. Equally important was the weight of internationalization in the Business Solutions segment, which exceeded 51%. There were projects in around 35 countries.

In the area of products and services, the group has invested around €55 million in R&D in the past 6 years, ranking it in Europe's Top 100 in R&D according to the "2015 EU Industrial R&D Investment Score", and the only Portuguese technology company represented there. In addition, we were added to the Euronext Tech40 European technology innovation index.

With regard to our focus on development, 2015 saw the incorporation of 100 more employees in the Novabase Academy, joining the more than 1,000 from recent years. This makes the company a benchmark in training and developing young talent in this industry in Portugal. These types of programs also extend to Talent Gyms, Talent Boosters, Leadership Gym and Gameshifters, among others, covering areas of integration, technical and social/professional development, leadership and coaching. Novabase now has more than 2,400 talented individuals from 17 different nationalities.

Throughout 2015, we began implementing a less centralized management model to boost efforts towards internationalization.

Novabase's stock performance was also monitored. The stock was down 5%, compared to an 11% increase in the PSI20 and 14% increase in the Eurostoxx Technology.

Finally, it should be noted that this was the first year of this management's term of office. Its members believe this is a challenging time at every level, but that these focuses will leave the company better prepared to face future challenges.

## **II. SUPERVISION**

### **a) Composition**

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

Since Novabase has a reinforced Latin governance model, it has an Audit Board in addition to a statutory auditor.

#### *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 Audit Board are elected by the General Meeting of Shareholders for three-year terms, subject to re-election one or more times, and that the members of this board shall keep their positions during their respective terms of office until the appointment of new members.

Novabase's articles of association also state that an Audit Board (to be elected by the General Meeting of Shareholders and comprised of at least three full members, one of whom shall be its Chairman, and at least one substitute) is responsible for supervising the company.

At least one member of the Audit Board should have a higher education suited to the performance of his/her duties, and knowledge of auditing or accounting. The Audit Board's remaining members can be law firms, statutory auditing companies or shareholders, in the latter case individuals with full legal capacity and with qualifications and professional experience suited to the performance of their duties.

On 31 December 2015, the Audit Board had the following three full members:

<b>Full member</b>	<b>Inauguration date</b>	<b>End of term of office</b>
--------------------	--------------------------	------------------------------

Paulo Soares de Pinho	29-04-2015	31-12-2017
Fátima do Rosário Piteira Patinha Farinha	29-04-2015	31-12-2017
Nuno Miguel Dias Pires	29-04-2015	31-12-2017

The Audit Board's substitute member is Manuel Tavares Festas.

Through 29 April, there existed an Auditing Committee comprised of Luís Fernando de Mira Amaral, Manuel Alves Monteiro and João Luís Correia Duque.

*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).*

Audit Board member	Independence <sup>1</sup>
Paulo Soares de Pinho	Yes
Fátima do Rosário Piteira Patinha Farinha	Yes
Nuno Miguel Dias Pires	Yes

<sup>1</sup> Pursuant to article 414, paragraph 5 of the Commercial Companies Code.

In addition, in 2015, all of the members of the Audit Board complied with the incompatibility rules in article 414-A, paragraph 1 of the Commercial Companies Code.

Furthermore, the Chairman and other members of the Audit Board 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).*

Audit Board		
Member	Professional Qualifications	Work experience
Paulo Soares de Pinho	<ul style="list-style-type: none"> <li>Degree in Economics from UNL;</li> <li>MBA from UNL;</li> </ul>	<ul style="list-style-type: none"> <li>Director of Sonae Capital since 2008;</li> </ul>

	<ul style="list-style-type: none"> <li>• PhD Banking and Finance (Cass)</li> </ul>	<ul style="list-style-type: none"> <li>• Director of Change Partners SCR (since 2009);</li> <li>• Director of REN (2004-2007);</li> <li>• Academic Manager of Lisbon MBA (since 2015);</li> <li>• Professor at Nova School of Business and Economics;</li> <li>• Visiting professor at Cass Business School in London.</li> </ul>
Fátima do Rosário Piteira Patinha Farinha	<ul style="list-style-type: none"> <li>• Degree in Business Management and Organization from the Higher Institute of Economics and Management</li> <li>• Statutory auditor course - Portuguese Statutory Auditors' Association (OROC)</li> <li>• Registered in the Portuguese Statutory Auditors' Association (OROC)</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Director of Grupo Entrepasto automobile retail</li> <li>• Assistant Financial Director of Grupo Entrepasto (2002-2010);</li> <li>• Financial Director of Novabase Capital (2000-2002);</li> <li>• Financial Director of Novabase Sistemas de Informação e Bases de Dados (1991-2000).</li> </ul>
Nuno Miguel Dias Pires	<ul style="list-style-type: none"> <li>• Statutory Auditor</li> <li>• Degree in Business Management from UBI</li> </ul>	Financial Director of Luz Saúde

## b) Operation

The Audit Board is responsible for overseeing Novabase's management and ensuring compliance with the law and the memorandum of association.

In performing its duties, Novabase's Audit Board is responsible for the following:

- 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 to Novabase or companies in its group;
- c) Oversee the review of accounts and other company accounting documents, namely the accounting policies and valuation criteria adopted by Novabase, so that said 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, as well as supervise these auditors' work, bearing in mind the recommendations of the Securities Market Commission in this regard<sup>6</sup>;
- f) Monitor the efficacy of the risk management system, internal control system and internal auditing system;
- g) Monitor the preparation and disclosure of financial information;
- h) Take whatever decisions it deems necessary, informing Novabase's Chairman of the Board of Directors and CFO, 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;
- i) 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;
- j) Comply with other competencies and duties provided for by law and the memorandum of association.

In addition, since 31 March 2011, the company's collegial supervisory board 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. These duties are described in point 91 of this report.

In view of the change to the corporate governance model approved in 2015, these duties are currently undergoing reassessment and subsequent updating.

The Audit Board's internal regulations, available at Novabase's website, also detail several general obligations and responsibilities, such as participating in meetings of the Board of Directors, managing directors and Executive Committee, as applicable, in which the annual accounts are assessed, and of the General Meeting of Shareholders, and maintaining confidentiality with regard to facts and information disclosed to Audit Board members during the performance of their duties, notwithstanding the legal obligation to report acts which may constitute public crimes, pursuant to article 422, paragraph 3 of the Commercial Companies Code.

The Audit Board held the compulsory number of meetings in 2015 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 Audit Board holds ordinary meetings at least once every quarter, or whenever deemed necessary by its Chairman or requested by one of its other members. The Chairman of the Audit Board is responsible for calling and running the Audit Board's meetings, and also holds the casting vote.

The Audit Board's decisions are made with a majority of its active members present, and by a majority of the votes cast.

---

<sup>6</sup> CMVM Recommendation no. II.2.2 states that the supervisory board should be the external auditor's principal spokesperson and the first recipient of the respective reports, with responsibility for proposing corresponding remuneration and ensuring that the proper conditions exist within the company for the provision of these services. Furthermore, recommendation II.2.3 states that the supervisory board should evaluate the external auditor annually and propose, to the competent board, the auditor's dismissal or the termination of the auditor's service agreement whenever justified grounds so dictate.

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 Audit Board 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).

Audit Board	
Number of meetings: 3	
Member	Attendance (%)
Paulo Soares de Pinho	100
Fátima do Rosário Piteira Patinha Farinha	100
Nuno Miguel Dias Pires	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).

Audit Board		
Member (availability)	Group companies	Other companies and activities
Paulo Soares de Pinho (Part time)	<ul style="list-style-type: none"> <li>Does not perform activities at any other group company</li> </ul>	<ul style="list-style-type: none"> <li>Director of Sonae Capital since 2008;</li> <li>Director of Change Partners SCR (since 2009);</li> <li>Academic Manager of Lisbon MBA (since 2015);</li> <li>Professor at Nova School of Business and Economics;</li> <li>Visiting professor at Cass Business School in London.</li> </ul>
Fátima do Rosário Piteira Patinha Farinha (Part time)	<ul style="list-style-type: none"> <li>Does not perform activities at any other group company</li> </ul>	<ul style="list-style-type: none"> <li>Financial Director of Grupo Entreponto automobile retail</li> <li>Partner at MC Godinho &amp; Associado SROC</li> </ul>

### 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 Audit Board. The procedure includes the submission of a proposal, by the Board of Directors to the Audit Board, to use the external auditor for the services in question, accompanied by information justifying this. The Audit Board 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 Audit Board'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 Audit Board 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, and the system for reporting irregularities.

## III. 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 2015, Novabase's acting statutory auditor was KPMG & Associados – SROC, S.A., represented by its partner Paulo Alexandre Martins Quintas Paixão, with substitute statutory auditor Maria Cristina Santos Ferreira.

#### *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 (company and group) for less than 1 year. As stated in point 43, the partner currently representing the statutory auditor has performed duties for Novabase since June 2015.

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

The statutory auditor is also Novabase's external auditor, and provided no other professional services to the company in 2015.

The statutory auditor did provide other professional services to other companies in the Novabase Group, as described in point 46.

#### **IV. 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 2015, Novabase's acting external auditor was KPMG & Associados – SROC, S.A., registered with the Securities Market Commission ("CMVM") as auditor no. 20161489, represented by its partner Paulo Alexandre Martins Quintas Paixão.

*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 (company and group) for less than 1 year. The partner currently representing the external auditor and statutory auditor has performed duties for Novabase since June 2015.

*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 of rotating the external auditor and its representing partner, although the external auditor was replaced in 2015 after the previous external auditor had performed duties consecutively since 2002.

The idea of keeping the previous external auditor after three consecutive terms of office was considered by the collegial supervisory board at the time, weighing up the respective conditions of independence, advantages and costs involved to do so, together with the external auditor's replacement. It was concluded that this auditor should continue performing duties until the end of 2014.

KPMG & Associados – SROC, S.A. has acted as Novabase’s external auditor since 2015.

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

The Audit Board 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 2015, the external auditor provided professional tax consulting services.

These services were acquired because of the high level of experience and quality in the performance of work.

Pursuant to the Audit Board’s regulations, this supervisory board assesses the independence of statutory auditors specifically with regard to the provision of additional services (beyond auditing) to Novabase or companies in its group, and oversees the work of external auditors, bearing in mind the CMVM’s recommendations in this regard.

**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 (€)	36,600 / 26.37
Compliance assurance services (€)	
Tax consulting services (€)	
Services other than statutory auditing	
<b>By entities belonging to the group</b>	
Statutory auditing services (€)	73,400 / 52.88
Compliance assurance services (€)	
Tax consulting services (€)	28,809 / 20.75
Services other than statutory auditing	

## C. INTERNAL ORGANIZATION

---

### I. Articles of association

*48. Rules applicable to amendment of the company's articles of association; 245-A, paragraph 1, subparagraph 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 Audit Board, 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 Audit Board for proper compliance with his/her duties) and will be subject to confidentiality requirements.

According to the implemented system, employees and other Novabase stakeholders have access to a direct and confidential channel for reporting to the Audit Board any practice that appears to be improper or irregular in any way, whatever it may be, having occurred within the Novabase Group, regardless of any blame that may be attributed, and which may impact the financial statements or the information sent to the CMVM, or that may cause serious damage to Novabase or its stakeholders (employees, customers, partners and shareholders).

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

The apparent irregularity must be reported in a secure and confidential manner to the person in charge of SPI, the independent member of the Audit Board Nuno Miguel Dias Pires, in two different manners:

- to the private e-mail address: nmdpires@hotmail.com; and
- by post in a letter addressed to Dr. Nuno Pires, 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 Audit Board 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 Audit Board 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 Audit Board 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 Audit Board 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 Novabase’s website ([www.novabase.pt](http://www.novabase.pt)) in the “Investor Relations” area.

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 Audit Board, 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 regular meetings held between the CRO and the Chairman of the Board of Directors, and between the CRO and Audit Board. Director Francisco Paulo Figueiredo Morais Antunes holds the position of CRO.

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

In this context, this board 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 Internal Auditing teams (in the area of quality and shared services) 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.

#### *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 foreign exchange risk (above all EUR/USD, EUR/AOA and EUR/MZN). This risk is analysed and hedged, to the extent possible, through an exchange management policy based on "natural hedging", or using the exchange derivatives market or even exchange options.

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

Where project risk management is concerned, Novabase has a project qualification methodology which analyses various specific parameters. Once the risk of the project has been ascertained, it is assigned to a project manager with the appropriate seniority. A number of qualifying training courses for project managers have been pursued in recent years. It should also be mentioned that there is a methodology in place that involves conducting internal project audits with the appropriate frequency. A system of ceilings has been implemented by which authorization of proposals must be validated by a supervisor, and the maximum ceiling requires authorization by the Board itself. There is a validation, sending and general proposal filing procedure, which at a contract level, is reviewed by the legal department of Novabase. This department gives its opinion, without which the proposal is not sent to you.

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

With these risks in mind, the teams tied to Novabase's primary markets analyse the industry in order to detect current trends and promote the development of internal skills to address these trends. In turn, the teams from Novabase's various competencies control typical risks in the IT sector within their areas, such as technology obsolescence, the risk that solutions may not be suitable, and the timing of the development and proposal of new solutions not being right for the market.

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

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

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

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

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

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

In 2015, 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 still subject to analysis and approval by the relevant bodies, including the Board of Directors itself.

## **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 is comprised of Maria Gil Marín and Amália Parente.

The office provides information through Novabase's website ([www.novabase.pt](http://www.novabase.pt)). Since 2002, Novabase has had an area dedicated to investor relations at its company website at [www.novabase.pt](http://www.novabase.pt). Investors have access to a number of links containing information of interest to their profile. In terms of financial information, they have access to Annual Reports and Accounts for previous years, the Financial Calendar, 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 updated and published in Portuguese and English on Novabase's website: a) The company, public company status, headquarters and remaining data provided for in article 171 of the Commercial Companies Code; b) Articles of Association; c) Credentials of the members of the Board of Directors and the Market Liaison Officer; d) Investor Relations Office – its functions and access tools; e) Accounts Reporting documents, available for 5 years; f) Half-Yearly Calendar on Company Events, published in the beginning of each half-year and including, among other information, general meetings and annual, semester and quarterly reports and accounts.

Finally, it is important to mention Novabase's distinction by Thomson Reuters as "Best Investor Relations Company in Portugal", in the category of market capitalization SMEs, in 2014.

#### *57. Identification of the market relations representative.*

*María Gil Marín*

*Market and Investor Relations*

*Telephone: +351 213 836 300*

*Fax: +351 213 836 301*

*email: [investor.relations@novabase.pt](mailto:investor.relations@novabase.pt)*

*Address: Av. D. João II, nº 34, Parque das Nações, 1998-031 Lisbon, Portugal*

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

On 31 December 2015, Novabase had no pending information requests. Its average response time was 24 hours. 107 information requests were received in 2015.

## **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/dp/cmvm-press-releases>

### *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/dp/articles-of-association>

### *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/dp/corporate-bodies>

*Identification of the investor relations representative.*

<http://www.novabase.pt/en/dp/investor-relations-office>

### *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/dp/reports-accounts-c4831f>

*Finance agenda*

<http://www.novabase.pt/en/dp/financial-calendar>

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

This information is available at the following pages and links for the General Meetings of Shareholders:

<http://www.novabase.pt/en/dp/general-meetings-4e9d43>

*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*

Information on resolutions passed is available at the following pages and links for the General Meetings of Shareholders:

<http://www.novabase.pt/en/dp/general-meetings-4e9d43>

## 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, members of the Audit Board and the Statutory Auditor are considered managers, within the meaning of article 248-B (248.<sup>o</sup>-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 2015-2017 were decided in the General Meeting of Shareholders dated 29 April 2015. 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 of SaeR – Sociedade de Avaliação Estratégica e Risco, Lda.</li></ul>

<p>Pedro Rebelo de Sousa</p>	<ul style="list-style-type: none"> <li>• Graduate in Law from Universidade Clássica de Lisboa</li> <li>• Specialization (post-graduation) in Commercial and Corporate Law from Universidade Pontifícia Católica, Brazil</li> <li>• Master's in Business Administration, Getúlio Vargas Foundation – Business Administration School, São Paulo, Brazil</li> </ul>	<p>Member of the board of directors at several financial 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>• White Airways, 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.

Novabase has no maximum potential amounts, whether individually or combined, in relation to the remuneration of members of the managing and supervisory boards. Specific remuneration is left to the discretion of the Remuneration Committee, comprised exclusively of members who are independent from the Board of Directors.

The Remuneration Committee has determined remuneration with a high degree of prudence, although remuneration and general has decreased in recent years.

As such, Novabase believes it is not appropriate to set maximum potential ceilings for remuneration payable to members of the managing and supervisory boards.

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

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

Since, according to the remuneration policy, the payment of 1/6 of the variable remuneration in cash is deferred over three years and is conditional upon positive company performance during this time period, the company's long-term interests are served, and excessive risk assumption is discouraged.

Novabase believes, with regard to the variable components in cash of directors' remuneration which are not deferred for the complete term of office, that the company's medium-term interests must also be served, along with its economic interest of offering suitable incentives to optimize performance in terms of fulfilling obligations and short-term goals in management positions, and in balancing and distributing the inherent costs of directors' remuneration over the years of each term of office. Novabase does not believe it is appropriate to simply defer the entire payment of variable remuneration to the end of each term of office or afterward.

Finally, it is noteworthy that the company has no knowledge of contracts entered into 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 stated in the above point, the remuneration of directors includes a variable component in cash.

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 2015 corresponds to 50% of the amount allocated for 2014 in 2015, and 1/6 of the amount allocated for 2013 in 2014. The remaining 50% of the amount allocated for 2014 in 2015 is subject to deferred payments in the following 3 years (2016, 2017 and 2018) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

*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.*

On 31 December 2015, there was no remuneration through the direct allocation of shares.

However, under the 2012-2014 Stock Option Plan which ended on 25 May 2015, some directors participating in this plan acquired Novabase shares.

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;*

The company currently does not allocate any variable remuneration on options.

The previous plan ended on 25 May 2015, and has no effects related to the management's current term of office.

However, since the plan ended during 2015, its main characteristics are described below.

The plan sought 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 Plan for Options to Allot Shares was in effect from 2012 to 2014, including the directors of Novabase and supervisory positions, and ended on 25 May 2015.

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

The options were 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 met for this purpose within 60 days of the commencement of duties. The options could be exercised in phases at three points in time. The first could be exercised on 25 May of the year following that of allocation, and the others on the same day (or on the first subsequent working day) in the following months of May, in blocks corresponding to 1/3 of the number of options attributed. Unexercised options could be exercised on their subsequent maturity dates, although they would automatically expire if not exercised on the last maturity date of 25 May 2015.

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

The options' strike price was 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 plan was €2.19 per share.

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

Once the participant notified 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) was 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 plan (the 5th one implemented by Novabase) could under no circumstances exceed the total number of options attributed under the 4th Plan which, in turn, was 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) were responsible for selecting participants in the 5th Plan.

As a rule, changes to strike and take-up prices were not authorized. Whenever financial transactions with potentially relevant impacts on Novabase's share value occurred, these prices could 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 was nine directors.

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

As regards the shares attributed under the 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.

On 25 May 2015, the maturity date was reached for Batch 3 (equalling one third of the total) of the options allotted to each participant under the plan, with 744,520 options being exercised and 328,081 Novabase shares being purchased.

In the last General Meeting of Shareholders held on 29 April 2015, no plans for options to allot, subscribe to and/or purchase shares were approved for the term of office underway.

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

No scheme for annual bonuses or other non-financial benefits exists.

In 2015, an additional amount of €6,939.00 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.*

The supplementary pension scheme was approved, in the General Meeting of Shareholders dated 29 April 2015, for all directors entitled to variable remuneration. Its main characteristics are as follows:

- a) Given to directors who, as decided by the Remuneration Committee, may receive non-fixed remuneration components and a variable remuneration component paid by the company or by company controlled by or in a group relationship with it;
- b) Amount of the supplement will correspond to the cumulative value of the annuities acquired through the successive premiums paid, increased by revaluations during the applicable period of establishment, as negotiated with the insurance company in question;
- c) Financed through the company's payment of the corresponding insurance agreement's premiums, as defined by the Remuneration Committee;
- d) In lieu of the above pension supplement, directors may opt to redeem the accrued capital, under the terms and limits provided for by law;
- e) Under the terms and limits provided for by law, beneficiaries may be designated with entitlement to the accrued capital in the event of the director's death prior to retirement;
- f) Other terms and conditions to be defined jointly by the Remuneration Committee and Board of Directors.

#### **IV. Disclosure of remuneration**

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

Since 2003, Novabase has complied with the CMVM recommendation regarding disclosure of the remunerations of the members of the Board of Directors individually. In this report, Novabase discloses the remuneration received by each member of the Board of Directors and Audit Board in 2015, 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 2015, 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 directors earn (i) a fixed portion in cash, and (ii) a variable portion in cash. 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 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 and accumulated over more than 20 years, especially since these directors continue to play key 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 2015 corresponds to only 50% of the amount due for 2014, 1/6 of the amount allocated for 2012 in 2013 and 1/6 of the amount allocated for 2011 in 2012. The remaining 50% of the amount allocated for 2014 is subject to deferred payments in the following 3 years (2016, 2017 and 2018) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

As previously stated, the Plan for Options to Allot Shares in effect ended on the options' last maturity date, 25 May 2015, with the following options exercised by directors:

Director	Fixed annual remuneration (€)	Annual variable remuneration in cash paid in 2015 (€) <sup>7,8</sup>	Partial Total (Fixed + Variable in cash paid in 2015) (€)	Variable in cash paid in 2015 /Partial Total (%)	Deferred annual variable remuneration (€) <sup>9</sup>	Variable Remuneration # options @ €2.19 2012-2014
Luís Paulo Cardoso Salvado	266,433.32	120,008.67	386,441.99	31.05	139,508.67	342,310
Francisco Paulo Figueiredo Morais Antunes	122,900.00	48,080.33	170,980.33	28.12	55,931.33	136,920
<b>Executives Total</b>	<b>389,333.32</b>	<b>168,089.00</b>	<b>557,422.32</b>	<b>30.15</b>	<b>195,440.00</b>	
<b>(% total)</b>	<b>90.99</b>	<b>72.39</b>	<b>84.45</b>		<b>83.12</b>	
José Afonso Oom Ferreira de Sousa	19,287.32	32,048.00	51,335.32	62.43	19,850.00	68,460
Pedro Miguel Quinteiro Marques Carvalho	19,287.32	32,048.00	51,335.32	62.43	19,850.00	68,460
<b>Non-executive total</b>	<b>38,574.64</b>	<b>64,096.00</b>	<b>102,670.64</b>	<b>62.43</b>	<b>39,700.00</b>	
<b>(% total)</b>	<b>9.01</b>	<b>27.61</b>	<b>15.55</b>		<b>16.88</b>	
<b>TOTAL</b>	<b>427,907.96</b>	<b>232,185.00</b>	<b>660,092.96</b>	<b>35.17</b>	<b>235,140.00</b>	

In 2015, an additional amount of €6,939 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.

The following table shows remuneration paid by the company in 2015 to the directors of Novabase – SGPS, S.A. whose duties ended at the General Meeting of Shareholders dated 29 April 2015, as holders of these positions.

<sup>7</sup> The amount shown represents the total paid to each director in 2015: 50% of the amount allocated for 2014 in 2015 plus 1/6 of the amount allocated for 2013 in 2014, 1/6 of the amount allocated for 2012 in 2013 and 1/6 of the amount allocated for 2011 in 2012. The remaining 50% of the amount allocated for 2014 in 2015 will be paid in the next three years (2016, 2017 and 2018) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

<sup>8</sup> Amount used to increase capitalization insurance contributions currently in effect at the company.

<sup>9</sup> Amount allocated for 2014 in 2015, but deferred over the next three years. There are also deferred amounts for amounts allocated for 2013 in 2014 and allocated for 2012 in 2013, per the criteria disclosed in the Corporate Governance Reports for these years.

Director	Fixed annual remuneration (€)	Annual variable remuneration in cash paid in 2015 (€) <sup>10,11</sup>	Partial Total (Fixed + Variable in cash paid in 2015) (€)	Variable in cash paid in 2015 / Partial Total (%)	Deferred annual variable remuneration (€) <sup>12</sup>	Variable Remuneration # options @ €2.19 2012-2014
João Nuno da Silva Bento	86,870.00	120,008.67	206,878.67	58.01	139,508.67	342,310
Álvaro José da Silva Ferreira	86,870.00	120,008.67	206,878.67	58.01	139,508.67	342,310
Nuno Carlos Dias dos Santos Fôrneas	56,933.32	77,940.33	134,873.65	57.79	90,590.33	222,500
Maria do Carmo do Brito Palma	44,400.00	35,190.00	79,590.00	44.21	47,040.00	
Pedro Miguel Gonçalves Afonso	44,400.00	39,615.00	84,015.00	47.15	63,193.94	
<b>Executives Total</b>	<b>319,473.32</b>	<b>392,762.67</b>	<b>712,235.99</b>	<b>55.15</b>	<b>479,841.61</b>	
<b>(% total)</b>	<b>66.14</b>	<b>66.29</b>	<b>66.22</b>		<b>67.18</b>	
Rogério dos Santos Carapuça <sup>13</sup>	61,903.32	83,985.67	145,888.99	57.57	97,636.67	239,620
Joaquim Sérvulo Rodrigues	5,287.32		5,287.32			
Luís Fernando de Mira Amaral	13,141.32		13,141.32			
Manuel Alves Monteiro	13,141.32		13,141.32			
João Luís Correia Duque	13,141.32		13,141.32			
Paulo Jorge de Barros Pires Trigo <sup>13</sup>	56,933.32	115,783.00	172,716.32	67.04	136,782.00	196,830
<b>Non-executive total</b>	<b>163,547.92</b>	<b>199,768.67</b>	<b>363,316.59</b>	<b>54.98</b>	<b>234,418.67</b>	
<b>(% total)</b>	<b>33.86</b>	<b>33.71</b>	<b>33.78</b>		<b>32.82</b>	
<b>TOTAL</b>	<b>483,021,24</b>	<b>592,531,34</b>	<b>1,075,552,58</b>	<b>55,09</b>	<b>714,260,28</b>	

*78. Amounts paid on any basis by other companies in a group or controlling relationship or exercising control over the company*

Novabase's current 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.

<sup>10</sup> The amount shown represents the total paid to each director in 2015: 50% of the amount allocated for 2014 in 2015 plus 1/6 of the amount allocated for 2013 in 2014, 1/6 of the amount allocated for 2012 in 2013 and 1/6 of the amount allocated for 2011 in 2012. The remaining 50% of the amount allocated for 2014 in 2015 will be paid in the next three years (2016, 2017 and 2018) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

<sup>11</sup> Amount used to increase capitalization insurance contributions currently in effect at the company.

<sup>12</sup> Amount allocated for 2014 in 2015, but deferred over the next three years. There are also deferred amounts for amounts allocated for 2013 in 2014 and allocated for 2012 in 2013, per the criteria disclosed in the Corporate Governance Reports for these years.

<sup>13</sup> In the period in question, these directors still held executive positions in other group companies.

Directors Pedro Miguel Gonçalves Afonso and Paulo Jorge de Barros Pires Trigo, whose duties ended in the General Meeting of Shareholders dated 29 April 2015, also received variable remuneration of €7,303.94 and €8,409.00, respectively, from other companies that are controlled by or part of the Novabase Group.

*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 2015 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 2015.

*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 supervisory boards, per CMVM Recommendation no. III.2 on corporate governance, includes no component dependent on the company's performance or its value.

As such, the following fixed remuneration was given to members of the Audit Board for 2015.

Chairman of the Audit Board – Paulo Soares de Pinho – €8,000 (eight thousand euros)<sup>1</sup>;

Audit Board Member – Fátima do Rosário Piteira Patinha Farinha – €6,000 (six thousand euros);

Audit Board Member – Nuno Miguel Dias Pires – €6,000 (six thousand euros)<sup>1</sup>.

(<sup>1</sup> – these members' remuneration was paid in 2016)

Furthermore, the company's Statutory Auditor is remunerated according to normal compensation conditions and practices for comparable services, in the wake of the signing of the service agreement and by proposal of the company's Audit Board.

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

The Chairman of the General Meeting of Shareholders is remunerated according to attendance in the amount of €1,000 (one thousand euros) for each General Meeting of Shareholders held. One attendance component was paid in 2015.

## **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 option plans and stock options**

### *85. Identification of plan and respective recipients.*

The company currently does not allocate any variable remuneration on shares or options.

The previous stock option plan ended on 25 May 2015, and has no effects related to the management's current term of office.

The main characteristics of this plan and its recipients are described in point 74 of this report.

### *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).*

Not applicable.

The main characteristics of the previous plan are described in point 74 of this report.

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

Not applicable.

The main characteristics of the previous plan are described in point 74 of this report. Only the supervisory positions included in this plan were eligible for plans to allot shares.

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

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

## E. TRANSACTIONS WITH RELATED PARTIES

---

### I. Control mechanisms and procedures

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

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

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

*90. Transactions subject to control during the reporting year.*

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

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

Pursuant to Recommendation no. IV.1.2 of the Corporate Governance Code, significant business deals with qualified shareholders, or with entities in any way related to them, pursuant to article 20 of the Securities Code, must be subject to the prior opinion of the supervisory board. Further, there is the recommendation that the procedures and criteria required to define the relevant level of significance of these deals and other conditions must be established by the supervisory board. In practical terms, this recommendation is almost fully reiterated by recommendations V.1 and V.2 of the current CMVM Corporate Governance Code.

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

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

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

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

The notice to Novabase's collegial supervisory board must contain the following information: (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 collegial supervisory board must issue its approval or disapproval of the transaction as soon as possible.

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

In either case, the collegial supervisory board must give immediate notification to Novabase's management of any prior opinion issued.

In view of the change to the corporate governance model approved in 2015, these Internal Regulations are currently undergoing reassessment and subsequent updating.

## **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 2015 Consolidated Accounts, an integral part to the Annual Report and Accounts, in Note 39 of the Notes to the Consolidated Financial Statements.

## PART II - EVALUATION OF CORPORATE GOVERNANCE

---

## 1. Corporate governance code adopted

*Identification of the corporate governance code to which the company is subject, or has voluntarily decided to be subject to, under the terms and for the purposes of article 2 of these Regulations. The publicly accessible location of the texts of the corporate governance codes to which the issuer is subject should also be indicated (article 245-A, paragraph 1, sub-paragraph I).*

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

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

As such, Novabase believed it should continue to evaluate its corporate governance model vis-à-vis a set of recommendations showing continuity and stability, and consequently chose to adopt the CMVM's Corporate 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 Corporate Governance Code is available at [www.cvm.pt](http://www.cvm.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	Points 12 and 13
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	Yes	Point 4

	assessment by shareholders of the performance of Board members, shall not be adopted.		
<b>II. SUPERVISION, MANAGEMENT AND OVERSIGHT</b>			
<b>II.1. SUPERVISION AND MANAGEMENT</b>			
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 goals, and should not delegate its duties, namely in what concerns: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; iii) decisions taken that are considered to be strategic due to the amounts, 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: <ul style="list-style-type: none"> <li>a) Ensure a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees;</li> <li>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.</li> </ul>	No	Point 27  In view of the mounting challenges of internationalization and competitiveness which have characterized Novabase's business, the company's corporate governance system needed to be updated, namely by simplifying and streamlining structures and procedures, to better adapt existing solutions to the company's specific size and circumstances.  In this context, there are currently no committees created within the company's Board of Directors.  Particularly, with regard to evaluating the management, it

			<p>should be underscored that the activities of the managing directors designated by the Board of Directors are constantly monitored on the whole and, in particular, by non-executive directors. Required information on the company's business is provided to monitor the day-to-day running of the company. This monitoring of the managing directors' activities by non-executive directors was already in practice prior to the publication of corporate governance recommendations on the existence of specific evaluation committees, and continues to be an ongoing practice at Novabase.</p> <p>In addition, the Remuneration Committee is responsible for assessing the managing directors' performance, namely for the purposes of the assessment criteria described in point 25 of the report.</p> <p>Furthermore, in view of the low complexity of the current corporate governance structure, there is no apparent need to have or to reintroduce a specific committee to reflect on matters involving corporate governance, as the company receives assistance in this area from outside consultants.</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</p>	No	<p>Point 18</p> <p>In view of the company's size, the need for management efficiency and agility, the shareholder structure and respective free float, along with various levels of internal control (including supervisory boards comprised entirely of persons independent from management and qualified shareholders, being noteworthy that only the directors belonging to the Auditing Committee were independent under the company's</p>

	<p>circumstance likely to affect an exempt analysis or decision, particularly due to:</p> <ul style="list-style-type: none"> <li>a) Having been an employee at the company or at a company holding a controlling or group relationship within the last three years;</li> <li>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;</li> <li>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;</li> <li>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;</li> <li>e) Being a qualifying shareholder or representative of a qualifying shareholder.</li> </ul>		<p>prior Anglo-Saxon governance model), together with a vast range of options benefiting shareholder participation and the exercising of their respective rights, Novabase does not believe independent directors are necessary to safeguard the interests of all stakeholders.</p>
13	<p>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.</p>	Yes	Point 21
14	<p>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.</p>	n/a	The company has no Executive Committee.
15	<p>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.</p>	No.	<p>Point 21</p> <p>Bearing in mind that only two non-executive directors exist, it is unnecessary for one of them to be specifically responsible for coordinating the work of just two people. In view of the agile and flexible structure adopted by Novabase in the General Meeting of Shareholders dated 29 April 2015, the non-executive directors have successfully coordinated their duties with no need for formal meetings called and managed by one of these directors.</p>

II.2. SUPERVISION			
16	II.2.1. Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	Yes	Point 32
17	II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	Yes	Section B.III.b) and Point 37
18	II.2.3. The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.	Yes	Audit Board Report (attached to Annual Report and Accounts)
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 49, 50 to 55 and 89 through 91
II.3. REMUNERATION SETTING			
21	II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.	Yes	Point 67
22	II.3.2. Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to	Yes	Point 67

	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.		
23	<p>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:</p> <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 maximum amounts may be payable;</li> <li>d) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.</li> </ul>	Partial	Remuneration policy statement (attached) and Point 69
24	II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.	n/a	Point 74
25	II.3.5. Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.	Yes	Point 76
<b>III. REMUNERATION</b>			
26	III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk.	Yes	Point 70
27	III.2. The remuneration of non-executive board members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the company or of its value.	Partial	The remuneration of non-executive, non-independent directors who assume management responsibilities in the Group includes a variable component. The 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 and accumulated over more than 20 years, especially since these directors continue to

			<p>play key roles in the Group. As such, this remuneration is fully justified.</p> <p>See point 81 with regard to the remuneration of members of the supervisory board.</p>
28	<p>III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.</p>	No	<p>The relative importance of directors' variable and fixed remuneration components is shown in the table in point 77.</p> <p>As explained in point 69, Novabase has no maximum potential amounts, whether individually or combined, in relation to the remuneration of members of the managing and supervisory boards. Specific remuneration is left to the discretion of the Remuneration Committee, comprised exclusively of members who are independent from the Board of Directors.</p> <p>The Remuneration Committee has determined remuneration with a high degree of prudence, although remuneration and general has decreased in recent years.</p> <p>As such, Novabase believes it is not appropriate to set maximum potential ceilings for remuneration payable to members of the managing and supervisory boards.</p>
29	<p>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.</p>	Yes	Points 70 and 72
30	<p>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.</p>	Yes	Point 70
31	<p>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.</p>	n/a	Point 74

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.	n/a	Point 74
33	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.	No	<p>Novabase believes that the scope of this CMVM recommendation only applies to situations of directors' dismissal without justified grounds.</p> <p>In this regard, Novabase directors are presently not entitled to receive any kind of remedy or compensation beyond those provided for by law.</p> <p>However, and although the understanding does not seem to necessarily result from the recommendation's content, the CMVM stated, in his last report on the corporate governance of listed companies, that the recommendation from the previous CMVM Corporate Governance Code corresponding to this recommendation III.8 sought to prevent management from allocating benefits to itself which would still apply in situations of dismissal of its members due to inadequate performance. Therefore, although there exist no agreements establishing obligations of remedy or compensation in the cases in question, the recommendation would demand this even if management was somehow impeded from entering into such agreements in the future.</p> <p>If the same understanding applies vis-à-vis the current recommendation, Novabase does not have mechanisms to fully adopt it, as interpreted above.</p> <p>Notwithstanding the above, Novabase believes that, in view of the interests at hand, any additional limitations to the remedy or compensation payable in such situations would be unjustified and of limited utility, beyond those aspects arising from the law, bearing in mind the provisions of article 403 of the Commercial Companies Code.</p> <p>In any case, in view of the understanding reiterated by the CMVM, this recommendation is considered as not adopted, as justified above.</p>

IV. AUDITING			
34	IV.1. The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate boards as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory board of the company.	Yes	Point 45
35	IV.2. The company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for contracting such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said services should not exceed more than 30% of the total value of services rendered to the company.	Yes	Points 46 and 47
36	IV.3. Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.	Yes	Point 44
V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS			
37	V.1. The company's business with holders of qualified shareholdings or entities with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.	Yes	Point 91
38	V.2. The supervisory or audit board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualified shareholdings - or entities with which they are in any of the relationships described in article 20, paragraph 1, of the Securities Code – thus the 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	Yes	Points 59 to 65

	on their progress and current state in an economic, financial and governance context.		
40	VI.2. Companies shall ensure the existence of an investor support and market liaison contact, which responds to requests from investors in a timely fashion, while keeping record of the submitted requests and their processing.	Yes	Point 56

**3. Other information**

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

No relevant items exist for this purpose.

## ANNEXES:

---

Remuneration Committee Report