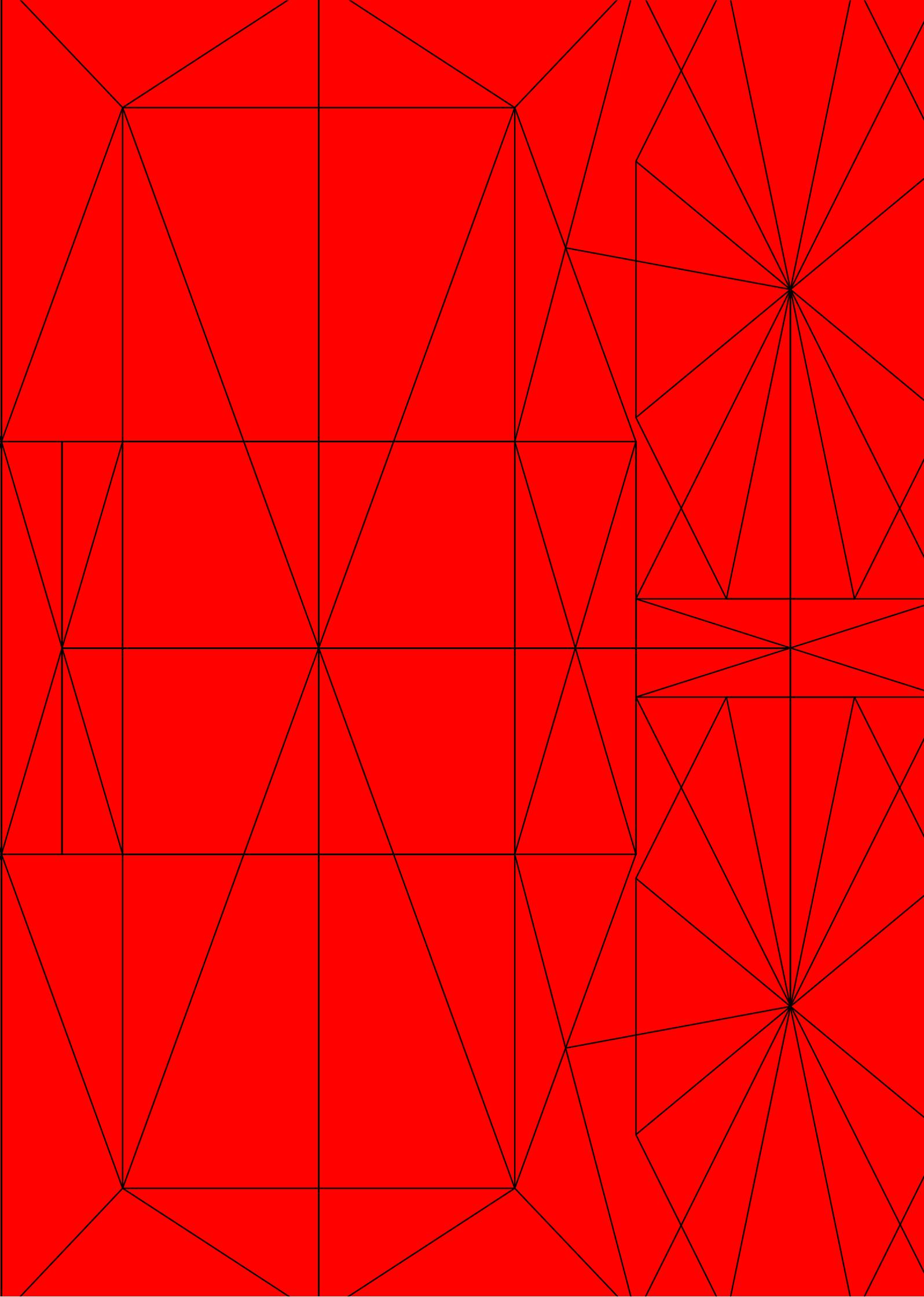




**CORPORATE
GOVERNANCE
REPORT**



CORPORATE GOVERNANCE REPORT

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

A. Shareholder Structure

I. Capital Structure

- 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 2019 (€)	54,638,425.66
Total shares	31,401,394
Number of unlisted shares	0
Different categories of shares	Only ordinary shares exist

The company's 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

Holding subject to NOVABASE Shareholders' Agreement	Number of shares	% share capital and voting rights
HNB - SGPS, S.A. ¹	10,501,589	33.44%
Pedro Miguel Quinteiro Marques Carvalho	2,097,613	6.68%
Luís Paulo Cardoso Salvado ¹	1	0.00%
João Nuno da Silva Bento ¹	1	0.00%
Álvaro José da Silva Ferreira ¹	1	0.00%
José Afonso Oom Ferreira de Sousa ¹	1	0.00%
TOTAL ²	12,599,206	40.12%

¹ José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento are the controlling shareholders and directors of HNB - SGPS, S.A., having signed a shareholders' agreement for all of this company's share capital.

² Total holding attributable to shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira, João Nuno da Silva Bento and Pedro Miguel Quinteiro Marques de Carvalho, pursuant to the NOVABASE shareholders' agreement described in point 6 of this report.

	Number of shares	% share capital and voting rights
Partbleu, Sociedade Gestora de Participações Sociais, S.A. ¹	3,180,444	10.13%

¹ At the time of receiving notice of the qualified holding, NOVABASE was informed that 72% of this company was indirectly held by Miguel Pais do Amaral, who was attributed the corresponding voting rights.

	Number of shares	% share capital and voting rights
IBIM2 Limited	3,144,217	10.01%

	Number of shares	% share capital and voting rights
Lazard Frères Gestion SAS	1,570,870	5.00%

Santander Asset Management - Sociedade Gestora de Fundos de Investimento Mobiliário, S.A.	Number of shares	% share capital and voting rights
Fundo de Investimento Mobiliário Aberto Santander Acções Portugal	1,476,905	4.70%
Fundo de Investimento Mobiliário Aberto Poupança Acções Santander PPA	34,537	0.11%
TOTAL¹	1,511,442	4.81%

¹ At the time of receiving notice of the qualified holding, NOVABASE was informed that the above funds are managed by Santander Asset Management - Sociedade Gestora de Fundos de Investimento Mobiliário, S.A.

	Number of shares	% share capital and voting rights
Maria Manuela de Oliveira Marques	1,043,924	3.32%

The above holdings correspond to the last positions notified to the company in reference to 31 December 2019 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's clauses do not limit the transfer or ownership of NOVABASE shares.

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

On 31 December 2019, NOVABASE had 376,611 treasury shares representing 1.2% 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 16 October 2017, 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 with regard to a new shareholders' agreement and qualified holding.

Information on the terms and conditions of the shareholders' agreement, and on the updated qualified holding in the announcement, is shown below:

"1. New NOVABASE Shareholders' Agreement

Pursuant to and for the purposes of article 1, sub-paragraph c) and article 2 of CMVM Regulation no. 5/2008, and in compliance with articles 17 and 19 of the Securities Code and applicable Community provisions, it is now announced, on today's date, with a view to ensuring shareholder stability until the end of the next 2018-2020 term of office of

NOVABASE's corporate boards, that a new NOVABASE shareholders' agreement ("Shareholders' Agreement") has been signed.

The new Shareholders' Agreement was signed between shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Pedro Miguel Quinteiro Marques de Carvalho, João Nuno da Silva Bento and Álvaro José da Silva Ferreira (hereinafter called the "Shareholders") for 10,488,068 NOVABASE shares (hereinafter called the "Restricted Shares") directly or indirectly held between them, corresponding to 33.40% of NOVABASE's share capital, and with Rogério dos Santos Carapuça having withdrawn from the Shareholders' Agreement, with no further holdings in NOVABASE.

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

The company HNB is an indirect vehicle for the ownership of NOVABASE shares ("Vehicle"), pursuant to the Shareholders' Agreement.

This new Shareholders' Agreement entered immediately into force, shall be valid until 30 April 2021, and replaces the shareholders' agreement previously in force (as duly announced to the market on 13 May 2015), whose essential terms and conditions have been reproduced.

2. Qualified holding - changes to composition

NOVABASE was also informed of changes to the composition of the qualified holding held by Shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento, due to the following:

1. Signing of the new Shareholders' Agreement referred to above, and termination of the shareholders' agreement previously in force;
2. Transmission, on 13 October 2017, by Shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento, of shares representing HNB's share capital directly held by them, to the following vehicles:
 - a) The company Xistroban, S.A., which is controlled by Shareholder José Afonso Oom Ferreira de Sousa, and assumed direct ownership of all shares

representing the share capital of HNB previously held directly by José Afonso Oom Ferreira de Sousa;

- b) The company Turtlewalk Unipessoal Lda, which is controlled by Shareholder Luís Paulo Cardoso Salvado, and assumed direct ownership of all shares representing the share capital of HNB previously held directly by Luís Paulo Cardoso Salvado;
- c) The company Pragmatic Proton - Unipessoal Lda, which is controlled by Shareholder Álvaro José da Silva Ferreira, and assumed direct ownership of all shares representing the share capital of HNB previously held directly by Álvaro José da Silva Ferreira;
- d) The company Mediaries - Serviços de Consultoria e Gestão Lda, which is controlled by Shareholder João Nuno da Silva Bento, and assumed direct ownership of all shares representing the share capital of HNB previously held directly by João Nuno da Silva Bento.

In the wake of these changes, Shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Pedro Miguel Quinteiro Marques de Carvalho, Álvaro José da Silva Ferreira and João Nuno da Silva Bento continue to have a qualified holding, which currently totals 12,550,467 shares representing 39.97% of NOVABASE's share capital and voting rights, as follows:

Restricted Shares

Shareholders	Number of Restricted Shares	% of Shareholders' Agreement	Total % Voting Rights
Held through HNB			
José Afonso Oom Ferreira de Sousa	2,180,558	20.79%	6.94%
Luís Paulo Cardoso Salvado	2,180,558	20.79%	6.94%
Álvaro José da Silva Ferreira	2,180,558	20.79%	6.94%
João Nuno da Silva Bento	1,848,781	17.63%	5.89%
HNB Total	8,390,455	80.00%	26.72%
José Afonso Oom Ferreira de Sousa	1	-	-
Luís Paulo Cardoso Salvado	1	-	-
Álvaro José da Silva Ferreira	1	-	-
João Nuno da Silva Bento	1	-	-
Pedro Miguel Quinteiro Marques Carvalho	2,097,613	20.00%	6.68%
Total	10,488,072	100%	33.40%

Non-Restricted Shares

Shareholders	Number of non-restricted shares		Total % Voting Rights
Held through HNB			
	José Afonso Oom Ferreira de Sousa	1,023,591	3.26%
	Luís Paulo Cardoso Salvado	631,932	2.01%
	Álvaro José da Silva Ferreira	215,417	0.69%
	João Nuno da Silva Bento	0	0.00%
	HNB Total	1,870,940	5.96%
	José Afonso Oom Ferreira de Sousa	0	-
	Luís Paulo Cardoso Salvado	0	-
	Álvaro José da Silva Ferreira	0	-
	João Nuno da Silva Bento	0	-
	Pedro Miguel Quinteiro Marques Carvalho	191,455	0.61%
	TOTAL	2,062,395	6.57%

Total (Restricted Shares + Non-Restricted Shares)

Shareholders	Total Number of Shares (Restricted + Non-Restricted)		Total % Voting Rights
Held through HNB			
	José Afonso Oom Ferreira de Sousa	3,204,149	10.20%
	Luís Paulo Cardoso Salvado	2,812,490	8.96%
	Álvaro José da Silva Ferreira	2,395,975	7.63%
	João Nuno da Silva Bento	1,848,781	5.89%
	HNB Total	10,261,395	32.68%
	José Afonso Oom Ferreira de Sousa	1	-
	Luís Paulo Cardoso Salvado	1	-
	Álvaro José da Silva Ferreira	1	-
	João Nuno da Silva Bento	1	-
	Pedro Miguel Quinteiro Marques Carvalho	2,289,068	7.29%
	TOTAL	12,550,467	39.97%

In view of the number of treasury shares currently held in the portfolio by NOVABASE, the total holding in question would correspond to 40.45% of NOVABASE's voting rights.

3. Terms and conditions of the Shareholders' Agreement

The following content of NOVABASE's shareholders' agreement is noteworthy:

- A) The need for agreement by a majority equal to or greater than two thirds of votes corresponding to Restricted Shares to establish terms by which these shares may be bought and sold, with Shareholders agreeing not to initiate sales or purchases of any kind outside of this 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 1.90% of all voting rights, per Shareholder, provided that such acquisitions do not give the Shareholders or a Vehicle more than 50% of the voting rights corresponding to NOVABASE's share capital. 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 a Vehicle, 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. Any 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, the Shareholders must exercise, directly or through a Vehicle, if applicable, their voting rights 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 corporate board members, increases and decreases in share capital, elimination of the right of preference in increases in capital, composition of corporate boards, NOVABASE mergers and spin-offs, and changes to the articles of association;

- G) Commitment, subject to market conditions and applicable law, to propose a dividend policy for the 2017-2020 financial years 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 elections at the General Meeting of Shareholders, 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 new 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.”

[end of transcription of announcement]

The NOVABASE Shareholders' Agreement is valid until 30 April 2021.

In addition, on 12 November 2018, NOVABASE announced to the market that it had received, from its shareholder HNB - SGPS, S.A. (“HNB”), a notice of changes to the composition of its qualified holding, whose relevant content is reproduced below:

“**Re:** Notice of changes to the composition of a qualified holding in NOVABASE - Sociedade Gestora de Participações Sociais, S.A.

To whom it may concern,

Pursuant to and for the purposes of article 16 of the Securities Code and article 2 of CMVM Regulation no. 5/2008, the company HNB, SGPS, S.A., with its registered office at Rua

Sarmento de Beires, n.º 45, 13B, 1900-411 Lisbon, parish of Areeiro, municipality of Lisbon, with share capital of €50,000.00, sole legal entity/Lisbon Commercial Registry number 510697127, whose share capital is fully paid up in the amount of €5,000.00 (“HNB”), already having a qualified holding of 39.36% of the share capital of NOVABASE, Sociedade Gestora de Participações Sociais, S.A. (“NOVABASE”) corresponding to the ownership, directly or through its controlling shareholders and other signatories to the shareholders’ agreement currently in force at NOVABASE, of 12,359,012 shares of this company, hereby announces that, due to the acquisition of 240,194 shares representing NOVABASE’s share capital and voting rights, on 05 November 2018, it now holds 10,501,589 shares representing 33.44% of the company’s share capital.

Note that this qualified holding is attributable to HNB due to its direct ownership of shares, in addition to the voting rights held by the respective directors who are also its controlling shareholders, and the voting rights attributable to them under the NOVABASE shareholders’ agreement to which they are signatories, pursuant to and for the purposes of article 20, paragraph 1 of the Securities Code and, specifically, sub- paragraphs d), h) and j) of this provision.

Furthermore, on 05 November 2018, the NOVABASE shareholders who are signatories to the Shareholders’ Agreement in force at NOVABASE (including HNB and its directors and controlling shareholders) now hold a total of 12,599,206 NOVABASE shares, representing 40.12% of NOVABASE’s share capital and corresponding voting rights, as follows:

Shareholders	Number of Shares		% Voting Rights
Held through HNB ¹	10,501,589		33.44%
José Afonso Oom Ferreira de Sousa ¹	1		-
Luís Paulo Cardoso Salvado ¹	1		-
Álvaro José da Silva Ferreira ¹	1		-
João Nuno da Silva Bento ¹	1		-
Pedro Miguel Quinteiro Marques Carvalho	2,097,613		6.68%
Total ²	12,599,206		40.12%

¹ José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento are the controlling shareholders and directors of HNB - SGPS, S.A., having signed a shareholders’ agreement for all of this company’s share capital.

² Total holding attributable to shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira, João Nuno da Silva Bento and Pedro Miguel Quinteiro Marques de Carvalho, pursuant to the NOVABASE Shareholders’ Agreement.

[end of transcription of announcement]

In this regard, NOVABASE also announced to the market that, pursuant to this notice of changes to the composition of the qualified holding of HNB, on 05 November 2018, the NOVABASE shareholders who were signatories to the Shareholders’ Agreement in force at

this company (including HNB and its directors and controlling shareholders) now held a total of 12,599,206 NOVABASE shares, representing 40.12% of NOVABASE's share capital and corresponding voting rights, as follows:

Shareholders	Number of Shares		% Voting Rights
Held through HNB ¹	10,501,589		33.44%
José Afonso Oom Ferreira de Sousa ¹	1		0.00%
Luís Paulo Cardoso Salvado ¹	1		0.00%
Álvaro José da Silva Ferreira ¹	1		0.00%
João Nuno da Silva Bento ¹	1		0.00%
Pedro Miguel Quinteiro Marques Carvalho	2,097,613		6.68%
Total ²	12,599,206		40.12%

¹ José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira and João Nuno da Silva Bento are the controlling shareholders and directors of HNB - SGPS, S.A., having signed a shareholders' agreement for all of this company's share capital.

² Total holding attributable to shareholders José Afonso Oom Ferreira de Sousa, Luís Paulo Cardoso Salvado, Álvaro José da Silva Ferreira, João Nuno da Silva Bento and Pedro Miguel Quinteiro Marques de Carvalho, pursuant to the NOVABASE Shareholders' Agreement.

II. Shareholdings and Bonds

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

Shareholdings

Holding subject to NOVABASE Shareholders' Agreement	Number of shares	% share capital and voting rights
HNB - SGPS, S.A. ¹	10,501,589	33.44%
Pedro Miguel Quinteiro Marques Carvalho	2,097,613	6.68%
Luís Paulo Cardoso Salvado ¹	1	0.00%
João Nuno da Silva Bento ¹	1	0.00%
Álvaro José da Silva Ferreira ¹	1	0.00%
José Afonso Oom Ferreira de Sousa ¹	1	0.00%
TOTAL ³	12,599,206	40.12%

¹Luís Paulo Cardoso Salvado, João Nuno da Silva Bento, Álvaro José da Silva Ferreira and José Afonso Oom Ferreira de Sousa are the controlling shareholders and directors of HNB - SGPS, S.A., having signed a shareholders' agreement for all of this company's share capital.

³Total holding attributable to shareholders Luís Paulo Cardoso Salvado, João Nuno da Silva Bento, Álvaro José da Silva Ferreira, José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro Marques de Carvalho, pursuant to the NOVABASE shareholders' agreement described in point 6 of this report.

	Number of shares	% share capital and voting rights
Partbleu, Sociedade Gestora de Participações Sociais, S.A. ¹	3,180,444	10.13%

¹At the time of receiving notice of the qualified holding, NOVABASE was informed that 72% of this company was indirectly held by Miguel Pais do Amaral, who was attributed the corresponding voting rights.

	Number of shares	% share capital and voting rights
IBIM2 Limited	3,144,217	10.01%

	Number of shares	% share capital and voting rights
Lazard Frères Gestion SAS	1,570,870	5.00%

Santander Asset Management - Sociedade Gestora de Fundos de Investimento Mobiliário, S.A.	Number of shares	% share capital and voting rights
Fundo de Investimento Mobiliário Aberto Santander Acções Portugal	1,476,905	4.70%

Fundo de Investimento Mobiliário Aberto Poupança Acções Santander PPA	34,537	0.11%
TOTAL¹	1,511,442	4.81%

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

	Number of shares	% share capital and voting rights
Maria Manuela de Oliveira Marques	1,043,924	3.32%

The above holdings correspond to the last positions notified to the company in reference to 31 December 2019 or before.

As stated in point 1, there are no categories of shares with special rights.

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

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

Owner	#	%
	Shares ¹	Capital and Voting Rights
Pedro Miguel Quinteiro Marques de Carvalho (non-executive member of the Board of Directors)	2,097,613	6.68
Manuel Saldanha Tavares Festas (substitute member of the Audit Board)	74,986	0.24
Francisco Paulo de Figueiredo Morais Antunes (executive member of the Board of Directors – CFO)	30,335	0.10
María del Carmen Gil Marín (executive member of the Board of Directors)	23,001	0.07
Luís Paulo Cardoso Salvado ² (Chairman of the Board of Directors)	1	0.00
João Nuno da Silva Bento ² (Chairman of the Executive Committee – CEO)	1	0.00
Álvaro José da Silva Ferreira ² (executive member of the Board of Directors)	1	0.00
José Afonso Oom Ferreira de Sousa ² (non-executive member of the Board of Directors)	1	0.00
Paulo Jorge de Barros Pires Trigo (executive member of the Board of Directors)	0	0.00

Marta Isabel dos Reis Graça Rodrigues do Nascimento (non-executive member of the Board of Directors)	0	0.00
Álvaro José Barrigas do Nascimento (Chairman of the Audit Board)	0	0.00
Fátima do Rosário Piteira Patinha Farinha (full member of the Audit Board)	0	0.00
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira (full 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

8 The shareholding of each of these corporate board members corresponds to the last position notified to the company in reference to 31 December 2019 or before.

² Luís Paulo Cardoso Salvado, João Nuno da Silva Bento, Álvaro José da Silva Ferreira and José Afonso Oom Ferreira de Sousa are shareholders of HNB - SGPS, S.A., where they hold management positions. HNB - SGPS, S.A. holds 10,501,589 shares representing 33.44% of NOVABASE's share capital and respective voting rights.

In addition, no transactions of NOVABASE shares were made in 2019 by the persons referred to in article 447 of the Commercial Companies Code ("CSC"):

There were no encumbrances or other acquisitions or disposals of shares representing the share capital of the company or companies in a group or control relationship with it, nor any promissory agreements, options contracts, repurchase agreements or others with similar effects on these shares.

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

Finally, it should be noted that neither the company nor any company in a group or control relationship with it is an issuer of bonds.

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

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

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

This power of the Board of Directors was renewed for an additional period of three years at the annual General Meeting of Shareholders of 10 May 2018.

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

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 2019, to the best the company's knowledge, NOVABASE had no significant business relationships with holders of qualified holdings or entities related or previously 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 members of the general meeting board.

The members of NOVABASE's general meeting board, elected in the General Meeting of Shareholders held on 10 May 2018 for the three-year period of 2018-2020, are Chairman António Manuel da Rocha e Menezes Cordeiro and Secretary Madalena Paz Ferreira Perestrelo de Oliveira.

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, subparagraph f).

NOVABASE has no restrictions on voting rights, nor any limitations on voting based on a number or percentage of shares. Moreover, there are no systems related to asset content rights.

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

Shareholders may be represented by sending a letter addressed to the Chairman 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. For this purpose, 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 or 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/her signature must 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, individuals who submit a voting form accompanied only by a legible photocopy of the shareholder's identity card or 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 Portuguese Securities Market Commission (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.

The company has no mechanisms that hinder the passing of resolutions by shareholders. There are no shareholder decisions which, pursuant to the articles of association and beyond those provided for by law, can only be made by a qualified majority or a decision-making quorum greater than that provided for by law.

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

a) Composition

Board of Directors on 31 December 2019

Luís Paulo Cardoso Salvado
João Nuno da Silva Bento
Álvaro José da Silva Ferreira
Francisco Paulo Figueiredo Morais Antunes
María del Carmen Gil Marín
Paulo Jorge de Barros Pires Trigo
José Afonso Oom Ferreira de Sousa
Pedro Miguel Quinteiro Marques Carvalho
Marta Isabel dos Reis Graça Rodrigues do Nascimento

15. Identification of governance model used.

NOVABASE has been a publicly-traded company since July 2000. It operates according to a governance model whose suitability and performance are assessed regularly by the Board of Directors to help optimize its performance in closer alignment with the interests of all stakeholders - those interested in NOVABASE's corporate activities, namely shareholders, investors, customers, suppliers, other business partners and employees.

In view of the mounting challenges of internationalization and competition revolving around NOVABASE's business, the corporate governance system in place at the company needed to be brought up to date by simplifying and streamlining company bodies and procedures, so as to tailor existing solutions to the company's size and specific circumstances.

Therefore, beginning in 2015, NOVABASE adopted a reinforced Latin corporate governance model comprised of a Board of Directors, Audit Board and Statutory Auditor (ROC). In this model, a substantially more agile day-to-day management structure was implemented, with

the Board of Directors able to delegate the day-to-day running of the company to one or more directors (managing directors) or to an Executive Committee of 3 to 9 members.

Following the General Meeting of Shareholders of 10 May 2018 (which, among other decisions, elected the members of the corporate boards and Remuneration Committee for the three-year period of 2018-2020), the elected Board of Directors delegated NOVABASE's daily management to an Executive Committee supervised by the non-executive directors.

In 2019, the election of Paulo Jorge de Barros Pires Trigo as a new member of NOVABASE's Board of Directors (together with his inclusion on NOVABASE's Executive Committee) was approved in the General Meeting of Shareholders of 26 September 2019. This election was proposed under NOVABASE's updated strategy for 2019 and beyond (2019+ Strategic Update) and as part of the company's reorganization into two new operating segments (further explained in point 21.), given the urgent need to match the structure of NOVABASE's managing board to the 2019+ Strategic Update to reflect its focus on the Next-Gen segment.

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.

NOVABASE constantly analyses the implementation of this model in order to refine its corporate governance practices, whenever possible, and tailor the model to the demands and challenges faced by the company.

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 state that a Board of Directors shall be responsible for managing the company's business, with full and exclusive powers of representation, comprised of at least three and at most nineteen members elected by the General Meeting of Shareholders.

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

With regards to the absence and replacement of directors, 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 and subject to replacement pursuant to the law and the 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, at the end of their terms of office, they shall keep their positions until the appointment of new directors.

NOVABASE believes that the suitability of the governing board members' profile to their respective duties is essential for fostering a robust, effective corporate governance and proper composition of the interests of the company's various stakeholders. In weighing up the profile of the corporate board members to be elected, the election proposals approved by shareholders tend to be based not only on individual criteria (such as candidates' expertise, integrity, willingness and experience in the sectors where NOVABASE does business), but also on diversity requirements.

Pursuant to article 245-A, paragraph 1, sub-paragraph r) of the Securities Code (CVM), following is a summary of NOVABASE's diversity policy for its governing and supervisory boards, how this policy was applied and its results in the 2019 financial year.

NOVABASE believes that it employs an ongoing approach of diversity in the composition of its managing and supervisory boards, helping to improve the performance of the relevant boards and providing balance in their composition, with a particular focus on gender diversity.

On 12 April 2018, NOVABASE's Board of Directors approved a formal diversity policy for its managing and supervisory boards, which is available to the public at the company's website. The approved policy is primarily rooted in the following commitments on the part of NOVABASE:

- Compliance with Law no. 62/2017 of 01 August, since gender diversity allows for different management styles and complementary approaches;
- With regard to age, there must be a balance between experience and maturity and the youth and energy needed for the fast-paced innovation of NOVABASE's highly dynamic sector (information technologies);
- With regard to qualifications and education, in addition to areas associated with technology, various other areas of knowledge must also be represented, in view of the mounting importance of multidisciplinary in team performance.

The following are noteworthy with regard to the application and results of NOVABASE's diversity policy in the 2019 financial year:

- With regard to full members on NOVABASE's corporate boards performing duties in 2019, NOVABASE's corporate boards had a total of 14 men and 4 women.
- Throughout 2019, NOVABASE's corporate board members ranged from 31 to 67 years in age. Their areas of core training included engineering, law, mathematics, economics, management and philosophy.
- Therefore, 22% of the current members of the Board of Directors for the three-year period of 2018-2020 are of female gender, thereby exceeding the minimum referred to in Law no. 62/2017 of 01 August, also including one female member on the Executive Committee.

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, at the end of their terms of office, they shall keep their positions 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 2019, the Board of Directors had nine full members, as shown in the following table:

Director	Inauguration date	End of term of office
Luís Paulo Cardoso Salvado	18/03/1998	31/12/2020
João Nuno da Silva Bento	10/05/2018	31/12/2020
Álvaro José da Silva Ferreira	10/05/2018	31/12/2020
Francisco Paulo Figueiredo Morais Antunes	28/04/2009	31/12/2020
María del Carmen Gil Marín	10/05/2018	31/12/2020
Paulo Jorge de Barros Pires Trigo	26/09/2019 ¹	31/12/2020
José Afonso Oom Ferreira de Sousa	24/01/1991	31/12/2020
Pedro Miguel Quinteiro Marques Carvalho	24/01/1991	31/12/2020
Marta Isabel dos Reis Graça Rodrigues do Nascimento	10/05/2018	31/12/2020

Pursuant to article 14 of the articles of association, the Board of Directors may delegate the day-to-day running of the company to one or more directors (managing directors) or to an Executive Committee consisting of three to nine directors.

Following the General Meeting of Shareholders of 10 May 2018 (which, among other decisions, elected the members of the corporate boards and Remuneration Committee for

the 2018-2020 term of office), the elected Board of Directors delegated, on this same date, NOVABASE's daily management to an Executive Committee supervised by the non-executive 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	Independent ¹
Luís Paulo Cardoso Salvado	Non-executive (Chairman)	No
João Nuno da Silva Bento	Executive	No
Álvaro José da Silva Ferreira	Executive	No
Francisco Paulo Figueiredo Morais Antunes	Executive	No
María del Carmen Gil Marín	Executive	No
Paulo Jorge de Barros Pires Trigo	Executive	No
José Afonso Oom Ferreira de Sousa	Non-executive	No
Pedro Miguel Quinteiro Marques Carvalho	Non-executive	No
Marta Isabel dos Reis Graça Rodrigues do Nascimento	Non-executive	No

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

In view of the number of directors (nine), the four non-executive members of the Board of Directors are sufficient in number to ensure effective monitoring, supervision and assessment of the activity of the remaining members of the managing board (see points 24 and 27 of this report with regard to the assessment of the other directors).

In view of the company's size, its need for agility and efficient management, its shareholder structure and respective free float, its various levels of internal control (including supervisory boards completely comprised of persons independent from the management and qualified shareholders, with the important note that, under the Anglo Saxon corporate governance model previously in effect at the company, only those directors with positions on the Auditing Committee were independent), and the vast set of options benefiting shareholder participation and the exercising of rights, NOVABASE does not believe that independent directors are needed to ensure the protection of 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 relevant background ¹
Luís Paulo Cardoso Salvado	<ul style="list-style-type: none"> • MBA in Information Management from Universidade Católica Portuguesa • Graduate in Electrotechnical and Computer Engineering at Instituto Superior Técnico (IST - Higher Technical Institute) 	<ul style="list-style-type: none"> • Chairman of the Board of Directors <p>Formerly:</p> <ul style="list-style-type: none"> • CEO • Member of the Board of Directors Performance Assessment Committee and the Corporate Governance Assessment Committee • CFO, CHRO and CLO of the NOVABASE Group • CEO of NOVABASE Consulting • Director of various NOVABASE Group companies
João Nuno da Silva Bento	<ul style="list-style-type: none"> • Advanced Management Program - Universidade Católica Portuguesa - Northwestern University - Kellogg School of Management • MBA - Universidade Católica Portuguesa • Graduate in Electrotechnical Engineering (Systems and Computers) at Instituto Superior Técnico 	<ul style="list-style-type: none"> • Chairman of the Executive Committee (CEO)
Álvaro José da Silva Ferreira	<ul style="list-style-type: none"> • Mergers and Acquisitions Program - Harvard Business School • Private Equity and Venture Capital Program - Harvard Business School Executive Education • MBA - Universidade Nova de Lisboa • Graduate in IT Engineering - Universidade Nova de Lisboa 	<ul style="list-style-type: none"> • COO Value Portfolio • NOVABASE Capital S.A. • Director of various NOVABASE Group companies
Francisco Paulo Figueiredo Morais Antunes	<ul style="list-style-type: none"> • Master's in Finance from ISCTE 	<ul style="list-style-type: none"> • Corporate functions: CFO / CRO / Information Systems / Legal

	<ul style="list-style-type: none"> Graduate in Management from ISCTE 	<ul style="list-style-type: none"> Director of various NOVABASE Group companies <p>Formerly:</p> <ul style="list-style-type: none"> Financial Director of NOVABASE Group
María del Carmen Gil Marín	<ul style="list-style-type: none"> MBA - INSEAD Academic cycle of PhD in the Environment and Alternative Energies - UNED Higher Degree in Electronic Engineering - Universidade Pontificia de Comillas (I.C.A.I.) <p>Extensive executive training, including: Stanford University (Cyber Security), UCLA Anderson School of Management (Santander-UCLA W50), Nova School of Business & Economics (Boards Governance) and Harvard Business School (Leadership)</p>	<ul style="list-style-type: none"> Executive Director NOVABASE SGPS, S.A. Director at NOVABASE Capital, S.C.R. and various Group companies Chairman of the General Meeting of Shareholders of various NOVABASE Group companies Member of Advisory Committee of FCR Istart I Member of the management of the Investor Relations Forum <p>Formerly:</p> <ul style="list-style-type: none"> Head of Investor Relations NOVABASE SGPS, S.A. Member of the Audit Board of Associação de Emitentes de Mercado (A.E.M.) Member of Audit Board of Investor Relations Forum Strategic Marketing Professor at Universidad Pontificia de Comillas Strategic consultant at The Boston Consulting Group Corporate Finance - Investment Banker at Lehman Brothers
Paulo Jorge de Barros Pires Trigo	<ul style="list-style-type: none"> Graduate in Electrotechnical and Computer Engineering from IST 	<ul style="list-style-type: none"> Director of various NOVABASE Group companies <p>Formerly:</p> <ul style="list-style-type: none"> COO
José Afonso Oom Ferreira de Sousa	<ul style="list-style-type: none"> MBA from Universidade Nova de Lisboa Master's in Electrotechnical Engineering from IST Graduate in Electrotechnical Engineering from IST Graduate in Philosophy from Universidade Católica de Lisboa 	<ul style="list-style-type: none"> Director without delegated areas <p>Formerly:</p> <ul style="list-style-type: none"> Member of the Board of Directors Performance Assessment Committee Member of the Corporate Governance Assessment Committee CLO and CFO of NOVABASE Group Director of various NOVABASE Group companies

<p>Pedro Miguel Quinteiro Marques Carvalho</p>	<ul style="list-style-type: none"> • Graduate in Applied Mathematics from Universidade de Lisboa 	<ul style="list-style-type: none"> • Director without delegated areas <p>Formerly:</p> <ul style="list-style-type: none"> • Member of the Board of Directors Performance Assessment Committee • Director responsible for the administrative and logistics area • CIO of NOVABASE Group • Director of various NOVABASE Group companies
<p>Marta Isabel dos Reis Graça Rodrigues do Nascimento</p>	<ul style="list-style-type: none"> • Post-graduate in Securities Law from the Securities Institute of the School of Law of Universidade Clássica de Lisboa • Graduate in Law from the School of Law of Universidade Católica de Lisboa 	<ul style="list-style-type: none"> • Director without delegated areas

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

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

Directors Luís Paulo Cardoso Salvado, João Nuno da Silva Bento, Álvaro José da Silva Ferreira, José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro Marques Carvalho are simultaneously shareholders and parties to the shareholders' agreement referred to in point 6 of this report. The parties to this shareholders' agreement have been attributed a qualified holding of 12,599.206 shares representing 40.12% of NOVABASE's share capital and voting rights.

There are no other regular and significant relationships 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 two business segments on 31 December 2019:

- Next-Gen
- Value Portfolio

These two segments were announced to the market on 25 July 2019, in the wake of the disclosure of the 2019+ Strategic Update.

The Next-Gen segment aims to be a key player in an area of fast growth and considerable size, through a leadership position in attracting hard-to-find technology talent in Portugal, and in deploying advanced projects focusing on Europe and the Middle East. NOVABASE has a solid history in Nearshore Agile, and is already active in Telecommunications and Financial Services.

NEXT-GEN, an IT service company focused on:

- Design & UX
- Insights through data
- Native & scalable cloud
- Digital architecture
- Exposure to APIs
- AI / Analytics
- Automation of Tests & Engineering
- Continuous Delivery
- Intelligent Operations

The main purpose of the Value Portfolio segment is to generate funds to finance growth in the Next-Gen segment, through proactive management and by analysing potential strategic partnerships. It includes businesses with consolidated IT solutions for the sectors of Government, Health, Transports and Energy (the sale of this business was announced to the market on 04 November 2019 and completed on 09 January 2020), IT Staffing and Venture Capital

NOVABASE SGPS¹ / NOVABASE Serviços²

NOVABASE SGPS and NOVABASE Serviços control the central functional areas: *Human Resources, Finance & Administration, IT, Marketing, Legal and Logistics*. NOVABASE SGPS directly controls the *Investor Relations* function through the Investor Relations Office.

Information on the Investor Relations Office can be found in point 56 of this report.

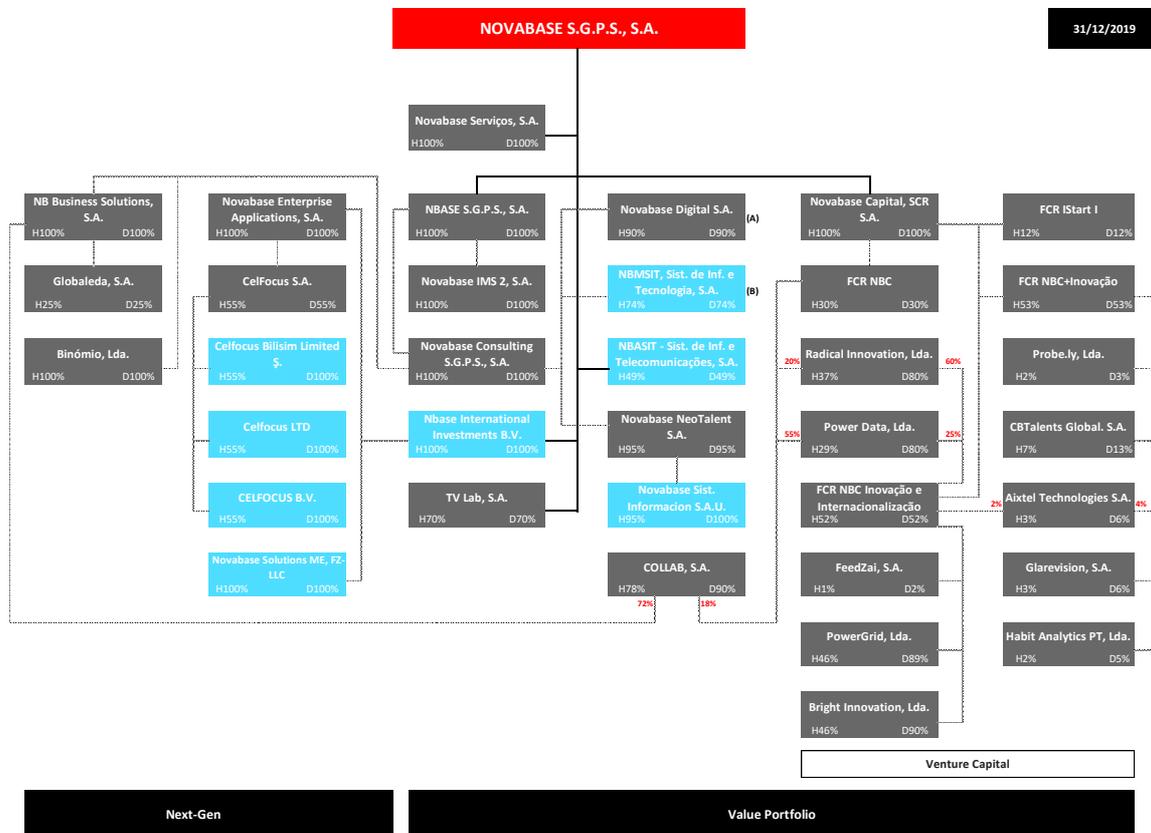
Organizational Chart

Each of the aforementioned organizational units corresponds to a company or a group of companies.

The attached organizational chart includes all of the companies within NOVABASE's consolidation perimeter.

¹ NOVABASE – Sociedade Gestora de Participações Sociais, S.A.

² NOVABASE Serviços – Serviços de Gestão e Consultoria, S.A.



As stated in point II. A) 15., in view of the mounting challenges of internationalization and competition revolving around NOVABASE's business, the corporate governance system in place at the company needed to be brought up to date by simplifying and streamlining company bodies and procedures, so as to tailor existing solutions to the company's size and specific circumstances.

Therefore, beginning in 2015, NOVABASE adopted a reinforced Latin corporate governance model comprised of a Board of Directors, Audit Board and Statutory Auditor (ROC). In this model, a substantially more agile day-to-day management structure was implemented, with the Board of Directors able to delegate the day-to-day running of the company to one or more directors (managing directors) or to an Executive Committee of 3 to 9 members.

Following the General Meeting of Shareholders of 10 May 2018 (which, among other decisions, elected the members of the corporate boards and Remuneration Committee for three-year period of 2018-2020), the elected Board of Directors delegated, on this same date, NOVABASE's daily management to an Executive Committee supervised by the non-executive directors.

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, as stated above, delegate the day-to-day running of the company to one or more directors (managing directors) or to an Executive Committee of 3 to 9 members. The delegated powers must be drawn up in minutes. The Board of Directors will determine the powers of each managing director or of the Executive Committee, as

applicable, in the day-to-day running of the company, delegating to the Executive Committee, when necessary, all of the powers not prohibited by article 407, paragraph 4 of the Commercial Companies Code.

Pursuant to the provisions of article 407, paragraph 4 of the Commercial Companies Code and the regulations of NOVABASE's Board of Directors, the Board of Directors may not delegate the following:

- a) Selection of the Chairman of the Board of Directors;
 - b) Co-option of directors;
 - c) Requests to call the General Meeting of Shareholders;
 - e) Drawing up of annual reports and accounts;
 - f) Provision of collateral, personal guarantees and security in rem by NOVABASE;
 - 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.

Executive Committee

The Executive Committee is responsible for the day-to-day running of the company, and may perform all actions required to this end, respecting the powers of the Board of Directors with regard to actions which must be submitted for its approval. The Executive Committee defines the company's current organizational structure, appoints employees to perform management duties in the corporate boards of this structure and manages all of the company's operating areas.

In accordance with the delegation of powers approved by the Board of Directors on 10 May 2018, the performance of all actions required for the day-to-day running of the company has been delegated to NOVABASE's Executive Committee for the 2018-2020 term of office, including all powers needed or expedient for pursuing the company's corporate purpose and conducting its business, within the confines of the law, namely:

- a) Carry out the annual business plans and corresponding budgets after their approval by NOVABASE's Board of Directors;
- b) Approve changes to the budget, except when their cumulative impact on the company's consolidated net profit is expected to exceed €1 (one) million in the financial year;
- c) Approve and carry out the NOVABASE's short, medium and long-term organic development and investment plans, and identify and make investments in existing or new business areas of NOVABASE and its affiliates, by means of a budget approved by NOVABASE's Board of Directors and/or, in the absence of this, provided that (i) individually, they do not exceed €1 (one) million; and (ii) together, €5 (five) million in

- a given financial year; or (iii) in the case of R&D (research and development) investments or investments with co-funding, covered by applicable tax incentives or subsidies, up to a combined amount of €20 (twenty) million per financial year;
- d) Acquire, encumber and sell holdings in other companies, provided these transactions' general guidelines fall within the annual business plans and respective budgets, or, otherwise, with the prior approval NOVABASE's Board of Directors;
 - e) Manage holdings in other companies, including affiliates, namely by appointing their representatives on corporate boards and laying out guidelines for these representatives' activities together with approving and reorganizing these holdings according to the annual business plans, or by prior decision approved by NOVABASE's Board of Directors;
 - f) Notwithstanding legal provisions and formalities, buy and sell treasury shares within the framework and limits of the decision of the General Meeting of Shareholders;
 - g) Opening, transacting and closing bank accounts;
 - h) Approve short and medium-term financing agreements (12-36 months), including those which increase overall indebtedness, provided that their value is €5 (five) million or less per transaction, or cumulatively €20 (twenty) million per financial year, or of any amount with the prior approval of NOVABASE's Board of Directors;
 - i) Grant medium and short-term loans (and/or shareholder loans) to affiliates for cash-on-hand and other purposes allowed by law, up to the amount of €20 (twenty) million per financial year, or in any amount with the prior approval of NOVABASE's Board of Directors;
 - j) Acquire, sell and/or encumber NOVABASE's assets, individually up to €1 (one) million, or cumulatively up to €5 (five) million per financial year;
 - k) Take or give in lease, and manage the use of, immovable property allocated to the business of NOVABASE and/or its affiliates, partially or in whole, in accordance with the budget approved by NOVABASE's Board of Board of Directors or, apart from a budget, up to a combined annual amount of €1 (one) million;
 - l) Manage and coordinate all of the company's operating and business support areas, including but not limited to Human Resources, Finance and Administration, Marketing and Communication, Information Systems, Legal, Organizational Development and Investor Relations, excluding internal auditing boards if/when they exist;
 - m) Recruit and dismiss employees, define human resources and occupational health and safety policies, define and implement plans for training, career levels, categories, remuneration terms/conditions and other bonuses or salary supplements;
 - n) Perform standard activities involving powers as an employer, including but not limited to disciplinary authority and the application of legally admissible employee penalties;
 - o) Order/determine the presentation, negotiation and contracting of any supplies of goods and/or services by NOVABASE and/or its affiliates within the scope of their corporate purpose, individually up to €20 (twenty) million and/or (i) without a binding obligation of any kind exceeding 15 years; (ii) without terms/conditions deemed of considerable financial, legal and/or commercial risk, attributable to NOVABASE's Executive Committee, by those in the organization responsible for monitoring or otherwise assisting in the control of this risk;
 - p) Contract goods and services of any kind and by any means, as needed to pursue the corporate purpose, up to the amount of €1 (one) million per transaction, or in any amount with the prior approval of NOVABASE's Board of Directors or associated with the transactions referred to in o);

- q) Take part in incorporated joint ventures and European Economic Interest Groupings, enter into consortium and equity partnership agreements, and establish or take part in any other forms of temporary or permanent association between companies and/or private or public entities, except when their purpose is to participate in projects whose anticipated turnover for the company exceeds €20 (twenty) million;
- r) Represent the company in and out of court, as plaintiff or defendant, including the instituting, contesting and lodging of appeals in any legal or arbitration proceedings, as well as confessing, withdrawing from or coming to terms in any proceedings and engagement in arbitration. The Executive Committee must furnish information on any proceedings involving the company whose amount is equal to or exceeds €1 (one) million; and
- s) Appoint representatives to perform specific acts or categories of acts, defining the scope of their respective powers.

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

As announced to the market and in accordance with NOVABASE’s updated strategy for 2019 and beyond (2019+ Strategic Update), in its meeting dated 25 July 2019, the Board of Directors approved the assignment of powers and responsibilities to members of the Executive Committee for the remainder of the 2018-2020 term of office. Along these lines, powers and responsibilities were delegated within the scope of the following areas:

João Nuno da Silva Bento	Chief Executive Officer Chief People Officer Chief Marketing Officer
Álvaro José da Silva Ferreira	Chief Operating Officer Value Portfolio
Francisco Paulo Figueiredo Morais Antunes	Chief Financial Officer , Chief Risk Officer Chief Legal Officer
María del Carmen Gil Marín	Chief Operating Officer Value Portfolio Chief Investors Officer Chief Information Security Officer
Paulo Jorge de Barros Pires Trigo	Chief Operating Officer Next-Gen ⁽¹⁾

(1) As of his election on 26/09/2019. Until then, these duties were performed by director João Nuno Bento

The Executive Committee may sub-delegate the exercising of delegated powers to one or more of its members. The committee or any two of its members may also appoint

representatives with the powers deemed appropriate, with the signature of just one of its members in the case of legal proxy.

The members of the Board of Directors not belonging to the Executive Committee (called “non-executive directors”) are in charge of overseeing the activities of the Executive Committee, and for any damages caused by the acts or omissions of this committee or its members when, being aware of such existing or intended acts or omissions, they fail to notify the Board of Directors to take the necessary measures. In addition to the power of submitting matters for the Board of Directors’ assessment and decision, and with a view to fully carrying out their monitoring and oversight duties with regard to NOVABASE’s business, undelegated non-executive directors may raise specific issues regarding delegated matters directly with executive directors.

In view of the above, no powers were delegated in 2019 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; iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.

- **Operation**

Under the terms of NOVABASE’s articles of association, the Board of Directors shall meet whenever called by its Chairman or by two other directors. 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.

Pursuant to the Board of Directors’ regulations, its Chairman is also responsible for: a) coordinating the Board of Directors’ work; b) calling and running the Board of Directors’ meetings, ensuring that their minutes are drawn up; c) making casting votes; and d) ensuring the execution of decisions made.

Detailed minutes are drawn up for the meetings of NOVABASE’s Board of Directors, pursuant to article 9 of the Board of Directors’ internal regulations.

Pursuant to recommendation III.1. of the Portuguese Corporate Governance Institute (IPCG) Corporate Governance Code (2018), notwithstanding the legal functions of the Chairman of the Board of Directors, if the Chairman is not independent, the independent directors must designate a coordinator (lead independent director) from among themselves for the

following purposes: (i) serving, whenever necessary, as a spokesperson with the Chairman of the Board of Directors and the other directors, (ii) ensuring that they have the necessary means and conditions to perform their duties; and (iii) coordinating them in assessing the performance by the managing board, as provided for in recommendation V.1.1. of the above Governance Code.

In view of NOVABASE's corporate organizational model, which has several levels of internal control, the company does not believe that independent directors are necessary, as further explained in point 18. The designation of a lead independent director per this recommendation is therefore not possible.

With regard to the option of designating a lead non-executive director (in the absence of independent directors), in view of the company's size, the Board of Directors (comprised of 9 directors) and the number of non-executive directors (4), NOVABASE does not believe this position is necessary.

In fact, given NOVABASE's agile and flexible structure since 2015, the non-executive directors have adequately coordinated their duties with no need for formal meetings called and run 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, and must provide all information and clarifications requested in this regard by the Board of Directors and/or its members. Pursuant to the Board of Directors' internal regulations, directors may obtain information deemed necessary or convenient for the performance of their functions, powers and duties, via request to the Chairman of the Board of Directors. Directors shall also be ensured access to the company's employees, as necessary, to assess NOVABASE's performance, status and future prospects.

Executive Committee

The Executive Committee sets the dates or frequency of its ordinary meetings, and holds extraordinary meetings whenever called by its Chairman or by two of its members, with a minimum of 12 meetings per year.

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

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

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

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

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

Rules involving conflicts of interest apply to the Executive Committee. In fact, Executive Committee members are required to notify the Chairman of the Executive Committee of any potential conflicts of interest with NOVABASE, whether directly or through third parties, involving issues under discussion and voting. In such cases, the members in question may not exercise their voting rights in decisions on issues with potential conflicts of interest, and must provide all information and clarifications requested in this regard by the Executive Committee and/or its members.

Decisions made at Executive Committee meetings, and voting ballots, are recorded in meeting minutes.

In 2019, all the information requested by the various corporate boards was supplied by NOVABASE's executive directors in a timely and suitable fashion.

The minutes of the Executive Committee's meetings, meeting notices, support documentation and access to meeting archives are available to all members of the Board of Directors and Audit Board, within a time period stipulated by the Board of Directors.

The Executive Committee must provide, in a timely and suitable fashion, any information requested by the Board of Directors and/or Audit Board so that they may assess NOVABASE's performance, status and future prospects.

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.

Board of Directors	
Number of meetings: 11	
Member	Attendance (%)
Luís Paulo Cardoso Salvado	100
João Nuno da Silva Bento	100
Álvaro José da Silva Ferreira	100
Francisco Paulo Figueiredo Morais Antunes	100
María del Carmen Gil Marín	100
Paulo Jorge de Barros Pires Trigo ⁽¹⁾	100
José Afonso Oom Ferreira de Sousa	100

Pedro Miguel Quinteiro Marques Carvalho	100
Marta Isabel dos Reis Graça Rodrigues do Nascimento	100

(1) Director Paulo Jorge de Barros Pires Trigo was elected as a new member of the Board of Directors in the Extraordinary General Meeting of Shareholders dated 26 September 2019. As such, he has only participated in three meetings.

Executive Committee	
Number of meetings: 39	
Member	Attendance (%)
João Nuno da Silva Bento	97.4
Álvaro José da Silva Ferreira	97.4
Francisco Paulo Figueiredo Morais Antunes	97.4
María del Carmen Gil Marín	97.4
Paulo Jorge de Barros Pires Trigo ⁽²⁾	100

(2) Director Paulo Jorge de Barros Pires Trigo was appointed as a new member of the Executive Committee after his election in the Extraordinary General Meeting of Shareholders dated 26 September 2019. As such, he has only participated in 10 meetings.

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

The activities of the Executive Committee are monitored continuously by the Board of Directors on the whole and, specifically, by the non-executive directors, through the provision of information on the company's business as needed to monitor its day-to-day running. This monitoring of the Executive Committee by non-executive directors was a practice already in place prior to the publication of corporate governance recommendations on the existence of specific evaluation committees, and continues to be an actual practice employed by NOVABASE.

Furthermore, in a meeting dated in May 2018, the Board of Directors approved new internal regulations for this board to embrace the recommendations of the IPCG Corporate Governance Code (2018).

Pursuant to article 10 of these regulations, to allow non-executive directors to carry out their duties of monitoring and overseeing NOVABASE's business, in addition to their ability to submit matters to the Board of Directors for assessment and decision, they may also, individually or jointly, request that members of the Executive Committee provide meeting minutes, support documentation for decisions made, meeting notices and access to meeting archives, requesting such information through the Chairman of the Board of Directors and/or Chairman of the Executive Committee, who must respond to the request in a timely and suitable fashion.

On 31 December 2019, the non-executive members of the Board of Directors were Luís Paulo Cardoso Salvado, José Afonso Oom Ferreira de Sousa, Pedro Miguel Quinteiro de Marques Carvalho and Marta Isabel dos Reis Graça Rodrigues do Nascimento.

Furthermore, in accordance with recommendation V.1.1. of the IPCG Corporate Governance Code (2018), the Board of Directors conducts an annual assessment of its performance and the performance of the managing directors or Executive Committee, as applicable, bearing

in mind fulfilment of the company’s strategic plan and budget, risk management, internal operation and each member’s contribution in this regard, together with relationships between the company’s boards and committees.

Along these lines, each year, the Board of Directors approves the following in a meeting in reference to the previous financial year: (i) performance assessment of the Board of Directors on the whole during the financial year in question, using a self-assessment process for this purpose based on the evaluation parameters in the above paragraph, with all members of the Board of Directors participating and voting in the decision to approve this assessment, and (ii) performance assessment of the managing directors or Executive Committee, as applicable, in the previous financial year, based on the same evaluation parameters and other relevant parameters considering the executive functions of this board, with only the non-executive members of the Board of Directors participating and voting in the decision to approve this assessment.

The overall performance assessment of the Board of Directors and Executive Committee in the 2019 financial year was approved by NOVABASE’s Board of Directors on 13 February 2020.

In addition, the Remuneration Committee is responsible for assessing the performance of the Executive Committee and its members for the purposes of applying the evaluation criteria described in point 25 below.

NOVABASE’s Board of Directors also ensures that the individual performance evaluations of each director are notified to the Remuneration Committee.

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 the policy in point 69 of this report).

More information on the evaluation parameters and assessment process of NOVABASE’s directors can be found in point 24.

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"> • Director of the following companies: <ul style="list-style-type: none"> ○ NOVABASE Consulting SGPS, S.A. ○ NOVABASE Serviços S.A. 	<ul style="list-style-type: none"> • Manager of Pluraldistance, Lda. • Director of HNB - SGPS, S.A.

	<ul style="list-style-type: none"> ○ NOVABASE Business Solutions, S.A. ○ NBASE, SGPS 	<ul style="list-style-type: none"> • Managing partner of Turtlewalk, Unipessoal, Lda.
<p>João Nuno da Silva Bento (Full time)</p>	<ul style="list-style-type: none"> • Director of the following companies: <ul style="list-style-type: none"> ○ NOVABASE Consulting SGPS, S.A. ○ NOVABASE Serviços S.A. ○ NOVABASE Enterprise Applications, S.A. ○ NOVABASE Business Solutions S.A. ○ NOVABASE Digital, S.A. ○ TVLAB, S.A. ○ NOVABASE Capital S.A. ○ Binómio, Lda. ○ NBASE, SGPS S.A. ○ NB Middle East, FZ-LLC 	<ul style="list-style-type: none"> • Director of HNB – SGPS, S.A. • Managing partner of Mediaries – Serviços de Consultoria e Gestão, Lda.
<p>Álvaro José da Silva Ferreira (Full time)</p>	<ul style="list-style-type: none"> • Director of the following companies: <ul style="list-style-type: none"> ○ NOVABASE Consulting SGPS, S.A. ○ NOVABASE Serviços S.A. ○ NOVABASE Enterprise Applications, S.A. ○ NOVABASE Business Solutions S.A. ○ NOVABASE Digital, S.A. ○ NOVABASE IMS2, S.A. ○ Collab, S.A. ○ TVLAB, S.A. ○ NBASIT, S.A. ○ NOVABASE Capital S.A. ○ NBMSIT, S.A. ○ NOVABASE Neotalent, S.A. ○ NB Sistemas de Información, S.A.U. ○ NBASE, SGPS S.A. 	<ul style="list-style-type: none"> • Director of HNB – SGPS, S.A. • Managing partner of Pragmatic Proton, Unipessoal, Lda.
<p>Francisco Paulo Figueiredo Morais Antunes (Full time)</p>	<ul style="list-style-type: none"> • Director of the following companies: <ul style="list-style-type: none"> ○ NOVABASE Consulting SGPS, S.A. ○ NOVABASE Serviços S.A. ○ NOVABASE Enterprise Applications, S.A. ○ NOVABASE Business Solutions S.A. 	<ul style="list-style-type: none"> • Managing partner of Cosmostock, Lda.

	<ul style="list-style-type: none"> ○ Collab, S.A. ○ NOVABASE Digital, S.A. ○ NOVABASE IMS2, S.A. ○ TVLAB, S.A. ○ NBASIT, S.A. ○ NOVABASE Capital S.A. ○ NBMSIT, S.A. ○ NOVABASE Neotalent, S.A. ○ NB Sistemas de Información, S.A.U. ○ Binómio, Lda. ○ Celfocus, S.A. ○ NBASE, SGPS S.A. ○ NB Middle East, FZ-LLC ○ Nbase International Investments, B.V. 	
<p>Marfa del Carmen Gil Marín (Full time)</p>	<ul style="list-style-type: none"> • Chairman of the General Meeting of Shareholders of the following NOVABASE Group companies: <ul style="list-style-type: none"> ○ Celfocus, S.A. ○ NOVABASE Enterprise Applications, S.A. ○ Globaleda – Telecomunicações e Sistemas de Informação, S.A. • Director or manager of the following NOVABASE Group companies: <ul style="list-style-type: none"> ○ NOVABASE Serviços S.A. ○ Collab, S.A. ○ NOVABASE IMS2, S.A. ○ NOVABASE Capital S.A. ○ Bright Innovation, Lda ○ Radical Innovation, Lda ○ Tópico Sensível, Lda • Member of Advisory Committee – FCR Isartl 	<ul style="list-style-type: none"> • Member of Advisory Committee of FCR Istart I • Member of Governing Board of Investor Relations Forum
<p>Paulo Jorge de Barros Pires Trigo (Full time)</p>	<ul style="list-style-type: none"> • Director of the following companies <ul style="list-style-type: none"> ○ NOVABASE Business Solutions, S.A. ○ Celfocus, S.A. ○ NB Middle East, FZ-LLC ○ Binómio, Lda. ○ Celfocus LTD ○ Celfocus B.V. 	<ul style="list-style-type: none"> • No activities at other companies outside the Group.

<p>José Afonso Oom Ferreira de Sousa (Part time)</p>	<ul style="list-style-type: none"> • Chairman of the General Meeting of Shareholders of the following companies: <ul style="list-style-type: none"> ○ NOVABASE IMS2, S.A. ○ TV Lab, S.A. ○ NOVABASE Neotalent, S.A ○ Nbase SGPS, S.A. 	<ul style="list-style-type: none"> • Manager of Pluraldistance, Lda. • Director of HNB – SGPS, S.A. • Director of Fundação Maria Dias Ferreira • Director of PROMANUSS – Investimentos e Consultadoria, S.A. • Director of Xistroban, S.A. • Director of Aprove – Investimentos e Projetos Imobiliários, S.A. • Managing partner of S2i – Sociedade de Investimento Imobiliário, Lda.
<p>Pedro Miguel Quinteiro Marques Carvalho (Part time)</p>	<ul style="list-style-type: none"> • Chairman of the General Meeting of Shareholders of the following companies: <ul style="list-style-type: none"> ○ NOVABASE Serviços S.A. ○ NOVABASE Consulting SGPS, S.A. ○ NOVABASE Business Solutions, S.A. ○ NOVABASE Digital, S.A. ○ NOVABASE Capital S.A. ○ Collab, S.A. 	<ul style="list-style-type: none"> • No activities at other companies outside the Group.
<p>Marta Isabel dos Reis Graça Rodrigues do Nascimento (Part time)</p>	<ul style="list-style-type: none"> • No activities at other NOVABASE Group companies. 	<ul style="list-style-type: none"> • Lawyer and partner at Garrigues S.L.P.

- **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 stated in point 15 of this report, in view of the mounting challenges of internationalization and competition revolving around NOVABASE’s business, the corporate governance system in place at the company needed to be brought up to date by simplifying and streamlining company bodies and procedures, so as to tailor existing solutions to the company’s size and specific circumstances.

As explained in point 21 above, the Board of Directors created an Executive Committee to which it delegated the everyday running of the company. More information on the Executive Committee can be found in point 21 of this report. Beyond the Executive Committee, no other committees have currently been created within the company's Board of Directors, namely (i) to assess the performance of the executive directors and Board of Directors, and (ii) to reflect and act on issues involving corporate governance.

In particular, with regard to evaluating the management, it should be noted that the Board of Directors annually assesses its own performance, together with the performance of the managing directors or Executive Committee, as applicable, also ensuring that the individual performance evaluations of each director are notified to the Remuneration Committee.

The activities of the Executive Committee are monitored continuously by the Board of Directors on the whole and, specifically, by the non-executive directors, through the provision of information on the company's business as needed to monitor its day-to-day running. This monitoring of the Executive Committee by non-executive directors was a practice already in place prior to the publication of corporate governance recommendations on the existence of specific evaluation committees, and continues to be an actual practice employed by NOVABASE.

In addition, the Remuneration Committee is responsible for assessing the performance of the Executive Committee and its members for the purposes of applying the evaluation criteria described in point 25.

More information on the annual evaluation process of NOVABASE's Board of Directors can be found in point 24 of this report.

Along these lines, given the relatively low complexity of the current corporate governance structure, maintaining or reintroducing a specific committee to reflect on issues involving corporate governance seems unnecessary, since the company is assisted by outside consultants in this regard. Note that NOVABASE's governance model is assessed regularly by the Board of Directors in terms of its suitability and performance, to help optimize its performance in closer alignment with the interests of all stakeholders.

The regulations of the Executive Committee are available at NOVABASE's website.

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

The Executive Committee had the following composition on 31 December 2019:

João Nuno da Silva Bento

Álvaro José da Silva Ferreira

Francisco Paulo Figueiredo Morais Antunes

María del Carmen Gil Marín

Paulo Jorge de Barros Pires Trigo

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

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

As stated in point 27, beyond the Executive Committee, no other committees have currently been created within the company's Board of Directors.

In the wake of in-depth strategic reflection beginning in 2018 on the company's future, in 2019 the Board of Directors decided to approve an updated strategy for 2019 and beyond (2019+ Strategic Update), whose key features were announced to the market on 25 July 2019.

In the same Board of Directors meeting it was decided, by proposal of the Executive Committee and given the framework of the 2019+ Strategic Update, to discontinue NOVABASE's shareholder remuneration policy for the annual distribution of at least 30% of the NOVABASE Group's consolidated net profit for the year. The purpose of this change was to ensure flexibility in allocating available financial resources to serve initiatives under the 2019+ Strategic Update.

2019 was a noteworthy year for NOVABASE. A Strategic Update laying the groundwork for a clear, compelling plan to create value was approved by the Board of Directors and announced to the market in July. This strategic plan overhauled NOVABASE's business areas through two operating segments: Next-Gen and Value Portfolio. The main goal of this transformation was to make NOVABASE a next-generation IT service provider. The company began reporting on these two segments in its 2019 half-yearly disclosure.

In line with the new strategic plan, the General Meeting of Shareholders met on 26 September, by extraordinary meeting notice, and decided on the appointment of a new Executive Committee member focused on the Next-Gen segment, a stock option plan, a share buyback program and an extraordinary shareholder dividend of €0.5/share.

Another relevant occurrence in the year was the sale of the GTE business for €36 million (completed on 09 January 2020), a key victory allowing the management to focus on the agenda of the Next-Gen transformation.

The performance of the Value Portfolio's assets far exceeded expectations, with 15% growth in turnover from the standpoint of operations, generating a financial gain of €6.7 million, mostly due to the revaluation of Feedzai in the venture capital portfolio.

Next-Gen's results were in line with the Executive Committee's estimates, bearing in mind investments in the Talent Engine, the shift in geographic focus and the reorganization of management.

In 2019, NOVABASE was distinguished by the Euronext as an "SME Equity Champion" for generating the most shareholder returns. The Next-Gen segment also received two noteworthy awards: the FinTech & RegTech Global Awards chose Symetria® as the best data management solution for reporting and compliance, while Celfocus received an honourable mention in the World Agility Forum for its consistent cooperation and dedication in deploying Agile transformation initiatives.

It was also a year to celebrate NOVABASE's 30 years of success and transformation with its first *alumni party*, which brought together current and former employees.

III. SUPERVISION

a) Composition

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

NOVABASE has adopted a reinforced Latin corporate governance model, which includes an Audit Board and 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, at the end of their terms of office, they shall keep their positions until the appointment of new members.

NOVABASE's articles of associations further establish that the supervision of the company shall be the responsibility of an Auditing Board, elected by the General Meeting and composed of at least 3 full members, one of whom shall be its Chairman, with at least one substitute.

At least one member of the Audit Board must have a higher education degree suited to his/her duties, as well as knowledge of auditing or accounting. The Audit Board's remaining members may be law firms, statutory auditing firms or shareholders, in the latter case individuals with full legal capacity, and with qualifications and professional experience suited to his/her duties. On the whole, the Audit Board's members must have prior experience and training in NOVABASE's business sector.

On 31 December 2019, the Audit Board had the following three full members:

Full Member	Inauguration date	End of term of office
Álvaro José Barrigas do Nascimento	10/05/2018	31/12/2020
Fátima do Rosário Piteira Patinha Farinha	29/04/2015	31/12/2020
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira	10/05/2018	31/12/2020

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

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).

Full Member of the Audit Board	Independent ¹
Álvaro José Barrigas do Nascimento Paulo	Yes
Fátima do Rosário Piteira Patinha Farinha	Yes
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira	Yes

¹ Pursuant to article 414, paragraph 5 of the Commercial Companies Code.

In 2019, all members of the Audit Board were in compliance with the incompatibility rules of article 414-A, paragraph 1 of the Commercial Companies Code, together with the requirements for independence under Law no. 148/2015 of 09 September, since all of this board's members, including the Chairman, are independent in accordance with article 414, paragraph 5 of the Commercial Companies Code.

In addition, the Chairman and other members of the Audit Board are adequately capable of carrying out their duties, as demonstrated by the background information in the following point.

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

Full Member	Professional Qualifications	Work experience
<p>Álvaro José Barrigas do Nascimento</p>	<ul style="list-style-type: none"> • PhD in Banking and Finance • Cass Business School, City University London, United Kingdom • Master of Science in International Trade and Finance • The Management School, Lancaster University Lancaster, United Kingdom • Degree in economics • Porto School of Economics Porto, Portugal 	<ul style="list-style-type: none"> • Associate Professor in Economics and Finance – Católica Porto Business School – Universidade Católica Portuguesa • Independent NORS director • Chairman of the Audit and Finance Committee of Sonae MC • Member of the Audit Board of Unicer • Manager of the Business Administrator Forum (FAE) • Chairman of the Advisory Committee of ERSAR • Manager of the Católica Porto Business School (2008-2013) • Chairman of the Board of Directors of CGD (2011-2013) • Member of management, Católica Luanda Business School • Chairman of the Audit Board of Banco Carregosa (2017-2018) • Dependent director of Euronext (2016-2018) • Manager of the Portuguese Corporate Governance Institute (2013-2019) • Manager of the Commercial Association of Porto (2013-2017) • Advisor to the Minister of Education of the XIV Constitutional Government (2002)
<p>Fátima do Rosário Piteira Patinha Farinha</p>	<ul style="list-style-type: none"> • Graduate in Company Organization and Management from Instituto Superior de Economia e Gestão • Registered in the Portuguese Statutory Auditors' Association 	<ul style="list-style-type: none"> • Financial Director of Grupo Entrepasto automobile retail • Assistant Financial Director of Entrepasto Group (2002-2010) • Financial Director of NOVABASE Capital (2000-2002)

		<ul style="list-style-type: none"> • Financial Director of NOVABASE Sistemas de Informação e Bases de Dados (1991-2000)
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira	<ul style="list-style-type: none"> • Advanced Management Program - Harvard Business School • Top Management Development Program - senior management of EDP Group at INSEAD • Advanced Postgraduate in Corporate Finance from Universidade Católica Portuguesa (UCP) • Eureka International Management Development Program with Eureka BV, INSEAD and the University of Edinburgh • Graduate in Business Administration from Instituto Superior de Gestão 	<ul style="list-style-type: none"> • Various positions, EDP Energias de Portugal Group, 2003 to the present • Financial Director - NOVABASE SGPS, S.A. (2001 - 2003) • Director, Financial Area, Banco BCP (1993-2001) • Auditing, PricewaterhouseCoopers (1991-1993) • Broker, Pedro Caldeira - Sociedade de Corretagem (1989-1990)

b) Operation

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

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

- Propose, at the General Meeting of Shareholders, the appointment of the Statutory Auditor ("ROC") or Statutory Auditing Firm ("SROC"), pursuant to the law;
- Monitor the independence of the ROC/SROC, particularly with regard to the provision of additional services to NOVABASE or to companies in its group;
- Oversee the review of accounts and other company accounting documents;
- Prepare an annual report on its oversight activities, and issue an opinion on the Annual Report and Accounts and proposals submitted by management;
- Monitor the efficacy of the risk management system, internal control system and internal auditing system;
- Monitor the preparation and disclosure of financial information;
- Annually assess the Board of Directors' and Executive Committee's compliance with the budget;
- Take whatever decisions it deems necessary, informing the Chairman of the Board of Directors and director in charge of NOVABASE's financial area, 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) Issue a prior binding opinion on the type, scope and minimum individual or combined amount of business deals with related parties which (i) require the prior approval of the managing board; (ii) require the prior approval of the supervisory board due to their high value;
- j) Issue a prior opinion on business deals with related parties submitted by the managing board;
- k) Comply with other competencies and duties provided for by law and the memorandum of association.

In addition, since 31 March 2011, the company's 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 entities related with them, pursuant to article 20 of the Securities Code. These functions are described in point 91 of this report.

Furthermore, on 20 June 2018, the Audit Board approved new internal regulations aimed at incorporating legal provisions applicable to this board and its activities, namely those resulting from Law no. 148/2015 of 09 September, together with recommendations from the IPCG Corporate Governance Code (2018).

Along these lines, provisions aimed at establishing and implementing the Audit Board's duties within the scope of its powers were added to these regulations, particularly with regard to (i) the preparation of financial information, (ii) the supervision of systems for managing risks, control and (iii) statutory and external auditing.

In performing its duties regarding the preparation of financial information, the Audit Board is specifically responsible for:

- a) Overseeing the adequacy of the process for preparing and disclosing financial information by NOVABASE's Board of Directors, including the suitability of accounting policies, estimates, judgements, relevant disclosures and their consistent application between years, in a duly documented and properly communicated manner; and
- b) Certifying that the report disclosed on corporate governance practices and structure includes the items referred to in article 245-A of the Securities Code.

In addition, in performing its duties regarding the supervision of systems for risk management, internal control and internal auditing, the Audit Board is specifically responsible for:

- a) Evaluating the Board of Directors' risk management, implementing periodic control procedures and mechanisms to ensure that the risks actually taken by NOVABASE are consistent with the Board of Directors' goals;
- b) Issuing its opinion on the working plans and resources allocated to internal control areas, also receiving reports from these areas on matters involving the rendering of accounts, identifying or resolving conflicts of interest and the detection of potential irregularities.

Finally, in performing its duties regarding statutory and external auditing, the Audit Board is specifically responsible for:

- a) Ensuring an organized selection process for ROCs/SROCs to be proposed to the General Meeting of Shareholders, pursuant to applicable legislation. This selection must include the following:
 - (i) It must begin with a sufficient amount of lead time before the scheduled date of the NOVABASE General Meeting of Shareholders which will elect the ROC/SROC, so that the Audit Board may properly assess proposals received from applicants and select the ROCs/SROCs to be proposed at the meeting;
 - (ii) It must be open to various applicants during a specific period of time; the Audit Board shall select and invite a group of applicants prior to its established proposal submission period;
 - (iii) It must follow selection criteria of transparency, non-discrimination and impartiality; in analysing and appraising each proposal received, the Audit Board shall consider applicants' knowledge of the business sectors where NOVABASE and the NOVABASE Group's companies do business, together with their resources, capacities and financial standing.
- b) Selecting, in accordance with sub-paragraph a) above, the ROCs/SROCs to be proposed to the General Meeting of Shareholders for election and, as part of this proposal, recommending a preferred ROC/SROC on justified grounds, pursuant to the law;
- c) Verifying, monitoring and overseeing the independence of NOVABASE's ROC/SROC, namely by means of the following:
 - (i) Ensuring the receipt of information and communications pursuant to article 63 of the bylaws of the Portuguese Statutory Auditors' Association passed by Law no. 140/2015 of 07 September ("EOROC");
 - (ii) Properly evaluating the threats to the independence of the ROC/SROC, together with existing or future safeguarding measures, and discussing these issues with the ROC/SROC when deemed necessary;
 - (iii) Monitoring the services provided by the ROC/SROC, and ensuring that no services beyond auditing services ("prohibited services", listed in Annex I to the regulations) are provided, pursuant to article 77 of the EOROC;
 - (iv) Annually evaluating the work done by the ROC/SROC, including its independence and suitability to perform its duties, proposing to the General Meeting of Shareholders that it be dismissed, or that its service provision agreement be terminated, whenever there are justified grounds for this purpose;
 - (v) Implementing any other measures needed to ensure the independence of the ROC/SROC, pursuant to the law.
- d) Establishing adequate communication channels between NOVABASE (and specifically the Audit Board) and the ROC, namely by:
 - (i) Holding meetings if and when necessary between the ROC/SROC and NOVABASE's Audit Board and/or Board of Directors;
 - (ii) Serving as NOVABASE's main spokesperson with the ROC/SROC.

Note that, within the scope of the powers in d) above, and as the primary spokesperson of the company's statutory auditor, the Audit Board proposes the remuneration of NOVABASE's statutory auditor and lays the proper groundwork for the provision of services within the company.

The Audit Board's powers have also been reinforced with a view to properly evaluating the performance, status and future prospects of NOVABASE. The Audit Board's regulations state that it may request any information deemed necessary from the Executive Committee or Board of Directors, together with their meeting minutes, meeting notices, support documentation or access to the meeting archives.

The Audit Board's internal regulations also detail some general duties and responsibilities, such as participating in meetings of the Board of Directors, managing directors or Executive Committee, as applicable, in which the annual accounts will be assessed, and the General Meeting of Shareholders, together with maintaining confidentiality with regard to facts and information disclosed to Audit Board members while performing their duties, notwithstanding the legal obligation to report criminal acts constituting public crimes pursuant to article 422, paragraph 3 of the Commercial Companies Code.

The Audit Board held the compulsory number of meetings in 2019 as required by the articles of association, and made all examinations of the accounts deemed necessary to fulfil its obligations, having conducted analyses and made suggestions as considered appropriate.

The Audit Board holds ordinary meetings at least once per quarter, or whenever deemed necessary by its Chairman or requested by one of its members. The Chairman of the Audit Board is responsible for convening and running its meetings, and has a casting vote. Detailed minutes are drawn up for the meetings of NOVABASE's Audit Board, pursuant to article 6, paragraph 4 of its internal regulations.

The Audit Board's decisions are made with a majority of its active members present, by majority vote. Pursuant to the Audit Board's internal regulations, for votes in which a member of the board has a conflict of interests, the board member in question must notify the others and abstain from voting.

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: 6

Full Member	Attendance (%)
Álvaro José Barrigas do Nascimento	100
Fátima do Rosário Piteira Patinha Farinha	100
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira	33.33

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		
Full Member (availability)	Group companies	Other companies and activities
Álvaro José Barrigas do Nascimento (part time)	<ul style="list-style-type: none"> No activities at other NOVABASE Group companies. 	<ul style="list-style-type: none"> Professor of Finance at Universidade Católica Portuguesa Independent NORS director Chairman of the Audit and Finance Committee of Sonae MC Member of the Audit Board of Unicer Manager of the Business Administrator Forum (FAE) Chairman of the Advisory Committee of ERSAR
Fátima do Rosário Piteira Patinha Farinha (part time)	<ul style="list-style-type: none"> Member of the Audit Board of NOVABASE Capital – Sociedade de Capital de Risco, S.A. 	<ul style="list-style-type: none"> Financial Director of Grupo Entrepósito automobile retail Partner at MC Godinho & Associado SROC
Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira (part time)	<ul style="list-style-type: none"> No activities at other NOVABASE Group companies. 	<ul style="list-style-type: none"> Member of Audit Board of Fundação EDP Chairman of the Audit Board of Caritas Diocesana de Lisboa

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.

Pursuant to its internal regulations, the Audit Board is responsible for monitoring and overseeing the independence of NOVABASE's ROC/SROC and, in particular, monitoring the services it provides, ensuring that no services beyond auditing are provided. Services other than auditing are listed in the annex to the Audit Board's regulations, pursuant to applicable legislation.

In addition, 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.

IV. STATUTORY AUDITOR

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

Statutory Auditor (ROC): 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 2019, NOVABASE's acting statutory auditor was KPMG & Asociados - SROC, S.A., represented by its partner Paulo

Alexandre Martins Quintas Paixão, and with Maria Cristina Santos Ferreira as substitute statutory auditor.

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

The statutory auditor has performed auditing duties for NOVABASE (company and group) for more than 4 consecutive years. 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 2019.

V. EXTERNAL AUDITOR

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

On 31 December 2019, NOVABASE's acting external auditor was KPMG & Associados – SROC, S.A., registered with the Portuguese 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 more than 4 consecutive years. 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.

Law no. 148/2015 of 09 September has mandatory auditing rules applicable to NOVABASE as an “entity of public interest”.

With regard to rotating the statutory auditor, external auditor and responsible partner, the company takes the maximum periods in the bylaws of the Statutory Auditors' Association into account.

In view of this policy, and since KPMG has been hired to perform the duties of statutory auditor and (external) auditor as of 2015, the company is in legal compliance with the period for rotating the responsible partner.

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.

The external auditor's assessment includes verifying the implementation of remuneration policies and systems of the corporate boards, the efficiency and functioning of internal control mechanisms, and the reporting of 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 2019, the external auditor did not provide other professional services to the company.

Pursuant to the regulations of the Audit Board, this supervisory board evaluates the independence of statutory auditors, namely with regard to the provision of additional services (beyond auditing) to NOVABASE or companies in its group, and supervises the work done by external auditors, taking CMVM recommendations into account 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):

	€ / %
By the company	
Statutory auditing services (€)	11,000 / 9.97
Compliance assurance services (€)	
Tax consulting services (€)	
Services other than statutory auditing (€)	
By entities belonging to the group	

Statutory auditing services (€)	99,350 / 90.03
Compliance assurance services (€)	
Tax consulting services (€)	
Services other than statutory auditing (€)	

C. INTERNAL ORGANIZATION

I. ARTICLES OF ASSOCIATION

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

Constitutive quorum for the General Meeting of Shareholders

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

Deliberating quorum for the General Meeting of Shareholders

When amendments to the articles of association are under consideration, the General Meeting of Shareholders decides by a two-thirds majority of the votes cast.

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

II. REPORTING OF IRREGULARITIES

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

Pursuant to article 3, paragraph 2 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.

With a view to 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, an independent member of the Audit Board, Álvaro Nascimento, in two different manners:

- to the private e-mail address: NB.whistle@gmail.com; and
- by post in a letter addressed to Álvaro Nascimento, 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, namely those referred to in points 21 and 33 of this report, regarding reports made within the scope of SPI.

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

This policy is detailed at the NOVABASE website (www.NOVABASE.pt) in the Investors section.

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

III. INTERNAL CONTROL AND RISK MANAGEMENT

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

The Audit Board, whose duties are described in section B III.b) of this report, is responsible for internal auditing. As detailed in this section, the Audit Board's internal regulations lay out its functions and duties with regard to supervising systems for risk management, internal control and 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.

In performing its duties regarding the supervision of systems for risk management, internal control and internal auditing, NOVABASE's Audit Board annually assesses the degree of internal compliance and performance of the risk management system, together with prospects for changing the risk framework described above.

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

The Audit Board, as a supervisory 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 its 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 operations, suggesting policies and procedures to the Board of Directors to achieve these goals and refine these mechanisms.

Along these lines, the Audit Board is also responsible for: (i) evaluating the Board of Directors' risk management, implementing periodic control procedures and mechanisms to ensure that the risks actually taken by NOVABASE are consistent with the Board of Directors' goals, and (ii) issuing its opinion on the working plans and resources allocated to internal control areas, also receiving reports from these areas on matters involving the rendering of accounts, identifying or resolving conflicts of interest and the detection of potential irregularities.

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

NOVABASE coordinates internal control teams, whether in the area of quality or 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.

The NOVABASE Group is exposed to a collection of financial risks resulting from its business, namely foreign exchange risk, cash flow and fair value risk, credit risk, liquidity risk and capital risk.

The unpredictability of financial markets is continuously analysed according to the Group's risk management policy to minimize potential adverse effects on its financial performance.

a) Foreign exchange risk

The Group is exposed to the risk of exchange fluctuation, mainly for the US dollar, Angolan kwanza and Mozambican metical, since some of its subsidiaries perform transactions in these currencies.

The financial department is responsible for monitoring exchange rate developments in these currencies to mitigate their impact on the consolidated results. Whenever exchange rate expectations so justify, the Group attempts to enter into hedging transactions against adverse changes by means of derivative financial instruments.

b) Interest rate risk (fair value and cash flows)

Interest-rate risk entails the possibility of fluctuations in future financial charges on loans due to changes in market interest rate levels.

The cost of the Group's financial debt is indexed to short-term reference rates, adjusted at a frequency of less than one year, plus duly negotiated risk premiums. Therefore, changes in interest rates can affect the Group's results.

NOVABASE's exposure to interest rate risk originates from financial assets and liabilities with fixed and/or variable rates. In the case of fixed rates, the Group faces the risk of a variation in the fair value of these assets or liabilities, insofar as any change in market rates involves an opportunity cost. In the case of variable rates, such changes directly impact the amount of interest, thereby resulting in variations in cash.

Exposure to interest rate risk is constantly analysed by the financial department. Interest rate risk management is aimed at reducing the volatility of interest charges.

c) Credit risk

NOVABASE manages credit risk both in terms of business units (for customer receivables and) on a consolidated basis (for all active positions of financial instruments). Credit risk originates from cash and cash equivalents, derivative financial instruments and customer credit exposure, including amounts receivable and previously agreed transactions. Only banks and institutions having credibility in the sector are accepted. Customer credit risk is managed based on credit limit ranges, based on the customer's financial position and historical business relations.

d) Liquidity risk

The prudent management of liquidity risk entails keeping cash or financial instruments sufficiently liquid, with sources of financing through an adequate number of credit facilities, together with the ability to close market positions.

The management monitors updated forecasts of the Group's liquidity reserve (unused credit lines, cash and cash equivalents) at the base of expected cash flows, by analysing the remaining contractual maturity of financial liabilities and the expected date of inflows from financial assets, also considering restrictions on transferring capital from Angola and Mozambique. In addition, the maturity concentration of the Group's loans is regularly controlled.

e) Capital risk

The Group's goals with regard to capital management - a broader concept than the capital shown on the face of the statement of the consolidated financial position - are as follows:

- (i) Safeguarding the Group's ability to keep doing business, and therefore provide returns to shareholders and benefits to other stakeholders;
- (ii) Maintaining a solid capital structure to support the development of its business;
- (iii) Maintaining a sound capital structure to reduce the cost of capital.

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 areas control typical risks in the IT sector within their sphere, 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.

f) Cyber-Risk

Mounting technology integration and sophistication have heightened companies' exposure to various types of cyber-risk (e.g. large-scale cyber-attacks, data breach and destruction, etc.), with potential financial, operational and reputation losses.

Risk mitigation measures have been reinforced from an information security standpoint, directly monitored by the Chief Information Security Officer, appointed in 2019 as a new area of responsibility under the Executive Committee.

g) Talent Retention Risk

NOVABASE's ability to successfully implement its strategy depends on attracting and retaining the best qualified, most competent employees for each job position. In view of the higher market demand for high-quality talent – especially in the Portuguese market, where NOVABASE recruits nearly all of its employees – there is the potential for labour costs to rise, making retention more difficult.

NOVABASE's human resource policies have been aligned to achieve these goals. In 2019, this part of the company received the “Innovation in People Management” award from the magazine Human Resources Portugal. In addition, NOVABASE focuses on training as a key aspect in tailoring talent to its new next-generation IT strategy.

h) Delivery risk

Some of NOVABASE's policies for addressing delivery risk include:

- Analysing each significant commercial proposal from the standpoint of reducing overselling, taking available company expertise into account;
- Constantly scrutinizing the quality of the team to be allocated to projects;
- Ongoing training programs in technologies and project management methodologies.

i) Strategic and context risks

The Group also faces so-called “strategic and context risks”, which it aims to manage and mitigate through recurring discussions among various management chains on risks impacting the company/business unit. These discussions may include investment/disinvestment areas, strategic focuses and pending risks at any given time. Risk appetite is also discussed in terms of the organization and its developments.

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.

In turn, the Audit Board is in charge of evaluating the Board of Directors' risk management.

Along these lines, as a company working in the information technology and digitalization market – a sector characterized by constantly shifting dynamics, innovation and agility – NOVABASE acknowledges that the risk management policy is of vital importance in running and developing a business which historically has had a higher risk appetite. For this reason, on 13 December 2018, NOVABASE's Board of Directors approved a formal risk policy for the company, which is available at the company's website. The principles of this policy have been defined and implemented by NOVABASE's Board of Directors, namely with regard to determining acceptable risk levels.

On 25 July 2019, the Board of Directors approved an updated strategy for the years 2019 and beyond (2019+ Strategic Update).

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.

Furthermore, as better explained in section B III.b) of this report and the Audit Board's internal regulations, the Audit Board is responsible for supervising NOVABASE's systems for risk management, internal control and internal auditing.

In 2019, 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 time.

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 boards, including the Board of Directors itself.

In addition, the Audit Board is in charge of overseeing the adequacy of the Board of Directors' process for preparing and disclosing financial information.

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 María Gil Marín and Amália Parente.

The office provides information through NOVABASE's website (www.NOVABASE.pt). Since 2002, NOVABASE has had a dedicated investor relations area on its company website at www.NOVABASE.pt. Investors have access to a number of links containing information of interest to their profile. In terms of financial information, they have access to Annual Reports and Accounts for previous years, the Financial Calendar, reserved information, information on the composition and powers of the company's Corporate Boards, the names and e-mail addresses of the analysts covering the security, together with the price target, the market performance of NOVABASE's shares, NOVABASE's shareholder structure, 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 Corporate Governance and the Corporate Governance Code of the Portuguese Corporate Governance Institute, which entered into force on 01 January 2018, 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 represented and General Meeting of Shareholders 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 up-to-date information is published in Portuguese and English on NOVABASE's website: a) The company, public company status, registered office 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 means of access; e) accounting documents, accessible for 5 years; f) half-yearly calendar on company events, published at the beginning of each half year and including, among other information, General Meetings of Shareholders and annual and half-yearly reports and accounts.

57. Identification of the market relations representative.

María Gil Marín

Market and Investor Relations

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Email: investor.relations@NOVABASE.com

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 2019, NOVABASE had no pending information requests. Its average response time was 24 hours. 248 information requests were received in 2019.

V. WEBSITE

59. Address(es).

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

60. Location where information on the company, public company status, registered office 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:

<https://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

<https://www.novabase.pt/en/dp/articles-of-association>

Regulations

<https://www.novabase.pt/en/dp/corporate-bodies>

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, together with the number of annual meetings of the company's managing and supervisory boards and internal committees, is available at the following pages and links:

Corporate board members and number of meetings

<https://www.novabase.pt/en/dp/corporate-bodies>

Identification of the investor relations representative

<https://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

<https://www.novabase.pt/en/dp/reports-accounts-c4831f>

Finance agenda

<https://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 page and links on the General Meeting of Shareholders:

<https://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 decisions taken is available at the following page and links on the General Meeting of Shareholders:

<https://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 Statutory Auditor are considered managers, as defined in article 248-B of the Securities Code; as such, there is no separate information to be disclosed in this regard.

II. REMUNERATION COMMITTEE

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

The Remuneration Committee members for the three-year period of 2018-2020 were decided in the General Meeting of Shareholders of 10 May 2018. 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 may freely decide on NOVABASE's hiring of consulting services, as needed or convenient for carrying out its duties, ensuring that service providers are chosen following criteria of competence and independence. The Remuneration Committee did not employ any natural or legal person to support it in performing these duties.

The Chairman of NOVABASE's Remuneration Committee was present at the 2019 General Meeting of Shareholders dated 07 May 2019 to provide information and clarifications to shareholders.

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 Nabó	<ul style="list-style-type: none"> • Graduate in Economics from Instituto Superior de Ciências Económicas e Financeiras • Master's in Management from AESE (University of Barcelona) • Honorary Doctorate from the Macau University of Science and Technology 	<p>Member of several boards of directors, including:</p> <ul style="list-style-type: none"> • Chairman of the Board of Directors and CEO of Portugal Telecom, SGPS, S.A. • Chairman of Galp Energia • Senior Partner of SaeR - Sociedade de Avaliação Estratégica e Risco, Lda. • Vice-Chairman of the Board of Directors of SOREFAME • Vice-Chairman of the company Portugal e Colónias • Managing Chairman of IMOLEASING, CGD Group
Pedro Rebelo de Sousa	<ul style="list-style-type: none"> • Graduate in Law from Universidade Clássica de Lisboa • Specialization (post-graduation) in Commercial and Corporate Law from Universidade Pontifícia Católica, Brazil • Master's in Business Administration, Getúlio Vargas Foundation - Business Administration School, São Paulo, Brazil 	<p>Member of the board of directors at several financial institutions, including:</p> <ul style="list-style-type: none"> • Chairman and CEO of BFB • CitiBank • Banif • Caixa Geral de Depósitos • Cimpor • Intesa SanPaolo Imi International • Chairman of the General Board of the Portuguese Corporate Governance Institute (IPCG) • Managing partner of SRS Advogados <p>among others</p>
João Quadros Saldanha	<ul style="list-style-type: none"> • Graduate in Mining Engineering, Mining Planning from IST • MBA from Universidade Nova de Lisboa 	<p>Member of the board of directors at several companies, including:</p> <ul style="list-style-type: none"> • IAPMEI - I.P. • Empordef, SGPS, S.A.

• Post-graduate in markets and financial risk from Universidade Nova

• OGMA - S.A.
• White Airways, S.A.
among others

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.

A statement on the remuneration policy, pursuant to Law no. 28/2009 of 19 June, which also contains the additional items per Recommendation no. V.2.3 of the IPCG Corporate Governance Code (2018), is attached to this report.

NOVABASE has no potential individual or combined ceilings for the remuneration of the members of its managing and supervisory boards. The setting of specific remuneration is left to the discretion of the Remuneration Committee, comprised exclusively of members who are independent from the Board of Directors.

As such, NOVABASE believes it is inappropriate to have maximum potential ceilings for the remuneration to be paid to the members of its managing and supervisory boards.

Pursuant to recommendation V.2.2 of the IPCG Corporate Governance Code (2018), the remuneration committee must approve (at the start of each term of office) and enforce and confirm (annually) the remuneration policy for members of the company's boards and committees, under which the respective fixed components are determined and, with regard to executive directors or directors given sporadic executive tasks, if a variable remuneration component exists, the respective criteria for its awarding and measurement, mechanisms for its limitation, mechanisms for its deferred payment and remuneration mechanisms based on company shares or options.

NOVABASE's elective General Meeting of Shareholders was held on 10 May 2018 to appoint corporate boards and Remuneration Committee members for the 2018-2020 term of office. On this date, the IPCG Corporate Governance Code (2018) had just recently entered into force, putting companies in a transition period to adapt to the code and its recommendations.

Nonetheless, in this General Meeting of Shareholders, the Remuneration Committee submitted general guidelines for corporate board remuneration for the consideration of NOVABASE's shareholders, who approved them, including the general guiding principles of the remuneration policy for corporate board members for the three-year period of 2018-2020, similar to what was done in previous years. This same General Meeting of Shareholders also approved the remuneration of the Remuneration Committee for the term of office in question.

Although NOVABASE has no formal remuneration policy addressing every aspect of the above recommendation from the IPCG Corporate Governance Code, these general remuneration policy principles and guidelines - which have been approved by NOVABASE's

shareholders in consecutive meetings – constitute, in broad terms, the remuneration policy currently in effect at NOVABASE.

The general guiding principles of the corporate board member remuneration policy for the three-year period of 2018-2020 address aspects to be borne in mind when structuring remuneration, along with ways of aligning managing board members' interests with those of the company.

Furthermore, based on these principles and NOVABASE's remuneration policy, the Remuneration Committee, in its meeting dated 29 May 2019, set remuneration for the corporate boards for 2019, together with the variable remuneration of directors according to their performance in 2018. The content of the Remuneration Committee's decision in this regard is available in the 2019 Remuneration Committee Report, attached to this report. As part of its remuneration policy statement to be submitted to the 2020 annual General Meeting of Shareholders, also attached to this report, the Remuneration Committee confirms the remuneration policy in force at NOVABASE.

These practices have been employed by the Remuneration Committee over recent years, on an annual basis.

Within the scope of the remuneration policy, as described above, NOVABASE believes it is unnecessary to impose limits on variable remuneration, since the setting of remuneration is left to the discretion of the Remuneration Committee, which is comprised exclusively of members who are independent from the Board of Directors.

The general criteria for awarding and measuring directors' variable remuneration, together with its means of deferral, are addressed in points 70 and 72 of this report.

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.

In view of the approval of the Plan for Options to Allot NOVABASE Shares at the company's General Meeting of Shareholders dated 26 September 2019, pursuant to the terms described below, the variable remuneration of NOVABASE directors may be comprised of the following components:

- (i) Variable remuneration in cash tied to NOVABASE's performance;
- (ii) Participation in the Plan for Options to Allot NOVABASE Shares.

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, correlated 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, 50% 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 directors' variable cash components which are not deferred for the entire term of office, that the company's medium-term interests must also be served, together with its economic interest in providing suitable performance optimization incentives to fulfil obligations and meet short-term goals for management positions, and in balancing and distributing the costs associated with directors' remuneration over term of office's three years, since it would not be appropriate to simply defer the entire variable remuneration component to the end of the term of office or afterwards.

With regard to the Plan for Options to Allot NOVABASE Shares, as described in greater detail in point 74 of this report, options attributed under this plan will comprise a single batch, and may be exercised once exactly two years after their date of attribution (maturity date), notwithstanding the ability to exercise them exactly one year after their date of attribution, at which time the participant may exercise 50% or 100% of the batch of options attributed to him/her.

Options attributed and actually exercised by a participant on their maturity date, or exactly one year after their date of attribution, will be settled as follows:

(a) via the attribution of NOVABASE shares (net share settlement) for 50% of the options subject to exercising;

(b) via the attribution of NOVABASE shares (net share settlement) or, alternatively, in cash (net cash settlement), by the participant's choice, for the remaining 50% of the options.

Under these terms, the variable component paid to directors under the plan does not exclusively serve NOVABASE's long-term interests, insofar as the start of the period for exercising options is not deferred for at least three years.

Even so, it should be noted that NOVABASE share options exercised by the participant pursuant to sub-paragraph (a) above (i.e. 50% of the options available for exercise) will be retained by NOVABASE for three years following the exercise date, and their ownership will not be transferred to the participant until the end of this period, conditional upon NOVABASE's positive performance during this time.

Furthermore, the number of NOVABASE shares to be attributed under the plan, or the corresponding amount in cash under the net cash settlement option, is dependent upon the price of NOVABASE shares on the relevant dates for participants to exercise options, thus making this remuneration component conditional upon the company's continued positive performance.

As such, NOVABASE believes that the company's long-term interests have also been served by this remuneration component, discouraging excessive risk assumption.

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

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

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

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.

With regard to the variable stock option component, the attribution of options under the Plan for Options to Allot NOVABASE Shares is decided by the competent body pursuant to the plan's regulations, on a case-by-case basis in accordance with criteria to be set by this body, which will be NOVABASE's Board of Directors, or the Remuneration Committee in the case of options attributed to members of the Board of Directors.

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

The variable remuneration in cash paid in 2019 corresponds to 50% of the amount allocated for 2018 in 2019, and 1/6 of the amount allocated for 2017 in 2018, 1/6 of the amount allocated for 2016 in 2017 and 1/6 of the amount allocated for 2015 in 2016. The remaining 50% of the amount allocated for 2018 in 2019 is subject to deferred payments in the following 3 years (2020, 2021 and 2022) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

On 01 October 2019, the Remuneration Committee unanimously decided to make executive director Paulo Jorge de Barros Pires Trigo a participant in the Plan for Options to Allot NOVABASE Shares, attributing 400,000 (four hundred thousand) stock options to him. These options were attributed at a strike price of € 2.295 per share.

Pursuant to the plan's regulations, the options attributed under the contractual agreement signed with this participant on 01 October 2019 comprise a single batch, which may be exercised once exactly two years after their date of attribution (i.e. 01 October 2021) (maturity date), notwithstanding the ability to exercise them exactly one year later (i.e. 01 October 2020).

As stated above, the shares representing NOVABASE's share capital corresponding to 50% of the options which may be exercised by this participant will be retained by NOVABASE for three years following the exercise date, and their ownership will not be transferred to the participant until the end of this period, conditional upon NOVABASE's positive performance during this time.

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 2019, there was no remuneration through the direct allocation of shares.

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

The NOVABASE General Meeting of Shareholders held on 26 September 2019 approved a medium or long-term plan for attributing variable remuneration to members of NOVABASE's Board of Directors and to employees from NOVABASE or from other NOVABASE Group companies, based on the performance of NOVABASE shares (Plan for Options to Allot Shares), together with this plan's regulations. This plan has the following goals:

- To retain NOVABASE and NOVABASE Group employees;
- To motivate and encourage their creativity and productivity;
- To retain and/or hire management staff and employees of high potential and strategic value to benefit the company's results.

Under this plan and its regulations, stock options representing NOVABASE's share capital may be attributed in the form of a performance bonus for the plan's participants.

Options are attributed by decision of the competent body pursuant to the plan's regulations, on a case-by-case basis in accordance with criteria to be set by this body, which will be NOVABASE's Board of Directors, or the Remuneration Committee in the case of options attributed to members of NOVABASE's Board of Directors.

The options attributed will comprise a single batch, and may be exercised once exactly two years after their date of attribution (maturity date), notwithstanding the ability to exercise them exactly one year after their date of attribution, at which time the participant may exercise 50% or 100% of the batch of options attributed to him/her.

Options from the same lot not exercised in full by their maturity date will automatically expire.

Options attributed and actually exercised by a participant on their maturity date, or exactly one year after their date of attribution, will be settled as follows:

(a) via the attribution of NOVABASE shares (net share settlement) for 50% of the options subject to exercising;

(b) via the attribution of NOVABASE shares (net share settlement) or, alternatively, in cash (net cash settlement), by the participant's choice, for the remaining 50% of the options.

NOVABASE share options exercised by the participant pursuant to sub-paragraph (a) (i.e. 50% of the options available for exercise) will be retained by NOVABASE for three years following the exercise date, and their ownership will not be transferred to the participant

until the end of this period, conditional upon NOVABASE's positive performance during this time.

The options' strike price is defined before the date of attribution. It should correspond to the arithmetical average of the prices, weighted by the respective volumes, of the transactions of NOVABASE shares at sessions of the Euronext Lisbon regulated market occurring in the ninety days preceding 26 July 2019, adjusted by the shareholder remuneration distributed during this period, i.e. €2.295 per share.

Once the participant notifies the company of his/her intent to exercise options, the number of shares to be attributed (rounded down) to this participant, or the corresponding cash amount in the case of net cash settlement, is determined by the following formula:

No. of shares = no. of options exercised x [(exercise price - strike price / exercise price)]

Where:

Strike price: the arithmetical average of the prices, weighted by the respective volumes, of the transactions of NOVABASE shares at trading sessions of the Euronext Lisbon occurring in the ninety days preceding 26 July 2019, adjusted by the shareholder remuneration distributed during this period, i.e. €2.295 per share; and

Exercise price: the arithmetical average of the prices, weighted by the respective volumes, of the transactions of NOVABASE's shares at trading sessions of the Euronext Lisbon occurring in the ninety days preceding the exercise date.

For the purposes of the net cash settlement option, the value of the shares determined as described above will be based on the arithmetical average of the prices, weighted by the respective volumes, of the transactions of NOVABASE's shares at trading sessions of the Euronext Lisbon occurring in the ninety days preceding these options' exercise date.

While the plan is in effect, stock options totalling more than 10% of NOVABASE's share capital may not be attributed.

Since the plan's approval, 400,000 (four hundred thousand) NOVABASE stock options have been attributed under the plan to executive director Paulo Jorge de Barros Pires Trigo, as described in more detail in point 72.

Finally, as decided in the General Meeting of Shareholders of 26 September 2019 and announced to the market, a buyback program for NOVABASE treasury shares is currently in effect to cover obligations to settle options attributed under the plan and under its direct dependency.

The regulations of the Plan for Options to Allot NOVABASE Shares are available at the company's website:

https://www.novabase.pt/manager/contentfiles/page/9b579fd3-5a9e-491e-bf1c-90dea1f1327e/fq02k2bc.biu_e70b8a2e_editorFile.pdf

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

There is no annual bonus scheme or any other non-financial benefits.

In 2019, an additional amount of €12,376 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.

A 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) Awarding to directors who, by decision of the Remuneration Committee, may receive remuneration components which are not fixed, paid by the company or by a company in a group or control relationship with it;
- b) The amount of the supplement will correspond to the cumulative annuities acquired from the consecutive premiums paid, increased by revaluations during the applicable period of establishment, as negotiated with the insurance company in question;
- c) Financing through the company's payment of relevant insurance agreement premiums, as determined by the Remuneration Committee;
- d) Instead of the above pension supplement, directors may opt for the redemption of accumulated capital, pursuant to the law and within legal limits;
- e) Pursuant to the law and within legal limits, beneficiaries with entitlement to the accumulated capital may be designated in the event of the director's death prior to retirement;
- f) Other terms and conditions to be determined by the Remuneration Committee, in conjunction with the 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.

In this report, NOVABASE discloses the remuneration received by each member of the Board of Directors and Audit Board in 2019, pursuant to Law no. 28/2009 and CMVM Regulation no. 4/2013, and in line with the recommendations of the IPCG Corporate Governance Code (2018) in this regard.

By unanimous decisions of the Remuneration Committee, fixed remuneration components were set for members of the NOVABASE Board of Directors in 2019, along with annual variable remuneration, as shown in the chart below.

This remuneration is distributed among the members of the Board of Directors in accordance with the breakdown stipulated by the Remuneration Committee, whereby directors receive (i) fixed remuneration in cash, and (ii) variable remuneration in cash and a variable component based on stock options. This remuneration is broken down among directors as shown in the table below, in view of their responsibilities at NOVABASE, and as stipulated by the Remuneration Committee.

The remuneration of non-executive, non-independent directors may include a variable component. The performance of remunerated duties by these members of the Board of Directors allows NOVABASE to leverage their extensive know-how acquired as company founders and accumulated over a period of 30 years, especially since these directors continue to have major responsibilities in the Group.

The variable component in cash of directors' remuneration is determined with a view to aligning this component 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 2019 corresponds to only 50% of the variable remuneration in cash due for 2018 and 1/6 of the amount allocated for 2017 in 2018, 1/6 of the amount allocated for 2016 in 2017 and 1/6 of the amount allocated for 2015 in 2016. The remaining 50% of the amount allocated for 2019 is subject to deferred payments in the following 3 years (2020, 2021 and 2022) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

With regard to the option plan, since its approval, 400,000 (four hundred thousand) NOVABASE stock options have been attributed under the plan to executive director Paulo Jorge de Barros Pires Trigo, by decision of the Remuneration Committee.

Directors ¹	Fixed annual remuneration (€)	Annual variable remuneration in cash paid in 2019 (€) ^{2,3}	Partial Total (Fixed + Variable in cash paid in 2019) (€)	Variable in cash paid in 2019 / Partial Total (%)	Deferred annual variable remuneration (€)	Variable Remuneration # options @2,295
João Nuno da Silva Bento	293,700.00	100,652.50	394,352.50	25.52	100,652.50	0
Álvaro José da Silva Ferreira	200,520.00	63,075.50	263,595.50	23.93	63,075.50	0
Francisco Paulo Figueiredo Morais Antunes	126,000.00	127,454.33	253,454.33	50.29	118,062.67	0
María del Carmen Gil Marín	144,420.00	50,326.00	194,746.00	25.84	50,326.00	0
Paulo Jorge de Barros Pires Trigo	25,248.68	0	25,248.68	0	0	400,000
Executives Total	789,888.68	341,508.33	1,131,397.01	30.18	332,116.67	400,000
Total	65.30	48.90	59.30	0	0	0
Lúís Paulo Cardoso Salvado	293,700.00	254,909.17	548,609.17	46.46	236,125.83	0
José Afonso Oom Ferreira de Sousa	42,000.00	50,986.83	92,986.83	54.83	47,225.17	0
Pedro Miguel Quinteiro Marques Carvalho	42,000.00	50,986.83	92,986.83	54.83	47,225.17	0
Marta Isabel dos Reis Graça Rodrigues do Nascimento	42,000.00	0	42,000.00	0	0	0
Non-executives total	419,700.00	356,882.83	776,582.83	45.96	330,576.17	0
Total	34.70	51.10	40.70	0	0	0
TOTAL	1,209,588.68	698,391.16	1,907,979.84	36.60	662,692.84	400,000

In 2019, an additional amount of €12,376 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.

¹ Director Paulo Jorge de Barros Pires Trigo was elected at the Extraordinary General Meeting of Shareholders of 26 September 2019. The remuneration shown here in relation to this director refers only to the post-election period. The amounts received up until the election date from other group companies are shown in point 78.

² The amount shown is the total amount paid to each director in 2019: 50% of the amount allocated for 2018 in 2019, and 1/6 of the amount allocated for 2017 in 2018, 1/6 of the amount allocated for 2016 in 2017 and 1/6 of the amount allocated for 2015 in 2016. The remaining 50% of the amount allocated for 2018 in 2019 will be paid in the following 3 years (2020, 2021 and 2022) in equal parts, corresponding to 1/6 of each year's total, conditional upon positive company performance during this time period.

³ Amount used to reinforce capitalization insurance contributions currently in effect at the company.

⁴ Amounts allocated in 2019 for 2018, and deferred to the next three years. There are also deferrals for amounts allocated in 2018 for 2017 and allocated in 2017 for 2016 in accordance with the criteria shown in the Corporate Governance Reports for the years in question.

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

In general NOVABASE's directors and the members of NOVABASE's Audit Board 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 subject to shared control with NOVABASE, with the exception of the remunerations indicated in the following paragraph..

Even so, prior to his election as a director approved in the Extraordinary General Meeting of Shareholders of 26 September 2019, director Paulo Jorge de Barros Pires Trigo received the amounts shown in the table below through Celfocus, S.A., a company in which NOVABASE S.G.P.S., S.A. has a 55% stake. Also in relation to director María del Carmen Gil Marín, the amounts below have been and will be settled at NOVABASE Capital - Sociedade de Capital de Risco, S.A., a company fully owned by NOVABASE S.G.P.S., S.A.

Directors	Fixed annual remuneration (€)	Annual variable remuneration in cash paid in 2019 (€) ^{5,6}	Partial Total (Fixed + Variable in cash paid in 2019) (€)	Variable in cash paid in 2019 /Partial Total (%)	Deferred annual variable remuneration (€)
María del Carmen Gil Marín	0.00	113,701.53	113,701.53	100.00	160,013.09
Paulo Jorge de Barros Pires Trigo	128,099.97	173,486.11	301,586.08	57.52	183,557.74

In 2019 an additional amount of €1,264 in meal allowances was paid to Paulo Jorge de Barros Pires Trigo by Celfocus, S.A..

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 2019, 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 2019.

⁵ The amount shown is the total amount paid in 2019: 50% of the amount allocated for 2018 in 2019, and 1/6 of the amount allocated for 2017 in 2018, 1/6 of the amount allocated for 2016 in 2017 and 1/6 of the amount allocated for 2015 in 2016. The remaining 50% of the amount allocated for 2018 in 2019 will be paid in the following 3 years (2020, 2021 and 2022) in equal parts, corresponding to 1/6 of each year's total, conditional upon positive company performance during this time period.

⁶ Amount used to reinforce capitalization insurance contributions currently in effect at the company.

⁷ Amounts allocated in 2019 for 2018, and deferred to the next three years. There are also deferrals for amounts allocated in 2018 for 2017 and allocated in 2017 for 2016 in accordance with the criteria shown in the Corporate Governance Reports for the years in question.

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 supervisory board members includes no component whose value depends on the performance or the value of the company.

As such, the following fixed annual remuneration was given to members of the Audit Board for 2019:

Chairman of the Audit Board - Álvaro José Barrigas do Nascimento - €9,000 (nine thousand euros);

Audit Board Member - Fátima do Rosário Piteira Patinha Farinha - €7,000 (seven thousand euros);

Audit Board Member - Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira - €7,000 (seven thousand euros).

Furthermore, the company's Statutory Auditor is remunerated according to standard remuneration practices and conditions for comparable services, following the signing of a service provision 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 paid according to attendance in the amount of €1,200 (one thousand and two hundred euros) for each meeting presided over. Two such payments were made in 2019.

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, paragraph 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.

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

84. Reference to the existence and description, including amounts, of agreements between the company and members of the board of directors and administrators under Article 248-B (3) of the Securities Code that provide for compensation in the event of resignation, termination without just cause or termination of the employment relationship following a change in the company's control. (article 245-A, paragraph 1, sub-paragraph I).

No such agreements exist.

VI. STOCK OR STOCK OPTION PLANS

85. Identification of plan and respective recipients.

The NOVABASE General Meeting of Shareholders held on 26 September 2019 approved a medium or long-term plan for attributing variable remuneration to members of NOVABASE's Board of Directors and to employees from NOVABASE or from other NOVABASE Group companies, based on the performance of NOVABASE shares, together with this plan's regulations. This plan has the following goals:

- To retain NOVABASE and NOVABASE Group employees;
- To motivate and encourage their creativity and productivity;
- To retain and/or hire management staff and employees of high potential and strategic value to benefit the company's results.

Under this plan and its regulations, stock options representing NOVABASE's share capital may be attributed in the form of a performance bonus for the plan's participants.

More information on the plan and its regulations can be found 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).

A description of the Plan for Options to Allot NOVABASE Shares - including its eligibility conditions, inalienability of shares clauses, criteria on the price for exercising options, time frame during which options can be exercised, characteristics of the shares or options to be attributed and the existence of incentives to acquire shares and/or exercise options - is available 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.

On 31 December 2019, no options had been attributed to the company's workers or employees; only the decision was made to attribute options to one of NOVABASE's executive directors.

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.

On 04 July 2016, NOVABASE approved Internal Regulations on Transactions with Qualified Shareholders, under which business dealings by the company with qualified shareholders of significant relevance are subject to the scheme provided for therein. These internal regulations were updated and approved on 04 July 2016.

Under the current Internal Regulations, transactions with qualified shareholders are defined as those performed by the company, by entities in a control or group relationship with it, or by entities within its consolidation perimeter with holders of qualified shareholdings, or with entities in any way related to them pursuant to article 20 of the Securities Code.

Significant business deals also include: (i) those whose cumulative total is equivalent to or exceeds €100,000 (one hundred thousand euros) in a given financial year, half year or quarter, even when the value of each business deal does not exceed this amount when considered individually; or (ii) those not done under normal market conditions.

In any case, business deals involving the awarding of remuneration for management or senior management positions at the company, at entities in a control or group relationship with it, or at entities within NOVABASE, SGPS, S.A.'s consolidation perimeter have been excluded from the scope of these Internal Regulations, although such remuneration must always be attributed under normal market conditions and in accordance with the corporate governance model in force.

In significant cases as described above, NOVABASE's management, managing directors and the bodies, committees and individuals in the NOVABASE Group with authorization to approve the transaction in question, as applicable, must notify the company's supervisory board as soon as possible, and never less than 5 days from the transaction's occurrence, of their intention to approve the business deal.

Such notification to NOVABASE's supervisory board must include the following: (a) identification of the body, committee or individual in the NOVABASE Group making the notification, together with the NOVABASE Group entity under which said body, committee or individual operates or is found; (b) parties to the transaction; (c) scheduled transaction date; (d) economic and financial terms of the transaction, and its total amount, which must always be specified, even if only an estimate; (e) reason for transaction between the NOVABASE Group and the entity in question; (f) reason for transaction specifically with customer or supplier in question; (g) assessment as to whether the transaction in question will be done under normal market conditions for similar transactions, complying with the principle of equitable treatment for the NOVABASE Group's customers and suppliers. In the event of deviations to these principles, justifying circumstances must be given to perform the transaction, namely the need to pursue a higher company interest.

Once the notification described in the above paragraph has been received, the supervisory board must issue its approval or disapproval of the transaction in question as soon as possible.

In issuing its opinion, the supervisory board must bear in mind whether the business deal in question will be carried out under normal market conditions for comparable transactions, whether it is part of the company's day-to-day business and whether the principle of equitable treatment of NOVABASE Group customers and suppliers will be respected, together with circumstances justifying the transaction when deviations to these principles occur, namely the need to pursue a higher company interest.

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

II. ITEMS RELATED TO THE BUSINESS

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

This information is available in the 2019 Consolidated Accounts, an integral part to the Annual Report and Accounts, in Note 40 of the Notes to the Consolidated Financial Statements.

PART II - EVALUATION OF CORPORATE GOVERNANCE

1. Corporate governance code adopted

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

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

Over the course of 2018, the Corporate Governance Code of the Portuguese Corporate Governance Institute (IPCG) entered into force in reference to 01 January 2018, thereby completing the transition process to a self-regulation model (soft law) in Portugal. This resulted in the revocation of the CMVM Corporate Governance Code (2013) as of the same date.

In this way, the IPCG Corporate Governance Code (2018) now represents the only corporate governance code in Portugal for the purposes of article 2, paragraph 1 of CMVM Regulation no. 4/2013.

Therefore, and in accordance with the above provision of CMVM Regulation no. 4/2013, NOVABASE has adopted the Corporate Governance Code of the Portuguese Corporate Governance Institute (2018), which is available for consultation at <https://cgov.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	Fulfillment	Remarks
	Chapter I . GENERAL		
	<p>General principle:</p> <p><i>Corporate Governance should promote and enhance the performance of companies and the capital market, and should establish the trust of investors, employees and the general public in the quality of the managing and supervisory boards and the sustained development of companies.</i></p>		
	I.1. Company's relation with investors and information		
	<p>Principle:</p> <p>Companies and, in particular, their managers should treat shareholders and other investors equally, namely by assuring mechanisms and procedures for the suitable processing and disclosure of information.</p>		
1	I.1.1. The company should establish mechanisms which, in a suitable and rigorous manner, ensure the processing and timely disclosure of information to corporate boards, shareholders, investors, other stakeholders, financial analysts and the market in general.	Yes	Points 55 to 65
	I.2. Diverse composition and functioning of the company's governing bodies		
	<p>Principle:</p>		

	<p>I.2.A Companies should ensure diversity in the composition of their governing boards and the use of criteria of individual merit within the respective designation procedures, which are of the exclusive power of the shareholders.</p> <p>I.2.B Companies should be equipped with clear, transparent decision-making structures, ensuring the utmost operating efficiency of their boards and committees.</p>		
2	<p>I.2.1. Companies should establish criteria and requirements for the profile of new members of their governing bodies which are suited to the function to be performed. Besides individual attributes (such as expertise, independence, integrity, willingness and experience), these profiles should take into consideration general diversity requirements, paying particular attention to gender diversity that could potentially enhance the governing body's performance and balance its composition.</p>	Yes	Point 16 and 19
3	<p>I.2.2. The governing and supervisory boards and their internal committees should have internal regulations - namely regarding the exercising of their respective powers, chairmanship, meeting frequency, operation and table of duties of their members - with detailed minutes of their meetings drawn up.</p>	Yes	Points 21, 22, 27, 33 b) and 34
4	<p>I.2.3. The internal regulations of the managing and supervisory boards and their internal committees should be disclosed in full at the company's website.</p>	Yes	Points 22, 27, 34 and 61
5	<p>I.2.4. The composition and number of annual meetings of the managing and supervisory boards and their internal committees should be disclosed in full at the company's website.</p>	Yes	Point 62
6	<p>I.2.5. The company's internal regulations should provide for the existence of, and ensure the operation of, mechanisms for detecting and preventing irregularities, along with a policy for reporting irregularities (whistleblowing) ensuring the appropriate means for their communication and handling, safeguarding the confidentiality of information conveyed and the identity of the whistleblower whenever so requested.</p>	Yes	Point 49
	<p>I.3. Relationship between company boards</p>		

	<p>Principle:</p> <p>Corporate board members, above all directors, should lay the groundwork so that – to the extent of each board’s responsibilities – judicious and efficient measures are taken and the company’s boards act in a harmonious, coordinated manner with information suited to the performance of their respective duties.</p>		
7	<p>I.3.1. The articles of association or equivalent instruments used by the company should have mechanisms to ensure that, within the limits of applicable legislation, members of the managing and supervisory boards have permanent access to all company information and employees to assess the performance, status and future prospects of the company, including meeting minutes, support documentation for decisions taken, meeting notices and the archives of executive managing board meetings, notwithstanding access to any other documents or persons who may be asked to give clarifications.</p>	Yes	Points 21, 24 and 33 b)
8	<p>I.3.2. Each of the company’s bodies and committees should ensure a timely, suitable flow of information, from meeting notices and meeting minutes, as needed for all other boards and committees to perform their duties under the law and articles of association.</p>	Yes	Points 21, 24 and 33 b)
	<p>I.4. Conflicts of Interest</p>		
	<p>Principle:</p> <p>Conflicts of interest, whether actual or potential, should be prevented between the members of boards and commissions and the company. Members in conflict must not interfere in the decision-making process.</p>		
9	<p>I.4.1. Members of corporate boards and committees should be obliged to punctually notify the respective board or committee of any facts which may constitute or give rise to a conflict between their interests and those of the company.</p>	Yes	Points 21 and 33 b)
10	<p>I.4.2. Procedures should be in place to ensure that a member in conflict does not interfere with the decision-making process, notwithstanding the obligation to provide information and clarifications requested by the board, commission or its respective members.</p>	Yes	Points 21 and 33 b)

	I.5. Transactions with related parties		
	<p>Principle:</p> <p>Due to their potential risks, transactions with related parties must be justified by the company's interests and performed in normal market conditions, subject to the principles of transparency and proper oversight.</p>		
11	<p>I.5.1. The managing board must determine, with a prior binding opinion from the supervisory board, the type, scope and minimum individual or combined amount of business deals with related parties which: (i) require the prior approval of the managing board; (ii) also require the prior approval of the supervisory board due to their high value.</p>	No	<p>Points 89 and 91</p> <p>NOVABASE has Internal Regulations on Transactions with Qualified Shareholders, whose terms define the type, scope and minimum individual or combined amount of business deals with related parties requiring a prior non-binding opinion of the Audit Board.</p> <p>There are no business deals with related parties requiring the approval of the Board of Directors.</p> <p>Even so, NOVABASE believes that the control mechanisms currently in place in this regard are sufficient to ensure that transactions with related parties are subject to the principles of transparency and proper oversight, since: (i) any transactions whose total cumulative amount is equivalent to or greater than €100,000. (one hundred thousand euros) in a given financial year, half year or quarter, or which are not done under normal market conditions, are subject to the prior opinion of the Audit Board, thereby encompassing a major part of the transactions with related parties that may occur, (ii) in recent years, there have been no business dealings with related parties subject to an unfavourable opinion of the Audit Board, and (iii) NOVABASE also complies with the rules of the Commercial Companies code for contractual agreements between the company and its directors, together with the rules for controlling and disclosing transactions with related parties, pursuant to internationally accepted and applicable financial reporting</p>

			and accounting norms and standards.
12	I.5.2. The managing board should, at least every six months, notify the supervisory board of all business deals subject to Recommendation I.5.1.	n/a	
Chapter II . SHAREHOLDERS AND GENERAL MEETING OF SHAREHOLDERS			
<p>Principles:</p> <p>II.A The proper engagement of shareholders is a positive factor in corporate governance, as an instrument for the company's efficient functioning and achievement of its corporate purpose.</p> <p>II.B The company should encourage shareholders to participate in the General Meeting of Shareholders as a venue for them to communicate with company boards and committees and reflect on the company.</p> <p>II.C The company should also allow shareholders to participate in the General Meeting of Shareholders via telematic means, postal voting and, in particular, electronic voting, except when incommensurate due to associated costs.</p>			
13	II.1. The company should not require an excessively high number of shares for entitlement to voting rights, and should specify its choice in its corporate governance report when not following the principle of one share corresponding to one vote.	Yes	Point 12
14	II.2. The company should 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
15	II.3. The company should implement the means necessary to exercise the right to vote by mail and electronically.	Yes	Point 12
16	II.4. The company should implement suitable means for shareholders to participate in the General Meeting of Shareholders via telematic means.	No	<p>To date, the means necessary for shareholders to participate in the General Meeting of Shareholders via telematic means have not been implemented.</p> <p>Even so, NOVABASE believes that various mechanisms are in place, and are sufficient, to encourage shareholders to participate in the General Meeting of Shareholders and exercise their voting rights. The</p>

			<p>company has no restrictions with regard to voting rights. Furthermore, NOVABASE's articles of association state that postal voting is allowed. 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. This practice has been in place at the company for several years.</p> <p>Also note that, in recent years, shareholders' rate of participation in NOVABASE's General Meeting of Shareholders via postal or electronic voting has been low, demonstrating their preference to attend these meetings in person. In this context, NOVABASE also believes that shareholders' attendance in person is the most appropriate means of encouraging discussion on topics submitted and direct shareholder-to-shareholder interaction, while also avoiding potential issues involving the violation of privacy.</p>
17	<p>II.5. 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 Meeting of Shareholders (5-year intervals) on whether that statutory provision is to be amended or prevails - without superior quorum requirements as to the one legally in force - and that in said resolution, all votes issued be counted, without applying said restriction.</p>	n/a	Points 12 and 13
18	<p>II.6. Measures that require payment or the assumption of fees by the company in the event of change of control or change in the composition of the managing board, and which may impair the free transfer of shares and free assessment by shareholders of the performance of directors, shall not be adopted.</p>	Yes	<p>Points 4 and 84</p> <p>Furthermore, measures that require payment or the assumption of fees by the company in the event of change of control or change in the composition of the managing board, and which may impair the free transfer of shares and free assessment by shareholders of the performance of directors, shall not be adopted.</p>

	Chapter III . NON-EXECUTIVE MANAGEMENT AND OVERSIGHT		
	<p>Principles:</p> <p>III.A <i>Corporate board members with non-executive management and supervisory functions should carry out effective, judicious oversight which challenges executive management to fully achieve the company's corporate purpose, supplemented by committees in central corporate governance areas.</i></p> <p>III.B <i>The composition of the supervisory board and collection of non-executive directors should afford the company with balanced, proper diversity in terms of expertise, knowledge and professional backgrounds.</i></p> <p>III.C <i>The supervisory board should constantly oversee the company's management, from a preventive standpoint as well, monitoring the company's activities and, in particular, decisions of central importance to the company.</i></p>		
19	<p>III.1. Notwithstanding the legal functions of the Chairman of the Board of Directors, if the Chairman is not independent, the independent directors must designate a coordinator (lead independent director) from among themselves for the following purposes: (i) serving, whenever necessary, as a spokesperson with the Chairman of the Board of Directors and the other directors, (ii) ensuring that they have the necessary means and conditions to perform their duties; and (iii) coordinating them in assessing the performance by the managing board, as provided for in recommendation V.1.1.</p>	No	<p>Points 18 and 21</p> <p>In view of NOVABASE's corporate organizational model, which has several levels of internal control, the company does not believe that independent directors are necessary, as further explained in the above points in Part I of this report, together with the comments to recommendation III.3 below.</p> <p>The designation of a lead independent director per this recommendation is therefore not possible.</p> <p>With regard to the option of designating a lead non-executive director (in the absence of independent directors), in view of the size of the company, the Board of Directors and the number of non-executive directors, the company does not believe this position is necessary.</p> <p>In fact, given NOVABASE's agile and flexible structure since 2015, the non-executive directors have adequately coordinated their duties with no need for formal meetings called and run by one of these directors.</p> <p>Note also that, pursuant to the Board of Directors' regulations, there are various mechanisms in place for the efficient coordination and performance of its work, particularly for</p>

			members with non-executive functions, by giving them access to information to sufficiently carry out their duties.
20	III.2. The number of non-executive members of the managing board, together with the number of members of the supervisory board and number of members of the financial matters committee, should be suited to the company's size and the complexity of its business risks, but sufficient to effectively ensure the functions entrusted to them.	Yes	Points 18, 21 and 33
21	III.3. In any case, the number of non-executive directors should exceed the number of executive directors.	No	<p>Points 24 and 27</p> <p>NOVABASE has five executive directors and for non-executive directors.</p> <p>Nevertheless, in view of the company's oversight model, together with mechanisms for ensuring actual monitoring and supervision of the Executive Committee by non-executive directors (see point 24 of this report), NOVABASE does not believe that the number of non-executive members must exceed the number of executive members on the Board of Directors. In fact, the Board of Directors annually assesses its own performance, together with the performance of the managing directors or Executive Committee, as applicable, also ensuring that the individual performance evaluations of each director are notified to the Remuneration Committee.</p> <p>The activities of the Executive Committee are monitored continuously by the Board of Directors on the whole and, specifically, by the non-executive directors, through the provision of information on the company's business as needed to monitor its day-to-day running.</p> <p>Ensuring the actual monitoring and oversight of the activities of the Executive Committee by executive members is, in fact, a concern of NOVABASE and a practice followed by the company. Moreover, the Board of Directors' internal regulations have been revised</p>

			<p>to reinforce the information rights of directors and prerogatives to this end, as explained in points 21 and 24 of this report.</p> <p>This monitoring of the executive directors by non-executive directors was a practice already in place prior to the publication of corporate governance recommendations on the existence of specific evaluation committees, and continues to be an actual practice employed by NOVABASE.</p> <p>In addition, the Remuneration Committee is responsible for assessing the performance of the executive directors, namely for the purposes of applying the evaluation criteria described in point 25. In this way, NOVABASE believes that the Board of Directors' non-executive members have been entrusted with the function of overseeing and challenging the executive management.</p>
22	<p>III.4 Companies should include a number not less than one third, but always multiple, of non-executive directors meeting independence requirements. For the purposes of this recommendation, independent persons are defined as those not associated with any specific interest group at the company, nor under any circumstances that may affect their exemption from analysis or decision, namely because of:</p> <ul style="list-style-type: none"> i. Having held a position on any company board, on a consecutive or non-consecutive basis, for more than twelve years; ii. Having been an employee at the company or at a company in a control or group relationship within the last three years; iii. Having, in the past three years, provided services or established a significant 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; iv. Receiving remuneration paid by the company or by a company with which it is in a control or group relationship, besides 	No	<p>Point 18</p> <p>In view of the company's size, its need for agility and efficient management, its shareholder structure and respective free float, its various levels of internal control (including supervisory boards completely comprised of persons independent from the management and qualified shareholders, with the important note that, under the Anglo Saxon corporate governance model previously in effect at the company, only those directors with positions on the Auditing Committee were independent), and the vast set of options benefiting shareholder participation and the exercising of rights, NOVABASE does not believe that independent directors are needed to ensure the protection of the interests of all stakeholders.</p>

	<p>the remuneration arising from performing the duties of director;</p> <p>v. 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 directors of the company, directors of a legal person with a qualified holding in the company or natural persons with direct or indirect qualified holdings;</p> <p>vi. Being a qualifying shareholder or representative of a qualifying shareholder.</p>		
23	<p>III.5. The provisions of paragraph (i) of recommendation III.4 shall not impair the qualification of a new director as independent if, between the termination of his/her duties at any company board and his/her new designation, at least three years have elapsed (cooling-off period).</p>	n/a	NOVABASE's Board of Directors has no independent directors
24	<p>III.6. Non-executive directors should participate in the managing board's determination of the strategy, policy principles, enterprise structure and decisions considered strategic to the company in view of their amount or risk, together with an evaluation of their fulfilment.</p>	Yes	<p>Points 21, 23 and 24</p> <p>The issues listed in this recommendation cannot be delegated. Consequently, the non-executive directors are involved in defining them. In NOVABASE's view, the assessment of their fulfilment is ensured by (i) the non-executive directors' constant participation in Board of Directors meetings where the implementation of previous decisions (namely those referred to in this recommendation) is reported by the executive directors, and (ii) the process of assessing the performance of the Board of Directors and Executive Committee.</p>
25	<p>III.7. The general and supervisory board should, based on its powers under the law and articles of association, work with the executive board of directors in determining the strategy, policy principles, enterprise structure and decisions considered strategic to the company in view of their amount or risk, together with an evaluation of their fulfilment.</p>	n/a	In view of the company's use of the reinforced Latin management and oversight model, the company has no general and supervisory board.
26	<p>III.8. In accordance with the powers entrusted to it by law, the supervisory board should specifically monitor, evaluate and give its opinion on the strategic guidelines and risk policy defined by the managing board.</p>	Yes	<p>Point 33 b)</p> <p>Pursuant to its regulations, the Audit Board has the power to assess the Board of Directors' risk management and give its opinion on work plans and</p>

			<p>resources allocated to internal control services, together with the power to monitor the efficacy of the risk management system, internal control system and internal auditing system.</p> <p>With regard to monitoring, assessing and giving its opinion on the company's strategic guidelines under this recommendation, NOVABASE believes this function is achieved through the Audit Board's oversight of the risk management system, which inevitably includes overseeing the risks assumed by the company vis-à-vis strategic guidelines in place. In view of the Audit Board's supervisory and oversight function, NOVABASE believes that this board's involvement in matters involving the company's strategic guidelines should be limited.</p>
27	<p>III.9. Companies should have specialized internal committees suited to their size and complexity which handle, individually or collectively, matters involving corporate governance, remuneration, performance evaluation and appointments.</p>	No	<p>Point 27</p> <p>In view of the mounting challenges of internationalization and competition revolving around NOVABASE's business, the corporate governance system in place at the company needed to be brought up to date by simplifying and streamlining company bodies and procedures, so as to tailor existing solutions to the company's size and specific circumstances.</p> <p>In this context, beyond the Executive Committee, no other committees have currently been created within the company's Board of Directors.</p> <p>In particular, with regard to evaluating the management, it should be noted that the Board of Directors annually assesses its own performance, together with the performance of the managing directors or Executive Committee, as applicable, also ensuring that the individual performance evaluations of each director are notified to the Remuneration Committee.</p> <p>The activities of the Executive Committee are monitored</p>

			<p>continuously by the Board of Directors on the whole and, specifically, by the non-executive directors, through the provision of information on the company's business as needed to monitor its day-to-day running. This monitoring of the Executive Committee by non-executive directors was a practice already in place prior to the publication of corporate governance recommendations on the existence of specific evaluation committees, and continues to be an actual practice employed by NOVABASE.</p> <p>In addition, the Remuneration Committee is responsible for assessing the performance of the Executive Committee and its members for the purposes of applying the evaluation criteria described in point 25 of this report.</p> <p>Along these lines, given the relatively low complexity of the current corporate governance structure, maintaining or reintroducing a specific committee to reflect on issues involving corporate governance seems unnecessary, since the company is assisted by outside consultants in this regard. Note that NOVABASE's governance model is assessed regularly by the Board of Directors in terms of its suitability and performance, to help optimize its performance in closer alignment with the interests of all stakeholders.</p> <p>In addition, in view of the company's size, NOVABASE believes it is unnecessary to have an internal committee specializing in remuneration, since it already has a Remuneration Committee with adequate communication channels with other company boards, and whose members are all independent, with experience and backgrounds suited to performing these types of duties.</p> <p>Finally, given the company's size and the breakdown of its corporate boards, NOVABASE believes it is unnecessary to have an internal committee specializing in appointments,</p>
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			<p>since the Board of Directors is responsible for determining the composition of the Executive Committee and its assigned spheres of responsibility, the Audit Board is charged with hiring the Statutory Auditor and, finally, the General Meeting of Shareholders has the final say in electing members of the corporate boards.</p> <p>As such, it is NOVABASE's conviction that, notwithstanding the lack of formal committees to assess the aspects referred to in this recommendation, these duties are performed under NOVABASE's governance system by the Board of Directors itself, the General Meeting of Shareholders, the Remuneration Committee, the Statutory Auditor and the company's external auditors, in view of the functions carried out at the company by these bodies.</p>
28	III.10. The systems for risk management, internal control and internal auditing should be properly structured according to the company's size and the complexity of its business risks.	Yes	Points 50, 51 and 54
29	III.11. The supervisory board and financial matters committee should assess the effectiveness of the systems for risk management, internal control and internal auditing, and propose adjustments as may be deemed necessary.	Yes	Points 33, 50, 51 and 54
30	III.12. The supervisory board should give its opinion on the work plans and resources allocated to internal control services, including the control of compliance with the rules applicable to the company (compliance services) and internal auditing, and should be the recipient of reports done by these services, at least when concerning matters related to the rendering of accounts, identification or resolution of conflicts of interest and detection of potential irregularities.	Yes	Point 33
	Chapter IV . EXECUTIVE MANAGEMENT		
	Principles:		

	<p>IV.A As a means of boosting the managing board's efficiency and the quality of its performance, together with the adequate flow of information to this board, the day-to-day running of the company should be done by executive directors with suitable qualifications, expertise and experience. The executive management is in charge of managing the company, pursuing the company's goals and contributing towards its sustainable development.</p> <p>IV.B The company's size, the complexity of its business and its geographic dispersion – in addition to costs and the desired operating agility of the executive management – should be considered in determining the number of executive directors.</p>		
31	<p>IV.1 The governing board should approve, through internal regulations or comparable means, the scheme for executives' activities and their performance of executive duties at entities outside the group.</p>	<p>Partially adopted</p> <p>Since this recommendation has multiple facets, NOVABASE can confirm its adoption of the first sub-recommendation (approving the scheme for executives' activities), while it has not formally adopted the second sub-recommendation (approving the scheme for their performance of executive duties at entities outside the group), since the active executive directors have not performed any executive duties at entities outside the group.</p>	<p>Point 21 and 26</p> <p>On 10 May 2018, the Board of Directors approved the delegation of powers to the Executive Committee, together with this committee's regulations on this same date. The purpose of this documentation is to regulate and delineate this board's functioning and its respective powers.</p> <p>NOVABASE's active executive directors currently perform no other executive duties at entities outside the group. For this reason, and in view of current circumstances, NOVABASE believes there is no need to approve a scheme governing the performance of executive duties outside the group by executive directors, as such a scheme would have no practical application.</p> <p>Furthermore, with regard to the table in Point 26 of this report (on activities of directors in and outside the group), the duties shown for executive directors João Nuno da Silva Bento, Álvaro José da Silva Ferreira and Francisco Paulo Figueiredo Morais Antunes, despite involving administrative functions, are not considered executive duties impacting their full availability to carry out their respective duties at NOVABASE.</p>
32	<p>IV.2. The board of directors shall ensure that the company acts in accordance with its objectives, and shall not delegate powers with regard to the following: i) defining the strategy and general policies of the company; ii) organizing and coordinating the corporate structure; iii) matters considered strategic due to the</p>	<p>Yes</p>	<p>Point 21</p>

	amount, risk or particular characteristics involved.		
33	IV.3. The managing board should set goals for the assumption of risks, and ensure that they are met.	Yes	<p>Points 50 and 54</p> <p>Given the importance of a structured risk management model to the business, together with market regulatory requirements, NOVABASE'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.</p> <p>The company has a model in force - 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.</p> <p>NOVABASE's formal risk management policy was approved on 13 December 2018.</p> <p>Since this date, the Board of Directors has been involved in a process of reformulating NOVABASE's risk management system with a view to improving it, defining and implementing the policy approved at the end of 2018. Under this reformulation process, NOVABASE's Board of Directors will set goals for the assumption of risks in light of the approved risk management policy.</p> <p>Furthermore, pursuant to article 1, paragraph 4, subparagraph a) of its regulations, the NOVABASE Audit Board is responsible for assessing the Board of Directors' risk management, by implementing periodic control procedures and mechanisms to ensure that the risks actually taken by NOVABASE are consistent with the Board of Directors' goals.</p>

34	IV.4. The supervisory board should organize itself internally, implementing periodic control procedures and mechanisms to ensure that the risks actually taken by the company are consistent with the managing board's goals.	Yes	<p>Points 33 and 51</p> <p>Pursuant to its internal regulations, the Audit Board is responsible for evaluating the Board of Directors' risk management, implementing periodic control procedures and mechanisms to ensure that the risks actually taken by the company are consistent with the Board of Directors' goals.</p> <p>In fact, in performing its duties regarding the supervision of systems for risk management, internal control and internal auditing, NOVABASE's Audit Board annually assesses the degree of internal compliance and performance of the risk management system, together with prospects for changing the previously defined risk framework.</p> <p>NOVABASE's formal risk management policy was approved on 13 December 2018.</p> <p>Since this date, the Board of Directors has been involved in a process of reformulating NOVABASE's risk management system with a view to improving it, defining and implementing the policy approved at the end of 2018, namely with regard to defining risk levels considered acceptable. The Audit Board has monitored (and continues to monitor) this process of implementing the risk policy and, in accordance with potential new risk management goals laid out by the Board of Directors, will establish adequate periodic control procedures and mechanisms in addition to those already in place.</p>
	Chapter V. PERFORMANCE EVALUATION, REMUNERATION AND APPOINTMENTS		
	V.1 Annual Performance Evaluation		
	Principle:		

	<i>The company should evaluate the performance of the executive board and its individual members, together with the overall performance of the managing board and its specialized committees.</i>		
35	V.1.1. The managing board should evaluate its performance each year, together with the performance of its committees and managing directors, bearing in mind fulfilment of the company's strategic plan and budget, risk management, internal operation and each member's contribution in this regard, together with relationships between the company's boards and committees.	Yes	Points 24 and 25
36	V.1.2. The supervisory board should oversee the company's management and, in particular, annually assess fulfilment of the company's strategic plan and budget, risk management, the internal operation of the managing board and its committees, together with relationships between the company's boards and committees.	Yes	<p>Point 31</p> <p>NOVABASE believes that the means of accessing information on the activities and meetings of the Board of Directors and Executive Committee, as provided for in the Audit Board's regulations, allow this board to oversee and evaluate the internal functioning of the managing board and its relationship with the Executive Committee.</p> <p>The Audit Board has no formal evaluation process for the company's strategic plan, since NOVABASE believes that this recommendation's underlying goal is achieved through the Audit Board's annual assessment of the Board of Directors' risk management. In fact, as previously stated, in view of the Audit Board's supervisory and oversight function, NOVABASE believes that this board's involvement in matters involving the company's strategic guidelines should be limited.</p> <p>With regard to relationships between the company's boards and committees, the Audit Board has been charged with establishing adequate communication channels at NOVABASE, particularly between the Audit Board and the Statutory Auditor, thereby overseeing the relationship between them.</p>
	V.2 Remuneration		

	<p>Principle:</p> <p><i>The remuneration policy for members of the managing and supervisory boards should allow the company to attract qualified professionals, at a cost economically justified by the situation, align its interests with those of shareholders – taking into account the wealth actually created by the company, its economic position and that of the market – and build a company culture which is professional and promotes merit and transparency.</i></p>		
37	V.2.1. The determination of remuneration should be the responsibility of a committee, whose composition ensures its independence vis-à-vis the management.	Yes	Points 66 and 67
38	V.2.2. The remuneration committee should approve (at the start of each term of office) and enforce and confirm (annually) the remuneration policy for members of the company's boards and committees, under which the respective fixed components are determined and, with regard to executive directors or directors given sporadic executive tasks, if a variable remuneration component exists, the respective criteria for its awarding and measurement, mechanisms for its limitation, mechanisms for its deferred payment and remuneration mechanisms based on company shares or options.	Yes	Point 69, 2019 Remuneration Committee Report and remuneration policy statement (attached).
39	<p>V.2.3. The statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law No. 28/2009 of 19 June should also contain the following:</p> <p>i. Total remuneration itemized by its different components, the proportions of fixed and variable remuneration, an explanation of how total remuneration complies with the remuneration policy employed (including how it contributes towards the company's long-term performance) and information on how performance criteria have been applied;</p> <p>ii. Remuneration originating from companies belonging to the same group;</p> <p>iii. The number of shares and share options awarded or offered, and the main conditions for exercising rights, including the exercise date and price and any amendments to these conditions;</p> <p>iv. Information on the possibility of requesting reimbursement of variable remuneration;</p> <p>v. Information on any deviations from the approved remuneration policy, including an explanation of the exceptional</p>	Yes	2019 Remuneration Committee Report, remuneration policy statement (attached) and Point 69.

	<p>circumstances and specific items subject to exemption;</p> <p>vi. Information on the enforceability or unenforceability of payments for the dismissal of directors.</p>		
40	<p>V.2.4. For each term of office, the remuneration committee must also approve directors' pension scheme, if the articles of association so allow, and the ceiling for all compensation to be paid to a member of any company board or committee for dismissal from his/her duties.</p>	<p>Does not apply to the first part of this recommendation.</p> <p>No, with regard to the second part of this recommendation.</p>	<p>Point 76 and 83</p> <p>A supplementary pension scheme for all directors entitled to variable remuneration was approved in the General Meeting of Shareholders dated 29 April 2015, and still remains in effect. As such, NOVABASE believes that this part of the recommendation does not apply to it.</p> <p>Moreover, in view of the mandatory legal ceiling on compensation for undue dismissal, there is absolutely no practical advantage in establishing contractual restraints to the amount payable to a director in the event of consensual termination of duties.</p>
41	<p>V.2.5. With a view to providing information and clarifications to shareholders, the chairman of the remuneration committee, or another member of this committee in the event of his/her impediment, should attend the annual General Meeting of Shareholders and any other meetings whose agenda includes matters related to the remuneration of members of the company's boards and commissions, or when such attendance has been requested by shareholders.</p>	<p>Yes</p>	<p>Point 67</p> <p>The Chairman of NOVABASE's Remuneration Committee was present at the 2019 General Meetings of Shareholders to provide information and clarifications to shareholders.</p>
42	<p>V.2.6. Within the company's budgetary limits, the remuneration committee should be able to freely decide on the company's hiring of consulting services, as needed or convenient for carrying out its duties. The remuneration committee must ensure that the services are provided independently, and that the service providers in question will not be hired to provide other services to the company, or to other companies in a group or control relationship with it, without the committee's express authorization.</p>	<p>Yes</p>	<p>Point 67</p> <p>NOVABASE's Remuneration Committee acts with complete autonomy, and may freely decide on NOVABASE's hiring of consulting services, as needed or convenient for carrying out its duties.</p> <p>The Remuneration Committee did not employ any natural or legal person to support it in performing these duties.</p>
	<p>V.3 Remuneration of Directors</p>		

	<p>Principle:</p> <p><i>Directors should receive compensation:</i></p> <p>(i) <i>which offers adequate remuneration for the responsibilities assumed, availability and expertise made available to the company;</i></p> <p>(ii) <i>which ensures that actions are aligned with long-term shareholder interests and others expressly defined by them; and</i></p> <p>(iii) <i>which rewards performance.</i></p>		
43	V.3.1. With a view to aligning interests between the company and executive directors, part of their remuneration should be variable, reflecting the company's sustained performance and discouraging the assumption of excessive risks.	Yes	Points 70 and 71
44	V.3.2. A significant part of the variable remuneration component should be partially deferred for a period not less than three years, so as to associate it with sustainable performance, pursuant to the company's internal regulations.	Yes	Points 70, 72 and 74
45	V.3.4. When variable remuneration includes options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred for at least three years.	No	<p>Points 70 and 74</p> <p>NOVABASE stock options attributed under the Plan for Options to Allot Shares may be exercised once exactly two years after their date of attribution (maturity date), notwithstanding the ability to exercise them exactly one year after their date of attribution, at which time the participant may exercise 50% or 100% of the batch of options attributed to him/her.</p> <p>Even so, it should be noted that the number of NOVABASE shares to be attributed under the plan, or the corresponding amount in cash under the net cash settlement option, is dependent upon the price of NOVABASE shares on the relevant dates for participants to exercise options, thus making this remuneration component conditional upon the NOVABASE's continued positive performance.</p> <p>Furthermore, the shares representing NOVABASE's share capital corresponding to 50% of the options which may be exercised will be retained by NOVABASE for three years following the exercise date, and their ownership will not be transferred to the participant</p>

			<p>until the end of this period, conditional upon NOVABASE's positive performance during this time.</p> <p>As such, NOVABASE believes that, even though the options' exercise period is not deferred for at least three years, this remuneration component generally serves the company's long-term interests, and discourages excessive risk assumption.</p>
46	V.3.5. The remuneration of non-executive directors should not include any component whose value is subject to the performance or the value of the company.	No	<p>Point 77</p> <p>The remuneration of non-executive directors may include a variable component. The performance of remunerated duties by these members of the Board of Directors allows NOVABASE to leverage their extensive know-how acquired as company founders and accumulated over more than 20 years, especially since these directors continue to have major responsibilities in the Group. For this reason, this remuneration is fully justified.</p>
47	V.3.6. The company should be equipped with adequate legal instruments so that dismissal during the term of office does not result, directly or indirectly, in the payment of any amounts to directors beyond those provided for by law. The legal instruments employed should be described in the company's corporate governance report.	No	<p>Points 83 and 84</p> <p>NOVABASE believes that this recommendation's scope includes dismissal/termination for any reason, particularly the dismissal of directors without justified grounds, insofar as the legal schemes for dismissal during the term of office generally assume the non-existence of any compensation; it is NOVABASE's view NOVABASE, with regard to these, any limitations on compensation payable to directors would be unjustified and of limited utility.</p> <p>With regard to the dismissal of directors without justified grounds, NOVABASE's directors currently have no entitlement to compensation or remedy, except as provided for by law.</p> <p>In fact, NOVABASE believes that, in view of the interests at hand, any additional limitations to the compensation or remedy payable for the dismissal of directors without justified</p>

			grounds is unjustified and of limited utility, except for those aspects provided for by general law, namely the provisions of article 403 of the Commercial Companies Code.
	V.4. Appointments		
	<p>Principle:</p> <p><i>Regardless of the means of designation, the profile, knowledge and background of the members of corporate and managing boards should be suited to the duties to be performed.</i></p>		
48	<p>V.4.1. The company should, pursuant to terms deemed adequate and by demonstrable means, ensure that proposals for the election of company board members include a justification of the suitability of the profile, knowledge and background vis-à-vis the duties to be performed by each applicant.</p>	<p>Yes</p> <p>(with regard to the election held in the 2019 financial year)</p> <p>No</p> <p>(with regard to the 2018 elective General Meeting of Shareholders)</p>	<p>Point 16</p> <p>Following the entry into force of the Portuguese Corporate Governance Institute (IPCG) Corporate Governance Code, NOVABASE held an elective General Meeting of Shareholders on 10 May 2018, which approved the election of NOVABASE's corporate board members for the three-year period of 2018-2020. Also in 2019, the appointment of a new member to the Board of Directors was approved at the General Meeting of Shareholders held on 26 September 2019.</p> <p>With regard to the 2018 General Meeting of Shareholders, although proposals for the election of corporate board members were not accompanied by the justification referred to in this recommendation, these proposals nonetheless included the applicants' CVs, which are available at all times at NOVABASE's website.</p> <p>Furthermore, when the proposals for the election of corporate board members were submitted (13 April 2018), these recommendations from the IPCG Corporate Governance Code had only recently entered into force.</p> <p>The proposal to elect a new NOVABASE executive director, approved in the General Meeting of Shareholders held</p>

			<p>on 26 September 2019, was accompanied by an explanation of the background of the candidate's proposal. In addition, the company made an advance announcement to the market on his future job duties and segment of focus under NOVABASE's updated strategy (2019+ Strategic Update). These factors, combined with the candidate's CV accompanying the election proposal, were aimed at justifying the proposal pursuant to this recommendation.</p>
49	<p>V.4.2. Unless not justified by the company's size, the function of monitoring and supporting management staff appointments should be allocated to an appointment committee.</p>	No	<p>Given the low number of directors (new) and the company's size and shareholder structure, NOVABASE has no appointment committee with the powers of monitoring and supporting management staff appointments. Furthermore, within the context of NOVABASE's corporate governance model, its various corporate boards contribute towards this function: the Board of Directors is responsible for determining the composition of the Executive Committee and its assigned spheres of responsibility, the Audit Board is charged with hiring the Statutory Auditor and, finally, the General Meeting of Shareholders has the final say in electing members of the corporate boards.</p>
50	<p>V.4.3. This committee includes a majority of non-executive independent members.</p>	n/a	<p>Since the company has no appointment committee, this recommendation does not apply to NOVABASE.</p>
51	<p>V.4.4. The appointment committee should provide its terms of reference and should have, to the extent of its powers, transparent selection processes with effective means of identifying potential applicants, choosing to propose those of most merit, best suited to the position's requirements and affording the organization with sufficient diversity, including gender diversity.</p>	n/a	<p>Since the company has no appointment committee, this recommendation does not apply to NOVABASE.</p> <p>Even so, bearing in mind the growing importance of equal opportunities, together with the corporate understanding of diversity's role in contributing towards improved performance and competitiveness, NOVABASE approved a</p>

			diversity policy for its managing and supervisory boards so as to better match applicants to the demands of their positions and foster diversity in these boards. More information on this topic can be found in point 16.
Chapter VI RISK MANAGEMENT			
<p>Principle:</p> <p><i>Based on its medium and long-term strategy, the company should have a system for risk management and control and internal auditing to foresee and minimize the risks inherent to its business.</i></p>			
52	VI.1. The managing board should discuss and approve the company's strategic plan and risk policy, including the definition of risk levels considered acceptable.	Yes	<p>Points 50 and 54</p> <p>On 13 December 2018, NOVABASE's Board of Directors approved a formal risk policy for the company.</p> <p>In the wake of in-depth strategic reflection beginning in 2018 on the company's future, in 2019 the Board of Directors decided to approve an updated strategy for 2019 and beyond (2019+ Strategic Update), whose key features were announced to the market on 25 July 2019.</p> <p>The principles of this policy have been defined and implemented by NOVABASE's Board of Directors, namely with regard to determining acceptable risk levels.</p>
53	VI.2. Based on its risk policy, the company should have a risk management system, identifying (i) the main risks to which it is exposed in its business, (ii) the likelihood of their occurrence and respective impacts, (iii) instruments and measures to mitigate them, (iv) procedures for monitoring them, and (v) the procedure for overseeing, periodically evaluating and adjusting the system.	Yes	Points 53 and 54
54	VI.3. The company should annually assess the degree of internal compliance and performance of the risk management system, together with prospects for	Yes	Points 50 and 54

	changing the previously defined risk framework.		
	Chapter VII . FINANCIAL INFORMATION		
	VII.1 Financial information		
	<p>Principles:</p> <p>VII.A. The supervisory board should, in an independent and diligent manner, ensure that the managing board fulfils its responsibilities in choosing appropriate accounting criteria and policies, and in establishing adequate financial reporting systems for risk management, internal control and internal auditing.</p> <p>VII.B. The supervisory board should properly coordinate internal auditing work with the legal review of the accounts.</p>		
55	VII.1.1. The supervisory board's internal regulations should require this board to oversee the adequacy of the process for preparing and disclosing financial information by the managing board, including the suitability of accounting policies, estimates, judgements, relevant disclosures and their consistent application between years, in a duly documented and properly communicated manner.	Yes	Point 33 b)
	VII.2 Legal account review and oversight		
	<p>Principle:</p> <p><i>The supervisory board is responsible for establishing and monitoring formal, clear and transparent procedures with regard to the means of selecting, and the company relationship with, the statutory auditor, and with regard to overseeing the statutory auditor's fulfilment of rules for independence, as required by law and professional standards.</i></p>		
56	VII.2.1. Through internal regulations, the supervisory board should determine: (i) the criteria and process for selecting the statutory auditor; (ii) the company's means of communicating with the statutory auditor; (iii) oversight procedures aimed at ensuring the independence of the statutory auditor;	Yes	Point 33 b)

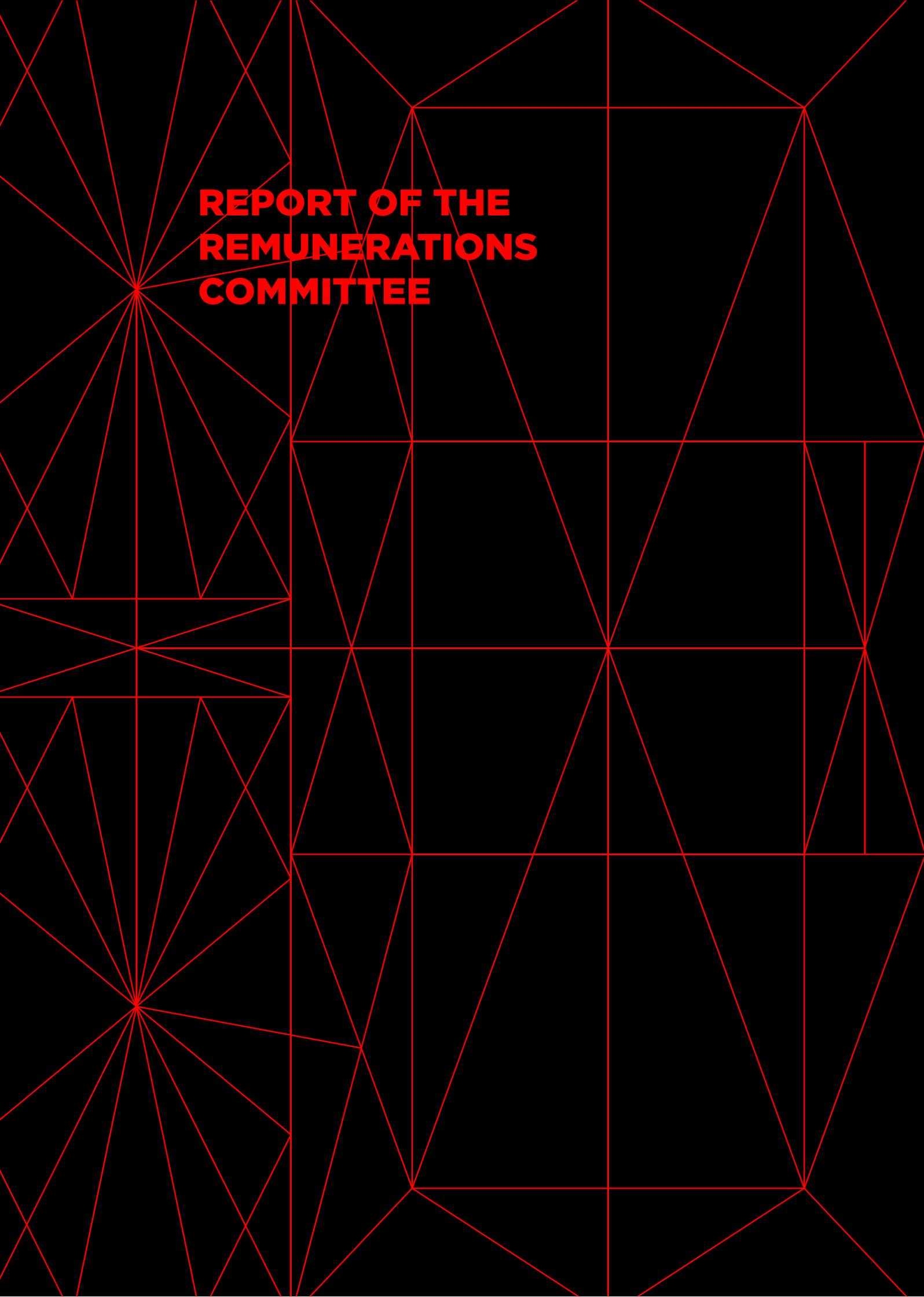
	(iv) services other than auditing which cannot be provided by the statutory auditor.		
57	VII.2.2. The supervisory board should be the main spokesperson of the company's statutory auditor and the first recipient of the relevant reports, and is responsible for proposing relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	Yes	Point 33 b)
58	VII.2.3. The supervisory board should annually evaluate the work done by the statutory auditor, including its independence and suitability to perform its duties, proposing to the competent body that it be dismissed, or that its service provision agreement be terminated, whenever there are justified grounds for this purpose.	Yes	Point 33 b)
59	VII.2.4. The statutory auditor shall, within the scope of its duties, 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 supervisory board.	n/a	The recipient of this recommendation is the statutory auditor (ROC) and not the company, as expressly recognized by the Executive Monitoring Committee (CEAM), with the agreement of the Monitoring Committee (CAM), in its Note on the Interpretation of the IPCG Corporate Governance Code (2018) - Note no. 1 of May 2018
60	VII.2.5. The statutory auditor should cooperate with the supervisory board, immediately providing it with information on any irregularities it has found, as relevant to the performance of the supervisory board's duties, together with any difficulties it has come across in carrying out its duties.	n/a	The recipient of this recommendation is the statutory auditor (ROC) and not the company, as expressly recognized by the Executive Monitoring Committee (CEAM), with the agreement of the Monitoring Committee (CAM), in its Note on the Interpretation of the IPCG Corporate Governance Code (2018) - Note no. 1 of May 2018

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.

Annexes:

Remuneration Committee Report



**REPORT OF THE
REMUNERATIONS
COMMITTEE**

Report of the Remunerations Committee regarding the 2019 Financial Year and Declaration of the Remunerations Committee on the Remunerations Policy of the Corporate Bodies

The Remunerations Committee of Novabase SGPS (RC) met twice times in the 2019 financial year, at the company's office, on May 29, 2019 and October 1, 2019.

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

The RC's work was guided in this financial year by the remuneration policies applicable to the corporate bodies that were approved by the shareholders at the General Meetings.

This report summarizes the decisions of the remunerations committee taken during the 2019 financial year and includes the annual statement of the Remunerations Committee on the remuneration policy for the management and supervisory bodies of the company.

It should be noted that this document – including Part I and Part II – should be read as a whole. Within this context, the report of the RC regarding the 2019 financial year shall be deemed as an integral part of the declaration regarding the remunerations policy which is included in Part II of this document and vice-versa, notably for the purposes of assessing the remunerations practices followed by Novabase and the compliance with the recommendations of the Corporate Governance Code of IPCG (2018) in this respect.

PART I Remunerations Committee Report for the 2019 financial year

Prior Note:

As usual, the remunerations committee clarifies that the decisions regarding variable remunerations mentioned in this report relate to decisions taken by the RC in 2019 and, therefore, such decisions were taken with reference to the directors' performance in 2018.

After this clarification, below is a summary of the decisions taken by the RC.

AT THE MEETING OF MAY 29, 2019:

Before entering on the agenda for the RC meeting of May 29, 2019 the Chairman of the RC stated that, in line with recommendation V.2 .2. of the Corporate Governance Code IPCG, within the scope of the statement of the RC on the remuneration policy of Novabase SGPS's corporate bodies, submitted to the appreciation of the General Shareholders Meeting held on May 7, 2019, the RC proposed the general principles and guidelines for the remuneration policy of Novabase SGPS for the year 2019, in accordance with the remuneration principles approved in successive General Shareholders Meetings, which were approved by the shareholders in the referred General Shareholders Meeting.

About the remuneration for the 2019 financial year of the members of the board of the General Meeting of Shareholders of Novabase SGPS

It was resolved to attribute to the members of the board of the General Meeting a remuneration corresponding to attendance fees per each General Meeting of Shareholders made. For the Chairman, António Menezes Cordeiro, the amount

determined was of EUR 1,200 (one thousand and two hundred) euros and for the Secretary, Madalena Paz de Oliveira, EUR 900 (nine hundred) euros for each General Meeting of Shareholders. These values were not updated in comparison with the previous year. This resolution was unanimously taken.

About the fixed remuneration of the Directors of Novabase SGPS for the 2019 financial year.

Given the current context of the technologic sector and consequent increase in the competition for talent at all levels, especially at the most senior level, it was unanimously decided to maintain the fixed remuneration of Novabase SGPS directors for the 2019 financial year, with no change from the remuneration received in the previous year.

In relation to the Chairman of the Board of Directors and since his has been performed on a full time basis (as was also the case in the previous financial year), with a special focus, apart from the usual governance matters (which are particularly complex given the current model of autonomy among the various lines of business of Novabase), on Strategy and Risk matters, as a complement to and reinforcement of the Executive Committee work, it was determined a remuneration equal to the remuneration of the CEO.

Thus, it was unanimously resolved to determine the following annual gross amounts for each director, to be paid in 12 monthly installments, in light of the features of each director's functions:

- Luis Paulo Cardoso Salvado (Chairman of the Board of Directors on a full-time basis) – EUR 293,700 (two hundred and ninety-three thousand and seven hundred euros);
- João Nuno da Silva Bento (Chairman of the Executive Committee / CEO) – 293,700 (two hundred and ninety-three thousand and seven hundred euros);
- Álvaro José da Silva Ferreira (executive director) – EUR 200,520 (two hundred thousand and five hundred and twenty euros);
- María del Carmen Gil Marín (executive director) – EUR 144,420 (one hundred and forty four thousand, four hundred and twenty euros);
- Francisco Figueiredo Morais Antunes (executive director) – EUR 126,000 (one hundred and twenty six thousand euros);
- José Afonso Oom Ferreira de Sousa – EUR 42,000 (forty two thousand euros);
- Pedro Miguel Quinteiro Marques de Carvalho – EUR 42,000 (forty two thousand euros);
- Marta Isabel dos Reis Graça Rodrigues do Nascimento – EUR 42,000 (forty two thousand euros).

Variable remuneration of the Directors of Novabase SGPS, related to performance in the 2018 financial year.

The General Meeting of April 2009 established the general conditions for the remuneration of the directors. This decision was reiterated in the several General Meetings held in the last years.

In this light, and given the net profits in the 2018 financial year of 4.7 Million Euros, compared to 4.7 Million Euros in the preceding financial year, the RC unanimously decided to grant to each of the following directors in office in 2018, and without prejudice to sections four and five below, the following amounts:

- Luis Paulo Cardoso Salvado (Full time Chairman) – EUR 201,305 (two hundred and one thousand and three hundred and five euros);

- João Nuno da Silva Bento (Chairman of the Executive Committee / CEO) - 201,305 (two hundred and one thousand and three hundred and five euros);
- Álvaro José da Silva Ferreira (executive director) – EUR 126,151 (one hundred and twenty-six thousand and one hundred and fifty-one euros);
- María del Carmen Gil Marín (executive director) – EUR 100,652 (one hundred and six hundred and fifty-two euros);
- Francisco Figueiredo Morais Antunes (executive director) – EUR 100,652 (one hundred and six hundred and fifty-two euros);
- José Afonso Oom Ferreira de Sousa – EUR 40,261 (forty thousand two hundred and sixty-one euros);
- Pedro Miguel Quinteiro Marques de Carvalho – EUR 40,261 (forty thousand two hundred and sixty-one euros).

The total variable remuneration of the Directors of Novabase SGPS for their performance in the 2018 financial year corresponds, therefore, to € 810,587.

On the other hand, the Chairman of the RC reminded that, following the lack of presentation of a new stock options plan at the 2019 annual General Meeting, no variable remuneration in options or in shares will be attributed this financial year, unless the implementation of such a plan is resolved.

On differing of the payment of part of the amounts attributed as variable remuneration

It was also unanimously decided to pay in 2019 only half of the amount granted to each director in office in 2018, as variable remuneration, and delay the remaining 50% for payment during the next three years (2020, 2021 and 2022). In each of these years, 1/3 of this second half of the amount now granted will be paid, subject to the positive performance of the company during such periods, in line with what was resolved and implemented from 2011 to 2018.

On pension supplements for directors receiving variable remuneration

In light of the current and foreseeable economic environment for the national economy in the medium and long term, which shows that great difficulties will remain due to the weight of external private and public debt, in addition to, in the short term, a very significant demographic pressure, which will accentuate the viability and sustainability risks affecting pensions systems (national and European), it is a prudent practice to channel the funds attributed under the abovementioned resolution on the variable remuneration of the directors of Novabase SGPS (as well as those previously deferred) to the strengthening of the contributions to the capitalization insurance currently in force in the company, in substitution of the payment of the variable remuneration. This resolution was unanimously approved.

On the remuneration of the members of Novabase SGPS' Audit Board for the 2019 financial year

In line with article 422.º-A of the Companies Code, the remuneration of the members of the supervisory bodies should correspond to a fixed amount.

Therefore, the following annual fixed remunerations were granted for the 2019 financial year:

- Álvaro José Barrigas do Nascimento (Chairman) – EUR 9,000 (nine thousand euros);
- Fátima do Rosário Piteira Patinha Farinha – EUR 7,000 (seven thousand euros);

- Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira – EUR 7,000 (seven thousand euros).

These values have not been updated compared to the previous financial year.

On the remuneration of the Statutory Auditor for the 2019 financial year

The RC unanimously resolved that the Statutory Auditor was remunerated in accordance with normal market remuneration practices and conditions for the type of services in question, in accordance with the service agreement entered into with the Statutory Auditor following the proposal made for such purpose by the Company's Audit Board.

On the enforceability or unenforceability of payments related to dismissal or termination of the office of directors

In this context, as this matter is already duly foreseen and regulated by law, it was unanimously resolved not to grant to the Company's directors any right to receive compensation or indemnity beyond what is provided for by law, nor to set out any generic prohibition to the Company establishing such compensations in the future, if and when it deems convenient.

IN ADDITION, AT THE MEETING OF OCTOBER 1, 2019, THE FOLLOWING TOPICS WERE COVERED AND THE FOLLOWING RESOLUTIONS ADOPTED:

On the remuneration of the members of the Board of the General Meeting of Novabase SGPS

After an analysis of the values practiced in the market, namely in listed companies of comparable dimension, it was noted that there was a major discrepancy vis-à-vis with the values practiced by the company.

The remuneration of the members of the Board of the General Meeting of Novabase SGPS has remained practically unchanged over the last few years, having only been updated one year ago with the value of inflation. In recent years, both the complexity of this type of functions and the risk associated with them have considerably increased, which explains the discrepancy mentioned above.

It was also mentioned that the intention was to correct this situation by aligning it with good market practice. It was therefore resolved to grant 3,000 (three thousand) euros for each General Meeting to the Chairman of the Board of the General Meeting. For the Secretary the amount granted is of 2,000 (two thousand) euros for each General Meeting. These resolutions were adopted unanimously.

On the fixed remuneration of the Director of Novabase SGPS elected at the General Meeting of the company held on 26 September 2019

For the executive director Paulo Jorge de Barros Pires Trigo, responsible for the Next-Gen business segment, it was unanimously resolved to grant the gross annual amount of EUR 156,000 (one hundred and fifty-six thousand euros), paid in 12 monthly instalments. This amount is close to the average value of the remuneration of the remaining executive directors.

On the impact on the remuneration policy of the directors of Novabase SGPS, namely on the variable components, resulting from the update to the strategy for 2019 and subsequent years ("Strategic Update 2019+") communicated to the market at the end of

July and from the resolutions of the company's General Meeting held on 26 September 2019 and potential changes and evolution of this policy

The members of RC stated that they were aware of the recently approved Strategic Update 2019+ and communicated to the market. Given that this strategy aims at a profound transformation, over time, in the company, its predictable impacts on the current remuneration mechanisms were analysed, namely on the variable components, in order to ensure the alignment of management interests with the creation of value for shareholders and stakeholders in general.

After discussion and careful analysis and considering the specific nature of the Strategic Update 2019+ and the responsibilities and functions assigned to each director, the following was unanimously resolved:

- Change the variable remuneration policy for directors exclusively dedicated to the Next-Gen business segment in force at the time, given that the results of their work will only be visible in the medium and long term. In this regard, it was also mentioned that, currently, the only director of Novabase SGPS exclusively dedicated to the Next-Gen business segment is the executive director Paulo Jorge de Barros Pires Trigo. In this sense, it will be important to align the interests of this director (and, eventually, of other directors who in the future will be exclusively dedicated to the above mentioned segment) with the mechanism approved for this purpose in the last General Meeting - the medium or long term plan for the attribution of a variable remuneration to members of the Board of Directors of the Company and to employees of Novabase or other companies in the Novabase Group, based on the performance of Novabase shares - which consists of the granting of options over shares of the Company, in accordance with the regulation of this plan approved at the same General Meeting ("Stock Options Plan Regulation" or "Regulation");
- Maintain the current policy for the remaining directors, as it seems appropriate in view of their respective responsibilities and functions.

On the attribution of options over shares of the company, under the terms and in accordance with the Stock Options Plan Regulation approved at the General Meeting of the company held on September 26, 2019

As a preliminary point, it is clarified that all terms initiated by capital letters and not defined that are used afterwards shall have the same meaning ascribed to them in the Regulation.

Following the previous point, it was unanimously resolved to grant to Paulo Jorge de Barros Pires Trigo, executive director with responsibility for the Next-Gen business segment, the status of Plan Participant, and it was decided to grant him 400,000 (four hundred thousand) Options over the Shares of the company, under the Stock Option Plan Regulation approved at the General Meeting of the company held on September 26, 2019. It was further noted that the number of Options granted to this Participant took into consideration the fact that the director in question is currently the only director exclusively dedicated to this segment, given that the plan to transform the Next-Gen segment is still at an initial stage, this number representing 12.7% (twelve point seven per cent) of the maximum number of Options to be granted under the Plan, and the RC validated the reasonableness of the amount in question in relation to the fixed remuneration of this director.

The adherence of the above mentioned executive director to the Plan shall be effected through the execution of an agreement between him and the Company, under the terms of Clause 5.1 of the Regulation, and his participation in the Plan shall be governed by

the provisions of said Regulation. The "Grant Date" of the Options now granted (400,000) is October 1, 2019, to the extent that on this date the agreement for adherence to the Plan will be entered into between the director and the Company.

Any additional attributions of Options to the same director were remitted to a future date, depending on his performance in executing the Strategic Update 2019+ of the company, as well as to other directors, as applicable and under the terms set forth in the Stock Options Plan Regulation.

On the introduction of a retirement plan associated to the fixed component of the remuneration of the directors of Novabase SGPS, as discussed and analysed at the meeting of this RC on June 27, 2018 and in light of the new strategic context of the Company

Given the new strategic context of the company, it was resolved not to take any decision on this matter at this stage, and the matter may be reassessed at the next administration mandate, if appropriate.

PART II
**Declaration of the Remunerations Committee on the Remuneration Policy of
the Corporate Bodies**

Whereas:

1. Pursuant to Law no. 28/2009, of 19 June ("Law on Remunerations"), the management body or the Remunerations Committee, if applicable, of companies with securities admitted to trading on a regulated market shall annually submit a statement on the remuneration policy of the members of the management and supervisory bodies to the approval of the General Meeting,
2. In accordance with Recommendation V.2.3. of the IPCG Corporate Governance Code, the statement on the remunerations policy referred to in item 1, above should contain a set of additional information listed in the aforementioned recommendation,
3. At the General Meeting held on May 10, 2018, the Remunerations Committee submitted for analyses of the shareholders of Novabase the general principles guiding the remuneration policy of the members of the corporate bodies for the 2018-2020 triennium, and has received the shareholders' approval in this respect,

the RC of Novabase SGPS hereby submits to the approval of the Annual General Meeting of Shareholders the statement on the remunerations policy of the management and supervisory bodies of Novabase, which intends to include, on the one hand, the general principles and guidelines for the remuneration policy in the 20120 financial year, under the terms and for the purposes of the Law on Remunerations and, on the other hand, the matters referred to in Recommendation V.2.3. of the IPCG Corporate Governance Code in respect not only to future orientations on the remunerations policy, but also to the execution of the remuneration policy during the past year.

1. *General principles and guidelines for the remunerations policy for the 2020 financial year*

Given the experience of the committee in the year now ending, the committee believes that the general principles guiding the remuneration of the management bodies of Novabase, as approved by the shareholders in several shareholders meetings, represent a good practice. This practice is in line with the Corporate Governance Model that has been implemented during the current corporate bodies' term of office .

Therefore, the current remunerations committee understands that the general principles that have guided the remunerations policy aforementioned should be maintained, and that, without prejudice to item 2. below, the following basic directives shall be observed in the implementation of the remunerations policy for the 2020 financial year.

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

- i) Promotion of alignment of the interests of members of the management body with those of the Company – this may be implemented through variable remuneration components, including through plans based on securities of the company;
- ii) Individual performance should be a criterion for determining the variable remuneration component, if applicable, without prejudice to other criteria that may be relevant due to the application of this policy, including in particular the Company's own performance;
- iii) The Remunerations Committee may determine, by reason of the duties performed, that all or part of a variable remuneration of a director, if it is

attributed, takes place after the determination of the annual accounts corresponding to the entire term of office;

- iv) When the Company's performance is a criterion for determining a variable remuneration, given specific circumstances, the deterioration in such performance could justify the limitation of such remuneration.

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

2. Information under the terms and for the purposes of Recommendation V.2.3. of the IPCG Corporate Governance Code (2018)

- (i) The total remuneration amount itemized by each of its components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the company's remuneration policy, including how it contributes to the company's performance in the long run, and information about how the performance requirements were applied

The total remuneration received by the members of the Board of Directors and the Audit Board in the 2019 financial year, itemized according to the different components applicable in the case of the members of the Board of Directors, may be consulted, respectively, in points 72, 77 and 81 of the Corporate Governance Report relating to such financial year, to which this declaration is attached.

It is noted that, as referred to in the aforementioned report, the director Paulo Jorge de Barros Pires Trigo was appointed at the General Meeting of Shareholders held on September 26, 2019 and, therefore, with respect to this director, the remuneration presented within such context solely refers to the post-election period.

In relative terms, the variable remuneration paid to the members of the Board of Directors of Novabase in 2019 represented approximately 6% of the annual fixed remuneration earned by the members of the Board of directors concerning the 2019 financial year, thus ensuring a reasonable balance between the fixed and variable remuneration amounts.

The remunerations of the Board of Directors, in its various components, as well as the remuneration of the members of the Audit Board, are in line with the approved by the Remunerations Committee of NOVABASE at the meetings of 29 May, 2019, and 1 October, 2019, as set forth in the Report of the Remunerations Committee regarding the 2019 Financial Year.

With regard to the fixed remuneration of members of the Board of Directors, its determination has taken into account, on the one hand, the functions performed by each member of the Board of Directors and, on the other hand, the market practices for similar responsibilities. The fixed remuneration is defined by the Remunerations Committee and is generally paid in 12 monthly installments, without attendance fees. This remuneration should consider, among other factors deemed appropriate by the Remunerations Committee, the know-how and experience of the members of the Board of Directors taking into account the duties performed, the management functions, as well as the exercise of non-delegable powers.

Regarding variable remuneration, in general terms this is linked to the performance of the directors of Novabase and their duties, as well as to the performance of the Company.

In this context, and given the approval of the Novabase Stock Options Plan at the Company's General Meeting of September 26, 2019, the variable remuneration of Novabase SGPS's directors may comprise the following components:

- (i) Variable remuneration associated with Novabase's performance;
- (ii) Participation on the Stock Options Plan of Novabase.

With regard to the variable remuneration related to performance in 2018 financial year and paid in 2019, this was determined in order to align such variable component with Novabase's performance in 2018 financial year, and correlated with the responsibility and performance of each director in particular.

In addition, it was decided by the Remunerations Committee to pay in 2019 only half of the amount attributed to each director in office in 2018, as variable remuneration, the remaining 50% being deferred for payment in the following three years (2020, 2021 and 2022), as further explained in the Report of the Remunerations Committee for the 2019 financial year.

Also in terms of variable remuneration, and as mentioned above, the General Shareholders' Meeting of Novabase held on September 26, 2019 approved the implementation of a medium or long term plan for the attribution of variable remuneration to members of the Board of Directors of Novabase and to employees of Novabase or other companies of the Novabase Group, based on the performance of Novabase shares, as well as the regulation of the referred plan. The objectives of this plan are notably the following:

- Retaining employees of Novabase and Novabase group;
- Stimulate and encourage their creative ability and productivity;
- To favour the maintenance and/or hiring of managers and workers with high potential and strategic value by fostering business results.

Under the Plan and the Regulation, options over shares representing Novabase's share capital may be granted and these options are intended to form part of a performance bonus to be granted to participants in the Plan.

Considering that the number of Novabase shares to be attributed under the Plan, or the corresponding amount in cash in the case of cash settlement options, is dependent on the price of Novabase shares on the relevant dates of exercise of the options by participants in the Plan, it should be noted that this component of remuneration is conditioned by the continued positive performance of the Company.

It should also be noted that shares representing the share capital of Novabase corresponding to 50% of the options that may be exercised by the participant will be retained by Novabase for a period of three years from the respective exercise date; the ownership will only be transferred to the participant once such period

has elapsed and conditioned to Novabase's positive performance during the same.

Additional information on the Stock Options Plan can be found in point 74 of the Corporate Governance Report.

Accordingly, the RC considers that the remuneration structure of directors with executive and non-executive functions complies with the remuneration policy in force at NOVABASE. This structure seems adequate to the nature of the responsibilities assumed by each of the directors and capable of contributing to the performance of NOVABASE in the long term, promoting the alignment of the interests of the members of the management body with the interests of the Company, considering in particular the general principles that guide the definition of variable remunerations, as well as the mechanisms in force to defer the payment of such remunerations.

Regarding the Audit Board, the remuneration of its members is also structured in order to align their interests with those of the Company, following a rigid model in that it consists of a fixed annual remuneration, and no form of variable remuneration is foreseen.

Considering all the above, the RC considers that the total remuneration of the Board of Directors and the Supervisory Board for the 2019 financial year complies with the remuneration policy in force at NOVABASE.

In 2020, and under the terms of the remuneration policy in force, the general principles of remuneration practices adopted by Novabase in the 2019 financial year should continue to be followed.

(ii) Remunerations from companies that belong to the same group as the company

Generally the members of the Board of Directors of Novabase and the members of the Audit Board are paid only by this entity and do not receive any other remuneration by any other company in a control of or in a group relationship with NOVABASE, or by a company subject to common control with NOVABASE, with the exception of the remunerations indicated in the next paragraph and better detailed in the Corporate Governance Report regarding the financial year of 2019.

During the year of 2019, and before his appointment as member of the Board of Directors approved at the annual General Meeting held on September 26, 2019, the director Paulo Jorge de Barros Pires Trigo received certain amounts paid by Celfocus, S.A., a company 55 % held by Novabase S.G.P.S., S.A., which are better detailed in Part I, in item 78 of the Corporate Governance Report concerning to the 2019 financial year. Also in relation to the director María del Carmen Gil Marín, certain amounts were and will be in the future paid by Novabase Capital – Sociedade de Capital de Risco S.A., company 100% held by Novabase, which are also identified in the same item of the Corporate Governance Report regarding the 2019 financial year.

(iii) Number of shares and options over shares granted or offered, and the main conditions for the exercise of those rights, including the price and the exercise date and any changes to those conditions

During the 2019 financial year, the RC unanimously resolved to grant to the executive director Paulo Jorge de Barros Pires Trigo the status of participant in the Plan, and it was resolved to grant him 400,000 (four hundred thousand)

options on the company's shares, under the terms of the Stock Options Plan Regulation. These options were attributed at a strike of EUR 2.295 per share.

Under the terms of the Regulation, the options granted under the adherence agreement entered into with this participant on October 1, 2019 comprise a single lot, and may be exercised at once on the date of the 2nd anniversary from the respective date of granting (i.e. October 1, 2021) ("Maturity Date"), without prejudice to the option for exercise on the 1st anniversary (i.e. October 1, 2020) under the terms of the Regulation.

Options granted that are effectively exercised by the participant on the Maturity Date or the first anniversary date after the granting date shall be settled: (i) for 50% of the options exercised, by means of attribution of Novabase shares (net share settlement); and (ii) for the remaining 50% of the referred options, by means of attribution of Novabase shares (net share settlement) or, alternatively, in cash (net cash settlement), at the option of the participant.

It should also be noted that the shares representing the share capital of Novabase corresponding to the options by the participant under the terms of sub-paragraph (i) above (i.e., 50% of the options subject to exercise) will be retained by Novabase for a period of three years from the respective exercise date, the ownership of which will only be transferred to the participant once such period has elapsed and conditioned to Novabase's positive performance during the same.

(iv) Information on the possibility to request the reimbursement of variable remuneration

In relation to the possibility of requesting the reimbursement of the variable remuneration received by the members of the Board of Directors of NOVABASE, there are no formal arrangements in place for such purpose.

Notwithstanding, under the general governing principles of the remuneration policy of Novabase, in case the performance of the Company is a criteria for the determination of the variable remuneration, the deterioration of the performance may justify, in the light of specific circumstances, the limitation of such remuneration

(v) Information on any deviation from the procedures for the application of the approved remuneration policies, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation

During the 2019 financial year, there was no deviation from the implementation procedures of the general principles guiding the remuneration policy of the managing bodies of Novabase, as approved by the shareholders in successive general meetings.

(vi) Information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors

Regarding payments due as a result of the termination of the offices of the members of the Board of Directors of Novabase, no special rules have been established by the Remunerations Committee in this respect or, as far as the Remunerations Committee is aware of, by Novabase – either internally or in any contractual arrangements entered into between Novabase and the members of

the Board of Directors. The general legal framework applies in this respect, as this matter is already duly foreseen and regulated in the applicable law.

Likewise, the Remunerations Committee has not set forth any general prohibition applicable to the Company regarding the establishment of compensations to be paid to the members of the Board of Directors in the future, if and when it deems convenient.

Accordingly, payments in connection with the termination of the offices of the members of the Board of Directors of Novabase may only be required in cases of dismissal without justifiable grounds (*destituição sem justa causa*), notably pursuant to article 403, paragraph 5 of the Companies Code. Compensations may also be determined, on a case-by-case basis, in situations of termination by mutual agreement, in light of the circumstances under which such termination has occurred.

Further information on indemnities in connection with the termination of the offices of the members of the Board of Directors of Novabase may be consulted in Part I, item 80, as well as in Part II, on the comments to the Recommendation V.3.6. of the Corporate Governance Report for the 2019 financial year, to which this declaration is attached.

Lisbon, April 9, 2020

The Remunerations Committee

Francisco Luís Murteira Nabo (Chairman)

Pedro Rebelo de Sousa (Member)

João Quadros Saldanha (Member)

