

## **Report from the Remunerations Committee for the 2012 financial year and Recommendations for the Remuneration Policy for the 2013 financial year**

The Remunerations Committee (RC) of Novabase SGPS held three meetings in 2012. The first meeting was held on March 23, 2012, the second on May 30, 2012 and the third on October 19, 2012. All the meetings were held at the company's registered offices.

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

The work of the RC in this financial year was guided by the stipulated in the remuneration policies approved by the Annual Shareholders Meeting of April 20, 2006. These policies were confirmed for the 2009-2011 and 2012-2014 terms of office by decision of the shareholders at Shareholders Meetings.

This report summarizes the decisions of the Remunerations Committee during 2012 and includes the annual declaration of the Remunerations Committee on the remuneration policy of the management and supervisory bodies of the company.

### **PART I**

#### **Remunerations Committee Report for the 2012 financial year**

##### **Prior note:**

To avoid any doubts raised in previous years, the Remunerations Committee clarifies that the decisions regarding variable remunerations mentioned in this report relate to decisions taken by the RC in 2012 and, therefore they concern directors' performance in 2011.

Expressed as it is this prior note, below is a summary of the decisions taken by the RC at the three meetings held in 2012.

At the meeting held on March 23, 2012 the RC resolved on:

##### A) The RC report for the 2011 financial year

The RC discussed and unanimously approved the Remunerations Committee Report for the 2011 financial year and the Recommendations for the Remuneration Policy for the 2012-2014 term of office to be submitted to the General Meeting of Shareholders.

##### B) Clarification on the minute of the meeting held on July 7, 2011

It was noted that the RC decision contained in the minute of the meeting held on July 7, 2011, item five of the agenda, required an additional clarification as the expression "positive performance of the company" is not a quantitative expression by itself sufficient to determine, in light of each year's net results, the decision to continue or not continue to pay the variable remunerations previously attributed to directors and now subject to deferral.

After this issue was discussed, the RC unanimously approved that the following cumulative requirements shall be met in a certain financial year (in the relevant financial year's Novabase consolidated accounts) for the company's performance to be deemed as positive:

- a) Financial autonomy ratio higher than 20% (Equity/ Total Net Assets);
- b) Positive EBITDA (accumulated in the grace period);

The financial autonomy ratio was chosen since the same is universally used in international public procurements as an indicative of financial strength and capital balance. The EBITDA criterion was chosen because it is the principal benchmark used by market analysts in the evaluation of economic performance of any entity within the information technology sector.

At the meeting held on May 30, 2012, the Remunerations Committee resolved on:

A) The remuneration of the members of the General Meeting of Shareholders of Novabase SGPS for the 2012 financial year

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

B) The fixed remuneration of the Executive Directors of Novabase SGPS for the 2012 financial year

Given the difficult moment that the Portuguese economic is currently facing and the high dependence of Novabase's turnover on the national market, and notwithstanding the growth of the international component, and considering, additionally, the results obtained in 2011, it was unanimously approved to maintain the fixed remuneration of the executive directors of Novabase SGPS for the 2012 financial year, without any amendment, except in the following cases:

A fixed remuneration in the gross annual amount of 156,800 (one hundred, fifty six thousand and eight hundred) euros, to be paid in 14 equal monthly instalments with effect as of May 1, 2012, is attributed to the new member of the executive committee, Paulo Jorge de Barros Pires Trigo.

Given the outstanding performance of the director Francisco Paulo Figueiredo Morais Antunes (CFO) in the previous year, and considering the increase of responsibilities now attributed to him, now responsible for several Novabase's functional areas (Finance, Legal, Payroll, Employee Care, Information Systems, International Task Force), the RC approved to grant an increase of 7,4% in his annual gross remuneration so the same will be of 140,700 (one hundred and forty thousand, seven hundred) euros, to be paid in 14 equal monthly instalments with retroactive effect as of May 1, 2012.

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

C) The fixed remuneration of Novabase SGPS's non-executive directors for the 2012 financial year

For the same reasons as described above, the RC unanimously decided to maintain unchanged the fixed remuneration of the non-executive directors. However, and considering the reduction of responsibilities of some directors after the end of the previous term of office it was decided to reduce the fixed remuneration of the non-executive directors José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro Marques de Carvalho to a gross annual remuneration of 15,862 (fifteen thousand, eight hundred and sixty two) euros, corresponding to a reduction of 85.1% of the respective fixed remunerations when comparing to the previous financial year.

Additionally, in order to align with the best practices the remuneration of the Chairman of the Board of Directors, Rogério dos Santos Carapuça, considering that the Chairman continues to follow the day-by-day business of the company, the remuneration of the Chairman was fixed at 70% of the CEO's remuneration, i.e. 185,710 (one hundred and eighty five thousand, seven hundred and ten) euros (gross amount), which corresponds to a reduction of 22.2% in view of the previous financial year.

All the remunerations of the remaining non-executive directors, including the independent directors, remained unchanged.

All the abovementioned remunerations are gross, annual and paid in 14 equal monthly instalments, with effects as of May 1, 2012.

To all the abovementioned remunerations a food allowance must be added. The food allowance follows the terms set forth for all the company's employees.

The outcome of these decisions is a reduction of the gross wage of board members in 4% in face of 2011, even including the costs with the new director (Paulo Trigo). It should be highlighted that this director was already an officer in Novabase and the company already incurred in the costs inherent to his remuneration. However, said remuneration was not included in the board of directors' perimeter, and therefore the total cost reduction achieved by Novabase with the new Board of Directors remunerations is of 12.5%, related to 2011.

D) The attribution of the cash component of the variable remuneration to the Members of the Board of Directors of Novabase SGPS, related to performance of the 2011 financial year.

In this meeting the Chairman of the RC recalled the decision previously taken by the Shareholders Meeting in April 2009, which set the general guidelines for the directors' remunerations in the term of office. This decision was reaffirmed by the Shareholders Meeting on May 3, 2012 following the concurring proposal by the RC.

According to said resolution the variable remuneration of the directors of Novabase SGPS continued to have two components: one component in cash, to be defined by the RC after the approval of each financial year accounts, and taking into account the company's and each board member's performance in that financial year, and another component corresponding to options for allotment of Novabase shares. This last item is addressed below.

Concerning the cash component related to the performance in 2011, the RC decided, given the decrease in the company's net results in 2011, when compared to 2010, the RC decided to fix in 397,650 (three hundred and ninety seven thousand, six hundred and fifty) euros the amount to be attributed this year to the members of the board of directors as the cash component of the variable remuneration. This amount represents a reduction of 79.6% by comparison to 2010 and is in line with the decrease of the net results in the same percentage that occurred within that period.

Also given the input of each director in the 2011 financial year, in relative terms, the RC unanimously attributed the amount of 77,250 (seventy seven thousand, two hundred and fifty) euros to each of the executive directors Luís Paulo Cardoso Salvado (CEO), João Nuno da Silva Bento and Álvaro José da Silva Ferreira, 50,100 (fifty thousand and one hundred) euros to the executive director Nuno Carlos Filipe dos Santos Fórneas, 30,900 (thirty thousand and nine hundred) euros to the executive director Francisco Paulo Figueiredo Morais Antunes, 54,000 (fifty four thousand) euros to the Chairman of the Board of Directors Rogério dos Santos Carapuça, and 15,450 (fifteen thousand, four hundred and fifty) euros to the directors José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro Marques de Carvalho.

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

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

It was unanimously decided to pay, this year, only half of the amount attributed to each director as variable remuneration in cash, deferring the remaining 50% for payment in the following three years (2013, 2014 and 2015). Each year, 1/3 of this other half of the amount now attributed shall be paid, subject to the positive performance of the company during this period, in line with what was decided and applied in relation to 2011.

F) Stock option plan

Considering the approval by the shareholders of a new stock option plan for the term of office 2012-2014, and the respective regulation, the RC has the responsibility to allocate options to directors as set out in the said regulation. The strike price is a result of the implementation of the criteria established in the regulation approved by the shareholders. Applying the relevant formula, the strike price for the current term of office is 2.19 euros per share.

As to the 1,959,720 (one million, nine hundred and fifty nine thousand, seven hundred and twenty) options reserved to the members of the board of directors, the RC unanimously approved the following distribution, which respects the differences and the different nature of each director's responsibilities:

For the current term of office: Luís Paulo Cardoso Salvado (CEO), João Nuno da Silva Bento (executive director), Álvaro da Silva Ferreira (executive director), the amount of 342,310 (three hundred and forty two thousand, three hundred and ten) options each; Nuno Carlos dos Santos Fórneas (executive director), 222,500 (two hundred and twenty two thousand, five hundred) options; Paulo Jorge de Barros Pires Trigo (executive director), 196,830 (one hundred and ninety six thousand, eight hundred and thirty) options; Francisco Paulo Figueiredo Morais Antunes (executive director), 136,920 (one hundred and thirty six thousand, nine hundred and twenty) options; Rogério dos Santos Carapuça (Chairman), 239,620 (two hundred and thirty nine thousand, six hundred and twenty) options; José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro Marques de Carvalho (non-executive directors), 68.460 (sixty eight thousand, four hundred and sixty) options each.

The independent directors, Luis Fernando Mira Amaral, Manuel Alves Monteiro and João Duque, and the director Joaquim Sérvulo Rodrigues, will not have any options.

At the meeting held on October 19, 2012, the Remunerations Committee resolved on:

The method of payment of the fixed remuneration of the Executive Directors of Novabase SGPS for the 2012 financial year

It was unanimously approved to perform the total payment of the fixed remuneration of the executive directors that is due, in only three instalments, which will be paid up until the last business day of the months of October, November and December, respectively. This decision is aligned with this RC's intention that, hereinafter, the annual retribution of Novabase SGPS' executive directors is paid in 12 equal successive monthly instalments.

Finally it should be noted that in the 2012 financial year no payments were made in relation to the dismissal of any director or termination of his duties by mutual consent.

## **PART II**

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

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

The most relevant principles defended by the RC on its annual declaration presented to the General Meeting of Shareholders on April 28, 2009 for the triennium 2009-2011 of the corporate bodies and further confirmed on the General Meeting of Shareholders of May 3, 2012 for the triennium 2012-2014 are:

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