

2017

NOVABASE
ANNUAL
REPORT

Report of the Remunerations Committee

Report of the Remunerations Committee regarding the 2017 Financial Year and Recommendations for the Remunerations Policy for the 2018 Financial Year

The Remunerations Committee of Novabase SGPS (RC) met only once in the 2017 financial year, at the company's office, on May 18, 2017.

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

The RC's work was guided in this financial year by the remuneration policies 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 2017 financial year and includes the annual statement of the Remunerations Committee on the remuneration policy for the management and supervisory bodies of the company.

PART I Remunerations Committee Report for the 2017 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 2017 and, therefore, such decisions were taken with reference to the directors' performance in 2016.

After this clarification, below is a summary of the decisions taken by the RC in the meeting held on May 18, 2017.

1. The remuneration for the 2017 financial year of the members of the board of the General Meeting of Shareholders of Novabase SGPS

It was unanimously approved to maintain the usual attribution to the Chairman of the board of the General Meeting of Shareholders, Prof. António Menezes Cordeiro, and to the Secretary of the same board, Madalena Paz de Oliveira, of a remuneration corresponding to attendance fees per each General Meeting of Shareholders made. It was also unanimously approved to maintain the attendance fee in the amount of 1,000 (one thousand) euros for the Chairman and 750 (seven hundred and fifty) euros for the Secretary, for each meeting. These amounts were the same as those established for the previous financial year.

2. Fixed remuneration of the Directors of Novabase SGPS for the 2017 financial year

Given the context of uncertainty that the national market is facing and notwithstanding the growth of the international business (which already represents approximately 60% of the total activity), it was unanimously decided to maintain the fixed remunerations of the directors of Novabase SGPS for the 2017 financial year, without any change in relation to the individual remuneration received in respect of the 2016 financial year.

Thus, the following annual gross amounts were determined 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 and CEO/delegated director) – 267,000 (two hundred and sixty-seven thousand euros);
Francisco Figueiredo Morais Antunes (CFO/delegated director for finance) - 114,000 (one hundred and fourteen thousand euros);
José Afonso Oom Ferreira de Sousa - 21,000 (twenty-one thousand euros);
Pedro Miguel Quinteiro Marques de Carvalho - 21,000 (twenty-one thousand euros).

3. Variable remuneration of the Directors of Novabase SGPS, related to performance in the 2016 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 2016 financial year of 9.6 Million Euros, compared to 7.4 Million Euros in the preceding financial year, the RC unanimously decided to grant to each of the following directors in office in 2016, and without prejudice to section five below, the following amounts:

Luis Paulo Cardoso Salvado (Chairman and CEO/delegated director) - 407,040 (four hundred seven thousand and forty euros);
Francisco Paulo Figueiredo Morais Antunes (CFO/delegated director for finance) - 203,520 (two hundred and three thousand, five hundred and twenty euros);
José Afonso Oom de Sousa - 81,408 (eighty-one thousand, four hundred and eight euros);
Pedro Miguel Quinteiro Marques de Carvalho - 81,408 (eighty-one thousand, four hundred and eight euros).

The total variable remuneration of the Directors of Novabase SGPS for their performance in the 2016 financial year corresponds, therefore, to € 773,376.

On the other hand, the Chairman of the RC reminded that, following the lack of presentation of a new stock option plan at the 2015 annual General Meeting, no variable remuneration in options or in shares will be due this financial year.

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

The RC unanimously decided to pay this year only half of the amount granted to each director in office in 2016, as variable remuneration, and delay the remaining 50% for payment during the next three years (2018, 2019 and 2020). 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 decided and implemented from 2011 to 2016.

5. 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 national and European pensions systems, it is a prudent practice, and so on that basis it was unanimously approved, to channel the funds attributed under item three above (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.

6. On the remuneration of the members of Novabase SGPS' Audit Board for the 2017 financial year

In line with the Portuguese Securities Commission recommendation III.2 as regards corporate governance, the remuneration of the members of the supervisory bodies should not include any component which amount would depend on the company's performance or on its value. Therefore, the following annual fixed remunerations are granted for the 2017 financial year:

Chairman of the Audit Board – Prof. Paulo Soares de Pinho – 8,000 (eight thousand euros); Member of the Audit Board – Fátima do Rosário Piteira Patinha Farinha – 6,000 (six thousand euros);

Member of the Audit Board – Nuno Miguel Dias Pires – 6,000 (six thousand euros).

These amounts remained unchanged by comparison to the previous financial year.

Notwithstanding, in light of the significant increase in the workload resulting from the new legal framework which has entered in force in 2016, this committee grants, exceptionally, a sole, fixed, additional compensation, in the amount of 1,100 (one thousand and one hundred euros) to each member of the Audit Board.

7. On the remuneration of the Statutory Auditor for the 2017 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.

8. 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.

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

Given the experience of the committee in the year now 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 corporate bodies' term of office which now terminates.

The next ordinary General Meeting which will occur in May 2018, will elect new corporate bodies for the next term of office. Therefore, the current remunerations committee understands that the general principles that have guided the remunerations policy aforementioned should be maintained, with adjustments in accordance with the Corporate Governance Model that the shareholders wish to approve.

In any case, the following basic directives shall be observed in the implementation of the remunerations policy for the 2018 financial year.

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

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

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

Lisbon, February 7, 2018

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The Remunerations Committee

Francisco Luís Murteira Nabo (Chairman)

Pedro Rebelo de Sousa (Member)

João Quadros Saldanha (Member)