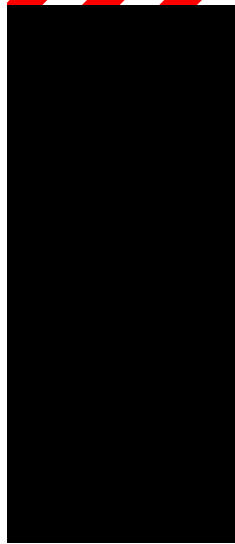
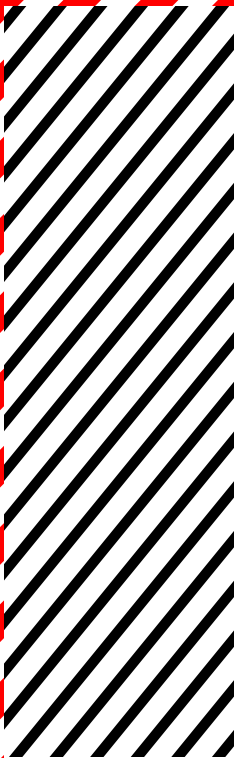


2017

NOVABASE
ANNUAL
REPORT



Corporate Governance Report

CORPORATE GOVERNANCE REPORT

Contents

A. Shareholder Structure..... 2

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

C. INTERNAL ORGANIZATION..... 40

D. REMUNERATION.....49

E. TRANSACTIONS WITH RELATED PARTIES58

PART II - EVALUATION OF CORPORATE GOVERNANCE.....61

Annexes: 72

Remuneration Committee Report 72

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

Shareholder Structure

I. Capital Structure

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

General Information on Capital Structure

Share capital on 31 December 2017 (€)	15,700,697.00
Total shares	31,401,394
Number of unlisted shares	0
Different categories of shares	Only ordinary shares exist

The company's share capital is paid up in full.

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.

No categories of shares with special rights exist.

Shareholdings

Holding covered by Novabase Shareholders' Agreement	No. of shares	% share capital and voting rights
HNB - SGPS, S.A. ¹	10,261,395	32.68%
Pedro Miguel Quinteiro Marques Carvalho	2,289,068	7.29%
João Nuno da Silva Bento ¹	1	0.00%
Álvaro José da Silva Ferreira ¹	1	0.00%
Luís Paulo Cardoso Salvado ¹	1	0.00%
José Afonso Oom Ferreira de Sousa ¹	1	0.00%
TOTAL ²	12,550,467	39.97%

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

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

	No. of shares	% share capital 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, thereby allocating these voting rights to him.

	No. of shares	% share capital and voting rights
IBIM2 Limited	3,144,217	10.01%

Santander Asset Management – Sociedade Gestora de Fundos de Investimento Mobiliário, SA	No. of shares	% share capital and voting rights
Fundo de Investimento Mobiliário Aberto Poupança Acções Santander PPA	34,537	0.11%
Fundo de Investimento Mobiliário Aberto Santander Acções Portugal	1,476,905	4.70%
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.

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

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

	No. of shares	% share capital and voting rights
Lazard Frères Gestion SAS	669,122	2.13%

The above shareholdings correspond to the last positions notified to the company in reference to 31 December 2017 or earlier.

2. Restrictions on the transferability of shares, such as consent of sale clauses or restrictions on ownership of shares (article 245-A, paragraph 1, sub-paragraph b).

The articles of association do not limit the transferability or ownership of Novabase shares.

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

3

On 31 December 2017, 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 of 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 reads as follows:

"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 the provisions of articles 17 and 19 of the Securities Code and applicable Community provisions, a new Novabase shareholders' agreement ("Shareholders' Agreement") has been signed on today's date, with a view to ensuring shareholder stability through the end of the next 2018-2020 term of office of Novabase's corporate boards.

4

The new Shareholders' Agreement has been 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 "Restricted Shares") directly or indirectly held by them and corresponding to 33.40% of this company's share capital. Rogério dos Santos Carapuça has withdrawn from the Shareholders' Agreement, and no longer has any 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 controlling shareholders of the company HNB – SGPS, S.A. (hereinafter called "HNB"), pursuant to the HNB shareholders' agreement signed between these Shareholders.

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

This new Shareholders' Agreement has entered immediately into force, and shall be valid until 30 April 2021, replacing the shareholders' agreement previously in force (announced to the market on 13 May 2015), although reproducing its key terms and conditions.

2. Qualified holding – allocation changes

Novabase was also informed of changes to the allocation 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, because of:

1. The signing of the above-mentioned Shareholders' Agreement and termination of the agreement previously in force;
2. The transfer, 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 HNB shares directly owned by them, to the following vehicles:
 - a) The company Xistroban, S.A., controlled by Shareholder José Afonso Oom Ferreira de Sousa, which assumed direct ownership of all HNB shares previously owned directly by José Afonso Oom Ferreira de Sousa;
 - b) The company Turtlewalk Unipessoal Lda, controlled by Shareholder Luís Paulo Cardoso Salvado, which assumed direct ownership of all HNB shares previously owned directly by Luís Paulo Cardoso Salvado;

- c) The company Pragmatic Proton - Unipessoal Lda, controlled by Shareholder Álvaro José da Silva Ferreira, which assumed direct ownership of all HNB shares previously owned directly by Álvaro José da Silva Ferreira;
- d) The company Mediaries - Serviços de Consultoria e Gestão Lda, controlled by Shareholder João Nuno da Silva Bento, which assumed direct ownership of all HNB shares previously owned 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, currently totalling 12,550,467 shares representing 39.97% of Novabase's share capital and voting rights, pursuant to the following terms:

Restricted Shares

Shareholder	No. Shares (Restricted)	% of Shareholders' Agreement	% Voting Rights Total
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%
Total HNB	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%

Unrestricted Shares

Shareholder	No of Shares not Restricted	% Voting Rights Total
Held through HNB		

6

	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%
	Total HNB	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 + Unrestricted Shares)

Shareholder	Total shares (Restricted + not 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%
Total HNB	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 in Novabase's portfolio, the total holding in question would correspond to 40.45% of Novabase's voting rights.

3. Terms and Conditions of Shareholders' Agreement

The following content of the Novabase shareholders' agreement is noteworthy:

- A) The need for agreement by a majority equal to or greater than two thirds of votes corresponding to restricted shares to establish terms by which these shares may be sold, together with the potential purchase of Novabase restricted shares by the shareholders, 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, as envisaged in 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 of the Shareholders is authorized to acquire Novabase shares not considered Restricted Shares up to a maximum of 1.90% of the voting rights, per Signatory, provided that such acquisitions do not give the Shareholders or a Vehicle more than 50% of the voting rights corresponding to the company's share capital. Novabase shares acquired in this manner will not be considered restricted shares, unless agreed so by unanimous decision;
- D) The 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 to 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 their voting right at Novabase's General Meetings of Shareholders, directly or through a Vehicle, by a strict majority equal to or greater than two-thirds of votes corresponding to Restricted Shares: dividend policy to be adopted, management compensation and bonus policy for Novabase directors, increases and decreases in share capital, elimination of the pre-emptive right in increases in capital, composition of corporate boards, Novabase mergers and divisions, and amendments to the articles of association;
- G) Commitment, subject to applicable legal and market conditions, 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 vote through a Vehicle, 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 owned 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.

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

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 covered by Novabase Shareholders' Agreement	No. of shares	% share capital and voting rights
HNB - SGPS, S.A. ¹	10,261,395	32.68%
Pedro Miguel Quinteiro Marques Carvalho	2,289,068	7.29%
João Nuno da Silva Bento ¹	1	0.00%
Álvaro José da Silva Ferreira ¹	1	0.00%
Luís Paulo Cardoso Salvado ¹	1	0.00%
José Afonso Oom Ferreira de Sousa ¹	1	0.00%
TOTAL³	12,550,467	39.97%

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

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

	No. of shares	% share capital 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, thereby allocating these voting rights to him.

	No. of shares	% share capital and voting rights
IBIM2 Limited	3,144,217	10.01%

Santander Asset Management — Sociedade Gestora de Fundos de Investimento Mobiliário, SA	No. of shares	% share capital and voting rights
Fundo de Investimento Mobiliário Aberto Poupança Acções Santander PPA	34,537	0.11%
Fundo de Investimento Mobiliário Aberto Santander Acções Portugal	1,476,905	4.70%
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.

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

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

10

	No. of shares	% share capital and voting rights
Lazard Frères Gestion SAS	669,122	2.13%

The above shareholdings correspond to the last positions notified to the company in reference to 31 December 2017 or earlier.

As mentioned 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
Luis Paulo Cardoso Salvado ²	1	0.00%
José Afonso Oom Ferreira de Sousa ²	1	0.00%
Pedro Miguel Quinteiro Marques Carvalho	2,289,068	7.29%
Francisco Paulo de Figueiredo Morais Antunes	30,335	0.10%
Paulo Soares de Pinho (member of the Audit Board)	0	0.00%
Fátima Piteira Patinha Farinha (member of the Audit Board)	0	0.00%
Nuno Miguel Dias Pires (member of the Audit Board)	0	0.00%
KPMG & Associados - SROC, S.A. represented by Paulo Alexandre Martins Quintas Paixão (acting Statutory Auditor and representative)	0	0.00%
Maria Cristina Santos Ferreira (substitute Statutory Auditor)	0	0.00%

¹ The shareholding of each of these corporate board members corresponds to the last position notified to the company in reference to 31 December 2017 or earlier.

² José Afonso Oom Ferreira de Sousa and Luís Paulo Cardoso Salvado are shareholders of the company HNB — SGPS, S.A., where they serve as directors. HNB — SGPS, S.A. holds 10,261,395 shares representing 32.68% of Novabase's share capital and respective voting rights.

In addition, the following transactions of Novabase shares were made in 2017 by the persons referred to in article 447 of the Commercial Companies Code (“CSC”):

Entity	Transaction	Date	Place	Number of shares	Unit price (€)
Francisco Antunes	Purchase	19/04/2017	NYSE Euronext Lisbon	1,500	3.100
Francisco Antunes	Purchase	19/04/2017	NYSE Euronext Lisbon	1,300	3.100
Francisco Antunes	Purchase	20/04/2017	NYSE Euronext Lisbon	10,000	3.100
Francisco Antunes	Purchase	21/04/2017	NYSE Euronext Lisbon	2,200	3.100
Francisco Antunes	Sale	19/04/2017	NYSE Euronext Lisbon	1,100	3.100
Francisco Antunes	Sale	20/04/2017	NYSE Euronext Lisbon	13,900	3.100
Luís Paulo Salvado	Sale	21/04/2017	Outside of regulated market	14,999	3.100
José Afonso Sousa	Sale	24/04/2017	Outside of regulated market	10,056	3.100
HNB	Purchase	21/04/2017	Outside of regulated market	14,999	3.100
HNB	Purchase	24/04/2017	Outside of regulated market	10,056	3.100
Luís Paulo Salvado	Sale	02/05/2017	Outside of regulated market	50,282	3.100
HNB	Purchase	02/05/2017	Outside of regulated market	50,282	3.100
HNB	Purchase	04/05/2017	Outside of regulated market	65,281	3.100
HNB	Purchase	12/10/2017	Outside of regulated market	338,609	3.200
HNB	Purchase	12/10/2017	Outside of regulated market	147,027	3.200
HNB	Purchase	16/10/2017	Outside of regulated market	1,079,122	3.300
HNB	Purchase	16/10/2017	Outside of regulated market	235,000	3.300

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

Furthermore, none of the above transactions 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 control or group relationship issues bonds.

9. Special powers of the board of directors, namely with respect to decisions to increase capital (article 245-A, paragraph 1, sub-paragraph 1), 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 29 April 2015.

Pursuant to applicable law: (i) the shares to be issued must be ordinary shares; and (ii) the managing board's decision to increase capital is submitted to the supervisory board, with the ability to resubmit it to the general meeting of shareholders if denied by the supervisory board.

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 2017, Novabase had no significant business relationships with owners of qualified holdings, or entities in any way related to them, to the company's best knowledge, presently or in the past.

B. CORPORATE BOARDS AND COMMITTEES

I. GENERAL MEETING OF SHAREHOLDERS

a) Composition of the general meeting board

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

The officers of the Novabase General Meeting of Shareholders, elected in the general meeting held on 29 April 2015 for the three-year period of 2015-2017, are Chairman António Manuel da Rocha e Menezes Cordeiro and Secretary Madalena Paz Ferreira Perestrela 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, sub-paragraph f).*

Novabase has no restrictions on voting rights, nor any limitations on voting based on a number or percentage of shares. Furthermore, there are no special systems for equity rights.

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

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

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

Postal voting is permitted, provided that the following are observed:

a) Shareholders with a voting right may exercise this right by post, by means of a signed statement clearly indicating their voting intention for each point on the meeting's agenda. Shareholders may use the postal voting form which will be made available at the company's website in a timely fashion.

A legible photocopy of the shareholder's identity card 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 or her signature should be notarized in that capacity.

c) Voting forms, together with the items specified in the preceding sub-paragraphs, must be placed in a sealed envelope addressed to the Chairman of the General Meeting, delivered by

14

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. However, individuals who submit voting forms accompanied only by a legible photocopy of the shareholder's identity card or citizen's card may, alternatively, use the email address indicated in the meeting notice for this purpose.

d) The Chairman of the General Meeting must ensure the authenticity and confidentiality of postal votes until the time of voting.

e) If the shareholder or his/her representative attends the General Meeting in person, his/her respective postal vote will be annulled.

f) Postal votes will be counted as 'No' votes in relation to items for discussion submitted after these votes' date of issue.

Although not specifically mentioned in the articles of association, electronic voting is referred to in meeting notices, and follows the same principles as those of postal voting.

The remaining deadlines and requirements for exercising voting rights are exclusively those established by law and in CMVM recommendations.

13. Maximum percentage of voting rights that can be exercised by a single shareholder or by shareholders having any of the relationships referred to in article 20, paragraph 1 with that shareholder.

No such limitation exists

14. Shareholder decisions which, pursuant to the articles of association, can only be made by a qualified majority, in addition to those provided for by law, specifying these majorities.

No Shareholder decisions which, pursuant to the articles of association, can only be made by a qualified majority, in addition to those provided for by law, specifying these majorities.

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

a) Composition

Board of Directors on 31 December 2017.

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

15. Identification of governance model used.

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

In view of the mounting challenges of internationalization and competitiveness which have shaped Novabase's business, the company's corporate governance system needed to be updated by simplifying and streamlining company bodies and procedures, thereby tailoring existing solutions to the company's size and individual circumstances.

At the General Meeting of Shareholders held on 29 April 2015, Novabase modified its articles of association and implemented a reinforced Latin corporate governance model including a Board of Directors, Audit Board and Statutory Auditor. In this model, a substantially more agile structure was implemented for the day-to-day running of the company, with two managing directors (Luis Paulo Cardoso Salvado (CEO) and Francisco Paulo Figueiredo Morais Antunes (CFO)). Moreover, Novabase has a general meeting board elected for three-year terms of office, along with a Remuneration Committee appointed by the General Meeting of Shareholders to establish the remuneration of each corporate board member based on the duties performed and the company's financial status. The company also designates a secretary and respective substitute, under the terms of article 446-A of the Commercial Companies code, to perform the duties established by law.

In order to improve its governance practices whenever possible and tailor the model to the company's demands and challenges, Novabase constantly analyses its implementation.

16. Article of association rules on procedural requirements and matters applicable to the appointment and replacement of members, as applicable, of the Board of Directors, Executive Board of Directors and General and Supervisory Board (article 245-A, paragraph 1, sub-paragraph h).

The members of Novabase's Board of Directors are appointed and replaced under the terms of the law, namely the provisions of articles 390 and following of the Commercial Companies Code. Article 14, paragraph 1 of the company's articles of association 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 regard to the absence and substitution 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, they may keep their positions until the appointment of new directors.

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 previously stated, article 8 of the company's articles of association states that members of the Board of Directors are elected by the General Meeting of Shareholders for three-year terms, subject to re-election one or more times, and that these directors shall keep their positions during their respective terms of office until the appointment of new members.

Novabase's articles of association also state that the Board of Directors may be comprised of at least three and at most nineteen members.

On 31 December 2017, the Board of Directors had four full members, as shown in the following table:

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

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

On 08 May 2015, the Board of Directors delegated the day-to-day running of the company to directors Luís Paulo Cardoso Salvado and Francisco Paulo Figueiredo Morais Antunes, in the capacity of managing directors.

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, Álvaro José da Silva Ferreira, Pedro Miguel Quinteiro Marques de Carvalho and João Nuno da Silva Bento on their intent to propose, at Novabase's General Meeting of Shareholders scheduled for the first half of 2018, a change to the structure and composition of Novabase's managing board.

The announcement's information on the terms of this change to the structure and composition of Novabase's managing board reads as follows:

- a) Adoption of a managing board structure comprised of a Board of Directors including executive and non-executive members;
- b) Delegation of the day-to-day running of Novabase to an Executive Committee.

The proposed management duties of Novabase for the new 2018-2020 term of office are as follows:

- Chairman of the Board of Directors: Luís Paulo Cardoso Salvado
- Chairman of the Executive Committee: João Nuno da Silva Bento
- Member of the Executive Committee: Álvaro José da Silva Ferreira
- Member of the Executive Committee: Francisco Paulo Figueiredo Morais Antunes
- Member of the Executive Committee: Maria del Carmen Gil Marín
- Non-executive member of the Board of Directors: José Afonso Oom Ferreira de Sousa
- Non-executive member of the Board of Directors: Pedro Miguel Quinteiro Marques Carvalho
- Non-executive member of the Board of Directors: Marta Isabel dos Reis Graça Rodrigues do Nascimento"

18

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	Independence¹
Luís Paulo Cardoso Salvado	Executive (Managing Director)	No
José Afonso Oom Ferreira de Sousa	Non-executive	No
Pedro Miguel Quinteiro Marques Carvalho	Non-executive	No
Francisco Paulo Figueiredo Morais Antunes	Executive (Managing Director)	No

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

In view of the low number of directors (four), the Board of Directors' two non-executive members are sufficient in number to effectively monitor, supervise and evaluate the activities of the remaining board members (see point 24 of this report with regard to the evaluation of the remaining directors).

In view of the company's size, the need for agility and efficiency in management, the shareholder structure and the respective free float, together with various levels of internal control (including supervisory boards comprised entirely of independent people vis-à-vis the management and owners of qualified holdings, although it should be noted that, under the company's previous Anglo Saxon corporate governance model, only directors performing duties in the Auditing Committee were independent), coupled with the wide range of decisions made to benefit shareholders and the exercising of their rights, Novabase does not believe independent directors are necessary for protecting 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
Luis Paulo Cardoso Salvado	<ul style="list-style-type: none"> MBA in Information Management from Universidade Católica Portuguesa Graduate in Electrotechnical and Computer Engineering from IST 	<ul style="list-style-type: none"> Chairman of the Board of Directors and Managing Director (CEO); Specific responsibilities: Business Areas: Business Solutions (including Celfocus and Neotalent), Venture Capital, Infrastructures and Managed Services Corporate Duties: Marketing – Marketing / Business Design / Corporate Development / Human Resources / Investor Relations Regions: Angola / Brussels / European Commission / Mozambique Director of various Novabase Group companies Formerly: <ul style="list-style-type: none"> CEO Member of the Board of Directors Performance Assessment Committee Member of the Corporate Governance Assessment Committee CFO, CHRO and CLO of Novabase Group and CEO of Novabase Consulting
José Afonso Oom Ferreira de Sousa	<ul style="list-style-type: none"> MBA from Universidade Nova de Lisboa Masters in Electrotechnical and Computer Engineering from IST Graduate in Electrotechnical and Computer Engineering from IST Graduate in Philosophy from Universidade Católica de Lisboa 	<ul style="list-style-type: none"> Director without specific oversight Formerly: <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
Pedro Miguel Quinteiro Marques Carvalho	<ul style="list-style-type: none"> Graduate in Applied Mathematics from Universidade de Lisboa 	<ul style="list-style-type: none"> Director without specific oversight Formerly: <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
Francisco Paulo Figueiredo Morais Antunes	<ul style="list-style-type: none"> Master's in Finance from ISCTE Graduate in Management from ISCTE 	<ul style="list-style-type: none"> Managing Director; Specific responsibilities: Corporate Duties: CFO / CRO / Information Systems / International Task Force / Legal Director of various Novabase Group companies Formerly: <ul style="list-style-type: none"> Financial Director of Novabase Group

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

20

Board of Directors with shareholders to whom a qualified shareholding exceeding 2% of voting rights may be attributed.

Directors Luís Paulo Cardoso Salvado, José Afonso Oom Ferreira de Sousa and Pedro Miguel Quintero 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 are allocated a qualified holding of 12,550,467 shares representing 39.97% of Novabase's share capital and voting rights.

There are no other regular or significant relationships between the directors and owners of qualified holdings.

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 areas on 31 December 2017:

- Business Solutions¹
- Neotalent² (included in the Business Solutions area in financial reporting)

In addition, Novabase carries out its specialized venture capital business through the company Novabase Capital, SCR, SA (Venture Capital area in financial reporting). Novabase has a business model which includes the existence of executives responsible for the main industries, the respective specialized products and services and the various competencies.

The industries in 2017 were as follows:

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

NOVABASE SGPS³ / NOVABASE Serviços⁴

Novabase SGPS and Novabase Services control the central functional areas: *Human Resources, Finance & Administration, IT, Marketing e Legal*. Novabase SGPS directly controls the investor relations function, including the Investor Relations Office.

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

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

² Corresponding to the company NOVABASE Neotalent, S.A., Novabase Sistemas de Información, S.A. and part of the NBASIT business

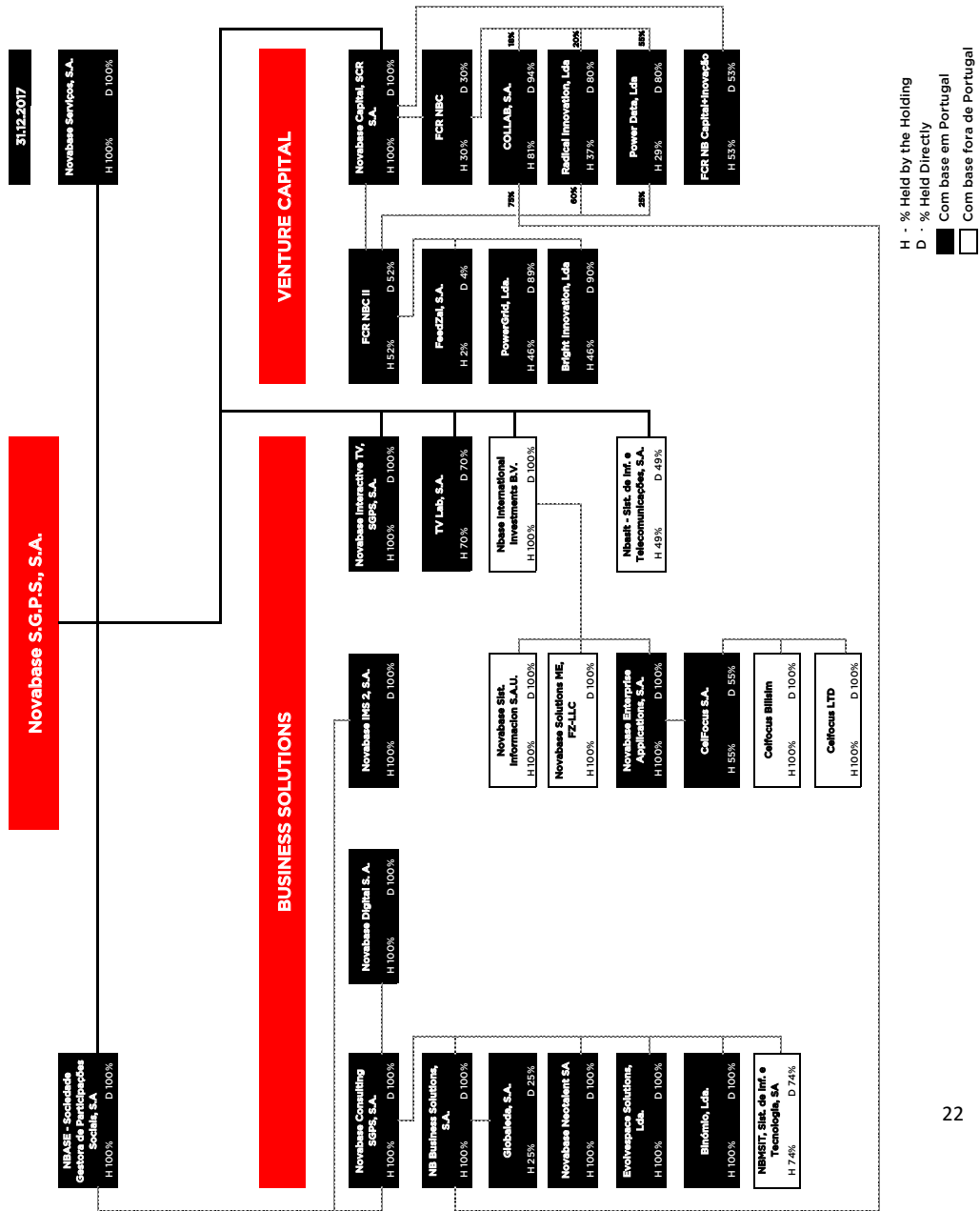
³ NOVABASE — Sociedade Gestora de Participações Sociais, S.A.

⁴ NOVABASE Serviços — Serviços de Gestão e Consultoria, S.A.

Organizational Chart

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

The attached organizational chart includes all the companies within the consolidation perimeter of Novabase.



As stated in point II. A) 15. In view of the mounting challenges of internationalization and competitiveness which have shaped Novabase's business, the company's corporate governance system needed to be updated by simplifying and streamlining company bodies and procedures, thereby tailoring existing solutions to the company's size and individual circumstances.

At the General Meeting of Shareholders held on 29 April 2015, Novabase modified its articles of association and implemented a reinforced Latin corporate governance model including a Board of Directors, Audit Board and Statutory Auditor. In this model, a substantially more agile structure was implemented for the day-to-day running of the company, with two managing directors (Luís Paulo Cardoso Salvado (CEO) and Francisco Paulo Figueiredo Morais Antunes (CFO)).

Moreover, Novabase has a general meeting board elected for three-year terms of office, along with a Remuneration Committee appointed by the General Meeting of Shareholders to establish the remuneration of each corporate board member based on the duties performed and the company's financial status. The company also designates a secretary and respective substitute, under the terms of article 446-A of the Commercial Companies code, to perform the duties established by law.

Under the terms of article 14 of Novabase's articles of association, a Board of Directors with full and exclusive representation powers is responsible for managing the company's business.

The Board of Directors has general powers to act in pursuit of the company's corporate and business interests, within the confines of the law, the articles of association and the decisions of the General Meeting of Shareholders and, in particular, to:

- a) Acquire, encumber and sell any rights or movable property as well as to acquire, encumber and sell immovable property, whenever it is deemed appropriate for the company;
 - b) Take out loans and carry out any other financing operations in the interest of the company, under such terms and conditions that it deems fit;
 - c) Appoint representatives of the company;
 - d) Delegate powers to its members;
 - e) Hire employees, set their conditions of employment and exercise disciplinary power;
 - f) Represent the company in and out of court, as plaintiff or defendant, file lawsuits, and make admissions, compromise in them and withdraw from them, and engage in arbitration;
 - g) Open, operate and close any of the company's bank accounts, deposit and withdraw money, issue, accept, draw and endorse cheques, bills and promissory notes, invoice statements and any other securities;
 - h) Decide on investments in the capital of other companies or on participating in other businesses;
- and

i) Run the company's businesses and carry out any acts and transactions relating to the corporate purpose that do not fall within the jurisdiction of other company bodies;

Under the terms of its regulations, the Board of Directors is responsible for setting a policy for reporting irregularities in compliance with goals laid out in this regard by law, by applicable regulations or by the General Meeting of Shareholders.

The Board of Directors' articles of association and regulations also state that it may delegate to one director certain specific management duties or the execution of the Board of Directors' decisions, or may 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 recorded in meeting minutes. The Board of Directors shall establish the powers of each managing director or of the Executive Committee, as applicable, in the everyday running of the company, delegating to the Executive Committee, when necessary, all the powers that are not forbidden 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 for the day-to-day running of the company:

- a) Selection of the Chairman of the Board of Directors;
 - b) Co-option of directors;;
 - c) Requests to call general meetings;
 - e) Drawing up of annual reports and accounts;
 - f) Decide that Novabase may provide collateral, personal guarantees and security in rem;
 - g) Change of registered office and capital increases;
 - h) Deliberate projects to merge, divide and transform Novabase;
 - i) Approval of strategy;
- and
- j) Definition of the Group's corporate structure.

On 05 February 2016, the Board of Directors delegated the day-to-day running of the company to directors Luís Paulo Cardoso Salvado and Francisco Paulo Figueiredo Morais Antunes, in the capacity of managing directors. Powers were delegated for the following areas of responsibility:

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

Powers for the day-to-day running of the company were also delegated to director Luís Paulo Cardoso Salvado for all daily management issues not specifically stated in the decision, nor excluded from the scope of the delegation under the law.

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

Members of the Board of Directors who are not managing directors are responsible for overseeing the managing directors' activities, together with any damages caused by their acts or omissions when, being aware of these acts or omissions or of their underlying intent, do not involve the Board of Directors to take the appropriate measures. Together with the power to submit issues for the Board of Directors' assessment and decision, and with a view to fully carrying out their duties of monitoring and overseeing Novabase's activities, non-executive directors who are not managing directors may directly request that the managing directors clarify specific issues within the scope of delegated matters.

As a result of the above, no powers were delegated in 2017 for issues where the Board of Directors must ensure that the company acts consistently with its goals, namely with regard to: i) defining the strategy and general policies of the company, ii) defining the business structure of the group; and iii) decisions considered strategic due to the amount, risk and particular characteristics involved.

- **Operation**

Under the terms of Novabase's articles of association, the Board of Directors shall meet whenever it is summoned by its chairperson or by two of its members. It must meet at least once per quarter.

The Board of Directors cannot function without a majority of its active members present; under urgent circumstances, the Chairman may waive this majority when it can be achieved via postal or proxy voting, passed 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, the Chairman is also responsible for: a) coordinating the work of the Board of Directors; b) calling and running the meetings of the Board of Directors, ensuring that the meeting minutes are drawn up; c) making the casting vote; and d) ensuring the execution of decisions made.

Pursuant to CMVM recommendation II.1.10., if the chair of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.

However, since there are only two non-executive directors, it is not necessary for one of them to be specifically responsible for running work involving only two people. Given the agile and flexible structure which Novabase assumed in the General Meeting of Shareholders dated 29 April 2015, the non-executive directors have been able to adequately coordinate 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.

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 meeting: 11	
Member	Attendance (%)
Luis Paulo Cardoso Salvado	100.00
José Afonso Oom Ferreira de Sousa	100.00

26

Pedro Miguel Quinteiro Marques Carvalho	100.00
Francisco Paulo Figueiredo Morais Antunes	100.00

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

The activities of the managing directors are constantly overseen by the Board of Directors on the whole, and specifically by the non-executive directors, using the required information on the company's business to monitor its day-to-day running. The monitoring of the managing directors' activities by the non-executive directors was a practice already in place prior to the publication of corporate governance recommendations on specific committees with assessment powers, and continues to be a practice employed by Novabase.

On 31 December 2017, the Board of Directors' non-executive members were José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro de Marques Carvalho.

In addition, the Remuneration Committee has the responsibility of assessing the managing directors' performance, specifically for the purpose of the evaluation criteria described in point 25 below.

25. The pre-established criteria for assessing the performance of executive members.

The performance assessment of directors (including executive directors) takes into account the organization's performance in the year in question, measured by the net profits generated, and is aimed at correlating the remuneration's variable cash component with the responsibility and performance of each director in particular (as stated in point 69.).

26. Availability of each member, as applicable, of the Board of Directors, General and Supervisory Board and Executive Board of Directors, indicating positions held simultaneously at other companies, both in and outside of the group, and other relevant activities performed by the members of these boards over the year.

Director (availability)	Group companies	Other companies and activities
Luis 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. ○ Novabase Business Solutions, S.A. ○ NOVABASE Neotalent, S.A. ○ NBASE, SGPS 	<ul style="list-style-type: none"> • Director of HNB – SGPS, SA • Managing partner of Turtlewalk, Lda.

27

<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 Interactive TV SGPS, S.A. ○ NOVABASE IMS2, S.A. ○ TV Lab, S.A. ○ NOVABASE Neotalent, S.A: ○ Nbase SGPS, S.A. 	<ul style="list-style-type: none"> • Director of HNB – SGPS, SA • Director of Fundação Maria Dias Ferreira • Director of PROMANUSS – Investimentos e Consultadoria, SA. • Director of Xistroban, SA • Director of Aprove – Investimentos e Projetos Imobiliários, SA • 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"> •

<p>Francisco Paulo Figueiredo Morais Antunes</p> <p>(Full time)</p>	<ul style="list-style-type: none"> • Director of the following companies: <ul style="list-style-type: none"> ○ Novabase Interactive TV SGPS, S.A. ○ Novabase Consulting SGPS, S.A. ○ Novabase Serviços S.A. ○ Novabase Enterprise Applications, S.A. ○ Novabase Business Solutions S.A. ○ Collab, S.A. ○ Novabase Digital, S.A. ○ NOVABASE IMS2, S.A. ○ TVLAB, S.A. ○ NBASIT, S.A. ○ Evolvespace Solutions, Lda. ○ 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. 	<ul style="list-style-type: none"> • Managing partner of Commostock, Lda.
---	--	--

- **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 competitiveness which have shaped Novabase's business, the company's corporate governance system needed to be updated by simplifying and streamlining company bodies and procedures, thereby tailoring existing solutions to the company's size and individual circumstances.

In this context, there are currently no committees created within the company's Board of Directors, namely (i) to evaluate the performance of the executive directors and the Board of Directors, and (ii) with regard to reflecting and acting on corporate governance.

In particular, with regard to evaluating the management, it should be noted that the activities of the managing directors are constantly overseen by the Board of Directors on the whole, and specifically by the non-executive directors, using the required information on the company's business to monitor its day-to-day running. The monitoring of the managing directors' activities by the non-executive directors was a practice already in place prior to

the publication of corporate governance recommendations on specific committees with assessment powers, and continues to be a practice employed by Novabase.

On 31 December 2017, the Board of Directors' non-executive members were José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro de Marques Carvalho.

In addition, the Remuneration Committee has the responsibility of assessing the managing directors' performance, specifically for the purpose of the evaluation criteria described in point 25.

Furthermore, given the relatively minor complexity of the current corporate governance structure, there seems to be no need to maintain or reintroduce a specific committee to reflect on corporate governance matters, since the company is assisted by outside consultants in this regard.

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

31 December 2017, the managing directors were:

Luis Paulo Cardoso Salvado
Francisco Paulo Figueiredo Morais Antunes

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

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

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

In performing their duties in 2017, directors with delegated powers focused on priorities handed down from the Board of Directors: first, replacing business in regions with higher volatility and exchange difficulties with a larger presence in Europe and, secondly, intensifying the focus on specialized products and services to leverage the digitalization of customers' businesses.

The 2017 results reflect our achievement of the goals laid out. Europe has consolidated its position as the primary market, accounting for 69% of international business. The EBITDA profitability for the period was 7.8%, with a Net Profit of 3.4%. We have achieved this performance through major R&D investments as well as methodologies centred on people, such as design thinking and gamification. These types of approaches have also been used successfully within the company, with NOVA being just one example. Developed by Novabase, this platform will accelerate the development of employees – mostly millennials – and give us an advantage in a market which has become extremely competitive in terms of technology talent.

30

Novabase was added to the PSI20 index in 2017, giving its stock more visibility. During this year, Novabase nearly tripled its transaction volume, which was up 48%, including the two dividends paid (€0.15/share and €0.50/share).

Finally, it should be noted that 2017 was the third and last year of this management's current term. Its members believe that this period was challenging at every level, but that the work done during this time will leave the company better prepared to face future challenges.

III. SUPERVISION

a) Composition

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

Since it has adopted the reinforced Latin corporate governance model, Novabase has an Audit Board and a statutory auditor.

31. Composition, as applicable, of the Audit Board, Auditing Committee, General and Supervisory Board or Financial Matters Committee, stating the minimum and maximum number of members, term of office, number of full members, inauguration date and end date of each member's term of office, in accordance with the articles of association (reference may be made to the point where this information is already found in the report per no. 18).

Article 8 of the company's articles of association states that members of the Audit Board are elected by the General Meeting of Shareholders for three-year terms, subject to re-election one or more times, and that these members shall keep their positions during their respective terms of office until the appointment of new members.

Novabase's articles of association further state that the supervision of the company shall be the responsibility of the Audit Board, elected by the General Meeting of Shareholders and composed of at least 3 full members, one of whom shall be its Chairman, and at least 1 substitute.

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

On 31 December 2017, the Audit Board had the following three full members:

Full Member	Inauguration date	End of Term of Office
Paulo Soares de Pinho	29/04/2015	31/12/2017
Fátima do Rosário Piteira Patinha Farinha	29/04/2015	31/12/2017
Nuno Miguel Dias Pires	29/04/2015	31/12/2017

The substitute member of the Audit Board 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).

Member of the Audit Board	Independence ¹
Paulo Soares de Pinho	Yes
Fátima do Rosário Piteira Patinha Farinha	Yes
Nuno Miguel Dias Pires	Yes

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

In addition, in 2017, all members of the Audit Board remained in compliance with the incompatibility rules provided for in article 414-A, paragraph 1 of the Commercial Companies Code, and with the requirements of independence provided for in Law no. 148/2015 of 09 September, since all of the board's members and its Chairman are independent pursuant to 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.

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).

Board of Auditors		
Member	Professional Qualifications	Work experience
Paulo Soares de Pinho	<ul style="list-style-type: none"> • Graduate in Economics from UNL • MBA from UNL. • PhD Banking and Finance (Cass) 	<ul style="list-style-type: none"> • Director of Sonae Capital since 2008; • Director of Change Partners SCR (since 2009); • Director of REN (2004-2007); • Academic Director of Lisbon MBA (since 2016); • Professor at Nova School of Business and Economics; • Visiting professor at the Cass Business School in London.
Fátima do Rosário Piteira Patinha Farinha	<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 (OROC) 	<ul style="list-style-type: none"> • Financial Director of Grupo Entrepósito automobile retail • Assistant Financial Director of Grupo Entrepósito (2002-2010); • Financial Director of NOVABASE Capital (2000-2002); • Financial Director of NOVABASE Sistemas de Informação e Bases de Dados (1991-2000).
Nuno Miguel Dias Pires	<ul style="list-style-type: none"> • Statutory Auditor • Graduate in Business Administration from UBI 	Financial Director of Luz Saúde

b) Operation

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

In carrying out its duties, NOVABASE'S AUDIT BOARD IS RESPONSIBLE FOR :

- a) Propose, at the General Meeting of Shareholders, the appointment of the Statutory Auditor;
- b) Monitor the Statutory Auditor's independence, particularly with regard to the provision of additional services to NOVABASE or Novabase Group companies;
- c) Oversee the review of accounts and other company accounting documents, namely the accounting policies and valuation criteria adopted by NOVABASE so that these documents lead to a correct appraisal of the assets and results;
- d) Prepare an annual report on its oversight activities, and issue an opinion on the Annual Report and Accounts and proposals submitted by management;

- e) Work with the Board of Directors in choosing external auditors, and supervise the work performed by these auditors, specifically bearing in mind the recommendations of the Portuguese Securities Market Commission in this regard¹;
- f) Monitor the efficacy of the risk management system, internal control system and internal auditing system;
- g) Monitor the preparation and disclosure of financial information;
- h) Take whatever decisions it deems necessary, informing NOVABASE'S Chairman of the Board of Directors and director responsible for the financial function accordingly, with respect to information about any irregular practices which it receives from shareholders, Novabase employees or others, to the department created specifically for this purpose;
- i) Prepare an annual report, to be submitted to the ordinary General Meeting of Shareholders, describing its activity in the previous financial year and its conclusions;
- j) Comply with other competencies and duties provided for by law and the memorandum of association;

In addition, since 31 March 2011, the company's collegiate supervisory board has performed duties involving preliminary assessments of the business deals to be carried out between the company and the owners of qualified holdings or entity relationships with the former, as envisaged in article 20 of the Securities Code. These duties are described in point 91 of this report.

The Audit Board's internal regulations, available at Novabase's website, also detail some general duties and responsibilities, such as participating in the meetings of the Board of Directors, managing directors or Executive Committee, as applicable, to weigh up the accounts for the year, and in the General Meeting of Shareholders, or to maintain confidentiality with regard to facts and information disclosed to the Audit Board during the performance of 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 2017 as required by the articles of association and made all examinations of the accounts that it saw fit as part of its duties. It conducted analyses and made suggestions as deemed necessary.

The Audit Board holds ordinary meetings at least once every quarter, or whenever deemed necessary by its Chairman or requested by one of its members. The Chairman of the Audit Board is responsible for convening and running its meetings, and has a casting vote.

The decisions of the Audit Board are made by a majority of votes cast with a majority of active members present.

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).

¹ CMVM recommendation II.2.2. states that the supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company. Furthermore, recommendation II.2.3. states that the supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.

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).

Board of Auditors	
Number of meeting: 8	
Member	Attendance (%)
Paulo Soares de Pinho	100.00
Fátima do Rosário Piteira Patinha Farinha	100.00
Nuno Miguel Dias Pires	100.00

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).

Board of Auditors		
Member (availability)	Group companies	Other companies and activities
Paulo Soares de Pinho (part time)	<ul style="list-style-type: none"> • He does not carry out any activities at other companies in the Group. 	<ul style="list-style-type: none"> • Director of Sonae Capital since 2008; • Director of Change Partners SCR (since 2009); • Academic Director of Lisbon MBA (since 2016); • Professor at Nova School of Business and Economics; • Visiting professor at the Cass Business School in London.
Fátima do Rosário Piteira Patinha Farinha (part time)	<ul style="list-style-type: none"> • She does not carry out any activities at other companies in the Group. 	<ul style="list-style-type: none"> • Financial Director of Grupo Entrepasto automobile retail • Partner at MC Godinho & Associado SROC
Nuno Miguel Dias Pires (part time)	<ul style="list-style-type: none"> • He does not carry out any activities at other companies in the Group. 	<ul style="list-style-type: none"> • Financial Director of Luz Saúde

35

c) Powers and duties

37. Description of procedures and criteria applicable to the supervisory board's involvement in hiring the external auditor for additional services.

A procedure is in place by which all of the various auditing services are subject to the prior approval of the Audit Board. The procedure includes the submission of a proposal, by the Board of Directors to the Audit Board, to use the external auditor for the services in question, accompanied by information justifying this. The Audit Board must then approve the use of the auditor before the respective agreement between the company and the approved external auditor is signed.

Among other aspects, the Audit Board's evaluation of the proposal submitted by the Board of Directors weighs up the auditor's guarantee of independence in fulfilling its professional obligations and the functional advantages in using the proposed external auditor.

38. Other functions of the supervisory boards and, if applicable, of the Financial Matters Committee.

The powers of the Audit Board are described in section III.b) of this report.

In addition to the duties of overseeing the auditing of the company's accounts and accounting documents and those involving the use of the external auditor for services, of particular note, among other aspects described in more detail in section III.b), are the duties performed within the scope of risk management and internal control systems and the system for reporting irregularities.

IV. STATUTORY AUDITOR

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

Statutory Auditor: 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 2017, Novabase's acting Statutory Auditor was KPMG & Associados – 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 2 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 did not provide other professional services to the company in 2017.

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 2017, 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 2 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 prescribes mandatory auditing rules applicable to Novabase as an “entity of public interest”.

With regard to rotating the statutory auditor and (external) auditor and partner in charge, the company considers the maximum time periods referred to in the bylaws of the Portuguese Bar Association (Ordem dos ROC).

In view of this policy, and given that KPMG was hired to carry out the duties of statutory auditor and (external) auditor beginning in 2015, the company is in compliance with CMVM Recommendation IV.3., together with the legal time period for rotating the partner in charge.

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 evaluation of the external auditor includes verifying the implementation of remuneration policies and systems of the corporate boards, the efficiency and functioning of internal control mechanisms, and 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 2017, in addition to auditing services, the external auditor provided professional services to validate and certify Waste Electrical and Electronic Equipment (WEEE) declarations for 2007-2014 at one of the subsidiaries (Novabase Digital TV, SA).

Pursuant to the Audit Board's regulations, this supervisory board evaluates the independence of the statutory auditors, namely with regard to additional services (beyond auditing) provided to Novabase or Novabase Group companies, and oversees the work of the external auditors, taking CMVM recommendations in this regard into account.

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 (€)	14.800 / 13,45
Compliance assurance services (€)	
Tax consulting services (€)	
Services other than statutory auditing	
By entities belonging to the group	
Statutory auditing services (€)	95.200 / 86,55
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.

In compliance with the CMVM Recommendations published in the 2007 Corporate Governance Code, and in view of fostering a culture of responsibility and compliance, Novabase has adopted a system for reporting irregularities (known as "SPI") that may occur within its Group. Any report of irregularities made through SPI is directed to the Audit Board, which will appoint a person in charge of SPI to manage the reports received. The person in charge of SPI must act independently and autonomously (notwithstanding responsibility to the Audit Board for proper compliance with his/her duties) and will be subject to confidentiality requirements.

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

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

40

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

- to the private e-mail address: nmdpires@hotmail.com; e
- by post in a letter addressed to Dr. Nuno Pires, marked “Confidential”, to the address: Av. D. João II, nº 34, Parque das Nações, 1998-031 Lisbon.

Such reports will be processed by the person in charge of SPI according to the following procedure:

- i) receipt and preliminary analysis of the report of the irregular practice;
- ii) judgement of the consistency of the report received (with destruction of all inconsistent reports, the Audit Board being responsible for this destruction, subsequent to a proposal from the person in charge of SPI);
- iii) investigation/report/archiving; and
- iv) final forwarding.

Before proceeding to the final forwarding of the reports, the person responsible for SPI takes account of the reports for statistical purposes and maintains a record of the reports that exclusively covers the following aspects: (i) date on which the report was received; (ii) essence of the facts reported, eliminating all information that permits identification of any physical persons; and (iii) date on which the investigation was concluded.

Once the investigation has been concluded, reports with an underlying probability of an irregular practice are forwarded by the Audit Board to the Board of Directors so that it can take appropriate measures.

Whenever the report of irregular practices results in evidence of the practice of a crime or serious disciplinary infraction, the Audit Board must recommend that the company forwards the matter to (i) Novabase internal bodies for due process and (ii) to external investigation bodies, namely the police or the public prosecutor, in order to ascertain responsibilities.

General rules of conflict of interest apply to the decisions to be approved by the Audit Board or by the Board of Directors regarding reports made within the scope of SPI.

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

This policy is detailed at the Novabase website (www.novabase.pt) in the Investor Relations section.

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

III. INTERNAL CONTROL AND RISK MANAGEMENT

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

The Audit Board, whose duties are described in section B III.b) of this report, is responsible for internal auditing.

Given the importance of a structured risk management model to the business, together with market regulatory requirements, the company's Board of Directors has been tasked with establishing risk management objectives, and implementing and monitoring a suitable internal control and risk management process, working towards its efficacy.

51. Explanation (with possible inclusion of organizational chart) of relationships of hierarchical and/or functional dependence vis-à-vis other company boards or committees.

The position of Chief Risk Officer ("CRO") has been created at Novabase. Internal auditing areas and areas that ensure compliance with norms applicable to the company (compliance services) report to the CRO with regard to risk prevention and management. The CRO is responsible for reporting to the Chairman of the Board of Directors, with regular meetings 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 an inspection body, monitors the activity of the external auditors, and may assess annual internal auditing plans, obtaining information about the actions performed by this team and providing an opinion regarding their conclusions.

In this context, this body also has powers involving the assessment of sufficient internal control mechanisms in order to understand and manage the inherent risks of Novabase's activities, suggesting policies and procedures to the Board of Directors to achieve these goals and refine these mechanisms.

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

Novabase coordinates Internal Auditing teams, both in the areas of quality and shared services, responsible for conducting monitoring actions and improving internal control procedures essentially associated with the Group's central service areas, always in accordance with the strategic goals laid out in the integrated risk management model. Periodic, focused internal audits are thus performed.

53. Identification and description of the major types of risk (economic, financial and legal) to which the company is exposed in pursuing its business activity.

Below is a description of some of the risks analysed by the company which deserve attention due to their relevance and business impact.

The Novabase Group is exposed to a number of financial risks in its business, namely exchange risk, cash flow and fair value risk, credit risk, liquidity risk and capital risk.

The unpredictability of financial markets is constantly analysed in accordance with the Group's risk management policy to minimize potential adverse effects on its financial performance.

a) Exchange risk

The Group is exposed to foreign exchange risk, mainly from the U.S. dollar, Angolan kwanza and Mozambican metical, since some subsidiaries perform transactions in these currencies.

The finance department is responsible for tracking the exchange rates of these currencies in order to reduce the impact of exchange fluctuation on the consolidated results. Whenever exchange rate expectations so justify, the Group uses derivative financial instruments to hedge against potential adverse trends.

b) Cash flow and fair value risk

Novabase's exposure to interest rate risk arises from investments in financial institutions, bonds and loans. Loans obtained at variable rates expose Novabase to cash flow risk due to changes in interest rates. Loans issued at fixed rates expose Novabase to fair value risk due to changes in interest rates.

c) Credit risk

Novabase's credit risk is managed both in terms of business units (customer receivables) and on a consolidated basis (all active positions of financial instruments). Credit risk originates from cash and cash equivalents, derivative financial instruments and exposure to customer credit, including accounts receivable and agreed transactions. With regard to banks and financial institutions, only reputable entities in the sector are approved. Customer credit risk is managed based on credit limits according to the customer's financial status and business history.

d) Liquidity risk

Carefully managing liquidity risk means keeping money and financial instruments sufficiently liquid, with sources of financing through an adequate amount of credit facilities, together with the ability to close market positions.

Novabase's management monitors rolling forecasts of the Group's liquidity reserve (which includes unused credit lines and cash and cash equivalents) on the basis of expected cash flows, taking into account the remaining contractual maturity of financial liabilities and the expected date of financial assets' inflows, together with capital transfer restrictions from Angola and Mozambique. In addition, the maturity concentration of the Group's loans is controlled regularly.

e) Capital risk

The Group's objectives when managing capital, which is a broader concept than the "capital" disclosed in the statement of consolidated financial position, are as follows:

- (i) To safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;
- (ii) To maintain a solid capital structure to support the development of its business;
- (iii) To maintain an optimal 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 areas, such as technology obsolescence, the risk that solutions may not be suitable, and the timing of the development and proposal of new solutions not being right for the market.

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

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

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

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

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

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

In 2017, the risk management and internal control model implemented allowed the risks and risk factors mentioned above to be identified, effectively helping to prevent them.

55. Main elements of the company's internal control and risk management systems regarding the process of disclosing financial information (article 245-A, paragraph 1, sub-paragraph m).

The Board of Directors is responsible for ensuring disclosure of accurate financial information that truthfully reflects the Group's situation at any given moment, in compliance with the norms issued by the applicable regulatory entities at any given moment.

As regards the quality of the financial information that is publicly disclosed by the Investor Relations Department, it should be pointed out that it is the result of a financial reporting process that is ensured by the central services areas of the Group, subject to the internal control system of the Group and monitored through the aforementioned methods. Nevertheless, this information is also subject to analysis and approval by the relevant bodies, including the Board of Directors itself.

IV. INVESTOR SUPPORT

56. Department responsible for investor support, composition, duties, information provided and contact information.

Novabase is particularly focused on its presence in the capital market. The Investor Relations Office is responsible for representing Novabase in its dealings with the CMVM and investors, while promoting contact with private and institutional, foreign and Portuguese investors. The office is comprised of Maria Gil Marín and Amália Parente.

The office provides information through Novabase's website (www.novabase.pt). Since 2002 Novabase has had a dedicated investor relations area on its company website at www.novabase.pt, providing access to a number of links containing information of interest to their profile. In terms of financial information, they have access to Annual Reports and Accounts for previous years, the Financial Calendar, reserved information, information on the composition and powers of the company's Corporate Boards, the names and e-mail addresses of the analysts covering the security, together with the price target, the market performance of Novabase's shares, Novabase's shareholders, a space reserved for the General Meetings of Shareholders for convening meetings and posting preparatory information for General Meetings of Shareholders, the form for postal votes and electronic voting (available since 2006), a Corporate Governance space in which Novabase publishes this report, CMVM Regulation No. 4/2013 on the Governance of Listed Companies and Corporate Governance Code, approved in 2013, and the procedure for reporting irregularities, frequently asked questions, and the contact details of Novabase's Investor Relations Office.

A summary of the decisions is published on the Novabase website and in the CMVM information disclosure system immediately after the General Meeting of Shareholders.

At its company website, Novabase maintains documents with content corresponding to extracts from the minutes, including information on the number of people present, number of shareholders and meeting agendas. Voting results have also been provided since 2010. Novabase has also established the necessary mechanisms to ensure that the above are disclosed as quickly as possible, and always within the 5 days following the General Meeting of Shareholders.

On its website, Novabase keeps a collection of information on meetings held over the past three years, including the number of people present, number of shareholders represented, meeting agendas, decisions taken and voting results.

The following up-to-date information is available in Portuguese and English at Novabase's website: a) The company, public company status, headquarters and remaining data provided for in article 171 of the Commercial Companies Code; b) Articles of Association; c) Credentials of the members of the Board of Directors and the Market Liaison Officer; d) Investor Assistance Unit – its functions and access tools; e) Accounts Reporting documents, accessible for 5 years; f) Half-Yearly Calendar on Company Events, published in the beginning of each period and including, among other information, general meetings and annual, semester and quarterly reports and accounts.

57. Identification of the market relations representative.

María Gil Marín

Market and Investor Relations

Phone: +351 213 836 300

Fax: +351 213 836 301

Email: investor.relations@novabase.pt

Address: Av. D. João II, n° 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 2017, NOVABASE had no pending information requests. Its average response time was 24 hours. 112 information requests were received in 2017.

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, headquarters and remaining data provided for in article 171 of the Commercial Companies Code is available.

This information is available on the page and links related to notices to the CMVM:

<http://www.novabase.pt/pt/dp/informacao-a-cmvm>

61. Location of the articles of association and operating regulations of boards and/or committees.

This information is available at the following pages and links:

Articles of association

<http://www.novabase.pt/pt/dp/estatutos>

Regulations

<http://www.novabase.pt/pt/dp/orgaos-sociais>

62. Location of information on the identities of corporate board members, market relations representative, investor support office or equivalent, their respective duties and contact information.

This information is available at the following pages and links:

Corporate board members

<http://www.novabase.pt/pt/dp/orgaos-sociais>

Identification of the investor relations representative.

<http://www.novabase.pt/pt/dp/gabinete-de-relacoes-com-investidores>

63. Location of accounting documents (which should remain available for at least five years) and the bi-annual corporate events calendar published at the start of each half-yearly period, including general meetings of shareholders and disclosure of annual, half-yearly and quarterly results, if applicable.

This information is available at the following pages and links:

Accounting information

<http://www.novabase.pt/pt/dp/relatorios-contas>

Finance agenda

<http://www.novabase.pt/pt/dp/agenda-financeira>

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

This information on the general meetings of shareholders is available at the following pages and links:

<http://www.novabase.pt/pt/dp/assembleias-gerais-843306>

65. Location of a historical record of the resolutions passed at the company's General Meetings of Shareholders, share capital and voting results referring to the previous three years

This information on decisions made at general meetings of shareholders is available at the following pages and links:

<http://www.novabase.pt/pt/dp/assembleias-gerais-843306>

D. REMUNERATION

I. RESPONSIBILITY FOR DETERMINING REMUNERATION

66. Responsibility for determining the remuneration of corporate boards, members of the executive committee or managing director and managers of the company.

The Remuneration Committee decides upon the remuneration of corporate board members. More detail is provided in point 67 below.

It is important to point out that only the members of Novabase's Board of Directors, members of the Audit Board and the Statutory Auditor are considered managers, within the meaning of article 248-B of the Securities Code; as such, there is no separate information to be disclosed in this regard.

II. REMUNERATION COMMITTEE

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

The Remuneration Committee members for the three-year period of 2015-2017 were decided in the Annual General Meeting of 29 April 2015. Francisco Luís Murteira Nabo presides over the Remuneration Committee, with Pedro Rebelo de Sousa and João Quadros Saldanha belonging to it as well.

All of the members of this committee are independent from the Board of Directors.

The Remuneration Committee acts with complete autonomy, and does not employ any natural or legal person to support it in performing its duties.

68. Knowledge and experience of the members of the remuneration committee in remuneration policy issues.

Remuneration Committee		
Member	Academic qualifications	Work experience
Francisco Luís Murteira Nabo	<ul style="list-style-type: none">• Graduate in Economics from Instituto Superior de Ciências Económicas e Financeiras• Masters 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.

<p>Pedro Rebelo de Sousa</p>	<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 • Masters 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 IPCG • Partner of SRS Sociedade among others.
<p>João Quadros Saldanha</p>	<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. • 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.

Attached to this report is a statement with regard to the remuneration policy laid out in Law 28/2009 of 19 June.

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

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

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

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

The variable portion in cash of directors' remuneration is determined by the Remuneration Committee with a view to aligning this portion with the organization's performance in each

year in question, measured by the net profits generated, and correlates with the responsibility and performance of each director in particular. A proper balance is also ensured between the fixed and variable portions of these remunerations.

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

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

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

As mentioned in the previous point, there is a variable cash component in 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.

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

The variable remuneration in cash paid in 2017 corresponds to 50% of the amount allocated for 2016 in 2017, 1/6 of the amount allocated for 2015 in 2016, 1/6 of the amount allocated for 2014 in 2015 and 1/6 of the amount allocated for 2013 in 2014. The remaining 50% of the amount allocated for 2016 in 2017 is subject to deferred payments in the following 3 years (2018, 2019 and 2020) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

73. Criteria providing the basis for variable remuneration in shares and the executive directors' keeping of these shares, the signing of agreements involving these shares (i.e. hedging agreements) or the transfer of risk, the respective limit and its relationship to the amount of total annual remuneration.

On 31 December 2017, 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 company currently does not allocate any variable remuneration on options.

In the last General Meetings of Shareholders held on 29 April 2015, 03 May 2016, 04 May 2017 and 26 October 2017, no plans for options to allot, subscribe to and/or purchase shares were approved for the term of office underway.

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

No annual bonus scheme or other non-financial benefits exist.

In 2017, an additional amount of €6,782.00 was paid to the members of the Board of Directors in meal allowances.

There are no relevant amounts of non-monetary benefits considered as remuneration and not covered by the previous situations.

76. Main characteristics of supplementary early retirement or pension schemes for directors, and date on which they were approved by the general meeting of shareholders, in individual terms.

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

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

52

- f) Other terms and conditions to be defined jointly by the Remuneration Committee and Board of Directors.

IV. DISCLOSURE OF REMUNERATION

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

Since 2003, Novabase has complied with the CMVM recommendation regarding disclosure of the remunerations of the members of the Board of Directors individually. In this report, Novabase discloses the remuneration received by each member of the Board of Directors and Audit Board in 2017, pursuant to the provisions of Law no. 28/2009 and CMVM Regulation no. 4/2013.

By unanimous decision of the Remuneration Committee, fixed remuneration components were set for members of the Novabase Board of Directors in 2017, along with annual variable remuneration, as shown in the chart below.

These remunerations are distributed among the members of the Board of Directors in accordance with the breakdown stipulated by the Remuneration Committee, whereby the directors earn (i) a fixed portion in cash, and (ii) a variable portion in cash. This remuneration is shared among the directors as indicated in the chart below, in accordance with the responsibilities assumed by them at Novabase, and as indicated by the Remuneration Committee.

The remuneration of non-executive, non-independent directors includes a variable component. The performance of remunerated duties by these members of the Board of Directors allows Novabase to continue to leverage their extensive know-how acquired as company founders and accumulated over more than 20 years, especially since these directors continue to play key roles in the Group.

The variable portion in cash of directors' remuneration is determined with a view to aligning this portion with the organization's performance in the year in question, measured by the net profits generated, and correlates with the responsibility and performance of each director in particular. A proper balance is also ensured between the fixed and variable portions of these remunerations. The variable remuneration in cash paid in 2017 corresponds to only 50% of the variable remuneration in cash due for 2016, plus 1/6 of the amount allocated for 2015 in 2016, 1/6 of the amount allocated for 2014 in 2015 and 1/6 of the amount allocated for 2013 in 2014. The remaining 50% of this 2016 component is subject to deferred payments in the following 3 years (2018, 2019 and 2020) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

Director	Remuneration Fixed Annual (€)	Annual variable remuneration in cash paid in 2017 (€) ^{2,3}	Partial Total (Fixed + Variable in cash paid in 2017 (€)	Variable in cash paid in 2017 /Partial Total (%)	Deferred annual variable remuneration (€) ⁴
Luis Paulo Cardoso Salvado	267,000.00	301,909.00	568,909.00	53.07	322,134.00
Francisco Paulo Figueiredo Morais Antunes	114,000.00	146,426.00	260,426.00	56.23	159,726.00
Executives Total	381,000.00	448,335.00	829,335.00	54.06	481,860.00
Total	90.07	79.53	84.05		79.60
José Afonso Oom Ferreira de Sousa	21,000.00	57,704.00	78,704.00	73.32	61,754.00
Pedro Miguel Quinteiro Marques Carvalho	21,000.00	57,704.00	78,704.00	73.32	61,754.00
Non-executive total	42,000.00	115,408.00	157,408.00	73.32	123,508.00
Total	9.93	20.47	15.95		20.40
TOTAL	423,000.00	563,743.00	986,743.00	57.13	605,368.00

In 2017, an additional amount of €6,782 was paid to the members of the Board of Directors in meal allowances.

There are no relevant amounts of non-monetary benefits considered as remuneration and not covered by the previous situations.

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

Novabase's current directors are paid exclusively by this entity, and do not receive additional remuneration of any kind from other companies that are controlled by or part of the Novabase Group, nor from any company exercising control over Novabase.

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 2017 no additional remuneration was awarded in the form of profit sharing and/or payment of bonuses.

² The amount shown represents the total amount paid to each director in 2017. 50% of the amount allocated for 2016 in 2017, 1/6 of the amount allocated for 2015 in 2016, 1/6 of the amount allocated for 2014 in 2015 and 1/6 of the amount allocated for 2013 in 2014. The remaining 50% of the amount allocated for 2016 in 2017 will be paid in the following 3 years (2018, 2019 and 2020) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

³ Amounts to increase contributions to capitalization insurance currently in effect at the company.

⁴ Amounts allocated for 2016 in 2017 but deferred to the next 3 years. There are also deferrals for amounts allocated for 2015 in 2016 and allocated for 2014 in 2015 per the criteria in the Corporate Governance Reports for these years.

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 2017.

81. Annual amount of remuneration received, collectively and individually, by members of the company's supervisory boards, for the purposes of Law no. 28/2009 of 19 June.

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

As such, the following annual fixed remuneration was given to members of the Audit Board for 2017¹:

Chairman of the Audit Board – Paulo Soares de Pinho – 8,000 (eight thousand euros)²;

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)

¹ –In addition to the amounts shown here, and due to the significant increase in work volume from the new regulatory framework which entered into force in 2016, an additional one-time fixed payment of 1,100 (one thousand, one hundred euros) was made, on an exceptional basis, to each board member.

² This member's remuneration will be paid in 2018)

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

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

The Chairman of the General Meeting of Shareholders is remunerated according to attendance in the amount of €1,000 (one thousand euros) for each meeting. Two such payments were made in 2017.

V. AGREEMENTS WITH IMPLICATIONS ON REMUNERATION

83. Envisaged contractual restraints for compensation owed for undue dismissal of executive directors and its relation to the remunerations' variable component;

There are no contractual restraints for compensation owed for undue dismissal of executive directors, as per legal rules.

Pursuant to article 403 (5) of the Commercial Companies Code, if the dismissal lacks justified grounds, the director is entitled to compensation for damages incurred by the means specified in his/her contract or under the general terms of the law; this compensation may not exceed the remuneration he/she would presumably receive through the end of his/her appointed term.

In Novabase's opinion, since management positions are remunerated, with a mandatory legal ceiling on compensation for dismissal without due cause, and given the protection of expectations principle which must be observed, there is no justification for contractual restraints that reduce the maximum legal compensation amount to a director with legal proof of damages incurred, when the dismissal occurs due to his/her inadequate performance without justified grounds.

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

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

No such agreements exist.

VI. STOCK OR STOCK OPTION PLANS

85. Identification of plan and respective recipients.

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

86. Description of plan (eligibility conditions, inalienability of shares clauses, criteria regarding share prices and the price for exercising options, time frame during which options can be exercised, characteristics of the shares or options to be attributed, existence of incentives to acquire shares and/or exercise options).

Not applicable.

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

Not applicable.

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

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

E. TRANSACTIONS WITH RELATED PARTIES

I. CONTROL MECHANISMS AND PROCEDURES

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

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

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

90. Transactions subject to control during the reporting year.

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

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

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

Taking these norms into account, on 31 March 2011, Novabase approved Internal Regulations on Transactions with Qualified Shareholders, to which major company business deals with qualified shareholders are subject. These Internal Regulations underwent updating, as approved on 04 July 2016.

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

Significant business deals also include: (i) those whose cumulative combined total is equal to or greater than, in a given financial year, half-year or quarter, €100,000 (one hundred

thousand euros), even when the amount of each individual transaction does not exceed this amount; or (ii) those not carried out in normal market conditions.

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

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

Such notification to Novabase's collegiate 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 business deal in question will be carried out under normal market conditions for similar transactions, and in compliance with the principle of equal treatment for Novabase Group customers and suppliers. In the event of digressions to these principles, the transaction's justifying circumstances must be given, such as the need to follow a higher company interest.

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

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

In either case, the collegiate 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 2017 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).

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

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

As such, Novabase believed it should continue to evaluate its corporate governance model vis-à-vis a set of recommendations showing continuity and stability, and consequently chose to adopt the CMVM's Corporate Governance Code. This option also has the clear advantage of providing a high degree of comparability between current and past corporate governance practices at Novabase.

Finally, since the corporate governance reporting model in Annex I to CMVM Regulation no. 4/2013 referred to above is largely aligned with the recommendations in the new CMVM Governance Code, the adoption of the latter facilitates investors' ability to assess the corporate governance decisions made by Novabase.

The current CMVM Governance Code is available at www.cmvm.pt .

2. Analysis of compliance with corporate governance code adopted

Under the terms of article 245-A, paragraph 1, sub-paragraph o), a statement should be included on the degree of compliance with the corporate governance code to which the issuer is subject, specifying any parts of this code from which it deviates, and the reasons for doing so.

The information presented should include the following for each recommendation:

- a) Information to gauge compliance with the recommendation, or reference to the point in the report where the issue is described in more detail (chapter, title, point, page);*
- b) Justification for any failure to comply or partial compliance;*
- c) In the event of non-compliance or partial compliance, identification of any alternative means used by the company to achieve the same goal as the recommendation.*

	Recommendation	Fulfillment	Remarks
	I. Voting and Corporate Control		
1	I.1. Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.	Yes	Point 12
2	I.2. Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.	Yes	Point 14
3	I.3. Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.	Yes	Points 1, 12 and 13
4	I.4. The company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.	Yes	Points 12 and 13
5	I.5. Measures that require payment or assumption of fees by the company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board members, shall not be adopted.	Yes	Points 4 and 84

II. SUPERVISION, MANAGEMENT AND OVERSIGHT			
II.1. SUPERVISION AND MANAGEMENT			
6	II.1.1. Within the limits established by law, and except for the small size of the company, the board of directors shall delegate the daily management of the company and said delegated powers shall be identified in the Annual Report on Corporate Governance.	Yes	Point 21
7	II.1.2. The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the company, ii) define business structure of the group iii) decisions considered strategic due to the amount, risk and particular characteristics involved.	Yes	Point 21
8	II.1.3. The General and Supervisory Board, in addition to its supervisory duties supervision, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the company.	n/a	

9	<p>II.1.4. Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to:</p> <p>a) Ensure a competent and independent assessment of the performance of the executive directors and its own overall performance, as well as of other committees;</p> <p>b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.</p>	No	<p>Point 27</p> <p>In view of the mounting challenges of internationalization and competitiveness which have shaped Novabase's business, the company's corporate governance system needed to be updated by simplifying and streamlining company bodies and procedures, thereby tailoring existing solutions to the company's size and individual circumstances.</p> <p>In this context, there are currently no committees created within the company's Board of Directors.</p> <p>In particular, with regard to evaluating the management, it should be noted that the activities of the managing directors are constantly overseen by the Board of Directors on the whole, and specifically by the non-executive directors, using the required information on the company's business to monitor its day-to-day running. The monitoring of the managing directors' activities by the non-executive directors was a practice already in place prior to the publication of corporate governance recommendations on specific committees with assessment powers, and continues to be a practice employed by Novabase.</p> <p>In addition, the Remuneration Committee has the responsibility of assessing the managing directors' performance, specifically for the purpose of the evaluation criteria described in point 25 of the report.</p> <p>Furthermore, given the relatively minor complexity of the current corporate governance structure, there seems to be no need to maintain or reintroduce a specific committee to reflect on corporate governance matters, since the company is assisted by outside consultants in this regard.</p>
10	<p>II.1.5. The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.</p>	Yes	Point 50
11	<p>II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.</p>	Yes	Point 18

12	<p>11.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the company, its shareholder structure and the relevant free float.</p> <p>The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to:</p> <p>a) Having been an employee at the company or at a company holding a controlling or group relationship within the last three years;</p> <p>b) Having, in the past three years, provided services or established commercial relationship with the company or company with which it is in a control or group relationship, either directly or as a partner, board member, manager or director of a legal entity;</p> <p>c) Being paid by the company or by a company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member;</p> <p>d) Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of board members or natural persons that are direct and indirectly holders of qualifying holdings;</p> <p>e) Being a qualifying shareholder or representative of a qualifying shareholder.</p>	No	<p>Point 18</p> <p>In view of the company's size, the need for agility and efficiency in management, the shareholder structure and the respective free float, together with various levels of internal control (including supervisory boards comprised entirely of independent people vis-à-vis the management and owners of qualified holdings, although it should be noted that, under the company's previous Anglo Saxon corporate governance model, only directors performing duties in the Auditing Committee were independent), coupled with the wide range of decisions made to benefit shareholders and the exercising of their rights, Novabase does not believe independent directors are necessary for protecting the interests of all stakeholders.</p>
13	<p>11.1.8. When board members that carry out executive duties are requested by other board members, said shall provide the information requested, in a timely and appropriate manner to the request.</p>	Yes	Point 21
14	<p>11.1.9. The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chair of the Financial Matters Board, the convening notices and minutes of the relevant meetings.</p>	n/a	The company does not have an Executive Committee.
15	<p>11.1.10. If the chair of the board of directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.</p>	No.	<p>Point 21</p> <p>Since there are only two non-executive directors, it is not necessary for one of them to be specifically responsible for running work involving only two people. Given the agile and flexible structure which Novabase assumed in the General Meeting of Shareholders dated 29 April 2015, the non-executive directors have been able to adequately coordinate their duties with no need for formal meetings called and run by one of these directors.</p>

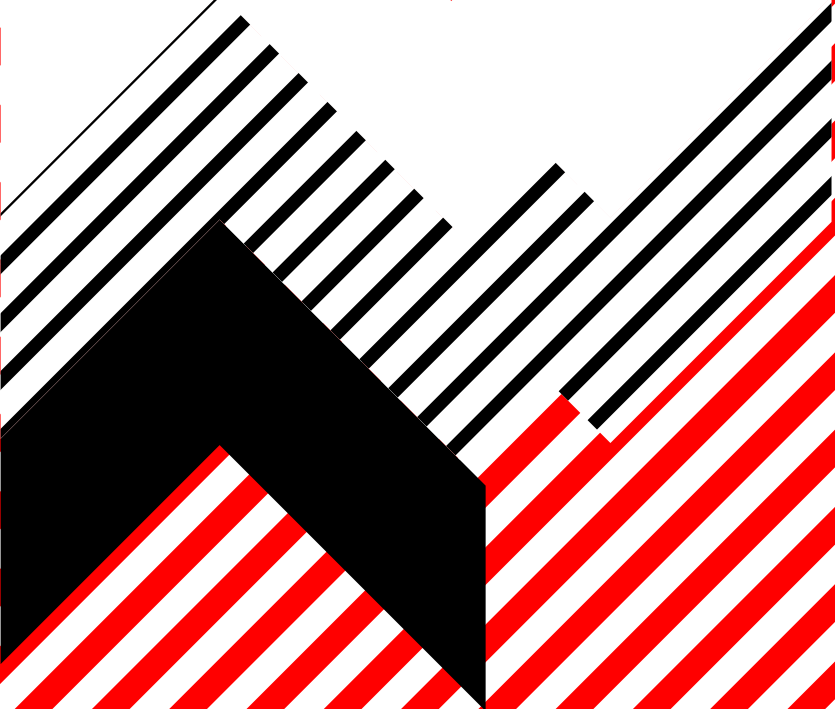
II.2. SUPERVISION			
16	II.2.1. Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.	Yes	Point 32
17	II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the company.	Yes	Section B.III.b) and Point 37
18	II.2.3. The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.	Yes	Audit Board Report (Annex to Annual Report and Accounts)
19	II.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.	Yes	Points 50 and 51
20	II.2.5. The Audit Committee, the General and Supervisory Board and the Audit Board shall decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.	Yes	Points 49, 50-55 and 89-91
II.3. REMUNERATION SETTING			
21	II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive board members and include at least one member with knowledge and experience in matters of remuneration policy.	Yes	Point 67
22	II.3.2. Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of directors, the board of directors of the company itself or who has a current relationship with the company or consultant of the company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.	Yes	Point 67

23	<p>II.3.3. A statement on the remuneration policy of the management and supervisory bodies referred to in article 2 of Law No. 28/2009 of 19 June, shall also contain the following:</p> <p>a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies;</p> <p>b) Information regarding the maximum potential, in individual terms and in aggregate form, to be paid to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable;</p> <p>d) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of board members.</p>	Partial	Remuneration policy statement (Annex) and Point 69
24	<p>II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to board members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.</p>	n/a	Points 73 and 74
25	<p>II.3.5. Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.</p>	Yes	Point 76
III. REMUNERATION			
26	<p>III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk.</p>	Yes	Point 70
27	<p>III.2. The remuneration of non-executive board members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the company or of its value.</p>	Partial	<p>The remuneration of non-executive, non-independent directors who assume management responsibilities in the Group includes a variable component. The continued performance of remunerated duties by these non-independent, non-executive members of the Board of Directors allows Novabase to continue to leverage their extensive know-how acquired, in some cases as company founders and accumulated over more than 20 years, especially since these directors continue to play key roles in the Group, although without executive functions, thereby soundly justifying the said remuneration. With regard to the remuneration of members of the supervisory board, see point 81.</p>

28	III.3. The variable component of the remuneration shall be reasonable overall as regard the fixed component of the remuneration, and maximum limits shall be set for all components.	No	The relative importance of directors' variable and fixed remuneration components is shown in the table in point 77. As stated in point 69, Novabase has no maximum potential amounts, whether individually or combined, in relation to the remuneration of members of the managing and supervisory boards. Specific remuneration is left to the discretion of the Remuneration Committee, comprised exclusively of members who are independent from the Board of Directors. The Remuneration Committee has determined remuneration with a high degree of prudence, although remuneration in general has decreased in recent years. As such, Novabase believes it is not appropriate to set maximum potential ceilings for remuneration payable to members of the managing and supervisory boards.
29	III.4. A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the company during that period.	Yes	Points 70 and 72
30	III.5. Members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company.	Yes	Point 70
31	III.6. Executive board members shall maintain the company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.	n/a	Points 73 and 74
32	III.7. When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years.	n/a	Point 74
33	III.8. When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due to inadequate performance, the company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.	No	Novabase believes that the scope of this CMVM recommendation only applies to situations of directors' dismissal without justified grounds. In this regard, Novabase directors are presently not entitled to receive any kind of remedy or compensation beyond those provided for by law. Novabase believes that, in view of the interests at hand, any additional limits on remedies or compensation for such situations beyond those provided for by law would be unjustified and of limited utility, namely considering the provisions of article 403 of the Commercial Companies Code.
IV. AUDITING			

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

The Remunerations Committee

Francisco Luís Murteira Nabo (Chairman)

Pedro Rebelo de Sousa (Member)

João Quadros Saldanha (Member)