



# CORPORATE GOVERNANCE REPORT

## Contents

<b>SHAREHOLDER STRUCTURE ON 31 DECEMBER 2012 .....</b>	<b>2</b>
<b>INTRODUCTION .....</b>	<b>4</b>
<b>CHAPTER 0: DECLARATION OF COMPLIANCE .....</b>	<b>5</b>
<b>ASSESSMENT OF THE GOVERNANCE MODEL .....</b>	<b>20</b>
<b>CHAPTER I: GENERAL MEETING OF SHAREHOLDERS .....</b>	<b>21</b>
<b>CHAPTER II: MANAGEMENT AND SUPERVISORY BOARDS.....</b>	<b>29</b>
SECTION I – GENERAL POINTS.....	29
SECTION II – BOARD OF DIRECTORS.....	45
SECTION III – GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDITING COMMITTEE AND AUDIT BOARD.....	61
SECTION IV - REMUNERATION.....	66
SECTION V – SPECIAL COMMITTEES.....	76
<b>CHAPTER III: INFORMATION AND AUDITING .....</b>	<b>79</b>
<b>ANNEXES: .....</b>	<b>98</b>

## SHAREHOLDER STRUCTURE ON 31 DECEMBER 2012

### Shareholdings of Corporate Board Members (Article 447, Item 5 of the Commercial Companies Code)<sup>1</sup>

Shareholder	#	%
	Shares <sup>1</sup>	Capital and Voting Rights
José Afonso Oom Ferreira de Sousa	2,514,947	8.01%
Pedro Miguel Quinteiro Marques de Carvalho	2,170,679	6.91%
Luís Paulo Cardoso Salvado	2,079,592	6.62%
João Nuno da Silva Bento	1,899,799	6.05%
Rogério dos Santos Carapuça	1,884,787	6.00%
Álvaro José da Silva Ferreira	1,519,074	4.84%
Nuno Carlos Dias dos Santos Fórneas	122,757	0.39%
Paulo Jorge de Barros Pires Trigo	50,000	0.16%
Manuel Alves Monteiro	9,000	0.03%
Luís Fernando de Mira Amaral	6,305	0.02%
João Luis Correia Duque	500	0.00%
<b>Total</b>	<b>12,257,440</b>	<b>39.03%</b>

<sup>1</sup> The shareholding of each of these corporate board members corresponds to the last position notified to the company in reference to a date before 31 December 2012. Information on the number of options attributed to each corporate board member in 2012 is found in point II.31.

### Shareholdings and Qualified Shareholdings (Article 448, Item 4 of the Commercial Companies Code and Article 16 of the Securities Code)<sup>1</sup>

Shareholder	#	#	%
	Partial Shares	Shares	Capital and Voting Rights
Partbleu, Sociedade Gestora de Participações		3,180,444	10.13%
ES TECH VENTURES, SGPS, SA	1,792,144		
AVISTAR SGPS, SA	650,000		
Corporate board members	60		
Banco Espírito Santo, SA Group (under the terms of Article 20, Item 1 of the Securities Code)		2,442,204	7.78%
José Afonso Oom Ferreira de Sousa		2,514,947 <sup>2</sup>	8.01%
Pedro Miguel Quinteiro Marques de Carvalho		2,170,679 <sup>2</sup>	6.91%
Luís Paulo Cardoso Salvado		2,079,592 <sup>2</sup>	6.62%

Shareholder	#	#	%
	Partial Shares	Shares	Capital and Voting Rights
João Nuno da Silva Bento		1,899,799 <sup>2</sup>	6.05%
Rogério dos Santos Carapuça		1,884,787 <sup>2</sup>	6.00%
Fernando Fonseca Santos		1,575,020	5.02%
Fundo de Investimento Mobiliário Aberto Poupança Acções Santander PPA	138,786		
Fundo de Investimento Mobiliário Aberto Santander Acções Portugal	1,413,967		
Santander Asset Management - Soc. Gestora de Fundos de Investimento Mobiliário, SA (under the terms of Article 20, Item 1 of the Securities Code)		1,552,753	4.94%
Álvaro José da Silva Ferreira		1,519,074	4.84%
CAIXAGEST ACÇÕES PORTUGAL – Fundo de Investimento Mobiliário Aberto de Acções	209,382		
CAIXAGEST PPA - Fundo de Investimento Mobiliário Aberto de Poupança em Acções	467,332		
Caixagest - Técnicas de Gestão de Fundos, SA <sup>3</sup>		676,714	2.16%
IBIM2 Ltd		648,486	2.07%
<b>Total</b>		<b>22,144,499</b>	<b>70.52%</b>

<sup>1</sup> The shareholding of each of these shareholders corresponds to the last position notified to the company in reference to a date before 31 December 2012.

<sup>2</sup> It includes shares under the shareholders' agreement in force on 31 December 2012, described in point III.5. of this report. The voting rights attributable to other shareholders under this agreement are attributable to the shareholder in question. The total voting rights under this agreement corresponded to 10,488,066 shares representing 33.40% of the share capital and voting rights of Novabase - SGPS, S.A.

<sup>3</sup> On 05 February 2013, Novabase was notified that CaixaGest's holding had decreased to 1.9390%.

## Introduction

---

Novabase, Sociedade Gestora de Participações Sociais, S.A. (hereinafter called “Novabase” or “Company”) has chosen to publish a separate annex to its annual report on the topic of corporate governance, in compliance with Article 245/A of the Securities Code and in accordance with the provisions of CMVM Regulation no. 01/2010 on the Governance of Listed Companies, organized according to the scheme outlined in Annex I to this CMVM regulation.

In this report, Novabase indicates which recommendations have been adopted and not adopted – with justification in the latter case – from the CMVM 2010 Corporate Governance Code (“Recommendations”), published in January 2010 (“Corporate Governance Code”).

This annex, which is an integral part of Novabase’s 2012 annual report, contains information complying with the requirements of Article 7 of the Securities Code, and includes references to other annexes of this annual report.

Novabase has been a publicly-traded company since July 2000. It operates according to a constantly-evolving corporate governance model, aimed at optimizing its performance and benefiting all of its stakeholders – those interested in its corporate activities, namely shareholders, investors, customers, partners and employees.

In light of trends in best corporate governance practices in accordance with rules and recommendations issued by the CMVM, and taking into account Novabase’s experiences since its admission to trading on the Euronext Lisbon regulated market, shareholders at the General Meeting of Shareholders of 12 April 2007 approved an Anglo-Saxon corporate governance model that includes a Board of Directors with an Auditing Committee and a statutory auditor. Moreover, following the General Meeting of Shareholders of 28 April 2009, two specialized committees were established within the Board of Directors: a Board of Directors Performance Assessment Committee and a Corporate Governance Assessment Committee. In order to improve its governance practices, Novabase constantly analyses the implementation of this model.

Note that the Association of Listed Securities Issuers (AEM – Associação de Empresas Emitentes de Valores Cotados em Mercado) and the Catholic University of Portugal (Universidade Católica Portuguesa) presented a study in 2012 on the degree of compliance with corporate governance recommendations in force in Portugal, weighted by their affinity with a number of international benchmarks, with total values ranging from 5,000 to 10,000 (complete compliance with recommendations considered relevant) and scores ranging from D (minimum rating) to AAA (maximum rating).

In this study, Novabase received a rating of AAA and a score of 9,730.49.

Furthermore, according to the CMVM in its Annual Report on the Governance of Listed Companies in Portugal (2012), Novabase adopted 96% of the recommendations of the Corporate Governance Code; the remaining recommendations not adopted by the company are duly justified in this report.

## Chapter 0: Declaration of Compliance

0.1. The Corporate Governance Code and CMVM Regulation No. 1/2010 on the Governance of Listed Companies are available on the company's website ([www.novabase.pt](http://www.novabase.pt)) in the section "IR/ Corporate Governance", and on the CMVM website at [www.cmvm.pt](http://www.cmvm.pt).

0.2. Itemized below are the Corporate Governance Code recommendations, adopted and not adopted (defining "not adopted" as those recommendations which were not followed in their entirety). With regard to the latter, Novabase describes the reasons for not adopting them in full.

	Recommendation	Fulfilment	Remarks
	I. General Meeting of Shareholders		
	I.1. GENERAL MEETING BOARD		
1	I.1.1. The Chairman of the General Meeting Board shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration.	Yes	The Chairman of the General Meeting of Shareholders has access to a work room and secretary services at the company when needed (see point I.1.).
2	I.1.2. The remuneration of the Chairman of the General Meeting Board shall be disclosed in the annual report on corporate governance.	Yes	The Chairman of the General Meeting of Shareholders is remunerated according to attendance in the amount of €1,000 per meeting presided over (see point I.3.).
	I.2. PARTICIPATION AT THE MEETING		
3	I.2.1. The requirement for the Board to receive statements for share deposit or blocking for participation at the general meeting shall not exceed 5 working days.	Not applicable (n/a)	In view of the entry into force of the registry date regime for preparing and holding General Meetings of Shareholders, pursuant to Article 23 C of the Securities Code, this recommendation no longer applies to Novabase.
4	I.2.2. Should the General Meeting be suspended, the company shall not compel share blocking during that period until the meeting is resumed and shall then follow the standard requirement of the first session.	n/a	This recommendation no longer applies to Novabase, for the reason stated in the preceding recommendation.
	I.3. VOTING AND EXERCISING VOTING RIGHTS		
5	I.3.1. Companies shall not impose any statutory restriction on postal voting and whenever adopted or admissible, on electronic voting.	Yes	Article 9 (no. 9.) of Novabase's articles of association governs postal voting, while the applicable rules for voting by electronic means are defined in each meeting notice. In both cases, there are no restrictions imposed on voting rights (see points I.9., I.10., I.11. and I.12.).
6	I.3.2. The statutory deadline for receiving early voting ballots by mail shall not exceed 3 working days.	Yes	Novabase's articles of association state that voting ballots must be received by the third working day preceding the date of the General

			Meeting of Shareholders (see point I.11.).
7	I.3.3. Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principal. The companies that: <i>i)</i> have shares that do not confer voting right; <i>ii)</i> establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders associated to the former, do not comply with the proportionality principle.	Yes	Under Article 9, no. 5, of Novabase's articles of association, one share corresponds to one vote (see point I.6.).
<b>I.4. DELIBERATING QUORUM</b>			
8	Companies shall not set a deliberating quorum that outnumbers that which is prescribed by law.	Yes	The deliberating quorum of Novabase's General Meeting of Shareholders, as established by its articles of association, is the same as that prescribed by law (see point I.8.).
<b>I.5. MINUTES AND INFORMATION ON RESOLUTIONS PASSED</b>			
9	Extracts from the minutes of the general meetings or documents with corresponding content must be made available to shareholders on the company's website within a five day period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material. The information disclosed shall cover the resolutions passed, the represented capital and the voting results. Said information shall be visible on the company's website for no less than a 3 year period.	Yes	<p>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.</p> <p>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.</p> <p>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 and decisions taken (see points I.13. and I.14.).</p>
<b>I.6. MEASURES ON CORPORATE CONTROL</b>			
10	I.6.1. Measures aimed at preventing successful takeover bids, shall respect both the company's and the shareholders' interests. The company's articles of association that by complying with said principal, 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,	No	There is a shareholders' agreement among a group of shareholders, which is described in point III.5. Novabase believes that the existence of this shareholders' agreement does not constitute a defensive measure contrary to shareholder interests in itself, since

	shall also foresee for a resolution by the General Assembly (5 year intervals, at least), on whether that statutory provision is to be amended or prevails – without quorum requirements superior to the one legally in force – and that in said resolution, all votes cast be counted, without applying said restriction.		it ensures stability in the management of the company, therefore safeguarding Novabase's corporate and shareholder interests. Furthermore, Novabase believes that because the current shareholders' agreement involves only 33.40% of the company's total shares, it should not be considered a defensive measure against any public offerings for acquisition, given that in addition to the fact that it was not established for this purpose, such a shareholders' agreement cannot prevent the transfer of control of the company and therefore the success of any general public offerings for acquisition. (See point III.5. with regard to the latter). However, due to the existence of this shareholders' agreement, the CMVM believes that Novabase does not fulfil this recommendation in its entirety.
11	I.6.2. In cases such as change of control or changes to the composition of the Board of Directors, defensive measures should not be adopted that instigate an immediate and serious asset erosion in the company, and further disturb the free transmission of shares and voluntary assessment of the performance of the Board of Directors by the shareholders.	Yes	Novabase has not adopted defensive measures that automatically cause serious erosion in the company's assets in the event of the transfer of control or changes to the composition of the Board of Directors (see points I.20., I.21. and I.22.).
	<b>II. MANAGEMENT AND SUPERVISORY BOARDS</b>		
	<b>II.1. GENERAL POINTS</b>		
	<b>II.1.1. STRUCTURE AND DUTIES</b>		
12	II.1.1.1. The Board of Directors shall assess the adopted model in its Annual Report on Corporate Governance and pin-point possible barriers to its functioning and shall propose measures that it deems fit for surpassing such obstacles.	Yes	In this report, Novabase's Board of Directors assesses the governance model adopted (see "Corporate Governance Model Assessment" in Chapter 0).
13	II.1.1.2. Companies shall establish internal control and risk management systems in order to safeguard the company's worth, encourage transparency and identify and manage risk. Said systems shall include at least the following components: <i>i)</i> setting of the company's strategic objectives as regards risk assumption; <i>ii)</i> identifying the main risks associated to the company's activity and any events that might generate risks; <i>iii)</i> analyse and determine the extent of the impact and the likelihood that each of said potential risks will occur; <i>iv)</i> risk management aimed at aligning actually incurred risks with the company's strategic options for risk assumption; <i>v)</i> control mechanisms for executing measures for adopted risk management and its effectiveness; <i>vi)</i> adoption of internal mechanisms for information and communication on various components of the system and of risk-warning; <i>vii)</i> periodic assessment of the implemented system and the adoption of the	Yes	The internal control and risk management systems established by Novabase are described in point II.5.



	amendments that are deemed necessary.		
14	II.1.1.3. The Board of Directors shall ensure the establishment and functioning of the internal control and risk management systems. The Supervisory Board shall be responsible for assessing the functioning of said systems and proposing the relevant adjustment to the company's needs.	Yes	The responsibilities of Novabase's managing board (namely establishment and functioning) and supervisory board (namely assessment and proposed adjustment) with regard to internal control and risk management systems are described in point II.6.
15	II.1.1.4. Companies shall: <i>i)</i> identify the main economic, financial and legal risks that the company is exposed to during the exercise of its activity; <i>ii)</i> describe the performance and efficiency of the risk management system, in its Annual Report on Corporate Governance.	Yes	Primary economic, financial and legal risks are outlined in point II.9. The performance and efficiency of the risk management system is described in point II.5.
16	II.1.1.5 The Board of Directors and the Supervisory Board shall establish internal regulations and shall have these disclosed on the company's website.	Yes	As stated in point II.7., the Board of Directors and Auditing Committee have operating regulations, which are published at Novabase's website.
<b>II.1.2. GOVERNANCE INCOMPATIBILITY AND INDEPENDENCE</b>			
17	II.1.2.1. The Board of Directors shall include a number of non-executive members that ensure the efficient supervision, auditing and assessment of the executive members' activity.	Yes	The composition of the Board of Directors includes, as of 31 December 2012, an adequate number of non-executive directors (exceeding one-third of the total); three of them are independent, and are part of the Auditing Committee. These independent directors monitor and assess the management of the Company on a continuous basis. They are empowered to propose the appointment of external auditors, supervise the implementation of Novabase's strategic and budgetary plan each year, as well as monitor the activities of the Executive Committee in performing its duties involving the day-to-day running of the company (see point II.14.).
18	II.1.2.2. Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of directors.	No	<p>In 2012, Novabase's Board of Directors did not have a number of independent non-executive directors exceeding one fourth of the total number of directors (see point II.14.).</p> <p>This was due to the fact that Novabase elected a new executive director, who took on the duties of COO, which was absolutely necessary in view of the new challenges faced by the company and the increased know-how brought to the managing board by this new director. Moreover, redistributing any Executive Committee duties to decrease the number of executive directors was not feasible.</p>

			<p>Since Novabase already has a sufficient number of non-executive directors, artificially increasing their number for the mere purpose of adopting this recommendation was also not an advisable solution.</p> <p>In this way, and in view of Novabase's needs vis-à-vis its size and nature, the decision was made to not arbitrarily inflate the Board of Directors. (see point II.15.).</p>
19	II.1.2.3. The independency assessment of its non-executive members carried out by the Board of Directors shall take into account the legal and regulatory rules in force concerning the independency requirements and the incompatibility framework applicable to members of other corporate boards, which ensure orderly and sequential coherence in applying independency criteria to all the company. An independent executive member shall not be considered as such, if in another corporate board and by force of applicable rules, may not be an independent executive member.	Yes	The independency assessment of non-executive directors takes the independency requirements and applicable incompatibility framework into account, namely Articles 414 and 414 A of the Commercial Companies Code, specifically ensuring the orderly and sequential coherence in applying independency criteria to all the company (see point II.15.).
<b>II.1.3. ELIGIBILITY CRITERIA FOR APPOINTMENT</b>			
20	II.1.3.1. Depending on the applicable model, the Chairman of the Audit Board, the Auditing Committee or the Financial Matters Committees shall be independent and be adequately capable to carry out its duties.	Yes	The three members of the Auditing Committee are independent, and are adequately capable of performing these duties (see point II.21.).
21	II.1.3.2 The selection process of candidates for non-executive members shall be structured so as prevent interference by executive directors.	No	<p>Candidates for non-executive director positions are selected through a process conducted exclusively by shareholders, in which they are nominated for election at the General Meeting of Shareholders via a proposal signed by the company's shareholders, with no interference, at any time during the selection process, from executive directors in this capacity. It should be noted with regard to this matter that, although some executive directors are also qualified company shareholders and signatories of the shareholders' agreement referred to in point III.5. of this report, the scope of this recommendation seems to revolve solely around the need to prevent executive directors from influencing the selection process for non-executive directors, and does not seek to limit the exercising of inherent shareholder rights. As such, the ability of shareholders, as shareholders, to influence the process of selecting candidates for non-executive director positions seems to be irrelevant in this regard.</p> <p>Notwithstanding the above, it should also be noted that, even if the fact</p>

			<p>that some executive directors are also shareholders did apply for the purposes of this recommendation, the directors in question are only three of the six members of the Executive Committee; the three executive directors who are not in this situation do not have any influence or involvement in the process of selecting candidates for non-executive director positions, clearly demonstrating that any involvement of people performing executive duties in this selection process is in no way related to the performance of these duties. Moreover, these executive directors own only 41.69% of the shares covered by the terms and conditions of the shareholders' agreement currently in force; as such, they are not in a position, by themselves, to have any decisive factual influence in the process of selecting non-executive directors.</p> <p>Even so, the CMVM believes that Novabase has not adopted this Recommendation No. II.1.3.2 of the Corporate Governance Code. However, the company has chosen to keep the current rules for selecting directors, since it does not wish to implement rules that restrict or invalidate rights of any kind to which its shareholders are lawfully entitled.</p> <p>(see point II.16.).</p>
	<b>II.1.4. POLICY FOR REPORTING IRREGULARITIES</b>		
22	II.1.4.1. The company shall adopt a policy whereby irregularities occurring within the company, are reported. Such reports should contain the following information: i) the means through which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should it be required by the reporter.	Yes	Employees and other Novabase stakeholders have access to a direct and confidential channel for reporting any practice that appears to be improper and/or irregular in any way, whatever it may be, having occurred at the company, with the guarantee of confidentiality (see point II.35.).
23	II.1.4.2. The general guidelines on this policy should be disclosed in the corporate governance report.	Yes	The general guidelines on this policy are disclosed in the corporate governance report (see point II.35.).
	<b>II.1.5. REMUNERATION</b>		
24	III.1.5.1. The remuneration of the Members of the Board of Directors shall be structured such that the formers' interests are capable of being aligned with the long-term interests of the company. Furthermore, the remuneration shall be based on performance assessment and shall	No <sup>1</sup>	

<sup>1</sup> Novabase believes that Recommendation No. II.1.5.1. is a generic recommendation, further divided into several "sub-recommendations", and as such is only fulfilled in its entirety when all of these "sub-recommendations" are completely fulfilled, which is not the case. However, in view of the wide range of issues addressed by these "sub-recommendations", Novabase believes that their fulfilment and applicability to Novabase should be evaluated individually and independently, as shown in the table. The analysis of the unfulfilled "sub-recommendations" is also meant to provide justification for the non-fulfilment of this generic recommendation.

	discourage taking on excess risk. Thus, remunerations shall be structured as follows:		
	<p><b>i)</b> The remuneration of the Board of Directors carrying out executive duties shall include a variable element which is determined by a performance assessment carried out by the company's competent bodies according to pre-established quantifiable criteria. Said criteria shall take into consideration the company's real growth and the actual wealth generated for the shareholders, its long-term sustainability and the risks taken, as well as compliance with the rules applicable to the company's activity.</p>	No	<p>The remuneration of executive directors (and of some non-independent, non-executive directors) depends on an organizational performance assessment for the year in question, and correlates with the responsibility and performance of each director in particular. This assessment is conducted by the Remuneration Committee, in accordance with criteria pre-approved by shareholders. In line with Novabase's current remuneration policy, the performance assessment of executive directors does not specifically include the long-term sustainability of the company's growth, wealth creation or risks assumed.</p> <p>However, the remuneration policy for corporate board members for the 2009-2011 term has proven to be adequate, with no foreseeable advantage in any additional criteria addressing issues beyond those currently considered, particularly given the difficulty of clearly and objectively coordinating them with currently existing criteria (see points II.32 and II.33 a), b) and c)).</p>
	<p><b>ii)</b> 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.</p>	No	<p>The relative importance of directors' variable and fixed remuneration components is shown in the table in point II.31. At this time, the relative importance of the variable component in options compared to other components cannot be determined with absolute certainty. Moreover, the limit established for the variable component in options (limit determined based on prior plan for options to allot shares) is described in point II.33. d). In view of the purpose of the fixed and variable cash components of remuneration, no strict limits have been set for these.</p>
	<p><b>iii)</b> A significant part of the variable remuneration shall be deferred for a period not less than three years and its payment shall depend of the company's steady positive performance during said period.</p>	Yes	<p>The variable remuneration in cash paid in 2012 corresponds to just 50% of the 1st part of the variable remuneration due for 2011. The remaining 50% of this part is subject to deferred payments in the following 3 years (2013, 2014 and 2015) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company</p>

			<p>performance during this time period (see point II.32.).</p> <p>Furthermore, there exists the possibility of deferring the variable portion of the remuneration paid through the stock option plan, namely when the options are not exercised until their last maturity date, i.e. 3 years after the commencement of the directors' terms of office, which must always occur for at least 1/3 of the options attributed.</p> <p>In addition, shares acquired through the exercising of options may not be sold or encumbered for one year (50% of the total shares acquired). Part of this variable remuneration component is tied to positive company performance over the applicable lifetime of the plan for options to allot shares; this is described in further detail in point II.32.</p>
	<p><b>(iv)</b> 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.</p>	Yes	<p>The company has no information regarding the signing of contracts aimed at mitigating the risk inherent in the variability of the remuneration, namely hedging or risk transfer contracts (see point II.33. q))</p>
	<p><b>(v)</b> The Executive Directors shall hold until the end of their term of office, up to twice the value of the total annual remuneration, the company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares.</p>	n/a	<p>This recommendation does not apply; since no options were exercised under the prior stock option plan (as stated in point III.10.), the Novabase directors participating in this plan have not accessed any shares under variable remuneration schemes (see point II.33. g)).</p>
	<p><b>(vi)</b> When the variable remuneration includes stock options, the period for exercising same shall be deferred for a period of not less than three years.</p>	No	<p>The options attributed under the current stock option plan include three batches; only the third of these has a deferred maturity date of three years (see point III.10.).</p> <p>In any case, since this deferral is guaranteed for one batch of this remuneration, Novabase believes that the deferral of the remaining batches for shorter time periods would be desirable in order to address the medium-term interests of the company and its stakeholders, in addition to their long-term interests.</p>
	<p><b>(vii)</b> The appropriate legal instruments shall be established such that in the event of a Director's dismissal without due cause, the envisaged compensation shall not be paid out if the</p>	No	<p>There are no contractual restraints for compensation owed for undue dismissal of executive directors, as per legal rules.</p>

	dismissal or termination by agreement is due to the Director's inadequate performance.		<p>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 or termination by agreement occurs due to his/her inadequate performance without justified grounds.</p> <p>(see point II.33. m)</p>
	(viii) The remuneration of Non-Executive Board Members shall not include any component the value of which is subject to the performance or the value of the company.	No	<p>The remuneration policy for directors passed in the 2011 General Meeting of Shareholders still allowed non-independent non-executive directors to receive a variable remuneration component, especially bearing in mind that these directors could take on key management responsibilities in the Group, although without executive powers, thereby justifying this variable component, which actually occurred, and is also occurring during this term.</p> <p>In any case, since differences in the remuneration structure are intended to adjust remuneration according to the duties actually performed by each director in the Group, the remuneration of the members of the Board of Directors is structured so as to align their interests with those of the company (see point II.34.).</p>
25	II.1.5.2. The statement on the remuneration policy of the managing and supervisory boards referred to in Article 2 of Law No. 28/2009 of 19 June, shall contain, in addition to the content therein stated, adequate information on: i) which groups of companies the remuneration policy and practices of which were taken as a baseline for setting the remuneration ii) the payments for the dismissal or termination by agreement of the Directors' duties.	No	<p>A statement on the remuneration policy of the managing and supervisory boards is annexed to this report, as referred to in point II.30.</p> <p>Per this statement, directors' remuneration is established without taking other companies' (or groups of companies') remuneration policies or practices as a baseline. However, the CMVM believes that Recommendation No. II.1.5.2 requires this comparison be made, as it is not sufficient, for the purposes of adopting the recommendation, that the company merely provide information on its decision as to whether or not to</p>

			<p>make the comparison.</p> <p>Notwithstanding the above, bearing in mind the specific nature of the company and its market segments, together with the costs involved in making such a comparison, Novabase sees no objective interest in making this comparison.</p>
26	<p>II.1.5.3. The remuneration policy statement referred to in Article 2 of Law No. 28/2009 shall also include the directors' remunerations which contain an important variable component, within the meaning of Article 248-B/3 of the Securities Code. The statement shall be detailed and the policy presented shall particularly take into account the long-term performance of the company, compliance with the rules applicable to its business and restraint in taking risks.</p>	n/a	<p>Pursuant to point II.29., only the members of Novabase's Board of Directors are considered managers, within the meaning of Article 248-B/3 of the Securities Code.</p>
27	<p>II.1.5.4. A proposal shall be submitted at the General Meeting on the approval of plans for the allotment of shares and/or options for share purchase or further yet on the variations in share prices, to members of the managing and supervisory boards and other managers within the context of Article 248/3/B of the Securities Code. The proposal shall mention all the necessary information for its correct assessment. The proposal shall contain the regulation plan or in its absence, the plan's general conditions. The main characteristics of the retirement benefit plans established for members of the managing and supervisory boards and other managers within the context of Article 248/3/B of the Securities Code, shall also be approved at the General Meeting.</p>	Yes	<p>To date, Novabase has implemented 5 plans for options to allot, subscribe and/or purchase shares, which have always been approved at General Meetings of Shareholders. (see point I.17. and III.10.)</p> <p>There are no retirement benefit plans for members of the management and supervisory boards or other directors of Novabase (see points I.18 and II.31).</p>
28	<p>II.1.5.6 At least one of the Remuneration Committee's representatives shall be present at the Annual General Meeting of Shareholders.</p>	Yes	<p>Francisco Luís Murteira Nabo, as Chairman of the Remuneration Committee, was present at the 2012 General Meeting of Shareholders (see point I.15.).</p>
29	<p>II.1.5.7. The amount of remuneration received, as a whole and individually, in other companies of the group and the pension rights acquired during the financial year in question shall be disclosed in the Annual Report on Corporate Governance.</p>	n/a	<p>This recommendation expired with the entry into force of the information disclosure duties referred to in Article 3 c) and d) of CMVM Regulation No. 1/2010.</p> <p>In any case, Novabase 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. There are no supplementary pension or early retirement schemes for Novabase directors (see point II.31.).</p>
<b>II.2. BOARD OF DIRECTORS</b>			
30	<p>II.2.1. Within the limits established by Law for each Management and Supervisory structure, and unless the company is of a reduced size, the Board of Directors shall delegate the day-to-day running and the delegated duties should be</p>	Yes	<p>The Board of Directors has delegated the day-to-day running of the company to the Executive Committee (see point II.3.).</p>



	identified in the Annual Report on Corporate Governance.		
31	II.2.2. The Board of Directors shall ensure that the company acts in accordance with its goals, and should not delegate its duties, namely in what concerns: <i>i)</i> definition of the company's strategy and general policies; <i>ii)</i> definition of the corporate structure of the group; <i>iii)</i> decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	Yes	Novabase's Board of Directors does not delegate any of these responsibilities (see point II.3.).
32	II.2.3. Should the Chairman of the Board of Directors carry out executive duties, the Board of Directors shall set up efficient mechanisms for coordinating non-executive members that can ensure that these be able to decide in an independent and informed manner, and furthermore shall explain these mechanisms to the shareholders in the corporate governance report.	n/a	-
33	II.2.4. The annual management report shall include a description of the activity carried out by the non-executive Board Members and shall mention any restraints encountered.	Yes	A summary of the activity carried out by the non-executive directors in 2012, who encountered no restraints in this regard, is attached to this report. (see point II.17.)
34	II.2.5. The company shall mention its rotation of functions policy on the Board of Directors, including the person responsible for the financial function, and report on same in the Annual Corporate Governance Report.	Yes	Novabase currently has no formal rotation of functions policy for Board of Directors, specifically with regard to the individual in charge of the financial function.  Even so, Novabase has significantly and frequently rotated the holders of executive positions, as described in point II.11.
<b>II.3. MANAGING DIRECTOR, EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS</b>			
35	II.3.1. When Directors that carry out executive duties are requested by other Board Members to supply information, the former shall do so in a timely manner and the information supplied must adequately suffice the request made.	Yes	All the information requested by the various corporate boards was supplied by the Novabase executive directors in a timely and suitable fashion (see point II.3.).
36	II.3.2. The Chairman of the Executive Committee shall send the convening notices and minutes of the meetings to the Chairman of the Board of the Directors and, when applicable, to the Chairman of the Audit Board or the Auditing Committee.	Yes	The Chairman of the Novabase Executive Committee is responsible for submitting the minutes of the Executive Committee meetings to the Chairman of the Board of Directors and Chairman of the Auditing Committee. In addition, the Chairman of the Board of Directors may attend Executive Committee meetings, without voting rights, and also receives the respective meeting notices for this purpose (in accordance with the Executive Committee's internal regulations). The Chairman of the Auditing Committee is informed of the agenda in the meeting minutes (see point II.13.).



37	II.3.3. The Chairman of the Executive Board of Directors shall send the convening notices and minutes of the meetings to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee.	n/a	-
<b>II.4. GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDITING COMMITTEE AND AUDIT BOARD</b>			
38	II.4.1. Besides carrying out its supervisory duties, the General and Supervisory Board shall advise, follow-up and carry out an on-going assessment on the management of the company by the Executive Board of Directors. Besides other subject matters, the General and Supervisory Board shall decide on: <i>i)</i> the definition of the strategy and general policies of the company; <i>ii)</i> the corporate structure of the group; and <i>iii)</i> decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.	n/a	-
39	II.4.2. The annual reports and financial information on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Auditing Committee and the Audit Board shall be disclosed on the company's website together with the financial statements.	Yes	The annual report on the activity carried out by the Auditing Committee is subject to publication on Novabase's website (see point II.4.).
40	II.4.3. The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Auditing Committee and the Audit Board shall include a description on the supervisory activity and shall mention any restraints that they may have come up against.	Yes	See 2011 Auditing Committee Activity Report annex (referred to in point II.4.).
41	II.4.4. The General and Supervisory Board, the Auditing Committee and the Audit Board (depending on the applicable model) shall represent the company for all purposes at the external auditor, and shall propose the services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first recipient of the reports.	Yes	The Auditing Committee, under its operating regulations, has the capacities, duties and responsibilities described in this recommendation (see point II.3.)
42	II.4.5. According to the applicable model, the General and Supervisory Board, Auditing Committee and Audit Board shall assess the external auditor on an annual basis and advise the General Meeting that he/she be discharged whenever justifiable grounds are present.	Yes	Each year, in the annex of its Activity Report, the Auditing Committee assesses the external auditor (see point II.4.).  To date, there has been no need to justifiably dismiss any entity performing the duties of external auditor; the General Meeting of Shareholders would not be responsible for such dismissal (see point II.24.).
43	II.4.6. The internal audit services and those that ensure compliance with the rules applicable to the company (compliance services) shall functionally report to the Auditing Committee, the	No	Novabase does not oblige the services in question to report directly to the Auditing Committee, but instead uses a system that

	General and Supervisory Board or in the case of companies adopting the Latin model, an independent director or Audit Board, regardless of the hierarchical relationship that these services have with the executive management of the company.		streamlines the control of any constraints through a Chief Risk Officer ("CRO"), to whom these services report as regards risk management and prevention. The CRO is responsible for reporting to the Chairman of the Board of Directors, with meetings at least once per quarter between the Chairman of the Board of Directors, CRO and Auditing Committee (see point II.6.).
<b>II.5. SPECIAL COMMITTEES</b>			
44	II.5.1. Unless the company is of a reduced size and depending on the adopted model, the Board of Directors and the General and Supervisory Committees, shall set up the necessary Committees in order to: <i>i)</i> ensure that a competent and independent assessment of the Executive Directors' performance is carried out, as well as its own overall performance and further yet, the performance of all existing committees; <i>ii)</i> study the adopted governance system and verify its efficiency and propose to the competent bodies, measures to be carried out with a view to its improvements; <i>iii)</i> in due time identify potential candidates with the high profile required for the performance of director's duties.	No	<p>Novabase has a Board of Directors Performance Assessment Committee and a Corporate Governance Assessment Committee; the former assesses the performance of the Board of Directors itself, and of all of its committees.</p> <p>In view of the specific characteristics of the governance model adopted by the company and its size, the shareholders themselves have ensured a suitable definition of the profile of potential candidates for director positions; as such, for 2012, this recommendation was justifiably not adopted, requiring a selection board to be created for this purpose. Notwithstanding the above, it should be noted that when executive directors must be replaced, the company has a procedure in place under which the Executive Committee Chairman and the Executive Committee as a whole identify potential candidates (internal or external) to be designated under this replacement, submitting their names to the company boards legally responsible for the replacement, or communicating these names to shareholders interested in submitting, to the General Meeting of Shareholders, a respective proposal for election to the Board of Directors, when applicable (see point II.36.).</p>
45	II.5.2. Members of the Remuneration Committee or alike shall be independent from the Members of the Board of Directors and include at least one member with knowledge and experience in matters of remuneration policy.	Yes	<p>Members of the Remuneration Committee are independent from the members of the Board of Directors, pursuant to the generally accepted criteria for gauging the independence between the members of these two committees.</p> <p>Nonetheless, in view of Recommendation No. II.5.3. of the 2010 Corporate Governance Code, one member may be considered, in 2012, a non-independent member</p>

			<p>of the Remuneration Committee in relation to the members of Novabase's Board of Directors.</p> <p>However, the reasons behind the lack of independence of the Remuneration Committee member in question no longer apply. (see section V)</p>
46	II.5.3. Any natural or legal person that provides or has provided, over the past three years, services to any structure subject to the Board of Directors, to the Board of Directors of the company or that has to do with the current consultant to the company shall not be recruited to assist the Remuneration committee. This recommendation also applies to any natural or legal person who has an employment contract or provides services.	Yes	None of these situations apply to the entities contracted to support the Remuneration Committee (see point II.39.).
47	II.5.4 All the Committees shall draw up minutes of the meetings held.	Yes	The corporate boards and specialized committees draw up their own meeting minutes (see point II.13.).
	III. INFORMATION AND AUDITING		
	III.1. GENERAL DISCLOSURE DUTIES		
48	III.1.1 Companies shall maintain permanent contact with the market thus upholding the principle of equality for shareholders and ensure that investors are able to access information in a uniform fashion. To this end, the company shall create an Investor Assistance Unit.	Yes	Novabase provides permanent support to the capital market. The Investor Relations Office represents the company in its dealings with the CMVM and investors, including contact with private and institutional, foreign and Portuguese investors. The office provides information through Novabase's website, with links of interest for investors containing relevant information by investor profile (financial information, financial calendar, reserved information, area reserved for General Meetings of Shareholders and the postal/electronic voting model – the latter available since 2006 – among others) (see point III.16.).
49	III.1.2 The following information that is made available on the company's Internet website shall be disclosed in the English language: 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; f) Half-Yearly Calendar on Company Events; g) Proposals sent through for discussion and voting during the General Meeting of Shareholders; h) Notices convening General Meetings of Shareholders.	Yes	This information is available in Portuguese and English on Novabase's website ( <a href="http://www.novabase.pt">www.novabase.pt</a> ) (see point III.16.).
50	III.1.3. Companies shall advocate the rotation of	Yes	The external auditor's continuance

	auditors after two or three terms for four or three year terms, respectively. Their continuance beyond this period must be based on a specific opinion by the supervisory board that expressly considers the conditions of auditor independence and the benefits and costs of replacement.		beyond the period referred to in this recommendation is based on a specific opinion by the supervisory board that expressly considers the conditions of auditor independence and the benefits and costs of replacement (see point III.18.).
51	III.1.4. The external auditor must, within its powers, verify the implementation of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and report any shortcomings to the company's supervisory board.	Yes	The external auditor assumes these duties, as described in point III.17.
52	III.1.5. The company shall not recruit the external auditor for services other than audit services, nor any entities with which same takes part or incorporates the same network. Where contracting such services is called for, said services should not be greater than 30% of the total value of services rendered to the company. The hiring of these services must be approved by the supervisory board and must be expounded in the Annual Corporate Governance Report.	Yes	Services contracted other than auditing services are described in point III.17.; these were subject to approval by the Auditing Committee, and did not exceed 10% of all auditing services in value (see point III.17.).
IV. CONFLICTS OF INTEREST			
IV.1. SHAREHOLDER RELATIONSHIP			
53	IV.1 Where deals are concluded between the company and shareholders with qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be carried out in normal market conditions.	Yes	No business deals or transactions were conducted between the company and owners of qualified holdings, or entities in any way related to them, outside of normal market conditions (see point III.12.).
54	IV.1.2 Where deals of significant importance are undertaken with holders of qualifying holdings, or entities with which same are linked in accordance with Article 20 of the Securities Code, such deals shall be subject to a preliminary opinion from the supervisory board. 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.	Yes	In order to establish rules to ensure the effective, rigorous and agile participation of the Auditing Committee in this regard, a regulation was passed on 31 March 2011 to submit significant business deals with qualified shareholders, or with entities in any way related to them, pursuant to article 20 of the Securities Code, to the prior opinion of the Auditing Committee, in accordance with the procedures and criteria described in point III.13.

## ASSESSMENT OF THE GOVERNANCE MODEL

---

At the General Meeting of Shareholders held on 12 April 2007, Novabase shareholders approved adoption of the Anglo-Saxon governance model, which includes a Board of Directors, an Auditing Committee consisting of directors and elected by the General Meeting of Shareholders, and a Statutory Auditor. The corporate governance structure adopted by Novabase also includes a Remuneration Committee that establishes the remuneration of the members of all of the company's corporate boards, except for itself. Subsequent to the General Meeting of Shareholders' approval of the current corporate governance model, the Board of Directors created an Executive Committee to which it has delegated Novabase's day-to-day running. In addition, after increasing the number of non-executive members of the Board of Directors elected in the General Meeting of Shareholders of 28 April 2009, two specialized committees were also created within the Board of Directors: a Board of Directors Performance Assessment Committee and a Corporate Governance Assessment Committee.

The non-executive members of the Board of Directors have monitored the Executive Committee's activities, supported by the specialized committee mentioned above (the Board of Directors Performance Assessment Committee) since the 2009 General Meeting of Shareholders. Similarly, members of the Board of Directors have reflected on the adopted corporate governance system, also supported by a specialized committee (the Corporate Governance Assessment Committee) since the 2009 General Meeting of Shareholders. In these activities, the role of the Chairman of the Board of Directors has been essential in terms of the attention given to the operation of Novabase's corporate governance system, with a concern for ensuring that non-executive members of the Board of Directors receive information on the activities of the Executive Committee through the distribution of Executive Committee meeting minutes, answering all questions put forth by non-executive directors and scheduling all issues requiring the Board of Directors' attention at its meetings.

In addition, the non-executive directors meet annually to assess the performance of the governance model and the company in general, and prepare a report, which is attached to this document.

Taking into account the various contributions received, particularly from the Corporate Governance Assessment Committee, together with the collective assessment that the members of the Board of Directors have made of the company's governance model, the Board believes that the Novabase governance model has adequately performed its corporate governance functions, having shown to be suited to the company's needs and size, no hindrances having been found in terms of its functioning.

Notwithstanding the above, it should be noted that Novabase bore in mind the provisions of Recommendation no. II.5.1 of the Corporate Governance Code, under which (unless the company's small size dictates otherwise) committees should be created to identify, in a timely manner, potential candidates with the high profile needed for the position of director.

Novabase did not implement any specialized committee to this end, in view of its size and the specific nature of its corporate governance model; an adequate definition does exist for the profile of candidates for management positions and selection of members to be elected by shareholders, as further explained in point II.36. of this report.

## Chapter I: General Meeting of Shareholders

---

The General Meeting of Shareholders is Novabase's highest decision-making body.

The General Meeting of Shareholders met once in 2012 (on 03 May) to examine, discuss and vote on the following matters:

1. Item One: Decide on the 2011 Annual Report (including the Corporate Governance Report, attached) and Accounts;
2. Item Two: Decide on the proposal for the allocation of profits;
3. Item Three: Conduct a general appraisal of the company's administration and auditing;
4. Item Four: Decide on the renewal of the authorization granted to the Board of Directors by Article 4 (2) of the articles of association;
5. Item Five: Decide on the election of the members of corporate boards and the Remuneration Committee for the three-year period of 2012-2014;
6. Item Six: Decide on the election of acting and substitute Statutory Auditor for the three-year period of 2012-2014;
7. Item Seven: Decide on the Remuneration Committee report on the 2011 remuneration policy, and approve the Remuneration Committee's statement on the remuneration policy of members of the company's managing and auditing boards, pursuant to Law no. 28/2009 of 19 June and other applicable norms, to be implemented in the three-year period of 2012-2014;
8. Item Eight: Decide on the possible implementation of a medium or long-term plan for attributing variable remuneration to members of the company's Board of Directors and employees with supervisory positions at Novabase and other Novabase Group companies, based on the performance of Novabase shares;
9. Item Nine: Decide on the acquisition and sale of treasury shares;
10. Item Ten: Decide on the remuneration of members of the Remuneration Committee;
11. Item Eleven: Decide on the amendment of Article 14 (3) of the articles of association.

At this General Meeting of Shareholders, shareholders representing more than 69% of share capital were in attendance. All items were approved by more than 69% of votes cast.

#### *1.1. Identification of the officers of the General Meeting of Shareholders*

The officers of the Novabase General Meeting of Shareholders, elected for the three-year period of 2012-2014, are Chairman António Manuel de Carvalho Ferreira Vitorino and Secretary Maria José Santana.

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.

#### *1.2. Indication of the start date and duration of the terms*

The Chairman and Secretary of the General Meeting of Shareholders were elected at the General Meeting of Shareholders of 03 May 2012, both for the three-year period of 2012-2014.

#### *1.3. 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 for each meeting presided over.

#### *1.4. Advanced notice required for the blocking of shares and permission to participate in the General Meeting of Shareholders*

As regards this point, it must be noted that, with the entry into force of Decree Law no. 49/2010 of 19 May, which introduced a number of changes to the Commercial Companies Code and Securities Code, namely regarding rules for preparing and holding General Meetings of Shareholders for issuers of securities admitted to trading in regulated markets, the former system for blocking shares to participate in the General Meeting of Shareholders has been replaced by the current registry date system.

Under these terms, and in compliance with this legislative change, Novabase's General Meeting of Shareholders of 5 May 2011 made changes to the company's articles of association (specifically, article 9 (2) and (4)) to adapt them to the new legal provisions.

According to the new wording of the articles of association, Novabase shareholders wishing to participate in the General Meeting of Shareholders must:

- (i) Have registered, in a securities account opened in their name with a financial agent, at 12:00 am (GMT) on the fifth trading day before the date of the General Meeting of Shareholders, shares granting at least one vote by law and by contract; and
- (ii) Follow the instructions in notices for the General Meeting of Shareholders regarding the way in which shareholders must prove their right to take part in the General Meeting of Shareholders and thereby discuss and vote, namely the means of sending required information and respective deadlines.

#### *1.5. Rules applicable to the blocking of shares in the event of suspension of the General Meeting of Shareholders*



Since the share blocking system has now been replaced by the registry date system, Novabase no longer has rules for the blocking of shares in the event of suspension of the General Meeting of Shareholders.

*1.6. Number of shares corresponding to one vote*

Pursuant to Article 9 of the company's articles of association, only shareholders with voting rights may attend the General Meeting of Shareholders.

To ensure greater shareholder involvement in the company, particularly through attendance at Novabase's General Meeting of Shareholders, the Board of Directors proposed an amendment to the articles of association by which each share would correspond to one vote. This motion was approved at the Annual General Meeting of 12 April 2007. As such, under the terms of the current wording of Article 9 (5) of the Novabase articles of association, one share corresponds to one vote.

This ensures a proportional balance between voting rights and shareholder involvement, using the preferential method referred to in Recommendation no. 1.3.3 of the Corporate Governance Code.

*1.7. Indication of the articles of association rules which envisage the existence of shares that do not confer voting rights or which enable voting rights over a certain number not to be counted, when issued by a single shareholder or shareholders related thereto*

There are no articles of association rules which envisage the existence of shares that do not confer voting rights or which enable voting rights over a certain number not to be counted, when issued by a single shareholder or shareholders related thereto.

*1.8. Existence of articles of association rules regarding exercising the right to vote, including constitutive and decision-making quorum or systems related to asset content rights*

Novabase has encouraged shareholders to participate and exercise their voting rights at General Meetings of Shareholders, namely by allowing, through its articles of association, shareholder representation by means of a letter addressed to the chairperson of the General Meeting of Shareholders at least three days before the date set for the meeting.

Furthermore, following the entry into force of Decree Law no. 49/2010 of 19 May, which amended Article 380 (1) of the Commercial Companies Code, Novabase's General Meeting of Shareholders held on 5 May 2011 made changes to the articles of association to allow shareholders to be legally represented at General Meetings of Shareholders, without specification or limitation of any kind<sup>2</sup>.

Proxy forms will be provided to shareholders in a timely fashion on the Novabase website ([www.novabase.pt](http://www.novabase.pt)).

---

<sup>2</sup> Pursuant to the company's articles of association, shareholders may be represented at the General Meeting of Shareholders by their spouses, parents or offspring, by another shareholder or by a member of the Board of Directors. However, under the current wording of Article 380 (1) of the Commercial Companies Code, the memorandum of association may not prohibit or even limit shareholder involvement in the General Meeting of Shareholders through a representative. For this reason, Novabase felt it was appropriate to amend its articles of association to unequivocally follow the provisions of the Commercial Companies Code.



Moreover, as stated in point I.4. of this report, with the entry into force of Decree Law no. 49/2010 of 19 May, the current wording of the articles of association stipulates that Novabase shareholders wishing to participate in the General Meeting of Shareholders must:

- (i) Have registered, in a securities account opened in their name with a financial agent, at 12:00 am (GMT) on the fifth trading day before the date of the General Meeting of Shareholders, shares granting at least one vote by law and by contract; and
- (ii) Follow the instructions in notices for the General Meeting of Shareholders regarding the way in which shareholders must prove their right to take part in the General Meeting of Shareholders and thereby discuss and vote, namely the means of sending required information and respective deadlines.

Along these lines, it should be noted that the provisions of Article 9 (5) of Novabase's articles of association – which state that one share corresponds to one vote – remain in effect.

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

Novabase shareholders may also exercise their right to vote by post and by electronic means, as further explained below.

In any case, only those votes (issued by representative, legal representative or electronic means) from shareholders for which information has been received on the financial intermediary with which a securities account has been opened are considered, in accordance with the above terms.

Under Article 10 of the articles of association, the General Meeting of Shareholders deliberates subsequent to a first notice or a second one, making decisions by a majority of the votes cast, notwithstanding the requirement of qualified majority in the cases provided for by law and under said articles of association.

As such, the constitutive and decision-making quorum for the General Meeting of Shareholders stipulated in the Novabase articles of association is no different from that stipulated in the Commercial Companies Code.

Moreover, it should be noted that no systems related to asset content rights have been implemented.

#### *1.9. Existence of various articles of association rules regarding the right to postal voting*

Article 9 (9) of the Novabase articles of association governs postal voting.

Shareholders with voting rights may, according to Article 22 of the Securities Code, exercise them by post. The invitations to the General Meeting of Shareholders contain the rules for postal votes, i.e. the requirement that they must be handed in personally at the company's registered office or sent by registered post and received by the third working day prior to the General Meeting of Shareholders. The voting form must be signed by the shareholder and should clearly indicate his or her vote on each item on the agenda of the General Meeting of Shareholders. A legible photocopy of the shareholder's identity 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.

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

Votes cast by post or by electronic means shall be considered as negative votes with regard to any resolution proposals that are presented after the exercise of such votes.

The attendance of the shareholder at the General Meeting of Shareholders will result in the revocation of the postal vote.

*I.10. Existence of a form for exercising the right to postal voting*

Novabase provides the postal voting form for the General Meeting of Shareholders on the company's website, [www.novabase.pt](http://www.novabase.pt). These have been available for General Meetings of Shareholders since 2003.

*I.11. Requirement of a time period spanning between reception of the postal vote and the date of the General Meeting of Shareholders*

As mentioned above, in accordance with Article 9 (9c) of the Novabase articles of association, voting forms must be placed in a sealed envelope addressed to the Chairman of the General Meeting of Shareholders, delivered by hand to the company's registered office, or delivered to this office by registered mail by the third working day preceding the date of the General Meeting of Shareholders.

*I.12. Electronic voting*

Shareholders with voting rights may vote electronically. The rules to be followed for this method of voting (and the means for shareholders to prove their right to take part in the General Meeting of Shareholders and thereby discuss and vote) can be found in the notices convening the General Meetings of Shareholders.

Electronic voting can be done via the company's website ([www.novabase.pt](http://www.novabase.pt)). Shareholders with voting rights must register on this site and send a letter to Novabase, before the day of the respective General Meeting of Shareholders, drawn up according to the model given on the site. It must be addressed to the Chairman of the General Meeting of Shareholders, and the signature must be duly notarized (or, in the case of individuals, the signature must be accompanied by a photocopy of the respective identity card, in which case the letter may be sent to the e-mail address provided in the meeting notice). After the aforementioned letter has been sent, Novabase will send the authorization and electronic voting instructions to the e-mail address provided by the shareholder at the time of registration. Electronic voting may take place in the period stipulated in the notice convening the General Meeting of Shareholders.

Novabase's company website normally has additional instructions on electronic voting (also mentioned in meeting notices).

Votes cast by electronic means will be considered as negative votes with regard to any resolution proposals that are presented after the exercise of such votes.

The attendance of the shareholder at the General Meeting of Shareholders will result in the revocation of the electronic vote.

*I.13. Possibility of shareholders gaining access to excerpts from the minutes of the General Meetings of Shareholders in the company's website within five days after the General Meeting of Shareholders was held*

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.

*I.14. Existence of a historical record on the company's website with the resolutions passed at the company's General Meetings of Shareholders, share capital and voting results referring to the previous three years*

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 and decisions taken.

Since the 2010 financial year, Novabase has also provided information on voting results at the General Meeting of Shareholders.

*I.15. Indication of the representative(s) from the Remuneration Committee present at General Meetings of Shareholders*

Francisco Luís Murteira Nabo, as Chairman of the Remuneration Committee, was present at the 2012 General Meeting of Shareholders.

*I.16. Information regarding intervention of the General Meeting of Shareholders as regards the company's remuneration policy and assessment of the performance of the members of the board of directors and other managers*

As regards the intervention of the Novabase General Meeting of Shareholders on the remuneration of the Board of Directors, since a CMVM recommendation in this regard was passed in November 2005, this corporate board has assessed and decided on the documents prepared by the Remuneration Committee (initially as an annex to the management report, but now as a separate item on the agenda), and containing the guidelines to be followed by this committee in the following year or for the period deemed most appropriate.

With regard to assessing the performance of the members of the Board of Directors, after increasing the number of non-executive members of the Board of Directors elected in the General Meeting of Shareholders of 28 April 2009, a Board of Directors Performance Assessment Committee was established with the following powers: (i) Assist the Board of Directors in the assessment of its overall performance; (ii) Assess the performance of the Executive Committee with respect to how it has been conducting Novabase's annual plan and budget passed by the Board of Directors at the start of each year, together with the degree of success in achieving their corresponding goals; (iii) Assess the performance of the Board of Directors' other specialized committees, namely the Auditing Committee, Corporate Governance Assessment Committee and its own performance. To carry out its duties, the Board of Directors Performance Assessment Committee asks other committees for a self-evaluation of their own performance, and submits an annual written evaluation report on the performance of the Board of Directors and of these committees before the date of the Board of Directors' approval of the annual report and accounts.

In addition to the assessment method described above, and prior to the establishment of this Board of Directors Performance Assessment Committee, the activity of executive directors was monitored continuously by non-executive directors, in collaboration with the Chairman of the Board of Directors, who is responsible for providing information regarding the company's business required to ensure monitoring of the activity of the executive directors. This monitoring of executive directors by non-executive directors continues to be a current practice at Novabase.

Lastly, it is important to point out that only the members of Novabase's Board of Directors are considered managers, within the meaning of Article 248-B (3) of the Securities Code; as such, there is no separate information to be disclosed in this regard.

*I.17. Information of the intervention by the General Meeting of Shareholders on matters concerning the proposal on the share allocation plan, and/or stock option plans, or based on share price fluctuations, the members of the Board of Directors, Supervisory Board and other Directors, within the meaning of Article 248-B (3) of the Securities Code together with the details provided to the General Meeting of Shareholders for the purposes of correctly assessing said plans*

All five plans for options to allot, subscribe for and/or purchase shares implemented at Novabase since 2000 have been subject to the approval of the General Meeting of Shareholders.

On 03 May 2012, the General Meeting of Shareholders approved a plan for the option to allot shares to members of Novabase's Board of Directors and employees with supervisory positions at Novabase or other companies that are legally controlled by Novabase or part of the Novabase Group, for the years 2012 to 2014, under the terms described in greater detail in point III.10. of this corporate governance report. The complete version of the proposed regulations for this plan was provided to the General Meeting of Shareholders so that shareholders could properly evaluate it.

Pursuant to the above point, only the members of Novabase's Board of Directors are considered managers, within the meaning of Article 248-B (3) of the Securities Code.

*I.18. Information of the intervention by the General Meeting of Shareholders on matters concerning the approval of the main features of the retirement benefit system as enjoyed by the members of the Board of Directors, Supervisory Board and other Directors, within the meaning of Article 248-B (3) of the Securities Code*

As stated in point II.31. of this report, the company has adopted no retirement benefit system for members of managing boards. Moreover, no such system applies to members of supervisory boards. As stated earlier, only Novabase's directors are considered managers, pursuant to Article 248-B (3) of the Securities Code.

*I.19. Existence of statutory provision that envisages for a duty to be subject, at least every five years, to a resolution by the General Meeting of Shareholders, for the maintenance or withdrawal of the statutory provision providing for the limitation of the number of votes capable of being held or exercised by a single shareholder individually or together with other shareholders*

Novabase's articles of association have no statutory provision that envisages a limitation of the number of votes capable of being held or exercised by a single shareholder individually or together with other shareholders. As such, the maintenance or withdrawal of such measures is not subject, at least every five years, to a resolution by the General Meeting of Shareholder

*I.20. Defensive measures that automatically cause serious erosion in the company's assets in the event of the transfer of control or changes to the composition of the board*

No measures of this nature exist.

*I.21. 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, 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*

These do not exist.

*I.22. 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*

These do not exist.

## Chapter II: Management and Supervisory Boards

### Section I – General Points

#### *II.1. Identification and composition of the company's corporate boards*

The managing and auditing bodies of Novabase are the Board of Directors, the Auditing Committee and the Statutory Auditor.

The following figure illustrates the composition of the Board of Directors on 31 December 2012.

Rogério Santos Carapuça
Luís Paulo Cardoso Salvado
João Nuno da Silva Bento
Álvaro José da Silva Ferreira
Nuno Carlos Dias dos Santos Fórneas
Francisco Paulo Figueiredo Morais Antunes
Paulo Jorge de Barros Pires Trigo
Luís Fernando de Mira Amaral
Manuel Alves Monteiro
João Luis Correia Duque
José Afonso Oom Ferreira de Sousa
Joaquim Sérvulo Rodrigues
Pedro Miguel Quinteiro Marques Carvalho

On 31 December 2012, the Auditing Committee was comprised of Luís Fernando de Mira Amaral (Chairman), Manuel Alves Monteiro (member) and João Luís Correia Duque (member). All members of the Auditing Committee are non-executive and independent from the Board of Directors.

On 31 December 2012, the Novabase statutory auditor's acting member was PricewaterhouseCoopers & Associados, SROC, Lda, represented by Jorge Manuel Santos, and with César Abel Rodrigues Gonçalves as a substitute statutory auditor.

#### *II.2. Identification and composition of other committees equipped with skills related to administering or auditing the company*

Within the scope of the committees equipped with corporate administrative qualifications, the Board of Directors has created the Executive Committee following the General Meeting of Shareholders' approval of the current corporate governance model, being the body to which the day-to-day management has been delegated. On 31 December 2012, the Executive Committee was comprised of the following members: Luís Paulo Cardoso Salvado (Chairman), João Nuno da Silva Bento, Álvaro José da Silva Ferreira, Nuno Carlos Dias dos Santos Fórneas, Francisco Paulo Figueiredo Morais Antunes and Paulo Jorge de Barros Pires Trigo.

During the 2012 financial year, information was provided to the non-executive members of the Board of Directors concerning all matters handled and decisions made by the Executive Committee, within the scope of its duties.

In fact, to date, the activity of the Executive Committee has been monitored continuously by non-executive directors, in collaboration with the Chairman of the Board of Directors and the Chairman of the Executive Committee, who is responsible for providing the minutes of the Executive Committee meetings and all additional information regarding the company's business required to ensure monitoring of the activity of the executive directors.

After increasing the number of non-executive members of the Board of Directors elected in the General Meeting of Shareholders of 28 April 2009, two specialized committees were also created within the Board of Directors: a Board of Directors Performance Assessment Committee and a Corporate Governance Assessment Committee, whose composition, powers and operating rules are shown below.

The following members comprise the Board of Directors Performance Assessment Committee: Rogério Santos Carapuça, Luís Paulo Cardoso Salvado, Luís Fernando de Mira Amaral, José Afonso Oom Ferreira de Sousa, Joaquim Sérvulo Rodrigues and Pedro Miguel Quinteiro Marques Carvalho.

In turn, the following members comprise the Corporate Governance Assessment Committee: Rogério Santos Carapuça, Luís Paulo Cardoso Salvado, Manuel Alves Monteiro, João Luís Correia Duque, José Afonso Oom Ferreira de Sousa and Joaquim Sérvulo Rodrigues.

As stated above, Novabase bore in mind the provisions of the new Recommendation no. II.5.1 of the Corporate Governance Code, under which (unless the company's small size dictates otherwise) committees should be created to identify, in a timely manner, potential candidates with the high profile needed for the position of director.

Novabase did not create any specialized committee to this end in 2012, in view of its size and the specific nature of its corporate governance model; an adequate definition does already exist for the profile of candidates to be elected to management positions, as further explained in point II.36. of this report.

*II.3. 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, or distribution of functions among the members of the Board of Directors or Supervisory Board, and a list of non-delegable matters and powers actually delegated*

Novabase was organized into three business areas on 31 December 2012<sup>3</sup>:

- Novabase Business Solutions<sup>4</sup>
- Novabase Infrastructures and Managed Services<sup>5</sup>
- Novabase Venture Capital<sup>6</sup>

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

The sectors in 2012 were:

---

<sup>3</sup> On 26 July 2012, Novabase announced the reorganization of the Digital TV business to the market, with solutions for TV operators becoming part of Infrastructures and Managed Services, and system-in-package solutions becoming part of Venture Capital.

<sup>4</sup> Corresponds to the company Novabase Business Solutions - Soluções de Consultoria, Desenvolvimento, Integração, Outsourcing, Manutenção e Operação de Sistemas de Informação, S.A.

<sup>5</sup> Corresponds to the company Novabase IMS - Infrastructures & Managed Services S.A.

<sup>6</sup> Corresponds to the company Novabase Capital - Sociedade de Capital de Risco, S.A.

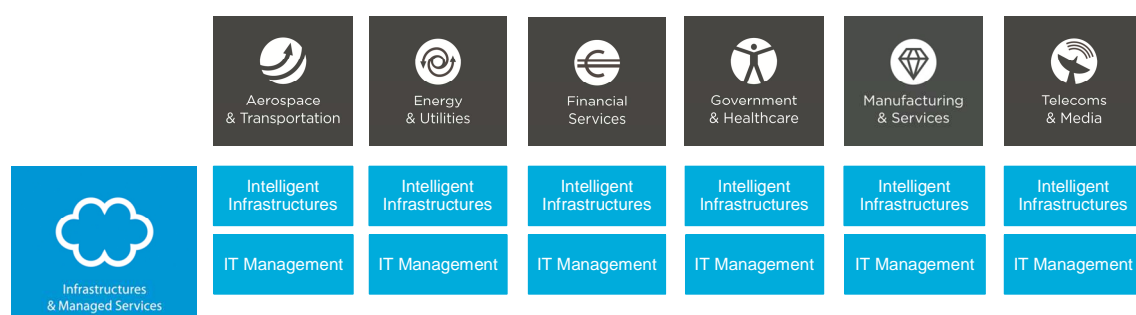
- Aerospace & Transportation
- Energy & Utilities
- Financial Services
- Government & Healthcare
- Manufacturing & Services
- Telecoms & Media

In 2012, Novabase worked in each of the business areas and respective sectors<sup>7</sup> with the following offerings:

#### Novabase Business Solutions



#### Novabase Infrastructures & Managed Services



<sup>7</sup> In the Executive Committee meeting held on 05 November 2012, it was decided that the Aerospace & Transportation sector would become part of the Government & Healthcare sector in 2013, under the new name Government, Healthcare & Transports.



The Venture Capital business area<sup>8</sup> combines Novabase's corporate venture function with the area of mergers and acquisitions, and is able to respond to the needs of the other areas in this dominion. It also manages the two venture capital funds aimed at supporting investments in domestic technology-based SMEs.

The first, the Novabase Capital venture capital fund (€7.14 million), was established in 2005 and is owned by IAPMEI/Institute for the Support of Small and Medium Enterprises of the Ministry of the Economy and Innovation (€5 million) backed by the PRIME Program, with co-funding from the European Union via the ERDF (European Regional Development Fund), with the remaining €2.14 million held by Novabase Capital.

The second, the Novabase Capital Inovação e Internacionalização venture capital fund, has a maximum provision of €11.36 million, backed by the Support Fund for Financing Innovation (FINOVA) through a contribution of €5 million for the Northern, Central and Alentejo regions from the COMPETE program, and a contribution of €0.5 million for early-stage projects in the Lisbon region from the POR Lisboa program; it is included in the National Strategic Reference Framework (QREN) with co-funding from the European Union via the ERDF. The remaining contribution comes from Novabase Capital, totalling €5.1 million for the Northern, Central and Alentejo regions and €0.76 million for the Lisbon region.

Novabase Capital has also invested €0.3 million in the IStart I venture capital fund, aimed at supporting projects with relevant technology content currently in the proof-of-concept phase, and with a maximum provision of €2.65 million.



#### Novabase SGPS<sup>9</sup> / Novabase Services<sup>10</sup>

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

Information on the Investor Relations Office can be found in point III.16. of this report.

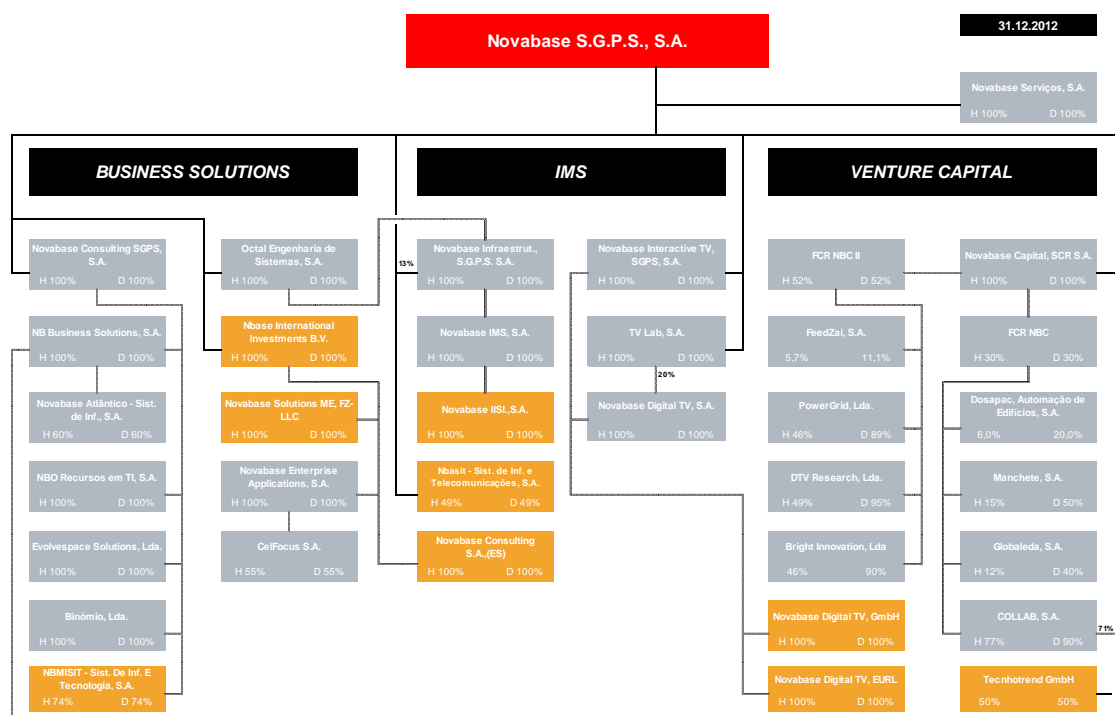
#### Organizational Chart

Each of the aforementioned organizational units corresponds to a company or a group of companies. The attached organizational chart includes all the companies within the consolidation perimeter of Novabase.

<sup>8</sup> Novabase Capital - Sociedade de Capital de Risco S.A.

<sup>9</sup> Novabase – Sociedade Gestora de Participações Sociais, S.A.

<sup>10</sup> Novabase Serviços – Serviços de Gestão e Consultoria, S.A.



The adoption of an Anglo-Saxon corporate governance model was approved at the General Meeting of Shareholders of 12 April 2007. In light of amendments to the Commercial Companies Code under Decree-Law no. 76-A/2006 of 29 March, the Board of Directors submitted a proposal at this General Meeting of Shareholders (which was approved) to change the articles of association so that Novabase could adopt the Anglo-Saxon corporate governance model by institutionalizing the Auditing Committee as a board according to the articles of association for supervising company activities, consequently eliminating the Audit Board. In this way, the company's new corporate governance model was comprised of a Board of Directors, an Auditing Committee and a Statutory Auditor.

In addition, after increasing the number of non-executive members of the Board of Directors elected in the General Meeting of Shareholders of 28 April 2009, two specialized committees were also created within the Board of Directors: a Board of Directors Performance Assessment Committee and a Corporate Governance Assessment Committee.

The powers, operating rules and composition of the General Meeting of Shareholders and respective Presiding Board, Board of Directors, Executive Committee, Auditing Committee and Statutory Auditor, together with those of the Board of Directors Performance Assessment Committee and the Corporate Governance Assessment Committee, are described below. Lastly, the powers, composition and operation of the Remuneration Committee are detailed.

#### Corporate Boards and other committees -- powers

The General Meeting of Shareholders: Novabase's highest decision-making board. This corporate board meets at least once every year to decide on matters for which it is responsible under the law and the articles of association, such as the annual report and accounts, as well as on the proposal for allocation of profits, generally assessing the company's management and auditing and electing the persons it is responsible for electing (along with other matters not falling under the responsibility of other company boards). The General Meeting of Shareholders may only make decisions on matters involving company management at the request of the Board of Directors.

The 2012 General Meeting of Shareholders was held on 03 May 2012.

**Board of Directors:** Responsible for managing activities and ensuring the general interests of the company, exercising all powers under the law and the articles of association, and performing all actions necessary or appropriate toward the pursuit of its corporate purpose. The Board of Directors is fully and exclusively empowered to represent the company. In 2012, it worked entirely within its remit and in compliance with the guidelines laid down and approved for this financial year, which are reflected in this report.

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, pursuant to Article 14 (4) of the articles of association;
- 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;
- 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;
- j) Choose its Chairman, when not designated by the General Meeting of Shareholders pursuant to Article 14 (2) of the articles of association;
- k) Co-opt directors;
- l) Ask the Chairman of the General Meeting of Shareholders to convene General Meetings of Shareholders;
- m) Decide on the annual reports and accounts;
- n) Decide that Novabase may provide collateral, personal guarantees and security in rem;
- o) Decide on the opening or closing of establishments or major parts thereof;
- p) Decide on important expansions or reductions in the business operations of Novabase;
- q) Decide on important modifications in the organization of Novabase;
- r) Decide on establishing or ending important long-term cooperation with other companies;
- s) Decide on changing the registered office and increasing the share capital pursuant to the provisions of the articles of association;
- t) Undertake projects to merge, divide and transform Novabase; and

- u) Undertake any other matter on which a Director seeks a decision from the Board of Directors.

As part of its management powers, the Board of Directors is responsible for implementing and monitoring a suitable internal control and risk management process, working toward its efficacy. The Board of Directors is charged with creating a system for reporting irregularities under the terms of applicable rules. The Board of Directors is also 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 regulatory entities and applicable at any given moment.

The following figure illustrates the composition of the Board of Directors elected for the three-year period of 2012-2014, together with the primary responsibilities of its members on 31 December 2012.

Rogério dos Santos Carapuça	Chairman of the Board of Directors / Venture Capital business / Government & Healthcare sector
Luís Paulo Cardoso Salgado	CEO / CHRO / Aerospace & Transportation sector / Business Design / Corporate Development / Investor Relations
João Nuno da Silva Bento	International Digital TV business / Telecoms & Media sector / Energy & Utilities sector
Álvaro José da Silva Ferreira	African region: Angola, Mozambique
Nuno Carlos Dias dos Santos Fórneas	CMO / Financial Services sector / Manufacturing & Services sector / Region of Spain
Francisco Paulo Figueiredo Morais Antunes	CRO / CFO / CLO / CIO / International Task Force
Paulo Jorge de Barros Pires Trigo	COO
Luís Fernando de Mira Amaral	Non-executive and independent
Manuel Alves Monteiro	Non-executive and independent
João Luis Correia Duque	Non-executive and independent
José Afonso Oom Ferreira de Sousa	Non-executive
Joaquim Sérvulo Rodrigues	Non-executive
Pedro Miguel Quinteiro Marques de Carvalho	Non-executive

The Board of Directors holds regular meetings once per month, and extraordinary meetings whenever called by its Chairman or by two of its members. This company board 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.

In addition to the attendance methods described above, 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 has a casting vote in the event of a tie.

Pursuant to the law, members of the Board of Directors may not vote on matters whose interests conflict with those of Novabase.

**Executive Committee:** Responsible for the day-to-day running of the company, and may perform all actions required to this end, respecting the powers of the Board of Directors with regard to actions which must be submitted for its approval, namely the matters specified in Article 406 a) through d), f), l) and m) of the Commercial Companies Code. The Executive Committee defines the company's current organizational structure, appoints employees to perform management

duties in the corporate boards of this structure and manages all of the company's operating areas.

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

- a) Carry out the annual business plans and corresponding budgets after their approval by Novabase's Board of Directors;
- b) Approve changes to the budget, except when their cumulative impact on the company's consolidated net profit is expected to exceed €1 (one) million in the financial year;
- c) Approve and carry out the company's short, medium and long-term organic development and investment plans, and identify and make investments in existing or new business areas of the company and its affiliates, by means of a budget approved by Novabase's Board of Directors and/or, in the absence of this, provided that (i) individually, they do not exceed €1 (one) million; and (ii) together, €5 (five) million in a given financial year; or (iii) in the case of R&D (research and development) investments or investments with co-funding, covered by applicable tax incentives or subsidies, up to a combined amount of €20 (twenty) million per financial year;
- d) Acquire, encumber and sell holdings in other companies, provided these transactions' general guidelines fall within the annual business plans and respective budgets, or, otherwise, with the prior approval of Novabase's Board of Directors;
- e) Manage holdings in other companies, including affiliates, namely by appointing their representatives on corporate boards and laying out guidelines for these representatives' activities, together with approving and reorganizing these holdings according to the annual business plans, or by prior decision approved by Novabase's Board of Directors;
- f) Notwithstanding legal provisions and formalities, buy and sell treasury shares within the framework and limits of the decision of the General Meeting of Shareholders;
- g) Open, transact and close bank accounts;
- h) Approve short and medium-term financing agreements (12-36 months), including those which increase overall indebtedness, provided that their value is €5 (five) million or less per transaction, or cumulatively €20 (twenty) million per financial year, or of any amount with the prior approval of Novabase's Board of Directors. The Executive Committee must furnish the Board of Directors with an updated debt schedule each month;
- i) Grant medium and short-term loans (and/or shareholder loans) to affiliates for cash-on-hand and other purposes allowed by law, up to the amount of €20 (twenty) million per financial year, or in any amount with the prior approval of Novabase's Board of Directors.;
- j) Acquire, sell and/or encumber company assets, individually up to €1 (one) million, or cumulatively up to €5 (five) million per financial year;
- k) Take or give in lease, and manage the use of, immovable property allocated to the business of the company and/or its affiliates, partially or in whole, in accordance with the budget approved by Novabase's Board of Directors or, apart from a budget, up to a combined annual amount of €1 (one) million;
- l) Manage and coordinate all of the company's operating and business support areas, including but not limited to Human Resources, Finance and Administration, Marketing and Communication, Information Systems, Legal, Organizational Development and Investor Relations, excluding internal auditing boards if/when they exist;

- m) Recruit and dismiss employees, define human resources and occupational health and safety policies, define and implement plans for training, levels, categories, remuneration terms/conditions and other bonuses or salary supplements;
- n) Perform standard activities involving powers as an employer, including but not limited to disciplinary authority and the application of legally admissible employee penalties;
- o) Order/determine the presentation, negotiation and contracting of any supplies of goods and/or services by the company and/or its affiliates within the scope of their corporate purpose, individually up to €20 (twenty) million and/or (i) without a binding obligation of any kind exceeding 15 years; (ii) without terms/conditions deemed of considerable financial, legal and/or commercial risk, attributable to Novabase's Executive Committee, by those in the organization responsible for monitoring or otherwise assisting in the control of this risk;
- p) Contract goods and services of any kind and by any means, as needed to pursue the corporate purpose, up to the amount of €1 (one) million per transaction, or in any amount with the prior approval of Novabase's Board of Directors or associated with the transactions referred to in o);
- q) Take part in incorporated joint ventures and European Economic Interest Groupings, enter into consortium and equity partnership agreements, and establish or take part in any other forms of temporary or permanent association between companies and/or private or public entities, except when their purpose is to participate in projects whose anticipated turnover for the company exceeds €20 (twenty) million;
- r) Represent the company in and out of court, as plaintiff or defendant, including the instituting, contesting and lodging of appeals in any legal or arbitration proceedings, as well as confessing, withdrawing from or coming to terms in any proceedings and engagement in arbitration. The Executive Committee must furnish information on any proceedings involving the company whose amount is equal to or exceeds €1 (one) million;
- s) Appoint representatives to perform specific acts or categories of acts, defining the scope of their respective powers.

In view of the above, no powers were delegated in 2012 involving matters where the Board of Directors must ensure that the company acts in accordance with its objectives, namely: i) definition of the company's strategy and general policies; ii) definition of the corporate structure of the group; and iii) decisions taken that are considered to be strategic due to the amounts, risk and particular characteristics involved.

The Executive Committee was first created by the Board of Directors in 2006, and consisted of the following members on 31 December 2012, who have been assigned the jurisdictions and responsibilities indicated below:

Luís Paulo Cardoso Salvado	CEO / CHRO / Aerospace & Transportation sector / Business Design / Corporate Development / Investor Relations
João Nuno da Silva Bento	International Digital TV business / Telecoms & Media sector / Energy & Utilities sector
Álvaro José da Silva Ferreira	African region: Angola, Mozambique
Nuno Carlos Dias dos Santos Fómeas	CMO / Financial Services sector / Manufacturing & Services sector / Region of Spain
Francisco Paulo Figueiredo Morais Antunes	CRO / CFO / CLO / CIO / International Task Force
Paulo Jorge de Barros Pires Trigo	COO

The Executive Committee sets the dates or frequency of its ordinary meetings, and holds extraordinary meetings whenever called by its Chairman or by two of its members.



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

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

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

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

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

Rules involving conflicts of interest apply to the Executive Committee. In fact, Executive Committee members are required to notify the Chairman of the Executive Committee of any potential conflicts of interest with Novabase, whether directly or through third parties, involving issues under discussion and voting. In such cases, the members in question may not exercise their voting rights in decisions on issues with potential conflicts of interest.

All the information requested by the various corporate boards was supplied by the Novabase executive directors in a timely and suitable fashion.

Auditing Committee: Comprised of independent non-executive members of the Board of Directors appointed by the General Meeting of Shareholders, the Auditing Committee is responsible for supervising company management and compliance with the law and articles of association, and for issuing an opinion on management's annual report and accounts. Its supervisory powers ensure the independence and quality of company audits in accordance with the best international standards. It also ensures the efficacy of the company's internal control system and monitors the company's fulfilment of principles and best practices involving corporate governance.

This Committee operates within the scope of the Board of Directors and has the following duties:

- 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;
- 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) Collaborate with the Board of Directors in selecting external auditors and determining the respective remuneration, as well as supervise these auditors' work, including verification of the existence of suitable conditions for providing external auditing services and receipt of the respective reports, assessing the external auditor on an annual basis;
- f) Ensure the existence of sufficient internal control mechanisms to understand and manage the inherent risks of Novabase's activities;

- g) Monitor the efficacy of the risk management system, internal control system and internal auditing system;
- h) Recommend the adoption of policies and procedures for achieving the goals established in point (g) above to the Board of Directors, and to suggest how these mechanisms may be improved;
- i) Alert the Board of Directors and other corporate boards, depending on the circumstances, to any situations in the company which may be regarded as anomalous, should they exist;
- j) Monitor the preparation and disclosure of financial information;
- k) Take whatever decisions it deems necessary, informing Novabase's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) 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;
- l) 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;
- m) Receive information and conclusions from procedures used by Novabase's internal auditing and compliance areas, regardless of their hierarchical relationship with the company's executive management;
- n) Comply with other competencies and duties provided for by law and the memorandum of association;
- o) Prepare reports, define policies and guidelines, create recommendations, implement procedures and execute the necessary measures to fulfil the provisions of its internal Regulations, national legal and regulatory provisions, recommendations issued by the Portuguese Securities Market Commission, and standards which may be imposed under legislation passed by competent authorities of the European Union concerning the powers and responsibilities of the Auditing Committee as part of the corporate governance principles adopted by Novabase;
- p) Verify the accuracy of the books, accounting records and their supporting documentation;
- q) Verify, when deemed appropriate and in the manner deemed suitable, the extent of cash and inventories of any kind of goods or amounts belonging to the company or received by the company as a guarantee, deposit or other security;
- r) Call the General Meeting of Shareholders, when not done so accordingly by its chairperson; and
- s) Hire the services of experts to assist one or several of its members in the performance of their duties; the hiring and remuneration of such experts must take into account the importance of the matters entrusted to them and the company's financial position.

In addition, since 31 March 2011, the Auditing Committee 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. The Auditing Committee's duties in this regard are described in point III.13.

The Auditing Committee'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 and the General Meeting of Shareholders, or maintaining confidentiality with regard to facts and information disclosed to Auditing Committee members during the performance of their duties, along with duties and responsibilities involving the following specific matters: (i) external auditing; (ii) provision and disclosure of financial information; and (iii) internal auditing, complaints and compliance.

It held the compulsory number of meetings in 2012 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. On 31 December 2012, the Auditing Committee



was comprised of Luís Fernando de Mira Amaral (Chairman), Manuel Alves Monteiro and João Luís Correia Duque, all of whom were non-executive voting members of the Board of Directors. All members of the Auditing Committee were independent, whether as members of the Board of Directors or as members of the Auditing Committee. In addition, the Chairman and other members of the Auditing Committee were adequately capable of carrying out their duties in this company board.

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

Decisions of the Auditing Committee are made by a majority vote.

In carrying out its duties, the Auditing Committee may, whenever deemed necessary, request meetings with the Chairman of the Board of Directors, with the CFO (the director responsible for the financial function), with the Board of Directors or with the Executive Committee.

The Auditing Committee may also convene, at its own initiative in carrying out its duties, any management staff, employees or consultants at Novabase, together with external auditors or the Statutory Auditor, to attend, partially or in whole, any of its meetings, to meet individually with any of its members or to provide all information deemed necessary by the Auditing Committee.

Statutory Auditor: The statutory auditor is responsible for examining the company's accounts (specifically, performing the duties laid out in article 420 (1) c), d), e) and f) of the Commercial Companies Code), together with supervisory duties involving the ongoing pursuit of the company's corporate purpose. On 31 December 2012, its active member was PricewaterhouseCoopers & Associados - SROC, represented by Jorge Manuel Santos Costa, and with César Abel Rodrigues Gonçalves as substitute statutory auditor.

Board of Directors Performance Assessment Committee: Pursuant to its regulations, the Board of Directors Performance Assessment Committee has the following powers: (i) Assist the Board of Directors in the assessment of its overall performance; (ii) Assess the performance of the Executive Committee with respect to how it has been conducting Novabase's annual plan and budget passed by the Board of Directors at the start of each year, together with the degree of success in achieving their corresponding goals; (iii) Assess the performance of the Board of Directors' other specialized committees, namely the Auditing Committee, Corporate Governance Assessment Committee and its own performance. To carry out its duties, the Assessment Committee asks other committees for a self-evaluation of their own performance, and submits an annual written evaluation report on the performance of the Board of Directors and of these committees before the date of the Board of Directors' approval of the annual report and accounts.

On 31 December 2012, the Board of Directors Performance Assessment Committee was comprised of the following members: Rogério dos Santos Carapuça (Chairman), Luís Paulo Salvado, Luís Mira Amaral, José Afonso Oom Ferreira de Sousa, Joaquim Sérvulo Rodrigues and Pedro Miguel Quinteiro Marques de Carvalho.

In addition to the assessment method described above, and prior to the establishment of this Board of Directors Performance Assessment Committee, the activity of executive directors was monitored continuously by non-executive directors, in collaboration with the Chairman of the Board of Directors, who is responsible for providing information regarding the company's business required to ensure monitoring of the activity of the executive directors. This monitoring of executive directors by non-executive directors continues to be a current practice at Novabase.

The Board of Directors Performance Assessment Committee holds ordinary meetings twice per year<sup>11</sup>, on a date and at a location set by its Chairman, and whenever called by the Chairman, at its own initiative or at the request of any of its members.

This committee may not operate unless duly attended or represented by a majority of members; any member may be represented at meetings by any other member via letter addressed to the Chairman. However, no member of the Board of Directors Performance Assessment Committee may represent more than one other member at the same time.

Members may attend Board of Directors Performance Assessment Committee meetings via teleconferencing, and may vote by post.

Decisions are made by a majority vote, and the Chairman has a casting vote.

Corporate Governance Assessment Committee: In turn, pursuant to its regulations, the Corporate Governance Assessment Committee has the following powers: (i) Constantly assess the corporate governance model, internal rules and procedures regarding Novabase's structure and governance, and the adequacy of the Novabase Group's principles and practices of conduct vis-à-vis legal, regulatory and statutory provisions and recommendations, standards and international and national best practices involving corporate governance; (ii) Propose to the Board of Directors – which in turn may convey this proposal to the General Meeting of Shareholders, if applicable – changes to Novabase's corporate governance model deemed relevant for the ongoing refinement of the company's corporate governance practices; (iii) Provide each year to the Board of Directors a proposed text for the Corporate Governance Report to disseminate throughout the company as an integral part of each year's Annual Report and Accounts. This report – drawn up according to CMVM recommendations on format and content – offers conclusions on Novabase's degree of compliance with legal, regulatory and statutory provisions, together with rules, recommendations, standards and international and national best practices involving corporate governance.

On 31 December 2012, the Corporate Governance Assessment Committee was comprised of the following members: Rogério dos Santos Carapuça (Chairman), Luís Paulo Salvado, Manuel Alves Monteiro, João Luís Correia Duque, José Afonso Oom Ferreira de Sousa and Joaquim Sérvulo Rodrigues.

The Corporate Governance Assessment Committee holds ordinary meetings twice per year, on a date and at a location set by its Chairman, and whenever called by the Chairman, at its own initiative or at the request of any of its members.

This committee may not operate unless duly attended or represented by a majority of members; any member may be represented at meetings by any other member via letter addressed to the Chairman. However, no member of the Corporate Governance Assessment Committee may represent more than one other member at the same time.

Meeting attendance via videoconferencing and postal voting are allowed.

Decisions are made by a majority vote, and the Chairman has a casting vote.

In 2012, Novabase did not create any specialized committee with the power to identify, in a timely manner, potential candidates with the high profile needed for the position of director, as this was not necessary in view of its size and the specific nature of its corporate governance model; an adequate definition does exist for the profile of candidates for management positions, as further explained in point II.36. of this report.

---

<sup>11</sup> The Board of Directors Performance Assessment Committee felt that a single meeting was sufficient in 2012, as mentioned in point II.13.; a second meeting during the financial year to simply fulfil the formalities of its internal regulations was considered unjustified.

Novabase also has a Remuneration Committee, which is not a managing or supervisory board, and which is responsible for establishing the terms and conditions of remuneration for corporate board members. The Remuneration Committee's composition, powers and other information are detailed in Section V of this report.

*II.4. Reference to the annual reports on the activities undertaken by the General and Supervisory Board, the Financial Board, the Auditing Committee and the Audit Board including the description of the supervisory activity and indicating any restraints found, and being subject to disclosure on the website of the company, together with the financial statements*

The annual report on the activity carried out by the Auditing Committee, which includes a description of its oversight activities, together with the fact that no constraints were found with regard to these activities, is published at Novabase's website together with its accounting documents, as an attachment to this document.

*II.5. Description of the company's internal control and risk management systems, particularly with regard to financial reporting and the functioning and effectiveness thereof*

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 implementing and monitoring a suitable internal control and risk management process, working towards its efficacy.

The company therefore 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.

Since Novabase does business in the area of Information Technology, this system has identified the following main risks (in addition to the other economic, financial and legal risks listed in point II.9., whose risk factors are also considered via this model) and corresponding risk factors: (i) risk that the solutions developed may become obsolete relatively fast, due to the market trend of adopting their base technologies or changes in customers' business needs and investment priorities; (ii) risk that a proposed solution may prove unsuitable in terms of the choices made or the timing of the development of new solutions, due to the incorrect forecasting of technology trends or trends in our customers' business sectors impacting their information systems needs.

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

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. Periodic, focused internal audits are thus performed, covering all of Novabase's affiliates.

In addition, 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 meetings at least once per quarter between the Chairman of the Board of Directors, CRO and Auditing Committee. Director Francisco Paulo Figueiredo Morais Antunes holds the position of CRO.

Along these lines, it should be noted that the Auditing Committee, as an inspection body, monitors the activity of the external auditors, as well as that of the internal auditors, assessing annual internal auditing plans, obtaining information about the actions performed by this team and providing an opinion regarding their conclusions.

In this context, this committee 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.

The Board of Directors is also 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, namely the Executive Committee and the Board of Directors.

In 2012, the risk management and internal control model implemented allowed the risks and risk factors mentioned above to be identified, effectively helping to prevent them.

*II.6. Responsibility of the Board of Directors and the Supervisory Board in establishing and operating the company's internal control and risk management systems, and also in assessing said system's functioning and adaptation to the company's requirements*

The company's Board of Directors is responsible for implementing and monitoring a suitable internal control and risk management process, working towards its efficacy. Systematic and regular monitoring of this matter is directly conducted by the Executive Committee with the aim of optimizing management of risk that can negatively impact achievement of the strategic business goals. The process is based on anticipating and identifying risk, permitting its timely management through processes of delegating responsibilities and suitable internal communication channels.

As mentioned in the previous point, 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. Internal audits are thus conducted and essentially focused on processes that impact the financial area and covering all of Novabase's affiliates.

The Auditing Committee, as an inspection body, monitors the activity of the external auditors, as well as that of the internal auditors, assessing annual internal auditing plans, obtaining information about the actions performed by this team and providing an opinion regarding their conclusions.

In this context, this committee will also have 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.

The Board of Directors is also 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.

Although formal reporting structures to the Auditing Committee currently do not exist for the internal auditing area and areas that ensure compliance with norms applicable to the company (compliance services), regardless of these areas' hierarchical relationship with the company's executive management, the position of Chief Risk Officer ("CRO") has been created at Novabase, to whom these areas report with regard to risk management and prevention. The CRO is responsible for reporting to the Chairman of the Board of Directors, with meetings at least once per quarter between the Chairman of the Board of Directors, CRO and Auditing Committee. Director Francisco Paulo Figueiredo Morais Antunes holds the position of CRO.

*II.7. Indication of the existence of operating regulations for the company's corporate boards or other rules related to the internally defined incompatibilities, the maximum number of positions that can be accumulated and where they can be consulted.*

The Board of Directors, Executive Committee, Auditing Committee, Board of Directors Performance Assessment Committee and Corporate Governance Assessment Committee have their own operating regulations, which are available for consultation online at Novabase's website.

Beyond those resulting from applicable legislation, there are no other regulations regarding incompatibilities or the maximum number of positions that can be accumulated applicable to Novabase corporate boards.

## Section II – Board of Directors

---

*II.8. In the event of the Board of Directors' Chairman carrying out an executive role, an indication of the mechanisms coordinating the tasks of non-executive members in order to ensure independence and notification of decisions.*

Not applicable.

*II.9. Identification of the major economic, financial and legal risks to which the company is exposed in pursuing its business activity.*

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

As regards credit risk, although it is focused on major customers and its credibility is above average, Novabase has internally developed a customer credit risk analysis system that includes categorization prior to the presentation of a work proposal, involving the reality of the potential risk and associating the hierarchical approval level suited to it subsequent to that categorization.

As regards legal risk, potential problems with customers and employees are the most probable. These risks are part of the internal control system in terms of project management, relationships with outside entities and internal departmental processes. Procedures have been defined to streamline the prior analysis of all contracts and other legal processes by the legal department, thereby minimizing potential future sources of risk. In addition, the status of current legal proceedings is regularly monitored, with an analysis of their potential financial impacts.

Some of the Group's business areas are exposed to exchange risk (primarily EUR/USD), which is analysed and hedged through an exchange management policy based on "natural hedging", or using the exchange derivatives market or even exchange options.

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

Where project risk management is concerned, Novabase has a project qualification methodology which analyses various specific parameters. Once the risk of the project has been ascertained, it is assigned to a project manager with the appropriate seniority. A number of qualifying training courses for project managers have been pursued in recent years. It should also be mentioned that there is a methodology in place that involves conducting internal project audits with the appropriate frequency. A system of ceilings is in place, by which authorization of proposals must be validated by a supervisor and the maximum ceiling requires authorization by the Board itself. There is a procedure for centrally validating, sending and filing proposals, which is revised by Novabase's legal department at the contract level. This department must issue its opinion before any proposal is sent to a customer.

*II.10. Powers of the board of directors, namely with respect to decisions to increase capital.*

The authority and powers of the Board of Directors are described in point II.3. above of this report.

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 five years at the Annual General Meeting of Shareholders of 03 May 2012.

*II.11. The information on the rotation policy of the Board of Directors' functions, namely as to the financial responsibility division and the rules applicable to the appointment and replacement of members of the board of directors and of the supervisory board.*

The members of the Board of Directors and Auditing Committee are appointed and replaced in the performance of their duties, pursuant to the law.

*Constitutive quorum for the General Meeting of Shareholders*

The General Meeting of Shareholders can, on first or second notice, decide on the appointment and replacement of members of the managing and supervisory body, however many shareholders are represented there.

*Deliberative quorum for the General Meeting of Shareholders*

The General Meeting of Shareholders can, whether it meets on first or second notice, decide on the appointment and replacement of members of the managing and supervisory body, by a majority of votes cast, no matter what percentage of the share capital is represented there, with abstentions not being counted.

It should also be noted that, pursuant to Article 17 (4) of Novabase's 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, as is the case for executive directors who fail to attend, without justification approved by the Board of Directors, over one fifth of Executive Committee meetings in the same period.

Novabase currently has no formal rotation of functions policy for Board of Directors, specifically with regard to the individual in charge of the financial function.

However, it should be noted that Novabase has significantly and frequently rotated the holders of executive positions.

For instance, Director Francisco Antunes has performed the duties of Chief Financial Officer (CFO) following the General Meeting of Shareholders of 28 April 2009, having replaced Luís Paulo Salvado, who had held this position since 12 April 2007. On 6 May 2010, the Executive Committee decided that Director Francisco Antunes would also take on the responsibility of Novabase Legal Management, previously held by Luís Paulo Salvado. Along these lines, an executive director elected for the first time in 2012, Paulo Jorge de Barros Pires Trigo, who holds the position of COO, took on a number of responsibilities previously managed by other executive directors.

In addition to these changes, the company's remaining management (and supervisory) positions have seen a considerable amount of rotation. For instance, in 2009, the executive positions of directors Rogério dos Santos Carapuça, José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro Marques de Carvalho also ended, with former CFO Luís Paulo Cardoso Salvado taking the position of Novabase CEO. Finally, it should be noted that a new member of the Auditing Committee, João Luís Correia Duque, was elected in 2009.

*II.12. The number of meetings held by the board of directors and the supervisory board as well as reference to the minutes of said meetings.*

See information in next point.

*II.13. The number of meetings held by the Executive Committee or by the Executive Board of Directors, as well as reference to the drawing up of the minutes of those meetings and whenever applicable, the submission of same with the convening notices to the Chair of the Board of Directors, the Chair of the Audit Board or of the Auditing Committee, the Chair of the General and Supervisory Board and to the Chair of the Financial Matters Committee.*

The table below lists the number of meetings of the Novabase managing and auditing bodies during the 2012 financial year, indicating the date on which they were held:



Governing Body	Board of Directors	Executive Committee	Auditing Committee
Number of meetings	13	38	8
Meeting dates	12 Jan. 2012 01 Feb. 2012 14 Mar. 2012 29 Mar. 2012 03 Apr. 2012 03 Apr. 2012 31 May 2012 28 Jun. 2012 23 Jul. 2012 27 Sept. 2012 25 Oct. 2012 29 Nov. 2012 20 Dec. 2012	05 Jan. 2012 18 Jan. 2012 25 Jan. 2012 27 Jan. 2012 01 Feb. 2012 08 Feb. 2012 15 Feb. 2012 29 Feb. 2012 07 Mar. 2012 09 Mar. 2012 13 Mar. 2012 30 Mar. 2012 11 Apr. 2012 26 Apr. 2012 02 May 2012 09 May 2012 16 May 2012 30 May 2012 06 Jun. 2012 20 Jun. 2012 04 Jul. 2012 10 Jul. 2012 18 Jul. 2012 25 Jul. 2012 05 Sept. 2012 12 Sept. 2012 19 Sept. 2012 03 Oct. 2012	02 Feb. 2012 29 Mar. 2012 31 May 2012 31 May 2012 28 Jun. 2012 23 Jul. 2012 27 Sept. 2012 20 Dec. 2012

		17 Oct. 2012	
		31 Oct. 2012	
		05 Nov. 2012	
		07 Nov. 2012	
		14 Nov. 2012	
		15 Nov. 2012	
		21 Nov. 2012	
		28 Nov. 2012	
		05 Dec. 2012	
		19 Dec. 2012	

Note that the Chairman of the Novabase Executive Committee is responsible for submitting the minutes of the Executive Committee meetings to the Chairman of the Board of Directors and Chairman of the Auditing Committee. In addition, the Chairman of the Board of Directors may attend Executive Committee meetings, without voting rights, and also receives the respective meeting notices for this purpose (in keeping with the Executive Committee's internal regulations). The Chairman of the Auditing Committee is informed of the agenda in the meeting minutes. All non-executive directors also receive the Executive Committee meeting minutes.

In turn, both the Board of Directors Performance Assessment Committee met once in 2012, and the Corporate Governance Assessment Committee met twice in 2012. The corporate boards and specialized committees draw up their own meeting minutes.

*II.14. Distinction between executive and non-executive members and among these, differentiating those members that would comply if the incompatibility rules were to be applied (Article 414-A (1) of the Commercial Companies Code, except for item b) and the independency criteria provided for in Article 414 (5), both of the Commercial Companies Code).*

The following figure illustrates the composition of the Board of Directors on 31 December 2012, including a breakdown of executive versus non-executive and independent versus non-independent members, and an indication of the members who comply with incompatibility regulations applicable to the performance of supervisory duties:

Director	Member of Committee within Board of Directors	Category	Independent	Complies with Article 414-A (1) of the Commercial Companies Code
Rogério dos Santos Carapuça	CAACA <sup>1</sup> CAGS <sup>2</sup>	Non-executive	No	No
Luís Paulo Cardoso Salvado	CE <sup>3</sup> CAACA CAGS	Executive	No	No
João Nuno da Silva Bento	Executive Committee	Executive	No	No
Álvaro José da Silva Ferreira	Executive Committee	Executive	No	No
Nuno Carlos Dias dos Santos Fórneas	Executive Committee	Executive	No	No
Francisco Paulo Figueiredo Morais Antunes	Executive Committee	Executive	No	No
Paulo Jorge de Barros Pires Trigo	Executive Committee	Executive	No	No
Luís Fernando de Mira Amaral	CAUD <sup>4</sup> CAACA	Non-executive	Yes	Yes
Manuel Alves Monteiro	CAUD CAGS	Non-executive	Yes	Yes
João Luis Correia Duque	CAUD CAGS	Non-executive	Yes	Yes
José Afonso Oom Ferreira de Sousa	CAACA CAGS	Non-executive	No	No
Joaquim Sérvulo Rodrigues	CAACA CAGS	Non-executive	No	No
Pedro Miguel Quinteiro Marques de Carvalho	CAACA	Non-executive	No	Yes

<sup>1</sup> Board of Directors Performance Assessment Committee

<sup>2</sup> Corporate Governance Assessment Committee

<sup>3</sup> Executive Committee

<sup>4</sup> Auditing Committee

**II.15. A description of the legal and regulatory rules and other criteria that have been used as a basis for assessing the independency of its members carried out by the board of directors.**

As regards the Board of Directors' composition and operation, the independence of its members is assessed under the terms of Article 414 of the Commercial Companies Code, while also considering applicable incompatibility rules pursuant to Article 414-A (1) of this same code.

The Board of Directors assesses the independence of its members, seeking to ensure the systematic and time-related consistency of the independence criteria applied throughout the company. Specifically, as a principle, any director which, in another corporate board, could not assume this same position due to applicable rules, should not be considered independent.

Along these same lines, three members of the Board of Directors are in compliance with the incompatibility rules laid out in Article 414-A (1) of the Commercial Companies Code, also

fulfilling the independence criteria laid out in Article 414 (5) of the Commercial Companies Code, namely Luís Fernando de Mira Amaral, Manuel Alves Monteiro and João Luís Correia Duque. One non-independent non-executive member, Pedro Miguel Quinteiro Marques de Carvalho, is also in compliance with these incompatibility rules.

Novabase's Board of Directors has a sufficient number of non-executive members to ensure the efficient supervision, auditing and assessment of the executive members' activity.

However, since the 2012 General Meeting of Shareholders, this management body has not had a sufficient number of independent non-executive directors, pursuant to the provisions of Recommendation No. II.1.2.2 of the Corporate Governance Code, which states that this number may never be less than a fourth of the total number of directors.

This was due to the fact that Novabase elected a new executive director, who took on the duties of COO, which was absolutely necessary in view of the new challenges faced by the company and the increased know-how brought to the managing board by this new director. Moreover, redistributing any Executive Committee duties to decrease the number of executive directors was not feasible.

As stated previously, since Novabase already has a sufficient number of non-executive directors, artificially increasing their number for the mere purpose of adopting this recommendation was also not an advisable solution.

In this way, and in view of Novabase's needs vis-à-vis its size and nature, the decision was made to not arbitrarily inflate the Board of Directors.

*II.16. A description of the selection rules for candidates for non-executive member positions and the way in which executive members refrain from interfering in the selection process.*

Candidates for non-executive director positions are selected through a process conducted exclusively by shareholders, in which they are nominated for election at the General Meeting of Shareholders via a proposal signed by the company's shareholders, with no interference by executive directors, as such, at any time during the selection process, to the decision-making process of the shareholders for the names to be submitted to the General Meeting of Shareholders. None of the current non-executive directors was co-opted during this term.

It should be noted with regard to this matter that some qualified company shareholders and signatories of the shareholders' agreement referred to in point III.5. of this report are also executive directors at Novabase, and that this shareholders' agreement establishes the obligation to draw up, together with all signatories before the elections at the General Meeting of Shareholders, proposals to appoint members to corporate boards; because of these facts, the CMVM does not believe that Recommendation No. II.1.3.2. of the CMVM Corporate Governance Code – which states that the selection process of candidates for non-executive members should be structured so as prevent interference by executive directors – has been adopted.

However, in view of the scope of the recommendation in question, Novabase believes that the factual existence of qualified shareholders who may influence, as shareholders, the process of selecting candidates for non-executive directors would not entail the need to consider this recommendation as not adopted by the company.

In fact, the scope of this recommendation seems to revolve around the need to prevent executive directors from influencing (due to their intense involvement in the company's daily activities) the selection process for directors who, among other duties, will be supervising the activities of executive management.

Along these lines, it should also be noted that the directors in question are only three of the six members of the Executive Committee; the three executive directors who are not in this situation do not have any influence or involvement in the process of selecting candidates for non-executive director positions, clearly demonstrating that any involvement of people performing executive duties in this selection process is in no way related to the performance of these duties.

Moreover, in accordance with the information shown in point III.5. of this report, the signatories of the shareholders' agreement in question (in effect on 31 December 2012) who are Novabase executive directors owned only 41.69% of the shares covered by the terms and conditions of this agreement; as such, they were not in a position, by themselves, to have any decisive factual influence in the process of selecting non-executive directors.

Notwithstanding the above, in view of the CMVM's opinion, Novabase believes that Recommendation No. II.1.3.2 has not been adopted, and has instead chosen to keep the current rules for selecting directors, since it does not wish to implement rules that restrict or invalidate rights of any kind to which its shareholders are lawfully entitled.

Finally, as mentioned above in the General Corporate Governance Model Assessment in Chapter 0 (see also point II.36. of this report), in 2012, Novabase did not create any specialized committee with the power to identify, in a timely manner, potential candidates with the high profile needed for the position of director, for the reasons stated therein.

*II.17. Reference to the fact that the company's annual management report includes a description on the activity carried out by non-executive members and possible obstacles that may be detected.*

A report on the activities carried out by non-executive directors in 2012 is attached to this report, specifically stating that no obstacles to these activities were detected.

*II.18. Professional qualifications of the members of the board of directors, indication of the professional activities they have exercised within the past five years at least, the number of company shares they own, date of first appointment and date of the end of the term.*

Director (date of first appointment/end of term)	# shares <sup>1</sup>	Professional Qualifications	Professional Experience and Responsibilities in last 5 years
Rogério dos Santos Carapuça (29 Mar. 1994 / 31 Dec. 2014)	<ul style="list-style-type: none"> <li>1,884,787</li> </ul>	<ul style="list-style-type: none"> <li>Ph.D in Electrotechnical and Computer Engineering from IST</li> <li>M.Sc. in Electrotechnical and Computer Engineering from IST</li> <li>Graduate in Electrotechnical and Computer Engineering from IST</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of the Board of Directors / Venture Capital business / Government &amp; Healthcare sector</li> <li>Chairman of the Board of Directors Performance Assessment Committee</li> <li>Chairman of the Corporate Governance Assessment Committee</li> <li>Director of various Novabase Group companies</li> <li>Member of the Faculty Council of the UNL Faculty of Sciences and Technologies</li> <li>Member of the Scientific Board of Exact Sciences and Engineering of the Foundation for Science and Technology (Fundação para a Ciência e Tecnologia)</li> </ul> <p>Formerly:</p> <ul style="list-style-type: none"> <li>CEO and Executive Committee member responsible for Marketing &amp; Communication</li> </ul>
Luís Paulo Cardoso Salvado (18 Mar. 1998 / 31 Dec. 2014)	<ul style="list-style-type: none"> <li>2,079,592</li> </ul>	<ul style="list-style-type: none"> <li>MBA in Information Management from Universidade Católica Portuguesa</li> <li>Graduate in Electrotechnical and Computer Engineering from IST</li> </ul>	<ul style="list-style-type: none"> <li>CEO / CHRO / Aerospace &amp; Transportation sector / Business Design / Corporate Development / Investor Relations</li> <li>Member of the Board of Directors Performance Assessment Committee</li> <li>Member of the Corporate Governance Assessment Committee</li> </ul>

			<ul style="list-style-type: none"> <li>Director of various Novabase Group companies</li> </ul> <p><u>Formerly:</u></p> <ul style="list-style-type: none"> <li>CFO and CLO of Novabase Group and CEO of Novabase Consulting</li> </ul>
João Nuno da Silva Bento (09 Nov. 1999 / 31 Dec. 2014)	<ul style="list-style-type: none"> <li>1,899,799</li> </ul>	<ul style="list-style-type: none"> <li>MBA in Information Management from Universidade Católica Portuguesa</li> <li>Graduate in Electrotechnical and Computer Engineering from IST</li> </ul>	<ul style="list-style-type: none"> <li>International Digital TV business / Energy &amp; Utilities sector / Telecoms &amp; Media sector</li> <li>Director of various Novabase Group companies</li> </ul> <p><u>Formerly:</u></p> <ul style="list-style-type: none"> <li>CEO of Novabase Digital TV</li> </ul>
Álvaro José da Silva Ferreira (03 Mar. 2000 / 31 Dec. 2014)	<ul style="list-style-type: none"> <li>1,519,074</li> </ul>	<ul style="list-style-type: none"> <li>MBA from Universidade Nova de Lisboa</li> <li>Graduate in Informatics Engineering from Universidade Nova de Lisboa</li> </ul>	<ul style="list-style-type: none"> <li>African region: Angola, Mozambique</li> <li>Director of various Novabase Group companies</li> </ul> <p><u>Formerly:</u></p> <ul style="list-style-type: none"> <li>Novabase Group CHRO / CIO</li> <li>Novabase IMS CEO</li> </ul>
Nuno Carlos Dias dos Santos Fórneas (28 Apr. 2009 / 31 Dec. 2014)	<ul style="list-style-type: none"> <li>122,757</li> </ul>	<ul style="list-style-type: none"> <li>MBA from ISEG</li> <li>Graduate in Electrotechnical and Computer Engineering from IST</li> </ul>	<ul style="list-style-type: none"> <li>CMO / Financial Services sector / Manufacturing &amp; Services sector / Region of Spain</li> </ul> <p><u>Formerly:</u></p> <ul style="list-style-type: none"> <li>Novabase Consulting Executive</li> </ul>
Francisco Paulo Figueiredo Morais Antunes (28 Apr. 2009 / 31 Dec. 2014)		<ul style="list-style-type: none"> <li>Master's in Finance from ISCTE</li> <li>Graduate in Management from ISCTE</li> </ul>	<ul style="list-style-type: none"> <li>CIO / CFO / CLO / CRO / International Task Force</li> <li>Director of various Novabase Group companies</li> </ul> <p><u>Formerly:</u></p> <ul style="list-style-type: none"> <li>Novabase Group Financial Director</li> </ul>

Paulo Jorge de Barros Pires Trigo (03 May 2012 / 31 Dec. 2014)	<ul style="list-style-type: none"> <li>• 50,000</li> </ul>	<ul style="list-style-type: none"> <li>• Graduate in Electrotechnical Engineering and Computers at Instituto Superior Técnico (IST - Higher Technical Institute)</li> </ul>	<ul style="list-style-type: none"> <li>• COO</li> <li>• Director of various Novabase Group companies</li> </ul> <p>Formerly:</p> <ul style="list-style-type: none"> <li>• CelFocus Director</li> </ul>
Luís Fernando de Mira Amaral (20 Apr. 2006 / 31 Dec. 2014)	<ul style="list-style-type: none"> <li>• 6,305</li> </ul>	<ul style="list-style-type: none"> <li>• Postgraduate Diploma in Management (Stanford Executive Program) from Stanford University</li> <li>• M.Sc. in Economics from Universidade Nova de Lisboa</li> <li>• Graduate in Electronic Engineering from IST</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman of the Auditing Committee</li> <li>• Member of the Board of Directors Performance Assessment Committee</li> <li>• CEO and Vice President of Caixa Geral de Depósitos</li> <li>• Director of Sociedade Portuguesa de Inovação, SA</li> <li>• Director of BPI</li> <li>• CEO of Banco BIC Português</li> <li>• Member of the Royal Lankhorst Group Supervisory Board</li> </ul>
Manuel Alves Monteiro (20 Apr. 2006 / 31 Dec. 2014)	<ul style="list-style-type: none"> <li>• 9,000</li> </ul>	<ul style="list-style-type: none"> <li>• Graduate in Law, member of the Portuguese Bar Association (Ordem dos Advogados)</li> <li>• Business Management and Corporate Governance Program – Wharton University, Pennsylvania, USA</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Auditing Committee</li> <li>• Member of the Corporate Governance Assessment Committee</li> <li>• Non-executive director of CIN-SGPS</li> <li>• Member of the General and Supervisory Board of EDP</li> <li>• Chairman of the Remuneration Committees of the following companies: AICEP Capital, S.A.; AICEP Global Parques, S.A.; Douro Azul, S.A.; Sardinha &amp; Leite SGPS, S.A.</li> <li>• Member of the Coordinating Board of SEDES</li> </ul>



João Luis Correia Duque (28 Apr. 2009 / 31 Dec. 2014)	<ul style="list-style-type: none"> <li>• 500</li> </ul>	<ul style="list-style-type: none"> <li>• Ph.D in Business Administration from Manchester Business School / Manchester University</li> <li>• Graduate in Company Organization and Management from ISEG / UTL</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Auditing Committee</li> <li>• Member of the Corporate Governance Assessment Committee</li> <li>• President and Full Professor at ISEG</li> <li>• Chairman of IDEFE / ISEGMember of the Audit Board of Sagres – Sociedade de Titularização de Créditos, SA</li> </ul>
José Afonso Oom Ferreira de Sousa (24 Jan. 1991 / 31 Dec. 2014)	<ul style="list-style-type: none"> <li>• 2,514,947</li> </ul>	<ul style="list-style-type: none"> <li>• MBA from Universidade Nova</li> <li>• M.Sc. in Electrotechnical Engineering from IST</li> <li>• Graduate in Electrotechnical Engineering from IST</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Board of Directors Performance Assessment Committee</li> <li>• Member of the Corporate Governance Assessment Committee</li> </ul> <p><u>Formerly:</u></p> <ul style="list-style-type: none"> <li>• CLO and CFO of Novabase Group</li> <li>• Director of various Novabase Group companies</li> </ul>
Joaquim Sérvulo Rodrigues (29 Apr. 2003 / 31 Dec. 2014)		<ul style="list-style-type: none"> <li>• MBA from INSEAD</li> <li>• M.Sc. in Electrotechnical Engineering from IST</li> <li>• Graduate in Electrotechnical Engineering from IST</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Board of Directors Performance Assessment Committee</li> <li>• Member of the Corporate Governance Assessment Committee</li> <li>• Chairman of the executive committee of the board of directors of Es Tech Ventures, SGPS, SA</li> <li>• Chairman of the executive committee of the board of directors of ES Ventures, SCR, SA</li> <li>• School board member of the Higher Technical Institute</li> </ul>

			(Instituto Superior Técnico – UTL) <ul style="list-style-type: none"> <li>• Member of management of COTEC</li> <li>• Director of various companies from the portfolio of the prior companies</li> </ul>
Pedro Miguel Quinteiro Marques de Carvalho (24 Jan. 1991 / 31 Dec. 2014)	<ul style="list-style-type: none"> <li>• 2,170,679</li> </ul>	<ul style="list-style-type: none"> <li>• Graduate in Applied Mathematics from Universidade de Lisboa</li> </ul>	<ul style="list-style-type: none"> <li>• Member of the Board of Directors Performance Assessment Committee</li> </ul> <p><u>Formerly:</u></p> <ul style="list-style-type: none"> <li>• Director responsible for the administrative and logistics area</li> <li>• Novabase Group CIO</li> <li>• Director of various Novabase Group companies</li> </ul>

<sup>1</sup>The shareholdings referred to in the above table also comply with the report of the Shareholdings of Corporate Board Members (Article 447 (5) of the Commercial Companies Code).

*II.19. Duties that the members of the board of directors perform in other companies, broken down according to those exercised in other companies of the same group.*

In addition to their management of Novabase, the members of the Board of Directors who also manage other companies are as follows:

Director	Companies in the Novabase Group <sup>1</sup>	Other Companies <sup>1</sup>
Rogério dos Santos Carapuça	<ul style="list-style-type: none"> <li>• Novabase Business Solutions, S.A.</li> <li>• Novabase Capital, S.A.</li> </ul>	
Luís Paulo Cardoso Salvado	<ul style="list-style-type: none"> <li>• Novabase Consulting SGPS, S.A.</li> <li>• Novabase Serviços, S.A.</li> <li>• Novabase Business Solutions, S.A.</li> </ul>	
João Nuno da Silva Bento	<ul style="list-style-type: none"> <li>• Novabase Interactive TV, SGPS S.A.</li> <li>• Celfocus, S.A.</li> </ul>	

	<ul style="list-style-type: none"> <li>• Novabase Business Solutions, S.A.</li> <li>• Collab, S.A.</li> <li>• Novabase Digital TV, S.A.</li> <li>• TVLAB, S.A.</li> <li>• Novabase Middle East</li> </ul>	
Álvaro José da Silva Ferreira	<ul style="list-style-type: none"> <li>• NBO, S.A.</li> <li>• Novabase Enterprise Applications, S.A.</li> <li>• Novabase Business Solutions, S.A.</li> <li>• Novabase Atlântico, S.A.</li> <li>• Novabase Infraestructuras e Integración de Sistemas Informáticos, SA</li> <li>• NBASIT</li> <li>• NBMSIT</li> </ul>	<ul style="list-style-type: none"> <li>• Director of Groovesnore – Investimentos Imobiliários, Lda</li> </ul>
Nuno Carlos Dias dos Santos Fórneas	<ul style="list-style-type: none"> <li>• Novabase Serviços</li> <li>• Novabase Business Solutions, SA</li> <li>• Novabase Infraestruturas SGPS</li> <li>• Novabase Consulting, SA (Spain)</li> <li>• Binómio</li> <li>• Novabase Infraestructuras e Integración de Sistemas, SA</li> </ul>	
Francisco Paulo Figueiredo Morais Antunes	<ul style="list-style-type: none"> <li>• Novabase Interactive TV</li> <li>• Novabase Consulting SGPS</li> <li>• Novabase Serviços</li> <li>• Novabase Enterprise Applications</li> <li>• Novabase Business Solutions, SA</li> <li>• Collab, S.A.</li> <li>• Octal, S.A.</li> </ul>	<ul style="list-style-type: none"> <li>• Managing partner of Commstock, Lda.</li> </ul>

	<ul style="list-style-type: none"> <li>• Novabase Digital TV, S.A.</li> <li>• TVLAB, S.A.</li> <li>• Novabase IMS</li> <li>• Novabase Infraestruturas SGPS</li> <li>• Novabase Digital TV GmbH</li> <li>• NBASIT</li> <li>• NB EURL</li> <li>• Evolvespace Solutions, Lda.</li> <li>• Novabase Capital</li> <li>• NBMSIT</li> </ul>	
Paulo Jorge de Barros Pires Trigo	<ul style="list-style-type: none"> <li>• Novabase Business Solutions</li> <li>• Novabase Consulting SGPS</li> <li>• Novabase Enterprise Applications</li> <li>• Celfocus</li> <li>• NBO</li> <li>• Novabase Sistemas de Información</li> <li>• Novabase IMS</li> <li>• Novabase Infraestruturas SGPS</li> <li>• Octal</li> <li>• Binómio</li> </ul>	<ul style="list-style-type: none"> <li>• </li> </ul>
Luís Fernando de Mira Amaral		<ul style="list-style-type: none"> <li>• CEO of Banco BIC Português</li> <li>• SPI Director</li> </ul>
Manuel Alves Monteiro		<ul style="list-style-type: none"> <li>• Non-executive director of CIN, SGPS</li> <li>• Member of the General and Supervisory Board of EDP</li> </ul>
João Luis Correia Duque		<ul style="list-style-type: none"> <li>• Non-executive director of</li> </ul>

		<p>Sogevinus, SGPS.</p> <p>Chairman of the Board of Directors of IDEFE – Instituto para o Desenvolvimento e Estudos Económicos</p>
José Afonso Oom Ferreira de Sousa		<ul style="list-style-type: none"> <li>• Director of Fundação Maria Dias Ferreira</li> <li>• Director of Quinta de Santa Margarida – Propriedades e Investimentos, SA</li> <li>• Director of Xistroban – Imobiliária, SA</li> <li>• Director of Aprove – Investimentos e Projectos Imobiliários, SA</li> <li>• Managing partner of S2i – Sociedade de Investimento Imobiliário, Lda.</li> </ul>
Joaquim Sérvulo Rodrigues		<ul style="list-style-type: none"> <li>• Chairman of the executive committee of the board of directors of Es Tech Ventures, SGPS, SA</li> <li>• Chairman of the Executive Committee of ES Venture, SCR, S.A.</li> <li>• Executive director of Bica da Sapataria - Empreendimentos Agrícolas e Gestão, S.A.</li> <li>• Director of Watson Brown</li> <li>• Director of PVCi-SCR.</li> <li>• Director of Military Commercial Technologies, Inc.</li> <li>• Director of ES Contact Center, S.A.</li> <li>• Director of ES Capital – S.C.R., S.A.</li> <li>• Director of Atlantic Ventures Corporation,</li> </ul>

		<p>LLC</p> <ul style="list-style-type: none"> <li>• Director of Oceanlix, Pty</li> <li>• Director of Outsystems, S.A.</li> <li>• Director of Ynvisible, S.A.</li> <li>• Director of SafetyPay, Inc.</li> <li>• Director of Bridges Worldwide Holding, SGPS, S.A.</li> </ul>
<p>Pedro Miguel Quinteiro Marques de Carvalho</p>		<ul style="list-style-type: none"> <li>• Managing partner of LX Gourmet Falcão Branco – Produtos Alimentares de Qualidade, Lda.</li> <li>• Director of Feedzai – Consultadoria e Inovação Tecnológica, SA</li> <li>• MQC – Investimentos Imobiliários, SA</li> <li>• Sole Director of Muzzley, S.A.</li> </ul>

<sup>1</sup> As of 31 December 2012

### Section III – General and Supervisory Board, Financial Matters Committee, Auditing Committee and Audit Board

*As applicable,*

*II.21. Identification of the members of the audit board, stating that they comply with the incompatibility rules stipulated in Article 414-A (1), and the independence criteria stipulated in Article 414 (5), both of the Commercial Companies Code. For said purpose, the audit board may carry out the relevant self-assessment.*

Since it has adopted the Anglo-Saxon corporate governance model, Novabase does not have an audit board.

Nonetheless, as regards its composition and operation, the Auditing Committee independently assesses the independence of its respective members, pursuant to Article 414 of the Commercial Companies Code. Similarly, members of the Auditing Committee are subject to the incompatibility rules referred to in Article 414-A (1) of this same code.

The Auditing Committee assesses the independence of its members, seeking to ensure the systematic and time-related consistency of the independence criteria applied. Specifically, as a

principle, any Auditing Committee member which, in another corporate board, could not assume this same position due to applicable rules, should not be considered independent.

Therefore, although Novabase does not have an audit board, the following should be noted:

Member of the Auditing Committee	Category	Independent	Complies with Article 414-A (1) of the Commercial Companies Code
Luís Fernando de Mira Amaral	Non-executive director	Yes	Yes
Manuel Alves Monteiro	Non-executive director	Yes	Yes
João Luis Correia Duque	Non-executive director	Yes	Yes

Along these same lines, all members of the Auditing Committee are in compliance with the incompatibility rules laid out in Article 414-A (1) of the Commercial Companies Code, and fulfil the independence criteria laid out in Article 414 (5) of the Commercial Companies Code, namely Luís Fernando de Mira Amaral, Manuel Alves Monteiro and João Luís Correia Duque.

In addition, the Chairman and other members of the Auditing Committee are adequately capable of carrying out their duties.

*II.22. Professional qualifications of the members of the audit board, indication of the professional activities they have exercised within the past five years at least, the number of company shares they own, date of first appointment and date of the end of the term.*

Not applicable.

*II.23. Duties that the members of the audit board perform in other companies, broken down according to those exercised in other companies of the same group.*

Not applicable.

*II.24. Reference to the fact that the audit board assesses the external auditor on an annual basis and the possibility of proposing to the General Meeting of Shareholders that the auditor be discharged whenever justifiable grounds are present.*

As stated in point II.21. above, since it has adopted the Anglo-Saxon corporate governance model, Novabase does not have an audit board. The following information is in reference to the Auditing Committee.

As described in point II.3. above, the Auditing Committee collaborates with the Board of Directors in selecting external auditors and in determining the respective remuneration, as well as supervising these auditors' work, including verification of the existence of suitable conditions for providing external auditing services and receipt of the respective reports, assessing the external auditor on an annual basis. To date, there has been no need to justifiably dismiss any entity performing these duties.

Notwithstanding the above, it should be noted that contrary to the statutory provisions concerning statutory auditors, the law and Novabase's articles of association do not empower the General Meeting of Shareholders to appoint external auditors. For this reason, the possibility of proposing the auditor's justified dismissal to the General Meeting of Shareholders does not exist.

*II.25. Identification of the members of the general and supervisory board and other committees created within the company for the purposes of assessing the individual and overall performance of the executive members, consideration on the governance system that has been adopted by the company and the identification of potential candidates with the professional profile fitting the member position.*

Not applicable.

*II.26. Statement indicating that members comply with the incompatibility rules provided for in Article 414-A (1), including item f), and the independency criteria provided for in Article 414 (5), both of the Commercial Companies Code. For said purpose, the general and supervisory board carries out the relevant self-assessment.*

Not applicable.

*II.27. Professional qualifications of the members of the general and supervisory board and other committees created under its auspices, indication of the professional activities they have exercised within the past five years at least, the number of company shares they own, date of first appointment and date of the end of the term.*

N/A

*II.28. Duties that the members of the general and supervisory board and other committees created under its auspices perform in other companies, broken down according to those exercised in other companies of the same group.*

N/A

*II.29. Description of the remuneration policy including that of the managers within the concept of Article 248-B (3) of the Securities Code and of the other workers whose professional activity might have a relevant impact on the risk profile of the company and whose remuneration contains an important variable component.*

Only the members of Novabase's Board of Directors are considered managers, within the meaning of Article 248-B/3 of the Securities Code.

Independent non-executive directors are only remunerated with a fixed salary, and are not entitled to any variable component in their salary. The Remuneration Committee is also responsible for deciding whether the remaining non-executive directors and executive directors will receive a fixed component and a variable component, or just a fixed component.

Notwithstanding the above, it should be noted that, by unanimous decision of the Remuneration Committee in a meeting held on 19 September 2006, Novabase directors who are primarily dedicated to the management of companies in the Novabase Group shall have a variable remuneration consisting of (i) a sum to be paid in cash, to be defined annually by the



Remuneration Committee, according to the performance and results of the company each year and the contribution of each director to these results; and (ii) a set of options attributed according to the current plan in effect.

Directors' variable cash remuneration component is therefore aligned with Novabase's annual performance, while the options component aligns this remuneration with the stock performance of the Novabase share. The variable remuneration in cash paid in 2012 (€550,303.00, as shown in the table in point II.31.) corresponds to 50% of the amount allocated for 2011 in 2012, and 1/6 of the amount allocated for 2010 in 2011. The remaining 50% of the amount allocated for 2011 in 2012 is subject to deferred payments in the following 3 years (2013, 2014 and 2015) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

As regards the variable remuneration component comprised of options to allot shares, the options' strike price and take-up price are based on an average share price in the ninety days preceding the relevant dates (described in more detail in point III.10.). For this reason, the options will be more valuable as Novabase's share price rises while the management position is held, and until the options are exercised, thereby aligning the interests of the company's managers and shareholders.

As described in greater detail in point III.10. of this report, attributed options in 2012 may be exercised in blocks, corresponding to 1/3 of all options, on each anniversary of their attribution date, while unexercised options may be exercised on their subsequent maturity date. In addition, shares acquired through the exercising of options may not be sold or encumbered for one year (50% of the total shares acquired).

Furthermore, as also described in point III.10. of this report, the strike price of the options allotted to the directors elected at the General Meeting of Shareholders of 03 May 2012 was €2.19 per share. Exercised options are settled via net share settlement from Novabase's portfolio using the following formula:

No of shares = No. of options exercised x (TP – Strike) / TP

where TP (or take-up price) and strike have the meanings described in point III.10.

In this way, since options should only be exercised when the company's performance is positive, as reflected by the share price on the date of exercising the options, this variable remuneration component is dependent on the continued positive performance of the company through these exercise dates.

Furthermore, insofar as the total variable remuneration earned by the directors complies with the creation of value reflected in the results and the company's finance and stock performances (specifically as described in the above paragraphs), Novabase remuneration policy values the company's long term performance and its sustainability.

The current remuneration policy for the Board of Directors was implemented for the 2012 financial year in accordance with points II.31- II.34 below.

It should also be noted that the current plan for options to allot shares includes employees with supervisory positions at Novabase and at other companies that are legally controlled by Novabase or part of the Novabase Group.

In addition to the above, the remuneration of certain employees at Novabase may include a major variable component when their professional activities, according to their assigned duties within the Group, may significantly impact the company's risk profile. Although the company has no remuneration policy for these situations, the variable component of these employees' remuneration has been kept in balance vis-à-vis the fixed amount (not exceeding 55% of their

total annual remuneration), and is determined based on an annual performance evaluation by the managing board member(s) responsible for the employee's department.

With regard to 2012, this remuneration corresponds to just 50% of the variable remuneration component due to these employees for 2011. The remaining 50% of this component is subject to deferred payments in the following 3 years (2013, 2014 and 2015) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

Name	Position
António Martins Ferreira	Telco & Media sector
Carmo Palma	Novabase Business Solutions Director
Célia Vieira	NBO Director
Francisco Bastos	Government & Healthcare sector
Jamie Bridel	CelFocus Director
João Rafael	Novabase Business Solutions Director / Evolvespace Director
José Paiva	Novabase Business Solutions Director
Luís Lobo	Novabase Business Solutions Director / Novabase Enterprise Applications Director
Manuel Beja	Head of Human Resources & Corporate Development
Manuel Relvas	Octal - Engenharia de Sistemas, S.A. Director / Novabase Business Solutions Director
María Gil	Head of IR Novabase SGPS / Novabase Capital Director / Novabase IIS Spain Director / Collab Director / Globaleda Director
Mário Figueira	Novabase Business Solutions Director
Miguel Vicente	Novabase IMS Director / NBASIT Managing Director
Paulo Ferreira	Novabase IMS Director / IDTV Director / TvLab Director / Novabase Digital TV Director
Pedro Borges	Executive Director of Telecoms & Media
Pedro Faustino	Novabase Business Solutions Director
Pedro Gomes	Novabase Business Solutions Director
Pedro Chagas	Novabase Business Solutions Director / Novabase Serviços Director
Pedro Quintas	Celfocus Director / Collab Director
Pedro Rodrigues	Collab Director
Ricardo Nunes	Novabase Business Solutions Director

Vitor Lopes	IMS business
Vitor Prisca	Novabase IMS Director / Novabase Atlântico Director

## Section IV - Remuneration

### *II.30. 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.

### *II.31. Indication on the amount concerning the annual remuneration paid individually to members of the board of directors and of the supervisory board of the company, including fixed and variable remuneration and as to the latter, mentioning the different components that gave rise to same, the parts that has been deferred and paid.*

Since 2003, Novabase has already 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 Auditing Committee in 2012, pursuant to the provisions of Law no. 28/2009 and CMVM Regulation no. 1/2010. Information on remuneration for services provided by the Statutory Auditor is found in point III.17.

By unanimous decision of the Remuneration Committee, fixed remuneration components were set for members of the Novabase Board of Directors in 2012, 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 (i) independent non-executive directors and one non-executive, non-independent director (Joaquim Sérulo Rodrigues) earn only a fixed cash remuneration and (ii) the executive directors (together with certain non-executive, non-independent directors taking on management responsibilities in the Group) earn a fixed portion in cash, a variable portion in cash and a variable portion based on stock options. 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 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 as company founders and accumulated over more than 20 years, especially since these directors continue to play key management roles in the Group, although without executive functions.

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 2012 corresponds to just 50% of the

variable remuneration in cash component due for 2011. The remaining 50% of this 2011 component is subject to deferred payments in the following 3 years (2013, 2014 and 2015) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

As regards the stock option plan comprising the variable stock option component of directors' remuneration, at the start of the 2012-2014 term, the members of the Board of Directors were awarded a number of options as defined by the Remuneration Committee, under the variable remuneration stock options component for the years in question, in accordance with the table below.

In the Remuneration Committee meeting of 30 May 2012, it was resolved to offer 1,959,720 options under the 2012-2014 variable remuneration stock options component in force at the Novabase Group, to be distributed among the six executive directors, Chairman of the Board of Directors and members of the Board of Directors, according to the following chart:

Director	Fixed Annual Remuneration (€)	Annual variable remuneration in cash paid in 2012 (€) <sup>12</sup>	Partial Total (Fixed + Variable in cash paid in 2012) (€)	Variable in cash paid in 2012 / Partial Total (%)	Deferred Annual Variable Remuneration (€)	Variable Remuneration # options @ €1.19 2012-2014
Luís Paulo Cardoso Salvado	€265,300	€101,975	€367,275.00	27.76%	€165,325.00	342,310 options
João Nuno da Silva Bento	€255,500. 000	€101,975.00	€362,585.00	28.12%	€165,325.00	342,310 options
Álvaro José da Silva Ferreira	€260.610,00	€101,975.00	€362,585.00	28.12%	€165,325.00	342,310 options
Nuno Carlos Dias dos Santos Fórneas	170.800,00 €	€66,233.00	€237,033.00	27.94%	€107,416.00	222,500 options
Francisco Paulo Figueiredo Moraes Antunes	137.940,00 €	40.783,00€	€178,723.00	22.82%	€66,116.00	136,920 options
Paulo Jorge de Barros Pires Trigo	€112,000.00	€25,228.00	€137,228.00	18.38%	€25,228.00	196,830 options
<b>Executives Total</b>	<b>€1,207,260.00</b>	<b>€438,170.00</b>	<b>1,645,430.00€</b>	<b>26.63%</b>	<b>€694,735.00</b>	<b>1,583,180 options</b>
<b>(% total)</b>	<b>74.27%</b>	<b>79.62%</b>	<b>75.62%</b>		<b>79.26%</b>	<b>80.79%</b>
Rogério dos Santos Carapuça	€200,850.00	€71,350.00	€272,200.00	26.21%	€115,700.00	239,620 options
Luís Fernando de Mira Amaral	€39,424.00	0.00 €	39,424,00€	0.00%	€0.00	0 options
Manuel Alves Monteiro	€39,424.00	0.00 €	39,424.00€	0.00%	€0.00	0 options
João Luis Correia Duque	€39,423.96	0.00 €	€39,423.96	0.00%	€0.00	0 options
José Afonso Oom Ferreira de Sousa	€41,650.00	€20,392.00	€62,042.00	32.86%	€33,059.00	68,460 options
Joaquim Sérvulo Rodrigues	€15,862.00	0.00 €	€15,862.00	0.00%	€0.00	0 options
Pedro Miguel Quinteiro de Marques Carvalho	€41,650.00	20,392.00 €	€62,042.00	32.86%	€33,059.00	68,460 options
<b>Non-executives Total</b>	<b>418,284,00 €</b>	<b>€112,133.00</b>	<b>€530,417.00</b>	<b>21%</b>	<b>€181,818.00</b>	<b>376,540 options.</b>
<b>(% total)</b>	<b>25.73%</b>	<b>20.38%</b>	<b>24.38%</b>		<b>20.74%</b>	<b>19.21%</b>
<b>TOTAL</b>	<b>1,625,544.00 €</b>	<b>€550,303.00</b>	<b>€2,175,847.00</b>	<b>25.29%</b>	<b>€876,553.00</b>	<b>1,959,720 options</b>

<sup>12</sup> The amount shown represents the total amount paid to each director in 2012: 50% of the amount allocated for 2011 in 2012, together with 1/6 of the amount allocated for 2010 in 2011. The remaining 50% of the amount allocated for 2011 in 2012 will be paid over the next three years (2013, 2014 and 2015) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

As described in greater detail in point III.10. of this report, attributed options in 2012 may be exercised in blocks, corresponding to 1/3 of all options, on each anniversary of their attribution date, while unexercised options may be exercised on their subsequent maturity date. In addition, shares acquired through the exercising of options may not be sold or encumbered for one year (50% of the total shares acquired).

Furthermore, as also described in point III.10. of this report, the strike price of the options allotted to the directors elected at the General Meeting of Shareholders of 03 May 2012 was €2.19 per share. Exercised options are settled via net share settlement from Novabase's portfolio using the following formula:

$$\text{No of shares} = \text{No. of options exercised} \times (\text{TP} - \text{Strike}) / \text{TP}$$

where TP (or take-up price) and strike have the meanings described in point III.10.

In this way, since options should only be exercised when the company's performance is positive, as reflected by the share price on the date of exercising the options, this variable remuneration component is dependent on the continued positive performance of the company through these exercise dates.

In 2012, no additional remuneration was paid in the form of profit sharing and/or payment of bonuses, except as shown in the following table.

Director	Bonus (€) <sup>13</sup>
José Afonso Oom Ferreira de Sousa	95,000.00
Pedro Miguel Quinteiro de Marques Carvalho	95,000.00
<b>Total</b>	<b>190,000.00</b>

No compensations were paid, nor are any compensations owed, to former executive directors as a result of their duties no longer being performed in 2012.

There are no supplementary pension or early retirement schemes for Novabase directors.

In 2012, an additional amount of €12,733 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.

Novabase 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.

## *II.32. 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*

<sup>13</sup> As shown in the Remuneration Committee report approved in 2012, the Remuneration Committee unanimously decided to defer, to 2012, 50% of the pending amounts due to directors José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro de Marques Carvalho for the bonus awarded to them in the Remuneration Committee meeting of 09 July 2009, whose final portion was payable in 2011. The bonus amounts shown in the table thus correspond to 50% of the amount due in 2011.

*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.

The variable remuneration in cash paid in 2012 corresponds to 50% of the amount allocated for 2011 in 2012, and 1/6 of the amount allocated for 2010 in 2011. The remaining 50% of the amount allocated for 2011 in 2012 is subject to deferred payments in the following 3 years (2013, 2014 and 2015) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

As regards the stock option plan comprising the variable stock option component of directors' remuneration – and as a means of aligning the directors' interests with those of the company – at the start of the 2012-2014 term, the members of the Board of Directors were awarded a number of options as defined by the Remuneration Committee, under the variable remuneration stock options component for the years in question, in accordance with the table in point II.31. above.

As described in greater detail in point III.10. of this report, attributed options may be exercised in blocks, corresponding to 1/3 of all options, on each anniversary of their attribution date, while unexercised options may be exercised on their subsequent maturity date.

As such, the variable component paid to directors does not exclusively serve Novabase's long-term interests.

However, the variable portion of the remuneration paid through the stock option plan is fully aligned with these long-term interests when the options are not exercised until their last maturity date, i.e. 3 years after the commencement of the directors' terms of office, which must always occur for at least 1/3 of the options attributed.

In fact, as described in greater detail in point III.10. of this report, attributed options in 2012 may be exercised in blocks, corresponding to 1/3 of all options, on each anniversary of their attribution date, while unexercised options may be exercised on their subsequent maturity date.

Furthermore, as also described in point III.10. of this report, the strike price of the options allotted to the directors elected at the General Meeting of Shareholders of 03 May 2012 was €2.19 per share. Exercised options are settled via net share settlement from Novabase's portfolio using the following formula:

$$\text{No of shares} = \text{No. of options exercised} \times (\text{TP} - \text{Strike}) / \text{TP}$$

where TP (or take-up price) and strike have the meanings described in point III.10.

In this way, since options should only be exercised when the company's performance is positive, as reflected by the share price on the date of exercising the options, this variable remuneration component is dependent on the continued positive performance of the company through this exercise date.

In addition, shares acquired through the exercising of options may not be sold or encumbered for one year (50% of the total shares acquired).



In this way, Novabase believes that a substantial part of the variable remuneration of the company's directors aligns their interests with the long-term interests of the company, although not exclusively so.

Moreover, the fact that a significant amount of the options to allot shares are being deferred over time discourages excessive risk assumption by directors.

Similarly, 1/6 of the variable remuneration in cash, which is deferred over three years and is conditional upon positive company performance during this time period, also serves the company's long-term interests and discourages excessive risk assumption.

*II.33. As regards the remuneration of the executive members:*

*a) Reference to the fact that the executive members' remuneration includes a variable component and information on the way said component relies on the assessment of performance;*

As stated in point II.31. of this report, the remuneration of executive directors includes a variable portion in cash and a variable stock option plan portion.

The variable portion in cash of directors' remuneration is determined with a view to aligning this portion of these directors' remuneration 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.

*b) The corporate bodies responsible for assessing the performance of executive members;*

As stated in point II.3. of this report, the Board of Directors Performance Assessment Committee is responsible for assessing the performance of the Executive Committee with respect to how it has been conducting Novabase's annual plan and budget passed by the Board of Directors at the start of each year, together with the degree of success in achieving their corresponding goals.

*c) 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 II.31.).

*d) The relative importance of the variable and fixed components of the members' remuneration, as well as the maximum limits for each component;*

The relative importance of directors' variable and fixed remuneration components is shown in the table in point II.31. One of the goals of the variable portion in cash is to establish a proper balance between the fixed and variable portions of these remunerations.

Under the stock option plan's corresponding variable component, the total number of options attributed under the 5th Plan may under no circumstances exceed the total number of options attributed under the 4th Plan which, in turn, is limited to the total number of options attributed under the 3rd Plan. Pursuant to this 3rd Plan, the shares corresponding to the options attributed but not yet exercised under this third 2006-2008 Stock Option Plan could at no time exceed 8%

of the total volume of shares representing Novabase's share capital at the time, for the three Annual Loyalty Components comprising the 3rd Plan.

*e) The deferred payment of the remuneration's variable component and the relevant deferral period;*

The variable remuneration in cash paid in 2012 corresponds to 50% of the amount allocated for 2011 in 2012, and 1/6 of the amount allocated for 2010 in 2011. The remaining 50% of the amount allocated for 2011 in 2012 is subject to deferred payments in the following 3 years (2013, 2014 and 2015) in equal parts (corresponding to 1/6 of each year's total), conditional upon positive company performance during this time period.

Furthermore, as regards the stock option plan comprising the variable stock option component of directors' remuneration (described in greater detail in point III.10. of this report), attributed options in 2012 may be exercised in blocks, corresponding to 1/3 of all options, on each anniversary of their attribution date, while unexercised options may be exercised on their subsequent maturity date. In addition, shares acquired through the exercising of options may not be sold or encumbered for one year (50% of the total shares acquired).

Furthermore, as also described in point III.10. of this report, the strike price of the options allotted to the directors elected at the General Meeting of Shareholders of 03 May 2012 was €2.19 per share. Exercised options are settled via net share settlement from Novabase's portfolio using the following formula:

No of shares = No. of options exercised x (TP – Strike) / TP

where TP (or take-up price) and strike have the meanings described in point III.10.

In this way, since options should only be exercised when the company's performance is positive, as reflected by the share price on the date of exercising the options, this variable remuneration component is dependent on the continued positive performance of the company through this exercise date.

*f) An account of the way whereby the payment of the variable remuneration is subject to the company's continual positive performance during the deferral period;*

See e) above.

*g) Sufficient information on the criteria whereon the allocation of variable remuneration on shares is based, as well as on maintaining company shares that the executive members have had access to, on the possible share contracts, namely hedging contracts or risk transfer, the relevant limit and its relation apropos the value of the total annual remuneration;*

There is no remuneration through the direct allocation of shares.

Moreover, since no options were exercised on the maturity dates of the three batches of options under the 4th stock option plan (as stated in point III.10.), the Novabase directors participating in this plan have not accessed any shares under variable remuneration schemes.

The company has no information regarding the signing of contracts involving these shares, namely hedging or risk transfer contracts.

*h) Sufficient information on the criteria whereon the allocation of variable remuneration on options is based as well as its deferral period and take-up price;*

This information is described in point III.10. of this report.

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

Except for the stock option plan's corresponding variable remuneration component, and notwithstanding the bonuses referred to in point II.31., there is no annual bonus scheme or any other non-financial benefits.

In 2012, an additional amount of €12,733.00 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.

*j) 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;*

Except for the bonuses described in point II.31., paid to directors José Afonso Oom Ferreira de Sousa and Pedro Miguel Quinteiro de Marques Carvalho, there is no form of profit sharing and/or bonuses.

*l) Compensation paid or owed to former executive directors in relation to early contract termination;*

No compensations were paid or became due to former executive directors as a result of their duties no longer being performed during the year.

*m) Reference to the envisaged contractual restraints for compensation owed for undue dismissal of executive directors and its relation apropos 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 no foreseeable advantage in establishing contractual restraints to directors' compensation in the event of consensual termination of duties.

*n) Amounts paid on any basis by other companies in a group relationship or exercising control over the company;*

Novabase 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.

*o) A description of the main characteristics of the supplementary pensions or early retirement schemes set up for executive directors and whether said schemes were subject or not to the approval of the General Meeting of Shareholders;*

There are no supplementary pension or early retirement schemes for Novabase directors.

*p) An estimate of the non-financial benefits considered as remuneration which do not fall under the categories listed above;*

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

*q) Mechanisms to prevent executive directors from having employment contracts that question the grounds of the variable remuneration;*

The company does not adopt mechanisms to prevent executive directors from having employment contracts that question the grounds of the variable remuneration.

However, to the company's knowledge, there are no contracts of this sort.

*II.34. Reference to the fact that remuneration of non-executive members of the Board of Directors is not included in the variable component.*

Only independent non-executive directors and one non-independent non-executive director (Joaquim Sérvulo Rodrigues) receive solely fixed cash remuneration. The remuneration policy for directors passed in the 2012 General Meeting of Shareholders still allowed non-independent non-executive directors to receive a variable remuneration component, especially bearing in mind that these directors could take on key management responsibilities in the Group, although without executive powers, thereby justifying this variable component, which actually occurred.

In any case, since differences in the remuneration structure are intended to adjust remuneration according to the duties actually performed by each director in the Group, the remuneration of the members of the Board of Directors is structured so as to align their interests with those of the company.

*II.35. Information on the reporting of irregularities adopted by the company (reporting means, persons entitled to receive said reports, how the reports are to be handled and the names of the persons or bodies that have access to the information and the relevant involvement in the procedure).*

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 Auditing Committee, 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 Auditing Committee for proper compliance with his/her duties) and will be subject to confidentiality requirements. This system also observes the requirements in the Corporate Governance Code currently in force.

According to the implemented system, employees and other Novabase stakeholders have access to a direct and confidential channel for reporting to the Auditing Committee 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.

The apparent irregularity must be reported in a secure and confidential manner to the person in charge of SPI, the independent member of the Auditing Committee Manuel Alves Monteiro, in two different manners:

- to the private e-mail address: [m.a.monteiro.novabase@gmail.com](mailto:m.a.monteiro.novabase@gmail.com); and
- by post in a letter addressed to Dr. Manuel Alves Monteiro, marked “Confidential”, to the address: Av. D. João II, Lote 1.03.2.3. 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 Auditing Committee 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 Auditing Committee 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 Auditing Committee 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 Auditing Committee 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 explained on the Novabase website ([www.novabase.pt](http://www.novabase.pt)) in the IR/Corporate Governance section.

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

## Section V – Special Committees

---

Remuneration Committee: The board decides upon the remuneration of corporate board members. Its members for the three-year period of 2012-2014 were decided in the Annual General Meeting of 03 May 2012. Francisco Luís Murteira Nabo presides over the Remuneration Committee. Pedro Rebelo de Sousa and João Quadros Saldanha are also members of this committee. All of the committee's members are independent from the members of the Board of Directors, pursuant to Chapter II, point II.19. of the Annex to CMVM Regulation No. 1/2007, which includes the criteria adopted by Novabase in 2009 to gauge the fulfilment of Recommendation No. II.5.2 of the 2007 Corporate Governance Code (since the current CMVM Regulation No. 1/2010 and Corporate Governance Code do not establish specific criteria in this regard, Novabase believes that the criteria of prior norms should still be taken into account in assessing the independence of members of the Remuneration Committee from the Board of Directors).

Notwithstanding the above, pursuant to Recommendation No. II.5.3 of the Corporate Governance Code, no one serving or having served on the Board of Directors, in the preceding three years, should be hired to support the Remuneration Committee in the performance of its duties, together with other circumstances, under the terms of this recommendation, affecting the independence of the person in question within the scope of the Remuneration Committee's duties. This recommendation seems to suggest, *a fortiori*, that individuals who have performed duties on the Board of Directors in this period should likewise not be hired to support this committee or, *a fortiori*, become one of its members, which was the case of one of this committee's current members (João Quadros Saldanha) in 2012.

Therefore, in view of Recommendation No. II.5.3 of the Corporate Governance Code, former director João Quadros Saldanha could be considered a non-independent member of the Remuneration Committee in 2012 in relation to the members of Novabase's Board of Directors.

Nonetheless, since João Quadros Saldanha's duties as a director ended in April 2009, the three-year period referred to in Recommendation No. II.5.3 has already passed; as such, this member of the Remuneration Committee can be considered as independent from the managing board, thereby making any changes to this committee's composition inapposite.

The Remuneration Committee held three meetings in 2012, and the respective minutes were drafted and signed.

*II.36. Identification of members of those committees that have been constituted for the purposes of individual and overall performance assessment of the executive members, consideration on the governance system that has been adopted by the company and the identification of potential candidates with the professional profile fitting the member position.*

As stated in point II.3., on 31 December 2012, the Board of Directors Performance Assessment Committee was comprised of the following members: Rogério dos Santos Carapuça (Chairman), Luís Paulo Salvado, Luís Mira Amaral, José Afonso Oom Ferreira de Sousa, Joaquim Sérvulo Rodrigues and Pedro Miguel Quinteiro Marques de Carvalho.

Moreover, as also stated in point II.3., on 31 December 2012, the Corporate Governance Assessment Committee was comprised of the following members: Rogério dos Santos Carapuça (Chairman), Luís Paulo Salvado, Manuel Alves Monteiro, João Luís Correia Duque, José Afonso Oom Ferreira de Sousa and Joaquim Sérvulo Rodrigues.

Furthermore, as mentioned above in the General Corporate Governance Model Assessment in Chapter 0 and in point II.16. of this report, in 2012, Novabase did not create any specialized



committee with the power to identify, in a timely manner, potential candidates with the high profile needed for the position of director, as this was not necessary in view of its size and the specific nature of its corporate governance model; an adequate definition does exist for the profile of candidates for management positions. With regard to 2012, Novabase believes that such circumstances justified the dismissal of Recommendation No. II.5.1. of the CMVM Corporate Governance Code.

Notwithstanding the above, it should be noted that when executive directors must be replaced, the company has a procedure in place under which the Executive Committee Chairman and the Executive Committee as a whole identify potential candidates (internal or external) to be designated under this replacement, submitting their names to the company boards legally responsible for the replacement, or communicating these names to shareholders interested in submitting, to the General Meeting of Shareholders, a respective proposal for election to the Board of Directors, when applicable.

*II.37. Number of meetings held by the committees that have been constituted for management and supervision during the period concerned, as well as reference to the minutes of said meetings that have been held.*

As already mentioned in point II.13., the Board of Directors Performance Assessment Committee met once in 2012, and the Corporate Governance Assessment Committee met twice in 2012. Both of these specialized committees draw up their own meeting minutes.

*II.38. Reference to the fact that one member of the remuneration committee has knowledge and experience in remuneration policy issues.*

The Chairman of the Remuneration Committee, Francisco Luís Murteira Nabo, has suitable knowledge and experience in remuneration policy issues, pursuant to point II.38 of CMVM Regulation No. 1/2010.

*II.39. Reference to the independency of natural or legal persons with an employment contract or providing services to the remuneration committee, as regards the Board of Directors as well as, when applicable, to the fact that these persons have an existing relation with the company consultant.*

The Remuneration Committee is not assisted by any natural or legal persons with an employment contract or service agreement as regards the Board of Directors or any structure beneath it, or by any existing relationship with a company consultant that affects its independence or exemption.

In addition, the Remuneration Committee is not assisted by any entity having a relationship with the company's management in the preceding three years, pursuant to the above paragraph, or by any person related by an employment contract or service agreement with any person referred to in this or the above paragraphs.

Notwithstanding the above, the considerations from the start of this Section V, namely concerning the assessment of the independence of Remuneration Committee members in view of the provisions of Recommendation No. II.5.3 of the 2010 Corporate Governance Code, must be taken into account.

As explained earlier, the provisions of this CMVM recommendation seem to suggest, *a fortiori*, that individuals who have performed duties on the Board of Directors in this period should

likewise not be hired to support this committee or, *a fortiori*, become one of its members, which was the case of one of this committee's current members (João Quadros Saldanha) in 2012.

Therefore, in view of Recommendation No. II.5.3 of the 2010 Corporate Governance Code, former director João Quadros Saldanha could be considered a non-independent member of the Remuneration Committee in 2012 in relation to the members of Novabase's Board of Directors.

Nonetheless, since João Quadros Saldanha's duties as a director ended in April 2009, the three-year period referred to in Recommendation No. II.5.3 has already passed; as such, this member of the Remuneration Committee can be considered as independent from the managing board, thereby making any changes to this committee's composition inapposite.



## Chapter III: Information and Auditing

*III.1. Shareholder base, 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.*

Novabase's share capital consists of 31,401,394 issued shares. There are no shares that are not admitted for trading, nor are there different categories of shares. All shares confer the same rights and obligations.

*III.2. Qualified holdings in the shareholder capital of the issuer company, calculated in accordance with Article 20 of the Portuguese Securities Code.*

**Shareholdings<sup>1</sup> (under the terms of Article 20, Item 1 of the Securities Code)**

Shareholder	#	#	%
	Partial Shares	Shares	Capital and Voting Rights
Partbleu, Sociedade Gestora de Participações		3,180,444	10.13%
ES TECH VENTURES, SGPS, SA	1,792,144		
AVISTAR SGPS, SA	650,000		
Corporate Board members	60		
Banco Espírito Santo, SA Group (under the terms of Article 20, Item 1 of the Securities Code)		2,442,204	7.78%
José Afonso Oom Ferreira de Sousa		2,514,947 <sup>2</sup>	8.01%
Pedro Miguel Quinteiro Marques de Carvalho		2,170,679 <sup>2</sup>	6.91%
Luís Paulo Cardoso Salvado		2,079,592 <sup>2</sup>	6.62%
João Nuno da Silva Bento		1,899,799 <sup>2</sup>	6.05%
Rogério dos Santos Carapuça		1,884,787 <sup>2</sup>	6.00%
Fernando Fonseca Santos		1,575,020	5.02%
Fundo de Investimento Mobiliário Aberto Poupança Ações Santander PPA	138,786		
Fundo de Investimento Mobiliário Aberto Santander Ações Portugal	1,413,967		
Santander Asset Management - Soc. Gestora de Fundos de Investimento Mobiliário, SA (under the terms of Article 20, Item 1 of the Securities Code)		1,552,753	4.94%

Shareholder	#	#	%
	Partial Shares	Shares	Capital and Voting Rights
Álvaro José da Silva Ferreira		1,519,074 <sup>2</sup>	4.84%
CAIXAGEST ACÇÕES PORTUGAL – Fundo de Investimento Mobiliário Aberto de Acções	209,382		
CAIXAGEST PPA - Fundo de Investimento Mobiliário Aberto de Poupança em Acções	467,332		
Caixagest - Técnicas de Gestão de Fundos, SA <sup>3</sup>		676,714	2.16%
IBIM 2 Ltd		648,486	2.07%
<b>Total</b>		<b>22,144,499</b>	<b>70.52%</b>

<sup>1</sup> The shareholding of each of these shareholders corresponds to the last position notified to the company in reference to a date before 31 December 2012.

<sup>2</sup> It includes shares under the shareholders' agreement in force on 31 December 2012, described in point III.5. of this report. The voting rights attributable to other shareholders under this agreement are attributable to the shareholder in question. The total voting rights under this agreement corresponded to 10,488,066 shares representing 33.40% of the share capital and voting rights of Novabase - SGPS, S.A.

<sup>3</sup> On 05 February 2013, Novabase was notified that CaixaGest's holding had decreased to 1.9390%.

### *III.3. Identification of shareholders with special rights and description of these rights.*

The articles of association do not provide for shares with special rights.

### *III.4. Restrictions on the transferability of shares, such as consent of sale clauses or restrictions on ownership of shares.*

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

### *III.5. Shareholders' agreements that are known to the company and which may lead to restrictions in terms of transferring securities or voting rights.*

On 31 December 2012, a new shareholders' agreement was in effect, signed on 30 January 2012 by shareholders Luís Paulo Cardoso Salvado, João Nuno da Silva Bento, Rogério dos Santos Carapuça, José Afonso Oom Ferreira de Sousa, Pedro Miguel Quinteiro Marques de Carvalho and Álvaro José da Silva Ferreira, centred on 10,488,066 Novabase shares held by them, corresponding to 33.40% of the company's voting rights (restricted shares). This new shareholders' agreement entered immediately into force, and shall be valid until 30 April 2015, replacing the previous shareholders' agreement signed by the signatories.

The shares under this shareholders' agreement are held by the aforementioned shareholders in the following quantities:

Name	No. of Shares	% Capital
Luís Paulo Cardoso Salvado	2,018,047	6.43%
João Nuno da Silva Bento	1,899,799	6.05%
Rogério dos Santos Carapuça	1,884,775	6.00%
José Afonso Oom Ferreira de Sousa	1,748,011	5.57%
Pedro Miguel Quinteiro Marques de Carvalho	1,748,011	5.57%
Álvaro José da Silva Ferreira	1,189,423	3.79%
<b>Total</b>	<b>10,488,066</b>	<b>33.40%</b>

The following content of this new shareholders' agreement are noteworthy:

- a) The need for agreement by a majority equal to or greater than two thirds of votes corresponding to restricted shares to establish terms by which these shares may be sold, together with the potential purchase of Novabase shares by the signatories, with signatories agreeing not to initiate sales or purchases of any kind outside of this agreement;
- b) Need for unanimity of all signatories to acquire Novabase shares or sign agreements giving these signatories qualified holdings exceeding one-third or 50% of Novabase's voting rights, according to whether the signatories' immediately prior shareholdings are less or more than one-third of these voting rights;
- c) Notwithstanding the above, each signatory is authorized to acquire Novabase shares up to a maximum of 1.93% of the voting rights corresponding to Novabase's share capital, per signatory, provided that such acquisitions do not give the signatories 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) Moreover, any signatory holding less than 1/6 (one-sixth) of all restricted shares on a given date may acquire restricted shares, and/or Novabase to be included in restricted shares, up to this maximum limit of 1/6 (one-sixth) of all restricted shares;
- e) Signatories who, following transactions performed under the terms of d) above, hold more than 1/6 (one-sixth) of the new total of restricted shares may dispose of restricted shares, provided that they maintain ownership of at least 1/6 (one-sixth) of the new total of restricted shares;
- f) The shareholders' agreement also states that the transactions performed under the terms of d) and e) above may under no circumstances give signatories shareholdings equal to or less than one-third, or more than one half, of the voting rights corresponding to Novabase's share capital;
- g) The signatories 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;
- h) 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 remaining signatories, the procedure to suspend the tender offer obligation, as provided for in Article 190 of

the Securities Code, must be immediately initiated. Any Signatory 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;

- i) In all of the following matters, signatories must exercise their voting right at Novabase's General Meetings of Shareholders by a strict majority equal to or greater than two-thirds of votes corresponding to restricted shares: dividend policy to be adopted, management compensation 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;
- j) Commitment, subject to market conditions and applicable legal conditions, seeking to ensure that:
  - a. A dividend policy be proposed for the 2011-2014 financial years with an annual dividend payment of at least 30% of the consolidated net profit for the year;
  - b. A new stock option plan be implemented, under market conditions to be defined;
- k) Obligation to draw up, together with all signatories before the elections at the General Meeting of Shareholders, proposals to appoint members to Novabase's corporate boards, Executive Committee and specialized committees of the Board of Directors;
- l) Obligation of signatories to vote at General Meetings of Shareholders exclusively in favour of decisions previously passed by a two-thirds or greater majority of signatories having voting rights corresponding to restricted shares;
- m) Any signatory who is dismissed without just cause from his/her management duties at Novabase 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, signatories 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;
- n) Any party in breach of its obligations arising from the shareholders' agreement shall be subject to the provisions of clause IX concerning penalties for the non-performance of this agreement.

The signing of this shareholders' agreement seeks to guarantee shareholder stability for its corresponding three-year period. Novabase believes that the existence of a shareholders' agreement does not constitute a defensive measure contrary to shareholder interests in itself, since it ensures stability in the management of the company, therefore safeguarding Novabase's corporate and shareholder interests. Furthermore, Novabase believes that because the new shareholders' agreement involves only 33.40% of Novabase's total shares, it should not be considered a defensive measure against any public offerings for acquisition, given that in addition to the fact that it was not established for this purpose, such a shareholders' agreement cannot prevent the transfer of control of the company and therefore the success of any general public offerings for acquisition.

However, due to the existence of this shareholders' agreement, the CMVM believes that Novabase does not fulfil Recommendation No. I.6.1. of the Corporate Governance Code in its entirety.

Apart from this Shareholders' Agreement, Novabase has no knowledge of the existence of any other shareholders' agreements regarding its share capital.

### *III.6. Rules applicable to amendment of the company's articles of association;*

#### *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.

#### *Deliberative 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 articles of association can be taken by an absolute majority of the votes cast, and a two-thirds majority is not required.

### *III.7. Control mechanisms provided for in a possible employee investment scheme in which voting rights are not directly exercised by them.*

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

### *III.8. Changes in the issuer's share prices, taking into account the following:*

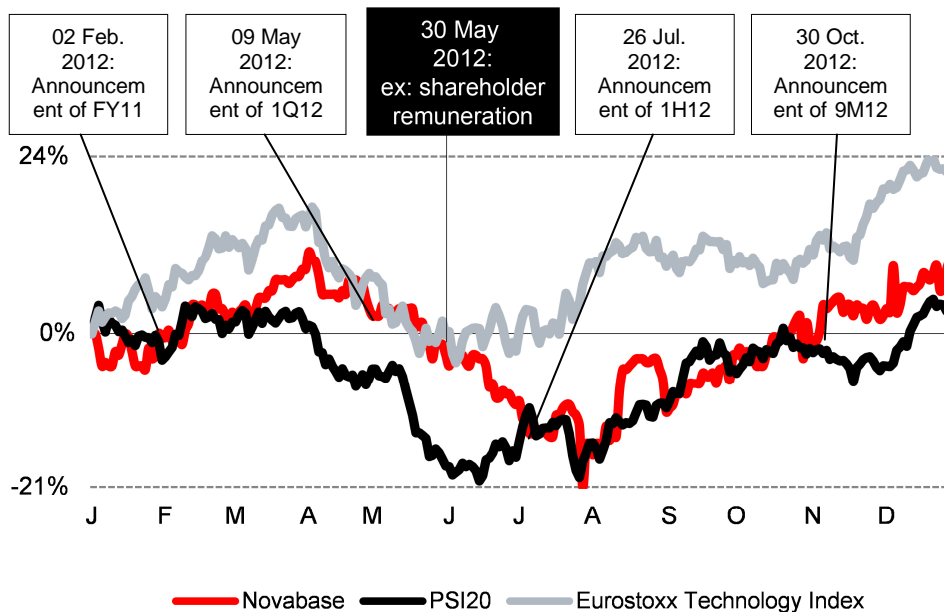
- a) The issue of shares or other securities with share subscription or acquisition rights;*
- b) Announcement of results;*
- c) Payment of dividends according to the category of shares with indication of the net amount per share.*

Novabase's share price rose 10.0% in 2012, compared to a 2.9% rise in the PSI20 and gains of 21.8% in the EuroStoxx Technology Index.

Meanwhile, Novabase re-joined the PSI20 on 18 March 2013.

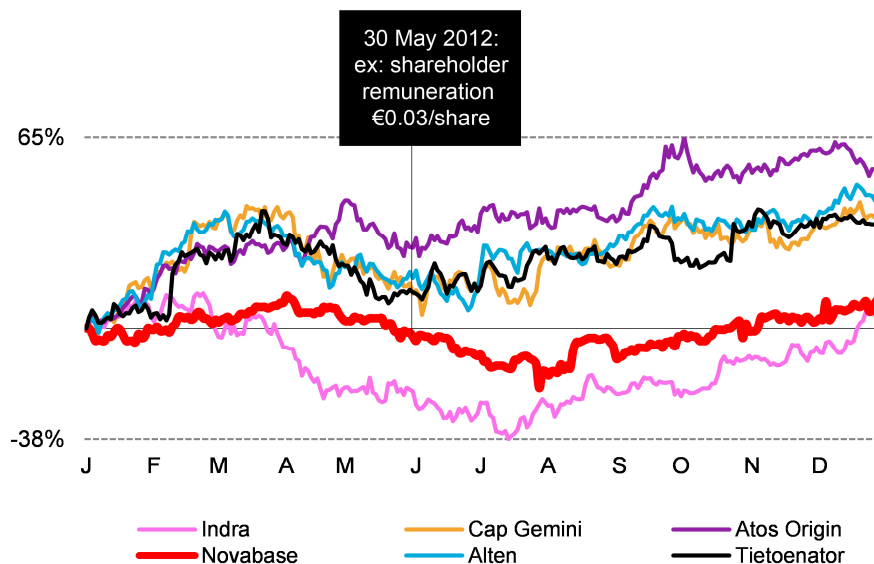
In 2012, Novabase paid its shareholders €0.03/share (gross), disclosing information on the applicable tax scheme, which is not uniform and determines the net amount actually received.

### Novabase and the Market



Novabase's share price compared to other European IT companies in 12M12 was as follows:

### Novabase and other TMTs



The average target price from analysts covering Novabase is €4.05.

Share turnover accounted for 15.6% of Novabase's capital in 12M12, with 4.9 million shares traded, less than in 12M11 (turnover of 17.5% of capital, with 5.5 million shares traded).

Summary	2012	2011	2010	2009	2008
Minimum price (EUR)	1.66	1.70	2.79	3.27	2.10
Maximum price (EUR)	2.32	3.21	4.63	5.05	5.07
Average price weighted by quantity (EUR)	2.05	2.67	3.71	4.39	3.87
Price on last day (EUR)	2.30	2.09	2.90	4.44	4.59
Number of shares traded (million)	4.9	5.5	7.1	8.5	21.0
Market capitalization on last day (million EUR)	72.2	65.6	91.1	139.4	144.1

The relevant occurrences disclosed by Novabase in 2012 were as follows:

13 Dec. 2011

[Novabase - SGPS, SA announces management transactions](#)

10 Dec. 2011

[Novabase - SGPS, SA announces management transactions](#)

05 Dec. 2011

[Novabase - SGPS, SA announces management transactions](#)

23 Nov. 2012

[Novabase - SGPS, SA discloses 3Q12 Report and Accounts](#)

21 Nov. 2012

[Novabase - SGPS, SA announces management transactions](#)

19 Nov. 2012

[Novabase - SGPS, SA announces management transactions](#)

30 Oct. 2012

[Novabase - SGPS, SA announces consolidated 3Q12 results](#)

21 Aug. 2012

[Novabase – SGPS, SA 1H12](#)

06 Aug. 2012

[Novabase – SGPS, SA announces sale of treasury shares \(correction\)](#)

06 Aug. 2012

[Novabase - SGPS, SA announces management transactions \(correction\)](#)

26 Jul. 2012

[Novabase – SGPS, SA announces reorganization of Digital TV business](#)

26 Jul. 2012

[Novabase - SGPS, SA announces consolidated 1H12 results](#)

05 Jul. 2012

[Novabase - SGPS, SA announces management transactions](#)

25 Jun. 2012

[Novabase - SGPS, SA announces management transactions](#)

15 Jun. 2012

[Novabase - SGPS, SA announces qualified holding](#)

31 May 2012

[Novabase – SGPS, SA announces company secretary](#)

31 May 2012

[Novabase – SGPS, SA boosts investment in financial sector with acquisition of Binómio](#)

21 May 2012

[Novabase - SGPS, SA discloses 1Q12 Report and Accounts](#)

17 May 2012

[Novabase - SGPS, SA announces management transactions](#)

16 May 2012

[Novabase - SGPS, SA announces management transactions](#)

09 May 2012

[Novabase - SGPS, SA announces dividend payment](#)

09 May 2012

[Novabase - SGPS, SA announces consolidated 1Q12 results](#)

04 May 2012

[Novabase - SGPS, SA announces creation of Executive Committee](#)

03 May 2012

[Novabase - SGPS, SA discloses synopsis of 2011 information](#)

03 May 2012

[Novabase - SGPS, SA announces General Meeting of Shareholders decisions](#)

12 Apr. 2012

[Decision on the election of corporate boards and Remuneration Committee for the three-year period of 2012-2014](#)

12 Apr. 2012

[Decision on the remuneration of members of the Remuneration Committee](#)

12 Apr. 2012

[Decision on the possible implementation of a medium or long-term plan for attributing variable remuneration to members of the company's Board of Directors and employees with supervisory positions at Novabase and other Novabase Group companies, based on the performance of Novabase shares](#)

12 Apr. 2012

[General appraisal of the company's administration and auditing](#)

10 Apr. 2012

[Novabase - SGPS, SA discloses 2011 Corporate Governance Report](#)

10 Apr. 2012

[Novabase - SGPS, SA discloses 2011 individual and consolidated Report and Accounts](#)

10 Apr. 2012

[Decision on the amendment of Article 14 \(3\) of the articles of association](#)

10 Apr. 2012

[Decision on the acquisition and sale of treasury shares](#)

10 Apr. 2012

[Decision on the Remuneration Committee report on the 2011 remuneration policy, and approval of the Remuneration Committee's statement on the remuneration policy of members of the company's managing and auditing boards, pursuant to Law no. 28/2009 of 19 June and other applicable norms, to be implemented in the three-year period of 2012-2014](#)

10/04/2012

[Decision on the election of acting and substitute Statutory Auditor for the three-year period of 2012-2014](#)

10 Apr. 2012

[Decision on the renewal of the authorization granted to the Board of Directors by Article 4 \(2\) of the articles of association](#)

10 Apr. 2012

[Decision on the proposal for the allocation of profits](#)



10 Apr. 2012

[Decision on the 2011 Annual Report \(including the Corporate Governance Report, attached\) and Accounts](#)

10 Apr. 2012

[Novabase - SGPS, SA announces General Meeting of Shareholders](#)

04 Apr. 2012

[Novabase - SGPS, SA announces management transactions](#)

04 Apr. 2012

[Novabase – SGPS, SA, announces sale of treasury shares](#)

23 Mar. 2012

[Novabase - SGPS, S.A. announces qualified holding](#)

20 Feb. 2012

[Novabase - SGPS, SA announces management transactions](#)

02 Feb. 2012

[Novabase - SGPS, SA announces dividend proposal to shareholders](#)

02 Feb. 2012

[Novabase - SGPS, SA discloses 2012 guidance](#)

02 Feb. 2012

[Novabase - SGPS, SA announces consolidated 2011 results](#)

03 Jan. 2012

[Novabase - SGPS, SA announces management transactions](#)

### *III.9 Description of the dividends distribution policy adopted by the company, identifying the amount of the dividend per share distributed over the past three financial years.*

Dividends for 2000, 2001 and 2002 – the Board of Directors proposed at the General Meetings of Shareholders on 22 May 2001, 29 April 2002 and 29 April 2003 that the profits made in the financial years of 2000, 2001 and 2002 should continue to be invested in the company to enable it to give priority to structural investments with a decisive impact on the company's growth and profitability. The prospectus of the public offer for the sale and admission to official trading of Novabase's shares on the Lisbon and Porto Stock Exchanges (today Eurolist of Euronext Lisbon) had already announced the company's intention not to distribute dividends to the shareholders in the three years following its admission to trading. The General Meeting of Shareholders therefore decided unanimously not to distribute dividends to the shareholders for the financial years ending on 31 December of 2000, 2001 and 2002.

Dividends for 2003, 2004, 2005, 2006, 2007 and 2008 – shareholders present at Annual General Meetings of Shareholders decided not to distribute dividends.

In 2009, Novabase distributed a total of €15.7 million to shareholders, of which €10 million corresponded to 2009 annual profits and €5.7 million corresponded to capital reimbursements. This distribution entailed a total payment of €0.50 per share to shareholders.

Moreover, on 08 February 2011, Novabase announced that its Board of Directors has approved the intention to implement a shareholder earnings policy with the following essential terms and conditions:

- payment, in 2011, of €0.13 per share, for a total of €4,082,121.22.

- As of 2012, annual payment of an amount ranging between 30% and 40% of consolidated net profit recorded in each financial year.

It also announced that the implementation of the above shareholder earnings policy would remain subject to market conditions, a financial and accounting status at Novabase allowing its execution, approval at the appropriate corporate board meetings and/or the General Meeting of Shareholders and other applicable legal and regulatory terms and conditions, together with other factors deemed relevant by the Board of Directors at the time.

With regard to 2010, Novabase distributed a total of around €4.1 million to shareholders in 2011 (corresponding to around €2.7 million from the year's net profit and around €1.4 million from free reserves and cumulative results) with the General Meeting of Shareholders' approval of the proposal from the Board of Directors, resulting in a payment to shareholders of €0.13 per share.

Meanwhile, on 07 February 2013, Novabase announced that its Board of Directors had approved a plan to propose, at the 2013 General Meeting of Shareholders, the distribution €3,140,139.40 to shareholders. This payment, equal to 39.72% of consolidated net profit, represents a distribution of 10 euro cents per share.

Following this announcement, a Board of Directors proposal was published for the General Meeting of Shareholders to decide on the following allocation of profits at its next meeting, to be held on 02 May 2013:

- 1) That, in compliance with the provisions of law and the articles of association, the amount of €97,833.65 (corresponding to the portion of the annual net profit which, in accordance with legal requirements, brings the statutory reserve to 20% of share capital) be added to the statutory reserve; and
- 2) In view of the obligatory allocation of the annual net profit, that €3,140,139.40, corresponding to €0.10 per share of the total number of shares issued, be paid to shareholders from the remainder of this result;
- 3) That the remainder of the annual net profit, in the amount of €4,195,499.22, be transferred to retained earnings.

The specific terms and conditions to be observed in the allocation of 2012 profits are detailed in the body of the proposal, which is available at [www.cmvm.pt](http://www.cmvm.pt) and at the company's website.

*III.10. Description of the main characteristics of the stock plans and plans for options to purchase stock adopted or in force during the year under review, namely justification for adoption of the plan, category and number of plan recipients, eligibility criteria, 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 to be attributed, existence of incentives to acquire shares and/or exercise options and the power of the board of directors to execute or modify the plan.*

*Indication:*

- a) Of the number of shares needed to meet the exercising of the options attributed and the number of shares needed to meet the number of exercisable options, as a reference at the beginning and end of the year;*
- b) Of the number of options attributed, exercisable and extinguished during the year;*
- c) At the General Meeting of Shareholders, assessment of the characteristics of the adopted plans or the plans in force during the year in question.*

To date, the Novabase General Meeting of Shareholders has approved five plans for options to allot, subscribe for and/or purchase shares, namely:

- 1st Plan was universal, offering stock options to employees and members of the Board of Directors of Novabase and other companies in the Novabase Group (2000-2002 Plan), passed in the General Meeting of Shareholders of 22 May 2001;
- 2nd Plan for Options to Subscribe and/or Purchase Novabase Stock for the years 2003 to 2005 (2003-2005 Plan), passed in the General Meeting of Shareholders of 29 April 2003, also a universal plan, offering stock options to employees and members of the Board of Directors of Novabase and other companies in the Novabase Group;
- 3rd Stock Options Plan (2006-2008 Plan), passed in the General Meeting of Shareholders of 20 April 2006, covering only the directors of some of the Novabase Group companies, namely those directors who in large part manage these companies, as well as those persons who hold an important position in any company of the Novabase Group on the basis of an employment contract;
- 4th Plan for Options to Allot Shares (2009-2011 Plan) passed in the General Meeting of Shareholders of 28 April 2009, covering only the directors of Novabase SGPS;
- 5th Plan for Options to Allot Shares (2012-2014 Plan) passed in the General Meeting of Shareholders of 03 May 2012, covering the directors of Novabase SGPS and employees with supervisory positions at Novabase and at other companies that are legally controlled by Novabase or part of the Novabase Group (hereinafter called “supervisory positions”).

The time periods for exercising the first four plans have already expired, and there are no active stock options that can be exercised. The Plans implemented by Novabase have sought and still seek to promote investment in the company by employees and/or members of the Board of Directors of the company and other companies in the Novabase Group, with a view to pooling efforts towards developing the company's business activity, achieving its goals and sharing the company's strong growth potential with staff regardless of their professional category.

The 5th Plan for Options to Allot Shares, in effect from 2012-2014, covers the directors of Novabase SGPS and supervisory positions.

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

The options are allotted by way of decision of Novabase's Remuneration Committee (in the case of directors) and Board of Directors (in the case of supervisory positions), which will meet for this purpose within 60 days of the commencement of duties. The options may be exercised in phases at three points in time. The first can be exercised on 25 May of the year following that in which the first annual component is attributed, and the other two on the same day (or on the first subsequent working day) in the following months of May, and in blocks corresponding to 1/3 of the number of options attributed. Unexercised options may be exercised on their subsequent maturity dates, although they will automatically expire if not exercised on the last maturity date of 25 May 2015.

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

The options' strike price is defined before the date of attribution. It should, as a rule, be the arithmetical average of the prices, weighted by the respective volumes, of the transactions of Novabase shares at sessions of the Euronext Lisbon regulated market occurring in the ninety

days preceding the participant's commencement of duties, with any necessary adjustment under the terms of the plan. The strike price of the options allotted under the 5th Plan was €2.19 per share.

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

Once the participant notifies the company of his/her intention to exercise options on each of the scheduled dates, the number of shares to allot to this participant (rounded down) is determined by the formula:

$$\text{No of shares} = \text{No. of options exercised} \times (\text{TP} - \text{Strike}) / \text{TP}$$

where:

TP or take-up price = arithmetical average of the prices, weighted by the respective volumes, of the transactions of Novabase's shares at sessions of the Euronext Lisbon occurring in the ninety days preceding the vesting date.

The total number of options attributed under the 5th Plan may under no circumstances exceed the total number of options attributed under the 4th Plan which, in turn, is limited to the total number of options attributed under the 3rd Plan. Pursuant to the 3rd Plan, the shares corresponding to the options attributed but not yet exercised under this third 2006-2008 Stock Option Plan could at no time exceed 8% of the total volume of shares representing Novabase's share capital at the time, for the three Annual Loyalty Components comprising the 3rd Plan.

Novabase's Remuneration Committee (in the case of directors) and Board of Directors (in the case of supervisory positions) are responsible for selecting participants in the 5th Plan.

As a rule, changes to strike and take-up prices are not authorized. Whenever financial transactions with potentially relevant impacts on Novabase's share value occur, these prices may be adjusted under the terms of the Plan, but only to offset these transactions' effects, subject to the prior authorization and validation of the Remuneration Committee and/or Board of Directors, as applicable.

The total number of recipients is nine directors.

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

Implementation of the Plans:

In 2001 the first phase of the current Stock Option Plan was implemented, and by 25 May 2001, 55,964 subscription options for Novabase shares had been exercised, which corresponded to 47.6% of the options attributed and exercisable on that date. The options were exercised by means of an increase in capital decided upon for that purpose on 1 June 2001. Of the 55,964 shares subscribed, 45,043 were subscribed at €8.50, and the remaining 10,921 at €10.40.

In 2002 and 2003, due to the performance of the capital markets, none of the options provided for in the Stock Option Plan were exercised.

In 2004, under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, 150,743 subscription options for Novabase shares were exercised on 25 May 2004, corresponding to 11.9% of the options attributed and exercisable on that date. The options were exercised by means of an increase in capital decided upon for the purpose, whose public recording and corresponding commercial registry occurred on 28 May 2004. The 150,743 shares were subscribed and paid up at the unit price of €4.96.

In 2005, under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, 319,058 subscription options for Novabase shares were exercised on 25 May 2005, corresponding to 8.9% of the options attributed and exercisable on that date. The options were exercised by means of an increase in capital decided upon for the purpose, whose public recording and corresponding commercial registry occurred on 01 June 2005. Of the total 319,058 shares, 314,971 were subscribed and paid up at the unit price of €4.96, and the remaining 4,087 shares were subscribed and paid up at the unit price of €5.87.

In 2006, under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, 2,675,629 subscription options for Novabase shares were exercised on 25 May 2006, corresponding to 48% of the options attributed and exercisable on that date. The options were exercised by means of an increase in capital decided upon for the purpose, whose public recording and corresponding commercial registry occurred on 01 June 2006. Of the total 2,675,629 shares, 2,634,308 were subscribed and paid up at the unit price of €4.96, 38,755 shares were subscribed and paid up at the unit price of €5.87, while the remaining 2,566 shares were subscribed and paid up at the unit price of €6.10.

In 2007, under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, 23,169 subscription options for Novabase shares were exercised on 25 May 2007, corresponding to less than 1% of the options attributed and exercisable on that date (active options). All 23,169 options were subscribed for at the unit price of €4.91 (resulting from the adjustment to the unit price of €4.96, as explained below). The Board of Directors elected to sell treasury shares in lieu of an increase in capital in order to exercise attributed options.

In 2008, under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, 10,974 subscription options for Novabase shares were exercised on 25 May 2008, corresponding to 1% of the options attributed and exercisable on that date (active options). All 10,974 options were subscribed at the unit price of €4.09. The Board of Directors elected to sell treasury shares in lieu of an increase in capital in order to exercise attributed options.

In 2009, under the Stock Option Plan and the Stock Subscription and/or Purchase Option Plan, 10,974 subscription options for Novabase shares were exercised on 25 May 2009, corresponding to 1% of the options attributed and exercisable on that date (active options). All 10,974 options were subscribed at the unit price of €4.09. The Board of Directors elected to sell treasury shares in lieu of an increase in capital in order to exercise attributed options.

In 2009, under the 4th Plan, a total of 1,959,720 options were allotted to Novabase directors participating in the Plan.

On 25 May 2010, the maturity date was reached for Batch 1 (equalling one third of the total) of the options allotted to each participant under the 4th Plan; no options were exercised on this date.

On 25 May 2011, the maturity date was reached for Batch 2 (equalling another third of the total) of the options allotted to each participant under the 4th Plan; no options were exercised on this date.

On 25 May 2012, the maturity date was reached for Batch 3 (equalling all of the options under the terms of the 4th Plan) of the 4th Plan; no options were exercised on this date.

After the Novabase General Meeting of Shareholders held on 03 May 2012, 1,959,720 options were attributed to directors under the 5th Plan.

Implementation Summary Chart:

Period	Total Shares Acquired (1+2)	Shares (1)	Subscription Price	Shares (2)	Subscription Price
2001	55,964	45,043	8.5	10,921	10.40
2004	150,743	150,743	4.96		
2005	319,058	314,971	4.96	4,087	5.87
2006	2,675,629	2,634,308	4.96	38,755	5.87
2006	2,566	2,566	6.10		
2007	23,169	23,169	4.91		
2008	10,974	10,974	4.09		
2009	10,974	10,974	4.09		
2010					
2011					
2012					

Given a hypothetical take-up price, on 31 December 2012, of the options attributed in the 5th Plan, which would be €2.15 per share (calculated according to the above criteria), if all attributed and exercisable options (i.e. all of the 1,959,720 options allotted to management) were exercised on the next vesting date of 25 May 2013, no shares would be attributed in settlement of the exercised options.

The above information is for information purposes only, since, as stated, the options attributed under the 5th Plan may only be exercised on the maturity dates specified in the plan: 25 May of the year following that in which the options are attributed, and the same days (or on the first subsequent working day) in the following months of May, in batches corresponding to 1/3 of the number of options attributed.

It is also important to note that, bearing in mind Novabase's publicly announced intention to implement a shareholder earnings policy including an annual payment, starting in 2012, of a dividend in an amount ranging between 30% and 40% of consolidated net profit recorded in each financial year, the options' strike and take-up prices may experience adjustments. Adjustments to the 5th Plan must be made pursuant to clause 8 of the respective regulations, and are subject to the prior authorization and validation of the Remuneration Committee and/or Board of Directors, as applicable.

As regards the shares attributed under the 5th Plan, these cannot be sold or encumbered by participants for a period of one year from their respective date of attribution due to the exercising of these options, with the exception of 50% of all shares attributed on said date.



*III.11. A description of the main data on business deals and transactions carried out between the company and between the members of the Management and Supervisory Board or companies in a control or group relationship, provided the amount is economically significant for any of the parties involved, except for those business deals or transactions that are cumulatively considered within the bounds of normal market conditions for similar transactions and are part of the company's current business.*

No business deals or transactions were conducted between the company and the members of its management and supervisory boards, or companies in a control or group relationship, outside of normal market conditions or outside of the company's current business.

*III.12. Description of the vital data on business deals and transactions carried out in the absence of normal market conditions between companies and owners of qualifying holdings or entity-relationships with the former, as envisaged in Article 20 of the Securities Code.*

No business deals or transactions were conducted between the company and owners of qualified holdings, or entities in any way related to them, outside of normal market conditions.

*III.13. A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the owners of qualifying holdings or entity-relationships with the former, as envisaged in Article 20 of the Securities Code.*

Pursuant to Recommendation No. IV.1.2 of the Corporate Governance Code, significant business deals with qualified shareholders, or with entities in any way related to them, pursuant to Article 20 of the Securities Code, must be subject to the prior opinion of the supervisory board. 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.

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

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

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

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

Such notification to Novabase's Auditing Committee 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.

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

In issuing its opinion, the Auditing Committee 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 pursue a higher company interest.

In either case, the Auditing Committee must give immediate notification to Novabase's Board of Directors of any prior opinion issued.

*III.14. A description of the statistical data (number, average and maximum values) on the business deals subject to preliminary opinion by the supervisory board.*

The supervisory board had no prior involvement in the company's business deals in 2012.

*III.15. Indication of the availability on the company's website, of annual activity reports drawn up by the general and supervisory board, by the financial matters committee, the auditing committee and the audit board, including constraints that might be encountered, as well as financial information documents.*

The report on the activities of Novabase's Auditing Committee is attached to this report and published at Novabase's website, and includes a description of the oversight activities carried out by the Auditing Committee, together with the fact that no constraints were found with regard to these activities.

*III.16. Reference to the existence of an Investor Relations Office or other similar service, indicating:*

- a) Office functions;*
- b) Type of information provided by the office;*
- c) Means of accessing the office;*
- d) Company website;*
- e) Identification of the market relations representative.*

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 provides information through Novabase's website ([www.novabase.pt](http://www.novabase.pt)). Since 2002 Novabase has had a dedicated investor relations area on its company website at [www.novabase.pt](http://www.novabase.pt). Investors have access to a number of links containing information of interest to their profile. In terms of financial information, they have access to Annual Reports and Accounts for previous years, the Financial Calendar, reserved information, information on the



composition and powers of the company's Corporate Boards, the names and e-mail addresses of the analysts covering the security, together with the price target, the market performance of Novabase's shares, Novabase's shareholders, a space reserved for the General Meetings of Shareholders for convening meetings and posting preparatory information for General Meetings of Shareholders, the form for postal votes and electronic voting (available since 2006), a Corporate Governance space in which Novabase publishes this report, CMVM Regulation No. 1/2010 on the Governance of Listed Companies and Corporate Governance Code 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 and decisions taken.

The following information is published in Portuguese and English on Novabase's website: a) The company, public company status, headquarters and remaining data provided for in Article 171 of the Commercial Companies Code; b) Articles of Association; c) Credentials of the members of the Board of Directors and the Market Liaison Officer; d) Investor Assistance Unit – its functions and access tools; e) Accounts Reporting documents; f) Half-Yearly Calendar on Company Events; g) Proposals sent through for discussion and voting during the General Meeting of Shareholders; h) Notices convening General Meetings of Shareholders.

The Investor Relations Office can be contacted as follows:

*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, Lote 1.03.2.3., Parque das Nações, 1998-031 Lisbon, Portugal*

*III.17. Indication of the amount of annual remuneration paid to the auditor and to other individual or legal persons belonging to the same network supported by the company and/or legal persons that are controlled by or part of a group, and breakdown of the percentage relating to the following services:*

*a) Statutory auditing services;*

*b) Other reliability assurance services;*

*c) Tax consultancy services;*

*d) Services other than statutory auditing.*

*If the auditor provides any of the services described in sub-paragraphs c) and d), a description of the auditor independence safeguarding measures shall be provided.*

*For the purpose of this information, the concept of network is that stipulated by European Commission Recommendation no. C (2002) 1873, of 16 May.*

Service	2011 (,000€)	2012 (,000€)
Statutory auditing	200	150
Other reliability assurance services	3	0
Tax consultancy services	0	0
Services other than statutory auditing	0	1

Among other duties, the external auditor is responsible for verifying the application of remuneration policies and systems, the efficiency and functioning of internal control mechanisms and the reporting of any shortcomings to the Auditing Committee, thereby fulfilling Recommendation No. III.1.4 of the Corporate Governance Code.

A procedure is in place by which all of the various auditing services are subject to the prior approval of the Auditing Committee. In 2012, auditors were hired to perform services other than statutory auditing, although these did not exceed 10% of all auditing services (as shown in the above table).

The use of such services is justified at the time of their prior approval by the Auditing Committee, primarily due to the functional advantages of the external auditor's knowledge of Novabase from the performance of these duties, notwithstanding the assurance of independence given by the external auditor in the fulfilment of professional obligations.

### *III.18. Reference to the external auditor's rotation period.*

Recommendation No. III.1.3 of the Corporate Governance Code states that auditors should be rotated at the end of three terms when the term of office of corporate boards is three years, as is the case with Novabase.

Moreover, pursuant to Article 54 of Decree-Law No. 224/2008 of 20 November, in entities of public interest (which, under the terms of the respective legislation, includes listed companies), the maximum period for performing auditing duties by the partner responsible for overseeing or directly performing statutory audits is seven years from his/her appointment, renewable after a minimum period of two years.

On 31 December 2012, the Novabase statutory auditor and active external auditor was the official auditing firm PricewaterhouseCoopers & Associados, SROC, Lda, represented by Jorge Manuel Santos Costa, and with César Abel Rodrigues Gonçalves as substitute statutory auditor.

Since the partner responsible for statutory audits has provided services to Novabase since 2003 (as a representative of Belarmino Martins, SROC), under Article 54 of Decree-Law No. 224/2008 of 20 November, once seven years had passed in relation to the start of these services (in May 2010), the current partners were appointed to oversee and directly perform Novabase's statutory audits, under the above terms.

In view of the above, the Auditing Committee weighed up the conditions of the auditor's independence, the advantages and costs involved in maintaining the auditor, and the auditor's replacement.

Along these lines, the following were taken into account:

- a) The abilities, qualifications and professional experience of the current external auditor, along with its detailed internal knowledge of the various companies of the Novabase Group and the sectors in which they do business, compared to the comparable characteristics of other accredited auditing firms contacted;
- b) The fact that the partner responsible for auditing services must be replaced every seven years, the ethical standards applicable to statutory auditors and the powers assigned by the Auditing Committee itself (which is fully comprised of independent members, with proper training to perform their duties and knowledge of accounting and auditing) already ensured a very high degree of external auditor independence;
- c) That the European Commission Recommendation of 16 May 2002 does not provide for any rotation of the external auditor, but only consideration of the extent to which the prolonged participation of other members of the auditing team beyond the partner responsible may compromise its independence, and that the necessary safeguarding measures be taken to reduce this risk to an acceptable level (which the aspects referred to in the above item seem to already largely address);
- d) That the reform proposed by the European Commission to make the rotation of the external auditor mandatory has yet to be implemented;
- e) That some experiences in other European jurisdictions (e.g. Spain) imposing the mandatory rotation of the external auditor at the end of a given time period were ultimately abandoned;
- f) That a change to the external auditor may involve costs to adapt information systems and communication methods, and costs involving time or the recovery of previously drawn up documents, among others;
- g) That in view of the status quo of the global, European and Portuguese economies, prudence is needed in weighing up the consequences of changing methods and procedures in companies' daily routines.

In view of all of the above aspects, the Auditing Committee issued a specific opinion to keep the current external auditor for at least one more term, thereby fulfilling Recommendation No. III.1.3. of the CMVM Corporate Governance Code in its entirety.

## Annexes:

---

- *Report from the Auditing Committee*
- *Report from the Remuneration Committee*
- *Report from the Non-Executive Directors*



## Report on the Activity of the Audit Committee in 2012

---

### 1. Scope

The current members of the Audit Committee were elected on the General Meeting of Novabase on 28 April 2009 for the triennium 2009-2011 and also are part of the composition of the Board of Directors of the group as non-executive members, fulfilling the requisites established in the law – namely no. 5 of article 414 of the Companies Code.

The current Audit Committee is composed by:

Luis Mira Amaral (Chairman)

João Luís Correia Duque (Member) and

Manuel Alves Monteiro (Member)

### 2. Activities of the Committee

Within the scope of powers established in its internal regulation, as well as in article 423-F of the Companies Code, in 2012 the Audit Committee carried out the following activities:

1. Opinion on the Annual Report and Accounts of 2011 and Analysis of the 2012 Accounts
  - Within the analysis of the 2011 accounts, the Audit Committee held meetings with the external auditors to analyze the results of the audit work performed, and concluded that no relevant issues were identified within such work;
  - Within the analysis of the 2012 accounts, the Audit Committee held meetings for analysis and discussion of audit work plans, as well as to monitor the work being performed. These issues also involved the CFO, having the Committee obtained the company's opinion on the same on a regular basis.

2. Definition of the Committee's annual agenda

- As customary in the Committee's Annual Agenda, there were periodic meetings with the CFO, continuing the process of permanent exchange of information, which allows the Committee to constantly update itself on the business and finance of the company.
- As the Committee now has a deep knowledge of the company's structure and main businesses, the annual focus in 2012 followed the strategic goals identified by the company, specially the internationalization of the Business. Particular attention was given, namely, to the way the company consistently adapts itself to pursue the referred goals, as well as to the risks associated with the internationalization process, and the consequent processes for the mitigation of such risks.

3. Annual review of the performance of the external auditors and its independence

- Keeping a consistently high demanding level, the Committee promoted, at the beginning of the year, the evaluation of the external auditors, which was shared and discussed with the same. Regarding the year of 2012, the Committee maintains the opinion that the external auditors have been increasing their level of knowledge about the company, developing the required sense of proactivity in identifying issues and topics to be reported to the Committee.

4. Appraisal and approval of the proposal for annual services of the external auditor

- After assessing the proposal of the auditors, taking into account the constant evaluation that has been made by the same as mentioned in the previous paragraph, the Committee resolved to propose the renewal of the appointment of the current External Auditor for the triennium that began in 2012.
- Since the external auditor completed, in the previous year, a period of three terms of office, the Audit Committee assessed the independence conditions of the external auditor and the benefits and costs that would be involved in its maintenance, as well as in its replacement, regarding the beginning of a new term of office, and issued a specific opinion to maintain such external auditor for another term of office.

5. Self-evaluation of the Audit Committee

- Following the established practice since the formation of this Committee, an exercise of analysis and self-evaluation was made, which intends to encourage a process of continuous development and improvement of the performance of the same, resulting in a report that was subject to discussion with the Chairman of the Board of Directors.

6. Analysis of the activity's Risk

- In addition to the regular meetings with the CFO, in which several analyzes were made regarding the current situation of the company's activity and the various risks inherent to it, the Committee also promoted a meeting with the Chairman of the Board of Directors and the "Chief Risk Officer", and had the opportunity to jointly examine the report regarding the activity's risks prepared by the last;
- The Audit Committee also assessed the operation of the internal control and risk management systems, which proved to be suitable to the needs of the company.

7. Monitoring of internal audit plans

- The Committee reviewed the reports of the internal audit that took place until the end of 2011, deepening the analysis of the respective methods, teams and conclusions of the same with the contribution of the person responsible for them;
- The Committee also reviewed the annual internal audit plan for the 2012 financial year.

8. Analysis on the existence of businesses or other responsibilities that are materially relevant and discussed at the level of top management

- This Committee periodically assesses the possible existence of subjects not yet disclosed in the accounts, and that may in any way have a material impact, so that its anticipation becomes relevant herein.

9. Adequacy of the company's structure to the internationalization process

- Given the high focus on the internationalization process within the strategy of the company, the Commission established as a priority for 2012 the analysis of the supporting structure for such strategy, ensuring that the potential associated risks are duly protected. In order to pursue this goal, the topic was the subject of regular meetings with the CFO, as well as with other areas of the company, both of business and support. Additionally, the topic has been referred to in the Board meetings, and the management has a high degree of awareness to the same.

10. Model for Talent Management

- Based on the fact that the company is essentially a company of human capital, the Committee also became acquainted, with the required degree of detail, with the Talent Management strategy in place.



#### 11. Group's Policy on Transfer Pricing

- On a meeting held for such purpose, the Committee was informed in more detail of the processes and criteria applied by the Group in relation to Transfer Pricing, both nationally and internationally.

In compliance with the Company's Government Code of CMVM, the Audit Committee confirms that in the pursuit of its activities it has not come across with any constraints that may restrict its activity as auditing body.

### 3. Future goals to be pursued

Since the routine control actions that the Committee must execute have been stabilized in recent years, it now intends to give special emphasis to the deepening of the following activities:

- monitoring the risks inherent to the businesses internationalization processes;
- building close and regular relationships with the Executive Committee and other managers of the company, assuring a high level of sharing of information;
- monitoring the internal control processes in place;
- analysis and monitoring of the risks on the company and its most relevant businesses;
- implementing procedures and actions that the self-evaluation exercise of the Committee may deem adequate to the constant improvement of the Committee's performance;
- special attention will be given to the hot topics that traditionally accompany financial reporting, with emphasis on the revenue, internal transfer prices and derivatives and other financial products;
- in general, the Audit Committee will maintain a very special attention on other elements and factors which contribute to the sustainability of the company and the profitability of its businesses, contributing towards the efforts of creating sustainable value for stakeholders and shareholders in particular.



#### **4. Conclusion**

In pursuing its mission, the Audit Committee concludes that:

- The management of Novabase acts with high levels of rigor and transparency, which reflect on the quality of the managing information issued, on the working conditions of those with the mission of auditing, controlling and supervising, and on the attention it gives to the monitoring and mitigation of the risks on the company and its businesses;
- Novabase is audited on a capable, professional and independent manner, and the company of external audit receives the necessary and adequate information for the issuing of a report worthy of trust by the shareholders and the market.

The Audit Committee

Luís Mira Amaral (Chairman)

João Luís Correia Duque

Manuel Alves Monteiro

Lisbon, 28 February 2013



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

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

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

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

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

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

#### **Prior note:**

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

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

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

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

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

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

It was noted that the RC decision contained in the minute of the meeting held on July 7, 2011, item five of the agenda, required an additional clarification as the expression

“positive performance of the company” is not a quantitative expression by itself sufficient to determine, in light of each year’s net results, the decision to continue or not continue to pay the variable remunerations previously attributed to directors and now subject to deferral.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### F) Stock option plan

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

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

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

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

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

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

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

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



## **PART II**

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

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

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

- a. Allocation to the non-executive independent board members of an exclusively fixed remuneration. The attribution of this remuneration to the non-executive independent board members is aligned with the company's interests as it assures the independence of such board members in carrying out their duties.
- b. Allocation to the remaining board members, in accordance with a case determination from the Remunerations Committee, of just a fixed component or a fixed and a variable component.
- c. The attribution of a variable component should consider the alignment of these board members with the shareholders' interests both in the short and medium and long term, therefore making it advisable the attribution of a twofold component.
- d. The first part of the variable component should be payable annually in cash and should be directly related to the company's performance in the year ended, assessed for instance in terms of the net profit obtained and with the responsibility and performance of each board member in particular.
- e. The Remunerations Committee may determine the payment of only half the amount attributed to each board member as cash variable remuneration, deferring the remaining 50% for payment within the next three years. In each of these years, 1/3 of the half of the amount can be paid, depending on the positive performance of the company in said periods.
- f. The second part of the variable component should have as an objective to align the board members with the stock performance of the company in the triennium, and mechanisms may be established in order to defer the payment of a significant part of this component for a period never under three years and determine this payment is dependent on the positive performance of the company in this period, also being possible that this payment takes the form of a stock options plan which should be approved by shareholders at the Annual General Meeting, together with

the respective regulation. The remunerations committee would in that case apply this regulation, determining for each board member the amount of options to be attributed.

- g. The members of the General Meeting shall have an attendance fee remuneration only.
- h. The remuneration of the external auditor of the company will be in accordance with the market practices and the adequate performance of the duties to be defined by the board of the company under proposal by the Audit Committee.

Considering that the policy, which general guidelines are summarised above, was reaffirmed at the General Meeting of Shareholders of May 3, 2012 for the 2012-2014 term of office, this committee recommends to the Annual General Meeting that no changes to the policy are made for 2013, considering the current term is still in progress.

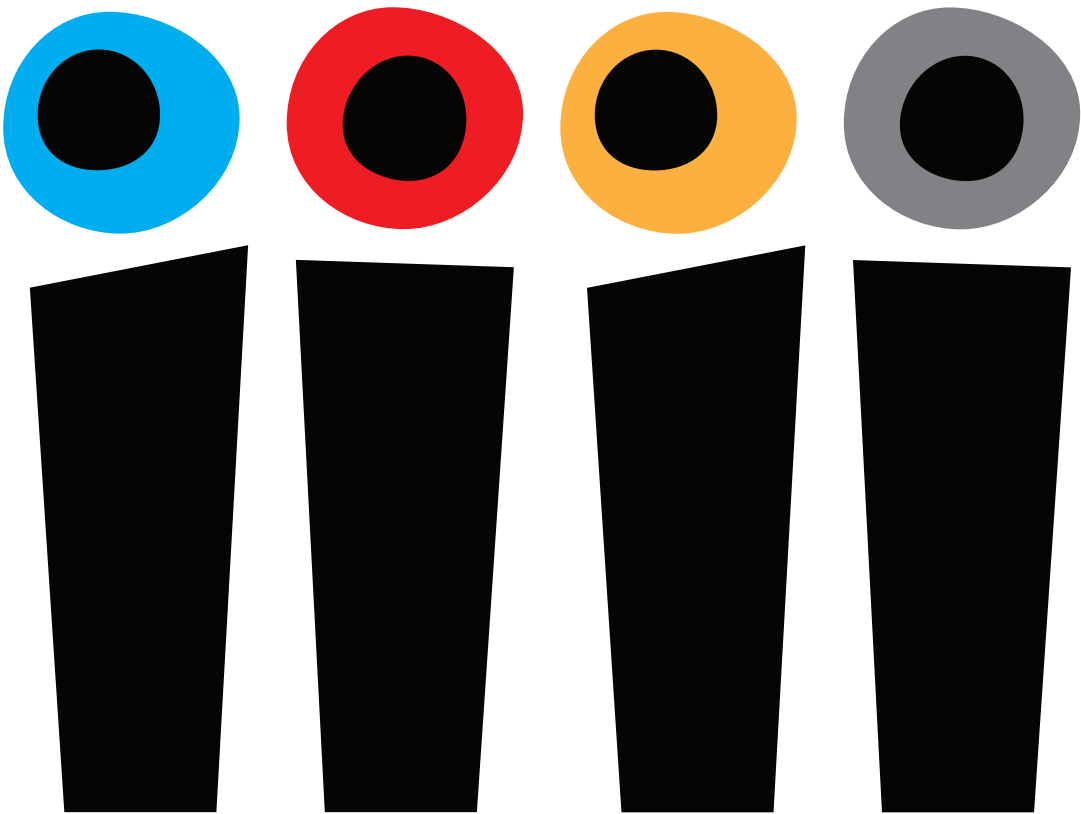
Lisbon, February 26, de 2013

The Remunerations Committee

Francisco Luis Murteira Nabo (Chairman)

Pedro Rebelo de Sousa (Member)

João Quadros Saldanha (Member)



## **2012 Report from Novabase SGPS Non-Executive Directors**

In 2012, the Novabase SGPS Board of Directors was made up of the following members:

Rogério dos Santos Carapuça (*Chairman of the Board of Directors*)

*Executive members:*

Luis Paulo Cardoso Salvado (*Chairman of the Executive Committee - CEO*)

João Nuno da Silva Bento

Álvaro José da Silva Ferreira

Nuno Carlos Dias dos Santos Fórneas

Francisco Paulo Figueiredo Moraes Antunes

Paulo de Barros Pires Trigo

*Non-executive members:*

José Afonso Oom Ferreira de Sousa

Pedro Miguel Quinteiro Marques de Carvalho

Joaquim Manuel Jordão Sérvulo Rodrigues

*Independent non-executive members:*

Luis Fernando de Mira Amaral (*Chairman of the Auditing Committee*)

Manuel Fernando de Macedo Alves Monteiro

João Luis Correia Duque

The latter make up the Auditing Committee. Together, the non-executive members (seven) account for the majority of the members of the Board of Directors, since there are six executive members out of a total of thirteen board members.

On average, the Board of Directors met once per month.

The Auditing Committee is appointed by the General Meeting of Shareholders.

Director Francisco Antunes is the CRO (Chief Risk Officer), and meets periodically (4 times per year) with the Chairman and Auditing Committee to analyse the topic of risk.

As part of its activities at the company, the non-executive signatories of this report – some of whom are also members of the Board of Directors Performance Assessment Committee – analysed the work of the Novabase SGPS Board of Directors, which is disclosed in this report.

Similar to the previous two years, an analytical methodology was followed using principles from “*Back to the Drawing Board*”, *Designing Corporate Boards for a Complex World*, Colin & Carter, Joy W. Lorsch. Harvard Business School Press.

In our opinion, by systematically applying these principles, the most important aspects of a Board of Directors' activities can be analysed, and conclusions can be drawn on the effectiveness, efficiency and transparency of a company's corporate governance model. In this way, in the Board of Directors' current term (2012-2014), we continued to use this tool as a backbone of this annual report.

## **PART I**

### **2012 Performance Assessment of the Novabase SGPS Board of Directors**

#### **Roles of the Board**

##### Approve company strategy, plans and budgets and associated performance monitoring

The strategy is discussed at length based on presentations from the CEO, and its realization in the year in question is reviewed and approved. The annual plan and budget are discussed and approved by the board. The non-executive directors, who are comfortable with this approach and how it has been implemented, believe it would also be interesting to schedule specific meetings to discuss medium/long-term strategy. With this in mind, the Board of Directors approved a new 2013 meeting model in which some meetings are fully dedicated to the topic of strategy in a "workshop" format (two per year). In the first, the CEO will make a (3 to 5-year) strategy proposal, which will then be discussed. In the second, this strategy will be discussed in greater depth after the other directors have had time to consolidate information from the first meeting. In the following years, there will be discussions on the execution of this strategy and how to update it for the next 3 to 5 years.

##### Approval of major investments and disinvestments

These are discussed and approved by the board. Particular attention was paid in 2012 to the situation in the Digital TV area. The decision was made to divide this area into two: domestic and international DTV. Domestic DTV was incorporated into the IMS business, while international DTV remained independent under Novabase Capital, currently in a search phase for a potential strategic partner.

Novabase Capital venture capital fund investments were also monitored.

##### Approval of capital structure, dividend policy and accuracy/transparency of main company accounting items

The Board of Directors and Auditing Committee regularly follow indicators on the progress of the capital structure and major changes to it. The Auditing Committee closely monitors the activities of the external auditor, analyses accounting items and forwards its analysis to the Board of Directors. The Auditing Committee meets regularly with the CEO and CFO to analyse these items, together with any issues raised by the auditors.

In its meeting held on 31 January 2013, the Board of Directors passed a proposal to distribute a dividend of 10 cents/share for the year 2012, to be submitted by the Board of Directors to the General Meeting of Shareholders on 02 May 2013. This dividend is part of the current dividend policy passed by the General Meeting of Shareholders of 05

May 2011, which stipulates an annual dividend distribution ranging from 30% to 40% of the previous year's net profit.

#### Assurance of identifying and managing main risks

The Auditing Committee, together with the external auditor, CEO and CFO, follows the main risks of the company and its business pursuits, notifying the Board of Directors of key issues for discussion whenever needed. The Auditing Committee meets regularly (once per quarter) with the Chairman and the Chief Risk Officer (CRO), who submits a report on developments in the areas of greatest risk in the company's business.

#### Appointment of Executive Committee and CEO, and assurance of succession plan

The Board of Directors is responsible for appointing the Executive Committee, and for delegating the powers needed for the day-to-day running of the company to it. In the current term, the Executive Committee had the same composition, with the addition of one more executive member (Paulo de Barros Pires Trigo), also a member of the Board of Directors. There was no discussion of a successor to the CEO, since this issue is impacted by the current shareholders' agreement between several individual shareholders of the company.

In fact, a shareholders' agreement exists that was recently renewed between the main individual shareholders of the company, who make up the "core group" of shareholders aimed at giving stability to Novabase's management. The new version of the agreement, signed on 31 January 2012 and duly announced to the market, stipulates that these shareholders must meet before each electoral General Meeting of Shareholders and submit a list of proposed corporate board candidates, including a proposed candidate for CEO. Given this core shareholder group's current relative weight on the company's share capital (around 40%), and since this group must vote on the corporate board candidate list as a block (pursuant to the shareholders' agreement in question), we see no need for the Board of Directors to make internal preparations for potential successors to the position of CEO, since the candidate chosen by the core group is highly likely to be chosen by the shareholders as well. As such, in the specific case of this company and for the above reasons, we do not believe the Board of Directors should put this issue up for discussion on its shortlist of agenda items.

#### Assurance of compliance with legal and regulatory aspects, and establishment of company ethical standards

The Board of Directors regularly analyses the main regulatory provisions (in our case, those issued by the Portuguese Securities Market Commission or CMVM); its specialized corporate governance committee does an in-depth analysis of compliance with applicable legal provisions and recommendations, and approves, prior to Board of Directors discussion, the annual corporate governance report. The Corporate Governance Model Assessment Committee met twice in 2012. The first meeting was to approve the corporate governance report to submit to the General Meeting of Shareholders as part of the 2011 annual report and accounts. The purpose of the second meeting, held in September 2012, was to reflect on market practices in this regard and the model's future.

## **Main Tasks**

### Company and executive management performance monitoring

The performance of the company and its managing bodies is monitored regularly (each month) by the Board of Directors and the Board of Directors Performance Assessment Committee, respectively. All members of the Board of Directors are invited to the annual company kick-off and monthly status quo review meetings.

### Key decision-making

The Novabase Board of Directors analyses and makes the most important decisions with regard to the company, delegating the day-to-day running of the company to the Executive Committee, pursuant to the terms of approved delegation of powers.

### Advising executive management and the CEO

Yes. This is done whenever so justified.

In accordance with the approved governance model, the Chairman may take part in Executive Committee meetings without voting rights (and did so in most of the committee's meetings in 2012), as demonstrated by the respective meeting minutes.

## **Variables monitored in greater detail and frequency**

### Financial performance

Reviewed monthly by the CEO, CFO and Auditing Committee; reviewed and approved monthly by the Board of Directors.

### Competitive position

Analysed whenever relevant on a business-by-business basis.

### Risk exposure

Analysed monthly by the Auditing Committee and external auditors. Analysed in the meeting between the Chairman, CRO and Auditing Committee (quarterly).

### Development of executive management

The CEO performs this role on a day-to-day basis with his/her executive team members. Given the good relationship between them, the CEO shares many daily aspects of the company's business with the Chairman who, in the year in question, also had an executive responsibility (responsible for the Government & Healthcare sector, which became part of the Transportation area at the end of 2012).

#### Organizational climate

There is a periodic employee survey on the performance of operating areas, whose results are analysed by the Executive Committee. This tool measures the degree of employee satisfaction (reflected internally) with services provided by the organization.

The kick-off and other events also help to determine whether a good climate exists at the organization.

Following work done in 2010 on organizational values and culture, a code of conduct was approved in 2011.

#### Customer satisfaction

Regular surveys are conducted, with high response rates, whose results are shared with the Board of Directors. Excellent results were obtained in 2012, in line with those of recent years in which this survey has been done. These are recounted in the annual report and accounts.

### **Information to share between the Executive Committee and the Board**

#### In which businesses is shareholder value created and destroyed?

The overall performance of all businesses is analysed monthly by the Board of Directors, together with key situations that create or detract from value.

#### What are the trends for our business margins (3 years out)?

Although these changes are not forecasted specifically, the Board of Directors does analyse long sequences of results that naturally include this indicator, which has held stable in the main businesses. An informal medium-term prospective analysis is carried out, together with formal projections for the upcoming quarter, in accordance with the best international practices in our business.

#### What are the main risks faced by the company, and how are they managed?

These are analysed regularly by the Auditing Committee, Board of Directors and risk analysis meeting referred to above.

#### Are there any aggressive practices in terms of reporting financial information?

No.

#### What are the most significant investments (or disinvestments) currently underway at the company, and how are they being carried out?

This is analysed regularly. The Board of Directors approves all of those that are significant.

#### What is the organizational climate like? How is employee morale?

#### What do we do to attract and keep talent?

The perceived organizational climate is good. The company has built powerful tools for attracting and keeping talent. Among these are the Novabase Academy, Novabase Campus and involvement in the CMU Portugal and MIT Portugal programs. The 2013



kick-off was a high point in employee motivation, as witnessed extensively first-hand by non-executive members of the Board of Directors, and also reflected by the very high degree of satisfaction in the employee survey on the event.

Are we gaining or losing market share?

The market in Portugal has contracted intensely, but without decreasing Novabase's domestic market share, since all of the players doing business in our market are experiencing the same effect.

Given the Portuguese economy's current backdrop, Novabase's mission will be to seek – using every means at its disposal – to counter the absolute downward trend of business in Portugal and crushing of respective margins, while simultaneously seeking to grow internationally.

This strategy has been implemented successfully, with the percentage of our international business growing systematically in recent years. In 2012, Novabase's international business accounted for around 29% of its total turnover, 35% more than in 2011, meaning that the pace of this growth is intensifying.

What is the customer satisfaction level like?

Very high (explained earlier). Described in the annual report and accounts.

What is our corporate image like? What do stakeholders think?

The work in this area in 2010 (which was very significant) has already been mentioned in prior reports. The company began using the new brand on a daily basis in 2011. At this time (2012), the brand is consolidated. Design Thinking methodology has been progressively introduced into the company's daily activities. Some examples of this are the 2012 N-Talks event (wholly dedicated to this methodology), customer events (e.g. event held in conjunction with the Lisbon MBA, attended by CEOs from TAP, SATA and ANA), internal events (executive forum workshops, sector workshops, Ideathon) and the gradual introduction of this methodology into the Novabase Academy.

Novabase regularly listens to the opinions of key stakeholders, including customers (through an annual survey and complaint follow-up system), shareholders (through regular quarterly road shows), employees, partners, etc.

How does our strategy differ from that of our main competitors?

Topic analysed on a business-by-business basis, as there are various differences between them. The Board of Directors takes part in this analysis.

What do the primary analysts following our stock think of it?

What do they base their analyses on?

The CEO, CFO and IRO (in charge of investor relations) do road shows every quarter. The Chairman has also taken part in these road shows. A meeting is held with key analysts each quarter following the publication of results. Their analyses are public, and therefore read by the Board of Directors. Various investment houses follow the Novabase share on a regular basis. The IRO is always available to communicate with investors, analysts, the regulatory authority (CMVM) and Euronext Lisbon.

Novabase's stock performance – like most listed Portuguese companies – has been affected by Portugal's recession in 2011 and 2012.

However, its share price rose 10.0% in 2012, compared to a 2.9% rise in the PSI20 and gains of 21.8% in the EuroStoxx Technology Index. "Country risk" certainly applies to Portuguese listed companies; among these, small caps like Novabase are particularly affected. In the first months of 2013, Novabase was notified by Euronext Lisbon that it would be re-listed on the PSI20 index beginning on 18 March.

### **Performance of the Board**

Does the Chairman have an effective leadership style?

Yes.

Do the Chairman and CEO have a good relationship?

Yes. They have had a long-standing working relationship of trust for a number of years, which has greatly facilitated their bi-directional, day-to-day relations.

Do they both understand their roles and how they differ?

Yes. Both of them say that their working relationship is highly upstanding, cordial and effective.

Does the CEO encourage input from the Board?

Yes. The CEO meets periodically with the Auditing Committee, and always asks for input from the Board during meetings and individually from various non-executive members. The Chairman meets periodically with the Auditing Committee and CRO.

Do the Board of Directors and Executive Committee have constructive relationships?

Yes. Completely.

Do members of the Board of Directors and Executive Committee have normal working relationships outside of board meetings?

Yes. Various non-executive members perform activities and actions in tune with and at the request of executives.

Can board members easily raise questions for discussion, whether for or against positions approved by the group?

Yes. Completely.

Do board members present their views in a constructive manner?

Yes. Always.

Once a decision has been reached, do disagreeing members support it?

Yes. Completely.

Does the Executive Committee quickly notify the Board of Directors of any bad news?

Yes. The meeting minutes of the Board of Directors show that all major situations are analysed in a timely manner. In 2012, the issue of the Digital TV area was analysed with great care. Potential situations of greater significant risk in projects are reported

regularly, and the board takes part in all major situations in all of these areas. An example of this was the attention dedicated to litigation with the Portuguese government revolving around compensation due to Novabase for cancelling the School Card (Cartão Escola) project; this was finally resolved in 2012 with a fair agreement on both sides, in line with Novabase's demands from several years before (payment of compensation due).

## **PART II**

### **Conclusions**

Novabase's corporate governance model works well. All of the relevant aspects of how it works are detailed in the analysis in PART I of this report.

Novabase's annual corporate governance report is drawn up in open dialogue with the Portuguese Securities Market Commission (CMVM). This regulatory authority's assessment of the report continues to be highly positive, together with the new rating created by the Association of Listed Securities Issuers (AEM) in partnership with the Catholic University of Portugal (Universidade Católica Portuguesa). For the year 2012, the CMVM ranked Novabase's degree of compliance with its recommendations at 96%, while the AEM/Universidade Católica rating for Novabase rose to AAA (the highest possible) in 2012.

The non-executive directors thought that it was important to give this report a clear framework for assessing the board's performance which, we believe, could also contribute significantly towards efforts in this area among Portuguese listed companies.

Lisbon, 21 March 2013

The non-executive directors

Rogério Carapuça  
(Chairman)

Luis Mira Amaral  
(Chairman of the Auditing Committee)

José Afonso Oom Ferreira de Sousa

Pedro Marques de Carvalho

Manuel Alves Monteiro

João Correia Duque

Joaquim Sérvulo Rodrigues