



**REPORT ON
CORPORATE GOVERNANCE
2016**

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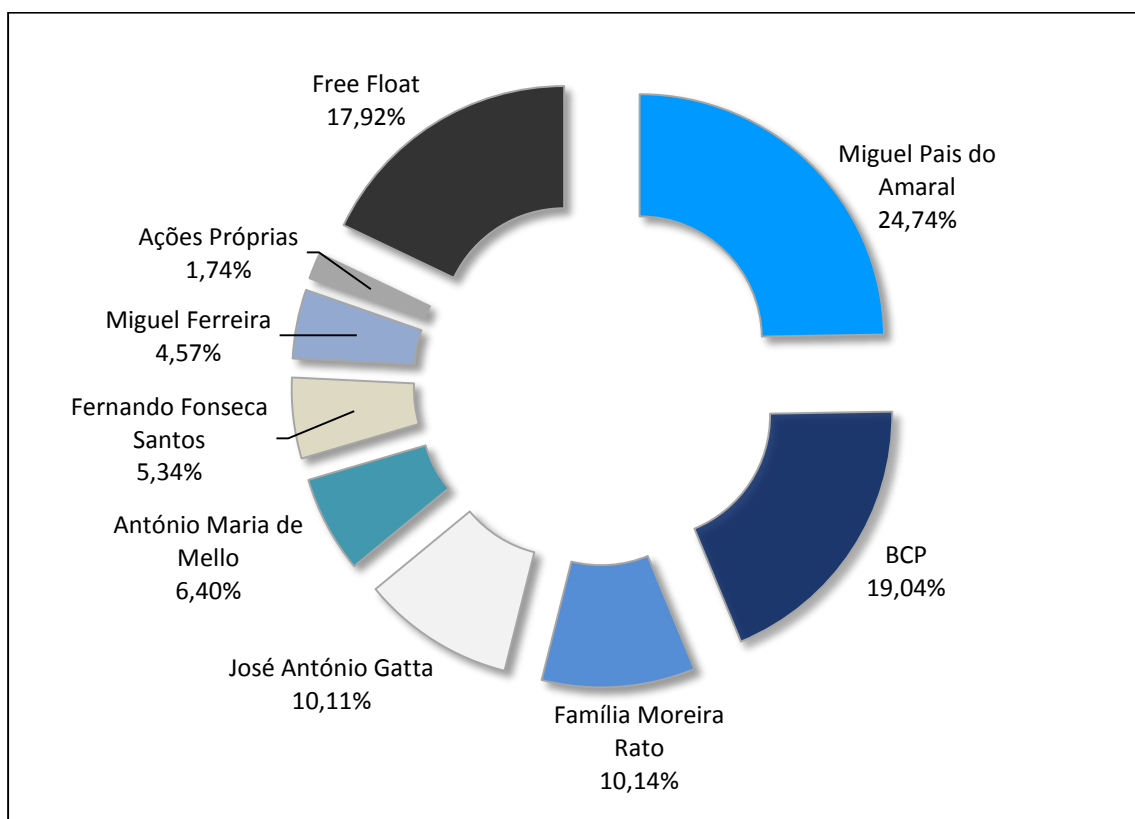
PART I - MANDATORY INFORMATION ABOUT SHAREHOLDER STRUCTURE, CORPORATE ORGANISATION AND GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. Capital Structure

1. Capital structure (share capital, number of shares, distribution of capital by shareholders, etc.), including indication of the shares not admitted to trading, different categories of shares, its inherent rights and obligations, and percentage of capital that each category represents (Art. 245-A, paragraph 1, subheading a)).

On December 31st, 2016, the share capital was 73,193,455 euros, fully subscribed and paid up in cash, represented by 14,638,691 shares with an individual nominal value of 5 (five) euros.



All shares are all titled and issued to the bearer, although their conversion into booked and nominative shares is statutorily permitted. The rights and obligations inherent to all shares are equal. All shares are admitted to trading.

2. Restrictions on the transferability of stock, such as clauses of consent to their disposal or restrictions on the ownership of stock (Art. 245-A, paragraph 1, subheading b)).

The Company's articles of incorporation do not provide for any restriction on the transfer or ownership of shares

3. Number of treasury shares, percentage of share capital, and corresponding proportion of the voting rights attached to the treasury shares (Art. 245-A, paragraph 1, subheading a)).

On December 31, 2016, Reditus SGPS held 255,184 treasury shares in its portfolio, representing 1.743% of the share capital.

4. Relevant agreements to which the company is a party and which may come into effect, may be amended or may expire, in the event of a change in the control of the company following a takeover bid, as well as the respective effects, unless, by reason of their nature, the disclosure of the same is seriously detrimental to the company, or except where the company is specifically obliged to disclose such information pursuant to other legal imperatives (Art. 245-A, paragraph 1, subheading j)).

The Company has no knowledge of any significant agreements that may enter into force, be amended or expire in the event of a change in the control of the company.

5. Rules to which the renewal or revocation of defensive measures are subject, in particular those providing for the limitation of the number of votes likely to be held or used by a single shareholder, individually or in coordination with other shareholders.

The company has not adopted defensive measures, in particular those providing for the limitation of the number of votes likely to be held or used by a single shareholder, individually or in coordination with other shareholders.

6. Shareholder agreements that are known to the company and may result in restrictions on the transfer of securities or voting rights (Art. 245-A, paragraph 1, subheading g)).

The company is unaware of the existence of any shareholders' agreements.

II. Shareholdings and Bonds Held

7. Identification of natural or legal entities that, directly or indirectly, are shareholders of qualifying holdings (Art. 245-A, paragraph 1, subheadings c) and d) and Art. 16), with a detailed indication of the percentage of the capital and votes attributable, and the source and causes of attribution.

The table below indicates the qualifying holdings in the share capital of Reditus SGPS, SA on December 31st, 2016:

Shareholder	Nº of Shares	% Share Capital	% Voting Rights
Miguel Maria de Sá Pais do Amaral			
Directly	0	0.00%	0.00%
Through Courical Holding SGPS (controlled by the shareholder)	1,408,927	9.62%	9.80%
Through AHS Holdings SGPS (controlled by the shareholder)	2,212,277	15.11%	15.38%
Total attributable	3,621,204	24.74%	25.18%
Banco Comercial Português, S.A.			
Directly	2,787,411	19.04%	19.38%
Total attributable	2,999,998	20.49%	20.86%
URCOM - Urbanização e Comércio, SA			
Directly	0	0.00%	0.00%
Through Lisorta, Ltd (controlled by the shareholder)	1,210,124	8.27%	8.41%
Through Vicente Moreira Rato (Director of the company)	274,416	1.87%	1.91%
Total attributable	1,484,540	10.14%	10.32%
José António da Costa Limão Gatta			
Directly	0	0.00%	0.00%
Through ELAO SGPS (controlled by the shareholder)	1,480,000	10.11%	10.29%
Total attributable	1,480,000	10.11%	10.29%
António Maria de Mello da Silva César e Menezes			
Directly	0	0.00%	0.00%
Through António M. de Mello, SGPS (controlled by the shareholder)	738,498	5.04%	5.13%
Through Canes Venatici - Invest. SGPS (controlled by the shareholder)	198,833	1.36%	1.38%
Total attributable	937,331	6.40%	6.52%
Fernando Manuel Cardoso Malheiro da Fonseca Santos			
Directly	782,135	5.34%	5.44%
Total attributable	782,135	5.34%	5.44%
Rui Miguel de Freitas e Lamego Ferreira			
Directly	0	0.00%	0.00%
Through Inventum DUE, Ltd (controlled by the shareholder)	668,831	4.57%	4.65%
Total attributable	668,831	4.57%	4.65%

8. Indication of the number of shares and bonds held by members of the administrative and supervisory bodies.

Under the terms and for the purposes of Article 447 of the CSC, in particular the respective paragraph 5, the number of shares held by the members of the administrative and supervisory bodies of Reditus, as well as all its acquisitions or ownership disposals, by reference to 2015 fiscal year, are as follows:

The Board of Directors	2016 Transactions		No. of shares in 2016		
	Purchases	Sales	Direct	Indirect	Total
Miguel Pais do Amaral	0	125,894	0	3,621,204	3,621,204
José António da Costa Gatta	0	0	0	1,480,000	1,480,000
Fernando da Fonseca Santos	0	0	782,135	0	782,135
Francisco Santana Ramos	0	0	0	0	0
Helder Matos Pereira	0	0	0	0	0

The members of the Audit Committee, composed of Dr. Rui António Gomes Nascimento Barreira, Dr. José Maria Franco O'Neill, Eng. Carlos Manuel Águas Garcia and Dr^a. Maria Rita Afonso Guerra Alves (substitute) did not hold any shares or bonds on December 31, 2016, nor did they conduct any transactions regarding such securities.

In what concerns bonds, Reditus SGPS does not have bonds quoted in the market.

9. Special powers of the Board of Directors, in particular regarding the decisions on a capital increase (Art. 245-A, paragraph 1, subheading i)).

In terms of decisions on capital increases the Board of Directors will be able to, by means of a simple resolution, increase the share capital by means of cash entries, in one or more issues, up to a maximum of one hundred and twenty million euros (Article 6 of the Company's articles of incorporation).

Since the creation of the Company (1990), the corresponding articles of incorporation make it possible to increase the share capital, by means of cash entries, in one or more issues, through a simple resolution by the Board of Directors, with only the maximum amount to be deliberated by the Board of Directors having been increased from time to time. There is no expiration date for the Board of Directors to exercise such right.

This prerogative has been used only once by the Board of Directors, namely to increase the capital from 44,630,250 euros to 51,557,265 euros, as a means to finance Reditus' growth by acquisitions strategy, and was decided during a Board Meeting held on July 2nd, 2010.

In March 2011, a further capital increase amounting to 21,636,190 euros was made, through a Public Offering.

10. Information about the existence of significant relationships of a commercial nature between holders of qualifying holdings and the Company.

During 2016, there were no significant relationships of a commercial nature between holders of qualifying holdings and the Company.

B. GOVERNING BODIES AND COMMITTEES

I. GENERAL ASSEMBLY

a) Composition of the Board of the General Assembly *

** throughout the reference year*

11. Details and designation of the members of the Board of the General Assembly and respective mandate (beginning and end).

During the Fiscal Year 2016, the Board of the General Assembly was composed as follows:

Members of the General Assembly's Board	Category
Diogo de Campos Barradas Lacerda Machado	Chairman
Francisco Xavier Damiano de Bragança van Uden	Deputy Chairman
Maria Isabel Saraiva Rodrigues Abrantes Gonçalves	Secretary

The General Assembly Board members were re-elected in the June 19th, 2014 General Assembly, first initiated in May, for the current mandate (2014-2016).

b) Exercising Voting Rights

12. Any restrictions on voting rights, such as limitations to the exercise of voting rights dependent on the ownership of a number or percentage of shares, deadlines imposed for the exercise of voting rights, or systems of entitlement coupons with a patrimonial nature (Art. 245-A, paragraph 1, subheading f)).

In accordance with the provisions of article 9 of the Articles of Incorporation, the General Assembly is composed of any shareholders holding a number of shares that confer the right to at least one vote, and each share is entitled to one vote.

Shareholders wishing to attend and take part in the General Assembly must provide proof of such quality, up to three working days before the respective meeting, by means of a document issued by the registering or by the depository entity, attesting to the quantity of shares held on that date and also of their locking-up.

There exist no shares which do not entitle to voting rights, or which establish a limit to the number of votes that may be cast by a single shareholder or by related shareholders.

There are no rules on constitutive and decision-making quorums, and the General Assembly is held in accordance with the rules laid out in the Portuguese Companies Code.

Shareholders may be represented by any person at the General Assembly and a simple, signed letter of representation addressed to the Chairman of the General Assembly and delivered by hand, mail or email, and received up until the day before the meeting, constitutes sufficient proof of the mandate, with no legal certification being required.

In accordance with the provisions of Article 10 of the Articles of Incorporation, Reditus' shareholders with voting rights may exercise these by correspondence, under the terms and conditions expressed in the summons to the General Assembly. Shareholders shall, up until the third business day prior to the date of the General Assembly, send a registered letter with acknowledgement of receipt to the Company headquarters, addressed to the Chairman of the General Assembly, marked on the outside and stating "vote by correspondence", and indicating the General Assembly to which it relates. The letter should contain the identification of the voter, indicating the Shareholder's full name or company name, and specifically state its vote in respect of each of the respective agenda items. The identification of the voter shall be signed and the signatory shareholder, if an individual, should attach a copy of his/her identity card, or of an equivalent document issued by the competent authority of the European Union, or of his/her passport, or, in case of a legal entity, affix the appropriate seal and state the capacity of the signing person. In addition to the identification of the voter, the aforementioned letter shall also contain a certificate issued by the registering or the depository entity, demonstrating the legitimacy to exercise the voting rights.

Reditus provides, through its institutional website, www.reditus.pt, a template for the exercising voting rights by correspondence at General Assemblies.

In accordance with of Article 10, paragraph 3, of the Reditus' Articles of Incorporation, any letters containing votes by correspondence must be received at the Company no later than the third business day before the date of the General Meeting.

Exercising the right to vote by electronic means is not provided for as the Company considers that, taking into account its shareholder structure and the limited free-float, the participation of Shareholders in General Assemblies is fully ensured by means of its mechanisms for the vote by correspondence and by representation.

13. Indication of the maximum percentage of voting rights that may be exercised by a single shareholder or shareholders that find themselves in any of the relationships identified in paragraph 1 of Art. 20th.

There is no maximum percentage of voting rights that may be exercised by an individual shareholder, or by shareholders that may be in any of the relationships identified in paragraph 1 of Art. 20th.

14. Identification of shareholders' resolutions, that, according to the rules of procedure, may only be taken with a qualified majority, in addition to those legally laid down, and indication of those majorities.

There are no shareholder resolutions that, according to the rules of procedure, can only be taken with a qualified majority, in addition to those that are legally provided for.

II. ADMINISTRATION AND SUPERVISION

(Board of Directors, Executive Board of Directors and General and Supervisory Board)

a) Composition *

*throughout the reference year

15. Identification of the Model of Government Adopted.

Reditus adopts the one-tier model that integrates the following governing bodies elected by the General Assembly: the Board of Directors, the Audit Committee and the Statutory Auditor.

16. Statutory rules on procedural requirements and materials applicable to the appointment and replacement of members, as applicable, of the Board of Directors, Executive Board of Directors and of the General and Supervisory Board (Art. 245-A, paragraph 1, subheading h)).

Reditus' Articles of Incorporation do not foresee any special rules governing the appointment and replacement of members of the Board of Directors and the Executive Board of Directors. Such matters are only subject to the General Law.

17. Composition, as applicable, of the Board of Directors, Executive Board of Directors and of the General and Supervisory Board, indicating the statutory minimum and maximum number of members, statutory duration of the mandate, the number of effective members, the date of the first appointment and the date of expiry of term of office of each member.

Pursuant to article 13 of the Articles of incorporation, the Board of Directors is composed of three to eleven members, elected by the General Assembly every three years.

The Board of Directors, performing its duties for the 2014-2016 mandate, is currently composed of the following members:

- Francisco José Martins Santana Ramos
- Helder Filipe Ribeiro Matos Pereira
- Miguel Maria de Sá Pais do Amaral
- José António da Costa Limão Gatta
- Fernando Manuel Cardoso Malheiro da Fonseca Santos

Mr. José Manuel Marques da Silva Lemos resigned from his position as Member of the Board in March 2016, with effect from April 30th, 2016.

The Board of Directors may delegate the day-to-day management of the Company to one or more Directors or to an Executive Board consisting of three or five Directors, with the Board of Directors remaining responsible for selecting the Chairman.

The Executive Board has currently two members, Messrs. Francisco Santana Ramos and Helder Matos Pereira.

18. Differentiation of non-executive and executive members of the Board of Directors and, in respect of non-executive members, the identification of members who can be considered independent, or, where applicable, identification of the independent members of the General and Supervisory Board.

The Board of Directors includes an appropriate number of non-executive members who ensure the effective capacity of monitoring, supervision, control and evaluation of the activity of the executive members, particularly taking into account Reditus' shareholder structure and free float. Thus, on December 31, 2016, two of the five members of the Reditus' Board of Directors were executive directors.

The table below shows the composition of the Board of Directors on December 31, 2016, identifying its executive and non-executive members:

Members	Category
Francisco José Martins Santana Ramos	Executive
Helder Filipe Ribeiro Matos Pereira	Executive
Miguel Maria de Sá Pais do Amaral	Non-Executive
José António da Costa Limão Gatta	Non-Executive
Fernando Manuel Cardoso Malheiro da Fonseca Santos	Non-Executive

Taking into account the governance model adopted, the size of the company, its shareholder structure and its free float, Reditus has, following the April 2016 resignation of Mr José Lemos, an independent and non-executive Board Member, been selecting an independent member for the Board of Directors.

19. Professional qualifications and other relevant curricular elements of each member, as applicable, of the Board of Directors, the General and Supervisory Board and Executive Board of Directors.

The members of the Board of Directors have the following academic qualifications and professional experience:

Francisco José Martins Santana Ramos has been a member of the Reditus SGPS Board of Directors since July 2009 and has held the position of Chief Executive Officer (CEO) since July 2012. He is Chairman of the Reditus SGPS Board of Directors since October 31, 2014. He holds positions of responsibility at AHS Investimentos SGPS, SA. He has previously held management positions with Explorer Investments SGPS, Argos Soditic, S.A., Apamilux Imagem Corporativa, S.A., Anodil, S.A., Comporcer, McKinsey & Company, Royal Dutch / Shell and Aprofabril, S.A. He graduated in Civil Engineering from the Instituto Superior Técnico in Lisbon and has a Master's degree in Business Administration from the Universidade Nova de Lisboa.

Helder Filipe Ribeiro Matos Pereira has been a member of the Reditus SGPS Board of Directors since December 2012 and holds the position of Chief Finance Officer (CFO). He was Executive Director of Construtora do Tâmega SGPS and Construtora do Tâmega, S.A., Projecol, S.A. and its branches, General Director of Finertec SGPS and a director and manager of its branches, Adviser to the Chairman of the Board of Brandia SGPS, CFO / Corporate Controller at Netjets Europe (NTA, S.A. and Executive Jet, S.A.) and Manager at Ernst & Young. He holds a degree in Management and Business Administration from the Instituto Superior de Gestão (ISEG) in Lisbon, with a graduate degree in Economics and Business at the Universidade Católica, where he also completed an advanced course in Management for Executives.

Miguel Maria de Sá Pais do Amaral has been a member of the Board of Directors of Reditus since March 2008. He is also Chairman of the publishing group Leya, of AHS Investimentos SGPS, Media Capital SGPS, Companhia das Quintas and others. He has held positions of responsibility at Soci, Fortuna, S.A. (1991-1998), at Diana, S.A. (1991-1998), at Euroknights (1991-1998), at Compagnie Générale des Eaux - Portugal (1991-1998) and at Alfa Capital (1987-1991). He has a degree in Mechanical Engineering from IST (Instituto Superior Técnico de Lisboa) and holds an MBA from INSEAD, Fontainebleau, France.

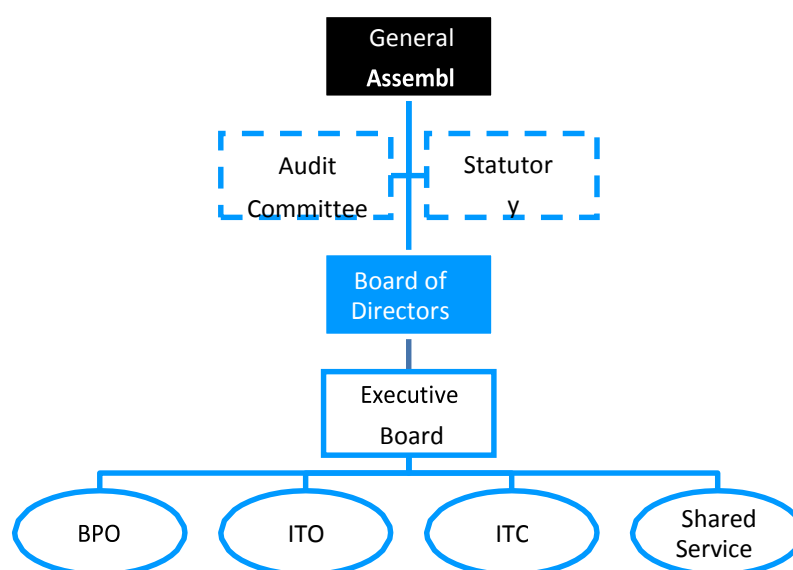
José António da Costa Limão Gatta has been a member of the Reditus Board of Directors since 2000. He is the President of ELAO SGPS (since 1998) and Giessen Beteiligungs KG (since 1995), and member of the Board of Nemotek Technologie, S.A. (since 2010). He has held executive and management positions with Nemotek Technologie S.A. (2011-2013), Caléo S.A. (1997-2010), Scorpion Group Ltd (1994-2008), Giessen Management GmbH (1988-1995), Coors Ceramics Europe Ltd. (1986-1987), General Electric Ceramics Inc (1984-1986), 3M Electrical Laboratories GmbH (1980-1984). He started his career in 1978 at ITT Europe-Int'l Telecommunications Centre as a Software Engineer. He graduated in Electrical Engineering from the Military Academy in Lisbon and is a member of the Order of Engineers.

Fernando Manuel Cardoso Malheiro da Fonseca Santos has been a member of the Reditus Board of Directors since 2000. He was a member of the Board of Directors of Geocapital-Investimentos Estratégicos, S.A., BAO - Banco Ocidental de África, S.A. and Moza Banco S.A. Before his collaboration with the Reditus Group, he held the positions of Chairman of the Supervisory Board of Crédito Predial Português (1992-1993), Director of several holding companies (1988-1992) and of the ANOP (1976), Adviser to the Secretary of State for Social Communication in the Presidency of the Council of Ministers (1976). He practised law in Luanda (1972-1975) and at the IPE (Instituto de Participações do Estado) (1977-1987) in Lisbon. He has a Law degree from the Faculty of Law at Lisbon University.

20. Family, professional or regular and significant commercial relationships of the members, as applicable, of the Board of Directors, the General and Supervisory Board and Executive Board of Directors with shareholders to whom qualifying holdings exceeding 2% of the voting rights are attributed.

Do not exist. Some shareholders with qualifying holdings are also Board members.

21. Organisation charts or functional maps showing the division of responsibilities between the different company bodies, commissions and/or departments of the company, including information about delegation of responsibilities, in particular with regard to delegation of the day-to-day administration of the company.



Within the framework of the corporate governance models authorized by the Portuguese Companies Code, Reditus has adopted the one-tier model that integrates as company bodies the General Assembly, the Board of Directors, the Audit Committee and the Statutory Auditor.

The Reditus Group is structured in four business units: BPO, IT Consulting, IT Outsourcing and Shared Services.

Shared services include the functional areas of support to Group management: Marketing and Communication, Accounting, Treasury, Payables and Receivables, Revenue Assurance, Risk, Legal, Purchase and Logistics, Human Resources, IT, Quality, Investor Relations, and Planning and Management Control.

The management of each business activity is ensured in accordance with the principles of management autonomy and with the criteria and guidelines that are derived from the annual budget for each area, which is reviewed and approved annually by the respective areas and by the Reditus Board of Directors. The strategic, operational and investment guidelines for the various businesses are defined in the Annual Budget, and its control is ensured on a permanent basis, within the framework of a management control system conducted by the Directors of the Group.

Reditus SGPS, S.A. is the holding company of the Group and is responsible for the strategic development and overall management of the different business areas.

Corporate Bodies and Other Committees - Competences

General Assembly – is the highest-level body of the Company and is comprised of all shareholders. This corporate body meets at least once a year to approve the annual report and accounts, the proposal for the application of results and the report of the Compensation Committee, and also to assess the performance of the Board of Directors and the Audit Committee.

Board of Directors - is the body responsible for managing the activities of the Company, under the terms established in the Portuguese Companies Code and in the Articles of Incorporation, namely undertaking to:

- Acquire, mortgage and dispose of any titles, or fixed and non-fixed assets, whenever it is considered advantageous for Reditus;
- Obtain loans and perform any other credit operations in the interest of Reditus, under the terms and conditions it deems appropriate;
- Grant Powers of Attorney on behalf of Reditus, with powers of any scope or extent;
- Establish objectives and management policies for the Company and for the Group;
- Delegate powers in its members, under the terms established in the Articles of Incorporation;
- Designate the Company Secretary and the respective delegate;
- Recruit staff, establish their contractual conditions and exercise the respective disciplinary authority;
- Represent Reditus in and out of court, as plaintiff or defendant, propose legal actions and acknowledge, desist or acquiesce in them, and commit to arbitration agreements;
- Open, move and cancel any Reditus bank accounts, deposit and withdraw money, issue, accept, draw and endorse checks, bills of exchange and promissory notes, invoice statements, and any other debt securities;
- Decide on the participation in the capital of other companies or on the involvement in other businesses;
- Manage the business of Reditus and perform all acts and operations with regard to the

corporate object, that do not fall within the scope of competencies allocated to other corporate bodies.

The Board of Directors may delegate the day-to-day management of the company to one or more directors, or to an Executive Board consisting of two to five directors, with the Board of Directors remaining responsible for selecting the Chairman of the Executive Board (Article 13, paragraph 2 of the Articles of Incorporation).

The Board of Directors shall meet whenever convened by its Chairman or any other two Directors, and can only adopt resolutions when the majority of its members are present or represented (Article 13, paragraph 7 of the Articles of Incorporation).

At its first meeting, the Board of Directors shall elect from among its members the respective Chairman, and if so choses, up to two Deputy Chairmen (Article 13, paragraph 8 of the Articles of Incorporation).

Any Director may be represented by another Director, at any Board meeting, upon presentation of a representations letter to the Chairman (Article 13, paragraph 9 of the Articles of Incorporation).

The table below indicates the composition of the Board of Directors as well as the responsibilities and areas of its members during the Fiscal Year 2016:

Members	Responsibilities	Areas
Francisco Santana Ramos	Chairman / CEO	Board coordination, oversight of the Commercial activities and the International Management, coordination of the Executive Board, in accordance with the applicable regulations
Helder Matos Pereira	Board Member / CFO	Financial, HR, Management Planning and Control, CRM, Revenue Assurance, Assets
Miguel Pais do Amaral	Board Member	Monitoring and assessment of corporate management
José António Gatta	Board Member	Monitoring and assessment of corporate management
Fernando Fonseca Santos	Board Member	Monitoring and assessment of corporate management

Pursuant to article 407, paragraph 4 of the Portuguese Companies Code, the responsibilities that may not be reassigned by the Board of Directors are as follows:

- Co-optation of Directors;
- Requests to convene the General Assembly;
- Preparation of Annual Reports and Accounts;
- Issue of pledges and personal or real guarantees by the Company;
- Change of Headquarters and Capital Increases;
- Resolutions on mergers, de-mergers or modifications to the Corporate Structure

Executive Board - is the body responsible for the day-to-day management of the company, holding all powers of decision and representation necessary and/or convenient for the exercise of the activity that constitutes the company's corporate objective, the delegation of which is not prohibited by law, namely the implementation of the objectives and of management policies for the company, the preparation of the annual financial and activity plans, the management of the company's business, the establishment of the human resources policies for the Company and for the Reditus Group.

In accordance with article 407, paragraphs 3 and 4 of the Portuguese Companies Code, and article 13, paragraph 2 of the Articles of Incorporation, the Board of Directors may delegate the day-to-day management of the company to one or more directors or to an Executive Board.

The members of the Executive Board and respective responsibilities are as follows:

Members	Responsibility
Francisco José Martins Santana Ramos	Chairman / CEO
Helder Filipe Ribeiro Matos Pereira	Member / CFO

According to the Executive Board rules, meetings of this body shall be convened by its Chairman, either on his initiative or at the request of another two of its members, and it shall meet at least once a month. Meetings shall be convened at three day's notice via email, although they may be scheduled with another notice period and by other means, provided that all its members have agreed the set date. The Executive Board may take no resolutions unless the majority of its members are present.

The Executive Board rulings are decided by a simple majority of votes. In the event of a tied vote, the Chairman shall have the casting vote.

The Chairman of the Executive Board shall share the proceedings of the respective meetings with the Chairman of the Board with the Chairman of the Audit Committee.

The Executive Directors shall, when requested by other Board Members, provide in a timely and appropriate manner, all information requested.

Audit Committee - is the body responsible for overseeing the business of the company in accordance with Article 16 of the Reditus Articles of Incorporation, with particular responsibility for:

- Overseeing the management of the company and ensure the observance of the law and of the Articles of Incorporation;
- Verifying the accuracy of the financial reporting documentation prepared by the Board of Directors and overseeing the respective audit;
- Preparing annually a report on its oversight activities, and issuing a statement of opinion on the annual report, the accounts and the proposals presented by the Board;

- Overseeing the process of preparation and dissemination of financial information;
- Monitoring the effectiveness of the risk management and control systems;
- Proposing to the General Assembly the appointment of the Statutory Auditor;
- Supervising and evaluating the performance of the External Auditor;
- Convening the General Assembly whenever the respective Chairman fails in his duties to do so;
- Receiving any communication of irregularities presented by shareholders, employees of the company or others.

The Audit Committee is the company's main interlocutor and the first recipient of reports from the Statutory Auditor, whose activity it monitors and supervises. This Committee indicates the Statutory Auditor, proposes the respective remuneration and ensures that they are provided with adequate conditions for the provision of their services, within the Company.

The Audit Committee is responsible for proposing the termination of its activities to the General Assembly, should justifiable reasons occur.

The Audit Committee has its own rules of operation, which govern its organization and activities.

Statutory Auditor - the supervision of the company rests with the Audit Committee and a Statutory Auditor, in accordance with article 15 of the Reditus' Articles of Incorporation. The current Statutory Auditor of Reditus is *BDO & Associados – SROC*, represented by Dr. José Martinho Soares Barroso.

Committee on Risk Analysis, Sustainability, Internal and Financial Control - this committee has the following charter:

- Assist the Board of Directors with issues related to the establishment and follow-up of risk management and internal control systems, and evaluate the effectiveness of these systems;
- Assess and monitor risks and the sustainable development of the Reditus Group;
- Identify potential conflicts of interest related with the Company activity;
- Assist the Board of Directors in complying with the legal and regulatory rules of the securities market applicable to the Reditus or to the members of its Board of Directors, and continually assess the degree of compliance with these standards;
- Assist the Board of Directors with monitoring and supervising the financial and accounting policies of Reditus and with the disclosure of financial results, in conjunction with the activity developed by the Audit Committee and by the Statutory Auditor, arranging for and requesting the necessary information;
- Analyze the economic and financial situation, taking into account the current situation and future prospects with regard to aspects that are likely to influence and enhance the activity of the Reditus Group.

The Committee on Risk Analysis, Sustainability, Internal and Financial Control was composed of the following members on December 31, 2016: Francisco Santana Ramos, Helder Matos Pereira and José António Gatta.

Appointments and Assessments Committee – this committee has the following scope:

- Identify potential candidates for Boards Members (in particular when it is necessary to fill a position left vacant) or for other senior positions;
- Propose to the Board of Directors the members to be appointed for the Executive Board;
- Determine the criteria for assessing the performance of the Executive Directors.
- Assess the performance of the members of the Executive Board, in order for the Remuneration Committee to establish the variable component of their remuneration;
- Communicate to the Remuneration Committee the performance assessment criteria considered in the Executive's assessment and the respective results;
- Analyze and present proposals and recommendations, in the name of the Board of Directors, regarding remuneration and other compensation for the members of the Board of Directors.

On December 31, 2015, the Nominations and Assessment Committee consisted of the following members: Fernando Fonseca Santos and José António Gatta.

Corporate Governance and Social Responsibility Committee - this committee has the following competences:

- Keep the Board of Directors and the Executive Board informed and updated concerning legal and regulatory changes in terms of corporate governance;
- Follow-up on the application of corporate governance standards within the Reditus Group;
- Follow-up on the preparation of the Management Report, specifically with regard to the chapter dedicated to Corporate Governance;
- Submit a proposal to the Board of Directors concerning a Code of Conduct model, upon request or in case it is deemed appropriate;
- Promote the application of best practices in Corporate Governance, Social Responsibility and Sustainability within the Reditus Group;
- Assess the performance of the Executive Board Members and the existing Reditus' committees, including an auto-assessment, exclusively concerning the fulfillment and the application of the Corporate Governance standards;
- Promote corporate identity and culture.

On December 31, 2015, the Corporate Governance and Social Responsibility Committee was composed of the following members: Fernando Fonseca Santos and José António Gatta.

Committee on International and Strategic Planning - this committee has the following duties:

- Assist the Board of Directors in establishing the organizational and operational structure of the Reditus Group;
- Assist the Board of Directors in establishing, implementing and evaluating the Group's strategy with regard to matters of (i) diversification of businesses and investments; (ii) preparation of strategic plans; (iii) policies for growth and internationalization of the Reditus Group;
- Propose to the Executive Board measures concerning the technical and administrative organization of the Company, as well as internal operating standards, particularly concerning staff and their remuneration;

On December 31, 2015, the Committee on International and Strategic Planning consisted of the following members: Francisco Santana Ramos, Helder Matos Pereira and José António Gatta.

Operational Committee – this committee has the following duties:

- Monitor the execution of, and provide operational support for implementing the resolutions of the Board of Directors and the Executive Board, whenever requested;
- Coordinate the operational activities of the different companies of the Group, whether or not integrated in business units;
- Assist the Board of Directors and the Executive Board in establishing their operational procedures;
- Facilitate the Members of the Board and the Committees' access to information.

On December 31, 2016, the Operational Committee consisted of the following members: Francisco Santana Ramos, Helder Matos Pereira, Miguel Pais do Amaral and José António Gatta.

b) Operation

22. Availability and location where the Rules of Procedure can be consulted, as applicable, of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors.

The Rules of Procedure for the Board of Directors, the Executive Board and the Audit Committee are available and may be consulted on the company's website: <http://www.reditus.pt/pt-pt/investidores/governo-das-sociedades/estatutos-e-regulamentos>.

23. Number of meetings held and attendance level of each member, as applicable, of the Board of Directors, the General and Supervisory Board and the Executive Board of Directors at the meetings held.

There were 11 meetings of the Board of Directors throughout the FY 2016 and the attendance of its members, either personally or through representation, reached 100%.

The Executive Board normally meets once a week.

The management and supervisory bodies draft the minutes of their meetings, and attendees are able to have a summary of their interventions inscribed into the minutes.

24. Recommendation of the competent corporate bodies to carry out the performance assessment of the Executive Directors.

The Appointments and Assessments Committee conducts the performance assessment of the Executive Directors.

25. Predetermined criteria for assessing performance of the Executive Directors.

The pre-determined measurable criteria for performance assessment of the Executive Directors consider the actual growth of the company which is measured by a combined weighting of consolidated net profit, EBITDA and annual changes in the share prices. These criteria take as reference the relevance of the areas of executive management that make up the duties of each Board Member, and the number of years in office.

26. Availability of each member, as applicable, of the Board of Directors, the General and Supervisory Board and Executive Board of Directors, showing the positions held simultaneously in other companies within and outside the group, and other relevant activities performed by the members of those bodies during the fiscal year.

Miguel Maria de Sá Pais do Amaral

a) Positions in companies of the Reditus Group:

- Member of the Board of Directors
Reditus, Sociedade Gestora de Participações Sociais, S.A.

b) Positions in other companies:

- Chairman of the Board of Directors

AHS Investimentos SGPS, SA
Companhia das Quintas SGPS, SA
Alfacompetição - Automóveis e
Cavalos de Competição, SA
Edge Capital SGPS, S.A.
Edge International Holdings – SGPS, SA
Edge Properties SGPS, SA
Hemera Energías Renovables España, SLU
Leya Global SA
Leya SA
Leya SGPS SA
Media Capital SGPS, S.A.
QIH SGPS, SA
Quifel Natural Resources SA
Quifel Natural Resources SGPS, SA
Quinta da Fronteira SA
Quinta de Pancas Vinhos SA
Topbuilding - Investimentos Imobiliários SA
Uksa Portugal, S.A.

- Company Director

Greypart SGPS, SA
PARTBLEU SGPS, SA

- Chairman of the Management Board

BIOBRAX – Energias Renováveis Portugal, Lda

- Company Manager

Ageiridge - Compra e Venda de Imóveis, Lda
Ageiron - Compra e Venda de Imóveis, Lda
Ask4green, Lda.
Brio - Produtos de Agricultura Biológica, Lda
Diana - Sociedade de Promoção e Investimentos Imobiliários, Lda.
Dreams Corner, Lda.
Edge Brokers, Lda
Edge RM, LDA
Edge SVCS, Lda

Edge vs Prestação de Serviços, LDA
Henergy - Energias Renováveis, Lda.
Ixilu - Compra e Venda de Imóveis, Lda.
Kenuk – Compra e Venda de Imóveis, Unipessoal, Lda
LANIFOS - Sociedade de Financiamentos, Lda.
Neutripromo - Compra e Venda de Imóveis, Lda
Ngola Ventures, Lda.
Polistock - Sociedade Agro-Pecuária Unipessoal Lda.
Quartztown Lda
Situavox, Lda.
Sociedade AGRO-FLORESTAL Serra da Pousada Lda.
SOMARECTA- Investimentos Imobiliários e Turísticos Lda.

- Director
Global Publishing Group BV
Phillips Park Investment Corporation
Phillips Park LLC

Francisco José Martins Santana Ramos

a) Positions in companies of the Reditus Group:

- Chairman of the Board of Directors
Reditus, Sociedade Gestora de Participações Sociais, S.A.
Reditus Gestão, S.A
- Company Director
ALL2IT Infocomunicações, S.A.
Reditus Business Security, S.A.
Reditus Consulting, S.A.
Reditus Business Products, S.A.
Reditus Imobiliária, S.A.
Ogimatech, S.A.
Tora, S.A.
JM Consultores de Informática e Artes Gráficas, S.A.

b) Positions in other companies:

- None -

Helder Filipe Ribeiro Matos Pereira

a) Positions in companies of the Reditus Group:

- Member of the Board
Reditus, Sociedade Gestora de Participações Sociais, S.A.
ALL2IT Infocomunicações, S.A.
Reditus Gestão, S.A.
Reditus Imobiliária, S.A.
Reditus Business Solutions, S.A.
Reditus Consulting, S.A.
Reditus Networks Innovation, Lda.
SolidNetworks – Business Consulting, Lda.

b) Positions in other companies:

- Company Manager
Portugal Rentals, Lda.
EuroDingue, Lda.
Silversnail, Lda.
Tradecomp II, S.A.

José António da Costa Limão Gatta

a. Positions in companies of the Reditus Group:

- Member of the Board
Reditus, Sociedade Gestora de Participações Sociais, S.A.

b. Positions in other companies:

- Chairman of the Board of Directors
ELAO - SGPS, S.A.
Giessen Beteiligungs KG (Munich, Germany)
- Member of the Board
Nemotek Technologie S.A. (Rabat, Morocco)

Fernando Manuel Cardoso Malheiro da Fonseca Santos

a) Positions in companies of the Reditus Group:

- Member of the Board
Reditus, Sociedade Gestora de Participações Sociais, S.A.

- Chairman of the Board of Directors ALL2IT
Infocomunicações, S.A.

- b) Positions in other companies:
- None -

The executive directors expressed maximum availability for performing their duties and achievement of the established goals and this has been confirmed by their physical attendance at meetings of the Board of Directors and Executive Board and the work within the Reditus Group.

The non-executive directors have expressed the availability required for performing their duties and for achievement of the established goals. This availability has been confirmed by their physical attendance at meetings of the Board of Directors and the work performed within Reditus.

a) Committees within the administrative or supervisory body and managing directors

27. Identification of committees created within, as applicable, of the Board of Directors, the General and Supervisory Board and Executive Board of Directors and a location where the operating regulations can be viewed.

In accordance with the best practices of corporate governance and as a means to improve the operational efficiency of its Board of Directors, Reditus SGPS (holding company) has, in addition to the Executive Board, established five specialized committees for monitoring or assisting the Board of Directors and the Executive Board:

- Committee on Risk Analysis, Sustainability, Internal and Financial Control;
- Appointments and Assessments Committee;
- Committee on Corporate Governance and Social Responsibility;
- Committee on Strategic and International Planning;
- Operational Committee.

Rules of Operation only exist for the Executive Board, which can be viewed at the company's website. The remaining five specialized committees do not have rules of operation.

The Rules of Operation for the Executive Board is available at:

http://www.reditus.pt/sites/default/files/files/regulamento_ce_reditus_sgps_10_07_2012.pdf

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

The members of the Executive Board are as follows:

- Francisco José Martins Santana Ramos;
- Helder Filipe Ribeiro Matos Pereira.

29. Description of the responsibilities of each of the established committees and a summary of the activities conducted in carrying them out.

The responsibilities of the Specialized Committees are described in paragraph 21 of this report.

III. SUPERVISION

(Supervisory Board, Audit Committee or the General and Supervisory Board)

a) Composition*

* Throughout the reference year

30. Identification of the Supervisory Body corresponding to the adopted model.

The company has as its supervisory body the Audit Committee, having adopted the one-tier system from within the corporate governance models authorised by the Portuguese Companies Code.

31. Composition, as applicable, of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, indicating the minimum and maximum statutory number of members, statutory term of office, number of permanent members, date of the first appointment and end of mandate date for each member and reference may be made to the paragraph in the report where this information is already provided pursuant to paragraph 17.

The Audit Committee is composed by Mr. Rui António Gomes do Nascimento Barreira (Chairman), two permanent Members Messrs. Jose Maria Franco O'Neill and Carlos Manuel Águas Garcia and a Substitute, Ms. Maria Afonso Guerra Alves.

Pursuant to Article 15 of the Reditus' Articles of incorporation, the Audit Committee consists of a chairman, two effective members and an alternate elected by the General Meeting every three years.

The dates of the first appointment and end of mandate for each member is indicated below:

Member	Date 1st Appointment	End Date
Rui António Gomes do Nascimento Barreira	2002	2016
José Maria Franco O'Neill	2008	2016
Carlos Manuel Águas Garcia	2014	2016
Maria Rita Afonso Guerra Alves	2014	2016

32. Identification, as applicable, of the members of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs, who consider themselves independent pursuant to Article 414, paragraph 5 CSC and reference may be made to the paragraph in the report where this information is already provided pursuant to paragraph 18.

Every member of the Audit Committee is subject to the rules of incompatibility foreseen in Article 414-A, paragraph 1 of the Portuguese Companies Code.

Dr. Rui António Gomes do Nascimento Barreira and Dr. José Maria Franco O'Neill do not fulfill the requirement of independence foreseen in Article 414, paragraph 5, since they have been reelected for more than two mandates.

33. Professional qualifications as applicable of each member of the Supervisory Board, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs and other relevant professional information and reference may be made to the paragraph in the report where this information is already provided pursuant to paragraph 21.

The members of the Audit Committee have the following academic qualifications and professional experience:

Rui António Gomes do Nascimento Barreira is the Chairman of Reditus' Audit Committee. He is the main Advisor of the Legal Consultancy Body for the Prime Minister's office and is also a member of the Supervisory Board of Benfica SAD. He is a guest lecturer at the Law School of Universidade Nova. He has previously collaborated with the Commission on Fiscal Reform of Income Taxes (1997-1989) and was a member of the Committee on Reform of the Tax Procedure (1998). He holds a Law degree from the Law School of Lisbon and a Masters of Legal and Economic Sciences from the same university. He is an Attorney-at-Law and Legal Advisor.

José Maria Franco O'Neill is a member of the Reditus Audit Committee. He is a Board member of Companhia das Quintas, SGPS, S.A., Agrocado – Sociedade de Aproveitamentos Agro-Pecuários, S.A., Sociedade Agrícola da Quinta da Cova da Barca, S.A., Sociedade Agrícola Gaianense, S.A., Companhia das Quintas Vinhos, S.A., Portuvinus Wine & Spirits, S.A., AHS Investimentos SGPS, S.A., Greypart SGPS, S.A., Quinta de Pancas Vinhos, S.A. e Worldcom Comunicações, S.A. he is also a Company Manager with Companhia das Quintas, SAQRC – Unipessoal Lda and JON - Sociedade Lda. He was a Member of the Management Board of the Lisbon Subway System, EP (Oct/2003-Nov/2006), President of Sotrans, S.A. (Jan/2003-Nov/2006), Board Member of Ensitrans, AEIE (Nov/2004- Nov/2006), Board Member of Companhia Portuguesa de Trefilaria, S.A. (1985-2003), Chairman of the Management Board of Dial – Distribuidora de Arames, Lda. (1989-2003) and Manager of Dinaço – Sociedade Metalúrgica dos Açores, Lda. (1988-2003). He has a Business Management and Organisation degree from ISCTE (Instituto Superior de Ciências do Trabalho e da Empresa).

Maria Rita Afonso Guerra Alves is a member of the Reditus Supervisory Board. Lawyer since 1994 with experience in Company Law and Labour Law, she is currently a Partner at Alves & Associados, Sociedade de Advogados, RL. She has a degree in Law by the Universidade Lusíada, concluded in 1992.

b) Operation

34. Availability and location where the operating regulations can be consulted, as applicable, of the Board of Directors, the Audit Committee, the General and Supervisory Board or the Committee for Financial Affairs and reference may be made to the paragraph in the report where this information is already provided pursuant to paragraph 22.

The Rules of Operation for the Audit Committee can be consulted on the company's website.

35. Number of meetings held and attendance level of each member, as applicable, of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Committee for Financial Affairs and reference may be made to the paragraph in the report where this information is already provided pursuant to paragraph 23.

Meetings of the Audit Committee are convened and run by its chairman and are held every three months. In addition to the regular meetings, the Audit Committee may meet whenever convened by its Chairman or by its other two members.

The Audit Committee members attended all convened meetings.

36. Availability of each member as applicable, of the Supervisory Board, the Audit Committee, the General and Supervisory Board and the Committee for Financial Affairs, showing the positions held simultaneously in other companies within and outside the group and other relevant activities performed by the members of those bodies during the fiscal year and reference may be made to the paragraph in the report where this information is already provided pursuant to paragraph 26.

Information on positions held by the Audit Committee members is available in point 33.

The Supervisory Board members demonstrated to have the availability required for the performance of their duties and to achieve the established goals. This availability has been confirmed by their attendance at meetings of the Audit Committee and the work performed within Reditus.

c) Responsibilities and roles

37. Description of procedures and criteria applicable to the intervention by the supervisory body for purposes of hiring additional services to the external auditor.

Services, apart from the audit services, rendered to the Company by the Statutory Auditor and by any related entity, or which integrates the same partnership, are subject to previous approval from the Audit Committee.

The Board of Directors presents a proposal to the Audit Committee with the basis for hiring the aforementioned services from the Auditor, and the Audit Committee must express its authorization, before the corresponding contract is entered between the Company and the Statutory Auditor.

The Audit Committee appraises the proposal of the Board of Directors considering the independence of the Statutory Auditor in the fulfillment of its professional duties and the Auditor's competences for rendering such services, namely its experience and its knowledge of the Company.

Additionally, although it is admissible to contract services different from audit services with the Statutory Auditor, this shall always be considered as an exception. During the FY 2016, no additional services were contracted with the Statutory Auditor.

38. Other roles of the supervisory bodies and if applicable of the Committee for Financial Affairs.

The responsibilities of the Audit Committee are detailed in paragraph 21 of this report.

The Statutory Auditor oversees the implementation of the remuneration policies and systems, the efficiency and operation of the internal control mechanisms and is required to report any significant shortcomings to the company's Audit Committee. The Statutory Auditor also verifies the report Corporate Governance, pursuant to the applicable law.

IV. STATUTORY AUDITOR

39. Identification of the statutory auditor and the partner who may represent it.

The independent auditing firm of BDO & Associados – SROC, represented by José Martinho Soares Barroso, carries out the position of Statutory Auditor for the Company.

40. Consecutive number of years in which the Statutory Auditor provides services for the company and/or group.

The Statutory Auditor has provided services for the company and/or the group for 13 consecutive years. In 2013, the Statutory Auditor completed a fourth term in the governing bodies, having been appointed again for the three-year period 2014-2016. However, in 2011, a new representative was appointed, who is responsible for overseeing or directly executing the external audit activities.

41. Description of other services provided by the Statutory Auditor to the Company.

BDO & Associados – SROC did not provide any services other than independent audit of the Company.

V. EXTERNAL AUDITOR

42. Identification of the appointed external auditor pursuant to Article 8 and statutory auditor partner who represents him in the fulfillment of these duties as well as the respective CMVM (Portuguese Securities Market Commission) registration number.

The External Auditor of Reditus, who is at the same time Statutory Auditor, is BDO & Associados – SROC, registered in the Order of Certified Public Accountants under No. 29 and registered with the CMVM (Portuguese Securities Market Commission) under No. 1122, now represented by Dr. José Martinho Soares Barroso.

43. Consecutive number of years in which the external auditor and his statutory auditor partner provide services for the company and/or group.

The external auditor provides services for the company and/or group for 13 consecutive years.

44. Policy and frequency of rotation of the external auditor and respective statutory auditor partner who represents him in the fulfillment of those duties.

Reditus has not established nor implemented any policy of rotation of the external auditor.

Maintenance of the auditor is based on the opinion of the supervisory body, which specifically weighed the conditions of auditor independence and the benefits and costs of its replacement.

In 2013, the external auditor completed the fourth term of the governing bodies, having been appointed again for the three-year period 2014-2016. However, in 2011, a new member responsible for overseeing or directly executing the external audit works was appointed.

Following the entry into force on January 1st, 2016 of the new Statute of the Order of Statutory

Auditors, approved by the Law no. 140/2015, dated September 7th, and the Legal Regime of Audit Supervision, approved by the Law No 148/2015, dated September 9th, resulting from the Directive 2014/56/EU of the European Parliament and of the Council dated April 16th, 2014, amending Directive 2006/43/EC concerning specific requirements for the statutory audit of annual and consolidated accounts of public interest entities, and ensuring the partial fulfillment of the Regulation (EU) no. 537/2014 of the European Parliament and of the Council dated April 16th, 2014, the rotation of the external auditor will be taken in consideration for the appointment of the corporate bodies for the next mandate, which should occur at the General Assembly to be held for approval of the FY 2016.

45. Recommendation from the entity in charge of the assessment of the external auditor, and frequency of such assessment.

The Audit Committee assesses annually the External Auditor's performance and, should relevant causes occur, proposes his termination to the General Assembly.

46. Identification of tasks, other than auditing, performed by the external auditor for the company and/or companies with which it is in a controlling relationship, as well as internal procedures for the approval of contracting such services, stating the reasons for such contract

During the 2016 fiscal year no tasks, other than auditing, were carried out by the external auditor.

47. Annual remuneration paid by the company, and/or by legal entities in a controlling relationship, or from the group to the auditor and other natural or legal persons belonging to the same network, together with details of the proportion for the following services (for purposes of this information, the network concept derives from the European Commission Recommendation No. C (2002) 1873, dated May 16th):

Auditors	Services	31 DEC 2016	31 DEC 2015
BDO & Asociados, SROC	Statutory audit	50,000	50,000
Auren Auditores & Asociados, SROC*	Statutory audit	51,400	52,400
Total		101,400	102,400

- Auren Auditors & Asociados, SROC performs statutory audit services for the individual Reditus Group's companies and BDO & Asociados, SROC performs statutory audit services for Reditus SGPS individually, as well as for the consolidated Reditus Group.
- The amounts indicated for Auren reflect Roff's disposal in 2016, the 2015 amounts having been restated (was 65,400 euros with Roff).

C. INTERNAL ORGANISATION

I. Articles of Incorporation

48. Applicable rules for amendment of the articles of incorporation (Article 245 -A, paragraph 1, subparagraph h).

There are no rules for amending the articles of incorporation other than those deriving from the relevant applicable law.

II. Reporting Irregularities

49. Means and policy on reporting irregularities, which may have occurred in the company.

Reditus Group shareholders, members of the social bodies, employees, service providers, clients and suppliers may report any irregularities identified, which they are aware of, or have strong suspicions of, in order to prevent or stop irregularities which may cause serious damage to Reditus.

The communication of irregular practices is addressed to the Audit Committee, which chooses a person from within the Internal Audit Unit as responsible to manage the communications received. This communication must be made in writing, sent to the electronic address *irregularidades@reditus.pt*, and contain all the elements and information that the author disposes of and deems necessary for the evaluation.

Besides the referred email address, Reditus employees also dispose of another, direct and confidential channel, through the *Reditus Intranet*, where they can report to the Internal Audit Unit any financial and accounting irregularities.

Any complaint addressed to the Internal Audit Committee will be maintained strictly confidential and the originator of the complaint will remain anonymous.

The person in charge of the Internal Audit Unit shall evaluate the situation described and decide on, or propose, to the Audit Committee and to the Executive Board the corrective measures which, according to each specific case, is deemed as appropriate.

III. Internal Control and Risk Management

50. Individuals, bodies or committees responsible for internal audit and/or implementation of internal control systems.

Taking into account current market conditions, the Reditus Board of Directors has been paying increasing attention to the development and improvement of the mechanisms and procedures of internal control and risk management, in strategic, operational, economic and financial terms, in order to better manage the risk inherent to the Reditus Group's operations and ensure the effective operation of the internal control systems.

Within this framework and given the evolution of good Corporate Governance practices in compliance with the rules and recommendations issued by the CMVM (Portuguese Securities Market Commission), the Board of Directors approved at a meeting held on May 31st, 2011, the creation of a Committee for Risk Analysis, Sustainability, Financial and Internal Control.

The Reditus Group is subject to a wide range of risks that can have a negative impact on its activity. All these risks are properly identified, assessed and monitored, and it is the responsibility of the different departments within the company to manage them, with special emphasis on the Risk Committee and the on the Committee for Risk Analysis, Sustainability, Financial and Internal Control.

The Risk Committee (integrated into the Financial Department of the Group) has the mission of effective detection of risks related to the company's operations.

This Committee reports to Dr. Helder Matos Pereira, Group CFO and has is responsible for reporting on these matters to the Committee for Risk Analysis, Sustainability, Financial and Internal Control.

The Risk Committee has developed and improved the efficiency of its risk management model, fostering the communication channels between the various business areas, the Unit itself and the Committee for Risk Analysis, Sustainability, Financial and Internal Control, in order to anticipate and identify risks, thus enabling their timely management.

In a first phase the person in charge of the project identifies the typical risks associated with their business namely: (i) excessive concentration of projects in a small number of clients; (ii) the establishment of unbalanced ceilings and investments in terms of services to be provided and operational requirements; (iii) strict contractual penalties for delays or breaches of established goals with clients, delays on delivery dates agreed with the clients, extension of payment terms, and other burdensome conditions; (iii) quick obsolesce of custom-developed IT solutions, (iv) lack of understanding of, or mismatch with client needs, or with market requirements.

In a second phase, the Committee assesses operational risks and identifies risks of a financial nature, namely credit risks, foreign currency risks and cash-flow risks.

All investments or new business of a certain dimension are subject to prior approval by the Committee for Risk Analysis, Sustainability, Financial and Internal Control.

It is worth mentioning that the Risk Committee, in coordination with the Committee for Risk Analysis, Sustainability, Financial and Internal Control, ensures the match and the control of the risks associated with potential transactions, with the strategy and risk profile pre-established for Reditus.

It is the responsibility of the Committee for Risk Analysis, Sustainability, Financial and Internal Control, together with the Risk Committee, to perform the different actions required for monitoring and evaluating the efficiency of the mechanisms and internal control procedures, as well as to implement improvements in these mechanisms and procedures, paying attention to its suitability to the strategy outlined in the risk management model.

Within this framework, the Commission and the Risk Committee are basically governed by the following principles:

- Identification of operational risks arising from the Group's operations;
- Identification of risks which have financial impact on the Group;
- Assessment of the implementation level of internal controls;
- Establishment, together with the various departments, of corrective measures for the mechanisms and procedures of internal control and risk management;
- Monitoring and assessment of the information processing system;
- Compliance of business operations with the strategy outlined for the Group.

The Risk Committee has a methodology for qualifying projects, through the analysis of certain

parameters for identification and assessment of the consequences and of the probability of risk occurrence, for each potential transaction.

This methodology has enabled to anticipate and mitigate any negative impacts resulting from the occurrence of certain situations in identified risks.

The external auditor verifies the efficiency and operation of the internal control mechanisms within the framework of his work of statutory auditing, and reports any significant shortcomings to the Audit Committee.

51. Demonstration, including by means of an organization chart, of the relationships of hierarchical and/or functional dependence relating to other bodies or committees of the company.

The Board of Directors and the Audit Committee acknowledge the importance of the systems of risk management and internal control for the Company, fostering the human and technological conditions required for the establishment of an adequate control environment, commensurate with the risks of the activities.

The Board of Directors ensures, through the Risk Committee, the creation and operation of internal control and risk management systems. The Audit Committee supervises the effectiveness of those systems and assesses them in their meetings.

Both the management and the supervisory bodies have access to the reports and opinions issued by the Risk Committee, assessing the functioning and adequacy of the implemented internal control and risk management systems to the company's needs.

52. Existence of other working areas with expertise in risk control.

There are no other operational areas responsible for risk control, other than those identified in paragraph 50.

53. Identification and description of the main types of risks (economic, financial and legal) to which the company is exposed in the course of its activities.

The Reditus Group is exposed to various risks arising from its activities and the following are the main risk factors, with relevance and impact on the business:

Counterpart credit risk - the counterpart credit risk results primarily from the possibility of client default, either because of temporary liquidity problems, or of long-term systemic difficulties.

The management policy for counterpart credit risk consists in the analysis of the technical capabilities and financial exposure of each counterpart. Considering the nature and robustness of the Clients that make up the large majority of the Group's Client portfolio, the risk of counterparty default is significantly mitigated.

Risk associated with interest rates - the interest rate risk arises mostly from loans that are indexed to a benchmark interest rate.

The management of risks associated with interest rates is conducted through sensitivity analysis to changes in interest rates, namely to *Euribor*.

Foreign exchange risk - the foreign exchange risk is associated with of the Reditus Group's operations abroad.

Currently, the largest exposure to foreign exchange risk results from fluctuations between the U.S. Dollar and the Euro, stemming from operations in Africa. The general policy calls for Reditus to enter major contracts denominated in EUR, thus minimizing the impact of currency fluctuations.

Risks of legal nature - the main legal risks are linked to potential problems with clients and employees. These risks are managed through the internal control system, which has a methodology for qualifying projects through the analysis of certain parameters for assessment of the impact and probability of occurrence of risks for each potential business. The internal legal department reviews all contracts and other legal instruments, in order to mitigate potential future risks.

54. Description of the identification, assessment, monitoring, control and risk management processes.

This information is provided in paragraph 50.

55 Main elements of the internal control and risk management systems implemented in the company, in relation to the financial reporting process (Article 245-A, paragraph 1, subheading m)).

It is the responsibility of the Executive Board to ensure proper disclosure of financial information, which faithfully represents the situation of the group at any time, in compliance with the regulations issued by the regulatory entities applicable at any time.

The annual financial information is disclosed only after being reviewed by the Statutory Auditor and by the Audit Committee. The annual financial information, as well as the information relating to the interim periods is disclosed only after authorized by the Board of Directors, following a proposal from the Executive Board, which conducts the corresponding preliminary validation tests.

The Audit Committee supervises the preparation and disclosure of the financial information; within this scope, the Audit Committee has held periodic process review meetings with the Executive Board members, the Statutory Auditor and the staff responsible for accounting, planning and management control.

IV. Investor Relations

56. Service responsible for investor support, its composition, duties, information provided by these services and contacts.

Reditus has an Office of Investor Relations, responsible for the adequate interface with shareholders, financial analysts and regulatory authorities of the capital markets, namely the CMVM (Portuguese Securities Market Commission) and Euronext Lisbon.

It is this department's responsibility to promote an ongoing and permanent contact with the market, complying with the principle of shareholder equality and preventing differences in the access to information by investors, providing in accordance with the law any information

requested, or that may somehow contribute to a greater transparency and participation in the life of the Company.

Reditus offers a wide range of information through its website: www.reditus.pt. The aim is to open the company to investors, analysts and the general public, providing permanent access to relevant and updated information. Information pertaining to the company's activities, as well as information specifically aimed at investors, may thus be viewed on-line and is available in Portuguese and English, though the site's "Investors" section. The available information includes the Presentation of Results, Privileged Information and other reports for the CMVM, Accounts and Reporting, the Financial Calendar, the Shareholder structure, the Corporate Bodies and the stock market performance of Reditus' shares.

Information may be requested by phone, or through the website (www.reditus.pt).

Given the company's dimension, the Investor Relations office is composed only by the representative for market relations, who may be contacted at:

Address

Estrada do Seminário, 2 Edifício Reditus 2614-522 Alfragide

Phone - (+351) 21 412 4100

Fax - (+351) 21 412 4199

E-mail - accionistas@reditus.pt

Site - www.reditus.pt

57. Company's representative for market relations.

Ms. Dora Rodrigues

Telephone - (+351) 214 124 100

Fax - (+351) 214 124 199

Mobile - (+351) 913 880 114

E-mail - accionistas@reditus.pt

58. Information about the number of, and the response time to, requests for information received during the year, or outstanding from previous years.

Requests for information addressed to the Office were responded within a maximum of two working days.

V. Web Site

59. Address (es).

Reditus' website is available at: www.reditus.pt

60. The location of information about the firm, the public company status, the headquarters and other items, as mentioned in Article 171 of the Portuguese Companies Code.

In the Reditus website, within the <<Investors>> tab, a <<Corporate Governance>> tab exists, which contains information concerning the corporation, its public company status, its headquarters, and other items indicated in Article 171 of the Portuguese Companies Code.

61. Location where the Articles of Incorporation and working regulations of the bodies and/or committees are posted.

In the Reditus website within the <<Investors>> tab, a <<Corporate Governance>> tab exists, which contains the <<Articles of incorporation and Regulations>> tab, and inside this last tab the Articles of Incorporation, as well as the following regulations, can be found:

- Board of Directors Regulations;
- Executive Board Regulations;
- Audit Committee Regulations.

62. Location for information on the identity of the members of the corporate bodies, the representative for market relations, the Investor Support Office or equivalent structure, their roles and contact information.

In the Reditus website within the <<Investors>> tab, there is a <<Corporate Bodies>> tab containing the composition of the corporate bodies.

On the other hand, in the Reditus website within the <<Investors >> tab, there is an <<Investor Support Office>> tab containing the information posted regarding the identity of the representative for market relations, as well as contact information and roles.

63. Location of financial statements, which should be accessible for at least five years, as well as the half-year calendar of corporate events, disclosed at the beginning of each semester, including among others, General Assemblies, disclosure of yearly, half-year and, if applicable, quarterly accounts.

In the Reditus website, in the tab identified as <<Investors>>, there is a tab regarding <<Report and Accounts>>, where accounting documentation, which will remain accessible during five years, are disclosed.

On the other hand, in the Reditus website within the <<Investors>> tab, there is an <<Events Calendar>> tab where information is posted regarding the bi-annual calendar of corporate events.

64. Location where the General Assembly convening notice is posted along with all the corresponding preparatory and subsequent information.

In the Reditus website within the <<Investors>> tab, there is a <<Proposals and Convening Notices for General Meetings>> tab where the convening notice, the proposed resolutions and the minutes of the General Assembly meetings are posted.

65. Location of historical records containing the resolutions passed at the company's General Assemblies, the share capital represented and the voting results, covering the previous three years. In the Reditus website within the <<Investors>> tab, there is a <<Proposals and Convening Notices for General Meetings>> tab, containing the historical record of convening notices, agendas and resolutions passed at General Assemblies, as well as information on the share capital represented and the voting results for the respective meetings, covering the previous five years.

D. REMUNERATION

I. Determining Responsibility

66. Guidelines regarding the responsibility for determining the remuneration of company officers, members of the Executive Board or Managing Director and Company Directors.

The Reditus' General Assembly appoints the members of the Remuneration Committee, which is responsible for establishing remunerations and for presenting the annual declaration on remunerations policies of the administrative and supervisory bodies members. The Remuneration Committee is in charge of presenting and proposing to shareholders the principles of the remuneration policy of the social bodies and of establishing the corresponding remunerations. Furthermore, the proposed declaration is object of evaluation and deliberation by shareholders at the annual General Assembly.

The aforementioned declaration on remuneration policies includes all of the company's Directors (as per the provisions of paragraph 3 of article 248-B of the Portuguese Securities Code), since it is the understanding of the Reditus' Board of Directors that it only extends to the members of the company's administration and supervisory bodies.

II. Remuneration Committee

67. Composition of the Remuneration Committee, including names of natural or legal persons hired to provide support and a statement on the independence of each member and committee chairpersons.

The Remuneration Committee is composed by the Chairman of the General Assembly Dr. Diogo Lacerda Machado, by the Chairman of the audit Committee Dr. Rui Barreira, and by Dr. José Manuel de Almeida Archer, all of which are independent from the Board of Directors.

The Remuneration Committee works with full autonomy, not having hired any natural or legal persons to assist in carrying out its duties.

68. Knowledge and experience of the members of the Remuneration Committee on remuneration policy.

The members of the Remuneration Committee have the adequate and necessary knowledge to reflect, handle and decide on all subjects concerning remuneration policies.

All elements of the Remuneration Committee have academic degrees and extensive professional experience, performing duties as members of management bodies in several entities, including financial institutions, public-listed companies, law firms, hence consolidating relevant practical knowledge regarding remuneration policies, performance evaluation systems and related matters.

III. Remuneration structure

69. Description of the remuneration policy of the management and supervisory bodies pursuant to Article 2 of Law No. 28/2009 of June 19.

According to Article 18, paragraph 1 of the Articles of Incorporation, the members of the Board of Directors' remuneration is established by a Remuneration Committee composed of three members elected every three years by the General Assembly.

At the General Assembly held in May 2016 the criteria applied for establishing the remuneration of members of the Board of Directors for the FY 2016 were approved. These criteria include a combination of relevance of each Board Member's executive duties and the number of years of effective exercise of those roles in the company.

Regarding the variable remuneration of the members of the Executive Board, this is established by the combined weighing of consolidated net result, EBITDA and the annual increase in the price of shares, while the percentage of overall profits allocated to the Board Members' remuneration must not exceed ten percent, according to the provisions of Article 18, paragraph 3 of the Articles of Incorporation.

The non-executive Directors have not been remunerated during the FY 2016.

The members of the Audit Committee are not remunerated for their functions.

The company's articles of incorporation provide for, in Article 18, paragraph 3, that the salaries of members of the Board of Directors may be either fixed or partially include a percentage of the profits for the Fiscal Year, while the percentage of overall profits allocated to the Directors must not exceed ten percent.

Reditus does not have any incentive program with share options.

It is the Remuneration Committee's concern that bonuses for the Board of Directors take into account not only the fiscal year's performance, but also adequate sustainability of profits in subsequent fiscal years.

The members the Board of Directors have not entered into any contracts, with the company or with third parties, in view of mitigating the risk inherent in fluctuations of the remuneration established by the Company.

Reditus does not provide for any compensation in case of dismissal or resignation of Board Members.

70. Information on how remuneration is structured in a way to match the interests of members of the Board of Directors with the long-term interests of the company as well as on how performance assessment is based and discourages excessive risks.

Variable remuneration of the Executive Board members is determined by the Remunerations Committee and is aimed at aligning the variable component part of each Executive's remuneration with the corresponding Company's performance for the fiscal year, which is measured considering the relationship between the consolidated net result, the EBITDA and the annual evolution of shares quotation, and is also related to the responsibilities and to the performance of each individual Executive.

Variable remuneration depends on the positive performance of the Company, and the variable remuneration limits (10% of the net result) aims mainly at discouraging excessive risk-taking, stimulating the pursuit of an adequate risk management strategy.

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

The variable component of the Executive Board members' remuneration is determined by the Remunerations Committee, aiming to align the variable component part of Executive's remuneration with the Company's performance, which is measured considering the relation between the consolidated net result, the EBITDA and the annual evolution of shares quotation, and is also related to the responsibility and performance of each individual Executive. The performance evaluation thus impacts this remuneration component. An adequate balance between the fixed and variable components of such remunerations is also ensured.

72. Payment deferral of the variable remuneration component, mentioning the period of deferral.

Reditus implemented the procedures required for adopting a policy of deferring payment of the variable remuneration component, as can be verified in the last statements on the remuneration policy by the members of the Board of Directors and the supervisory body of Reditus.

However there is been so far no deferral on the payment of the aforementioned variable remunerations since, for the past 5 fiscal years, the conditions on which payments were dependent, have not been fulfilled.

73. Criteria that underlie the allocation of variable remuneration in shares as well as on the maintenance, by executive directors of these shares, on any eventual signing of contracts relating to these shares, namely *hedging contracts or of risk transfer, the respective ceiling and its relationship to the amount of the total annual remuneration*.

The Company does not have in place any remuneration measures, which allow for the allocation of shares and/or any other incentive mechanism comprising shares.

The members the Board of Directors have not entered into any contracts, with the company or with third parties, in view of mitigating the risk inherent in fluctuations of the remuneration established by the Company.

74. Criteria that underlie the allocation of variable remuneration in options and showing the deferral period and the exercise / strike price.

The Company does not have in effect any remuneration measures allowing for the allocation of rights to purchase stock options.

75. Main parameters and grounds for any annual bonus system and any other non-cash benefits.

This information is provided in paragraph 69.

76. Main characteristics of complementary pension or early retirement systems for board members and the date that they were approved by the general meeting of shareholders, in individual terms.

There are no pensions schemes or early retirement programs for Board Members.

IV. Remuneration disclosure

77. Indication of the annual remuneration earned on aggregate and individually by members of the company's board of directors, from the company including fixed and variable remuneration and regarding this, mentioning the different components that originated it.

Pursuant to Law No. 28/2010 of June 19, below follows the remuneration received by individual members of the Board of Directors:

Executives	230,000
Francisco Santana Ramos	120,000
Helder Matos Pereira	110,000
Non-Executives	0
Miguel Pais do Amaral	0
José António Gatta	0
Fernando Fonseca Santos	0

In 2016, no variable remuneration component was paid to the Board of Directors.

The fixed remuneration paid to the Executive Board members during the fiscal year ended on December 31st, 2016 amounted to 230,000 euros

78. Amounts paid, for any reason whatsoever by other companies in a control or group relationship or which are subject to common control.

The remuneration of the members of the Executive Board was paid by Reditus Business Solutions.

79. Remuneration paid in the form of profit sharing and/or bonus payments and the reasons why such bonuses and/or profit sharing were granted.

Remuneration paid in the form of profit sharing and/or bonus payments are described in paragraph 69 and are part of the variable component as bonuses, taking into account the directors' performance, in view of the proposed goals. For the past 5 fiscal years, the conditions on which depended the payment of variable remuneration, have not been fulfilled.

80. Compensation paid or owed to former executive directors regarding the termination of their duties during the year.

No compensation has been paid or was due to former Executive Board Members regarding termination of service during the 2016 fiscal year.

81. Indication of the annual remuneration earned on aggregate and individually by members of the company's supervisory board of directors pursuant to Law No. 28/2009 of June 19.

The members of the Audit Committee do not receive any remuneration for their functions.

82. Details of the Chairman of the General Assembly's remuneration, in the reference year.

The Chairman of the General Assembly does not receive any remuneration for his/her functions.

V. Agreements with implied remuneration

83. Contractual limitations provided for any compensation to be paid upon dismissal without just cause of a director, and its relationship with the variable component of the remuneration.

There are no contractual limitations for compensation to be paid to a Board Member upon dismissal without just cause, this matter being subject to the relevant laws.

84. Reference to the existence and description with details of the amounts involved, of agreements between the company and members of the board of directors and officers, as per paragraph 3 of Article 248.-B of the Portuguese Securities Code, providing for compensation in case of dismissal without just cause or termination of employment following a change of company control. (Article 245-A, paragraph 1, subheading I)).

There are no agreements between the Company and members of the Board of Directors and Officers, in the sense of Article 248-B, paragraph 3 of the Portuguese Securities Code, providing for compensation in case of resignation, dismissal without just cause or termination of employment following a change in control of the Company.

VI. Allocation of shares plans or stock options

85. Plan name and its recipients.

The Company does not have in effect any remuneration measures, which allow for the allocation of shares and/or of any other incentive program with shares.

86. Plan details (terms of allocation, clauses forbidding transfer of shares, criteria on the share price and the exercise price of the options, the period during which the options may be exercised, types of shares or options to be allocated, existence of incentives for purchasing shares and/or exercise options).

Not applicable.

87. Option rights allocated for purchasing shares ('stock options') that benefit employees and collaborators of the company.

Not applicable.

88. Control mechanisms provided for any system of employee participation in the capital to the extent that voting rights are not exercised directly by them (Article 245-A, paragraph 1, subparagraph e).

Not applicable.

E. TRANSACTIONS WITH RELATED PARTIES

I. Control mechanisms and procedures

89. Mechanisms implemented by the Company for purposes of monitoring transactions with related parties (*For this purpose we refer to the concept arising from IAS 24*).

Transactions of significant importance with qualified shareholders, or any related entities, pursuant to Article 20 of the Portuguese Securities Code, are submitted to preliminary approval of the Audit Committee. This body establishes the necessary procedures and criteria for the definition of the relevance of such transactions, which are described in paragraph 91.

90. Indication of the transactions, which were subject to control in the reference year.

During FY 2016 there were no transactions between the company and qualified shareholders, or any related entities pursuant to Article 20 of the Securities Code, which were subject to control by the Audit Committee.

91. Description of the applicable procedures and criteria for intervention by the supervisory body for the purpose of preliminary assessment of the transactions to take place between the company and qualified shareholders or entities that have any relationship with them, pursuant to Article 20 of the Portuguese Securities Code.

The transactions of significant importance with qualified shareholders or any related entities, pursuant to Article 20 of the Portuguese Securities Code, are submitted for preliminary approval by the Audit Committee.

Transactions considered to be significantly important are those that are not part of the current activities of the company or of its qualified shareholders, or entities with which they are in one of the situations listed in Article 20 of the Portuguese Securities Code.

In turn and in view of the provisions of Article 246, paragraph 3, subheading c) of the Portuguese Securities Code, are further considered as transactions with significant importance those that significantly affect the financial position or the performance of the company.

All transactions between, on the one hand the Company, and on the other the qualified shareholders or entities with which they are in one of the situations listed in Article 20 of the Portuguese Securities Code, are identified in the Notes to the Consolidated Financial Statements of the Annual Report and Accounts.

II. Elements related to the transactions

92. Indication of the location of the financial statements where information is available on transactions with related parties, pursuant to IAS 24, or alternatively the reproduction of such information.

The main elements of businesses with related parties, pursuant to IAS 24, including the transactions and operations between the Company and the qualified shareholders and related entities are described in the Annexes to the financial statements of the 2016 Report and Accounts.

PART II - EVALUATION OF CORPORATE GOVERNANCE

1. Name of the Corporate Governance Code adopted

The Corporate Governance Code to which the company is subject or has decided to voluntarily submit should be indicated, pursuant to and for the purposes of Article 2 of this Regulation.

The location where the texts of the corporate governance codes are available to the public to which the issuer is subject (Article 245-A, paragraph 1, subheading p)) should be indicated.

Within the framework of the corporate governance models authorised by the Portuguese Companies Code, Reditus has adopted the one-tier model that integrates as company bodies the General Assembly, the Board of Directors, the Audit Committee and the Statutory Auditor.

The texts of the corporate governance rules are available on the company website and were also made public through the CMVM's (Portuguese Securities Market Commission) website.

2. Analysis of compliance with the adopted Corporate Governance Code

Reditus believes that, notwithstanding the failure to fully comply with the recommendations of CMVM, as explained in detail in the table below, the extent of adoption of the recommendations is quite broad and thorough.

The table below lists the CMVM's recommendations laid down in that code, specifying whether they were or were not fully adopted and the location in this report where these are described in greater detail.

Recommendation	Information on adoption	Description in the report
I. VOTING AND COMPANY CONTROL		
<p>I.1. Companies should encourage their shareholders to attend and vote at general meetings, namely by not setting an excessively high number of shares required to have the right to one vote and implementing the essential means to exercise the right to vote by mail and electronically.</p>	<p>Partially adopted The exercise of one's voting rights by electronic means is not provided because the Company believes, taking into account its shareholder structure and low distribution of shares that the participation of its shareholders in general meetings through votes submitted by mail and the mechanisms of representation is completely assured.</p>	<p>Paragraph 12</p>
<p>I. 2. Companies should not adopt mechanisms, which hinder the approval of resolutions by its shareholders, namely setting a higher resolution quorum than provided by law.</p>	<p>Adopted</p>	<p>Paragraphs 14 and 48</p>
<p>I.3. Companies should not establish mechanisms, which have the effect of causing discrepancy between the right to receive dividends or to subscribe new securities and the voting rights for each common share, unless properly substantiated in the light of the long-term interests of shareholders.</p>	<p>Adopted</p>	<p>Paragraph 12</p>
<p>I.4. The Articles of Incorporation which provide for limiting the number of votes that may be held or exercised by a single shareholder, individually or together with other shareholders, shall also provide that at least every five years it will be subject to determination by the general meeting the amendment or keeping that statutory provision - without super quorum requirements compared to the one legally in effect - and that in said resolution, all votes issued are counted without said limitation in force.</p>	<p>Not applicable This recommendation is not applicable since the Articles of Incorporation do not provide for a limitation on the number of votes that may be held or exercised by a single shareholder, whether individually or together with other shareholders.</p>	<p>Paragraph 12</p>

I.5. Measures which have the effect of requiring payments or assuming charges by the company in the event of change of control or change in the composition of the Board and which appear likely to impair the free transferability of shares and the free assessment by the shareholders of the performance of members of the Board should not be adopted.	Adopted	Paragraph 4
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II. SUPERVISION, MANAGEMENT AND AUDITING

II.1. SUPERVISION AND MANAGEMENT

II.1.1. Within the limits established by law and unless the company is of small size, the board of directors shall delegate the daily management of the company and the delegated duties should be identified in the <u>Annual Report on Corporate Governance</u> .	Adopted	Paragraph 21
II.1.2. The Board of Directors should ensure that the company acts in accordance with its goals and should not delegate its duties, namely with regard to: i) defining the strategy and general policies of the company; ii) <u>defining the corporate structure of the group</u> ; iii) <u>decisions that must be considered strategic due to the amounts, risks or their special features</u> .	Adopted	Paragraph 21
II.1.3. The General and Supervisory Board, in addition to exercising the supervisory powers that are entrusted to it, must assume full responsibility to the corporate governance level by which the statutory provision or by equivalent means, the obligation of this body to comment on the strategy and major company policies must be established, setting the corporate structure of the group and the decisions that must be considered strategic due to the amounts or risks. This body should also assess compliance with the strategic plan and the implementation of key company <u>policies</u> .	Not applicable This recommendation is not applicable due to the corporate governance model adopted by Reditus.	Paragraph 15

II.1.4. Unless the company is of small size, the Board of Directors and the General and Supervisory Board, according to the model adopted, shall create such committees that may be required to:

Adopted

**Paragraph
21**

- a) Ensure a competent and independent assessment of the performance of executive directors and their overall performance as well as of other existing committees;
- b) Reflect on system structure and governance practices adopted, check its effectiveness and propose to the relevant bodies measures to be implemented towards their improvement.

II.1.5. The Board of Directors or the General and Supervisory Board, depending on the model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks actually incurred are consistent with those goals.

Adopted

**Paragraphs
50 to 55**

II. 1.6. The Board of Directors must include number of non-executive members to ensure effective capacity for monitoring, supervision and assessment of activities of the other members of the board.

Adopted

**Paragraph
18**

<p>II. 1.7. Among the non-executive directors there should be a balanced proportion of independent members, taking into account the governance model adopted, the size of the company, its shareholder structure and the respective free float.</p> <p>The independence of the members of the General and Supervisory Board and the members of the Audit Committee is assessed in accordance with applicable law and as to the other members of the Board of Directors, a person is considered independent when he/she is not associated with any specific interest group in the company nor under any circumstance likely of affecting his/her capacity of unbiased analysis or decision, namely by virtue of:</p> <ul style="list-style-type: none"> a. Having been an employee of the company or a company with which he/she is in a control or group relationship, in the past three years; b. Having in the past three years provided services or established significant business relationship with the company or company with which he/she is in a control or group relationship, either directly or as a partner, director, manager or officer of a legal entity; c. Being a beneficiary of remuneration paid by the company or by a company with which he/she is in a control or group relationship, besides the remuneration arising from the exercise of the duties of a director; d. Living in a common law marriage or being a spouse, relative or kin in line of descent to the third degree, including in a collateral line, of board members or natural persons who are directly or indirectly qualified shareholders; e. Being a qualified shareholder or representative of a qualified shareholder. 	<p>Not Adopted</p>	<p>Paragraph 18</p>
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<p>II.1.8. The directors performing executive duties shall, when requested by other Board Members, provide in a timely and appropriate manner, the information requested.</p>	<p>Adopted</p>	<p>Paragraph 21</p>
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II. 1.9. The chairman of the board of executive directors or Executive Board shall provide, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the General and Supervisory Board and the Chairman of the Commission for Financial Affairs, the convening notices and minutes of the respective meetings.

Adopted **Paragraph 21**

II.1.10. If the Chairman of the Board of Directors has executive duties, this body should appoint from among its members, an independent director to ensure the coordination of the works of other non-executive members and the conditions so that these may make decisions in an independent and informed manner or find an equivalent mechanism to ensure such coordination.

Partially Adopted **Paragraph 21**

The Board of Directors appointed his member, Mr. José Gatta, although not considered independent, to ensure the coordination of the work of other non-executive and executive directors.

II.2. SUPERVISION

II. 2.1. Depending on the applicable model, the Chairman of the Supervisory Board, the Audit Committee or the Commission for Financial Affairs should be independent in accordance with the applicable legal criterion and be adequately capable to exercise the respective duties.

Not Adopted **Paragraph 32**

Dr. Rui António Gomes do Nascimento Barreira is not considered independent since he has been re-elected for more than two mandates, under the terms of Article 414/5 of the Portuguese Companies Code.

II. 2.2. The supervisory body should be the main partner of the external auditor and the first recipient of his reports, and be responsible namely to propose the respective remuneration and to ensure that within the company, the appropriate conditions for provision of services are provided.

Adopted **Paragraphs 32 and 33**

II.2.3. The supervisory board shall assess the external auditor annually and propose to the competent body his dismissal or termination of the provision of services contract whenever there is just cause for this purpose.

Adopted **Paragraph 45**

<p>II.2.4. The supervisory body must assess the operation of internal control and risk management systems and propose any adjustments that may be required.</p>	<p>Adopted</p>	<p>Paragraph 21</p>
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<p>II.2.5. The Audit Committee, the General and Supervisory Board, and the Supervisory Board must rule on the work plans and the resources for internal audit services and the services that ensure compliance with the rules applicable to the company (compliance services) and should receive the reports conducted by these services at least when matters at issue are related to accountability or resolution of conflicts of interest and to the detection of potential wrongdoings.</p>	<p>Adopted</p>	<p>Paragraph 51</p>
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II.3. REMUNERATIONS SETTING

<p>II.3.1. All members of the Remuneration Committee or equivalent should be independent of the executive members of the board of directors and include at least one member with knowledge and experience in matters of remuneration policy.</p>	<p>Adopted</p>	<p>Paragraphs 67 and 68</p>
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<p>II. 3.2. Any natural or legal person who provides or has provided in the past three years, services to any entity within the facilities of the board of directors, the actual company's management or who has a current relationship with the company or consultants for the company should not be hired to assist the Remuneration Committee in performing its functions. This recommendation also applies to any natural or legal person who is in a relationship by virtue of an employment contract or provision of services.</p>	<p>Adopted</p>	<p>Paragraph 67</p>
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<p>II.3.3. The declaration on the board and supervisory bodies members remunerations policy referred by article 2 of Law 28/2009, June 19, should contain, additionally:</p> <p>a) Identification and explanation of the criteria for determining the remuneration to be paid to members of the corporate bodies;</p> <p>b) Information on the potential maximum amount in individual terms and the potential maximum amount in aggregate terms, to be paid to members of corporate bodies and identification of the circumstances under which these maximum amounts may be due;</p> <p>d) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of directors.</p>	<p>Partially Adopted</p> <p>The statement on the remuneration policy for the management and supervision bodies of Reditus submitted to the last Annual General Meeting of Reditus does not specifically contain an indication of the potential amounts required by subparagraph b) of this Recommendation.</p>	<p>Paragraph 69</p>
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<p>II. 3.4. The proposal concerning approval of plans for the allocation of shares and/or purchase of stock options or based on variations in the share prices to members of corporate bodies must be submitted to the General Meeting. The proposal should contain all the necessary elements for a correct assessment of the plan.</p>	<p>Not applicable</p>	<p>Paragraph 85</p>
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<p>II. 3.5. The proposal concerning approval of any system of retirement benefits established for members of the corporate bodies must be submitted to the General Meeting. The proposal should contain all the elements necessary for a proper assessment of the system.</p>	<p>Not applicable</p>	<p>Paragraph 76</p>
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III. REMUNERATIONS

<p>III.1. The remuneration of executive members of the board of directors must be based on actual performance and discourage excessive risk-taking.....</p>	<p>Adopted</p>	<p>Paragraphs 69 and 70</p>
<p>III.3. The variable component of remuneration should be reasonable in relation to the fixed component of remuneration and ceilings should be set for all components.</p>	<p>Not Adopted</p> <p>The company has not determined maximum ceilings for all remuneration components</p>	<p>Paragraph 69</p>

<p>III.2. The remuneration of non-executive members of the board of directors and the remuneration of the members of the supervisory board shall not include any component whose amount depends on the performance of the company or of its value.</p>	<p>Adopted</p>	<p>Paragraphs 69 and 70</p>
<p>III.4. A significant portion of the variable remuneration should be deferred for a period of no less than three years, and the right to receive it should depend on the continued positive performance of the company during that period.</p>	<p>Not applicable</p> <p>To date, there isn't any payment deferral of said variable remuneration. However, for the past 5 years, Reditus has implemented the necessary procedures for the adoption of a payment deferral policy of the remuneration variable component, with no practical effect since, in these fiscal years the conditions on which payment was dependent were not fulfilled.</p>	<p>Paragraph 72</p>
<p>III.5. The members of the Board of Directors should not enter into any contracts with the company or third parties, which have the effect of mitigating the risk inherent in the fluctuation of their remuneration set by the Company</p>	<p>Adopted</p>	<p>Paragraph 73</p>
<p>III.6. Until the end of their mandate, executive directors must hold the company's shares that they have obtained by virtue of variable remuneration schemes, up to twice the amount of the total annual remuneration, except those that must be sold in order to pay for capital-gain taxes of said shares.....</p>	<p>Not applicable</p> <p>The Company does not have any allocation of shares plans.</p>	<p>Paragraph 73</p>
<p>III.7. When the variable remuneration includes stock options; the start of the exercise period must be deferred for a period of no less than three years.....</p>	<p>Not applicable</p>	<p>Paragraph 74</p>
<p>III.8. When the dismissal of a board member is not due to serious breach of his duties nor to unfitness for the normal exercise of his duties, but still attributable to poor performance, the company should be endowed with adequate and necessary legal instruments so that any damages or compensation, beyond the legally due, cannot be demanded.</p>	<p>Not Adopted</p> <p>There aren't any contractual limitations for compensation to be paid upon dismissal without just cause of a director, thus the laws on the matter are applicable.</p>	<p>Paragraph 83</p>

IV. AUDITING

IV.1. The external auditor must, within the scope of his duties, verify the implementation of remuneration policies and systems of the corporate bodies, the efficiency and operation of the internal control mechanisms and report any shortcomings to the company's supervisory board.

Adopted

**Paragraphs
38 and 50**

IV.2. The company or any entities maintaining a controlling relationship with it should not hire the external auditor, or any entities, which are in the same group or are part of the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - they should not amount to more than 30% of the total value of services rendered to the company.

Adopted

**Paragraphs
46 and 47**

IV.3. The companies should promote the rotation of auditors after two or three terms depending on if these are of four or three years respectively. Its continuance beyond this period must be based on a specific opinion by the supervisory board, which specifically considers the conditions of auditor independence and the benefits and costs of replacement.

Adopted

**Paragraph
44**

V. CONFLICT OF INTEREST AND TRANSACTIONS WITH RELATED PARTIES

V.1. Transactions between the company and qualified shareholders or entities that are in a relationship with them, pursuant to Article 20 of the Portuguese Securities Code shall be carried out under normal market conditions.

Adopted

**Paragraph
92**

V.2. The supervisory or monitoring body must establish procedures and criteria required to define the relevant importance level of transactions with qualified shareholders – or with entities in any of the relationships provided for in paragraph 1 of Article 20 of the Portuguese Securities Code – the transactions of significant importance being dependent on prior approval of said body.

Adopted

**Paragraph
89**

VI. INFORMATION

VI.1. Companies should provide through its web sites in Portuguese and English, access to information about its evolution and its current reality in economic, financial and governance terms.

Adopted

**Paragraphs
59 to 65**

VI.2. Companies should ensure the existence of an investor support office and permanent contact with the market, responding to requests from investors in a timely manner and a registry of requests submitted and the handling that was given should be maintained.

Adopted

**Paragraphs
56 to 58**

3. Other information

The company should provide any additional elements or information that, if not found expressed in the preceding paragraphs, are relevant to understanding the model and governance practices adopted.

Reditus does not have any elements or additional information relevant to understanding the model and governance practices adopted.

ANNUAL REPORT

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