

14 June 2017

To our stakeholders,

I am very pleased to bring to you NOS Communication On Progress on the implementation of the Ten Principles of United Nations Global Compact.

I would also like to take this opportunity to reaffirm our continuous support to the organization's approach in the areas of Human Rights, Labour, Environment and Anti-Corruption. In the following sections you will find a brief summary of the actions we undertook in 2016 to integrate these principles into our business. The year 2016 represented another step in the execution of NOS' growth strategy, presented in 2014, where the main goals were to increase market share and strengthen our competitive position in the Portuguese communications market.

Sustainability is integrated in our strategy. The introduction of corporate responsibility and sustainable development principles into our corporate activities is part of a social commitment that is directly rooted from our ethical principles and values. The year 2016 was an example of this vision in our company.

In 2016, we developed training actions on our Code of Ethics, which involved employees across all our businesses, suppliers and partners, thus ensuring compliance with the Code's principles.

We integrated our Sustainability Requirements to Suppliers and Partners in the procurement process of the Company. These summarise our outlook, our commitment and our conduct regarding sustainability and must be followed by all NOS Suppliers and Partners.

We continued to manage our Integrated Management System at NOS SGPS, certified according to ISO 9001 (Quality) and ISO 14001 (Environment) standards, through NOS Comunicações, S.A., NOS Inovação S.A., NOS Sistemas, S.A., NOS Technology, S.A. and NOS Towering. We also certified NOS Comunicações according to OSHAS 18001 (Health & Safety) and ISO 20000 (Service management) standards. NOS SGPS is also certified according to the ISO 27001 (information security) through NOS Comunicações, S.A. and NOS Sistemas.

GRI Standards, launched in 2016, represent global best practice in sustainability reporting. Thus, we are in the process of developing and revising our sustainability indicators system report, based on G4 Guidelines, to these new GRI Standards. Finally, we are in the process of preparing a formal materiality analysis, involving internal and external stakeholders, the results of which will inform our sustainability strategy for the next three-year cycle.

Given the delay in the conclusion of our materiality analysis, and the transition to GRI Standards, we expect to publish NOS first Sustainability Report in 2018. This Communication On Progress aims to fill that information gap, providing relevant data regarding our commitment to the UN Global Compact Principles, including actions, outcomes and quantified performance on social and environmental key issues. We will also publish this information in our website.

We expect 2017 to be even more challenging, with the conclusion of our first sustainability strategic cycle. But NOS - together with our employees and partners - is fully prepared to face those challenges. It is our belief that the Telecommunications sector offers countless opportunities to build a better society and this will remain our permanent motivation.

Thank you,



Miguel Almeida

NOS CEO