

**ANNUAL GENERAL MEETING OF
VAA – VISTA ALEGRE ATLANTIS, SGPS, S.A.
6TH OF JUNE 2022**

**ITEM FOURTH
REMUNERATION POLICY FOR MEMBERS OF THE
COMPANY'S MANAGEMENT AND AUDIT BODIES**

Whereas:

- a) **Legal requirements and recommendations**, respectively, (i) to articles 26 A to 26 F of the Securities Code, approved by Decree-Law 486/99, of the 13th of November, as amended in particular by the recent Law 99-A/2021, of the 31th of December, and (ii) to the Recommendations contained in *Código de Governo das Sociedades do Instituto Português de Corporate Governance* (IPCG Code) of 2018, revised in 2020, determine that the Remuneration Committee submits the remuneration policy to be applicable to the different governing bodies for approval by the General Meeting, at least every four years and whenever there is a relevant change in the current remuneration policy, with the content and purposes provided for in the aforementioned legal and recommendatory provisions.
- b) When setting remunerations and preparing the aforementioned policy, the Remuneration Committee is responsible for complying with the following provisions contained in the Commercial Companies Code (see Articles 399, 374-A and 422-A), as well as the Company's Articles of Association:
- ✓ the remuneration quantum of the corporate bodies, by the Remuneration Committee, must take into account the functions carried out and the company's economic situation;
 - ✓ The variable remunerations of the Board of Directors may comprise a share not higher than 5% of the fiscal year's net profit and;
 - ✓ The remuneration of the members of the Fiscal Board and of the General Meeting Board should be a fixed amount to be determined as foreseen legally and according to the articles of association for the remaining corporate bodies (functions carried out and the company's economic situation).

- c) Also in that context, the Remuneration Committee still considers it relevant to comply with the Recommendations contained in the IPCG Code, in accordance with the terms presented herein.
- d) As established in the Company's Articles of Association, the members of the corporate bodies will have fixed and/or variable remuneration fixed by the General Meeting or by a Remuneration Committee elected at the General Meeting. This policy was prepared by the **Remuneration Committee** elected by the General Meeting held on the 16th of June 2021 and composed of 3 independent members in relation to the Board of Directors and the Audit Committee of the Company (insofar as the referred members and their spouses, family member and relative in the straight line up to and including the third degree, do not form part of such bodies).
- e) In turn, the **Corporate Governance Committee of the Board of Directors** of the Company (composed of a majority of independent directors) issued an opinion on this date regarding the terms of the present policy prepared by the Remuneration Committee, with reference to the above mentioned standards and recommendations considered appropriate in regard to the remuneration policy for the members of the management and supervisory bodies.
- f) The Remuneration Committee also considers relevant, for **transparency** and **information**, that:
 - ✓ The remuneration policy is immediately disclosed on the VAA website, containing mention of the voting results and the respective date of approval at the General Meeting.
 - ✓ The members of the Remuneration Committee confirmed the absence of conflict of interest in the context of the decision to approve this policy proposal.
 - ✓ This Committee is also bound before the Shareholders to the presence of its chairman or, in his/her absence, of another member of this Committee at the annual general meeting and in any others if the respective agenda includes matters related to remuneration or if requested by a shareholder of the Company.
- g) The **decision-making process** described, which gave rise to the present proposal to be submitted to the General Meeting, contributes effectively to avoiding conflicts of interest, in addition to the rules adopted by the Company to identify and manage any conflicts.

I. REMUNERATION OF CORPORATE BODIES AND SUPERVISORY BOARD BY REFERENCE TO THE MANDATE FOR 2021:

- 1) In this policy and in the governance report for 2021, information is presented to Shareholders on the **implementation of the remuneration policy approved at the General Meeting held on June 16, 2021 and the remuneration received in 2021.**
- 2) Thus, in the mandate for 2021, the following **criteria were applied with regard to the fixed component of the remuneration of the members of the Board of Directors and the Fiscal Board** of the Company, especially considering the functions performed and associated responsibilities (taking into account the model of government and organizational structure, as well as the initiative, effort, commitment, competence and dedication inherent) and the situation of the Company (i.e., the shareholder structure, organisational structure and above all the economic situation):

Board of Directors ^(a)	Monthly Fixed Remuneration (€)
Non-executive and non-independent administrator	0 ^(b) 2,500.00 ^(c)
Executive Administrator with responsibilities at the level of industrial, commercial and marketing & design management	8,000.00 ^(d)
Executive Administrator with responsibilities at the level of human resources, financial, accounting and audit, supply and information systems	2,700.00 ^(e)
Chairman of the Board of Directors with responsibility for business management and institutional representation	5,000.00 ^(e)
Executive Administrator with responsibilities at the level of internal audit and customer service	5,500.00 ^(f)
Non-executive and independent administrator	2,500.00

^(a) Fixed net monthly remuneration earned fourteen times a year from the 1st of June 2021.

^(b) Members of the Board of Directors that perform management functions in other entities of the business group in which the Company operates are not remunerated by VAA.

^(c) Non-executive and non-independent members who hold unpaid social positions in other entities of the business group which the Company belongs to.

^(d) To the extent that they carry out remunerated management functions in other companies of the Grupo Vista Alegre, the members of the Board of Directors do not receive any remuneration paid by VAA (as disclosed in the annual corporate governance report).

^(e) Position with accumulation of functions and synergies in the context of the business group in which the Company operates.

^(f) Position that implies exclusive dedication to the functions in Grupo Vista Alegre.

Fiscal Board ^(a)	Monthly Fixed Remuneration (€)
Chairman	700.00
Member of the Board	600.00

^(a) Fixed net monthly remuneration earned fourteen times a year from the 1st of June 2021.

- 3) Also in 2021, the Remuneration Committee continued to monitor with due caution the extraordinary context experienced and its impacts, and considered that it was justified to apply an extraordinary derogation to the general variable remuneration model included in the remuneration policy approved at the last General Meeting in the following terms: *(i)* this Committee deliberated and there was **an attribution and payment in 2021 of an extraordinary corporate premium of recognition, incentive and motivation to the Company's executive team (with the exception of the Chairman of the Board of Directors and the Executive Committee)**, necessary in view of the persistence of the extraordinary pandemic context that poses broad challenges to corporate resilience and sustainability, without the total premium exceeding (10% of the total fixed remuneration for 2021 of the executive team); and *(ii)* the ad hoc and temporary nature and the aforementioned quantitative and rational limit of this corporate premium contribute to serving the long-term interests and sustainability of the Company (i.e., that recognition, incentive and motivation were considered necessary and essential to contribute to the executive team implementing the strategic plan and the long-term sustainability of the Company in the scenario of a huge demand for the executive team).
- 4) Regarding the **implementation of the terms of the remuneration policy in 2021**, there were no changes or derogations from its application, except for the extraordinary and temporary derogation referred to in paragraph 3) above, necessary and justified in view of the interests of the Company mentioned above. This derogation corresponded to the payment of the aforementioned ad hoc premium in 2021, when in the aforementioned policy: *(i)* the non-attribution of variable remuneration was foreseen in accordance with the general model in the policy approved for the 2020 performance assessment; and *(ii)* the attribution of this exceptional and ad hoc corporate premium had not been regulated (allocated and paid without the verification of the performance evaluation criteria, as well as without the application of the partial payment deferral scheme and the adjustment and mitigation mechanisms of the risk of variability contained in that model), even though, in any case, such policy specified the goal of the Remuneration Committee to seek *“through this remuneration model, to discourage excessive risk-taking at this stage of the life of the company and the group and in the current scenario of the sectors and markets in which it operates, as well as to promote the alignment of management imminently with a perspective of long-term sustainability and resilience”* and that the remuneration policies approved during the last two years by the General Meeting of the Company expressly characterize the attribution of any variable component as eventual and extraordinary.
- 5) With regard to the **evaluation of the Company's performance in 2021**, in a statement issued to the market, VAA disclosed the consolidated results for 2021 approved by the Board of Directors, of which the Remuneration Committee highlights the following:

- (i) Vista Alegre registered a decrease during 2021, when compared to the same period of the previous year, in terms of **turnover, operating results and EBITDA**. Turnover of 117 million euros, operating income of 9.3 million euros and EBITDA of 22.7 million euros represent an increase of 6%, 281% and 42% respectively over the same period.
 - (ii) During the second half of 2021, economic activity in Portugal and worldwide was slowly recovering from the crisis created by the spread of the Covid-19 virus and renewed pandemic containment measures at the beginning of the year. The different measures taken by the Company aimed at mitigating the negative effects of the pandemic had a positive effect, as can be seen in the recovery of retail activity with a visible impact on results.
 - (iii) The Company maintained in this exercise the **implementation of a strategic plan** focused mainly on the expansion and international consolidation, the development of new products and collections, as well as the improvement of operational efficiency and costs reduction.
 - (iv) Markets of Spain, the USA and Brazil, were the biggest contributors to the sales of branded products, with a growth of 69% compared to 2020 and a growth of 50% compared to 2019 (pre-pandemic); Branded products, namely in the Vista Alegre porcelain and Bordallo Pinheiro earthenware sectors, were the ones contributing the most to the growth in turnover during 2021.
 - (v) In turn, **investments** made in 2021 corresponded to around 7.3 million euros, continuing to increase the production capacity, greater operational efficiency and cost reduction.
 - (vi) Vista Alegre's **consolidated net debt** in 2021 was reduced by around 7.3 million euros compared to the previous year.
- 6) Additionally, the Remuneration Committee was aware that the Company's Board of Directors carried out its **self-assessment** for 2021, came to the conclusion that this body shows a high level of adequacy regarding its composition, functioning and effective performance of the role of non-executive directors, especially as far as supervising activity of the Executive Committee and non-executive and independent members contributing to the effective performance of the Board of Directors are concerned, resulting in very positive assessment of the effective monitoring by the Board of Directors of the performance of the Company and its subsidiaries and monitoring Grupo Vista Alegre's strategic and financial challenges and, to that extent, the overall performance of the mentioned body. Even so, areas for improvement were identified related to the advance notice of meetings and the availability of information to support the respective meetings, the continuous monitoring of the internal control, risk management and internal audit systems, as well as the continuous reinforcement of mechanisms that contribute to the efficient functioning of the Board of Directors and effective articulation with the Company's shareholders.

- 7) In addition, given the **persistence of the context of uncertainty arising from the COVID-19 pandemic** regarding its evolution and its impact on economic prospects on a global scale and in particular on VAA's business areas, since 2020, the Company has been monitoring the impacts of the crisis and to adopt measures aimed at, *inter alia*, promoting the resilience and sustainability of the Company and the continuity of its business, using, by some of its subsidiaries, in 2020 and 2021 the simplified lay-off measures and of temporary reduction of the normal weekly working period. As of the 10th of May 2021, all VAA production plants resumed their activity in full, leaving Grupo Vista Alegre to resort to any of those measures.
- 8) The **current environment of uncertainty is still largely driven by the Russian invasion of Ukraine in 2022** and its impacts on global economic prospects (e.g. increase in energy costs, disruption of supply chains and inflationary trends unprecedented recent), imposing special prudence on society and the implementation of measures to mitigate the indirect impacts of this scenario on its business.
- 9) In view of the evolution of the Company's economic and financial situation in this context, the Company's Remuneration Committee considered, on this date, that it was appropriate to implement the **variable remuneration ("RV") model referring to the 2021 performance provided for in the approved policy, with the following characteristics** that aim to contribute to the long-term sustainability of the company and the group and to further strengthen the alignment of management interests:

Variable Remuneration model	2021
Eligible Directors	All members of the Executive Committee
Maximum variable remuneration per departments: - CEO - CFO - Industrial, commercial and marketing & design management - Internal audit and customer support service	- Up to 15% of the fixed remuneration ^(a) - Up to 7.50% of the fixed remuneration ^(a) - Up to 13.50% of the fixed remuneration - Up to 7.50% of the fixed remuneration ^(a)
Quantitative corporate criteria (Goals set to be evaluated by the Remuneration Committee taking into account the plan and budget and the policy approved by the General Meeting)	- Turnover - Operating income - EBITDA - Net debt

Variable Remuneration model	2021
<p>Minimum degree of achievement of quantitative corporate criteria for 2021</p> <p>(If the Company does not reach this minimum level of achievement, none of the eligible executive directors will receive any amount as a variable remuneration)</p>	<p>90% achievement of goals for all the aforementioned criteria</p>
<p>If the minimum degree of achievement of all quantitative corporate criteria is verified, the variable remuneration will be defined by applying the following criteria:</p> <p>1. Corporate Criteria:</p> <ul style="list-style-type: none"> - Quantitative corporate criteria mentioned above - Brand recognition - Execution of at least 85% of the investment plan - Sustainability indicator (i.e., ISO 9001 adoption) <p>2. Individual criteria:</p> <ul style="list-style-type: none"> - Contribution to the company's reputation, organizational culture and relationship with <i>shareholders</i> - Contribution to the performance of the executive team (EC functioning, strategic and/or commercial vision, depending on the department) <p>(In all cases, the goals set to be evaluated by the Remuneration Committee taking into account the plan and budget and the policy approved by the General Meeting)</p>	<p>1. 95 % total weight</p> <ul style="list-style-type: none"> - Weight of 75% - Weight of 5% - Weight of 10% - Weight of 10% <p>2. 5 % total weight</p> <ul style="list-style-type: none"> - Weight of 2.5% - Weight of 2.5%
<p>Assignment and payment</p>	<p>Assessment, allocation and payment by the Remuneration Committee after approval of the accounts by the General Meeting, without deferral ^(b)</p>

^(a) Position with accumulation of functions and synergies in the context of the business group in which the Company operates.

^(b) In the implementation in 2022 of the terms of the remuneration policy approved on the 16th of June 2021 in the variable remuneration component relating to 2021 performance, this extraordinary derogation takes place, removing the principle of partial deferral of payment and the VR adjustment mechanisms contained in that policy, as it is understood that given (i) the persistence of a particularly challenging and extraordinary scenario, (ii) the maximum limit of the variable remuneration mentioned above, (iii) the annual mandates of Vista Alegre bodies (with fixed and variable components to be revisited annually) and (iv) the defined assessment criteria, such deferral is not justified in order to discourage excessive risk-taking and to promote the imminent alignment of management with a perspective of long-term sustainability and resilience.

This derogation is necessary and essential to contribute to the implementation of the strategic plan by the executive team in the concrete scenario of enormous demand for the executive team, thus serving the long-term interests and sustainability goals of the Company. In this way, it is possible to allocate variable remuneration in order to ensure the motivation of the executive team, without the variable remuneration exceeding 12.5% of the total fixed remuneration for 2021 of the executive team. This derogation is temporary, and the variable remuneration policy for the next term of office will revisit this topic, as explained below.

II. PRINCIPLES AND CRITERIA FOR STRUCTURING THE REMUNERATION OF CORPORATE BODIES AND SUPERVISORY BOARD IN THE MANDATE FOR 2022:

The Company's Remuneration Committee generally maintains the principles and criteria for structuring the remuneration of the members of the Company's management and supervisory bodies that have been implemented in recent years, therefore submitting to the Shareholders the following **REMUNERATION POLICY OF THE COMPANY'S MANAGEMENT AND SUPERVISORY BODIES**, containing the following principles and criteria for structuring remuneration for the 2022 term (with the adjustments expressly identified below):

- (a) **Contribution to the Company's business strategy and sustainability, taking into account the long-term interests of the Company and its shareholders.**
- (i) The remuneration of the **members of the Board of Directors** continues to be mainly determined based on the following **criteria**:
- ✓ **Competitiveness**, taking into account the sectoral practices of the Portuguese Market.
 - ✓ **Equity**, and the remuneration must be based on uniform, consistent, fair and balanced criteria.
 - ✓ Effectiveness of the functions and **responsibilities** carried out.
 - ✓ **Performance evaluation**, according to the functions and the level of responsibility assumed and taking into account the performance evaluation criteria to be considered in the eventual variable component of the executive directors' remuneration as described in (b) below.
 - ✓ **Alignment of the interests** of managers with the Company's interest and disincentive for excessive risk taking in the setting and implementation of strategic orientation, namely taking into account the balance between the fixed component and the eventual variable of the remuneration of the executive directors and the performance evaluation criteria it would depend on, as described in (b) below.
 - ✓ **Weighting the interests of the Company's shareholders** in particular:
 - the interests of **employees**, with a view to promoting measures that meet the conditions of employment and remuneration within the legal and economic framework. (i) in maintaining and defining the principles applicable to the remuneration of the members of the governing bodies in 2021 and 2022, under the terms set forth herein, the Remuneration Committee took into account the current socio-economic and Grupo Vista Alegre context, marked by

the adoption of measures aimed at contributing to preserving jobs, the resilience and sustainability of the Company and the continuity of its business; and (ii) the remunerations defined take into account an exercise of analysis of the evolution of the conditions of the employees and the salary difference between the members of the governing bodies and employees of the Grupo Vista Alegre in relation to the respective functions and responsibilities; and

- the **shareholders'** interests, contributing to the creation of long-term shareholder value and defining a remuneration model aligned with the importance, at the present moment, of promoting the Company's resilience and sustainability.
 - ✓ The **economic situation of the Company**, in particular within the context of the continuous uncertainty regarding the evolution and impacts of the COVID-19 pandemic and the invasion of Ukraine by Russia in the economic perspectives on a global scale and in VAA's business, naturally dependent on the evolution of these events of an extraordinary nature whose persistence poses challenges to the resilience and sustainability of business models.
 - ✓ Depending on their respective **portfolios and/or the accumulation of positions** and taking into account their shareholder structure and organizational structure, some members of the Company's Board of Directors may be remunerated at the level of companies of the business group that the Company integrates and/or at the level of companies of Grupo Vista Alegre.
- (ii) In turn, the remuneration of the **members of the Fiscal Board** continues to be mainly determined based on the following **criteria**:
- ✓ **Responsibilities** associated with carrying out functions.
 - ✓ The **Company's economic situation** in particular within the current context.

(b) Components of the remuneration of members of governing bodies, including fixed component and eventual variable component

- (i) The remuneration of **non-executive members of the Board of Directors** (including members of the internal committees of this body) for the year 2022 comprises only a fixed component.
- (ii) The remuneration of the **executive members of the Board of Directors** for the year 2022 includes a fixed component and a possible variable component with extraordinary character in view of the prudence and disincentive to the excessive assumption of risk that the current moment of the Company and the panorama in which it operates requires.

- (iii) The **fixed part** of the remuneration of the members of the Board of Directors consists of a monthly amount payable fourteen times a year, to be established according to the complexity and responsibility of the duties assigned, to and the Company's economic situation.
- (iv) The allocation of a **possible variable component** to the executive directors shall, in any event, have by mechanisms to promote an adequate alignment, in the medium and imminently in the long term, of the interests of management with those of the Company, such as the following **financial and non-financial performance evaluation criteria**:
- ✓ strategic and financial performance objectives of the Company, taking into account quantitative indicators of the degree of implementation of the strategic plan and appreciating the evolution of turnover, operating results and EBITDA.
 - ✓ initiatives and goals for creating value for shareholders and for maintaining and developing the Company's financial and business sustainability as well as competitiveness, in the long term and in line with the strategic plan and appreciating the evolution of financial strength and investments and measures of ESG (*Environmental, Social and Governance*) adopted.
 - ✓ compliance with qualitative objectives of maintaining and developing a favourable image as well as recognition and notoriety for the Company.
 - ✓ compliance with individual and qualitative objectives of the Director's efficiency when carrying out his/her functions in terms of the strategic and commercial vision and the results obtained.
- (v) The variable component of the executive directors is of a possible and extraordinary character as stated and, if the Remuneration Committee considers that there are conditions for their allocation from a **long-term economic and financial sustainability** perspective of the company and the group, in any case and with a view to further strengthening **the alignment of interests** referred to:
- ✓ assume the **verification and measurement** of the Company's sustained performance levels, taking into account the performance assessment criteria referred to above, (a) to be quantified and implemented by the Remuneration Committee, taking into account the Company's strategy and risk profile/policy approved by the Board of Directors, especially within the scope of the Company's plan and budget, and (b) to be evaluated according to the qualitative and quantitative evaluation process, as applicable, by the Remuneration Committee after the approval of the accounts for the relevant year by the Meeting General.
 - ✓ this component must have a possible **maximum limit** representing no more than 40%, 25% of the annual fixed remuneration (change in relation to the policy approved in 2021, which provided for 20% of the annual fixed remuneration).

✓ only if a maximum limit representing between 20% and 40% of the annual fixed remuneration is eventually applied by the Remuneration Committee, this component will be partially **deferred over time in a significant part** of not less than 50% and for a period of three years, (a) associating it with the confirmation of the sustainability of the Company's performance (positive performance of the Company) and (b) providing for **adjustment mechanisms** that may, in exceptional situations, determine the refund of variable remuneration (related to false statements and/or errors materially relevant in financial statements or significant losses to which an objective conduct of the director in violation of his legal duties has contributed decisively) and (c) establishing, still, the inadmissibility of the execution of contracts or other instruments that have the effect of mitigating the risk inherent in **variability** of this possible component of the remuneration. In this context, therefore, a change is foreseen in relation to the policy approved in 2021, in which the deferral was foreseen regardless of the amount of the variable remuneration (which did not prove to be adequate in the extraordinary context as detailed above).

- (vi) No **bonus** system is established in addition to the possible variable remuneration described above and there are no other significant **benefits** of any kind obtained by the members of the management bodies.
- (vii) Directors who, however, carry out **management functions in other entities of the business group** in which the Company is inserted and/or at the level of companies of Grupo Vista Alegre may or may not have a remuneration for the exercise of their position in VAA, in terms to be defined by the Remuneration Committee, bearing in mind the principles and criteria contained in this and the shareholder and organizational structure of VAA.
- (viii) The remuneration assigned to the members of the **Fiscal Board** should consist of a fixed amount, to be established according to the complexity and responsibility of the duties assigned, to and the Company's economic situation;
- (ix) The remuneration of the members of the corporate bodies and fiscal board does not include any mechanism for the assignment or purchase of **shares** or **options** or other rights on the Company's or any of its subsidiaries' shares.
- (x) The remuneration paid to the members of the **Board of the General Meeting** shall consist of a fixed amount to be determined taking into account the duties performed and the economic situation of the Company;
- (xi) With regard to the **Chartered Certified Accountant**, a fixed amount should be established, and it is proposed, as a guiding criterion of the remuneration policy to be implemented regarding each of the

audited fiscal years, which the annual remuneration rate reflects the terms of the remuneration usually applicable, by reference to the market, for the provision of identical services.”

(c) **Agreements, termination clauses and supplementary pension schemes for members of the management and supervisory bodies**

- (i) The Company does not sign **contracts or agreements** with the members of the management and supervisory bodies in office for the terms of 2021 and 2022, which are elected for the respective annual term in accordance with the law and the articles of association of the Company.
- (ii) In the context of the **termination of duties** by the corporate bodies and supervisory board, the legally provided for indemnification rules shall apply and no indemnification clauses shall be agreed or established in the remuneration policy or otherwise. It is therefore clarified that the Company will not allocate or pay compensation to the members of said corporate bodies due to the respective termination of functions, without prejudice to Company compliance with the legal provisions applicable in this area.
- (xii) The members of the Company's management and supervisory bodies in office in 2021 and 2022 are not covered by **supplementary pension or early retirement schemes**.

Ílhavo, 13th of May 2022

The Remuneration Committee,