

**ANNUAL GENERAL MEETING**  
**VAA – VISTA ALEGRE ATLANTIS, SGPS, S.A.**

**26<sup>TH</sup> OF JUNE 2020**

**ITEM FOUR**

**STATEMENT ON THE CORPORATE BODIES AND SUPERVISORY BOARD REMUNERATION POLICY**

**Whereas:**

- a) Legal requirements and recommendations, namely the Law no 8/2009 of the 19<sup>th</sup> June, and the Recommendations on the Corporate Governance Code of the *Instituto Português de Corporate Governance* 2018, determine the obligation of the Remuneration Committee to submit, annually, to the approval of the General Meeting a statement regarding the remuneration policy applicable to the different corporate bodies;
- b) Under the terms of the legal provisions on the Commercial Companies Code (articles 399, 374 -A and 422-A), as well as under 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) The Remuneration Committee still considers it relevant for transparency and information reasons and is bound by the Shareholders to attend the presence of its Chairman or, in its impediment, another member of this Committee at the annual general meeting and any other if its agenda includes a matter related to remuneration matters or if requested by a shareholder of the Company.
- e) For its turn, the Corporate Governance Committee of the Company's Board of Directors monitored the preparation of this statement and issued an opinion with respect to its terms, referring to the above

mentioned rules and recommendations considered appropriate regarding the remuneration policy of the corporate bodies and supervisory board.

## I. REMUNERATION OF CORPORATE BODIES AND SUPERVISORY BOARD BY REFERENCE TO THE MANDATE FOR 2019:

- 1) In this Statement and in the government report for 2019 is presented to the Shareholders information regarding the **implementation of the remuneration policy and the remunerations earned in 2019**, without any removals from the approved policy implementation procedure.
- 2) Thus, in the mandate for 2019, 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 <sup>(a)</sup>	Monthly Fixed Remuneration (€)
Chairman of the Board of Directors or Non-Executive and Non-Independent Administrator	0 <sup>(b)</sup>
Executive Administrator with responsibilities at the level of industrial or commercial management	7,500.00 <sup>(c)</sup>
Executive Administrator with responsibilities at the level of shared services and financial department	2,700.00 <sup>(d)</sup>
Executive Administrator with responsibilities at the level of internal audit, processes and industrial costing	5,500.00 <sup>(e)</sup>
Non-executive and independent administrator	2,500.00

<sup>(a)</sup> Fixed net monthly remuneration earned fourteen times a year from the 1<sup>st</sup> of May 2019.

<sup>(b)</sup> To the extent that the members of the Board of Directors perform management functions in other entities of the business group in which the Company operates are not remunerated by VAA.

<sup>(c)</sup> To the extent that he performs management functions in other companies of the Vista Alegre group and considering its portfolios at group level, the Chairman of the Executive Committee was remunerated at the level of a subsidiary of VAA and did not receive any remuneration paid by the VAA (as disclosed in an annual government report). In this context, the fixed remuneration received in 2019 by the Chairman of the Executive Committee of VAA, in the amount of € 105,000.00, was supported by its subsidiary Ria Stone, S.A., bearing in mind the respective portfolios at the level of the Company and the Grupo Vista Alegre.

<sup>(d)</sup> Position with accumulation of functions and synergies in the context of the business group in which the Company operates.

<sup>(e)</sup> Position that implies exclusive dedication to the functions in Grupo Vista Alegre.

Fiscal Board <sup>(a)</sup>	Monthly Fixed Remuneration (€)
Chairman	700.00
Member of the Board	600.00

<sup>(a)</sup> Fixed net monthly remuneration earned fourteen times a year from the 1<sup>st</sup> of May 2019.

- 3) With regard to the **evaluation of the Company's performance**, in a statement issued to the market, VAA disclosed the consolidated results for 2019 approved by the Board of Directors, of which the Remuneration Committee highlights the following:
- (i) Vista Alegre maintained a high operating performance during 2019, when compared to the same period, in terms of turnover, operating results and EBITDA. Turnover of 120 million euros, operating income of 14.3 million euros and EBITDA of 25.6 million euros represent an increase of 21%, 26% and 43% respectively over the same period.
  - (ii) With regard to partnerships with renowned artists and brands and the recognition and notoriety of the brand, Vista Alegre continued to invest in partnerships with world-renowned artists and brands (such as the MasterChef and Franck Muller) and was again recognized and awarded internationally through 39 new international awards in 2019.
  - (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 production processes and technological innovation.
  - (iv) In this context, at the end of 2019, the investments made were about 23 million, continuing to enhance the increase in production capacity, greater operational efficiency and cost reduction.
  - (v) Consolidated net debt in 2019 was 91.4 million euros, which adjusted approximately 8.5 million euros of investment loans by AICEP, which converted into premiums represent a Net Debt/EBITDA ratio of 3.24x.
- 4) In addition, the Remuneration Committee was aware that the Company's Board of Directors carried out its self-assessment for 2019, concluding that this body shows a high level of adequacy of its composition, its functioning and the effective performance of the role of non-executive directors, especially with regard to the definition and supervision of the strategic plan , budget and risk management and executive directors with regard to their implementation, having been identified as areas of improvement the availability more in advance of information in support of the respective meetings and other conditions to make the contribution and supervisory function of the members of the Board of Directors more effective, as well as the continuous strengthening of corporate governance practices and policies, standards of conduct, human resources, social responsibility and sustainability and risk management systems, internal control and internal audit.
- 5) Already in 2020, and as reported by the Company, in view of the **current extraordinary situation caused by the COVID-19 pandemic** and the uncertainty about the evolution of the pandemic and its impact on the global economic outlook and VAA's business, the Company has been monitoring, with

the prudence that this environment of uncertainty requires, the impacts of the COVID-19 crisis and to adopt a set of measures aimed at:

- (i) contribute to the preservation of the health of its customers and workers in the context of the health emergency situation (including the temporary closure of the activity and the anticipation of 2020 holiday period); and
  - (ii) promoting the resilience and sustainability of the Company and the continuity of its business as far as possible in this context, including the use of the simplified lay-off measure in some subsidiaries, strengthening commercial efforts at the level of on-line channels and partnerships, streamlining the investment planned for the current year, cost restriction and control, the use of liquidity management measures (with the expected access to the credit moratorium regime in relation to part of the short-term consolidated financial debt, the COVID Savings Support Line and a banked current account with a national bank), as well as the 50% reduction in remuneration at the initiative of the members of VAA Board of Directors in office, with effect from April of the current year and while the simplified lay-off situation in its subsidiaries persists.
- 6) In this context, the Company's Remuneration Committee considers it prudent **to maintain the remuneration of executive directors for 2019 limited to the fixed component, without assigning variable remuneration**, especially in view of the company's economic situation (which was already focused on the investments and strategic objectives presented above and in the meantime faced the current extraordinary situation impacted by the COVID-19 pandemic) and seeking , through this remuneration model, discourage excessive risk-taking at this stage of the company's and group's life and the current landscape of the sectors and markets in which it operates, as well as promoting the alignment of management imminently with a long-term sustainability and resilience perspective.

## **II. PRINCIPLES AND CRITERIA FOR STRUCTURING THE REMUNERATION OF CORPORATE BODIES AND SUPERVISORY BOARD IN THE MANDATE FOR 2020:**

The Company's Remuneration Committee also considers it prudent to maintain the principles and criteria for structuring the remuneration of the members of the Corporate Bodies and supervisory board that have been implemented in recent years, and therefore submits to the Shareholders the following STATEMENT ON THE CORPORATE BODIES AND SUPERVISORY BOARD REMUNERATION POLICY, containing the following principles and criteria for structuring remuneration for the mandate of 2020:

- (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.
  - ✓ Alignment of the interests of the directors with the interest of the Company and disincentive to excessive risk-taking in the setting and implementation of the strategic orientation.
  - ✓ Economic situation of the Company, in particular in the context of uncertainty as to the impacts of the COVID-19 pandemic on the global economic outlook and on VAA's business, naturally dependent on the duration and severity of the health crisis and the COVID-19 crisis response measures.
  - ✓ 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) The remuneration of non-executive members of the Board of Directors (including members of the internal committees of this body) for the year 2020 comprises only a fixed component.
- (iii) The remuneration of the executive members of the Board of Directors for the year 2020 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.
- (iv) 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;
- (v) 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 performance evaluation criteria:
- ✓ creation of value for shareholders.
  - ✓ efficiency in the performance of the functions and level of the results obtained.
  - ✓ maintenance and development of a favourable image and sustainability.

- (vi) 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, this component should:
- ✓ have a possible limit representing no more than 20% of the annual fixed remuneration.
  - ✓ assume the verification and measurement of the Company's sustained performance levels, as defined by the Remuneration Committee in accordance with the Company's strategy and risk profile/policy approved by the Board of Directors and be evaluated after the approval of the accounts for the relevant fiscal year by the General Meeting.
  - ✓ be partially deferred in time, in part significant and for a period of not less than three years, associating it with the confirmation of the sustainability of the Company's performance (adjustment mechanisms that may in exceptional situations determine the refund of variable remuneration and the inadmissibility of the conclusion of contracts or other instruments having the effect of mitigating the risk inherent in the variability of this possible component of remuneration) are provided for.
- (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 other rights on the Company's or any of its subsidiaries' shares.
- (x) 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.
- (xi) 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;

(xii) 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.”

Ílhavo, 4<sup>th</sup> of June 2020

The Remuneration Committee,