

**ANNUAL GENERAL MEETING OF
VAA – VISTA ALEGRE ATLANTIS, SGPS, S.A.
16TH OF JUNE 2021**

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 50/2020, of the 25th of August, 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 26th of June 2020 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) For its turn, the **Corporate Governance Committee of the Company's Board of Directors** (composed of a majority of independent 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.
- 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 2020:

- 1) In this Statement and in the government report for 2020 is presented to the Shareholders information regarding the **implementation of the remuneration policy and the remunerations earned in 2020**, without any removals from the approved policy implementation procedure.
- 2) Thus, in the mandate for 2020, 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 shared services and financial department	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 July 2020.

^(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 July 2020.

3) With regard to the **evaluation of the Company's performance**, in a statement issued to the market, VAA disclosed the consolidated results for 2020 approved by the Board of Directors, of which the Remuneration Committee highlights the following:

(i) Vista Alegre registered a decrease during 2020, when compared to the same period of the previous year, in terms of turnover, operating results and EBITDA. Turnover exceeded 110 million euros, operating income of 2.5 million euros and EBITDA of 16 million euros represent an increase of 8.1%, 83% and 37% respectively over the same period of the previous year.

(ii) The worldwide spread of the Covid-19 pandemic had an impact on the year 2020 and it affected the population negatively in economic and financial terms. From March onwards, with the total closure of commerce and restaurants, nationally and internationally, along with a strong slowdown in the hotel sector, there was a reduction in Vista Alegre sales in the retail and HoReCa channel.

- (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) In this context, at the end of 2020, the investments made were about 3.9 million, continuing to enhance the increase in production capacity, greater operational efficiency and cost reduction.
 - (v) Vista Alegre's consolidated net debt in the year 2020 was 88.3 million euros, thus having registered a reduction of 3 million euros as compared to the previous year.
 - (vi) 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 Zwilling, for a large French retailer) and was recognized and awarded internationally through 17 new international awards in 2020.
- 4) Additionally, the Remuneration Committee was aware that the Company's Board of Directors carried out its **self-assessment** for 2020, 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 such as the current number of non-executive members of the Board of Directors, availability of information to support the respective meetings in advance to make the contribution of the members of the Board of Directors more effective, as well as continuous reinforcement of corporate governance practices and policies, rules of conduct, human resources, social responsibility and sustainability, and in particular with regard to matters pertaining to the remuneration and selection of governing bodies.
- 5) In addition, as communicated to the market by the Company, aware of the persistence of the **context of uncertainty arising from the COVID-19 pandemic** in terms of its development and its impact on economic perspectives on a global scale and in particular on VAA's business in 2020 and already in 2021, the Company has been monitoring, with the prudence that this environment of uncertainty requires, the impacts of the COVID-19 crisis, adopting measures as well aimed at *(i)* contributing to safeguarding the health of its workers and customers in the context of public health calamity and the epidemic situation in the country and *(ii)* to promote the resilience and sustainability of the Company

and the continuity of its business, with recourse, by some of its subsidiaries, to the measure of simplified “*lay-off*” and temporary reduction in normal working hours (PNT).

- 6) In this context, the Company's Remuneration Committee considers it prudent **to maintain the remuneration of executive directors for 2020 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 2021:

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 *POLÍTICA DE REMUNERAÇÃO DOS MEMBROS DOS ÓRGÃOS DE ADMINISTRAÇÃO E FISCALIZAÇÃO DA SOCIEDADE*, containing the following principles and criteria for structuring remuneration for the mandate of 2021:

- (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 the 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. In particular, maintaining and defining the principles applicable to the remuneration of the members of the governing bodies during 2020 and 2021 under the terms set out herein, the Remuneration Committee took into account the current socio-economic context and that of the Grupo Vista Alegre marked by adopting measures aiming to contribute to preserving jobs, the resilience and sustainability of the Company and the continuity of its business (with recourse, by some of VAA's subsidiaries, to the measure of simplified "*lay-off*" and temporary reduction in normal working hours); 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 **Company's economic situation**, particularly within the context of continuing uncertainty as regards the development and impacts of the COVID-19 pandemic on the global economic outlook and on VAA's business, naturally dependent on the evolution of the epidemic status and the measures that may be adopted in response to the effects arising from COVID-19.
 - ✓ 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 2021 comprises only a fixed component.
- (ii) The remuneration of the **executive members of the Board of Directors** for the year 2021 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, 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, 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.
- ✓ be partially **deferred in time in a significant part** not less than 50% and for a period of three years, (a) associating it with the confirmation of sustainability of Company performance (positive Company performance) and (b) providing for **mechanisms for adjustments** that may, under exceptional situations, determine the refund of variable remuneration (related to false statements and/or materially relevant errors in financial statements or significant losses to which the manager's objective conduct in violation of his legal duties has contributed decisively) and (c) establishing, as well, the inadmissibility of signing contracts or other instruments that have the effect of mitigating the risk inherent to the **variability** of this eventual remuneration component.
- (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 2020 and 2021, 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 2020 and 2021 are not covered by **supplementary pension or early retirement schemes**.

Ílhavo, 24th of May 2021

The Remuneration Committee,