

CORPORATE GOVERNANCE COMMITTEE REPORT

ELECTION OF THE MEMBERS OF THE CORPORATE BODIES FOR THE MANDATE OF 2021

ITEM FIVE OF THE AGENDA

**ANNUAL GENERAL MEETING OF VAA-VISTA ALEGRE ATLANTIS, SGPS, SA (VAA)
ON THE 16TH OF JUNE 2021**

Whereas:

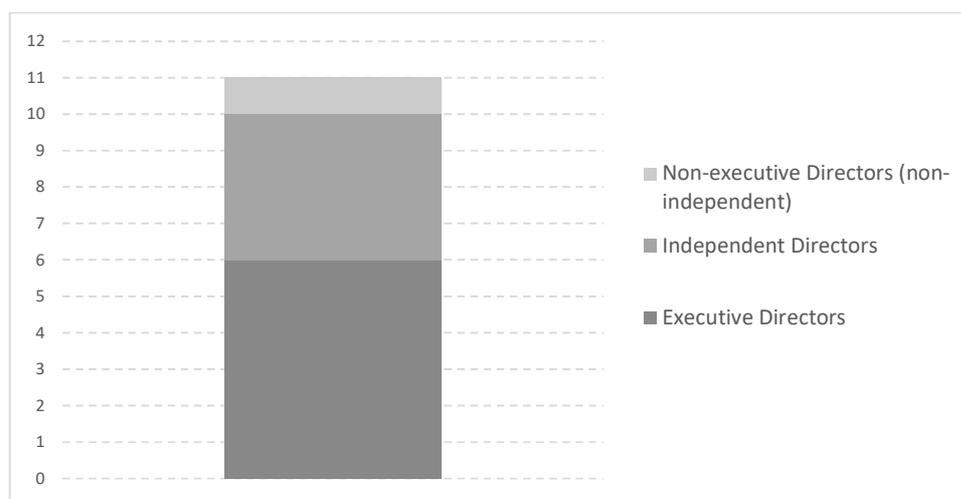
- 1) Visabeira Indústria SGPS, SA disclosed on 24th of May, together with other documents related to the Annual General Meeting of VAA - Vista Alegre Atlantis SGPS, S.A. ("VAA" or "Company") to be held on June 16, the proposal for electing the members of the Board of the General Meeting, of the Board of Directors, of the Audit Committee and of the Remuneration Committee to hold office for the annual term of office 2021, to be deliberated at said General Meeting;
- 2) In due course, Visabeira Indústria SGPS, S.A. informed the Chairman of the Board of the General Meeting, the Chairman of the Board of Directors and the Chairman of the Corporate Governance Committee of the Board of Directors of VAA (CGS), in the context and for the purposes of their competences, of an intended change in relation to the members of the Board of Directors to be elected/re-elected at said General Meeting, for the annual term of office of 2021;
- 3) In accordance with its Regulation, the Corporate Governance Committee is responsible in particular for: *“Prepare recommendations and opinions on the diversity and selection policies of the members of the VAA's corporate bodies (considering both the individual profile and diversity requirements for each position) and take measures aiming at transparent processes based on those policies;”*
- 4) On the 23rd of March 2021, CGS approved recommendations regarding the process of appointing members of the governing bodies, taking into account (i) the Diversity Policy for the management and supervisory bodies approved by the Board of Directors (**Diversity Policy**), (ii) Recommendations I.2.1., V.3.1. and V.3.4. of the Corporate Governance Code of the *Instituto Português de Corporate Governance* of 2018, Revised in 2020 (**IPCG Code**) and (iii) the Company's strategic lines and the competitive context (**Recommendations regarding the Selection Policy**). The Diversity Policy and Recommendations regarding the Selection Policy are available on the Company's website.
- 5) To the extent of its powers and following the analysis of the reformulated shareholder proposal, the GSB issues this **Report**, which addresses the aspects identified below, replacing the one previously disclosed on the 24th of May:
 - (i) Adequacy of the **number of members** of the bodies concerned and **availability**;

- (ii) **Independence**, absence of legal **incompatibilities** and conditions to carry out the duties in accordance with standards and duties of **loyalty** and **integrity**;
- (iii) Adequacy of **skills, knowledge and expertise** as well as **gender**, taking into account the individual attributes and the diversity and balance requirements.

I. ADEQUACY OF THE NUMBER OF MEMBERS AND AVAILABILITY

Board of Directors

- **A total of 11 members was suggested:** Number adequate to the size and activities of the company and the group, particularly in the current context of the Covid-19 crisis and taking into account its strategic lines and the different segments and markets in which the group operates.
- **Number of executive, non-executive and independent directors:** The composition of the proposed Board of Directors allows the effective functioning and performance of this body, namely considering the Recommendations III.2 to III.4 of the IPCG Code, through the following:



- **The renewal of the term of the 6 directors who are supposed to carry out executive duties** (subject to resolution by the Board of Directors that may be appointed) allows to ensure the stability and reinforcement of an executive team with solid knowledge of the sector and the group, and which is able to continue adding value to the performance of their duties, especially in the particularly complex and challenging context of the Covid-19 crisis.

The election of the chosen candidates allows maintaining the balance of the relevant skills and knowledge necessary to promote an effective performance of the executive areas (with special emphasis on the areas of industrial operations management, innovation, process improvement and business, commercial, financial and risk analysis costs).

- The **reinforcement of the number of independent directors**, with the Board of Directors now comprising **5 non-executive directors, including a majority of independent directors**, as detailed below, contributing to an effective capacity to monitor, supervise and evaluate the activity of executive members, having in mind the specifics of the Company (namely its shareholder structure, one-tier governance model with the Audit Board and organizational structure).

In particular, the election of the proposed candidates allows the Company to continue to adopt solutions that are materially equivalent to the principles underlying Recommendation III.3 of the IPCG Code, with a view to promoting that non-executive directors **play a supervisory and challenging role in executive management, especially insofar as, in the 2021 term, the following governance practices are maintained** (subject to resolution by the Board of Directors that may be appointed):

- (i) The **limits to the delegation of powers to the Executive Committee**, the Board of Directors being responsible for defining the strategy and the main policies and decisions that should be considered strategic for the Company, due to their amount or risk, as well as the supervision and compliance, in particular by adopting Recommendations IV.2 of the IPCG Code;
 - (ii) The appointment of a **Lead Independent Director**, in view of what happened in 2020 and adopting Recommendation III.1 of the IPCG Code; and
 - (iii) The creation of a **committee on matters of corporate governance, appointments and remuneration and performance evaluation**, adopting Recommendation III.7 of the IPCG Code and promoting the aforementioned supervisory role in these areas.
- **Availability:** In view of the number of positions currently held indicated in the respective curricula, most candidates seem to be available to commit themselves to carrying out their duties, in particular candidates to executive members who only perform management duties in companies held by the Grupo VAA and/or by business group to which the Company belongs to.

Fiscal board

- **Three effective members and 1 proposed alternate member:** An adequate number to the size and complexity of the company and the group as well as its activities, taking into account the role of this supervisory body for the integrity of financial information, the statutory audit, and the independence of the statutory auditor, the effectiveness of systems risk management, internal control and internal audit and the Company's management, namely considering Recommendation III.2 of the IPCG Code.
- **Chairman of the Fiscal Board:** The election of the proposed candidate allows the retention of knowledge and experience and conditions of independence, as detailed below.
- **Adequate number of independent members:** The election of the proposed candidates allows this body to comply with the independence requirements defined by law, as detailed below.
- **Availability:** In view of the number of positions currently held indicated in the respective curricula, most candidates seem to have conditions of availability for the committed performance of their duties.

II. INDEPENDENCE, INCOMPATIBILITIES, LOYALTY AND INTEGRITY

Board of Directors

- **Independence:** Based on the candidates' statements, the following 4 candidates for non-executive directors are qualified as independent according to the criteria provided for in Recommendation III.4 of the IPCG Code and in the annex to the Securities Market Commission Regulation 4/2013:
 - Nuno Maria Pinto de Magalhães Fernandes Thomaz;
 - Mário Godinho de Matos;
 - Celine Abecassis Moedas; and
 - Luís Miguel Poiares Pessoa Maduro.
- **Company's interest and integrity standards:** Despite the fact that the candidate for non-executive director Ms. Cristina Isabel Sousa Lopes does not qualify as independent in view of the mentioned criteria, she meets the necessary conditions to carry out her functions and fulfil her duties of diligent performance and in the interest of the Company, with exemption and impartiality, assuming that rules on conflicts of interest remain in force in the Company (in the context of deliberation processes in general and in relation to contracting transactions with related parties in particular). Moreover, in view of the Company's shareholder structure, CGS also considers the contribution of directors who carry out duties with shareholders of qualified holdings, from a long-term investment perspective, to be positive for the management's closest monitoring.

Finally, taking into account their professional background and seniority, most candidates present the adequate conditions to carry out their duties in the best interest of the Company and in accordance with the loyalty and integrity standards.

Supervisory board

- **Independence and Incompatibilities:** The majority of candidates to effective members Nelson Luís da Silva Braga and Marisa do Rosário Lopes da Silva Monteiro (thus including the candidate for Chairperson with the required and suited academic qualifications and knowledge of auditing/accounting) and the candidate for alternate member, Joaquim Alexandre da Silva Braga, declare to fulfil the independence requirements defined by law (according to the criteria provided for in article 414 of the Commercial Companies Code and based on the information provided by them). None of those candidates indicated any situation of incompatibility by reference to Article 414-A of the Code of Commercial Companies.

Board of the General Meeting

- **Independence and Incompatibilities:** Candidates for members of the Board of the General Assembly declare to comply with the independence requirements defined by law (according to the criteria defined in the Articles 374-A and 414 of the Code of Commercial Companies and based on the information provided by them). None of those candidates indicated any situation of incompatibility by reference to Articles 374-A and 414-A of the Code of Commercial Companies.

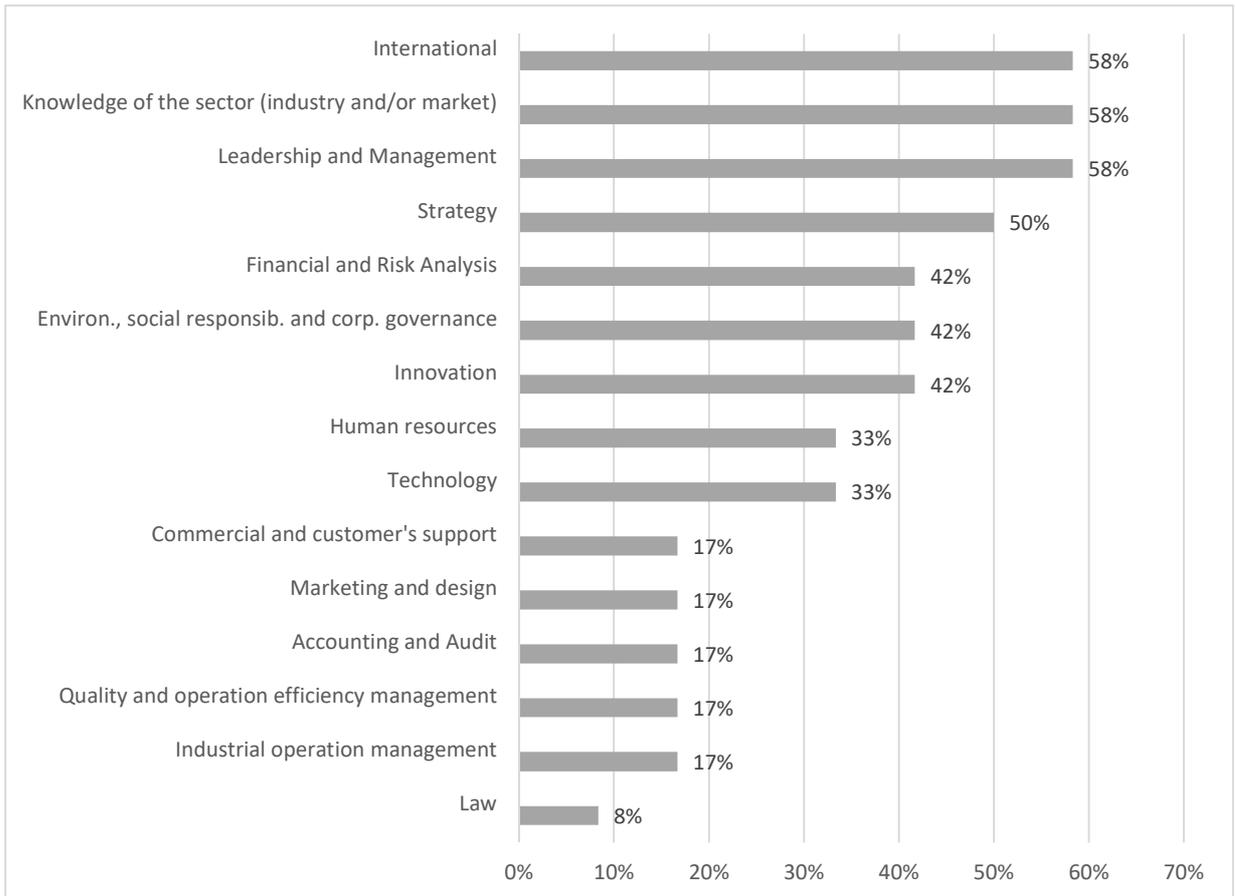
Remuneration Committee

- **Independence:** All candidates for members of the Remuneration Committee consider themselves independent, based on the information provided by them, to the extent that such candidates and their close relatives (i.e., their spouse or unmarried partner, relatives or by bloodline up to the third degree, including in collateral line) are not members of the corporate bodies, employees or VAA service providers, nor do they receive any remuneration paid by VAA.

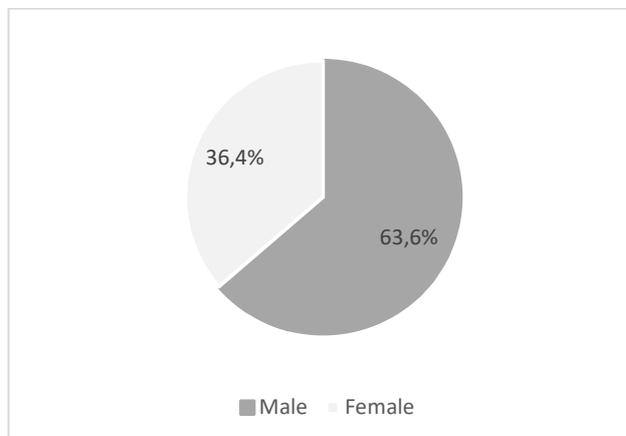
III. ADEQUACY AND DIVERSITY OF SKILLS, KNOWLEDGE, EXPERIENCE AND GENDER

Board of Directors

- **Knowledge, skills and experience:** The election of candidates allows an adequate diversity in the composition of this body, gathering conditions to contribute, individually and collectively, a relevant contribution to the performance of their functions, as detailed below.



- **Gender:** The proposed composition reinforces gender diversity, complying with legal requirements.



Fiscal Board

- **Knowledge, skills and experience:** The proposed candidates comply with the legal requirements regarding academic qualifications and knowledge in auditing or accounting and, as a whole, have training and experience for the sector in which the VAA operates:



- **Gender:** The proposed composition ensures gender diversity taking into account the applicable legal requirements, with 2 male candidates and 1 female candidate for effective member.

Board of the General Meeting

- **Knowledge, skills and experience:** The proposed candidates, as a whole, ensure adequate attributes in the areas of law, corporate governance and economic policy, in view of their training and/or their long career path.

Remuneration Committee

- **Knowledge, skills and experience:** The proposed candidates together ensure adequate attributes in terms of remuneration policy, in view of their training and extensive professional experience in the legal, management, financial and risk analysis areas.

Ílhavo, 6th of June 2021

The Corporate Governance Committee of the VAA Board of Directors,