POLICY FOR APPOINTMENT OF MEMBERS OF THE BOARD OF DIRECTORS, ITS ADVISORY COMMITTEES AND THE EXECUTIVE BOARD







# **GRENDENE S.A.**

Publicly Held Company

# CNPJ nº 89.850.341/0001-60 - NIRE nº 23300021118-CE

# Policy for Appointment of Members of the Board of Directors, Its Advisory Committees and the Executive Board

# 1. Objective

The objective of this Policy on Appointment of Members of the Board of Directors, its Advisory Committees and the Executive Board ('the Policy') is to set out the criteria and procedures to be obeyed in the composition of the Board of Directors, its Advisory Committees, and the Executive Board of Grendene S.A. ('the Company').

# 2. **Principles**

2.1. All proposals and appointments of members of the Board of Directors, its Advisory Committees, and the Executive Board of the Company must obey this Policy, the Company's by-laws, the internal regulations of the Board of Directors of the Company and of its Advisory Committees, the Regulations of the Novo Mercado of B3 S.A. – Brasil, Bolsa, Balcão (<u>'the Novo Mercado Regulations</u>'), Law 6404 of December 15, 1976, as amended (<u>'the Corporate Law</u>'), and the other applicable law and regulations.

2.2. Persons who are proposed or nominated for membership of the Board of Directors, its Advisory Committees and/or the Executive Board must be highly qualified professionals with proven technical, professional or academic experience, aligned with the Company's values and culture.

2.3. Nomination for membership of the Board of Directors, its Advisory Committees or the Executive Board must have regard to criteria including complementarity of experiences, academic training and qualifications, availability of time for performance of the function, and diversity.

# 3. Board Of Directors

### 3.1. <u>Criteria for the composition of the Board of Directors</u>

3.1.1. The Board of Directors of the Company shall comprise at least five and at most seven members, all elected and able to be dismissed by the General Meeting of Stockholders of the Company. They shall be elected for concurrent periods of two years. Re-election is permitted.

3.1.2. Of the members of the Board of Directors, at least two or 20% (whichever is greater) must be independent Board members, as per the criteria and requirements established by the Novo Mercado Regulations, and this must be characterized in the Minutes of the General Meeting of Stockholders that elects them. A Board member elected under the optional procedures specified in Article 141, §§ 4 and 5, of the Corporate Law, shall also be considered to be an independent Board member.

3.1.3. The posts of Chairman of the Board of Directors and Chief Executive Officer or principal executive of the Company may not be held by the same person.

3.1.4. It is recommended that the Board of Directors should have among its members professionals with experiences in diversified areas and subjects.

3.1.5. Consideration of a candidate's characterization as an independent Board member, as per item 3.1.2 above, must take into account the candidate's relationship:

I. with the Company, its direct or indirect controlling stockholder, and/or its managers; and

II. with the subsidiaries, affiliated companies or companies under joint control.

3.1.6. A person is not considered to be an independent Board member if:

I. they are a direct or indirect holder of stockholding control of the Company;

II. their vote in meetings of the Board of Directors is or will be bound by a stockholders' agreement that governs matters relating to the Company;

III. they are spouse, partner, or relative – antecedent, descendant or samegeneration – up to the second degree, of the controlling stockholder, or of a manager of the company or of a manager of the controlling stockholder; or

IV. have been, in the last three years, an employee or director of the company or of its controlling stockholder.

3.1.7. Any of the following situations should be analyzed to ascertain whether, due to their characteristics, magnitude or extension they might result in loss of independence:

I. the candidate is a relative, up to the second degree, of the controlling stockholder, or of a manager of the company or of a manager of the controlling stockholder;

II. the candidate has been, in the prior three years, an employee or director of affiliated companies, subsidiaries or companies under joint control of the Company;

III. the candidate has commercial relations with the company, or its controlling stockholder or affiliated companies, subsidiaries or companies under common control;

IV. the candidate occupies a post in a company or entity, with power of decision in the conduct of its activities, which has commercial relations with the Company or with the Company's controlling stockholder; or

V. the candidate receives remuneration from the company, its controlling stockholder, affiliated companies, subsidiaries, or companies under joint control, other than that relating to activity as a member of the Board of Directors or of committees of the Company, except for proceeds in money arising from participation in the share capital of the Company, and/or benefits arising from a private pension plan.

#### 3.2. <u>The process of appointment</u>

3.2.1. Candidates for membership of the Board of Directors may be nominated by the managers or by any stockholders of the Company.

3.2.2. Nomination of members to the Board of Directors must obey at least the following criteria – the candidate must:

I. have an unblemished reputation;

II. be aligned with and committed to the Company's values and culture;

III. have academic qualification from recognized Brazilian or international learning institutions;

IV. have at least ten years' professional experience in strategic positions in business management;

V. be free of any conflicts of interest with the Company;

VI. not occupy any post in a company or entity that could be considered a competitor of the Company; and

VII. have reasonable availability of time to dedicate adequately to the function and responsibility assumed.

3.2.3. A stockholder wishing to nominate a candidate for membership of the Board of Directors must send notification in writing to the address of the Company's head office, for attention of the Legal Department, presenting:

I. full name;

II. copy of the instrument of declaration of non-impediment, or declaration that the nominating party has obtained from the candidate the information that the candidate is in a position to sign such an instrument, indicating any exceptions or qualifications;

III. résumé of the nominee, containing at least the nominee's qualification, professional experience, educational history, principal professional activity currently exercised and indication of which position the nominee occupies in Boards of Directors, auditors or consultancy boards in other companies, as the case may be; and

IV. in the event of nomination to a position as independent Board member, as well as the information listed above, a declaration signed by the candidate attesting that he/she qualifies in relation to the criteria for independence established by the Novo Mercado Regulations, as per item 3.2.6(i) of this Policy.

3.2.4. Election of the members of the Board of Directors shall be carried out as specified in the by-laws of the Company and in the applicable legislation.

3.2.5. Characterization of the nominee to the Board of Directors as an independent member will be decided by the General Meeting of Stockholders, which may base its decision on the following:

I. the declaration submitted by the person nominated to be an independent member of the Board of Directors, attesting that he/she qualifies in relation to the criteria for independence established in this Policy and in the Novo Mercado

Regulations, including the respective justification, if any of the specific situations specified in item 3.1.7 are found to exist; and

II. statement of opinion by the Board of Directors of the Company, included in the proposal by management to the General Meeting of Stockholders for election of managers, as to whether or not the candidate qualifies under the criteria for independence.

3.2.6. The procedure specified in item 3.2.5 above does not apply:

I. to nominations of candidates for membership of the Board of Directors who do not comply with the prior period required for inclusion of candidates in the Voting Form, as specified in the regulations issued by the CVM on remote voting; and

II. in the case of a separate vote in the presence of the Company's controlling stockholder.

# 4. Advisory Committees to the Board of Directors

### 4.1. <u>Criteria for composition of the Advisory Committees</u>

4.1.1. The Board of Directors, for the better performance of its functions, may create committees or work groups with defined objectives, always with the purpose of advising the Board of Directors, comprising at least three and a maximum of five members all nominated and previously approved by the Board of Directors itself, from among the members of management and/or other persons directly or indirectly related or linked to the Company, who should have specific experience in the areas of competence of their respective committees.

4.1.2. The Audit Committee of the Company, when installed, shall comprise at least three and at most five members, as follows:

I. at least one shall be an independent member of the Board of Directors of the Company;

II. at least one shall have recognized experience in corporate accounting matters, in the terms of the regulations issued by the Securities Commission (CVM) governing the registry and exercise of the activity of independent auditing in the ambit of the securities market, which define the duties and responsibilities of the management of entities audited in relationship with external auditors;

III. one same member of the Audit Committee may combine the two characteristics described in sub-items (i) and (ii) above.

4.1.3. Directors of the Company, or directors of its subsidiaries, or of its controlling stockholders, or of affiliated companies or of companies under control shared with it, are not permitted to be members of the Audit Committee of the Company.

### 4.2. <u>Process of nomination</u>

4.2.1. Nominations for membership of the Advisory Committees to the Board of Directors must be made by the managers of the Company.

4.2.2. Nominations for membership of the Advisory Committee to the Board of Directors must obey at least the following criteria: the candidate must –

I. have an unblemished reputation;

II. be aligned with and committed to the Company's values and culture;

III. have academic qualification from recognized Brazilian or international learning instructions;

IV. be free of any conflicts of interest with the Company;

V. not occupy any post in a company or entity that could be considered a competitor of the Company; and

VI. have reasonable availability of time to dedicate adequately to the function and responsibility assumed.

4.2.3. The members of the Advisory Committees to the Board of Directors shall be elected by the Board of Directors as specified in its Internal Regulations.

# 5. The Executive Board (Statutory Directors)

#### 5.1. <u>Criteria for the composition of the Executive Board</u>

5.1.1. The Executive Board shall comprise at least three and at most four sitting members, who may be stockholders, resident in Brazil, with a period of office of three years, re-election being permitted. The Executive Board shall have a Chief Executive Officer, a Deputy CEO, a Chief Administrative and Financial Officer, and a Chief Investor Relations Officer. Any of the officers may hold more than one of these posts, subject to the provision in item 3.1.3 of this Policy, and the other members shall have the designation attributed to them by the Board of Directors.

5.1.2. Nominations to the Executive Board should be from among professional executives who know how to combine, harmoniously, the interests of the Company and of its stockholders, managers and workers with the Company's social and environmental responsibility, guided by legality and ethics.

#### 5.2. <u>Process of nomination</u>

5.2.1. Candidates for membership of the Executive Board shall be nominated by the Board of Directors.

5.2.2. The nomination must obey at least the following criteria: the nominee must -

- I. have unblemished reputation;
- II. be aligned with and committed to the Company's values and culture;

III. have academic qualification from recognized Brazilian or international learning institutions;

IV. have at least five years' professional experience in strategic positions in business management;

V. have abilities to implement the strategies, face the challenges and achieve the objectives of the Company;

VI. be free of any conflicts of interest with the Company;

VII. not occupy any post in a company or entity that could be considered a competitor of the Company; and

VIII. have reasonable availability of time to dedicate adequately to the function and responsibility assumed.

5.2.3. Election of the members of the Executive Board shall take place as specified in the by-laws of the Company and in the applicable legislation.

5.2.4. Proposals for re-election of the members of the Executive Board should be based on their annual individual evaluations, which consider each member's performance and potential.

### 6. Penalties

6.1. Any violation of the provisions of this Policy shall be submitted to the management of the Company, and the applicable penalties may be adopted, without prejudice to the penalties specified in the current legislation.

# 7. Final Provisions

7.1. Any alteration or revision of this Policy must be submitted to the Board of Directors of the Company, which shall also have the competency to decide on any cases of omission.

Farroupilha, March 12, 2020.

Alexandre Grendene Bartelle Chairman Renato Ochman Secretary