# MANAGEMENT COMPENSATION POLICY

# **Grendene®**



# GRENDENE S.A. Publicly Held Company CNPJ nº 89.850.341/0001-60 – NIRE nº 23300021118-CE

### **Management Compensation Policy**

## 1. Objective

This Management Compensation Policy of Grendene S.A. ('the Policy'), approved at a meeting of the Board of Directors of Grendene S.A. ('the Company') brings together in summary form the main practices and principles of compensation of the Company's Executives. Its aim is to attract and retain executives and provide compensation for their contributions to the Company in a manner that is consistent with the principles of meritocracy.

Thus, the Policy establishes guidelines and rules for setting the remuneration and benefits of the members of the Executive Board (statutory directors), the Board of Directors, the Audit Board (when constituted), and the committees constituted by the Company (jointly, 'Executives').

This Policy has three main objectives:

- (i) to attract, compensate, retain and create incentives for Executives in the conduct of the business, in a sustainable manner, subject to appropriate limits of risk, and aligned with the interests of the stockholders;
- (ii) to provide compensation based on criteria of performance, recognizing and giving value to individual achievement; and
- (iii) to ensure maintenance of standards that are compatible with responsibility of each position, and competitive with the related employment market, establishing guidelines for setting of compensation and benefits granted to Executives.

# 2. Principles

The Company recognizes that the structure of compensation for the Executives is of great importance for the conduct and sustainability of the business. Thus, variable compensation should take into account the risks involved, so as to provide incentives for executives to seek results in the short, medium and long terms, while discouraging attitudes and the taking of decisions that involve an excessive risk. This practice aims to align the interests of managers, the Company, and stockholders.

The Company believes that remuneration is an important tool for recognition of the performance of executives and, for this reason, should be based on the organizational culture, and reflect not only the performance achieved, but also the way in which results are achieved, having regard, as a parameter, to the standards of behavior that reflect the attitudes expected from managers of this organization. Among other aspects, these have to do with 'owner attitude', partnership, integrity, agility, and ethics.

# 3. Scope

This Policy applies to the members of the Board of Directors, the Advisory Committees, the Audit Board, and the Executive Board (statutory directors) of the Company and its subsidiaries.

#### 4. Compensation

The following are guidelines for the compensation of the Company's Executives:

The Board of Directors: The members of the Board of Directors receive only a fixed monthly remuneration for carrying out their functions, and there are no other elements in their remuneration.

The amount of the fixed remuneration of the members of the Board of Directors is set annually by the Annual General Meeting of Stockholders, based on market values and the company's economic and financial situation.

The members of the Board of Directors do not receive any other type of remuneration.

The Advisory Committees: The members of the Committees may be eligible for a fixed monthly compensation, as decided by the Board of Directors.

The Audit Board: The members of the Audit Board (when it is constituted, in accordance with the law and the Company's Bylaws), receive only a fixed monthly remuneration for carrying out their functions, and there are no other elements in their remuneration.

The fixed remuneration of the Audit Board is approved by the Annual General Meeting and obeys the limits specified in Law 6404, Article 162, §3.

The members of the Audit Board do not receive any other type of remuneration.

The Executive Board (statutory directors): The compensation of the Executive Board has a fixed and a variable element, as follows:

Fixed compensation: The fixed compensation of the statutory directors seeks to remunerate them on terms that are attractive in comparison to the market, aiming to attract and retain high quality professionals.

It takes into account experience and the responsibilities to be exercised.

The remuneration of the members of the Executive Board is set annually by the Board of Directors.

Variable compensation: This is share-based compensation, through plans for grant of call options on or subscription of shares ('the Share-based Plan'), in which the statutory directors may invest up to 100% of their variable compensation in purchase of shares in the company. The Share-based Plan consists of granting of rights to purchase shares in the Company, subject to rules on price and period previously approved by a general meeting of stockholders. The principal objective is to provide an incentive, and to align the interests of our stockholders in the medium and long term with those of the Executives, so as to maximize creation of value for the Company, through results that are consistent and sustainable in both the medium and long term.

The share-based compensation is governed by rules defined in a specific policy, in accordance with the Regulations of the Stock Options and Subscription Plan, which is available in full on the Company's website (http://ri.grendene.com.br).

Apart from the fixed and variable compensation described above, the statutory directors do not receive any other type of compensation.

#### 5. General Provisions

Annually, the Board of Directors will assess the appropriateness of this Policy, to check to what extent the responsibilities of each Executive and the volume of work of each position are in line with the Company's business, and its economic and financial situation in the business year in question.

The Company may reimburse expenses incurred by the members of the Board of Directors, the advisory committees and the Audit Board (when constituted) on travel, accommodation, meals and/or other expenses, against proof of receipt of such expenses, when they are related solely to attending the related meetings and provide support to the activities of the Company.

Violations of the terms of this Policy shall be examined by the Board of Directors, which shall take the appropriate measures. A warning is hereby given that certain conducts may constitute infringement of applicable legislation, making those responsible subject to the penalties specified in legislation.

## 6. Approval and Period of Validity

This Policy was approved by the Board of Directors of the Company and comes into effect on the date of its approval. It may be changed only by a decision of the Board of Directors, and is published at: http://ri.grendene.com.br.

Farroupilha, RS, February 24, 2022.	
Alexandre Grendene Bartelle Chairman	Renato Ochman Secretary