

DIVIDEND POLICY

Grendene[®]

[B]³ BRASIL
BOLSA
BALCÃO



GRENDENE S.A.

Public Held Company

CNPJ (Brazilian National Registry of Legal Entities) No.: 89.850.341/0001-60 -
NIRE (State Commercial Identification Number) No.: 23300021118-CE

Dividend Policy

1. Objective

The purpose of the Dividend Policy ("Policy") of Grendene S.A. ("Grendene" or "Company") is to establish the guidelines, criteria, and procedures for the distribution of dividends and interest on equity to the Company's shareholders, in accordance with and/or in addition to the applicable legislation and regulations, as well as the provisions of the Company's bylaws.

In addition to complying with applicable laws, rules, and regulations, decisions regarding the allocation of the Company's earnings must be based on the following principles: (i) the need to preserve the Company's flexibility and financial solidity; (ii) the aggregation of value for the Company, its shareholders, and other stakeholders; and (iii) the generation of long-term economic value to ensure the Company's perpetuity.

2. Scope

This Policy applies to shareholders and managers of the Company, where relevant, as well as members of Grendene's Financial and Investor Relations departments.

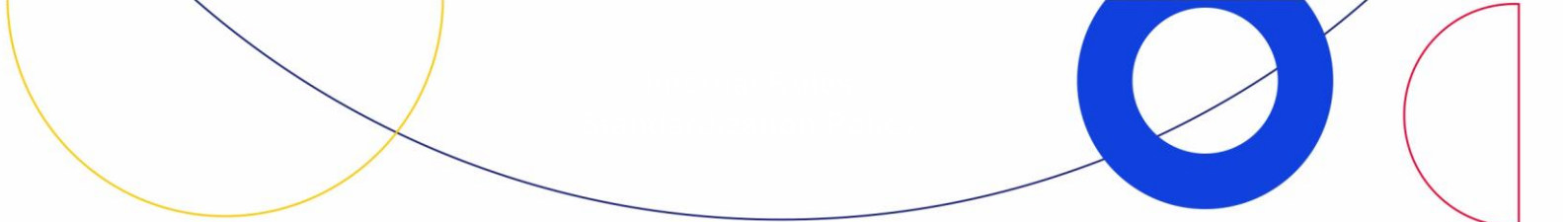
3. References/Applicable Documents

- Grendene S.A. Bylaws
- Law No. 6404/76, as amended ("Corporation Law")
- Securities and Exchange Commission (CVM) Regulations.

4. Definitions

General Meeting: refers to the general meeting of the Company's shareholders, as defined in the Company's bylaws.

Audit Committee: means the Company's Audit Committee, which was constituted and installed on February 22, 2022 after being approved at a meeting of the Board of Directors held on the same date.



Board of Directors: The Board of Directors is the collegiate deliberative body responsible for defining the Company's business strategy. Its mission is to ensure the Company's protection, the generation of value, and the maximization of the return on investment, with an emphasis on operational excellence and corporate sustainability.

Audit Board: refers to the Company's Audit Board, if in place and operating in accordance with the bylaws.

Dividends: a portion of the Company's net income allocated to shareholders in the form of dividends in accordance with Corporation Law articles 201 et seq.

Minimum Mandatory Dividend or Mandatory Dividend: In accordance with article 202 of the Brazilian Corporation Law, the portion of net income that the company is required to distribute to its shareholders is currently fixed in the Company's bylaws as 25% of the adjusted net income for the fiscal year.

Complementary Dividends: amounts to be distributed to the Shareholders in addition to Mandatory Dividends.

Interest on Equity (I.E.): The portion of a company's net profit allocated to shareholders in the form of interest on equity in accordance with Article 9, Paragraph 7 of Law No. 9249/95 and other applicable laws. As applicable, the information contained in this Policy pertaining to the distribution of Dividends applies to the payment of I.E.

5. Guidelines

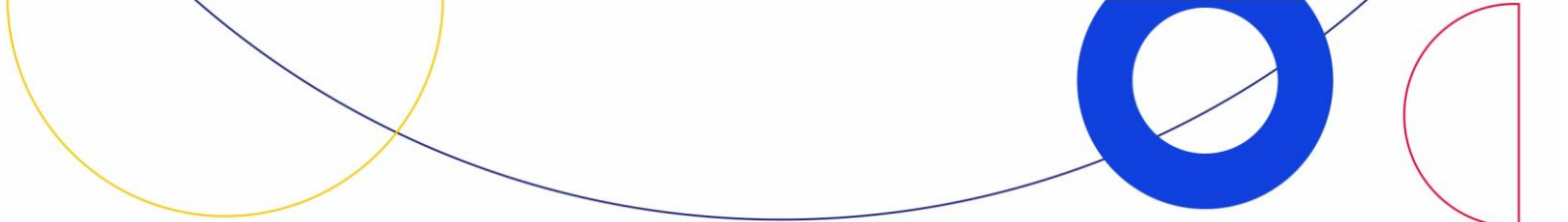
5.1. Allocation of Net Income and Mandatory Dividend

The Company's financial statements shall be prepared in line with applicable laws and regulations at the end of each fiscal year.

The shareholders will be entitled to receive, as a Mandatory Dividend, a minimum percentage equal to 25% (twenty-five percent) of the balance of net income calculated and modified as determined or permitted by law, as described in the following section.

Thus, the net income for the fiscal year will be subject to statutory deductions and the provisions of Article 32, Heading "a", Heading "b", Paragraphs 1, 2, and 3 of the Company's Bylaws, which state that at least 25% of the net income for the year must be distributed to shareholders as mandatory dividends, as well as:

- (i) The share corresponding to 5% of net revenue must be assigned to the formation of the legal reserve in accordance with the legislative limits.
- (ii) In accordance with Article 195 of the Corporation Law, a portion of the remaining net income may be designated for the creation of a contingency reserve, or the reversal of such reserves created in prior fiscal years.
- (iii) the payment of dividends is limited to the amount of realized net income for the fiscal year, and the difference must be recorded as Unrealized Profit Reserve (as provided for in Article 197 of the Corporation Law), and the profits recorded in the reserve of unrealized profits, when realized, if not absorbed by losses in subsequent years, must be added to the first dividend declared after they have been realized.

- 
- (iv) On the recommendation of the executive bodies, the general meeting may set aside a portion of net income for the creation and/or maintenance of a statutory profit reserve called "Capital Redemption Reserve Account" for the purpose of redeeming, repurchasing, or purchasing its own shares of its own issuance - including for compliance with its obligations to deliver shares to participants in the Company's Stock Option Plan.
 - (v) The reserve for the acquisition of shares may be established with up to 100% of the net income remaining after legal and statutory deductions, with a maximum balance of 20% of the share capital. At the end of the fiscal year, any remaining unused balance of this reserve may be used for the same purpose for the next year if the board of directors believes it necessary, subject to approval by the General Meeting; otherwise, the balance will be returned to the payment of dividends. According to Article 198 of the Brazilian Corporation Law, the allocation of profits for the creation of the Capital Redemption Reserve Account cannot be allowed at the expense of the payment of the mandatory dividend.
 - (vi) The remaining profits shall be allocated as determined by the General Meeting, in accordance with the applicable regulations, notably Article 202, Section 6 of the Corporation Law.
 - (vii) The remaining balance, if any, will be delivered as an additional dividend to the shareholders.

In accordance with Article 202, Paragraph 4 of the Corporation Law, the payment of dividends is optional during the fiscal year in which management notifies the Annual General Meeting that it is incompatible with the Company's financial condition. If operational, the Fiscal Council must provide an opinion on this information, and within five (5) calendar days of its realization, the board of directors will provide the Securities and Exchange Commission with an explanation of the information transmitted to the General Assembly.

5.2. Complementary Dividends

In accordance with applicable law, the Board of Directors may deliberate the distribution of Dividends or I.E. depending on the current fiscal year's earnings, as determined in the interim financial statements. In accordance with the applicable regulations, the Board of Directors may also declare Dividends or I.E. based on the accumulated profits account or profit reserves existing in the most recent annual or interim balance sheet. In compliance with the applicable laws, interim dividends and I.E. may be imputed to the minimum mandatory Dividend.

We emphasize that, according to the Board of Directors' decision, it is possible to distribute amounts in excess of the legal minimum (25%), taking into account a number of relevant factors, including, but not limited to, the Company's financial situation and the economic condition in the country and in the world.

In addition, we will continue our quarterly practice of early dividend payout.



5.3. Interest on Equity (I.E.)

In accordance with Article 9, Paragraph 7 of Law No. 9.249/95, as amended, and relevant legislation, the Corporation may additionally pay I.E. to its shareholders upon resolution of the Board of Directors.

5.4. Tax incentives are now used into the calculation of shareholder payouts.

In accordance with the terms of this Policy and as declared by the Company in a Relevant Fact on December 19, 2022, the profit reserves (tax incentives) will be incorporated into the calculation basis for the Company's profit distributions, including for fiscal year 2022.

5.5. Potential of profit reserve distribution resulting from state tax incentives

As of this date, and including for the purposes of the "Proposed Dividends" included in the financial statements for the year ending December 31, 2022, as per the material fact disclosed on December 19, 2022, under the terms of this Policy and as disclosed in a Relevant Fact on this date, the Company's board of directors may propose, "ad referendum" of the general shareholders' meeting, the distribution as an additional (extraordinary) dividend of amounts allocated to profit reserves originating from state tax incentives.

6. Roles and Responsibilities

6.1. General Meeting

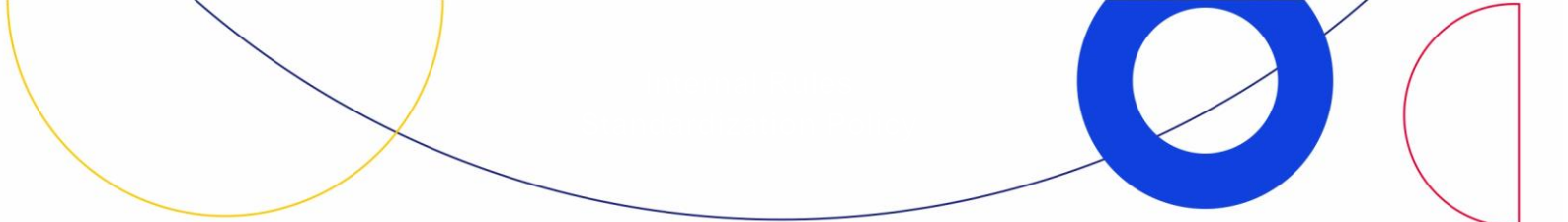
According to Article 132, Item II of the Corporation Law, it is the responsibility of the Company's General Meeting, upon a proposal prepared by the Company's board of directors in accordance with the law and this Policy, to determine the allocation of net income for the year and the distribution of dividends.

6.2. Board of Directors

The Board of Directors is responsible for determining the payment of interest on equity or the distribution of dividends based on the net income for the current fiscal year, as determined in interim, semi-annual, or quarterly financial statements, or in shorter periods, or on the existing profit reserves in the most recent annual or semi-annual financial statements.

6.3. Audit Board

In addition to the other responsibilities imposed by applicable law and the Company's Bylaws, it is the responsibility of the Company's Audit Board, if implemented



and fully operational, to render an opinion on the board's proposals for the distribution of dividends to be submitted to the General Meeting.

6.4. Financial and Investor Relations

The Finance and Investor Relations Department will be accountable for: (a) Ensuring that proposals for the distribution of Dividends or Interest on Equity submitted to the Board of Directors and/or the General Shareholders' Meeting adhere to the terms of this Policy. (b) Coordinating the distribution of Dividends and/or I.E. and provide ample transparency of this policy in accordance with applicable regulations.

6.5. Audit Committee

The Audit Committee is an internal, permanent, and non-statutory advisory body directly linked to the Board of Directors, subject to the applicable legislation and regulations, given that one of its main functions is to analyze the information provided by the independent auditors (including in relation to the distribution of the Company's profits) and question them if they deem necessary.

7. General Provisions

This Policy was approved at the March 2, 2023, Board of Directors meeting, is in effect indefinitely, and may be cancelled or modified at any time as long as the Board of Directors gives its approval.

Farroupilha, March 2, 2023.

Alexandre Grendene Bartelle
Chairman

Renato Ochman
Secretary