# INTERNAL REGULATIONS OF INVESTMENT COMMITTEE







# **GRENDENE S.A.**

Companhia Aberta

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

# **Internal Regulations of Investment Committee**

## 1. **Objectives**

The Investment Committee ('**the Committee**') of Grendene S.A ('**Grendene**' or '**the Company**') is a body supporting the Chief Executive Officer ('**CEO**') of Grendene in relation to the matters described in item 2 of these Internal Regulations ('**Regulations**').

## 2. Duties

The Committee has the duties of (a) evaluating proposals for financial investments offered to Grendene within the limits established (i) by the Board of Directors at its meeting of May 27, 2019, notably for investments not having collateral in financial institutions and/or the federal government and (ii) by the Company's Bylaws, and (b) issuing recommendations to the CEO of Grendene as to approval of the transactions presented and analyzed.

## 3. Functioning of the Committee

#### 3.1. Members; period of office

The Committee shall comprise at least 5 (five) and a maximum of 7 (seven) members, chosen by the Board of Directors, of which one shall be the CEO, and who shall have periods of office of three years, and may be re-elected.

#### 3.2. Vacancy of position

In the event of a member of the Committee being definitively prevented from participation, the Board of Directors shall appoint a replacement at the next subsequent meeting of the Board of Directors.

#### 3.3. Remuneration

The members of the Committee shall not receive any type of remuneration for their activity as members.

#### 3.4. Coordinator

The CEO, a member of the Committee, shall be the coordinator of the Committee, and shall call the meetings, set the agenda and send documents and provide the necessary information to the operational areas of Grendene, using, whenever necessary, the administrative financial support specified in item 6 below.

The following are duties of the Coordinator of the Committee:

- a. to call and to conduct the meetings of the Committee whenever there are investment opportunities to be analyzed;
- b. to ensure that the convocation and the agenda of the meetings are sent to the members of the Committee, together with all and any support material necessary for analysis of the investments within the period stipulated in these Regulations;
- c. when necessary, to invite external consultants, members of management and Grendene personnel to attend the meeting;
- d. to send the decisions to be implemented, including the analyses, opinions and reports prepared by the Committee, to the operational areas of Grendene, especially to the Treasury for provision of funds, to Investor Relations, and to the Controller's Department;
- e. to ensure that the drafts of the Minutes of the meetings are sent to the members of the Committee for consideration within seven business days after the meeting or before any decision is implemented, whichever is earlier.

#### 3.5. Process of decision

#### 3.5.1. Frequency of meetings

The Committee shall meet whenever necessary, when demanded to do so by the management of the Company, for the purposes of analysis of a possible transaction.

#### 3.5.2. Convocation

The meetings of the Committee shall be called by the coordinator of the Committee, making available to the other members all the documents necessary for analysis in accordance with these Regulations.

#### 3.5.3. Advisory

For the purpose of providing clarification of any nature, especially if any related parties are identified, the Committee may invite other participants, members of management, members of the other committees advising Grendene (if any), and any other persons whose participation it believes to be necessary, such as, for example, legal advisors; and no related party shall have the right to vote.

#### 3.5.4. Place of meetings

The meetings of the Committee shall be held, preferentially, at the administrative head office of Grendene in Farroupilha, in the State of Rio Grande do Sul.

Meetings by telephone or video conference call shall be allowed, and these may be recorded. Any such participation in a meeting shall be considered to be personal presence. Members of the Committee who participate remotely in the meeting may express their votes, on the date of the meeting, through a digitally certified letter or email communication.

#### 3.5.5. Agenda

When a meeting of the Committee is called, the related Agenda shall be delivered; it shall set out the subjects to be examined, discussed and decided in the meeting, and must always be accompanied by all the documents and information that are sufficient for detailed analysis and decision on the matters that comprise the Agenda.

#### 3.5.6. Documents and Information

The documents and information necessary for prior analysis and preparation for discussion and decision of the matters that comprise the Agenda shall be disclosed or made available to the members of the Committee at the time of the convocation of the meetings of the Committee.

For presentation of any transaction to the Committee, a minimum group of documents will be necessary to enable the members of the Committee to evaluate the transaction and to issue their opinion. These documents include but are not limited to:

- a. Drafts of contract/s, minutes of corporate/stockholding decisions, share or share quota subscription forms, stockholders' agreements, deeds, any preliminary prospectus/es, or any other document that the members of the Committee may deem to be necessary for complete understanding of the transaction.
- b. Identification of all the parties and their roles in the transaction, especially in relation to the existence or otherwise of related parties involved in the transaction to be considered.

To analyze transactions in which the involvement of any related party is identified, the Committee must verify that such conditions, evidence and/or documents as are necessary for the transaction to be carried out at market conditions and on commutative terms, are present. For this purpose, one or more of the methods below may be, alternatively, used, without prejudice to any others specified in law or in any applicable regulation:

- a. Comparison with at least two recent transactions, available in the market, that are similar in terms of rates of remuneration, maturity and risk: in the case of a single transaction privately negotiated, the prices/terms sent may be the second best alternatives available in the market for purposes and comparison.
- b. Any participation by independent third parties in the same investment must be stated, with evidence.

c. Any other methods which, due to the nature of the transaction, the members of the Committee deem will ensure that it is being carried out on market terms and on a commutative basis.

#### 3.5.7. Quorum for Meeting

The meetings of the Committee shall be in session only with the presence of all of its members.

#### 3.5.8. Quorum for Decision

All the decisions taken by the members of the Committee must be made by unanimous vote of those present, except any who are legally prevented.

Upon the final decision by the Committee on the investment presented, that decision shall be recorded in writing in Minutes and, based on it, the CEO shall take the investment decision. The operational areas of the Company (Treasury and Administrative Support) must be advised of the decision in writing for them to take the applicable measures.

In the event of certain members of the Committee taking part remotely in the meeting of the Committee, the members of the Committee must later sign the Book of Minutes of Meetings of the Committee, when requested by the Company, or when they are present at the head office.

#### 3.5.9. Conflict of Interests

The members of the Committee must express any conflict of interest at the beginning of each meeting of the Committee, indicating the matter(s) on the Agenda in which they have a conflict of interest. In relation to such matter(s) they shall not be allowed to vote.

Any member of the Committee may allege existence of conflict of interest in any other member of the Committee. If there is not a consensus in relation to the existence of the conflict, the other members of the Committee (except the party alleging and the party alleged against) shall vote on whether or not a conflict of interest exists, thus determining whether or not the member in question may participate in the discussion and decision on the related matter.

If a conflict of interest becomes apparent or is characterized, the other members of the Committee may decide whether or not to exclude the conflicted member from participation in the discussions relating to the matter that is the subject of the conflict.

### 4. Related parties

The Committee shall analyze the investment proposals and, jointly with the Company, identify whether they represent Transactions with Related Parties of the Company, and if they do, shall adopt the procedures specified in Grendene's Policy on Transactions with Related Parties, in particular, ensure that the transaction has all the characteristics of market conditions, among other requirements that are necessary in the case of Transactions with Related Parties.



## 5. Duties of the Members of the Committee

The activity of the members of the Committee must be oriented in accordance with the following principles:

- a. To protect, value and enhance the Company's assets and equity.
- b. To take into account the impacts of the transaction from the point of view of and with the purpose of (i) Grendene being a perennial company, (ii) generation of value over the long term, and (iii) fostering transparency of information to stockholders and other stakeholders.
- c. Obey the duties of diligence, provision of information and loyalty that are proper and appropriate to the managers of the Company in accordance with Law 6404/76.

## 6. Administrative Support

Preparation of minutes, keeping of the Book of Minutes, convocations to meetings, sending of the Agenda and other administrative acts shall have the support of Grendene's Investor Relations management unit.

## 7. General Provisions

Any communications between the members of the Committee and other advisors must be made under the regime of confidentiality.

The Board of Directors at the meeting held on February 13, 2020 and August 13, 2020, approved the Internal Regulations.

Farroupilha, August 13, 2020.

Alexandre Grendene Bartelle Chairman Renato Ochman Secretary