

**POLICY            ON            PAYMENT            TO  
MANAGERS FROM M. DIAS BRANCO S/A  
INDÚSTRIA E COMÉRCIO DE ALIMENTOS**

**AUGUST 9, 2019**

# CONTENTS

<b>1. DEFINITIONS.....</b>	<b>3</b>
<b>2. PURPOSE AND SCOPE.....</b>	<b>3</b>
<b>3. REFERENCES.....</b>	<b>4</b>
<b>4. PRINCIPLES.....</b>	<b>4</b>
<b>5. PAYMENT TO THE BOARD OF MANAGEMENT.....</b>	<b>5</b>
<b>6. PAYMENT TO THE STATUTORY DIRECTORATE.....</b>	<b>5</b>
<b>7. PAYMENT TO COMMITTEES.....</b>	<b>6</b>
<b>8. NON-BINDING.....</b>	<b>7</b>
<b>9. RESPONSIBILITIES.....</b>	<b>8</b>
<b>10.BREACH ON POLICY.....</b>	<b>8</b>
<b>11.VALIDITY AND AMENDMENTS.....</b>	<b>8</b>
<b>12.FINAL PROVISIONS.....</b>	<b>8</b>

**POLICY ON PAYMENT TO MANAGERS FROM M. DIAS BRANCO S/A INDÚSTRIA E COMÉRCIO  
DE ALIMENTOS**

**1. DEFINITIONS**

1.1 The terms and expressions listed below, when used in this Policy, both in singular and plural, shall have the following meaning:

**“Managers”** – Members of the Company’s Board of Management, Statutory Directorate and Committees.

**“Stock Exchanges”** – B3, as well as any other stock exchanges where the Securities issued by M. DIAS BRANCO are admitted for trading, in Brazil or other countries.

**“B3”** – B3 S.A. – Brasil, Bolsa, Balcão.

**“Committees”** – The statutory or non-statutory committees of advice to the Company’s Board of Management.

**“Company” or “M. DIAS BRANCO”** – M. Dias Branco S/A Indústria e Comércio de Alimentos.

**“CVM”** – Comissão de Valores Mobiliários (Brazilian Securities and Exchange Commission).

**“Market Entities”** – The Stock Exchanges or group of trading market entities organized in which the securities issued by the Company are or may be admitted on the trading, as well as equivalent entities in other countries.

**“CVM Instruction number 480/2009”** – The CVM Instruction number 480, dated December 7, 2009, as amended.

**2. PURPOSE AND SCOPE**

2.1 This Policy on Payment to Managers from M. Dias Branco S/A Indústria e Comércio de Alimentos (“Policy”) has the purpose of establishing the rules, guidelines and methods to be followed to determine the payment to Company Managers, based (i) on the shareholders’ interests in the creation of sustainable, long-term value; (ii) on the responsibilities from Managers, considering the different positions they occupy and the

jobs they perform; (iii) on the time dedicated to the respective functions; (iv) on the competence and professional reputation, considering the experience and qualification; and (v) on the best market practices.

2.1.1. The global payment to members of the Board of Management and the Statutory Directorate shall be established by the General Assembly of Company Shareholders, with the Payment Committee being responsible for recommending the individual payment to each management organization and the Board of Management being responsible for approving it.

2.1.2. The members of the Committees will be paid according to what the Board of Management determines.

2.1.3. The payment to members from the Company's Tax Council (when established) will be defined at the General Shareholders Assembly that elects such members, respecting the minimum values established by the applicable legislation and the global payment limits defined in General Shareholders Assembly.

2.2. The rules established in this Policy apply to the Company and to the Managers, as the case may be

### **3. REFERENCES**

3.1. This Policy was developed in compliance with the following rules:

- (i) Law number 6404, dated December 15, 1976 ("Law of Stock Companies");
- (ii) New Market Regulation by B3;
- (iii) CVM Instruction number 480/2009;
- (iv) Company Bylaws;
- (v) Company's Code of Ethics; and
- (vi) Internal Regulations of the Company's Board of Management.

### **4. PRINCIPLES**

4.1. The principles that guide this Policy are: (i) the application of technical criteria of valuation and professionalism in managing the Company's different functional structures; and (ii) ensuring that internal and external salary balance standards are maintained, compatible with the responsibilities of each position and competitive in the work market, capable of attracting professionals that can meet the Company's strategic needs.

4.2. The Managers may have different components of compensations, conditions and benefits, which will be established according to specificities related to the time dedicated, technical knowledge, experience, participation in advisory committees, among other characteristics.

## **5. PAYMENT TO THE BOARD OF MANAGEMENT**

5.1. The members of the Company's Board of Management will be entitled to a fixed monthly compensation, as a salary payment, which value will be determined considering, among other factors, the responsibilities, time dedicated to the jobs performed, their competence and their professional reputation.

5.1.1. Following the limit established by the General Shareholders Assembly, the Board of Management will be responsible for establishing, at its discretion, the individual payment to its members after recommendation from the Payment Committee.

5.1.2. The payment to each board member may be differentiated, due to the additional responsibilities assumed, such as participations in Company Committees that support the Board of Management.

5.1.3. Members of the Board of Management who are also members of the Company's Statutory Directorate may not be entitled to the additional payment for the advisory task.

5.2. The payment to members from the Board of Management shall be in line with the market median. It is understood that the effective members of the Board of Management shall be entitled to the fixed payment so that it reflects the recognition given to their function of supervising and guiding the Company business.

5.3. The members of the Board of Management may be entitled to receiving benefits, such as life insurance, healthcare plan, and other benefits determined by the General Shareholders Assembly, such as long-term incentives.

5.4. The deputy members of the Board of Management will not be entitled to any payment.

## **6. PAYMENT TO THE STATUTORY BOARD**

6.1. Following the limit established by the General Shareholders Assembly, the Board of Management will be responsible for establishing, at its discretion, the individual payment to members of the Statutory Directorate after recommendation from the Payment Committee.

6.2. The members of the Company's Statutory Directorate will be entitled to a fixed monthly payment, as a salary or compensation, which value will be determined according to the position occupied by the professional, their representativeness and the values in line with what the market practices, referenced in the segment where the Company operates, always considering the skills, knowledge and competences from each professional.

6.1.2. The fixed payment to members of the Statutory Directorate will be adjusted every year, following the same adjustment parameter defined in collective agreements/conventions entered into with unions for the Company employees.

6.3. In addition to the fixed payment mentioned on Clause 6.2 above, the members of the Company's Statutory Directorate will be entitled to a variable payment, consisting of results sharing plan, according to performance and result indicators, in line with the Company's strategic interests ("PLR").

6.2.1. The PLR will be defined according to the Company's performance, through achieving corporate financial-economic and qualitative goals established in its strategic planning.

6.2.2. The PLR will be forecasted every year and must be based on the incentive to Company professionals so they work to achieve better annual results, always meeting the highest ethical standards and in line with the Company's strategic direction.

6.4. The members of the Company's Statutory Directorate will be entitled to receiving benefits, such as life insurance, healthcare plan, and other benefits determined by the General Shareholders Assembly, such as long-term incentives.

## **7. PAYMENT TO COMMITTEES**

7.1. The members of the Company's Committees will be entitled to a fixed monthly payment, as a salary payment, which value will be determined by the Company's Board of Management according to what the market practices, referenced in the segment where the Company operates, always considering the skills, knowledge and competences from each professional.

7.1.1. Members of Committees who are already Company employees or managers may not be entitled to the additional payment for performing the Committee activities.

7.1.2. The fixed payment to members of Committees will be adjusted on an yearly basis, according to specific negotiation and to usual market practices.

7.2. The members of Committees will not be entitled to any type of variable payment or benefit.

## **8. PAYMENT COMMITTEE**

8.1. The Payment Committee is the advisory organization to the Company's Board of Management, established with the goal of formulating recommendations, to be approved by simple majority of votes, about levels, values and adjustments on individual payment to members of the Company's Board of Management and Statutory Directorate ("Payment Committee").

8.2. The Payment Committee will be comprised of, at least, five (5) members, among whom the CEO, the Vice-President of Management and Development, the Executive Organizational Development Director, the Executive Legal Director, and one independent member of the Board of Management.

8.2.1. When electing its members, the Board of Management may define that the Payment Committee and the Appointment Committee (included in the Policy on Appointing Members of the Board of Management, its Committees and Statutory Directorate) must be unified.

8.3. The Payment Committee will meet whenever called by any of its members, being certain that all decisions from the Payment Committee are made by the majority of its members.

8.3.1. The calls will be made through electronic communication within a period in advance according to which the meeting subject requires and allows, and the meetings will be held at the Company's headquarters, except when special conditions recommend that it should be held elsewhere. The attendance to meetings can also occur via conference call, videoconference, or via any other remote communication media, admitting the vote through electronic medium.

## **9. NON-BINDING**

9.1. None of the provisions include in this Policy shall be interpreted as the creation of rights to Managers or other Company employees, or as granting the right

to remain as a member of the Board of Management, Statutory Director, or member of Committee, to interfere in any way in the Company's right to terminate the relationship with any person at any time, in the conditions established by law and in work contract.

9.2. This Policy will not grant to any Manager the right to remain in their position until their mandate expires, or to interfere with the Company's right to remove them or ensure them the right to be reelected for the position.

## **10. RESPONSIBILITIES**

10.1. The Board of Management is responsible for:

- Approving potential changes and reviews to this Policy.
- Regulating the cases hidden from this Policy.
- Processing the non-compliance with obligations and rules established in this Policy and deliberating on such non-compliance, as applicable.

10.2. The Payment Committee is responsible for:

- Formulating its recommendations, to be approved by simple majority of votes, about levels, values and adjustments of individual payment to members of the Company's Board of Management and Statutory Directorate.

## **11. BREACH ON POLICY**

11.1. The failure to comply with this Policy will subject the violator to disciplinary sanctions, according to the Company's internal rules (*e.g.* Company's Code of Ethics), without detriment to the applicable administrative, criminal and penal sanctions, enforceable by the relevant authorities, including, but not being limited to, organizations that regulate the capitals market (*e.g.* CVM).

## **12. VALIDITY AND AMENDMENTS**

12.1. This Policy comes into force on the date indicated below, after being approved by the Company's Board of Management. Any change or review shall be submitted to the Board of Management itself.

12.2. Change to this Policy shall be informed to CVM and to Market Entities by the Company in the form required by applicable rules.

## **13. FINAL PROVISIONS**

**Validity:** as of January 2, 2020.1st

**draft:** August 9, 2019.

**Responsible for the document:**

<b>Step</b>	<b>Responsible</b>
Development	Legal Directorate
Review	Organizational Development Directorate Corporate Governance Committee
Approval	Board of Management

**Record of changes:**

<b>Version</b>	<b>Item Changed</b>	<b>Reason</b>	<b>Date</b>
01	Original Draft	N/A	[--]

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