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1. PURPOSE AND BASIS

- 1.1. This “*Executive Compensation Policy*” (the “Policy”), approved at a meeting of the Board of Directors of C&A MODAS S.A. (the “Company”), provides for the rules and guidelines for setting the compensation and benefits awarded to executive officers, members of the Board of Directors and Fiscal Council, when in operation, and members of any committees created by the Company (jointly, the “Executives”).
- 1.2. This Policy’s main goals are: (i) to attract, compensate, retain and encourage Executives to run the Company’s business sustainably, within appropriate risk limits and in line with shareholders’ interests; (ii) to provide performance-based compensation and also recognizes and rewards individual performance; and (iii) to guarantee the Company uses standards that are compatible with the responsibilities inherent to each position and are competitive in terms of the wider market, providing guidelines for setting any compensation and benefits awarded to the Executives.

2. COMPENSATION

- 2.1. General conditions: Compensation for Company Executives may include:

- 2.1.1. Fixed compensation

- 2.1.1.1. Fixed monthly salary: this is intended to acknowledge and reflect the value of the Executive’s time and dedication, based on market parameters, in order to compensate the individual’s contribution to business growth and performance. Based on this Policy, Executives may be eligible for fixed compensation, which will be informed by independent salary surveys principally involving other companies involved in similar businesses.

- 2.1.1.2. Benefit Packages: benefit packages are intended to provide our Executives with greater security and allow them to focus on their responsibilities.

- 2.1.2. Variable compensation

- 2.1.2.1. Profit sharing program: This program is intended to reward Executives who achieve or exceed the Company’s predetermined targets in line with the business performance, sustainability and growth strategies in each fiscal year.

- 2.1.3. Stock-based compensation

- 2.1.3.1. Long-term incentive plan: This plan is intended to incentivize and align the longer-term Executives’ interests with those of our shareholders in order to maximize the business’s value creation through sustainable and consistent results in the medium and long term.

- 2.2. The profit sharing program and the long-term incentive plan will have their rules defined in specific policies.
- 2.3. In all circumstances, global Executive compensation shall comply within the limits set by the Company’s annual general meeting, in accordance with the Brazilian corporate legislation.
- 2.4. The maximum global amount of compensation payable to members of the Board of Directors and Executive Officers will be determined by the annual general meeting and maximum global compensation shall comply with the limits provided in article 152 of Law 6404, dated December 17, 1976, as amended.



3. BENEFITS AND COMPENSATION BY GROUP

3.1. Executives Officers

- 3.1.1. The Company's executive officers will receive a fixed monthly salary, based on individual negotiations with each officer and on a range of additional factors including independent salary surveys, principally involving companies in similar businesses, and subject to the provisions of this Policy.
- 3.1.2. The Company's executive officers will receive profit sharing payments in line with the annual limits specified in the profit sharing plan, subject to certain eligibility criteria and provided the profit sharing plan targets are achieved.
- 3.1.3. The Company's executive officers may also be entitled to a long-term incentive plan, subject to the rules defined in the plan referred to in Clause 2.1.3 above.
- 3.1.4. The Company's executive officers may also be eligible for the following benefits: (i) medical plan; (ii) dental plan; (iii) meal allowance; (iv) a vehicle; (v) check-up exams; and (vi) post-employment.
- 3.1.5. The Board of Directors, considering the following criteria, will adjust the compensation of the executive officers annually: (i) meritocracy, and (ii) salary shift analysis according to market research conducted annually by independent and specialized consultant with companies with a consistent and similar philosophy of remuneration, as well as competitors in human resources.

3.2. Board Members

- 3.2.1. Board Members shall receive a monthly compensation based on the time spent carrying out their duties and their responsibilities.
- 3.2.2. The compensation received by the Board Members will be adjusted at least every two years taking into consideration any changes to activities and changes in market levels of compensation.
- 3.2.3. The Company may also reimburse Directors for travel, accommodation, meal and/or other expenses related to their attendance at Board of Directors meetings to support their assistance with the Company's practices, subject to presentation of the relevant receipts.

3.3. Committee Members

- 3.3.1. Committee Members are eligible for a fixed monthly compensation.

4. APPLICATION

- 4.1. This Policy applies to all processes, standards and procedures related to fixed or variable compensation and benefits awarded to our Executives.

5. MISCELLANEOUS PROVISIONS

- 5.1. The Board of Directors will assess this Policy on an annual basis to determine whether it reflects the responsibilities of each of the Company's Executives and the volume of work associated with each position, the Company's business and the Company's economic/financial position in each fiscal year.



6. TERM

- 6.1. This Policy will take effect on the date it is approved and can only be amended by resolution of the Company Board of Directors. The Policy can be viewed at www.ri.cea.com.br.

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