

**POLICY OF SHAREHOLDER REMUNERATION OF  
M. DIAS BRANCO S/A INDÚSTRIA E COMÉRCIO  
DE ALIMENTOS**

**DECEMBER 18, 2020**

## SUMMARY

1. DEFINITIONS.....	3
2. PURPOSE AND SCOPE.....	3
3. REFERENCES.....	3
4. ALLOCATION OF RESULTS AND SHAREHOLDER REMUNERATION.....	4
5. RESPONSIBILITIES.....	5
6. EFFECTIVE TERM AND AMENDMENTS.....	6
7. FINAL PROVISIONS.....	6

# **POLICY OF SHAREHOLDER REMUNERATION OF 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, in the singular or in the plural shall have the following meaning:

**"Company" or "M. DIAS BRANCO"** - M. Dias Branco S/A Indústria e Comércio de Alimentos and its subsidiaries.

**"CVM"** - The Brazilian Securities and Exchange Commission.

**"Dividends"** - Correspond to a portion of the Company's profit to be distributed to shareholders. The amount is proportional to the number of shares held by the shareholder, and it is calculated based on the closing date of the last fiscal year (balance sheet), and may also be based on any balance sheets drawn up semi-annually or in shorter periods.

**"Interest on Equity"** - Form of remuneration to shareholders calculated based on the application of TJLP - Long-term Interest Rate on the adjusted shareholders' equity, calculated pursuant to the provisions of Law No. 9.249/95. The amount thus calculated and paid to the shareholder is classified as expense when determining the company's taxable profit. Its calculation may consider the Company's performance in the current period or the profits earned in previous years, which were duly booked in the Company's profit reserve.

## **2. PURPOSE AND SCOPE**

2.1. This Shareholder Remuneration Policy of M. Dias Branco S/A Indústria e Comércio de Alimentos ("Policy") aims to: (a) set the guidelines to be adopted by the Company in the preparation of proposals for the payment of dividends and interest on equity, in compliance with the provisions of its Bylaws and the laws in force; and (b) make clear to the Company's shareholders and other stakeholders the procedures adopted by the Company in relation to the payment of dividends and interest on equity.

2.2. The rules set in this Policy apply to the Company and to all its shareholders.

## **3. REFERENCES**

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

- (i) Law No. 6.404, dated December 15, 1976 (“Brazilian Corporate Law”);
- (ii) Law No. 9.249, dated December 26, 1995;
- (iii) Company's Bylaws;

#### **4. ALLOCATION OF RESULTS AND SHAREHOLDER REMUNERATION**

4.1. Allocation of Results: The fiscal year shall last twelve (12) months, coinciding with the calendar year, and shall end on December 31<sup>st</sup> of each year. At the end of each fiscal year, the Company's Statutory Executive Board shall prepare the financial statements as set forth by law, in compliance with the rules then in force, which shall include the proposal for the allocation of the profit for the year, pursuant to article 22 of the Bylaws.

4.2. Minimum mandatory dividend: The balance of net income pursuant to article 22 of the Bylaws shall be adjusted as set forth in article 202 of Law 6.404/76, and twenty five percent (25%) of the adjusted balance discounted from the amounts allocated to the Tax Incentive Reserve shall be allocated to the payment of the mandatory dividend. The Company shall pay the share dividend to the individual who, on the date of the Shareholders' Meeting that approves the payment of dividends, is registered as the holder or usufructuary of such share. Dividends on shares in bank custody or deposited pursuant to the terms of articles 41 and 43 of Law No. 6.404/76 shall be paid by the Company to the depositary financial institution, which shall be responsible for their delivery to the holders of the shares thus deposited. Dividends not claimed within three (3) years, counted from the resolution of the act authorizing its payment, will lapse in favor of the Company. Dividends provided for in this item shall not be mandatory for the fiscal year in which the management bodies inform the Shareholders' Meeting that it is incompatible with the Company's financial condition, subject to the provisions of art. 205, Paragraph 4 of Law No. 6.404/76.

4.3. Intermediate or interim payments: The Company's Board of Directors may announce and determine the payment of interim dividends to the profit account calculated in interim balance sheets or profit reserves existing in the last annual balance sheet or interest on equity, in compliance with art. 9, of Law No. 9.249/95, *ad referendum* of the Annual Shareholders' Meeting that reviews the financial statements related to the fiscal year in which such dividends were credited. Intermediate or interim dividends and interest on equity shall always be ascribed to the mandatory dividend.

4.4. Purpose of the payment of dividends and interest on equity: In compliance with the rules addressing the minimum mandatory dividend, as provided in the Bylaws and Law No. 6.404/76, and in compliance with further provisions set in this Policy, the Board of Directors shall aim to propose dividends and/or interest on equity so that the total amount of dividends and interest on equity corresponds to a target percentage of sixty percent (60%) of the adjusted profit, pursuant to article 202 of Law 6.404/76, as shown below:

- Earnings per share on intermediate or interim payments: R\$ 0.05.
- Payment frequency: quarterly and residual value after approval by the Shareholders' Meeting that resolves on the financial statements for the year to which it refers.

Note: In the case of distribution of interest on equity, the target percentage should consider the net value for shareholders.

4.4.1. The provision in this item does not limit the discretion of the Board of Directors to, extraordinarily, considering the macroeconomic scenario, the Company's economic and financial conditions (current and forecast), as well as the situation of the markets in which the Company operates and in compliance with further Company's policies, resolve on the payment of dividends and/or interest on equity below the target defined in this Policy, pursuant to the terms of the current legislation and particularly, but not limited to, in the following situations:

- (a) use of relevant capital due to investment in its core businesses, share buyback program and/or any mergers and acquisitions;
- (b) indebtedness indicators, such as net debt/EBITDA, calculated at the end of the year; and,
- (c) allocation to mandatory reserves or limitation to the distribution of part of these that may alter the profit distribution ability.

## **5. RESPONSIBILITIES**

5.1. The Shareholders' Meeting is be responsible for:

- Resolving on the allocation of the Company's net income for the fiscal year, calculated on a yearly basis based on the audited financial statements.

5.2. The Board of Directors is responsible for:

- Assessing the Company's economic and financial conditions in order to ensure the business sustainability;
- Announcing intermediary or interim dividends; and,
- Resolving on the payment of interest on equity.

5.3. The Statutory Executive Board is responsible for:

- Preparing the financial statements.

**6. EFFECTIVE TERM AND AMENDMENTS**

6.1. This Policy shall be in force on the date hereof and any amendments or revisions shall be submitted to the Board of Directors.

**7. FINAL PROVISIONS**

*Effective Term: as from January 01, 2021.*

*1st Version: December 18, 2020.*

*Responsible for the document:*

<i>Step</i>	<i>Responsible</i>
Preparation	New Business and Investor Relations Department Legal Department
Review	Corporate Governance Committee
Approval	Board of Directors

*Amendment log:*

<i>Version</i>	<i>Item amended</i>	<i>Reason</i>	<i>Date</i>
01	Original Version	N/A	[ ]/[ ]/20

\* \* \*