



## GOODMAN BRASIL

### COMPLIANCE AND INTERNAL CONTROLS MANUAL

November 2016 Version, revision of June 2015 Version

This Compliance Manual sets forth the rules and principles applicable to all Employees of **GOODMAN BRASIL LOGÍSTICA S.A.** (the "Company"). The Employees' obligation to comply with the orders and requirements of all applicable laws and regulations described in this Compliance Manual and, in addition, the professional responsibility to act ethically in all professional services and activities in which the Employee might be engaged, is indispensable.

Employees must also comply with Goodman's Code of Conduct and associated core policies which are detailed on Goodman's website.

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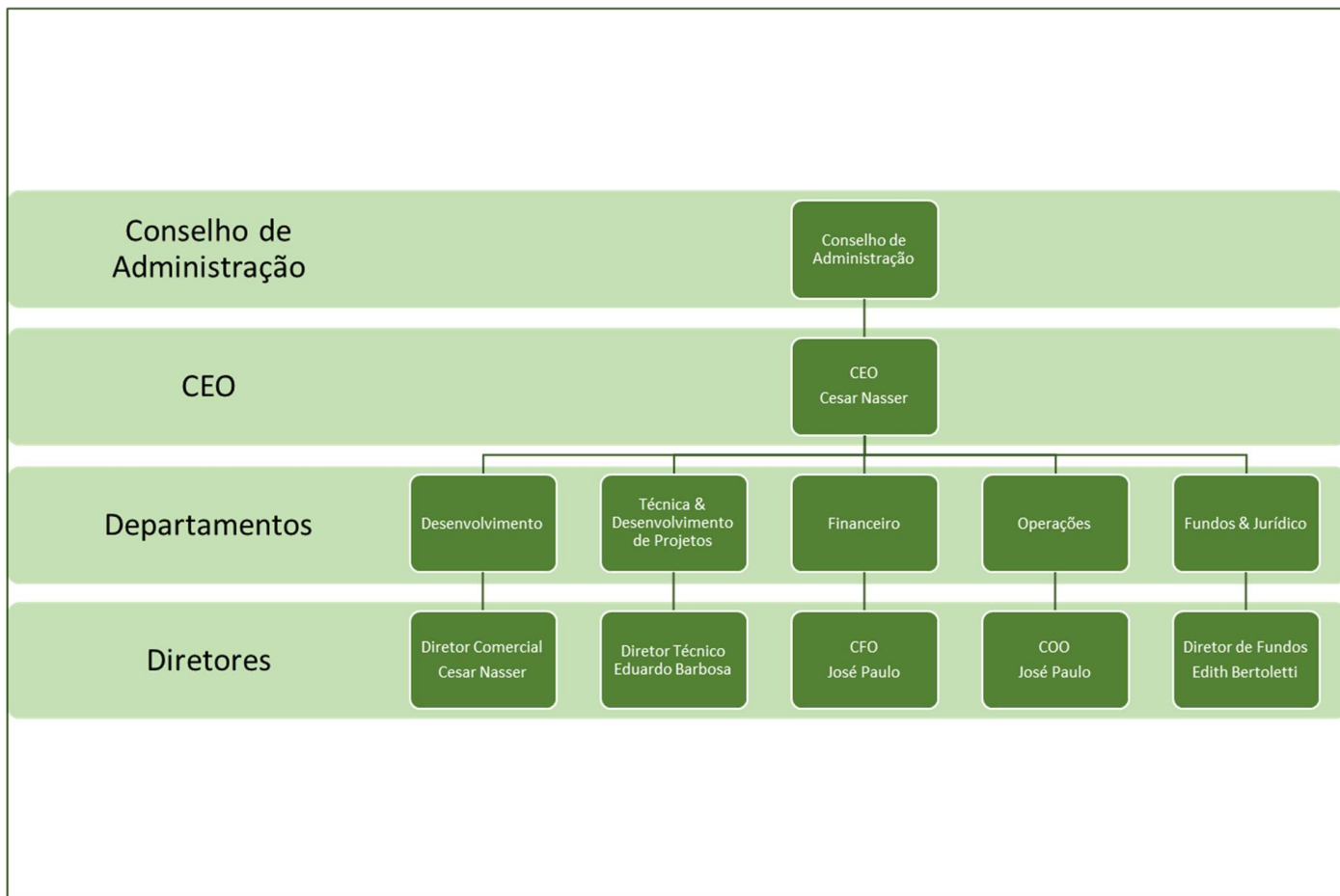
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## 1. Definitions

For purposes of this Compliance Manual, the words listed below have the following meanings, except if another meaning is expressly assigned to them:

- + “BACEN” shall mean the Central Bank of Brazil.
- + “Customer(s)” shall mean one or more persons or entity(ies) that may, direct or indirectly, hire the services rendered by the Company.
- + “Code of Ethics” shall mean the Code of Ethics and Internal Policies of the Company.
- + “Company” shall mean the GOODMAN BRASIL LOGÍSTICA S.A.
- + “Compliance Manual” shall mean the Compliance and Internal Controls Manual of the Company.
- + “Compliance Officer” shall mean the Director of the Company responsible for the Compliance and internal controls Department of the Company.
- + “Confidentiality Policy” shall mean the confidentiality policy of the Company as described in section 12 of the Code of Ethics.
- + “Conflict of Interest” shall mean all situations, circumstances, relationships or other facts related to the Employee’s own financial, operational, property and/or personal interests that impede the Employee, or may somehow prevent the him/her, from providing his/her advice, recommendations or services in a non-interested way.
- + “CVM” shall mean the Brazilian Securities and Exchange Commission.
- + “CVM Instruction No. 301” shall mean CVM Instruction No. 301, dated April 16, 1999, as amended.
- + “CVM Instruction No. 306” shall mean CVM Instruction No. 306, dated May, 1999, as amended.
- + “Directors” shall mean the directors of the Company.
- + “Employees” shall mean all the employees, workers, service providers, agents, managers, Directors and Partners of the Company and/or its subsidiaries and/or controlled companies.
- + “Internal Controls” shall mean a business practice, a policy or procedure established to create value or to minimize risk. At the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations. At the specific transaction level, internal control refers to the actions taken to achieve a specific objective.
- + “Law No. 9.613/98” shall mean federal law No. 9.613, dated March 3, 1998, as amended.

## 2. Organization chart of the Company



## 3. Applicability of the Compliance Manual

This Compliance Manual is applicable to all Employees of the Company.

All Employees shall ensure the full understanding of the laws and regulations applicable to the Company as well as the full content of this Compliance Manual.

It is important to seek immediate assistance from the Compliance Officer to resolve any questions or doubts should they arise.

We emphasize that attitudes incompatible with this Compliance Manual will be subject to sanctions described in this document or to the discretion of the Directors.

**ALLEGATION OF IGNORANCE OF THE RULES WILL NOT BE ACCEPTED AS JUSTIFICATION FOR NON-COMPLIANCE WITH THE RULES DESCRIBED HEREIN.**

This Compliance Manual contains essential information for the Directors and all Employees, and must be updated whenever changes occur.

The Compliance Department is responsible for any modification/update of this Compliance Manual and of the Code of Ethics, which can be done at any time, without previous warning or notice.

#### **4. Definition of Compliance**

The term Compliance has its origin in the verb to comply (from the English Language), and it means to be in accordance with rules, regulations and procedures.

In this sense, the Company has adopted, through its structure, the activities of Internal Control and Compliance in order to identify and control the correct measurement of risk and performance of the Company in accordance with the parameters, methods and standards established internally and by the regulators.

All Employees shall be in compliance with all Company terms, conditions and policies, including but not limited to all Risk & Compliance, Code of Ethics and all policies provided by the Company.

The Compliance Department is responsible for these two functions (risk management and compliance) and focuses primarily on ensuring compliance with regulatory and internal procedures, preventing and controlling the risks involved in the Company activities and monitoring compliance with the rules applicable to its activities and Employees.

By means of the Compliance controls, any deviation from Company policy shall be verified and minimized (or avoided with prior knowledge of the risk inherent in a particular activity).

In the face of such identified deviations, the Compliance Department shall assess the risks and implement the control mechanisms required, applying the relevant sanctions when appropriate.

#### **5. Responsibilities of the Compliance Department**

##### **5.1. Responsibilities**

- + Ensure that all employees are acting in accordance with this Compliance Manual and the Code of Ethics established by the Company;
- + Describe, evaluate and review the procedures of the Company departments in order to minimize risks, especially operational, legal and image risks;
- + Establish rules, procedures and internal controls;
- + Analyze the controls provided in the Compliance Manual and Code of Ethics, propose the creation of new controls and enhancements to the ones considered inefficient, and to monitor the correction of any deficiencies;
- + Monitor the development of activities for the establishment of new standards, making sure they clearly define the responsibilities of each area as well as establish the control points of the risks;
- + Intermediate the relationship between the departments resulting from divergences, in order to establish conformity;

- + Develop, jointly with the relevant departments, a means to ensure access to reliable, timely, understandable and relevant information by the Employees, accordingly to the respective level of activity; and
- + Determine the appropriate segregation of duties and separation of responsibilities, guiding the control of activities in order to avoid Conflicts of Interest and to appoint the control points.

## **5.2. Main activities**

- + Establishment of internal rules;
- + Compliance tests in transactions, procedures and registration information;
- + Monitoring and implementation of internal control mechanisms;
- + Creation and maintenance of the Business Continuity Plan;
- + Daily research of laws and rules applicable to the Company activities regarding Compliance and internal controls;
- + Control and review of errors and failures that cause potential or effective financial losses;
- + Creation of tests and controls to prevent money laundering practices; and
- + Definition of controls and policies regarding personal investments of the Employees.

## **5.3. Functions of the Compliance Department**

The Compliance Department's main function is to support all departments regarding the clarification of all internal controls and regulations, as well as monitoring compliance of the transactions and activities of the Company with regulatory standards (internal and external) in force.

The Compliance Department shall be responsible for the following activities:

- + Keeping this Compliance Manual up-to-date;
- + Following-up the accomplishment of the procedures set forth in the manuals and internal policies of the Company;
- + Assessing the risks associated with activities carried out by the managers and other Employees;
- + Supporting all Employees regarding the contents of the manuals and internal policies of the Company;
- + Enhancing the internal control mechanisms aiming to minimize the potential and existent risks;
- + Verifying and analyzing any situation that may amount to Conflict of Interest and/or non-compliance with any provision of the manuals and the internal policies of the Company; and
- + Training the Employees, at least annually, regarding the Code of Ethics and this Compliance Manual.

The functions of the Compliance Officer, who is responsible for leading and supervising the activities of the Compliance Department, will be performed by the Chief Operations Officer of the Company, Mr. José Paulo de Almeida Junior.

## **6. Risks**

The Compliance Department will act in order to minimize three (3) main risks: Image Risk, Legal Risk and Operations Risk.

### **6.1. Image Risk**

Given the risk to image (or reputation) is currently one of the most relevant risks, the awareness of all Employees of the need to preserve the image of the Company is essential.

We emphasize that a simple rumour can cause irreparable damage to an institution's reputation , therefore, everyone shall always keep in mind the importance of following the rules of the Code of Ethics, of this Compliance Manual and other policies and guidelines imposed by the Directors.

Any doubt, clarification or advice required about what actions can generate image risks to the Company should be immediately directed to the Compliance Officer.

### **6.2. Legal Risks**

Basically, the concept of legal risk can be defined as non-compliance with existing laws and regulations applicable to the Company.

In our scope, we have also extended this concept to non-compliance with the internal rules issued by the Compliance Officer and determined by the Directors.

### **6.3. Operational Risks**

Operational risk can be defined as the risk of losses caused by inadequate systems and controls, management failures and human errors. This concept can be subdivided into several risks such as:

- + Risk of obsolescence;
- + Risk to equipment;
- + Technology Risk;
- + Risk in Electronic Markets (Homebroker);
- + Risk of unintentional errors ("Human Errors");
- + Risk of Fraud;
- + Personnel Qualification Risk;
- + Risk of Money Laundering; and
- + Risk of Access.

Only as an exception, the first four (4) items are measured and controlled by the technology department, outsourced to related party, pursuant to the Service Agreement signed on November 2012, and which reports directly to the Directors responsible. The Compliance Department shall only make the follow-up of these risks by monitoring the activities and plans for specific technology contingency and continuity.

Within the classification of Operational Risk, the Compliance Department will directly control the last five (5) risks listed above. The Risk of Money Laundering and risk of access will be further treated in a specific manner.

#### **6.3.1. Risk of unintentional errors (“Human Error”)**

This is certainly the most difficult risk to measure because of the unpredictability of the occurrence of human error during the operational procedures. We may classify human error as mistake, omission, negligence or distraction of a professional.

#### **6.3.2. Operational Errors**

The Company seeks to minimize errors in all its transactions, however, if there is any inconsistency, the transactions affected by errors will be verified.

The Compliance Department is responsible for verifying the transactions that generate errors, create solutions to fix them and understand the procedures that failed.

The Compliance Department, in order to minimize the risk mentioned above, is responsible for the internal controls and to develop plans to repair errors.

#### **6.3.3. Risk of Fraud**

Intentional unlawful acts can be classified as fraud (e.g. forgery, modification of documents, dissemination of false information, etc.).

This risk is minimized through effective Internal Controls and by strengthening the "culture of compliance" in the Company.

Any suspected fraud or consummated acts must be reported to the Compliance Officer, so that appropriate measures can be taken.

#### **6.4. Specifications of the Mechanisms of Internal Controls**

The Company, through its Compliance Department, maintains available to all Employees the manuals, policies and internal regulations which must be complied with, considering the points listed below:

- + Definition of responsibilities within the Company;
- + Segregation of the activities assigned to the members of the Company in order to avoid Conflicts of Interest, and means to minimize and properly monitor the areas of potential conflict;
- + Means of identifying and evaluating internal and external factors that may adversely affect the achievement of the Company's business objectives;
- + Existence of communication channels to ensure to the Employees, accordingly to the relevant level of expertise, access to reliable, timely and understandable information deemed relevant to their duties and responsibilities;



- + Continuous assessment of the several risks associated with the activities of the Company; and
- + Systematic monitoring of the activities carried on by the Company, in order to assess whether the objectives of the Company are being accomplished, whether limits, laws and regulations are being observed, and to ensure that any identified deviations can be readily corrected.

**ALL INTERNAL CONTROLS (MANUALS, POLICIES, SYSTEMS, ETC.) ARE PERIODICALLY REVIEWED AND UPDATED IN ORDER TO ADDRESS CORPORATE MEASURES WHETHER OR NOT RELATED TO NEW PREVIOUSLY ADDRESSED RISKS.**

#### **6.4.1. Code of Ethics and Internal Policies**

In light of the goals and objectives aimed by the Company, it is important to emphasize that only through good professional and personal conduct is it possible to keep the image of the Company as a reference in the market.

The Code of Ethics sets forth the ethical and behavioral principles and internal policies that shall be observed by all Employees.

Reading and understanding the Code of Ethics shall be regarded as an essential task in conducting business. The Compliance Department will always reinforce the importance of the Code of Ethics, as well as any question regarding its content. Based on this, it is recommended that all Employees have a perfect understanding of the Code of Ethics.

#### **6.4.2. Internal Policies and Guidance of the Company**

It is extremely important that all the Company's activities are supported by effective internal policies aimed at the proper conduct of business, which should be respected.

In this sense, the Compliance Department will issue from time to time internal policies and guidelines of the Company and widely communicate them to all Employees. In some cases, the internal policies and guidelines of the Company may be requested by department managers, however, the decision to issue and the consequent disclosure of such shall be entirely up to the Compliance Officer, with the knowledge and approval of the responsible Director.

#### **6.4.3. Internal Investment Policy**

The Internal Investment Policy aims, primarily, to minimize the risk of Conflicts of Interest.

Everyone should prioritize the interests of Customers and of the Company ahead of their own, even when in conflict. Conflicts of interest shall be avoided whenever possible. When there is no such possibility, all care must be taken to ensure that Customers never find themselves at a disadvantage as a result of the attitudes of the Company and/or of its Employees. Suspected and/or effective Conflicts of Interest should be immediately reported to the Compliance Officer.

#### **6.4.4. Personal Trades**

In accordance with the Code of Ethics, the subsidiary Goodman Consultoria, Participações e Administração de Valores Mobiliários ("Management Company") may impose restrictions on trading in certain securities upon all Employees. Regardless of any justification or situation, the Customer's interests will be a priority.

The approval of the Compliance Officer shall be required to perform any security transaction.

#### **6.4.5. Information for the prevention of Money Laundering**

Within the scope of the Company it is vital that the Employees are aware of the legal and image risks to which the Company may be exposed in the case of involvement by the Employee, direct or indirectly, in activities related to the "money laundering" crimes. Thus, as set forth in this Manual and the Code of Ethics, as well as in training lectures applied by the Compliance Department, all Employees should be aware of the information, risks and preventive measures to be taken in relation to money laundering crimes.

#### **6.4.6. Guidance for the use of technology resources**

All the Employees may have access to equipment, software for which the Company has a license of use, Internet and Intranet, internal and external e-mail, for the sole purpose of enabling the execution of all activities related to the business of the Company.

### **7. Prevention of Money Laundering**

#### **7.1. Brief History**

The crime of "money laundering" began to be defined in the 1980's, in relation to the fight against drug dealers.

The FATF-FATF (Financial Action Task Force/ Group Finncière d'Action), a leading international reference body in combating money laundering, and the principal agent of integration and coordination of international policies in this sense, was created in 1989 on the initiative of the G-7 countries and the European Union.

In Brazil, the first law that specifically defined the crime of "money laundering" was enacted in 1998 (Law 9.613/98), amended by Law 12.683/12. In the same year, COAF (Council for Financial Activities Control) was also created as a government agency designated to combat money laundering. The crime of money laundering is classified, under Brazilian law, as a derivative crime, in other words, it depends on a criminal offense to occur and shall be punished with up to ten (10) years imprisonment, such penalty being increased if involvement with criminal organizations is established. The Law also established several control mechanisms and duties of denunciation, as well as a special Official Body to supervise the occurrence of such violations.

## 7.2. Legal base

Money laundering activities have been repressed by national and international authorities, through specific laws and inspections, which have been combating such problem and adopting preventive measures in order to avoid its escalation.

Brazil has been internationally recognized by its actions aimed at combating and preventing money laundering.

Besides Law 9.613/98, as amended by Law 12.683/12, the following other rules deal with "Money Laundering": (i) Central Bank Circular No. 3461 and other regulations enacted by BACEN; (b) CVM Instruction No. 301 and other reports and statements; and (c) the Resolutions and other rules issued by COAF.

Recently, Law 12.846, dated August 1, 2013, which came into effect in February 2014, was enacted to combat the practice of unlawful acts against the Brazilian and foreign public administration. Law 12.846/13 imposes administrative and civil liability on corporations for the practice by their employees and executives of these unlawful acts against the public administration.

Law 12.846 imposes several types of penalties from the application of fines of up to twenty per cent (20%) of a company's revenue, property loss, interruption of activities, up to compulsory dissolution of the company.

The Company undertakes to abide with all Brazilian Law and take any and all possible measures to avoid the Company or any of its subsidiaries, agents or employees acting in violation of the Brazilian law. Brazilian anti-corruption law is in accordance with the anti-corruption international standards (Group d'Action Financière/Financial Action Task Force - "GAFI/FATF") provisions.

## 7.3. General Theory

Pursuant to Law 9.613/98, to conceal or disguise the nature, source, location, disposition, transferring or ownership of property, rights or securities, directly or indirectly, is regarded as a crime.

Therefore, money laundering can be regarded as the process by which the criminal transforms resources from illegal activities into assets with an apparently legal origin.

The "money laundering" is not characterized as a simple act, but as a process that consists basically of three steps:

- (i) Placement;
- (ii) Stratification, Dissemination or Camouflage; and
- (iii) Integration.

In some events, the three steps mentioned above can be verified in a single transaction, but in general it is more likely to appear in separate ways, one at a time and over a period of time.

The three steps can be explained as follows:

- + During the Placement stage, the form of the funds must be converted to conceal their illicit origins. Upon entering the financial system, the placement phase is complete. Within the scope of the Company, this is stage must be avoided to prevent the entry of illegal funds.

- + In Stratification, Dissemination or Camouflage, the criminal tries to further disguise the path that links the assets to criminal activity. These transactions need to be disguised in order to be mixed with the many legitimate transactions that occur every day.
- + The step of integration consists of the most relevant compensation for the criminal. At this stage, the criminal transfer the assets to common economic activities (typically commercial investment, real estate investments or purchases of luxury goods).

#### **7.4. Precautions**

According to international organizations, there are some recommended practices to prevent involvement in "money laundering" transactions. Thus, the following guidelines should be observed:

- + Refuse any transactions with cash receipts (sales, services, financing);
- + Do not make cash payments;
- + Always use receipts that pass through the banking system (DOC, TED);
- + Do not conduct any business or financial transaction for the account of third parties unless it is a transparent, justified and feasible addition, is solid or enforced through banking channels;
- + Decline transactions with individuals or entities that cannot prove the origin of the money involved and which are not well known;
- + Decline transactions for large amounts that do not have a clearly-defined source and a solid economic, commercial and financial sense;
- + Decline suspicious transactions or that appear "miraculous " and/or appear "too good"; and
- + Avoid complex international financial transactions involving different money transfers in and/or between banks in different countries.

**We must emphasize that, within the scope of the Company, the deposit of assets in cash (money) is expressly prohibited.**

#### **7.5. Know Your Customer**

The concept of Know Your Customer - KYC is related to the Customer identification that must be verified before the completion of a transaction. If the Customer refuses or hinders the provision of information required, the Company shall not accept him as a customer.

The best documents for the identification of the Customer are those which can easily be lawfully attained.

The procedures for registration of the Customers of the Company shall be widely disseminated in order to minimize the legal and other risks related to the crime of money laundering.

To carry out Customer registration, the Company requires, at minimum, the submission of the following documents:

For individuals:

- + Full name;

- + RG (Identification Document);
- + CPF (Individual Taxpayers' enrollment number);
- + Proof of address;
- + Information as to whether he/she is a Politically Exposed Person; and
- + Commercial reference.

For entities:

- + Title/Company Name;
- + CNPJ;
- + By-laws in force;
- + Minutes of appointment of the legal representatives;
- + Proof of business address;
- + Documentation of the legal representatives (as the documents required for the registration of individuals); and
- + Commercial reference.

During the analysis of the KYC process for Legal Entities, the chain of corporate control should be identified up to the individual(s) who ultimately has(have) control over the legal entity, referred as the "Final Beneficiary".

Regarding the identification of the Final Beneficiaries from the 10% representation of the corporate capital, it is necessary to obtain registration data of the individuals related to the legal entity.

For legal entities incorporated as a publicly-held company or nonprofit entities, the individuals who exercise the control of the company must be identified, regardless of their percentage of interest, i.e., individuals authorized to represent such legal entities as well as its controllers, directors and officers.

The registration and KYC procedures of the shareholders of investment funds to be managed by the Company will be held by the administrators of the funds.

Besides obtaining the documents described above, information regarding the Customer shall be researched on the following websites/agencies:

- + Google ([www.google.com.br](http://www.google.com.br));
- + Internal Revenue Service (Receita Federal) ([www.receita.fazenda.gov.br](http://www.receita.fazenda.gov.br));
- + SERASA; and
- + Dun & Bradstreet.

In addition to the registration procedures, all Employees shall pay careful attention to the following types of Customers:

- + Customers of questionable integrity or honesty;
- + Customers that refuse or hinder the provision of information or documentation required;

- + Customers related to trade activities doubtful in their origin or where the revenue allocated to the business initially is incompatible with the type of business;
- + Customers that demonstrate disregard or do not worry about redemption dates, rates and fees, resulting in income losses;
- + For legal entities, it is necessary, whenever possible, to verify the production line, analyze its facilities, production volume and equipment;
- + For individuals, it is important, whenever possible, to visit Customers at their offices to verify the nature of their activities and sources of income;
- + Customers offering soft money, gifts or kickbacks so that operations are carried out; and
- + Accounts of elderly or naïve Customers, controlled by people other than their families.

## **7.6. Tax Havens**

For all purposes set out in legal provisions, tax havens are the countries that do not tax income, tax it at a rate of less than 20% or where domestic legislation imposes secrecy on the corporate structure of legal entities or their ownership, in accordance with the provisions of tax legislation in force.

Except for Customers related to the above mentioned countries, all suspected cases must be reported immediately to the Compliance Department for the appropriate measures.

Considering that tax havens are commonly used for the practice of money laundering crimes, when the Customer is based in a jurisdiction defined as a tax haven the Compliance Department shall undertake a detailed investigation of documentation submitted for the purpose of registration of the Customer and shall ensure there is no evidence of practices that may characterize such crimes in the relationship between the Customer and the Company.

## **7.7. Consequences in case of involvement**

The hazards derived from involvement in "money laundering" transactions, voluntary or involuntarily, are quite obvious. The persons involved in the process of "money laundering" may be suspected of being accomplices of the criminals. These persons are likely to be prosecuted for those crimes and/or other related specifically to "money laundering".

In order to avoid any conviction, the persons involved shall at least demonstrate that they have taken all precautions and possible measures to ascertain the nature of the transactions and the source of the money.

Therefore, carrying out the process of due diligence is mandatory before engaging in new and/or potentially suspicious transactions.

Besides the risks of involvement in criminal activity, there are other more practical risks, such as:

- + (The money of illicit origin can be blocked or restricted creating serious economic and financial problems; and
- + The strong image risk associated with involvement in "money laundering" transactions, even if unintentionally.

The Compliance Department or the Compliance Officer should be consulted to clarify any possible questions or doubts.

## **8. Approval and signing of transactions**

The approval and delegation of authorities policy has been approved by the shareholders of the Goodman holding companies in May 2013.

The respective approval paper can be found in Appendix 1.

The Employees should familiarize themselves with the policy when seeking approval for certain transactions and/or expenditure.

## **9. Business Expenses Policy**

All expenses made on behalf of the Company can be claimed back on the basis of an approved expense sheet. Expense sheets need to be made timely and, at a minimum, on a monthly basis if any expenses have been incurred. The following rules must be taken into account:

- + Whenever possible, the Employee shall aim to have the expense billed directly to the Company instead of prepaying and claiming back reimbursement;
- + The expense must be business related and to an acceptable level;
- + The expense must be supported by a valid ticket/receipt; and
- + The expense must document the participants name and the purpose of the expense.

## **10. Gifts Policy**

It is common knowledge that giving and receiving business related gifts (including corporate entertainment) is an important part of building business relationships. However, all Employees must be careful and ensure that only *bona fide* gifts are given and received and which will not appear or influence any decision making process.

These are the general prohibitions regarding giving and receiving gifts:

- + The Employee must not give or receive cash payments or cash equivalents, e.g. gift certificates;
- + The Employee must not accept money or gifts as an inducement or reward for any act or in connection with any other matter or business transaction undertaken by or on behalf of the Company;
- + The Employee must not give or receive a gift if it could give rise to a reasonable perception that he/she may be influenced by the gift;
- + The Employee must not offer, promise or provide a bribe, in any form, to any person, either directly or indirectly, including the use of intermediaries;
- + The Employee must not accept bribes, either directly or indirectly, from any person;

- + The Employee must not make political donations in the name of the Company or any of its related companies or trusts; and
- + The Employee must not give or receive illegal or controlled substances.

In giving or receiving gifts, the following guiding principles should be considered:

- + The monetary value of the gift and/or entertainment should not be excessive;
- + How often the gift or entertainment is given or received, e.g. gifts that are given or received at regular intervals may lead to the perception that they are unreasonable;
- + How many people have been offered the gift or entertainment e.g. gifts that are given or received by multiple people may be deemed inappropriate;
- + Whether the gift or entertainment is given or received with the intent or prospect of influencing the recipient's business making or inducing a person to carry out their role improperly;
- + The circumstances surrounding the giving or receiving of the gift and/or entertainment e.g. the seniority of the person who receives or gives the gift or entertainment, the standards or norms operating in the relevant sector and local customs;
- + Whether the gift and/or entertainment could be perceived as being unreasonable, excessive and disproportionate or imposing a right on the giver or an obligation on the recipient; and
- + The Employee must not accept offers of free travel or free accommodation unless he/she is specifically authorized to do so by his/her direct Director.

Gifts can include corporate merchandise, meals, drinks, free seminars and should not be excessive or inappropriate. The Employee should use his/her good judgment whether or not to give/ accept the gift. Depending on the value, approval may be required as follows:

- + For Employees:
  - up to R\$ 300,00 (three hundred Brazilian Reais), no approval is required;
  - from R\$ 300,00 (three hundred Brazilian Reais) to R\$ 2.000,00 (two thousand Brazilian Reais), approval from the direct Director is required.
- + For Directors:
  - up to R\$ 500,00 (five hundred Brazilian Reais), no approval is required;
  - from R\$ 500,00 (five hundred Brazilian Reais) to R\$ 5.000,00 (five thousand Brazilian Reais), approval from the direct Director is required.
- + All gifts in value above R\$ 5.000,00 (five thousand Brazilian Reais) shall be previously approved by the Director President (CEO) of the Company and gifts to the CEO must be previously approved by the Board of Directors of the Company.

**The Employees shall not offer to nor receive any type of gifts from public officials, agencies or government authorities.**



Any gifts received or offered by the Directors or Employees must be properly recorded in the gifts register, which shall be kept by the Compliance Department.

## 11. Related party policy

In accordance with Technical Pronouncement CPC no. 5 and with CVM Resolution No. 642/10, "Related Party" means any individuals or entities:

- (i) directly or indirectly through one or more intermediaries: (a) who controls, are controlled by, or are under common control with the Company; or (b) that has/have an interest in the Company and that give(s) it significant influence over the Company;
- (ii) which are affiliated companies (coligadas) of the Company, pursuant to Law No. 6.404/76;
- (iii) that are considered key persons, i.e., those who have a management position in the Company, its subsidiaries or its controlling shareholders;
- (iv) which are, in relation to any person mentioned in item (i) or (iii) above: (a) spouse or partner; (b) consanguineous ascendants (such as parents, grandparents, great grandparents, etc.) or by affinity (such as stepfathers, stepmothers, in-laws); (c) consanguineous descendants (such as children, grandchildren and etc.) or by affinity (such as stepchildren, daughters-in-law, sons-in-law, etc.); and (d) the collaterals up to the second degree, consanguineous (such as siblings, etc.) or by affinity (such as in-laws, etc.);
- (v) which are controlled by any person referred to in items (iii) or (iv) above;
- (vi) which holds more than 10% (ten percent) of the corporate capital, directly or indirectly, of any person referred to in items (iii) or (iv) above; and
- (vii) any entity that provides a post-employment benefits plan to Employees of the Company.

Thus, in order to ensure equality and disclosure, and to ensure to the Company's shareholders, the Customers, and other stakeholders, that the Company adopts good corporate governance practices, the following conditions shall be observed in transactions involving the Company and Related Parties:

- + the transactions shall be performed on market conditions (arm's length principle) and in accordance with the provisions of this Manual of Compliance and also with other practices adopted by the Directors of the Company, such as the guidelines provided in the Code of Ethics;
- + the transaction shall be executed in writing, specifying its main characteristics and conditions, such as total price, unit price, terms, guarantees, tax payments, fees payments, obtaining of licenses, etc.; and
- + the transactions must be clearly disclosed in the financial statements of the Company with the materiality criteria established by the accounting standards.

When transactions between Related Parties and the Company fulfill the provisions of this item, if there is any Directors or Employee prevented from acting on the matter because of potential Conflict of Interest, he/she shall declare himself/herself prevented, explaining his/her involvement in the transaction and providing details of the transaction and of the parties involved, otherwise he/she will be subject to the applicable sanctions provided in this Manual of Compliance and in the Code of Ethics.

The following transactions between the Company and Related Parties are prohibited:

- (i) transactions under conditions that do not meet market conditions;
- (ii) loans or advances granted by the Company to Related Parties, unless unanimously approved by the Board of the Company; or
- (iii) services hired by the Company from Related Parties that (a) are not normally rendered or offered to the Company, or (b) involve unjustified or disproportionate consideration vis-à-vis the value generated to the Company.

## 12. Business Continuity Plan

In this chapter, we will address the access risk minimization (also known as risk of disasters). Facing this possibility, the Company decided to implement a Business Continuity Plan ("BCP").

In countries such as the United States of America and England, the Business Continuity Plan (BCP) is considered of vital importance for companies, but in Brazil, it is still not widespread. This main objective of this plan is to set-out emergency situations that may disrupt the company's business and outline the strategies and planning for resumption of activities in a short period of time, thus minimizing the negative impact of a possible disaster or contingency situation.

The BCP is composed of some studies and plans developed by the Compliance Department, which contains detailed procedures to be followed by Employees on the occurrence of events affecting any component, and hence the business process to be supported by Employees.

Within the scope of the Company, the BCP comprises the following items:

Operational procedures and routines of the Company - job description and layout of routines and procedures of all sectors of the Company. Additionally, the Compliance Department proceeds with risk analysis, control mechanisms, compatibility of positions and functions, forms for filing and recommends action plans or improvement opportunities for each and every activity performed by the department under analysis.

- + Flowcharts - Preparation of flowcharts of all operational procedures and routines from every department of the Company.
- + Process Mapping - Mapping and layout of all critical processes of the Company consists of identifying how the processes occur within the Company, from the registration of the Customer to the execution of orders, to determine how they can be restored and maintained in possible crisis scenarios or in the event of impossibility of use of the Company's headquarters. This work is essential regarding the BCP.
- + Business Impact Analysis is elaborated through a questionnaire that aims to measure the effects on departments and/or subsidiaries of the Company in the event of a disaster or business interruption. Additionally, the objective is also to identify the necessary information, provided by all managers or heads of departments so that activities can be re-established before generating risks to the Company's business.
- + Analysis, Prevention, Identification, Management and Mitigation - The objective consists of separating the acceptable risks from risks of greater significance and providing data to assist in the evaluation and treatment of those risks. Risk analysis involves the verification of the sources of risk, their consequences and the likelihood of such effects occurring, aiming at

their prevention and/or mitigation, as well as taking measures for their management. The factors that affect the likelihood and consequences should be identified. A risk is analyzed by combining estimates of consequences and their likelihood, in the existing context, and may be conducted with different degrees of refinement, depending on the information and data available.

- + Crisis Management Plan - This plan relates the functioning of teams (human resources) before, during and after the occurrence of the event. Through this plan, the actions and responsibilities during the return to normality are defined.

### **13. Recording System**

The telephone conversations held with the Company and its Employees, to deal with any matters concerning the Customer's transactions, may be recorded and their content may be used as evidence to clarify issues related to their transactions. The recordings will be archived for a period of at least 180 (one hundred eighty) days.

### **14. Ethical Concerns**

This Compliance Manual aims to make the reporters feel confident about reporting improper conduct by the Company, providing mechanisms to protect reporters from reprisal or from being disadvantaged.

But before a report is made, it is important that the concern is genuine and the report is not based on hearsay, gossip or rumors.

Where Directors or any other person(s) receive a report of allegation from an Employee this information should be documented and forwarded to the Compliance Department or directly to the Compliance Officer as soon as practicable after the report is made.

Confidentiality is a necessary part of disclosure to protect the welfare and reputation of both the alleged and alleged. The identity of the person making the allegation is kept confidential where possible. The Director or the person who receives the initial disclosure should pass the information onto the Compliance Department (or to the Compliance Officer) on a confidential basis. Unnecessary breach of confidentiality is a serious matter and will be subject to disciplinary sanctions.

During the investigation process the Compliance Officer must undertake a review of the matter reported<sup>1</sup> and perform the necessary investigation (both internal and externally).

Also, the Compliance Officer must take all reasonably steps to ensure that the Employee reporting the matter is treated fairly and is afforded confidentiality. However, it should be noted that if a false, frivolous or defamatory allegation is presented then the individual may be subject to disciplinary sanctions.

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<sup>1</sup> See also Section 15 of the Code of Ethics and Internal Policies.

## **15. Final information and warnings**

This Compliance Manual was prepared in order to present, in detail, the rules of Compliance to all Employees, to provide clarification regarding the internal policies and guidance, and to emphasize the relevance of the observation and the compliance with such rules.

The Directors expect the good judgement of all Employees regarding the observation of all rules and in the effectiveness of the report by Employees of any violations of rules to the Department of Compliance.

This Compliance Manual is property of the Company and shall not be copied or used by unauthorized persons for any reason.

All Employees, without exception, shall declare to have read and completely understood the contents of this document. Therefore, we emphasize that any doubts or clarification requests regarding this Compliance Manual shall be directed exclusively to the Compliance Officer.

## **COMPLIANCE DEPARTMENT**