

## **INTERNAL REGULATIONS OF THE AUDIT BOARD OF ETERNIT S.A.**

### **1. OBJECTIVE**

1.1. These internal regulations ("Regulations") have the objective of disciplining and regulating the exercising of the legal and statutory responsibilities of the Audit Board ("Audit Board" or "Supervisory Board") of Eternit S.A. ("Eternit" or "Company"), as well as the relationship between the Audit Board and the other corporate bodies, observing the terms of the Company Bylaws ("Company Bylaws") and the legislation in force, as well as good corporate governance practices.

### **2. MISSION**

2.1. The Audit Board (or Supervisory Board) is a body that is independent of the Executive Board and the Board of Directors, which aims to maintain inspection and control over the Company, by monitoring the acts of the Managers and fulfilling its legal and statutory duties.

### **3. SCOPE OF OPERATION AND RESPONSIBILITIES**

3.1. The Audit Board is a collegiate body, which does not function on a permanent basis, only being installed by the General Shareholders Meeting at the request of shareholders representing the quorum required by law or by the regulations issued by the CVM, and is governed by these internal regulations.

3.2. The main responsibilities of the Audit Board, particularly those related to the inspection and control of the Company, are defined in Article 163 and follow Brazilian Corporation Law, without prejudice to the other additional attributions governed in a general way by the same law, such as the convening of the General Shareholders Meeting and the receiving of communications with respect to failures of legal compliance by the managers, as defined in Articles 123 and 158 of the aforementioned law.

#### **4. COMPOSITION, MANDATE AND INVESTITURE**

4.1. In accordance with Eternit's Company Bylaws, the Audit Board is composed of a minimum of 3 (three) and a maximum of 5 (five) full-time members and their respective alternates, resident in Brazil, who may or may not be shareholders.

4.2. Election to the Audit Board, when requested, will take place annually, at the Annual General Meeting (AGM), respecting the terms contained in Eternit's Company Bylaws.

4.2.1. Any member of the Audit Board elected at a time different to when the others were elected, will have his or her management term set to end on the same date as the other members.

4.2.2. The management term of the Company's Audit Board will extend to the next Annual General Meeting, with re-election being permitted one or more times.

4.3. Conditions for the investiture of an Audit Board member:

(i) the signing of a term of investiture, duly written up in the book of Board Meeting Minutes, under the terms as defined by Law;

(ii) the signing of a term of consent to the Listing Regulations of the Novo Mercado, by which they commit themselves to compliance with the rules therein, as well as the rules established in the Company Bylaws, Internal Regulations, and the Company's Policies and Code of Conduct;

(iii) the signing of a term of adhesion to Eternit's Manual for Disclosure and Use of Information and Securities Trading Policy;

(iv) the signing of a term of adhesion to any other manuals and/or codes that the Company comes to adopt;

(v) the providing of a declaration that they are not legally impeded from carrying out their duties, being answerable before the law and the declaration signed, which will be filed at Eternit's headquarters.

## **5. RESPONSIBILITIES OF THE SUPERVISORY BOARD**

5.1. The responsibilities of the Audit Board are set out in Brazilian Corporation Law.

5.2. At least one of the members of the Audit Board, preferably the Audit Board' Coordinator, will attend the meetings of the Board of Directors at which he or she will provide an opinion on the subject matters deliberated on.

5.3. The Audit Board, at the request of any of its members, may request clarification from the independent auditors, or information needed to verify specific facts.

5.4. The Audit Board will prepare a work plan, with a view to ensuring that its responsibilities are in accordance with the legal standards, which must contain:

(i) definition of the scope and depth of the analyses to be carried out;

(ii) sufficient coverage so as to being able to ensure the certification of the relevant information for inclusion in the various instruments of disclosure; and

(iii) approval by the Audit Board for the permitting of the division of tasks to facilitate its analysis and operation.

## **6. DUTIES AND OBLIGATIONS**

6.1. The members of the Audit Board will exercise the responsibilities that the Law and the Company Bylaws confer upon them, to act in the Company's interest and profitable operation, with strict observance to that set out in these Internal Regulations, always acting with the maximum possible independence with respect to any shareholder or group of shareholders who have elected them to their post.

6.2. The members of the Audit Board have the same duties as the managers, which are covered by Articles 153 and 156 of Law 6404 of 1976, and are answerable for any damage resulting from failure to fulfill their duties or acts carried out, either through blame or fraud, or through violation of the Law or Company bylaws.

6.3. The members of the Audit Board, in addition to observing the legal duties inherent in their post, must also conduct themselves in accordance with high ethical standards, observing and encouraging good corporate governance practices.

6.4. Any one member of the Audit Board is not responsible for the illicit acts of other members, except for those in which he or she has connived, or has contributed to the practice of such acts.

6.5. Responsibility of the members of the Audit Board for failure to comply with their duties, is jointly assumed, but any dissident member is exempt from this who records his or her difference of opinion in the meeting minutes of the board, and communicates this to the management bodies and the general shareholders meeting.

6.6. It is the duty, of at least 1 (one) of its members to appear at the General Shareholders Meetings and respond to requests for information formulated by the shareholders.

6.7. In the event of the possible absence of a full-time member of the Audit Board, it is the duty of the alternate member of the Audit Board to appear at the routine and extraordinary meetings convened by the respective full-time member.

6.8. It is the duty of every member of the Audit Board, in addition to those imposed on them by law, in the applicable legislation and the Company Bylaws:

- (i) to appear at the meetings of the Audit Board fully prepared in advance, with examination of the documents placed at their disposal, and participate in the meeting actively and diligently;

- (ii) to participate on the Audit Board seeking to create value for the Company and defend the long-term interests of all the shareholders;

- (iii) to provide information annually to the Board of Directors with respect to any other boards (boards of directors, supervisory boards or advisory boards), including committees, in which they participate, in addition to their main activity. Any significant alteration in these positions must be communicated immediately;

- (iv) to allow sufficient time for members of the Audit Board to actively and assiduously perform their responsibilities;

(v) to maintain confidentiality with respect to any and all information of the Company to which they have access by reason of their position, complying with the practices established and subscribed to in the "Manual for the Disclosure and Use of Information and Securities Trading's Policy of Eternit S/A", in its item 3.10, which covers the theme "Privileged Information and Duty of Confidentiality", as well as requiring the same confidential treatment from professional staff who provide them with advice, using the information only for the exercising of their function as members, being answerable for any act which contributes to its undue disclosure;

(vi) to inform the Company of the nature and dealing of any transactions carried out in securities issued by the Company, its controlling shareholders or subsidiaries, in these two latter cases provided that these are listed companies. Additionally, Audit Board members must provide information on the securities that they own themselves, or any owned by a spouse that is not legally separated, or a boyfriend or girlfriend, or any other dependent included in their annual income tax declaration, as set out in Article 11 of CVM Instruction No. 358/02;

(vii) whenever requested by the Company, to return any documents obtained by reason of their position as members of the Audit Board, being not allowed to retain any copy, registration or annotation; and

(viii) to make every effort to ensure the adoption of good corporate governance practices by Eternit.

## **ACTIONS PROHIBITED FOR MEMBERS OF THE AUDIT BOARD**

7.1. Members of the Audit Board are prohibited from:

(i) granting, offering, approving or deciding on financial loans, or the transfer of assets or rights, be they movable or fixed assets, free of charge or charged for, to any shareholder, controlling shareholder or not, or to members of the Board of Directors or Executive Board, except when deliberated on at the General Shareholders Meeting, and in the manner set out in Eternit's Company Bylaws, without prejudice to the benefits of the statutory managers, whether or not guaranteed by the regular adoption of

human resources policy, in the manner set out in the internal regulations here defined;

(ii) receiving any undue or disproportional advantage by reason of the position that they exercise;

(iii) using, for their own benefit or the benefit of others, without prejudice to Eternit, commercial and investment opportunities to which they have knowledge by reason of the position that they exercise;

(iv) failing in the exercising or protection of the rights of Eternit all, with a view to gaining advantage, for themselves or others, or failing to take advantage of business opportunities in the interest of Eternit;

(v) acquiring, through profitable resale, assets or rights that they know are necessary to Eternit or having the intention to acquire them;

(vi) using privileged information for the obtaining of personal advantage, or for the advantage of others;

(vii) trading in the securities of Eternit in the period prior to the publication of material facts or events related to the Company's businesses, of which they have knowledge. This prohibition is also applicable to the period of 15 (fifteen) days prior to the publishing of the Company's quarterly results, annual results and financial statements, as set out in Article 15 of CVM Instruction No.358/02; and

(viii) participating, directly or indirectly, in the management of companies that operate in competition to Eternit or its subsidiaries.

7.2. It is forbidden for alternate members of the Audit Board to take part in routine or extraordinary general meetings, without the dew convening of their respective full-time member.

## **COORDINATOR OF THE AUDIT BOARD**

8.1. At the first meeting that is held after their election, the members of the Audit Board shall elect their Coordinator, by at least a majority vote of its members.

8.2. The Coordinator of the Audit Board shall have the following responsibilities, without prejudice to the others conferred on him or her by Law:

- (i) to ensure the efficiency and good performance of the body;
- (ii) to ensure that the activities of the Audit Board are compatible with the interests of the Company, its shareholders and other interested parties (stakeholders);
- (iii) to ensure the efficiency of the monitoring and evaluation, by the Audit Board, of the Company, the Board of Directors, the Executive Board and individually the members of each of these bodies;
- (iv) to organize and coordinate, with the collaboration of the board's secretary, the agenda for the meetings;
- (v) to coordinate the activities of the other members of the Supervisory Board, and the meetings of this body;
- (vi) to ensure that the members of the Audit Board receive complete information in a timely manner with respect to the items included on the meeting agendas;
- (vii) to be the spokesman for the Audit Board with respect to the other management bodies; and
- (viii) to propose to the Company an annual work calendar for the exercising of the board's functions.

## **9. SUBSTITUTION, VACANCIES AND IMPEDIMENTS**

9.1. The function of a member of the Audit Board cannot be delegated. In the event of resignation, death, impediment or unjustified absence from two consecutive meetings, the respective member of the Audit Board will be replaced in a permanent manner, up to the termination of the current mandate, by the respective alternate member, up until the time the new member is elected, respecting the legislation in force, who must be chosen by the same party that nominated the replacement.

9.1.1 The Audit Board member can request, without prejudice to his term of office, leave of absence from his position as Audit Board member, through written communication to the Board and the Investor Relations Officer. The Audit Board member will be replaced permanently, until the end of the term of office, by the respective alternate member, while the former becomes the alternate member.

9.2. In the event of resignation or impediment of the alternate member, a General Meeting of Shareholders may be convened in a timely manner to nominate a new member of the Audit Board and their respective alternate member.

9.3. The Coordinator of the Audit Board shall appoint, from among other Audit Board members, his replacement in the event of his absence or temporary impediment.

9.4. In the eventuality of any temporary impediment which makes it impossible for there to be a minimum quorum of Audit Board members, a General Shareholders Meeting shall be immediately convened for the election of sufficient members to permit the due functioning of the Audit Board.

9.5. Whenever any Audit Board member is unable to participate in the meetings, he should directly inform the coordinator of the Board at least three (3) days in advance so that his alternate member can be called in his place, failing which the absence will be treated as unauthorized leave.

## **10. FUNCTIONING OF THE AUDIT BOARD**

### **10.1. ANNUAL CALENDAR**

10.1.1. The Company, when an Audit Board is installed, will organize the first meeting within the shortest time possible. If the Company does not do so, the Audit Board Members elected must convene themselves for the first meeting of the Audit Board.

10.1.2. After election of the Audit Board' Coordinator, this person must propose the annual calendar for routine meetings of the Audit Board for the exercising of its functions, on which occasion the following minimum aspects will be decided on:

(i) An annual calendar for routine and extraordinary meetings for the length of the mandate term, always in harmony with the Company's corporate events calendar submitted to BM&FBOVESPA.

## 10.2. CONVENING OF MEETINGS

10.2.1. The frequency of routine meetings shall be determined in such a way as to guarantee the effectiveness of the Audit Board's work, with a minimum of one meeting every 3 (three) months.

10.2.2. The Audit Board shall also meet on an extraordinary basis, whenever convened in writing, by fax, e-mail or letter, with proof of receipt, at the request of any of its members, with the convening notice duly containing the date of the meeting, the time for its start and finish, and the subjects on the order of the day to be debated on at the meeting. The request must be filed through the coordinator of the Audit Board, who will take the necessary measures to ensure the meeting's convening.

10.2.3. In the event of the Coordinator not responding to a request from any other member of the Audit Board within a period of 15 (fifteen) days, failing to act, being silent, or even impeding the request, the meeting may be convened directly by 2 (two) members of the Audit Board in combination.

## 10.3. LOCATION

10.3.1. Meetings of the Audit Board, whether on a routine or extraordinary basis, will preferably be held at Eternit's headquarters, or at a previously designated location.

10.3.2. In the event of urgency, meetings may take place via conference call.

## 10.4. EXECUTIVE SESSIONS

10.4.1. The Coordinator of the Audit Board must include in the annual calendar, and may include in the convening notices for the routine or extraordinary meetings, meetings or sessions earmarked for the evaluation of monthly financial statements, without the presence of members of the Board of Directors, Executive Board or employees of the company, or its subsidiaries.

10.4.2. The convening notice for the meeting of the Audit Board, for any session or sessions that deal with the item above, must

mention these said items, and must address all the Members of the Audit Board.

10.4.3. The meeting minutes of the sessions that deal with item 10.4.1 must be duly written up in the record book and filed as part of the Audit Board meeting minutes.

## 10.5. INSTALLATION, CONVENING AND REPRESENTATION

10.5.1. Meetings of the Audit Board, either routine or extraordinary, shall be installed, with the presence of a minimum of the majority of its full-time members.

10.5.2. In the event of the designation of an alternate member to exercise their function, the full-time member must notify the Company and the other members of the Audit Board with a minimum advance notice of 3 (three) days.

10.5.3. Each member of the Audit Board, in the exercising of their duties, shall have the right to 1 (one) vote, whether personally, or through their respective alternate member, through its presentation and delivery to the secretary, for filing with Company Headquarters, (i) of a specific letter for the meeting in question, and (ii) the written vote of the absent member of the Audit Board, justifying his or her absence.

10.5.4. Recommendations and/or decision shall always be taken by a majority of those present.

10.5.5. Meetings of the Audit Board shall be presided over by the respective Coordinator, observing the provisions in item 9.3 herein.

10.5.6. In addition to members of the Audit Board, the Secretary will participate in the meetings, without the right to vote.

## 10.6. PRESENCE OF THIRD PARTIES

10.6.1. The Coordinator of the Audit Board, at his or her own initiative, or at the request of any member of the Audit Board, may convene directors and/or employees of the Company, without the right to vote, to attend meetings and provide clarification or information with respect to matters for their appreciation.

## 10.7. DISTRIBUTION OF DOCUMENTATION

10.7.1. The Secretary, or in the event of his or her absence, the Coordinator of the Audit Board, or whomever designated by him, within up to 7 (seven) days before each meeting of the Collegiate, whenever possible, must distribute information with respect to the matters to be discussed at the meeting.

10.7.2. Matters submitted for appreciation by the Audit Board if so instructed by the Executive Board or the Company's Competent Bodies, shall be accompanied by a legal report, whenever necessary for examination of the material.

## 10.8. SECRETARY

10.8.1. The Company shall nominate, from among its employees, the Secretary for the Audit Board, who shall have the function of mediating between the members of the Audit Board and the various hierarchical levels of the Company. The nomination will take place at the first meeting of the Audit Board.

10.8.2. The Secretary for the meetings of the Audit Board will have the following responsibilities:

(i) organization of the agenda of matters to be dealt with, based on the annual calendar of meetings of the Audit Board, or at the request of the members of the Audit Board, and submit these to the coordinator of the Audit Board, for subsequent distribution;

(ii) providing the complete logistics for the holding of the Audit Board meetings;

(iii) carrying out the convening process for the meetings of the Audit Board, making sure that the members of the board - and possible additional participants - are made aware of the location, date, time and order of the day for the respective meetings;

(iv) to carry out the secretarial function of the meetings, duly drawing up and writing in the respective meeting minutes, and other documents in the record book and collecting the signatures of all the members of the Audit Board participating in the meeting, in addition to registering the appearance of any meeting participants invited; and

(v) filing the meeting minutes and decisions taken by the Audit

Board with the respective competent bodies and ensuring their publication in official press vehicles and major circulation newspapers, if this is called for.

## 10.9. MEETING AGENDAS

10.9.1. The Audit Board Coordinator, with the help of the secretary, will prepare the meeting agendas.

10.9.2. The meeting agenda and the documentation necessary for the appreciation of the subject matter contained in it shall be delivered to each member of the Audit Board, whenever possible, one week in advance of the date of the meeting. In the event of an extraordinary meeting, convened with urgency, it will be up to the Audit Board Coordinator to define the minimum notice period within which the meeting agenda and documentation must be distributed.

10.9.3. The business of the meetings shall obey the following order:

- (i) declaration of the opening of the meeting;
- (ii) providing of initial clarifications by the Coordinator;
- (iii) succinct reading, without separation or omission, of the Order of the Day for discussion to be submitted for voting;
- (iv) presentation, discussion, distribution of proposals and voting on the subjects on the Order of the Day, in the order proposed by the Coordinator; and
- (v) presentation of proposals, reports and communications from the members.

10.9.4. If unanimously decided on by members of the Audit Board, the Coordinator may include an important matter on the agenda for deliberation that is not included on the original agenda.

## 10.10. DISCUSSION, DELIBERATION AND MINUTES

10.10.1. Discussions having been brought to a close, the Coordinator shall then collect the votes from each member of the Audit Board.

10.10.2. Sessions must be suspended or closed, when circumstances

require it, at the request of any member, and with the approval of the Audit Board.

10.10.3. In the event of a session being suspended, the Coordinator will set the date, time and location for its continuation, waiving the need for further convening of the Audit Board Members.

10.10.4. Subject matter, and decisions taken at Audit Board Meetings supervisory board shall be considered valid if there is a vote in favor by the majority of members present, with the meeting minutes duly written up and registered in the record book for meeting Minutes of the Audit Board, and whenever decisions are taken that involve effects on third parties, the extract of the meeting shall be filed, published and/or disclosed with the competent bodies.

10.10.5. The meeting minutes shall be written up in a clear manner, with the recording of all the decisions taken. These must be signed by all those present and must be the object of formal approval.

10.10.6. Decisions of a strategic nature for the Company, or which could put legitimate interests at risk, must, at the request of the Company, be considered to be of a confidential nature, either as a whole or in part, and must not be disclosed, as per the legislation in force.

## **11. RELATIONSHIP WITH THE MANAGEMENT BODIES OF THE COMPANY**

11.1. The Audit Board should have a good working relationship with the management bodies of the Company, with care being taken to avoid overlapping of tasks.

11.2. Members of the Audit Board will meet periodically with members of the Board of Directors to deal with matters of common interest, with the objective of supporting and assisting in the mutual understanding of critical themes that affect the Company's processes, in addition to those determined by law on which the Audit Board has a legal obligation to provide an opinion.

11.3. The Audit Board is an ally of the Executive Board. The directors may use the Audit Board as a way of protecting and supervising, so as to inhibit acts and procedures, as well as an independent arbitrator, or for collaboration, on situations involving conflict of interest.

11.3.1. In its operation, the Audit Board should take care not to interfere in decisions relating to management, or strategic directives, responsibilities which fall to the Executive Board and the Board of Directors.

11.3.2. The Executive Board shall establish mechanisms that ensure access to information is provided in advance to the Audit Board, whenever it has to be present at a meeting of the Executive Board or the Board of Directors.

11.3.3. The Executive Board has the duty to provide to members of the Audit Board, in a timely manner, all the information necessary for the carrying out of its responsibilities, including the providing of copies of specific documents requested.

11.4. The relationship with the Audit Committee, as well as the independent and internal auditors has the objective of establishing a culture of involvement, proactive participation and inter-dependent responsibility.

11.5. With the purpose of facilitating and establishing order in communications with other management bodies, queries and requests for information by members of the Audit Board should be sent through the Audit Board' Secretary, who will then take the measures necessary.

## **12. BUDGET AND REMUNERATION OF THE AUDIT BOARD**

12.1. The Company's Audit Board shall have its annual budget included in the Company's general budget, with the objective of ensuring the funding and resources necessary to fulfill its legal and statutory functions.

12.2. The Audit Board' annual budget should include expenses with respect to professional external consultations for the obtaining of specialist advice on matters of importance for the Company.

12.3. The remuneration of the Members of the Audit Board shall be set annually at the Annual General Meeting, at which they are elected, and cannot be less, for each active member, than 10% (ten percent) of that attributed to each Executive Director, not including benefits, representation fees, bonuses or profit-sharing.

12.4. Remuneration will be checked and paid on a monthly basis to members of the Audit Board. Credits to bank accounts shall occur on the last day of the month.

12.4.1. Remuneration of each member of the Audit Board is linked to their effective participation in the exercising of their function:

- (i) presence at routine and extraordinary meetings;
- (ii) presence at internal working meetings of the Audit Board, whether they be in person or via conference call;
- (iii) exchange of electronic messages or correspondence with other members of the Audit Board;
- (iv) effective analysis of all the information placed at the disposal of the member of the Audit Board by the Company;
- (v) the presentation, to other members of the Audit Board, of an Individual Review of Monthly Balance Sheets and a Review Report on Quarterly Information, in which shall be summarized the main points of the analysis of the information received from the Company, making the appropriate recommendations, with these reports being subsequently consolidated by the Audit Board into a single document, and placed at the Company's disposal.

12.4.2. Alternate members of the Audit Board will be entitled to remuneration only in months when their respective full-time members are absent from participation in the meetings, in accordance with the terms of item 12.4.1 above, and following prior communication by the other members of the Audit Board, to the Company.

12.4.3. The full-time Coordinator of the Audit Board will receive the same remuneration that is of the other Audit Board Members; shall not receive additional remuneration for their participation on Committees and/or Commissions, even if eventually.

12.4.4. The members of the Audit Board shall not receive additional remuneration for their participation on Committees and/or Commissions.

12.5. Expenses necessary with regard to the attendance of meetings or in the performance of the functions of the members of the Audit Board, either full-time or alternate (when convened), shall be borne by the Company, in accordance with the legal dispositions in force, upon presentation of proof of expenses.

### **13. PERFORMANCE EVALUATION**

13.1. On an semiannual basis, the Audit Board will carry out an assessment of its performance, with a view to improving its functioning, with the methodology adopted being duly approved by the members of the Audit Board, with their inclusion in the general evaluation process.

13.1.1. The coordinator of the Audit Board will present the methodology to be adopted to evaluate the performance of the board and its members.

### **14. CASES OF OMISSION**

14.1. Any omissions from these internal regulations, queries with respect to their interpretation, or possible alterations in their content, shall be resolved by the Coordinator of the Audit Board, subject to approval by the Audit Board.

### **15. VALIDITY AND ALTERATIONS TO THESE INTERNAL REGULATIONS**

15.1. These internal regulations come into force on the date of their approval by the Audit Board, and shall be filed at Eternit's Headquarters.

15.2. These regulations have an undetermined validity period, and may be altered at any time by the Audit Board, by means of a majority vote of its members.

15.3. Any prior statutory norms shall be considered to be hereby revoked.

*These regulations were approved at a meeting of the Audit Board on June 10, 2013, amended on July 16, 2014 and on May 10, 2017.*