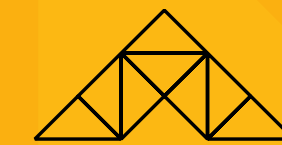




# anti-corruption

AND GOOD  
PRACTICES  
MANUAL



ALPARGATAS

Help us make  
our work  
environment  
more ethical  
and upstanding.

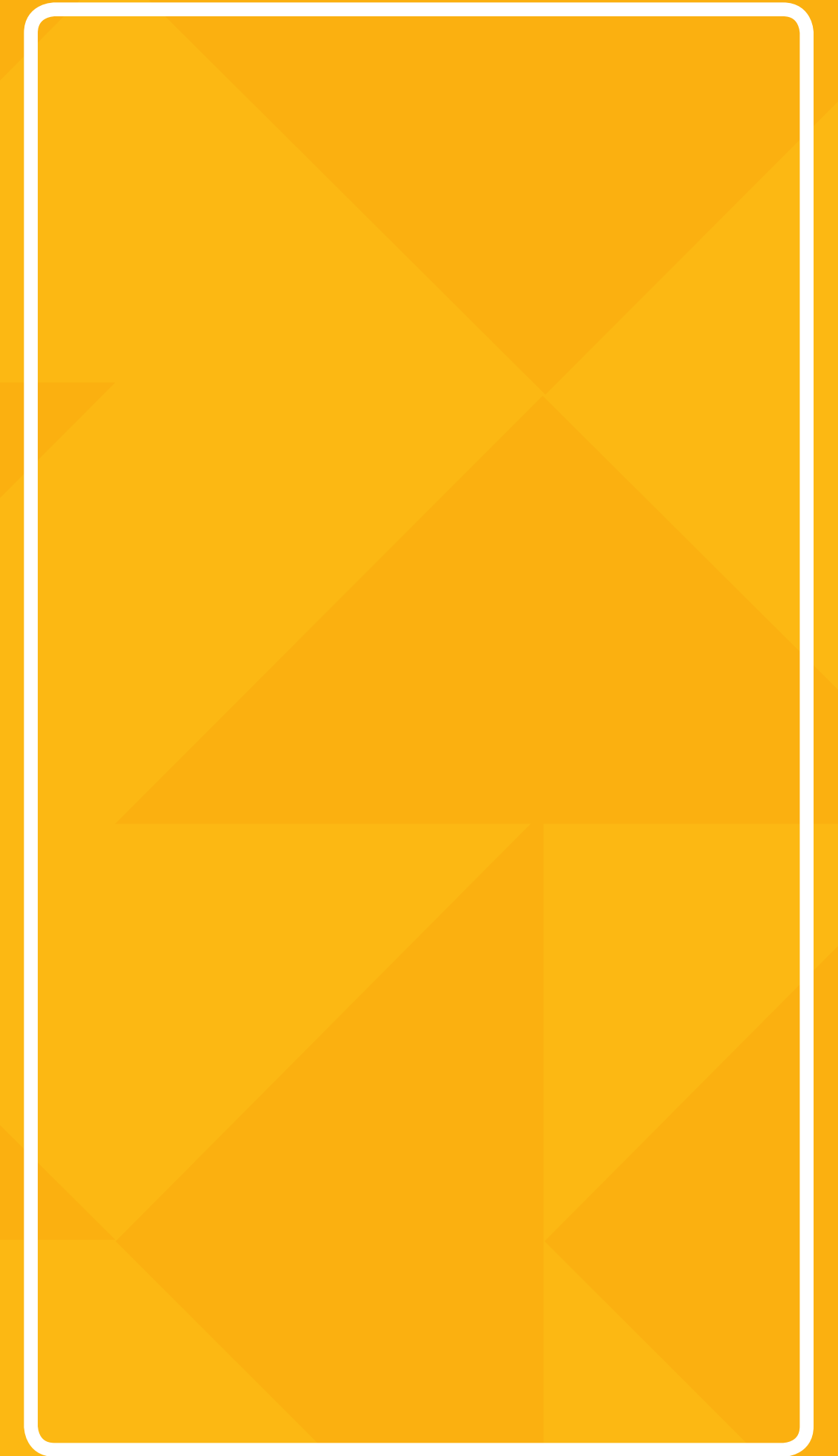
The Alpargatas Anti-Corruption and Good Practices is an educational guide, made in a question and answer format, to clarify many questions associated to **corruption and illicit activities**, which may arise in the corporate environment.

It materializes our Senior Management's commitment to address issues that are so harmful to society, as we believe that **for Alpargatas to grow in a sustainable way, it is necessary to preserve a fair and honest environment**, with an upstanding and ethical behavior from our people and our partners.

**This is a task for all of us.** Therefore, read this manual carefully, question and point out problems associated to these themes. The Compliance area is ready to welcome and support you in the journey towards a better world.

# CORRUPTION AND ILICIT ACTIVITIES

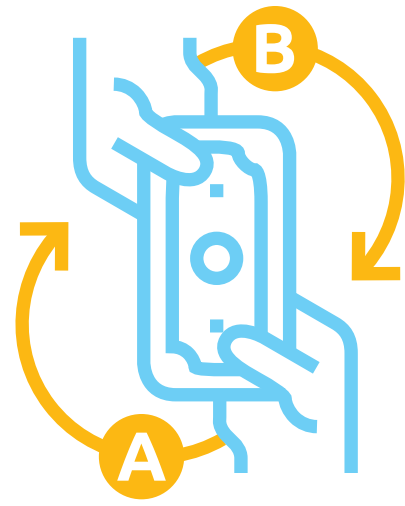
# OTHER QUESTIONS



# 1

## What is corruption?

**A** promises to give, to offer, or to deliver goods, money, gifts, or travel expenses to **B**, to convince **B** to give them an undue advantage.

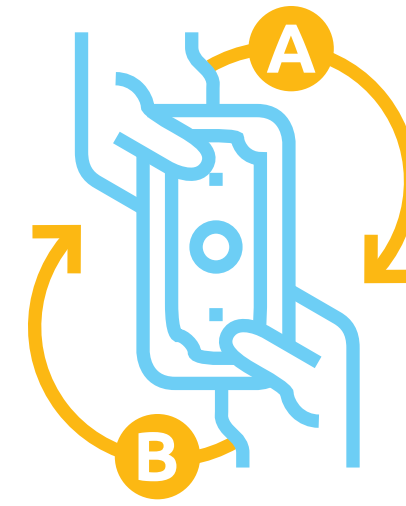


**B** accepts what is offered by **A** to repay them with an undue advantage requested.

**EXAMPLE:** **A** gives **B** a car so that **B** can do something they should not do (for example, pass on secrets to **A**, favor **A** in a hiring process, choose **A** in a bidding process, or influence someone so that a decision that could harm **A** does not happen).

It is an action, carried out directly or through someone, that involves offering, promising, or actually giving something (goods, money, gifts or travel expenses) in order to obtain an **undue advantage**. Corruption can also happen when someone asks or requests in order to, in return, do not do something.

**B** asks something from **A**, in exchange for giving, doing, or not doing something.



**A** agrees to give **B** what is requested to give themselves an undue advantage, which **B** will provide them.

**EXAMPLE:** **B**, **Public Official**, asks **A** for a bribe to release his goods held at Customs due to non-payment of taxes, speed up the release of a license, or fail to inspect an establishment.



# 2

## What are illicit activities?

Acts and omissions contrary to current legislation or moral. **Here are some examples that can happen in a company:**

# 3

## When does it happen?

The circumstances, which will favor corrupt practices and trigger all of their harmful effects, can happen **at any time, when the financial interests override ethics and integrity.**

Moments of financial difficulties, situations of crisis, pressure for results, urgency for returns and other situations can turn into someone's misconduct to accelerate gains through illicit means.

**So be aware when you feel that adversities could trigger for deviant behaviors. Ok?**

Corruption and illicit activities can happen between companies, between individuals and companies, between **public officials** and companies, or between public officials and individuals.

**These irregularities are not limited to specific sectors.** After all, those can arise when one of the parties is looking for an **undue advantage** and chooses to follow this tricky path through illicit means.

# 4

## Where does it happen?



# 5

## How to identify?

Sometimes it is not easy to realize that an illicit activity or corruption is taking place, as people with bad intentions tend to hide their true motivations.

**Pay attention to suspicious signs and share your perceptions with the Compliance area.**

Check out some examples:

**FINANCIAL INCONSISTENCY:** there are significant differences or variations between expected or planned amounts and the real found or registered amounts. **For example**, a small company with low revenue has expenses that are incompatible with the resources input, but still does not record a loss. Is the company omitting revenue? Are there expenses not being registered and are being assumed by third parties?

**SUSPICIOUS CONTRACTS:** you know that Alpargatas places several restrictions on entering into partnerships, those are ignored deliberately, and someone who was already rejected due to their record is being contracted without justification. It is important **to go deep and understand what has changed** so this person is now being hired.

**LIFESTYLE NOT COMPATIBLE WITH INCOME RECEIVED:** people without resources and cannot justify purchases of luxury goods, expensive real estate and extravagant travels may be giving us a **suspicious signal of the illicit origin** of their income.

**ATYPICAL REQUESTS:** when something goes out of the normal flow and is very different from what we are used to doing or granting, **pay attention and do not omit what is happening.** Be careful that your omission could get you in an ethical situation or in trouble with the law. Report in time for us to find a solution!

# 6

## How to react?

Collect evidences of what you suspect that is illicit and report. **Access the Compliance Helpline and send all the evidences you can get.** Remember: you can either identify yourself or do it in an anonymous way. If you wish, you can also look for the Compliance area.



### In practice!

If someone approaches you with illicit or unethical proposals, **be assertive and clear:** you are not authorized to make negotiations of this nature. Alpargatas do not conduct business in this way.

**Do not forget to be polite and friendly in all of your interactions,** so your attitude do not be misunderstood. Defend your principles so there is no space for ambiguity.

**Be careful to not fall into traps and snares** that may cost your job or cause damage to your reputation. Stay alert to suspicious signals and show that you do not agree with it, making it clear you are refusing it.



## 7

## How to avoid?

Often it is not in our power to prevent someone from approaching us incorrectly, promising illicit benefits or **undue advantages**. However, some simple tips are very effective in **preventing someone from being encouraged to propose something indecent**:

**Always have an impeccable attitude**, making it very clear to our interlocutor that you are honest and ethical in your way of being and acting.

**Do not attend meetings with Public Officials alone.** You must always be accompanied by a colleague and in an appropriate place. Record a summary of the meeting in the Form attached to the **Relationship with Public Officials Policy**, which should be sent to the Compliance area.

**Consult Alpargatas' rules:** Code of Conduct and Ethics, other policies and this Manual. You will understand the limits that we must respect. Very important themes such as donations, gift and courtesies, sponsorship, relationship with public officials, conflict of interests are detailed in our policies.

**Act responsibly when contracting partners** for Alpargatas (commercials, suppliers, franchisees and service providers). The Compliance area can run their background check and will alert you to risks in this partnership.

**Follow the formal procedure in the contracts and ask for support of the legal department for it.** Avoid making informal agreements that could leave room for corrupt practices. Signed contracts must contain anti-corruption clauses.

**Actively participate in all training sessions** that the company provides.

# 8

## Who can get involved?

Corruption or illicit activities can be carried out by variety of actors, **including company employees, administrators, directors, politicians, public officials, business partners, consultants or even service providers** acting on behalf of Alpargatas.

Sometimes, its unfolding occurs in a surreptitious, subtle or imperceptible way. Other times it can involve a complex web of interests and collusion between the parties, making it difficult to identify each person's role and who did what. So that you are not caught by surprise in a problem like this, **always keep your integrity radar working.**



# 9

## What are the prevention rules?

At Alpargatas we have many documents that address the risks of deviant behavior and guide us how to have a proper conduct. **Some important documents are:**

**Code of Conduct and Ethics**

**Gifts and Compliments Policy**

**Anti-corruption Policy**

**Sponsorship Policy**

**Relationship with Public Officials Policy**

**Donations and Gifts Policy**

**Conflict of Interests Policy**

**Anti-corruption and Good Practices Manual**

However, the theme does not end with the rules designed here at Alpargatas. The Brazilian and international legislation are rich and complex to combat and punish corrupt people and companies or the ones that adopt illicit practices when conducting their businesses. **Consult the Compliance area or the Legal department if you have questions about any laws.**

10

## Why is important to combat?

The practice of any illicit activity in business **erodes the security and transparency** that we need for fair market competition.

When corruption happens, it diverts resources into someone's pocket, instead of allocating them to the company's own activities or to the demands of society. Thus, **the opportunity of growing and evolving in a sustainable way is lost**, investment opportunities are stolen and all the efforts built over time are thrown away.

It **weakens our right to collect, as employees and citizens, the consideration for our deliveries**, whether for carrying out our work or paying our taxes.

## In practice!

**Click Here** to get to know more interesting information from the **Corruption Perceptions**, published by the Transparency International.



# 11

## Why is important to report?

The report allows us to **stop harmful consequences** that corruption and illicit activities bring to the company's business or in society.



### In practice!

Imagine that you, an honest person, work hard to close a sale and **discover that a colleague at the company was able to close the deal first, as they offered to share the commission with the customer.** This is not fair to you, who stopped receiving your commission, it is not fair to Alpargatas, as dishonest partners are deceiving it, and it is not fair to other customers who may be being damaged.

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**You are in a meeting and realizes that something illicit is going on.** If you stay silent and not report it, you can be considered a co-author of that irregularity. Just like the saying: **silence means consent.**



## 12

## What are the consequences?

Consequences are harsh. In Brazil and several countries around the world, there are various penalties established by local legislation.

### See some examples:

> Judicial decisions to recover assets;

> Prison sentences;

> Financial penalties for the company: in Brazil they range from 0.1% to 20% of the company's revenue;

> Confiscation of assets;

> Disqualification from holding public office or exercising a profession;

> Damages to reputation;

> Extradition and international cooperation;

> Publication of the company's condemnatory decision in the media;

> Dissolution, suspension, or partial interdiction of the company's activities;

> Regardless of the punishments established by law, Alpargatas also adopts disciplinary measures against offending employees.



## OTHER QUESTIONS / MEALS

**Can I pay for meals to public officials in an official visit at Alpargatas headquarters or plants?**

**Yes, as long as the amount does not exceed the limit established at our National and International Travels Policy**, and that is not an exception. Exceeding amounts or often payment of meals can be considered as **bribes**. This rule applies to all types of governmental authorities, public officials or related people, meaning individuals who have any type of relationship with public officials.

**Can I accept an invite to have lunch and dinner made by a public official?**

**That does not sound good.** If the goal of this moment is to meet you, suggest that the meeting at our office/plant, and remember to not go alone. If you have any questions, talk to the Compliance area.

**Can I pay for meals to third parties?**

**Yes, as long as you follow the rules in the National and International Travels Policy**, and previously approved by your immediate manager.

**Is the consumption of alcoholic beverages allowed during meals with public officials or third parties?**

**No**, because the consumption of alcoholic beverages can affect the drinker's judgment and perception

## OTHER QUESTIONS | GIFTS AND COURTESIES

### Can I offer gifts?

**It is allowed to offer gifts with our brands, as long as:** it is intended for a broad audience, is linked to institutional or relationship actions, does not exceed the individual amount set a tour Gifts and Compliments Policy, and authorized by your immediate manager. These rules also apply to end-of-year gifts.

### Can I offer our products as courtesies?

**Our main guideline** is to not offer our products as gifts or courtesies. If you want to offer as a gift one of Havaianas flip flops or keychain to visitors at the plants or the headquarters, you can only offer it if it is previously authorized. Talk to your immediate manager or to the Compliance area for a previous understanding.

### Can I offer a gift to a public official?

**Extra caution.** If it an institutional visit, for example, the state governor and their secretaries are visiting the headquarters or one of the plants; you can as long as it is previously authorized by the Compliance area. If it is for an inspector doing inspector work, **it cannot be done.**

### Can I receive gifts?

**Yes, as long as the value of the gift does not exceed the limit set in our Gifts and Compliments Policy.** If you have received something that goes against this guideline, kindly refuse. In case the refusal causes any kind of discomfort, inform the person that has offered you the gift that you cannot keep it, for the gift will be drawn among our employees, by the People department. If the value of the gift is under the limit, but if you realize that this gift is being offered in order to influence your decisions, do not take it.

# OTHER QUESTIONS | GIFTS AND COURTESIES

**Can I accept an invitation for a workshop sponsored by one of our service providers?**

**It will depend on the analysis made by the Ethics and Compliance Committee.** Share this invitation with the Compliance area. You will be requested to explain the reasons for such invitation, values of the event and our professional relationship with such service provider.

**Can I accept an invitation for a travel made by one of our service providers or customers?**

**You will have to share this invitation with the Compliance area** that will send this request to the Ethics and Compliance Committee. All of the received offers must be free of hidden agenda to influence us in a positive way.

**Can I offer tickets or invitations to musical, sport or artistic events?**

**Yes, as long as** those are sponsored or supported events by Alpargatas, the offer neither represent nor look suspicious, does not happen with an inconsistent frequency, and is authorized by the Ethics and Compliance Committee.

**Can I offer a gift under the limit set by the Gifts and Compliments Policy to a public official so they speed up the renewal of a license or a certificate?**

**No.** Notice that the unethical motivation of this attitude. It can be interpreted as a **facilitation or favoring payment**, which is a type of **bribe or kickback**.

**How to deal with public officials that ask for our products?**

**Tell them you are not authorized** to offer any products, and tell your immediate manager about this request.

## OTHER QUESTIONS | PUBLIC OFFICIALS

### Can I nominate a public official to work at Alpargatas?

**Public officials must follow the same recruitment and selection criteria** adopted by Alpargatas for candidates in general, without any privilege or benefit. If such public official is also a **Politically Exposed Person (PEP)**, they must comply with quarantine periods established by law.

### Can I refuse to meet with a public official?

If the public official is doing their job, and is formally constituted to do so, not serving him may constitute a crime of contempt, which is disobedience to an authority in exercise of their functions. Contact the Legal department whenever a public official makes a request to you.

### How should I behave with inspectors?

**It is prohibit to interfere or difficult the action of inspecting government bodies.** It is important to cooperate and respect the rules established by those authorities in order to guarantee transparency and legality in all and every situation. Pay attention to the guidelines during inspections:

- 1.** Start of any inspection must be immediately reported to the Legal department for guidance;
- 2.** Never meet an inspector alone. Conversations must involve at least two people on behalf of Alpargatas and take place at an appropriate location;
- 3.** Everyone must adopt a collaborative stance, helping inspectors and ensuring transparency;
- 4.** It is prohibited to accept proposed agreements that violate our internal policies. If it happens, stop immediately and report to the Compliance area;
- 5.** Offering gifts, presents or advantages to inspectors in order to obtain preferential treatment is not allowed.



## OTHER QUESTIONS | PUBLIC OFFICIALS

### May I meet a public official alone?

**No.** Every conversation with public officials must be made by two people. The content of the meeting must be summarized in the attached form to the **Relationship with Public Officials Policy** and submitted to the Compliance area.

### May I hire the company of a public official to provide services to Alpargatas?

**Hiring companies of public officials, former public officials or their relatives by Alpargatas must observe the same criteria** used by Alpargatas when hiring commercial partners in general, without any kind of privilege or benefit. Such event must be previously submitted to the Ethics and Compliance Committee for knowledge and authorization.

### Can Alpargatas hire government bodies or Public Administration companies?

**Alpargatas does not allow the participation in governmental bidding processes.** Any contracts (purchase and sale) of goods or services with governmental bodies or companies controlled by direct or indirect Public Administration shall be previously authorized by the Ethics and Compliance Committee.

## OTHER QUESTIONS | POLITICS

### What is prohibited during the electoral period?

During the electoral period, Alpargatas **suspends the distribution of gifts, courtesies, and partnerships involving public officials.**

Alpargatas also does not make political contributions with its corporate resources and prohibits holding political rallies within the company or on its behalf.

### Can I be a member of a political party and work at Alpargatas at the same time?

**Yes.** Alpargatas employees can and should have political freedom for any type of ideology, including affiliation to political parties, as long as they do so in their personal name, outside of working hours and without using company resources. Remember that it is not allowed to carry out political propaganda in the workplace or use your leadership position to influence political decisions of colleagues, especially subordinates.

### Can I attend a political event wearing clothes with Alpargatas' logo?

**No.** If you attend a political rally, stand on a political platform, go to a march or debate wearing clothes that clearly demonstrate that you are an Alpargatas employee; this may create a false impression that Alpargatas is supporting a certain candidate or cause.



## OTHER QUESTIONS | POLITICS

**Can I contribute to political campaigns as an Alpargatas employee?**

**Yes. Personal contributions** from Alpargatas employees to political campaigns are allowed, but they need to be made on the employee's behalf and without expecting any advantages in return. Contributions to political campaigns made on behalf of Alpargatas are prohibited by law.

**What should I do if a relative or a friend of mine is elected in the elections?**

**Let the Compliance area know**, so possible risks of **conflict of interests** can be avoided.

**Can candidates to Executive or Legislative positions make political rallies at Alpargatas premises, including plants?**

**No.** Alpargatas does not carry out any political activity and remains free from political preferences. Exceptions to this rule must be discussed at the Ethics and Compliance Committee.

**Can I lobby government authorities or hire someone to do so?**

**No.** Lobbying, despite not being considered in itself as a violation of current legislation, must be carried out or hired based on strict parameters. In this case, activities with public officials should only be carried out by the competent areas for this purpose, for example, the Government Relations area.

## OTHER QUESTIONS | COMMERCIAL OPERATIONS

### What do I do with confidential information from competitors that I should not have access?

Let us assume that you, by mistake, has received an e-mail from an employee of a competing company with their pricing and cost data. **This e-mail must not be retransmitted or replied, and this fact must be reported to the Compliance area.** The mere exchange of sensitive data and content between competitors, even if the information is public, can be interpreted as a violation of **antitrust** legislation due to **cartel** practices. In the context of public bids or sales to the government, this behavior can also be considered as corruption.

### What do I do when, during a meeting, I realize that competitors are discussing prices, commercial conditions from customers or other confidential data?

**Express your disagreement with that breach of confidentiality and leave the meeting immediately.** If this discussion is taking place in a circle of friends, the professional stance must be the same: say that you are not authorized by Alpargatas to comment on this type of subject, ask to change the topic and, if the subject continues, leave the place. If this is a happening at a meeting of a sector association, it is important to record in the minute that you are leaving from the meeting before the discussion begins.

## OTHER QUESTIONS | REPORTING PROCESS

### Where to report inadequate behaviors?

#### COMPLIANCE HELPLINE

- > **0800 770 7791** (only in Brazil)
- > [www.canaldedenuncia.com.br/alpargatas](http://www.canaldedenuncia.com.br/alpargatas)
- > [www.compliancehelplinealpargatas.com](http://www.compliancehelplinealpargatas.com)  
(for reports in English and Spanish)

### What should I do if I feel I am suffering retaliation, after I made a report?

**Alpargatas guarantees non-retaliation** for the parties involved in a report (whistleblower, witnesses and the person reported). If it happens, please immediately inform the Compliance area.

### How to make a report?

**It is important to provide as much information as possible about the fact:**

- > Describe what happened objectively and impartially;
- > Inform where, how many times and when the violation happened or is happening;
- > Identify the parties involved, including names and positions;
- > Provide photos, e-mails, records or any other relevant evidence, if you have them.

### Can I report without identifying myself?

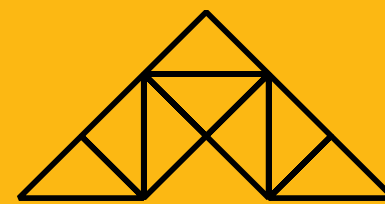
**Yes, you can always choose to remain anonymous.** Even if you choose to identify yourself, you can be 100% sure that the Compliance area will guarantee the confidentiality of your identity and the facts you have reported.

**Alpargatas does not accept, in any way, corruption or any type of illicit activity, regardless of the situation, place or reason.**

It is strictly prohibited to use its resources and assets for anything illegal or inappropriate. Furthermore, ethics and integrity are expected to be present in every company's activities and relationships.

**You can actively participate in the creation of this Manual by sending your questions to the Compliance area.**

**At the slightest alert of irregularity, do the right thing: do not neglect and report it!**



**ALPARGATAS**