

MADERO INDÚSTRIA E COMÉRCIO S.A.

RISK MANAGEMENT POLICY

1. PURPOSE

1.1. This Risk Management Policy ("Policy") aims to establish the principles, guidelines and responsibilities to be observed in the risk management process inherent to the business activities of Madero Indústria e Comércio S.A. ("Company"), in order to identify, monitor and manage risks related to the Company or its sector.

1.2. For purposes of adequation of the Company's listing in the Novo Mercado segment of B3 SA Market – Brasil, Bolsa, Balcão, the Company approved this Policy, in the context of preparatory activities for the Company's listing and admission of its common shares for trading in the special segment of B3 called Novo Mercado. However, the Company remains in the process of structuring and implementing its risk management practices, internal controls and the areas of compliance and internal auditing, which must be finalized within 12 (twelve) months of the date of commencement of trading of common shares of its issuance, pursuant to Circular Letter No. 049/2021-PRE published by B3 on May 13, 2021.

2. SCOPE

2.1. This Policy is applicable to the Company and its subsidiaries, as well as to all employees, managers, collaborators, statutory and non-statutory directors, members of the Board of Directors, members of committees, members of the Fiscal Council (if applicable), representatives and third parties, that are directly or indirectly related to the Company and its subsidiaries.

3. CONCEPTS

3.1. For the purposes of applying this Policy, the following concepts must be used:

- Risk limit (or appetite): it is the maximum exposure and/or impact of the Risk that the Company is willing to accept in pursuit of its objectives and value creation. Not all types of Risks are acceptable. Therefore, the proposed limits must be based on and formalized by the following analyses: (i) evaluation of the tangible and intangible returns related to the proposed Risk limit; (ii) the Company's ability to withstand the impact of the proposed Risk limit; (iii) decision on whether or not the Risk should be accepted according to its typology; (iv) feasibility of implementing mitigation initiatives (cost and effort) versus the effect on risk mitigation and respective return; and (v) availability of resources (investment and effort) for implementation.

- Risk Matrix/Modeling: aims to establish an individual comparison of Risks based on degrees of impact and probability of occurrence for prioritization and management purposes. The risk matrix is constantly improved and updated, whenever necessary and in a timely manner, according to the emergence of emerging Risk events.
- Risk(s): the possibility that an event will occur and adversely affect achievement of the company's objectives.

4. REFERENCES

4.1. This Policy is based on: (i) the corporate governance rules of the Company's Bylaws; (ii) the Company's Code of Conduct; (iii) the Information Disclosure and Securities Trading Policy; (iv) the Related Party Transactions and Conflict of Interest Management Policy; (v) the Brazilian Code of Corporate Governance – Publicly-Held Companies; and (vi) the Novo Mercado Regulation of B3 SA – Brasil, Bolsa, Balcão.

5. GUIDELINES

5.1. The Company is committed to risk management dynamics, in order to preserve and develop its values, assets, reputation, competitiveness and business continuity.

5.2. The objective of risk management is to understand risks, and then to evaluate and define response actions so that any losses are foreseen and minimized, aiming to maintain the risks at acceptable levels. Risk analysis should support the decision-making process at the different Company levels of management.

5.3. Risk management contributes to monitoring and achieving the Company's objectives. The Company's approach is to integrate risk management into the day-to-day of its business through a structured process.

5.4. Risks are structured according to the following classification:

- (a) Strategic: these are risks associated with the Company's strategic decisions towards achieving its business objectives, and/or risks arising from the lack of capacity or skill, as well as those related to the Company's continuity, and uncertainty of intrinsic business variables, such as the possibility of not being able to maintain or increase sales; in addition to the risks related to the performance of the competition and image risks, which could cause damage to the Company's reputation, credibility or brand;
- (b) Operational: risks related to the Company's operation (processes, people, technology and organizational environment), which affect operational efficiency and effective and efficient use of resources, which make the exercise of the Company's activities inappropriate. They can be manifested

in various ways, such as fraudulent acts, business interruption, misconduct of employees, inability to produce and/or distribute products under the established terms and conditions, resulting in financial and commercial losses, inspection fines and/or legal and reputation impacts;

- (c) Financial and Reporting: these are risks associated with exposure of the Company's financial/accounting operations and balance sheet reliability. These can emerge as a result of ineffectiveness in cash flow management aiming at maximizing and generating operational cash, and may include returns on financial transactions, raising/application of financial resources, possibility of issuing incomplete financial, management and tax reports that are non- accurate or untimely, exposing the Company to fines and penalties; and
- (d) Regulatory or Compliance: these are risks related to compliance with rules and legislation, considering laws applicable to the Company's industry, as well as general, national and international laws (environmental, labor, civil and tax/tax), agreements, regulations, bylaws, code of conduct and/or other policies.

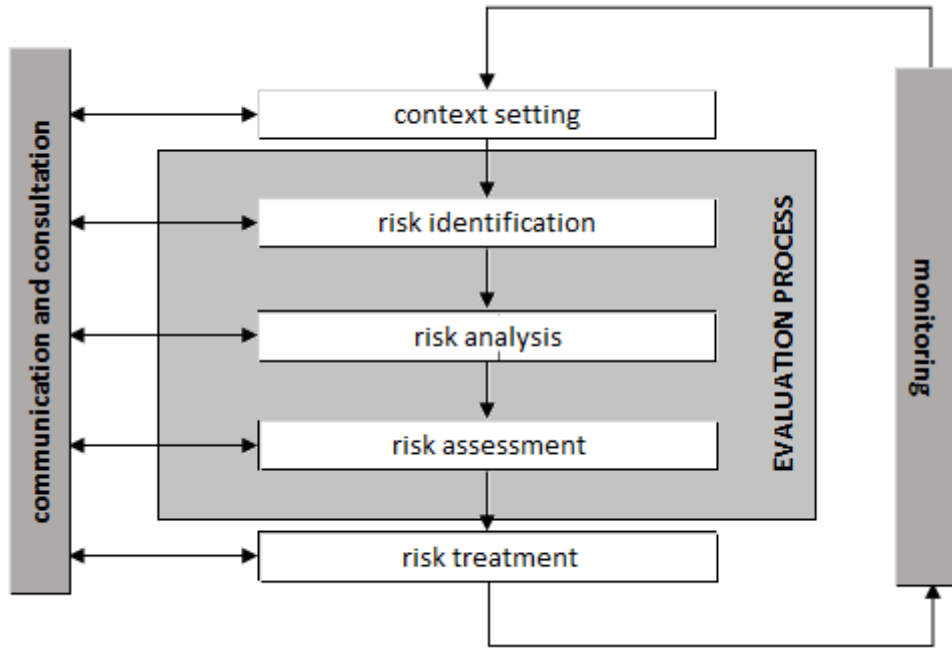
5.5. The Risk Models must compose the analysis and support tools for the Executive Board's decisions, and the Company's *Compliance* and Internal Audit area is responsible for providing the necessary support to the Executive Board for the development of Risk management.

5.6. It is essential to understand and disseminate among all corporate bodies and executives involved the correct differentiation of impacts caused by events and situations that do not directly involve Risk management, such as: (i) failures of internal controls in processes; (ii) unsuccessful strategic decisions; or (iii) governance failures. This understanding aims to improve and strengthen the Company's corporate governance model.

5.7. All Risks, as well as their approved limits, must be formalized in reports with action plans.

6. Management Process

6.1. The Risk management process adopted by the Company was prepared in light of the provisions of "ISO 31000:2018 - Risk Management - Guidelines":



Evaluation Process

6.2. Risk assessment is carried out mainly in accordance with the provisions below:

- (a) identification of risk factors (causes) and implications for the projected objectives (goals and results);
- (b) analysis of the main Risks likely to affect objectives, by determining the degree of impact and probability of occurrence of the Risks, according to the Risk Matrix below:

Impact Rate	Extreme				Risk Y
	High	Risk Z			
	Medium			Risk X	
	Low				
		Remote	Possible	Likely	Very Likely
Probability of Occurrence					

- (c) prioritization and definition of the Limit (or appetite) of each Risk that the Company and its shareholders are willing to take in the search of profitable returns and value creation.

Treatment

6.3. After the assessment, the Risks must be addressed through initiatives defined and implemented by the Executive Board, with the assistance of the *Compliance* and Internal Audit area, in order to adjust the Company's exposure to the approved Risk Limits.

6.4. The tools used in the Risk treatment process must aim for (i) risk elimination, (ii) mitigation, or (iii) transfer to third parties.

Communication and Consultation

6.5. Communication and consultation between the Company's employees about Risks and their management must be ongoing, prioritizing the sharing information and improving management processes.

6.6. The Risk management process must be observed in all the Company's decision-making processes, including strategic planning, investment decisions and project management, from the moment they are created and throughout their development.

Monitoring

6.7. Once the Risks are identified, they must be continuously monitored, in accordance with the division of responsibilities described in item 7 below.

7. ROLES AND RESPONSIBILITIES

7.1. Following the "Three Lines of Defense" model, Risk management must be carried out under the responsibility of the governance bodies, managers and those directly responsible for the processes, as described in this item.

7.2. It is incumbent upon the Company's Board of Directors to:

- (a) approve the policies, guidelines, Risk Matrix/Modeling, exposure limits and impacts as presented by the Executive Board and recommended by the Statutory Audit Committee;
- (b) provide the Executive Board, when necessary, with its perception of the degree of exposure to Risks that the Company is exposed to (shareholder's perspective) and influence the prioritization of the Risks to be addressed;
- (c) evaluate, when necessary, changes in the risk exposure limits that have been approved by the Executive Board; and
- (d) evaluate, through the Statutory Audit Committee, the adequacy of the operational structure and internal controls for risk management.

- 7.3. It is incumbent upon the Company's Executive Board to:
- (a) design guidelines, Risk Matrix/Modeling, and determine exposure limits, impacts, and risk exposure tolerance;
 - (b) define the structure for the Risk management system within the Company;
 - (c) define, together with the *Compliance* and Internal Audit area, action plans for risk mitigation;
 - (d) oversee the Risk assessment process and monitor the evolution of exposure to Risks and Risk management systems; and
 - (e) disseminate a risk management culture throughout the Company.
- 7.4. It is incumbent upon the Company's Statutory Audit Committee to:
- (a) provide opinions on hires or dismissals of the Company's independent auditors;
 - (b) evaluate quarterly information, interim statements and financial statements;
 - (c) monitor the activities of the Company's internal audit area and the Company's *Compliance* and Internal Audit area ;
 - (d) assess and monitor the Company's risk exposures;
 - (e) evaluate, monitor, and recommend to management any corrections or improvements of the Company's internal policies, including the Policy on Related Parties Transactions;
 - (f) have a mechanism established for receiving and handling information about non-compliance with legal and regulatory provisions applicable to the Company, in addition to internal regulations and codes, including provisions for specific procedures to protect the provider and confidentiality of information.
- 7.5. It is incumbent upon the managers of the business areas and those directly responsible for the processes, as the first line of defense and reporting to the Executive Board, to:
- (a) identify and manage the Risks of the respective areas and processes in accordance with the Risk Limits;
 - (b) communicate, in a timely manner, to the Company's *Compliance* and Internal Audit area, if Risk events present a trend of occurrence and/or possible extrapolation of Risk Limits; and
 - (c) implement and monitor action plans for risk mitigation and monitor corrective actions in their respective areas and processes.
- 7.6. The Company's *Compliance* and Internal Audit area is incumbent to:
- (a) manage the Risk management system;
 - (b) provide methodological support to the Company's operational and functional departments through on-demand tools and services;
 - (c) present a perception of risk exposure (magnitude of impact and probability of occurrence), if possible, that is based on market indicators;
 - (d) propose limits for exposure to Risks and suggest, evaluate, implement and monitor actions aimed at reducing exposure to Risk;

- (e) oversee the Risk assessment process together with the Executive Board and ensure constant monitoring of Risks from external sources, with a prospective vision of emerging Risks;
- (f) accompany the Executive Board in the implementation of this Policy through the dissemination of tools and best practices;
- (g) assess the Risks associated with certain strategic projects, partnerships or mergers and acquisition transactions;
- (h) comply with the Risk limits approved by the Board of Directors;
- (i) communicate, in a timely manner, the Risk events that present a tendency to occur and/or possible extrapolation of limits, for discussion in forums and appropriate levels; and
- (j) ensure that information is made available to the Board on Risks or incidents, as well as coordinate the Risk management system in times of crisis in case of major events;
- (k) assess the quality and effectiveness of the Company's Risk management processes, suggesting changes to the Board of Directors and Executive Board, when necessary.

The *Compliance* and Internal Audit area is autonomous, although its activities are reported and monitored by the Statutory Audit Committee. Members of the *Compliance* and Internal Audit area cannot accumulate functions with operational activities.

7.6.1. TERM

7.7. This Policy approved by the Board of Directors, is effective as of the date hereof and may only be modified by resolution of the Company's Board of Directors.

Ponta Grossa, September 8, 2021.
