

**POLICY ON CONSEQUENCES FROM M. DIAS
BRANCO S/A INDÚSTRIA E COMÉRCIO DE
ALIMENTOS**

DECEMBER 23, 2019

POLICY ON CONSEQUENCES FROM M. DIAS BRANCO S/A INDÚSTRIA E COMÉRCIO DE ALIMENTOS

1. DEFINITIONS

1.1 The terms and expressions listed below, when used in this document, both in singular and plural, shall have the following meaning:

“Government Authority” - Every organization, department or entity of direct or indirect administration from any power of the Union, States, Federal District or Cities, legal entity incorporated to the public estate, or entity for which creation or costing the public funding has competed or competes with more than fifty per cent of the estate or annual revenue, or on which the State or Government may, directly or indirectly, have dominant influence (for owning the majority of the capital subscribed, controlling most votes, or having the right to appoint most members of the administration, managing group or fiscal council); as well as organizations, state entities or diplomatic representations from foreign country, as well as organizations, entities and persons controlled, directly or indirectly, by the public power from a foreign country, international public organizations or organisms, including sovereign funds or an entity owned by a sovereign fund.

“Employees” – All hired employees, Directors (statutory or not), members of the Board of Management, members of committees (statutory or not), members of the Fiscal Council, apprentices and interns in the Company, regardless of the position or job done.

“Company” or “M. DIAS BRANCO” – M. Dias Branco S/A Indústria e Comércio de Alimentos and its controlled companies.

“Integrity Program” or “Compliance Program” – It means the Company’s Code of Ethics, Complaints Channel, policies and internal procedures, as well as the set of measures established from time to time with the goal of ensuring integrity in its activities and meet the requirements from the Anti-Corruption Law and related legislation.

“Third Parties” – Every individual or legal entity that is not a Company Employee or that is hired to help perform its activities, such as partners, consortium members, representatives, suppliers, service providers in general, consultants, outsourced parties, agents or intermediates that act on behalf of the Company.

2. PURPOSE AND SCOPE

2.1. This document, which is an integral part of the Code of Ethics from M. DIAS BRANCO, has the purpose of establishing rules, guidelines and methods to be followed by the Company in the application of disciplinary measures to actions and conducts that do not comply with the Company's Code of Ethics, Integrity Program and other internal and legal rules.

2.2. This document shall be disclosed to all the Company's Employees and Third Parties, along with the Company's Code of Ethics, and its knowledge is mandatory to everyone.

2.3. The rules established in this document apply to the Company, its controlled companies, and all its Employees and Third Parties (as applicable).

2.3.1. In the case of partnerships with investment from M. DIAS BRANCO that are not its controlled companies, the Company shall make its best efforts so that such partnerships adopt the guidelines included in this document.

3. GENERAL GUIDELINES

3.1. Infractions to the Code of Ethics, to the Integrity Program and/or to other policies or internal procedures and laws applicable will not be tolerated and can be the object of internal investigation, within the terms of the Protocol on Internal Investigation and Operation of the Company's Ethics Channel, and application of the disciplinary measures included on Clause 4 below, observing the protections granted by the labor legislation in force and the ratio between the severity of the conduct and the level of sanction.

3.2. Any disciplinary measures shall be applied immediately whenever possible, not letting an excessive period of time elapse between the punishable fact duly investigated and the moment of enforcement of penalty. A longer period of time is admitted for enforcing penalty when the passive lack of punishment needs verification of the facts and responsibilities through internal investigation.

3.3. The disciplinary measures will be recommended by the organizations to where the internal investigation will be reported (even if such investigation is not necessary), according to competences included in the Company's Protocol on Internal Investigation and Operation of the Ethics Channel, based on criteria such as nature and severity of the act (whether resulting from action or omission of the violator), position held and background of the person involved, circumstance of the misconduct, the intention of the violator, recurrence, among others. The manager of the Employee or Third Party involved in the infraction will be responsible for deciding about the application of the recommended measure.

3.3.1. Regardless of the measures to be defined, the Company may adopt temporary and urgent measures necessary to the interruption, remediation and/or mitigation of irregularities or infractions detected, as well as to the investigation of facts and preservation of evidence (e.g. temporary licenses, temporary suspensions, suspension of payments or contracts, etc.).

3.4. Following the guidelines included in the Company's Protocol on Internal Investigation and Operation of the Ethics Channel, the Employee's or Third Party's failure to comply with policies and internal rules from the Company, if it indicates any civil, administrative or criminal illicit act, may be taken to the regulatory organizations and relevant Government Authorities so that the due measures are adopted, without detriment to the application of sanctions by the Company, in the terms herein established.

3.4.1. Each and every decision to cooperate with Government Authorities shall be approved in advance by the Company's Board of Management, which will determine the procedure to be adopted and the parties responsible for conducting the subject.

3.5. In addition to the guidelines included in this document, the actions to be executed by the Ethics Committee (or by the Board of Management, as the case may be) will follow guidance from the procedures established in its internal regiment, as well as in the Company's Protocol on Internal Investigation and Operation of the Ethics Channel.

4. DISCIPLINARY MEASURES

4.1. Breaches to the Code of Ethics, to the Integrity Program and/or to other policies or internal procedures and laws applicable may be subject to the application of the following disciplinary measures:

- (i) Oral warning – The Employee shall be orally warned by the manager in charge respectfully and in an adequate place, without suffering any type of exposure and/or unnecessary embarrassment, and the reason why they are being warned must be made very clear;
- (ii) Written warning – The Employee must be formally warned by the manager in charge in a respectful and discreet way, without suffering any type of exposure and/or unnecessary embarrassment, and must sign a warning form to be issued by the area of Human Resources, exposing the reasons for applying the measure;
- (iii) Suspension – The Employee must be suspended from their activities for a certain period, which may be of one (1) or five (5) days. The Employee must be

informed in a respectful and discreet way, without suffering any type of exposure and/or unnecessary embarrassment, and must sign a suspension form to be issued by the area of Human Resources, exposing the reasons for applying the measure;

- (iv) Dismissal without just cause – The Employee is fired by the employer in a respectful and discreet way, through letter of dismissal, with the due payment of all applicable severance benefits. The aforementioned measure must be applied when there are no sufficient elements to justify a dismissal with just cause;
- (v) Dismissal with just cause – The Employee is fired by the employer in a respectful and discreet way, through letter of dismissal including the reasons for adopting such measure, within the terms of the applicable labor legislation. It is worth highlighting that, regardless of the level of the infraction committed, the dismissal with just cause can only be adopted if all requirements included in the labor legislation in force are met; and
- (vi) Application of penalty included in contract and/or contract termination (in case of contracted Third Party) – The Third Party suffers the penalty included in contract, in case of non-compliance with the Company's internal policies. The contract entered into with the Third Party shall be terminated depending on the severity of the infraction.

4.1.1. In addition to the aforementioned measures, the Employees (and/or Third Parties, as the case may be) may be subject to personal liability, including eventual indemnification for the damages caused by their behavior.

4.1.2. Without detriment to the aforementioned disciplinary measures, other educational and/or preventive measures may be applied, such as: training, changes in processes, establishment of additional controls, change in the computing system or tool, etc.

4.2. Before proposing the disciplinary measure, the organization that coordinates the investigation included in the Investigator Protocol shall involve the Legal and Human Resources departments, to obtain a technical analysis related to the proportion and legality of the measures to be proposed.

4.3. The Audit, Risks and Compliance area shall continuously monitor the adoption of corrective measures established by the relevant organization, inspecting its execution.

4.4. The other disciplinary measures resulting from routine situations, such as unjustified absence, insubordination, indiscipline, etc., that do not configure an obligation to report to the Ethics Channel may be applied directly by the immediate manager.

5. RESPONSIBILITIES

5.1. The area of Audit, Risks and Compliance is responsible for:

- Clarifying eventual doubts concerning the application of guidelines included in this document.
- Continuously monitoring the adoption of corrective measures established by the relevant organization, inspecting its execution.
- Supporting the Board of Management in case of cooperation with Government Authorities.

5.2. The Legal and Human Resources departments are responsible for:

- Supporting the relevant organizations for coordinating the investigation about the application of disciplinary measures.

5.3. The Ethics Committee is responsible for:

- Processing the non-compliance with obligations and rules established in this document and deliberating on such non-compliance, as applicable.

5.4. The Board of Management is responsible for:

- Approving eventual changes and reviews to this document.
- Regulating the cases hidden from this document.
- Approving each and every decision on cooperation with Government Authorities.
- Processing the non-compliance with obligations and rules established in this document and deliberating on such non-compliance, as applicable.

6. VALIDITY AND AMENDMENTS

6.1. This Policy comes into force on the date indicated below, after being approved by the Company's Board of Management. Any change or review shall be submitted to the Board of Management itself.

7. FINAL PROVISIONS

Validity: as of June 1, 2020.

1st draft: December 23, 2019.

Responsible for the document:

<i>Step</i>	<i>Responsible</i>
Development	Audit, Risks and Compliance Directorate Legal Directorate
Review	Corporate Governance Committee
Review	Audit Committee
Approval	Board of Management

Record of changes:

<i>Version</i>	<i>Item Changed</i>	<i>Reason</i>	<i>Date</i>
01	Original Draft	N/A	12.23.19

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