POLICY FOR GOOD PRACTICES ON COMPETITION OF M. DIAS BRANCO S/A INDÚSTRIA E COMÉRCIO DE ALIMENTOS

JULY 10, 2020

SUMMARY

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1. DEFINITIONS

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

"Public Agent" - Any individual, civil servant or not, of any level or hierarchy, who exercises, even temporarily or without compensation, by election, appointment, designation, hiring or any other form of investiture or bond, mandate, position, employment or role in or for any Government Authority; any individual who works for any contracted or engaged service provider to perform any typical Public Administration activities, as well as any political party officer, its employees or other persons who act for or on behalf of a political party or candidate for public office. Public Agent shall be considered as any person that falls into this definition, whether national, foreign or holding a position, job or role in international public entities or organizations.

"Government Authority" – Any administration body, department or entity of the direct or indirect administration of any of the powers of the Federal Government, the States, the Federal District or the Municipalities, any legal entity incorporated into the public property or any entity for whose creation or funding the treasury has contributed or contributes with more than fifty percent of the equity or annual revenue, or over which the State or Government may, directly or indirectly, exercise a dominant influence (by holding the majority of the subscribed capital, controlling the majority of the votes or by having the right to appoint the majority of members of the management, management body or supervisory board); as well as bodies, state entities or diplomatic representations of a foreign country, as well as bodies, entities and persons controlled, directly or indirectly, by the government of any foreign country, international public bodies or organizations, including sovereign funds or any entity whose property is a sovereign fund.

"CADE" – The Administrative Council for Economic Defense.

"Employees" - All employees, Officers (statutory or not), members of the Board of Directors, members of committees (statutory or not), members of the Supervisory Board, apprentices and interns of the Company, irrespective of their position or role.

"Company" or "M. DIAS BRANCO" - M. Dias Branco S/A Indústria e Comércio de Alimentos and its subsidiaries.

"Compliance" - Adherence to and meeting of the applicable legal and regulatory rules, as well as the policies and guidelines set pursuant to the terms of the Company's Integrity Program, in order to avoid, detect and treat any deviation or non-compliance that may occur.

"Competitively-Sensitive Information" - Information that deals directly with companies' business strategies and that may change the competitive dynamics, such as product/service price, discounts, costs, production capacity, production, marketing, customers, employees' salaries, suppliers and conditions in agreements entered into with them, non-public information on intellectual property, plans for future acquisitions and other aspects of the company's competitive position.

"Market Share" - Level of a company's market share in terms of sales of a given product; portion of market controlled by it.

"Relevant Market" - Comprises products or services offered with no specific geographic region, whitout additional distinctions, which consumers deem as replaceable with each other due to their characteristics, prices and intended use

2. PURPOSE AND SCOPE

2.1. This Policy for Good Practices on Competition of M. Dias Branco S/A Indústria e Comércio de Alimentos ("Policy") aims to guide Employees regarding the treatment of antitrust matters in the Company, aiming at guiding their actions in competitive environments and valuing corporate practices that encourage free competition, as well as reducing the operational risks of their activities before the regulatory bodies, in line with legal principles and best market antitrust practices.

2.2. The rules established in this Policy apply to the Company and its subsidiaries, as well as to all its Employees.

3. REFERENCES

3.1. This Policy was prepared in compliance with the following rules:

(i) 1988 Constitution of the Federative Republic of Brazil ("Federal Constitution");
(ii) Law No. 12.529, dated November 30, 2011 ("LDC" or "Competition Defense Law");
(iii) Law 8.137, dated December 27, 1990 (Law on Crimes Against the Economic

Order);

(iv) Law No. 12.846, dated August 1, 2013 ("Anti-Corruption Law");

(v) Decree No. 8.420, dated March 8, 2015;

(vi) Law No. 8.666, dated June 21, 1993 ("General Bidding Law");

(vii) Decree-Law No. 2.848, dated December 7, 1940 ("Brazilian Penal Code");

(viii) Anti-Corruption Policy; and

(ix) Company's Code of Ethics.

4. GENERAL GUIDELINES FOR GOOD COMPETITIVE PRACTICES

A) Introduction

4.1. In Brazil, the policy for competitions defense is provided for in the Federal Constitution, which sets forth the free competition as a fundamental principle for the economic order (Art. 170, IV) and establishes that the law shall repress the abuse of economic power that aims or results in the elimination of competition (Art. 173, Paragraph 4). The main statute that regulates the defense of competition is the Competition Defense Law, which provides for the prevention and punishment of the business conduct defined as violations to the economic order and assigned to CADE the jurisdiction for supervising its compliance.

4.2. Violation against the economic order is defined as any act or agreement whose purpose or effect is to limit or impair free competition, cause the domination of markets or enables the abuse of a dominant position, even though such effects are not reached and irrespective of guilty.

4.3. The objective of the Competition Defense Law is to ensure and maintain fair, faithful and vigorous competition in the market. To this end, competition rules are applicable with no distinction to individuals or legal entities, of public or private law, as well as to any unions or associations of entities or persons, with or without legal personality. The practice of violations against the economic order subjects its agents to administrative, civil and criminal penalties.

B) Responsibilities and Consequences of Violations

4.4. The Company's responsibilities are:

(i) The practice of violations against the economic order entails the company's liability as well as the individual's liability of those who commit and/or co-commit the illegal act, as well as the managing officer responsible, directly or indirectly for the violation committed;

(ii) Trade or class associations may also be held liable for violating competition laws.

4.5. Employee Responsibilities:

(i) Ensure compliance with applicable competition laws;

(ii) Have a sufficient understanding to recognize situations that may involve competition law issues.

(iii) In case of being aware that any good competition protection practices are being, or may have been violated, report the information to the Legal Department or through the Company's Ethical Channel. There will be no retaliation or penalty resulting from this report.

4.5.1. Failure to comply with the above guidelines, as well as further provisions set forth in this Policy, represents a serious offense and may result in disciplinary penalties, including the employment termination for cause, pursuant to Clause 7.1 below and the Company's Code of Ethics.

4.6. Violations of LDC may result in severe punishments for the Company and the individuals involved. The consequences that may result from the violation are:

(i) Fines: (a) For companies, the financial penalty (fine) ranges from 0.1% to 20% of the gross sales amount of the legal entity or economic group involved, depending on the severity of the violation; (b) For individuals who are managing offers responsible for the violation of the free competitions regulation, the fine shall range from 1% to 20% of the fine applied to the legal entity; (c) In the case of other individuals involved, as well as in the case of class associations and entities, the fine shall be between fifty thousand Brazilian reais (R$ 50,000.00) to two billion Brazilian reais (R$ 2,000,000,000.00);

(ii) Liability: (a) Civil - companies can be sued and required to fully repair damages caused to those who suffered losses as a result of anti-competitive practices; (b) Criminal - individuals involved in illegal practices are subject to imprisonment, which can reach five (5) years, in case of violation of the free competition law;

(iii) Risks: (a) Contractual - any contractual provision in violation of law can be announced null and void the entire agreement, losing any enforceability in the courts; (b) Reputational - violations of anti-competitive laws are considered unethical behavior by shareholders and the market as a whole, and may have a serious negative impact on the image and reputation of the group, in addition to affecting the general belief that the Company adheres to the highest standards of corporate governance. The share price may be significantly affected.

C) Agreements and Collusions to Eliminate or Restrict Competition (Anti-Competitive Practices)

4.7. In general, competition rules require the Company to make business decisions of its

competitors on a standalone basis. It encompasses not only written agreements that fall under LDC, but also verbal agreements or so-called concentrated practices, that is, willful and intentional collaboration between different companies with the aim of eliminating or restricting competition.

4.8. Brazilian laws preclude any act or agreement whose purpose or effect is to limit or impair free competition, cause the domination of markets or enables the abuse of a dominant position, even though such effects are not reached and irrespective of guilty. Competition restrictions can be divided into two types: agreements between competitors (restrictions/horizontal agreements) and unilateral abusive practices (restrictions/vertical agreements).

CI) Horizontal Agreements (Restrictions)

4.9. Horizontal agreement consists of the practice of two or more competitors to reduce or eliminate competition in the market through agreements on prices, adjustments, division of customers or territories, as well as any other competitively relevant variable.

4.10. For the purposes of competition laws, the term "agreement" includes written or verbal, explicit or tacit agreements, as well as all types of fraudulent arrangements and understandings between two or more competitors. Agreements between competitors classified as a violation of the economic order commonly refer to:

Agreement on Prices and Commercial Conditions

4.10.1. Any agreement between competitors that seeks to define or align prices between them and on the market (e.g., price increase, decrease or stabilization; setting maximum and minimum prices; defining discounts; rebates; guarantees; sales conditions and terms; transport or freight costs; credit conditions; profit margins or setting prices and/or conditions for purchases of inputs) is considered illegal.

4.10.2. A simple exchange of information between competitors in this area, even when related to historical prices or actually prices practiced in the market, may give rise to a suspicion of a cartel agreement. Particular attention is required in obtaining this type of information.

4.10.3. Every company is free to set and change its own prices and, in doing so, it shall be able to take into account the conduct of its competitors. It is legitimate to use all publicly available market information, including information published by competitors. However, it is illegal to make arrangements or cooperate in any way with competitors to establish or stabilize prices and/or other commercial conditions. Accordingly, the Company and its Employees must be guided by the following attitudes:

(i) What to do:

- Make unilateral decisions on pricing;
- Seek public information from customers and/or the market.

(ii) What not to do:

- Fixing together with competitors the minimum or maximum selling or buying prices, price increases or variations;
- Discuss, negotiate or make any agreement, exchange or provide information with a competitor in any way related to pricing or other commercial terms and conditions (including discounts, price changes or pricing methods);
- Request invoice issued by competitors for possible price negotiations;
- Discuss any aspect of pricing or other commercial terms and conditions with competitors.

Market Division/Distribution

4.10.4. Any agreement between competitors to divide, share or distribute markets is prohibited, whether by product, production, territory, type or size of customer, or in any other way. Any discussion or commitment related to volume or percentage of market share, as well as agreements to restrict sales in a given market or geographic territory, shall be avoided. Accordingly, the Company and its Employees shall be guided by the following attitudes:

(i) What to do:

- Make decisions about territories, production and customers always on unilateral basis;
- Create a proprietary intelligence system to gather information about the market.

(ii) What not to do:

- Divide or distribute markets among competitors in relation to specific territories, lines of trade, products, customers or sources of supply;
- Enter into any agreement or understanding with competitors, whereby each party undertakes to stop selling or restrict its sales (even in exports) for territory that is considered as area of the other party of the agreement;
- Negotiate or make arrangements joint efforts with competitors to restrict imports, especially those with low prices;
- Establish production, purchase or sale quotas with competitors;
- Limit or control production or investments between competitors;
- Set up any market division with competitors.

Agreements to Limit Production or Capacity

4.10.5. Any agreement between competitors that aims to limit or set certain levels of production, capacity or productivity is illegal.

Market Division/Distribution

4.10.6. Any combination of competitors to defraud the competitive outcome of public or private bidding processes is considered as a violation to the economic order. For public biddings, the practice is also qualified as a violation of the Anti-Corruption Law and a crime under the General Bidding Law. A key feature of bidding procedures is that potential suppliers must prepare and submit tenders or bids on a standalone basis. Thus, any coordination of this process is likely to be illegal. The guidelines related to the Anti-Corruption Law are addressed in the Company's Anti-Corruption Policy. Accordingly, without prejudice to the rules set in the Anti-Corruption Policy, the Company and its Employees shall be guided by the following attitudes:

(i) What to do:

- Make decisions on how to submit a proposal on a standalone basis;

(ii) What not to do:

- Exchange information with competitors (including through trade associations) on how the Company intends to respond to an invitation to bid;
- Release prices and further commercial conditions informed by the Company to participate in bidding processes for any third parties;
- Enter into agreements with competitors to adjust bid amounts, bids, or set minimum or maximum prices;
- Enter into agreements with bidders to divide a set of bids or divide lots of bids;
- Agree the non-attendance or withdrawal of a bid in order to benefit a competitor;
- Agree upon the non-participation in bids or the withdrawal of proposals, in order to be subcontracted by the winners;
- Enter into agreements with competitors to submit “pro forma” or “coverage” proposals, i.e., bid containing unduly high prices or with known disqualification errors;
- Agree upon rotation with competitors, i.e., do not enter into agreements whereby competitors alternate between the winners of bids, among others.

C.II) Vertical Agreements (Restrictions)

4.11. Unlike agreements between competitors, vertical restrictions are those conditions imposed by the company on its partners of activities along the production chain, such as: distributors, suppliers and customers.

4.12. Vertical restrictions are anti-competitive when they lead to the exclusion of rivals - either by creating or increasing barriers to entry, raising competitors' costs - or when they increase the likelihood of collusion (agreements) between competitors.

4.13. The harmful potential of the practice will depend on the dominant position of the company and the assessment of the effects, positive and negative, of the practice on the market. LDC defines dominant position as the control of a "substantial share" of the relevant market and there is a legal assumption that it occurs when a company controls 20% or more of the market.

4.14. The analysis of the effects requires an in-depth study of the market, thus the Company's Legal Department shall be informed before any vertical agreement or restriction is established. The Employee may treat differently those customers who do not have similar activities, but on a fair, defensible and consistent basis, especially when they require differentiated services.

4.15. There are also situations where it is possible to do business with a competitor as a supplier or customer (vertical). In this event, negotiations with the competitors shall always be carried out on arm's length. The most common vertical restrictions are:

C.II.a) Resale Price Setting

4.15.1. The practice, by a producer, of setting the price (minimum, maximum or fixed) that its distributors/resellers must adopt in the market may be deemed as anti-competitive. A supplier shall not set the resale prices charged by the distributor. Accordingly, the Company and its Employees shall be guided by the following attitudes:

(i) What to do:

- Carry out regional/local price surveys;
- If desirable, recommend a non-mandatory resale price for branded products; record all resale price lists as "suggested resale prices".

(ii) What not to do:

- Impose minimum resale price or discounts or deductions or distribution margins for distributors or resellers of any product;
- Terminate agreements with distributor due to their refusal to adhere to suggested resale prices;

- Bind the resale price to the resale price of the competitors.

C.II.b) Imposition of Exclusive Purchase Commitments on Business Partners

4.15.2. Companies in a dominant position may not demand exclusivity from their business partners for the acquisition of their products if, as a result, this substantially restrict competitors' access to customers or resellers.

C.III.c) Exclusion Practices

Imposition on Customers of Exclusive Purchase Commitments

4.15.3. Companies in a dominant position may not substantially restrict competitors' access to customers or resellers through exclusive purchase obligations. Accordingly, the Company and its Employees shall be guided by the following attitudes:

(i) What not to do:
- Restrict competitors' access to customers and/or resellers through exclusive purchase obligations.

Unfair or predatory prices/dumping

4.15.4. A company in a dominant position may not charge prices below the "average variable cost", or above the "variable cost", but significantly below the "total average cost", in order to eliminate the competitor. Accordingly, the Company and its Employees shall be guided by the following attitudes:

(i) What to do:
- In the event of sales by its competitors below cost (dumping), refer to the Company's Legal Department.

(ii) What not to do:
- Grant prices below cost;
- Impose unfair buying or selling prices.

Refusal of Sale

4.15.5. According to the laws of many countries, a refusal by the dominant company to supply a customer, who has no real alternative sources, constitutes abuse if no objective justification (good business reason) for this behavior can be given. Accordingly, the Company and its Employees shall be guided by the following attitudes:

(i) What to do:

- Just refuse to sell to existing or new customers based on a good business reason, such as a credit limit;
- Just refuse to sell to a new customer based on insufficient capacity to meet demand.

(ii) What not to do:

- Refuse to sell to a customer who meets the same requirements as other customers who are served;
- Reduce supplies to comparable customers in various ways with no objective justification.

Loyalty Discounts and Discounts with Similar Effects

4.15.6. Discounts and similar practices in relation to prices are a normal part of business life. Therefore, discounts are only condemned when resulting on an adverse effect on competition. When discounts may be objectively justified, no abuse will occur.

4.15.7. As a general rule, discounts associated exclusively with the volume of purchases, objectively established and applied to all buyers, are allowed. Discounts granted for immediate payment are also supposedly considered as objectively justified.

4.15.8. In Brazil, some flexibility is granted in this matter, since there is no express prohibition on these practices and it is not mentioned in the current legislation. They are only reprehensible if granted for the purpose of or if able to harm competition, enable market dominance or abuse of a dominant position. Thus, the following types of discounts deserve special attention:

(i) Loyalty discounts (loyalt): when discounts depend on the holding of all or part of a customer's business, thereby discouraging the customer from doing business with a competitor;
(ii) Goal discounts: when discounts are only offered to customers who meet sales targets set by the dominant company (individually and selectively) for each customer (often above their purchases in the previous year);
(iii) Aggregate discounts: when discounts depend on the purchase of all (or part of) several different products offered by the dominant company.

Accordingly, the Company and its Employees shall be guided by the following attitudes:

(a) What to do:

- Establish uniform discount systems per quantity purchased, applicable to all customers in a non-discriminatory manner and that may be objectively justified (for example, cost savings).

(b) What not to do:

- Granting discount for the purpose of or if able to harm competition, enable market dominance or abuse of a dominant position.

Minimum Space Guarantee Agreements on Shelves and Shelve Ends

4.15.9. No exclusive agreement shall be entered into, under no circumstances. For dominant companies in the market (market share ≥ 20%), agreements to guarantee minimum space on shelves in exchange for discounts shall mandatorily be in line with the percentage of market share cannot exceed it.

4.15.10. The execution of space guarantee agreements in percentages above the market share shall only be carried out on an occasional basis, in restricted sales channels, only in locations where we do not have a dominant position, taking into account the following aspects: (a) current % relevance of the sales channel for the market in which it operates; (b) current % relevance of such channel in the Company's revenues; (c) agreements of the same kind already entered into in other channels.

4.15.11. The agreements executed may be classified as anti-competitive if the set of space guarantee agreements exceeds 10% of closing this space in the market under analysis. Accordingly, the Company and its Employees shall be guided by the following attitudes:

(i) What to do:

- Seek partnerships with customers who currently do not buy from us at the level of our market share;

(ii) What not to do:

- Enter into agreements so that their total sum corresponds to a closing of more than 10% of the market under analysis (in the case of pasta and cookies, as a rule, the geographic region).

C.III.d) Exploitation Practices

Discrimination/Different Sale Conditions

4.15.12. A company with a dominant position shall not grant different sales conditions to similar customers, competing with each other and under comparable circumstances.

Accordingly, the Company and its Employees shall be guided by the following attitudes:

(i) What to do:
- Grant different sales conditions to distributors offering special services, which are not provided by other distributors;
- Grant different sales conditions to distributors in different segments (wholesalers, retailers), since such distributors provide different services.

(ii) What not to do:
- Grant different sales conditions to distributors or customers who meet the same requirements.

Sales Conditional on the Purchase of Other Products

4.15.13. As a general rule, clauses of tied selling, subjecting the supply of a product to the customer's agreement to buy other goods which, either by their nature or according to commercial custom, are distinct products, shall not be adopted, particularly by a dominant company. Accordingly, the Company and its Employees shall be guided by the following attitudes:

(i) What to do:
- Allow customers to purchase products separately, even if they are related in their use.

(ii) What not to do:
- Subject the supply of the product to the requirement of buying products of another kind and/or to the execution of a service agreement for any type of service;
- Offer special discounts aiming at inducing the buyer to also buy all or part of their needs for a second product or service.

C.III.e) Other Vertical Restrictions

4.15.14. In addition to the above restrictions, there are other ways to restrict the sale of products, such as:

(i) Restrict the sale or resale of a product to certain customers or territory, limiting competition and the entry of distributors in different regions;
(ii) Restrict import or export aiming at dividing the market or artificially protect different price levels;

(iii) Enter into exclusivity agreements in promotional booklets of customers;

(iv) Discriminate distributors, customers or suppliers by setting differentiated pricing, discounts or terms of sale. The refusal to sell or tied selling may be an instrument to conceal the imposition of exclusivity.

Accordingly, the Company and its Employees shall be guided by the following attitudes:

(a) What to do:

- Refer to the Company's Legal Department before imposing any resale restrictions on the customers;
- Enter into agreements for individual Company's booklets, as long as this does not restrict competitors from also being able to disclose their own booklets.

(b) What not to do:

- Impose on customers (distributors) a general ban on reselling the products;
- Restrict customers' freedom to supply to whomever they want;
- Impose restrictions on import or export;
- Impose on customers a requirement to forward orders received from customers in certain territories to other suppliers.

4.15.14.1. Restrictions imposed on distributors and resellers, such as a ban on reselling a particular product, a restriction on resale to certain customers, or a resale restriction in certain territories may, in certain circumstances, be accepted in Brazil

D) <u>Specific Guidelines for Participation in Associations or Class Entities</u>

4.16. Particular care is required as to the participation in events or meetings that bring together competitors. Since trade associations comprise, by definition, groups of competitors, they can offer opportunities for discussions, often informal, on confidential matters that may result in informal anti-competitive agreements. Not by chance, most of the cartels already condemned by the antitrust authorities occurred in environments of meetings of associations or unions, which served as a structure and instrument for the exchange of information and/or for arrangements between competitors.

4.17. The following guidelines shall be followed for participation in meetings of associations or unions:

(i) Before the meeting: an agenda shall be drawn up and sent in advance. If the agenda contains any topic whose discussion may be considered illegal, the employee must not participate in the meeting;

(ii) Topics that may be discussed in association meetings are: (a) presentation of new regulations regarding the relevant industry; (b) involvement in litigation that may affect the industry as a whole; (c) occupational safety, environmental protection, etc., provided that any results of possible cooperation are available to all interested parties on reasonable terms; (d) economic trends in general; (e) technical rules and standards.

Accordingly, the Company and its Employees shall be guided by the following attitudes:

(a) What to do:

- Keep the Legal Department informed about membership in the trade association, including membership conditions;
- Review meeting agendas to anticipate future problems and seek legal advice from the Legal Department as required;
- Ensure that detailed notes of meetings are recorded or received;
- Take a special care with the matters under discussion;
- Immediately review the minutes of the meeting for accuracy. If objections are not promptly raised, it will be difficult to convince a competition authority later that the minutes were inaccurate.

(b) What not to do:

- Discuss buying or selling prices, developing price trends, modifying prices and changing their application and calculation method, discounts or profit margins for members;
- Discuss sales territories, customers or final destination of product arrival;
- Discuss production capacity, processes, methods and costs:
- Stock levels, technological innovations not yet in the public domain;
- Discuss measures to prevent new competitors from entering the relevant market;
- Discuss any type of matter related to the business, marketing or financial strategy of the associates that may qualify as an illegal exchange of information;
- During the meeting: if any matter not included in the agenda is brought up for discussion during the meeting, and addressing a competition-sensitive issue, the Employee must immediately withdraw from the meeting, recording, if possible in the minutes, his/her disagreement with the discussion of the topic addressed.

4.17.1. After the meeting, minutes must be carefully drawn-up, distributed and signed by all participants. It is recommended that the minutes be revised to ensure that the text accurately represents what was discussed, without giving rise to misinterpretations.

*E) **Practical Rules of Competitive Compliance***

4.18. Without prejudice to the compliance of further Company's policies and procedures, such as best practices of competitive compliance, the Company and its Employees shall be guided by the following attitudes:

(i) What to do:

- Obtain information on any subject, provided that from outsourced institutes or independent customers;
- List defaulting resellers, without, however, sharing such information with competing third parties.

(ii) What not to do:

- The mere exchange of information on prices and margins is illegal, even if there is no agreement;
- Any agreements or exchanges of sensitive information are illegal, even if there is no written and formal document;
- Informal understandings are enough to qualify a violation;
- Meetings with competitors for legal matters shall have a previously announced and approved agenda;
- Any formal or informal conversations, discussions, exchange of information or agreement, written or verbal with any competitors, are strictly prohibited, in relation of:
  - (a) Any matter that may influence, directly or indirectly, the company's commercial strategy (i.e., prices, discounts, profit margins, rebates, credit terms, term, production, capacity, etc.);
  - (b) Purchase of inputs (e.g., price, average price and price trend, etc.);
  - (c) Production costs;
  - (d) Freight amounts/costs;
  - (e) Market or customer division;
  - (f) Refusal or restriction on hiring distributors, resellers or customers.

(iii) Golden Rule:

- Do not talk to competitors about prices, margins or on any other relevant commercial conditions;
- Do not set the price or margin to be practiced by the distributor or reseller;
- Do not discuss with competitors any aspects of biddings, in progress or not, even though the Company does not intend to participate;
- Do not refuse or accept any agreement to refuse sales to distributors or customers in general;
- Do not use a privileged position in the market to control prices;
- Do not require a customer to buy a product/service (less desired) in order to obtain another product/service (more desired);

- Do not offer different prices, discounts and/or conditions to customers with the same characteristics;
- Write emails, reports and messages carefully and clearly, assuming that everything may be made public;
- Competition laws also apply to meetings in social settings, unions and trade associations;
- Refer to the Legal Department if you have questions about competition compliance matters.

F) <u>Corporate Transactions</u>

4.19. In corporate transactions or associative contracts, such as mergers, acquisitions, incorporations, joint ventures, consortia or associative agreements, it is prohibited to provide, receive or exchange Competitive-sensitive Information with officers, employees or persons acting on behalf of the company involved before the final approval by CADE, as well as performing other acts that qualify the consummation of the transaction before its final approval by CADE, such as, for example:

(i) Adoption of clauses implying integration between companies;
(ii) Establishment of a prior non-competition clause;
(iii) Establishment of a non-refundable full or partial prepayment clause (except advance payment, escrow or break-up fees);
(iv) Provision of clauses allowing one party to interfere over the other party's business strategies, such as setting prices, customers, commercial policy, marketing, among others;
(v) In general terms, the adoption of clauses that provide for activities that cannot be reversed at a later time or whose reversal implies the expenditure of a significant amount of resources by the agents involved or the authority;
(vi) Make transfer and/or usufruct of assets in general;
(vii) Exercise voting rights or material influence over the activities of the counterparty;
(viii) Receive profits or other payments linked to the performance of the counterparty;
(ix) Jointly develop sales or product marketing strategies;
(x) Integrate the sales force between the parties;
(xi) Licensing the use of exclusive intellectual property to the counterparty;
(xii) Develop products together;
(xiii) Appoint members in the counterparty's decision-making bodies;
(xiv) Stop investments.

4.19.1. CADE will have prior control of the transaction when: (i) one of the groups involved in the transaction has recorded annual gross sales or total trade volume in Brazil, in the year prior to the transaction, equivalent to or higher than seven hundred and fifty

million Brazilian reais (R$ 750,000,000.00); and (ii) at least one other group involved in the transaction has recorded annual gross sales or total trade volume in Brazil, in the year prior to the transaction, equivalent to or higher than seventy-five million Brazilian reais (R$ 75,000,000.00).

4.19.2. If any type of company or association with companies that may be considered competitors is contemplated, the Legal Department shall be contacted in advance so that all communication between the companies and their officers is preceded by the execution of a confidentiality agreement, as well as to guide the business areas regarding the necessary care for receiving and dealing with information during business negotiations.

4.19.3. Failure to comply with the above requirements constitutes a violation that may give rise to penalties including fines, nullity of the acts performed or the entire transaction, in addition to the opening of an administrative proceeding to investigate a possible violation against the economic order.

G) Information Collection and Document Handling

Information Collection and Exchange

4.20. The establishment of an organized market information system, for example, through industry association, shall be subject to certain limitations in order to prevent that the exchange of information enable a potential collusion between market competitors. Accordingly, the following practical rules shall be followed:

(i) The information sent must be historical (preferably with a lag of more than 90 days);
(ii) The information provided shall be aggregated (e.g., by general product category and at national level), in order to prevent the identification of the competitive strategies of each competitor;
(iii) Data shall be presented to a central unit independent from the association and from any competitor (e.g., external audit company), which is required to keep the information confidential and submit only a consolidated report of market information;
(iv) Reports produced shall be provided to the general public.

Document Handling

4.21. The production and holding of internal records (for example, about a telephone conversation) is allowed, as well as other documents that, in the future, may help to reconstruct events and/or provide evidence if necessary. In general, internal files are a valuable source of

information.

4.22. Company Employees not only are required to comply with competition laws, but also shall evidence that they do so at all times and in all circumstances. The principle of “leading by example” is essential in matters related to the competition.

4.23. Internal documents sometimes may lead to misinterpretations if are not carefully prepared or are incomplete. The use of inappropriate words/terms in internal or external communications may contribute to a potential indication of anti-competitive intent especially, if internal documents are interpreted out of context or separated from other conclusive documents, a misunderstanding or even an erroneous interpretation may occur.

4.24. The necessary attention shall be given when writing letters, notes or e-mails.

4.24.1. All documents are potentially liable to be seized during investigations (or liable to review during a judicial proceeding), including drafts of old letters and memos, electronic documents, handwritten notes, telephone messages, telephone, e-mail, schedules or personal calendars. It should be noted that documents may be recovered even when they have been deleted. Employees may also be asked about their conduct and statements.

4.25. To avoid possible misunderstandings of any person (including Government Authorities) who, in some circumstances may be biased to give a certain interpretation in relation to a document not intended to reflect it, Employees shall follow the following guidelines whenever they produce a document referring to the Company:

(i) What to do:

- Refer to the Company's Legal Department before recording any statement that may involve sensitive material on paper, CD, pen drives or e-mail. In this sense, it is recommended to assess whether there is really a need to put the matter in writing;
- When writing something, remember that it may become public at any time;
- Internal documents containing information about competitors shall always contain the source indication: clearly mention the source of any price information, in such a way as not to give the wrong perception that the information derives from negotiations with a competitor. In the case of internal estimates, detail the methodology used.

(ii) What not to do:

- Give rise to a perception that a customer is getting preferential treatment without proper justification;
- Use vocabulary/expressions of power or domain (e.g., “After this we will

control the market" and "now we can eliminate competition");
- Use aggressive words or strategies towards competitors;
- Use inappropriate vocabulary (e.g., "Please destroy/delete after reading");
- Write anything that suggests that prices are based on any basis other than internal commercial judgment or publicly available information.

5. GUIDELINES FOR RECEPTION OF PUBLIC AGENTS

5.1. LDC confers to Government authorities the possibility of carrying out search and seizure operation at the company's facilities, after due legal authorization ("Procedure"). The refusal to comply with the court decision/warranty constitutes a criminal contempt (see Art. 330 of Brazilian Penal Code) and may result in the use of police force in order to discourage any resistance created.

5.2. In the event of any Procedure in any of the Company's facilities, Employees shall adopt the conducts described below, even if such Procedures are not related to competitive practices.

A) Reception of Public Agents

5.3. All Employees who may potentially be faced with a Procedure must be properly trained to behave properly. Employees shall be courteous and professional and avoid any aggressive behavior. The Company is fully interested in establishing a good relationship with the authorities.

(i) Guidelines for receptionists:
- Register the arrival of Public Agents just like any other visitor;
- Contact, with priority, the Legal Department and the most senior Manager available on the site;
- Accompany Public Agents up to the arrival of the most senior Manager available;
- Do not accept and/or sign any notification, subpoena or similar document regarding the Procedure and/or the corresponding files. Only the Manager responsible for the facility or an attorney are allowed to do so.

(ii) Guidelines for the Manager responsible for the facility (or any other Employee who is in charge of replacing him/her in case of unavailability):
- Check the identity of Public Agents and the court decision or warranty for authorization;
- Treat Public Agents with respect and offer full cooperation;
- Request Public Agents to wait for the required time for the arrival of lawyers (internal or external);

- Seek information from Public Agents regarding the purpose of the Procedure and the estimated schedule;
- Appoint one or more officers to handle requests from Public Agents and one or more secretaries to prepare a complete record of all questions asked and answers given, as well as make copies for the Company of all documents and records seized or copied by Public Agents, if possible;
- Immediately inform the Officer of your respective area and ensure that the Company's Legal Officer is aware;
- One shall never try to warn competitors (other than customers/association) about the event of the Procedure.

(iii) Guidelines for lawyers (internal or external):

- Carefully examine the terms, scope and reasons for the court decision or warranty, as well as ask any pertinent questions;
- Check if the dates in the authorization document are consistent with the date of the procedure;
- Check the exact name of the company (and its departments) to be the subject of the Procedure: Public Agents may not have access to any facility, department or file of a company whose name has not been included in the court decision or warranty;
- Check the designation of the places to be visited (e.g., departments, offices, safe, vehicles), as well as the scope of files/information that can be seized: Public Agents may not have access to places or information not mentioned in the court decision or warranty.

B) ***<u>Procedure Development</u>***

5.4. The following conducts shall be followed by the Public Agents during the Procedure:

(i) Public Agents must explain how they want to proceed and ask how the company is organized, who is in charge of the various topics, as well as where the files are kept so they can inspect them;

(ii) Public Agents can search for relevant documents in all areas mentioned in the court decision/warranty, including vehicles, irrespective of their owners;

(iii) Public Agents can examine and seize all types of documents, e-mails, computer files, as specified in the court decision/warranty;

(iv) Public Agents can seal all commercial facilities, documents and information media (servers), within the limits of their visit to the facilities;

(v) Public Agents can ask for verbal explanations. Only Officers and Lawyers empowered to do so may answer such questions. The accuracy of the information

to be provided shall be checked to ensure that a complete and correct answer is given. Notes may be taken to answer the questions. A secretary shall keep a complete record of all questions and explanations provided.

C) <u>Completing the Procedure</u>

5.5. At the end of the Procedure, the Employees in charge shall adopt the following measures with the Public Agents:

(i) Request a copy of the minutes of the Procedure signed by the Public Agents, if possible;
(ii) Record in the minutes all necessary notes, which can be used to evidence any incident or abuse of authority by Public Agents;
(iii) Request a signed inventory of copies and extracts of documents seized by Public Agents during the investigation;
(iv) Ensure that all documents seized are identified and listed in the minutes of the Procedure;
(v) Ensure that all seized documents are sealed and that the number of each seal is indicated in the minutes of the Procedure;
(vi) Contact the Company's Legal Department for instructions before signing the minutes, in case of incidents;
(vii) Immediately transmit the minutes of the Procedure to the Company's Legal Department;
(viii) Do not issue any statements or press releases, maintaining total secrecy about the relevant information, complying with the rules set forth in the Policy for the Disclosure and Use of Company Information.

6. OTHER RESPONSIBILITIES

6.1. Employees are responsible for:

- Ensuring compliance with this Policy and applicable competition laws;
- When necessary, refer to the Legal Department to consult about situations that may involve conflict with these guidelines or the occurrence of risk situations described herein.

6.2. The Legal Department is responsible for:

- Clarifying any doubts about the application of the guidelines provided for in this

document.

6.3. The Board of Directors is responsible for:

- Approving any changes and reviews to this Policy.
- Regulating any omissions in this Policy.
- Processing non-compliance with the obligations and rules established in this Policy and resolving on it, as applicable.

7. POLICY VIOLATION

7.1. Failure to comply with this Policy shall subject the breaching party to disciplinary penalties, in compliance with the Company's internal rules (e.g. Company's Code of Ethics), without prejudice to the applicable administrative, civil and criminal penalties, enforceable by the competent authorities.

8. EFFECTIVE TERM AND AMENDMENTS

8.1. This Policy comes into force on the day subsequent to its approval by the Company's Board of Directors and any amendments or reviews shall be submitted to the Board of Directors.

9. FINAL PROVISIONS

Effective Term: *from July 10 2020.*

1st Version: July 10*, 2020.*

Responsible for the document:

Step	***Responsible***
Preparation	[Legal Department]
Review	[Audit, Risks and Compliance Officer] [Corporate Governance Committee]
Approval	Board of Directors

Amendment log:

Version	***Item amended***	***Reason***	***Date***
01	Original Version	N/A	07.10.2020

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