1. OBJECTIVE

This Policy aims to establish general rules, guidelines, guidelines and responsibilities to be observed by all Company Employees and Third Parties in the process of pricing and monitoring commodities and foreign currencies, as well as in the management of exchange rate effects related to the Company's operations, in order to ensure that:

Risks arising from exposure to changes in the price of commodities and the capture of opportunities through the purchase of futures, contracting insurance or other financial tools, are identified, evaluated and mitigated to an acceptable level;

The Company's foreign exchange exposure is monitored and controlled conservatively depending on the achievement of its budgetary and strategic objectives;

The governance and Internal Controls structure is continually reviewed, considering the identified Risks, minimizing the costs associated with uncontrolled Risks and/or unnecessary control activities;

Operations with potential conflicts of interest are identified and associated risks are minimized through the implementation of measures for segregation of functions and/or monitoring of activities;

All Employees involved in the process clearly understand the objectives of this Policy and the roles, functions and responsibilities assigned to the different levels of the Company;

The Company adheres to the applicable regulatory framework.

This Policy's mission is to ensure compliance with the Company's business objectives and strategies, identifying and timely communicating the need to adapt operational procedures and the level of exposure to the inherent risks of exchange rate variation and commodity transactions. This Policy aims to protect and optimize the Company's results due to variations in currency and commodity prices through the contracting of financial instruments in the futures, forward, options and swap markets.

The provisions of this Policy must be interpreted together and complement the conduct guidelines established in the Code of Ethics and other related internal policies and procedures.

2. APPLICATION

Applicable to everyone at M. Dias Branco.

3. RESPONSIBLE MANAGERS

Corporate Risk Management

PREPARED BY:	APPROVED BY:
JUAN LEVINIG DOS SANTOS FERNANDES	DANIEL MOTA GUTIERREZ

4. DESCRIPTION

4.1. Hedge Committee

4.1.1. Composition and operation of the Hedge Committee

4.1.1.1. The Hedge Committee (Committee) will be formed by those holding the following positions in the Company: (i) President; (ii) Industrial Mills Vice President; (iii) Investments and Controllership Vice President; (iv) Executive Director of Supply; (v) Commodities Manager, (vi) Investment Manager. In cases of vacancy or organizational review, any changes to this composition will be determined by the Nomination and Remuneration Committee, an advisory body to the Company's Board of Directors.

4.1.1.2. The Committee will be secretariat by the Company's Risk Manager, who will not have deliberative powers. Committee members may request, at their discretion, operational and consultative support from any Collaborator or Third Party, as well as invite them to participate in their meetings.

4.1.1.3. The Committee will have regular monthly and extraordinary meetings whenever necessary, and will establish a basic agenda for its annual planning and schedule.

4.1.1.4. The minimum quorum for meetings will be 4 (four) members, with virtual participation being permitted through tele- or video-conferencing tools.

4.1.1.5. All discussions and deliberations of ordinary and extraordinary meetings must be included in minutes, sent electronically within 3 (three) business days after the meeting, for review and comments by members. Approval and signature (physical or electronic) of each minutes will take place until the next ordinary meeting.

4.1.1.6. It is the responsibility of the Hedge Committee members to agree and validate the strategies in accordance with this policy, preferably by consensus. The President of the Company has the prerogative of final validation or disapproval of the proposal as a decisive vote in cases where such consensus is not reached.

4.1.2. The horizon of the topics discussed will be short, medium, and long term, according to the definition of the budget for each commodity and its respective Strategic Pricing Planning - PEP (see item 7), reaching up to 36 months.

4.2. Roles and responsibilities

4.2.1. Hedge Committee:

4.2.1.1. Approve at least annually, or with each relevant change to the Strategic Pricing Plan (PEP) for each applicable input.

4.2.1.2. Approve the Risk Appetite in relation to the protections for exchange operations and commodities suggested in the PEP.

4.2.1.3. Approve and review the Hedge Policy.

4.2.1.4. Ensure that there is no conflict of interest between those involved in the process, where the risk department does not act in treasury operations and commodity purchases.

4.2.1.5. Define guidelines, parameters, methodologies, responsibilities, processes and controls for the development and application of exchange rate and market risk management via commodity pricing with hedging tools, insurance contracting, derivatives, or other financial tools.

4.2.1.6. Ensure the correct use of financial instruments to protect and optimize the Company's results due to variations in currency and commodity prices (without speculative purposes);

4.2.1.7. Ensure that all operations are restricted to commodities, inputs, products and equipment that are correlated with the Company's production chain and operations.

4.2.1.8. Manage the Company's total net exposure, considering exports, investments, capex, etc.

4.2.1.9. Align market perspectives and consequent impacts on the Company's annual and multi-annual budget, forecasts, and strategic planning.

4.2.1.10. Ensure and supervise adherence to the Hedge Policy.

4.2.1.11. Approve performance indicators to be used in market risk management.

4.2.1.12. Sponsor and disseminate the market risk management culture in the Company.

4.2.2. Supply Directorate:

4.2.2.1. Through the Supply Policy, determine which categories of inputs will be subject to analysis by the Hedge Committee.

4.2.2.2. Define the Strategic Pricing Planning – PEP for each input or group of related inputs, monitoring the expected vs. achieved results, and monitoring the discipline for executing any action plans.

4.2.2.3. Definition of Risk Appetite in relation to protections for commodity operations.

4.2.2.4. Execute (contract) Commodity operations directly with a supplier, in reais or foreign currency, following the guidelines approved by the Hedge Committee.

4.2.2.5. Advise the Board of Directors and other Company Committees on matters related to market risk management.

4.2.2.6. Adjust operations (positions) according to stipulated risk limits.

4.2.2.7. Adjust operations (positions) according to stipulated risk limits.

4.2.2.8. Define and implement improvement plans within your sphere of activity.

4.2.2.9. Ensure the execution of planned and approved actions for market risk management (hedging).

4.2.2.10. Identify eligible hedging instrument options with the best cost/benefit.

4.2.2.11. Inform management about exposures, market trends or any relevant fact that may impact the business.

4.2.2.12. Review the risk management models used to monitor exposures to market risks and propose changes, when applicable.

4.2.2.13. Evaluate hedging alternatives in accordance with this policy.

4.2.2.14. Evaluate stress scenarios to be applied in commodity market operations (fundamentals).

4.2.2.15. Document the operational negotiation process for Commodity operations.

4.2.2.16. Develop, execute, and formalize the Internal Controls of PEPs, negotiations with suppliers, and the Company's total exposure in Commodities.

4.2.2.17. Formalize and provide information required by other areas of the Company (e.g. Investments, Audit, Controllership, Risk Management, etc.), in order to guarantee the adequate accounting process for the financial instruments used (Hedge Accounting) for Commodity operations.

4.2.3. Investment Management:

4.2.3.1. Execute (contract) Hedge operations (Foreign Currency and Commodities), following the guidelines approved by the Hedge Committee.

4.2.3.2. Document the operational process of negotiating operations.

4.2.3.3. Support in the preparation of the PEP regarding exchange rate issues, suggesting:

4.2.3.4. Definition of Risk Appetite in relation to the risks of foreign exchange operations.

4.2.3.5. Inform management about exposures, market trends or any relevant fact that may impact the business.

4.2.3.6. Evaluate stress scenarios to be applied in currency market operations (fundamentals).

4.2.3.7. Advise the Hedge Committee with analyzes and technical support for matters related to market risk management.

4.2.3.8. Develop, execute, formalize, retain and report Internal Controls for the Foreign Exchange Market theme.

4.2.3.9. Formalize and provide requirements for other areas of the Company (e.g. Audit, Controlling, Risk Management, Supplies, etc.), to guarantee the adequate accounting process for financial instruments used (Hedge Accounting) for operations in foreign currencies.

4.2.4. Risk Management:

4.2.4.1. Supervise the Market Risk management process, reporting to the Hedge Committee any deviations and exceptions to the Hedge Policy.

4.2.4.2. Advise the Hedge Committee, acting as secretary and being responsible for recording meetings, formalizing decisions, and monitoring their adequate compliance.

4.2.4.3. Monitor the Company's risks and total exposure.

4.2.4.4. Support the Company in disseminating the market risk management culture.

Table 1 - Role and responsibilities summary table

HEDGE COMMITTEE	• Define, validate and review the hedge policy • Define, validate the PEP - STRATEGIC PRICING PLANNING • Define and validate the tolerated risks in relation to foreign exchange operations and commodities • Define validate the performance indicators to be used in market risk management • Sponsor and disseminate the market risk management culture in the Company
SUPPLY	• Through the supply policy, determine which categories of inputs will be subject to analysis by the hedge committee • Prepare and recommend the PEP for each category of input subject to analysis by the committee • Suggest tolerated risk levels in relation to commodity operations • Document the operational process of negotiating commodity operations • Prepare, execute and formalize the internal controls of the PEPs, negotiation with suppliers and total exposure of the commodity company • Execute (contract) commodity operations directly with a supplier, in reais or foreign currencies, following the guidelines approved by the Hedge Committee
INVESTMENTS	• Execute (contract) Hedge operations (foreign currency and commodities), following the guidelines approved by the Hedge committee • Support in the preparation of the PEP regarding exchange rate issues • Adjust operations (positions) according to stipulated risk limits • Develop, execute and formalize internal controls for the company's foreign exchange operations, derivatives and total exposure
RISK	• Supervise the market risk management process, reporting to the hedge committee any deviations and exceptions to the hedge policy • Advising the hedge committee, acting as secretary and being responsible for meeting records, formalizing decisions and monitoring their adequate compliance • Support the company in disseminating a culture of market risk management

4.3. Hedge Hiring Process

4.3.1. Assumptions for contracting financial instruments (futures, forwards, options, and other derivatives)

4.3.1.1. The execution of strategies to protect the price of commodities can be done through (i) fixing in national currency (price of the commodity and exchange rate made simultaneously); (ii) only fixing the price of the commodity in foreign currency; or (iii) simply fixing the exchange rate of the financial volume in national currency.

4.3.1.2. Foreign exchange operations must aim to protect and optimize the Company's results due to variations in currency and commodity prices (without speculative purposes).

4.3.1.3. Foreign exchange operations must be based on the Company's total net exposure, considering exports. Investments and CAPEX must also be included in the driver for total net exposure.

4.3.1.4. The contracting of hedge and derivative operations must be restricted to commodities, inputs, products and equipment that are correlated with the Company's production chain and operations.

4.3.1.5. Hedge and derivative operations, both commodity and foreign exchange, must be based on budgetary forecasts, intermediate forecasts, multi-year strategic planning and historical consumption, production and sales statistics. To construct the target price curve, historical prices, market projections and budgets from previous years must be considered.

4.3.1.6. Exceptions and contracting of operations outside the Hedge Policy must be submitted for approval by the Hedge Committee before being executed.

4.4. Strategic Pricing Planning (PEP)

4.4.1. Strategic Pricing Planning (PEP) is the methodology adopted by the Company to make decisions to fix input prices, whether in the commodity price vector, in the exchange rate vector, or both. Each PEP must contain:

4.4.1.1. Analysis and market intelligence, defining guidelines to guide the creation of the budget or target price to be pursued and strategies to be executed. It must be based, minimally, but not exhaustively, on (i) market fundamentals (supply and demand); (ii) price seasonality; (iii) percentile analysis; (iv) premiums and spreads; (v) fund position; (vi) macroeconomic analysis; and (vii) view of trends.

4.4.1.2. Consumption estimates, considering forecasts of stocks, sales and purchase volumes in the analyzed period.

4.4.1.3. Quantitative assessment containing quotations, contracting conditions, study of the supply chain, clarification of the pricing method and establishment of the target cost for the period analyzed.

4.4.1.4. The definition of futures purchasing and insurance contracting strategies to be used in each period from 1 to 12 months, from 13 to 24 months and from 25 to 36 months.

4.4.1.5. Matrix and fixing schedule meeting the limits established in item 7.

4.4.1.6. Approval of the costs and resources necessary to implement the strategy.

4.5. Hedging Instruments Operation

4.5.1. The Hedge instruments authorized by this Policy must be contracted in structured markets or with first-tier financial institutions and that comply with the Company's policies, notably the Supply and Investment Policy, and the Compliance Program policies.

4.5.2. The execution of orders with financial institutions, as well as the analysis and validation of resources for margin calls and other operations will be the responsibility of the Investment area, in accordance with the approval levels already established in the Company's other policies.

4.5.3. Exchange price fixing instruments directly in the contract with suppliers must be discussed and approved by the Hedge Committee.

4.6. Hedge Accounting

4.6.1. The Company may adopt hedge accounting for contracted derivative instruments, in accordance with the standards established by CPC (Accounting Pronouncements Committee) 48 / IFRS 9.

4.7. Policy Violation

4.7.1. Failure to comply with this Policy will subject the offender to disciplinary sanctions, in accordance with the Company's internal rules (e.g. the Company's Code of Ethics), without prejudice to applicable administrative, civil and criminal sanctions, attributable by the competent authorities.

5. GLOSSARY

Leverage: is the use of external resources, instruments and opportunities to multiply results.

Call - Call : Purchase option, an operation that gives the holder the contractual right to buy an asset, on a future date, at a pre-determined price (strike), which provides him with protection equivalent to insurance against price increases of the underlying asset from the strike.

Margin Call: is the requirement to provide more guarantees when the assets in the account — total capital plus or minus profits/losses — falls below your margin requirement for open derivative operations.

Collaborators: All employees, members of the Board of Directors, members of committees (statutory or not), members of the Fiscal Council, Statutory Directors (President and Vice-Presidents), non-statutory Directors, apprentices and interns of the Company, regardless of position or function performed.

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

Commodity: Any good in its raw state, of agricultural origin or mineral or vegetable extraction, produced on a large global scale and with homogeneous physical characteristics, whatever its origin, intended for foreign trade.

Internal controls: Policies, standards, procedures, activities and mechanisms developed with the purpose of (i) ensuring effective risk management; (ii) ensure the efficiency and effectiveness of operations and the quality and integrity of recording transactions; (iii) provide reliability in the preparation of financial statements; and (iv) disseminate and ensure compliance with laws and **regulations.**

Derivatives: are financial contracts that are established with zero or very low initial investment (in relation to the size of the contract), and their value is derived from the price, rate or index of a certain asset (object). Derivative instruments are the most used in hedging operations.

EFP (Exchange of Futures for Physical) /AA (Against Actual): It is a privately negotiated transaction between two counterparties and involves the simultaneous exchange of a futures position for an economically equivalent position in a contract between the parties, whether financial, spot or in the over-the-counter market.

Price fixing: is an agreement between two parties to set a fixed price on a certain volume of a product to be purchased/sold.

Forecast: is the adjusted budget, where the objective of its preparation is to guarantee the updating of the projections stipulated in the initial budget. The budget, also called budget, outlines the estimated sales, costs and expenses of a company for a certain period of time, normally one year, and can be reviewed monthly if necessary.

Futures and Forward: "Futures" and "Forward" contracts are derivatives that represent a commitment to buy or sell a certain amount of a certain good on a future date and for a pre-defined price. "Futures" contracts are adjusted daily and are generally standardized and traded on structured markets (exchanges), while "Terms" are settled at maturity and traded bilaterally or on an exchange.

Hedge: Protection strategy for the risks of an operation, which mitigates the exposure of bought or sold positions to reduce the impact of price fluctuations, rates, among other financial risk factors, on the object of protection.

Hedge Accounting: Hedge accounting is an optional accounting strategy used by companies that wish to eliminate or reduce volatility in results or equity resulting from hedging operations.

NDF (Non Delivery Forward): It is a forward contract for future settlement and without physical delivery, that is, for settlement exclusively for the value of the difference between the contractual future price and the market closing reference price.

Option (insurance): Contract that gives the right (and not the obligation) to whoever acquires it, upon payment of a premium, to purchase or sell an asset, at a future date, at a contractually pre-defined price. The pre-defined price is the Strike Price. Options to buy are called "calls" and options to sell are called "puts". The counterparty who grants (sells/writes) an option receives a premium and has the obligation to buy, in the case of a "call", or sell, in the case of a "put", when the option is exercised by the holder. –

Policy: Hedge Policy for Commodities of M. Dias Branco S/A.

Put: Put Option, an operation that gives the holder the contractual right to execute a sale of an asset, at a future date, at a pre-determined price (strike), which provides protection equivalent to downside insurance in the price of the underlying asset from the strike.

Risk: The possibility that the achievement of the Company's strategic and operational objectives will be negatively influenced by uncertain events, internal or external. Risk should not be confused as being the absence or non-execution of Internal Control.

Spread: The Spread is the price or rate differential, applied to hedge operations/contracts and other financial operations.

Third parties: Any natural or legal person who is not an Employee of the Company or who is hired to assist in the performance of its activities, such as partners, consortium members, representatives, suppliers, service providers in general, consultants, outsourced workers, agents or intermediaries who act on behalf of the Company.

6. CHANGE HISTORY

Revision	Latest Changes
0	INITIAL ISSUE

PREPARED BY:	APPROVED BY:
JUAN LEVINIG DOS SANTOS FERNANDES	DANIEL MOTA GUTIERREZ