

# Direction



## Corporate governance is the compass that guides the paths to growth of the CCR Group

For a safe journey, drivers need road signs, reflective road lines and various other signage instruments. Likewise, our company depends on policies, processes and internal regulations that direct the best way for growth and business diversification with responsibility, ethics and sustainability.

Corporate governance is the central system of this broad set of rules that guide the way we run, monitor and drive our activities. The solidity of this structure is essential to give transparency and traceability to strategic decisions, which generates security so that all our company's professionals know how to act to preserve our institutional reputation, protect our assets and increase customer satisfaction in our concessions.

The year of 2019 was marked by the conclusion of an in-depth review of the governance structure, corporate policies and decision-making process in our company, as a consequence of a decision of the Board of Directors disclosed at the end of 2018. We created the Vice-Presidency for Governance and Compliance, which reports directly to the Board of Directors, also covering the area of Internal Audit and Corporate Management. We structured and began practicing a new governance model, inspired by best practices and tailored to our needs, privileging collegiate discussions and deliberations at the different levels of the company and ensuring greater adherence of the decision-making process to our strategic objectives and always in the best interest of our stakeholders. In conjunction with these changes, we review the criteria and structure of variable remuneration throughout the company, directing management towards achieving sustainable, long-term results.



We have updated the structure, regulations and scope of action of the committees that advise our Board of Directors, composed of qualified and empowered members to represent and defend the interests of all shareholders.

Good corporate governance practices are strengthened with the revised and expanded Compliance Program. A system based on clear policies and standards that place our employees as protagonists in promoting ethics and our values in relations with public agents, suppliers and all other audiences that interact with our company.

Also as a result of the Board's decision in 2018, one of the big four audits was contracted to support the risk mapping and structuring of the CCR Group's risk management area.

These movements consist of the natural unfolding of pioneering initiatives already adopted by the company, such as the entry into the New Market and the creation of a Governance Committee in 2002.

We strengthen the entire compliance system, risk management and internal controls of the company, in accordance with best market practices



## Governance Project

The Governance Project is an initiative that transforms the way we make strategic decisions and conduct our company by winning new business, innovating and diversifying revenues in existing concessions. It is based on two pillars: the renewal of the decision-making process and a new model of remuneration and goals.

To build the first pillar, we rely on the support of external consultants to map out all the critical decision processes for our business model and, from there, redefine the instances of evaluation, discussion and final direction. This is a change that goes beyond simply setting limits and approval levels on investments and values.

The new model determines that essential themes, with the possibility of impacting on financial soundness, reputation, relationships with the public and other relevant aspects, be taken to a collegiate analysis of leaders. The decision-making flow is fully recorded in corporate systems and traceable.

The second pillar of the project concerns a new design for our employees' remuneration system and targets, developed on the basis of internationally recognized methodologies and which came into force in January 2020. The goal is to make this instrument, valuable for the recognition of our employees, even more transparent and directed towards the sustainable growth of the business.

Based on two pillars, the Governance Project involved a new deliberation model for critical issues and the redesign of the variable remuneration system





In 2019, we presented this new format to all employees and discussed the benefits of its adoption. In practice, the Profit Sharing (PS) offer is related to the achievement of quantitative and qualitative targets, making it possible to recognize both the results obtained and the way they were delivered.

In the new system, alignment with the competencies and values of the corporate culture is equivalent to the achievement of goals. Thus, employees will

be able to understand, through the process of competence assessment conducted by the People Management area, the objective criteria that influenced the PS achieved.

In this way, our governance structure and processes reflect the new corporate culture. Transparency and collaboration among people underpin our assessments and decisions to drive company growth.

The Governance Project is an initiative aimed at guiding business growth and diversification in the face of market changes, increased competition and the identification of opportunities driven by innovation and new digital relationship tools. At the same time, the initiatives undertaken on this front are in line with the recommendations of the Independent Committee for the Board of Directors, resulting from the in-depth and meticulous investigation work in 2018 of events cited in testimonials published in the media and related events at odds with our values and good market practices.

At the end of its work, the Independent Committee recommended to the Board of Directors the conduction of action plans to improve internal controls and the governance structure of our company, the detailed assessment of risks related to the activities of the holding company and subsidiaries considering the sector of operation and the level of interaction with public agents, and the permanent monitoring of this work plan.

The Independent Committee acted from February 28 to December 5, 2018 and conducted the verification work with complete independence and freedom. Formed by experts in the legal area and in corporate governance, it contributed to the gathering of confidential information that was forwarded to the Public Prosecution Service of the State of São Paulo and subsidized the celebration of a Self-composition Agreement with the authorities. In 2019, based on the same investigations, CCR RodoNorte signed a Leniency Agreement with the Federal Public Prosecutor's Office in Paraná.

**In 2019, the Governance Project involved, among other measures:**

**Review** of Advisory Committees to the Board of Directors

**Reduction from 6 to 5 committees**, with adaptation of compositions, scope and respective names

**Implementation** of governance portal for the various management forums of the companies belonging to the CCR Group

**Improvement** in the formalization of deliberations and their traceability of decision-making processes

**Mapping** the main decision-making processes of the CCR Group

**Development** of an internal tool for monitoring processes that depend on the approval of different levels and involvement of support areas

## A new remuneration model

The restructuring of corporate governance gives greater autonomy and responsibility to executives and employees in the decision-making process and, therefore, it is important to redefine the incentives and processes that support this management model. The changes in the rules and criteria, however, have not altered the competitiveness policy already adopted by the company nor the total amount paid for remuneration.

The remuneration of the executives of the Board of Directors is composed of four parts: fixed, variable, indirect and situational. The base salary is determined according to the position occupied by the professional and the values practiced in the market. The variable remuneration of the executive officers is linked to medium and long-term goals, in accordance with the Profit Sharing Plans.

The quantitative targets, with percentage weight, are linked to the aggregation of Economic Value Added (EVA) and minimum dividend distribution. Qualitative targets are also taken as a basis, including stakeholder relations, operational improvements, qualified portfolio growth and sustainability targets. Situational compensation applies only in specific situations and under previously determined rules. There is also the Long Term Gratification Program (LTGP), which consists of a value generation policy that allows some executives to acquire rights based on stock appreciation, cash generation and dividend rate distributed.

## The pillars

### Clarity

Employees understand the mechanism by which their targets are set and their variable remuneration is calculated

### Transparency

Employees have visibility into their performance and the elements that affect and define their variable compensation

### Meritocracy

Individual remuneration is related to the behavior and performance of each employee and business unit

## Three components make up the short-term variable remuneration

1

### Financial Goals

Part of the individual remuneration is based on the achievement of financial objectives of the company, division and business unit to which the employee is dedicated.

2

### Individual Goals

All employees will have individual goals based on their priorities for the year. The agreement, management and verification of these goals are only possible due to the new governance model and the collegiate forums for talent management, which give more balance, security and transparency to individual goals.

3

### Assessment of Skills

The new model will also reward the way the results are delivered. It is expected that results will be delivered in a manner that adheres to the corporate values.

## The LTGP (Long Term Gratification Program) has also changed

- The goal is to retain talent and align interests, contributing to the company's continuous and sustainable growth in the long term.
- More competitive, simple and transparent for participants.
- Clear and transparent communication on the eligibility criteria for employees who will participate in the LTGP.

## Governance structure

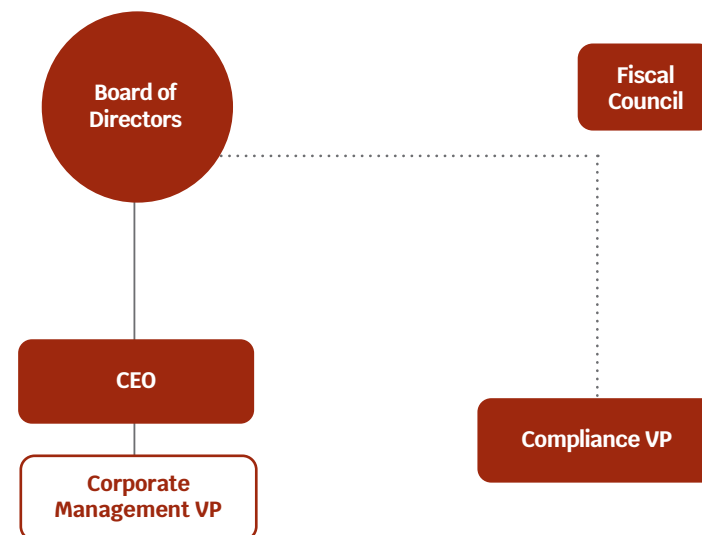
Our company's shares, traded at B3 S.A. - Brazil, Stock Exchange, OTC (in English, B3 - Brazil Stock Exchange and Over-the-Counter Market), are listed on the Novo Mercado (New Market), recognized for requiring the adoption of the best practices of corporate governance and relationship with minority shareholders. Therefore, we adopt and comply with the guidelines of this listing segment's regulations in the management of our business.

The Board of Directors is the highest governance body and indicates strategic guidelines for growth and portfolio diversification, assessing economic, environmental and social aspects that may positively and negatively impact the capacity to generate value for all stakeholders. According to the Bylaws, it must be formed by a group between 8 (minimum) and 15 (maximum) members. This definition is made by the Ordinary General Meeting (OGM) of shareholders, which, in 2019, elected 12 effective members and 10 substitute members.

In its current composition, the body has three independent directors, whose professional experiences and knowledge of the sector have allowed the qualification of discussions in the largest body of our governance structure. All nominations follow the requirements established by the **Display Policy** of Directors, Advisory Committees of the Board of Directors and the Fiscal Council.

Our Advisory Committees to the Board of Directors were reviewed in 2019, contributing to the agility and quality of the deliberations in the governance bodies

Click on the name of the Committees  
to understand the assignments of each of them



To  
learn  
more

for the Internal Regulations of  
the Board of Directors and Advisory  
Committees

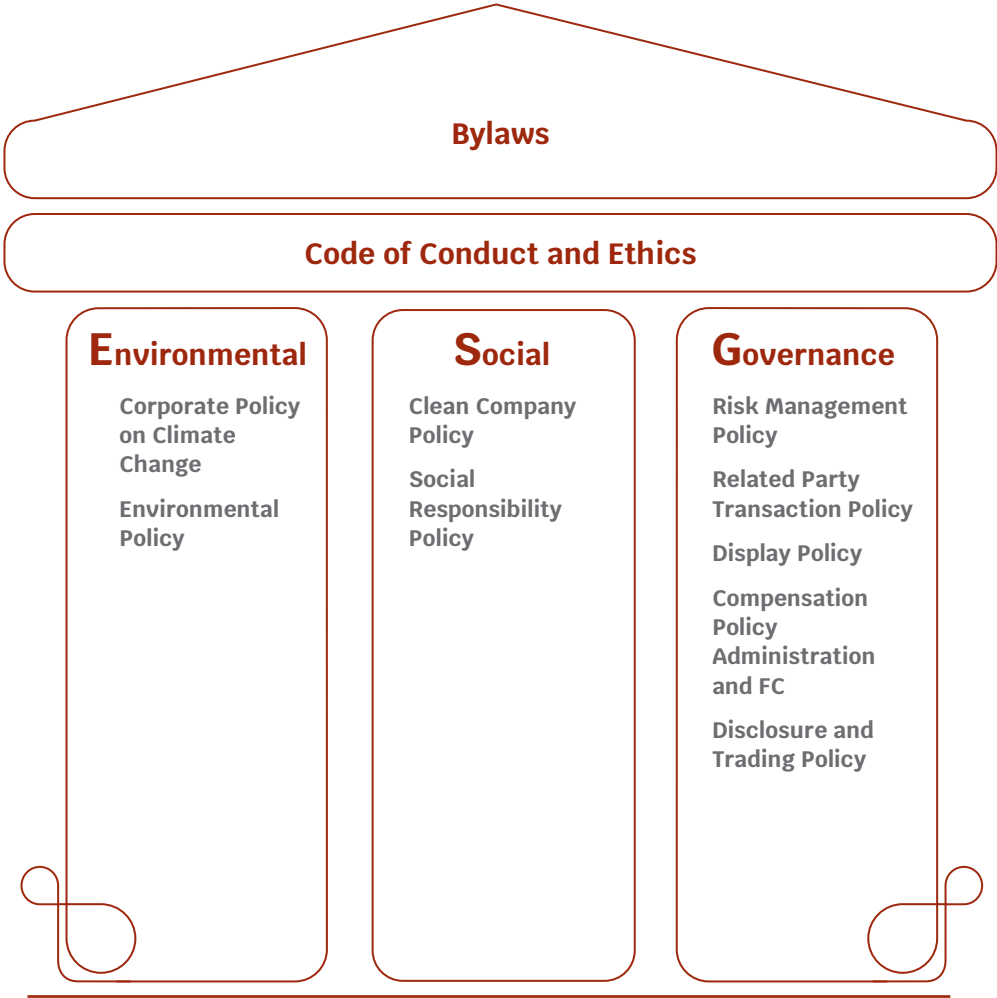
The Board of Directors meets on a monthly basis, on an ordinary basis, and, on an extraordinary basis, when necessary in the interests of the company, upon convocation by any of its members. Its performance is supported by Advisory Committees, bodies responsible for deepening evaluations and recommendations for the deliberation of certain matters. The number of committees, their attributions and regulations have been completely revised in the last year, aiming at giving more agility and quality to the decision-making process.

As in previous years, in fiscal year 2019, our company counted on the installation of the Fiscal Council, a non-permanent body that acts in an independent manner to supervise the acts of the management and the conduct of business, as approved in the OGM. Three effective members and their respective alternates were elected, highlighting that, in this process, the Display Policy was also observed.

### Our policies

The Company's **Bylaws**, the Code of Conduct and Ethics, the Internal Regulations of the Board of Directors and its Advisory Committees and the different corporate policies are instruments that define the criteria and guide the strategic decisions taken in all instances of our corporate governance. The Governance Project we conducted allowed all these instruments to be reviewed and updated between 2018 and 2019 (with some being approved in the first month of 2020), providing a more agile process aligned with both the strategic objectives and the demands of external audiences.

Click on the policy name in the diagram below to access the entire document



## Performance evaluation and compensation

The performance evaluation of the Board of Directors, Advisory Committees, Executive Officers and the Board Secretariat takes place at each term of office of its members, in accordance with B3 S.A.'s Novo Mercado (New Market) regulations in force since 2018. It is the responsibility of the People and Governance Committee to manage this process, which involves a set of stages and the support of a specialized company.

The members of the Board of Directors and the Executive Board fill out an evaluation questionnaire, which is sent in unidentified closed envelopes to an external consultant for analysis. The consolidated result of this evaluation is returned to the People and Governance Committee, which prepares an opinion on action plans and improvements for discussion within the Board. The third-party analysis also provides CCR with a matrix of skills of Board members, contributing to the understanding of the complementarity of knowledge of its members, as well as possible alternatives for improvement in its composition.

The remuneration of the effective members of the Board of Directors is 100% fixed. The members of the Advisory Committees are members of the Board of Directors itself and could receive additional remuneration for each attendance at a meeting of these bodies. However, the practice of additional compensation for participation in committees has been discontinued, with approval at the General Meeting held at the election of the new members of the Board of Directors in April 2019.



The People and Governance Committee is the body responsible for developing the CCR Group's evaluation processes and remuneration policies

## Active business management

The execution of the strategy and the conduct of business in accordance with the corporate governance guidelines policies are the responsibility of the Executive Board. Formed by 11 executives with recognized experience in their areas of expertise, this collegiate of leaders guides the way we qualify and develop our business, prepare and strengthen our employees and manage the risks to preserve the capacity to generate value.

In the last two years, the Board of Directors has appointed new professionals to fill these positions, following the plan of the Leadership Identification and Development Program conducted by the company since 2014. In the current Board of Directors, there is a positive combination of professionals already working in the company with other contractors in the market, with new visions and ideas for our growth.

Also in 2019, the beginning of the CEO succession process was announced to the market, which should be concluded in 2020. In a transparent manner, the succession process has been conducted with the support of the current Chief Executive Officer himself and the Board of Directors, and thus puts into practice the guidelines and nomination criteria defined by the new corporate governance system.

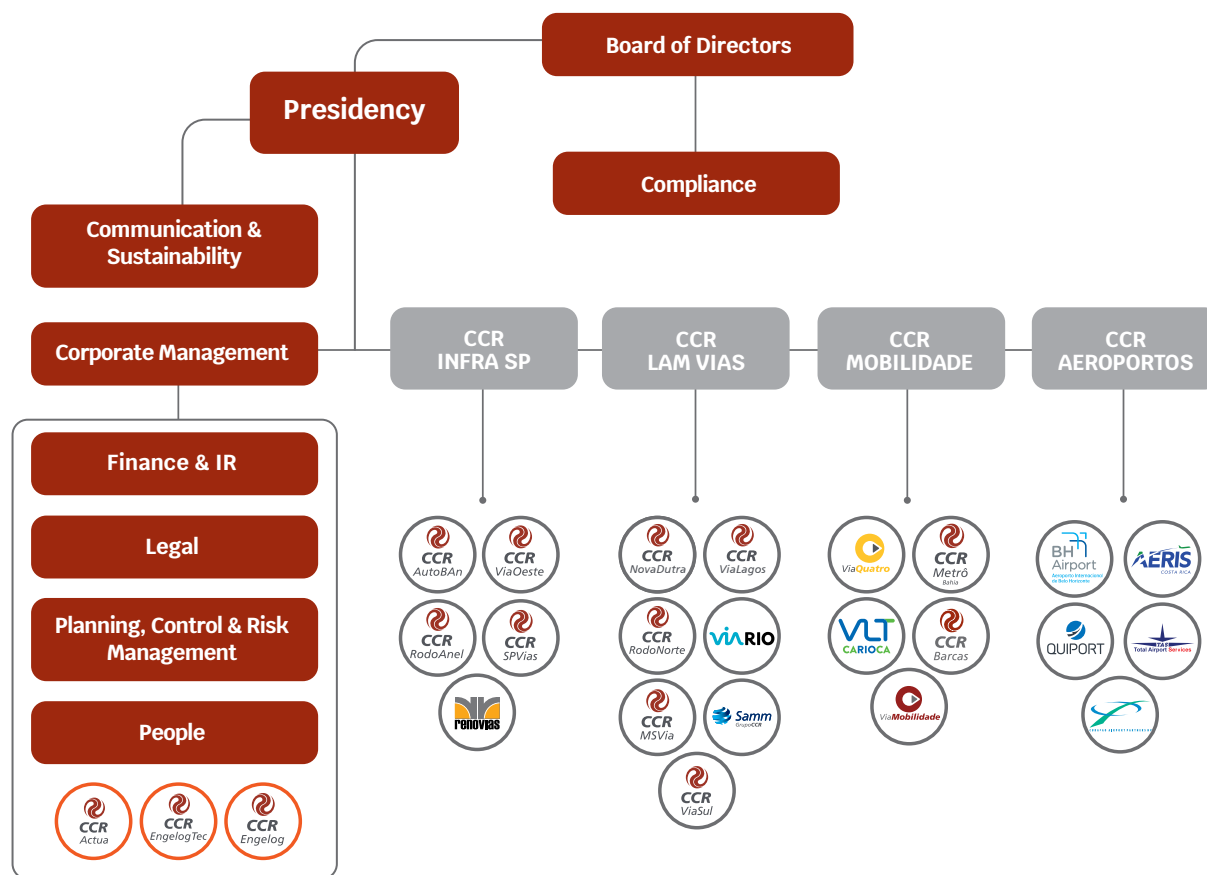
The Vice Presidency of Corporate Management is the body that monitors all corporate, administrative and operational processes. Thus, we ensure that the management model and good practices are disseminated to all the units that manage the concessions and also to the companies in our Shared Services and Competence Center.

In order to enhance business management, we have organized our corporate structure with four business divisions responsible for coordinating road concessions, urban mobility and airports. Thus, we strengthen the strategic action axes and potentiate the opportunities for

diversification and new business development, with more efficiency and synergy in all processes.

The Service Centers and Shared Competences CCR Actua, CCR Engelog and CCR EngelogTec support the Group companies with teams specialized in people management, engineering and technology. Samm

is a company providing services related to high capacity data transmission by means of fiber optics deployed along the highways and the Line 4–Yellow of the subway. The CCR Institute strategically articulates the promotion of socioeconomic and cultural development in the regions where the CCR Group is present.



## Risk and process management

The size of our business and the diversification of our portfolio of concessions require from our company a solid model aligned with best practices for the management of corporate risks, control of internal processes and identification of opportunities. This structure ensures the ability to generate long-term value and maintain ethical and transparent relationships with shareholders, investors and other stakeholders.

By creating a specific area to support corporate risk management, we have accelerated our evolution on this front. The approval of our Risk Management Policy by the Board of Directors and the new regulations for the New Market, the listing segment of B3 S.A. in which our actions are listed, were the driving forces behind this change.

In deciding to move in this direction, we evaluated the guidelines of the U.S. Sarbanes-Oxley Act (SOX), considered the most evolved in the world to guide the creation of corporate audit and security mechanisms. Thus, the entire structure that we began building and operating in 2019 will be aligned with this legislation, even though our company is not obliged to follow it because it does not have papers negotiated in the United States.

We study the best practices of the market and of companies that are recognized as a reference in risk management, regardless of their sector of operation. With the support of a specialized consulting firm, we conduct interviews with all members of the Board of Directors, in addition to members of the Executive Board, external legal and communication advisors, directors of concessionaires and companies of the Shared Services and Competencies Center, and we also count on the engagement of superintendents, managers and analysts of strategic areas of the company.

This gathering of internal and external information has provided a broad view of the risks to which our business and operations are exposed. To group and prioritize them, we use rules that assess the severity of impacts in relation to financial, operational, regulatory and reputational aspects.

The application of this methodology allowed us to build the Heatmap in 2019. This is a corporate matrix that indicates what are the priority residual risks for which we should define and implement action plans.



This map will be continuously updated, allowing our risk management to be dynamic and respond to market changes and new demands from society. To this end, we have begun implementing digital systems to record internal controls and manage risk protection flows - work that will continue in 2020.

Together with the structuring of the systems, we will train all our employees so that the culture of risk management is internalized and practiced in all areas and units.

Our risk management becomes even more efficient through the performance of the Internal Controls area, also created in 2019, aimed at evaluating the internal controls of operational and administrative processes. This team will be responsible for, based on a work plan defined annually, evaluating the procedures we adopt for the registration of operations and proposing improvement plans based on risk management processes.

Internal Audit acts to monitor controls and risk management practices, aimed at ensuring that corporate areas act to minimize business risks and improve operations and internal controls. Linked to the Vice-Presidency of Compliance, this area acts independently and ensures quality in monitoring and accountability to the company's management.

The Board of Directors monitors the evolution of issues related to risk management by means of reports and evaluations made by its Advisory Committees. In this sense, the Audit and Compliance Committee and the Risk and Reputation Committee work together to qualify the analyses and support the decision making.

Thus, we have created a system of corporate governance that feeds back to ensure that decisions are made in accordance with the strategic objectives and long-term vision of shareholders, following the methodologies we have established for tracking and recording processes and based on accurate and reliable information.



The Heatmap identifies our priority risks and from it, the Risk Management, Internal Controls and Internal Audit teams plan actions to mitigate risks and strengthen control systems



To  
learn  
more

**Click here** and refer to sections 4 and 5 of the Reference Form for more information on our risk factors and the mechanisms we have adopted to manage them

## Compliance Program

We develop our business based on ethical principles, transparency and respect for human rights. The corporate values that reinforce this position are expressed by the **Code of Conduct and Ethics** and the **Clean Company Policy**, developed in accordance with the Anti-Corruption Law (12,846/2013). Thus, we comply with the strictest anti-bribery and anti-corruption rules and legal provisions in force in Brazil and worldwide, in addition to complying with the determinations of the Novo Mercado (New Market) regulations, segment of B3 S.A.'s listing.

The practice of these values is accompanied by the Compliance Program, in place since 2015 and composed of a series of tools

Law no. 12.846/2013: provides for the administrative and civil liability of legal entities for the practice of acts against the public administration, national or foreign, and makes other provisions. Decree no. 8,420/2015 regulates Law no. 12,846/2013.

FCPA (United States): Foreign Corrupt Practices Act

Article 42 of Decree no. 8,420/2015 was widely considered in the preparation and implementation of the Compliance Program, both in the preparation of internal rules and policies and in the design of the pillars.

- Commitment of senior management
- Rules for donations and sponsorship
- Third party due diligence
- Process monitoring
- Procedures for interaction with public agents
- Guidelines for conduct in election periods and during bidding and M&A processes, among others

that establish norms and standards of expected behavior, training of employees, programs for the adoption of corrective measures combined with action plans and communication channels for the denunciation of attitudes that go against our norms and values.

In addition, our company and its subsidiaries are signatories of the UN Global Compact, especially the initiatives proposed by the Anti-Corruption Thematic Group, and are therefore committed to the adoption of the Construction Sector Integrity Booklet. Our success is based on principles of integrity and respect, our values described in the Code of Conduct and Ethics and the Clean Company Policy, aligned with the guidelines defined by the Novo Mercado (New Market).

### 2019 Compliance in numbers

**120** donation and sponsorship **projects** evaluated and analyzed, focusing on compliance risks

**21** different **types** of internal training for CCR employees on various compliance-related issues

**24 hours** of training for employees in the Compliance area

**9** national and 2 international **units** visited by the Compliance area

**208 occurrences** of the Confidential Channel (Ethics Line) treated and Finalized

**23** internal **policies** and procedures reviewed and/or developed and approved

We constantly reinforce, with the support of senior management, the continuous disclosure and updating of the Compliance Program, which guides all employees, shareholders, administrators and third parties, at all levels, on the need for sustainable business development and in compliance with internal policies and standards, as well as in compliance with the legislation of the countries in which they operate.

We are constantly seeking the best market practices, fighting corruption, bribery, kickbacks or facilitating payments. In this sense, the Program contains several policies and standards that deal with risk assessment of third parties, donations and sponsorships, gifts and gifts, interaction with public agents and conflicts of interest. We monitor compliance with these procedures and map eventual nonconformities, which will be subject to disciplinary measures, if applicable.

We constantly carry out training and communication campaigns in order to engage everyone in the compliance culture. The update

workshops are part of this improvement program, which represents the creation of intellectual capital and an important differential for cooperation in consortia and shared management in different operations.

The Confidential Channel (previously called Ethics Line) completes the instances of our Compliance Program, as it makes room for any employee, manager, shareholder or third party to report acts that do not comply with our standards, policies or the legislation of the country. The occurrences are recorded in an environment controlled by an independent and external company, recognized in the market for its performance in the compliance area.

The channel can be accessed through the company's website, dedicated phone line, e-mail and letter. Employees are also encouraged to seek out their immediate leader or the company's Compliance area to report violations of conduct guidelines.



The observance of the rules that compose the **CCR's Code of Conduct and Ethics** – which deal objectively with issues related to the conflict of interests, donations and contributions in general, the relationship with politically exposed people, money laundering and the recording of operations in its accounting books, among others –, is a precondition for the employability of all the company's employees and, especially, its leadership, which must watch over its effectiveness at all times.

This is also the case with the **Clean Company Policy** which deals specifically with the conduct of our employees in relation to public agents in general. The policy aims to provide transparency and traceability to the necessary relationship of CCR, in the fulfillment of its corporate purpose, with public agencies and their agents, thus seeking to mitigate risks of inappropriate conduct. Doubts and possible deviations of conduct are dealt with by the Confidential Channel (Ethics Line) of CCR, an independent and anonymous communication channel that helps the company to monitor the adherence of its employees to the rules and principles of governance.

Through the established standards and policies, continuous training, communication program and risk assessments, the CCR Group's Integrity and Compliance Program has been acquiring maturity, mitigating corruption risks and increasing corporate security.

CCR maintains in its business units a structure of internal controls that acts strongly in the prevention of deviations and illicit acts, as well as an internal audit program carried out by an independent external consultancy covering the collection processes, conservation and maintenance contracts, service management (including operation), relationship with granting power, supply management, fixed assets, fleets, information security, investment contracts, human resources and payroll, treasury, insurance, accounting and management reports, legal process management, environmental, health and safety management.

The audit is monitored and evaluated by the Audit and Compliance Committee, which reports periodically to the Board of Directors.

CCR S.A. and some of its subsidiaries entered into a Self-composition Agreement (from Civil Inquiry no. 14.0695.0000295/2018) with the São Paulo State Public Prosecutor's Office, approved by the State Courts and which is confidential. CCR S.A. has undertaken to pay R\$ 81.53 million in two installments for the dates of March 1, 2009 and March 1, 2020. These facts were publicly announced through a Material Fact on the same date. On July 15, 2009, the State of São Paulo appealed against the approval of the Term, as disclosed in the Material Fact of CCR of July 18, 2009 (which is available on CCR's Investor Relations (IR) website). On 02/04/2020, the Court of Appeals of the State of São Paulo rejected the appeal, maintaining in full the sentence that ratified the Self-Composition Agreement.

On March 6th, 2009, Rodonorte – Concessionária de Rodovias Integradas S.A. entered into a Leniency Agreement with the Federal Public Prosecutor's Office through the Paraná State Prosecutor's Office, which was later forwarded for judicial homologation, as disclosed by the CCR in Relevant Fact (which is available on the CRR IR website) on the same date. By the Agreement, CCR RodoNorte pledged to pay R\$ 35 million as a fine under the Improbability Law and to pay R\$ 350 million as a 30% reduction in the toll fee in favor of the concessionaire's customers for at least 12 months, in addition to carrying out works on the highways under its operation which total another R\$ 365 million and to submit to an external compliance monitoring process under the terms contracted there. The Leniency Agreement was entered into under the PA No. 1,25,000,004899/2018-42, conducted by the Federal Public Prosecutor's Office, which had the purpose of ascertaining, among other issues, certain facts involving the company and some of its subsidiaries.

## Supplier management

We base our relationship with suppliers on ethics and adopt the best governance practices, in line with the guidelines of the Code of Ethical Conduct and the Clean Company Policy. Purchasing and contracting are managed by the Shared Services and Competencies Center and include, in all standard minutes, termination clauses in the event of evidence of forced, slave or child labor, as well as health and safety aspects. The categories of priority suppliers (consultancies, brokers, construction and conservation) and medium risk suppliers (software development, project companies, law firms, marketing, communication and events, NGOs and philanthropic institutions) are subject to due diligence processes.



Number of suppliers by region	2019	2018	2017
Brazil	5,493	5,599	5,634
Center-West	314	330	336
Northeast	347	479	510
North	2	3	2
Southeast	4,116	4,327	4,211
South	714	460	575
Foreign	107	98	85
<b>TOTAL</b>	<b>5,600</b>	<b>5,697</b>	<b>5,719</b>

**2,608** supplier and partner analyses (third-party due diligence)

## Internal audit

With a view to strengthening corporate governance practices, the Vice Presidency of Governance, Compliance and Internal Audit restructured the Corporate Governance, Compliance and Internal Audit areas and adapted the reporting structure of these areas. The Risk and Internal Controls areas were also structured.

The objective is to establish a coordinated and continuous process of risk, compliance and internal controls, validated by Internal Audit. The synergy between these four areas is fundamental for the conduction of activities, demonstrating to the areas in the first line of defense a complete approach of identification and solution of the fragility and normalization of control.

The Internal Audit performs an independent function and its scope of action is broad, aiming to contribute to the reliability of financial reporting, safeguarding of assets and compliance with internal laws and regulations.

### Activities under the responsibility of the Internal Audit

- Implement the annual internal audit plan according to the priorities of the Board of Directors, planning and monitoring the work to be carried out in the various areas.
- Observe compliance with procedures, standards and organizational policies and detect deviations from their application by the company, suggesting their correction.
- Assess the internal control environment, with emphasis on the risks of the audited process.
- Assess and validate the implementation and effectiveness of the company's risk management, compliance and internal controls by means of monitoring and periodic testing of processes, with emphasis on priority risks.
- Communicate new risks to the Risk and Weakness Management team for the Internal Controls team.

## 2019 Highlights

**Creation and structuring** of the Corporate Internal Audit area, working together with a consultancy firm specialized in internal audits performed on the Group's processes

**16 processes** audited in 13 Divisions, Business Units and Shared Services and Competence Center

**Contracting** of a GRC (Governance, Risk and Compliance) tool to provide an integrated solution to the areas of Risk Management, Compliance, Internal Controls and Internal Audit, to be implemented in the **first half of 2020**

**13,640 hours** contracted for internal audits

**Bi-monthly meetings** with the Audit and Compliance Committee to present the results of internal audits and follow up on the status of the internal audit action plans previously carried out

## Defensive Lines

**1**

Operations and Business Units



**2**

Risk Compliance Internal Controls



**3**

Internal Audit



External Audit

**Compliance and Internal Audit:**  
Reporting to the Vice President of Governance and Compliance

Regulatory Bodies

**Risks and Internal Controls:**  
Report to the Planning and Control Board

## Management for sustainability

Besides expanding and diversifying our business, with financial return for shareholders and customer satisfaction, our company aims to contribute to the evolution of society towards a more sustainable mode of production and consumption. The social and environmental development of the territories and communities located in the regions of our operations is one of the foundations on which we build our business model.

In the system of corporate governance that we practice, the **Social Responsibility Policy** establishes the guidelines that we follow in our relationship with our stakeholders. Our premise is to ensure alignment between the company's strategic objectives and society's demands for environmental preservation, respect for human rights and ethics in interactions between companies and governments.

Therefore, we have sought to connect our activities and operations to the goals proposed by the 17 Sustainable Development Goals (SDGs), a United Nations (UN) platform that aims to engage governments, businesses, NGOs and citizens in favor of sustainable development. We understand that this agenda, discussed in an internationally qualified forum, represents society's greatest desires and, therefore, is the best compass to guide our business in creating a positive legacy.

We are also part of the Brazilian Network of the Global Compact, a UN initiative that disseminates 10 Principles to be followed by companies that aspire to act with responsibility and sustainability. Thus, we place these aspects as one of the criteria to be evaluated when making decisions for our business.

This vision marks our participation in other forums for discussion and promotion of sustainability. Every year,

we participate in the selection process for the Corporate Sustainability Index (CSI) of B3 S.A. and, in 2019, we were selected for the ninth consecutive year to compose the portfolio.

We are also part of the global actions of the Carbon Disclosure Project (CDP), which aims to engage companies around the world in a model of impact assessment and accountability for action to mitigate climate change. In the last year, we received an A rating from the CDP Climate Change program, after making our responses to the international entity's questionnaire available. We are also participants in the Global Reporting Initiative's (GRI) Community program, a collaborative, multi-stakeholder network that seeks to constantly update and share knowledge and trends in sustainability and reporting.

Our sustainability culture permeates all businesses and is driven by a management structure dedicated to assessing risks, improvement opportunities and measuring the environmental, social and economic impacts of our operations. This area, integrated with the Center of Shared Services and Competences through CCR Atua, relates directly with the units and facilitates the exchange of knowledge and good practices through interaction with employees who act as Sustainability Outposts.

The Board of Directors continuously monitors and assesses the evolution of management towards sustainability, supported by the Risk and Reputation Committee. The members of this committee have, among their competencies, the ability to identify trends and support the formulation of an action strategy that positions our company as an inducer of sustainable development throughout the value chain.

