

**POLICY ON TRANSACTIONS WITH RELATED  
PARTIES AND OTHER SITUATIONS  
INVOLVING CONFLICT OF INTERESTS FROM M.  
DIAS BRANCO S/A INDÚSTRIA E COMÉRCIO DE  
ALIMENTOS**

**AUGUST 9, 2019**

## CONTENTS

<b>1. DEFINITIONS.....</b>	<b>3</b>
<b>2. PURPOSE AND SCOPE.....</b>	<b>4</b>
<b>3. REFERENCES.....</b>	<b>5</b>
<b>4. DEFINITION OF RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES.....</b>	<b>5</b>
<b>5. SITUATIONS INVOLVING POTENTIAL CONFLICT OF INTERESTS AND HINDRANCE.....</b>	<b>7</b>
<b>6. IDENTIFICATION AND REGISTRATION OF RELATED PARTIES.....</b>	<b>8</b>
<b>7. MINIMUM REQUIREMENTS FOR FORMALIZING TRANSACTIONS WITH RELATED PARTIES.....</b>	<b>9</b>
<b>8. APPROVAL OF TRANSACTIONS WITH RELATED PARTIES.....</b>	<b>10</b>
<b>9. GENERAL GUIDELINES FOR NEGOTIATION, INTERNAL CONTROL AND PAYMENT OF TRANSACTIONS WITH RELATED PARTIES.....</b>	<b>11</b>
<b>10. FORBIDDEN TRANSACTIONS.....</b>	<b>12</b>
<b>11. DISCLOSURE TO MARKET.....</b>	<b>12</b>
<b>12. RESPONSIBILITIES.....</b>	<b>13</b>
<b>13. BREACH ON POLICY.....</b>	<b>14</b>
<b>14. VALIDITY AND AMENDMENTS.....</b>	<b>15</b>
<b>15. FINAL PROVISIONS.....</b>	<b>15</b>

**POLICY ON TRANSACTIONS WITH RELATED PARTIES AND OTHER SITUATIONS INVOLVING  
CONFLICT OF INTERESTS FROM M. DIAS BRANCO S/A INDÚSTRIA E COMÉRCIO DE ALIMENTOS**

**1. DEFINITIONS**

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

**“Stock Exchanges”** – B3, as well as any other stock exchanges where the Securities issued by M. DIAS BRANCO are admitted for trading, in Brazil or other countries.

**“B3”** – B3 S.A. – Brasil, Bolsa, Balcão.

**“Company” or “M. DIAS BRANCO”** – M. Dias Branco S/A Indústria e Comércio de Alimentos.

**“Market Conditions”** – Conditions for which the principles of (i) competitiveness (service prices and conditions compatible to the ones practiced in the market by independent parties or made evident in market surveys); (ii) compliance (adherence by the services provided to the contractual terms and responsibilities practiced by the Company, as well as to adequate information security controls); (iii) transparency (adequate reporting of the conditions agreed with due enforcement, as well as their reflections in the Company’s financial statements); and (iv) equity (establishment of mechanisms that prevent discrimination or privileges and practices that ensure the non-use of privileged information or business opportunities for individual benefit or of third parties) are observed.

**“CVM”** – Comissão de Valores Mobiliários (Brazilian Securities and Exchange Commission).

**“CVM Deliberation number 642/2010”** – The CVM Deliberation number 642, of October 7, 2010, as amended.

**“Market Entities”** – The Stock Exchanges or group of trading market entities organized in which the securities issued by the Company are or may be admitted on the trading, as well as equivalent entities in other countries.

**“Significant Influence”** – The power of participating in financial and operational decisions from an entity, but not characterizing the control over such policies. Significant Influence may be obtained through partnership shares, statutory provisions, or shareholders agreement.

**“CVM Instruction number 480/2009”** – The CVM Instruction number 480, of December 7, 2009, as amended.

**“Close Family Member”** – Relatives of whom it can be expected to have influence or be influenced by the person in the business of such members with the Company, including: (i) children, spouse or partner of such member; (ii) children of the member’s spouse or partner; and (iii) dependents of such member, their spouse or partner.

**“Relevant Sum”** – The transaction that achieves, in a single contract, a sum equal or superior to BRL 750,000.00 (seven hundred fifty thousand Brazilian reais). In cases where the value of the contract is below this limit, any transaction with the Related Party that, in the immediately previous exercise, have received from the Company, in the sum of all contracts, a sum equal or superior to BRL 3,500,000.00 (three million and five hundred thousand Brazilian reais) will be considered a relevant sum. The reference values will be corrected each January based on the variation, occurred on the immediately previous year, of the Broad National Index of Prices to the Consumer - IPCA, verified and disclosed by the Brazilian Institute of Geography and Statistics - IBGE.

**“Key Management Personnel”** – The people with authority and responsibility for planning, direction and control of the activities from the Company and/or Related Party, directly or indirectly, regardless of the position occupied.

## **2. PURPOSE AND SCOPE**

2.1. This Policy on Transactions with Related Parties and Other Situations involving Conflict of Interests from M. Dias Branco S/A Indústria e Comércio de Alimentos (“Policy”) has the purpose of establishing rules, guidelines and methods to be observed to ensure that all decisions involving transactions with Related Parties, as well as other situations with potential conflict of interests, are made on the best interest of the Company and its shareholders.

2.2. The rules established in this Policy apply to the Company and its controlled companies, as well as all employees and members of the management of the Company and its controlled companies.

2.2.1. The loyalty from all people described above is owed and expected in relation to their decisions, transactions and operations, being required that the Company’s interests always juxtapose to the particular interests from the decision makers.

2.2.2. Everyone has the obligation to (i) keep secrecy and confidentiality about the information related to relevant acts or facts to which they have privileged access due to their job or the position they occupy, until such acts or facts are disclosed to the market, (ii) caring so that subordinates and third parties of their trust also do so, responding in line with them in case of non-compliance, and also (iii) never use the information to which they have access to make private deals or benefit others, regardless of the result.

### 3. REFERENCES

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

- (i) Law number 6404, of December 15, 1976 (“Law of Stock Companies”);
- (ii) New Market Regulation by B3;
- (iii) CVM Instruction number 480/2009;
- (iv) CVM Deliberation number 642/2010;
- (v) Company Bylaws;
- (vi) Technical Pronouncement by the Accounting Pronouncement Committee - CPC number 5 (R1) - Disclosure about Related Parties;
- (vii) Company’s Code of Ethics; and
- (viii) Internal Regiment from the Audit Committee.

### 4. DEFINITION OF RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES

4.1. For all ends and purposes of this Policy, it is understood as party related to the Company the following people or entities (“Related Parties”):

- (i) An individual, or Close Family Member, who:
  - (a) has full or shared control of the Company;
  - (b) has Significant Influence on the Company; or
  - (c) is a member of the Key Management Personnel from the Company or its controller.
- (ii) A legal entity, or one compared to it, which:
  - (a) belongs to the same financial group as the Company (*i.e.* the controller and each controlled company are interrelated, as well as the entities under common control

are related with each other);

- (b) is jointly associated or controlled (*joint venture*) with the Company (or jointly associated with an entity member of the financial group of which the Company is a member);
- (c) is, along with the Company, under joint control (*joint venture*) from a third entity;
- (d) is under joint control (*joint venture*) from a third entity and the Company is associated to such third entity;
- (e) is controlled, fully or under joint control, by a person identified on item (i) above; or
- (f) is under Significant Influence from any person identified on item (i)(a) above, or if this person is a member of the Key Management Personnel from the entity (or from the entity's controller).

4.1.1. For all ends and purposes of this Policy, the following will not be considered Parties Related to the Company:

- (i) entities that only have a manager or another member of the Key Management Personnel in common with the Company, or simply because a member of the Key Management Personnel from the Company has a Significant Influence over the other entity;
- (ii) entities simply for sharing with the Company the joint control over an endeavor (*joint venture*);
- (iii) wholly-owned subsidiaries of the Company; and
- (iv) client, suppliers, franchisers, concessionaires, distributors, or general agents with whom the Company maintains significant business volume, merely due to this business relation.

4.2. For all ends and purposes of this Policy, it is understood as “transactions with Related Parties” any operation by the Company that addresses the transfer of goods, resources, rights, obligations, hiring or providing services and businesses that involve Related Parties, regardless of the existence of a price as a counterpart to the transaction (“Transactions with Related Parties”).

4.2.1. For all ends and purposes of this Policy, the payment of compensation and other expenses to the people listed on Clause 4.1.(i) above, resulting from the execution of positions or jobs in the Company, will not be considered Transactions with Related Parties.

4.2.1. For all ends and purposes of this Policy, the terms “transaction”, “transactions”,

“contract”, “hiring” and “contracts” shall be understood as operations through

which the Company, for example, buys, sells, finances, loans and borrows, provides and receives services, or of any other form hires obligations with Related Parties.

4.3. The definitions and examples mentioned herein do not exhaust, necessarily, the elements to be considered in the identification of parties that must be qualified as Related Parties, nor do they restrict the information that must be object of disclosure.

## **5. SITUATIONS INVOLVING POTENTIAL CONFLICT OF INTERESTS AND HINDRANCE**

5.1. A conflict of interests will be characterized when a person is involved in a decision process where their capacity of unbiased judgment may be compromised by the following factors: (i) this person has the power to influence the result of the decision; and (ii) there may be a gain for this person, for a Close Family Member, or also for a third party with which such person is involved.

5.1.1. In the case of the Company, situations involving conflict of interests may also be considered as the ones where the personal goals of the decision makers, for any reason, may not be in line with the Company goals in specific matters.

5.2. Considering the potential conflict of interests in the situations listed above, the Company shall ensure that all decisions that may grant private benefit to any person with Significant Influence, Close Family Members, entities or persons related to them are made with full transparency and integrity, always respecting the Company's interest and in line with the Company's Code of Ethics.

5.3. In situations when Transactions with Related Parties or transactions with potential conflict of interests need approval within the terms of this Policy, the Bylaws or the applicable legislation, the persons involved in the approval process that has potential conflict of interests with the recommendation or decision to be made shall declare themselves hindered, explaining their involvement in the transaction and, if requested, giving details on the transaction and the parties involved. The hindrance must be included in the minute from the meeting of the social organization that deliberates on the transaction, and such persons shall be removed from discussions and deliberations.

5.4. If any person in potential situation of conflict of interests does not manifest the issue, any other member of the organization to which such person belongs that has knowledge on the situation can do so.

5.5. The lack of voluntary manifestation from any decision maker about a potential situation of conflict of interests may be considered a breach to this Policy and to the Company's Code of Ethics, if the existence of conflict of interests is confirmed on an investigation process conducted by the Company's Ethics Committee.

5.6. The issues related to situations of conflict of interests shall be forwarded to the Compliance area, which will be responsible for checking the execution of strictly formal and legal aspects in relation to the enforcement of this Policy, while the department involved in the transaction in question will be responsible for checking the business conditions, based on the foundations of this Policy, and the Legal area will be responsible for formalizing such negotiations.

## 6. IDENTIFICATION AND REGISTRATION OF RELATED PARTIES

6.1. Every year, the Company will request that a statement of conflict of interests or existence of relationship with Related Parties is filled by the persons who fit this Policy ("Statement"), and also by other people it deems relevant in the scope of their competence, through a questionnaire that must be (i) signed by the declarant and their immediate superior, (ii) received and analyzed by the *Compliance* area and forwarded to control from the Legal area, and (iii) made available to the Audit Committee and the Board of Management.

6.1.1. Regardless of the periodicity of providing the Declaration, the manager or person involved in any operation or transaction by the Company must necessarily inform the eventual conflict of interests or existence of relationship with Related Parties, their nature and extension, thoroughly and at any time, and must not be restricted to an initiative by the Company.

6.2. Based on the information obtained through Declarations and/or other relevant means, the Compliance area shall maintain a registration with identification of the Related Parties and other persons in potential situation of conflict of interests (including providers of goods and services and Company clients) ("Registration" of Related Parties"), which shall be consulted by the people responsible for transactions before its conclusion, to verify if the respective transaction can be a Transaction with Related Party or involves potential for conflict of interests. In case of doubts in relation to the fit of the transaction, the Legal and Compliance areas shall be consulted.

6.2.1. The data included in the Registration of Related Parties shall (i) be available for consultation by all Company areas; and (ii) be constantly

updated by the areas responsible for hiring, so that the circumstances above are highlighted in the hiring/negotiation processes issued by the information technology systems used by the Company (e.g. EBS system).

## **7. MINIMUM REQUIREMENTS FOR FORMALIZATION OF TRANSACTIONS WITH RELATED PARTIES**

7.1. All areas and governance organizations from the Company will work to ensure that each and every Transaction with Related Party or transaction involving potential conflict of interests made by the Company is contractually formalized, meeting the following minimum requirements, as well as the ones demanded by law and in the applicable CVM regulation:

- (i) the transaction must be in Market Conditions at the time of its approval, complying with what is established on Clause 7.3 below;
- (ii) the transaction must meet a properly identified need for supply of goods and/or services from the Company;
- (iii) there must be evidence that the Related Party or person in potential conflict of interest effectively sells or has conditions to sell the good or provide the service intended within the quality conditions required, and also meets the legal and regulatory requirements applicable to each case;
- (iv) an equal treatment must be ensured to all Company shareholders in partnerships restructuring involving Related Parties;
- (v) the terms of the transaction and the purpose of the negotiation must be included in the contract;
- (vi) the written contract that formalizes the transaction shall be validated by the Company's Legal Directorate before its signature; and
- (vii) the transaction shall be approved by the statutory Directorate of the area responsible or by the Board of Management, as the case may be, within the terms of Clause 8 below.

7.2. In addition to the requirements indicated on Clause 7.1 above, each and every Transaction with Related Party or transaction involving potential conflict of interests can only be formalized if it is in line with the other practices used by the Company management when hiring other parties that are not considered Related Parties or do not involve conflict of interests, including the guidelines established on the Company's Code of Ethics.

7.3. For verification of the requirement included on Clause 7.1.(i) above, it will be necessary to collect proposals from at least three (3) potential providers of the same good or service

intended, including among them the own Related Party or the person/entity with potential conflict of interests with which it is intended to make the transaction.

7.3.1. In the cases where collecting proposals from suppliers in the market proves to be unfeasible or is not considered the best option in the circumstances, the area responsible for hiring shall support and justify the aforementioned situation, adopting other methods of market price survey, especially with institutes or companies that conduct independent price surveys for the type of good or service intended.

## **8. APPROVAL OF TRANSACTIONS WITH RELATED PARTIES**

8.1. Observing what is established on Clause 7 above each and every Transaction with Related Party which sum achieves the Relevant Sum shall be submitted in advance to the Company's Audit Committee.

8.1.1. The Company's Audit Committee is responsible for (i) examining the aforementioned transactions based on the guidelines and rules established in this Policy; and (ii) formulating its recommendations to the Board of Management about the fit of the aforementioned transactions with the guidelines and rules established in this Policy.

8.1.2. After analysis and recommendation from the Audit Committee, the Transaction with Related Party which sum reaches the Relevant Sum shall be submitted to approval from the Company's Board of Management.

8.1.2.1. The Chairman of the Board of Management may approve separately, *ad referendum* from the collegiate organization, a Transaction with Related Party that individually involves a Relevant Sum equal to or below BRL 1,500,000.00 (one million five hundred thousand Brazilian reais), a sum updated according to the same update criteria for Relevant Sum. All transactions approved by the Chairman of the Board of Management based on what is established in this item shall be assessed by the Board of Management, for referendum purposes, in the first meeting of the collegiate organization held after the separate approval date.

8.1.3. The Board of Management, by its own initiative or by recommendation from the Audit Committee, may determine (i) that an independent and upstanding assessment report is hired, developed without participation of any party involved in the transaction in question, based on realistic premises and information referenced by third parties, to check the interchangeability of the transaction or the existence of proper compensation payment; and (ii) that, in operations of merger, split and incorporation of shares

involving controller partnership and its controlled companies or partnerships under common control, when the controlled company or one of the common control partnerships is a company with traded shares, the transaction shall be examined by an independent special committee, which has been established and deliberates on the terms of the Report from the CVM Guidance number 35, of September 1, 2008.

8.2. In the case of Transactions with Related Parties that do not involve Relevant Sum, as well as cases of other transactions that involve potential conflict of interests, the Statutory director of the area responsible for hiring the transaction in question will be responsible for adopting all arrangements required so that the compliance of the transaction with this Policy is verified.

8.3. In the processes of approval of Transactions with Related Parties, it is recommended that the following information is analyzed, as well as other information deemed relevant for the analysis of the specific transaction:

- (i) the terms of the transaction;
- (ii) the interest from the Related Party;
- (iii) if the Company is an effective party in the transaction and, if negative, the nature of its participation;
- (iv) if the transaction involves the sale of an asset, the description of the asset, including date of acquisition and accounting cost or cost attributed;
- (v) information about potential counterparts in the transaction;
- (vi) the approximate financial sum of the transaction, as well as the value of the interest from the Related Party;
- (vii) description of eventual provisions or limitations imposed to the Company as a result of entering into the transaction;
- (viii) if the transaction involves a reputation risk for the Company; and
- (ix) any other information that may be relevant for shareholders and investors, considering the circumstances of the specific transaction.

## **9. GENERAL GUIDELINES FOR NEGOTIATION, INTERNAL CONTROL AND PAYMENT OF TRANSACTIONS WITH RELATED PARTIES**

9.1. The Transactions with Related Parties, concerning the quality required from the good or service demanded, as well as the search for the lowest price, shall follow the same strictness requirements the Company adopts when negotiating any other transaction.

9.2. The Transactions with Related Parties must be submitted to the same mechanisms for control and tracking of payments, execution of contracts, and certification of services the

Company has in its other business relations with third parties.

9.3. Every documentation proving the Transactions with Related Parties, especially the ones included in Clause 7 from this Policy, must be maintained archived in the Company's headquarters, by the Legal area, for the period established in law or in regulation applicable to the Company.

9.4. The payments to Related Parties shall only be made if the strict compliance with this Policy is proven.

9.5. The assessment and checking of Transactions with Related Parties, especially concerning the compliance with this Policy and the operational procedures defined herein, shall comprise the annual work plan from Audit, Risks and Compliance, with specific reports being issued.

9.6. The guidelines included in this Clause 9 will be applied, with the due adaptations, to the other Company transactions that involve potential conflict of interests, as applicable.

## **10. FORBIDDEN TRANSACTIONS**

10.1. Transactions with Related Parties and/or transactions involving potential conflict of interests are forbidden in the following hypotheses:

- (i) the ones conducted in conditions different from Market Conditions;
- (ii) the ones where Company goods and services are delivered for free; and
- (iii) the ones involving giving loans or financing with Company resources or providing warranties.

10.2. The participation of managers and employees in businesses of personal or particular nature that conflict with the interests from the Company or result from the use of classified information due to the performance of the job or position they occupy at the Company is also forbidden.

## **11. DISCLOSURE TO MARKET**

11.1. All Transactions with Related Parties, including the ones listed as exceptions on Clause 4.2.1 from this Policy, shall be object of clear and regular disclosure to the market, in the terms of art. 247 of the Law of Stock Companies, of the CVM Instruction number 480/2009, and of the CVM Deliberation number 642/2010.

11.2. The Company must disclose information about Transactions with Related Parties, in a clear and precise way, through its periodical accounting statements, the Company's Reference Form, or also, when the operation configures a relevant fact, in the terms of the applicable legislation, to ensure the process transparency to shareholders, investors and the market.

11.3. In the terms of Annex 30-XXXIII from the CVM Instruction number 480/2009, Transaction with Related Party or group of Transactions with Related Parties, which values exceeds the lowest of the following values: (i) BRL 50,000,000.00 (fifty million Brazilian reais); or (ii) 1% (one per cent) of the Company's total assets, CVM shall be informed in up to seven (7) work days counted as of its occurrence, in the form indicated in the CVM Instruction number 480/2009.

10.3.1. The value of the total assets shall be verified based on the latest consolidated financial statements disclosed by the Company.

## 12. RESPONSIBILITIES

12.1. The Compliance area is responsible for:

- Receiving and Analyzing the Declarations.
- Maintaining and updating the Registration of Related Parties.
- Clarifying eventual doubts concerning the fit of transactions as Transactions with Related Parties or with potential conflict of interests.
- Clarifying eventual doubts concerning situations of potential conflict of interests.
- Receiving the complaints and statements of conflict of interests and Transactions with Related Parties, take urgent measures, investigate, monitor, track and report the action plans to the Board of Management, among others, within the terms of this Policy.

12.2. The Legal area is responsible for:

- Assisting the Board of Management, the Audit Committee and/or the Compliance area in the legal analysis of information and documents related to Transactions with Related Parties, as well as in the formalization of contractual agreements.
- Maintaining archived the entire documentation proving the Transactions with Related Parties, in the terms of item 9.3 from this Policy.

12.3. The Controllershship and Investor Relations areas are responsible for:

- Disclosing information about Transactions with related Parties, in a clear and precise way, through their periodical accounting statements and the Company's Reference Form, in the terms of Clause 11 from this Policy.

12.4. The Audit Committee is responsible for:

- Examining the Transactions with Related Parties in Relevant Sum based on the guidelines and rules established in this Policy, and formulating its recommendations to the Board of Management about the fit of the aforementioned transactions with the guidelines and rules established in this Policy.
- Supporting the Board of Management in monitoring contracts and/or transactions with continuous bases between the Company and its Related Parties.

12.5. The areas responsible for transactions are responsible for:

- Ensuring that cases that are within the scope of their management and where there are Transactions with Related Parties or transactions with potential conflict of interests are being addressed within the scope of this Policy.

12.6. The Board of Management is responsible for:

- Approving Transactions with Related Parties in Relevant Sum.
- Monitoring contracts and/or transactions with continuous bases between the Company and its Related Parties on an yearly basis.
- Approving potential changes and reviews to this Policy.
- Regulating the cases hidden from this Policy.
- Processing the non-compliance with obligations and rules established in this Policy and deliberating on such non-compliance, as applicable.

### 13. **BREACH ON POLICY**

13.1. The failure to comply with this Policy will subject the violator to disciplinary sanctions, according to the Company's internal rules (*e.g.* Company's Code of Ethics), without detriment to the applicable administrative, criminal and penal sanctions, enforceable by the relevant authorities, including, but not being limited to, organizations that regulate the capitals market (*e.g.* CVM).

#### 14. VALIDITY AND AMENDMENTS

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

14.2. Change to this Policy shall be informed to CVM and to Market Entities by the Company in the form required by applicable rules.

#### 15. FINAL PROVISIONS

***Validity: as of January 2, 2020.1st Draft:***

*October 28, 2013.*

***Responsible for the document:***

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

***Record of changes:***

<b><i>Version</i></b>	<b><i>Item Changed</i></b>	<b><i>Reason</i></b>	<b><i>Date</i></b>
01	Original Draft	N/A	10.28.13
02	Several	- Inclusion of forecast of situations involving potential conflict of interests. - Inclusion of rules for transactions with potential conflict of interests. - Adjustments resulting from the new version of the New Market Regulation by B3. - Review of the values of Relevant Sums. - Forecast of limit for separate approval	08.09.19

		Management, <i>ad referendum</i> of the collegiate organization.	
--	--	---	--

\* \* \*

