PUBLIC CONSULTATION No. 02/2024-DIE

Re.: **Novo Mercado Evolution**

Introduction

B3 S.A. – Brasil, Bolsa, Balcão ("B3") held a public consultation from May 2 to August 2, 2024, regarding the proposed evolution of the Novo Mercado Regulation ("RNM" or "Regulation"), with the purpose of collecting contributions from market players, companies, investors, regulators, associations, and other stakeholders.

During this period, B3 had more than 50 interactions, including individual and collective meetings with more than 120 companies listed on Novo Mercado, as well as associations and investors, to discuss the details of the submitted proposal. At the end of the process, 58 written opinions[1] were received and were published in full on the B3 portal[2].

Considering not only the volume of interactions and opinions, but mainly the quality of the debate and the time effectively invested by various market players, which led to changes to the original proposal, B3 concluded that it was suitable to hold a second public consultation before holding a restricted hearing, a phase in which companies will effectively vote to approve or not the proposals.

[1] 30% Club Chapter Brazil, Abrasca, Abrdn, Absoluto Partners, ACE Governance, Mr. Alexandre Cristiano de Paula, Aliant e Brasanitas, Allos S.A., Amec, Anbima, Ancord, Mr. Antonio Zoratto Sanvicente, Apimec, AW Advogados, Banco do Brasil S.A., BB Asset, Brasil Capital, Comitê Brasileiro de Arbitragem (CBAr), Cescon Barrieu, Conima, Dynamo Administração de Recursos Ltda., Grupo Cosan, Grupo de Pesquisa, Empresa Desenvolvimento e Responsabilidade (EDResp) da Faculdade de Direito da Universidade Federal de Juiz de Fora (UFJF), Mr. Eduardo Cysneiros, Engie Brasil Energia S.A., Mr. Germano Gonzaga Lima do Vale Filho, HRSA, IBGC, Ibracon, Ibri, ICGN, JBS S.A., JGP, Mr. John Alexandre Auton, Mr. Laelson Gomes de Oliveira, Marisa Lojas S.A., Lojas Quero-Quero S.A., M. Dias Branco S.A., Machado Meyer, Mr. Renato Chaves, Mr. Manuel Sobral, Mattos Filho, Mr. Mauro Cunha, Natura & Co Holding S.A., Norges Bank Investment Management (NBIM), Orizon Valorização de Resíduos S.A., Paranapanema S.A., Mrs. Patrícia Pellini, Previ, Mr. Ricardo Ribeiro da Silva, SPX Capital, Sr. Tiago Isaac, Tozzini Freire, Vale S.A., Verde Asset, and Mr. Waldemir Bulla, Mr. William Hottz Schuindt and Mr. Willian Duarte.

[2] https://www.b3.com.br/pt_br/regulacao/regulacao-de-emissores/atuacao-normativa/revisao-dos-regulamentos-dos-segmentos-especiais-de-listagem.htm

It should also be noted that in this document B3 only quotes the main arguments that were brought in, considering that the written opinions are available for public consultation in full.

Below we present considerations on the main adjustments and, at the end of this consultation, the marked version of the Regulation[3].

[3] In order to facilitate visualization, all suggestions for inclusions made in the text of the draft are underlined in yellow.

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1. Block 1 | Key Reform Topics

1.1 Novo Mercado Warning

With regard to the proposal for the Novo Mercado seal "under review", 36 out of the 58 opinions addressed the issue. Based on these opinions, as well as on the meetings held, B3 hereby proposes the following changes:

(i) Change of name to "Novo Mercado Warning";

(ii) Reduction of the list of events that give rise to the warning;

(iii) Opportunity for companies to issue a prior opinion;

(iv) Insertion of a procedure for companies to disclose the warning issued by B3; and

(v) Possibility of B3 disclosing the opening of sanctioning proceedings, if any.

The name change aims to highlight that this is merely an informational measure for transparency purposes and does not imply exclusion from the Novo Mercado.

It should be noted that the warning issued by B3 will not necessarily lead to the opening of a sanctioning proceeding, which is the only legitimate mean for applying a possible penalty and should not be confused with the legal institute described herein.

Questions and concerns were raised, both in opinions and at meetings, related to some events that might lead to the warning[4], regarding potential reputational damage to the companies and the need for the market to mature.

Therefore, despite understanding that such events are of great importance, and in response to suggestions from the Association of Capital Markets Investors

[4] The following events raised further questions:

(i) Inability to maintain a statutory officer in his/her position resulting from arrest or death, without disclosing a replacement or succession plan for more than 7 business days;

(ii) Environmental disaster involving the company; or

(iii) Disclosure of a material fact about:

  (a) Fatal accident involving the company employees or service providers while performing their duties, which is not accompanied by an action plan; or

  (b) Existing labor practices that violate human rights within the scope of the company's activities.

(AMEC) and Abrdn, B3 proposes reducing the list to maintain the events below (with the specific inclusion of out-of-court reorganization as requested at meetings):

(i) Disclosure of a material fact that demonstrates the possibility of material error in financial information, as defined by Brazilian accounting standards, including those related to fraud;
(ii) Delay of more than 30 days in the delivery of financial information, related to the deadline set out in the Regulation;
(iii) Independent auditors' report with modified opinion; and
(iv) Request for court-supervised or out-of-court reorganization in Brazil or equivalent proceedings in foreign jurisdictions.

The events provided for in the aforementioned items will continue to be verified through objective events based on the information provided by the company.

Furthermore, as summarized in the table below, the warning is not perpetual and certain circumstances cease the warning signal issued by B3.

Event	Start of verification by B3	The company will remain under warning until
Possibility of material error in financial information, as defined by Brazilian accounting standards, including those related to fraud	Disclosure of material fact	One (1) annual financial statement is submitted with the correction of accounting errors
Delay of more than 30 days in the delivery of financial information, related to the deadline set out in the Regulation	Expiry of the 30-day period	Financial information is delivered
Independent auditors' report with modified opinion	Submission of the independent auditors' report	An independent auditors' report is submitted

	with modified opinion	without a modified opinion
Request for court-supervised or out-of-court reorganization in Brazil or equivalent proceedings in foreign jurisdictions	Disclosure of material fact	The court-supervised or out-of-court reorganization – or equivalent proceeding in foreign jurisdictions – is terminated and the company's usual activities are resumed (bankruptcy will entail the compulsory de-listing of the company)

Regarding the first event and the opinions received, B3 understands that obtaining a report without a modified opinion from the independent auditors may take a long time, so now proposes changing the delivery of two annual financial statements with the correction of accounting errors to only one. Furthermore, considering that a significant deficiency may not be related to such event, B3 removed the need for an independent auditors' report on internal controls without pointing out such deficiency[5].

Several participants, such as the Brazilian Institute of Corporate Governance (IBGC), Machado Meyer, and Engie Brasil Energia S.A., advocated that the company should issue an opinion before B3 issues a warning. The request for this opinion was included as a possibility in the original proposal, but in view of such

[5] B3 also received suggestions for additional events, such as: (i) failure to meet the minimum number of independent directors in cases of vacancy (Previ), (ii) waiver of a Novo Mercado clause about to expire, without renewal (Brasil Capital), and (iii) cases of fraud or conviction of the company or its directors for bribery, corruption or money laundering (Amec, Abrdn, BB Asset, Mr. Tiago Isaac). Without prejudice to the merits of such proposals, considering the move to limit the events, B3 believes that it is not appropriate to expand the list of events for the warning seal.

opinions, this proposal was amended to ensure that B3 will always request information from listed companies.

Finally, some participants presented alternatives to the Novo Mercado Warning. Vale S.A. suggested that B3 should publish a note informing market participants that it is aware of the fact and that the opening of a sanctioning proceeding will be evaluated, while Marisa Lojas S.A. suggested the institution of a precautionary seal after the initiation of a sanctioning proceeding.

Therefore, to add the suggestions above to those related to the Novo Mercado Warning, B3 also proposes the possibility of disclosing the opening of a sanctioning proceeding related to non-compliance with the Novo Mercado Regulation whenever it is in the public interest.

1.2 Greater alignment between the upper management's activity and the company's interests

Regarding the board of directors, B3 maintains the three initial proposals with a few amendments, in light of the meetings and opinions received.

1.2.1 Limited participation in boards of directors

The proposal to limit the participation in boards of directors was addressed in 41 of the 58 opinions.

Firstly, considering the overall acceptance of the measure by companies, investors and associations, B3 hereby maintains the limits proposed in the first public consultation, as described below:

Position	Maximum number of boards
Member of the board of directors (general rule)	Five (5) boards
Chair of the board of directors	- If he/she chairs one (1) board, they may sit as a member on three (3) other boards

	- If he/she chairs two (2) boards, they may sit as a member on one (1) other board
Statutory officer	Two (2) boards
CEO or main executive of the company	One (1) board

B3 also maintains its initial proposal to count the limits for public companies registered under categories A and B with the Brazilian Securities and Exchange Commission ("CVM"). In line with the IBGC's findings, limiting the rules to these issuers allows B3 to verify compliance based on public information. It should also be noted that international practices from the main proxy advisors, including ISS and Glass Lewis, also focus on public companies[6]. Furthermore, as suggested by the Brazilian Association of Publicly-Held Companies (Abrasca), alternate members of the board of directors are not counted for this purpose until they begin to attend meetings in cases of vacancy of effective members.

The other proposed amendments – suggested in opinions given by Abrasca, Abrdn, Allos S.A., Amec, Banco do Brasil S.A., BB Asset, Dynamo Administração de Recursos Ltda., Engie Brasil Energia S.A., Grupo Cosan, HRSA, IBGC, Ibri, Lojas Quero-Quero S.A., Machado Meyer, Mattos Filho and Orizon Valorização de Resíduos S.A. – concern the inclusion of some exceptions for the purposes of calculating the limit of boards of directors.

Considering all contributions received, B3 proposes the following amendments:

(i) Positions held on boards of directors and management of companies will be counted as a single position:

   a. Controlling shareholders, affiliates or joint ventures;
   b. Companies with consolidated annual financial statements; or

[6] Considering the international benchmark, it is worth noting the tendency to not consider private companies when calculating the overboarding rule. This reality was already highlighted by the ISS (see: *Director Overboarding: Global Trends, Definitions, and Impact*), which, in its proxy guidelines, only considers public companies (see: *Brazil: Proxy Voting Guidelines*). When making voting recommendations on overboarding matters, proxy advisor Glass Lewis only considers public companies as a rule. However, Glass Lewis is aware of the interference that a private company can have in the assessment of a director's availability and takes it into consideration, as is the case (see: *US Benchmark Policy Guidelines*)).

c. Members of the same group of companies, as set forth in Law No. 6,404/1976.

(ii) The CEO or main executive who holds a position on the company's board of directors will be counted as a single position[7].

Therefore, in response to the suggestions made by the abovementioned participants, which range from companies to associations and even investors, the exceptions acknowledge the positive effects of synergistic relationships, such as coordination, communication and knowledge transfer carried out at a lower cost.

This rationale also applies to the exception related to the main executive who is also a member of the board of their own company. Due to their position, they already have in-depth knowledge and would not need as much time to act as a board member in the same company.

1.2.2 Limit of terms of office for independent board members

Of the 58 opinions received, 30 addressed the issue of term of office limits for a board member to be considered independent in the same company.

In this context, after the meetings held and opinions provided by Abrasca, Abrdn, Allos S.A., Ibri, Mattos Filho, Orizon Valorização de Resíduos S.A. and Mrs. Mauro Cunha and Manuel Sobral, B3 proposes extending the term of office for a board member to be considered independent until the 12th year of service on the board.

The 12-year term will be counted from the beginning of the terms of office of board members of companies listed on Novo Mercado, considering only the period after the company's listing.

With regard to the cooling-off period, B3 maintains the initial proposal, namely, if a board member leaves the company completely, at any time, for at least 2

[7] This accounting method is similarly adopted by the ISS, when it excludes from the calculation of board limits individuals who are the company's main executives the position they hold on the board (see: *Brazil: Proxy Voting Guidelines*). Another similar example is found in Glass Lewis' practice, which, in its *proxy guideline*, establishes the following: *(...) we generally will not recommend that shareholders vote against overcommitted directors at the companies where they serve as an executive."* It is identified that this standard is not limited to proxy advisors, but investors also tend to follow it, as is the case of CalPERS (see: Proxy Voting Guidelines).

years, he/she may return to occupy the position of independent board member starting the 12-year term again. Some contributions, notably from investors, suggested increasing the cooling-off period, or even adopting a rule of permanent loss of independence. However, B3 believes that the proposed term balances, on the one hand, the need for a leave of absence, albeit temporary, and on the other hand, allows companies to take advantage of knowledgeable professionals' expertise.

1.2.3 Minimum number of independent board members

Regarding the number of independent directors required by the RNM, 28 of the 58 opinions addressed the issue. Among them, 17 opinions suggested increasing the percentage of independents beyond the 30% initially proposed by B3.

B3 agrees that strengthening the independence of boards of directors is a key part of good corporate governance practices, and that best practices may even recommend higher percentages.

B3 also acknowledges that, although international practices like the ISS Proxy Voting Guidelines for Brazil in 2024[8] and Morgan Stanley Capital International ("MSCI") recommend that independent directors make up the majority of the board[9], it is important to emphasize that the Brazilian context has a predominance of companies with a defined controlling shareholder, which makes the increase to 30% appears to be balanced, in line with the particularities of the country's market.

On this topic, Abrdn, Amec and Mr. Manuel Sobral suggested scales to the rule, so that companies without a defined controlling shareholder would have at least 50% of independent board members. In any case, it was found that several

[8] "Vote against the bundled election of directors if the post-election board at Novo Mercado and Nivel 2 companies would not be at least 50-percent independent". Source: https://www.issgovernance.com/file/policy/active/americas/Brazil-Voting-Guidelines.pdf?v=1, p. 7.
[9] "This metric flags issuers when less than 51% of the board is independent of management". Source: MSCI ESG Ratings Methodology: Board Key Issue, Agosto, 2023, p. 9.

corporations listed on Novo Mercado already have a majority of independent members on their board[10].

Therefore, a rule in this sense does not seem likely to produce significant effects, especially when considering that its application might give rise to complex discussions involving events of non-majority control, besides categories of companies within the same listing segment.

1.3 Reliability of Financial Statements

The topic reliability of financial statements was addressed in 32 of the 58 opinions, of which 18, sent by both companies and investors, were against the proposal or presented some reservation.

The effectiveness of internal controls is extremely important, and the proposal aimed to bring to the debate the incorporation of practices that other markets have adopted to strengthen confidence in financial statements, whether it be the disclosure regarding the effectiveness of the internal control structure by management or external assurance.

- Disclosure of Internal Controls

Regarding the disclosure, the Institute of Independent Auditors (Ibracon), BB Asset, Tozzini Freire and JGP suggested expanding the original proposal so that it would address, in addition to the effectiveness of internal controls, operational aspects, financial reports, compliance and cybersecurity. Furthermore, the ICGN considered the proposal to be one of the key issues of the entire reform, and other respondents, such as 30% Club Chapter Brazil, Amec, BB Asset, Brasil Capital, IBGC, Ibracon, and Previ were in favor of the disclosure.

On the other hand, Abrasca, Apimec, Banco do Brasil S.A. and Vale S.A. stated that the proposal was not necessary, based on their understanding that the issue would be adequately addressed by issuers in the information contained in the

[10] As shown in the following examples: **B3**: 10 of 11 board members are independent (>90%); **Renner:** 6 of 8 board members are independent (75%); **Localiza:** 4 of 7 board members are independent (>57%); **Vale:** 6 of 12 board members are independent (50%); **Embraer:** 7 of 14 board members are independent (50%).

reference form and in annual financial statements. In like manner, Abrdn, Absoluto Partners, Banco do Brasil S.A., Grupo Cosan and Orizon Valorização de Resíduos S.A. stated that the responsibility for a company's financial statements is already defined by law.

Other respondents, such as IBRI, Allos S.A. and Abrasca[11], stated that B3's proposal would unreasonably increase the responsibility of directors. Therefore, there is no consensus on the responsibility for internal controls, which reinforces the convenience of an express provision in this regard, especially within the scope of Novo Mercado.

Therefore, taking into account the opinions presented, B3 proposes maintaining the requirement for disclosure of the effectiveness of the company's internal controls by the CEO (or the company's main executive) and by the CFO (or the executive responsible for financial statements), given the importance of the effectiveness of internal control structures and the need for supervision by main management of companies listed on Novo Mercado.

With regard to the arguments presented about the proposal already being covered by law, B3 understands that, regardless of the existence of a legal provision, the market will benefit from a clear and express provision to the effect that both the CEO and the CFO have direct responsibility for the effectiveness of internal controls.

B3 also proposes that the disclosure may be included in the annual management report[12], in the reference form or in a separate document, so that each company may choose the format that best suits it, addressing comments about duplication of similar information.

- External Assurance

With regard to assurance by an independent audit firm relating to the assessment made by the company's management, the arguments presented are generally based on (i) increased costs with independent audits, (ii) adaptation, still in

[11] Abrasca presented the following two arguments: (i) increased responsibility of directors and (ii) redundancy between the proposal and the responsibility already described in the FRe and FSs.
[12] The report is currently provided for in of Art. 27, I (1) of CVM Resolution No. 80/2022, as well as in Art. 133, I, of Law No. 6,404/1976.

progress, to CVM Resolution No. 193/2023 ("RCVM 193"), and (iii) discussions about the need to issue specific audit rules.

Furthermore, as an alternative to the proposal for assurance by an independent audit firm, IBGC and ACE Governance suggested that assurance be carried out by the company's own audit committee.

Given these arguments, B3 no longer proposes assurance by an independent auditor, considering the opinions of companies, investors and associations (Abrasca, Abrdn, Absoluto Partners, Allos S.A., Apimec, Banco do Brasil S.A., Ibri, JBS S.A., Marisa Lojas S.A., Mattos Filho, Sr. Mauro Cunha, Natura & Co Holding S.A., Orizon Valorização de Resíduos S.A., and Vale S.A.).

1.4 Sanctions

The sanctions proposed in the first public consultation are divided between (i) creating a provision for disqualification penalty at the end of the sanctioning proceeding initiated based on a violation of inspection and control rule and (ii) an increase in penalties.

Regarding the topic of the disqualification penalty, 23 of the 58 opinions addressed the issue, with a predominance of arguments against the proposal.

Among the arguments cited are: (i) a measure of this nature should not be applied in the context of voluntary self-regulation (Abrasca, Allos S.A., Banco do Brasil S.A., Mattos Filho, Natura & Co Holding S.A., and Orizon Valorização de Resíduos S.A.); (ii) the measure would be contradictory, as it would be restricted only to Novo Mercado (Ancord, Mattos Filho and Vale S.A.); (iii) B3 would not have the authority to apply the penalty (Banco do Brasil S.A. and Ibri); and (iv) the costs

with D&O insurance and indemnity agreements would be higher (Abrasca, Allos S.A. and Banco do Brasil S.A.).

B3 deems it important to clarify that corporate governance rules required by special segments – including Novo Mercado – are applicable to those companies that decide to list on these segments[13].

Given the above, despite B3's authority to apply such penalty and the autonomy of will being an intrinsic element of the relationship between B3 and companies listed on Novo Mercado, the following was taken into account: (i) B3's prioritization of educational activities and (ii) the set of other measures presented in this proposal representing a significant increase in the RNM corporate governance requirements. Thus, B3 decided to withdraw the proposal.

Regarding the proposal to increase penalties, 18 of the 58 respondents expressed their opinion on the matter, leading to the following changes:

(i) No change in the amounts of current penalties;
(ii) Modification of the indexation criteria;
(iii) The base penalty is no longer 50% of the maximum amount provided for and is now defined in accordance with principles of proportionality and reasonableness, the offender's economic capacity and the reasons justifying the imposition of the penalty.

Considering the opinions against the increase in penalty amounts, B3 hereby maintains the penalties already defined in the Regulation in force.

However, in order to provide companies, their directors and shareholders with greater clarity and predictability regarding the penalty amount to be applied in the event of non-compliance with the RNM, the proposal to include the criteria

[13] Within this context, the election of independent directors can be cited as an example. Due to the requirements stipulated by the RNM, companies no longer have full freedom to choose elected board members, since the rules of the segment must be observed.

Therefore, it can be seen that, analogously, after a commitment to comply with the RNM has been signed and a rule has been approved to disqualify a given director due to non-compliance with oversight and control structures, the commitment must be fulfilled.

Given this, it can be concluded that B3 has the authority to apply the penalties that are approved by companies listed on the segment due to the commitment to comply with its rules.

to measure the penalty through aggravating and mitigating circumstances, inspired by CVM Resolution No. 45 ("RCVM 45"), is hereby maintained.

Likewise, the base penalty, as stipulated by RCVM 45, will be defined based on principles of proportionality and reasonableness, the offender's economic capacity and the reasons justifying the imposition of the penalty, without defining a pre-determined level.

Furthermore, it is proposed to change the indexation criterion for penalties, currently applied annually by the variation of the Extended National Consumer Price Index (IPCA). This criterion would be replaced with the annual positive variation of the Interbank Deposit (DI) rate, so as to maintain proportionality over time of penalty amounts with the potential losses that irregular conduct may cause to companies and their investors.

The funds collected from penalties will continue to be allocated to activities associated with the regulatory and institutional improvement of the Brazilian securities market (Art. 87, Paragraph 1 of the RNM).

Finally, the proposal for penalties to be applied to each violation found is also maintained.

1.5 Arbitration – Market Chamber

Of the 58 respondents, 22 expressed their views on the need for greater flexibility in the use of the Market Arbitration Chamber ("CAM").

The Brazilian Arbitration Committee (CBAr) suggested that accreditation be carried out by B3 or by a committee made up of independent members with proven knowledge and experience in the arbitration market. Furthermore, AW Advogados and Mr. Tiago Isaac expressed their opposition to the CAM carrying out accreditation procedures, arguing that it would be a conflict of interest, and CAM would be transformed into a self-regulatory body of arbitration chambers.

Therefore, B3 proposes an adjustment to Article 43 of the Annex, so that accreditation criteria are approved by B3's board of directors, given its authority to define other issues involving CAM.

2. Block 2 | Further Topics

2.1 Disclosure of complaints

Regarding the proposal to disclose complaints received through the complaint channel, 19 of the 58 statements addressed this issue.

During the meetings, several companies questioned the choice of document for disclosure of complaints. In view of this, B3 proposes that it be done in the company's reference form, annual report, sustainability report, or another public document of its choice.

Furthermore, B3 had proposed disclosing the number of complaints received per year through the complaint channel broken down by nature and sanctions applied.

Allos S.A., Grupo Cosan, JBS S.A. and Orizon Valorização de Resíduos S.A. mentioned in their opinion that the disclosure of complaints by nature and respective sanction might generate distortions and harm the company's reputation. Abrasca, in turn, stated that the measure could cause damage to the companies' image and reputation.

It should be noted that more than 65% of the companies listed on Novo Mercado already disclose the complaints received in some way, which shows that it is possible to disclose them without harming the reputation.

Due to the opinions received, B3 maintains the proposal to disclose the number of complaints received yearly through the complaint channel. However, it no longer requires the nature of complaints and sanctions applied, requesting now only the number of sanctions applied in total.

Grupo Cosan also argued that such information would not specify the number of false or unfounded complaints, nor their relevance, and therefore it would make the data of little use. However, it is important to note that the field for including the data will be available, so that the company will be free to make it clear to the market which complaints are valid or not, besides any other information it deems relevant.

2.2 Questions to the market

In the first public consultation published by B3, two topics did not have drafting proposals for rules, but were merely questions to the market to verify the convenience of including the topics in the Novo Mercado Regulation, namely: (i) director compensation (clawback rule and malus clause) and (ii) integrity.

Of the 58 responses received, 27 dealt with the clawback rule, 22 with the malus clause, and 27 with integrity. Despite acknowledging the importance of topics related to compensation, most respondents understand that there is a need for greater maturity of these matters in Brazil. Abrasca, Apimec, Ibri and Orizon Valorização de Resíduos S.A., for example, suggest that the topics be kept under observation so that they can be regulated in a consistent and beneficial manner in the future; Dynamo Administração de Recursos Ltda., in turn, understands that the adoption of the malus clause may have significant adverse effects, with a possible increase in compensation packages.

With regard to integrity, participants raised objections as to the mandatory nature of a new policy.

B3 appreciates the comments on this topic and plans to continue to provide educational support to participants by promoting studies on the issues and developing guidance for the market on best compensation practices, including the clawback rule and malus clause, as well as the topic of integrity.

2.3 Composition of the Statutory Audit Committee

B3 proposes an addition to Art. 24, §3 of the Annex, to clarify that the prohibition applicable to the participation of directors of the company, its subsidiaries, its controlling shareholder, affiliates or joint ventures, similarly extends to the participation of persons subordinate to the directors and the controlling shareholder of such companies.

This understanding had already been expressed in Official Letter No. 333/2020-DIE, which was incorporated into the Companies' Guide, and the adjustment in the Regulation is intended to make this topic clearer.

2.4 Topics without adjustments

Regarding the other proposals, such as statutory audit committee, quarterly meetings between the audit committee and independent auditors, mandatory recording of minutes, assessment and monitoring of the company's risk exposures, possibility of a single complaint channel, express provision for joining Novo Mercado, anonymity, change of deadline for amendments to come into force, extension of deadline for defense and appeal and regulatory adaptations, B3 will maintain the initial proposals as they were well received by the companies and other respondents.

With regard to the mandatory recording of minutes, considering the opinions expressing concern about the need for disclosure (Abrasca, ICGN, Lojas Marisa S.A., etc) of meeting minutes, B3 clarifies that there is no mandatory disclosure.

2.5 Further comments

Among the 58 opinions received, there were suggestions on topics not covered in the Public Consultation No. 01/2024. Some of these contributions are listed below and will not be the subject of this public consultation.

A large part of those contributions addressed issues related to improving the rules for PTOs and delisting from Novo Mercado. In addition, other points raised included: (i) the presence of an employee representative on the board of directors of companies with more than 2,000 employees; (ii) equal compensation for directors; (iii) prohibition of granting, pursuant to the bylaws, private benefits to certain groups of shareholders; and (iv) the requirement of minimum content to be reported in the audit committee's annual report.

As mentioned throughout this consultation, B3 understands that the evolution of the rule is necessary to keep up with market development and its increasing complexity. However, relevant changes should be made in a staggered manner, aiming to avoid too many reforms over a short period of time, which might generate excessive burdens for companies and for the market in general. Therefore, B3 appreciates the feedback and acknowledges that it will be of great value for further assessments through studies or discussions on the topics.

3. Adaptation period

In order to guarantee companies adequate time to adapt, the following deadlines are proposed for companies already listed or to be listed on Novo Mercado to comply with the new rules:

<table>
<tr><th>Rule</th><th>Adaptation deadline</th></tr>
<tr><td rowspan="2">CEO and CFO's responsibility statement regarding the maintenance and effectiveness of internal control structures</td><td>Listed companies
From the first full fiscal year following the entry into force of the Regulation.</td></tr>
<tr><td>New companies
From the first full fiscal year after the listing.</td></tr>
<tr><td>Statutory amendment to provide for a Statutory Audit Committee, as well as its subjection to the RNM (arts. 6 and 24 of the Annex)</td><td>Listed companies
Up to the OGM to be held in the fiscal year following the entry into force of the Regulation.</td></tr>
<tr><td>Limited participation in boards of directors</td><td rowspan="3">Listed companies
Meeting for election of members of the board of directors to be held in the third year after the Regulation comes into force.</td></tr>
<tr><td>Limited tenures for independent directors</td></tr>
<tr><td>Minimum number of independent directors</td></tr>
<tr><td>Disclosure of complaints received through the complaint channel</td><td>Listed companies
At the latest, from the mandatory annual update of the reference form of the year following the entry into force of the Regulation.</td></tr>
</table>

Proposals not included in the table above will come into force on the same date as the new Regulation.

Companies applying for listing after the new Regulation comes into force must be fully adapted to the Novo Mercado rules, except for the provisions in the table above.

4. Conclusion

The second public consultation phase on the review of the Novo Mercado Regulation represents a new opportunity for interaction with the market. In this phase, B3 will welcome comments on the proposals **by November 11, 2024,** via the email sre@b3.com.br.

B3 will assess each opinion, seeking to align, as far as possible, the various suggestions that may arise in this process and reach a final text to be submitted to a restricted audience with the Novo Mercado listed companies.

The comments received throughout the second public consultation period will be published in full on the B3 portal in due course. Sending an opinion will represent consent to the disclosure of its entire content by B3[14].

The voting methodology in the restricted audience phase will be based on the assessment of the opinions received in the public consultation phase.

Additional information can be obtained from Market Development for Issuers by email at sre@b3.com.br.

[14] B3 reserves the right not to disclose opinions whose content is not directly related to the purpose of the public consultation, or which may be considered offensive.

ANNEX

CONSOLIDATED REGULATION WITH REVISION MARKS

TITLE I: INTRODUCTION

SOLE CHAPTER: PURPOSE

Art. 1 This Regulation governs the activities of:

I - B3, as the entity that manages the stock market:

a) in verifying compliance by **companies** with the minimum requirements for **entry**, continuous listing and **delisting** from **Novo Mercado**; and

b) in supervising the obligations set forth herein and the application of any sanctions;

II - **companies** in observance of the minimum requirements for **entry**, continuous listing and **delisting** from **Novo Mercado**.

Art. 2 This Regulation is complemented by circular letters and other normative documents published by B3.

Art. 3 The terms generally used in the financial and capital markets, the legal, economic and accounting terms, as well as technical terms of any nature used herein have the meanings generally accepted in Brazil.

TITLE II: NOVO MERCADO

CHAPTER I: REQUIREMENTS FOR ENTRY AND CONTINUOUS LISTING ON NOVO MERCADO

Section I: General Provisions

Art. 4 For **entry** into **Novo Mercado** and continuous listing on the segment, **companies** must abide by the timetables, obligations and procedures set forth in the regulation for the listing of issuers and the admission of securities to trading contained in the issuers' manual, and comply with all the obligations herein.

Art. 5 **Entry** into **Novo Mercado** is effected by the signature of an agreement between the **company** and B3 for participation in **Novo Mercado**.

Section II: Bylaws

Art. 6 The **company** must include in its bylaws:

I - a clause that expressly requires the compliance of the **company** and its shareholders, including controlling shareholders, officers and members of the fiscal council, the statutory audit committee and, if applicable, the statutory committee referred to in Art. 24 (IV), §“d”, herein with the provisions in this regulation; and

II - all other bylaw provisions expressly mentioned herein.

Art. 7 The bylaws must not contain any clauses that:

I - limit the number of votes held by any shareholder or group of shareholders to less than 5% (five per cent) of the capital stock, except in cases of privatization or limits required by any laws or regulations applicable to the **company's** activities;

II - prevent shareholders from voting in favor of the elimination or amendment of any bylaw provisions, or imposing burdens on them for doing so.

Section III: Capital Stock

Art. 8 The **company's** capital stock must consist exclusively of common (voting) shares.

Sole paragraph. This rule does not apply to cases of privatization involving a special class of preferred shares that are non-transferrable, bear enhanced voting rights, and are held by the privatizing entity or its subsidiaries and affiliates, provided such rights have been submitted to prior analysis by B3.

Section IV: Free Float

Art. 9 For the purposes of this Regulation, **free float** means all shares issued by the **company** other than those held by the controlling shareholder, any related persons or officers of the **company**, and treasury stock.

Sole paragraph. The special class of non-transferrable preferred shares with enhanced voting rights owned solely by the privatizing entity and its subsidiaries and affiliates also constitutes an exception.

Art. 10 The **company** must maintain a **free float** corresponding to at least:

I - 20% (twenty per cent) of its capital stock; or

II - 15% (fifteen per cent) of its capital stock, provided its Average Daily Trading Volume (ADTV) remains equal to or greater than R$20,000,000.00 (twenty million Brazilian Reais), considering the trades performed in the previous 12 (twelve) months, pursuant to the provisions of Art. 94~~86~~.

§1 In the event of **entry** into **Novo Mercado** concurrently with a public offering, the percentage indicated in Art. 10 (I) is reduced ~~the company may maintain~~ in the first 18 (eighteen) months~~, a free float corresponding to~~ to at least 15% (fifteen per cent) of its capital stock ~~only if~~ provided that:

I - the market value of the **free float** resulting from the public offering equals or exceeds R$2,000,000,000.00 (two billion Brazilian Reais);

II - the market value of the **free float** resulting from the public offering is below R$2,000,000,000.00 (two billion Brazilian Reais) and equals or exceeds R$1,500,000,000.00 (one billion and five hundred million Brazilian Reais), provided that (a) the company's bylaws sets forth a reduction of the quorum required for the exercise of certain rights by minority shareholders, on the terms to be defined during the analysis period for entry into Novo Mercado and (b) one (1) independent director is elected in addition to the number determined after the calculation provided in Art. 15;

III - the market value of the **free float** resulting from the public offering is below R$1,500,000,000.00 (one billion and five hundred million Brazilian Reais) and equals or exceeds R$1,000,000,000.00 (one billion Brazilian Reais), provided that (a) the company's bylaws sets forth a reduction of the quorum required for the exercise of certain rights by minority shareholders, on the terms to be defined during the analysis period for entry into Novo Mercado, (b) one (1) independent director is elected in addition to the number determined after the

calculation provided in Art. 15 and (c) a liquidity improvement measure is implemented, on the terms to be defined during the analysis period for entry into Novo Mercado.

§2 In the event of §1, for the company to maintain free float in a percentage corresponding to at least 15% (fifteen percent) of the capital stock ~~At the end of the eighteenth (18) month~~, the ADTV must be equal to or greater than R$20,000,000.00 (twenty million Brazilian Reais) until the end of the 18th (eighteenth) month, which, once reached, must remain equal to or greater than this amount for 6 (six) consecutive months.

Art. 11 Temporary maintenance of a **free float** corresponding to a percentage below the minimum stipulated herein is automatically authorized for a period of 18 (eighteen) months starting from non-compliance due to:

I - failure to achieve the ADTV required of **companies** authorized to maintain a **free float** corresponding to at least 15% (fifteen per cent) of their capital stock;

II - partial or total subscription of a capital increase by the controlling shareholder of the **company** that has not been fully subscribed by shareholders with preemptive rights or priority, or that has not had a sufficient number of interested parties in the respective public offering;

III - the holding of a Public Tender Offer **(PTO):**

a) at a fair price; or

b) as a result of transfer of **control**.

§1 In the event of a voluntary **PTO** that does not comply with item III of this article, the **company** must comply with **Erro! Fonte de referência não encontrada.**.

§2 At the end of the 18th (eighteenth) month, **free float** must correspond to:

I - 20% (twenty per cent) of the capital stock; or

II - 15% (fifteen per cent) of the capital stock if ADTV has reached R$20,000,000.00 (twenty million Brazilian Reais) in the previous 12 (twelve) months.

§3 For the purposes of §2 (II) above, the ADTV must have remained consistently in the range of R$20,000,000.00 (twenty million Brazilian Reais) for 6 (six) consecutive months

Section V: Shareholding Dispersion

Art. 12 In public share offerings, the **company** must make best efforts to achieve shareholding dispersion via one of the following procedures, which must be specified in the offering prospectus:

1 - guaranteed access for all interested investors; or

2 - distribution to individuals and non-institutional investors of at least 10% (ten per cent) of the total amount of shares offered.

Sole paragraph. This article does not apply to ~~restricted-effort~~ automatic procedure-public offerings with restriction of the target audience.

Section VI: Pre-Operational Companies

Art. 13 Public offerings of shares issued by pre-operational companies must be open only to qualified investors, as defined in specific rules issued by CVM.

Sole paragraph. Pursuant to the exclusions stipulated in the rules issued by CVM governing registered public offerings, whether common or automatic, and public offerings with a registration waiver, trading between investors not

considered qualified may take place when the **company** reports operating revenue based on its annual financial statements, individual or consolidated, drawn up in accordance with CVM's rules and audited by independent auditors registered with CVM.

Section VII: Management

Subsection I – Composition and Term of Office

Art. 14 The **company's** bylaws must provide for a unified term of office of at most 2 (two) years, reelection permitted, for the members of its board of directors.

Art. 15 The **company's** bylaws must require that at least two (2) members of its board of directors, or 30% (thirty percent) ~~20% (twenty per cent)~~, shall be independent directors, whichever is greater.

Sole paragraph. If calculation of the percentage referred to in this article results in a fractionary number, the **company** must round it up to the next highest whole number.

Subsection II – Independent Directors

Art. 16 Board members shall be considered **independent** based on their relationships with:

I - the **company**, its direct or indirect controlling shareholder, and its executive officers; and

II - subsidiaries, affiliates and joint ventures.

§1 Board members shall not be considered **independent** if:

I - they are direct or indirect controlling shareholders in the **company**;

II - their voting rights at meetings of the board of directors are bound by a shareholder agreement whose scope includes matters relating to the **company**;

III - they are a spouse, partner or direct or collateral first- or second-degree relative of the controlling shareholder or of any executive officer of the **company** or the controlling shareholder;

IV - they have been an employee or executive officer of the **company** or its controlling shareholder in the past 3 (three) years;

V - they have been for 12 (twelve) years or more an **independent director** of the **company,** without remaining away as provided for in §4 herein.

§2 For the purposes of deciding whether board members are **independent**, the situations described below must be analyzed in order to verify whether they entail loss of independence due to the characteristics, magnitude and extent of the relationship:

I - are they a first- or second-degree relative of the controlling shareholder or of any executive officer of the **company** or the controlling shareholder?

II - have they been an employee or executive officer of the **company** or any of its subsidiaries, affiliates or joint ventures in the past three (3) years?

III - do they have a business relationship with the **company**, its controlling shareholder, or a subsidiary, affiliate or joint venture?

IV - do they hold a position in a firm or entity that has a business relationship with the **company** or with its controlling shareholder, whereby they have decision-making power regarding the activities of the firm or entity?

V - do they receive any compensation from the **company**, its controlling shareholder, or a subsidiary, affiliate or joint venture other than the compensation relating to their position as a member of the board of directors or committees of the **company**, its controlling shareholder, or its subsidiaries, affiliates and joint ventures, excluding income from shares in the **company** and benefits from supplementary pension plans?

VI - founded the **company** and has significant influence over it.

§3 In **companies** with a controlling shareholder, board members elected by separate ballot will be considered **independent**.

§4 The period provided for in §1 (V) will be counted as follows:

I. started from the first term of the **independent director** in the **company**, considering only the period after the **company**'s listing on Novo Mercado.

II. restarted if the **independent director** remains away from the **company** for 2 (two) consecutive years or more.

§5 Board members who complete the period provided for in of §1 (V) may remain as non-independent members of the board of directors.

Art. 17 The general shareholders meeting will decide whether a person nominated to sit on the board of directors is **independent** and may base its decision on:

I - a declaration submitted to the board of directors in which the nominee attests to compliance with the independence criteria established herein and presents the appropriate justification in the event of any of the situations specified in **Erro! Fonte de referência não encontrada.** (2); and

II - the view expressed by the **company**'s board of directors in management's proposal to the general shareholders meeting that

elects directors and officers regarding the candidate's compliance or non-compliance with the independence criteria.

Sole paragraph. The procedure established in this article does not apply to board nominees:

I - who fail to comply with the advance notice requirement for inclusion of candidates on the ballot, as stipulated by CVM in its distance voting rules;

II - elected by separate ballot in **companies** with a controlling shareholder.

Subsection III – Assessment of Management

Art. 18 The **company** must structure and disclose a process of assessment of the board of directors, its committees, and the executive officers.

§1 The assessment process must be disclosed in the **company's** Reference Form, including information on:

I - the scope of the assessment: by individual, by governing body, or both;

II - the procedures used to perform the assessment, including participation by other bodies of the **company** or outside consultants, as applicable;

III - the methodology used and any changes made compared with previous years.

§2 The assessment must be performed at least once during management's term of office.

Subsection IV – Remuneration

Art. 19 The **company** must disclose the highest, lowest and average annual fixed and variable remuneration paid to members of the board of directors, executive committee and fiscal council in the last fiscal year. This information must be disclosed in the Reference Form as a set of tables, one for each governing body.

Subsection V – Accumulation of Positions

Art. 20 The **company,** regardless of its size, must stipulate in its bylaws that the positions of chair of the board of directors and chief executive officer or main executive of the **company** must not be accumulated by any one person.

~~**Sole paragraph**. This rule will not apply in the event of vacancy, in which case the company must:~~

~~I - disclose the accumulation of positions due to vacancy not later than the business day following its occurrence;~~

~~II - disclose within 60 (sixty) days of the vacancy the measures taken to end the accumulation of positions; and~~

~~III - end the accumulation within one year.~~

Art. 21 The company must establish in its bylaws that the members of its board of directors may not hold positions on more than 5 (five) boards of public companies.

§1 The limit number of boards decreases to 2 (two) when a member of the board of directors holds a position on the company's statutory board and to 1 (one) when a board member holds the position of CEO or main executive of the company, excluding, for the purposes of calculating the limit, the position of the CEO or main executive held on the board of directors of the company.

§2 Each position of chair of the board of directors will count as a single position as if the director were a member of 2 (two) boards for the purposes of determining the limit provided for in this article.

§3 For the purposes of calculating the limit provided for in this article, and in §1 and §2, the following will be counted as a single position held on the board of directors and in the upper management of companies that:

I - are controlling companies, subsidiaries or joint ventures;

II - have consolidated annual financial statements; or

III - are members of the same group of companies, pursuant to Law No. 6,404/1976.

§4 The positions of alternate members of the boards of directors of public companies are not counted for the purposes of calculating the limit provided for in this article, until they begin participating in board meetings.

Subsection VI – Opinion on PTO

Art. 22 ~~Art. 21~~The **company's** board of directors must prepare and disclose a reasoned opinion on any **PTO** involving the **company's** shares not more than 15 (fifteen) days after the publication of the **PTO** notice, stating its views at least:

I - on the desirability and timeliness of the **PTO** in accordance with the **company**'s interests and those of its shareholders, including with regard to the price and to the potential impact on the liquidity of its stock;

II - on the strategic plans disclosed by the offering shareholder with regard to the **company**; and

III - on any alternatives to acceptance of the **PTO** available in the market.

Sole paragraph. The board's opinion must include its informed judgment for or against acceptance of the **PTO** and must point out that each shareholder is responsible for a final decision regarding acceptance.

Subsection VII – Disclosure of management report on internal controls

Art. 23 The company must disclose annually, in the management report accompanying the company's financial statements, whether in the reference form or in a separate public document, a statement by the CEO (or main executive) and the CFO (or executive responsible for the financial statements) as follows:

I - regarding the responsibility for establishing and maintaining an adequate internal control structure; and

II - assessment of the effectiveness of internal control structures for drafting financial statements.

Section VIII: Supervision and Control

Art. 24 ~~Art. 22~~The **company** must have a statutory audit committee, ~~which may be statutory or non-statutory,~~ and must:

I - be an advisory body to the **company's** board of directors with operational autonomy and its own budget approved by the board to cover its operating costs and expenses;

II - have its own bylaws, approved by the board of directors, with a detailed description of its functions and operating procedures;

III - have a chairperson whose activities must be defined in its bylaws;

IV - be responsible for:

a) issuing an opinion on the engagement or dismissal of independent outside auditors;

b) appraising the company's quarterly financial filings, interim financial statements, and annual financial statements;

c) overseeing the activities of the **company's** internal auditing and internal control departments;

d) appraising and monitoring the **company's** risk exposures, unless there is another committee that specifically deals with risks and observes §6 below;

e) appraising and monitoring the **company's** internal policies, including its policy on related-party transactions, and recommending corrections or enhancements;

f) having the means to receive and treat information on non-compliance with the laws and regulations applicable to the **company**, and with its internal rules and codes, including provision for specific procedures to protect whistleblowers and assure the confidentiality of such information.

V - have at least 3 (three) members:

a) at least one of whom must be an independent member of the **company's** board of directors, in accordance with the definition of an independent board member established herein;

b) at least one of whom must have recognized experience in business accounting pursuant to the rules issued by CVM that govern the registration and practice of independent auditing activities in the securities market and define the duties and

responsibilities of the management of audited entities in their relations with independent auditors;

c) one of whom may accumulate the qualifications described in the previous two items, (a) and (b).

§1 The **company** must publish annually a summarized report by the audit committee outlining the meetings held and the main subjects discussed, and highlighting the recommendations made by the committee to the **company's** board of directors.

§2 The ~~non-statutory~~ audit committee must report on its activities to the **company's** board of directors at least every quarter, and the minutes from the board meeting in question must be published, mentioning the audit committee's report.

§3º Executive officers of the **company**, or the committee provided for in item "d" (IV) of this article, its subsidiaries, its controlling shareholder, its affiliates or joint ventures, and any persons under them may not sit on the audit committee, ~~whether or not it is statutory.~~

§4 The audit committee must meet at least quarterly with the independent auditor.

§5 All meetings and interactions of the audit committee – or, if applicable, the statutory committee referred to in Art. 24 item "d" (IV) of this regulation – must be recorded in minutes and filed at the company's headquarters.

§6 The committee provided for in item "d" (IV) of this article must be created by the bylaws linked to the board of directors, must have at least 1 (one) independent director of the company and must have its own internal regulations.

Art. 25 ~~Art. 23~~ The **company** must have its own internal auditing department:

I - whose activities are reported to the board of directors directly or through the audit committee;

II - with duties and responsibilities approved by the board of directors;

III - with a structure and budget deemed sufficient to perform its duties, according to an assessment carried out by the board of directors or by the audit committee at least once a year;

IV - that is in charge of assessing the quality and effectiveness of the **company's** risk management, control and governance processes.

Sole paragraph. As an alternative to the establishment of its own internal audit department, the **company** may engage independent auditors registered with CVM to perform this function.

Art. 26 ~~Art. 24~~ The **company** must implement compliance, internal control and corporate risk management functions, all of which must be kept separate from its operational activities.

Sole paragraph. For the purposes of this provision, the activities of the legal, controlling, internal auditing and investor relations departments, among others, are considered non-operational.

Section IX: Regular and Sporadic Disclosures

Art. 27 ~~Art. 25~~The **company** must prepare and disclose the bylaws of its board of directors, advisory committees and fiscal council, if it has one.

Sole paragraph. The bylaws of the board of directors must stipulate that the board include in management's proposal to the general shareholders meeting held to elect directors and officers its opinion regarding:

I - whether each candidate for election to the board complies with the nomination policy; and

II - whether each candidate is considered an **independent board member**, based on the provisions hereof and the declaration mentioned in **Erro! Fonte de referência não encontrada.**.

Art. 28 ~~Art 26.~~ The **company** must disclose the resignation, ~~or~~ dismissal, arrest or death of any member of the board of directors or statutory officer in a market notice or material event notice issued not later than the business day following that on which the **company** is notified of the resignation, arrest or death, or the dismissal is approved,

Art. 29 ~~Art. 27~~ The **company** is required to disclose the following information in English concurrently with the respective disclosure in Portuguese:

I - material events;

II - information about dividends and other distributions in notices to shareholders or market notices; and

III - earnings releases.

Sole paragraph. If disclosure of a material event involves information that is outside the **company**'s control or if there are abnormal fluctuations in its share price, quotation or trading volume, disclosure in English may occur up to a business day after disclosure in Portuguese.

Art. 30 ~~Art. 28~~ The **company** must hold a public presentation on the information disclosed in its quarterly earnings results or financial statements within 5 (five) business days of their release.

Sole paragraph. The public presentation may be conducted face to face or via teleconference, videoconference or any other means that enables stakeholders to participate remotely.

Art. 31 ~~Art. 29~~ The **company** is required to disclose by December 10 of each year, its annual calendar for the subsequent year containing at least the dates of the following events:

I - disclosure of complete annual financial statements and standardized financial statements (DFP);

II - disclosure of quarterly reports (ITR);

III - the annual general shareholders meeting (AGO);

IV - disclosure of the reference form.

Sole paragraph. Should the **company** decide to change the date of any such event, it must update the annual calendar prior to the holding of the event in question.

Art. 32 ~~Art. 30~~Not more than 10 (ten) days after the end of each month, the **company** must file with B3 a monthly report based on information provided by the controlling shareholder detailing the direct or indirect ownership of its shares by the controlling shareholder and related persons, on an individual and consolidated basis. The report must also cover positions in **derivatives** and any other securities referenced to the stock issued by the **company**, including **derivatives** settled in cash.

§1 The report must detail:

I - the quantity and type of each security;

II - all trades performed in the period, if any, with the respective prices, where applicable; and

III - the net position held before and after trading.

§2 B3 must effect full disclosure of the information provided under this article, in consolidated form.

Section X: Company Documents

Art. 33 ~~Art. 31~~The **company** must prepare and disclose a code of conduct approved by the board of directors, applicable to all employees and officers, and comprising at least the following:

I - the **company's** principles and values;

II - clear rules concerning the need for knowledge of and compliance with the applicable laws and regulations, particularly the **company**'s rules on protection of confidential information and anti-corruption, as well as its policies;

III - its duties toward civil society, such as social and environmental responsibility, respect for human rights, and labor relations;

IV - a channel for the receipt of internal and external complaints regarding breaches of the **company's** code of conduct and policies, and of the laws and regulations applicable to the **company**;

V - identification of the governing body or department responsible for investigating complaints and an assurance that they will be kept anonymous, unless the complainant expressly requests identification;

VI - protection mechanisms to prevent reprisals against whistleblowers who report potential violations of the **company's** code of conduct and policies, or of the laws and regulations applicable to the **company**;

VII - the applicable penalties;

VIII - provision for regular training of employees regarding the need for compliance with the code; and

IX - the internal bodies responsible for enforcing the code.

Sole paragraph. The code of conduct may be extensive to third parties, such as suppliers and service providers.

Art. 34 The company may concentrate, in the same reporting channel, those mechanisms provided for in arts. 24 (IV), item "f" and 33 (IV) herein, provided that it has means of screening and forwarding to the audit committee or the body responsible for the code of conduct of complaints related to matters within their respective powers.

Sole paragraph. The complainant must remain anonymous, unless they expressly request identification.

Art. 35 The company must disclose, in its reference form, annual report, sustainability report, or other public document, the number of complaints received yearly via complaint channel, besides the sanctions applied.

Art. 36 ~~Art. 32~~ The **company** must prepare and disclose the following policies or equivalent formal documents approved by the board of directors:

I - compensation policy;

II - nomination policy for the board of directors, its advisory committees, and the executive committee;

III - risk management policy;

IV - related-party transaction policy; and

V - securities trading policy.

Art. 37 ~~Art. 33~~ The nomination policy for the board of directors, its advisory committees and the executive committee must detail at least:

I - the criteria for the composition of the board of directors, its advisory committees and the executive committee, such as complementarity of experience, education, availability of time to perform their required duties, and diversity; and

II - the procedure for nominating members of the board of directors, its advisory committees and the executive committee.

Art. 38 ~~Art. 34~~ The risk management policy must describe at least the procedures, and in each case, those responsible, for identifying, assessing and monitoring risks relating to the **company** or to its industry, such as strategic, operational, regulatory, financial, political, technological, and environmental risks.

Art. 39 ~~Art. 35~~ The related-party transaction policy must detail at least:

I - the criteria to be observed for entering into transactions with related parties;

II - procedures to help identifying individual situations that might involve conflicts of interest and consequently determining voting impediments for the **company's** shareholders or officers;

III - procedures and officers responsible for identifying related parties and classifying transactions as related-party transactions; and

IV - the approval instances for related-party transactions, depending on their value and other relevance criteria.

Art. 40 ~~Art. 36~~ The securities trading policy must stipulate at least the following:

I - that compliance with the policy is mandatory for the **company**, its controlling shareholder, its executive officers, the members of its fiscal council, the members of any technical or advisory bodies established by the bylaws, and all the **company's** employees and contractors with permanent or temporary access to material information;

II - trading blackout dates for shares issued by the **company** and, if applicable, for **derivatives** referenced to them;

III - the procedures and measures adopted by the **company** to prevent infringement of the rules on securities trading;

IV - the set of parameters applicable to individual investment plans; and

V - the rules applicable to cases involving insider lending of shares issued by the **company**.

Section XI: Transfer of Control

Art. 41 ~~Art. 37~~ The **company's** bylaws must stipulate that direct or indirect transfer of control is allowed only on condition that the acquirer of control undertakes to hold a **PTO** for the shares of all other shareholders to ensure they are offered the same treatment as the seller of control.

§1 For the purposes of this section, **control** and the related terms mean the power effectively exercised by a shareholder to direct corporate activities and guide the functioning of the **company**'s governing bodies, whether directly or indirectly, either *de facto* or by operation of law, irrespective of the equity interest held.

§2 The condition stipulated in this article applies to the transfer of **control** through a single transaction or a series of successive transactions.

§3 The **PTO** must comply with the conditions and timing established by the applicable laws and regulations and the rules herein.

Art. 42 ~~Art. 38~~ In the event of indirect transfer of **control**, the acquirer must disclose the value attributed to the **company** for the purposes of setting the price of the **PTO**, in addition to a justified demonstration of this value.

Section XII: Arbitration

Art. 43 ~~Art. 39~~The bylaws must include an arbitration clause stating that the **company**, its shareholders and executive officers, as well as the members of its fiscal council and their alternates, if any, undertake to seek arbitration ~~by the Market Arbitration Chamber and to abide by its rules~~ in order to resolve any disputes that may arise relating to their status as issuer, shareholders, management and fiscal council members, especially in light of the provisions of Law 6.385/76, Law 6.404/76, the **company**'s bylaws, the rules issued by the National Monetary Council (CMN), the Central Bank of Brazil (BCB) and CVM, as well as other rules applicable to the securities market in general, the rules herein,

other rules and regulations established by B3, and the **Novo Mercado** participation agreement.

Sole paragraph. The arbitration clause referred to in this article must expressly indicate the chamber in which the arbitration will be resolved, which may be the Market Chamber or an alternative chamber previously accredited by the Market Chamber, pursuant to the criteria approved by B3's board of directors.

Art. 44 ~~Art. 40~~Executive officers and members of the fiscal council, as well as their alternates, the audit committee and, if applicable, of the statutory committee referred to in art. 24 (IV) item "d" herein must not take office unless they sign an undertaking to comply with the arbitration clause in the bylaws, as per the previous article.

CHAPTER II: DELISTING FROM NOVO MERCADO

Section I: General Provisions

Art. 45 ~~Art. 41~~ **Delisting** from **Novo Mercado** pursuant to Sections II and III may be due to:

I - a decision by the controlling shareholder or the **company**;

II - failure to discharge the obligations herein;

III - cancellation of the **company**'s CVM registration as a public company or of its CVM category conversion, in which case the provisions of the applicable laws and regulations must be observed.

Section II: Voluntary Delisting

Art. 46 ~~Art. 42~~ Voluntary **delisting** from **Novo Mercado** will be granted by B3 only if it is preceded by a **PTO** that follows the procedures required by the rules issued by CVM governing tender offers held to cancel registration as a public company.

Art. 47 ~~Art. 43~~ The **PTO** mentioned in Art. 46 must comply with the following requirements:

I - the offered price must be fair, so that a new appraisal of the **company** may be requested in the manner established by corporation laws;

II - shareholders who hold more than 1/3 (one-third) of **free float**, or a higher percentage stipulated in the bylaws, must accept the **PTO** or expressly agree to **delist** without a sale of shares.

§1 For the purposes of this article, **free float** means only the shares held by shareholders who expressly agree with **delisting** from **Novo Mercado** or enroll for the **PTO** auction, in accordance with the rules issued by CVM governing public tender offers held to cancel registration as a public company.

§2 If the number of willing shareholders reaches one third, pursuant to clause II of this article:

I - the acceptors of the **PTO** must not be subjected to apportionment in selling their shares, provided that the ownership limit waiver procedures stipulated in the rules issued by CVM for **PTOs** are observed; and

II - the offeror is obliged for a period of one month starting on the auction date to buy the remaining **free float** at the final price reached in the auction, updated to the date of effective payment as per the terms of the bidding notice and the applicable laws and regulations, which

payment must occur within 15 (fifteen) days of the date on which the shareholder exercises this discretion.

Art. 48 ~~Art. 44~~ **Voluntary delisting** from **Novo Mercado** may occur regardless of whether the **PTO** mentioned in Art. 46 is held if a waiver is approved by a general shareholders meeting.

§1 the shareholders meeting mentioned in this article, if held on first call, must be attended by shareholders representing at least 2/3 (two-thirds) of **free float**.

§2 if the required quorum as per §1 is not reached, the shareholders meeting may be held on second call with any number of shareholders who own **free float** shares attending.

§3 a decision to waive the obligation to hold a **PTO** must be made by a majority of votes cast by shareholders who own **free float** shares and are present at the meeting.

Section III: Compulsory Delisting

Art. 49 ~~Art. 45~~ Application of the sanction of **compulsory delisting** from **Novo Mercado** depends on the holding of a **PTO** with the same characteristics as the **PTO** arising from **voluntary delisting** from **Novo Mercado**.

Sole paragraph. If the percentage for **delisting** from **Novo Mercado** is not reached after the **PTO** is held, trading in the **company's** shares on the segment may continue for 6 (six) months after the **PTO** without prejudice to the application of a monetary penalty.

CHAPTER III: CORPORATE REORGANIZATION

Art. 50 ~~Art. 46~~ In the event of corporate reorganization involving transfer of the **company's** shareholder base, the resulting companies must apply for **listing** on **Novo Mercado** within 120 (one hundred and twenty) days of the date of the general shareholders meeting that approves the reorganization.

Sole paragraph. If the reorganization involves resulting companies that do not intend to apply for **listing** on **Novo Mercado**, this structure must be approved by a majority of the **company's** shareholders holding **free float** shares and present at the general shareholders meeting.

CHAPTER IV: NOVO MERCADO WARNING

Art. 51 B3 may issue a warning related to a given company upon becoming aware of one of the following situations:

I - disclosure of a material fact that demonstrates the possibility of material error in financial information, as defined by Brazilian accounting standards, including those related to fraud;

II - delay of more than 30 (thirty) days in the delivery of financial information, in relation to the deadline set out in the regulation;

III - independent auditors' report with modified opinion;

IV - request for court-supervised or out-of-court reorganization in Brazil or equivalent procedures in foreign jurisdictions;

§1 B3 will allow a period of at least 24 hours for the company to present additional documents or clarifications before making a decision on issuing a warning.

§2 The decision to issue a warning about a given company will be made by B3's Executive Board.

§3 After issuing a warning about a given company, B3 may, if applicable, initiate a sanctioning process, in accordance with art. 55 herein.

§4 The warning issued by B3 does not exempt the company, its officers, shareholders, including controllers, members of the fiscal council, the audit committee and the committee provided for in art. 24 (IV), "d", herein, from complying with the obligations arising from this Regulation.

§5 The company will remain "under warning" until:

a) item (I) of this article, 1 (one) annual financial statement is submitted with the correction of accounting errors;

b) Item (II) of this article, overdue financial information is submitted;

c) item (III) of this article, the independent auditors' report is submitted without a modified opinion;

d) item (IV) of this article, court-supervised or out-of-court reorganization, or equivalent procedure in foreign jurisdictions, is terminated and the company's usual activities are resumed.

§6 When issuing a warning about a given company, B3 will notify it to disclose the information to the market.

Art. 52 B3 may consult the opinion of external experts with the goal of obtaining support for its decision to issue a warning about a given company.

CHAPTER V: SANCTION APPLICATION PROCESS

Section I: Sanction Application Events

Art. 53 ~~Art. 47~~ B3 is responsible for applying sanctions to the **company** and to its officers and shareholders if any of the following events occur:

I - non-compliance with requirements and obligations as set forth herein;

II - non-compliance with B3's resolutions relating to the obligations established herein.

Section II: Liability

Art. 54 ~~Art. 48~~ Officers or shareholders may be held liable for non-compliance if deemed to have caused an infringement in accordance with their powers, competencies and obligations, as mandated in the applicable laws and regulations, the **company's** bylaws, or this Regulation.

Sole paragraph. If the infringement derives from a decision or omission by a governing body, all members of the body concerned will be deemed jointly liable save those who have expressed objections in a documented manner.

Section III: Procedure for Applying Sanctions

Art. 55 ~~Art. 49~~ If non-compliance with the obligations established herein or with requirements relating to such obligations is verified, B3 will notify the officer responsible:

I - specifying the non-compliance;

II - stating that a sanction application proceeding has been initiated;

III - granting not less than 15 (fifteen) days from the date of notification for the presentation of a defense; and

IV - specifying the manner in which the defense is to be presented.

§1 B3's Issuers Regulation Director may extend the deadline for presenting a defense.

§2 B3 may disclose to the public the initiation of sanctioning proceedings, when the public interest so requires.

Art. 56 ~~Art. 50~~ On receiving the defense or when the time granted for its presentation has elapsed, B3 will analyze the facts and arguments presented, and may request additional information, depending on the nature and complexity of the infringement.

Art. 57 ~~Art. 51~~ Any decision to apply sanctions, except that of **compulsory delisting** from **Novo Mercado**, will be made by B3's Issuers Regulation Department in a technical meeting held to discuss the facts, the arguments of the defense, and other elements applicable to the case.

Art. 58 ~~Art. 52~~ Any decision to apply the sanction of **compulsory delisting** from **Novo Mercado** will be made by B3.

Art. 59 ~~Art. 53~~ For the purposes of applying the sanctions provided for herein, the following may be considered:

I - the nature and gravity of the infringement and any mitigating circumstances;

II - the arguments presented by those involved, where applicable;

III - the harm done to the market and market **participants**;

IV - any advantages gained or losses averted;

V - any action taken to remedy the infringement;

VI - prior infringements in the 2 (two) years prior to this infringement.

Art. 60 ~~Art. 54~~ The application of a sanction by B3 will be communicated in an official letter, which may establish a deadline for action to remedy the infringement, where applicable.

§1 The application of a sanction by B3 as per this Regulation must be communicated in writing to the party responsible for the infringement, with a copy to the **company**.

§2 Failure to meet the deadline for remedial action will be deemed noncompliance with an obligation to B3 under Art. 53, giving rise to another sanction proceeding.

Section IV: Types of Sanctions

Art. 61 ~~Art. 55~~ Considering the criteria stipulated in Art. 59 hereinabove, B3 may apply any of the following sanctions:

I - a written warning;

II - a **fine** in an amount to be set according to the provisions of Art. 59 and the limits established in Art. 62;

III - public censure published on B3's website and market data feeds;

IV - suspension of the **company** from **Novo Mercado**;

V - **compulsory delisting** from **Novo Mercado**.

§1 The director sanctioned with the penalty provided for in section IV of this provision will be disqualified from exercising his functions in the Novo Mercado Listed companies in which he/she is a director, in addition to those in which, for a period of 10 years, he/she might be elected to the board of directors,

executive office, audit committee – or the statutory committee referred to in art. 24 (IV), item “d”, herein – or fiscal council.

§2 The disqualified director must be dismissed from his position by the company and resign from any positions held in other Novo Mercado Listed companies.

§3 The company must provide for, in its bylaws, the events included in §1 and §2 of this article.

Subsection I: Fines

Art. 62 ~~Art. 56~~The application of **fines** will observe the maximum amounts foreseen below:

I - from BRL1,373.00 (one thousand, three hundred and seventy-three Brazilian Reais) to BRL275,569.00 (two hundred and seventy-five thousand, five hundred and sixty-nine Brazilian Reais) in the event of non-compliance with B3’s requirements regarding the obligations established herein and for non-compliance with the obligations established in Section II (Bylaws), Section V (Shareholding Dispersion), Section VI (Pre-Operational Companies), Section IX (Regular and Sporadic Disclosures), Section X (Company Documents) and Section XII (Arbitration), Chapter I of Title II hereof;

II - from BRL6,886.00 (six thousand, eight hundred and eighty-six Brazilian Reais) to BRL413,352.00 (four hundred and thirteen thousand, three hundred and fifty-two Brazilian Reais) for non-compliance with Section VII (Management) and Section VIII (Supervision and Control), Chapter I of Title II hereof;

III - from BRL13,776.00 (thirteen thousand, seven hundred and seventy-six Brazilian Reais) to BRL688,923.00 (six hundred and eighty-eight

thousand, nine hundred and twenty-three Brazilian Reais) in the event of non-compliance with Section III: (Capital Stock) and Section IV: (Free Float), Chapter I of Title II hereof;

IV - up to 1/3 (one-third) of the value of **free float** calculated on the basis of the **PTO** price, excluding the shares sold in the **PTO**, in the event of failure to reach a quorum in the **compulsory delisting PTO**;

V - up to 1/5 (one-fifth) of the value of **free float** calculated on the basis of the weighted average price for the last 12 (twelve) months, or BRL6,889,253.00 (six million, eight hundred and eighty-nine thousand, two hundred and fifty-three Brazilian Reais), whichever is greater, for non-compliance with Section XI (Transfer of Control), Chapter I, Chapter III (Corporate Reorganization), Title II hereof.

Sole paragraph. The limits set out in the items above will be considered per infringement.

Art. 63 In the dosimetry of the fine penalty, B3 must initially set the base fine, corresponding to 50% of the maximum penalty, subsequently applying the aggravating and mitigating circumstances.

§1 When setting the base fine, B3 must observe the principles of proportionality and reasonableness, besides the economic capacity of the offender and the reasons that justify the imposition of the penalty.

§2 B3 may consider mitigating and aggravating circumstances to define the application of other penalties provided for in art. 61 herein.

Art. 64 The following are mitigating circumstances:

I - confession of the illegal act or the provision of information regarding its materiality;

II - the violator's good standing;

III - regularization of the infringement;

IV - the good faith of the accused; and

V – the effective adoption of internal mechanisms and procedures for integrity, audit and encouragement to reporting irregularities, as well as the effective application of codes of ethics and conduct.

Sole paragraph. The fine penalty must be reduced by up to 25% (twenty-five percent) for each mitigating factor verified.

Art. 65 The following are aggravating circumstances:

I - the systematic or repeated practice of irregular conduct;

II - the high damage caused;

III - the significant advantage obtained or intended by the violator;

IV - the existence of relevant damage to the image of the securities market or the segment in which it operates;

V - committing an infringement through ruse, fraud or simulation;

VI - compromising or risk of compromising the issuer's solvency;

VII - violation of fiduciary duties arising from the position, role or function held; and

VIII - concealment of evidence of the infringement through ruse, fraud or simulation.

Sole paragraph. The fine penalty must be increased by up to 25% (twenty-five percent) for each aggravating factor verified.

Subsection II: Suspension from Novo Mercado

Art. 66 ~~Art. 57~~ Suspension of the **company** from **Novo Mercado** entails:

I - disclosure by B3 of its application of the sanction of suspending the **company**'s listing on **Novo Mercado** via its website and market data feeds;

II - separate publicizing by B3 of the **company's** stock quotation with the warning "non-compliant with the obligations established in the **Novo Mercado** rules", via its website and market data feeds;

III - withdrawal of the **company's** shares from those of B3's indices whose methodology requires the **company's** participation in special corporate governance segments;

IV - withdrawal by B3 of any identification of the company as belonging to **Novo Mercado** via its website and market data feeds; and

V - banning the company from using the **Novo Mercado** seal or any other identification item connected to the **Novo Mercado**.

§1 Suspension from **Novo Mercado** will remain in force until the **company** remedies its non-compliance, without prejudice to application of the sanction of **compulsory delisting** from **Novo Mercado**.

§2 Suspension from **Novo Mercado** does not exempt the **company**, its officers, shareholders and fiscal council members from complying with the obligations arising from this Regulation.

Subsection III: Compulsory Delisting from Novo Mercado

Art. 67 ~~Art. 58~~ The sanction of **compulsory delisting** of the **company** from **Novo Mercado** entails the obligation to hold a delisting **PTO** pursuant to this Regulation.

Art. 68 ~~Art. 59~~ The sanction of **compulsory delisting** from **Novo Mercado** will be applied only in the event of non-compliance with the obligations stipulated herein for a period of more than 9 (nine) months.

Art. 69 ~~Art. 60~~ The notice communicating application of the sanction of **compulsory delisting** from **Novo Mercado** must specify the maximum time granted for publication of the delisting **PTO** notice.

Section V: Appeal

Art. 70 ~~Art. 61~~ After the decision to apply the sanction has been sent by B3's Issuers Regulation Officer, the party responsible may appeal to B3 within 15 (fifteen) days.

§1 In the event of an appeal against the decision to apply a **fine**, should the decision be upheld, the amount of the **fine** will be adjusted by the positive annual variation of the Interbank Deposit (DI) ~~according to the Extended National Consumer Price Index (IPCA)~~ or any other index created to replace it until the date on which the decision to uphold application of the **fine** is sent.

§2 Appeals against the application of sanctions must be sent to B3's Issuers Regulation Officer.

§3 B3's Issuers Regulation Director may extend the deadline for filing an appeal.

Art. 71 ~~Art. 62~~ Decisions made via delegation of powers may be revised or upheld by the Issuers Regulation Officer.

Sole paragraph. Should the Issuers Regulation Officer decide in a technical meeting to uphold the sanction, the appeal will be forwarded to B3 for a final decision.

Art. 72 ~~Art. 63~~ Decisions made by B3 in accordance herewith cannot be appealed.

Art. 73 ~~Art. 64~~ If an appeal is not filed within the timeframe established hereinabove, the decision made by the Issuers Regulation Officer ends the sanction application proceeding and is deemed definitive with respect to B3.

Art. 74 ~~Art. 65~~ For the purposes of Title II, Chapter IV hereof, B3's decisions will be made by its Executive Committee.

TITLE III: GENERAL PROVISIONS

CHAPTER I: DISCLOSURES

Art. 75 ~~Art. 66~~ All information and documents required to be disclosed by the **company** as a result of this Regulation must be sent to B3 through the Empresas.Net system and will be made available on its website.

Art. 76 ~~Art. 67~~ B3 will post information about the application of this Regulation on its website, including:

I - the imposition of sanctions due to non-compliance with the obligations established herein; and

II - the granting of special treatment pursuant to this Regulation.

CHAPTER II: ENTRY INTO FORCE

Art. 77 ~~Art. 68~~This Regulation enters into force on ~~January 2nd, 2018~~ [xxxxxxx][15].

§1 **Companies listed** on **Novo Mercado** when this Regulation enters into force:

I - must adapt their bylaws and other documents not later than the ~~annual general shareholders meeting that deliberates on the financial statements for the fiscal year of 2020~~ meeting for the election of the members of the board of directors to be held in the third year after the Regulation comes into force in order to:

a) provide that the members of its board of directors do not hold positions on more than 5 (five) boards of public companies, subject to the events provided for in §1 and §2 of art. 21 herein ~~require the board of directors to include at least 2 (two) independent directors;~~

b) include the maximum term of office for the characterization of a director as independent, pursuant to the provisions of art. 16, §1 (V) and §4º and §5 herein ~~delete references to the former definition of an independent director or adapt the bylaws to the new definition~~; and

c) adapt the provisions on the minimum number of independent members sitting on the board of directors, as provided for in art. 15 herein. ~~adapt the provisions on transfer of control, delisting from the segment, and arbitration, as well as any other provisions, as applicable, to the rules established herein.~~

[15] This date, as well as the adaptation deadlines, were set as an example only. The exact dates will be included in the final proposal, to be submitted to a restricted hearing with sufficient time for companies to adapt.

II - must ~~also take the following measures not later than the annual general shareholders meeting that deliberates on the financial statements for the fiscal year of 2020:~~ from the mandatory annual update of the reference form of the year following the entry into force of the Regulation, begin to disclose the number of complaints received per year via the complaint channel, and which sanctions were applied:

~~**a)** adjust the composition of the board of directors to the provisions hereof;~~

~~**b)** publish the bylaws of the board of directors, its advisory committees and the fiscal council, if any, in accordance herewith;~~

~~**c)** establish an audit committee and implement the internal auditing, compliance, internal control and risk management functions in accordance herewith;~~

~~**d)** adapt the code of conduct and insider trading policy to the minimum content required hereby;~~

~~**e)** draft and publish the other policies mentioned herein; and~~

~~**f)** structure and publicize a process of assessment of the board of directors, its advisory committees and the executive committee.~~

~~must leave unchanged or delete all provisions in the bylaws that:~~

~~g) impose restrictions on shareholders who vote in favor of the deletion or amendment of clauses in the bylaws;~~

~~h) limit the number of shareholder votes to percentages lower than 5% (five per cent) of the capital stock.~~

III - must, by the ordinary general meeting to be held in the fiscal year following the entry into force of the Regulation, provide, in the bylaws,

for a statutory audit committee, and its subjection to the provisions herein, as per arts. 6 and 24; and

IV - must submit the statement provided for in art. 23 herein, from the first full fiscal year after this Regulation comes into force.

§2 The **new companies** listed on **Novo Mercado** after the entry into force of this Regulation must, from the first full fiscal year following the listing, submit the statement provided for in art. 23 herein.

~~**Art. 69** The obligation mentioned in **Erro! Fonte de referência não encontrada.** hereinabove does not apply to companies that were already listed on Novo Mercado before this regulation entered into force but had not disclosed the required information owing to a judicial decision, even if the decision was a preliminary injunction.~~

CHAPTER III: EXCEPTIONS

Art. 78 ~~Art. 70~~ B3's Executive Committee may exceptionally waive any of the obligations established herein, provided that such decision is made by a majority of its members, at the **company**'s request, and duly substantiated.

Sole paragraph. This waiver depends on a favorable opinion from B3's Issuers Regulation Department.

Art. 79 ~~Art. 71~~ The **company**'s request for an exceptional waiver of an obligation must address:

I - the facts and grounds, both quantitative and qualitative, as applicable, on which the request is based;

II - the timeframe requested for fulfillment of the obligation, as applicable;

III - the plan for fulfillment of the obligation within the requested timeframe, as applicable, including the measures to be taken by the **company** and by its controlling shareholders, if any;

IV - the history of previous waiver requests.

Sole paragraph. Should the request refer to the obligation of keeping **free float** at a smaller percentage than stipulated herein, then it must also address:

I - the history of the maintenance of **free float**;

II - the percentage **free float** that the **company** plans to maintain during the requested period.

Art. 80 ~~Art. 72~~ The request will be reviewed by the Issuers Regulation Department, who may require additional information and may hold teleconferences or personal meetings.

Art. 81 ~~Art. 73~~ The Issuers Regulation Department will forward to the Executive Committee its opinion on the request for an exceptional waiver, indicating where applicable any measures that could be taken to offset or mitigate temporary non-compliance with the obligation.

Art. 82 ~~Art. 74~~ The decision made by B3's Executive Committee must take the following factors into account:

I - the nature of the obligation;

II - the history of previous requests, and of non-compliance with the obligations stipulated herein and with the rules governing the listing of issuers;

III - the efforts undertaken by the **company** and by its controlling shareholders to fulfill the obligation;

IV - the timing of the request presented by the **company**;

V - any gains or losses for shareholders, the market and its **participants**;

VI - the mitigating measures taken by the **company** and the controlling shareholders;

VII - the healthy, fair, regular and efficient functioning of the organized markets managed by B3; and

VIII - the image and reputation of **Novo Mercado** and of B3 as an operator of organized securities markets.

Sole paragraph. Should the request refer to the obligation to keep **free float** at a lower percentage than stipulated herein, the decision made by B3's Executive Committee must also take into account:

I - the possibility that shareholders will exercise their rights; and

II - liquidity and the impact on stock prices.

Art. 83 ~~Art. 75~~ If B3's Executive Committee grants an exceptional waiver of any obligations, the **company** must publish a material event notice outlining the grounds for the request, the decision made by the Executive Committee, including the time allowed for fulfillment of the obligation, as applicable, and B3's grounds for granting special treatment.

§1 If the request refers to the obligation of keeping **free float** at a lower percentage than stipulated herein, the material event notice must also include the minimum **free float** to which the **company** is committed during the requested period.

§2 Denial of a waiver of any obligation is final and cannot be appealed.

CHAPTER IV: AMENDMENTS

Art. 84 ~~Art. 76~~ Material amendments to this Regulation may be made by B3 only after holding a closed hearing with the **companies** listed on **Novo Mercado**

and provided that opposition is not expressed by more than 1/3 (one-third) of the participants in the hearing.

Art. 85 ~~Art. 77~~ The notice convening the closed hearing must be sent to the heads of investor relations at the **companies** concerned, stipulating:

I - the time allowed for responding to the notice, which must be not less than 30 (thirty) days; and

II - how **companies** are to participate in the closed hearing.

§1 Failure to respond in the time allowed will be taken as consent to the changes proposed by B3.

§2 Each **company's** response to the notice must be reviewed and approved by B3's Board of Directors, and the minutes from the board meeting must be published, including a transcription of the complete contents of the response.

Art. 86 ~~Art. 78~~ All responses to the notice and the voting map must be posted in full on B3's website not later than 30 (thirty) days after the end of the closed hearing.

Art. 87 ~~Art. 79~~ B3 must notify the **companies** at least 30 (thirty) days prior to the date on which any material changes made hereto enter into force.

Sole paragraph. B3 may reduce or may not use the deadline in this article if the change makes the rules herein more flexible or does not require adaptations by companies.

CHAPTER V: UNFORESEEN EVENTS

Art. 88 ~~Art. 80~~ If any provision hereof is deemed invalid or unenforceable owing to a future legal or regulatory decision, it must be replaced by another provision with similar contents and purpose.

Sole paragraph. The invalidity or unenforceability of one or more items will not affect the other provisions hereof.

Art. 89 ~~Art. 81~~ If any provision hereof is wholly or partly included in a future legal or regulatory decision or another regulation issued by B3 and applicable to all listed **companies**, B3 may amend this Regulation with the purpose of excluding the provision without having to observe the procedure for amendment established herein, depending on the materiality of the topic.

CHAPTER VI: OBLIGATIONS AFTER DELISTING FROM NOVO MERCADO

Art. 90 ~~Art. 82~~ **Delisting** from **Novo Mercado** does not exempt the **company**, its directors and officers, its controlling shareholder or its other shareholders from fulfilling obligations and meeting requirements and provisions stemming from the **Novo Mercado** participation agreement, **arbitration clause**, arbitration rules and the rules established by Regulation that originate from facts prior to the **delisting**.

Art. 91 ~~Art. 83~~ If control of the **company** is transferred within 12 (twelve) months following its **delisting** from **Novo Mercado**, the seller and acquirer of control must jointly and severally offer the shareholders who owned shares in the **company** on the date of **delisting** or settlement of the **delisting PTO**:

I - acquisition of their shares for the price and on the terms obtained by the seller, duly updated; or

II - payment of the difference, if any, between the **PTO** price accepted by former shareholders, duly updated, and the price obtained by the controlling shareholder in selling its own shares.

§1 The rules governing the obligations established by this article are the same as those applicable to the transfer of **control**.

§2 The **company** and its controlling shareholder must note in the **company**'s share registry any encumbrance on the shares held by the controlling

shareholder that obliges the acquirer of control to comply with the rules stipulated in this article within 30 (thirty) days of divestment of the shares.

CHAPTER VII: NON-LIABILITY

Art. 92 ~~Art. 84~~ The provisions hereof do not entail any liability to B3 regarding, including, but not limited to, the **company**, its controlling shareholders and other shareholders, members of its board of directors, officers, members of its fiscal council, members of committees or other bodies that advise the board of directors, employees or representatives; nor do they mean that B3 will defend the interests of those who may ultimately be injured by:

I - abusive or illegal acts performed by the **company**, its shareholders, including the controlling shareholder, its directors and officers, or the members of its fiscal council; or

II - the provision of false or misleading information or the omission of information by the **company**, its shareholders, including the controlling shareholder, the members of its board of directors, executive committee and fiscal council, its employees or its representatives.

Art. 93 ~~Art. 85~~ **Listing** on **Novo Mercado** should not be construed as a recommendation to invest in listed **companies** by B3 and does not imply a judgment by or any liability to B3 regarding the quality or accuracy of any information disclosed by them, the risks inherent in their activities, the actions and conduct of their shareholders, boards of directors, officers, fiscal councils, committees or other bodies that advise the boards mentioned in this Regulation, employees and representatives, or their economic and financial standing.

CHAPTER VIII: FINAL PROVISIONS

Art. 94 ~~Art. 86~~ The value in local currency of the ADTV established for the purpose of compliance with the requirement of keeping **free float** at a specified minimum percentage of capital stock may be adjusted by B3 in accordance with ADTV for the bottom quartile of the securities that make up the Ibovespa Index, considering the last 5 (five) theoretical portfolios in the index or any other index created to replace it.

Sole paragraph. B3 may update the minimum value in local currency of the **free float** from public offerings held for **listing** on **Novo Mercado** pursuant to **Erro! Fonte de referência não encontrada.** (sole paragraph) hereof, in order to keep it consistent with ADTV adjusted in accordance with this article.

Art. 95 ~~Art. 87~~The maximum value of the **fines** established herein will be adjusted for inflation every 12 (twelve) months in line with the change in the Extended National Consumer Price Index (IPCA) or any other index created to replace it.

§1 The proceeds from **fines** will become the property of B3, which will invest them in activities associated with the regulatory and institutional development of the securities market. The use of these funds must be publicly disclosed every year by B3.

§2 Failure to pay a **fine** on time will incur an additional **fine** corresponding to 2% (two per cent) of the principal plus interest at 1% (one per cent) per month

Art. 96 ~~Art. 88~~ **Listing** on **Novo Mercado** and the inclusion of an arbitration clause in a listed **company's** bylaws do not preclude action by Brazilian Securities and Exchange Commission within the limits of its competence, in accordance with Law 6385/76.