PUBLIC CONSULTATION No. 01/2024-DIE

Re.: **Novo Mercado Evolution**

Introduction

B3 S.A. – Brasil, Bolsa, Balcão ("B3") hereby presents the public consultation 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.

Novo Mercado is B3's special listing segment with the highest corporate governance requirements related to transparency, the board of directors, minority shareholders' rights, supervision and control, among others, and currently has the largest number of listed companies[1].

The last Novo Mercado structural reform took place throughout 2017 leading to the regulation in force since February 1, 2018. B3 understands that it is important to review, from time to time, the segment's regulations by removing what no longer makes sense and adding new criteria that are in line with current practices, derived from the experience of concrete cases and international debate.

The proposals contained in this public consultation aim, among other improvements, to add greater value to the Novo Mercado Seal and provide protection for companies and their investors by adopting additional corporate governance requirements that help mitigate risks (even if it is not possible to make the companies that compose the segment immune to hindrances). This will, therefore, contribute to rendering the Brazilian capital markets more attractive with the potential to attract a greater volume of funds from local and international investors.

[1] In March 2024, 437 companies were listed in B3's segments, broken down as follows: 12 on Bovespa Mais, 3 on Bovespa Mais Level 2, 184 on Basic, 24 on Level 1, 21 on Level 2 and 193 on Novo Mercado (Source: https://ri.b3.com.br/en/ Operational Figures > Listed > Item 4: Solutions for Issuers).

Furthermore, through the new proposals, B3 seeks to ensure that good corporate governance practices, which are shared among Novo Mercado Listed companies, add value to the segment's Seal, boosting investor confidence and mitigating inappropriate conduct.

B3 hopes to receive contributions from a wide range of stakeholders and welcomes responses that seek to further develop Novo Mercado.

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1. Proposals | Content and General Guidelines

B3 seeks to consult the market on five essential evolution proposals, namely:

i) The institution of the Novo Mercado Seal "under review";
ii) Greater alignment between the senior management's activity and the company's interests: limited participation in boards of directors, tenure limit for independent directors, and increase in the number of independent directors;
iii) Increasing the reliability of financial statements, through statements regarding the effectiveness of internal controls;

iv) Evolution of mechanisms used for dealing with irregular conduct through the provision of disqualification penalties and adjustments to penalty amounts; and

v) Flexibility regarding the Arbitration Chamber to be chosen by the Company.

B3 also submits to public consultation some ancillary measures that serve to clarify certain practices or adapt the Regulation to legislative changes.

Items 5 and 6 provide, respectively, the timeframe to adapt to the proposals and the conclusion as to the form and deadline to send comments.

Questions were included throughout this public consultation, highlighting the topics on which B3 is most interested in gathering impressions. Nonetheless, respondents may send comments on aspects not covered in the questions.

As an **Annex**, B3 presents a draft of the complete Regulation including the proposed changes. To facilitate visualization, all suggestions for inclusions made in the draft are underlined and highlighted in blue, while suggestions for exclusions are identified by a simple strikethrough and highlighted in ~~red~~.

Lastly, B3 clarifies that, due to the approval of the new Issuers' Regulation by the Brazilian Securities and Exchange Commission ("CVM") in July 2023, which came into force on August 19, 2023, in "Annex B – ESG Measures" ("ESG Annex"), in the comply or explain model, no topic related to the creation of diversity rules in the Novo Mercado Regulation will be addressed as the period for listed companies to adapt to the ESG Annex is not yet over.

2. Block 1 I Key Reform Topics

2.1 Novo Mercado Seal "under review"

The first topic to be consulted is the possibility of placing the Novo Mercado Seal "under review".

There are cases whereby material events require immediate action by B3, especially to signal investors and the market that something significant is happening with the company and help in their investment decision-making.

It should be noted that although certain situations might give rise to such a warning, they are not necessarily linked to any irregular practice and may be the mere consequence of an adverse economic scenario, as is the case with judicial reorganization (similar to US Chapter 11).

Therefore, B3 deems important to place the Novo Mercado Seal "under review", as a precautionary measure and prior to the installation of any sanctioning process, if any of the events below should occur:

(i) Disclosure of a material fact that demonstrates the possibility of material error in financial information, as defined by the Brazilian accounting standards, including those related to fraud;
(ii) Delay of more than 30 days in the delivery of financial information, counted from the deadline set out in the Regulation;
(iii) Independent auditors' report with modified opinion;
(iv) Request for judicial reorganization in Brazil or equivalent proceedings in foreign jurisdictions;
(v) Inability to maintain a statutory officer in his/her position resulting from arrest or death, without disclosing a replacement or succession plan within 7 business days[2];
(vi) Environmental disaster involving the company; or
(vii) Disclosure of a material fact about:

[2] The same deadline that CVM established to update the Reference Form was proposed.

(a) Fatal accident involving company's workers or service providers while performing their duties without accompanying an action plan; or
(b) The existence of labor practices that violate human rights within the company's field of activity.

Such hypotheses are indicative that the business developed by the listed company in the Novo Mercado segment is about to be or may be shaken, whether for economic, image, or management-related reasons, so the Seal review aims to alert investors.

This is only for cases of judicial reorganization, not bankruptcy, as in the latter case B3 could cancel the companies' listing and their securities admission to trading[3].

The events foreseen in the above items must be verified through objective hypotheses based on the information provided by the company, as summarized in the table below:

Event	Start of verification by B3
Possibility of material error in financial information, as defined by Brazilian accounting standards, including those related to fraud	Disclosure of material fact
Delay of more than 30 days in the delivery of financial information, counted from the deadline set out in the regulation	Expiry of the 30-day period

[3] Issuers' Regulation: "Art. 70 B3 may determine the cancellation of the Issuer's Listing or the Admission to Trading of its securities in the following cases: (...) V. When the Issuer is declared bankrupt, even if it is not a final and unappealable decision;".

Independent auditors' report with modified opinion	Submission of the independent auditors' report with modified opinion
Request for judicial reorganization in Brazil or equivalent proceedings in foreign jurisdictions	Disclosure of material fact
Inability to maintain a statutory officer in his/her position resulting from arrest or death, without disclosing a replacement or succession plan within 7 business days	Communication provided for in the current Art. 26 of the RNM (Art. 28 of the Annex)[4]
Environmental disaster involving the company	Disclosure of material fact
Fatal accident involving company workers or service providers while performing their duties without accompanying an action plan	
Labor practices that violate human rights within the company's field of activity, such as work analogous to slavery and child labor	

Regarding the last two scenarios described in the table above, B3 emphasizes that, depending on the particularities of the concrete case and the disclosure of a material fact that refutes the fatality of the accident or the violation of human rights in labor practices, the Novo Mercado Seal may not necessarily be placed "under review".

[4] A change in the wording of the current Art. 26 of the RNM is being proposed. The article addresses the disclosure of resignation or dismissal, to also cover arrest or death.

In addition to the highlighted public information, B3 may request additional information from listed companies and use the consultation mechanism with external experts to obtain support for its decision-making.

It is, therefore, an informational and alert measure, so that the company may remain listed on the Novo Mercado.

Finally, such precautionary measure is not perpetual and may be undone in the cases set out in the table below:

Event	The Seal will remain "under review" until:
Possibility of material error in financial information, as defined by Brazilian accounting standards, including those related to fraud	Two (2) annual financial statements are presented containing the correction of accounting errors, accompanied by the independent auditors' report on internal controls without pointing out significant deficiencies
Delay of more than 30 days in the delivery of financial information, counted from the deadline set out in the regulation	Financial information is presented
Independent auditors' report with modified opinion	An independent auditors' report without modified opinion is presented
Request for judicial reorganization in Brazil or equivalent proceeding in foreign jurisdictions	The judicial reorganization (or equivalent proceeding in foreign jurisdictions) is terminated and the company's usual activities are

	resumed (bankruptcy will lead to the compulsory delisting of the company)
Inability to maintain a statutory officer in his/her position resulting from arrest or death, without disclosing a replacement or succession plan within 7 business days	A replacement or succession plan is presented by the company
Environmental disaster involving the company	A case analysis report and specific action plans are presented, subject to verification by the company's internal inspection and control bodies
Fatal accident involving company workers or service providers while performing their duties without accompanying an action plan	
Labor practices that violate human rights within the company's field of activity, such as work analogous to slavery and child labor	

In cases where a succession or action plan is presented, the removal of the Seal "under review" does not reflect a value judgment regarding the plan or replacements from B3.

QUESTION 1

Should B3 exclude or add any other hypothesis to place the Seal under review in relation to Novo Mercado Listed companies? Furthermore, in the event of an accounting error disclosed by the company through a material fact, should B3 establish minimum presumed materiality metrics, such as 3% of EBIT and 1% of Net Revenues? Therefore, if the company reaches these percentages and, even so, does not qualify the accounting failure as material, it should justify its position.

2.2 Greater alignment between the senior management's activity and the company's interests

Regarding the board of directors, B3 seeks to consult the market on three improvement proposals that follow the international evolution of corporate governance.

2.2.1 Limited participation in boards of directors

The first proposal concerns the limit of boards on which a director of a Novo Mercado company may sit.

In Brazil, the law does not stipulate a limit on the number of boards of directors that a given director may join.

The 6th edition of the Best Corporate Governance Practices Code of the Brazilian Institute of Corporate Governance ("IBGC Code") addresses the importance of a

director having the time available to act as a director, since this position demands time, dedication, and ongoing development of technical and behavioral skills[5].

Therefore, the IBGC Code advises against directors accumulating an excessive number of positions on boards[6] – however, without specifying a limit, which, in turn, is in line with the Regulation.

The Institutional Shareholder Services ("ISS") Proxy Voting Guidelines for Brazil in 2024 recommend voting against (i) The election of directors who sit on board of directors of more than five publicly held companies[7]; and (ii) Management nominees who are CEOs of publicly held companies and who hold a director position in more than two publicly held companies – in addition to their own[8].

In this respect, it is proposed that Novo Mercado companies' directors may dedicate themselves to a maximum of five boards of directors of publicly held companies, to ensure an adequate availability of board members.

If a director is chair of the board of directors, it is proposed that his/her position is counted as "two boards" due to the workload and time that presiding over the board requires.

Based on this rationale, a director who is also chair of the board of directors of a listed company may sit on three other boards. If they are chair of two boards of directors, they may sit (as a member) only on one more board.

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[5] "3.5 Availability of time: Serving on a board of directors requires dedicated time besides the time allocated for board meetings and reading and analyzing prior documentation. When assuming his/her role, the director must observe fiduciary duties towards the organization and seek ongoing development of technical and behavioral skills. Engagement from the director is also expected to be up to date with internal and external challenges and risks to the organization, in relation to economic, social and environmental aspects". Source: https://conhecimento.ibgc.org.br/Paginas/Publicacao.aspx?PubId=24640, p. 37.

[6] "Practices. a. A director must not accumulate an excessive number of positions on company boards, committees and executive boards. When taking on a new position, they must consider their personal and professional commitments, besides assessing whether they will be able to dedicate the necessary time to the role (...)". Source: https://conhecimento.ibgc.org.br/Paginas/Publicacao.aspx?PubId=24640, p. 37.

[7] "Generally, vote against management nominees who: Sit on more than five public company boards". Source: https://www.issgovernance.com/file/policy/active/americas/Brazil-Voting-Guidelines.pdf?v=1, p. 7.

[8] "Generally, vote against management nominees who: (i) Sit on more than five public company boards; or (ii) Are CEOs of public companies who sit on the boards of more than two public companies besides their own — recommend against only at their outside boards". Source: https://www.issgovernance.com/file/policy/active/americas/Brazil-Voting-Guidelines.pdf?v=1, p. 8.

It is also proposed that members of the board of directors who hold an executive position may sit on a maximum of two boards, except for the CEO or main executive, who may sit on one board at most.

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

QUESTION 2

The proposal to limit the number of boards is restricted to publicly held companies. However, considering that the boards of private companies can take as much or more time from directors, B3 is particularly interested in collecting input on the scope of this rule.

2.2.2 Tenure limit for independent directors

The second proposal deals with the tenure limit for a director to be considered independent in the same company.

The Novo Mercado Regulation establishes objective and subjective criteria that may compromise the qualification of a given director as independent (Art. 16, §1 and §2).

As well as the hypotheses provided for in these provisions, B3 understands that the number of years holding a position must also be considered when characterizing a director as independent.

In this respect, the ISS Proxy Voting Guidelines for Brazil in 2024 consider that any director who has served the board for 12 years or more should no longer be qualified as independent, unless local best practices recommend a lower tenure limit on the board[9].

Similarly, the French governance code states that the independent status is lost after a tenure of 12 years[10]. The governance codes from the United Kingdom[11], South Africa[12], and Singapore[13] provide that the director ceases to be qualified as independent after 9 years of service.

The Global Governance Principles of the International Corporate Governance Network ("ICGN") set out, as one of the criteria for characterizing a member of the board of directors as independent, the compromise of their independence

[9] "Any director who has served for 12 or more years on the board will be deemed non-independent, unless local best practices recommend a lower tenure limit which will then be applied". Source: https://www.issgovernance.com/file/policy/active/americas/Brazil-Voting-Guidelines.pdf?v=1, p. 11.

[10] "8.5 The criteria to be reviewed by the committee and the Board in order for a director to qualify as independent and to prevent risks of conflicts of interest between the director and the management, the corporation, or its group, are as follows: (...) 8.5.6 not to have been a director of the corporation for more than twelve years. Loss of the status of independent director occurs on the date when this twelve year is reached". Source: https://afep.com/en/publications-en/le-code-afep-medef-revise-de-2018/, p. 8.

[11] "10. The board should identify in the annual report each non-executive director it considers to be independent. Circumstances which are likely to impair, or could appear to impair, a non-executive director's independence include, but are not limited to, whether a director: (...) has served on the board for more than nine years from the date of their first appointment". Source: https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.pdf, p. 6.

[12] "29. A non-executive member of the governing body may continue to serve, in an independent capacity, for longer than nine years if, upon an assessment by the governing body conducted every year after nine years, it is concluded that the member exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making". Source: https://cdn.ymaws.com/www.iodsa.co.za/resource/collection/684B68A7-B768-465C-8214-E3A007F15A5A/IoDSA_King_IV_Report_-_WebVersion.pdf, p. 52.

[13] "210 (5) (d) A director will not be independent under any of the following circumstances: (...) (iv) if he has been a director of the issuer for an aggregate period of more than nine years (whether before or after listing). Such director may continue to be considered independent until the conclusion of the next annual general meeting of the issuer". Source: https://rulebook.sgx.com/rulebook/210.

due to the time held in the position, citing that the norm may vary in different countries between 8 and 12 years[14].

According to the OECD Corporate Governance Factbook 2023, 29 countries establish a maximum tenure for independent directors, ranging between 5 and 15 years. Among them, 22 countries require or recommend that these directors no longer be considered independent at the end of their tenure, and 7 countries require submission of an explanation regarding the independence of a director who has exceeded the limit number of tenures.

It is proposed that this practice is adopted in Brazil, so that members of Novo Mercado Listed companies may only qualify as independent until the 10th consecutive year of serving on the board. If a director leaves the company completely at any time for at least 2 years, he or she may return as an independent director, resuming the 10-year period.

It should be noted that, once the 10-year period has elapsed, the director can continue to serve on the company's board of directors, only simply without be considered as independent according to the Novo Mercado rule.

2.2.3 Minimum number of independent directors

Regarding the minimum number of independent directors required by the RNM, it is proposed to increase their percentage.

Law No. 6,404/1976 ("LSA"), amended by Law No. 14,195/2021, now provides for the mandatory participation of independent directors in the composition of the

[14] "The board should identify in the annual report the names of the directors considered by the board to be independent and who are able to exercise independent judgement free from any external influence. The conditions which might impair a director's independence include, whether a director: (...) h) has been a director of the company for such a period that his or her independence may have become compromised. There is no fixed date that automatically triggers lack of independence; the norm can differ in varying jurisdictions between 8-12 years after which a non-executive director may no longer be deemed independent. Companies should be guided by local norms, and directors with longer tenure should not be classified as independent in terms of committee appointments or other board functions requiring independence". Source: https://www.icgn.org/icgn-global-governance-principles, p. 13/14.

board of directors of publicly held companies[15], which CVM regulated through CVM Resolution No. 168/2022 ("RCVM 168").

As can be seen from the Public Hearing notice SDM 09/21, which gave rise to RCVM 168, the Novo Mercado Regulation was used by CVM as an inspiration for drafting the rule[16].

RCVM 168 established that boards of directors must have at least 20% of independent directors. Therefore, the percentage currently required by Novo Mercado is no longer different in relation to publicly held companies in general.

It should also be noted that the ISS Proxy Voting Guidelines for Brazil in 2024 recommend that Novo Mercado Listed companies must have at least 50% of independent members on their board of directors[17]. Morgan Stanley Capital International ("MSCI"), in turn, recommends that independent directors must comprise most of the board[18].

Therefore, B3 understands that it is important to further advance this issue, so it proposes a minimum of 30% (thirty percent) of independent directors. In absolute terms, for companies with boards composed of up to 6 members, the minimum number of 2 directors is maintained, avoiding increased costs for smaller companies.

2.3 Reliability of Financial Statements

With the purpose of protecting investors, B3 seeks to consult the market on the adoption of international practices related to the effectiveness of internal controls for drafting financial statements.

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[15] "Art. 140 (...) §2 In the composition of the board of directors of public companies, participation of independent directors is mandatory, under the terms and within the deadlines defined by the Brazilian Securities and Exchange Commission."

[16] Following the publication of RCVM 168, B3 disclosed Circular Letter 010/2023-DIE, providing clarifications regarding the compatibility between the new rules and the RNM.

[17] "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.

[18] "This metric flags issuers when less than 51% of the board is independent of management". Source: MSCI ESG Ratings Methodology: Board Key Issue, August 2023, p. 9.

Article 24 of the Novo Mercado Regulation provides for the need to implement areas that perform the roles of compliance, internal controls and corporate risks by the companies wishing to be listed on Novo Mercado.

The existence and adequate functioning of these departments aim to guarantee the proper conduct of the company's activities to protect investors, promote greater health and security of indicators and financial statements, while improving corporate governance and maintaining transparency in rendering accounts.

The company's internal controls are responsible for establishing an adequate management and governance environment to prevent errors and irregularities while maintaining operational and performance effectiveness.

Although the simple existence of such mechanisms does not make companies immune to failures or fraud, the effectiveness of the structures, on the other hand, aims to mitigate their occurrences through the identification and prevention of risks.

In this context, it should be highlighted that the failure of a Novo Mercado Listed company due to the non-implementation or improper monitoring of supervision and control structures affects not only its activity, management, employees, and consumers, but also the other segment's listed companies, through its devaluation.

An example of a measure designed to ensure greater effectiveness of such controls in this regard is Section 404 of the Sarbanes-Oxley Act ("SOX 404")[19], a

[19] "SEC. 404. MANAGEMENT <<NOTE: 15 USC 7262.>> ASSESSMENT OF INTERNAL CONTROLS. (a) Rules Required. -- The Commission shall prescribe rules requiring each annual report required by section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) to contain an internal control report, which shall-- (1) state the responsibility of management for establishing and maintaining an adequate internal control structure and procedures for financial reporting; and (2) contain an assessment, as of the end of the most recent fiscal year of the issuer, of the effectiveness of the internal control structure and procedures of the issuer for financial reporting. (b) Internal Control Evaluation and Reporting. -- With respect to the internal control assessment required by Subsection (a), each registered public accounting firm that prepares or issues the audit report for the issuer shall attest to, and report on, the assessment made by the management of the issuer. An attestation made under this Subsection shall be made in accordance with standards for attestation engagements issued or adopted by the Board. Any such attestation shall not be the subject of a separate engagement". Source: https://www.govinfo.gov/content/pkg/PLAW-107publ204/html/PLAW-107publ204.htm.

U.S. federal law which requires company management to produce a statement in internal control reports on financial statements regarding the adequate functioning of its internal control structure. Japan adopts a similar rule, known as "JSOX", whereby the management is also responsible for assessing Internal Control over Financial Reporting ("ICFR")[20].

In both countries, participation of the company's chief executive officer or main executive ("CEO") and the chief financial officer or the executive responsible for financial statements ("CFO") is required in the ICFR assessment process.

In the United Kingdom, the Financial Reporting Council ("FRC") disclosed on January 22, 2024 the new version of the UK Corporate Governance Code, providing that the board must make a statement regarding the effectiveness of the companies' material internal controls[21].

Given this, B3 proposes that statements about the effectiveness of a company's internal controls are presented in its annual management report[22] by the CEO and the CFO (these positions may be held by the same person).

B3 understands that it would also be suitable to explore the possibility of having assurance work carried out by an independent auditor regarding the assessment made by the company's management, whose report must be issued at the same time as the financial statements. The assurance work carried out by an

[20] "Under J-Sox, a listed company is required to submit reports in which its management assesses the effectiveness of the company's internal controls over financial reporting. The Financial Services Agency of Japan (the FSA) undoubtedly took the Sarbanes-Oxley Act into account when enacting J-Sox". Source: https://www.mhmjapan.com/content/files/00014813/20071019suzuki.pdf.

[21] https://media.frc.org.uk/documents/UK_Corporate_Governance_Code_2024_kRCm5ss.pdf.

[22] The Report referred to in the caput is currently set out in Art. 27 §1 (I) of CVM Resolution No. 80/2022, as well as in Art. 133, I, of Law No. 6,404/1976.

independent auditor will provide greater protection and security to investors and those responsible for the statement, as required by SOX 404[23] and JSOX[24].

The CEO and CFO's responsibility statement, as well as the assessment of the effectiveness of internal control structures, must start being presented with the statements related to the second fiscal year after the Regulation comes into force. The independent auditor's assurance report will have a deadline relating to the third fiscal year following the entry into force of the Regulation.

QUESTION 3

Should the statement also be provided by other directors? Furthermore, B3 is interested in receiving comments on the assurance report and its extension. Would it be necessary to edit specific audit rules to require independent auditors to review management's assessment? Should this assessment address, besides the effectiveness of internal controls, operational aspects, financial reports, compliance, and cybersecurity? Lastly international practices state that developing companies with revenues below USD1 billion might have the option of obtaining the auditors' assurance report after five years or from the moment their revenues reach USD1 billion. Given this, should B3 grant additional time to small and medium companies listed on Novo Mercado – under the terms of Law 6,404/76 – to submit such a report?

2.4 Sanctions

2.4.1 Disqualification penalty

B3 would also like to submit to public consultation, with the purpose of gathering market opinion, the possibility of applying a disqualification penalty at the end of a sanctioning process, which should be established based on the violation of supervision and control rules.

Article 55 of the Regulation[25] indicates the possible sanctions to be applied by B3 in sanctioning processes. To address severe cases more adequately, it is proposed the inclusion of a disqualification sanction for members of the management (officer or director), the audit committee – or committee that specifically deals with risks (item 3.1.4 of this public consultation) –, or the fiscal council of Novo Mercado Listed companies, for a maximum period of 10 years[26] due to non-compliance with any of the provisions set out in section VIII of the Regulation, which relates to supervision and control structures.

This is a sanction to be applied only in severe cases. As will be explained below, the penalty's definition and the sanctions' dosimetry will consider mitigating and aggravating factors, so that the disqualification penalty will only be applied after weighing them up.

The sanction may be applied by B3 in relation to infringements that occur after the Regulation comes into effect. That is, the disqualification sanction may only be applied to actions or omissions occurring after the publication of a new draft of the RNM.

Furthermore, it is important to clarify that, according to the nature of B3's sanctioning process, the decision to disqualify a director of a given company

[25] "Art. 55 Considering the criteria stipulated in Article 53, B3 may apply any of the following sanctions:
I - Written warning;
II – Fine in an amount to be defined in accordance with the provisions of Art. 53 and the limits set out in Art. 56;
III - Public censure published on the B3 portal and other market data feeds;
V - Compulsory delisting from Novo Mercado."

[26] Disqualification sanction is currently used by CVM, as per Art. 11, IV, Law No. 6.385/1976.

becomes effective only upon judgment by B3's executive board of any appeal filed.

QUESTÃO 4

The application of the disqualification sanction might cover all company areas responsible for complying with supervision and control rules. B3 is particularly interested in receiving comments on the need to limit the directors potentially subject to this penalty.

2.4.2 Increase of penalties in the sanctioning process

One of the possible penalties in the abovementioned sanction application process is a fine (Art. 55 (II), of the Regulation[27]), whose minimum and maximum values are contained in Art. 56 of the RNM.

In this regard, the proposal is to gather input into the proposed adaptation of Art. 56 so that the established intervals are replaced with a maximum pecuniary penalty, adjusted to maintain proportionality with the potential losses that an irregular conduct may cause for companies in the Novo Mercado segment and their investors.

The maximum penalties were stipulated between the values currently provided for in the RNM and the fines applied by CVM, set out in Annex A of CVM Resolution No. 45 ("RCVM 45"). The base penalty will be half the maximum penalty and may be reduced or increased according to mitigating or aggravating conditions, also as set out in RCVM 45.

[27] "Art. 55 Considering the criteria stipulated in Article 53, B3 may apply any of the following sanctions:
II. Fine, whose value will be defined in accordance with the provisions of Art. 53 and the limits set out in Art. 56"

Therefore, companies, their directors and shareholders will have more clarity and predictability regarding the value of the penalty to be applied in the event of non-compliance with the Regulation.

Funds arising from penalties are allocated to activities associated with the regulatory and institutional improvement of the securities market (Art. 87, §1 of the RNM).

Finally, it is proposed to clarify that penalties will be applied for each violation found.

QUESTION 5

Considering that penalties applied based on the RNM have pre-defined ranges for each type of infringement, B3 would like to receive comments on the convenience of adopting some other limitation criteria regarding their application.

2.5 Arbitration – Market Chamber

Created in June 2001 by the then Bovespa, the Market Chamber ("CAM"), at the time under the name Market Arbitration Chamber, emerged in the context when the Brazilian arbitration law, five years after its promulgation, gained strength with the legal certainty recently obtained through the declaration of constitutionality referred by the Brazilian Supreme Court.

In this respect, as an instrument of corporate governance, the Novo Mercado Regulation included the obligation for companies in this segment to designate in their bylaws the Market Chamber as a forum to resolve corporate and business disputes that might arise between the issuer itself, its shareholders, directors, and effective and alternate members of the fiscal council, if any[28].

[28] Adherence is mandatory not only for companies listed on the Novo Mercado, but also on Level 2, Bovespa Mais and Bovespa Mais Level 2.

Over time, CAM has followed the evolution of arbitration institutions to offer a specialized environment for resolving disputes relating to capital markets, especially corporate conflicts, observing the best practices adopted by conflict resolution centers worldwide.

Since the first draft of the CAM Regulation in 2001, there has been considerable progress in arbitration. Its maturity is recognized and allows considering the amendment of the current provision in the Novo Mercado Regulation to enable the activity of other arbitration chambers for dispute resolution.

Given the relevance of arbitration for companies, their shareholders, other affected parties, and the market in general, B3 proposes the accreditation of other arbitration chambers to be displayed in the bylaws of Novo Mercado Listed companies. Accreditation will happen through CAM and be based on technical criteria to be published in due course and reviewed as necessary.

3. Block 2 I Ancillary Reform Topics

3.1 Audit Committee

3.1.1 Statutory Audit Committee

B3 also submits to public consultation a proposal for a new rule for audit committees to become statutory bodies for all Novo Mercado Listed companies.

In the 2018 reform, the provision for setting up an audit committee in Novo Mercado Listed companies was included, but such bodies could be statutory or not.

Over time, it was noted that 105 companies adopted statutory committees and 88 companies set up non-statutory committees[29]. As an evolution of the model

[29] Base date: January 2024.

and to enable adequate harmonization, B3 proposes that all audit committees become statutory.

CVM regulates some obligations of the statutory audit committee ("CAE") in CVM Resolution 23/2021 ("RCVM 23"), which provides that CAE activities be reported on a quarterly basis to the company's board of directors[30].

However, considering that only a few statutory committees have adhered to RCVM 23, the obligation set out in Art. 22 §2 of the RNM should be maintained. Thus, the new wording of Art. 22, §2, shows that the statutory audit committee must report its activities to the board of directors, regardless of adherence to RCVM 23.

3.1.2 Quarterly meetings between the audit committee and the independent auditor

In line with the audit committee interactions, such bodies usually have at least quarterly meeting schedules with the company's independent auditors to discuss, clarify and resolve issues about the work conducted by the independent auditor, and technical aspects related to companies' financial information.

However, despite being a measure expected from a diligent audit committee, B3 believes it is important to provide for this obligation in the Regulation, accompanied by the necessary recording of minutes, which must be disclosed to the market.

This will further contribute to more efficient supervision by shareholders and regulatory bodies, and it will also support the committee members, when it is necessary to demonstrate their diligence in the analysis and discussion of the companies' quarterly reports and financial statements, thus generating an information environment that is beneficial for all parties involved.

[30] "Art. 31-B. CAE must:
(...)
§ 2 The CAE coordinator, accompanied by other CAE members when necessary or convenient, must:
I – Meet with the board of directors at least quarterly."

3.1.3 Obligation to draw up minutes

B3 deemed it appropriate to express the need to draw up audit committee meetings' minutes. Companies that choose to assign the role of assessing and monitoring risk exposures to a different committee must also draw up minutes for meetings related to these topics.

3.1.4 Assessment and monitoring of the company's risk exposures

Art. 22 (IV), Subsection "d" of the current Regulation assigns to the audit committee the responsibility for evaluating and monitoring the company's risk exposures.

However, some companies have already shown interest in having an advisory committee to the board of directors with specific roles to assess and monitor risk exposure.

However, with the specific authority of the audit committee provided for in the RNM, this would generate an overlap. Therefore, it is proposed that the assessment and monitoring of risk exposures by the audit committee of Novo Mercado Listed companies is no longer needed, provided that another statutory advisory committee to the board of directors takes on this role.

Such advisory committee must have at least one company's independent director, its own internal regulations and independent members in accordance with Art. 22 §3 of the current RNM.

3.1.5 Express provision for joining Novo Mercado

Although it is also clear that members of the audit committee are subject to the Regulation rules, as it is a body created by the RNM itself which should have specific duties provided for in the Novo Mercado Regulation, B3 chose to clarify the subjection of the audit committee members to an arbitration clause, adjusting Art. 6 (I) and Art. 40 of the Regulation. The same treatment will be applied to the

statutory committee that assumes the roles of assessing and monitoring companies' risk exposures, under the terms of the previous item, if applicable.

3.2 Complaint channels, anonymity, and data disclosure

3.2.1 Code of Conduct and Audit Committee

Currently, the RNM requires that companies have two channels to receive complaints: (i) Code of Conduct channel (Art. 31, IV, RNM[31]); and (ii) Audit Committee channel (Art. 22 (IV), item "f", RNM[32]). Both channels have different powers to investigate complaints.

Art. 31 (IV) of the RNM requires the creation of a complaint channel with powers to investigate complaints regarding non-compliance with the code of conduct, company's policies, legislation, and applicable regulations.

On the other hand, Art. 22 (IV), item "f", assigns the Audit Committee to receive complaints that concern matters within its powers, such as the possible identification of failure in drafting financial statements or interim statements.

Over the last few years, B3 has received several inquiries questioning the possibility of using the same complaint channel to comply with both regulations.

Considering this, and in line with practical experience and seeking to facilitate service to such structures, B3 proposes to provide for the possibility of a single

[31] "Art. 31 The company must prepare and publish a code of conduct approved by the board of directors and applicable to all employees and directors that includes, at least: (...)
IV - A channel that allows the reception of internal and external complaints regarding non-compliance with the code, policies, legislation and regulations applicable to the company;"

[32] "Art. 22 The company must install an audit committee, either statutory or non-statutory, which must: (...)
IV - be responsible for: (...)
f) Have the means to receive and treat information regarding non-compliance with legal and regulatory provisions applicable to the company, besides internal regulations and codes, including provision of specific procedures to protect the service provider and the confidentiality of the information."

complaint channel, as long as complaints are screened for subsequent forwarding to the competent body.

3.2.2 Anonymity

B3 also received questions regarding the confidentiality of the complaints made, whether the guarantee of anonymity provided for in Art. 31 (V) of the RNM could be relativized due to a request for the complainant's identification.

Therefore, in line with practical experience, it is proposed the possibility of identification to be granted to the complainant, however maintaining the obligation of anonymity as the general rule.

3.2.3 Disclosure of complaints

To ensure transparency, and to demonstrate the effective use of the complaint channel, B3 would like to hear from the market about the following proposal: disclosure in the reference form of the number of complaints received per year, separated by nature, as well as the sanctions applied.

This initiative will provide transparency to the company's investors, both in terms of verifying the effectiveness of the complaint mechanism and monitoring the nature of infringements and their incidence over the years.

3.3 Change of deadline for amendments to come into force

Article 79 of the RNM, contained in the RNM amendments chapter, requires B3 to inform companies of any relevant amendment at least 30 days in advance.

However, this deadline should be applied to those amendments that require adaptation by Novo Mercado Listed companies. In the case of changes that do not require adaptation by companies or that make existing rules more flexible, B3

understands that it is not necessary to observe this 30-day period, so it proposes to highlight this dynamic in the Regulation.

3.4 Extension of deadline for defense and appeal

Finally, it is proposed to provide for the possibility of extending the deadline for Defense and Appeal in the sanctioning process by the Issuers' Regulation Officer.

3.5 Normative adaptations

3.5.1 Liquidity Rules: Art. 10, §1 and §2 of the RNM

Regarding regulatory adaptations, on January 31, 2023 B3 disclosed Circular Letter 013/2023-PRE informing the market about change in liquidity rules' approval by CVM – free float, public distribution offering volume (Offering), and average daily trading volume (ADTV) – in the regulations of special segments (Novo Mercado, Level 1 and Level 2).

During the approval process of the new rules, CVM sent Official Letter No. 57/2022/CVM/SMI to B3, through which were suggested adaptations to the wording of Art. 10, §1 and §2 of the RNM. Therefore, as aligned with CVM at the time that the suggestions would be adapted in the future RNM review process, they are being proposed now as per the wording contained in the Annex.

3.5.2 Revocation of ICVM 476: Art. 12, sole paragraph and Art. 13, sole paragraph of the RNM

Article 12 and sections of the RNM establish a rule aimed at promoting share dispersion efforts in public distribution offerings, and the sole paragraph excludes this obligation in cases of offerings with restricted efforts.

When the latest version of the RNM was published, such offerings were subject to the provisions of CVM Instruction No. 476/2009 ("ICVM 476"). Due to the publication on July 13, 2022, of CVM Resolution No. 160/22 ("RCVM 160"), which

came into force on January 2, 2023, ICVM 476 was revoked with the consequent suppression of the offerings with restricted efforts provided for therein.

However, in the new regulations, the offering intended for a restricted circle of investors remains and continues to operate as a condition for access to certain offers with specific aspects, as set out in arts. 28, §1 (I), and 26 (II), items "a" and "b" of RCVM 160.

In this regard, on January 23, 2023, B3 disclosed Circular Letter 009/2023-DIE, in order to clarify to the market that certain provisions under RCVM 160, which provide for public offerings with automatic procedure, reflect a similar rationale to public offerings with restricted efforts, as regulated previously by ICVM 476, especially with regard to the provision of faster public offering models based on the restriction of the investing public, among other criteria.

Therefore, considering the similarities between procedures, the aforementioned Circular Letter required that the exception provided for in Article 12, sole paragraph, of the RNM be applied to public offerings with automatic procedure.

Similarly, in relation to offers made by issuers in the pre-operational phase, Art. 84 of RCVM 160 establishes rules for share trading by non-qualified investors, similar to the requirement already provided for by the RNM. Therefore, without prejudice to the requirements set out in the aforementioned provision, trading of shares issued by issuers in the pre-operational phase and listed on Novo Mercado by non-qualified investors, should occur when the issuer presents operating income, under the terms set out in Art. 13, sole paragraph, of the RNM.

Therefore, as per Circular Letter 009/2023-DIE, it is necessary to adapt the RNM to RCVM 160. So, B3 proposed adjustments to the sole paragraphs of articles 12 and 13.

3.5.3 Independence criteria: Art. 16 of the RNM

With regard to independence criteria, in addition to the RNM, RCVM 168 provides as a hypothesis to be evaluated in determining independence, if the director has

founded the company and has significant influence over it, in accordance with Art. 6 (VI), Annex K of RCVM 80, which is proposed to be incorporated into the Regulation to align the concepts applied to all companies subject to CVM regulation.

3.5.4 Accumulation of positions

As previously discussed, several amendments were introduced to the Brazilian Corporate Law (LSA), through Law No. 14,195/2021, to increase the protection of minority shareholders and develop the Brazilian business environment. In addition to the mandatory participation of independent directors, paragraph 3 of Art. 138 of the LSA[33], prohibits the accumulation of the positions of chairman of the board of directors and CEO or main executive in public companies.

RCVM 168, which defined exceptions to compliance with the regulation and regulated the terms and deadlines for its implementation, excluded the rule of non-accumulation of positions, based on Art. 138, paragraph 4 of the LSA[34], in smaller sized companies, as provided for in Art. 4, sole paragraph, Annex K of CVM Resolution No. 80/2022. However, smaller companies that are listed on Novo Mercado must observe the restriction on combining positions according to the Regulation.

Therefore, it is proposed that it be made explicit in Art. 20 of the RNM that the rule applies to all companies listed in the special segment, regardless of their size. Furthermore, RCVM 168 rules do not cover treatment in the event of a position vacancy, which is why the sole paragraph of that provision was removed.

[33] "Art. 138 (...) §3. The accumulation of the position of chairman of the board of directors and the position of chief executive officer or main executive in public companies is prohibited."

[34] "Art. 138 (...) §4 The Brazilian Securities and Exchange Commission may issue a normative act that makes an exception for smaller companies provided for in Art. 294-B of the prohibition Law referred to in §3 of this article."

4. Block 3 | Questions to the market

The topics below do not have a proposed rule. These are just questions to the market to verify the convenience of including the topic in the Novo Mercado Regulation.

4.1 Director remuneration (clawback rule and malus clause)

As part of its market development role, B3 monitors corporate governance practices adopted by foreign stock exchanges and regulatory bodies.

In 2022, the SEC – U.S. Securities and Exchange Commission required that U.S. stock exchanges – NYSE and NASDAQ – began to demand recovery of variable remuneration policies ("clawback rule") based on financial statements that contain material errors and which later must be corrected and resubmitted[35].

An identical framework can be found in other countries. In the Netherlands, for example, article 2:135(8) of the Dutch Civil Code provides that "*The Corporation is entitled to recover a bonus in full or in part to the extent that payment thereof has been made on the basis of incorrect information about the realization of the underlying goals or about the circumstances from which the entitlement to the bonus was made dependant*"[36].

Item 37 of the UK Corporate Governance Code also states that "*Directors' contracts and/or other agreements or documents which cover director remuneration should include malus and clawback provisions that would enable the company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so*"[37].

[35] The implementation of the clawback rule comes from the Dodd-Frank Act, which regulates the U.S. financial market, and was enacted as a result of the 2008 global financial crisis. The rule applies to current and former executive directors of companies listed on US stock exchanges and their subsidiaries that received incentive-based remuneration during three fiscal years prior to the date on which the update was required.

[36] Source: http://www.dutchcivillaw.com/legislation/dcctitle2244cc.htm.

[37] Source: UK Corporate Governance Code 2024 (frc.org.uk).

Also, regarding remuneration, there is the possibility of providing that, in the event of a violation of the code of conduct, there will be a loss of the remuneration that would be paid to the director, wholly or partially reducing the amount of the variable remuneration that has been subject to deferral (this is often referred to as the malus clause).

In its Global Governance Principles, the ICGN advises inclusion of malus and clawback in the companies' incentive plans: "*Companies should include provisions in their incentive plans that enable the company to withhold the payment of any sum ('malus'), or recover sums paid ('clawback'), in the event of serious misconduct or a material misstatement in the company's financial statements*"[38].

In Brazil, the National Monetary Council, for example, requires that in financial institutions at least 40% of variable remuneration be deferred for future payment, with the provision for reversal proportional to the reduction in results, in the event of a significant decrease in profit.[39].

However, the adoption of the clawback rule in Brazilian companies can generate a complex labor discussion, depending on the directors' hiring model.

Given this, B3 chose not to draft a proposal on the topic, but to collect market perceptions on the opportunity and convenience of introducing similar obligations in Novo Mercado Listed companies.

[38] Source: https://www.icgn.org/icgn-global-governance-principles, p. 21.

[39] Art. 7 of CMN Resolution No. 3,921, which provides for the remuneration policy of directors in financial institutions and other institutions authorized to operate by the Central Bank of Brazil, establishes that at least 40% of the variable remuneration must be deferred for future payment:
"Art. 7 At least 40% (forty percent) of the variable remuneration must be deferred for future payment, increasing with the director's level of responsibility.
Par. 1 The deferral period must be at least three years and should be established according to the director's risks and activity.
Par. 2 Payments must be made staggered in installments proportional to the deferral period.
Par. 3 In the case of a significant reduction in the recurring profit or the occurrence of a negative result of the institution or business unit during the deferral period, the deferred installments not yet paid must be reversed in proportion to the reduction in the result."

QUESTION 6

In your opinion, should B3 demand that companies listed on Novo Mercado include in their remuneration policies, minimum rules for deferral and recovery of remuneration by the company? In case of clawback, should such rules be restricted to directors who could be directly linked to the facts that led to the recovery of remuneration or once applied, should the rules cover all directors? From a labor perspective, are there any concerns that you would like to emphasize?

4.2 Integrity

The culture of integrity within a company, as part of a corporate governance ecosystem, concerns aspects such as prevention, detection, punishment, leadership, accountability, influence, inspiration, and purpose, involving not only certain areas, but all employees and senior leadership.

Therefore, within the context of responsible management, despite the existence of the Anti-Corruption Law (Law No. 12,846/2013), B3 deems it to be pertinent to collect market perceptions regarding the convenience of Novo Mercado requiring an integrity policy.

QUESTION 7

In your opinion, should B3 require companies listed on Novo Mercado to have an integrity policy? If so, what are the main points that need to be considered? Should it be extended to suppliers? If not, should the code of conduct address any specific aspect contained in integrity policies?

5. Adaptation period

The deadlines for companies, already listed or that will be listed, to adapt to the new rules will follow the table below (the year 2025 was used as the beginning of the New Regulation's effectiveness just as an example):

Rule	Adaptation deadline
CEO and CFO's responsibility statement and assessment of the effectiveness of internal control structures	**Listed companies** From the third fiscal year following the entry into force of the Regulation (report relating to the second fiscal year). Example: • Effective date of the RNM: 2025 • First fiscal year: 2026 • Second fiscal year: 2027 Report submitted in 2028 relating to 2027.
	New companies From the third fiscal year following the listing (report relating to the second fiscal year).
Independent auditor's assurance report on the effectiveness of internal control structures for drafting financial statements.	**Listed companies** From the fourth fiscal year following the entry into force of the Regulation (report relating to the third fiscal year). Example:

	• Effective date of the RNM: 2025 • First fiscal year: 2026 • Second fiscal year: 2027 • Third fiscal year: 2028 Report submitted in 2029 relating to 2028.
	New companies From the fourth fiscal year following the listing (report relating to the third fiscal year).
Statutory amendment to provide for a Statutory Audit Committee, as well as its subjection to the RNM (arts. 6 and 24 of the Annex)	**Listed companies** Up to the OGM to be held in the fiscal year following the entry into force of the Regulation.
Limited participation in boards of directors	**Listed companies** First election following the entry into force of the Regulation.
Limited tenures for independent directors	
Minimum number of independent directors	
Disclosure of complaints received through the complaint channel	**Listed companies** From the mandatory annual update of the reference form for the year following the entry into force of the Regulation.

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 come into force must be fully adapted to the Novo Mercado rules, except for the provisions in the table above.

6. Conclusion

The public consultation phase on the review of the Novo Mercado Regulation represents a moment of interaction with the market. In this phase, B3 will welcome **by august 8, 2024**, comments on the proposals outlined in this public consultation via the email sre@b3.com.br.

B3 will assess each comment, 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 public consultation period will be published in full on the B3 portal in due course. Sending a response will represent consent to the disclosure of its entire content by B3[40].

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

Additional information can be obtained from Market Development for Issuers, by phone on +55 11 2565-7003 and +55 11 2565-5370, or by email at sre@b3.com.br

[40] 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: SCOPE

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), item “d”, herein with the provisions of herein; 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 an independent member of the board of directors of the **company** for 10 (ten) years or more.

§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 restarted if the **independent director** remains away from the **company** for 2 (two) years.

§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 must not be accumulated by any one person.

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.

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

§3 The rules set out in this article and in §1 and §2 are also applicable to companies within the same economic group.

~~**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.~~

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, 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.

Sole paragraph. The company must disclose an assurance report, in accordance with applicable regulations and prepared by an independent auditor registered with CVM, attesting to and informing about the assessment made by the company's management, as per section II. The assurance report must be issued simultaneously with the financial statements.

Section VIII: Supervision and Control

Art. 24 ~~Art. 22~~The **company** must have a~~n~~ 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 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 may not sit on the audit committee~~, whether or not it is statutory~~.

§4 The audit committee must meet 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 (IV), item "d" herein – must be recorded in minutes and filed at the company's headquarters.

§6 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 auditing 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 (AGM);

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 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, the number of complaints received yearly via complaint channel, separated by nature, 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.

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: SEAL UNDER REVIEW

Art. 51 B3 may place the Novo Mercado Seal "under review" 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 judicial reorganization in Brazil or equivalent procedures in foreign jurisdictions;

V - inability to maintain an executive director in the role resulting from arrest or death, without the disclosure of a replacement or succession plan within 7 (seven) business days;

VI - disclosure of a material fact about an environmental disaster involving the company; or

VII - disclosure of a material fact about a fatal accident involving the company's workers and service providers in the exercise of their duties not accompanying the action plan mentioned in §5, item "f" of this article; or

VIII - disclosure of a material fact about labor practices that violate human rights within the company's field of activity.

§1 B3 may request the Issuer to present additional documents or clarifications, including assisting in making a decision on whether or not to carry out the external consultation provided for in art. 52 herein.

§2 The decision to place the seal “under review” must be made by B3’s executive board.

§3 After placing the seal “under review”, B3 may, if applicable, initiate a sanctioning process, in accordance with art. 55 herein.

§4 The seal “under review” 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 seal will remain “under review” until:

a) item (I) of this article, 2 (two) annual financial statements must be submitted with the correction of accounting errors, accompanied by a report from independent auditors on internal controls, without pointing out significant deficiencies;

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, judicial reorganization, or equivalent procedure in foreign jurisdictions, is terminated and the company's usual activities are resumed;

e) item (V) of this article, a replacement or a succession plan is submitted by the company; and

f) items (VI) to (VIII) of this article, a case analysis report and specific action plans are submitted, subject to verification by the company's internal supervision and control bodies.

Art. 52 B3 may consult the opinion of external experts with the goal of obtaining support for its decision to place the seal “under review”.

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.

Sole paragraph. B3's Issuers Regulation Officer may extend the deadline for presenting a defense.

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 - temporary disqualification, for a maximum period of ten (10) years, from holding the position of director, member of the audit committee – or, if applicable, the statutory committee referred to in art. 24 (IV), item "d" herein – or of the fiscal council of Novo Mercado Listed companies, only in case of violation of the rules in Section VIII herein;

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

VI - **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: ~~following limits:~~

I - ~~from R$1,373.00 (one thousand, three hundred and seventy three Brazilian Reais) to R$275,569.00 (two hundred and seventy-five thousand, five hundred and sixty-nine Brazilian Reais)~~R$1.000.000,00 (one million Brazilian Reais) for non-compliance with B3's requirements regarding the obligations established herein and for non-compliance with the obligations established in Title II, Chapter I, 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) hereof;

II - ~~from R$6,886.00 (six thousand, eight hundred eighty-six Brazilian Reais) to R$413,352.00 (four hundred thirteen thousand, three hundred and fifty-two Brazilian Reais)~~ R$5.000.000,00 (five million Brazilian Reais) for non-compliance with Sections III: Capital Stock, IV: Free Float, VII (Management) and Section VIII (Supervision and Control), Chapter I of Title II hereof;

~~III - from R$13,776.00 (thirteen thousand, seven hundred seventy-six Brazilian Reais) to R$688,923.00 (six hundred eighty-eight thousand, nine hundred twenty-three Brazilian Reais) for non-compliance with Chapter I, Title II, Section III (Capital Stock) and Section IV (Free Float) 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 R$15.000.000,00 (fifteen million Brazilian Reals)~~R$6,889,253.00 (six million, eight hundred eighty-nine thousand, two hundred and fifty-three Brazilian Reais)~~, whichever is greater, for non-compliance with Title II, Chapter I, Section XI (Transfer of Control) and Title II, Chapter III (Corporate Reorganization) 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.

Sole paragraph. 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 - publicizing 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 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 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 Officer 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~~ January 1, 2025[41].

Sole paragraph. 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~~ first general shareholders meeting for the election of the members of the board of directors following the start of the Regulation 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~~

[41] 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.

~~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.~~

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 for the year 2026, disclose the number of complaints received per year via the complaint channel, separated by nature, 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 2026, provide, in the bylaws, for a statutory audit committee, and its subjection to the provisions herein, as per arts. 6 and 24;

IV - must, from 2028 onwards, submit the statement provided for in art. 23 herein, relating to the fiscal year ending in 2027; and

V - must, from 2029 onwards, disclose the assurance report provided for in art. 23, sole paragraph herein, relating to the fiscal year ending in 2028.

§2 The **new companies** listed on **Novo Mercado** after the entry into force of this Regulation:

I - must, from the third year following the listing, submit the statement provided for in art. 23 herein, relating to the business year ending in the second fiscal year; and

II - must, from the fourth year following the listing, disclose the assurance report provided for in art. 23, sole paragraph herein, relating to the business year ending in the third fiscal year.

~~**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 in 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 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 CVM within the limits of its competence, in accordance with Law 6385/76.