



RISK MANAGEMENT POLICY

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AERIS INDÚSTRIA E COMÉRCIO DE EQUIPAMENTOS PARA GERAÇÃO DE ENERGIA S.A.

Corporate Taxpayer's Register (CNPJ) No.: 12.528.708/0001-07

NIRE: 23.300.030.125

RISK MANAGEMENT POLICY

1. OBJECTIVE

1.1. This Risk Management Policy ("Policy") has the objective of defining guidelines and responsibilities in actions related to the monitoring, prevention, mitigation, contingency and transference of risks related to Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A. ("Corporation") and its operation sector.

2. COVERAGE

2.1. This Policy is applicable to the Corporation and companies controlled by the Corporation.

3. DEFINITIONS

3.1. Whenever used in this Policy, both in singular and plural, the terms defined below will have the following meanings:

- **Risk appetite:** it is the level of Risk that the Corporation is willing to have to accomplish its objectives.
- **Internal Audit:** the internal audit of the Corporation, which can be internal area of the own Corporation or outsourced independent audit company hired to provide this service.
- **Audit Committee:** the Audit Committee of the Corporation, permanent operation body connected to the Board of Directors.
- **Corporation:** Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.
- **Board of Directors:** the board of directors of the Corporation.

Revised by: Ronaldo Marcos

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Approved by: Lidianne Pacheco

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- **Executive Board:** It means the statutory executive board of the Corporation.
- **Policy:** it means the present Risk Management Policy of the Corporation.

- **Risk:** uncertain risks that might affect more or less, if realized, the assets and patrimony of the Corporation;

- **Corporate Risks:** it include the main Risks events, including Cybernetic Risk, Compliance Risk, Credit Risk, Strategic Risk, Financial Risk, Image Risk, Liquidity Risk, Market Risk, Product Risk, Operating Risk, Regulatory Risk, Social and Environmental Risk and Cybernetic Risk that impact the activities or accomplishment of objectives of the Corporation.

- **Risk Tolerance:** definition of level of risk/uncertainty that the Corporation is willing to have to accomplish its corporate object.

4. RISK MANAGEMENT PROCESS

4.1. The Corporate Risks management is an intrinsic system to strategic planning of business, made up by continuous and structured processes, which seek to identify and respond to events that might impact the objectives of the Corporation, by means of a corporate governance structure, responsible for keeping this continuous system.

4.2. The risk management of the Corporation must be present in all management processes in order to promote the advanced identification of risks and timely management, according to the mechanisms described below.

4.3. Typology of Risks. The Corporation is subject to different Corporate Risks that can harm its business, results of its operations or its financial situation. Thus, the risks to which this Policy seek protection are classified according to the following categories:

- (i) **Cybernetic Risk:** it is associated to cybernetic attacks, considered as such attempts to harm the confidentiality, integrity, availability of data or computational systems.

- (ii) **Compliance Risk:** it is associated with applications of legal and/or regulatory punishments, as well as reputational and/or financial losses resulting from non-compliances in the observance and application of laws, regulations, Code of Conduct and/or corporate policies of the Corporation.

- (iii) **Credit Risk:** it is associated with the occurrence of losses related to the non-observance by the taker or counterparty of their respective financial liabilities in the agreed terms, devaluation of credit agreement resulting from deterioration in

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classification of risk of the taker, reduction of gains or remunerations, among other factors.

- (iv) **Strategic Risk:** it is associated with decision making by the high administration and it can generate substantial loss in the economic value of the Company.
- (v) **Financial Risk:** it is associated with (i) financial/accounting operations of the Corporation, (ii) possibility of issuance of financial reports, managerial, regulatory, fiscal, statutory and sustainability that are incomplete, inadequate, inexact or non-timely and exposing the Company to fines, penalties and other sanctions, (iii) a deterioration in the capacity of payment of clients, which might significantly affect the financial capacity of the Corporation, (iv) eventual fines, penalties and payment of indemnifications occurred by the Company due to agreements with third parties, as well as the advanced end of agreements with clients, which can negatively impact the results of the Corporation, (v) exchange volatility or failure in carrying out the exchange hedge policy; (vi) change or extinction of regional, sectorial and/or fiscal incentives given to exporting companies and (vii) risk that the cash flows are not effectively managed to maximize the generation of operational cash, manage the risks and specific returns of the financial transactions and gather and apply financial resources according to the defined policies.
- (vi) **Image Risk:** it is associated with the occurrence of event that may cause negative impact to the reputation, credibility or trademark of the Company.
- (vii) **Liquidity Risk:** it is associated with the possibility of Company is not capable of efficiently honor its expected and unexpected liabilities, current and futures ones, in the expiration or only make it incurring in significant losses.
- (viii) **Market Risk:** it is associated to the occurrence of losses resulting from the fluctuation in market values of positions proper of the Corporation, including the risks of operations subject to exchange variation, exchange rates, market demand, prices of shares and prices of commodities.
- (ix) **Product Risk:** it is associated to an eventual non-compliance with the quality specifications defined by the client or prospective failures of products of the Corporation during the operation of air generator, exposing the Corporation to Image Risks and Financial Risks.
- (x) **Operational Risk:** it is associated with the occurrence of losses resulting from failures, deficiencies or inadequacy of internal processes, persons and systems, as well as external events, such as natural catastrophes, frauds, strikes and terrorist acts. It is included in the operational risk events the internal and external frauds; lawsuits; incapacity of withholding talents, lack of raw materials, restrictions to logistical

and transports structure in Brazil, lack of safety of the workplace; inadequate practices related to clients, products and services; damages to physical assets; among others.

- (xi) **Regulatory Risk:** it is associated with the occurrence of modifications in regulations and actions of regulating bodies that might significantly affect the ability of the Corporation to efficiently manage its business. It can also represent eventual amendment of labor or tax legislation that might adversely impact the costs and harm the competitiveness of the Corporation in external markets or in internal market.
- (xii) **Social-Environmental Risk:** it is associated with the occurrence of losses due to negative effects to the environment and society, as well as an eventual amendment of environmental standards that might impact business of the Corporation.
- (xiii) **Technological Risk:** it is associated with failures, unavailability or obsolescence of equipment and productive or manufacturing facilities, as well as computer systems of control, communication, logistics and operational management that harm or prevent the continuation of regular activities of the corporation throughout its value chain (clients, suppliers, partners and regional units). It can also be associated with errors or frauds, internal or external in computer systems in capture, register, monitor and correctly report the transactions or positions.]

4.4. Risks Assessment. Prior to the definition of which treatment will be applied to a certain Risk, the Company will determine the degree of exposure of the Corporation to that Risk, taking into consideration two aspects: (i) the likeability of occurrence of Risk; and (ii) its impact through use of quantitative and qualitative measurement methodologies.

4.4.1. The assessment of risks must provide a risk map of the Corporation, providing a mechanism to prioritization of risks and, thus, a tool to direct efforts to minimize the most significant risks through an internal control structure aligned with the objectives of the Corporation.

4.5. Risks Treatment. After identified, assessed and measured, it must be defined the treatment that will be given to the Risks and how they must be monitored and notified to the different involved parties.

4.5.1. The treatment of risks will consist in the decision between accept, eliminate or transfer it, based on the Appetite degree to Risk of the Corporation:

- Avoid Risk: decision of not being involved or operate with the purpose of being away from a situation of Risk;
- Accept the Risk: if the Corporation choose to accept the Risk, it can:

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- **Retain the Risk:** keep the Risk within current level of impact and probability;
- **Reduce The Risk:** the Corporation take actions in the sense of minimizing the probability and/or impact of Risk;
- **Transfer and/or Share the Risk:** the Corporation carry out activities that seek to reduce the impact and/or probability of occurrence of Risk through transference or sharing part of the Risk; or
- **Explore the Risk:** the Corporation increase the degree of exposure to Risk in the extend that it enable competitive advantage.
- **Prevent the Risk and remedy damages:** The prevention consist in the reduction of probability of occurrence and/or reduction of expected financial impact over the Company if the event occur. And the remediation consist in control damages after the occurrence of event.

4.6. Monitoring. The internal control structure must be constantly monitored with the purpose of assuring the presence and operation of all its components throughout time.

4.6.1. The monitoring must regularly occur within normal course of managerial activities of Company through the following initiatives:

- Conciliations;
- Follow up of notifications of external agents;
- Inventory, audits, self-assessments and continuous verification;
- Discussions in meetings of the Audit Committee;
- Revisions of internal controls and degree of exposure to Risk by the Internal Auditing; and
- Follow-up of Risk indicators, especially by the Executive Board and Audit Committee.

4.7. Information and Communication. The Corporation must disclose procedures and align attitudes to reinforce the organization culture, always seeking to encourage the communication of deviations or suspects of violation of codes of conduct or non-compliance with ethical principles.

5. RESPONSIBILITIES

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5.1. The bodies below make up the structure of Risk management of the Corporation and have the following attributions and responsibilities within this process:

5.2. Board of Directors

- [Define the level of Risk Appetite and level of Risk Tolerance of the Corporation;
- Review the portfolio of Risks undertaken by the Company;
- Supervise the management of risks of the Corporation and periodically assess the exposure of the Corporation to Risks and the efficiency of the internal system of Risks management, internal controls and integrity/compliance system;
- Assure that the Executive Board has internal mechanisms and controls to know, assess and control the Risks in order to keep them in compatible levels with the determined limits; and
- Approve this Policy, as well as approve updates and reviews to the Policy whenever required].

5.3. Executive Board

- [Identify risk in a preventive way and take steps to their prevention and minimization;
- Propose to the Board of Directors the level of Risk Appetite and level of Risk Tolerance of the Corporation;
- Carry out this Policy and propose to the Board of Directors, whenever required, the necessity of its review due to changes in Risks to which the Corporation is exposed;
- Implement strategies and guidelines of the Corporation approved by the Board of Directors; and
- Assess, at least on a yearly basis, the efficiency of policies and Risks management systems and internal controls of the Company and render accounts to the Board of Directors about this assessment].

5.4. Audit Committee

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- Assist the Board of Directors in quality monitoring and control of internal controls and management of Risks and compliance of the Corporation;
- Suggest to the Board of Directors the necessity of revision of this Policy;
- Assessing and monitoring the Risk exposures of Company;
- Follow up in a systematic way the management of Risks and accomplishment of its objectives; and
- Supervise and follow up the activities of the Internal Auditing and area of internal controls, management of risks and compliance of the Corporation;

5.5. Internal Controls Area, Management of Risks and Compliance

- Return the processes to be used in the management of Risks;
- Assist the Executive Board in the preventive identification of Risks and suggest steps to their prevention and minimization;
- Assist the Audit Committee in monitoring the exposure of Corporation to Risks;
- Implement strategies and guidelines of the Corporation approved by the Board of Directors and implemented by the Executive Board; and
- To raise awareness of managers about the importance of risks management and responsibility inherent to each employee;

5.6. Internal Audit

- Monitor and check the quality and effectiveness of Risks management process, internal controls and governance of the Corporation, always recommending improvements;
- Check the compliance of Risks management process with the policies and standards adopted by the Company; and
- Recommend the adoption of action plans, follow up and audit its implementation and effectiveness of proposed treatments.

5.7. Employees

- Operationalize the management of Risks, being part of the process of identification, assessment and measurement, implementing preventive and corrective mitigation actions; and

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- Participate in an active way in the communication and training that enable the dissemination in a conscious way of management of Risks in the Company.

6. GENERAL PROVISIONS

6.1. This Policy is in effect at the date of its approval by the Board of Directors and it remain in effect for indefinite term until there is a decision otherwise.

6.2. Any amendment in the policy must be approved upon decision of the majority of members of the Board of Directors present in the meeting that decide about the subject.

6.3. In case of conflict between the provisions of this Policy and the Articles of Incorporation of the Corporation, it will prevail the provisions of the Articles of Incorporation and, in case of conflict between the provisions of this Policy and the legislation in effect, it will prevail the provision in the legislation in effect.

6.4. If any provision of this Policy is considered invalid, illegal or ineffective, such provision will be limited, as much as possible, so that the validity, legality and effectiveness of the remaining provisions of this Policy are not affected or harmed.

Approved in Meeting of the Board of Directors of Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A., held in August 18th 2020.

Presiding Officers:

ALEXANDRE FUNARI NEGRÃO

Chairman

LUIZ HENRIQUE DEL CISTIA

THONON

Secretary

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