CORPORATE RISK MANAGEMENT POLICY

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1 PURPOSE

The purpose of this policy is to establish the principles, guidelines and responsibilities to be observed in the process of managing corporate risks, so as to enable their adequate identification, assessment, treatment, monitoring and communication.

2 SCOPE

This Policy applies to B3 S.A. – Brasil, Bolsa, Balcão and its subsidiaries in Brazil and abroad ("the Company") in the management of risks that affect its environment in a corporate manner, except Banco B3 S.A., which has its own policy.

Credit, liquidity and market risks relating to the activities of the Company's clearinghouses in their role as central counterparty are covered by the clearinghouses' rulebooks and manuals, as approved by the Central Bank of Brazil, the Securities & Exchange Commission of Brazil (CVM), and specifically in the case of rulebooks also by B3 Board of Directors, and lie outside the scope of this Policy.

3 REFERENCES

- Corporate Bylaws.
- Code of Conduct.
- COSO – ERM: Committee of Sponsoring Organizations of the Treadway Commission – Enterprise Risk Management Framework.
- CVM Instruction 461/2007.
- Operational Risk Rule.
- Compliance and Internal Control Policy.

- Disclosure and Securities Trading Policy Manual.
- Information Security Policy.
- Policy on Related Party Transactions and other Potential Conflict of Interest Situations.
- ABNT Standard NBR ISO 31000:2009 – Risk Management: Principles & Guidelines.

4 CONCEPTS

- **Risk:** The possibility of an event that negatively affects the Company's ability to achieve its objectives or to operate its processes.
- **Corporate risk:** The strategic, operational, financial, regulatory, market, liquidity, credit, reputational and socio-environmental risks associated with the Company's activities and its ability to achieve its business objectives.
- **Strategic risk:** The possibility of implementing an unsuccessful or ineffective strategy that fails to achieve the intended returns.
- **Operational risk:** The possibility of losses due to faults, deficiencies or inadequacies in internal processes, people, and technological environments, or external events. Includes legal risk, associated with inadequacies or deficiencies in contracts signed by the Company," penalties due to infringement of legal provisions, and third-party claims for compensation arising from the Company's activities. Events involving operational risk include internal and external fraud, labor litigation and workplace health and safety noncompliance, inadequate practices relating to customers, products and services, damage to physical assets, and any events causing interruptions to the Company's activities and information technology system and infrastructure failures.
- **Financial risk:** The possibility of the Company being exposed to fines and

other penalties due to incomplete, inaccurate or untimely reports on matters relating to finances, management, regulation, taxation, statutory requirements and sustainability.

- **Regulatory risk:** The possibility of changes to rules and regulations or action by local and international regulators that may result in growing competitive pressure and significantly affect the Company's ability to manage its business efficiently.

- **Market risk:** The possibility of losses due to fluctuation in the market value of positions held by the Company, including the risk associated with transactions subject to variations in exchange rates, interest rates, stock prices and commodity prices.

- **Liquidity risk:** The possibility that the Company is unable to discharge efficiently its current and future obligations, whether foreseen or unforeseen, including those associated with collateral and similar guarantees, without affecting its daily operations or incurring significant losses. Includes the possibility that the Company is unable to trade a position at market prices owing to its large size relative to the amount normally traded or owing to market discontinuity.

- **Credit risk:** The possibility of losses associated with failure by a borrower or counterparty to discharge its financial obligations according to the agreed terms and conditions, devaluation of a credit agreement due to deterioration in the borrower's risk rating, decreasing profits or returns, advantages granted in renegotiation, and recovery costs. Includes the central counterparty risk arising from the activities of the Company's Clearinghouses in their role as guarantors of the transactions performed in the markets it manages.

- **Reputational risk:** The possibility of events, typically caused by other risks, that may damage the Company's reputation, credibility or brand equity, including negative publicity, whether truthful or not.

- **Socio-environmental risk:** The risk of losses due to negative effects on the environment and society caused by environmental impact and impacts on people, native communities, and protection of human health, cultural properties and biodiversity.

- **Risk appetite:** The level of risk which the Company is prepared to accept in pursuing and executing its strategy. The assessment ranges from “intolerable” to “propensity for risk”. Risk appetite is a qualitative measurement.

- **Risk tolerance:** The definition of the risk level that the Company is willing to assume to meet strategic goals. Risk tolerance is a quantitative metric measured by indicators.

5 GUIDELINES

Based on the COSO ERM framework, the structure of the Company’s risk management comprises the following five components:

5.1 Internal Environment

The basis for all other components of the internal control structure, establishing its design, management, monitoring and discipline for executive officers, employees, interns and service providers who work on the Company’s premises. The internal environment includes the organizational structure, human and physical resources, and the Company’s culture and values (ethical values and integrity), as well as its competencies and capabilities.

Strategic objectives are set by the Board of Directors in line with the Company’s strategy and risk appetite, which governs the level of risk tolerance in the processes and activities executed at the various levels of the organization. Strategies are established to achieve the objectives set.

The risk management framework ensures that management has put in place a process to set objectives, which support the mission and vision and are consistent with risk appetite.

5.2 Risk Assessment

Assessment of risk-related events consists of identifying and analyzing the material risks capable of preventing the Company from achieving its objectives, which establishes a basis for determining how risks should be managed. The Corporate Risk Internal Committee assesses the likelihood and impact of such events using quantitative and qualitative metrics.

Risk assessment maps the Company's risks to provide a mechanism for prioritizing risks and hence a tool for channeling efforts to minimize the most significant risks through an internal control framework aligned with the Company's objectives.

5.3 Risk Treatment

Risk treatment is defined after risk assessment and establishes how risk will be monitored and communicated to related parties. Risk treatment is based on a decision to accept, eliminate or transfer risk, mainly depending on the Company's risk appetite.

In the risk acceptance process, the Company considers current risk to be below the established risk appetite and takes it on without defined actions for its treatment. This decision must be submitted for acceptance in accordance with the following table:

Table of Management's risk acceptance hierarchies		
Residual Risk	**Acceptance proposal**	**Acceptance hierarchy**
4. Extreme	**Executive Board**	**Board of Directors**
3. High		
2. Moderate	**Managing Director**	**Executive Board**

1. Low	Associate Director	Managing Director

The residual risk acceptance classified as extreme or high should be assessed by the Board of Directors, in accordance with the Company's risk appetite.

5.4 Control Activities

Control activities consist of policies and procedures established to ensure compliance at all times with the Company's guidelines and objectives for minimizing risks. Control activities take place at all levels of the Company and include approvals, authorizations, signoff limits, verifications, reconciliations, operating performance reviews, asset security and segregation of duties.

5.5 Information & Communication

Information and communication represent the Company's practices for capturing and transmitting relevant information in a manner and timeframe that enable executive officers, employees, interns and service providers who work on the Company's premises to carry out their responsibilities. Control practices are applied to information systems to assure the relevance, availability and accuracy of such information as well as access to it.

5.6 Monitoring

The entire internal control structure is monitored to evaluate the quality of controls and ensure that they are updated frequently. This requires ongoing monitoring activities, independent evaluations performed at regular intervals or both. The main monitoring activities include reconciliations, monitoring of communications by external agents, inventories, auditing, self-assessments and continuous monitoring.

6 RESPONSIBILITIES

6.1 Board of Directors

- Sets the Company's strategy for achieving its business objectives.
- Sets the Company's risk appetite level in conducting business.
- Approves acceptance of risk classified as "High" and "Extreme".
- Approves the Corporate Risk Management Policy and its amendments.
- Approves internal control, compliance and corporate risk reports.

6.2 Board of Directors Financial & Risk Committee

- Analyzes Corporate Risk Management Policy and any amendments and submits these to the Board of Directors for approval.
- Approves the methodology to be used in corporate risk management.
- Systematically oversees risk management and the meeting of its objectives.
- Periodically reviews the Company's risk management strategy to assure its adequacy.
- Validates corporate risk reports, submitting them for the approval of the Board of Directors.

6.3 Audit Committee

- Analyzes Corporate Risk Management Policy and any amendments and submits these to the Board of Directors for approval.
- Systematically oversees risk management and the meeting of its objectives.
- Supervises the activities of the internal control area of the Company and its subsidiaries.

- Assesses the effectiveness and sufficiency of operational risk management and control systems.

6.4 Central Counterparty Risk Internal Committee

- Assesses the macroeconomic scenario and its effects in risk terms on the markets in which the Company operates.
- Sets the criteria and parameters to be used to calculate margin requirements.
- Sets the criteria and parameters to be used to value the assets accepted as collateral.
- Sets the categories and/or values of collateral for transactions executed during trading sessions and/or registered by any of the trading, registration clearing, and settlement systems managed by the Company, including those applicable to open interest.
- Proposes the collateral management policy.
- Analyzes the level of leverage in the system.
- Suggests criteria, limits and parameters for controlling participants' credit risk.
- Analyzes and suggests improvements to risk systems.
- Performs any other analysis deemed necessary.
- Approves the risk limits attributed to the participants of the Company's clearinghouses.
- Periodically monitors and assesses the counterparty risk represented by the Clearing Members, Trading Participants, Custody Agents and investors.
- Establishes criteria and parameters for the participant's additional margin requirements, whenever necessary.

- Performs other analysis that it deems necessary.

6.5 Corporate Risk Internal Committee

- Approves the corporate risk methodology.
- Identifies and monitors the evolution of corporate risk.
- Assesses the corporate risk monitoring periodical report.
- Submits the biannual corporate risk report for the appreciation of the Executive Board.
- Proposes risk appetite and tolerance to the Executive Board and monitors risk tolerance metrics.
- Assists in the identification of future risk events with a potential impact on the Company.
- Assesses changes to the Corporate Risk Management Policy and approves Rules that are relevant to the subject.
- Monitors the Company's compliance with the Financial Investment Policy.

6.6 Executive Board

- Implements the strategies and guidelines approved by the Board of Directors.
- Meets corporate governance guidelines and policies and monitors compliance throughout the Company.
- Identifies risks preventively and manages them appropriately, assesses the likelihood of occurrence and adopts actions to prevent and minimize thems.
- Suggests the Company's risk appetite and tolerance levels to the Board of Directors.

- Suggests the acceptance of risk classified as “High” and “Extreme” to the Board of Directors.
- Approves the acceptance of risks classified as “Moderate”.
- Suggests and implements a system of internal controls, including policies and signoff limits, in the line with the level of risk appetite and tolerance.
- Fosters the implementation of corporate risk management in the Company.
- Analyzes the biannual corporate risk and internal control reports, submitting them for analysis by the Financial Risk Committee of the Board of Directors.
- Analyzes the Corporate Risk Management Policy and any amendments, submitting them for analysis by the Financial Risk Committee of the Board of Directors.

6.7 All Departments

- Identify risks preventatively and perform necessary management thereof, assessing the likelihood of occurrence and adopting prevention and minimization measures.
- Propose the acceptance of risks classified as “Moderate” to the Executive Board.
- Approve the acceptance of risks classified as “Low”.
- Implement a system of internal controls including policies, rules and signoff limits.
- Validate the inherent risks of the Company’s operation, taking into consideration relevance and likelihood.
- Contribute to drawing up the corporate risk report.

6.8 Corporate Governance & Integrated Management Department

- Establishes the process for managing internal controls, compliance and corporate risk.

- Coordinates and sets the standards to be followed with regards to internal controls, compliance and corporate risk processes, the respective support systems, and the forms and frequency of reporting.

- Consolidates the Company's risk assessments by producing regular reports and submitting them to the Corporate Risk Internal Committee, the Executive Board, the Audit Committee, the Board of Directors' Financial & Risk Committee and the Board of Directors.

- Ensures that all executives are aware of the importance of risk management and the responsibility of executive officers, employees, interns and service providers who work on the Company's premises.

6.9 Internal Audit Department

- Provides the Board of Directors, Audit Committee and Executive Board with independent, impartial and timely assessment of the effectiveness of risk management and governance processes, the adequacy of controls, and compliance with the norms and regulations associated with the Company's operations.

6.10 Associate Directors

- Propose to the Departments the acceptance of risk classified as "Low" and "Irrelevant".

7 FINAL PROVISIONS

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1st Draft: April 2013.

Areas responsible for the document:

Responsible for	Area
Drafting	Corporate Processes & Risks Division
Revision	Governance & Internal Management Department
Approval	Board of Directors

Change Log:

Version	Item Changed	Change	Reason	Month
1	-	-	-	April/2013
2	5. Guidelines	Following items deleted: 5.2. Objective Setting; 5.3. Event Identification; 5.5. Risk Response.	Alignment with COSO III	May/2014
	6. Responsibilities	Credit Risk Technical Committee included	Credit Risk Technical Committee set up in February 2014	May/2014
		Corporate Risk Advisory Committee included	Corporate Risk Advisory Committee set up in May 2013	May/2014
		Internal Auditing Dept. included	3rd line of defense	May/2014
3	1. Purpose	Technology risk included	Evolution of Corporate Risk	April/2015

	4. Concepts	Technology risk included	Evolution of Corporate Risk	April/2015
		Nomenclature change of “Regulation risk” to “Regulatory risk”	Evolution of Corporate Risk	April/2015
	5.Guidelines	Risk appetite guidance substitution of “mission and vision” to “strategy”.	Evolution of Corporate Risk	April/2015
	6. Responsibilities	Removal of the responsibility of corporate risk methodology.	Evolution of Corporate Risk	April/2015
4	6. Responsibilities	Risk Committee approval of the corporate risk methodology.	Request of the board of Directors' Risk Committee	September/2015
5	1. Purpose, 2. Scope, 4. Concepts, 5. Guidelines 6. Responsibilities	Change to the: nomenclature of “collaborators” to “employees, interns and service providers”. scope of Policy to show that clearinghouses' liquidity, credit and market risks in central counterparty function are covered by B3's rulebooks and manuals as approved by regulators and Board of Directors. Inclusion of responsibilities for the Executive Board: (i) propose the Company's risk appetite level to the Board of Directors (ii) propose and implement internal control systems aligned with the risk appetite level. Adjustment of the responsibility of the Board of Directors to define the Company's risk appetite level; Update to the nomenclature of the Risk and Financial Committee of the Board of Directors.	More accurate terminology for personnel who work for the Company (CI 004/2016- DRH). Formalization of risk appetite deriving from new Corporate Risk Management Methodology. Alignment of nomenclature with Corporate Bylaws and bylaws of Board of Directors' Financial & Risk Committee	May/2016
6	4. Concepts 6. Responsibilities	Adjustment in the description of the concepts of operational risk and risk appetite. Inclusion of the concept of risk tolerance. Inclusion of the responsibility to define and approve risk		May/2017

		tolerance by the Executive Board and Board of Directors, respectively. Inclusion of the other responsibilities of the Credit Risk Technical Committee and the Corporate Risk Advisory Committee.		
7	2. Scope 4.3. Risk Treatment 6. Responsibilities	Affiliates exclusion Inclusion of risk acceptance hierarchy Affiliates exclusion		August/2017
8	4. Concepts 5.3 Risk Treatment 5.2 Risk Assessment 6. Responsibilities	Improvement to the description of the concepts of operational risk and risk appetite. Adjustment of the risk levels to the new corporate risk methodology. Adjustment of the responsibilities in accordance with the Rulebooks of the internal advisory committees to the executive board.		July/2019