CORPORATE RISK MANAGEMENT POLICY

ÍNDICE

1 PURPOSE

The purpose of this Policy is to establish the principles, guidelines and responsabilities to be observed in the process of managing corporate risks, so as to enable their adequate identification, evaluation, 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 and the use of its own cash resources, except the Bank BM&FBOVESPA, 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 Brazilian Securities Commission (CVM), and specifically in the case of rulebooks also by B3 Board of Directors, and lie outside the scope of this Policy.

3 REFERENCES

- 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, technological, financial, regulatory, market, liquidity, credit, reputational and sócio-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 inadequancies 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 non-compliance, inadequate practices relating to customers, products and services, damage to physical assets, and an events causing interruptions to the Company's activities and information technology system and infrastructure failures.

- **Financial risk:** The possibility of exposure to fines and other penalties due to an 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.
- **Risk tolerance**: The definition of the risk level which the Company are a willing to assume to achieve the strategic objectives.

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 and that the chosen objectives 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 as a basis for determining how risks should be managed. The Executive Board 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

After the risk assessment, it's defined the risk treament and how it will be monitored and comunicated to related parties. Risk treatment it's decided based on accept-it, eliminate-it or transfer-it. The decision depends of the risk apetite level of the Company.

The risk acceptance process considers that the risk it's below of the risk apetite established and it's assumed by the Company, without defined actions for its treatment. In this case, the decision must be submitted to the approval in accordance with the following table:

<table>
<tr><th colspan="3">Table of Risk Acceptance Hierarchy by the Administration</th></tr>
<tr><th>Residual Risk</th><th>Acceptance Propose</th><th>Hierarchy Approval</th></tr>
<tr><td>5. Extreme</td><td rowspan="2">Executive Board</td><td rowspan="2">Board of Directors</td></tr>
<tr><td>4. High</td></tr>
<tr><td>3. Moderate</td><td>Managing Director</td><td>Executive Board</td></tr>
<tr><td>2. Low</td><td rowspan="2">Associate Director</td><td rowspan="2">Managing Director</td></tr>
<tr><td>1. Irrelevant</td></tr>
</table>

The residual risk acceptance classified as exterme or high should be evaluated by the Board of Directos, in accordance with the Company's risk apetite.

5.4 Controle Activities

Control activities consist of policies and procedures established to ensure compliance at all times with the guidelines and objectives set by the Company to minimize 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 practices used by the Company to capture and transmit relevant information in a form 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 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 RESPONSABILITIES

6.1 Board of Directors

- Sets the Company's strategy for achieving its business objectives.
- Sets the Company's risk appetite level to business management.
- Approves the risk acceptance classified as “High” and “Extreme”.

- Approves Corporate Risk Management Policy, and reviews them regularly.
- Approves internal control, compliance and corporate risk reports.

6.2 Board's 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.
- Oversees risk management systematically and align with objectives.
- Periodically reviews the Company's risk management strategy to assure its adequacy.
- Validates corporate risk reports.

6.3 Audit Committee

- Analyzes Corporate Risk Management Policy and any amendments, and submits these to the Board of Directors for approval.
- Oversees risk management systematically and align with objectives.
- Supervise the activities of the internal control area of the Company and its subsidiaries.
- Evaluete the effectiveness and sufficiency of operational risk management and control systems.

6.4 Market Risk Technical Committee

- Evaluates the macroeconomic outlook and its effects in risk terms on the Market 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 colateral.
- Sets the categories and/or values of colateral for transactions performed 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 colateral management policy.
- Analyzes the level of leverage in the system.
- Suggest criteria, limits and parameters for controlling participants' credit risk.
- Analyzes and suggests improvements to risk systems.
- Performs any other analysis deemed necessary.

6.5 Credit Risk Technical Committee

- Approves risk limits for participants in the Company's clearinghouses.
- Monitors and periodically assesses the counterparty risk represented by clearing members, trading participants, custodians and principals.
- Sets criteria and parameters for requiring additional colateral from participants, whenever necessary.
- Performs any other analyses deemed necessary.

6.6 Corporate Risk Advisory Committee

- Promote the risk culture in the Company.
- Identify and analyse the risk types that compromises the Company's objectives.

- Supports the Company in the coporative risk priorization.
- Assess the risk contained in the coporative risk report.
- Discuss the scale of impact and likelihood used to assess the types of risk.
- Discuss the corporative risk apetite and tolerance.
- Apprize the results of the Risk Indicators (Key Risk Indicators).
- Identify proactively new types of risk for the Company.

6.7 Executive Board

- Implements the strategies and guidelines approved by the Board of Directors.
- Follow the Company's corporate governance guidelines and policies, and monitors compliance with them throughout the organization.
- Identifies risks preventively and manages them appropriately, assessing the likelihood of the occurrence and taking steps to prevent and minimize them.
- Proposes the level of the Company's risk apetite and tolerance to the Board of Directos.
- Proposes the risk acceptance classified as "High" and "Extreme" to the Board of Directors.
- Approves the risk acceptance classified as "Moderate".
- Proposes and implements a system of internal controls, including policies and signoff limits, in the line with the level of risk appetite and tolerance.
- Proposes sustainability for its operations, taking environmental and social impacts into consideration in executing its activities.
- Sponsors the implementation of corporate risk management by the Company.

- Validates corporate risk and internal control reports.

6.8 All Departments

- Identify risk preventively and manage them appropriately, assessing the likelihood of their occurrence and taking steps to prevent and minimize them.
- Proposes acceptance of the risks classified as “Moderate” to the Executive Board.
- Approves the risk acceptance classified as “Low” and “Irrelevant”.
- Implement the system of internal controls, including policies and signoff limits.
- Validade the risk inherent in the Company’s operations, taking their relevance and likelihood into consideration.
- Contribute to the production of corporate risk reports.

6.9 Department of Internal Controls, Compliance & Corporate Risk

- Establishes the process to be used to manage internal controls, compliance and corporate risk.
- Coordinates and sets the standards to be followed with regards to internal control, 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 Executive Board, the Audit Committee, the Board of Directors’ Financial & Risk Committee and the Board of Directors.
- Ensures all executives are aware of the importance of risk management and the responsability of executive officers, employees, interns and service providers who work on the Company’s premise in this regards.

6.10 Department of Internal Auditing

- Provides the Board of Directors, Audit Committee and Executive Board with independente, 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.

6.11 Associate Directors

- Proposes the risk acceptance classified as "Low" and "Irrelevant" to the departments.

7 CONTROL INFORMATION

Validity: from August 2016.

1st Version: 04/2013

Areas responsible for the document:

Responsible for:	Area
Drafting	Corporate Processes & Risks Division
Revision	Department of Internal Controls, Compliance & Corporate Risk
Approval	Board of Directors

Change log:

Version	Item changed	Change	Rationale	Date
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	Technological risk included	Evolution of corporate risks	April 2015
	4. CONCEPTS	Technological risk included	Evolution of corporate risks	April 2015
		Amendment of the nomenclature of "Regulatory risk" to "Regulatory risk"	Evolution of corporate risks	April 2015Abril/2015
	5. GUIDELINES	“Strategy” substituted for “mission and vision” as yardstick for risk appetite	Evolution of corporate risks	April 2015

	6. RESPONSIBILITIES	Risk Committee's responsibility for approving corporate risk methodology deleted	Evolution of corporate risks	April 2015
4	6. RESPONSIBILITIES	Corporate risk methodology approved by Risk Committee	Request submitted by Board of Directors to Risk Committee	September 2015
5	1. PURPOSE 2. SCOPE 4. CONCEPTS 5. GUIDELINES 6. RESPONSIBILITIES	Change of nomenclature: "employees, interns and service providers" substituted for "employees"; Scope of Policy adjusted to show that clearinghouses' liquidity, credit and market risks in central counterparty function are covered by Company's rulebooks and manuals as approved by regulators and Board of Directors; Responsibility of Board of Directors adjusted to include definition of Company's risk appetite; Change of nomenclature: "Board of Directors' Financial & Risk Committee" substituted for "Risk Committee".	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 tolerance by the Board of Executive Officers and Board of Directors, respectively. Inclusion of the other responsibilities of the Credit Risk Technical Committee and the Corporate Risk Advisory Committee.		May 2017
7	2. SCOPE	Affiliates exclusion		August 2017

4.3. Risk Treatment	Inclusion of risk acceptance hierarchy
6. RESPONSIBILITIES	Affiliates exclusion