

# DONATION AND SPONSORSHIP POLICY



**1. OBJECTIVE AND GUIDELINES ..... 03**

**2. APPLICATION AND SCOPE ..... 03**

**3. DEFINITIONS ..... 03**

**4. GENERAL RULES ..... 04**

**5. REPORT ON OCCURRENCES OR QUERIES ..... 08**

**6. POLICY VIOLATION AND DISCIPLINARY MEASURES ..... 08**

## 1. OBJECTIVE AND GUIDELINES

To establish guidelines for making donations and undertaking sponsorships of interest to Racional, in line with its Values and strategic goals and the best compliance practices.

The rules described in this policy are complementary to the instructions established in Racional's Code of Conduct, Anticorruption Policy and other Company policies.

Racional prohibits and does not tolerate the use of donations and sponsorships for the purpose of obtaining undue advantage or practicing wrongful acts, whether in the public or private sphere.

## 2. APPLICATION AND SCOPE

This Policy is applicable to all employees of the Racional Group companies and to the activities of those companies in Brazil, involving financial support to cultural events, social activities or donation of assets, materials and/or equipment to third parties or to employees for social, promotional, incentive or motivational campaigns.

## 3. DEFINITIONS

**Social Activity:** Charitable initiative that generates social improvements to beneficiaries or to society.

**Public Agent:** One who holds, even temporarily or without remuneration, by election, appointment, designation, hiring or any other form of investiture or bond, a mandate, position (including position in committees), employment or function (even advisory role) in direct, indirect or foundational administration at Government, State or City level, of a company belonging to the public sector or of an entity whose establishment or sponsorship the Public Administration has contributed or contributes with more than 50% of the net worth or annual revenue. Also included here are candidates for public or political office and members of political parties or electoral committees.

**Foreign Public Agent:** One who holds, even temporarily or without remuneration, a position, job or public function in government agencies, entities or in diplomatic representations of a foreign country, as well as in legal entities directly or indirectly controlled by a public authority of a foreign country or in international public organizations, including candidates for public office.

**Financial Support:** Financial assistance from Racional to a third-party or community organization.

**Beneficiary:** An individual or legal entity who receives and manages donations, sponsorships or financial support and who is responsible for the execution of projects or activities supported by Racional.

**Free granting of services:** Provision of free of charge services for the improvement of public facilities, such as small repair works in squares, nurseries, schools, elderly homes, etc..

**Employees:** Any employee hired by any Racional Group company, under Brazilian Labor Regulations (CLT), including trainees, young apprentices and temporary employees.

**Donation:** Transfer of assets or financial resources to another individual or legal entity.

**Cultural Investment:** Support to cultural events or activities as per by the Brazilian Ministry of Culture rules based on the Rouanet Law and Audiovisual Law through sponsorship or donation.

**Social Investment:** Voluntary transfer of financial resources in a planned, monitored way for social programs of public interest (see definition of “social program”).

**Materials and/or equipment:** Furniture, utensils, electrical and electronic equipment and other materials or inputs that are not characterized as a cash donation.

**Civil Society Organization:** A not-for-profit, non-governmental organization of private law, with its own legal personality, formed by a group of people to work towards and promote common goals and ideals.

**Stakeholders:** An individual or group of individuals with an interest in any decisions or activities of an organization.

**Sponsorship:** Any contribution, in cash or services, with advertising compensations.

**Politically Exposed Person:** Public agents who hold or who have held in the previous five years, in Brazil or in foreign countries, territories and dependencies, relevant public positions, jobs or roles, as well as their representatives, family members and other persons in close relationship (Resolution COAF 16/07).

**Social Program:** The formalization of a proposal aimed at raising the necessary funds for the implementation of a solution aimed at social welfare. It should contain the objective, justification, work plan and expected results, among other contents.

## 4. GENERAL RULES

Cultural and social investment practices, in the form of donation or sponsorship, must be carried out with transparency, legality and in line with Racional’s Values.

In order to carry out cultural or social investments in the form of donation or sponsorship, the project and its work plan must be previously approved by Racional’s Ethics Committee, with prior consultation with the Accounts, Tax and Legal area to guide the procedures.

Any donation, financial support or sponsorship that is intended to influence business decisions or to satisfy personal interests or benefits of any nature, whether direct or indirect, is prohibited.

Racional must ensure transparency in communicating the practices of its cultural and social investments in the form of sponsorship and donations. Results indicators will be defined based on each project.

#### 4.1 For Cultural Investments:

- (i) Interested parties must comply with the laws and rules in force on cultural investments;
- (ii) Cultural investments that do not comply with said laws may be directed to cultural activities, provided they have been previously approved by Racional's Ethics Committee;
- (iii) The contribution of funds to cultural projects in the form of sponsorship must be previously approved by the Brazilian Ministry of Culture with the goal of promoting the Brand;
- (iv) The provision of funds in the form of a donation must be used for non-profit cultural programs; and
- (v) Racional's Communications area must be involved in the initiative to monitor the implementation of the goals defined for the investment.

**Examples: Investment in short-feature films, stage plays, shows, art exhibitions, soccer uniform kits, etc.**

#### 4.2 For Social Investments:

- (i) Social Investments will be allocated to non-governmental and not-for-profit organizations;
- (ii) The Beneficiary must commit to the adoption of rules of transparency in the management of social programs and projects supported by Racional, through the assessment of the results and accountability of the funds used;
- (iii) Donations may be made for the purpose of transferring cash through credit to the account holder or through goods and services;
- (iv) Racional's Social Responsibility area should be involved in the initiative to monitor the implementation of the goals defined for the investment;
- (v) Racional may support community-related initiatives in general that are free from conflict of interest and which cannot be reasonably understood or confused as bribe or any other wrongdoing act.

**Examples: Renovation of nursery schools, construction of elderly homes, donation of materials for building artesian wells for communities or social work.**

### **4.3 The Beneficiary of the financial support, donation or sponsorship shall have their suitability evaluated by the Racional's Ethics Committee and they must meet the following minimum requirements:**

- (i) Be in line with Racional's Code of Conduct and other Company compliance rules;
- (ii) Adopt activities in compliance with the law, and in no time may the Beneficiary have suffered sanctions or a definitive penalty in matters related to the object of the financial support;
- (iii) Have no political connection;
- (iv) Be free from conflict of interest;
- (v) Not have any involvement with work analogous to slavery, child and/or sexual exploitation;
- (vi) Not be under official investigation or to have been convicted of corruption, money laundering and related offenses;
- (vii) Establish a relationship with Racional by means of an Agreement or other written instrument (Term or Agreement), in accordance with the governance rules for agreements in force in the Company;
- (viii) Agreements entered into with the Beneficiary must include Racional's standard integrity clause, as well as the commitment to comply with Racional's Code of Conduct and Anticorruption Policy, and an indication that monitoring its fulfillment will be facilitated.

### **4.4 To provide financial support or donation of services, furniture, materials or equipment to a government agency, Racional shall comply with the following additional rules:**

- (i) The beneficiary government agency shall not be directly linked to Racional's project approval process at the time of donation, and a minimum interval of 4 months before and after any approval process must be respected;
- (ii) The donation must be supported by a regular administrative proceeding with a competent body.

**Example: Donation of plant seedlings, individual protection equipment, materials and personnel to renovate public squares.**

#### **4.5 The donation of computer equipment should meet the following additional requirements:**

- (i) Damaged computer equipment will be donated to a company specialized in Waste Management, in accordance with Law No. 12,305, which sets forth the National Solid Waste Policy in Brazil, by signing a "Waste Disposal Letter";
- (ii) Undamaged computer equipment may be donated to social programs developed by Non-Governmental Organizations or to employees and the community, while meeting the requirements contained in this policy.

#### **4.6 Donations to Trade Unions shall not be characterized as traffic of influence traffic, and may not occur during the approval process of agreements or conventions of interest to Racional, and a minimum interval of four months before and after any approval process shall be observed in accordance with Racional's Code of Conduct**

#### **4.7 Racional does not make donations to political parties, candidates for elected positions, campaign committees or coalitions.**

#### **4.8 Racional may occasionally make donations of symbolic value to its employees, while observing the following rules:**

- (i) The value of the donated good or service will be less than the donation tax exemption limit (ITCMD) per beneficiary;
- (ii) The donations will be the result of incentive and motivational campaigns for employees, while observing Racional's People Management guidelines;
- (iii) The donation will also be equally distributed to those who meet the criteria proposed in the campaign;
- (iv) The donation must be formalized and disclosed internally and recorded in the accounts; and
- (v) The People Management and Legal areas must be consulted in advance.

**Example: Travel or electronics raffle prizes at the end of year parties, gifts to the longest working employees at Racional.**

## 5. REPORT ON OCCURRENCES OR QUERIES

If you have not found an answer in this Policy to a particular situation, send your query or suggestion to Racional's Ethics Committee or seek the Legal area for clarification.

In the event of omissions or doubts about the content of this Policy, or in case of suspicion of any practices that are contrary to the principles set forth in this Policy or related policies, or in the laws in force and applicable to Racional's business, the employee or contract employee must report the fact to the Ethics Committee directly to its members, or through the **Whistleblower Channel**:

Online form: **[www.racional.com/Contato/CanalDenuncias/](http://www.racional.com/Contato/CanalDenuncias/)**

By telephone on **0800 702 2312** (toll free). From 8:00 a.m. to 5:50

E-mail: **[canal.livre@tmf-group.com](mailto:canal.livre@tmf-group.com)**

Complaints will be dealt with neutrality and impartiality, and the person filing the complaint is guaranteed the right not to be identified.

Racional does not tolerate any type of retaliation, nor complaints made in bad faith.

## 6. POLICY VIOLATION AND DISCIPLINARY MEASURES

To ensure compliance with this Policy, it is hereby established that:

- a) It is the responsibility of all employees, whether company or contract employees, to report any violation or suspected violation of the provisions set forth in this Policy. It is considered a violation of this Policy any omission in reporting the bad practices contained herein, and this may result in the application of a disciplinary measure to the one who remains silent.
- b) Company leaders must be committed to the following: (i) Guide its team regarding the obligation to comply with the provisions set forth in this Policy; (ii) Oversee and monitor the activities of their employees and any other employee acting on behalf or in favor of Racional and whose activities are under its responsibility; (iii) Address all and any circumstances that may create or facilitate an environment conducive to irregular or unlawful use of donations and sponsorships; (iv) Interrupt any wrongful act, with the assistance of the Compliance area and the Ethics Committee, by adopting the measures applicable to its treatment and necessary to prevent its recurrence.
- c) If any harmful act occurs, the offender shall be subject to appropriate disciplinary measures, without prejudice to any legally applicable sanctions.

The severity and impact of acts contrary to this Policy will be assessed by Racional's Ethics Committee, the collegiate body responsible for defining the applicable disciplinary measure, which shall be proportional to its financial, operational or reputational consequences (or potential damages).