

POLICY ON EXERCISE OF VOTING RIGHTS AT THE GENERAL MEETINGS OF INVESTMENT FUNDS AND ISSUERS OF FINANCIAL ASSETS HAVING VOTING RIGHTS, HELD IN INVESTMENT FUND PORTFOLIOS MANAGED BY VELT PARTNERS INVESTIMENTOS LTDA.

I. PURPOSE

Pursuant to the provisions on investment funds contained in the Code of Regulations and Best Practices for Asset Management of the Brazilian Financial and Capital Markets Association (“ANBIMA” and “ANBIMA Code”), to which VELT Partners Investimentos Ltda. (“VELT Partners”) has acceded, all managers of investment fund portfolios are required to adopt and implement a policy and procedures that preserve the voting rights attached to the financial assets held in the portfolios that they manage, in the best interest of their clients and in keeping with their fiduciary duties.

Therefore, this Policy, which was prepared in accordance with the ANBIMA Code and the Guidelines of the Policy on Voting Rights at General Meetings issued by ANBIMA, is intended to lay down the requirements and principles that will guide the conduct of VELT Partners in regard to exercise of voting rights at general meetings of investment funds and issuers of financial assets having voting rights, in VELT Partners’ capacity as manager of certain investment funds (“Funds”) regulated by CVM Instruction No. 555 dated 12.17.2014, as amended (“CVM Instruction 555/14”).

This Policy applies solely to VELT Partners performance as manager of Funds and will not extend to companies directly or indirectly controlled by VELT Partners that are also engaged in management of investment fund portfolios, or other investment funds managed by VELT Partners that are not considered Funds for the purpose of this Policy.

II. GENERAL PRINCIPLES

When exercising voting rights at general meetings in its capacity as manager of the Funds, VELT Partners will be guided by its fiduciary duties to the unitholders and the Funds themselves, and will use all care and diligence, as required in the circumstances, for the protection of unitholder rights arising from the holdings and affairs of the Funds.

In this regard, when voting at general meetings on behalf of a Fund, VELT Partners will seek to vote in favor of resolutions that in its opinion may help, or lead to, appreciation of the assets held in the Fund’s portfolio, provided, further, that VELT Partners reserves the right, where possible, to abstain from voting, should it believe that such decision will be in the best interest of a Fund and will comply with the remaining provisions of this Policy.

III. PROCEDURES RELATING TO POTENTIAL CONFLICTS OF INTEREST

VELT Partners performance as manager of the Funds’ portfolios is guided by transparency and ethical standards towards its clients, with a view to avoid any potential conflicts of interest.

Notwithstanding the foregoing principles, if a conflict of interest is likely to arise in a situation involving the exercise of voting rights, VELT Partners may choose not to exercise such rights at a general meeting of an investment fund or issuer of assets held by a Fund, subject to the provisions below.

Situations posing a potential conflict of interest will be reviewed by the investments management department of VELT Partners together with the Chief Compliance Officer (CCO), in order to assess all aspects involved and issue an opinion, subject to the following:

- a. if a conflict of interest is deemed to exist, VELT Partners may adopt internal measures to resolve the conflict in a timely fashion and allow attendance at the relevant general meeting. Such measures will be based on the facts and circumstances at hand, including the importance of representation at the meeting and nature of the conflict of interest, among other factors; or
- b. if timely measures cannot be adopted, VELT Partners will abstain from exercising its voting rights at the meeting in question.

IV. MAKING OF DECISIONS AS TO VOTING

The Operations department of VELT Partners will be in charge of controlling and enforcing this Policy whereas the investment team is responsible for the investments decision-making process on behalf of the Funds.

Once notice of a general meeting is received, VELT Partners will review the case to decide (i) whether to attend the meeting, subject to the provisions of items V and VII below, and if attendance is elected (ii) the tenor of the vote to be cast or the casting of no vote, in furtherance of the interests of Funds and in compliance with the terms of this Policy.

The decision as to whether attend a given general meeting and the tenor of the vote to be cast (or the decision to abstain from voting), as the case may be, will be memorialized in a specific document to be prepared by the Operations department of VELT Partners.

VELT Partners is entitled to exercise the voting rights attached to the financial assets held by the Funds and to take all other actions incidental to such exercise.

VELT Partners will take action as required to qualify for attendance at the meetings where VELT Partners intends to exercise voting rights under this Policy. To this end, VELT Partners may request the administrator of each Fund to provide it with all required documentation in order to qualify for attendance, in advance of the meeting.

VELT Partners may exercise voting rights on behalf of a Fund directly through the bulletin for distance vote, its authorized representatives; or alternatively, VELT Partners may retain a third party to vote at a general meeting, according to instructions to be provided by VELT Partners.

VELT Partners will be responsible for keeping supporting documentation regarding any third party so retained to provide representation services to Funds at general meetings, as well as regarding the voting instructions given to such service providers.

VELT Partners will provide the administrators with evidence of the votes cast at general meetings in which Funds participate from time to time, with due regard to the time limits to be observed by such administrator, so as to allow him or her to include in the monthly profile to be delivered to CVM (i) a summary of the votes cast during the period covered by the profile; and (ii) a brief justification for the votes so cast or a brief description of the reasons for abstaining from voting or failing to exercise voting rights.

V. MANDATORY MATTERS

The following matters will necessarily require the casting of a vote by VELT Partners on behalf of Funds ("Mandatory Matters"):

1. With respect to stocks, rights attached thereto and stock-splits:
 - a. election of representatives of minority stockholders to serve on the Board of Directors, if applicable;
 - b. adoption of a stock option plan as part of the compensation of the directors and officers of the company, should such plan include "in-the-money" call options (strike price of the option is less the price of the underlying stock, considering the date of the meeting);
 - c. merger, acquisition, consolidation, spin-off, change of control, corporate reorganization, stock modification or conversion, and other changes to the by-laws that VELT Partners believes may have a material impact on the value of the assets held by a Fund; and
 - d. other matters requiring differential treatment.
2. With respect to fixed- or mixed-income assets:
 - a. changes as to terms and conditions of payment, security, acceleration, early redemption, repurchase and/or compensation agreed for the original transaction.
3. With respect to units of investment funds:
 - a. changes in investment policy that involve a change in the classification of the fund according to the rules of the Brazilian Exchange Commission (CVM) or ANBIMA;
 - b. change in the administrator or manager, provided he or she is not a member of the conglomerate or financial group;
 - c. increase in management or performance fee, or creation of entry and/or exit fee;
 - d. changes in the terms of redemption entailing a longer exit period;
 - e. consolidation, spin-off or merger entailing a change in the terms of the foregoing items;
 - f. winding-up of investment fund; and
 - g. special general meeting of unitholders by reason of closing of a fund for more than five (5) consecutive days due to redemption requests that are inconsistent with liquidity of assets, in accordance with the terms of Section 39, Paragraph 2 of CVM Instruction 555/14.

VI. NON-MANDATORY MATTERS

Without prejudice to the exercise of voting rights as relates to Mandatory Matters, VELT Partners may elect to attend general meetings of investment funds and issuers of financial assets in order to exercise voting rights in connection with other matters that in VELT Partners judgment are in the interest of Funds and unitholders.

VII. EXCEPTION TO EXERCISE OF VOTING RIGHTS

The exercise of voting rights will be optional for VELT Partners, even where a Mandatory Matter is involved, in the following cases:

- a. in a situation of potential conflict of interest;
- b. if a general meeting is held in a city other than a state capital and no remote voting is available;
- c. if the costs related to voting are not consistent with the share of the financial asset in the Fund;
- d. if the aggregate ownership interests of the Funds subject to this Policy as a fraction of voting interests concerning the matter at hand is less than five percent (5%), and no Fund has more than ten percent (10%) of its holdings represented by the relevant asset; or
- e. the information made available by the issuing company up to two (2) days prior to a general meeting is not useful, necessary and/or sufficient for the making of a decision, even after a request has been made in writing by VELT Partners, including by e-mail, for additional information and clarification.

VIII. COMMUNICATION OF VOTES TO UNITHOLDERS

Information with the summary of votes cast at general meetings and a brief justification therefor will be available at VELT Partners. For any queries, please contact the Investor Relations Department of VELT Partners at (+55 11) 4560-6800 or e-mail at velt@velt.com.