FINANCE POLICY AND PROCEDURE MANUAL

Contents

Prepared by (Document Owner):		Approved by:	
Date:	Name Title Unit	Date:	Name Title Unit

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Introduction

Metalfrio Finance Policy and Procedure Manual present the policies and procedures for managing and reporting of financial matters. It also provides guidelines to administer these policies, with the correct procedure to follow.

Metalfrio will keep these policies current and relevant. Therefore, from time to time it will be essential to modify and amend some sections of the policies and procedures, or to add new procedures.

For Accounting Purposes, The Accounting Manual will be followed.

Chart of Authority clearly states the approval process of the Release of Financial Information.

Any suggestions, recommendations or feedback on the policies and procedures specified in this manual are welcome.

RISK MANAGEMENT

Metalfrio and controlled companies thereof (Company) are exposed to financial risks arising out of its operations and market conditions, which may affect the market value of assets and liabilities, cash flows, future results and consolidated financial position of Company.

In order to mitigate main financial risks, Company shall act within the limits established in this policy, and may contract specific financial instruments, in compliance with limits set forth herein.

Purpose and Scope

The Purpose of this policy is as follows;

- Establish directives, limits, attributions and procedures to be adopted by Company in the performance of activities implying in financial risks.

- Enhance hiring processes, control, accountability, evaluation and monitoring of financial transactions exposed to risks.

- Create a Team of Financial Risk Management (the "*Risk Management Team*") designed to ensure the compliance of Policy of Financial Risk Management in Company.

Structure and Application

The following are attributions, definition, application and monitoring of this Policy:

- The Board of Directors shall be responsible for: (i) approving the Policy and all updates thereof, (ii) participate in the decision of any matter not described herein and (iii) decide on the course of action in events of unfitting.

- For its application, a Risk Management Team shall be created and be responsible for ensuring the compliance of the Policy for Financial Risk in Company and for the following-up to the Board of Directors for approval any exception or unfitting to this Policy. Such Team shall be comprised of the following:

- ✓ Independent and Non-Executive Member of the Board of Directors
- ✓ President of The Company and/or Chief Executive Officer (CEO)
- ✓ Chief Financial Officer (CFO)

The Risk Management Team shall meet on a monthly basis to evaluate limits established. Matters concerning such meeting shall be abridged in minutes, which shall be spread among members of the Board. Moreover, a consolidated summary of financial applications and respective profitability shall be presented on a three-month basis to the Board.

The Chief Financial Officer shall act as a secretary for the committee.

- The Finance Directorship shall be responsible for acting within the limits of this Policy, following-up exposure levels of Company and complying with limits established. Moreover, the Finance Directorship shall inform to Risk Management Team and the Board of Directors on the unfitting of any of exposure limits pre-established in this Policy.

Financial Risk

The main financial risks to which Company is exposed are the following:

Exposure to interest rate fluctuations

Variations on market interest rates may impact the market value of assets and liabilities, the results and cash flows associated to assets and liabilities linked to fixed and variable rates. The main rates to which Company is exposed are: TJLP, CDI, Libor and Euribor.

Policy & Monitoring

Company is not subject to limitations on exposure neither to different interest rates, nor to the maximum or minimum levels for the relation between exposure to fixed and variable rates.

Company is authorized to contract hedge financial instruments (derivatives) to cover such exposure, if deemed necessary.

The Finance Directorship shall timely follow-up fluctuations of market interest rates, and inform at least on a monthly basis to Risk Management Team, which may decide for the use or non-use of hedge instruments. If they decide for the use thereof, Company may contract hedge transactions against the volatility of such rates.

Exposure to variations on foreign exchange rates
Company holds assets, liabilities and results denominated in different functional currencies, including but not limited to Brazilian Real, US Dollar, Danish Crown, Mexican Peso, Turkish Lira, Ruble and Euro, thus being exposed to risks related to the variation of the foreign exchange of such currencies. The exposure may be divided into:

Variation between functional currencies of Company (and each one of subsidiaries) and currencies of respective assets and liabilities

- Payables or receivables from third parties that may generate variations in the amount of assets and liabilities, as well as revenues or expenses from the foreign exchange variation in the results and variations in cash flows.

- Payables or receivables between related companies that may generate variations in the amount of assets and liabilities, as well as revenues or expenses from the foreign exchange variation in the results and variations in cash flows.

Variation between the functional currency of subsidiaries and Brazilian Real

- Permanent investment in subsidiaries that may generate variations in the amount of Consolidated Shareholders' Equity (conversion of balance sheet).

Policy & Monitoring
Company is not required to hedge foreign exchange exposure, but is authorized to perform hedge transactions if deemed necessary.

Company is authorized to perform foreign exchange future transactions (Non Deliverable Forward and Deliverable Forward) and other instruments, in each currency, in the net notional value up to the maximum limit of 100% of the gross non Brazilian Real denominated financial debt of Company reported for the tax year immediately previous to the contracting of such financial instrument. The limit previously mentioned should not be applied in events where financial instruments contracted are designed to hedge the foreign exchange exposure.

If the market fair value of operations contracted reaches a debt balance corresponding to 5% of the gross non Brazilian Real denominated financial debt of Company reported for the immediately previous tax year, the Board of Directors shall be informed so that an action plan is discussed and defined.

The Chief Financial Officer shall maintain a consolidated control of all pending transactions contracted, including, but not limited to:

- Description of transaction (call option / put option)
- Subsidiary of company contracting such transaction
- Type of transaction (Non Deliverable Forward, Deliverable Forward, Options)
- Counterparty
- Put and call currency
- Conditions: Notional value, contracted rate and maturity date

In addition, the Chief Financial Officer shall review at least on a monthly basis the market fair value of transactions contracted and perform a sensibility analysis (spot rate and adverse oscillations 10%, 25% and 50%) to set forth the degree of exposure of Company. If the market is agitated, such monitoring could be daily.

The Chief Financial Officer shall monthly submit fitting indicators mentioned above to Risk Management Team and, in the event of unfitting, the Board should immediately be informed.

Exposure to credit risk
It arises from the possibility of Company and controlled companies to suffer losses related to the default of its counterparties, including (company shall abide by the set limits):

- **Depositary financial institutions of funds or financial investments.**
    - Company may apply in financial institutions with a risk rating, based at least in one of the three main agencies (Standard & Poor's, Moody´s or Fitch) with a national-scale rating equal or above A-, provided that funds maintained in a sole financial institution are limited to 50% of consolidated cash and equivalents plus marketable securities ("Cash") of previous quarter.
    - Company may apply in financial institutions with a risk rating, based at least in one of the three main agencies (Standard & Poor's, Moody´s or Fitch) with a national-scale rating between BBB+ and

BBB-, provided that funds maintained in a sole financial institution are limited to 30% of consolidated Cash of previous quarter.

- Company may apply in financial institutions with a risk rating, based at least in one of the three main agencies (Standard & Poor's, Moody´s or Fitch) with a national-scale rating between BB+ and B-, provided that funds maintained in a sole financial institution are limited to 20% of consolidated Cash of previous quarter.

- Company may apply in financial institutions without risk rating or with a risk rating, based at least in one of the three main agencies (Standard & Poor's, Moody´s or Fitch) with a national-scale rating equal or less than CCC+, provided that funds maintained in a sole financial institution are limited to 3% of consolidated Cash of previous quarter.

For computing the compliance of limits established for the financial institutions above, values guaranteed by Credit Guarantor Fund (FGC) or a similar body in other countries shall be considered as credit risk equivalent to BBB, once these represent mitigation for credit risk of Company.

- **Investments in variable income securities.**

Company may invest up to 50% of amount of consolidated Cash for the immediately previous quarter in variable income securities. For such computation, investments in subsidiaries and shares held in treasury shall be excluded.

- **Investments in fixed income securities.**

Company may invest in fixed income securities (for the purposes of Policy for financial risk management, CDBs/CDI are not considered as fixed income securities, but they are considered in the previous item as Depositary financial institutions) up to the limit of 100% of consolidated Cash reported in the previous quarter and in compliance with the following limits:

- Company may maintain its funds applied in fixed income securities issued by Brazilian or foreign entities with a risk rating, based at least in one of the three main agencies (Standard & Poor's, Moody´s or Fitch) with a global-scale rating and in the paper-denominated currency equal or above A-, provided that funds maintained in a sole issuer are limited to 30% of consolidated Cash of previous quarter.

- Company may maintain its funds in fixed income securities issued by Brazilian or foreign entities with a risk rating, based at least in one of the three main agencies (Standard & Poor's, Moody´s or Fitch) with a global-scale rating and in the paper-denominated currency between BBB+ and BBB-, provided that funds maintained in a sole issuer are limited to 20% of consolidated Cash of previous quarter.

- Company may maintain its funds in fixed income securities issued by Brazilian or foreign entities without risk rating or with a risk rating, based at least in one of the three main agencies (Standard & Poor's, Moody´s or Fitch) with a global-scale rating and in the paper-denominated currency under BBB-, provided that funds maintained in a sole issuer are limited to 10% of consolidated Cash of previous quarter.

- **Investments in Funds and other investments (managed by third parties).**

Company may invest its Cash in investment funds provided that the funds maintained in a sole investment fund are limited to 35% of consolidated Cash of previous quarter.

- **Counterparty in transactions involving over-the-counter derivatives**

Company may perform transactions with over-the-counter derivatives in financial institutions with a risk rating based at least in one of the three main agencies (Standard & Poor's, Moody´s or Fitch) with rating in an applicable scale equal or above B-.

- **Transactions with related parties.**

Company adopts practices recommended and/or required by applicable laws, standards of Regulation of New Market of B3 S.A. – Brasil, Bolsa, Balcão and other local laws and regulations. The inclusion of this matter into this item is intended for the specific purpose to deal with loan financial transactions (intercompany loan) between the parent and its subsidiaries and other related parties.

Company (parent) and its subsidiaries (controlled companies) may perform financial transactions (intercompany loan / arm’s length transactions) with financial charges at market value.

When transactions with related parties are not between parent companies and/or controlled/affiliates, Company shall comply with the limit of 1,5% of Consolidated Assets of Company reported for the immediately previous tax year and a term not in the excess of 90 days. Transactions with related parties (except for transactions involving the parent and controlled/affiliates) shall be monthly submitted to the Board of Directors.

If financial indicators above are not met, Company may immediately inform to "Risk Management Team" and to Board of Directors.

The *risk of trade receivables* shall be monitored in accordance with a specific policy established by Company.

The Chief Financial Officer may monthly follow-up the fitting of limits above defined and monthly report to "Risk Management Team" any unfitting.

Exposure to variations on commodities prices

Company uses commodities in the production process, mainly copper and aluminum. Adverse variations on prices of copper and aluminum and other commodities used by Company may affect the results and cash flows.

Policy & Monitoring

Company is not required to hedge against possible variations on commodities prices, but is authorized to make hedge transactions if deemed necessary.

Company may contract financial instruments to obtain hedge of changes on prices of cooper, aluminum and other commodities with a price quotation in futures market, in compliance with the maximum limit of contracting financial instruments until 50% of volume of commodities provided to be used by Company within the next 12 months.

The Chief Financial Officer shall timely monitor the variation on prices of main used commodities and assess jointly with "Risk Management Team" the need for any hedge.

Debt and Financial indicators

Company shall seek to maintain, at the end of each tax year, a relation of at least 40% of financial debt on a long-term basis, with respect to the total of financial indebtedness.

Company shall also seek to meet the following financial indicators:

- Net financial debt / EBITDA at the end of each tax year within the maximum of 3. 5x.

- Minimum consolidated cash of R$ 50 million for operational needs plus a payable amount of bank debts maturing in the following quarter.

If financial indicators above are not meet, Company shall immediately inform to "Risk Management Team" and Board of Directors.

Monitoring
Chief Financial Officer shall monthly monitor indicators and informs to "Risk Management Team" and to the Board of Directors any unfitting.

Other

The other inherent risks include Liquidity, Market and Country risks; however, historically, Company has not been exposed to risks different from the ones previously described.

If Company intends to invest in financial assets or contract financial instruments not included in this Policy, Company shall submit to "Risk Management Team" for evaluation of amounts involved and associated risks, as well as the convenience and opportunity of contracting, and submit the matter to the Board of Directors if:

(i) The maximum loss estimated of transactions is higher than 1,5% of Consolidated Asset of Company reported for the immediately previous tax year; or

(ii) The maximum loss cannot be surely estimated.

CREDIT

Objective & Responsible Party

This document establishes the criteria and procedures that shall be followed by the Credit Department/Finance Department (When there is no Credit Department) to ensure that the credit analysis and the determination of limits are in accordance with the customers' needs and aligned with their financial conditions, reducing the risks and protecting the company's Accounts Receivable.

These procedures apply to all customers of Metalfrio.

Finance Department will have responsibility for ensuring the compliance with this procedure.

All customer master file documents shall be kept on file until the next evaluation. The Treasury / Finance Department will be responsible for keeping the approved documents.

New Customer Master File / Credit Analysis

The Treasury/Finance Department will be responsible for the customer master file activities. The general process is as follows (*Evaluation and Master File Process*);

a. Determination of Credit Limit for the customer. The commercial area shall inform (directly or through its Representatives):

    i. Estimated sales (per month)

    ii. Type of invoicing (Direct Sales, Financing with financial institutions, Vendor, Leasing or other).

    iii. Payment conditions negotiated (according to the commercial policy)

b. Credit Analysis Process

    i. Request of documentation according to the limit requested and customer presentation document

    ii. Analysis with qualified credit reporting agency (if applicable) to perform a full analysis of the customer.

iii. Review of customer master file information

iv. Approval / rejection of master file and credit limit

Documents Required for Evaluations
A standard Master File Form (confidential information) shall be sent to all cases below through Extranet. This form shall be completely filled out, containing all the requested information. The evaluation will be completed if the documents listed below are sent legibly:

Up to the Limits of US$50,000.00:

- The articles of incorporation or the minutes of incorporation and the last amendments, if any,

- The bylaws and minutes that elected the current board members, if a corporation.

- Copy of the List of monthly invoicing in the last 12 months (signed by the accountant). This list shall contain Capital – Net Equity data.

Limits above US$ 50,000.00:

- The articles of incorporation or the minutes of incorporation and the last amendments, if any,
- The bylaws and minutes that elected the current board members, if a corporation.

- Copy of the List of monthly invoicing in the last 12 months (signed by the accountant).

- Balance Sheet and Income Statement (Preferably Audited)

c. Approval levels
   - Up to US$ 50,000.00 Manager

   - From US$ 50,000.00 to US$ 500,000.00 Financial Director and Sales Director

   - Above US$500,000.00 Financial Director, Sales Director and Plant Director

d. The limit validity date will depend on the customer's risk rating. Once included in the master file, after this term the system will block the limit.

e. Register the customer's defined credit limit in the system

Credit Limit Update / Customer Suspension Process

To comply with the customer master file update process, the following activities shall be carried out:

- The sales area and the representatives shall inform any change in or significant information on the customers (major and minor) that may have impacts on their creditworthiness.

- The Finance department will be responsible for the re-analysis and update (increase / decrease) of the credit limits granted or customer suspension.

- Reasons for re-analysis:

  - Receiving of unfavorable information on the customer
  - Constant requests for extensions
  - Present qualified credit reporting with protests
  - Returned checks
  - Inactive: without purchases for six months
  - The Sales Department has requested an increase

The credit limits will be updated in the system by the Finance department, which shall maintain a table with the customers' current credit limits in the system and present monthly the changes in credit limits.

Order Approval / Customer Suspension Process

The Finance Department will be responsible for the approval of customer orders, which shall be analyzed in regard to three aspects:

- Payment term: Shall comply with the commercial policy parameters.

- Credit limit: shall not exceed the limit authorized by the Credit Department

- Maturities: Shall not present past-due balances upon the order release, except for cases of delay in the delivery, returns or commercial pending items.

Any cases or orders that exceed the above limits shall require the approval process stated in 1.c above.

Credit Committee

To analyze and provide final decision over any deviation to the topics listed above, the credit committee will meet upon request of any of its member, but with a minimum interval of 30 days.

The members of the credit committee will be:

- Credit analyst
- Head of Finance Dept
- Sales manager
- Head of Sales Dept

Subjects to be addressed by the Credit Committee may consider the following:

- Request for extending credit limits but customer master files have not been changed
- Request for real guarantee from customer
- Request for significant change on payment terms
- Significant overdue balances based on its current outstanding

All meetings held by the Credit Committee shall be formalized in a document which might include subjects discussed and decisions taken. This document will be filed under Finance Dept responsibility.

With no circumstances, decisions taken by credit committee can overlap any rule defined and established by this Credit policy.

Evaluation and Master File Process

The Collection Department will follow the criteria mentioned herein as a basis for credit analyses and approvals related to customers, as well as for their maintenance, and each representative will be responsible for providing customer master file information, as indicated below:

Documents Required for Evaluations

A standard Master File Form (confidential information) shall be sent to all cases below through Extranet. This form shall be completely filled out, containing all the requested information. The evaluation will be completed if the documents listed below are sent legibly:

Up to the Limits of US$10,000.00:

- The articles of incorporation or the minutes of incorporation and the last amendments, if any,

- The bylaws and minutes that elected the current board members, if a corporation.

- Copy of the List of monthly invoicing in the last 12 months (signed by the accountant). This list shall contain Capital – Net Equity data.

Limits above US$ 10,000.00:

- The articles of incorporation or the minutes of incorporation and the last amendments, if any,
- The bylaws and minutes that elected the current board members, if a corporation.

- Copy of the List of monthly invoicing in the last 12 months (signed by the accountant).

- Balance Sheet and Income Statement (Preferably Audited)

Approval levels

- Level 1: Analyst (Credit)
- Level 2: Supervisor/Manager
- Level 3: Financial Director and Sales Director
- Level 4: Financial Director and Sales Director and Plant Director

For company use
It is indispensable that the Representatives describe briefly their opinion on the company that is being presented as possible customer, together with the sales forecast per month for the six-month period.

Rejection of master file
The companies that have outstanding items with financial institutions (returned checks) or qualified credit reporting agency (protest, executions) may have their master file rejected and their documents reviewed in the case of sending of a letter of consent or clearance certificate. If these requests are not complied with, the sale may be made only through advance payment, which shall occur in cash or, in case

of deposits in checks, after their clearance (3 days) for subsequent release of the invoicing.

Clarifications
The documents received from the company will be treated as confidential and shall be kept in a file of Metalfrio's exclusive use and, therefore, the disclosure of master file data or information on behavior of a certain customer with the company is prohibited.

Term for the Credit, Master File and Collection Department
Upon the receiving of a new master file form, a maximum period of 7 business days will be granted for the complementation of all credit/master file activities (analysis of balance sheet, obtainment of master file information, etc.). In the closing period (two business days before the last day of the month and two days after the last day of the month), no master file analyses and inclusions will be made.

Information to the representatives and commercial administration
If the master file form is not approved, the Representatives shall be informed in writing for the taking of the required actions (contact with the customers, cancelation of order, etc.)

Contacts
To be filled.

COLLECTION

Objective & Responsible Party

This document establishes the criteria and procedures to be followed by the Collection Department in the collection of trade notes “receivable” from the sale of goods and services.

These procedures apply to all customers of Metalfrio.

The Collection Department will have responsibility for ensuring the compliance with this procedure. Other departments participating in the process will also have specific responsibilities, as indicated in this procedure.

- Commercial: Commercial divergences (contracts).
- Logistics: Information related to the delivery and return of goods.
- Tax: Tax divergences.

In general the procedure comprises there approval levels within the Financial Department:

- Level 1: Analyst (Credit)
- Level 2: Supervisor/Manager
- Level 3: Financial Director

All documents included in the policy (notices, negotiations with customers, negotiations with collection agencies, authorizations for special terms, etc.) shall remain on file at least until the local law requirement is filled. The maintenance of the files will be the responsibility of the Collection Department or Finance Department when applicable.

Definitions

The collection model to be adopted for each customer will be based on the classification of the customer.

The Signature Circular of local companies must be followed.

<u>Major Customers</u>
AmBev / Coca Cola: AmBev and Coca Cola bottlers. Without risk of default.

Major accounts – Multinational companies: Accounts of large multinational companies such as Nestlé, Unilever, etc. Without risk of default.

Major accounts – Domestic companies: Accounts of large local companies. Low risk of default.

<u>Minor Customers</u>
Medium-Sized / Small Customers: Customers that do not correspond to large chains.

Others: Carriers, employees, suppliers, technical assistance, etc. Low amounts involved.

Invoicing and Receipt Forms

Metalfrio operates with the following types of financing to its customers. The collection model to be adopted shall also consider the invoicing/receipt forms. More Specific methods might apply locally.

<u>Advance payment</u>
Process: The customer pays to Metalfrio before the product invoicing.
Term: Immediate.
Risk: Without risk to Metalfrio.

<u>Cash payment</u>
Process: The customer pays Metalfrio 14 days after receiving the goods.
Term: Max. 14 days.
Risk: Lower due to immediate collection.

<u>Leasing (through the Bank)</u>
Process: The customer finances the purchase through bank leasing.
Term: 28 days invoicing date.
Risk: Risk of the financing Commercial Bank (as the transaction is carried out with large banks, the risk is very low).

Vendor
Process: The customer finances the purchase through a Commercial Bank, it pays Metalfrio in cash & the customer pays the bank on the maturity date.
Term: Immediate receipt, settlement 30/60/90 (120 days as an exception).
Risk: Credit risk of Metalfrio; for this reason, credit analysis and definition of limits are required.

Metalfrio Credit – Portfolio Payment
Process: Credit sale. The customer makes a deposit in Metalfrio's account on the maturity date.
Term: Second invoicing term.
Risk: Credit risk of Metalfrio; for this reason, credit analysis and definition of limits are required.

Metalfrio Credit – Bank Payment Form
Process: Credit sale. The customer pays through bank payment form on the maturity date.
Term: Second invoicing term.
Risk: Credit risk of Metalfrio; for this reason, credit analysis and definition of limits are required.

Collection and Consumer Reporting Process

Preventive Collection (until maturity)

The Collection Department or Finance Department shall contact customers at least one week before the maturity date of each trade note to confirm the payment date.

We made available on the internet a portal where customers can visualize all trade notes outstanding with Metalfrio (past due and falling due) and print the second copy of the bank payment forms, if they have not received them.

Reactive Collection (after maturity)

Each Group company shall adhere to local law and regulations, and in the case of possible default should be taken to the Finance Director and the Sales Director.

Bad Debt Calculation Process

The Bad debt (allowance for doubtful debts) shall be calculated monthly on the outstanding balance of the accounts receivable (past due and falling due). The difference between the accumulated Bad Debt generated in the month (against the accumulated Bad debt of the prior month) will be recognized in the accounting records. Intercompany trade notes are not considered in the analysis of the Bad debt.

The following criteria shall be used for calculation of the monthly accumulated Bad debt:

<u>Actual Losses:</u> *Covers the losses on the portfolio of past-due receivables.*
(+) 100% Legal

(+) Losses on domestic notes confirmed in the > 180 days past due (individual analysis of each customer) with supporting documentation.

(+) Losses on export notes confirmed in the > 180 days past due (individual analysis of each customer) with supporting documentation.

<u>Available Credits:</u> *Refer to customers' unclaimed credits, included in the system for over six months.*
(-) UD (unidentified deposits)
(-) Advances / returns
(-) Other Allowances against past-due receivables

The need for accumulated Bad debt will be calculated as follows:

Accumulated Bad debt = Actual losses + Probable losses – Available credits
In addition to the Treasury calculation, the Accounting Department will keep a Bad debt calculation for tax purposes. The two numbers shall be compared monthly to determine the tax sufficiency of the Bad debt.

Write-offs
The write-offs will be made in the closing of each quarter and after compliance with the terms local process and previous approval of the Financial Director (Bad debt holder analysis).

Accounts Receivable Analysis and Control Process

The liquidation of AR (accounts receivable) received (up to the prior day) shall be recorded in the system daily at 4:00 p.m. If there is any problem, Level 2 shall be informed.
The process to make the liquidation of AR is as follows:

Bank Payment Form:
Automatic liquidation of AR with the bank return file.

Portfolio:
Liquidation of AR will only be made if:

1. There is sufficient information to liquidation of AR the correct trade notes in the system (details of invoices being received and discounts by customer).

2. Customer discounts are properly validated:

    a. Returns - check returns with the logistics area.
    b. Other - validate with the responsible area

In the event of doubts, the deposit shall be:

1. If the customer is not identified: Accounting entry against unidentified deposit (UD)

2. If the customer is identified (unidentified trade note): Accounting entry against advance payment (AP). In this case, the person responsible for the customer shall contact him/her for further clarifications in up to 7 days.